News Release Archive

S&P Global Platts China Steel Sentiment Index Rebounded in July

Outlook for New Orders at 3-Month High; Steel Prices Tipped to Rise

BEIJING, July 19, 2016 /PRNewswire/ -- Sentiment in China's steel market rebounded strongly in July, with most market participants expecting steel prices to rise over the next month, according to the latest S&P Global Platts China Steel Sentiment Index (CSSI) for July, which showed a headline reading of 53.71 out of a possible 100 points.

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The July index jumped 37.79 points from 15.92 in June, reaching a three-month high and again breaching the 50-point threshold. A reading above 50 indicates expectations of an increase/expansion and a reading below 50 indicates a decrease/contraction.

The outlook for new domestic orders for steel for the coming month improved by 38.34 points to 54.60, the strongest reading since April. Expectations for new export orders recovered from June's record low of 12.01 to reach 43.41 in July, but remain below the 50 threshold.

The biggest monthly improvements in the July index were seen in the outlook for both flat and long steel domestic prices. Price expectations for long steel products, such as rebar, jumped by 50 points from the month before to 62.50 in July. The price outlook for flat steel products, such as hot rolled coil, improved by 44.37 points to 62.70 in July.

S&P Global Platts China Steel Sentiment Index - July 2016
(a figure over 50 indicates expectations of an increase; under 50 indicates a decrease)

	July 2016	Change from June (points)
CSSI (Total New Orders)	53.71	37.79
New Domestic Orders	54.60	38.34
New Export Orders	43.41	31.40
Steel Production	41.38	8.05
Flat steel prices	62.70	44.37
Long steel prices	62.50	50.00
Inventory held by traders	52.22	-2.72

The outlook for crude steel production in July edged up by 8.05 points to 41.38. Steel market participants expected steel inventories to soften by 2.72 points to 52.22 in July.

"We've seen a significant improvement in sentiment, largely the result of higher physical market prices that resulted from an improvement in futures prices on the back of expected output cuts in China's Hebei province this month," said *Paul Bartholomew, senior managing editor of steel & raw materials for S&P Global Platts.*

"Considering China is coming into its summer period, which typically brings slowed construction activity, and the latest manufacturing data was weak, the big improvement in the outlook for July is surprising," said Bartholomew. "However, many of the readings are coming off a very low base in June."

The CSSI is based on a survey of approximately 70 to 85 China-based market participants including traders and steel mills.

Data is compiled by S&P Global Platts' Shanghai steel team: Dai Yuelin, Sharon Liao, Zhang Jing and Lucy Tang.

According to S&P Global Platts price assessments, separate to the CSSI, the Platts China export hot rolled coil price assessment in June averaged $333 per metric ton (mt), free on board (FOB) China. This was down 12% from $379.05/mt FOB in May.

See historical graphic (Source: S&P Global Platts) at this link:
http://www.platts.com/IM.Platts.Content/Downloads/charts/metals/2016/july/cssi-2013-16.jpg

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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