

S&P Global Platts China Steel Sentiment Index Softens in February

Price Outlook Unclear After Chinese New Year, Steel Output Seen Falling

BEIJING, Feb. 14, 2017 /PRNewswire/ -- Chinese steel market sentiment softened further in February as the market returned from the Lunar New Year holiday period, with the outlook for domestic steel orders deteriorating since last month, according to the latest S&P Global Platts China Steel Sentiment Index (CSSI), which showed a headline reading of 25.21 out of a possible 100 points.

The February CSSI dropped by 8.92 points from January's 34.13 despite improved expectations for export steel orders, which rose by 18.42 points from last month to 33.02. The outlook for new domestic orders fell for the fourth consecutive month in February, down 11.29 points from January to 25.54.

A reading above 50 indicates expectations of an increase/expansion and a reading below 50 indicates a decrease/contraction.

Expectations for long steel product prices rebounded from January's 6.25 to 58.33 in February. The outlook for flat steel prices fell 19.10 points from last month to 19.79 in February.

The outlook for steel production fell to its lowest level since June last year, dropping 11.36 points from January to 38.64. Steel inventories held by traders were tipped to rise in February, up 12.12 to 54.25 points.

S&P Global Platts China Steel Sentiment Index – February 2017

(a figure over 50 indicates expectations of an increase; under 50 indicates a decrease; historical [graphic available upon request](#))

	February 2017	Change from January (points)
CSSI (Total New Orders)	25.21	-8.92
New Domestic Orders	25.54	-11.29
New Export Orders	33.02	18.42
Steel Production	38.64	-11.36
Flat steel prices	19.79	-19.10
Long steel prices	58.33	52.08
Inventory held by traders	54.25	12.12

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"The market is still finding its feet after the Lunar New Year break and the price direction will become clearer over coming weeks," said Paul Bartholomew, senior managing editor of steel & raw materials for S&P Global Platts. "February is already a short month and has been further curtailed by the holiday. Domestic demand for rebar will start to improve as the weather warms up and construction activity gathers pace."

Steel production has been subdued so far in 2017 on an uncertain demand outlook and mills have been taking advantage of a slower market to carry out maintenance work, Bartholomew said.

The CSSI is based on a survey of 75 to 90 China-based market participants including traders and steel mills. Data is compiled by Dai Yuelin, Sharon Liao, Zhang Jing, Lucy Tang and Joy Zhuo in Shanghai.

According to S&P Global Platts price assessments, separate to the CSSI, the Platts China export hot rolled coil price assessment in January averaged \$497.14 per metric ton (mt), free on board (FOB) China. This was down 1% on \$501.47/mt FOB in December.

The Platts China Steel Sentiment Index survey plays no role in Platts' formal price assessment processes. For more information, please visit:

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

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