
Chinese steel mills slash ore concentrate purchase price

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It is reported that many Chinese iron ore traders have halted domestic sales on continued slack demand after the Olympic Games. Domestic ore concentrate price has lost over CNY 200 per tonne recently, following the price slide in spot ore imports market. And the market transactions are quite few across the country.

Likewise, small ore miners are also idling their operations until the weak market bottoms out. Some mills are staying away from the market and deciding to not book new iron ore in September. Currently, they have around one month ore stock to maintain the production.

Overstock would bring about cost risk amid the market downturn. Therefore, various mills agree to trim purchase of raw materials considerably, at a recent gathering in Pingxiang Steel.

The fallout from sluggish steel market has yet to abate. Mills are forced to cut purchase price for ore concentrate due to slipping steel prices and credit squeeze. Market analysts project that domestic steel demand is to revive in the near future after the Games and next two months are the traditional high season for steel sales. If so, that would also help lift the iron ore market. However, mills would continue to lower purchase price for ore concentrate by CNY 100 per tonne in September at least, albeit at a slower rate.

(Sourced from MySteel.net)

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