

# Platts China Steel Sentiment Index Shows Small Uptick

Sentiment stabilizes but Index remains below the 50-point mark for sixth month

PR Newswire  
BEIJING

BEIJING, Dec. 8, 2014 /PRNewswire/ -- The outlook for China's steel market has improved slightly, with expectations of new orders rising and steel output tipped to stay at November levels, according to the latest Platts China Steel Sentiment Index (Platts CSSI), which shows a headline reading of 37.39 out of a possible 100 points in December.

Although the December index is up 11.77 points from 25.61 in November, it marks the sixth consecutive month the headline index was below 50 points. The CSSI reflects expectations of market participants for the month ahead. Similar to a purchasing managers' index, a CSSI reading above 50 indicates an increase/expansion and a reading below 50 indicates a decrease/contraction.

"The slight improvement in steel price sentiment is largely due to some shortages of construction steel at a time when companies are trying to progress building projects before the coldest winter months," said Paul Bartholomew, Platts managing editor for steel and raw materials. "However, domestic and export demand for flat steel products is extremely weak currently, and that is putting pressure on hot rolled coil prices."

## *Platts China Steel Sentiment Index - December 2014*

*(a figure over 50 indicates expectations of an increase; under 50 indicates a decrease)*

		Dec 14 -----	Change -----	m-o-m	Nov 14 -----	2014 average -----
CSSI						
(Total						
New						
Orders)	?	37.39		11.77	25.61	47.81
-----	---	-----		-----	-----	-----
New						
Domestic						
Orders	?	37.00		11.99	25.01	47.62
-----	---	-----		-----	-----	-----
New						
Export						
Orders	?	41.93		9.30	32.63	50.00
-----	---	-----		-----	-----	-----
Steel						
Production	?	51.56		17.08	34.48	43.67
-----	---	-----		-----	-----	-----
Steel						

Prices	?	32.14	4.36	27.78	39.43
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Stocks held at traders	?	69.29	5.13	64.17	51.60
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All the key measures have improved in the latest index, rebounding from last month's record lows, largely due to expectations that the Chinese government would remove the tax rebate on certain steel exports. However, measures for new orders and steel prices in the December CSSI remain below 50 points, indicating expectations of a further decline.

"The generally bearish sentiment in China's steel sector, along with ongoing credit tightness, could see more restrained end-of-year iron ore restocking - especially as there is plentiful supply of the raw material right now," Bartholomew said.

China's steel market participants are expecting crude steel production to stay at similar levels to last month. The reading of 51.56 for steel production in December is up 17.08 points month over month, and is the strongest reading since June this year.

Meanwhile, survey respondents expect steel stocks held by traders to rise in December, which could place further downwards pressure on prices.

The monthly Platts CSSI is based on a survey of approximately 50 to 75 China-based market participants including traders, stockists and steel mill operators. The survey of month-ahead sentiment is conducted during the last full working week of each month, with the results published via press release and Platts' products and services before the 10th of the next month. Platts began tracking steel sector sentiment in China in May 2013. The Platts China Steel Sentiment Index survey plays no role in Platts' formal price assessment processes.

For more information about steel and metals visit the website at [www.platts.com](http://www.platts.com).

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		Dec 14	Change m-o-m	Nov 14	2014 average
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New Domestic Orders	▲	37.00	11.99	25.01	47.62
New Export Orders	▲	41.93	9.30	32.63	50.00
Steel Production	▲	51.56	17.08	34.48	43.67
Steel Prices	▲	32.14	4.36	27.78	39.43
Stocks held at traders	▲	69.29	5.13	64.17	51.60

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