



# ITEM 3

# STEEL MARKET DEVELOPMENTS

Steel Committee, 23-24 March 2017

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# Outline

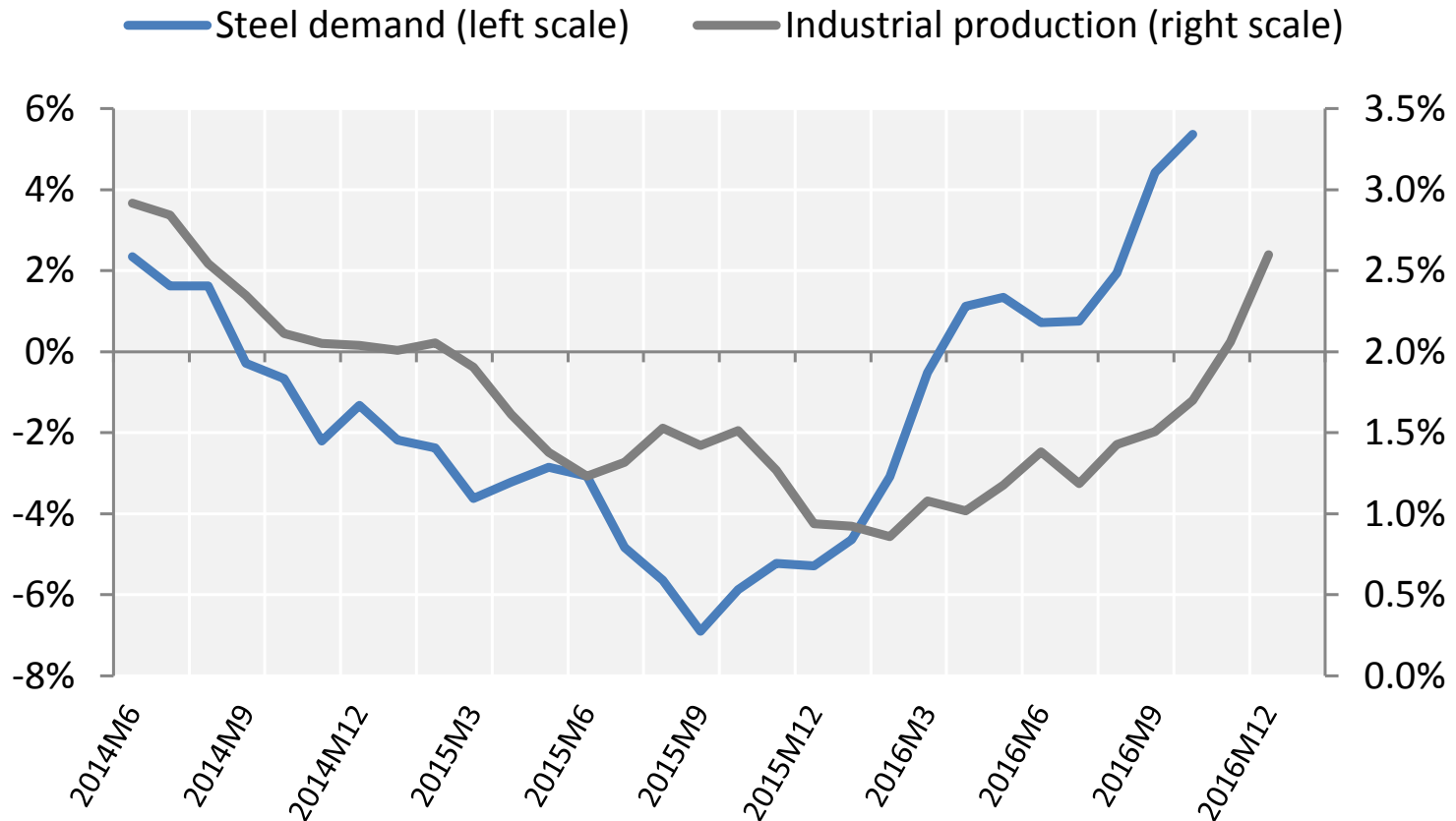
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1. Overview of steel demand
2. Steel production and implied capacity utilisation rates
3. Prices, costs and profitability



# Steel demand and Industrial production.

## Some signs of recovery in steel demand during 2016



*Note:* Combined steel consumption of the following economies: Brazil, China, Germany, India, Japan, Korea, Russia and the United States. Industrial production excludes construction.

*Sources:* ISSB (for steel consumption) and CPB World Trade Monitor (for volume of world industrial production).



