

## EU steel market, Jan 2024 – Data to Feb 2

- Cycle: In Q4, steel supply was 10% below end-user production due to blast furnace closures and destocking at stockholders and in supply chains. In Q1, supply increases and demand decreases. By summer, market balance for oversupply is tested.
- Low supply has led to ca 10% higher *flat product* prices in Feb vs Dec. Price pressure continues as long as supply remains below end-use. Blast furnace production rate started to rise in Q1.
- Expected aggregate end-user production in Q1 will be down 2-3% vs Q4. Vehicles output flat, machinery and construction slowing further.
- Raw material price expectations: Scrap flat/slightly up, iron ore starts to fall due to Chinese construction problems. Coking coal flat/down.

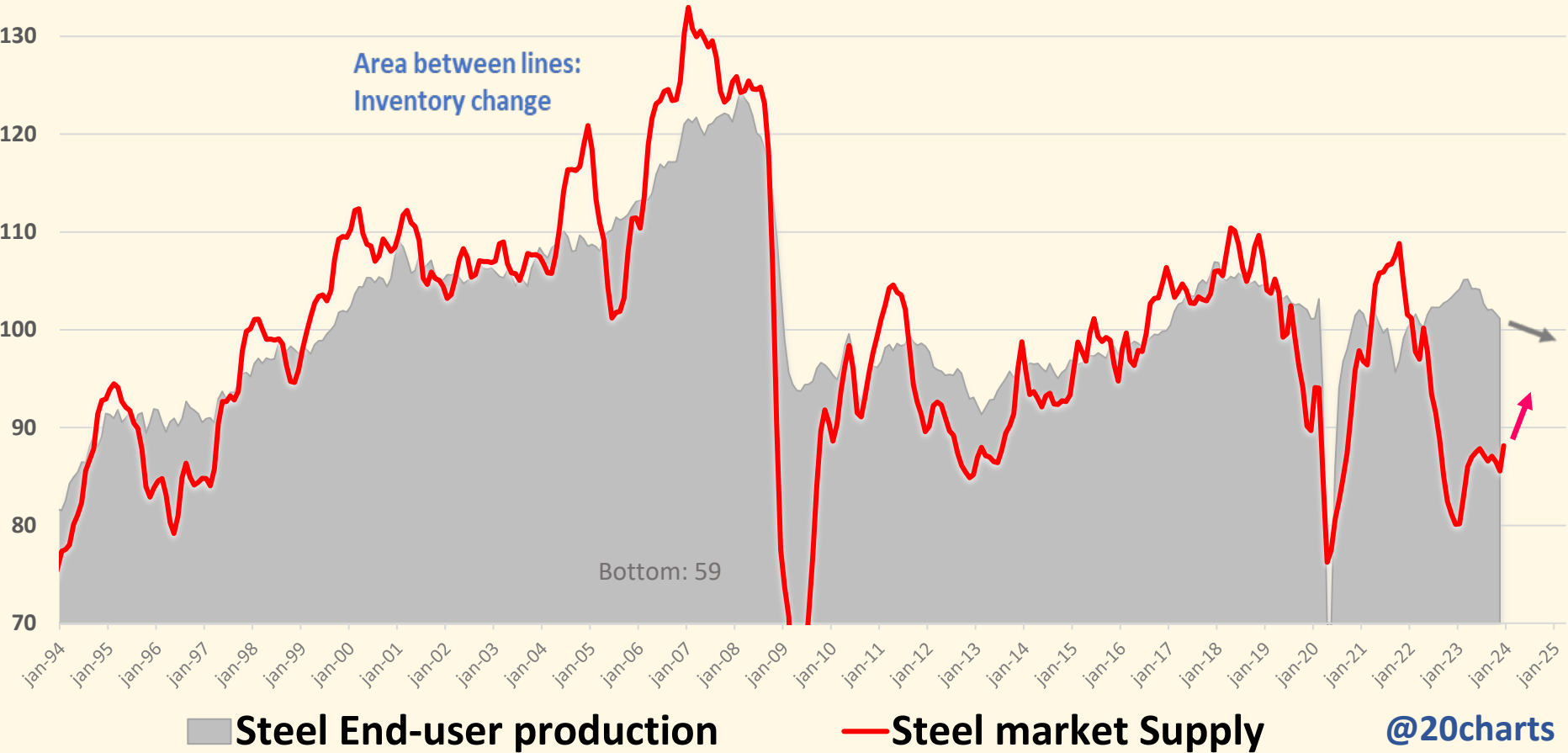
Note: Futures prices 2-3 months forward do not necessarily turn out as expected. Month 1 shows immediate movements.

# EU27+UK Steel Demand-Supply, Dec

Supply: EU production + Imports less Exports

Index 2010=100, End-use.  
Revised from Jun-10.

