



Steel Demand Outlook 2024-2025

OECD Steel Committee Meeting
September 25, 2023

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- No discussions on current or future production output or current or future capacity or capacity utilisation involving non-public information, or desired capacity or production output or capacity utilisation levels, or coordinated capacity, capacity utilisation or production output increases or decreases
- No discussions on allocating geographical or product markets or customers or classes of customers
- No discussions on concerted actions involving costs (including concerted actions against suppliers)
- No discussions on future raw material prices, price terms or negotiating strategies
- No discussions regarding how to respond to price increases or other charges from suppliers or whether or how to pass on any costs to customers
- No discussion on contemplated trade actions or complaints about trade flows
- No discussion on non-public company-specific forward looking commercial strategies or plans

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Background to the forecast



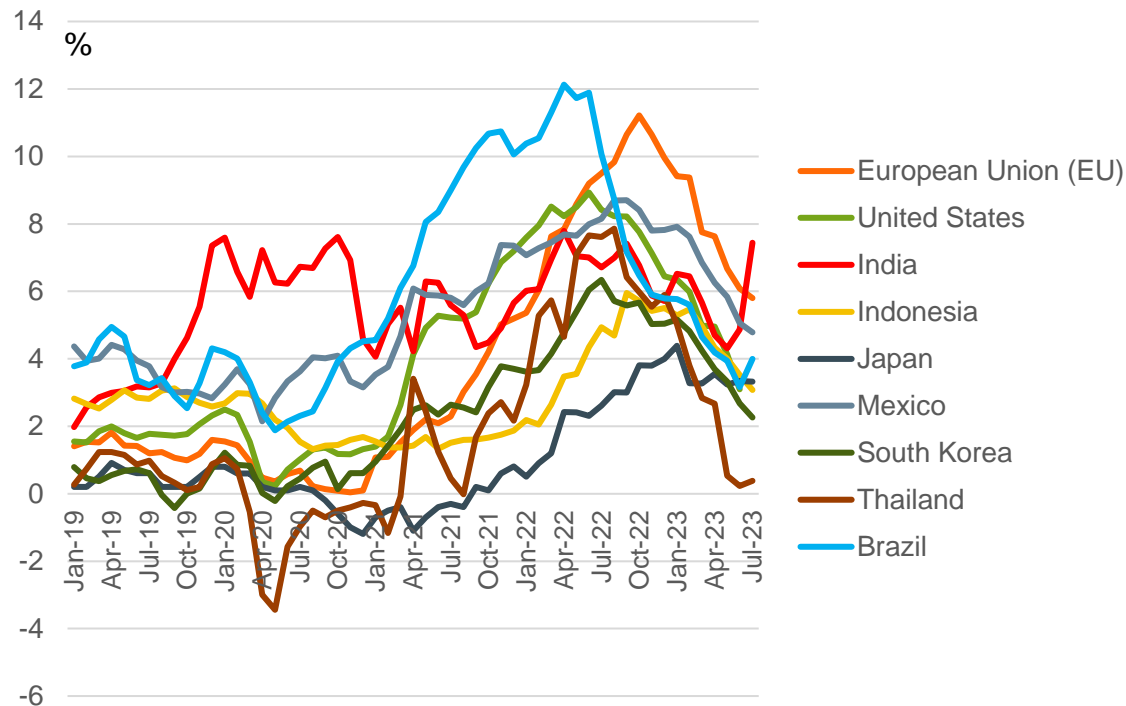
Key forces shaping the global economy



Softening inflation amid high interest rates

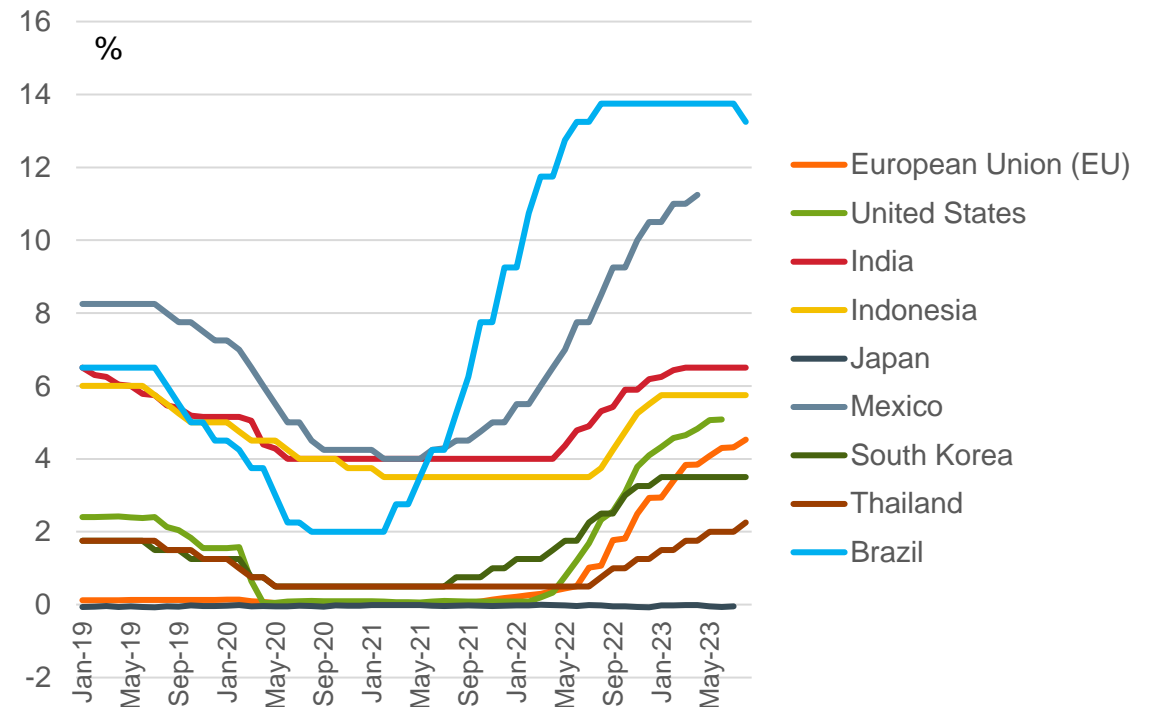
- Inflation seems to have peaked, but core inflation is slower to come down
- Monetary policy in developed countries remains tight
- Latin American economies are ahead of the curve

Inflation (CPI, monthly, % y-o-y)



Source: S&P Global Market Intelligence

Policy interest rates, %

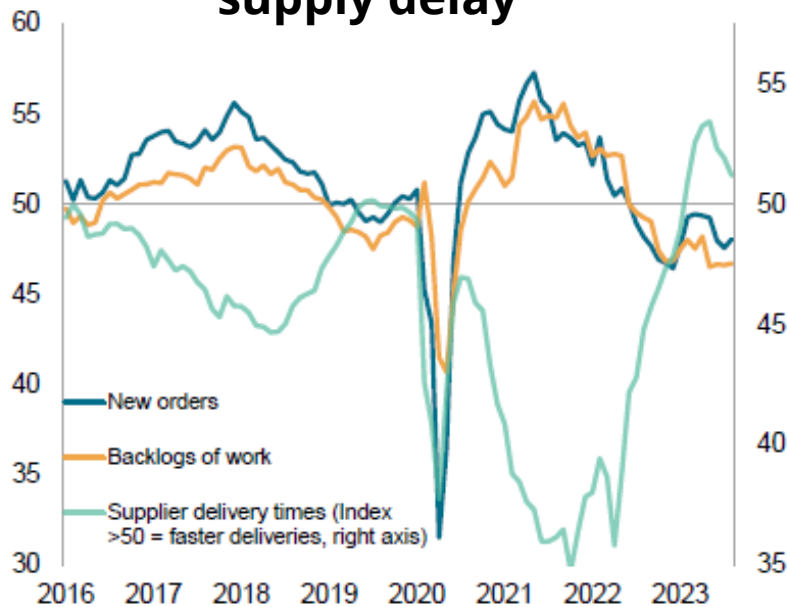


Source: S&P Global Market Intelligence

Easing supply bottlenecks and weakening demand

- Supply chain bottlenecks have largely dissipated
- Weakness in investment and consumption is undermining demand

