



ITEM 3B: STEEL MARKET DEVELOPMENTS

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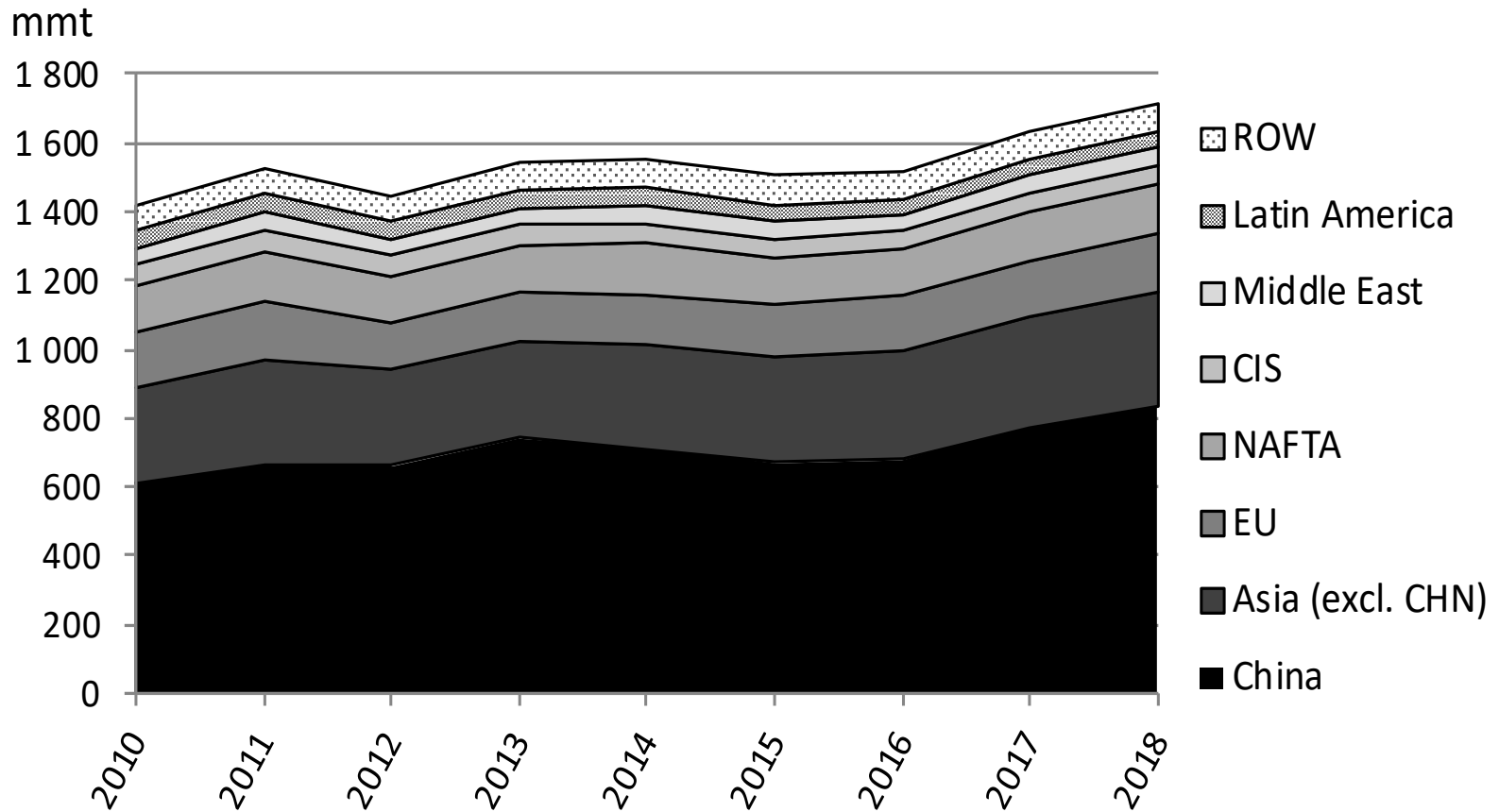
Outline

- 1. Steel consumption**
- 2. Steel production**
- 3. Steel and raw material prices**
- 4. Financial performance of steel companies**
- 5. Global steel production capacity developments**
- 6. Concluding remarks**



Steel consumption

Apparent steel use (finished steel products)



Note: apparent steel use is obtained by adding up deliveries (defined as what comes out of the steel producer's facility gate) and net direct imports.