# Steel demand overview

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- North America:
  - Market conditions are improving in the region and demand for steel is expected to increase this year and possibly in the coming few years.
- South America:
  - Steel market conditions remained very difficult in 2016.
- Europe:
  - EU: Steel demand situation has been gradually improving.
  - Turkey: Infrastructure investment could provide support for steel demand.
- Asia:
  - Demand growth has been fastest in economies located in Southeast Asia.
- CIS:
  - Demand fell sharply in 2015 in response to the economic recessions. Steel demand is expected to recover in line with improved economic prospects.



# Steel Production

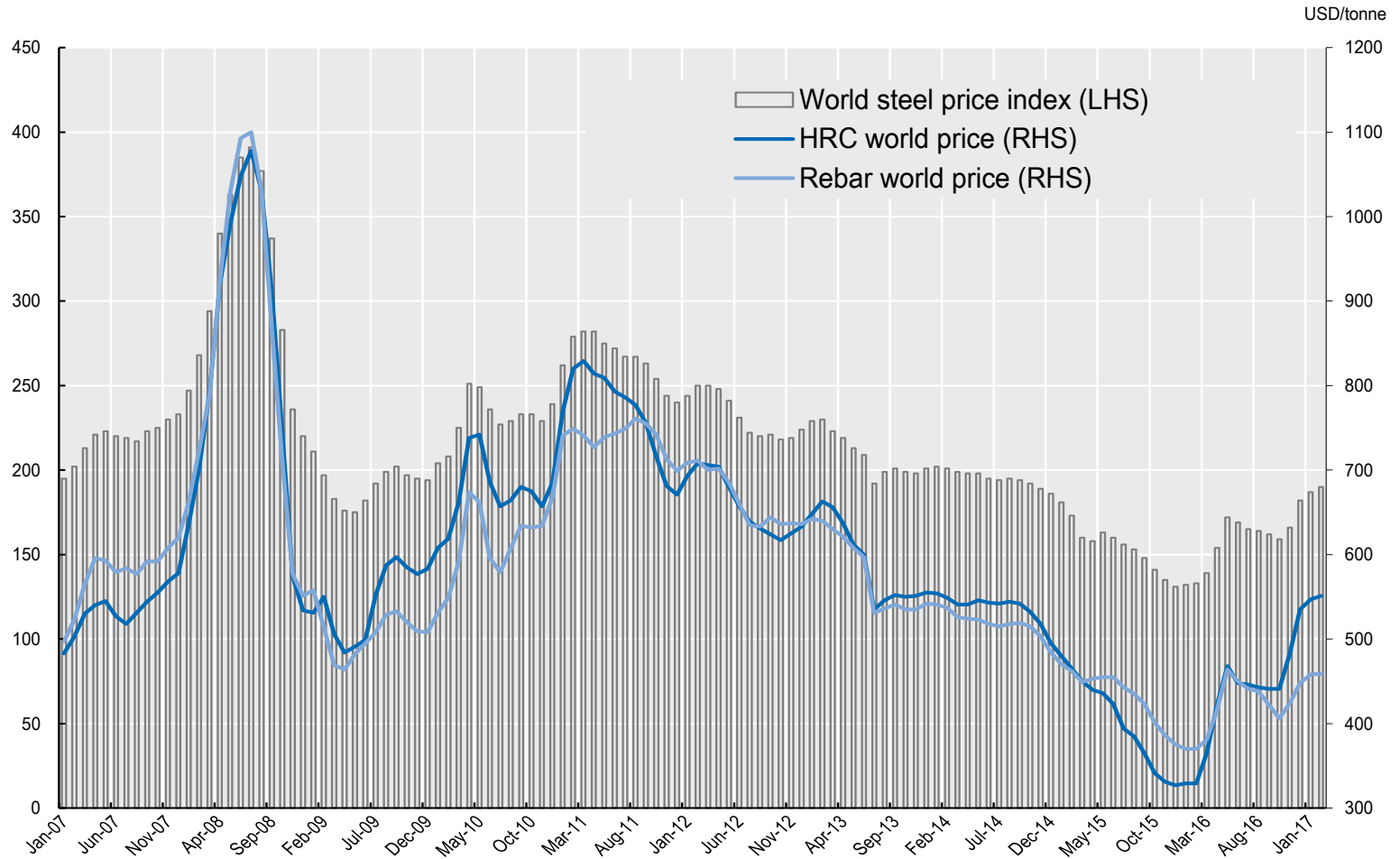
	Level, thousand tonnes			% change, year-on-year		
	Dec 2016	2015	2016	Dec 2016	2015	2016
EU	13,066	166,173	162,293	13.6	-1.8	-2.3
Other Europe	3,111	34,003	35,958	8.6	-6.1	5.8
CIS	8,841	101,374	102,222	6.6	-4.3	0.8
North America	9,409	110,945	110,987	9.9	-8.4	0.0
South America	2,899	43,899	39,224	-11.3	-2.5	-10.6
Africa	1,053	12,791	12,189	9.6	-10.2	-4.7
Middle East	2,507	26,974	29,025	20.8	-3.8	7.6
Asia, of which:	92,661	1,090,598	1,106,253	4.0	-2.7	1.4
China	67,220	798,785	808,370	3.2	-2.9	1.2
Oceania	512	5,717	5,837	19.6	4.6	2.1
World	134,059	1,592,473	1,603,989	5.5	-3.3	0.7

