



An foundation of steel market: outlook for 2023

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Steel market drivers in 2022, *Volatility*

- ▶ **Fundamental:**

- ▶ Supply / Demand
- ▶ Production / consumption /import/ export

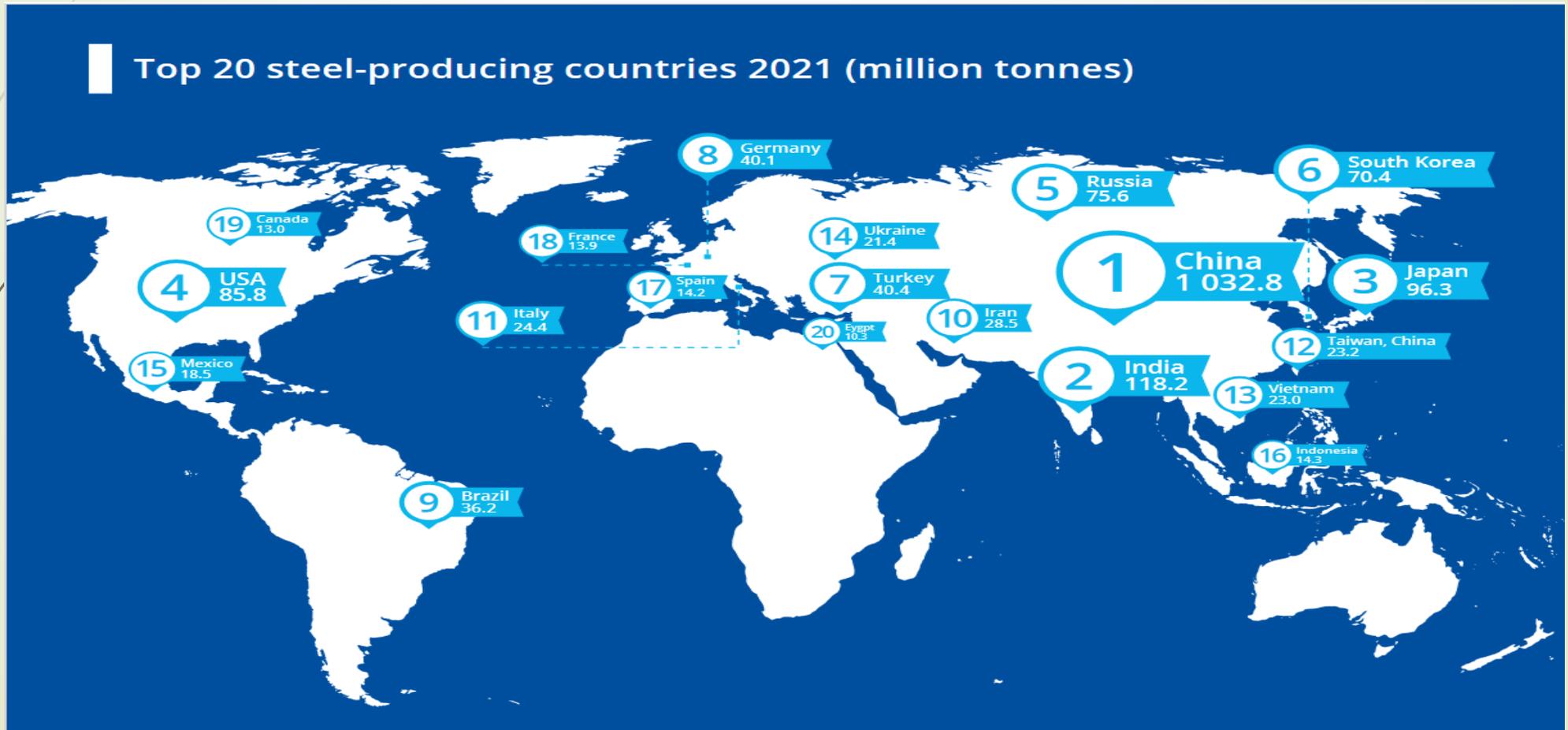
- ▶ **Macro economic:**

- ▶ GDP
- ▶ Inflation
- ▶ Monetary & fiscal policies (currency, interest rate,...)
- ▶ Tariff, sanctions,...

