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JULY 15, 2021 / 4:34 AM / UPDATED 4 MONTHS AGO

China's June crude steel output down 5.6% m/m on production curbs

By Min Zhang, Shivani Singh



BEIJING (Reuters) - China's crude steel output fell 5.6% in June from a record level in May, data showed on Thursday, as government environmental controls ahead of the Communist Party's centenary celebrations in July constrained production.



FILE PHOTO: A worker walks past steel rolls at the Chongqing Iron and Steel plant in Changshou, Chongqing, China August 6, 2018. REUTERS/Damir Sagolj

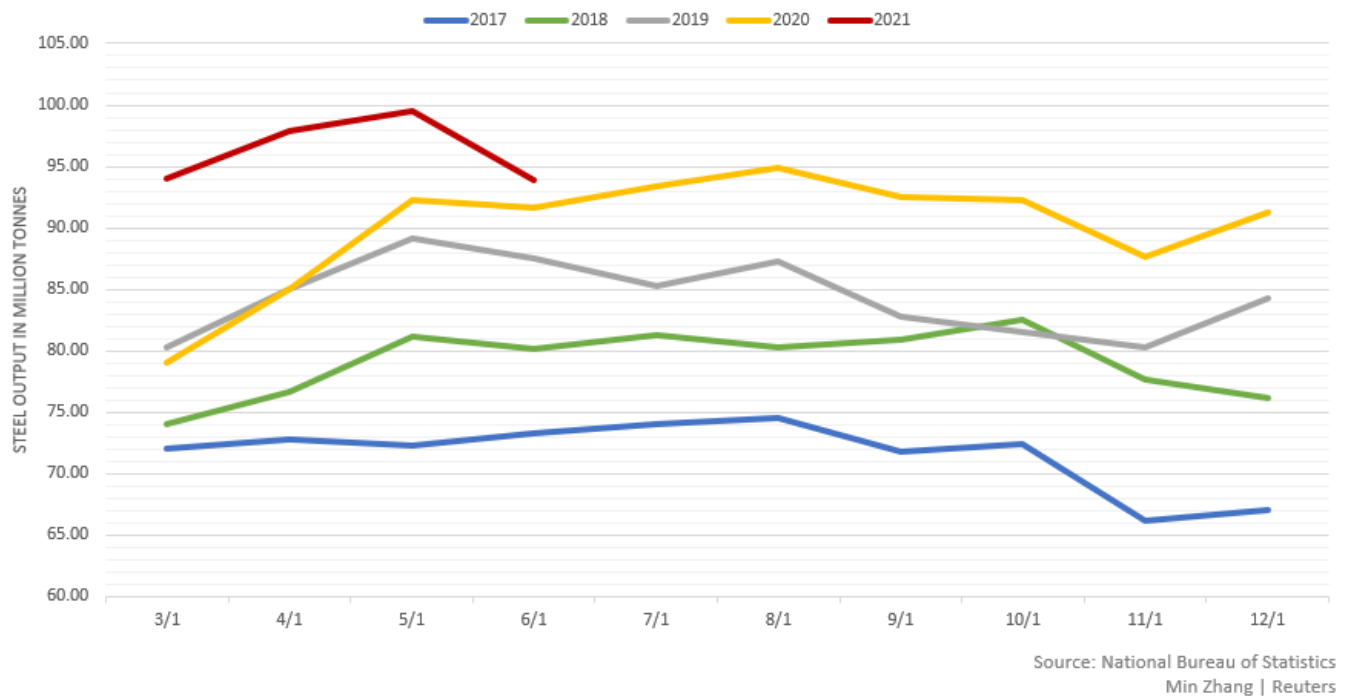
Output in the world's biggest producer dropped to 93.88 million tonnes from May's monthly record of 99.45 million tonnes, data from the National Bureau of Statistics (NBS) showed.

Steel output in June was up 1.5% compared with the same month in 2020.

Graphic: China's crude steel output -



SEASONAL CHART FOR CHINA'S MONTHLY CRUDE STEEL OUTPUT



Production at some mills - such as in the steel hub of Tangshan city - was restrained in late June, with some urged by the government to idle their blast furnaces to try to ensure clean skies for the ruling party's centenary celebration.