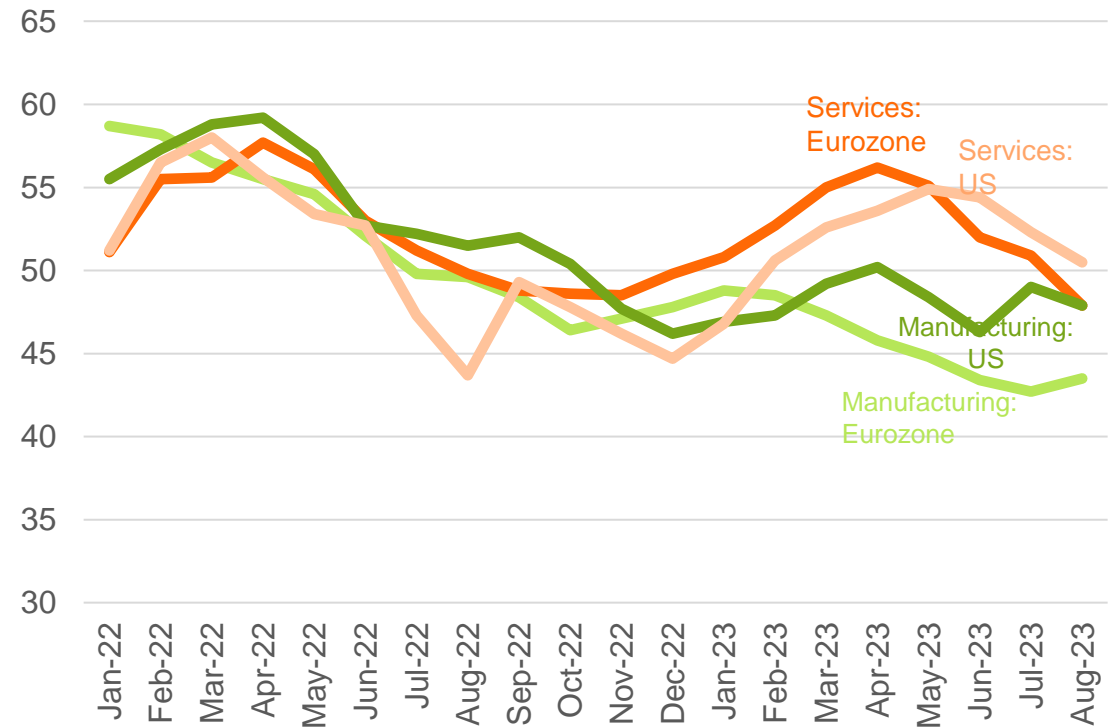
Global manufacturing orders and supply delay



Data compiled September 2023 using PMI data updated to August 2023.
 PMI (Purchasing Managers' Index) value of 50 = no change on prior month
 Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.
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Source: S&P Global Market Intelligence

