



STEEL MARKET DEVELOPMENTS

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Outline

1. **Steel production**
2. **World steel trade**
3. **Steel and raw material prices**
4. **Financial performance of steel companies**
5. **Steel consumption and outlook**
6. **Concluding remarks**



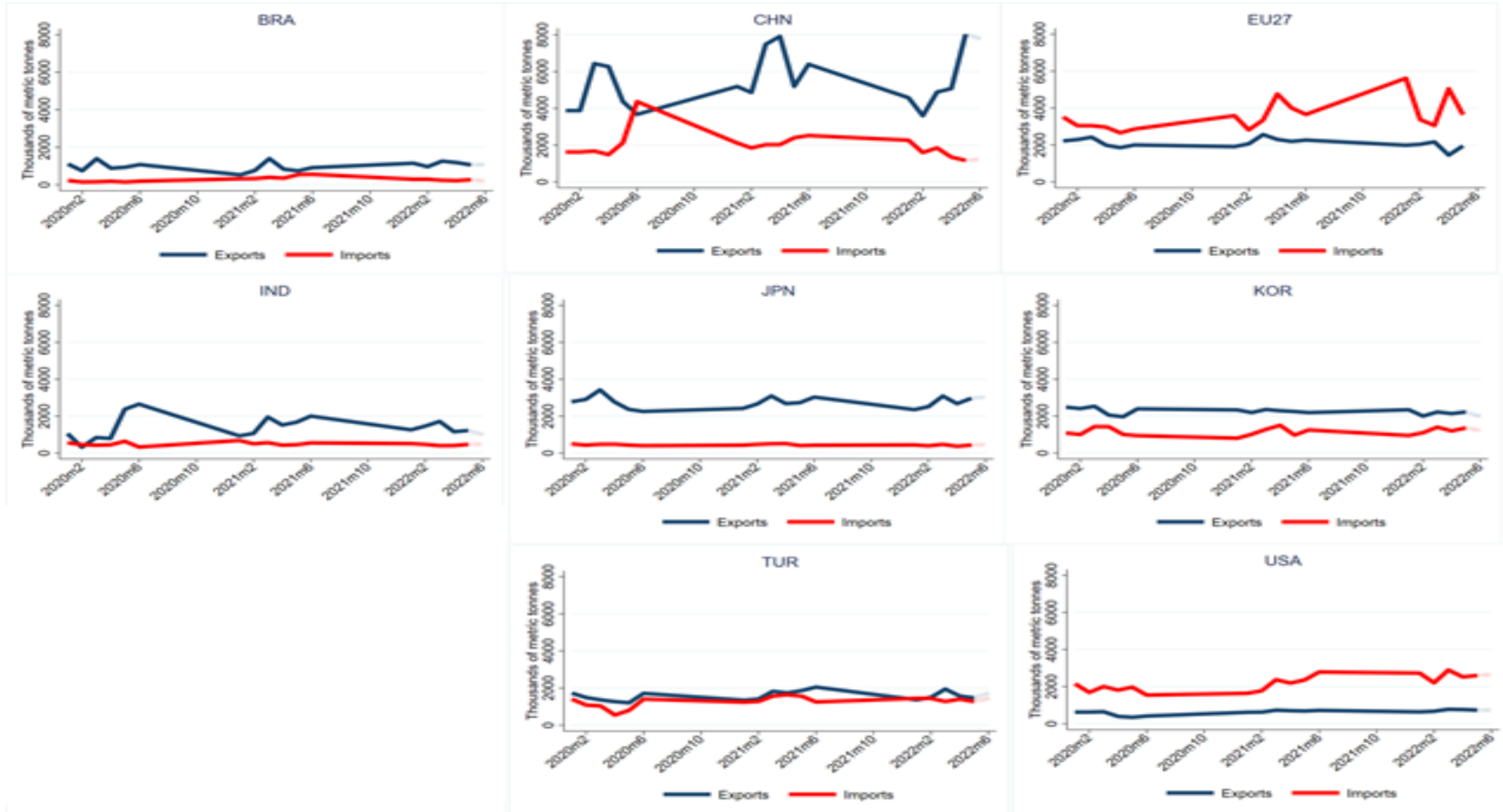
Steel production has decreased across all the regions

