

Platts China Steel Sentiment Index Fell to 10-Month Low in December

Onset of winter exacerbated difficult market conditions

PR Newswire
BEIJING

BEIJING, Dec. 7, 2015 /PRNewswire/ -- Platts China Steel Sentiment Index (CSSI) fell to a 10-month low in December due to a significant deterioration in the outlook for new domestic steel orders.

The headline index for December fell 8.89 points from the month before to 22.83 out of a possible 100 points and was the second-weakest reading in 2015. A reading above 50 indicates an increase/expansion and a reading below 50 indicates a decrease/contraction.

The outlook for new export orders over the coming month was flat on November at 24.06 points, while expectations for new domestic orders dropped 9.66 points from November to just 22.72.

Price expectations for flat steel products, such as hot rolled coil, weakened by 14.65 points to 17.74 in December, but the price outlook for long steel products, such as rebar, plunged by 25 points to just 6.25.

"Steel market conditions in China continue to deteriorate and weak domestic demand has been exacerbated by the onset of cold winter weather, which heralds a slowdown in construction activity," said *Paul Bartholomew, Platts managing editor, steel & steel raw materials*.

Platts China Steel Sentiment Index - December 2015

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

	December 2015 -----	Change from November (points) -----
CSSI (Total New Orders) -----	22.83 -----	-8.89 -----
New Domestic Orders -----	22.72 -----	-9.66 -----
New Export Orders -----	24.06 -----	0.04 -----
Steel Production -----	31.67 -----	-10.93 -----
Flat steel prices -----	17.74 -----	-14.65 -----
Long steel prices -----	6.25 -----	-25.00 -----
Inventory held by traders -----	44.94 -----	0.64 -----

The outlook for crude steel production in December fell 10.93 points from the month before to 31.67, also a 10-month low. Expectations for trader inventories of 44.94 in December were at a similar level to the month before.

"Chinese mills appear to be reaching the end of their ability to make deeper cuts to prices, particularly for exports, as they are already incurring serious financial losses. They now seem to be contemplating trimming

steel output instead, which is reflected in the weaker outlook for steel production," Bartholomew said.

The CSSI is based on a survey of approximately 60 to 75 China-based market participants including traders, stockists and steel mill operators.

Separate to the CSSI, the November monthly average price for Platts China export hot rolled coil prices was \$261.16/mt FOB China, down 3% from \$268.15/mt in October.

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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