

Global Steel Market Outlook Report

Your Steel Guide in
the Post Pandemic World

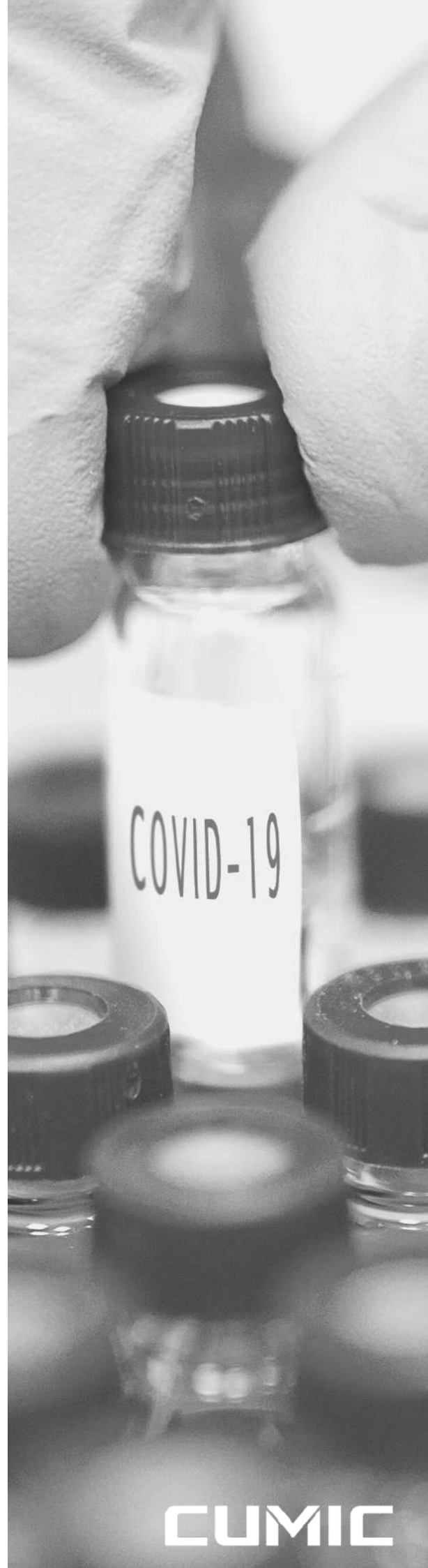


The COVID-19 pandemic has brought far-reaching changes to the global economy and industries in 2020, and the steel industry is no exception.

Especially in the second quarter, as the pandemic further spread worldwide, the supply chain was significantly disrupted, which severely impacted downstream steel users, and we saw a sharp contraction of steel demand on a global scale.

In most countries, while economies have gradually been recovering since mid-May, after the global steel industry had passed the lowest demand point, a slow and uneven trend is expected.

The global recovery has been mostly led by China, ASEAN countries, and India. Specifically, China's recovery has continued to show a surprisingly fast and steady pace. The rapid rebound of China's economy has not only brought its domestic steel demand back to the growing range but also prompted a sharp increase in the global steel demand of 2020.



Global Steel market review

Affected by the pandemic, the global manufacturing PMI remained low, and the economic downturn has caused a shrinking demand for commodities in the global markets.

A series of corresponding measures such as lockdown and social distancing have caused major downstream steel industries to reduce or suspend production. The shutdown rate of automobile companies in Europe, Japan, South Korea, and other countries had once reached 70%. The continued contraction of global demand made it difficult for Chinese steel to export.

Meanwhile, as the pandemic heavily affected downstream industrial production and manufacturing which resulted in the shrinking demand, a large amount of steel produced and planned to be produced have nowhere to go but to other countries at low prices.

In China, which was among the first countries to recover from the pandemic, the resumption of production in various industries stimulated demand for steel. A large amount of steel was imported to China, resulting in a substantial increase in China's imports of steel in 2020.



Key market players

CHINA

Affected by the outbreak of COVID-19, in Q1 2020, steel demand shrunk significantly; however, with business reopening and economic stimulus policies in the second quarter, China's economy had recovered at a steady pace, and steel production further increased.

