

STEEL PRICE FORECASTS TO 2019

European Union

November 2015

meps

international ltd

STEEL PRICE FORECASTS TO 2019 EUROPEAN UNION

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INTRODUCTION

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EXECUTIVE SUMMARY

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ECONOMIC OVERVIEW

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Real GDP (percentage change year-on-year)										
	ACTUAL					FORECAST				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Eurozone	??	??	??	??	??	??	??	??	??	??
Germany	??	??	??	??	??	??	??	??	??	??
France	??	??	??	??	??	??	??	??	??	??
Italy	??	??	??	??	??	??	??	??	??	??
Spain	??	??	??	??	??	??	??	??	??	??
UK	??	??	??	??	??	??	??	??	??	??

Source: CE, IMF, OE, MEPS

Industrial Production (percentage change year-on-year)										
	ACTUAL					FORECAST				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Eurozone	??	??	??	??	??	??	??	??	??	??
Germany	??	??	??	??	??	??	??	??	??	??
France	??	??	??	??	??	??	??	??	??	??
Italy	??	??	??	??	??	??	??	??	??	??
Spain	??	??	??	??	??	??	??	??	??	??
UK	??	??	??	??	??	??	??	??	??	??

Source: CE, OE, MEPS

Consumer Price Inflation (percentage change year-on-year)										
	ACTUAL					FORECAST				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Eurozone	??	??	??	??	??	??	??	??	??	??
Germany	??	??	??	??	??	??	??	??	??	??
France	??	??	??	??	??	??	??	??	??	??
Italy	??	??	??	??	??	??	??	??	??	??
Spain	??	??	??	??	??	??	??	??	??	??
UK	??	??	??	??	??	??	??	??	??	??

