

---

## Developed countries to face tough times in steel demand recovery - Report

*Saturday, 21 Nov, 2009*

ET reported that the global steel industry's much awaited demand recovery next year will differ widely across regions, with mature economies facing a slow and painful improvement and emerging markets enjoying a robust comeback.

Capacity restarts have dominated headlines over the past couple of months, as steelmakers across the globe ramp up production citing an improvement in their order books, while prices around the world have bounced from record lows.

Austrian steelmaker Voestalpine reported it had swung back to an operating profit in the three months to September, while a strong performance at Russian steel mills helped push the country's biggest steelmaker Severstal to a surprise third quarter net profit. But that could be it for the good news for now in Europe and the United States, where recovery is seen tentative and fragile.

Mr Ian Christmas secretary general of World Steel Association said that "There is a fundamental difference now in recovery between different parts of the world. In industrialized countries it is a technical one, a major stock cycle and there's a lot of caution about the underlying demand next year. There's a great confidence in India, Brazil and China seems to be growing very strongly, but there's not that level of confidence about a real recovery in the mature countries."

While the rest of the world faced severe production cuts this year, output in China has totaled 472.5 million tonnes in the first 10 months and is heading for a record high. Despite concerns that China's mills are producing too much steel, analysts said demand has held out so far, boosted by record automobile sales and stimulus driven investment in infrastructure.

Mr Geoff Boyd head of automotive and steel research at CLSA Asia Pacific said that "We thought we would see another dip in demand in China but it's looking pretty good. This is quite bullish and positive in terms of demand outlook."

Capacity utilization rates in Europe have recently neared 70% and a similar level in the United States. However, some traders and producers are wary of this ramp up, citing the demand to meet the supply is not there.

(Sourced from [www.economictimes.indiatimes.com](http://www.economictimes.indiatimes.com))

For more news visit at [www.steelguru.com](http://www.steelguru.com)