

# PRESS RELEASE – worldsteel Short Range Outlook October 2023

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**The World Steel Association (worldsteel) today released an update of the Short Range Outlook (SRO) for 2023 and 2024. worldsteel forecasts that steel demand will grow by 1.8% in 2023 and reach 1,814.5 Mt after contracting by 3.3% in 2022. In 2024, steel demand will see a further increase of 1.9% to 1,849.1 Mt.**

Commenting on the outlook, Mr. Máximo Vedoya, Chairman of the worldsteel Economics Committee, said, “steel demand has been feeling the impact of the high inflation and interest rate environment. Since the second half of 2022, the activities of steel using sectors have been cooling sharply both for most sectors and regions as both investment and consumption weakened. The situation continued into 2023, particularly affecting the EU and the US. Considering the delayed effect of the tightening monetary policy, we expect steel demand recovery in 2024 to be slow in the advanced economies. Emerging economies are expected to grow faster than developed economies, but the performance of emerging economies continues to diverge, with emerging Asia maintaining resilience.

We expect the situation in China’s property market will stabilise in the latter part of the year and China’s steel demand will record slight positive growth thanks to government measures. The 2024 outlook for China remains uncertain depending on the policy directions to tackle the current economic difficulties. We note that the Chinese economy is in a structural transition phase that may add volatility and uncertainty. Other uncertainty is linked to regional conflicts and unrest such as in Russia and Ukraine, Israel and Palestine, and elsewhere. This could contribute to rising oil prices and further geo-economic fragmentation, both of which are downside risks.

It is worth noting that despite the weakening of construction activities due to high-interest rates, infrastructure investment is showing positive momentum in many regions, even in the advanced economies, reflecting the effect of decarbonisation efforts.”

## General

The global economic outlook continued to worsen under the influence of monetary tightening that hurt consumption and investment alike. However, inflation started to moderate in 2023 thanks to the slowing economy, which may allow the ending of the monetary tightening cycles in 2024. However, the war against inflation is not over and continues to be threatened by multiple factors: persistent core inflation and a tight job market and rising oil prices.

The construction sector has been negatively affected by the high interest rates and high-cost environment, especially the residential sector. However, infrastructure investment remained positive and is cushioning

the impact to some extent. Despite the easing of supply chain bottlenecks, the manufacturing sector continues to slow under weakening demand. The consumer durables sector has been particularly affected. However, the recovery in auto production will continue in 2023, helped by the order backlogs and easing of supply chain bottlenecks, allowing high growth in many regions. However, the sector is expected to decelerate in 2024.

## China

The depression in the property market that continued into 2023 is weighing on the economy, leading to an unexpected slowing of the Chinese economy. Falling housing sales have led to financial troubles for major real estate developers, generating concerns about the health of the Chinese economy. However, the situation is expected to stabilise in the latter part of 2023 as the Chinese government has taken some measures to stabilise the economy since July.

Almost all steel using sectors have shown signs of weakening since the second quarter. Key real estate indicators like land sales, housing sales and new construction starts continued to fall in 2023. The decline in new starts in 2021-2022 has suppressed construction activities and will continue to suppress steel demand in 2024.

On the other hand, the growth momentum of infrastructure investment continued in 2023 thanks to the government's efforts to boost construction. The government may kick off some additional infrastructure projects. As a result, infrastructure investment in both 2023 and 2024 is expected to remain moderately positive.

Manufacturing growth momentum also weakened, but maintained moderate growth in 2023, with positive growth in auto production and strong growth in home appliances. The growth momentum in manufacturing may weaken further due to deteriorating external markets.

It is expected that steel demand in 2023 will record 2.0% growth supported by infrastructure investments and stabilisation in the property sector. The outlook for 2024 is uncertain. The real estate market and exports will continue to exert negative pressure on steel demand and steel demand might contract in the absence of additional government support measures. However, under the assumption that the government will introduce additional measures to support the economy, steel demand in 2024 may sustain the level of 2023. There is a downside risk for both 2023 and 2024 if the stimulus effect is weaker than expected.

## Developed economies

Steel demand in developed economies is expected to contract by 1.8% in 2023 after falling by 6.4% in 2022, with Europe suffering particularly heavily from monetary tightening and high energy costs. In 2024, a technical rebound will enable growth of 2.8% in steel demand.