- ▶ **Sentiments:**

- ▶ Russia/ Ukraine war
- ▶ China Covid 19 & Debt crisis (real estate sector)
- ▶ Energy Crisis
- ▶ Political tensions in the world

World Steel: global steel demand will fall by 2.3pc this year and would grow by just 1pc next year as demand from the three largest importers, China, South Korea and Japan, is set to slow.



Global Steel production fell

Table 1. Crude steel production by region

	Oct 2022 (Mt)	% change Oct 22/21	Jan-Oct 2022 (Mt)	% change Jan-Oct 22/21
Africa	1.4	2.3	12.5	-5.6
Asia and Oceania	107.3	5.8	1,145.3	-2.1
EU (27)	11.3	-17.5	117.1	-9.2
Europe, Other	3.7	-15.8	38.4	-9.8
Middle East	4.0	6.7	36.4	7.7
North America	9.2	-7.7	94.0	-4.7
Russia & other CIS + Ukraine	6.7	-23.7	72.6	-19.0
South America	3.7	-3.2	36.4	-4.5
Total 64 countries	147.3	0.0	1,552.7	-3.9

Steel output by country: Cut production penned

Steel output by country

Country	Oct-22	% change Oct 21/22	Jan-Oct 22	% change Jan-Oct 21/22
China	79.8	11.0	860.6	-2.2
India	10.5	2.7	103.8	6.1
Japan	7.3	-10.6	75.2	-6.5
US	6.7	-8.9	68.1	-4.8
Russia	5.8 e	-11.5	60.4	-6.6
South Korea	5.1	12.1	55.7	-5.0
Germany	3.1	-14.4	31.4	-6.9
Turkey	2.9	-17.8	30.2	-10.1
Brazil	2.8 e	-4.5	28.7	-5.2
Iran	2.9	3.5	25.1	9.0

e = estimated

— World Steel Association



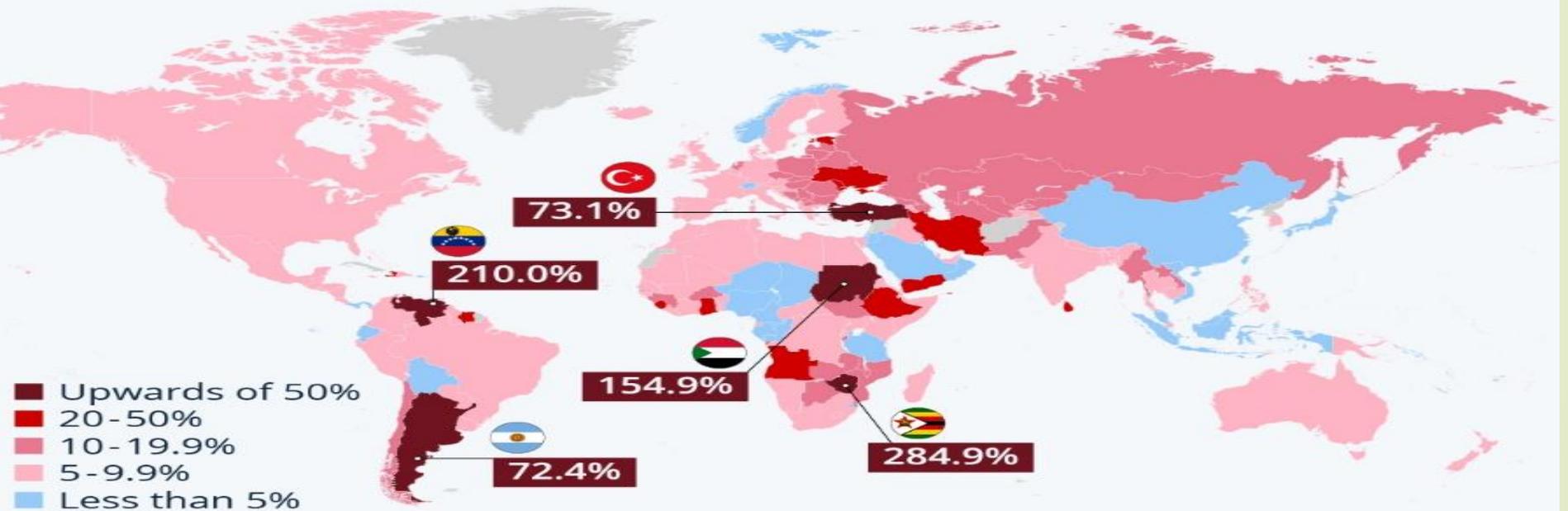
China import: Imports fell by 48pc on the year to 4.2mn t during January-September