Source: Eurostat, EC, Own estimate



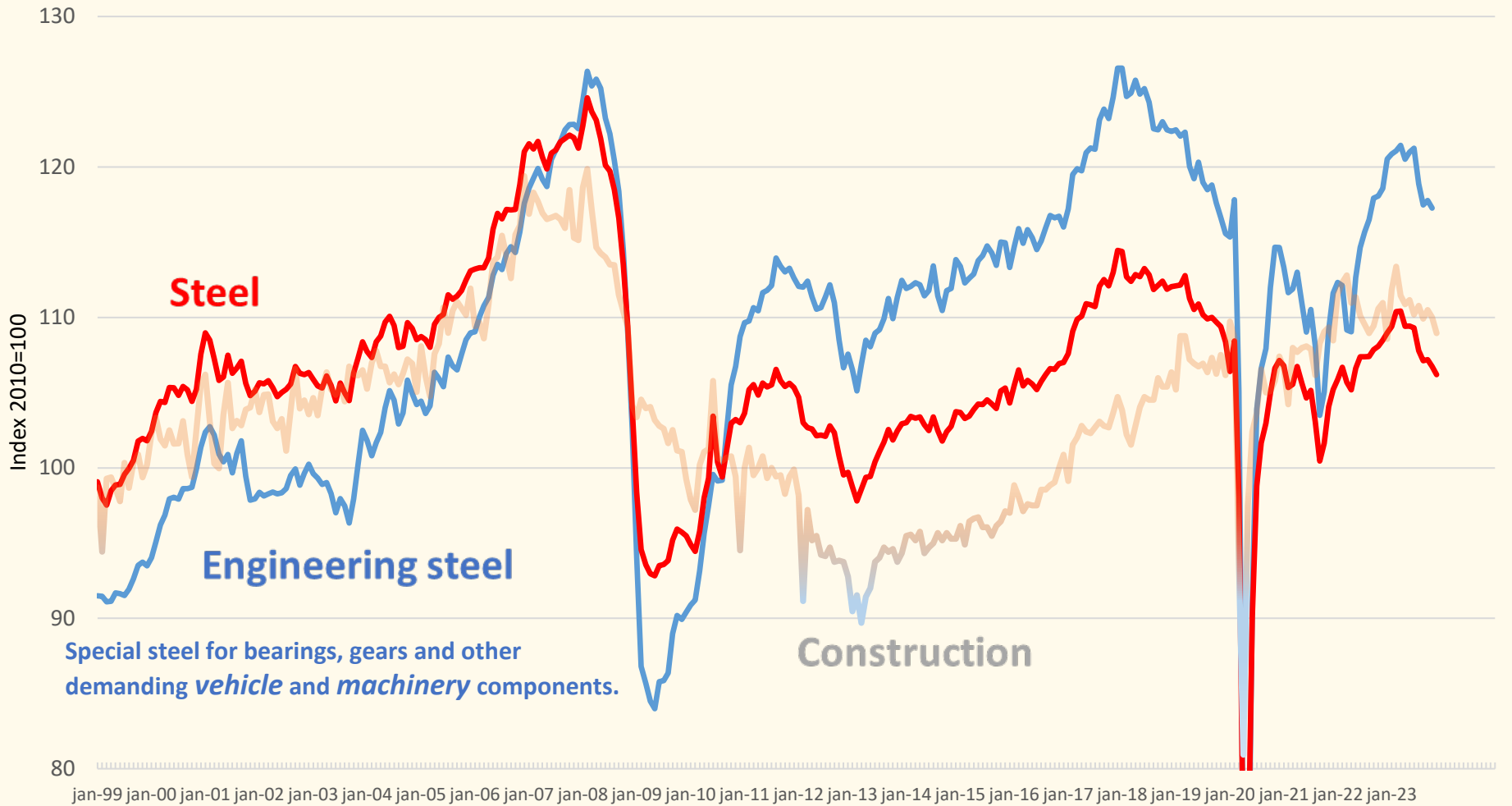
Steel End-user production

Steel market Supply

@20charts

# EU27 End-users: Steel and Engineering steel/Nov

Source: Eurostat



— Engin steel end-users

— Steel End-users

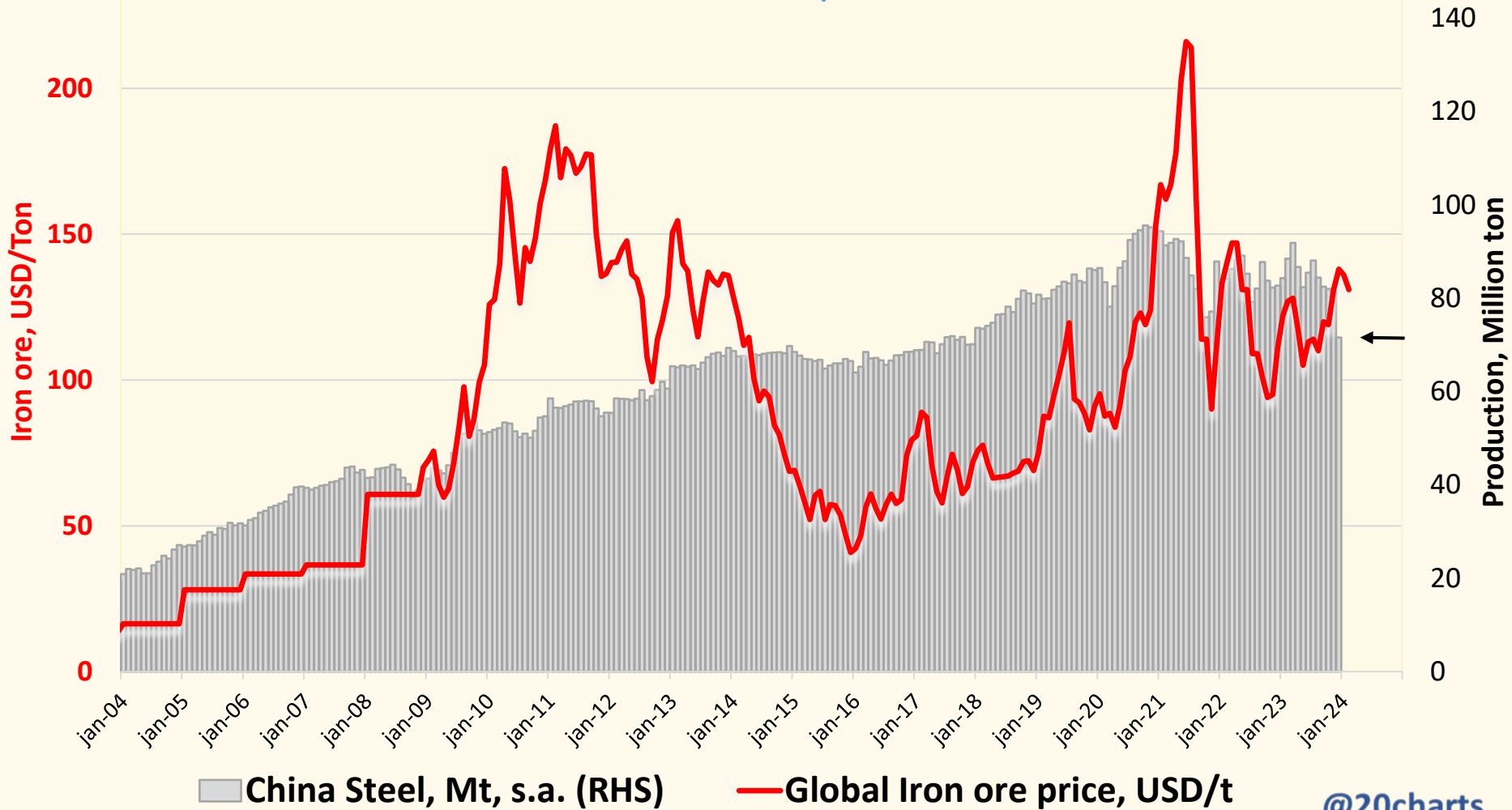
— Construction

@20charts

# China Steel production vs Iron ore price/Dec

Source: NBS, Fred

55% of world's steel is produced in China



China Steel, Mt, s.a. (RHS)

