



ITEM 3.B

SELECTED STEEL MARKET ISSUES

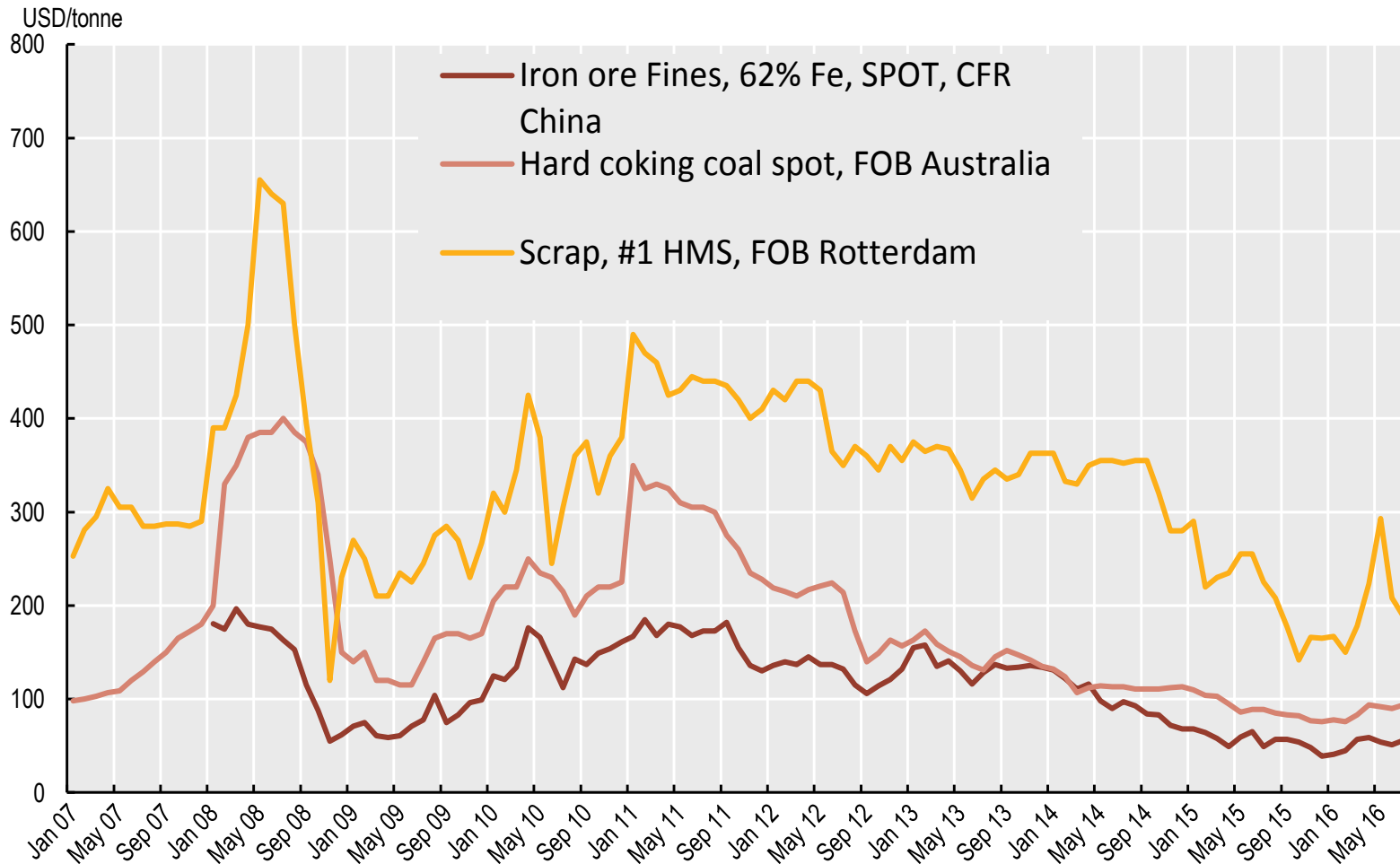
Steel Committee, 8 September 2016

