

Platts China Steel Sentiment Index Rebounded in March

Sentiment improved on better expectations for domestic demand post-Chinese New Year

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BEIJING, March 10, 2015 /PRNewswire/ -- The outlook for China's steel market over the next month rebounded dramatically after the Chinese New Year holiday period on expectations of stronger domestic orders, according to the latest Platts China Steel Sentiment Index (Platts CSSI), which showed a headline reading of 72.2 out of a possible 100 points in March.

The March index jumped 63.4 points from February's record low of 8.8, and was the strongest reading since April last year. 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.

"A rebound in sentiment after the Chinese New Year holiday period is normal, but it was even more dramatic this year as it followed several months of declining orders and weak activity in the Chinese steel market," said Paul Bartholomew, Platts managing editor, steel & steel raw materials. "Despite a big improvement in expectations for new orders, pessimism around exports continues and high steel inventories are likely to limit any upside to a steel price recovery."

Platts China Steel Sentiment Index - March 2015

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

	March -----	Change from Feb -----	February -----
CSSI (Total New Orders) -----	72.2 ----	63.4 ----	8.8 ---
New Domestic Orders -----	75.1 ----	67.5 ----	7.6 ---
New Export Orders -----	39.3 ----	16.1 ----	23.2 ----
Steel Production -----	51.4 ----	24.8 ----	26.6 ----
Inventory held by steel traders -----	76.1 ----	-10.3 -----	86.4 ----
Steel prices (flats) -----	52.7 ----	11.7 ----	41.0 ----

The crude steel production reading of 51.4 points indicated the market did not anticipate any big increase to

output over the next month. Chinese steel mills had been carrying out maintenance work while market conditions remained weak, which had reduced production levels. Another weak reading for expectations for export orders of finished steel indicated the industry believes the removal of export tax rebates on certain alloy steel products at the start of 2015 will begin to have some impact.

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.

Separate to the CSSI, the monthly average price for China domestic hot rolled coil (flats) assessed by Platts was \$405.50 per metric ton (/mt) in February, down around 1% from \$409.50/mt in January. Prices assessed and published by Platts reflect those determined by buyers and sellers in the open markets. For more information on Platts price assessment methodology, please visit:

<http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/steel.pdf>

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