	Level, thousand tonnes		% change, year-on-year		
	Jun 2022	2021	Jun 2022	Jan-Jun 2022 / Jan-Jun 2021	2021 / 2020
EU	11,766	152,759	-12.2	-6.2	-8.9
Other Europe	3,812	51,101	-10.9	-5.0	25.2
Russia & other CIS (4)	5,590	83,459	-21.2	-7.6	4.7
North America	9,609	117,862	-2.4	-2.3	-2.5
South America	3,657	45,566	-4.9	-2.8	1.4
Africa	1,196	15,965	-18.7	-9.1	9.9
Middle East	3,360	40,656	-5.0	-5.9	14.3
Asia, of which:	118,245	1,374,486	-3.1	-4.7	9.3
China (People's Republic of)	90,730	1,032,524	-3.3	-6.3	11.8
Oceania	553	6,425	3.0	-1.8	1.3
World	158,083	1,909,644	-5.9	-5.4	6.7

Source: worldsteel data, as released in August 2022.

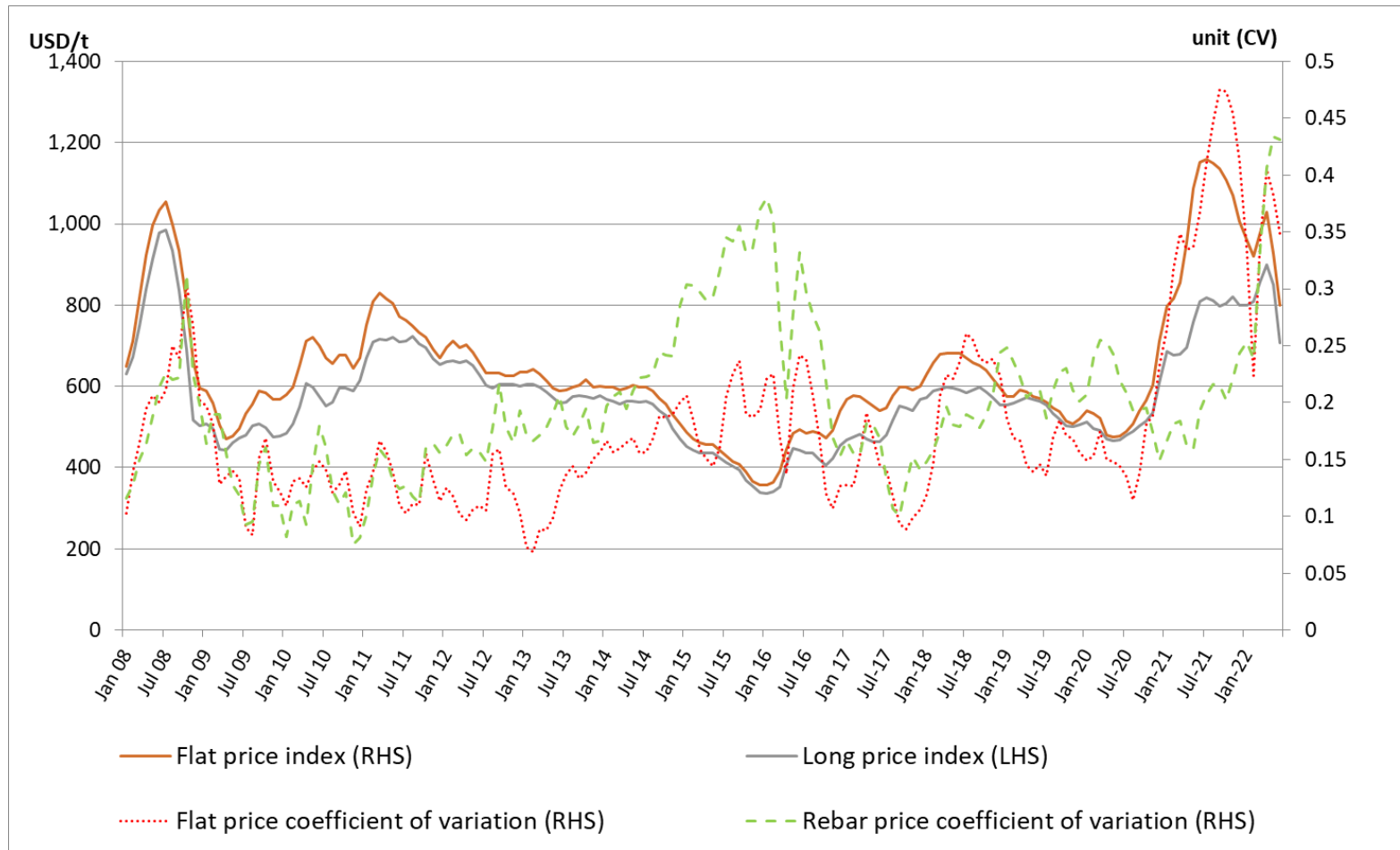


World steel trade amid Russia's global scale aggression and COVID-19 containment measures in East Asia