Source: Worldsteel



Steel production

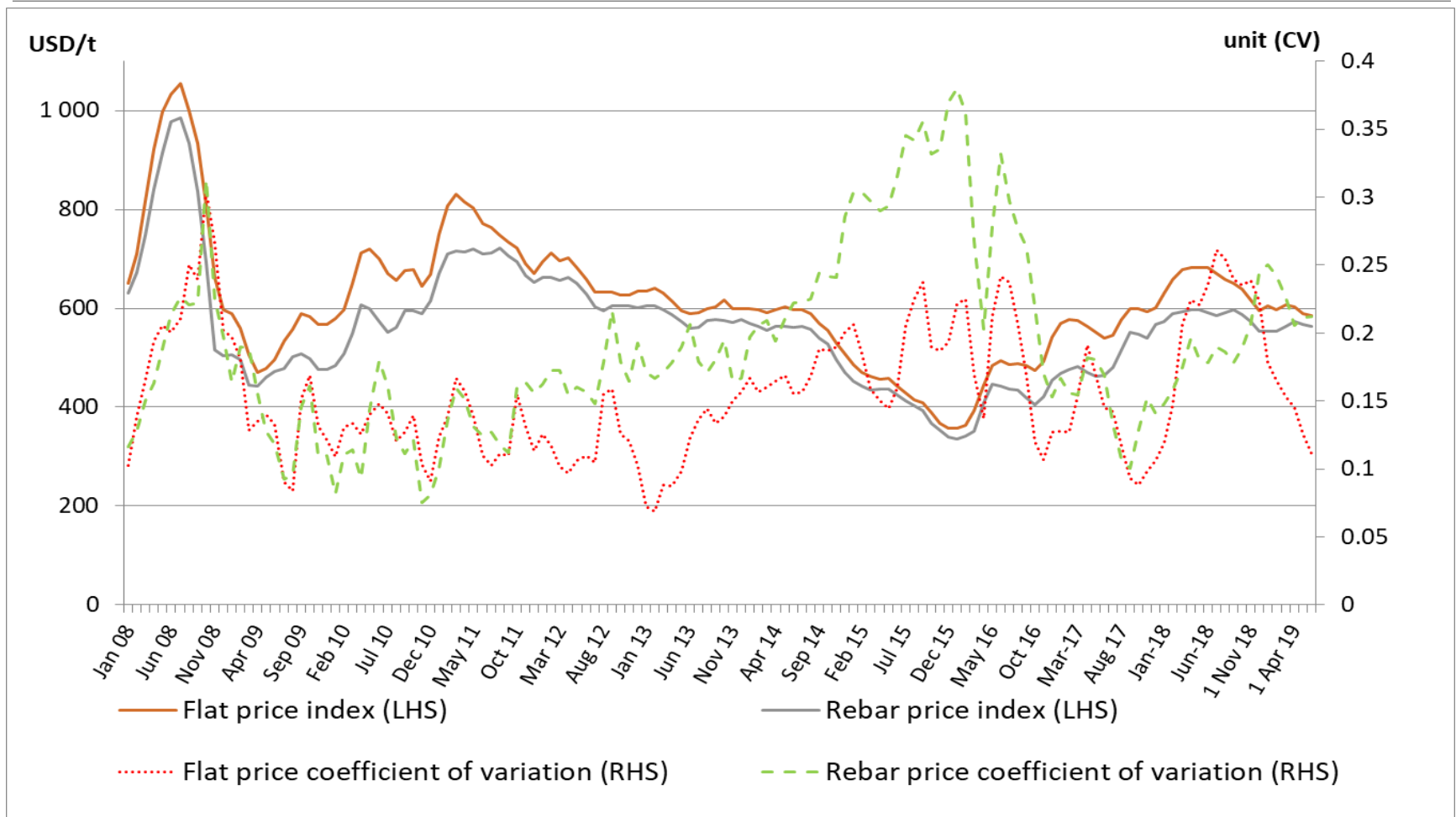
World crude steel production developments in 2019

