

home / news&events / press releases / modest strengthening steel demand in 2015

News&Events

Press releases

Publications

Newsletter

Media Gallery

Archives

Events

Press contact

News

Follow us



follow us on twitter
[@EUROFER_eu](https://twitter.com/EUROFER_eu)

Modest strengthening steel demand in 2015 despite weakened sentiment

Economic growth in the EU remained soft so far this year, with particularly a disappointing performance of the Euro area in the second quarter. Exports were the key driver of growth rather than domestic demand.

Indicators losing strength over the third quarter suggest that the EU economy will continue to struggle to gain momentum. Confidence has gradually come under pressure again due to geopolitical unrest and more specifically on concerns about the impact on trade sanctions imposed by Russia. But there are also concerns that the sluggish economic performance of France and Italy could stall the recovery in the EU. Moreover, slowing growth in the large emerging economies is acting as a drag on exports.

Despite business conditions currently being rather opaque, the scenario of a modest recovery still seems plausible, with investment and private consumption gaining some momentum once confidence stabilises.

Activity growth in the steel user sectors slowed sharply in Q2-2014. Acting EUROFER Director General Axel Eggert: "Q1 activity growth was temporarily boosted by a base year effect. More recent data and indicators unfortunately signal that in most sectors underlying momentum is still rather slow. Most companies have not seen much of an improvement in new orders, output and capacity utilisation rates whereas confidence came under pressure. We expect total output growth to be around 2.3% in 2014. Growth in 2015 is not foreseen to be much higher, but more balanced over the year and more harmonised across the steel using sectors".

EU steel demand growth decelerated in Q2-2014 to 4.4% y-o-y. The rise in demand was however taken by imports as total steel imports grew 26% y-o-y and long product imports even by 49% y-o-y. Meanwhile, shipments of EU mills to the domestic market stabilised around the year earlier level which implies that they are losing out to third country suppliers. Sluggish final steel demand and destocking will result in a slight drop in apparent steel demand in H2-2014. For 2014 as a whole this results in a year-on-year growth of 2.6%. While lower than the July forecast, it still confirms the view of a moderate recovery of the EU steel market. Fairly similar growth is forecast for 2015.

Axel Eggert: "Steel market conditions are foreseen to remain muted in 2015, although a moderate strengthening of demand is to be expected in line with the mild further rise in activity of the steel using sectors in the EU. However, imports are to remain on a high level, thereby exerting severe margin pressure on EU steel mills. Difficult business conditions for the EU steel sector will continue as long as demand growth remains dull and imports remain on an elevated level".

For the full report, click on the link: [Economic & Steel Market Outlook 2014-2015](#)

Axel Eggert, Director General ad interim +32 2 738 79 26 (a.eggert@eurofer.be)

Jeroen Vermeij, Director Market Analysis & Economic Studies +32 2 738 79 36 (j.vermeij@eurofer.be)

Represented by EUROFER, the European steel industry represents the world leader in its sector, producing on average 170 million tonnes of steel per year with direct employment of 335 thousand highly skilled people. More than 500 steel production and processing sites in 24 EU member states provide direct and indirect employment for millions of European citizens.