Global Iron ore price, USD/t

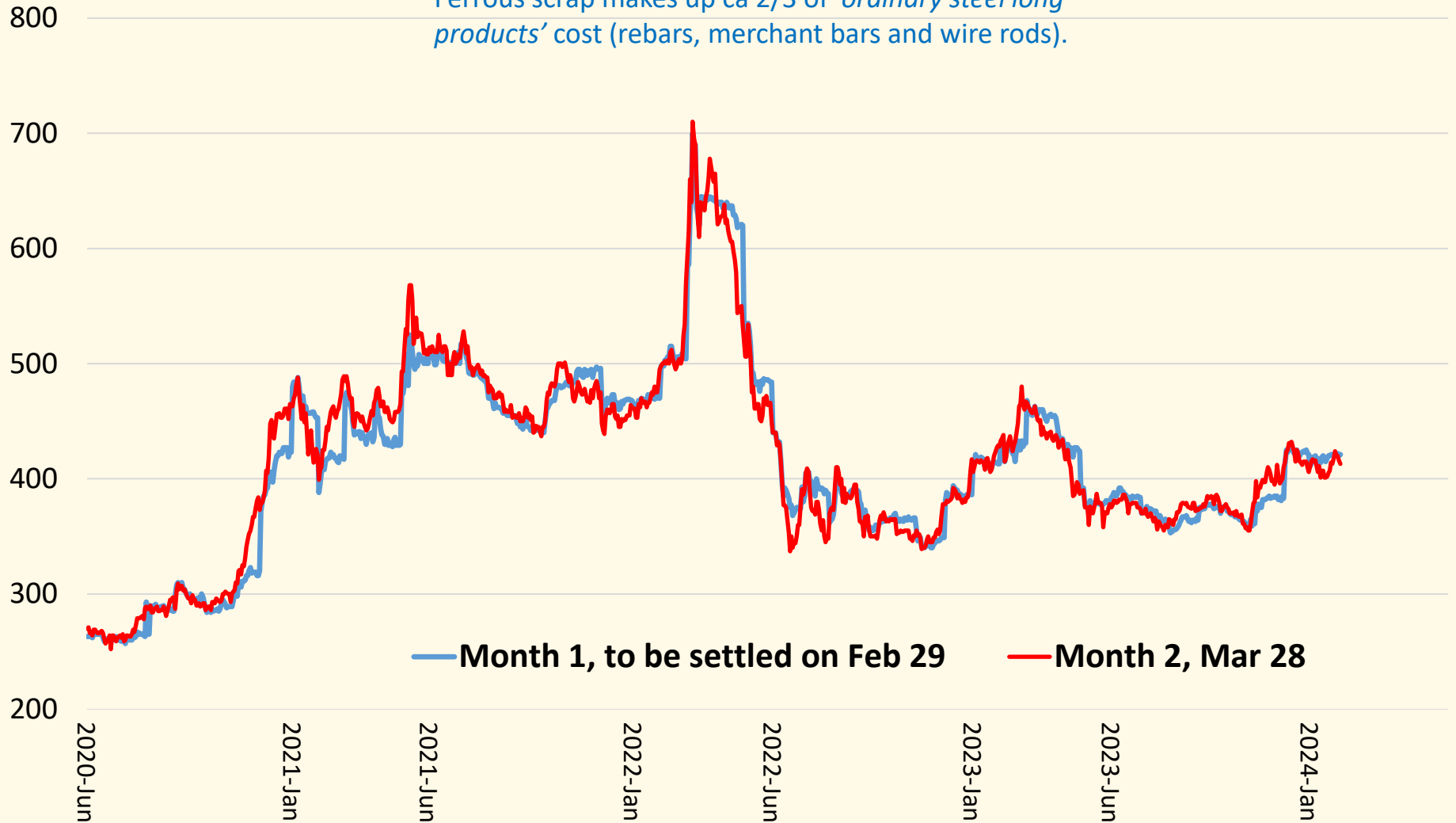
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# Ferrous Scrap futures price, USD/ton - Feb 2

@20charts

Source: LME (Platts)

