Issue: 11-23 | Date: 21 Mar 2023

# 聞 This week:

# OECD expects global steel demand to grow only 1%, overcapacity to continue rising

Following last year's 2.3% slump, growth in global steel demand is expected to be limited to only 1% in 2023, the OECD Steel Committee concluded last week. There is growing concern over the disconnect between the rapid build-up of new steelmaking capacity in some economies and market expectations of steel demand.

Rising interest rates and the tightening of monetary policy, sustained high inflation, weak consumer spending and elevated energy prices are likely to keep steel demand subdued going forward, the committee reports following its 93rd session. Capacity investments should be driven by market considerations to not further exacerbate deteriorating market conditions, it adds.

"The committee expressed its deep concern about Russia's aggression against Ukraine and its impact on global steel markets, contributing to a continued stagnation in world steel trade, disruptions in raw material markets, and increased market uncertainty," it says. It adds that it stands ready to support Ukraine – a long-standing member of the Committee – in the reconstruction and decarbonisation of its steel industry.

Concerns continue, meanwhile, regarding Chinese steelmaking capacity, accounting for 47% of the world's total in 2022, "particularly given the current market slowdown from an ailing real estate sector and possible steel demand declines in the coming years," it adds.

Global crude steelmaking capacity rose to 2.463 billion tonnes in 2022, with significant capacity expansions particularly in Southeast Asia and the Middle East. This contributed to the growing gap between global crude steelmaking capacity and production that reached 632 million tonnes in 2022 from 516.9mt in 2021. The modest longer-term outlook for steel demand growth risks exacerbating these challenges, the committee points out.

As a result, the average capacity utilisation rate has fallen to 74.3%, "a level that is not in line with a healthy and financially viable steel industry that needs to invest in a low-carbon future and remain competitive vis-à-vis alternative materials," it adds.

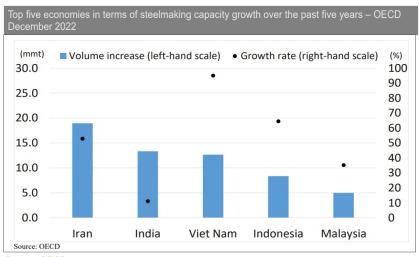
Looking ahead, OECD analysis shows a potential of 166.1mt of new steelmaking capacity coming on stream in 2023-25, more than half of which is carbon intensive as it involves investments into traditional blast furnace/basic oxygen furnace plants.

Responding to these challenges, the committee has launched a Global Steel Supply Chain Observatory, aimed at assisting members and industries with real-time monitoring of raw material markets and related policy measures, providing a platform for finding solutions and reducing risks and vulnerabilities.



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- PAGE 4 Will Europe accept new hiked Indian offers?
- PAGE 5 How long can European coil prices continue their slow recovery?
- PAGE 6 Will strengthening prices in the US steel markets continue into April?
- PAGE 7 Will Turkish scrap prices correct downwards?
- PAGE 10 Will China increase Australian coking coal imports?





Source: OECD

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# Global Overview

#### **Americas:**

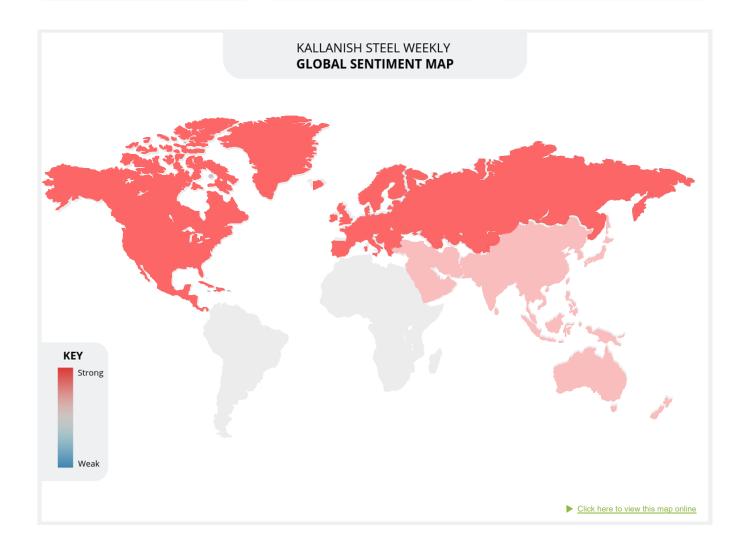
- HRC prices rise in the US, again US plate, rebar spot prices both
- Scrap bidding prices up during March's trading

#### **Europe:**

- ArcelorMital raises again coil offers
- Italian mills push up longs offers HBIS Serbia to restart BF

#### Asia:

- Chinese HRC prices move down ASEAN longs market pauses
- Iron ore holds in China



#### India:

- Indian hikes HRC offers
- Indian imported scrap intake reduces remarkably on slowed domestic steel sales
- Pakistan imported scrap offers remain stable

#### CIS:

CIS billet activity remains subdued

#### Middle East:

- Turkish scrap pauses, market expects downward correction
- Turkish rebar exporters struggle
- UAE rebar prices hike

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# Word of the week

# Line Pipe

Line pipe is the type of pipe that is used in the surface transmission of oil, natural gas and other fluids.

# EUROPE STEEL MARKETS 2023



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