- ▶ Russia was also China's top supplier for semi-finished steel during January-September this year, accounting for 1.99mn t or over 47pc of total imports, followed by Oman at 680,000t and Iran at 351,000t.
- ▶ Russia remained the largest semi-finished steel supplier to China in September, accounting for around 83pc or 464,000t of Chinese imports last month, compared to just 30,000t in September 2021.
- ▶ China only imported 470,000t semi-finished steel from Russia during the whole of 2021.
- ▶ **Russia may ease ferrous scrap export restrictions**
- ▶ Russia introduced the €100/t ferrous scrap export duty on 1 January 2022

Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to **6.5 percent** in 2023 and to 4.1 percent by 2024.

The Global Inflation Outlook

Projected annual inflation by country in 2022



Annual average. Projection as of October 2022

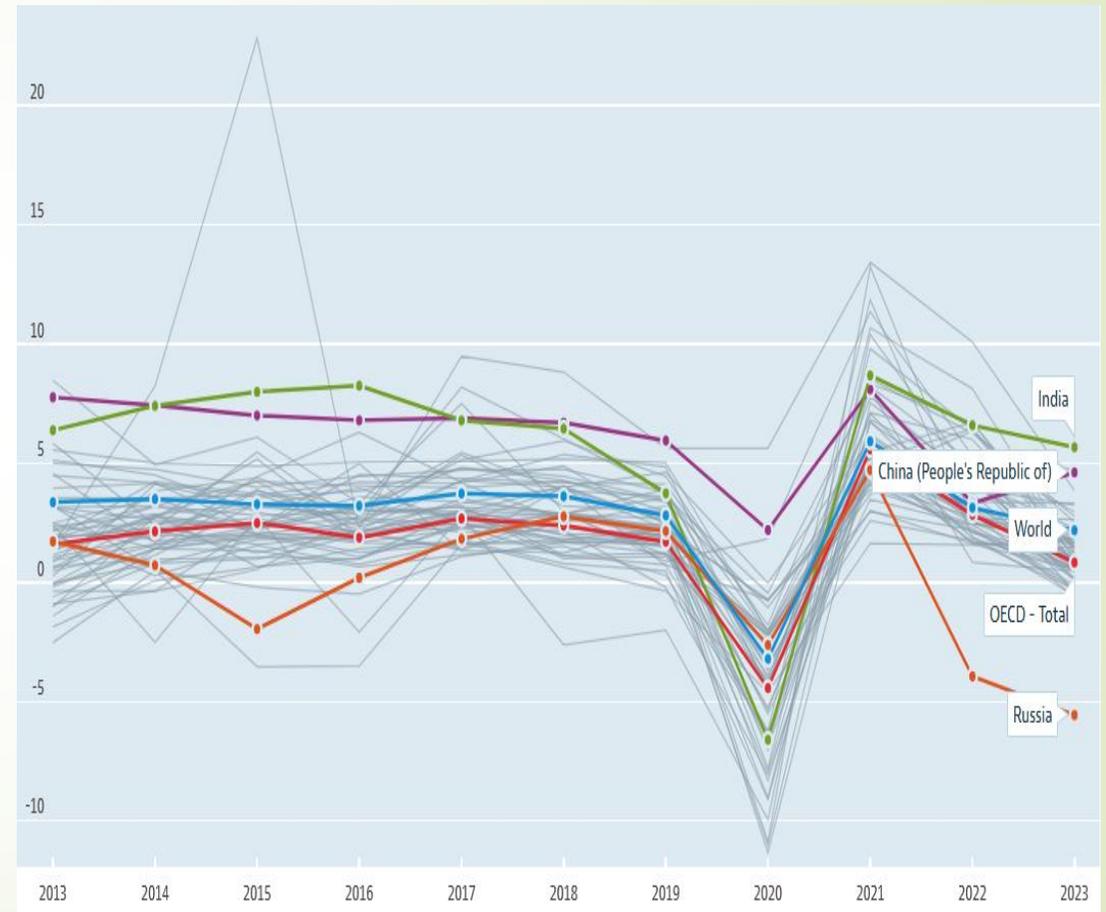
Source: IMF



GDP growth 2022 vs 2023

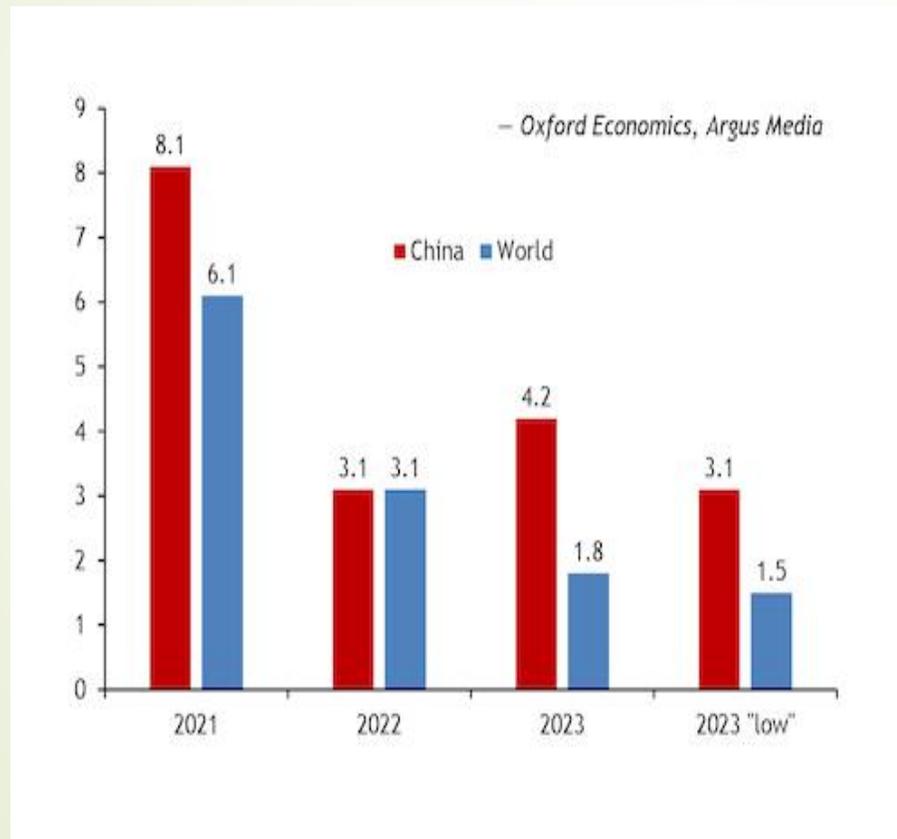
Global growth is forecast to slow from 6.0 percent in 2021 to **3.2 percent** in 2022 and **2.7 percent** in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. IMF