### European Union (27) and United Kingdom

While the EU economy turned out to be more resilient than expected to the energy crisis brought about by the Russia-Ukraine war, high interest rates and energy costs are putting a heavy toll on manufacturing

activities. The recovery of the auto sector continues, though. Despite the continued recovery, auto production is not expected to reach the pre-pandemic level in 2024. Residential construction is also affected by high interest rates, materials costs, and labour shortages, while the momentum in infrastructure investment remains stable. Germany is in a particularly difficult situation, with both a manufacturing recession and a housing crisis. With monetary policy expected to remain tight, a rebound in real demand is not foreseen for 2024, but as destocking cycles end, a technical rebound will enable positive growth in steel demand in 2024.

After a fall of 7.8% in 2022, steel demand is expected to fall by 5.1% in 2023. Growth of 5.8% is expected in 2024.

### United States

Despite the resilience of the US economy to steep interest hikes, steel using sectors are feeling the impact. Particularly affected is residential construction, which is expected to contract in 2023 and 2024. However, the commercial building sector is showing robust recovery thanks to reshoring activities. Growth in the infrastructure sector is also being supported by the 2022 Infrastructure Law and Inflation Reduction Act (IRA). Manufacturing has been also slowing, but the automotive sector is expected to continue its post-pandemic recovery. The lagged effect of tight monetary policy points to downside risk for 2024.

After a fall of 2.6% in 2022, steel demand is expected to decline by 1.1% in 2023 and then grow by 1.6% in 2024.

### Japan

Labour shortages and rising costs are leading to sluggish growth in construction activities, but manufacturing steel demand is expected to show moderate growth in both 2023 and 2024, helped by the recovery of automotive production (the weak yen or external markets exert a limited influence on steel using sectors as Japan is basically a supply-side constrained economy).

After a fall of 4.2% in 2022, demand is expected to decrease by 2.0% in 2023 and then grow by 0.6% in 2024.

### South Korea

Recovery from the flood damages in 2022 and small but positive growth in construction after years of contraction will allow a recovery in steel demand in 2023, but it will be only moderate due to overall weakness in manufacturing, except for automotive.

Following a contraction of 8.5% in 2022, Korea's steel demand is expected to show growth of 3.3% in 2023 and 1.1% in 2024.

## Emerging and developing economies excluding China

Steel demand dynamics in emerging and developing economies continue to diverge, with developing Asia excluding China remaining resilient to global headwinds. After falling by 0.6% in 2022, steel demand in emerging and developing economies excluding China will show growth of 4.1% in 2023 and 4.8% in 2024.

## India

The Indian economy remains stable against the pressure of the high interest rate environment, and India's steel demand is expected to continue its high growth momentum. Growth in India's construction sector is driven by government spending on infrastructure and recovery in private investment. Infrastructure investment will also support the capital goods sector growth. Healthy growth momentum will continue in automotive. The consumer durables sector is the only sector that is underperforming due to higher inflation/interest rates that constrain discretionary spending. However, it will improve in 2024 with festive season spending and progress in the [Production Linked Investment \(PLI\) Schemes](#).

After growth of 9.3% in 2022, steel demand is expected to show healthy growth of 8.6% in 2023 and 7.7% in 2024.

## ASEAN

The ASEAN steel demand will be driven by domestic demand and infrastructure investment despite inflation and deteriorating external conditions. However, the region's export has slowed considerably, and it is denting its manufacturing performances. Vietnam is particularly affected by the deteriorating global trade environment. The political situation is causing delays in infrastructure investment in some countries.

After falling by 0.2% in 2022, ASEAN steel demand is expected to increase by 3.8% in 2023 and then by 5.2% in 2024.

## Other Europe

Turkish steel demand is expected to record very high growth of 19.0% in 2023 and to continue to grow in 2024. Steel demand will benefit from the earthquake-related construction activities and the abandonment of its unconventional monetary policy that drove foreign investment out of the country.

After falling by 2.5% in 2022, steel demand in Other Europe is expected to increase by 14.9% in 2023 and by 5.1% in 2024.

## Middle East and North Africa

The MENA region is expected to see steel demand contracting this year as steel demand in both the GCC and North Africa contracts.

After a strong recovery in 2022, the GCC will see its steel demand decline in 2023 due to sluggish construction activities in Saudi Arabia and Qatar. However, in 2024, steel demand will show a healthy rebound with an increasing momentum of mega projects and pent-up demand for housing. The UAE is expected to perform better among the GCC countries thanks to its booming real estate sector and investment in non-oil sectors.

Egypt's steel demand continues to suffer from the impact of the Russia-Ukraine war. High interest rates, severe currency depreciation, limited access to foreign currency, and higher production costs are leading to

the suspension of mega projects. The situation is expected to improve slightly in 2024 as inflation is expected to peak in the second half of 2023.

Following growth of 9.4% in 2022, total steel demand in the MENA region is forecast to decrease by 3.5% in 2023 and increase by 3.5% in 2024.

### Russia and other CIS + Ukraine

After performing better than expected in 2022, with only a minor contraction in GDP thanks to massive government stimulus measures, the Russian economy is expected to record a small positive growth in 2023, helped by oil revenues and adjustments of the economy to the sanctions. Steel demand is also expected to recover moderately in 2023. But in 2024, Russia will see a deteriorating economic environment with currency depreciation, labour shortages, and supply chain disruptions. Industrial production will deteriorate due to reduced access to modern technologies and continuous restrictions on the import of spare parts.

Despite the continuation of the war, the steel use situation in Ukraine is for stabilisation and improvement. Since March 2023, steel using sectors have shown an upward trend amid a low base of comparison. Construction activities are helped by relocation of businesses, construction of housing for internally displaced persons, restoration of damaged infrastructure, and development of new logistics routes.

Forecasts for 2023-2024 have been revised upwards for both Russia and Ukraine compared to the April 2023 outlook, but significant revisions are possible depending on the course of the war.

### Latin America

Latin America was ahead of other countries in raising interest rates to tackle inflation and some countries have already started to loosen monetary policy. However, this is causing the economy to slow down, and the steel demand outlook has worsened compared to the April outlook, with many countries showing contraction in 2023. Construction will be growing marginally in 2023 and 2024. There are multiple economic and political downside risk factors such as China's slowdown, high debts and financial market volatility, and unstable and uncertain political situations.

Steel demand in Latin America is expected to increase by 1.4% in 2023 and then grow by 2.1 % in 2024 after falling by 8.3% in 2022.

Brazil's steel demand is expected to contract again this year with sluggish manufacturing and a weakening real estate sector. Government investment along the newly launched GDP acceleration programme is expected to boost construction in the coming years and steel demand is expected to recover moderately in 2024.

The situation is brighter in Mexico, where the economy is supported by strong consumer sentiments, nearshoring activities, and election-related government spending. Steel-intensive manufacturing sectors are in positive territory, especially the auto sector. With a contracting residential sector, construction activities are less vigorous, but the nearshoring phenomenon and public investment are supporting construction.

**#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 October 2023, finished steel products

Regions	million tonnes			y-o-y growth rates, %		
	2022	2023 (f)	2024 (f)	2022	2023 (f)	2024 (f)
European Union (27) & United Kingdom	152.0	144.3	152.7	-7.8	-5.1	5.8
Other Europe	39.2	45.0	47.3	-2.5	14.9	5.1
Russia & other CIS + Ukraine	51.6	54.6	55.2	-12.0	5.8	1.0
USMCA	132.9	134.1	136.1	-3.0	0.9	1.5
Central and South America	44.9	44.2	45.1	-11.5	-1.6	2.2
Africa	39.5	37.9	39.9	0.8	-4.1	5.4
Middle East	57.1	56.1	57.9	7.7	-1.7	3.2
Asia and Oceania	1 265.3	1 298.3	1 314.9	-2.7	2.6	1.3
<b>World</b>	<b>1 782.5</b>	<b>1 814.5</b>	<b>1 849.1</b>	<b>-3.3</b>	<b>1.8</b>	<b>1.9</b>
World excl. China	861.6	875.2	909.8	-3.2	1.6	4.0
Developed Economies	374.7	368.2	378.4	-6.4	-1.8	2.8
China	920.9	939.3	939.3	-3.5	2.0	0.0
Em. and Dev. Economies excl. China	486.8	507.0	531.4	-0.6	4.1	4.8
ASEAN (5)	72.6	75.3	79.2	-0.2	3.8	5.2
MENA	76.6	74.0	76.6	9.4	-3.5	3.5

*f - forecast*

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

**Table 2. Top 10 Steel Using Countries 2022**  
SRO October 2023, finished steel products

Countries	million tonnes			y-o-y growth rates, %		
	2022	2023 (f)	2024 (f)	2022	2023 (f)	2024 (f)
China	920.9	939.3	939.3	-3.5	2.0	0.0
India	116.2	126.1	135.8	9.3	8.6	7.7
United States	94.5	93.5	95.0	-2.6	-1.1	1.6
Japan	55.0	53.9	54.2	-4.2	-2.0	0.6
South Korea	51.3	53.0	53.6	-8.5	3.3	1.1
Russia	41.7	43.8	43.8	-5.0	5.0	0.0
Türkiye	32.5	38.7	40.6	-2.6	19.0	5.0
Germany	32.4	29.2	32.3	-8.8	-10.0	10.6
Italy	25.1	23.3	24.4	-5.6	-7.2	4.8
Mexico	25.0	26.6	27.2	-2.0	6.6	2.0

*f - forecast*