



# ITEM 3B: STEEL MARKET DEVELOPMENTS

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# Outline

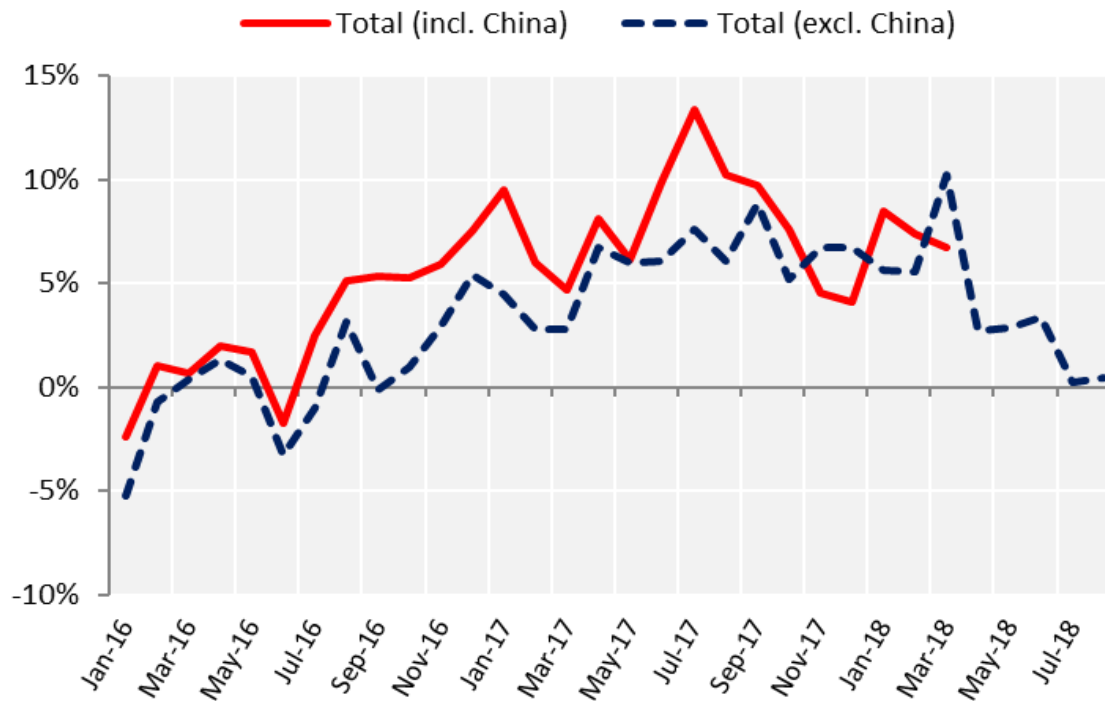
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- 1. Steel consumption**
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- 3. World steel prices**
- 4. Global steel production capacity developments**
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# Steel consumption

## Consumption of hot-rolled steel products, major economies Year-on-year % change



*Total (incl. China) represents the combined consumption of hot-rolled steel products of the following economies: Brazil, China, Germany, India, Italy, Japan, Korea, Mexico, Russia and the U.S. Total (excl. China) represents the combined consumption of all those economies except China. Consumption of hot-rolled products is defined as the sum of production and net imports. According to the latest publication of ISSB, consumption data on China is not available since April 2018 due to the lack of Chinese data on exports and imports of hot-rolled steel products (ISSB, 2019[12]).*