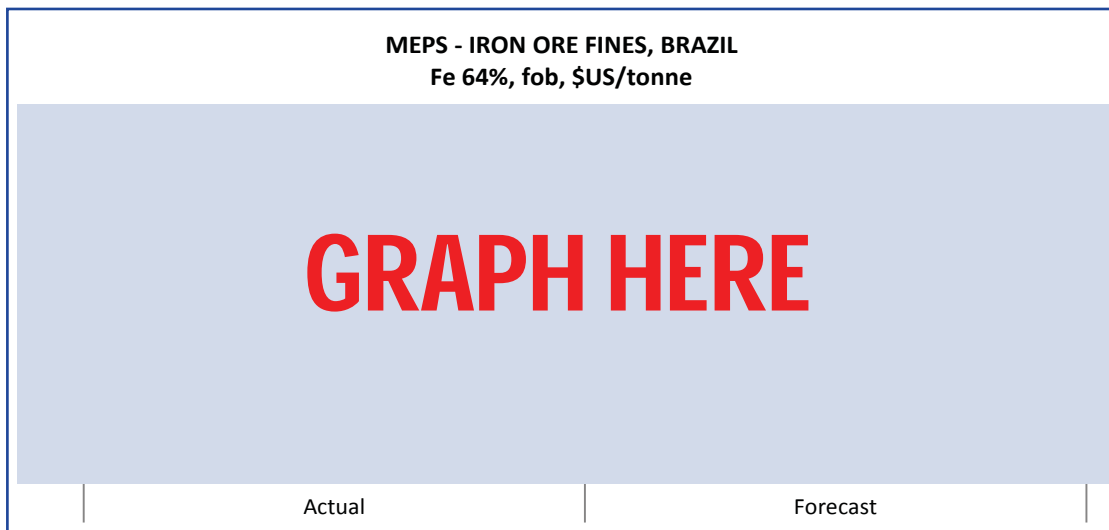
Source: CE, IMF, OE, World Bank, MEPS

STEELMAKING RAW MATERIAL COSTS

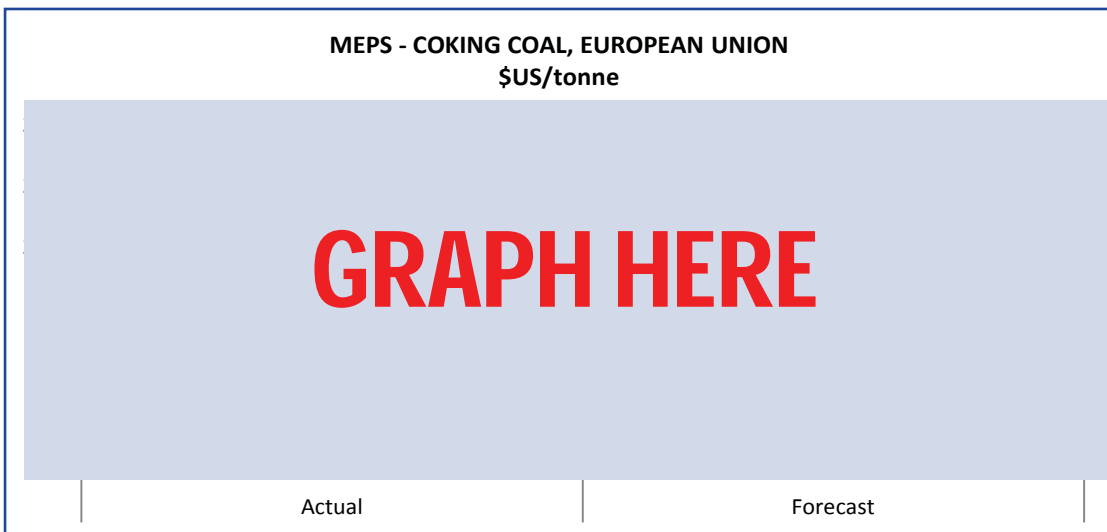
\$US/tonne		Iron Ore Fines				Coking Coal	Ferrous Scrap
		Australia 62-63% Fe		Brazil 64% Fe		Quarterly Contract	HMS1 (E3)
		FOB	CFR China	FOB	CFR China		
ACTUAL	2010	???	???	???	???	???	???
	2011	???	???	???	???	???	???
	2012	???	???	???	???	???	???
	2013	???	???	???	???	???	???
	2014	???	???	???	???	???	???
FORECAST	2015	???	???	???	???	???	???
	2016	???	???	???	???	???	???
	2017	???	???	???	???	???	???
	2018	???	???	???	???	???	???
	2019	???	???	???	???	???	???

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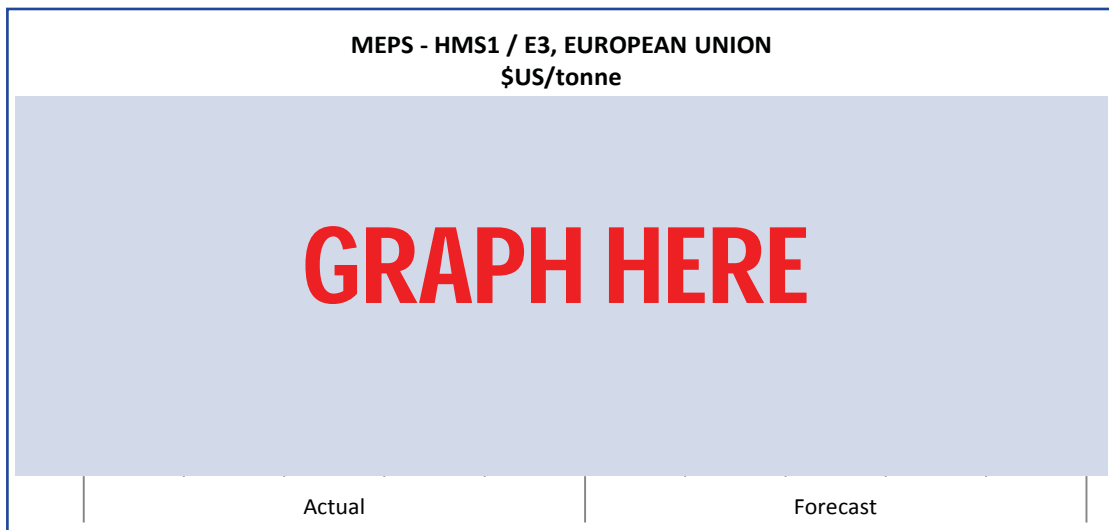
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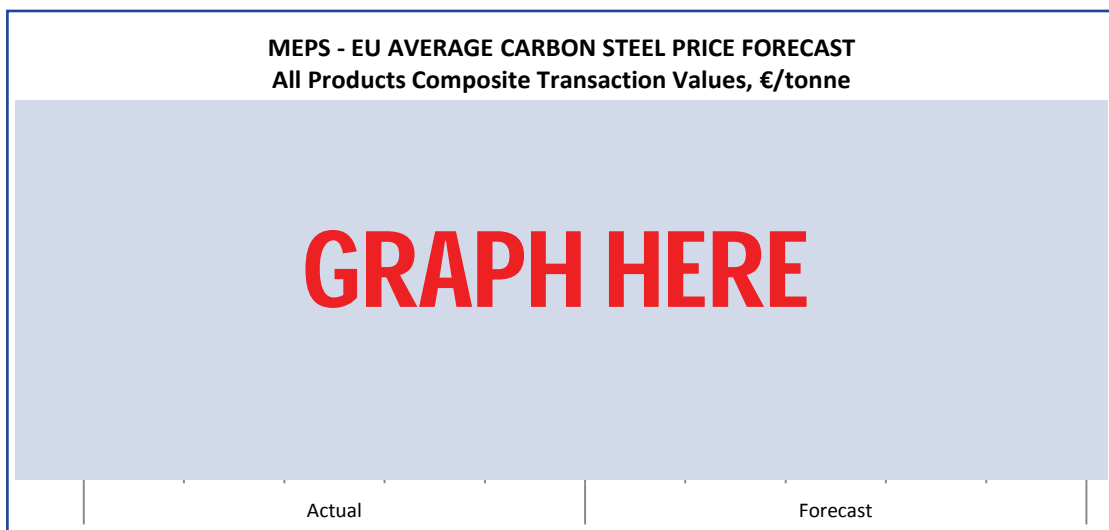


