



STEEL MARKET DEVELOPMENTS

91th session of the Steel Committee

Paris, 29-30-31 April, 2022

Contact: Structural Policy Division,

Mr. Fabien Mercier, Fabien.Mercier@oecd.org;

Mr. Luciano Giua, Luciano.Giua@oecd.org;

Mr. Tomohiro Hijikata, Tomohiro.Hijikata@oecd.org;

Ms. Denise Morengi, Denise.Morengi@oecd.org;

Mr. Gianpiero Mattera, Gianpiero.Mattera@oecd.org.

Ms. Busra Ozturk, Busra.Ozturk@oecd.org.

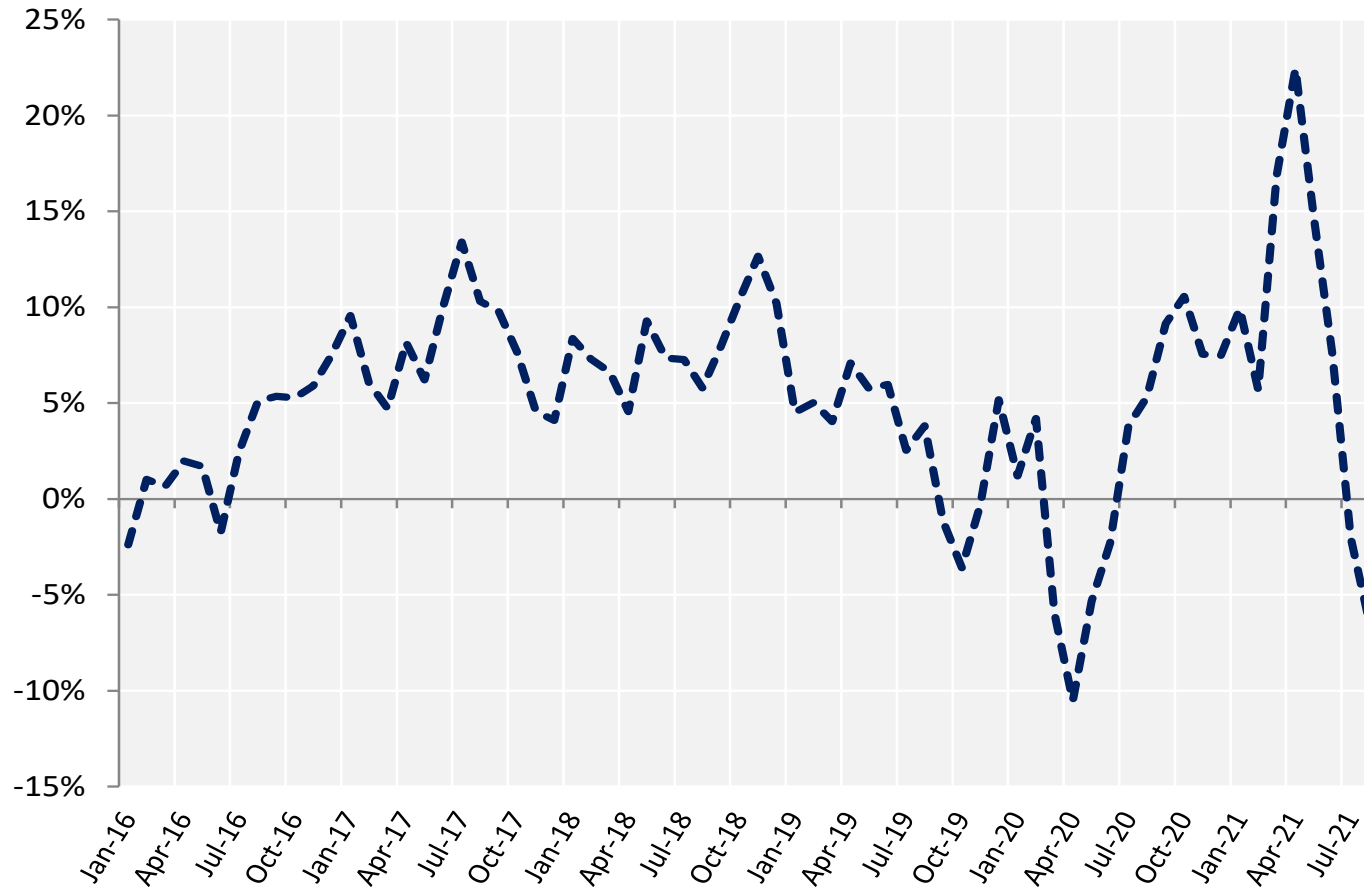


Outline

1. Steel **consumption**
2. Steel **production**
3. World steel **trade**
4. Steel and raw material **prices**
5. Global steel production **capacity** developments
6. Concluding remarks



Steel consumption



- In 2021, aggregate steel consumption increased by 4.5%.
- China's steel demand decreased by 1% in 2021.

