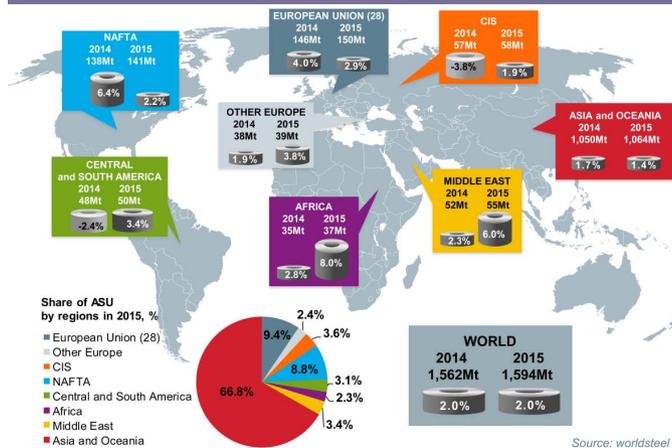


Global Steel Usage to Rise by 2.0% to 1,562 MT in 2014 - Worldsteel

The World Steel Association (Worldsteel) currently released its Short Range Outlook (SRO) for 2014 and 2015. Worldsteel forecasts that global apparent steel use will increase by 2.0% to 1,562 Mt in 2014 following growth of 3.8% in 2013. In 2015, its forecast is that world steel demand will grow by another 2.0% and will reach 1,594 Mt.

Chairman of Worldsteel Economics Committee, Mr Hans Jurgen Kerkhoff said, "The positive momentum in global steel demand seen in the second half of 2013 abated in 2014 with weaker than expected performance in the emerging and developing economies. As a consequence, we are issuing a lower steel demand growth figure than our forecast released in April this year. The slowdown in China's steel demand reflecting the structural transformation of the economy has contributed significantly to our lower global growth projection. We have also seen major slowdown in South America and the CIS countries due to falling commodity prices, structural constraints and geopolitical tensions. In contrast, the developed economies fared well this year. Recoveries in the EU, United States and Japan are expected to be stronger than previously thought, but not strong enough to offset the slowdown in the emerging economies. In 2015 we expect steel demand growth in developed economies to moderate, while we project growth in the emerging and developing economies to pick up. In China rebalancing will continue to act as a drag on steel demand.

SHORT RANGE OUTLOOK FOR APPARENT STEEL USE, IN MEGATONNES (MT) - 2014/2015



This outlook is prone to risks coming from various fronts. The US interest rates increase expected in 2015 is likely to impact global capital flows creating instability in the vulnerable emerging markets. At the same time the outlook in emerging markets is constrained both by the need for structural reforms and geo-political tensions and as a result energy prices, globally, have emerged as a new risk factor. In China, the rebalancing and transition towards a consumption driven economy is not without challenges and uncertainties. Lastly, the recovery in the Euro-Area is still constrained by household and government deleveraging."

Apparent steel use in China is expected to slow to just 1.0% growth in 2014 to 748.3 MT with rapid cooling of the real estate sector as the Government's efforts to rebalance the economy curtails investment and weakens business sentiment. The weak growth momentum will continue into 2015 and China's steel apparent steel use will grow by 0.8% to reach 754.3

APPARENT STEEL USE (ASU)

Short Range Outlook For Apparent Steel Use, Finished Steel Products (2013-2015)

| Regions | ASU, million tonnes | | | Growth Rates, % | | |
|-----------------------------------|---------------------|--------------|--------------|-----------------|------------|------------|
| | 2013 | 2014 (f) | 2015 (f) | 2013 | 2014 (f) | 2015 (f) |
| European Union (28) | 140 | 146 | 150 | 0.8 | 4.0 | 2.9 |
| Other Europe | 37 | 38 | 39 | 8.2 | 1.9 | 3.8 |
| CIS | 59 | 57 | 58 | 2.8 | -3.8 | 1.9 |
| NAFTA | 130 | 138 | 141 | -2.4 | 6.4 | 2.2 |
| Central and South America | 49 | 48 | 50 | 4.2 | -2.4 | 3.4 |
| Africa | 34 | 35 | 37 | 10.8 | 2.8 | 8.0 |
| Middle East | 50 | 52 | 55 | 0.2 | 2.3 | 6.0 |
| Asia and Oceania | 1,032 | 1,050 | 1,064 | 4.9 | 1.7 | 1.4 |
| World | 1,531 | 1,562 | 1,594 | 3.8 | 2.0 | 2.0 |
| Developed Economies | 388 | 405 | 411 | -0.2 | 4.3 | 1.7 |
| Emerging and Developing Economies | 1,143 | 1,157 | 1,182 | 5.2 | 1.2 | 2.2 |
| China | 741 | 748 | 754 | 6.1 | 1.0 | 0.8 |
| BRIC | 884 | 893 | 904 | 5.5 | 1.0 | 1.3 |
| MENA | 65 | 68 | 72 | 1.8 | 3.3 | 6.6 |
| World excl. China | 790 | 814 | 840 | 1.7 | 3.0 | 3.2 |

f - forecast

in 2015. However, possible use of targeted stimuli and easing of restrictions on the real estate market in response to slower GDP growth could increase the forecast.

The chairman further said that India's outlook is improving following the election of a new government which is promising pro-business reforms. In 2014, India's steel demand is expected to grow by 3.4% to 76.2 Mt in 2014, following growth of 1.8% in 2013. In 2015 structural reforms and improving confidence will support a further 6% growth in steel demand but elevated inflation and fiscal consolidation remain key downside risks to the outlook.

In Japan following a 2.1% increase in apparent steel use in 2013, steel demand in 2014 is revised upward to increase by a further 2.3% to 66.8 Mt aided by governmental economic policies. However, as the positive impact of "Abenomics" fades away and with another expected consumption tax hike steel demand is expected to decline by -1.5% in 2015. In the United States, after a decrease of -0.4% in apparent steel use in 2013, steel demand is seen increasing by 6.7% to 102.2 Mt in 2014, a large upward revision, helped by strong growth in the automotive and energy sectors. Steel demand is expected to increase by 1.9% in 2015. In Mexico steel demand is expected to grow by 6.9% in 2014 and moderate to 3.5% growth in 2015.

In Central and South America, apparent steel use forecasts have been revised down with most countries registering a negative growth and is expected to decline by -2.4% to 48 Mt in 2014 from 4.2% growth in 2013. The combination of falling commodity prices and the delayed structural reforms is hurting steel demand across the region. Steel demand is expected to increase by 3.4% in 2015. In Brazil, apparent steel use will contract by -4.1% in 2014 to 25.3Mt and will rebound only by 1.5% in 2015 as problems such as high inflation, overvalued currency, high labour costs and infrastructure bottlenecks are curtailing investment activities.

The recovery in the EU (28) has gained further momentum in 2014 and steel demand outlook has improved considerably to grow by 4% to 145.9 Mt after increasing by 0.8% in 2013. The improvement reflects a pickup in steel using sectors in most countries, but notably the UK and Poland and those countries that underwent structural reforms. Apparent steel use in 2015 is projected to grow by 2.9%. However, the EU is facing new challenges with disinflation and geopolitical tensions threatening the continued recovery. Apparent steel use in Germany is expected to show 3.2% growth to reach 39.1 MT in 2014 and 2.3% in 2015.