

Issue: 16-23 | Date: 25 Apr 2023

## <sup>™</sup> This week:

## Worldsteel revises global demand forecast upward, Q1 steel output stable

Worldsteel has revised its 2023 global steel demand forecast to 2.3% growth, compared to its 1% growth projection made in October when market sentiment was notably gloomier. Manufacturing is expected to lead the recovery, but high interest rates will continue to weigh on steel demand.

"Persistent inflation and high interest rates in most economies will limit the recovery of steel demand in 2023, despite positive factors like China's reopening, Europe's resilience in the face of the energy crisis, and the easing of supply chain bottlenecks," Ternium chief executive and worldsteel economics committee chair Máximo Vedoya notes in the association's April short-range outlook.

Global finished steel demand is seen at 1.82 billion tonnes in 2023. In 2022, it fell 3.2% onyear to 1.78 billion tonnes, as steel-using sectors' activity slumped markedly in the fourth quarter, exacerbated by the effect of stock adjustments.

In 2024, demand should grow 1.7% on-year to 1.85 billion tonnes, with Chinese growth seen slowing to zero, but investments in decarbonisation and dynamic emerging economies, primarily in Asia, driving positive global momentum.

After falling 3.5% in 2022, Chinese demand in 2023 is seen inching up 2%, with a slight pickup in real estate sector activity envisaged in the later part of the year thanks to government support measures. Infrastructure may continue to benefit from the projects initiated at the end of 2022, while manufacturing is expected to show only a moderate recovery in 2023-2024, with slowing exports.

The EU economy meanwhile turned out to be more resilient to the energy crisis caused by the Ukraine war than initially thought. In 2023, the EU steel industry will nevertheless continue to feel the impact of war, other supply chain-related issues, and continued monetary tightening. Regional demand is expected to fall 0.4% this year, after a 7.9% slump last year.

In the US, the strong post-pandemic economic rebound has run its course with the Fed's steep interest rate hikes to tackle inflation. Growth in 2023-2024 is expected to be subdued by recessionary pressure, worldsteel observes. Rising interest rates as well as land and material costs are putting negative pressure on US construction, particularly for the residential sector. Infrastructure is however aided by recent legislation, while energy sector demand should be boosted by expanding energy production, worldsteel concludes. After a fall of 2.6% in 2022, US steel demand is expected to grow by 1.3% in 2023.

### MARCH OUTPUT

Global crude steel production growth picked up in March, inching up 1.7% on-year to 165.1 million tonnes, thanks to solid Chinese growth. This was also up 16% on February. The association has revised February output growth to 0% on-year versus the initial indication of a 1% on-year decline.

Chinese output rose 7% on-year in March to 95.73mt, while Indian production grew 2.7% to 11.4mt. Japanese output fell 6% to 7.49mt, but South Korean output rose 1.9% to 5.82mt. China's output in February of 80.06mt remains an estimate.

The EU27 saw March output fall 5.6% on-year to 11.94mt, with German output estimated inching down 0.5% to 3.31mt but Italian output confirmed up 2.7% to 2.18mt. French output plunged by almost half to only 652,000t in March, taking it below Austrian output, but Spanish production actually rose 11% to 1.13mt. As was the case in February, EU output in March nevertheless rose on-month, by 10%. Of the major producers, only France saw output fall on-month, by 26%. This means the EU's first-quarter crude steel output fell 10% on-year to 33.08mt, but was up 8% from Q4 2022.

Turkish production dropped 19% on-year in March to 2.7mt but was up 29% on February which saw the devastating earthquakes hamper production at southeastern mills.

The US and Brazil saw output fall 2% and 9% on-year respectively to 6.73mt and 2.73mt. However, both increased from February. Russian output is estimated to have inched up 0.4% on-year in March to 6.6mt. Crude steel output in the 63 countries monitored by worldsteel thus edged down 0.1% on-year in Q1 to 459.3mt.

### In this weeks Issue:

- PAGE 4 How much will Chinese mills cut production further?
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- PAGE 7 Will Turkey's CIS billet bookings rebound post Eid?
- PAGE 10 Can real estate activity support steel demand in China?



## **Important Note:**

Next week the Kallanish Steel Weekly will be published on Wednesday, 03 May, due to May Day.

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## Global Overview

## **North America:**

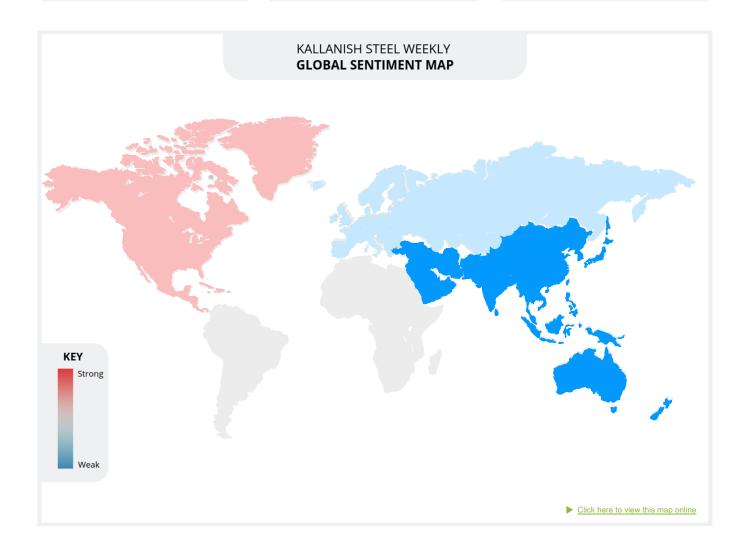
- Rebar, OCTG prices slip in the US this week
- US scrap market sentiment appears to remain bearish for
- Flat-rolled, plate prices hold in the US

## Europe:

- Imported HRC prices remain competitive in EU
- Spanish scrap prices down German rebars market silent

## Asia:

- Chinese mills cut further output
- Iron ore prices slow Asian HRC prices down



## CIS:

CIS billet demand lulls amid holidays

## Middle East:

- Turkish scrap drops further Turkish rebar remains under
- pressure Low demand, competition hamper Turkish HRC

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## TATA STEEL



# DISCUSSING THE BIG STEEL ISSUES



Tata Steel Nederland is looking forward to discussing the big issues in the steel sector with you at Europe Steel Markets 2023 with two speeches:

## European steel - debating the big issues

Opening speech by Heather Wijdekop, Commercial Director Tata Steel IJmuiden. About the adaptation of the EU market to global steel sector development and the upcoming challenges the sector is facing.

May 16, 9.30 - 10.45 AM

## The future of steel - decarbonisation & sustainability

Presentation by Wilfred Geerlings, Senior Manager Commercial Sustainable Development, Tata Steel Nederland on the decarbonisation journey of the steel value chain and the importance of acting now with short-term green steel solutions.

May 17, 9.30 - 11.00 AM





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## Word of the week

## Ingot

An ingot is a mass of metal obtained from casting liquid steel into a mould. The resulting ingot - a semi-finished product - is typically then hot rolled or forged.

## 3 weeks to go until .....

## **EUROPE STEEL MARKETS 2023**





## □ 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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