
EUROFER sees EU steel market hitting bottom

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EUROFER in its Economic & Steel Market Outlook 2009-2010 report, said that it is seeing a sign that the EU steel market is bottoming out. The EUROFER report shows that output of the EU's steel using sectors, such as automotive and the construction sector, fell by almost 25% YoY in the first quarter of 2009, a similar drop in output is estimated for the second quarter. Steel demand dropped by 43% in the first half.

According to the report destocking and weak activity in the steel using sectors will continue to depress apparent steel consumption in the third quarter of 2009. However, from the fourth quarter onwards the market is expected to see a low level equilibrium as the negative effect of the stock cycle starts to ease. It expects apparent steel consumption to grow by almost 14% in 2010.

On a brighter note, Eurofer noted macroeconomic data pointing to a bottoming out of the current economic situation.

Mr Gordon Moffat director general of EUROFER said that "While hard data has so far continued to provide evidence of the EU sinking deeper into recession, recent surveys and leading indicators suggest that the economic downturn could bottom out over the coming months. We finally see some light at the end of the tunnel."

Looking forward, destocking and weak activity in the steel using sectors will continue to depress apparent steel consumption in the 3rd quarter of 2009. However from the 4th quarter onwards the market is expected to see a low level equilibrium as the negative effect of the stock cycle starts to ease.

Eurofer forecasts that on average, apparent steel consumption will fall by almost 33% in 2009 compared to 2008. However, in 2010, the stock cycle reversing to slightly positive will result in apparent steel consumption growing by almost 14%.

(Sourced from www.platts.com)

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