

Platts China Steel Sentiment Index Suggests New Steel Orders Flat in August

Monthly Index Totaled 46.97, up 1.07 Points from July's Reading of 45.90

PR Newswire
BEIJING

BEIJING, Aug. 6, 2014 /[PRNewswire](#)/ -- The health of China's steel sector is not expected to greatly improve in August, with the industry largely anticipating that new steel orders will stay flat over the next month, according to the latest Platts China Steel Sentiment Index (Platts CSSI), which showed a reading of 46.97 out of a possible 100 points.

The August reading is up 1.07 points from 45.90 in July, and is the second consecutive month the index has remained below 50.0.

The Platts CSSI reflects the responses of steel makers, traders and exporters at the end of each month to questions about new orders for the month ahead and the proprietary survey contains additional sentiment readings on production, inventories and prices. 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 Platts China Steel Sentiment Index Survey - August 2014
(a figure over 50 indicates expansion; under 50 indicates contraction)

	August '14	Change from July '14 -----	July '14
Platts China Steel Sentiment Index (Reflects New Orders) -----	46.97	1.07	45.90
New Domestic Orders -----	47.44	0.73	46.71
New Export Orders -----	41.54	5.12	36.42
Additional Sentiment Categories -----			

Steel Production -----	34.62 -----	-11.81 -----	46.43 -----
Inventories -----			
Mill Inventories -----	73.08 -----	26.65 -----	46.43 -----
Trader Inventories -----	59.44 -----	16.55 -----	42.89 -----
Price Expectations -----			
Domestic Long Steel Products Prices -----	64.29 -----	14.29 -----	50.00 -----
Domestic Flat Steel Products Prices -----	29.17 -----	-33.21 -----	62.73 -----
Export Steel Prices -----	35.61 -----	-12.10 -----	47.72 -----

"Chinese mills and traders generally view the domestic market as being quite weak at the moment with inconsistent performances across the various end-user segments," said Paul Bartholomew, Platts managing editor for steel and raw materials. "So while manufacturing has slightly improved in recent months, the country's property sector remains sluggish. The key reason for the stronger outlook for long steel (the type of steel used in construction) is that market participants believe prices cannot drop any further from current levels."

The latest CSSI indicates the industry is largely expecting a drop-off in crude steel production in August, with the latest reading falling 11.81 point from July to 34.62. As Chinese steel mills often conduct maintenance work in the hotter summer months, the anticipated decrease was expected.

The outlook for domestic steel prices was mixed and steel market participants anticipated domestic orders would stay generally unchanged from July: the flat steel prices sentiment index plunged 33.21 points from July's 62.73 to 29.17 in August; while the long steel prices index increased 14.29 points from the previous month to read 64.29 in August. Meanwhile, sentiment for export prices was slightly down in August, with the CSSI reading of 35.61 was down 12.11 points from 47.72 the prior month.

As a result, inventory levels for both long and flat steel products were expected to rise in August, a reflection of the softer outlook for steel orders during the month.

"Steel exports have surged this year, rising by an additional 10 million metric tons in January-June over last year, though this latest CSSI indicates the industry sees the export market starting to cool," Bartholomew said.

The monthly Platts China Steel Sentiment Index 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.

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