
Steel mills in Anhui eye profit falls due to prices drop

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It is reported that Steel mills in East China's Anhui province are suffering with low steel prices and sagging demand at the moment, and the difficult path is likely to extend into the second quarter due to oversupply.

Figures learned from Anhui Provincial Economic & Trade Commission, steel mills in the province produced 3.45 million tonnes of pig iron in total in the Q1 down by 7.5% YoY, finished products output post at 4.51 million tons up by 1.1% YoY.

Added industrial value in the first trimester prevails at CNY 6.44 billion up by 10.2% YoY from a year ago. However, stocks built up largely as a result of the continuous steel price falls. Averaged sales prices also fell CNY 413 per tonne to CNY 3,200 per tonne in March from CNY 3,613 per tonne in February which eroded the combined profit of local steel industry by more than CNY 400 million. Steel products output in March is 0.113 million tonnes more than that in February.

Experts said the down stream housing market has yet to warm up, and the demand-boosting projects also have not come into full swings, which indicate the market real demand has not increased significantly. Meanwhile, the massive overcapacity also depressed steel prices and led to stocks buildup at trading houses. But the weak demand situation is poised to turn better along with the startup of more and more infrastructure projects.

(Sourced from.Mysteel.net)

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