

Chinese Steel Production Remains Robust

The most recently released data from the China Iron and Steel Association (CISA) shows that Chinese steel production has remained strong. CISA data shows that daily crude steel production at large and medium-sized steel mills most recently averaged approximately 1.90 million tons during March 11 - March 20. This is 1% stronger than the 1.88 million ton average that was seen during the first ten days of March and is 6% stronger than the 1.79 million ton average that was seen during March 11 - March 20 2018.

Chinese steel production has remained very robust and has continued to follow normal seasonality. As we have continued to stress in our weekly reports, last year's slowdown seen in China's overall economy (which has continued this year), has not had any significant impact on Chinese steel production. As we have also continued to stress, though, robust steel production is no longer leading to strength in iron ore imports. China's iron ore imports fell year-on-year last year by 1%, even as steel production rose by 10%. The first two months of this year have also seen an even wider divergence, which occurred largely independent of the Vale disruption. Steel production rose year-on-year by 9% during the first two months of this year, but iron ore imports contracted year-on-year by 6%. A shift towards consuming more domestic steel scrap has remained a primary factor behind the ongoing contraction in Chinese iron ore imports.

Jeffrey Landsberg | Managing Director
[Commodore Research & Consultancy](#)

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