
High inventories to push Chinese steel prices low in Q4 - CISA

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According to China Iron & Steel Association, China could see a drop in steel products price on the domestic market in the Q4 due increasing stockpiles of rolled steel and billet

CISA figures showed that at the end of September, steel inventories at 26 major Chinese cities rose 91% YoY to 11.13 million tonnes. Stocks of 68 large and medium sized iron and steel enterprises totaled 11.55 million tonnes, 14.26% more than that at the beginning of the year.

CISA said increasing stocks could spur further price decline, and lead to enterprises losses. The association said export of Chinese steel plunged by 68% to 15.7 million tonnes YoY in January to September. During the same period, the import went up 37% YoY.

CISA forecast China crude steel output was to increase by 10% in 2009 from the previous year. Taking weakening steel export into account, steel in supply would increase by 25% in 2009.

CISA said China steel industry was facing an undoubted fact of overcapacity as the country accounted for almost 50% of the world total crude steel output.

To solve the problem, CISA said China should step up efforts to strike a balance between supply and demand in the sector by promoting innovation and technological upgrading, eliminating overcapacity, enhancing sector consolidation and cutting crude steel production.

(Sourced from www.chinamining.org)

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