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ALL PRODUCTS STEEL PRICE FORECASTS

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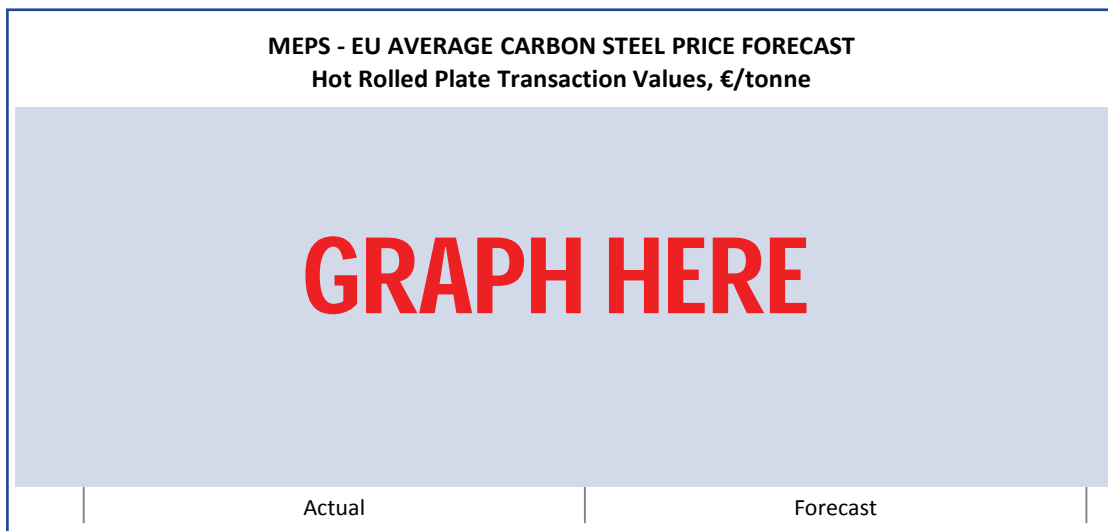
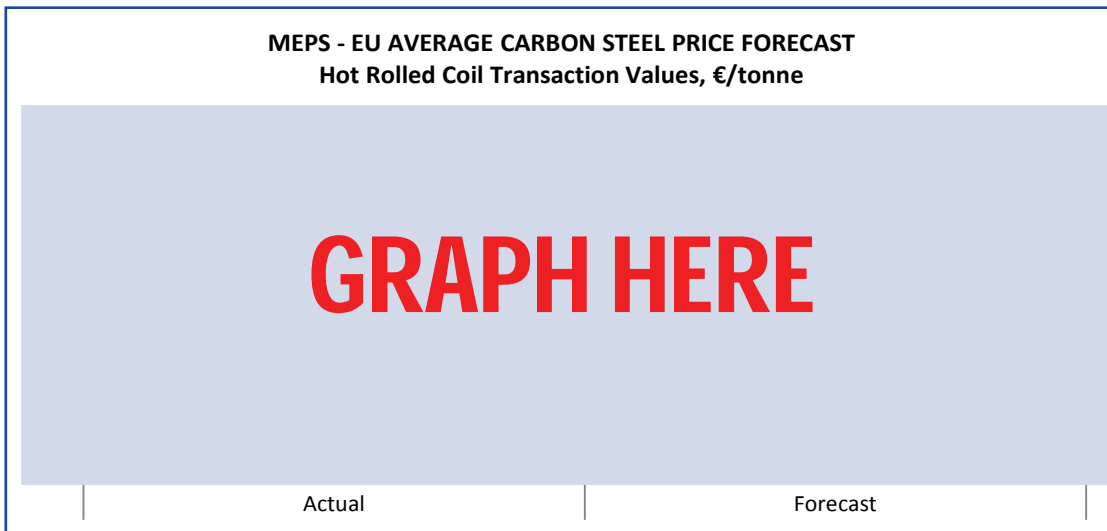
FLAT PRODUCTS STEEL PRICE FORECASTS