PMI: Manufacturing vs Services

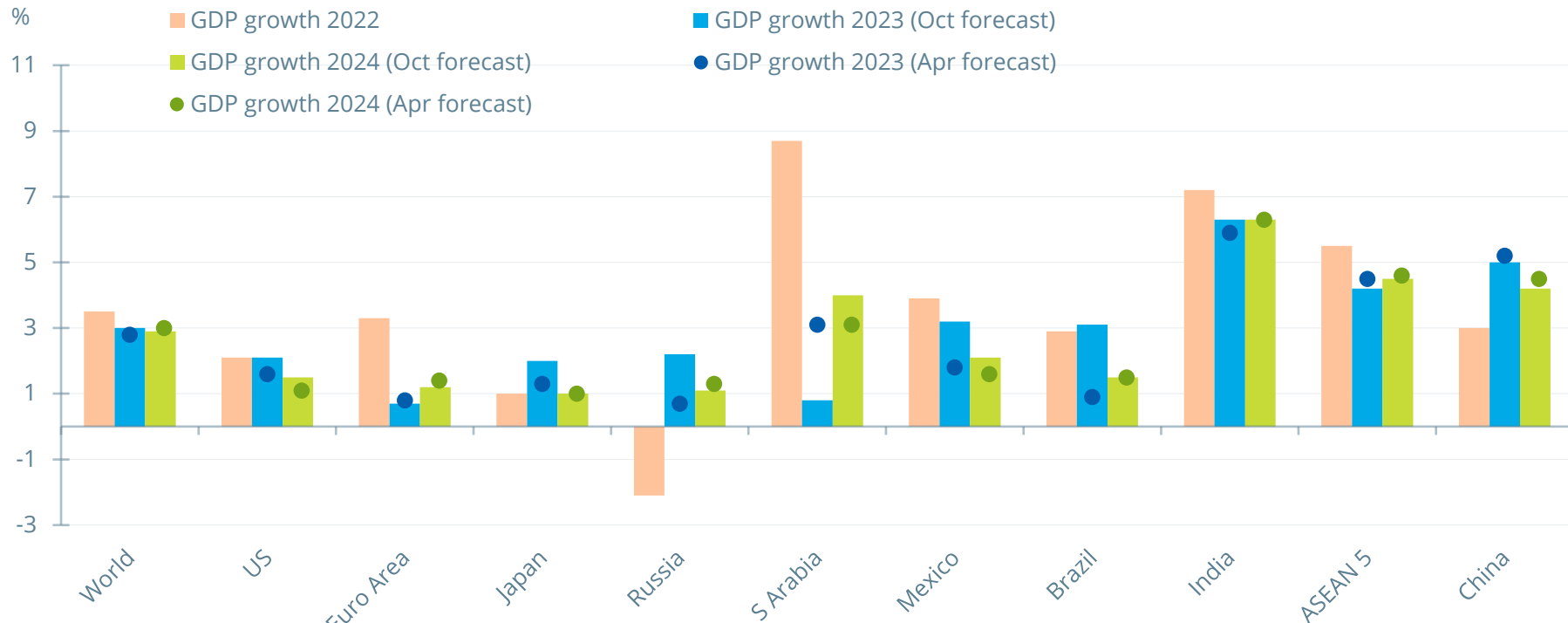


Source: S&P Global Market Intelligence

Despite Resilience, low growth expected in 2023-24

- 2023: Slowing but better than expected performance
- 2024: Deceleration across the regions except EU and ASEAN, Saudi Arabia
- Uncertainty remains elevated: China real estate crisis, geopolitical shocks, lagged effects of monetary policy, oil prices

GDP growth forecast, %



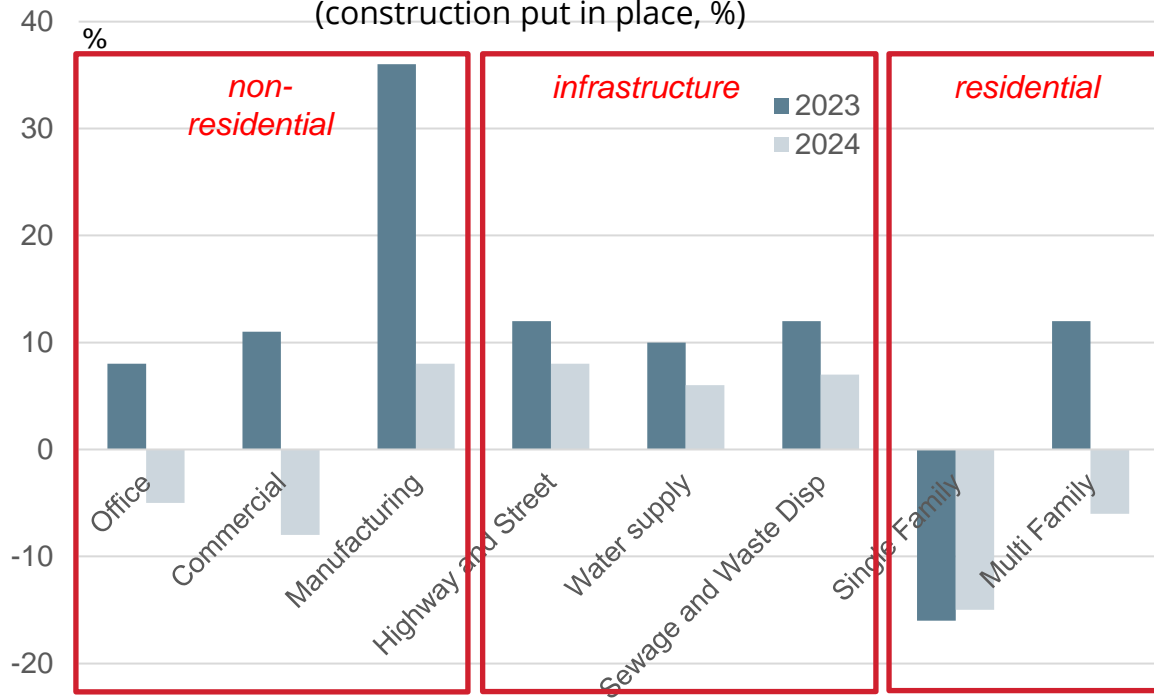
Source: IMF, October 2023

Construction: under pressure from rising interest rates

- Residential construction is hurt the most
- Infrastructure is performing better thanks to decarbonization investments
- Nearshoring benefits construction activities in some regions

