

# COMMODORE RESEARCH

## **Robust Steel Production in China**

While official Chinese steel output data has not been published yet for January (January and February's data will be published together later this month as is the norm), an examination of China Iron and Steel Association (CISA) data shows that output has been strong recently. CISA data shows that daily crude steel output at large and medium-sized steel mills most recently averaged approximately 1.92 million tons during February 1 - February 10. This is 5% stronger than the 1.82 million ton average that was seen during late January. In addition, it is 14% stronger than the 1.78 million ton average that was seen during February 1 - February 10 2018.

Robust steel output is a positive issue. As we have continued to stress in our client reports, though, such strength no longer can guarantee growth in iron ore imports. Last year saw this decade's first-ever year-on-year contraction in Chinese iron ore imports, even as China's crude steel output set yet another record. Chinese crude steel output totaled an epic 927.5 million tons last year, which marked year-on-year growth of 82.3 million tons (10%), but iron ore imports fell to 1.064 billion tons which marked a year-on-year decline of 11 million tons (-1%). Iron ore imports in January also fell year-on-year 9%. Going forward, we remain bearish for both Chinese and overall global iron ore trade prospects for this year.

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