OECD Steel

Email: steel@oecd.org

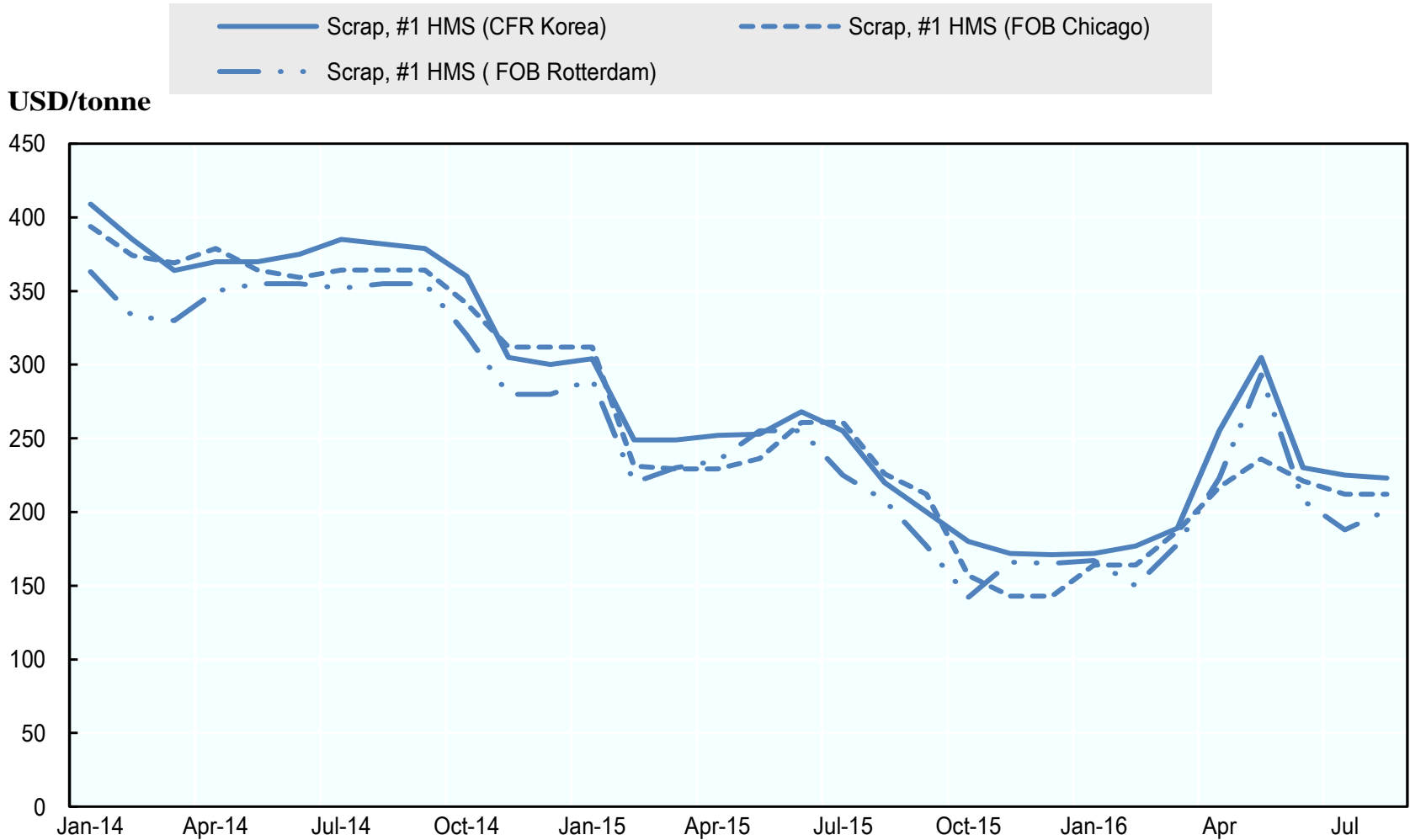


Key raw material price indicators





