

SAMPLE

Top News:

OECD expects global steel overcapacity to resume growth in 2020

The gap between global production and capacity is expected to reach 700 million tonnes in 2020, increasing for the first time since 2016, the OECD steel committee said during its latest session held virtually.

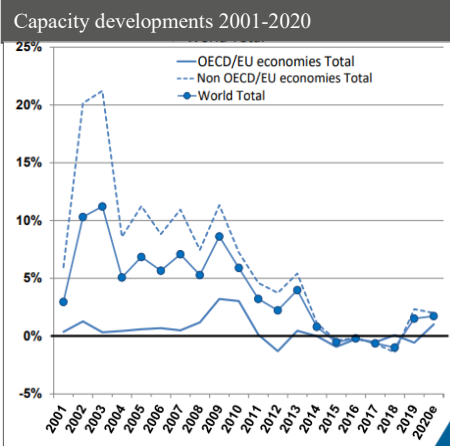
The association noted the latest available data from the OECD show that global steelmaking capacity could increase to 2,455.8mt/year. This new growth would widen the gap between production and installed capacity following a series of declines in the 2016-2019 period, Kallanish notes.

This year, global excess capacity could rise by 41.8mt, mainly supported by new capacities becoming available in the Middle East and Asia. "The Committee noted with concerns that a number of planned capacity increases are premised on expectations of an increase in future demand, including demand in export markets," the OECD commented.

In the Middle East alone, the OECD calculated that capacity is set to increase by over 20% y-o-y in 2020, with further important developments also being planned in the 2021-2023 period (see table).

The growth of capacities together with the difficulties created by the outbreak of the coronavirus are expected to fuel uncertainties this year. There are concerns, moreover, over the continued growth of Chinese production despite the fall of demand for steel globally. "The Steel Committee noted with concern the divergence from the global trend in China, where steel production reached record volumes in the first semester of 2020, and where inventories have reached historically high levels," it observed.

"These developments pose a risk of oversupply in China exacerbating global imbalances resulting from the Covid-19 demand shock," OECD said. "In this context, the Steel Committee recognized that the work of the Global Forum on Steel Excess Capacity (GFSEC) has become more important than ever."



Source: OECD

	Existing nominal capacity(mmt)		% change expected	Potential gross capacity additions in 2021-23(mmt)	
	2019	2020		Underway	Planned
	Africa	44.6	46.3	3.8%	1.0
Asia	1 618.1	1 634.5	1.0%	4.2	16.7
CIS	142.2	142.5	0.3%	0.0	3.2
Europe	292.4	295.9	1.2%	0.2	0.0
Latin America	79.1	79.7	0.8%	0.2	0.0
Middle East	78.0	94.0	20.5%	8.9	4.4
North America	153.3	156.5	2.1%	2.7	2.4
Oceania	6.4	6.4	0.0%	0.0	0.0
OECD/EU economies Total	660.2	667.0	1.0%	2.9	2.4
Non OECD/EU economies Total	1 753.8	1 788.8	2.0%	14.3	24.2
World Total	2 414.0	2 455.8	1.7%	17.3	26.6

Source: OECD

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KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change **+1.67%**

02 Oct 2020	\$	121.72	
01 Oct 2020	\$	122.14	high
30 Sept 2020	\$	121.76	
29 Sept 2020	\$	117.15	
28 Sept 2020	\$	116.28	low
Average	\$	119.81	
25 Sept 2020	\$	115.68	
24 Sept 2020	\$	115.11	
23 Sept 2020	\$	114.31	low
22 Sept 2020	\$	120.32	
21 Sept 2020	\$	123.78	high
Average	\$	117.84	

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Global Overview

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North America

- US sheet prices continue advance
- Energy tube remains stagnant in illiquid market
- Evraz moves forward with Bighorn solar project

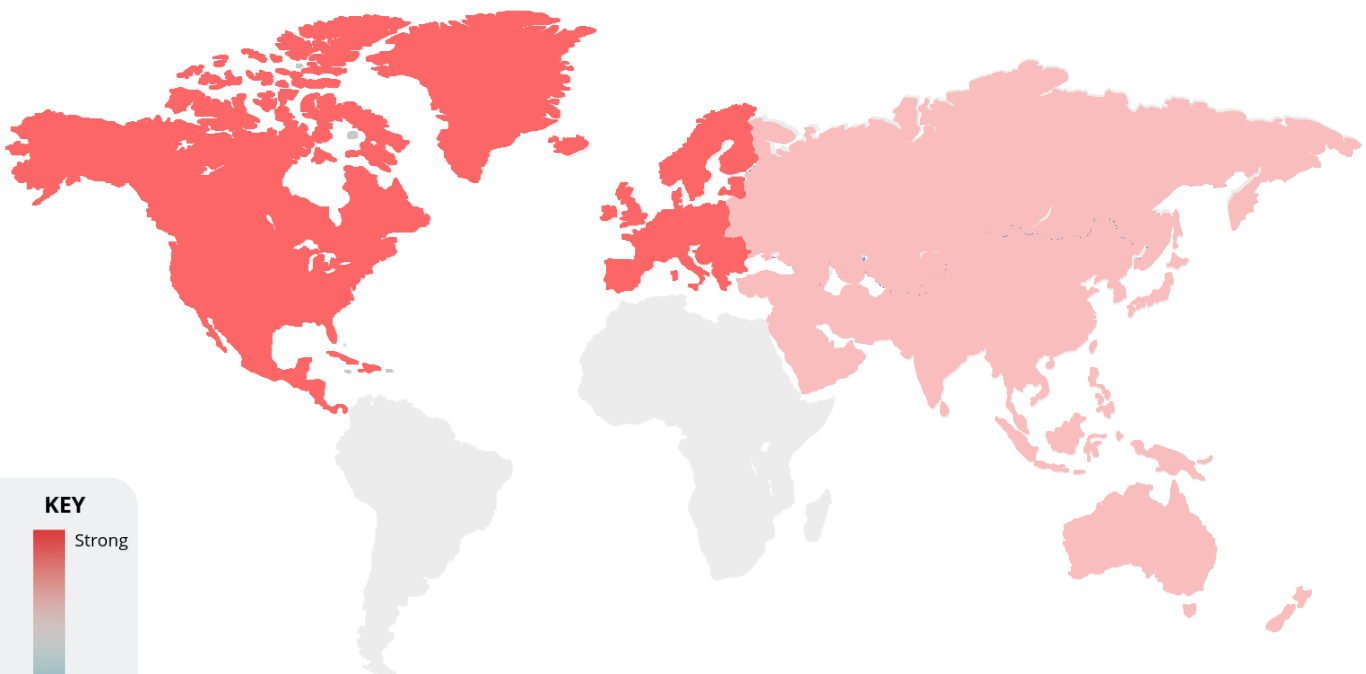
Europe

- UK prepares transition of EU safeguard measures
- Rebar in Northern Europe firm
- Arvedi starts new EAF

Asia

- Iron ore firm ahead of holidays
- Asian overcapacity to increase
- Chinese HRC exporters silent

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



[See the interactive version online](#)

South America

- Vale suspends mine operation
- LatAm steel output recovers

Middle East

- Turkish scrap declines
- Turkish rebar buyers remain on sidelines
- Turkish HRC export sales activity quietens

CIS

- CIS billet market looks to post China holidays
- CIS pig iron remains in lull

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