

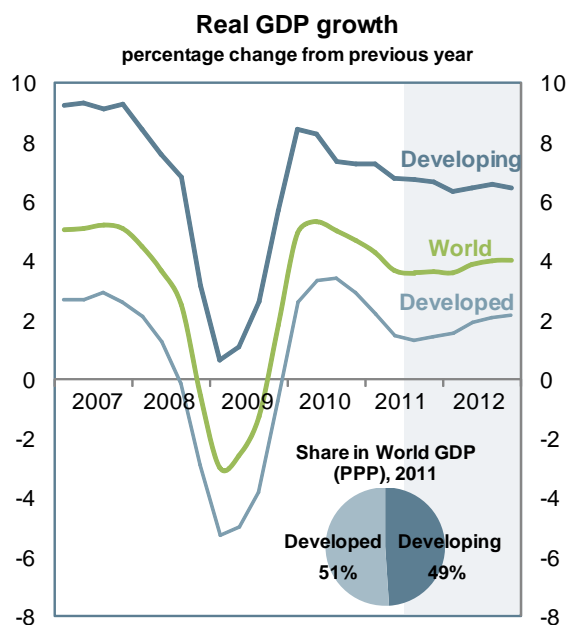
Short Range Outlook for Steel Demand

Economics Committee



Macroeconomic Background

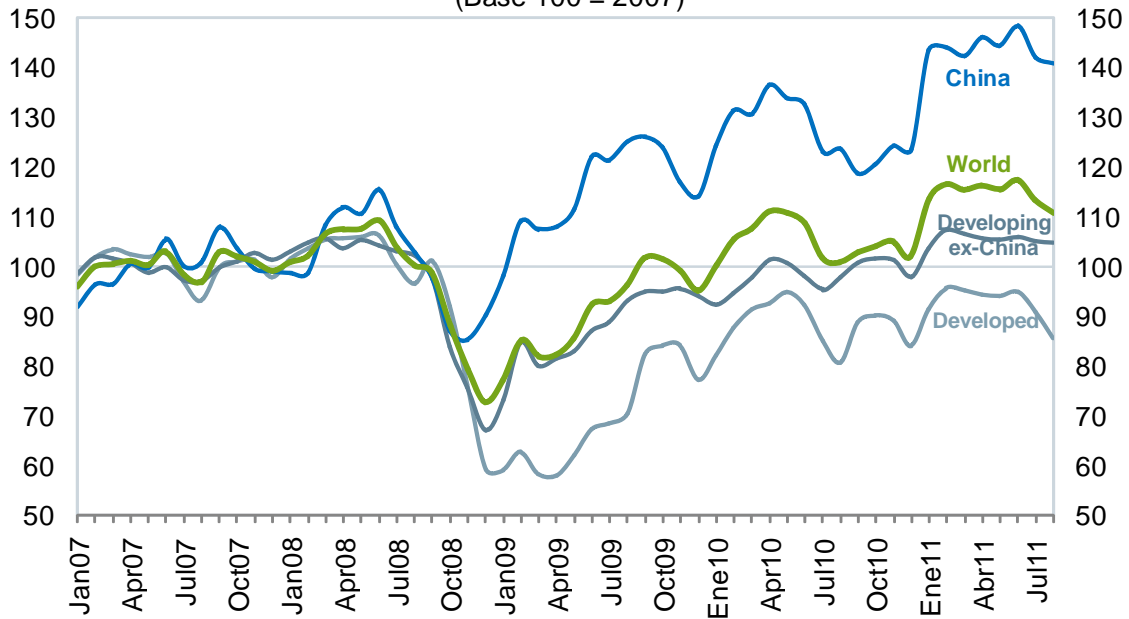
- Highly uncertain environment driven by concerns about development in the euro area and fears of global slowdown.
- European debt crisis is properly managed and volatility does not escalate
- Developing economies continue to drive global growth
- Risks are clearly to the downside



Source: IMF (World Economic Outlook)

Crude Steel Production

Annualized Crude Steel Production
(Base 100 = 2007)



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Apparent Steel Use Forecast

finished steel (SRO October 2011)

