WORLD STEEL REVIEW
Iron & Steel Statistics Bureau, October 2018

Production of crude steel for the 67 countries reporting to the World Steel Association in August was estimated to be 152 million tonnes. This was 2.6% above the tonnage in August 2017, and the year to date was 4.7% above same period of 2017 at 1,194 million tonnes. China is still growing at a faster rate than the rest of the world but the disparity seems to be narrowing as excluding China, the August total was still 2.5% higher than in August 2017 and the year to date total was 3.6% up on 2017.

In the European Union crude steel production for the 28 countries rose by 1.4% in August, compared to August 2017, to 12.6 million tonnes. This brought the year to date total up 1.6% at 114.2 million tonnes. There were mixed fortunes for the major producers. The UK, Spain, Italy and Germany all saw rises, increasing by 1%, 7%, 6% and 7.5% respectively but this was offset by weakness in France, down nearly 17%, the Netherlands, down 13%, and Austria, declining by 53%. After last year's strong growth, Poland saw a third consecutive month of year on year decline, falling by 4.2% to give a year to date figure 0.6% behind the prior year.

Despite the general positive performance of the EU in the year to date, Austria stands out as having suffered a considerable production decline with a year to date decrease of 17%. This decline has been taken up by an 18% increase in imports. This includes a large increase in imports of Semis from Slovakia along with a growth in imports of wire rod, rebar, hr bars, heavy sections and plate from Germany and Italy.

Turkish steel production decreased by 5.7% to 3 million tonnes in August but was up by 1.7% to 25.2 million tonnes in the year to date. Serbia's production in the year to date jumped by 35% to 1.3 million tonnes. Bosnian steel production was down by 24% in the year to date at 378 thousand tonnes, while in Norway steel production fell by 5.9% to 368 thousand tonnes.

August usually is the lowest sales month of the year, but the EU passenger car market grew significantly (+31.2%) in August 2018, counting more than 1.1 million new vehicles. The most likely explanation for this exceptional growth is the introduction of the new WLTP test that applies to all new car registrations from 1 September 2018. Hence, some auto manufacturers offered pre-WLTP vehicles at extremely attractive prices. As a result, double-digit percentage gains were registered in many EU countries, as well as in the five major markets.

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Over the first eight months of 2018, passenger car registrations across the EU grew by 6.1% to reach 10.8 million units, largely boosted by the unusually strong performance during the summer months. Looking at the major markets, demand went up in Spain (+14.6%), France (+8.9%) and Germany (+6.4%), while car sales remained stable in Italy (-0.1%) and contracted in the United Kingdom (-4.2%).

Overall, the CIS region saw flat production in August. Russian crude steel production was also flat 6.2 million tonnes, while the year to date total was 1.9% higher at 48.3 million tonnes. Ukrainian monthly production was down by 3.7%, bringing the year to date total to 14 million tonnes, an increase of 2%. In Kazakhstan the year to date total was up by 0.4% to 3.1 million tonnes, while in Belarus it increased by 8.3% to 1.6 million tonnes.

On the North American continent US crude steel showed some strength, increasing by 5.1% in August and by 4% to 56.9 million tonnes in the year to date. Canadian steel production was down 2.2% in the month, and 3.2% lower in the year to date at 8.5 million tonnes. Mexican steel production was the big riser, however, increasing by 7% in August, and growing by 3.9% in the year to date at 13.9 million tonnes.

The growth in Mexican steel production has filtered through to an increase in exports with exports of all steel products 25% in the first half of the year. The bulk of the rise has been in semis with increased shipments to Canada, the US, France and Turkey. There have also been large rises in wire rod exports to Canada, Colombia and several Central American countries, along with rebar, heavy sections and plate, all to the US.

There were some real mixed fortunes in the South American region. Brazilian production was robust, rising by 2.2% in August, and remaining 3.3% higher in the year to date at 23.2 million tonnes. Argentinian steel production was strong, increasing by 9.1% in the month, bringing the year to date total to 3.5 million tonnes, an increase of 18%. In Colombia the monthly total decreased by 16.2%, while the annual total was down 14.2% at 738 thousand tonnes. Peruvian steel production was 2.6% up in the year to date to 809 thousand tonnes. Chilean year to date steel production was down 6.4% year on year at 725 thousand tonnes. Meanwhile, steel production in Venezuela continued to show weakness, rising by 47.3% in the month but falling by 61% in the year to date to just 112 thousand tonnes.

In Africa, South African steel production was 4.7% lower in August but was 3.3% up in the year to date to 4.3 million tonnes. Egyptian production increased by 5.6% in August and by 14% in the year to date to 5.1 million tonnes. In the Middle East, Iran showed continued strength with a 9% increase in steel production in August with the year to date total up by 22% to 16.4 million tonnes. Saudi Arabian steel production increased by 5% in the year to date to 3 million tonnes. Production in the United Arab Emirates fell by 4% in the year to date to 2.1 million tonnes.

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Turning to the Far East, Chinese steel production increased by 2.7% in August to 80.3 million tonnes, bringing the year to date total up by 5.8% to 617 million tonnes. Japan's August production was up by 0.9%, while the year to date total was 0.8% higher at 70.2 million tonnes. Crude steel production in India was up 4.3% in the month, making 71.1 million tonnes in the year to date, an increase of 6% on the previous year and overtaking Japan to become the second largest producer of steel. South Korea's production was flat in August, while the year to date total was up by 2.7% to 48.3 million tonnes. Taiwan's monthly production rose by 8.2%, bringing the year to date total to 15.5 million tonnes, an increase of 1.9%. Vietnam's year to date total increased by 32% to 8.9million tonnes.

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