

Global steel prices likely to be subdued in 2024

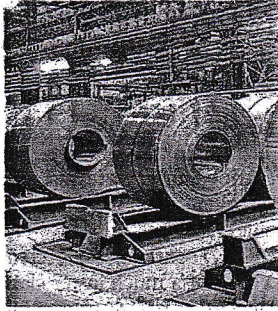
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Global steel prices will likely remain subdued in 2024 despite a modest recovery in Chinese rates in the second half of 2023.

Depressed prices, especially in major markets other than China, will keep a leash on global average prices, said research agency BMI, a unit of Fitch Solutions.

"Global steel demand remains weak, driven by lower demand from manufacturing and construction in developed economies and ongoing weakness in China's property sector," said the Australian Office of the Chief Economist in its December Resources and Energy quarterly.

PRICE FORECAST CUT
Tight financial conditions and rising inflation may af-



fect the economic growth in developed countries. With the Ukraine War likely to persist, it could further dent the overall economic outlook of the European Union and thus affect steel demand and prices, BMI said.

"We have revised downwards our 2024 global average steel price forecast to \$740/tonne from \$780/tonne previously, expecting prices to improve slightly from current levels in the coming months while starting the

year at a lower base level than we previously expected," said BMI.

According to ING Think, the economic and financial analysis wing of Dutch multinational financial service firm ING, recent data from the China Iron and Steel Association (CISA) show that steel inventories at major Chinese steel mills rose to 14.1 million tonnes in early December, up 8.8 per cent compared with late November.

The Australian Office of the Chief Economist said the extent to which the Chinese Government enforces restrictions on steel production levels over the final weeks of 2023 remains uncertain.

OUTPUT RECOVERY
BMI said on the global supply side, production has started to show signs of recovery.

The Australian Office of

the Chief Economist said an expected stabilisation and gradual pickup in global industrial production, combined with further stimulus-related infrastructure projects, should support stronger growth in steel demand in 2024.

BMI said it expects an improvement in production growth on the supply side with Chinese steel mills driving output, while production will likely recover in other key markets.

INDIA STABLE

However, in the US construction activity and resulting steel demand are under significant pressure due to rising interest rates, as well as increased land and material costs, it said.

"The outlook for US steel demand in 2024 contains downside risks," said the Australian Office of Chief Economist.