Ferrous scrap prices

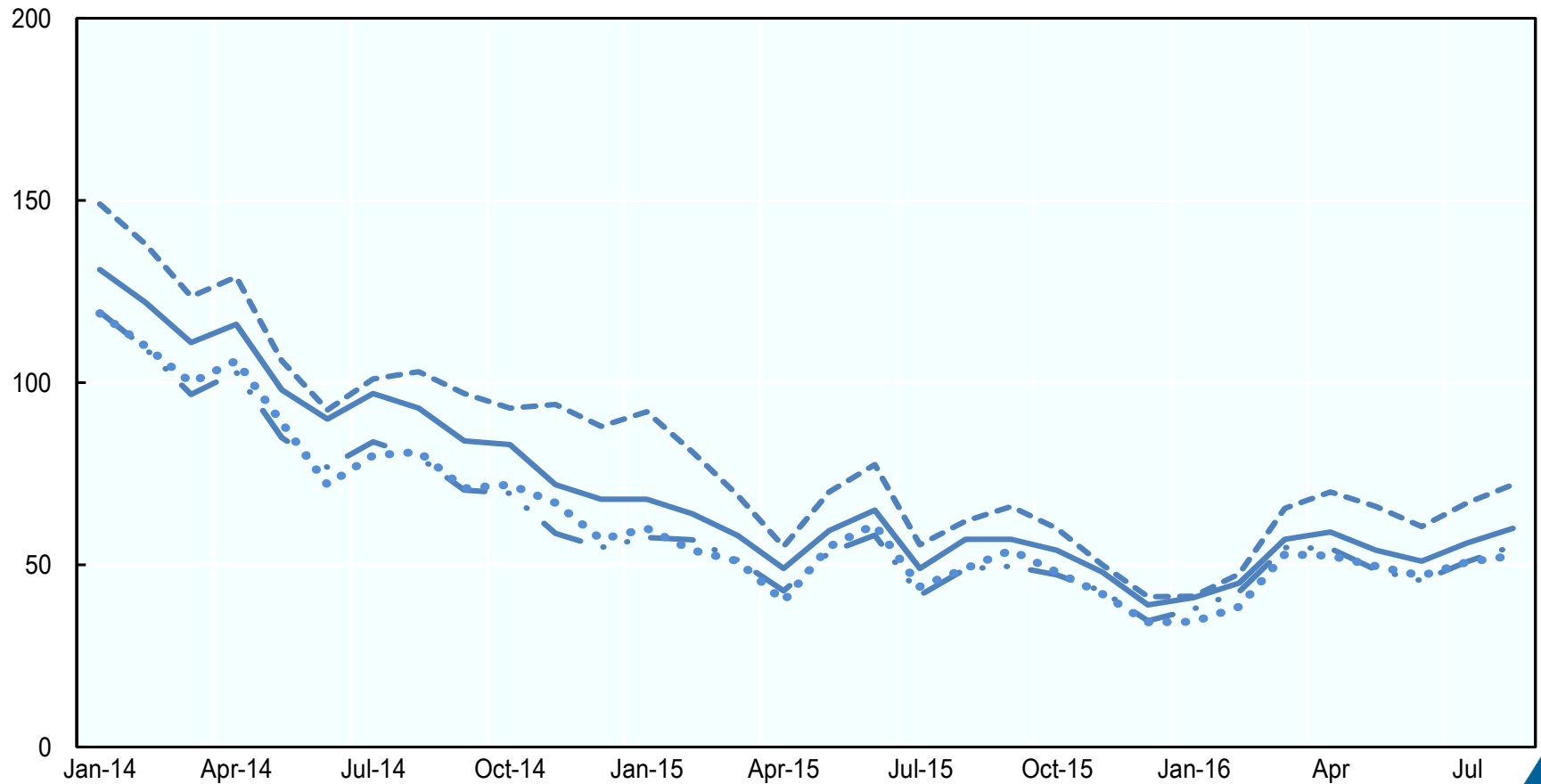




Iron ore prices: selected grades

Fines, 62% Fe Lump, 62% Fe