Source: OECD calculations based on data from ISSB (International Steel Statistics Bureau) (ISSB, 2022_[1]).



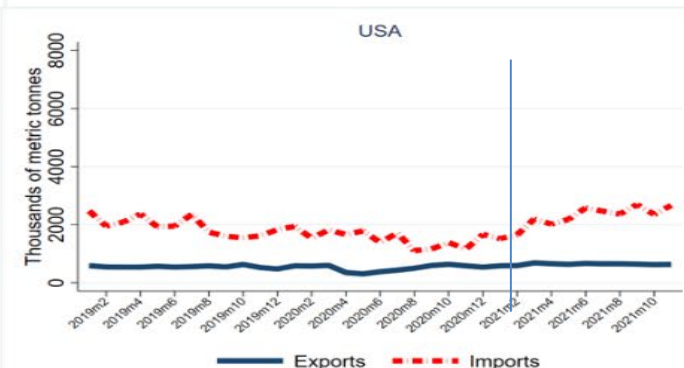
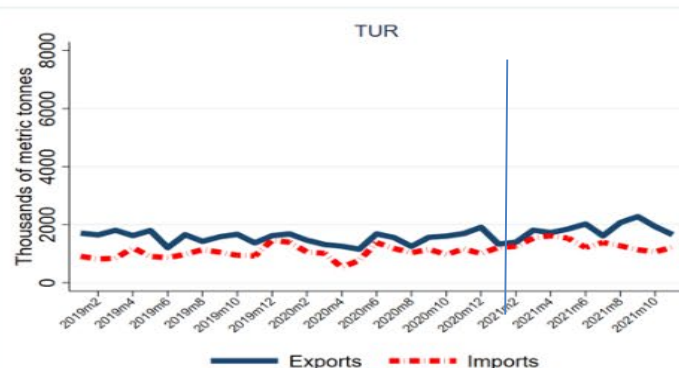
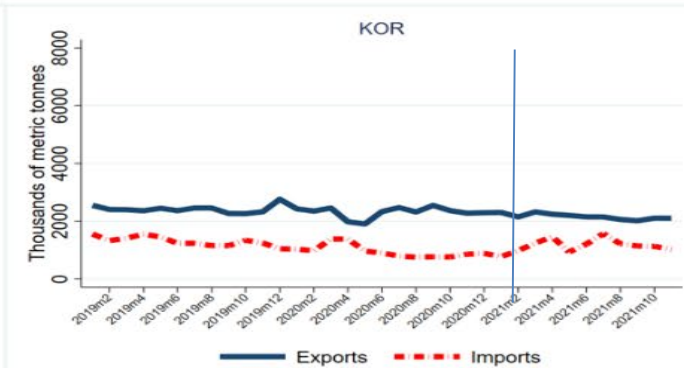