	Level, thousand mmt		% change, year-on-year		
	Jun 2019	2018	Jun 2019	Jan-Jun 2019 /Jan-Jun 2018	2018 / 2017
EU	13 790	167 742	-3.0	-2.5	-0.4
Other Europe	3 026	40 821	-8.4	-8.0	0.5
CIS	8 229	100 729	-2.6	0.0	-0.2
North America	9 874	120 285	-0.2	1.4	3.9
South America	3 563	44 279	-3.1	-1.6	1.4
Africa	1 234	14 530	0.7	7.6	6.9
Middle East	3 108	35 582	3.4	4.3	11.1
Asia, of which:	115 622	1 259 371	7.4	7.6	6.4
China	87 533	924 814	10.0	10.2	7.0
Oceania	534	6 341	-4.4	-6.0	5.9
World	158 978	1 789 680	4.6	5.1	5.0

Source: World Steel Association, as of June 2019. Data are based on monthly production data and can differ slightly from annual data published after December of each year.



World steel prices

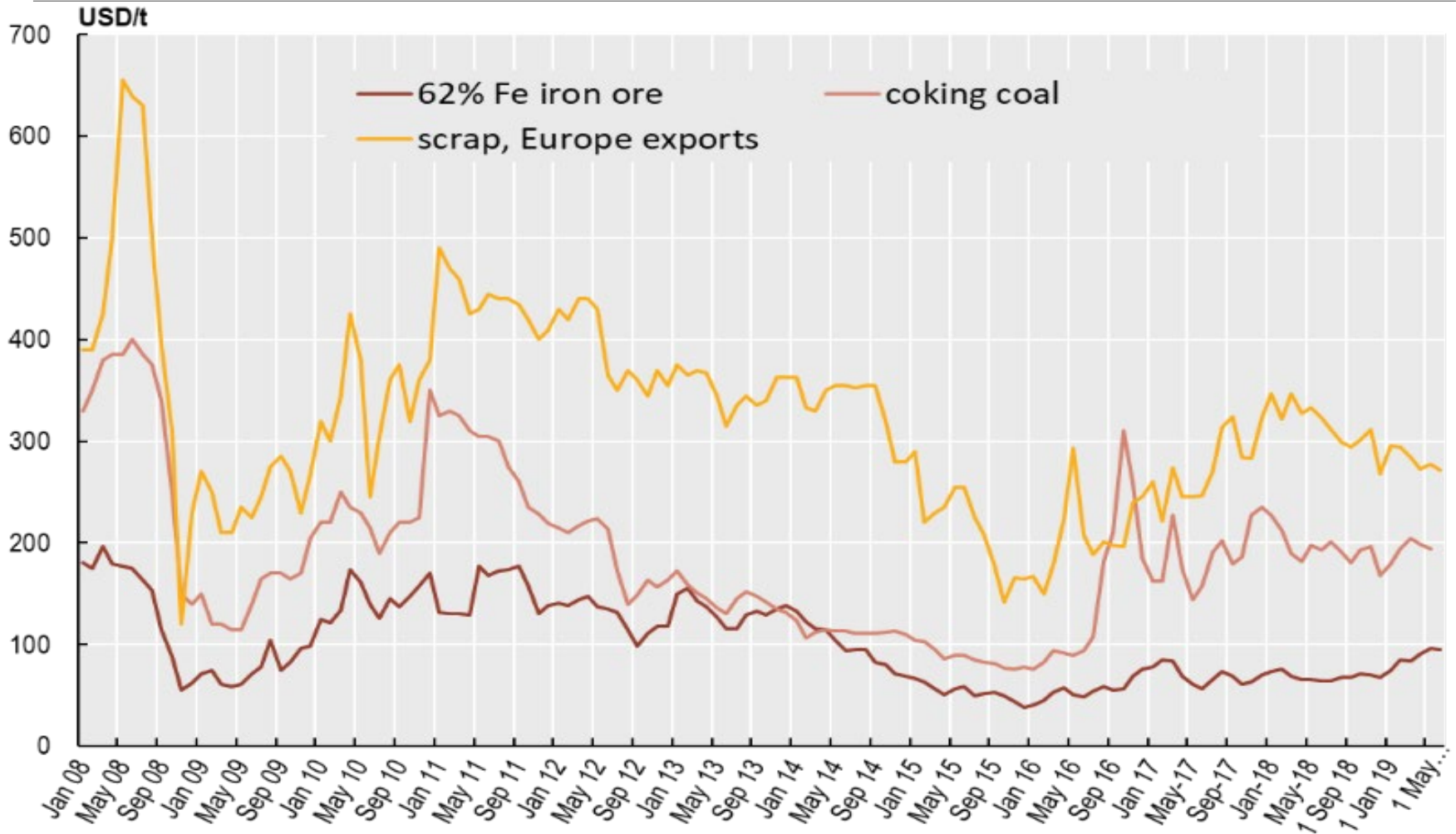


Notes: The flat price and rebar price indices are defined as the arithmetic average of the individual regional Platts price series for the U.S., North Europe, China, Japan, India and Russia, when available. This simple arithmetic average had the closest fit to the two global Platts price indices used 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

