
Global steel demand seen at 9pct growth in 2010

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World Steel Association forecasts that apparent steel use will contract globally by 8.6% to 1,104 million tonnes in 2009, after declining by 1.4% in 2008, while global steel demand in 2010 is forecast to grow by 9.2%, to 1,206 million tonnes.

Mr Daniel Novegil economics committee chairperson of WSA said that the global recovery is stronger than the decrease of 14.1% predicted in April. He added that "According to our current forecast, China will rebound 19% in 2009, and 5% in 2010. Emerging economies will slow down 17% in 2009, to grow to 12% in 2010. Apparent steel use in developed economies, which contracted by 34% in 2009, will rebound by 15% in 2010. Therefore, the WSA forecasts growth for global steel in 2010."

However, Mr Novegil adds that the growth is expected to be moderate. The emerging economies, especially China, will be the critical factor in driving world steel demand in the near future, as was the case before the financial crisis. He said that "While the state of the global economy has improved, uncertainties and concerns regarding the resilience of the recovery still remain with the possibility of premature reduction in government stimulus actions. This uncertainty particularly exists for the Chinese economy in 2010, whose fast recovery in 2009 was largely enabled by such strong government stimulus policies."

Mr Novegil notes that the North American Free Trade Agreement region is expected to show a 35.8% decline in apparent steel use in 2009, and a positive 17.1% growth in 2010. Apparent steel demand in the US is likely to fall by 38.7% to 60 million tonnes in 2009 after falling by 8.2% in 2008. It should recover to 72 million tonnes in 2010 with a growth rate of 18.8%.

The European Union member countries economies have also been significantly affected by the economic crisis and the region's apparent steel use is expected to fall by 32.6% in 2009 to 122 million tonnes. In 2010, the apparent steel use in the EU 27 is expected to grow by 12.4%.

South Africa was ranked 21 out of 43 by the WSA in terms of global crude steel production in 2008 and is also Africa's largest steel producer, accounting for 48% of total crude steel production on the continent in the same year. The primary steel industry is a significant contributor to the South African economy and earns considerable amounts of foreign exchange.

The South African Iron & Steel Institute reports that total South African crude steel production amounted to an estimated 8,176 million tonnes in 2008, down by 9% YoY when compared with the 8,986 million tonnes produced in 2007, representing about 0.6% of world production. Of this, about 5.5 million tonnes is consumed domestically.

South Africa is a net exporter of steel products, with the rest of Africa accounting for 37% of total exports in 2008. Other significant export markets are the Far East and the EU 27, each of which accounted for 22%, in 2008, as well as South America with 5%, the Middle East accounting for 6% and the NAFTA countries and African island nations with 4% each.

(Sourced from www.engineeringnews.co.za)

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