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Chinese Steel Output Remains Robust

The most recent data from the China Iron and Steel Association (CISA) shows that steel output has fallen by a small amount recently but has stayed robust. Daily crude steel output at large and medium-sized mills averaged 2.03 million tons during June 21 - June 30. This is 2% lower than the record 2.07 million tons seen in mid-June but is 4% stronger than was seen during June 21 - June 30, 2018. Robust steel output remains a positive issue, but as we have continued to stress in our Weekly China Reports, steel stockpiles continue to rise and we believe steel output is exceeding demand. Steel mill profit margins remain profitable, though, and with the government also desiring to maintain stability in the economy, no large decline in steel output is likely in the near term.

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