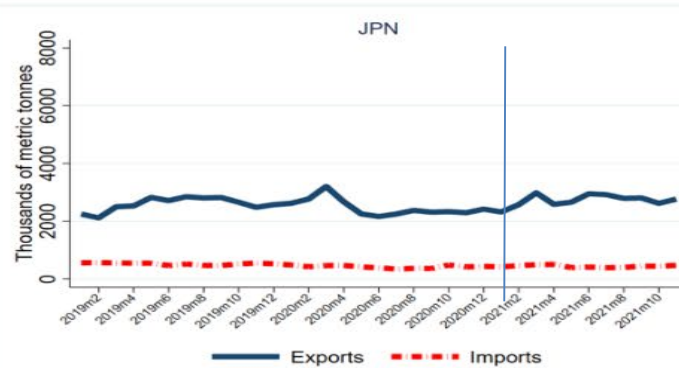
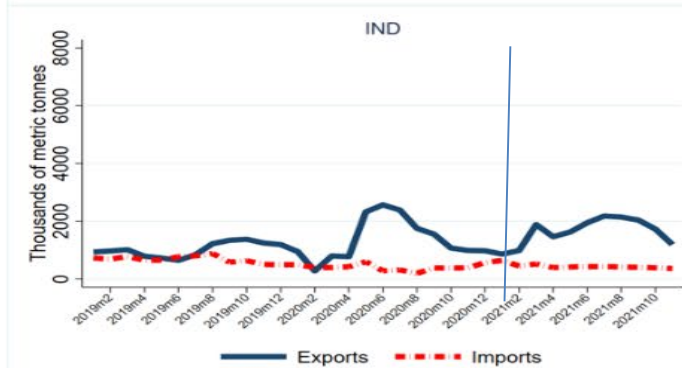
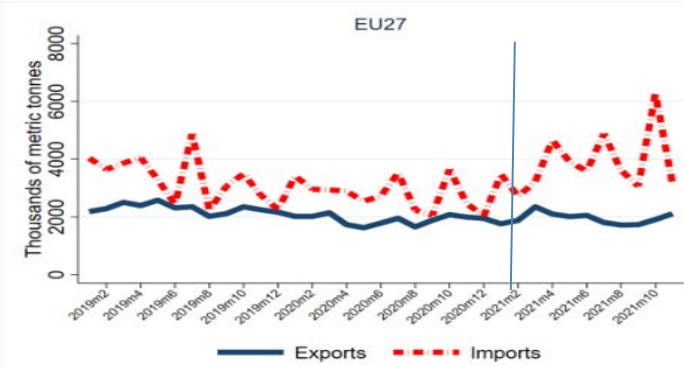
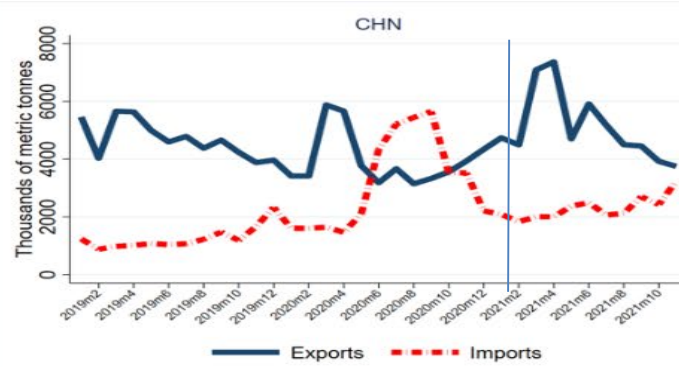
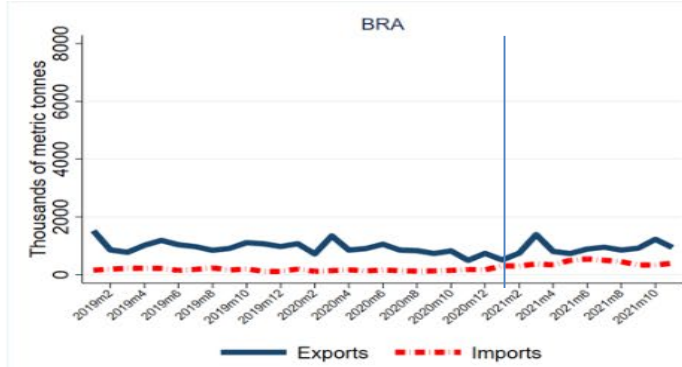
Steel production is rapidly recovering- but not in China