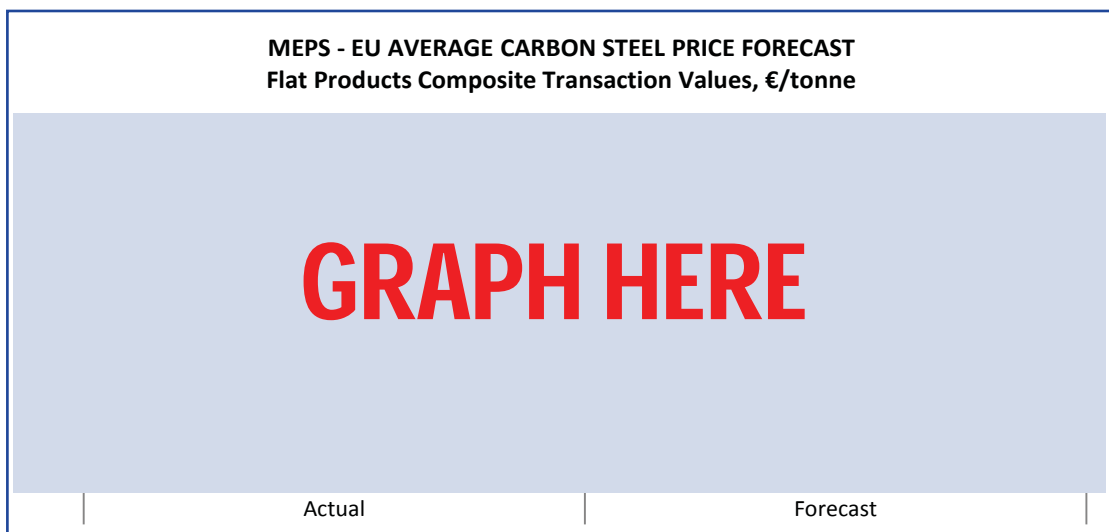
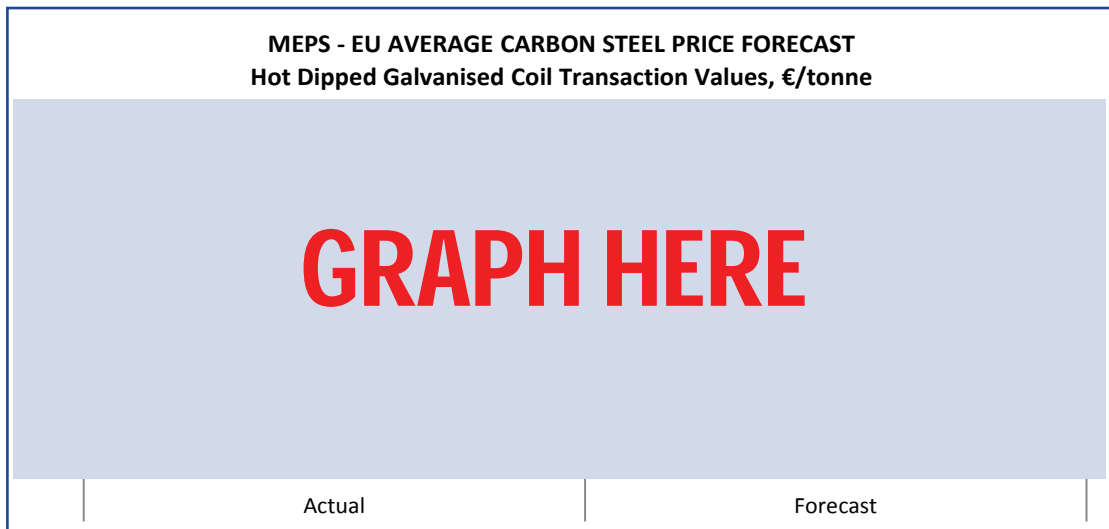
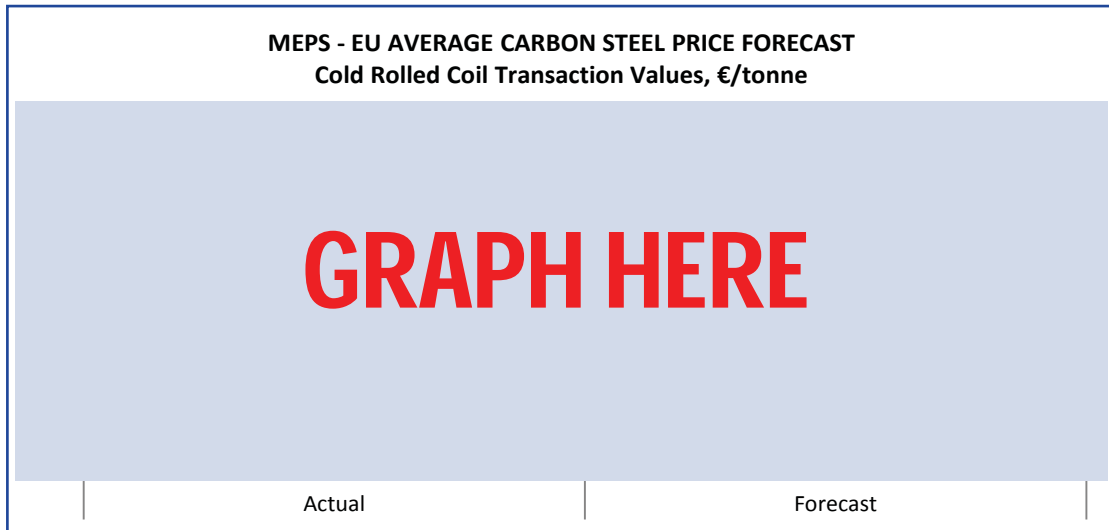
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European Union - Flat Products						
€/tonne		Hot Rolled Coil	Hot Rolled Plate	Cold Rolled Coil	Hot Dipped Galvanised	Flat Products Composite
ACTUAL	2010	???	???	???	???	???
	2011	???	???	???	???	???
	2012	???	???	???	???	???
	2013	???	???	???	???	???
	2014	???	???	???	???	???
FORECAST	2015	???	???	???	???	???
	2016	???	???	???	???	???
	2017	???	???	???	???	???
	2018	???	???	???	???	???
	2019	???	???	???	???	???

