

Umetal Stainless Steel Morning Paper

--- A Snapshot at Chinese Stainless Steel Industry

Published every Monday, Wednesday and Friday

LME Metal Price Briefing on May 29

in US\$/T

Product	Opening	Highest	Lowest	Closing	Change	Transaction (T)
Cu	7685	7700	7670	7670	-19	6133
Alum	2020	2031	2017	2031	+9	5754
Lead	1945	1948	1944	1948	+6	2207
Zinc	1910	1920	1910	1914	+4	5959
Tin	20100	20200	20099	20200	+405	1263
Nickel	16960	16969	16550	16650	-350	1814

- ◇ US economic figures turn out worse than expected.
- ◇ Spain's bank sector arouses investors' concern; Egan-Jones Ratings downgrades the credit rating of Spain from BB- to BB.
- ◇ Miguel Angel Fernandez Ordonez, governor of the Bank of Spain, will step down on 10 June, a month earlier than expected.

Glance on Chinese Spot Stainless Market

Producer	Market	Grade	Quotation (RMB/T)	Daily Change	Weekly Change
TISCO	Wuxi	304/2B (coil)	18,200	-100	-100
ZPSS	Wuxi	304/2B (coil)	18300	0	-100
Jiuquan Steel	Wuxi	304/2B (coil)	18,200	-100	-100
TISCO	Wuxi	304/No.1 (coil)	18,900	-100	-100
Baosteel	Wuxi	304/No.1 (coil)	18,900	+100	+200
Jiuquan Steel	Wuxi	304/No.1 (coil)	18,000	+200	0
TISCO	Foshan	304/2B (coil)	18,100	0	-100
ZPSS	Foshan	304/2B (coil)	18,400	0	-100
Jiuquan Steel	Foshan	304/2B (coil)	18,300	0	-100
TISCO	Foshan	304/No.1 (coil)	18,400	0	0
Baosteel	Foshan	304/No.1 (coil)	18,200	0	0

◇ Wuxi Market:

A batch of CR stainless steel resources arrive at Wuxi market, thus market prices remain stable; HR resources keep firm despite the short supply of some specifications. Some distributors' quotations are about RMB100-200/tonne lower than market prices.

◇ Foshan Market:

ZPSS's stainless resources are inadequate due to relatively high prices and low purchase activity; individual specifications of Jiuquan Steel's products arrive at the market. LISCO's LH series stainless steel is ample but seeing unsmooth shipments.

◇ Analysis on Production Costs (Unit: RMB/T)

Stainless Steel	Nickel	HC FeCr	Production Cost	Market Price
304/2B	125400	7800	19620	18300-18400
430	-	7800	8851	9600

Type 304/2B price is RMB700-800/tonne lower than steel mills' EXW price of RMB19,100/tonne.

The profitability of type 430 prices is about RMB800/tonne, and others chrome series stainless steel also can make profits.

Remark: All the prices are benchmark prices

Social Inventory

Stainless Steel Inventories in Wuxi (Updated: May 20, 2012)

Up to May 20, 2012, stainless steel inventories in Wuxi market totaled 193,600 tonnes, slipping by 5,900 tonnes on a monthly basis.

Products	HR (T)	CR (T)	Total (T)	MoM Change (T)
200 Series	3,500	10,600	14,100	2,500
300 Series	67,900	75,600	143,500	-8,400
400 Series	7,800	28,300	36,100	100
Total	79,100	114,500	193,600	-5,900

Stainless Steel Inventories in Foshan (Updated: May 10, 2012)

Up to May 10, 2012, stainless steel inventories in Foshan market totaled 123,100 tonnes, growing by 8,200 tonnes from the month earlier.

Products	HR (T)	CR (T)	Total (T)	MoM Change (T)
200 Series	12,400	19,000	31,400	7,900
300 Series	43,600	33,500	77,100	1,300
400 Series	4,400	10,200	14,600	1,500
Total	60,500	62,600	123,100	8,200

Steel Mill Dynamics

- ◇ **Taishan Steel** issues EXW prices for HR stainless steel for June: the price for type 304 HR stainless steel stands at RMB19,000/tonne, the same with that of a month earlier.
- ◇ **Eastern Special Steel** releases the weekly prices for HRC stainless steel: EXW price for type 304 HRC (4-12mm) remains at RMB18,800/tonne; those for 14.0mm and 16.0mm specifications are respectively set at RMB19,100/tonne and RMB19,800/tonne. Type 316 HRC prices of 4-12mm and 14mm respectively stand at RMB27,800/tonne and RMB28,100/tonne. Meanwhile, type 321 HRC prices are set at RMB22,800/tonne for 4-12mm specification and RMB23,100/tonne for 14mm specification. The above mentioned prices are effective during May 29-Jun 4, 2012.

***Note:**

For more detailed info about steel mills' output/sales/exports, pls contact us for Umetal-Data & Statistics on Chinese Nickel and Stainless Steel

Downstream Industry

Downstream market remains sluggish; demands from end users are unsatisfactory. Demands in the second half year of 2012 are not strong, according to data from the China Import and Export Fair.

Analyst Suggestion

Market players should control the stockpiles and focus on delivery.