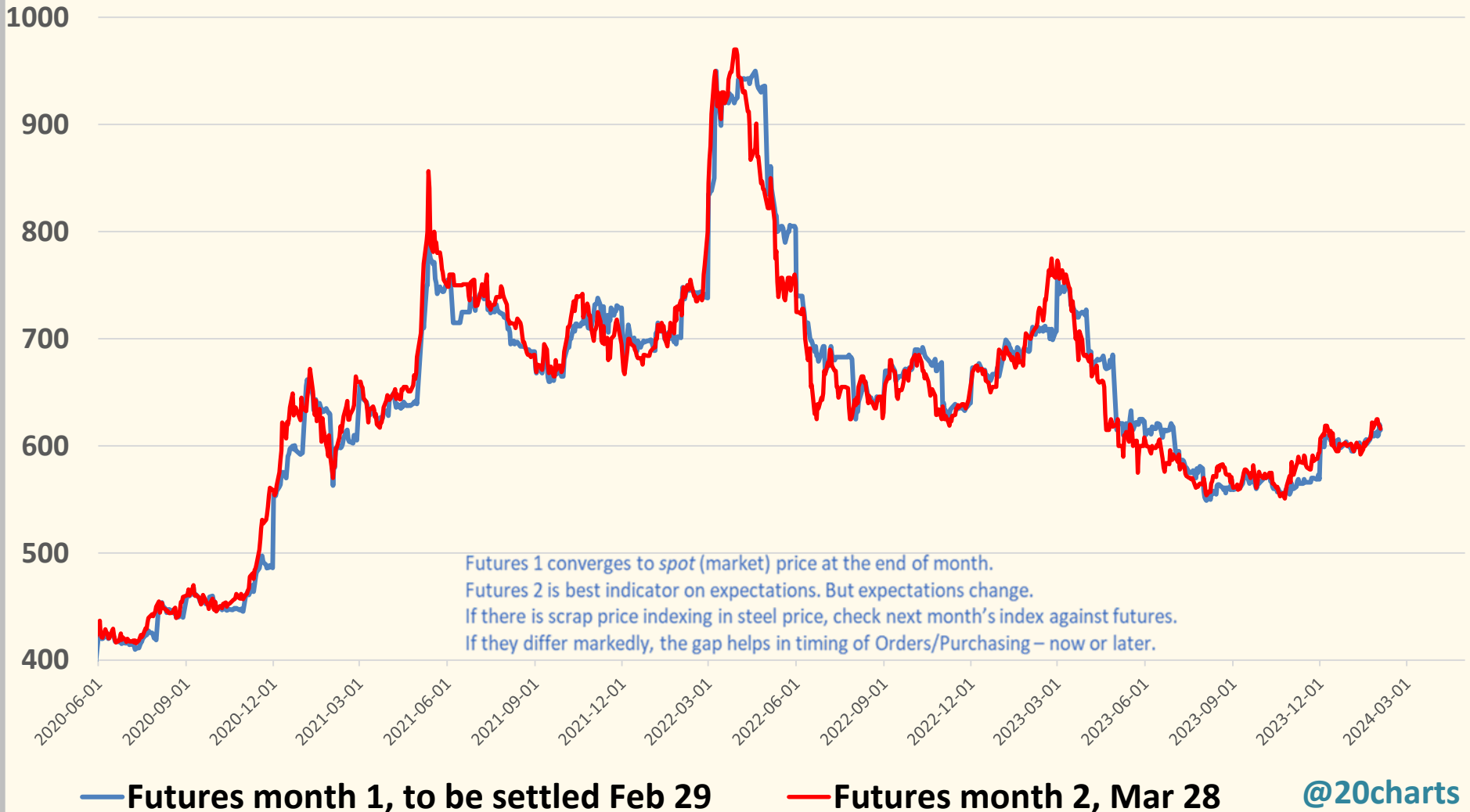
Ferrous scrap makes up ca 2/3 of *ordinary steel long products'* cost (rebars, merchant bars and wire rods).



# Rebar (Armeringsstål) Futures prices, USD/ton - Feb 2

Source: LME (Platts)

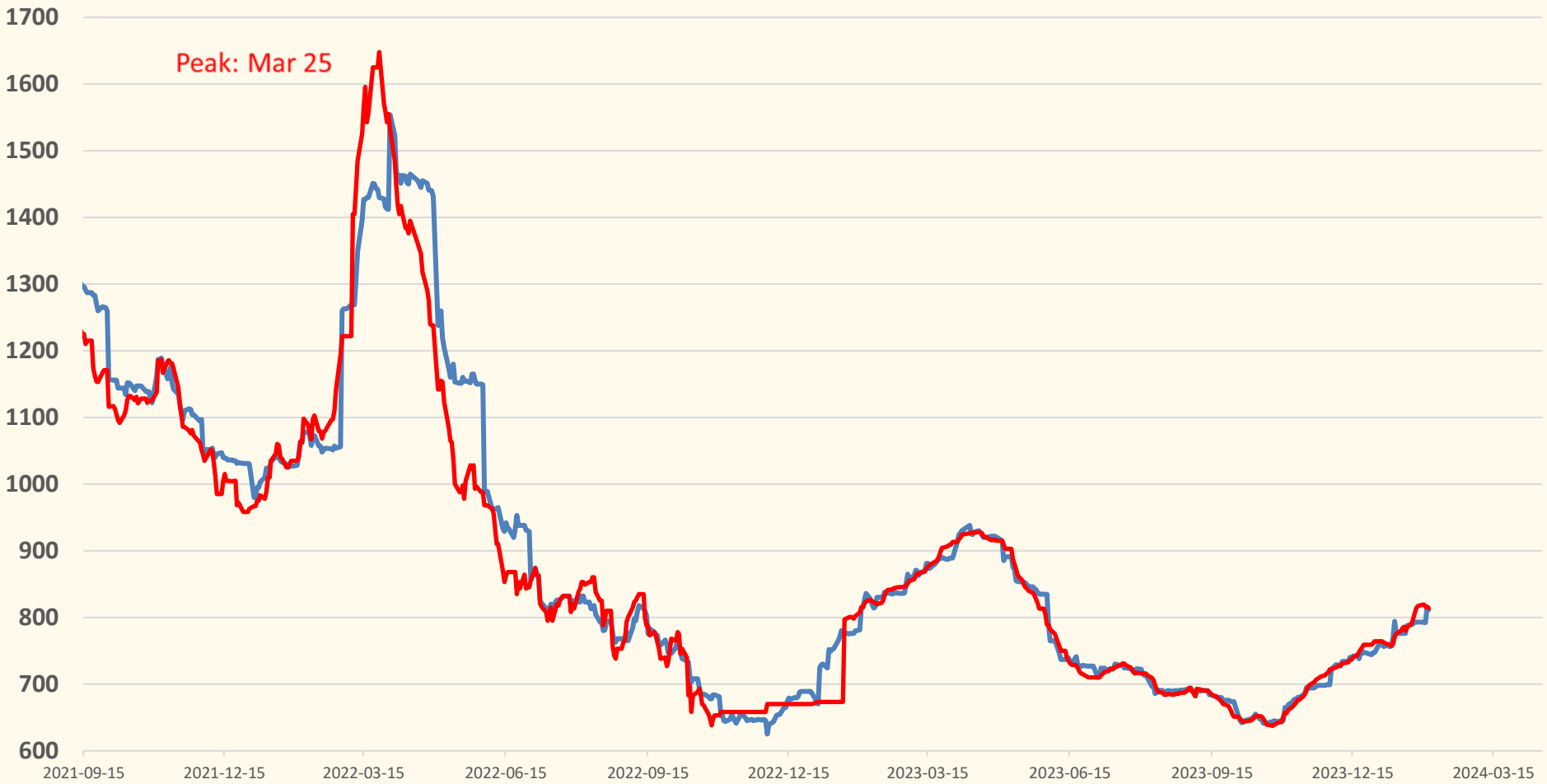
Rebar's price movements are representative even for most ordinary steel long products.