Transaction Prices - Based On MEPS Low Values

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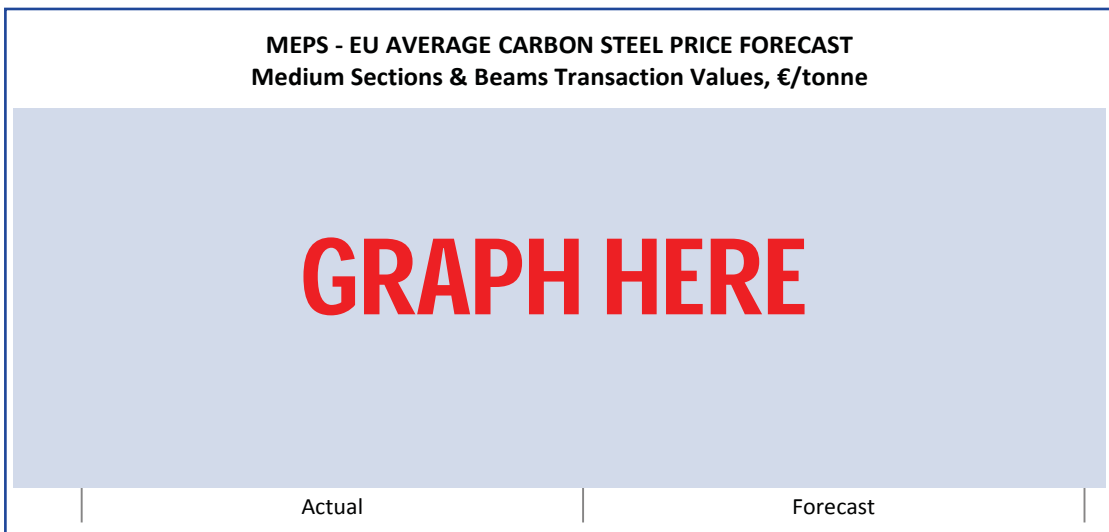
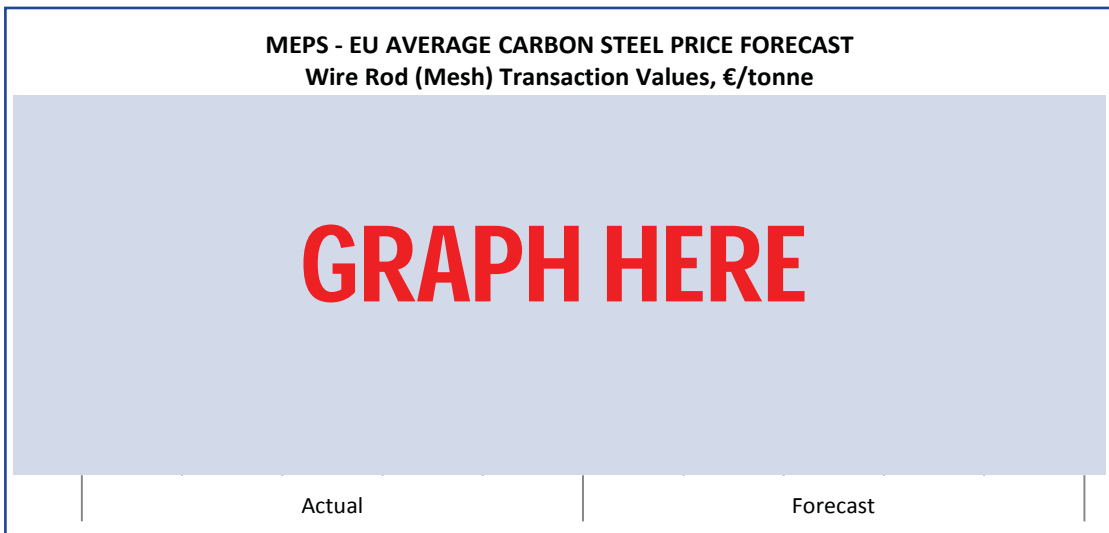
LONG PRODUCTS STEEL PRICE FORECASTS

