



is a leading steel information service in Englewood Cliffs, N.J., USA

WSD's steel experience, steel database and availability of steel statistics are the principles for performing steel forecasts, studies and analysis for international clients. WSD seeks to understand how the "pricing power" of steel companies the world over will be impacted by changes in the steel industry's structure. The views and opinions expressed in this article are solely those of World Steel Dynamics and not necessarily those of AIST.



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Evolving steel industry "industrial structure"

WSD has identified 11 "driving forces" provoking change in the steel industry's competitive environment. Well-positioned companies will have a good opportunity to succeed in this environment notwithstanding the strong possibility that global steel production in 2025 will be little changed from the present time. Losers will also be commonplace, with their more attractive assets acquired by their stronger competitors.

The critical challenge is for the non-Chinese steel mills to not be dragged down by sizable oversupply in China. It is imperative for them that China's "steel exporting armada" is defeated — i.e., Chinese exports don't surge in the future. In October 2017, Chinese exports annualized fell to about 60 million metric tons versus peaks of 130 million metric tons in September 2015 and 125 million metric tons in June 2016.

Table 1

<i>Steel Industry "Driving Forces"</i>	
	Rating (10 = best; 1 = worst)
Chinese policymakers driving the steel industry bus	8
Shifting global steel trade; Chinese exporting armada defeated	10
Major advances in steel's technological revolution	4
Extreme price volatility	3
The future: liquid steel futures curves outside of China	9
No change in global steel production by 2025	1
Extreme M&A activity	9
Massive Chinese steel scrap recovery (8 for non-integrated and 2 for integrated mills)	5
Tightening of third-party steel slab market	7
Steel's new "Age of Protectionism"	9
Global steel production is crashing into the ECO-Capacity wall	9

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