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## Shanghai medium plate market not to be better in June

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Mr Zhang Dongyong, GM of Shanghai Gaiqun-professional medium plate trader in Shanghai forecasted that “It seems unlikely that medium plate price will climb up in June.”

Among the resources from the 2nd tier mills, 14mm to 20mm common carbon plate was quoted at CNY 3340 per tonne last Tuesday, and traded at CNY 3310 per tonne to CNY 3330 per tonne while 16mm to 20mm common carbon rebar averaged CNY 3400 per tonne, CNY 50 per tonne to CNY 80 per tonne higher than medium plate prices. Mr Zhang complained the lowest prices among steel products came for medium plate.

Mr Zhang concluded his surveys that the main reasons why medium plate market hadn't followed suit for the past month, were the lack of demands and the oversupply of products.

As per report, the existing resources kept in high stocks, though some of the producers cut their outputs for some extent. And, the downstream demands still couldn't cover the supply.

Statistics showed China produced 4.33 million tons of medium plate in April down by 19.1% YoY with daily output at 144,500 tonnes down by 1.65% MoM. In April, China's key mills churned out medium plate of 3.04 million tonnes down by 13.8% YoY or 487,700 tonnes from last April including 1.59 million tonnes of ship plate, boiler & vessel plate, bridge plate and pipeline products down by 19.4% YoY or 387,700 tonnes from Last April.

The output was decreasing, however, the demand retreated too, still making the imbalance of supply and demand stand out, which unable to drive up medium plate prices.

Mr Zhang noted that “There is a serious overcapacity in flats in China. He said that the production of medium plate became the main object to be limited in line with the recently released curbing steel capacity” policy by MIIT who urged CISA to lead mills to carry out self-discipline cut in productions of HR/CR sheets and medium plate.”

Mr Zhang expected the supply demand imbalance in medium plate wouldn't be improved thoroughly in June thus the market would stay gloomy. Whereas, he warned some of to-be-arrived in June plates were ordered at a low price of CNY 3000 per tonne and these resources would drive market price down, if the traders decides to sell at a lower price for cash. He added that in addition, mills put forward different ex-factory prices for direct selling users and agents, loading pressures.

As to downstream demands, new ship orders posted only at 200,000 DWT in April and at 990,000 DWT in the first four months of this year, down by 95% YoY. In short, downstream demand hadn't released to support medium plate price rise.

Mr Zhang said “However, there still is less space for price to go down. The rising ex-factory prices backed up recent medium plate price from declining. At present, some mills uplifted CNY 100 per tonne for their ship plate and boiler & vessel plate and Shanghai price for boiler & vessel plate followed the move and raised CNY 100 per tonne though traders were dull. Under those situations, medium plate price in June won't decline too much either.

Mr Zhang said, when medium plate price run out of the present bottom is decided by the changes in the relations of supply and demand.

(Sourced from MySteel.net)

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