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Platts China Steel Sentiment Index Dipped in May

Weaker order outlook amid rising flat steel price expectations

PR Newswire
BEIJING

BEIJING, May 12, 2015 /PRNewswire/ -- The outlook for new steel orders in China over May weakened from April despite expectations of higher prices for flat steel products, according to the latest Platts China Steel Sentiment Index (Platts CSSI), which showed a headline reading of 68.2 out of a possible 100 points in May.

The May index fell 6.5 points from April's 74.7, with the outlook for domestic steel orders weakening, while expectations for export orders fell below the 50 threshold. The crude steel production reading of 52.0 indicated the market expects output in May to remain in a similar range to last month. The CSSI reflects expectations of market participants for the month ahead. A CSSI reading above 50 indicates an increase/expansion and a reading below 50 indicates a decrease/contraction.

"What's notable in this latest index is the near reversal in expectations for prices of long and flat steel products compared with last month," said Paul Bartholomew, Platts managing editor, steel & steel raw materials. "Optimism around construction steel (longs) prices seen in April is already deteriorating but the recovery in iron ore prices and some demand improvement are supporting the outlook for flat steel products."

"End-user demand remains fairly fragile, however, as evidenced by China's April manufacturing data, and steel inventories are tipped to rise, which could dampen price expectations in the coming month," he added.

Platts China Steel Sentiment Index - May 2015
(a figure over 50 indicates expectations of an increase; under 50 indicates a decrease)

	May 2015	Change from Apr	April 2015
CSSI (Total New Orders)	68.2	-6.5	74.7
New Domestic Orders	70.2	-6.4	76.7
New Export Orders	43.9	-7.5	51.5
Steel Production	52.0	-3.2	55.3
Steel trader inventories	38.5	21.1	17.4
Flat steel prices	78.3	17.3	60.9
Long steel prices	56.2	-22.3	78.5

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.

Separate to the CSSI, the monthly average price for China domestic hot rolled coil as assessed by Platts was $398.5/metric ton in April, up from $386/mt in March.

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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