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## Steel prices may rise in China in September on inventory decline

Friday, 03 Sep, 2010

The busy season which is coming and the stock situation in last week have given much confidence to China's steel market. As a result, many industry insiders have had optimistic remarks about steel price in September, especially the price of long products.

According to the latest market survey, on August 27, the overall stock volume of steel products in China is 15.35 million tonne, down by 0.15 million tonne compared to that of last week. Putting it in details, wire rod stock is 1.24 million tonne, down by 4.43% compared to last week; rebar stock is 5.46 million tonne, down by 1.29% compared to last week, and hot-rolled coil stock is 5.47 million tonne, down by 0.81% compared to last week.

The change of stock volume has a strong and direct effect on the trend of steel prices. On August 26, Shougang steel has increased the order price of its high speed wire by CNY 80 per tonne and rebar price by CNY 70 per tonne. Besides, another 14 steel enterprise have also raised the price of wire rod and rebar products on August 31 and September 1 consecutively.

However, there are still parts of steel products which have experience decline, for example, hot rolled coil price is down by CNY 220 per tonne, cold-rolled coil price is down by CNY 180 per tonne and section steel down by CNY 250 per tonne.

One steel analyst has given the reason

First, the traditional busy season of construction industry will begin in September, and the restrict policy of the use of electricity in some areas will seriously affect the production of mid and small-sized steel mills. The combination of the two factors will certainly push steel prices, especially long products price upward.

Second, the cost of steel products will also be a firm support of the uptrend for steel price in September.

And the optimistic prediction has already worked, as the steel section in both futures market and spot market closed at high price.

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2. Export levels from Turkey, Rotterdam, China, India and Black Sea

The service is specifically designed to assist steel makers, traders, users and others connected with the industry to keep track of real time prices prevailing in the market and thus comprehensively evaluate steel pricing trends in the trend setting region

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