WORLD STEEL REVIEW
Iron & Steel Statistics Bureau, December 2018

Production of crude steel for the 67 countries reporting to the World Steel Association in October was estimated to be 157 million tonnes. This was 5.8% above the tonnage in October 2017, and the year to date was 4.7% above same period of 2017 at 1,502 million tonnes. China is still growing at a faster rate than the rest of the world and in October this was very pronounced as excluding China, the total was just 2.3% higher than in October 2017 and the year to date total was 2.9% up on 2017.

In the European Union crude steel production for the 28 countries decreased by 0.8% in October, compared to October 2017, to 14.8 million tonnes. This brought the year to date total down 0.4% at 141 million tonnes. There were mixed fortunes for the major producers. Germany and Italy saw modest growth, up 1.4% and 1.1% respectively. This was offset by weakness in France, down 3.5%, the UK falling by 5.7% and Spain, declining by 7.4%. After last year's strong growth, Poland saw a fifth consecutive month of year on year decline, falling by 2.5% to give a year to date figure 1.9% behind the prior year.

After a strong performance last year, Polish crude steel production is down nearly 2% so far this year. This does not appear to be due to a lack of demand, however, as imports increased by 11%. There was particular growth in imports of semis from Luxembourg, Russia and Brazil along with HRC from Russia, Latvia, Belgium, Slovakia and Hungary.

Turkish steel production decreased for the third consecutive month, down by 4.3% to 3.2 million tonnes in October but was up by 0.8% to 31.3 million tonnes in the year to date. Serbia's production in the year to date jumped by 40% to 1.6 million tonnes. Bosnian steel production was down by 12% in the year to date at 538 thousand tonnes, while in Norway steel production fell by 5% to 473 thousand tonnes.

According to the ACEA, In October 2018, registrations of new passenger cars continued to decline across the EU (-7.3%), although at a more moderate pace than in September. The main cause is still the introduction of the new WLTP emissions test on the 1st September, which resulted in an exceptional surge in registrations over the summer. As a result, demand for new cars fell in most EU countries last month, including the five major markets.

From January to October 2018, EU demand for passenger cars went up by 1.6% compared to one year ago. Looking at the five biggest car markets, Spain (+10.0%) saw the highest growth rates, followed by France (+5.7%) and Germany (+1.4%). By contrast, registrations declined in Italy (-3.2%) and the UK (-7.2%).

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Overall, the CIS region saw production down 1.1% in October. Russian crude steel production was slightly higher, up by 0.6% to 6 million tonnes, while the year to date total was 1.6% higher at 60.3 million tonnes. Ukrainian monthly production was down by 6.7%, bringing the year to date total to 17.6 million tonnes, flat year on year. In Kazakhstan the year to date total was up by 0.3% to 3.8 million tonnes, while in Belarus it increased by 5.3% to 2 million tonnes.

On the North American continent, Donald Trump's steel tariffs seem to be having an effect. US crude steel production increased by 10.5% in October and by 5.1% to 71.7 million tonnes in the year to date. This was at the expense of Canadian steel production which was down 14.6% in the month, and 4.5% lower in the year to date at 10.8 million tonnes. Mexican steel production increased by just 1.1% in October, and grew by 2.9% in the year to date to 17.2 million tonnes.

Following the introduction of steel tariffs, Canadian crude steel production has reduced by 4.5% so far this year but the actual situation is rather more complex with both exports and imports showing growth. There has been a 10% rise in imports with long products being prominent, driven by a rise in semis from Mexico, Brazil and Argentina; rebar from Turkey; and welded tubes from Turkey, India and South Korea. The increase in exports has been seen in flat products with a rise in HRC being shipped to the US and Bangladesh, and HDG to the US.

Overall production was fairly robust in the South American region. Brazilian production rose by 3% in October, and remained 2.5% higher in the year to date at 29.2 million tonnes. Argentinian steel production decreased by 0.2% in the month, bringing the year to date total to 4.3 million tonnes, an increase of 14%. In Colombia the monthly total increased by 12%, while the annual total was down 4.4% at 992 thousand tonnes. Peruvian steel production was 2.2% up in the year to date to 1 million tonnes. Chilean year to date steel production was down 2% year on year at 941 thousand tonnes. Meanwhile, steel production in Venezuela continued to show weakness, falling by 78% in the month and 68% in the year to date to just 121 thousand tonnes.

In Africa, South African steel production was 4% lower in October but was 2.5% up in the year to date to 5.4 million tonnes. Egyptian production increased by 23.4% in October and by 15.3% in the year to date to 6.5 million tonnes. In the Middle East, growth in Iran continued apace with a 10.6% increase in steel production in October with the year to date total up by 19% to 20.6 million tonnes. Saudi Arabian steel production increased by 6.4% in the year to date to 4.5 million tonnes. Production in the United Arab Emirates fell by 2% in the year to date to 2.7 million tonnes.

Turning to the Far East, Chinese steel production increased by 9.1% in October to 82.6 million tonnes, bringing the year to date total up by 6.4% to 782 million tonnes. Japan's

October production was down by 4.5%, while the year to date total was 0.1% lower at 87.2 million tonnes. Crude steel production in India was up 0.4% in the month, making 88.4 million tonnes in the year to date, an increase of 5.5% on the previous year and overtaking Japan to become the second largest producer of steel. South Korea's production was up 3.5% in October, while the year to date total was up by 2.2% to 60.3 million tonnes. Taiwan's monthly production rose by 9.7%, bringing the year to date total to 19.2 million tonnes, an increase of 2.3%. Vietnam's year to date total increased by 41.2% to 12 million tonnes.

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