Fines, 63.5% Fe Fines, 58% Fe

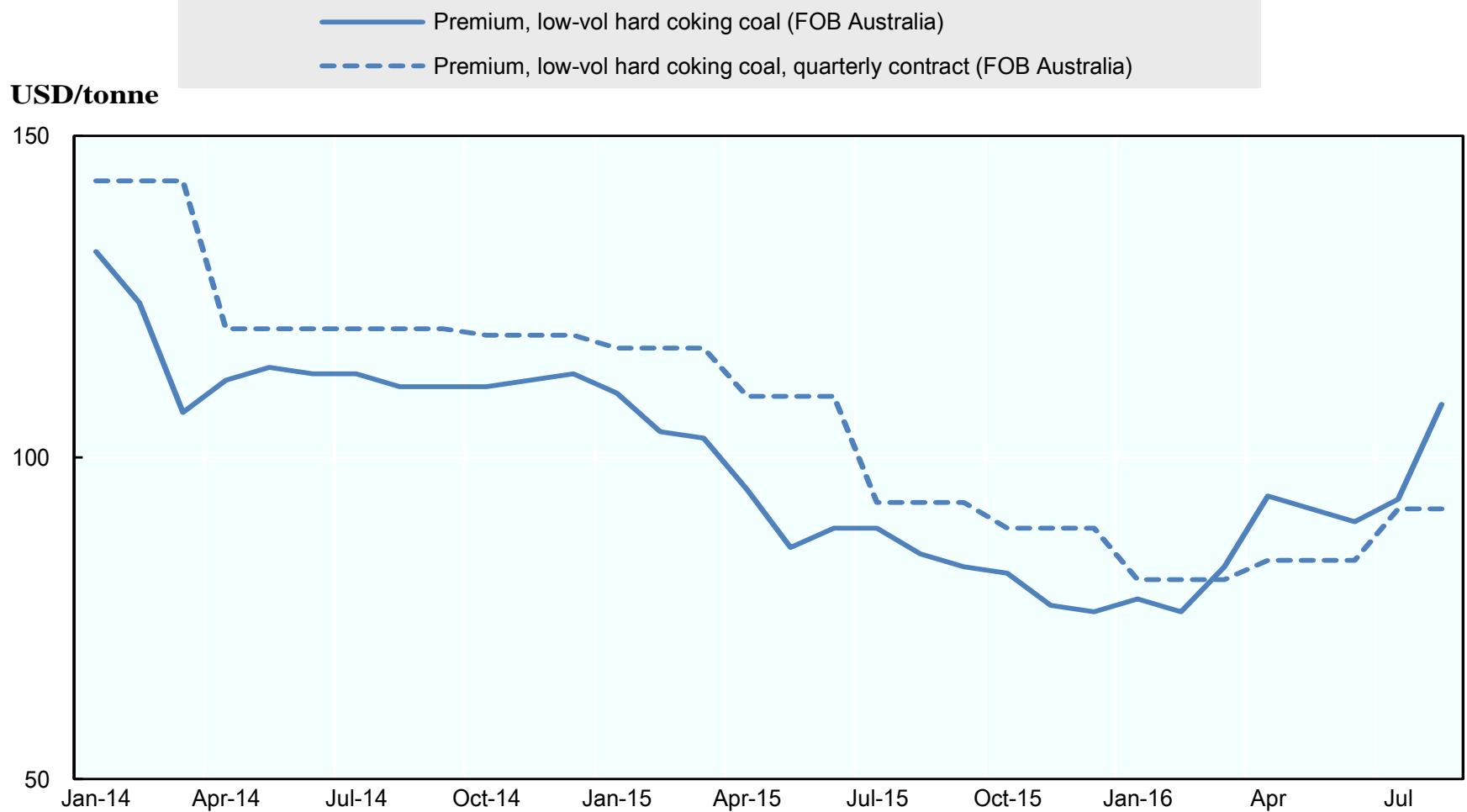
USD/tonne



Source: Commodity Research Unit.