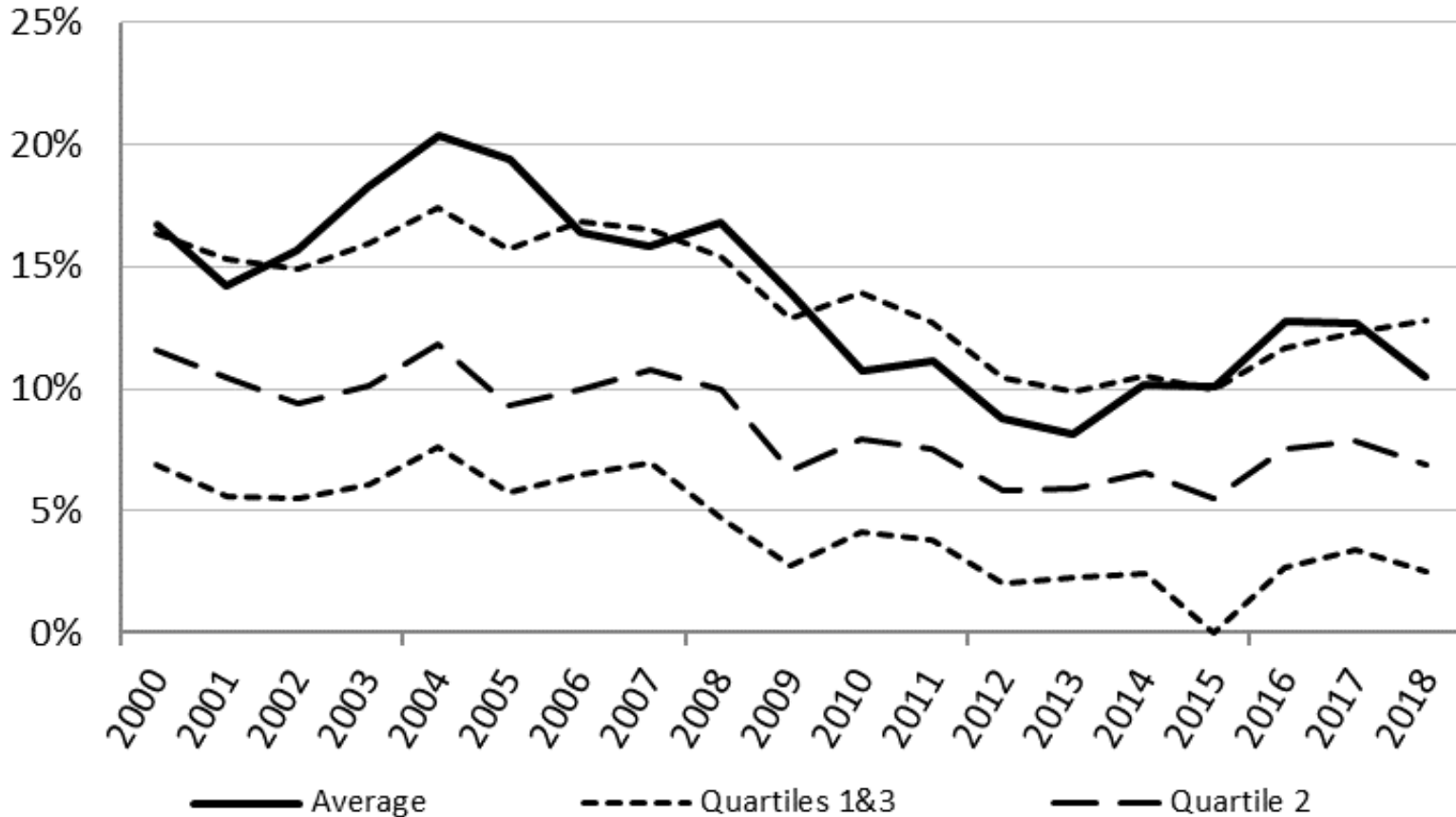


Source: Platts Steel Business Briefing (SBB), Datastream.



