
Steel prices dip lower in July - CISA monthly review

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According to the monthly report released by China Iron & Steel Association, domestic steel demand has been waning down in the month of July due to sizzling heat, heavy rainfall in the South and Olympic Games in the North.

As a result, steel price has eased slightly, however, the market inventory remains at manageable level while market fundamentals appear to be healthy. Meanwhile, global steel prices continues upward path within the month supported by steep scrap and billet prices.

Chinese steel price has posted modest decline in July, sending composite steel price index to 160.99 points down by 0.3% MoM, the first decrease so far this year. Long products price decline has surpassed that of flat products, while HR sheet, HRC and seamless tube price continues to edge upward. In the mean time, global steel price rally has extended into July with CRU global steel composite price index up by 2% MoM to 287.7. The report also notes that China's robust economic growth is set to steam ahead into second half, which would help steel demand maintain strong momentum.

Tight supply and steep prices of raw materials cause great pain at steel mills. Steelmaking ingredients price has moderated its upward rally but continued to hover over a high track. In particular, coal and coke price appears to be fairly resilient. Production cost is set to go higher as benchmark ore price sets in and Beijing hikes oil, power and railway charge.

The data shows that rebar, wire rod inventory dips 3.08% from last month to 3.52 million tonnes across the country, flats inventory stabilizes at 3.71 million tonnes. Meanwhile, steel stock has shown decline in Shanghai, Beijing and Guangzhou.

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