# Steel production

## World crude steel production developments were very unequal across regions in 2018

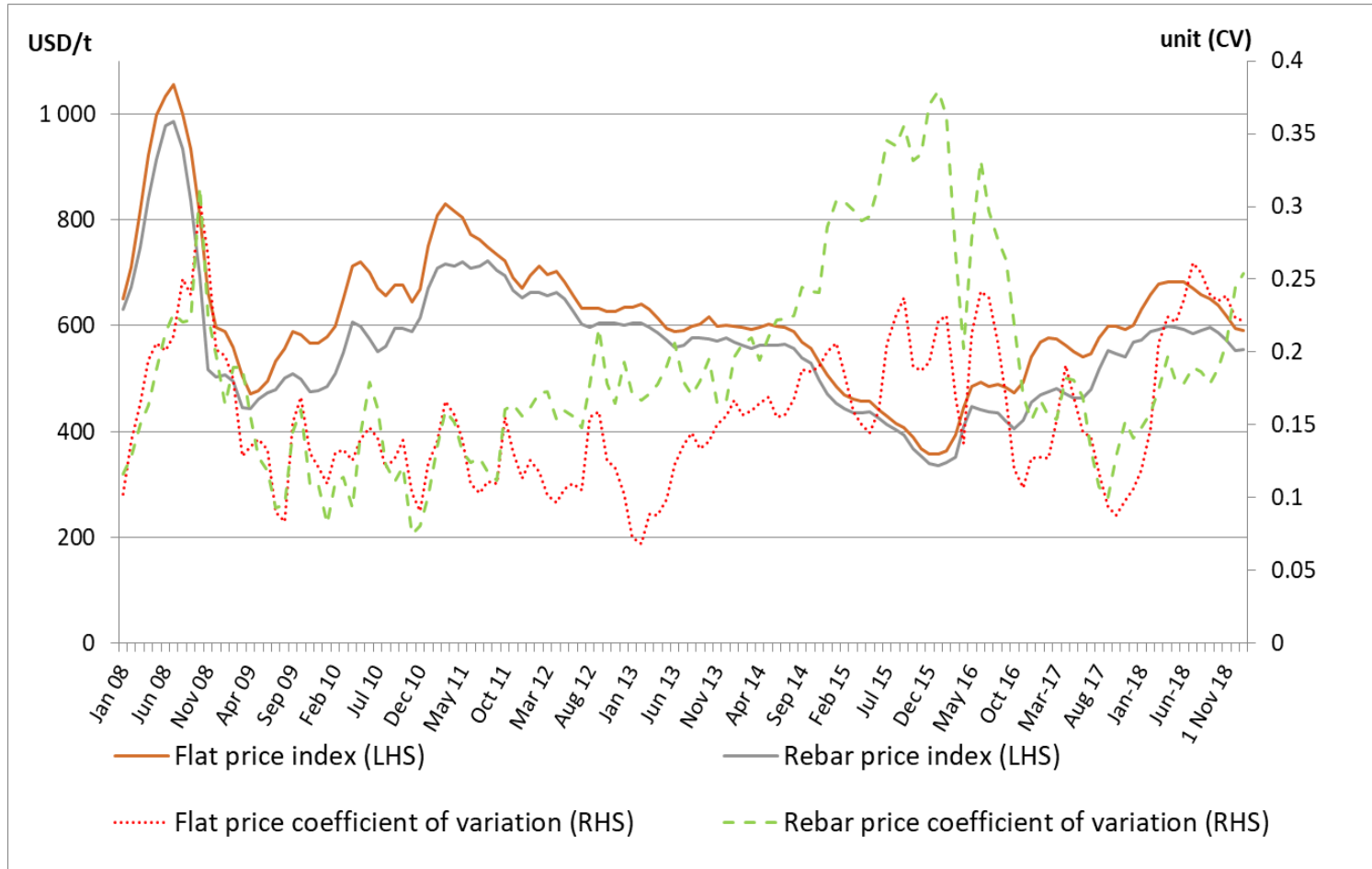
	Level, thousand mmt			% change, year-on-year		
	Dec 2018	2017	2018	Dec 2018	2017	2018
EU	14 527	168 549	168 192	10.1	8.6	-0.2
Other Europe	3 474	40 633	40 821	-3.1	6.3	0.5
CIS	8 034	100 932	101 062	-9.5	7.6	0.1
North America	10 108	115 761	120 511	5.9	7.6	4.1
South America	3 679	43 686	44 275	2.1	7.5	1.3
Africa	1 250	13 593	14 526	2.9	5.1	6.9
Middle East	3 096	32 020	36 066	9.5	1.8	12.6
Asia, of which:	105 033	1 186 889	1 257 216	7.4	6.7	5.9
China	77 621	867 544	927 523	10.3	6.6	6.9
Oceania	474	5 985	6 341	-10.9	3.2	5.9
World	149 676	1 708 048	1 789 009	6.0	6.9	4.7

Source: World Steel Association, as of Data are based on monthly production data and can differ slightly from annual data published after December of each year

World crude steel production increased by about 4.7% in 2018, with growth rates differing across regions