*Note:* Yearly figures are based on the monthly data provided by the World Steel Association, which can differ from the annual figures discussed in the text because some countries report only annually.

*Source:* World Steel Association.



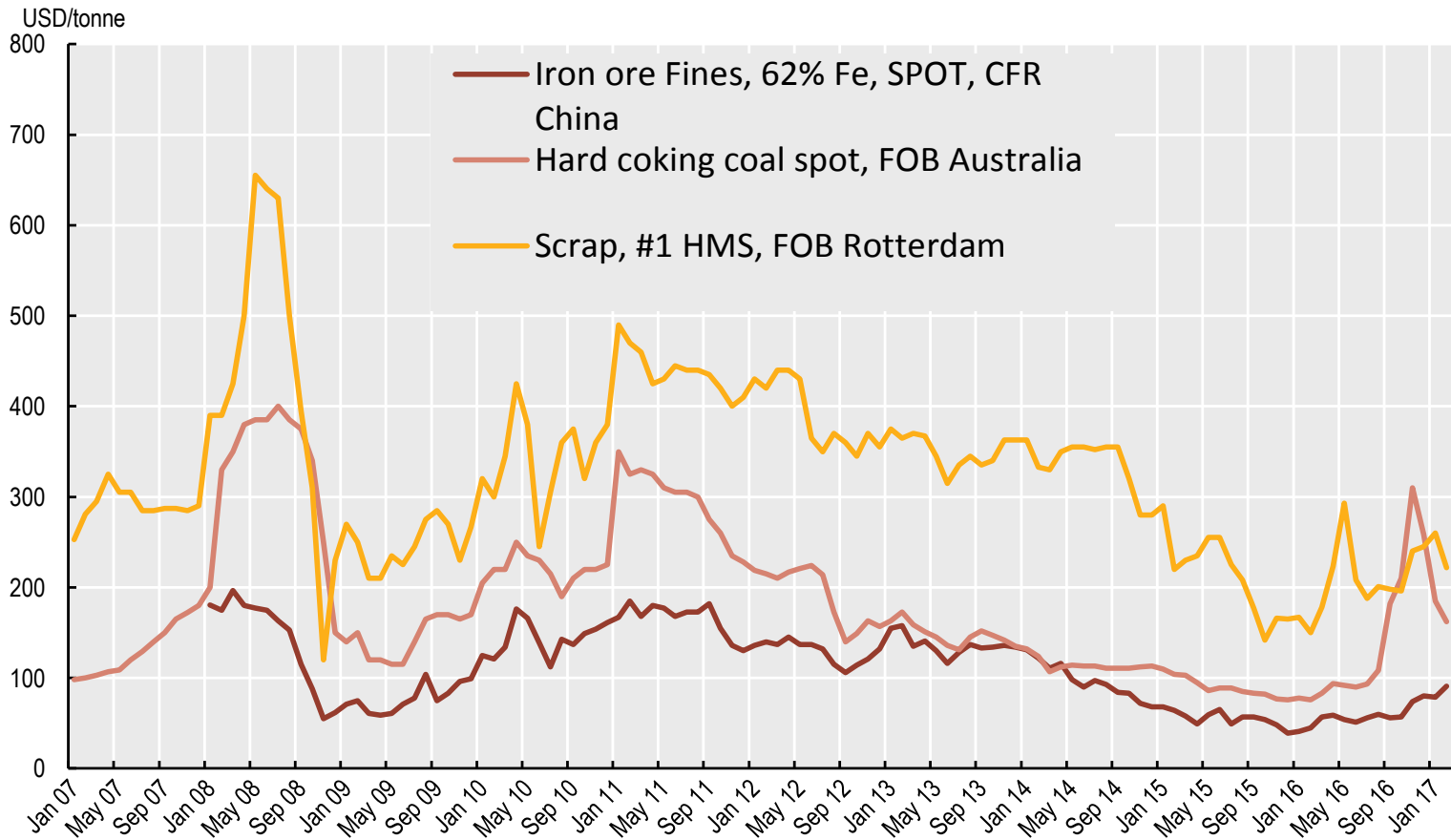
# Prices



Source: Platts Steel Business Briefing.



