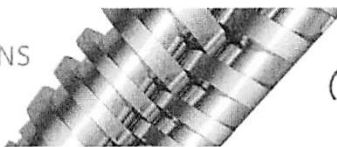




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Chinese profit margin improves to 0.34% Jan-Aug

© Published October 03, 2013 by **Tim Smith** (<mailto:timsmith@quartzltd.co.uk>)

Steel prices in China have continued to declining in September before the week-long National Day holiday (October 1-7) and steel mills also failed to see an increase in sales, indicating the bearish outlook for steels in the domestic spot market.

Never-the-less, profits of China's iron and steel industry increased 7.8% from a year earlier to RMB 84.85bn (US\$13.66bn) in the first seven months of 2013, according to the National Development and Reform Commission (NDRC). The ferrous metal mining and concentrator sector contributed RMB 45.68bn (\$7.3bn) of profit in the January-July period, down 7.2% year on year, the NDRC said in a monthly report on industrial operation.

The iron & steelmaking and rolling sectors reported a 37% rise in profits y-o-y in the January-July period with profits totalling RMB 31.8bn (\$5.12bn) according to NDRC. CISA said that medium and large-sized steelmakers in China remained profitable in August thanks to the rebound in steel prices. In August alone, these steel mills realised about RMB 308.77bn (\$49.72bn) of sales revenue, up 3.22% from a month earlier, with profits up 35.42% month on month to about RMB 3.12bn (\$50.24M). However, 16 steel producers remained in losses in August but this was an improvement on July when 21 companies were loss-making.

CISA said that about 18.6% of medium and large-sized steel mills incurred losses in August which totalled about RMB 1.02bn (\$16.4M). During the period of January-August, medium and large-sized steel mills in China realised about RMB 2395.43bn (\$385.7bn) of sales revenue, up 1.38% from a month earlier, with profits at RMB 8.09bn (\$130.27M). The profit margin during the period was just 0.34%, but this was 0.52 % higher than that in the same period 2012.

Key steel mills in China are expected to realise more than RMB 20bn (\$3.2bn) of profits this year according to a forecast made at the 13th China International Steel and Raw Materials Conference in Qingdao.

Source: China Metals e-mail chinametal@xinhua.org

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