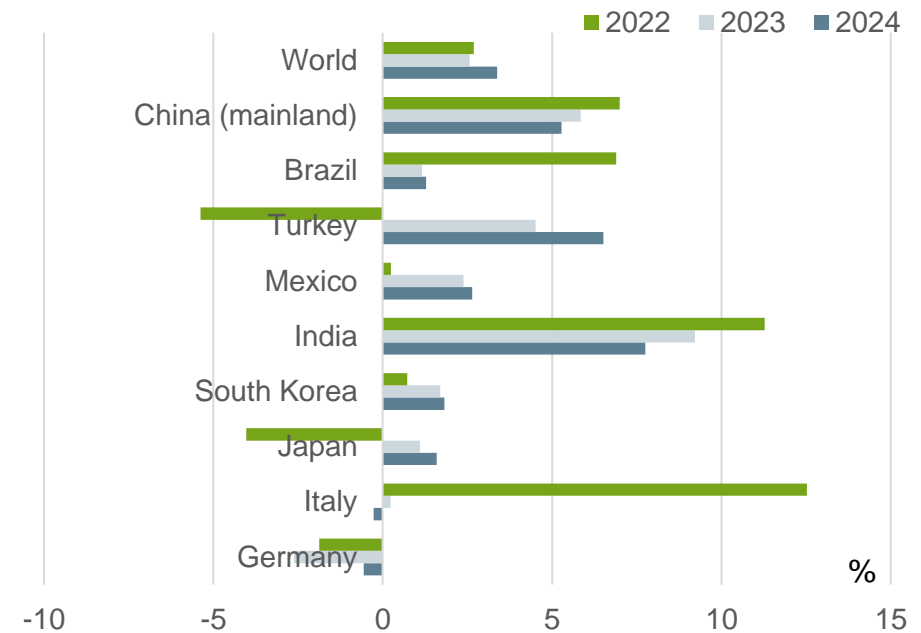
US construction outlook

(construction put in place, %)



Source: FMI

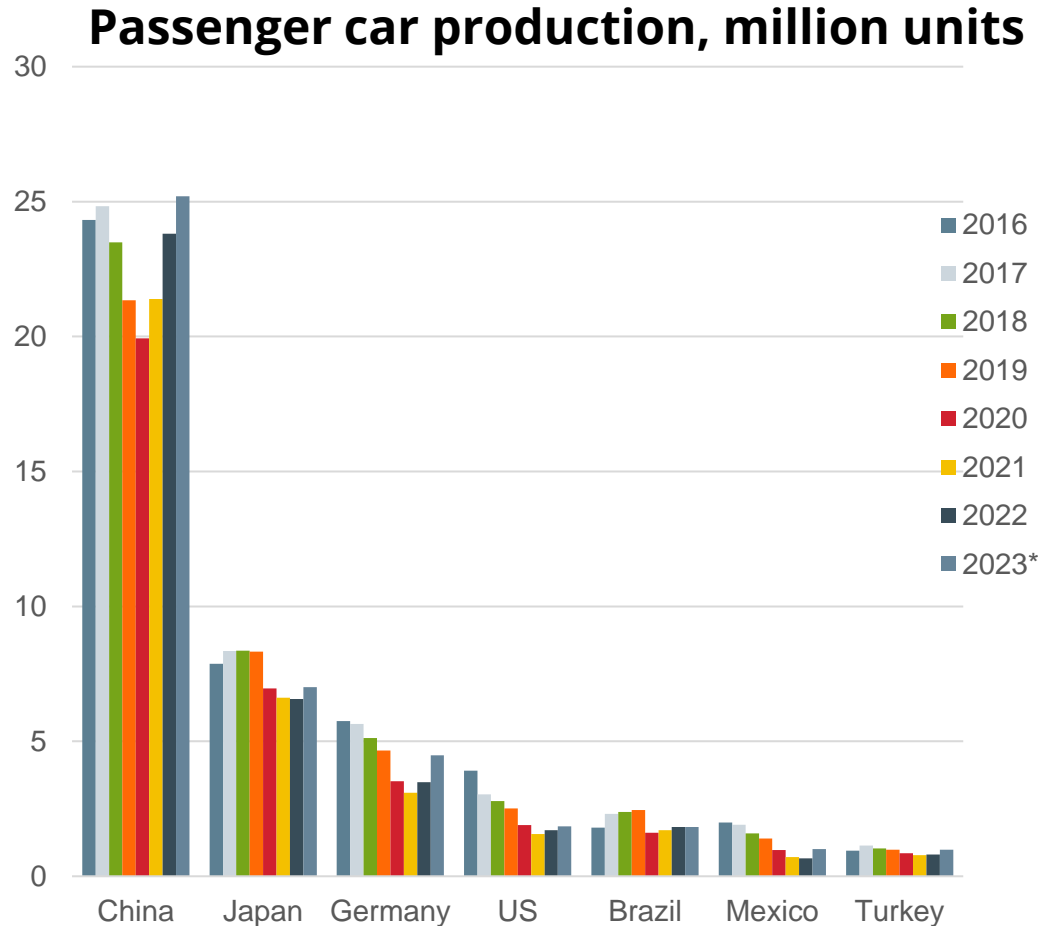
Global construction outlook (%)