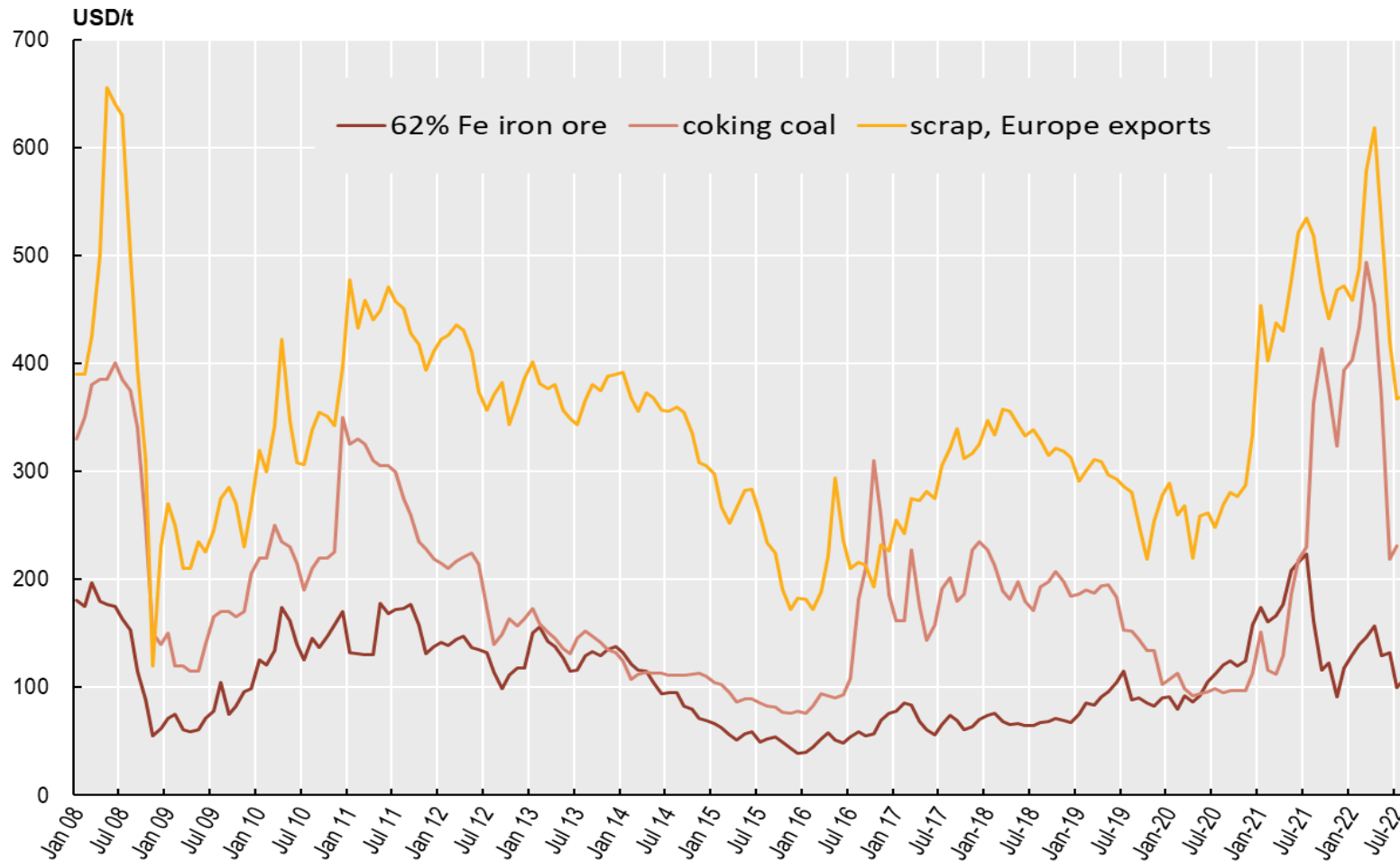
Steel prices fall damaging steel firms profits



- In June 2022 flat steel prices and rebar prices were 31% and 12% lower than in 2021
- Prices of steel products fell more than the prices of the raw materials necessary to make them.



