## Amid market gloom, global steel prices may edge up

Subramani Ra Mancombu

Global steel prices will likely rise only moderately from the current levels for the remainder of 2025 as the market continues to face negative sentiments of rising Chinese exports and trade uncertainty due to the US trade tariffs.

"We maintain out 2025 global average steel price forecast" at \$630 tonie..." That said, for the year we expect prices to rise slightly higher as US prices potentially receive support from protectionist measures under Donald Trump, offsetting bearish pressure from lacklustre mainland Chinese demand," said research agency BMI, a unit of Fitch Solutions.

During May-end, the yearto-date, global average for longs and flats teel was\$597/tonne, up from \$592 as of February 26.

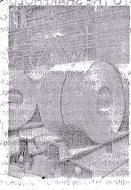
Prices have remained on a downward trend across major markets since the start of 2024.

## FLAT OUTPUT

However, the World Bank said in its Commodities Outlook that China's struggling property sector and weak industrial activity in major economies are expected to keep the demand subdued throughout "the forecast period for iron ore, the main raw material for steel. This outlook holds good for steel also.

The Australian Office of the Australian Office of the Chief Economist (AOCE) said production is expected to be flat in 2025 and then slowly pick up over the five-year outlook period, reaching just under 2 billion tonnes by 2030.

The AOCE said the expected growth in global steel



production could be met using existing production capacity. "Global crude steelmaking capacity exceeded global steel production by over 600 million tonnes in 2024," it said.

US investment banker JP Morgan has lowered its production forecast for steel by 2 per cent, given the quickerthan-expected peak and deAnalysts see
China's struggling
property sector
and weak industrial activity keeping
demand subdued

mand destruction concern looking ahead.

However, BMI said it expects steel prices in 2025 to be driven largely by steeper trade protectionism, most notably, potential Trump-led trade policy shifts, alongside China's economic turnaround momentum.

At the same time, steel production remains depressed across major markets following higher supply. On the global demand side (ex-China), the manufacturing sector continues to drag on growth in developed markets.

kets, said BMI, justifying its outlook. The AOCE said substantial new steel capacity — either under construction or planned — is expected over the outlook, with largescale projects in Asia, North America, Europe and the Middle East.

## UPSIDE POTENTIAL

BMI also saw a potential upside to prices if the Chinese property sectors turnaround momentum appears to be stronger in the wake of a possibly larger stimulus package in 2025 or if the Chinese government imposes large supply side reforms that would restrict steel output.

The AOCE said India and South-East Asia will drive growth in global steel output to 2030.

At the same time, China's steel demand could keep falling due to demographic and structural factors.

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