GDP 2023 predict **2.2pc** by OECD



China and world GDP growth %: China 30pc of global trade & 1/5 of global GDP

GDP growth 3.1pc,
the slowest rate since the late 1990s





Debt and falling foreign reserves

- Sirlanka
 - Turkey
 - Afghanistan
 - Pakistan
- 

اروپا و ترکیه

- کاهش تولید
- کاهش حاشیه سود
- کاهش مصرف داخل و تقاضا صادرات
- فشار واردات

میوه کم رشد بدهی برای رشد چین

- ▶ اما میوه کم رشد ناشی از بدهی مدت هاست که از بین رفته است. طبق گزارش صندوق بین المللی پول، در سال 2007-2008، حدود 6.5 تریلیون یوان (1 تریلیون دلار) اعتبار جدید برای افزایش تولید ناخالص داخلی تا حدود 5 تریلیون یوان در سال مورد نیاز بود. در سال 2015-2016، بیش از 20 تریلیون یوان اعتبار جدید برای همین رشد مصرف شد.
- ▶ بحران اورگراند و کاهش قیمت مسکن در چین

- ▶ This is perhaps the biggest headache for Beijing when it tries to make a reformed economic model work. Shortly after he came to power in 2013, Xi said that China needed to “shift the focus to improving the quality and returns of economic growth ... to pursuing genuine rather than inflated GDP growth.”