	Level, thousand tonnes		% change, year-on-year		
	Dec 2021	2021	Dec 2021	Jul-Dec 2021 / Jul-Dec 2020	2021 / 2020
EU 27	11,113	152,510	-1.4	12.2	15.4
Other Europe	4,258	51,243	-0.8	5.8	11.6
CIS	8,928	105,598	-3.0	2.7	5.6
North America	9,701	117,835	7.5	17.2	16.6
South America	3,452	45,596	-8.7	10.0	17.9
Africa	1,229	15,965	-9.6	25.3	26.7
Middle East	3,942	41,196	22.1	-7.1	1.2
Asia, of which:	115,593	1,373,821	-4.4	-10.2	0.6
China	86,190	1,031,049	-6.8	-15.8	-3.2
Oceania	526	6,465	-1.3	4.5	6.4
World	158,743	1,910,228	-3.0	-5.3	3.7

Source: worldsteel data, as released on 25 January 2022.

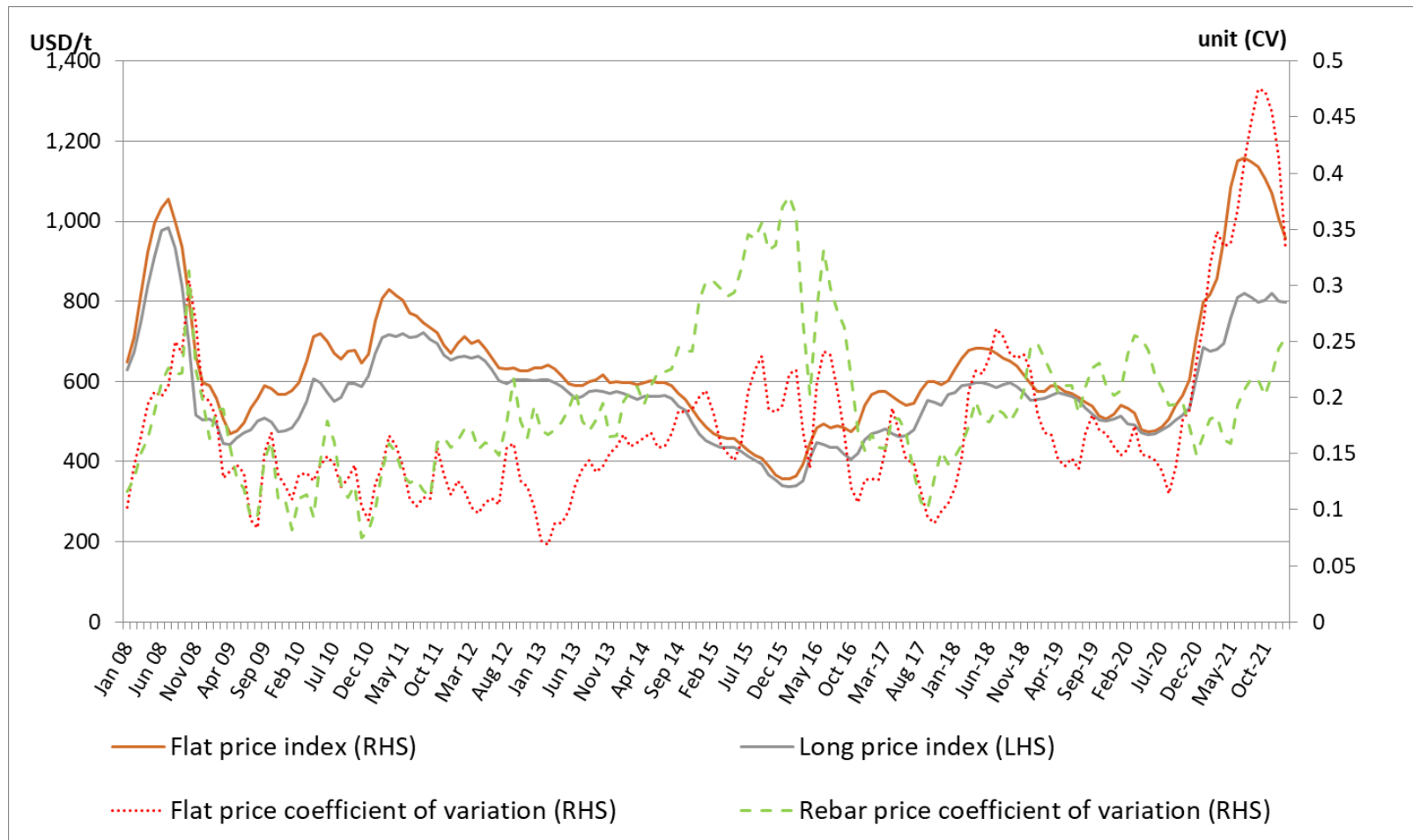


World steel trade





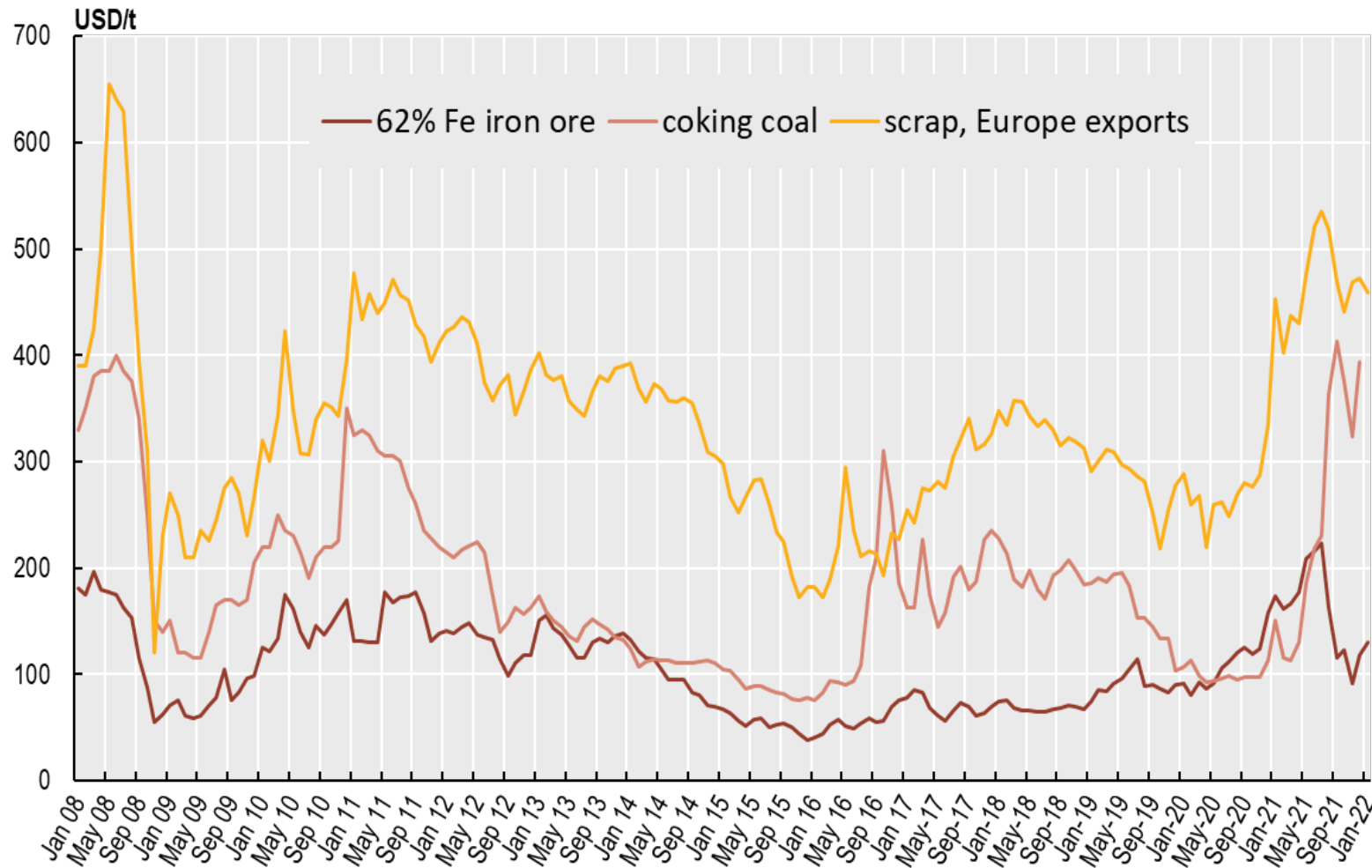
Steel prices



- In December 2021 flat steel prices and rebar prices were 31% and 42% higher in 2020
- Quicker increase in flat prices in Europe and the U.S suggest greater supply chains challenges or more inelastic production.



