



Kallanish  
COMMODITIES

NEW MODE OF  
ECONOMIC  
DEVELOPMENT

END USE  
SECTORS  
REVIEW

TRADE DATA  
ANALYSED

# CHINA SLOWS DOWN

China is trying to find a path between stimulus and reform, leaving markets volatile as they try to guess every turn in the road. China's steel output will still increase in 2021, but demand is set to slow. As China sets its policies for the year and for the coming five years, the industry will need to adjust to a new mode of economic development.

For the rest of the world, that means China will not be supporting markets the way it did in 2020. China's imports will fall, and exports will increase.

## China slows down

China is trying to find a path between stimulus and reform, leaving markets volatile as they try to guess every turn in the road. China's steel output will still increase in 2021, but demand is set to slow. As China sets its policies for the year and for the coming five years, the industry will need to adjust to a new mode of economic development.

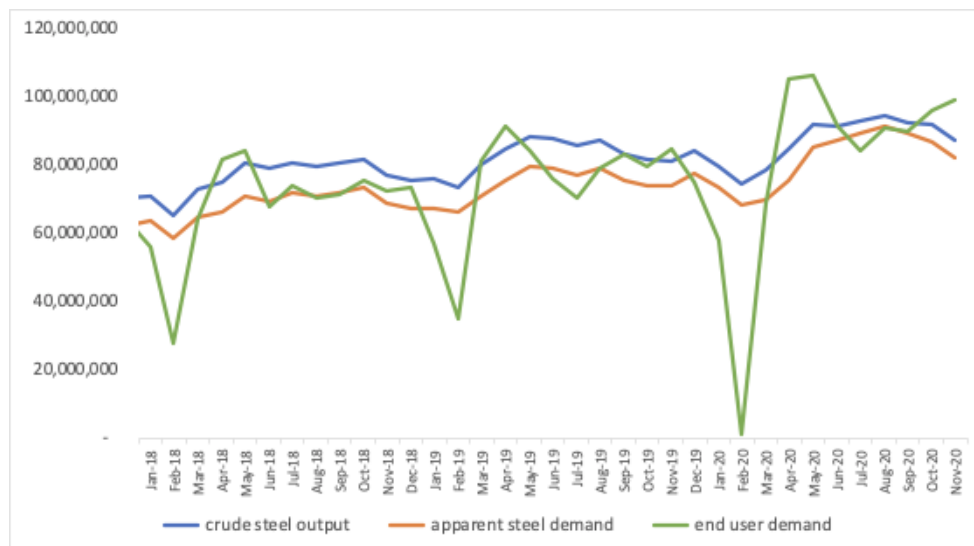
For the rest of the world, that means China will not be supporting markets the way it did in 2020. China's imports will fall, and exports will increase.

**Table 1. Supply and Demand (million tonnes)**

	2019	Jan-Nov 2020	Y-o-y	2020 outlook	Y-o-y
<b>Official crude steel output</b>		961	5.50%	1050.0	5.70%
<b>Apparent consumption</b>		901	9.94%	983	9.50%
<b>End user demand</b>		892	8.32%	982	9.60%

Source: Kallanish

**Figure 1. Daily steel production and demand 2010-2020 (tonnes)**



Source: NBS, Kallanish

As China enters the new year, its global influence is again switching. While in 2020 it was Chinese stimulus that supported global markets, which were ravaged by Covid-19, in 2021 global markets are expected to recover (eventually) while China's market slows down. Within China, this change is being driven by its longer-term economic goals. Achieving targets for household income, sustainable finance and lower greenhouse gas emissions will require a restructuring of the economy which will impact steel demand negatively. The question however is how fast the reform will come.

This question has been key in driving market volatility over the previous month or so. Beijing had consistently signalled a return to credit tightening and economic restructuring until the Central Economic Work Conference over 8-10 December. The annual meeting sets the economic agenda for the coming year and is chaired by Xi Jinping. This year it concluded underlying concerns remain about the strength of the economic recovery, according to official state media reports. As a result, there will be "...no U-turn" on current policy, meaning stimulus will continue to support economic growth. The move also followed a warning from the World Bank that China should not reduce its stimulus too quickly. Its economic update on China in December noted that recovery could be derailed if funds were cut too quickly and unemployment spiked. This contrasts with China's overall economic



# ORDER FORM

## Subscribe to China Steel Intelligence today

### Get your copy of the monthly China Steel Intelligence report at a great price

China Steel Intelligence is a monthly report put together by our expert team of analysts based in Shanghai.

If you are already a subscriber to KallanishSteel you qualify for an additional discount. The pricing options for 12 month subscriptions are available below.

To sign up complete the form below and return to us.

Option 1:	CSI	US\$ 3000	
Option 2:	CSI, KallanishSteel Subscriber Rate	US\$ 2550	SAVE 15%
Option 3:	CSI + KallanishSteel Bundle	US\$ 4249	SAVE 15%

### CSI Content:

The report is filled with market information, charts and graphs.

- Supplied in PDF
- Excel statistical supplement
- 7-10 pages
- Supply and demand forecasts
- End use sector data
- Trade data
- Macro economic overview



### Start my subscription

Yes, please start my subscription so that I can read the China Steel Intelligence. Please choose your option below:

- ☐ Option 1: CSI, US\$3000
- ☐ Option 2: CSI, with KallanishSteel Subscriber 15% discount, US\$ 2550
- ☐ Option 3: CSI and KallanishSteel Bundle, 15% discount, US\$ 4888

Name

Job Title

Company

Address

City

Phone

Email

Payment type: ☐ Pay by invoice  
☐ Pay by credit card

Credit card: ☐ Visa ☐ AMEX ☐ Mastercard

Card number

CCV  Exp

Name on card

Signature

Please tick below:

- ☐ I confirm I am signing up for a 12 month subscription to CSI
- ☐ I have read and agreed to the Kallanish Terms and Conditions.

Signature:  Date:

