

PRESS RELEASE – worldsteel Short Range Outlook April 2024

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The World Steel Association (worldsteel) has today released its Short Range Outlook (SRO) steel demand forecast for 2024 and 2025. worldsteel forecasts that this year demand will see a 1.7% rebound to reach 1,793 Mt. Steel demand is forecast to grow by 1.2% in 2025 to reach 1,815 Mt.

Commenting on the outlook, Dr. Martin Theuringer, Chairman of the worldsteel Economics Committee, said, “after two years of negative growth and severe market volatility since the COVID crisis in 2020, we see early signs of global steel demand settling in a growth trajectory in 2024 and 2025.

The global economy continues to show resilience despite facing several strong headwinds, the lingering impact from the pandemic and Russia’s invasion of Ukraine, high inflation, high costs and falling household purchasing power, rising geopolitical uncertainties, and forceful monetary tightening. As we approach the end of this monetary tightening cycle, we observed that tighter credit conditions and higher costs have led to a sharp slowdown in housing activity in most major markets, and have hampered manufacturing sector globally. While it seems the world economy will experience a soft landing from this monetary tightening cycle, we expect to see global steel demand growth remaining weak and market volatility remaining high on lagged impact of monetary tightening, high costs and high geopolitical uncertainties.”

We expect that steel demand in [China](#) in 2024 will remain around the level of 2023, as real estate investments continue to decline, but the corresponding steel demand loss will be offset by growth in steel demand coming from infrastructure investments and manufacturing sectors. In 2025 we see China steel demand returning to downtrend with a 1% decline.

This projection suggests that by 2025 China’s steel demand will be significantly lower than the recent peak demand year, 2020. This projection is also in line with our view that China might have reached its peak steel demand, and the country’s steel demand is likely to continue to decline in the medium-term, as China gradually moves away from a real estate and infrastructure investment dependent economic development model.

For 2023, our apparent steel use (ASU) estimate for China is based on official statistics and suggests a 3.3% drop. This represents a downwards revision of our 2023 steel demand growth rate estimate by around 5 percentage points from our previous forecast made in October 2023. Chinese steel demand in Q4 last year had indeed been weaker than what we expected back in October 2023. However, indicators of major steel using sectors suggest that the actual steel demand was better than the estimated ASU.

Our projections for the **world excluding China** suggest a broad-based growth in steel demand at a relatively strong level of 3.5% per annum over 2024-25.

- **India** has emerged as the strongest driver of steel demand growth since 2021, and our projections suggest Indian steel demand will continue to charge ahead with 8% growth in its steel demand over 2024 and 2025, driven by continued growth in all steel using sectors and especially by continued strong growth in infrastructure investments. In 2025, steel demand in India is projected to be almost 70 million tonnes higher than in 2020.
- Other **emerging parts of the world** such as **MENA** and **ASEAN** are expected to show accelerating growth in their steel demand over 2024-2025 after a significant slowdown over 2022-2023. We observe that mounting difficulties in the ASEAN region, such as political instability and erosion of competitiveness, might lead to a lower trend steel demand growth going forward.
- The **developed world** is also expected to show a strengthening recovery with 1.3% in 2024 and 2.7% in 2025, as we expect to see steel demand finally showing a meaningful pick up in the EU in 2025 and continued resilience in the US, Japan, and Korea.

In our opinion the **EU** (and the UK) remains the region currently facing the biggest challenges. The region and in particular its steel using sectors are challenged on a multitude of fronts - geopolitical shifts and uncertainty, high inflation, monetary tightening and partial withdrawal of fiscal support, and still high energy and commodity prices. The persistence of these downside factors resulted in a major drop in the region's steel demand in 2023 to the lowest level since the year 2000 and to substantial downward revisions of the forecast for this year. After only a technical rebound in 2024, the region's steel demand is expected to finally show a meaningful recovery with a 5.3% growth in 2025. The forecasted steel demand for the EU in 2024 is only 1.5 Mt higher than the pandemic trough in 2020.

In stark contrast with the EU, US steel demand continues to show healthy steel demand fundamentals. The country's steel demand is expected to quickly return to growth path in 2024 after a sharp drop led by housing market slowdown in 2023 thanks to strong investment activity, which received a boost from the Inflation Reduction Act and a gradual recovery in housing activity.

Steel using sector trends

We observed that a **residential construction downturn** driven by high interest rates and high construction costs have dragged down steel demand across most major steel using regions.

In 2023 we saw sharp drops in **housing activity** in the US, China, Japan and the EU, and weakness in housing activity is expected to stretch well into 2024 in most major markets on the lagged impact of monetary tightening. A meaningful recovery in residential construction is expected to begin only from 2025 onwards.

Weakness in global manufacturing activity on high costs and uncertainties, tight financing conditions and weak global demand also hampered global steel demand in 2023. Leading indicators suggest the start of a recovery in global manufacturing activity in 2024. Automotive was the notable exception to overall weakness in manufacturing, as the sector finally showed the long-awaited strong recovery in 2023 on pent-up demand

and easing supply chain constraints. Following a year of strong double-digit growth in all major auto producing countries, we expect to see the sector showing weak growth at best in 2024 in most of them.

Strong investment activity in manufacturing facilities and public infrastructure have underpinned global steel demand in 2023. Investment in manufacturing facilities is driven by major economies' ambition to develop **strategic sectors** and ensure supply security for strategic components and materials against a backdrop of increasing geopolitical tensions. We believe that **the green transition of the world economy**, which requires an economic transformation of unprecedented magnitude and scope, is one of the major factors behind the strength in public infrastructure investments. For example, a recent Economics Committee study estimated that global steel demand for new wind energy installations will triple by 2030 to around 30 Mt when compared with early 2020s. While the share of steel demand for wind energy installations will remain relatively low in total global demand, it may give quite a noticeable support to overall steel demand in certain regions such as Europe.

We find it also important to note that **public infrastructure investments aiming to reinforce infrastructure against rising climate change risks and reconstruction** of areas hit by natural disasters were major factors supporting steel demand in some major steel using countries in 2023 (e.g. Japan, China, Korea, Turkey).

We expect to see continued strength in investments in public infrastructure and manufacturing facilities. However, we also observe that high construction costs and labour shortages emerge as major constraints for many major economies, and this might constrain further growth in public infrastructure and manufacturing facility investments in the short-term.

Risks

We observe that risks have moderated since our last update in October 2023 and are balanced.

On the upside, we believe that a faster than expected disinflation accompanied by further monetary policy easing could provide a significant boost to steel using sectors, particularly housing construction. We also believe that an acceleration in global decarbonisation efforts or in efforts to strengthen public infrastructure against rising climate change risks are significant positive risks that can support global steel demand going forward.

On the downside, we observe that further escalation in geopolitical tensions, inflationary pressures proving more persistent than expected, and high and rising public debt levels triggering fiscal consolidation in major economies are significant risks that certainly have the potential to slowdown the ongoing economic recovery or even derail it.

#Ends#

Notes

- The World Steel Association (worldsteel) is one of the largest and most dynamic industry associations in the world, with members in every major steel-producing country. worldsteel represents steel producers, national and regional steel industry associations, and steel research institutes. Members represent around 85% of global steel production.
- The SRO includes presentations, estimates and other information that are forward-looking. While these forward-looking statements represent our current judgement on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect worldsteel's opinions only as of the date of this release.

Table 1. Steel Demand Forecasts
SRO April 2024, finished steel products

Regions	million tonnes			y-o-y growth rates, %		
	2023	2024 (f)	2025 (f)	2023	2024 (f)	2025 (f)
European Union (27) & United Kingdom	136.8	140.7	148.1	-10.0	2.9	5.3
Other Europe	44.3	47.9	46.1	13.5	8.1	-3.7
Russia & other CIS + Ukraine	56.1	58.4	58.9	8.6	4.1	0.8
USMCA	131.7	133.6	136.2	-1.0	1.4	1.9
Central and South America	45.7	45.5	46.8	0.9	-0.5	2.8
Africa	35.0	36.9	38.5	-1.7	5.4	4.4
Middle East	54.9	57.2	58.7	-0.4	4.1	2.6
Asia and Oceania	1 258.5	1 273.1	1 281.9	-1.0	1.2	0.7
World	1 763.0	1 793.1	1 815.2	-1.1	1.7	1.2
World excl. China	867.3	897.4	928.4	1.3	3.5	3.5
Developed Economies	359.4	364.2	374.1	-4.2	1.3	2.7
China	895.7	895.7	886.7	-3.3	0.0	-1.0
Em. and Dev. Economies excl. China	507.9	533.2	554.3	5.5	5.0	4.0
ASEAN (5)	73.4	75.9	79.2	1.1	3.5	4.3
MENA	69.3	72.6	74.8	-2.2	4.7	3.0

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ASEAN (5): Indonesia, Malaysia, Philippines, Thailand, Vietnam

Table 2. Top 10 Steel Using Countries 2023
SRO April 2024, finished steel products

Countries	million tonnes			y-o-y growth rates, %		
	2023	2024 (f)	2025 (f)	2023	2024 (f)	2025 (f)
China	895.7	895.7	886.7	-3.3	0.0	-1.0
India	133.4	144.3	156.0	14.8	8.2	8.2
United States	90.5	92.2	94.0	-4.2	1.8	2.0
South Korea	54.7	54.3	54.4	6.7	-0.8	0.2
Japan	53.3	53.3	53.9	-3.0	-0.1	1.1
Russia	44.6	46.4	46.4	7.0	4.0	0.0
Türkiye	38.1	41.5	39.4	17.2	9.0	-5.0
Mexico	28.5	28.8	29.3	14.0	1.2	1.6
Germany	28.0	28.9	31.8	-13.7	3.2	10.0
Brazil	23.9	24.1	24.5	1.5	1.0	1.6

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