

WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, June 2006



Production of crude steel for the countries reporting to the IISI in April was estimated to be 99.0 million tonnes, an increase of 6.1% over April 2005. The total of the 4 months to date was 384.6 million tonnes, 6% above the January to April period in 2005. Excluding China, which accounted for 33% of world production in the first four months of 2006, the rise in April was only 0.4%, with the four months total only up by 0.9%. Global trade in steel reached 365 million tonnes in 2005 (including internal EU trade), slightly higher than in 2004. Japan remains the largest steel exporter followed by Russia, but China has jumped to third place ahead of the Ukraine and Germany.

In the European Union 25, crude steel production only rose by 0.8% in April to 16.6 million tonnes compared to April 2005, but fell by 0.6% in the 4 months to date to 65.0 million tonnes. Monthly production in Germany rose by 3.9% in April, although the January to April total was down 1.6% at 15.3 million tonnes. Italian crude steel production was only up by 0.7% in April, and by 2.6% in the year to date to 10.4 million tonnes. Steel production in France increased by 4.5% in the month, and by 2.5% in the four months to date to 7.0 million tonnes. Spanish production, however, showed a marked decline of 25% in April, with the year to date down 21.2% to 4.8 million tonnes. In the UK, production fell by 4.4% in April, bringing the 4 months total up 3.9% to 4.7 million tonnes. Polish steel production showed a marked increase, rising by 16.8% in April, with the year to date up 6.4% to 3.1 million tonnes. In the Czech Republic, production increased by 12.4% in the month, and by 6.4% in the four months to 2.4 million tonnes.

In the rest of Europe Turkish production increased by 12.8% in April and by 9.8% in the four months to 7.4 million tonnes, just ahead of the French total. Romanian steel production decreased by 4.9% in the year to date to 2 million tonnes. The four months total for Serbia and Montenegro was 50% up at 583 thousand tonnes.

New car registrations in Europe fell by 7.3% in April compared to the previous April, according to ACEA, the European Car Manufacturers Association, although the four months total was up 0.6% to 5.4 million cars. Registrations in Germany, the largest market, fell by 8.9% in April, but rose by 1.2% in the year to date to just under 1.1 million. Italy, with the second largest market, saw registrations fall by 6.3% in April, with the four months total up 5.6% at 887 thousand cars. UK registrations fell by 9.1% in April, with a decrease in the year to date total of 5.5% to 832 thousand. In France registrations decreased by 6.7% in April, and by 1.8% in the year to date to 708 thousand cars.

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Crude steel production in the CIS countries was 1.9% down in April, with Russian production flat at 5.7 million tonnes, bringing the year to date up 3.3% to 22.6 million tonnes. Ukrainian steel production fell by 2.2% in April, with the year to date total down 3.6% at 12.7 million tonnes. Kazakhstan's steel production fell by 8.1% in the four months to 1.25 million tonnes.

On the North American continent US steel production was 1.2% up in April at 8 million tonnes, bringing the year to date up 2.1% to 32.7 million tonnes. Canadian steel production fell 5.7% in April, while the four months total was down 3.8% to 5.2 million tonnes. Mexican steel production decreased by 8.3% in April, with the year to date down 0.9% to 5.5 million tonnes.

US imports of steel have risen by one third in the first quarter of 2006 compared to the same period in 2005, to reach 10.5 million tonnes. Semis accounted for 2.6 million tonnes, a rise of 53% on 2005. The March tonnage imported was 3.8 million tonnes which was the highest monthly figure since 1998, and only exceeded by two of the months in that year. Canada was the largest supplier of steel in the quarter, but China leapt up to second place ahead of Brazil with a 58% increase in supply. Imports from China were mainly wire rod, welded tubes, seamless tubes (mainly OCTG), and hot dipped galvanised sheet. Imports from most countries increased, and the tonnage from Australia (mostly slabs) more than tripled. Of the top 18 suppliers in the first quarter, only Mexico showed a decline compared to 2005 (down 15%).

Crude steel production in South America showed a decrease with Brazilian production down 12.4% in April and by 10.2% in the year to date to 9.6 million tonnes. Steel production in Argentina, however, rose by 3.7% in April, bringing the four months total to 1.8 million tonnes, a rise of 4.5%. Venezuelan production fell by 8.5% in April, although the year to date total was up 12.4% at nearly 1.7 million tonnes.

In Africa and the Middle East, South African production fell by 3.2% in April, bringing the year to date down 4.1% to 3.1 million tonnes. Egypt's steel production fell by 14% in April, while the four months total was 7.7% down at 1.6 million tonnes. Iranian production, however, increased by 10.7% in the month, with the year to date up 6.8% to nearly 3.3 million tonnes.

Turning to the Far East, China's steel production increased by 19% in April to 33.7 million tonnes, and by 18% in the four months to 126.2 million tonnes. Japanese crude steel production was down 1.3% in April to 9.4 million tonnes, while the January to April total was up 0.3% to 37.4 million tonnes. South Korean production was down 0.8% in April with the year to date total at 15.5 million tonnes, 1.3% down on the same period in 2005. In India, however, production showed a marked rise of 24.6% in April, bringing the four months total up by 20.9% to 14.3 million tonnes, above the Ukraine and not far short of South Korea. Crude steel production in Taiwan rose by 3.4% in April and by 0.3% in the year to date to 6.5 million tonnes.

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Following on the settlement agreed between CVRD and ThyssenKrupp in the price of iron ore fines, a rise of 19% for the 2006 round, CVRD has also now agreed the same increase with Mittal Steel, Ilva and Arcelor. Rio Tinto's Hamersley Iron subsidiary has also agreed an iron ore price rise of 19% with the Korean steelmaker Posco (Metal Bulletin, 22 May). This leaves the Chinese mills in a difficult position after their Government hinted at a maximum 10% price rise. CVRD had originally asked for a rise of 24.6% which they felt was in line with the market, and one of their directors commented that they were in no hurry to settle (Metal Bulletin, 15 May). Global imports of iron ore in 2005 were 717 million tonnes, 11% up on the previous year, which was 19% higher than the 2003 total. Even if steel production in 2006 only increases by the 6% rise in the first four months, iron ore imports will rise to over 760 million tonnes.

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