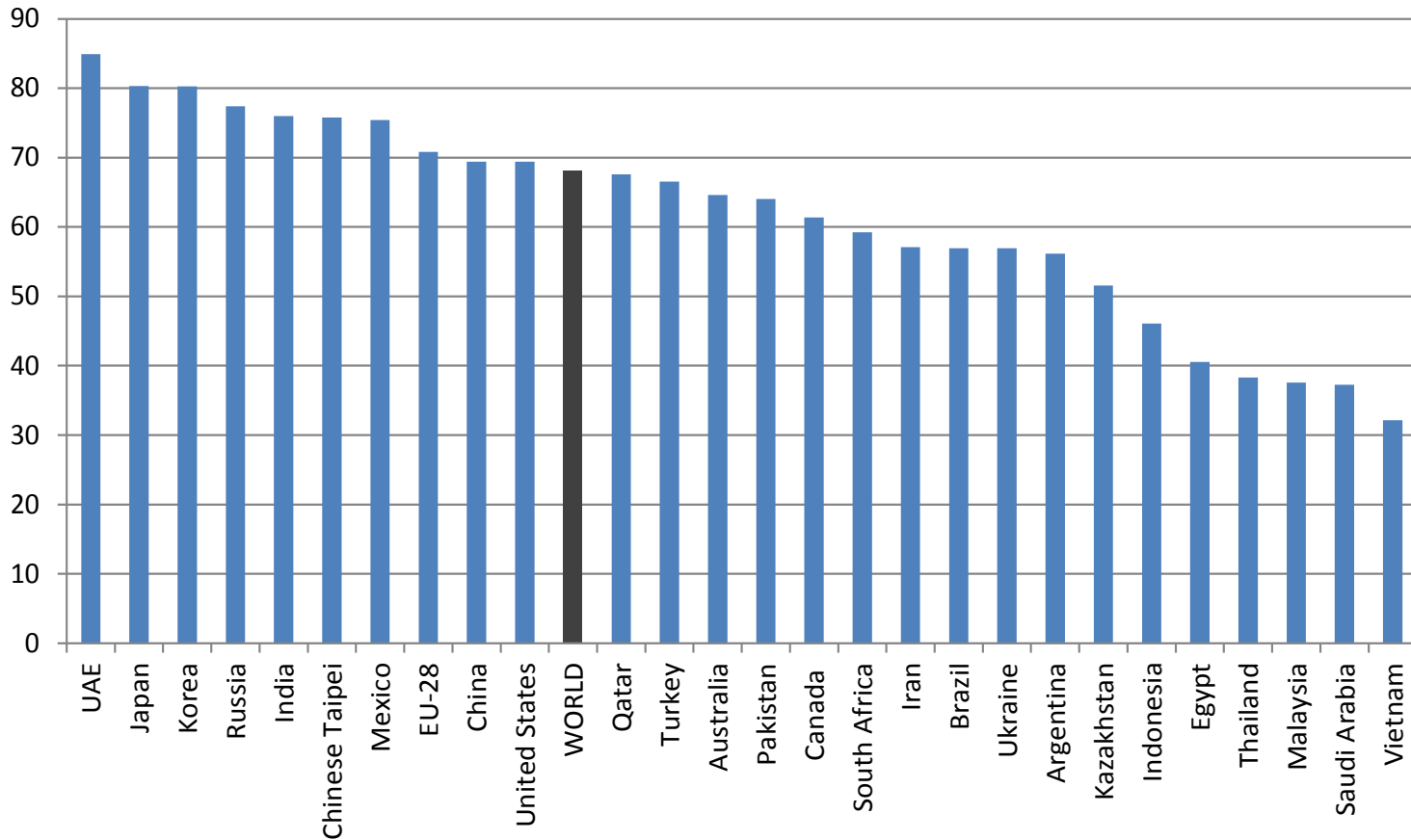
# Raw material price indicators



Source: Commodity Research Unit.



# Implied capacity utilisation rates in 2016



Source: OECD for nominal crude steelmaking capacity as defined in [\[DSTI/SC\(2017\)2\]](#) and the World Steel Association for production.





Thank you