Financial performance of steel firms

Operating profits (EBITDA)

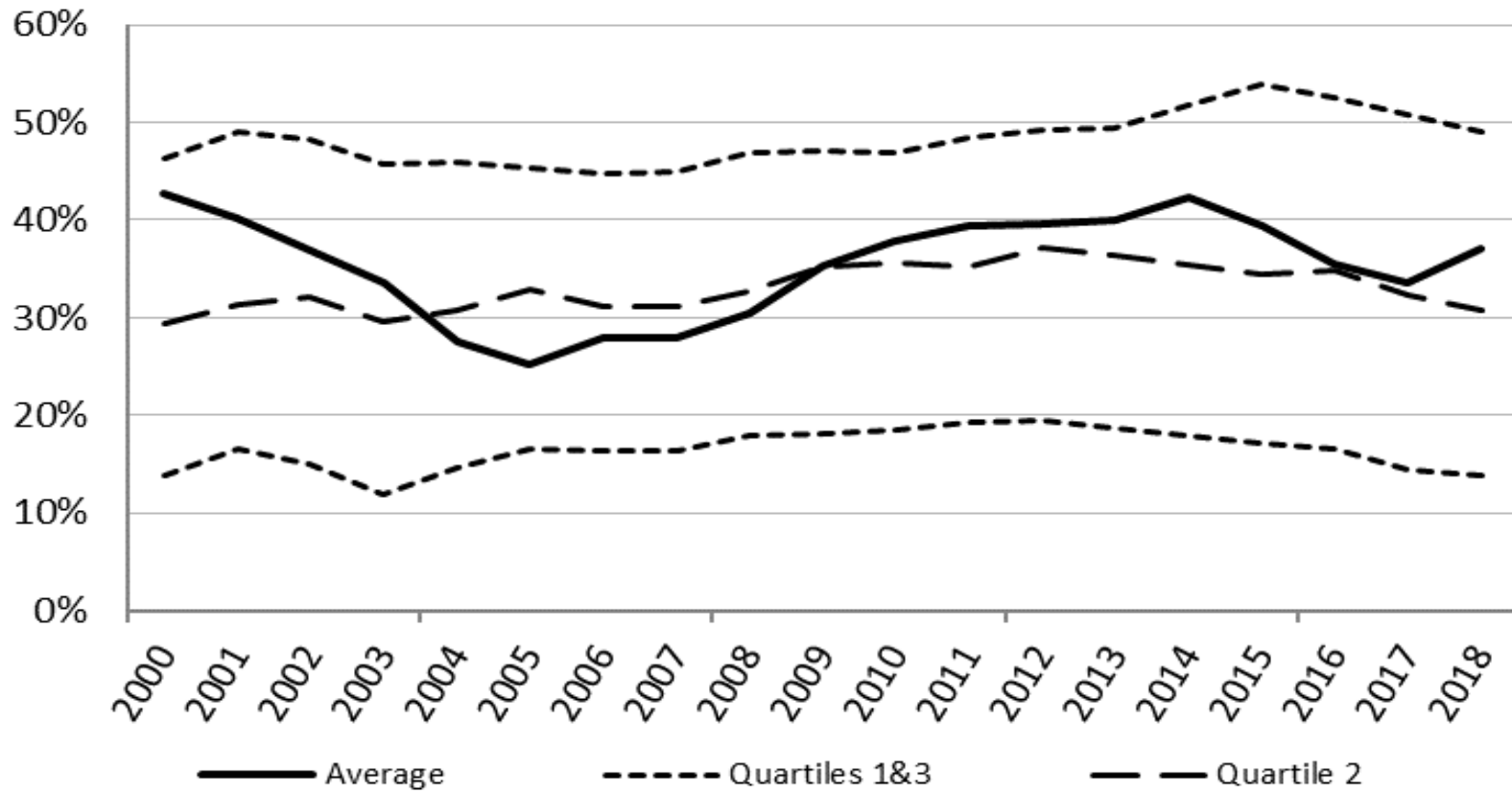


Source: Datastream.



