
Monday Market Monitor - China (WEEK 44) - Speculation pushing prices up

Monday, 02 Nov, 2009

The Chinese Long Product Price Index CLPPI increased by 65 point whereas the Chinese Flat Products Index CFPPI continued increasing by posting gain of 86 points. The overall price index CHISPI increased by 77 points.

?Class	23-Oct	30-Oct	Change	%
CLPPI	5714	5779	65	1.1%
CFPPI	5689	5775	86	1.5%
CHISPI	5700	5777	77	1.4%

CLPPI - Chinese Long Product Price Index

CFPPI - Chinese Flat Product Price Index

CHISPI - Chinese Steel Price Index

Long Products

?Category	23-Oct	30-Oct	Change	%
PI-WRC	4965	5019	54	1.1%
PI-Rebar	6619	6698	80	1.2%

PI - Product Index

Flat Products

?Category	23-Oct	30-Oct	Change	%
PI-PLTS	4942	5002	61	1.2%
PI-HR	5614	5711	97	1.7%
PI-CR	6377	6454	77	1.2%
PI-GP	6120	6196	76	1.2%

PI - Product Index

To know more about these indices please visit
http://steelprices-china.com/spi_services/spi.html

The high inventories and the imbalance between supply and demand have affected market players' confidence to Chinese steel market. But the rebound in the middle of October is given a positive impression to players, though it just remains a short time, especially the increase of HR price.

Chinese steel market situation has witnessed lot of uncertainties and ups and downs in the last two months of 2009 due to following factors

1. High level of production

According to the data of National Bureau of Statistics, total volume of plate is 231 million tonnes in the first nine months of 2009 up by 5.4% YoY. HRC and medium strip occupy 119 million tonnes up by 11.5% YoY. In other words, due to high rate of increase, the imbalance between supply and demand has surfaced clearly.

2. Increasing inventories

The first nine months inventories of HR products in main cities of China are 1.2 times than that in the early of this year, far more than other steel types.

3. Raw material price on down path

Raw materials price slightly increased in the second quarter, but it changed in the third quarter. For example, scrap steel price reduced greatly. This fall creates the condition for the reduction of steel price. In addition, the negotiation of iron ore adjusts market players' mood. They become calm and accept the drop of iron ore price.

4. Increasing supply in international market

Because of the economic recovery, many countries resumed production, thus the steel supply in international market is increasing. According to the data of worldsteel, the volume of crude steel in 66 countries in first 9 months is 866 million tonnes down by 16.4% YoY as compared o 18.1% in first 8 months, reflecting that rate of production cut is reducing.

Moreover, other factors influencing the trend of Chinese steel market are

1. Low increase of newly gained loan effecting steel consumption
2. Likely overcapacity in winter when the consumption would go down and more steel would be added to the inventories
3. Steel export volumes would not be large enough to change the basic situation of imbalance between supply and demand in China.

1. Long products - On up trend

Billets

150*150

Q235

?Location	CNY	USD
Jiangsu Province	50	7
Shandong Province	50	7
Hebei Province	30	4
Shanxi Province	70	10
Tianjin	50	7
Fujian Province	100	15

Change is on October 30th as compared to October 23rd 2009

Change is per tonne

WRC

6.5mm

Common

?Location	CNY	USD
Shanghai	10	1
Hangzhou	80	12
Nanjing	120	18
Changsha	100	15
Zhengzhou	20	3
Chengdu	40	6
Guiyang	30	4

Kunming	20	3
Urumchi	0	0

Change is on October 30th as compared to October 23rd 2009

Change is per tonne

Rebars

20mm

HRB 400

?Location	CNY	USD
Shanghai	50	7
Hangzhou	100	15
Nanjing	80	12
Jinan	20	3
Hefei	40	6
Fuzhou	10	1
Nanchang	60	9
Guangzhou	20	3
Changsha	110	16
Wuhan	90	13
Zhengzhou	0	0
Beijing	40	6
Tianjin	50	7
Shijiazhuang	50	7
Taiyuan	50	7
Shenyang	0	0
Harbin	0	0
Chongqing	-30	-4
Chengdu	20	3
Guiyang	50	7
Kunming	50	7
Xian	70	10
Lanzhou	80	12
Urumchi	50	7

Change is on October 30th as compared to October 23rd 2009

Change is per tonne

2. Flats - Rebound continues

HRC

4.75mm

Common

?Location	CNY	USD
Shanghai	0	0
Hangzhou	-40	-6
Nanjing	10	1
Jinan	100	15
Hefei	20	3
Fuzhou	0	0
Nanchang	70	10
Guangzhou	0	0
Changsha	30	4
Wuhan	50	7
Zhengzhou	40	6
Beijing	50	7
Tianjin	0	0
Shijiazhuang	30	4
Taiyuan	100	15
Shenyang	30	4
Harbin	50	7
Chongqing	100	15
Chengdu	50	7
Kunming	0	0
Xian	70	10
Lanzhou	20	3
Urumchi	100	15

Change is on October 30th as compared to October 23rd 2009

Change is per tonne

Plates
20mm
Common

?Location	CNY	USD
Shanghai	100	15
Hangzhou	50	7
Nanjing	50	7
Jinan	100	15
Hefei	50	7
Fuzhou	80	12
Nanchang	80	12
Guangzhou	50	7
Changsha	40	6
Wuhan	50	7
Zhengzhou	20	3
Beijing	30	4
Tianjin	30	4
Taiyuan	70	10
Shenyang	30	4
Harbin	0	0
Chongqing	70	10
Chengdu	30	4
Kunming	30	4
Xian	30	4
Lanzhou	0	0
Urumchi	0	0

Change is on October 30th as compared to October 23rd 2009
Change is per tonne

CR
1.0mm
Common

?Location	CNY	USD
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Shanghai	50	7
Hangzhou	70	10
Nanjing	50	7
Jinan	100	15
Qingdao	100	15
Hefei	20	3
Fuzhou	100	15
Nanchang	50	7
Guangzhou	100	15
Changsha	100	15
Wuhan	80	12
Zhengzhou	70	10
Beijing	200	29
Tianjin	50	7
Shijiazhuang	100	15
Taiyuan	50	7
Shenyang	50	7
Harbin	0	0
Chongqing	30	4
Chengdu	0	0
Kunming	0	0
Xian	0	0
Lanzhou	0	0
Urumchi	0	0

Change is on October 30th as compared to October 23rd 2009

Change is per tonne

HDG

0.5mm

Common

?Location	CNY	USD
Shanghai	0	0
Hangzhou	70	10

Beijing	100	15
Tianjin	50	7
Boxing	90	13
Guangzhou	0	0
Zhengzhou	0	0
Xian	0	0
Shenyang	50	7
Harbin	20	3
Nanchang	50	7
Fuzhou	250	37
Chongqing	50	7
Wuhan	0	0

Change is on October 30th as compared to October 23rd 2009

Change is per tonne

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