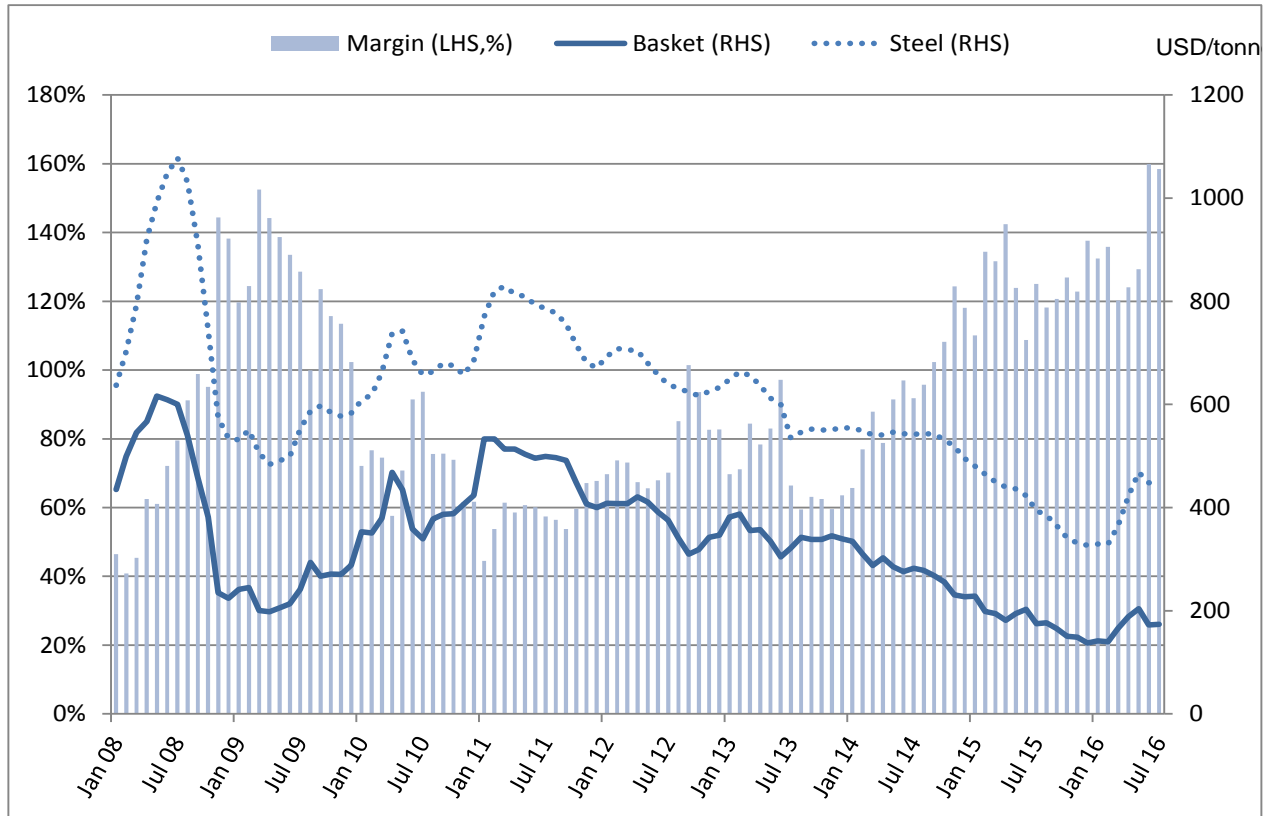


Coking coal prices





Margin between steel and raw materials prices

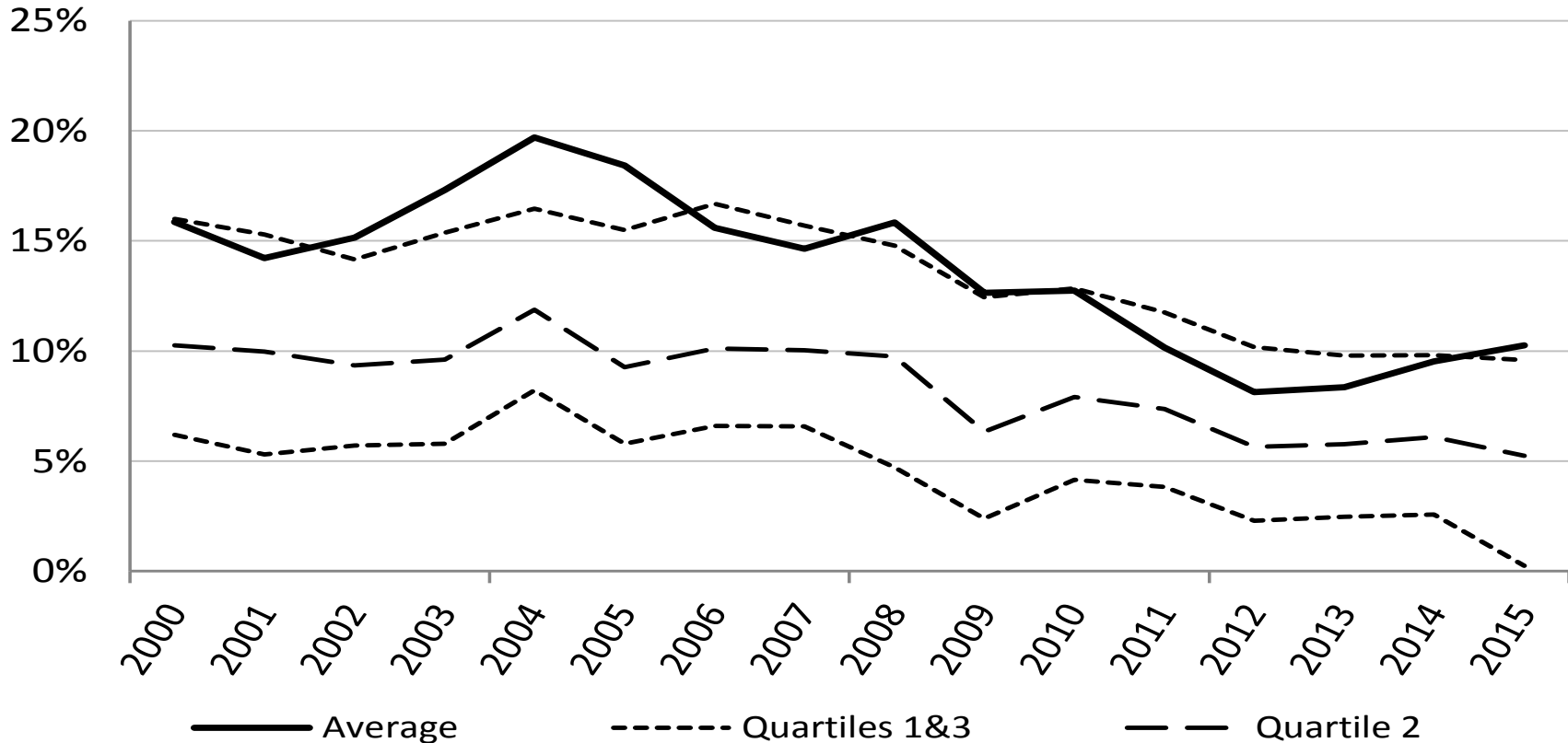


Note: The raw materials basket for steel production includes 70% of the usual quantities of iron ore (1.6 tonne) and coking coal (0.77 tonne) needed to produce steel in the integrated process and 30% of the quantity of ferrous scrap (1.07 tonne) needed to produce steel in the electric arc furnace process [DSTI/SU/SC(2013)7]. Prices used are as follows: Iron ore Fines, 62% Fe, SPOT, CFR China; Hard coking coal spot, FOB Australia; Scrap, #1 HMS, FOB Rotterdam. The basket is compared against HRC world prices. The margin is defined as the per cent difference between the steel price and the raw materials basket price.

Source: OECD calculations based on Commodity Research Unit and Platts Steel Business Briefing.



