
Angang sees cost revenue balance in 2008 - BNP Paribas

Thursday, 09 Apr, 2009

It is reported that Angang Steel will disclose its 2008 annual report next Tuesday and its quarterly report for the first three months of this year on April 28th.

In a recent report, BNP Paribas said Angang is likely to realize the balance of cost and revenue in the first quarter, while other domestic steel mills would still suffer losses. At the meanwhile, the bank also pointed out that the iron ore benchmark price would be lower than the market expectation of 20%.

Iron ore contract price jumped 65% to 96% from the previous year amid the market heat of 2008, but the demand started to shrink for the first time in the past 10 years, which combined with China's adjustment in steel industry and the steep price drop in the iron ore spot market, giving Chinese mills much leverage in the contract talk, said Reuter.

Against such a backdrop, Chinese mills are trying to bring down the contract price back to the level of 2007. In March, steel mills from both home and abroad have combined together to request a price drop of 40% to 50%.

BNP Paribas believes the price drop would be larger than the market expectation of 20% and predicts the steel market would continue to be soft in April with the possibility to recover in May.

In January Angang noted in its profit warning report that the company 2008 profit would drop to CNY 3.42 billion down by 55% from CNY 7.525 billion in 2007, owing to the high cost of raw materials and its Bayuquan project is still under the construction.

(Sourced from.Mysteel.net)

Visit www.Mysteel.net for real time access to China steel news

For more news visit at www.steelguru.com