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## Not much room for domestic steel price slide in China

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China Securities Journal reported that China's domestic steel market has seen soft demand recently with coming of a dead season for construction steel consumption, dragging the prices slightly down. But according to the analysts, the enterprises' production cost, international price surge and other factors would restrict the downward room for future steel price.

Based on a survey conducted by Ministry of Commerce, the China's domestic steel prices averaged CNY 6284 per tonne in the first half month of July down by 0.4% from the second half of June. In specific, wire rod price went down by 0.2%, sheet & plate down by 0.1% and pipes & sections down by 1.5%.

The seasonal weak consumption of construction steel leads to relaxed supply and demand. Also, the downstream enterprises appear thin interest in purchasing. But in a long term, production cost augment, rising international price would continue bolster the domestic price on a high track.

Price of coke, the steelmaking fuel, kept increasing recently. The first grade metallurgical coke was about CNY 3250 per tonne EXW in mid July up by CNY 500 per tonne from mid June or CNY 1400 per tonne from the year start. The international composite steel price index by CRU also climbed 3.3% to 291.4 points during this period. Both support the ministry's prediction.

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