این شاید بزرگ‌ترین دردسر پکن باشد که می‌کوشد یک مدل اقتصادی اصلاح‌شده را عملی کند. مدت کوتاهی پس از به قدرت رسیدن وی در سال 2013، شی گفت که چین باید "تمرکز خود را به بهبود کیفیت و بازده رشد اقتصادی معطوف کند ... به دنبال رشد واقعی تولید ناخالص داخلی به جای تورم".

Overcapacity for SE Asian

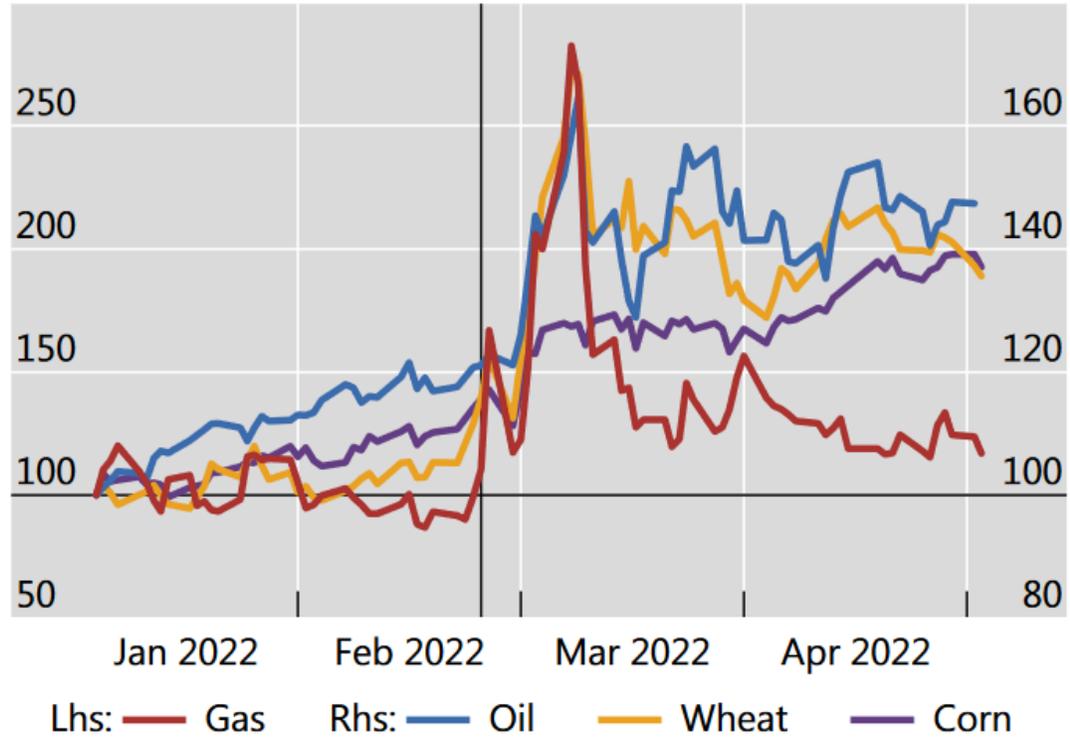
- Demand in southeast Asia is under pressure
- Over 46mn t of announced steel capacity investments are planned for the southeast Asian region in the next decade, with around 41mn t through investments from Chinese companies. Malaysia, Indonesia, Vietnam and the Philippines will account for most of the new capacity by 2030.
- The region's import reliance is expected to fall to 25pc of total supply available, from 44pc in 2020.
- Around 90.8mn t of steel capacity in the region in the coming years, though it did not provide an estimate of when this capacity will become operational. Vietnam will account for 42.8mn t of the new capacity while 46.4mn t of capacity had been approved in Malaysia,
- Huge Chinese steel plants were being set up in the region to sell back steel to China.
- Southeast Asia's finished steel imports fell by 4.3pc on the year to 21.9mn t during January-June,
- Exports rose by 7.2pc on the year during the same period to 11.1mn t.
- Asean-6 steel demand is projected at 77.9mn t this year, up by 3.6pc on year.
- The cfr Asean HRC index was at \$538/t on 22 November, down 35pc from a year earlier .