Source: S&P Global Market Intelligence

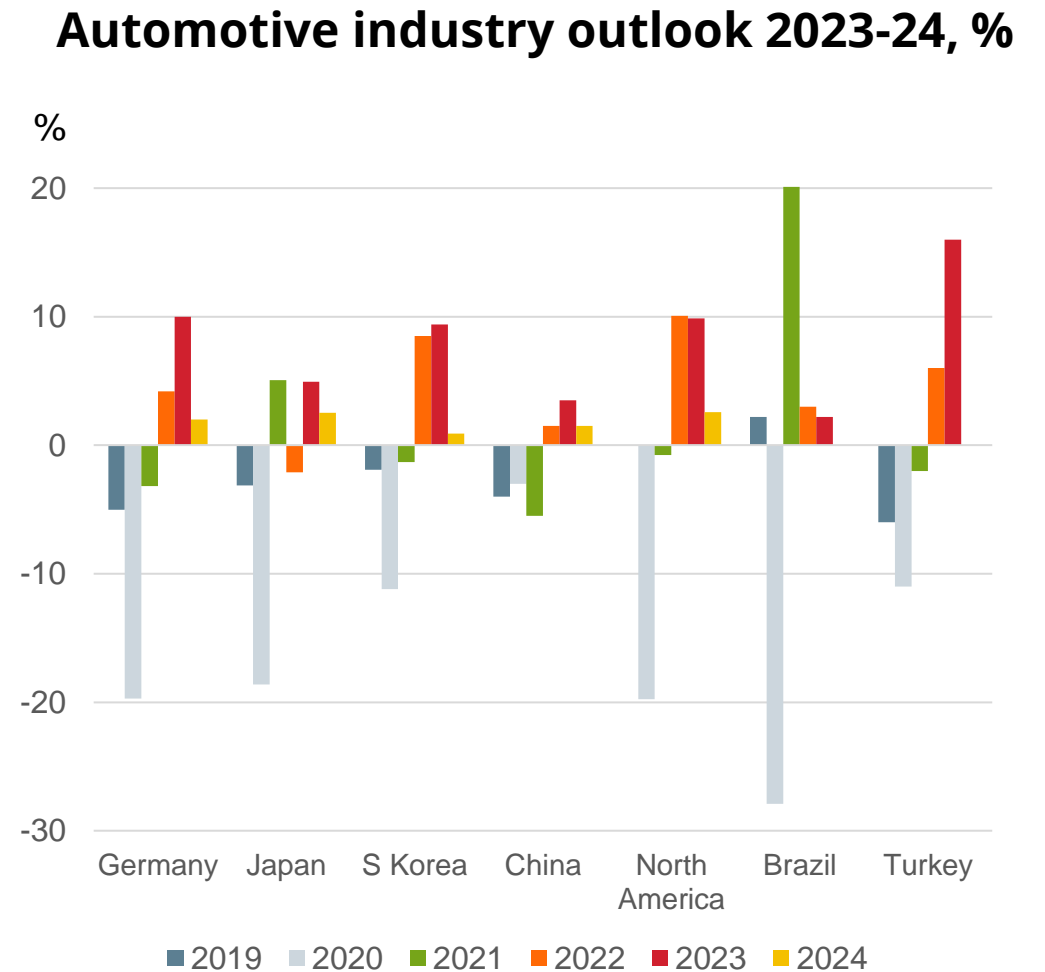
Auto recovery buoyant amid manufacturing slowdown

