WORLD STEEL REVIEW

Iron & Steel Statistics Bureau, March 2019

Production of crude steel for the 67 countries reporting to the World Steel Association in January was estimated to be 147 million tonnes. This was just 1% above the tonnage in January 2018. China is still growing at a faster rate than the rest of the world and in January this was very pronounced as excluding China, the total actually contracted by 2.2% compared to January 2018.

In the European Union crude steel production for the 28 countries decreased by 3.5% in January, compared to January 2018, to 13.8 million tonnes. There were some large declines for some of the major producers with Germany down 7.2%, Italy falling by 3.6% and France declining by nearly 10%. Partially offsetting this was Spain, up nearly 6% and Netherlands increasing by 5.1%.

Although still up on the year to date, Turkish steel production has been slowing down in recent months. This is symptomatic of a reduction in demand with imports falling by 9% and exports increasing by 21%. The fall in imports is mainly due to a decrease in HRC shipments from France, Russia and China. The growth in exports has been driven by an increase in wire rod shipments to Benelux, Romania and Israel; an increase in rebar exports to Europe, East Africa, Canada and Asia; and a growth in HRC exports to Italy, Portugal, Spain and Belgium.

According to the ACEA, In January 2019, the European passenger car market saw a slow start to the year, posting a 4.6% decline compared to one year ago. Nevertheless, with nearly 1.2 million units registered in total, this still represents the second-highest January volume on record since 2009.

Demand for new cars fell across almost the entire European Union, including the EU's five major markets. Spain and Italy posted the strongest declines (down 8.0% and 7.5% respectively), while percentage drops were more modest in the United Kingdom (-1.6%), Germany (-1.4%) and France (-1.1%).

Overall, the CIS region saw production down 4.3% in January. Russian crude steel production was down by 4.5% to 5.8 million tonnes, Ukrainian monthly production was down by 4.9% to 1.9 million tonnes, in Kazakhstan the year to date total was down by 5.5% to 360 thousand tonnes, while in Belarus it increased by 2.3% to 220 thousand tonnes.

On the North American continent, Donald Trump's steel tariffs seem to be having an

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effect. US crude steel production increased by 11% in January to 7.6 million tonnes. This was at the expense of Canadian steel production which up only 0.9% in the month to 1.2 million tonnes, and Mexican steel production which decreased by 3.2% in January to 1.7 million tonnes.

Overall production was rather mixed in the South American region. Brazilian production increased by 2.3% in January to 2.9 million tonnes, Argentinian steel production increased by 7.9% in the month, to 371 thousand tonnes. In Colombia the monthly total increased by 2.3% to 90 thousand tonnes, Peruvian steel production was flat in the year to date at 100 thousand tonnes. Chilean year to date steel production was down 2.4% year on year at 90 thousand tonnes. Meanwhile, steel production in Venezuela continued to show weakness, falling by 55% in the month to just 5 thousand tonnes.

In Africa, South African steel production was 9.6% lower in January to 521 thousand tonnes. Egyptian production increased by 0.6% in January to 670 thousand tonnes. In the Middle East, there was some weakness in Iran with a 2.6% decrease in steel production in January to 2.2 million tonnes. Saudi Arabian steel production increased by 11.1% in the year to date to 470 thousand tonnes. Production in the United Arab Emirates grew by 8.1% in the year to date to 304 thousand tonnes.

South African steel production declined by nearly 10% in the first month of the year. This seems to have had a knock-on effect on exports, which decreased by 23% in the month, despite a 68% increase in semis exports to Kenya and Tanzania. There was a decline in exports of light sections to the UAE, HRC shipments more than halved with declined so the Ivory Coast, Nigeria, Kenya, Pakistan and Malaysia. There was also a collapse in HDG shipments to the US, likely as a result of 232 tariffs.

Turning to the Far East, Chinese steel production increased by 4.3% in January to 75 million tonnes, Japan's January production was down by 9.8% at 8.1 million tonnes, and crude steel production in India was down 1.9% in the month, making 9.2 million tonnes. South Korea's production was down 1.5% in January to 6.2 million tonnes, and Taiwan's monthly production rose by 10.4%, bringing the year to date total to 2 million tonnes. Vietnam's year to date total increased by 35.2% to 1.4 million tonnes.

The growth in Chinese productions seems to be finally filtering through to exports which were up 34% in January. This growth seems to be across most products but currently seems to be focused on Asian markets with most of the tonnage going to Vietnam, South Korea, Indonesia and the Philippines.

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