# World steel prices

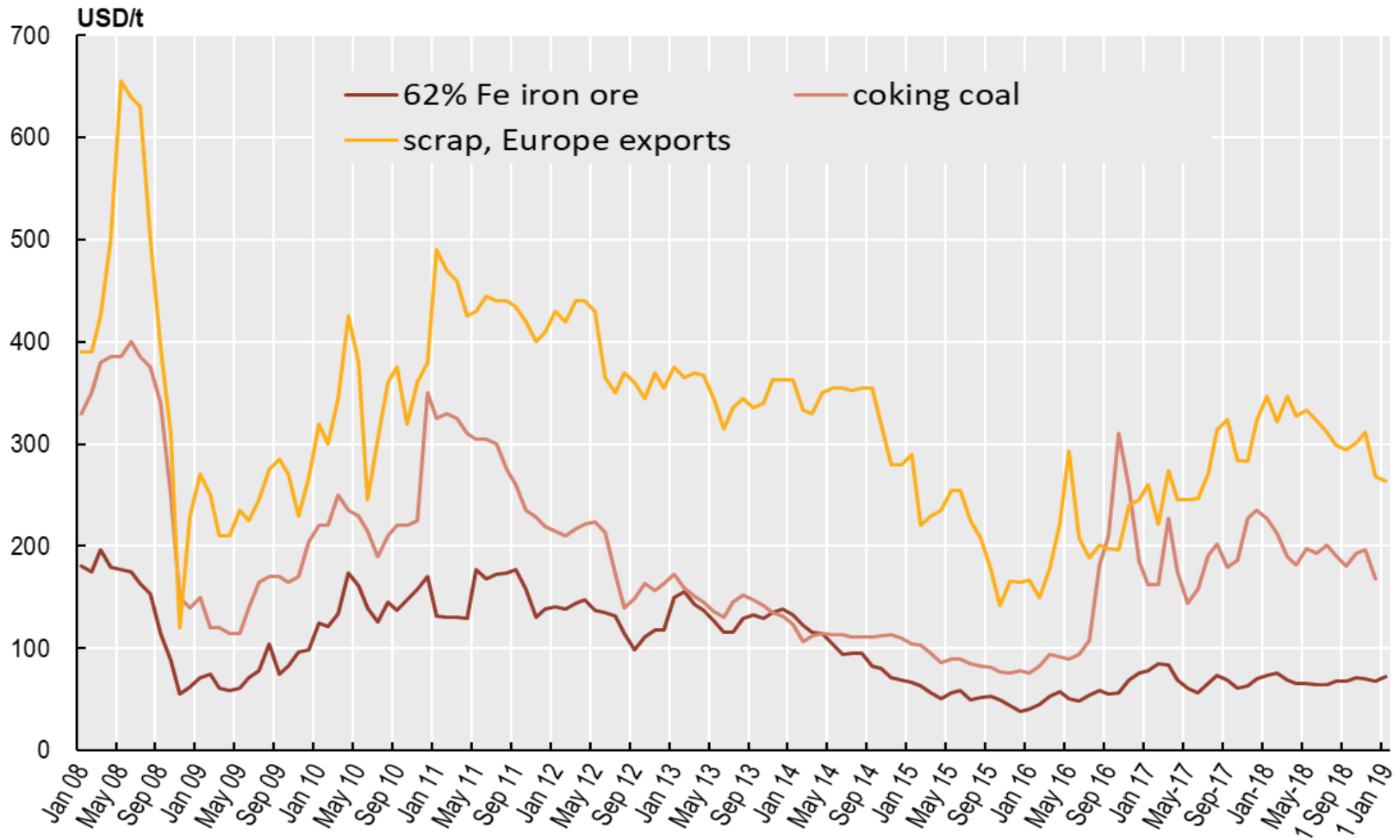


Notes: The flat price and rebar price indices are defined as the arithmetic average of the individual regional Platts price series for the U.S., North Europe, China, Japan, India and Russia, when available. This simple arithmetic average had the closest fit to the two global Platts price indices used in Market reports prior to the two global price indices being discontinued by Platts from September 2017 onwards. The coefficients of variation (CV) are defined as the ratio of the standard deviation of the regional Platts price series making up the indices to their (arithmetic) mean, and thus captures price dispersion across regions.

Source: Platts Steel Business Briefing.