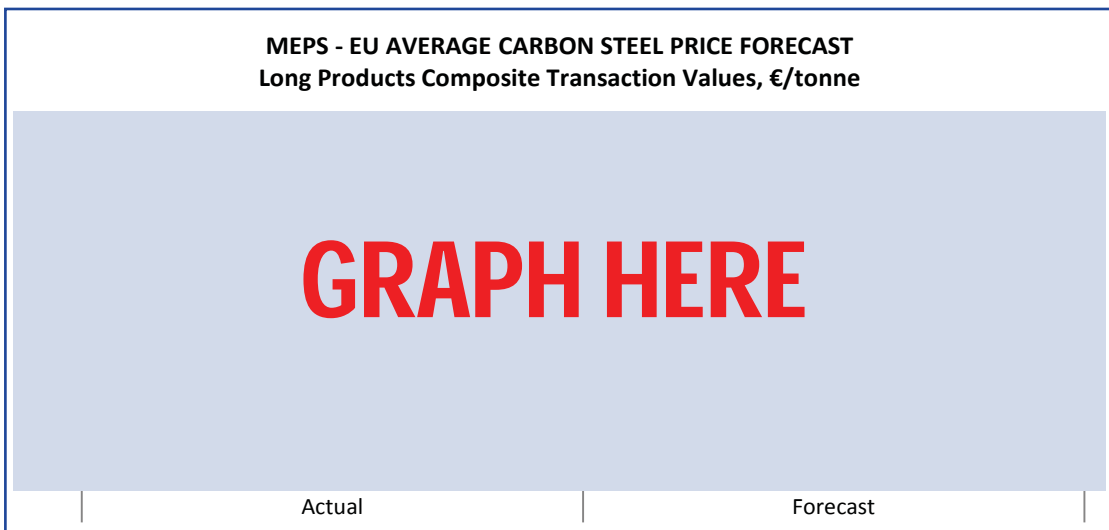
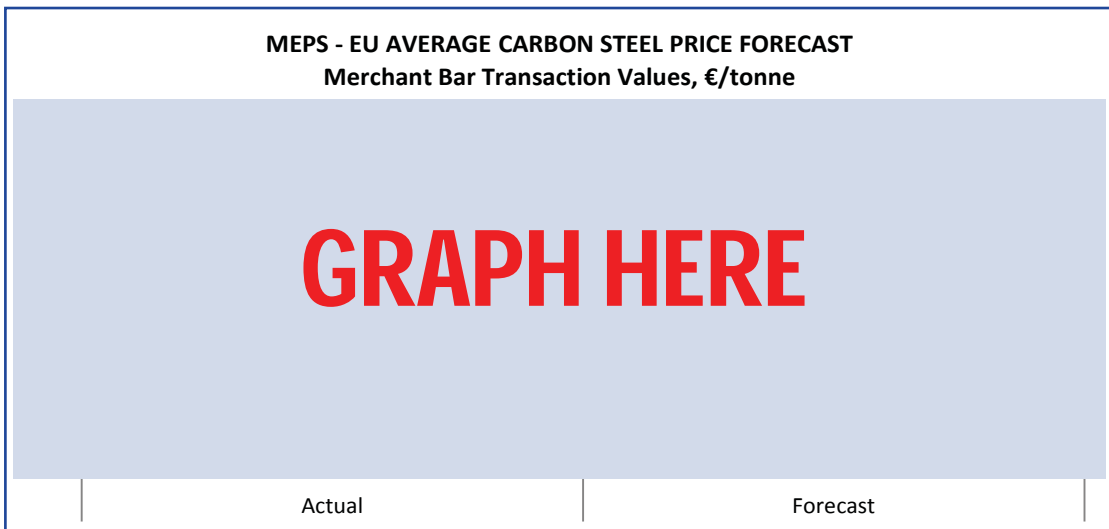
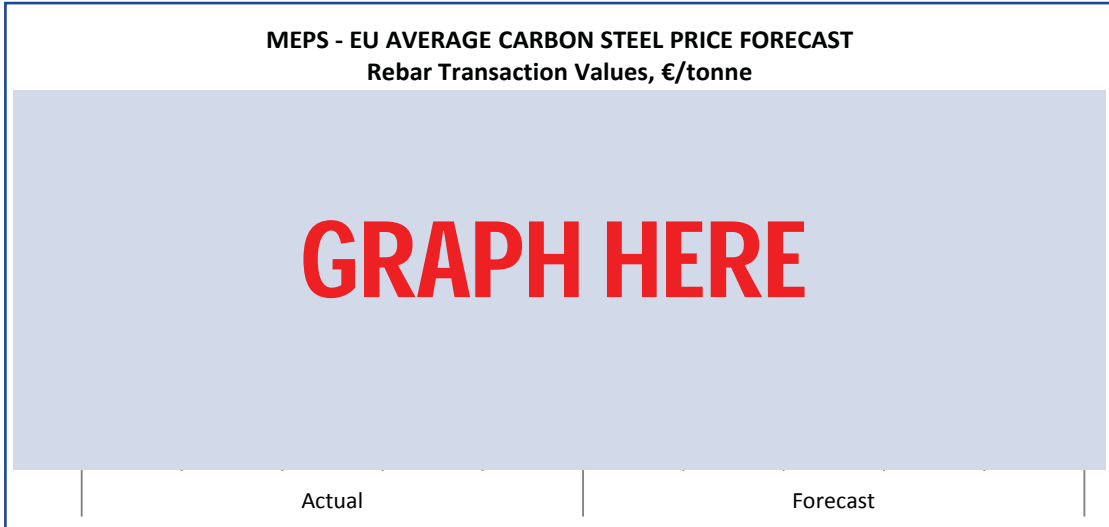
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European Union - Long Products						
€/tonne		Wire Rod (Mesh)	Medium Sections & Beams	Rebar	Merchant Bar	Long Products Composite
ACTUAL	2010	???	???	???	???	???
	2011	???	???	???	???	???
	2012	???	???	???	???	???
	2013	???	???	???	???	???
	2014	???	???	???	???	???
FORECAST	2015	???	???	???	???	???
	2016	???	???	???	???	???
	2017	???	???	???	???	???
	2018	???	???	???	???	???
	2019	???	???	???	???	???