Since the pandemic got effectively controlled, China's economy showed strong resilience with an upward trend. According to the data released by the National Bureau of Statistics, China's GDP in the first three quarters was up 0.7% YoY and expected to maintain a growth rate of approximately 2% throughout the year.

China's economy has shown a strong recovery since the end of February, and the recovery trend has been steadily developing. Despite the GDP in Q1 falling by 6.8% YoY, it was up 3.2% YoY in Q2, and 4.9% in Q4. The GDP growth in the first three quarters was positive, with an increase of 0.7% YoY.



“Steel exports declined, while imports continued to grow.”

Supported by the strong economic recovery, China’s crude steel output reached 961.16 million mt from January to November, up 5.5% YoY. The cumulative output was 120,203,000 Mt, up 7.0% YoY. Total output of 2020 is expected to be around 1.05 billion tons,

The General Administration of Customs of the People’s Republic of China (GACC) show that from January to December, China’s steel exports totaled 53.671 million mt, a decrease of 16.5% YoY. A total of 20.233 million mt of steel was imported in 2020, up 64.4% YoY.





EUROPE 28

EU 28 produced 125.159 million mt of crude steel in January-November 2020, down 14.6% from a year earlier, the World Steel Association reported Dec. 22.

The outbreak of the COVID-19 pandemic has exacerbated an already challenging steel market situation, with unprecedented consequences for the European steel market.

Lockdown measures during the first wave of the pandemic had a major impact on steel production and exports, greatly disrupting the supply chain of major steel-using sectors. The automotive sector is the hardest hit steel using sector in both the global financial and COVID-19 crisis, while the mechanical machinery sector contracts less with the COVID-19 crisis.

Key market players

JAPAN

Japan produced 75.7 million mt of crude steel in January-November 2020, down 17.3% from a year earlier, data released by the Worldsteel showed. The country's steel exports amounted to 29.57 million mt over the January to June 2020 period, falling by 4.7 % y-o-y, according to the latest statistics published by JISF.

SOUTH KOREA

OECD predicted a decline of 1.0% in its September forecast for Korea's 2020 economic growth, which is slightly better than the minus 1.2 % figure issued in June.

In October 2020, South Korea's steel exports amounted to 24.113 million mt, falling by 3.8 % YoY, according to the customs statistics released by the Korea Iron & Steel Association (KOSA).

Auto sectors in South Korea

In August 2020, around 233,000 units of vehicles were manufactured in South Korea, falling by 6.4% YoY. 130,000 units of vehicles were exported in August, a decrease of 9.5% from last year, while domestic auto sales drop by 5.6% YoY to 112,000 units, falling for the first time in six months, largely due to the lower number of working days.

In September 2020, South Korea produced 342,500 vehicles, up 23.19% YoY. The country produced around 2.55 million vehicles in 9 months of 2020, down 12.56% YoY. 191,400 units of vehicles were exported in September, an increase of 13.8% YoY, and a total of 1.33 million vehicles were manufactured in January-September 2020, down 25.65% from a year earlier.

Key market players

TURKEY

As the world's largest scrap buyer in 2019, Worldsteel reported that Turkey produced 32.36 million mt of crude steel in the January-November period of 2020, an annual rise of 4.9%. The country's exports dropped 10.5% to 13.3 million mt in the first 10 months of 2020, a statement released by the Turkish Steel Producers' Association (TCUD) indicated.

INDIA

India produced 89.4 million mt of crude steel in 11 months of 2020, down 12.3% YoY, a report from Worldsteel Association showed. In the April-October period of 2020, the country's steel exports surged 45.3% YoY to 7.09 million mt, a statement released by The Indian Steel Association (ISA) indicated.