# EU Hot rolled Coil (Tunnplåt) Futures price, USD/ton- Feb 2

Source: LME (Argus)

HR coil is the most commonly used material for a variety of industrial products.



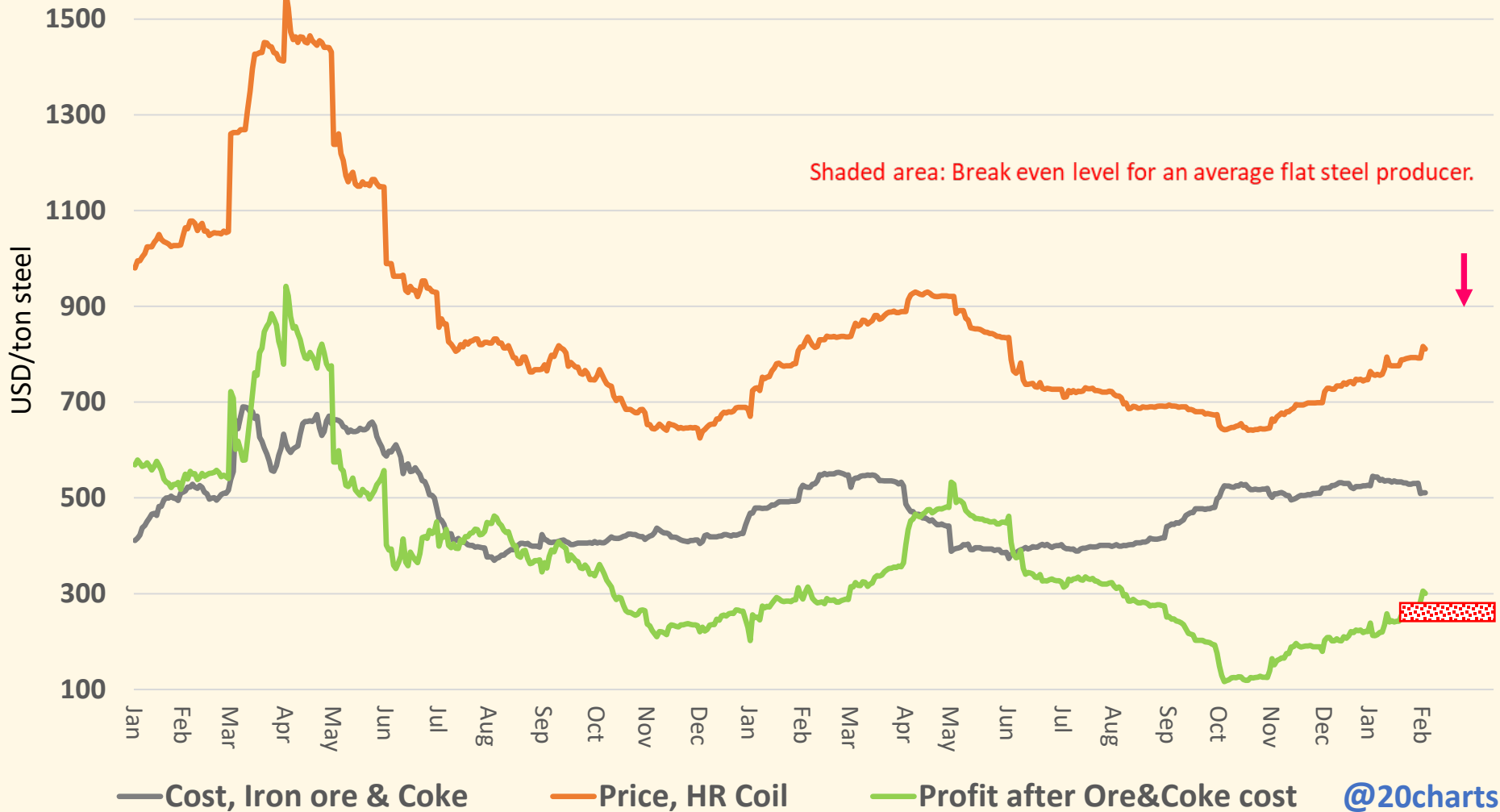
— Futures month 1, to be settled Feb 29

— Month 2, Mar 28

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# HR Coil Producer, EU: Profit after Iron ore & Coke cost - Feb 2

