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## CISA convenes member meeting to restore market confidence

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It is reported that CISA has gathered over 70 steel mills in Beijing on 17 October to discuss the market situation. Steelmakers voiced that they are faced with falling profits since September, and some of them suffer an average loss of CNY 1000 per tonnes. Moreover, mills encounter substantial difficulty in domestic sales in additional overstock pressure of both raw materials and finished products.

On the export front, some mills report their export order for the remainder of this year has plunged to half of the normal level. Moderating down stream growth and varied listing price also stoked more concerns among the producers.

A host of steel mills have either slashed output, or put off new investment projects, or extended into downstream or upstream sectors etc in response to the slackening market demand.

Mr Luo Bingsheng, deputy secretary general of CISA said that steelmakers to make concerted efforts in helping stabilize the market. Worldwide financial turmoil has not changed the basic growth situation of the country's economy. He said that down stream demand would weaken instead of slump severely, and continuous price drop may not help stimulate the demand.

Mysteel data shows that domestic steel price, especially construction steel, has shed over CNY 650 per tonnes within last week, medium plate lost over CNY 700 per tonnes. And eight cities have reported weekly price slide of over CNY 800 per tonnes.

Mr Wu said that moreover, Chinese mills are set to leverage on the market downturn for bargaining lower contract ore price with three biggest ore miners for fiscal 2009. Further benchmark ore price hike is impossible given that spot ore price has already fallen below contract ore.

Mysteel senior analyst Xu Xiangchun said that "Major ore miners will be forced to cut benchmark ore price under current market conditions, or many steel mills would be shut down."

(Sourced form MySteel.com)

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