
Global crude steel production in October dip by 20% off peak

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It is reported that October global steel production declined 6.9% to 100.5 million tonnes from September's 107.9 million tonnes despite an extra day in October, continuing last months 3.7% drop and further reflecting nearly instantaneous production cuts in response to declines in global steel demand as steel buyers deferred purchases in favor of living on their own inventories during this period of uncertainty.

On an average daily basis, October production came in at 3.2 million tonnes per day, down 9.9% from September's 3.6 million tonnes per day and 18.3% below June's peak of 4.0 million tonnes per day. While output fell in all regions, China, Russia, Ukraine and the US accounted for over 90% of the total sequential decline in October production.

As per report Chinese Crude Steel Output Leads Decline October Chinese crude steel production fell 9.4% to 35.9 million tonnes from September's 39.6 million tonnes, or 12.3% on an average daily basis, and represented half of the global decline in production. We believe the large drop is a result of the decelerating Chinese economy, falling steel prices and global credit squeeze. Chinese production fell 16.3% from year ago and came in at the lowest level since May 2006.

US production came in at 7.1 million tonnes or 227,600 tonnes per day in October, down 12.9% from 261,400 tonnes per day in September as mills continue to cut production in an attempt to match supply with reduced demand. October US steel output was down 19.2% versus May's peak on an average daily basis. Other countries with significant declines in average daily output during October include Russia and Ukraine.

Report said that plenty of Countries See Increases. Perhaps most interesting was the number of reporting countries showing an increase in the month; almost half of the reporting WSA countries showed higher October steel production compared to September levels. Among the nations reporting the largest increases were India, France and Spain which rose 3.8%, 8.8% and 3.3% respectively. We believe that most of these were seasonal restarts and suspect that we'll see those figures back off in November.

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