Source: Barchart, CME, LME





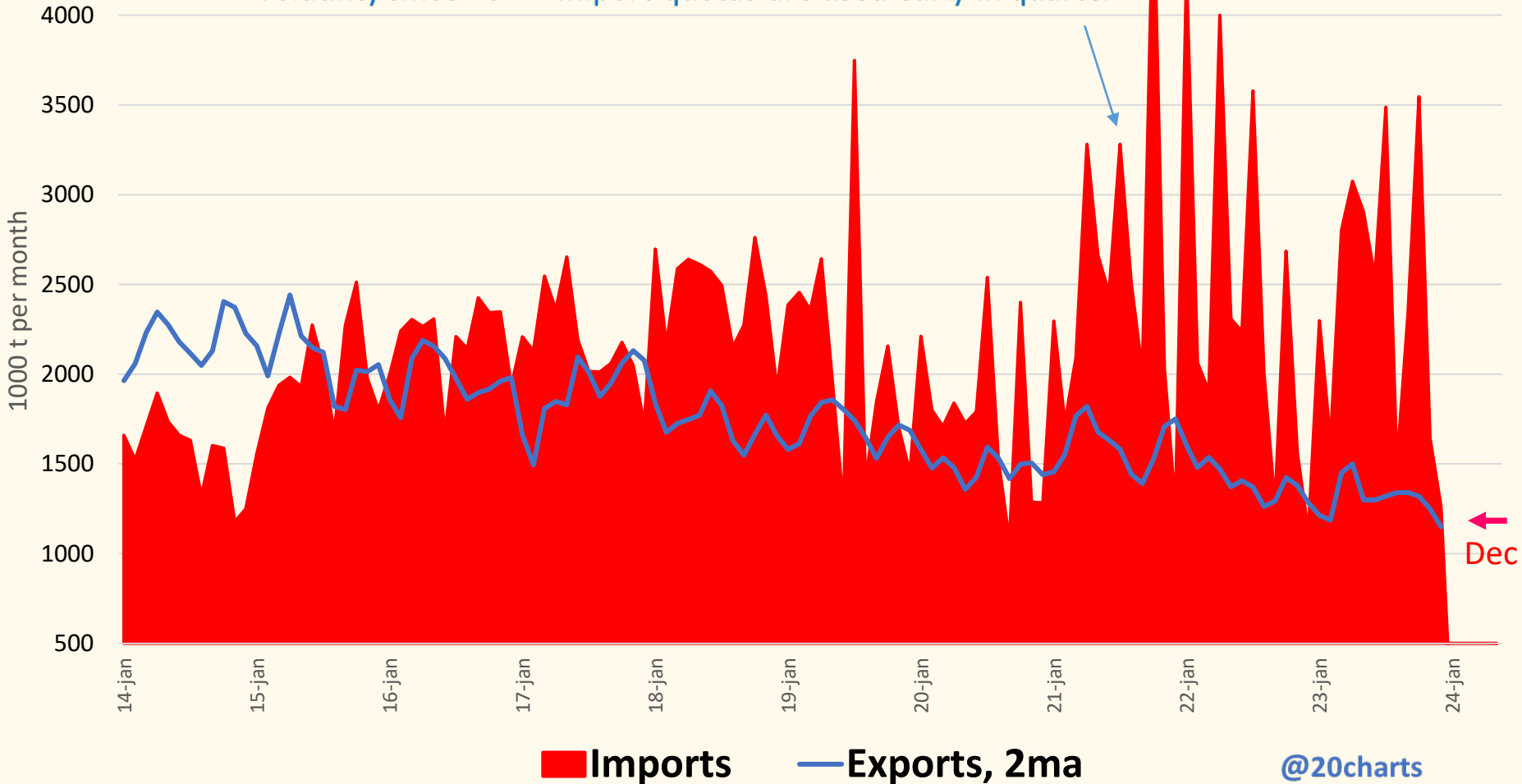
# EU Steel Imports and Exports/Dec

Average market supply 2019: 15mt/month

Source: Eurofer, EC, Own est.

Tariff- free quotas, set in July 2018, expired in June 2021.