Financial performance of steel firms

Indebtedness (debt to total assets)



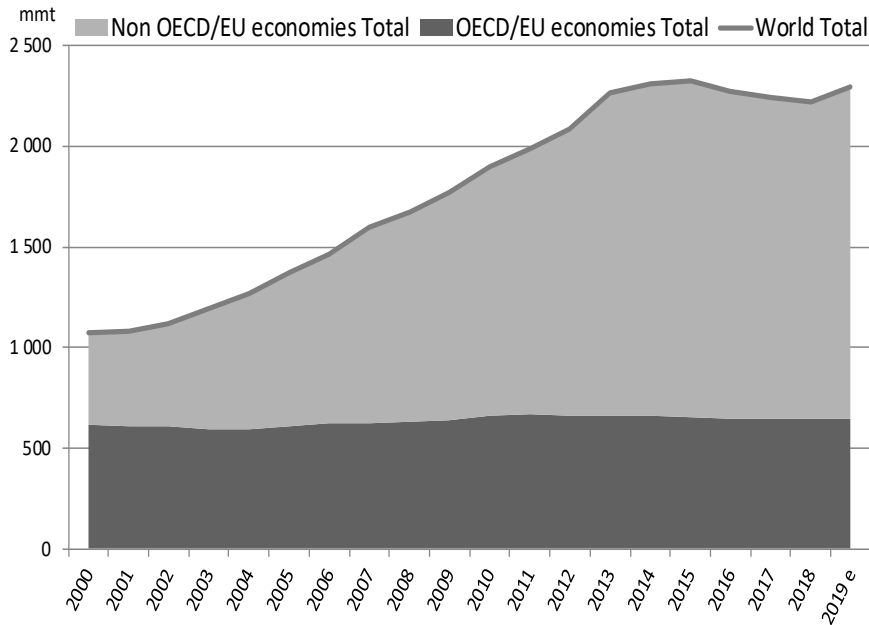
Source: Datastream.



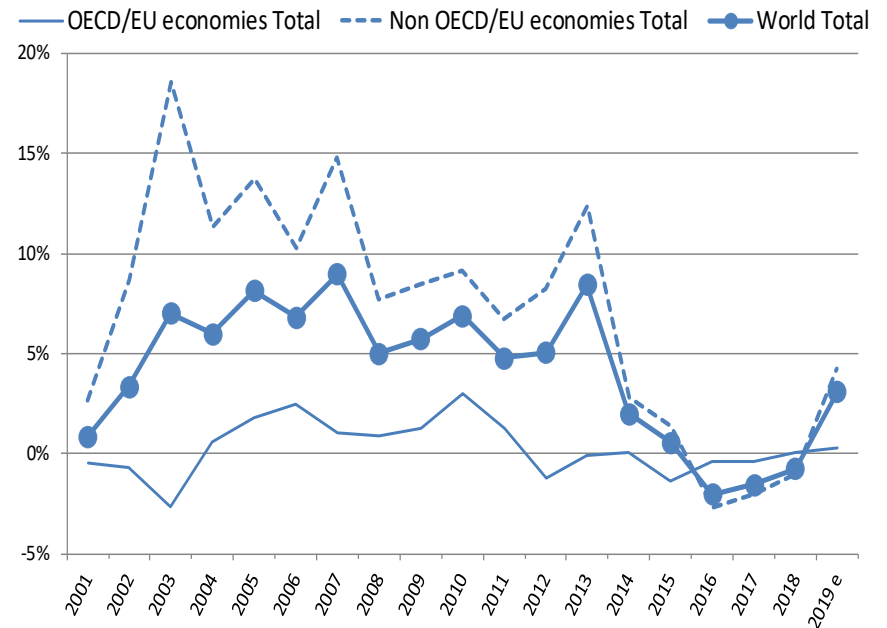
Global capacity developments

Evolution of crude steelmaking capacity in OECD/EU economies and non OECD/EU economies

A. Level (mmt)



B. Annual % change



Note: "e" denotes estimate based on the annual level of capacity in place at the end of June 2019. The capacity data reflect all available information on new investments and closures up to the end of June 2019. Please see OECD (2019[32]) 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.
Source: OECD.



Concluding Remarks

- Steel markets recovery seems more fragile in 2019 than in 2018 and important risks to the downside remain in spite of stable prices:
 - 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