Key raw material price fall amid weak steel demand

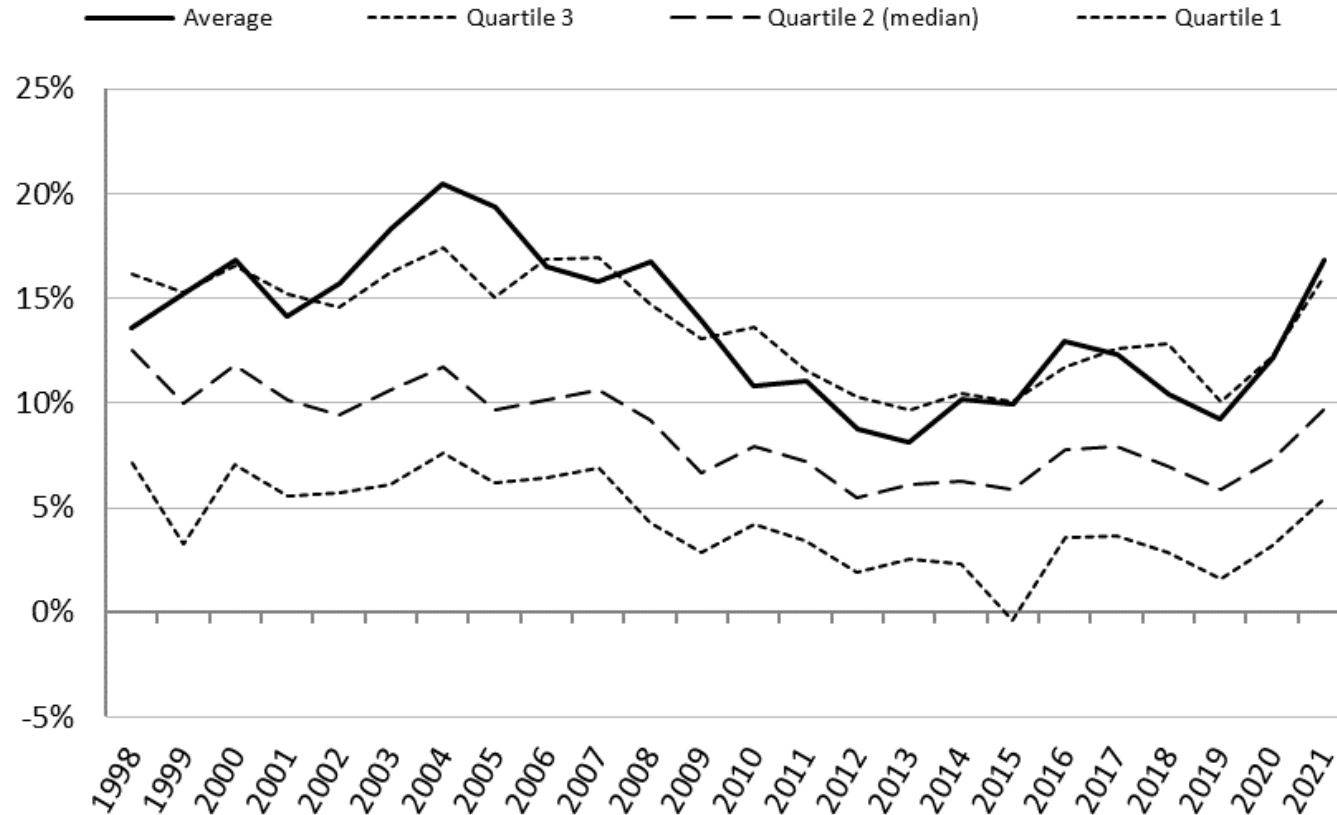


Iron ore prices are 32% lower.

Scrap prices are 19% lower while coking coal prices increased slightly by 1% compared to 2021.