Volatility since 2021: Import quotas are used early in quarter



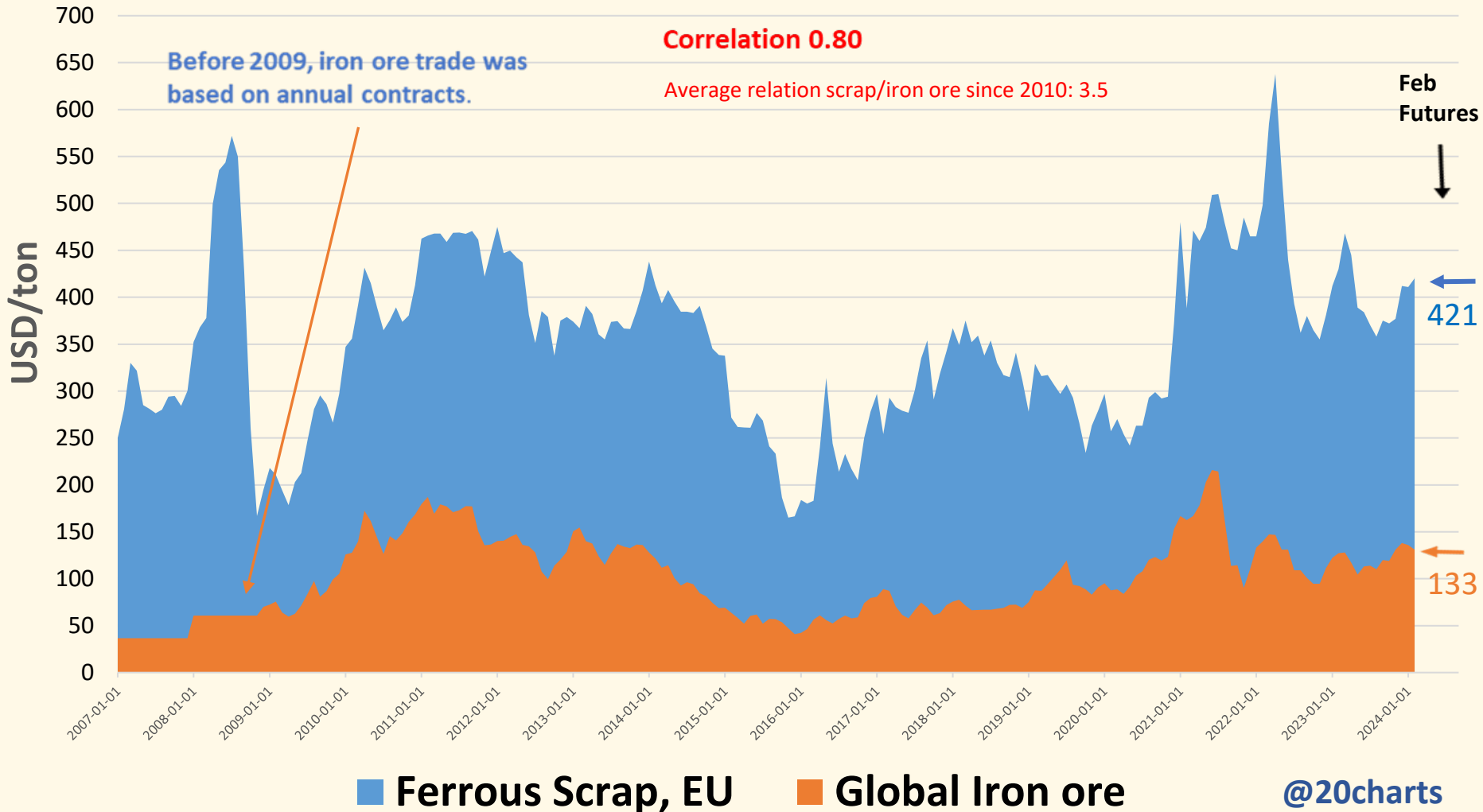
Imports

Exports, 2ma

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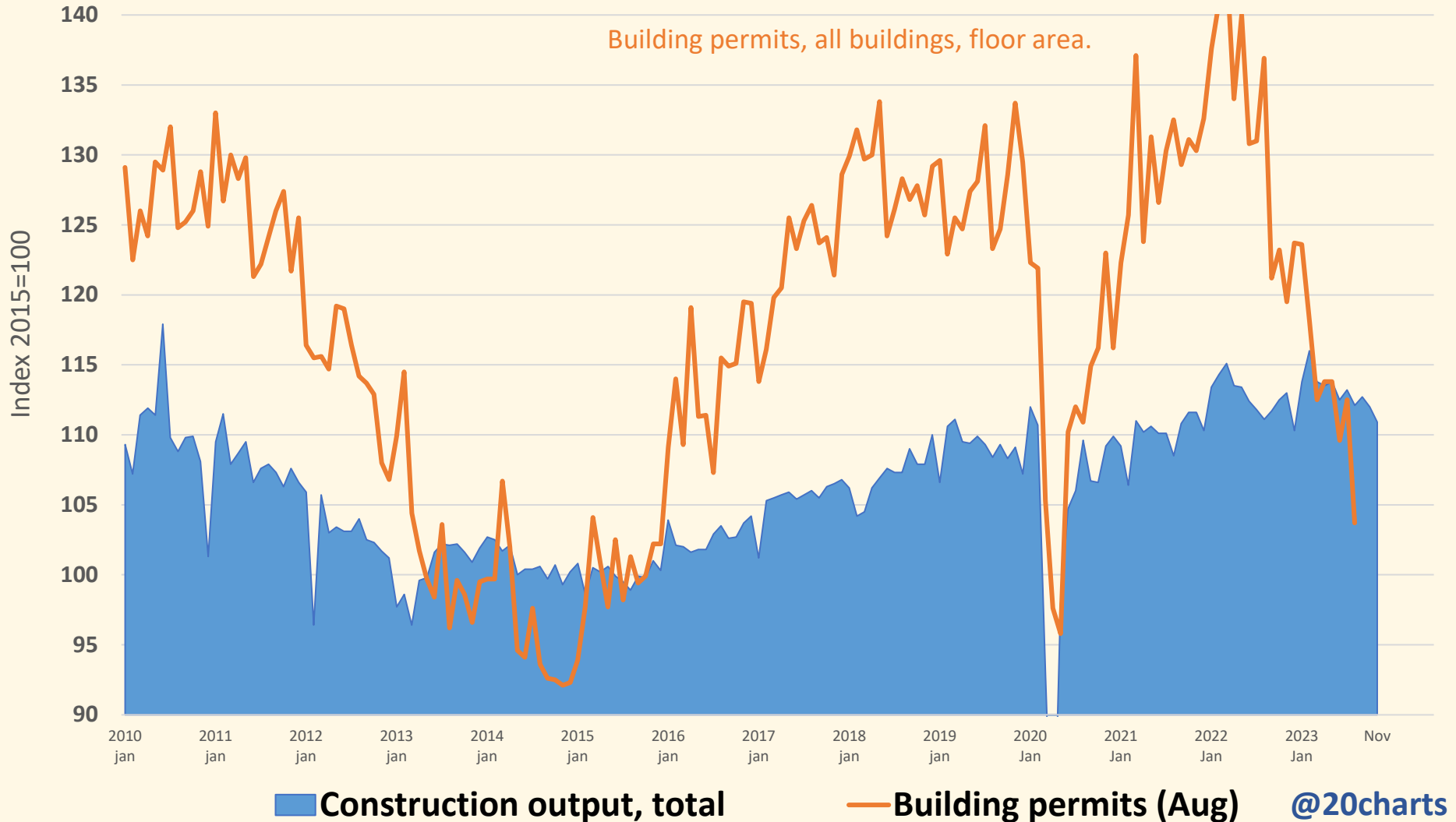
# Steel's input prices: Scrap & Iron Ore - Feb 2

Scrap, up to Dec 2015: Indicative world market price; From Jan 2016 LME 1 month  
Global Iron ore price: FRED, CME



# EU20 Construction output & Building permits/Nov

Source: Eurostat



■ Construction output, total

— Building permits (Aug)

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# EU20 Passenger car sales/Dec

Eurozone - makes up ca 85% of EU27 new car registrations

Source: ECB, Nat. Associations, Own estimate



— Trend cycle

— Month, s.a.

..... Linjär (Month, s.a.)

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# Germany Plant&Equipment orders/Nov -13% y/y

German producers' big ticket **Plant&Equipment** orders, dom&exp. Source, raw data: VDMA