Transaction Prices - Based On MEPS Low Values

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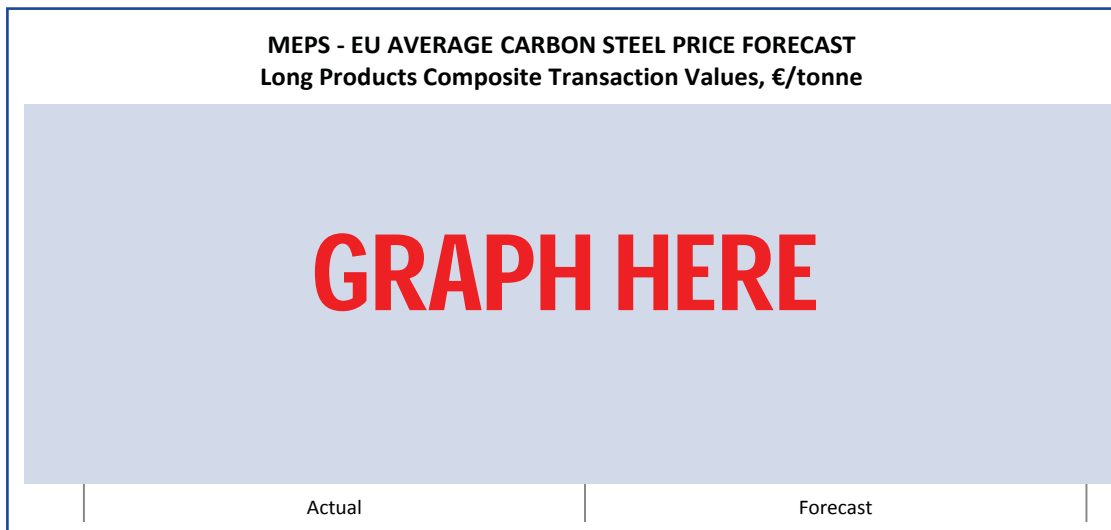
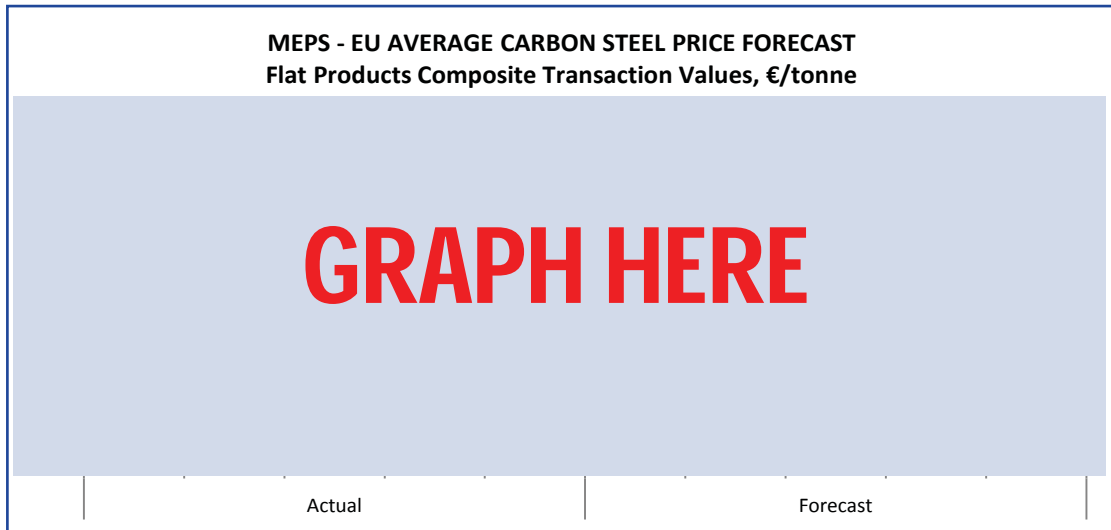