- Auto recovery continue strong in 2023 but deceleration is expected in 2024



* For 2023, Jan-Aug values are annualized

Source: CEIC, INEGI



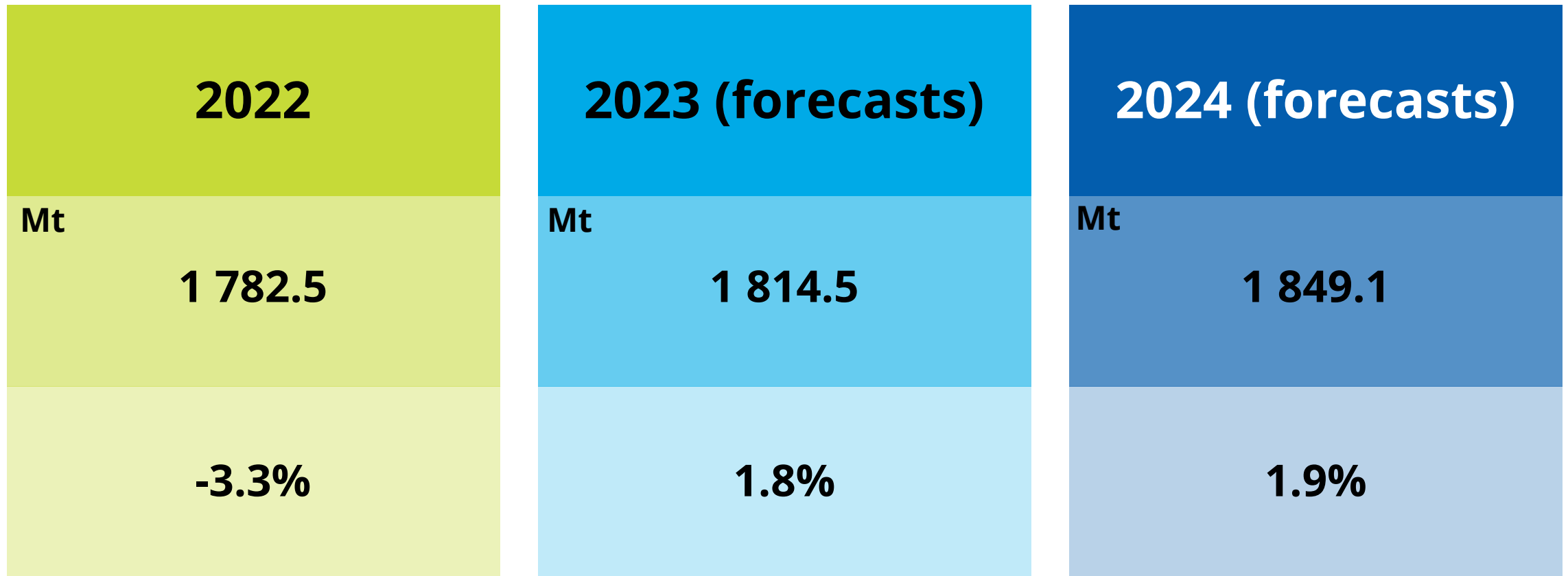
Source: worldsteel members

■ SRO 2023-24



Global overview

Steel demand, finished steel (SRO October 2023)



