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## Chinese steel demand may rise by 12pct in 2010 - CICC

*Thursday, 19 Nov, 2009*

Bloomberg quoted China International Capital Corp as saying that steel demand in China may rise by 12% YoY in 2010 on booming property and auto demand, fueling gains in prices of iron ore.

Mr Luo Wei Shanghai based analyst with CICC said domestic crude steel consumption may increase to 606 million tonnes in 2010 following a 14% gain this year to 541.4 million tonnes.

Mr Luo said in the report that “Property would be the biggest engine to drive up steel demand in 2010 followed by infrastructure and auto sectors. Demand is gaining as traders’ inventories start to fall from their record high in mid October.”

The report said plant capacity utilization rates at Chinese steelmakers, the biggest in the world may rebound to 90% next year as demand growth outpaces production.

He said that benchmark contract prices for iron ore, used in steelmaking may rise 15% to 20%.

According to a Bloomberg News survey of analysts last month, the steel price revival will hamper China ability to bargain contract iron ore prices paid to Rio Tinto Group, BHP Billiton Ltd and Vale SA. Prices may jump 14% in 2010 to the second highest on record.

(Sourced from Bloomberg)

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