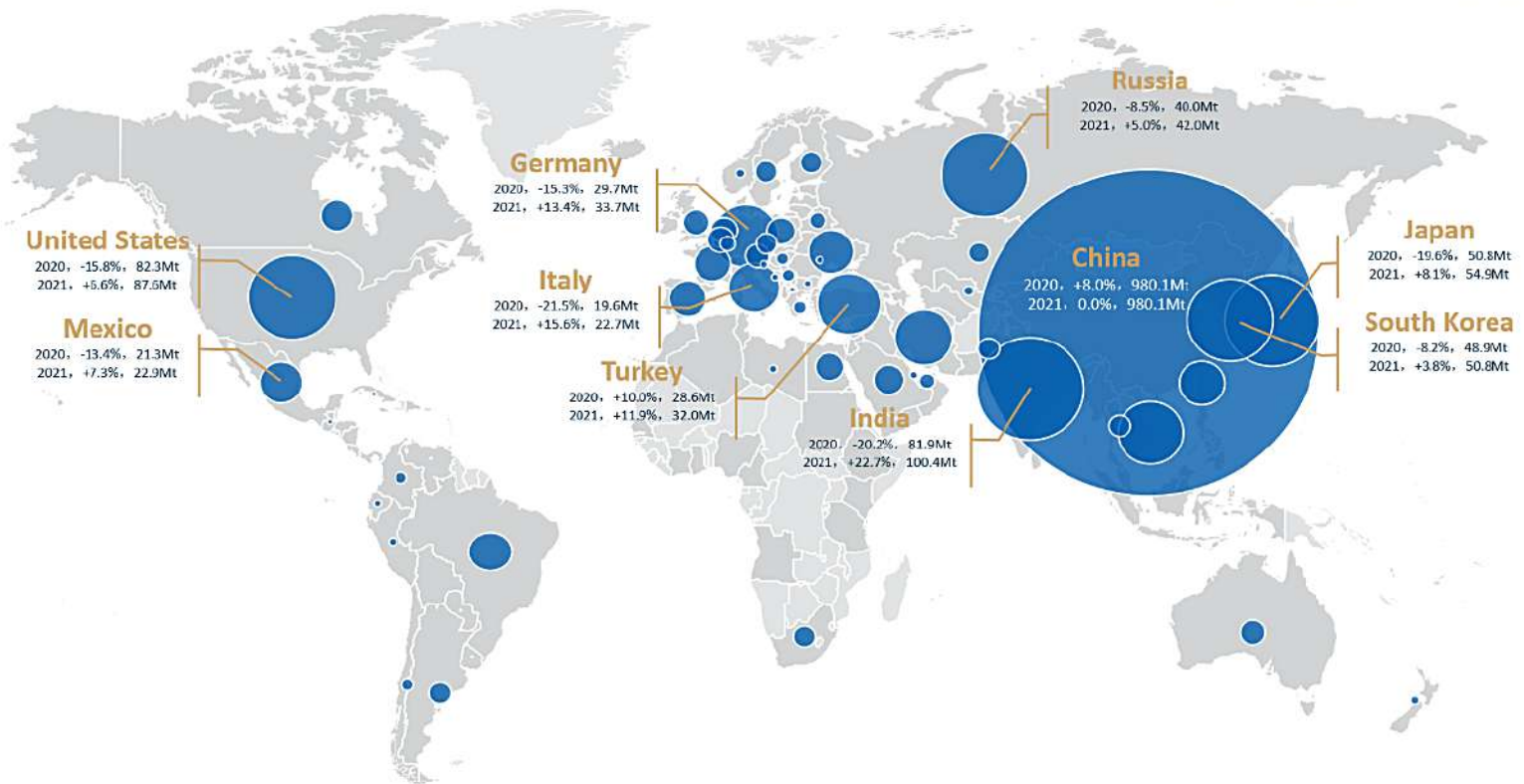
India is one of the few countries where steel exports have increased significantly during the global pandemic. Since March 2020, despite India's blockade of steel production and sluggish domestic demand, its steel trade pattern has undergone tremendous changes, and India's total exports of finished steel have grown substantially.

In the May-July period of 2020, the country's exports surged by more than double from a year earlier. In June 2020, India's steel exports touched 1.5 million mt, rising by around 334% over June 2019.

As the COVID-19 pandemic and the nationwide lockdown have muted India's domestic steel demand, Indian steel manufacturers have been driven by a surge in exports, especially to China, as China's economy recovered from the pandemic, thanks to a surge in property and infrastructure projects.

Outlook for 2021

World Steel Demand



THE NUMBERS

STEEL DEMAND OUTLOOK

As a consequence of COVID-19, Worldsteel projected a 4.1% increase in global steel demand, dropping to 1,795.1 million mt in 2021. Driven by government infrastructure stimulus and a strong property market, China's steel demand is expected to grow by 8% to 980.1 million mt in 2021.



