Issue: 43-22 | Date: 25 Oct 2022

聞 This week:

Worldsteel forecasts demand contraction, bright Asian outlook

Worldsteel has revised down its 2022 demand forecast, now expecting global demand to decline 2.3% on-year to 1.78 billion tonnes, it says in its latest short-range outlook (SRO). This compares to its 0.4% growth forecast in April and follows 2.8% confirmed growth in 2021.

"The current forecast represents a downward revision over the earlier forecast, reflecting the repercussion of persistently high inflation and rising interest rates globally," worldsteel director general Edwin Basson said during Wednesday's virtual SRO press conference. "High inflation, monetary tightening, and China's slowdown contributed to a difficult 2022, but infrastructure demand is expected to lift 2023 steel demand slightly."

Next year, demand should see a recovery of 1% on-year to reach 1.8 billion tonnes, he added. "The prospect for next year depends on the impact of tightening monetary policies and central banks' ability to anchor inflation expectations," noted worldsteel economics committee chairman Maximo Vedoya. "Particularly the EU outlook is subject to further downside risk due to the high inflation and the energy crisis that have been exacerbated by the Russia-Ukraine war."

Steel demand in the EU is expected to decline by 3.5% in 2022. With no immediate improvement in the gas supply situation in sight, EU demand will continue to contract in 2023, with a significant downside risk in case of harsh winter weather or further disruptions to energy supplies.

Manufacturing activities in the US are expected to cool sharply amid the weak economic environment, with the strong dollar and a shift of spending from goods to services. Steel demand is likely to grow 2.1% in 2022 and 1.6% next year.

In China, the slump in the property market has deepened, with investment in real estate slowing to its lowest level in 30 years, and it will be difficult for steel demand to rebound significantly. Chinese demand is likely to fall by 4% this year. In 2023, new infrastructure projects and a mild recovery in real estate could prevent further contraction of steel demand.

Developing economies – excluding China – are experiencing more acute inflation and monetary tightening cycles that started ahead of the developed economies. Owing to this, steel demand will grow by only 0.6% in 2022 and then 3.5% in 2023, worldsteel said.

However, despite global headwinds, India's steel demand will show high growth on the back of strong urban consumption and infrastructure spending. Growth is forecast at 6.1% in 2022 and 6.7% in 2023.

ASEAN and the Middle East and North Africa will see growth of 5.8% and 3.5%, respectively, in 2022. Next year, they may reach 5.8% and 6%, respectively.

In the MENA region, steel demand remains resilient owing to the oil-exporting countries benefitting from high oil prices and mega infrastructure projects in Egypt.

Worldsteel's finished steel demand forecast, October 2022 y-o-y growth rates, % million tonnes Regions European Union (27) & United Kingdom 164.7 158.9 156.9 18.1 -3.5 -1.339.8 40.2 38.6 Other Europe 12.0 -4.03.0 Russia & other CIS + Ukraine 58.4 53.0 49.5 14 -9.2 -6.7 USMCA 137.1 138.4 140.9 18.6 0.9 1.8 Central and South America 50.4 46.5 48.2 30.0 -7.8 3.8 Africa 38.9 40.2 41.9 6.1 3.2 4.4 Middle East 50.0 51.2 52.9 4.9 2.4 3.4 Asia and Oceania 1 298.9 1 269.9 1 284.6 -1.3 -2.2 1.2 1 796.7 1814.7 2.8 -2.3 1.0 World 1838.8 World excl. China 886.7 882.7 900.8 13.5 -0.5 2.0 16.4 **Developed Economies** 400.4 393.7 394.6 -1.7 0.2 952.0 914.0 914.0 -5.4 -4.0 0.0 Em. and Dev. Economies excl. China 486.3 489.0 506.2 11.1 0.6 3.5 ASEAN (5) 72.6 76.8 81.4 3.5 5.8 6.0 **MENA** 66.7 69.0 71.7 4.5 3.5 3.9 f - forecast ASEAN (5): Indonesia, Malaysia, Philippines, Thailand, Vietnam

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prices decline?

Index	58%	62%	65%
W-o-w % Change	-2.34%	-4.07%	-3.94%
_			
21 Oct	83.13	91.77	104.30
20 Oct	82.94	91.38	103.92
19 Oct	83.83	93.19	105.86
18 Oct	85.63	95.87	108.62
17 Oct	85.78	95.56	108.48
Average	84.26	93.55	106.24
14 Oct	86.03	96.80	109.96
13 Oct	86.18	96.69	109.84
12 Oct	86.34	97.58	110.71
11 Oct	86.42	97.99	110.94
10 Oct	86.45	98.56	111.53
Average	86.28	97.52	110.59

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Global Overview

Americas:

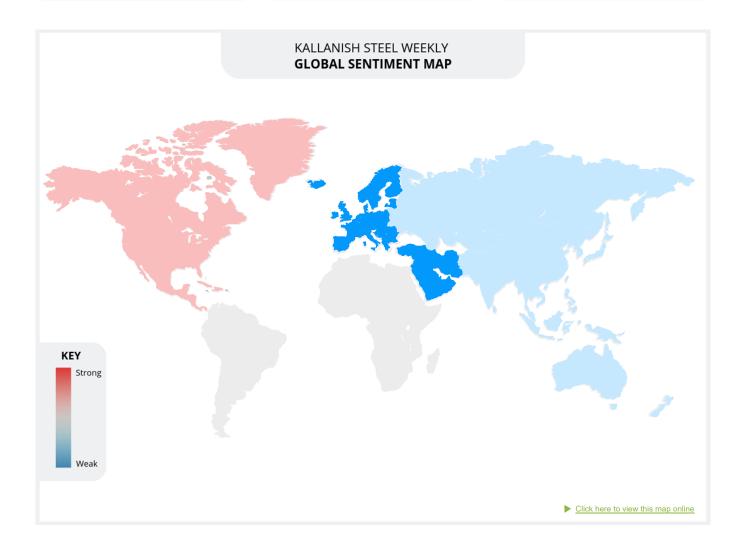
- Hot, cold rolled coil prices diverge in the US
- US scrap market expects further weakening in October
- Plate demand in the US weakens

Europe:

- Asian HRC import offers attract interest in EU
- Italian rebar prices keep
- correcting
 Lack of Indian demand worries EU scrap exporters

Asia:

- Iron ore falls
- Chinese billets return in SE Asian market
- Thai steel consumption falters



India:

- Indian HRC remains absent in export markets
- Indian imported scrap offers
- plunge on subdued demand Pakistan scrap offers plunge amid slowed finished steel demand

CIS:

Black Sea billet activity quietens

Middle East:

- Turkish scrap market freezes
- Weak demand forces Turkish rebar price drop
- ESA increases rebar for November

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Word of the week

Ladle Metallurgy

A process typically applied in a ladle furnace for alloying, deoxidation, desulphurisation as well as for temperature adjustment prior to casting of quality steels.



□ Contact

If you found this issue of Kallanish Steel Weekly interesting please let us know, we would love to hear from you.

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