# Key raw material price indicators



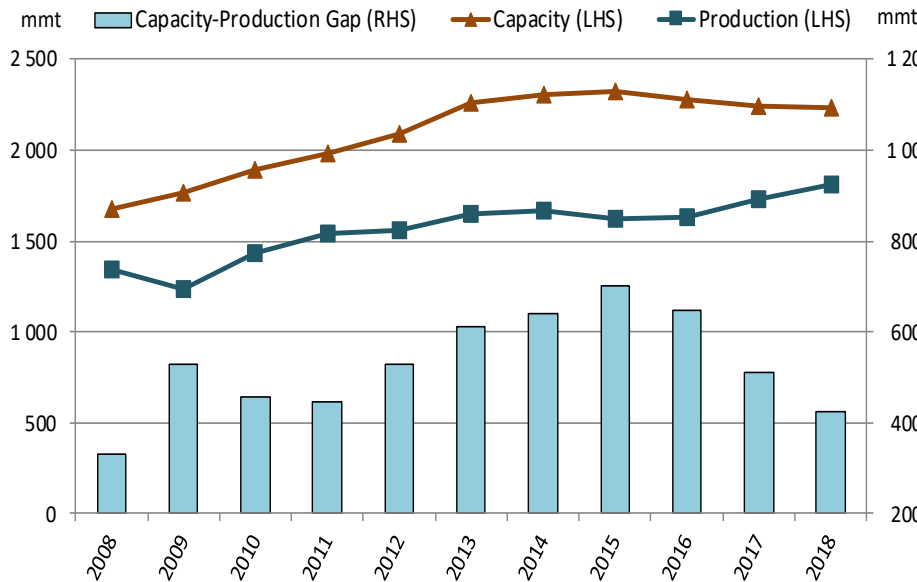
Source: Platts Steel Business Briefing



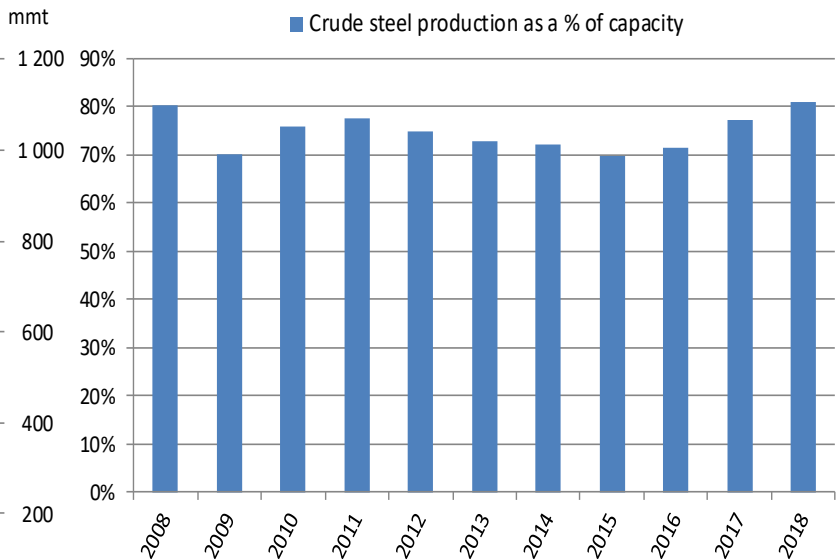
# Global capacity developments

## Global crude steelmaking capacity and production

### Capacity-Production gap (mmt)



### Capacity utilisation rate



*Note:* Capacity data reflect information up to December 2018. Annual production data for 2017 and 2018 are based on the press release on 25 January 2019 by World Steel Association (World Steel Association, 2019[32]). Annual production data from 2008 to 2016 are referred to “Steel Statistical Yearbook 2018” by World Steel Association (World Steel Association, 2018[38]). Please see the document [DSTI/SC(2019)3] for further information about updates of new steelmaking capacity investments and closures, as well as capacity projects that are underway and planned over the next few years (OECD, 2019[37]). *Source:* OECD for capacity and World Steel for production.

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## Concluding Remarks

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- Steel markets recovery seems more fragile in 2018 than in 2017 and important risks to the downside remain:
  - The weakening of the global economy and trade
  - Persisting structural imbalances
  - The pickup in new capacity investments, and the persistence of excess capacity





Thank you for your attention