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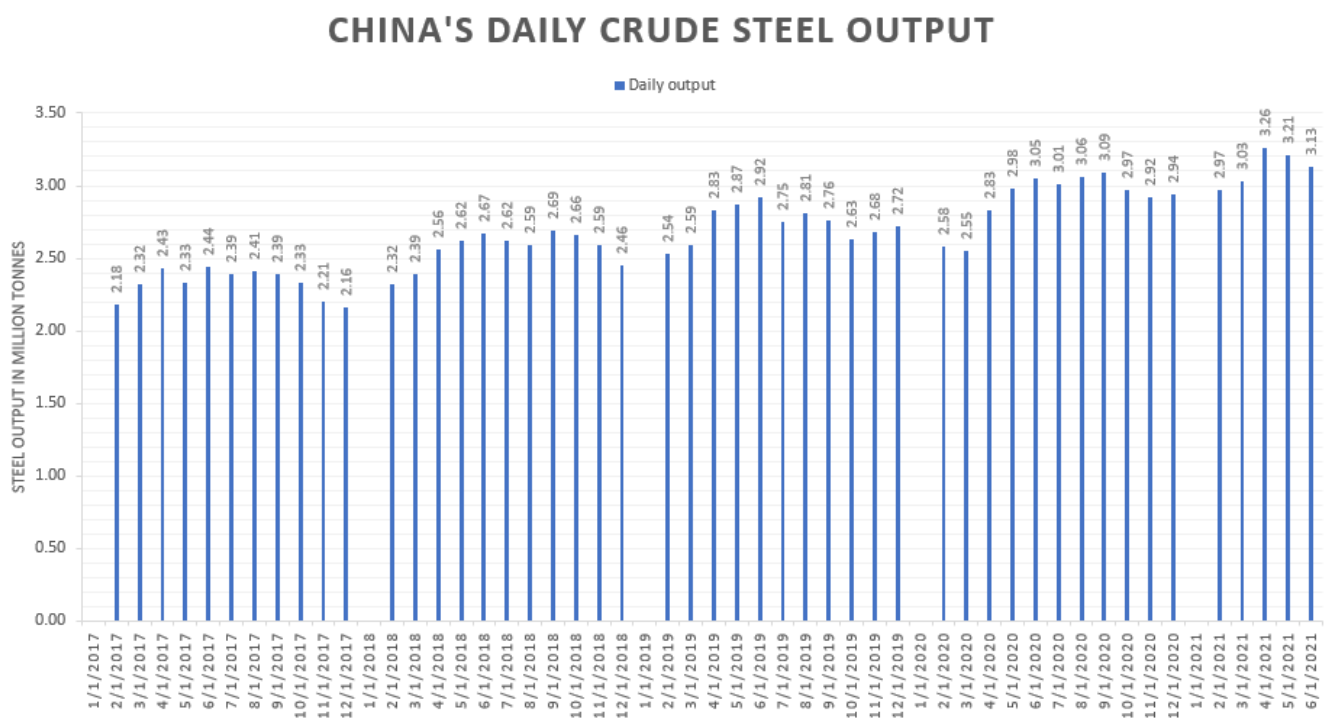
Capacity utilisation rates at blast furnaces at 163 mills across China fell to a record low of 55.53% in the week ended July 2, Mysteel consultancy data showed. The Chinese Communist Party celebrated its centenary on July 1.

Average daily crude steel output last month slipped 2.5% from May to 3.13 million tonnes, according to Reuters calculations based on the NBS data.

China pledged to limit crude steel output in 2021 at no higher than the 1.065 billion tonnes it made last year.

However, at the half-way stage of the year, the country has already produced 563.33 million tonnes of the metal, jumping 11.8% from a year earlier, the NBS data showed.

Graphic: China's daily crude steel output -



* February daily output was calculated based on first two months' production as China does not release single month data in Jan-Feb.

Source: National Bureau of Statistics
Min Zhang | Reuters

Beijing recently dispatched inspection teams to provinces to examine efforts to cut steel capacity. Jiangxi province said it would “fully complete the task of reducing output issued by the state.”

“The government has come up with supply policies to control steel output which have been largely unsuccessful,” Rohan Kendall, head of iron ore research with Wood Mackenzie said during the annual Singapore Iron Ore Week on Tuesday.

“For steel output to slow, we will ultimately need to see policies that take the heat out of steel demand,” he said, adding that China’s production will soften from first half’s robust growth.

China’s real estate investment in the first six months rose 15% on an annual basis, but slowed from 18.3% growth in the first five months. Manufacturing investment increased 19.2% year-on-year in January-June period, the statistics bureau said.

Reporting by Min Zhang and Shivani Singh; Editing by Christopher Cushing and Richard Pullin

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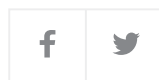
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