Financial performance of steel companies: Profit margins improved in 2021



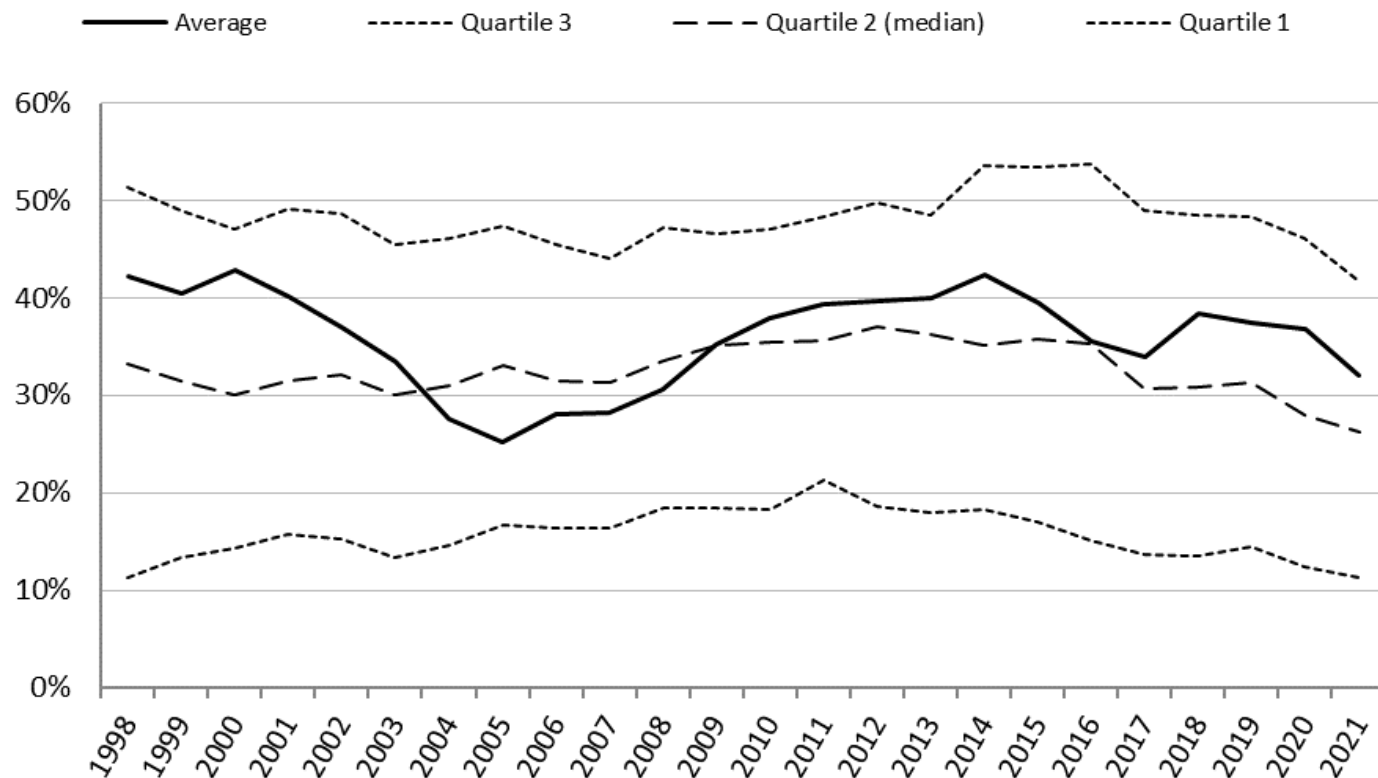
In 2021, steel firms profit margin conditions improved.

Operating profitability defined as EBITDA

Source: OECD calculations based on data from Refinitiv.



Financial performance of steel companies: Indebtedness decreased in 2021



The steel sector seems to have continued its process of **deleveraging**.

Debt levels relative to total sales revenues falling from 28% in 2020 to 26% in 2021.

Source: OECD calculations based on data from Refinitiv.



Steel consumption and outlook

- **Global apparent steel consumption** outside China has declined about 3.2% during the first half of 2022.
- **China steel demand** has declined about 6.1 % during the first half of 2022 due to **Covid-19 related lockdowns** and a **weak real estate** sector.
- In 2023, **global steel demand could experience a 1% increase** as inflation is expected to slowdown, central banks ends their credit “tightening” and consumption and employment recover.



Concluding remarks: The steel market is deteriorating

- Uncertainties with **power supply** and **rising cost** pressures
- **Political instability** and growing risks of **global recession**
- Downturn in **China's real estate sector** and **lower steel demand**
- Unresolved **structural problems** persist amid low steel prices



Thank you for your attention