RISKS

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APPENDIX

FORECAST DATA - \$US/TONNE

Long Term Annual Forecast - Flat Products
Long Term Annual Forecast - Long Products

ANNUAL FORECASTS - US DOLLAR VALUES

European Union - Flat Products						
\$US/tonne	Hot Rolled Coil	Hot Rolled Plate	Cold Rolled Coil	Hot Dipped Galvanised	Flat Products Composite	
ACTUAL	2010	???	???	???	???	???
	2011	???	???	???	???	???
	2012	???	???	???	???	???
	2013	???	???	???	???	???
	2014	???	???	???	???	???
FORECAST	2015	???	???	???	???	???
	2016	???	???	???	???	???
	2017	???	???	???	???	???
	2018	???	???	???	???	???
	2019	???	???	???	???	???

European Union - Long Products						
\$US/tonne	Wire Rod (Mesh)	Medium Sections & Beams	Rebar	Merchant Bar	Long Products Composite	
ACTUAL	2010	???	???	???	???	???
	2011	???	???	???	???	???
	2012	???	???	???	???	???
	2013	???	???	???	???	???
	2014	???	???	???	???	???
FORECAST	2015	???	???	???	???	???
	2016	???	???	???	???	???
	2017	???	???	???	???	???
	2018	???	???	???	???	???
	2019	???	???	???	???	???

Transaction Prices - Based On MEPS Low Values.

Dollar values based on a fixed exchange rate of 0.907n Euros per US Dollar

DEFINITIONS

Transactions prices are the realised values obtained by the mills for the cheapest grade of steel in the size range specified for each product. These are determined by adding the relevant size extras to the negotiated ex-mill basis price for the selected product.

Transaction values relate to those paid by consumers and stockholders for prime material. The prices are for regular business between customers and their local steel mills, negotiated during the current month for delivery in the future. Delivery charges and local taxes are not included in the quoted prices. Contract deals arranged in the domestic market, or deals for lots of imported steel, are specifically excluded from our price evaluation.

- Hot Rolled Coil - 2-3mm thickness, width over 1.1 metres.
- Hot Rolled Plate - 15-40mm thickness, width over 2.0 metres.
- Cold Rolled Coil - 1mm thickness, width over 1.3 metres.
- Hot Dipped Galvanised Coil - 1mm thickness, width over 1.1 metres, coating thickness 275gm/m².
- Wire Rod (Mesh Quality) - 8-12mm diameter.
- Medium Sections and Beams - 240 x 240mm H Beam.
- Reinforcing Bar (Deformed) - 16-20mm diameter.
- Merchant Bar - 50 x 50 x 6mm equal angle.

EU Average

Prices are computed from a weighted average (based on consumption) of the low transaction values identified in Germany, France, Italy, UK and Spain, collected in national currencies and converted into euros using currency exchange rates effective at the start of each month to provide a basis for comparison.

Flat Products Composite

Prices are computed from a weighted average (based on consumption) of the low transaction values recorded in the relevant period for hot rolled coil and plate, cold rolled coil and hot dipped coated coil.

Long Products Composite

Prices are computed from a weighted average (based on consumption) of the low transaction values recorded in the relevant period for wire rod, structural sections, reinforcing bar and merchant bar.

All Products Composite

Prices are computed from a weighted average (based on consumption) of the low transaction values recorded in the relevant period for all carbon steel products in the flat and long categories.

Disclaimer

All price and market data is researched by MEPS staff and our local correspondents. The information has been obtained from respondents who we consider provide accurate intelligence on the steel market. We make our best endeavours to be assured that the information is correct and that our analysis is reliable. MEPS (International) Ltd cannot be made liable for any loss resulting from the use of our published data, however it may arise.