	Apparent Steel Use (mt)				Annual Growth (%)			2012 as
	2009	2010	2011	2012	2010	2011	2012	% of 2007
World	1140	1312	1398	1474	15.1	6.5	5.4	121
China	551	598	643	682	8.5	7.5	6.0	163
Asia ex-China	223	263	271	282	17.6	3.1	4.0	106
European Union (27)	120	145	155	159	21.1	7.0	2.5	80
Other Europe	24	30	33	35	24.0	11.3	5.7	110
C.I.S.	36	49	56	60	34.5	14.4	7.5	106
N.A.F.T.A.	84	111	121	127	32.8	9.0	4.9	89
Central & South America	34	46	48	52	35.2	4.7	9.8	128
Africa	27	25	21	24	-8.9	-12.7	11.0	114
Middle East	42	48	50	54	14.6	5.0	7.9	124
World ex-China	589	714	754	792	21.3	5.6	5.0	99

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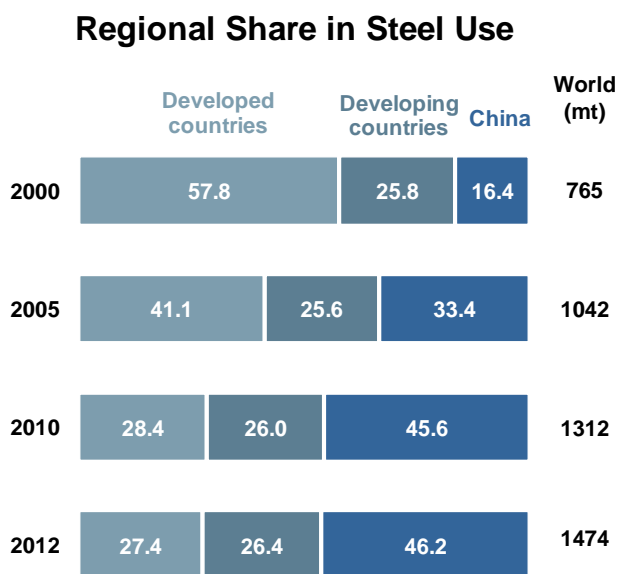
Developing economies in focus

finished steel (SRO October 2011)

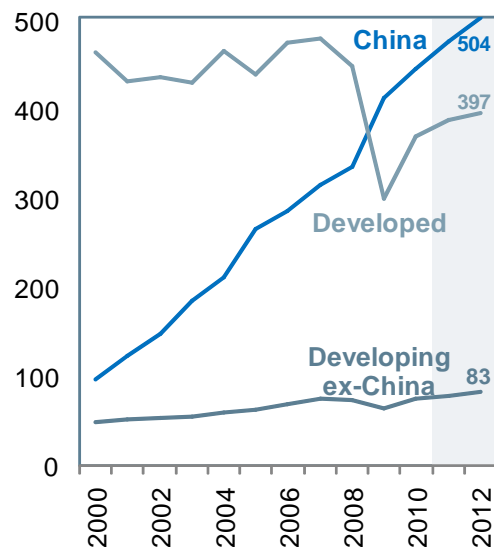
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	2009	2010	2011	2012	2010	2011	2012	% of 2007
World	1140	1312	1398	1474	15.1	6.5	5.4	121
Developing regions	840	940	1005	1071	11.8	6.9	6.6	144
China	551	598	643	682	8.5	7.5	6.0	163
India	58	65	68	73	12.2	4.3	7.9	142
Latin America	49	63	65	71	28.9	4.7	8.1	120
MENA	58	62	61	66	5.5	-0.9	8.7	118
CIS	36	49	56	60	34.5	14.4	7.5	106
ASEAN-6	42	49	52	55	16.4	6.7	6.4	127

Steel Intensity

finished steel (SRO October 2011)



Apparent Steel Use (ASU) (kg per capita)



Conclusions

- Growth in most of developed economies is weak but we do not expect these economies falling in a double-dip recession.
- Steel demand to grow by more than 6% in 2011 based on strong performance in developing countries, mainly China.
- Steel demand for 2012 to slowdown to 5.4%, with Emerging countries driving growth (India/Latin America/CIS/MENA).
- Steel demand in developed countries is still below pre-crisis levels, partly explained by lower construction activity and a migration of manufacturing capacity to developing countries.
- The Global economy is facing major challenges with risks clearly on the downside, such as:
 - Euro-zone financial contagion
 - US recession
 - China slowing down

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