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## Monday Market Monitor - China (WEEK 50) - Flats join longs on downtrend

Monday, 14 Dec, 2009

The steel prices exhibited weakness last week in China. The Chinese Long Product Price Index CLPPI dipped by 23 points whereas the Chinese Flat Products Index CFPPI started reversal with drop of 21 points. The overall price index CHISPI slid by 22 points.

Class	04-Dec	11-Dec	Change	%
CLPPI	5970	5946	-23	-0.4%
CFPPI	6113	6092	-21	-0.3%
CHISPI	6051	6029	-22	-0.4%

CLPPI - Chinese Long Product Price Index

CFPPI - Chinese Flat Product Price Index

CHISPI - Chinese Steel Price Index

### Long Products

Category	04-Dec	11-Dec	Change	%
PI-WRC	5192	5175	-17	-0.3%
PI-Rebar	6911	6880	-31	-0.4%

PI - Product Index

### Flat Products

Category	04-Dec	11-Dec	Change	%
PI-PLTS	5288	5283	-5	-0.1%
PI-HR	6031	5996	-35	-0.6%
PI-CR	6910	6913	4	0.1%
PI-GP	6510	6506	-4	-0.1%

PI - Product Index

To know more about these indices please visit  
[http://steelprices-china.com/spi\\_services/spi.html](http://steelprices-china.com/spi_services/spi.html)

Chinese steel market, which saw no undulations or hotspot lately, is dominated by four factors, which are dragging down the market prices.

Firstly, effective market demand from end users is still weak and is insufficient to support higher steel prices. Feedback from sellers at the forefront of the market indicates that sales volumes would get worse in December. Non improvement of end user demand and the weak capital market is keeping most traders on the fence, making it quite difficult for market prices to rise.

Secondly, Chinese steel majors are announcements of major hikes in ex factory prices, especially for flat products, is preventing the pace of fall in steel prices.. Because of prices upward trend of raw material prices, electricity and transportation etc, steel mills have to raise EXW prices which would push the purchase cost higher creating no room for massive price cut.

Thirdly, inventory is still high and the imbalance between supply and demand can not be solved in short time. Although inventories of rebar and wire slightly decreased in Shanghai, total inventory is still high and because of sources from north gradually south the cycle of second De-inventory will be extended which will constraint the price rise.

Fourthly, with the coming end of the year, traders are short of funds relatively. There is possibility for some merchants to reduce price to withdraw money.

#### 1. Long products - Correction continues

Billets

150\*150

Q235

Location	CNY	USD
Fujian Province	0	0
Hebei Province	-20	-3
Jiangsu Province	0	0
Shandong Province	-50	-7
Shanxi Province	-50	-7
Tianjin	0	0

Change is on December 11th as compared to December 4th 2009

Change is per tonne

WRC

6.5mm

Common

Location	CNY	USD
Changsha	20	3
Chengdu	-20	-3
Guiyang	0	0
Hangzhou	-50	-7
Kunming	-10	-1
Nanjing	-20	-3
Shanghai	-10	-1
Urumchi	0	0
Zhengzhou	0	0

Change is on December 11th as compared to December 4th 2009

Change is per tonne

Rebars

20mm

HRB 400

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

Change is on December 11th as compared to December 4th 2009

Change is per tonne

2. Flats products - Reversal starts

HRC

4.75mm

Common

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

Change is on December 11th as compared to December 4th 2009

Change is per tonne

Plates

20mm

Common

Location	CNY	USD
Beijing	-10	-1

Changsha	0	0
Chengdu	0	0
Chongqing	0	0
Fuzhou	0	0
Guangzhou	0	0
Hangzhou	10	1
Harbin	-30	-4
Hefei	0	0
Jinan	0	0
Kunming	0	0
Lanzhou	0	0
Nanchang	0	0
Nanjing	-20	-3
Shanghai	-20	-3
Shenyang	20	3
Taiyuan	0	0
Tianjin	0	0
Urumchi	0	0
Wuhan	-20	-3
Xian	30	4
Zhengzhou	-20	-3

Change is on December 11th as compared to December 4th 2009

Change is per tonne

CR

1.0mm

Common

Location	CNY	USD
Beijing	0	0
Changsha	0	0
Chengdu	0	0
Chongqing	0	0

Fuzhou	0	0
Guangzhou	0	0
Hangzhou	40	6
Harbin	0	0
Hefei	0	0
Jinan	0	0
Kunming	0	0
Lanzhou	-50	-7
Nanchang	0	0
Nanjing	0	0
Qingdao	0	0
Shanghai	50	7
Shenyang	0	0
Shijiazhuang	0	0
Taiyuan	0	0
Tianjin	-50	-7
Urumchi	0	0
Wuhan	80	12
Xian	0	0
Zhengzhou	0	0

Change is on December 11th as compared to December 4th 2009

Change is per tonne

HDG

0.5mm

Common

Location	CNY	USD
Beijing	-100	-15
Boxing	-40	-6
Chongqing	0	0
Fuzhou	0	0
Guangzhou	0	0

Hangzhou	20	3
Harbin	-30	-4
Nanchang	50	7
Shanghai	0	0
Shenyang	0	0
Tianjin	-100	-15
Wuhan	0	0
Xian	0	0
Zhengzhou	0	0

Change is on December 11th as compared to December 4th 2009

Change is per tonne

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