Evolution of operating profits between 2000 and 2015



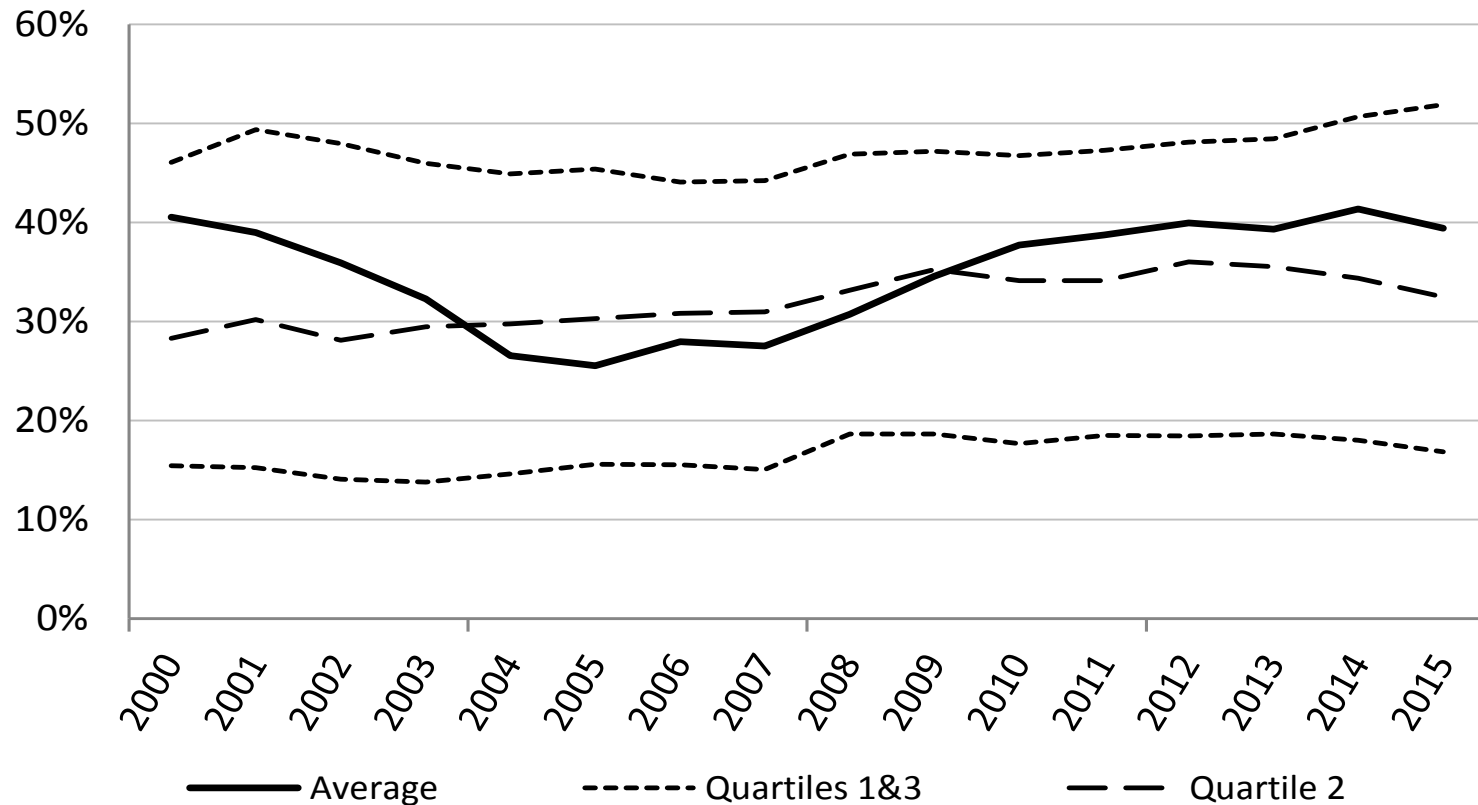
Note: The square dashed lines provide information on the distribution (first and third quartiles) of operating profitability across the firms in the sample: 25% of the companies have operating profitability below (above) the first (third) quartile line. The long dash line provides information on median operating profitability across firms in the sample: this line divides the distribution in two halves with 50% of the companies having operating profitability below the line. The heavy line depicts the industry average operating profitability.

Source: OECD calculations based on data from Thomson Reuters Eikon.





Evolution of indebtedness, 2000 - 2015



Note: The square dashed lines provide information on the distribution (first and third quartiles) of indebtedness across the firms in the sample: 25% of the companies have debt to assets ratios (above) the first (third) quartile line. The long dash line provides information on median indebtedness across firms in the sample: this line divides the distribution in two halves with 50% of the companies having debt to assets ratios below the line. The heavy line depicts the industry average indebtedness.

Source: OECD calculations based on data from Thomson Reuters Eikon.