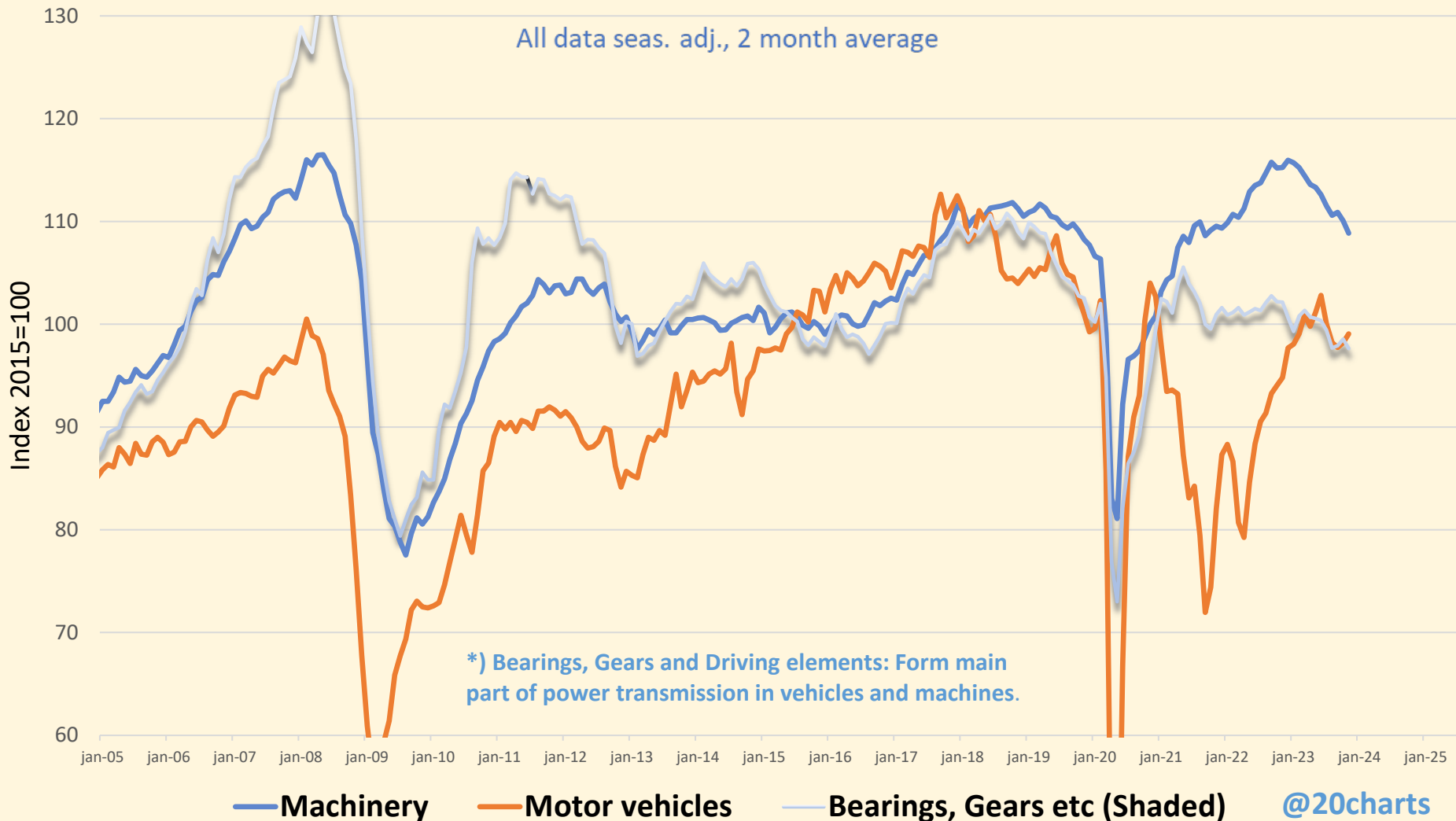
**German orders lead EU machinery production 4 months, correlation 0.78**

**Leading indicator for investments.**

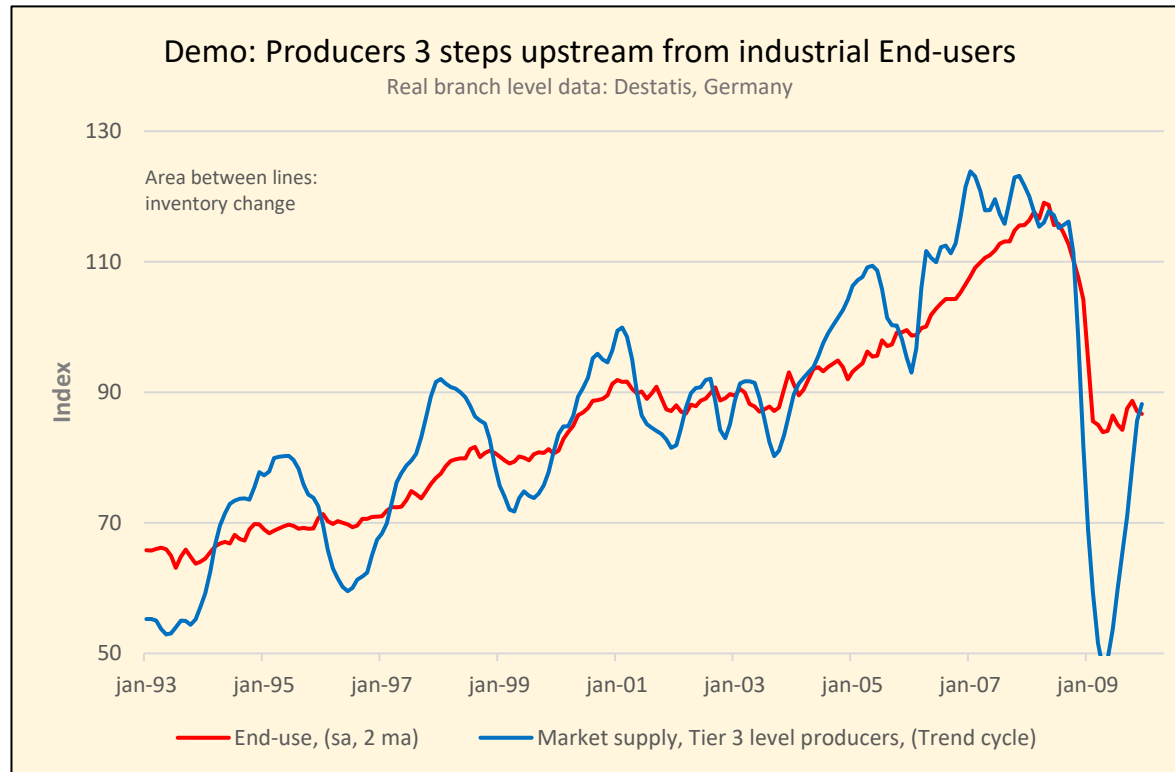


# EU27 Bearings&Gears \*) Production vs End-Users/Nov

Source: Eurostat



## Build your own application, the platform is ready



- **Market supply:** Your sales/production of a product.
- **End-use:** Your product's end-users' production.
- The best performing leading indicators for your branch are available in public sources.
- If you wish, you can run the application with your own personnel at no external cost.
- Important on steel cycles at [20charts.com](http://20charts.com) : Chapter 3 – Inventory cycle and Bullwhip.