
Chinese steel majors rebar price cut dampens SHFE futures

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It is reported that China large steel groups are recently scaling down EXW prices of construction steel products one after the other putting SHFE future markets under tremendous pressure.

Market players believe that steel giants like Hebei Iron & Steel Group and Shagang Steel Group, which have announced a steep reduction in rebar prices, has changed the complexion of Chinese construction steel market.

As a result, Shanghai Future Exchange has witnessed downward behavior for rebar and wire rod recently.

Mr Weibin manager of the Steel Future Business Department of Shenyin & Wanguo Securities Co said "The spot market inventory for rebar has increased apparently keeping the steel price from going up further."

He said that besides the expected real estates huge recover has not emerged affected by the gradually tightening monetary policy with banks required by government, impairing real demand for rebar. He added that "This could be well illustrated by the inventory increase in spot market of rebar."

However, some analysts think that there is slim possibility that the price will further drop sharply given almost a month's adjustment in spot market.

Hebei Iron & Steel Group pushed down ex works prices by CNY 950 per tonne and CNY 1000 per tonne for rebar and wire rod respectively for early September and Shagang Steel Group cut CNY 400 per tonne for the two products.

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