2022 بعد از حمله روسیه به اوکراین

Energy and food prices

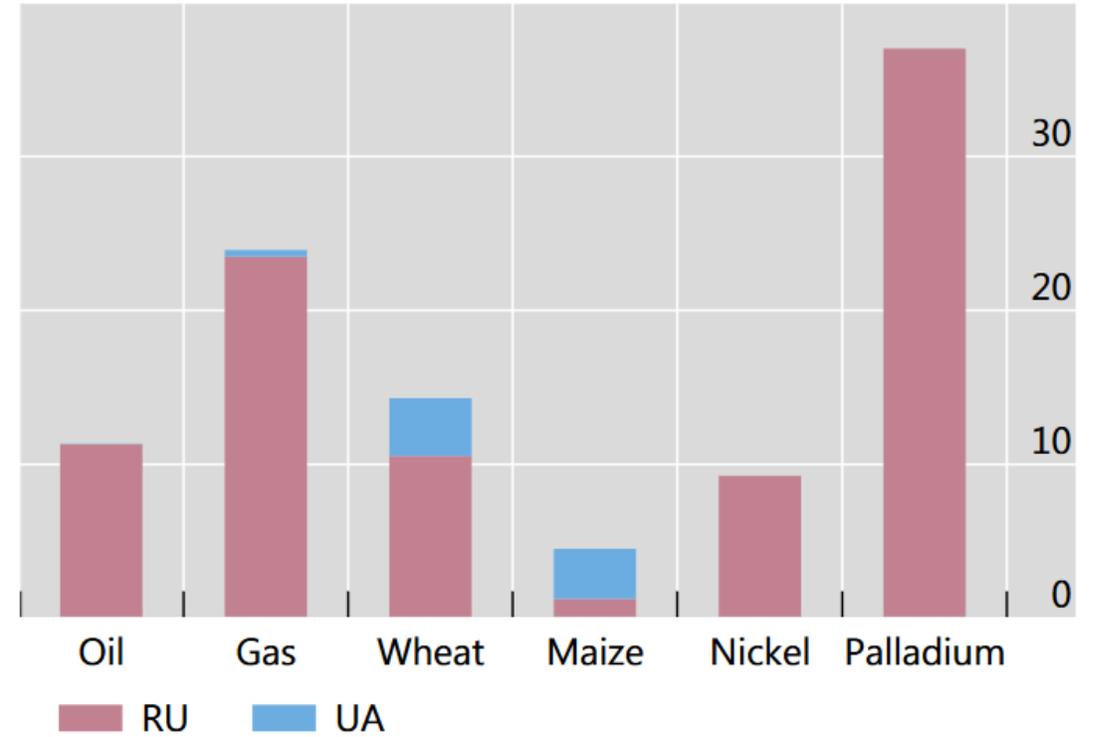
3 Jan 2022 = 100

3 Jan 2022 = 100



Ukraine and Russia's share of commodity production

Per cent



Sources: IEA; FAO; OECD; USGS; Bloomberg.

-2022 volatility

- قیمت‌ها در سال 2022 بسیار پرنوسان بوده است، اما ریسک قیمت کالاها، به استثنای کالاهای انرژی، عمدتاً در جهت نزولی بوده است.
- خطرات نزولی شامل جنگ طولانی در اوکراین، قیمت بالای انرژی، در دسترس بودن کم گاز، تورم بالا و تضعیف تقاضا است - انتظار می‌رود همه تا سال 2023 ادامه داشته باشند و فشار نزولی بر قیمت‌ها وارد کنند.
- شانس افزایش قیمت‌ها در سال 2022 محدود است.