Refresher: April 2023 forecast: 2023 = 2.3%, 2024 = 1.7%

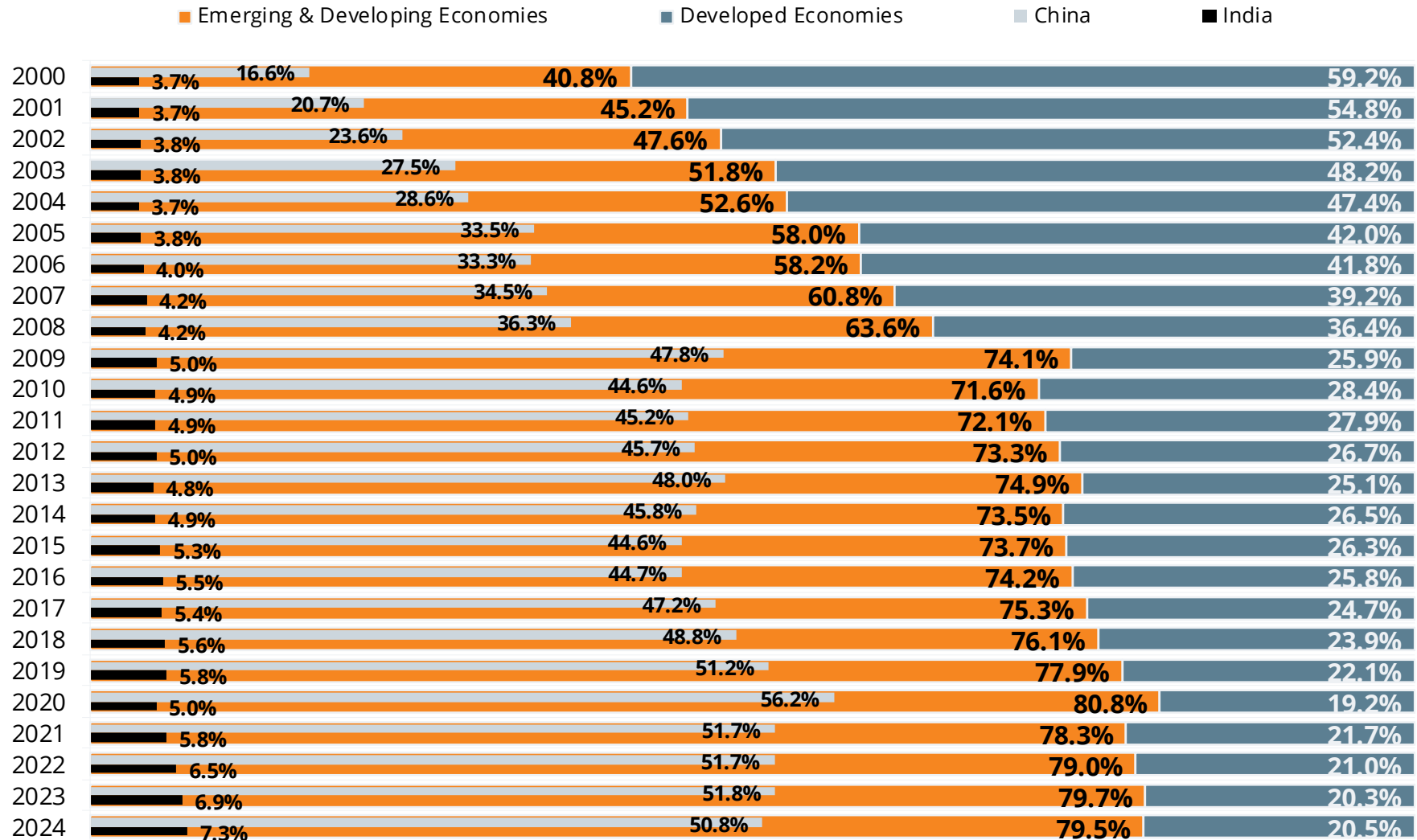
Regional overview

Steel demand, finished steel (SRO October 2023)

	Mt			%			2024 as % of 2007
	2022	2023	2024	22/21	23/22	24/23	
World	1,782.5	1,814.5	1,849.1	-3.3	1.8	1.9	152.5
European Union (27) & United Kingdom	152.0	144.3	152.7	-7.8	-5.1	5.8	74.7
Other Europe	39.2	45.0	47.3	-2.5	14.9	5.1	162.8
Russia & other CIS + Ukraine	51.6	54.6	55.2	-12.0	5.8	1.0	97.9
USMCA	132.9	134.1	136.1	-3.0	0.9	1.5	96.6
Central & South America	44.9	44.2	45.1	-11.5	-1.6	2.2	109.3
Africa	39.5	37.9	39.9	0.8	-4.1	5.4	192.1
Middle East	57.1	56.1	57.9	7.7	-1.7	3.2	132.7
Asia & Oceania	1,265.3	1,298.3	1,314.9	-2.7	2.6	1.3	194.5
China	920.9	939.3	939.3	-3.5	2.0	0.0	224.5
Developing Asia excl. China	208.9	222.9	237.9	4.7	6.7	6.7	266.3
Developed Asia	128.2	129.0	130.7	-8.3	0.6	1.3	81.8
World excl. China	861.6	875.2	909.8	-3.2	1.6	4.0	114.6

Evolution of regional shares in steel demand

Steel demand, finished steel (SRO October 2023)



Expected revisions

(SRO April 2024 vs October 2023)

	Mt		%		Mt Δ		growth rate Δ		accel.
	2023	2024	2023	2024	2023	2024	2023	2024	25/24
	SRO October 2023				SRO April 2024				
World	1,814.5	1,849.1	1.8	1.9	↓	↓	↓	↓	↘
European Union (27) & United Kingdom	144.3	152.7	-5.1	5.8	↓	↓	↓	↓	↗
Other Europe	45.0	47.3	14.9	5.1	—	—	—	↑	↘
Russia & other CIS + Ukraine	54.6	55.2	5.8	1.0	↑	↑	↑	↑	↘
USMCA	134.1	136.1	0.9	1.5	↓	↓	↓	↓	↗
Central & South America	44.2	45.1	-1.6	2.2	—	—	↑	↓	↗
Africa	37.9	39.9	-4.1	5.4	↓	↓	↑	—	↗
Middle East	56.1	57.9	-1.7	3.2	↓	↓	↓	↑	↗
Asia & Oceania	1,298.3	1,314.9	2.6	1.3	↓	↓	↓	↓	↘
China	939.3	939.3	2.0	0.0	↓	↓	↓	—	↘
Developing Asia excl. China	222.9	237.9	6.7	6.7	↑	↑	—	—	↗
Developed Asia	129.0	130.7	0.6	1.3	↑	↑	↑	↓	↗
World excluding China	875.2	909.8	1.6	4.0	↓	↓	↓	↓	—

Summary

- The global economy weathers the monetary tightening cycle better than expected, but the risk still remains tilted downside
- Global steel demand will show a mild recovery in 2023 that will continue into 2024
 - Europe is particularly affected by energy costs and monetary tightening
 - Emerging Asia remains resilient amid China's slowdown
 - Geopolitical shocks contribute to diverging regional performances
- Residential construction is heavily affected by high interest rates, but infrastructure investment remains stable
- Auto recovery continues but many countries struggling to reach the pre-pandemic levels
- Many downside risks, but decarbonization will continue to support steel demand