

Economic press release

Steel market spirals into deeper recession in 2023, faces growing unpredictability for 2024

Brussels, 30 October 2023 – Collapsing demand resulting from high inflation and interest rates, on top of ongoing conflicts and persisting elevated power prices, is clouding the steel market outlook for 2023. Recession in apparent steel consumption is expected to further deepen (-5.3%) this year, while the anticipated rebound (+7.6%) in 2024 still hangs on geopolitical unpredictability and prolonged economic uncertainty. Imports, despite a declining trend in line with very weak demand, continue to maintain their market share (28%) above historical levels.

“The perspectives for the European steel sector get gloomier every quarter amidst disruptive wars, global tensions, an unresolved energy crisis, high inflation, tightening economic conditions and very high import shares that are strangling manufacturing. This situation negatively impacts steel demand. It is essential that EU policymakers steer the course to maintain a sustainable industry in Europe and respond to the call of the clean tech value chain – of which steel is a fundamental part – for an EU Clean Industrial Deal and urgent actions to keep Europe in the world’s clean technology race”, said Axel Eggert, Director General of the European Steel Association (EUROFER).

EU steel market overview

In the second quarter of 2023, apparent steel consumption recorded its fifth consecutive slump (-7.6%), totalling 35.6 million tonnes. This volume, although higher compared to the previous quarter, is still below the levels seen in 2021 and the first half of 2022. This negative trend is expected to continue for at least another quarter, leading to a deeper reduction in apparent steel consumption for the whole of 2023 (-5.2%, previous estimate -3%). This would mark the fourth annual recession in the last five years (-7.2% in 2022). In 2024, a stronger rebound is projected to compensate (+7.6% from +6.2%), but the recovery is conditional on very uncertain positive developments in the industrial outlook and steel demand.

Domestic deliveries followed the same downward trajectory in the second quarter of 2023, declining for the fifth consecutive time (-6.5%). Imports, reflecting the prolonged downturn in demand, continued to fall (-10.2%), but their pace more than halved compared to the first quarter (-26.6%). However, the share of imports out of apparent consumption has further expanded (28%), remaining at considerably high levels in historical terms.

EU steel-using sectors

Against this challenging backdrop, steel-using sectors in the EU displayed unexpected resilience and continued to moderately grow (+0.8%) also in the second quarter of 2023. This was due to the positive performance of the automotive, mechanical engineering and transport sectors, offsetting poor output in domestic appliances, tubes and metalware, along with the ongoing recession in construction (-2.5%), which accounts for 35% of steel consumption. As long as high interest rates impact demand, the recessionary trend in the construction sector is expected to continue.

Steel-using sectors' growth is projected to halve (+0.6%) in 2023 compared to previous estimates (+1.3%), and to continue to slow down (+0.4%) in 2024, following a likely downturn in the automotive sector.

Notes for editors

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About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in the United Kingdom and Turkey are associate members. The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €130 billion and directly employs around 306,000 highly-skilled people, producing on average 152 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe. Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO2 mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.