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## No further purchasing plans for shipbuilders in Q4 on sliding steel prices

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It is reported that domestic steel prices prolonged downward trend for nearly consecutive eight weeks before National Day Holiday with shipbuilding plate price falling by CNY 600 per tonne to CNY 800 per tonne in several China major cities. However, steel inventory is still perched on a high track post 8 day holidays with soft down stream demand and decreasing spot prices, and also shipbuilding plate carried out previous dropping trend at CNY 3,600 per tonne to CNY 3,800 per tonne in some steel mills. As predicted, there is still room for shipbuilding plate to go down in the near future.

After entering October construction steel didn't play a role in stabilizing the market. As reported, Beijing 25mm rebar broke CNY 3,500 per tonne on October 13th down by CNY 120 per tonne sending medium plate to continue to fall back. And date shows, on the same day, domestic 20mm medium plate was offered at CNY 3,503 per tonne on average in China's 23 major cities down by CNY 47 per tonne and that of Magang and Xinyu Steel made 14mm to 20mm at CNY 3,400 per tonne in Shanghai area. Now, price of shipbuilding plate is coming at CNY 3,900 per tonne in spot market.

While, mills rushed to lower their ex works prices when steel price posted downward trend, like Baosteel adjusted prices at CNY 3,950 per tonne which is in fact a little bit higher than the other mills. In order to be close to market, some mills may cut the prices by larger amounts in the future.

As per report, oversupply is yet the major driver behind the rising steel prices, though domestic price continues falling in recent period, and steel makers didn't restrict their outputs as a result. In September import of China iron ore came at 64.55 million tonnes shooting a new high record. And experts believe that steel mills' production pressure eased along with the price declines of up stream fuels and iron ore products and steel prices would continue to drop till the end of this year.

It is estimated that shipbuilding plates may further move downward to cost line of CNY 3,000 per tonne to CNY 3,100 per tonne. And stricter output reduction price measures will be put forward as long as mills gain profit losses at that time. Besides, many enterprises don't plan to replenish stocks ahead of time although Q4 is the traditional pick season for deliver of the ships, because most shipbuilders have finished their purchases before Q2 and Q4.

(Sourced from MySteel.net)

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