Steel Exports Outlook

The global steel industry has witnessed a huge downturn due to COVID-19, and global steel production and exports witnessed a sharp contraction.

As the world's biggest steel producer, China has shown astonishing resilience, and became a net importer in June 2020 for the first time since 2009, contributing to a major upward revision of the global growth forecast for 2020.

With the gradual recovery of the global economy and the continuous increase in global steel prices, China's steel imports are likely to fall back to pre-COVID-19 levels by 2021, and China's steel exports may increase significantly in January-February of 2021.

If the global pandemic is effectively alleviated in 2021, the global economic recovery will inevitably promote the recovery of steel demand. China's finished steel exports are projected to increase to 65 million-70 million mt in 2021 from an estimated 54 million-55 million mt in 2020.

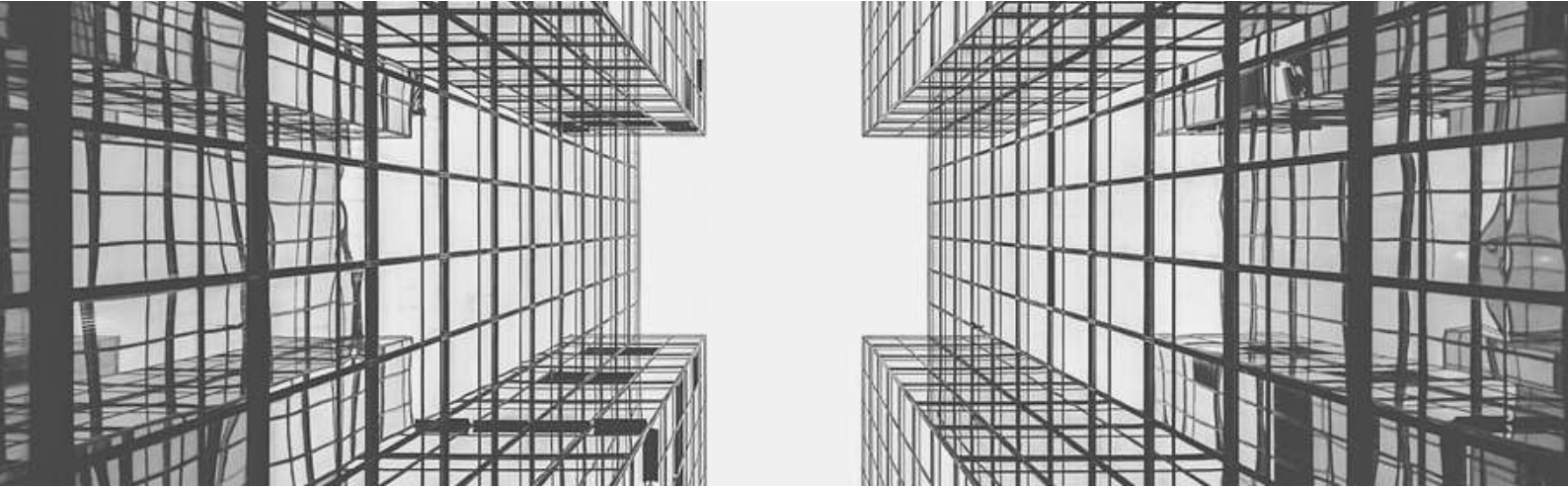
2021: Make the Most of China's Steel Market

For steel users around the world in 2021, China is no doubt the most prominent choice of supplying country for maximized benefits.

However, China has a mass steel market, and it is not particularly known for consistency in different suppliers. That is why, when purchasing material from China, it is essential to spot reliable businesses and suppliers with top-quality products.



ABOUT CUMIC



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As an integrated steel trading solution provider, we, **CUMIC Steel Limited**, have long-term cooperation with 9 out of the top 10 steel-producing companies in the world. For the past 15 years, we have been consistently delivering high-quality integrated steel trading solutions to 1000 regular clients in 60 countries.

Our team, led by globally experienced industry experts and entrepreneurs, consists of close to 100 employees in 12 global branches and offices including our head office in Shanghai. Combining our global standard with localized strategies, we can be your trusted steel supplier.



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