Key raw material price indicators



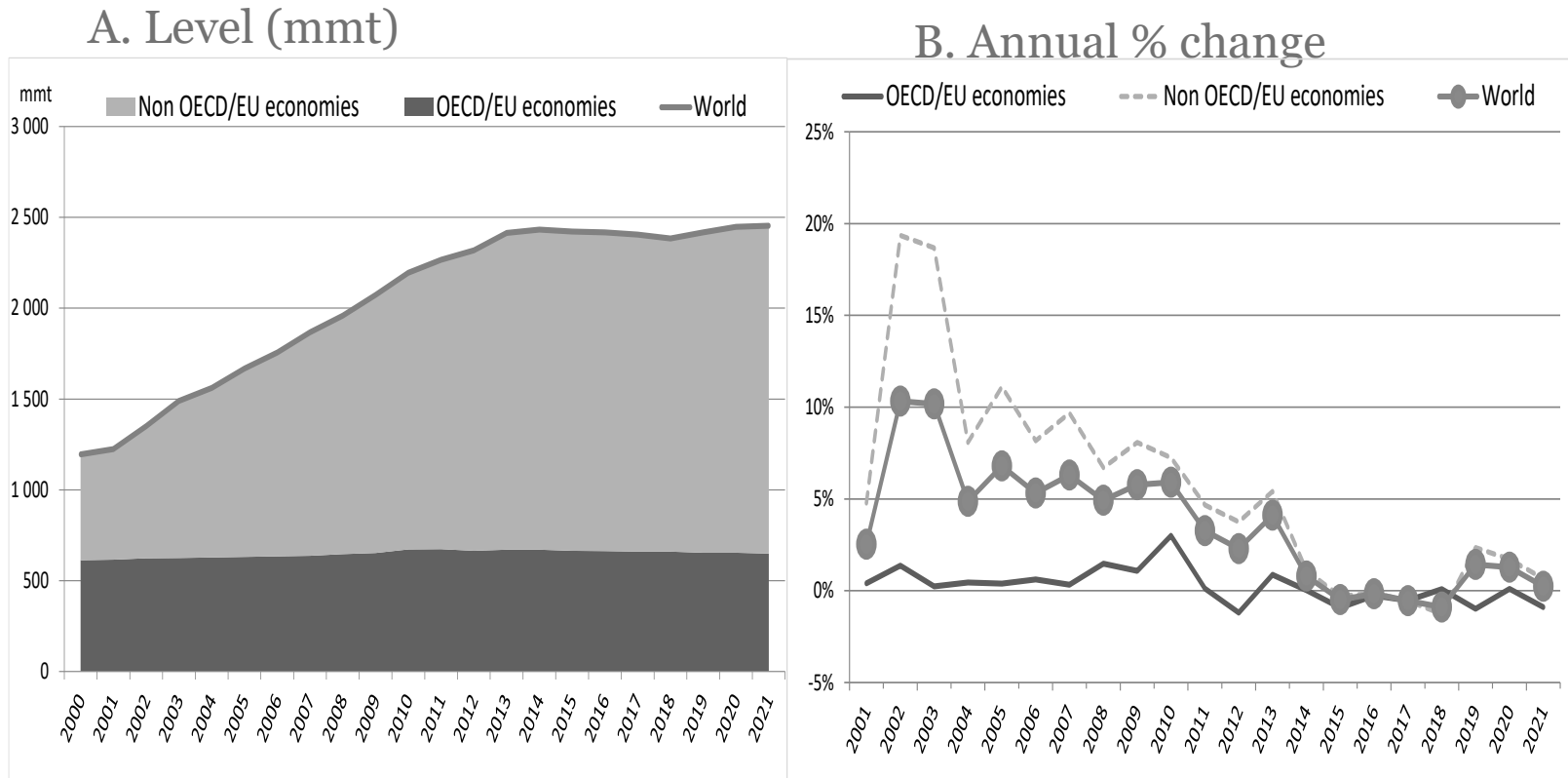
- Iron ore prices fell in the second half of 2022 as Chinese mills cut production and China's NDRC implemented measures to lower the prices

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



Global capacity developments

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



Source: OECD.

- Global steel making capacity increased by 0.2% in 2021 compared to 2020.
- Steelmaking capacity in Africa decreased by 2.7% compared to 2020



Concluding remarks

- The impact of the **COVID-19** pandemic is gradually fading
- **Steel consumption, production and steel trade** show important signs of recovery despite the sudden increase in steel and raw material prices
- Downturn in the **Chinese real estate sector**, uncertainties with **power supply, rising cost** pressures, and high levels of **government debt** will weight on the developments of the steel market.



Concluding remarks

Armed aggression by **Russia** against **Ukraine**

- The combination of Russia and Ukraine would create the world's second largest steel exporter with **43,8 million metric tons**
- In **Europe** about **40%** of steel comes from electric arc furnaces or mini-mills. As electricity prices increase, steel mills are shutting down across the continent.
- **Supply chains** disruptions are expected to affect downstream sectors and the global economy



Thank you for your attention