2023 outlook

- The outlook for the global economy has “darkened” and the world is at a point of “significant economic danger”.
- Shift toward a global recession
- The fight against soaring inflation (Fed Fight)
- Food and energy security at risk
- Cost of living crisis
- Predicts low growth (GDP) and high inflation
- Russia tension continue
- New sanctions
- China debt crisis
- Expensive imports and a softening in global demand for exports
- China’s slowdown or recovery?
- Further pressure on Asia
- Change on players role : Turkey
- Reset supply & demand



Worse than Crisis in 2008 & Covid 19 Shock

- ▶ A global slowdown could potentially inflict worse damage than the financial crisis in 2008 and the Covid-19 shock in 2020, warned the UNCTAD in its Trade and Development Report 2022.
- ▶ All regions will be effected but Bell ringing in developing countries
- ▶ How will be monetary and fiscal policies in advanced economies?



“The worse, the better,” lenin

- ▶ **What stop this process in 2023?**
 - ▶ Fed policies
 - ▶ China re opening
 - ▶ Supply demand feedback take time (Demand diminish)
- 

China دو ماراٲن يا دو سرعت

- ▶ Chinese demand has slowed on Covid-19-related lockdowns and the poor performance of the real estate sector
- ▶ Bullish potential may come from China reopening, but the country faces a property crisis, and leadership is bending more toward the North Korea model vs. Singapore.
- ▶ How much investment in real estate sector in 2023?