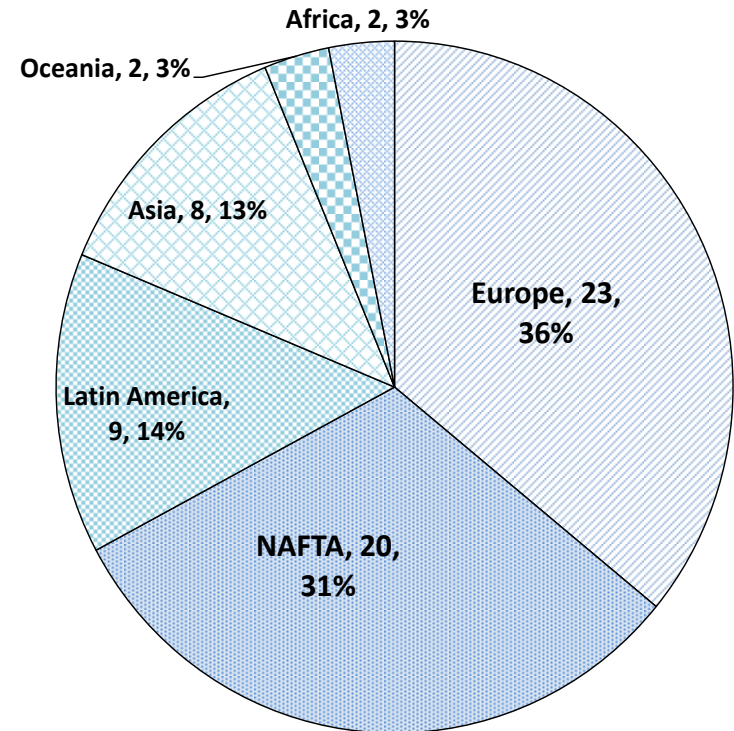
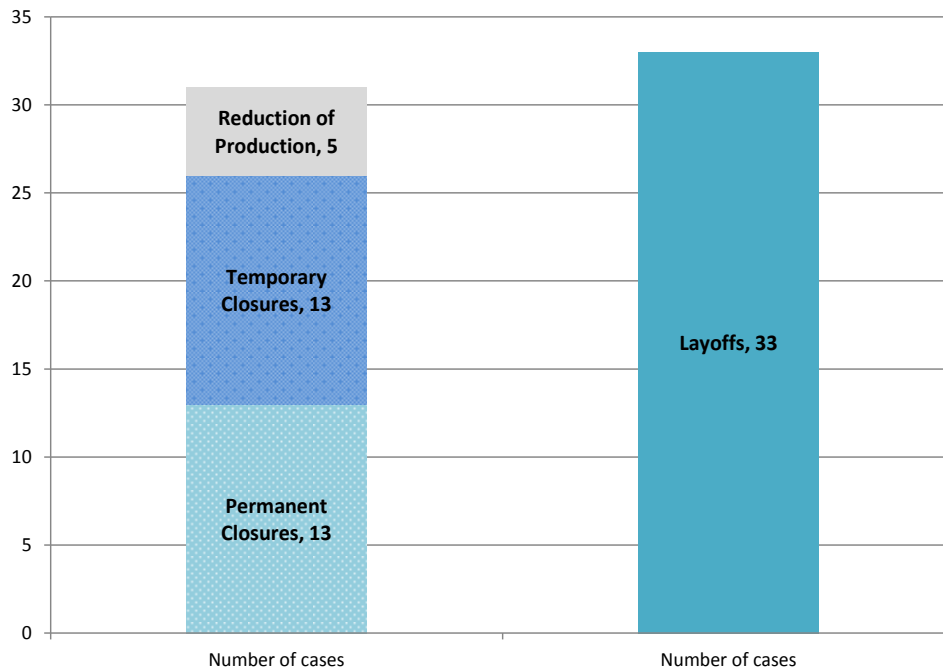


Thank you



Announcements of closures, production cutbacks and layoffs

September 2015 - June 2016



Note: Data include information on closures, production cutbacks and layoffs for steelmaking as well as both upstream and downstream steel facilities.

Source: OECD based on information available from media sources and company reports.