



Hard Landing for the Chinese Economy : Worldsteel

The World Steel Association (worldsteel) recently released its Short Range Outlook (SRO) for 2013 and 2014. Worldsteel forecasts that global apparent steel use will increase by 3.1% to 1,475 Mt in 2013 following growth of 2.0% in 2012. In 2014, it is forecast that world steel demand will grow further by 3.3% and will reach 1,523 Mt.

In 2014, we expect to see continued recovery in global steel demand with the developed economies overall returning to positive growth. At the same time we expect slower growth in China. All in all, despite economic conditions for the global steel industry remaining uncertain and challenging, we are forecasting further growth for steel demand in 2014. Following a 2.9% increase in 2012, apparent steel use in China is expected to grow by 6.0% in 2013 to 699.7 Mt reflecting the impact of the Government's stimulus measures focused on infrastructure. However, steel demand in 2014 is expected to slow to 3.0% growth as the Chinese government's efforts to rebalance the economy continues to restrain investment activities.

In India, steel demand is expected to grow by 3.4% to 74.0 Mt in 2013 following 2.6 % growth in 2012 as high inflation and structural problems are constraining steel using sectors

“The euro zone crisis and a hard landing for the Chinese economy “ which we identified in our last SRO issued in April, have continued to stabilise through the last 6 months. Major emerging economies, particularly India and Brazil have not performed as hoped mainly due to key structural issues. These factors have led to a lower steel demand performance than predicted across the world, with China being the one exception. Steel demand in 2013 is now forecasted to grow in China by 6.0%. Thus, despite steel demand growing by only 0.7% in the rest of the world, total global steel demand will grow by 3.1%.



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activities. In 2014, steel demand is expected to grow by 5.6% helped by accelerated attempts to implement structural reforms.

The economic situation in Japan has improved in 2013 due to government stimulus measures and steel demand is revised up to show 0.1% growth to 64.0 Mt. Steel demand is expected to contract by -1.6%.

In the US, after growth of 7.8% in 2012 due to generally strong steel using sector activity, apparent steel use in 2013 is forecast to grow by just 0.7% to 96.9 Mt. In 2014, steel demand is expected to increase by 3.0%. For NAFTA as a whole, apparent steel use

will grow by 0.2% and 3.2% in 2013 and 2014 respectively.

In EU27, the contraction in steel using sectors continued in 2013 particularly during the first half of the year. Apparent steel use is expected to decline for the second straight year in 2013 by -3.8% to 134.9Mt after falling by -9.5% in 2012. Apparent steel use in Italy and Spain is expected to contract by -8.1% and -4.3% respectively and even in Germany, it is expected to fall by -1.6% in 2013. However, the pickup in EU27 is expected to remain weak with steel demand increasing only by 2.1% in 2014 to 137.8 Mt.