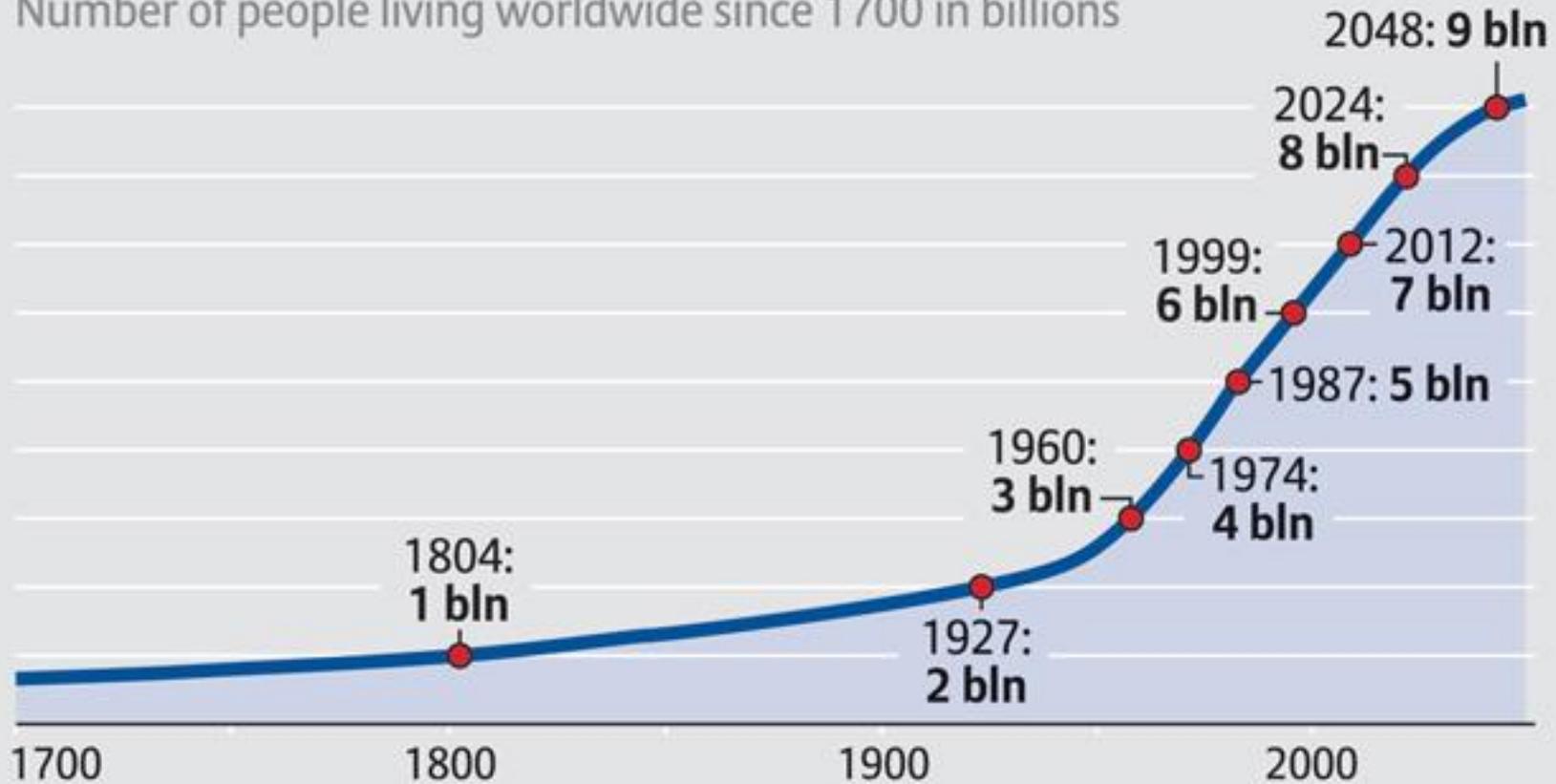
2023- Leaderships decision



What do they think?

POPULATION OF THE EARTH

Number of people living worldwide since 1700 in billions

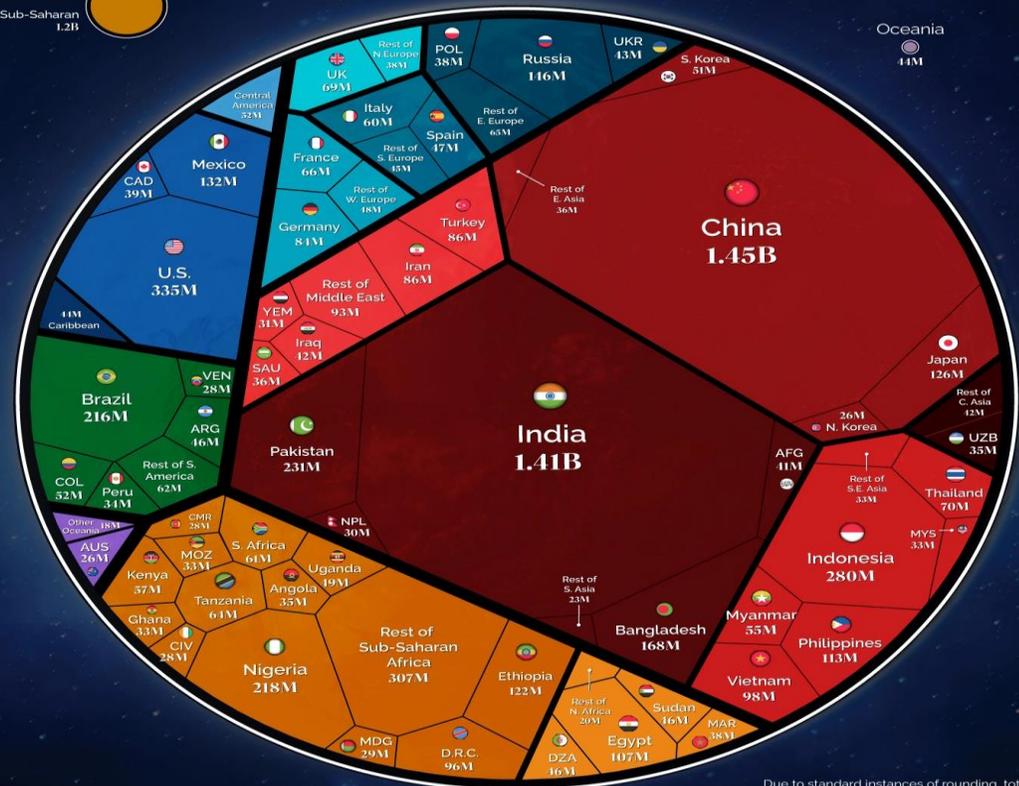


Source: United Nations World Population Prospects, Deutsche Stiftung Weltbevölkerung

For further information please visit: www.knowledge.allianz.com

World's Population at 8 BILLION PEOPLE

Around November 2022, the world will reach a pivotal milestone—8 billion global population. What is the distribution of this population, by region and country?



Due to standard instances of rounding, totals may not add up perfectly to regional sums.

Source: UN Population Division, 2022.



Unclear Goals

**"If you don't know
where you are going...
any road will take you
there"**

Lewis Carroll





Can your Goal Change?

Absolutely!

