

Crude Steel Market | Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The crude steel market was valued at over USD 1,340,036.18 million in 2021, and it is projected to register a CAGR of 1.56% in terms of revenue during the forecast period (2022-2027).

In 2021, the demand for crude steel increased due to an increase in demand in various industries such as construction, tools and machinery, energy, transportation, and others. According to the Organisation Internationale des Constructeurs d'Automobiles (OICA), in 2021, around 80.15 million vehicles were produced across the world, witnessing a growth rate of 3% compared to ~77.71 million vehicles in 2020, thereby enhancing the consumption of crude steel in the manufacturing of different automotive parts.

Key Highlights

Over the short term, increasing demand from the building and construction industry and recovering automotive production will likely drive the market's growth.

On the flipside, depleting natural resources and the availability of substitutes are likely to hinder the growth of the studied market. The growing trend of a circular economy will likely act as an opportunity for the studied market.

The Asia-Pacific region is expected to dominate the market across the world, with the largest consumption from countries such as China and India.

Crude Steel Market Trends

Increasing Demand from the Building and Construction Industry

Steel, along with its alloys, is one of the most common metals used across the world in the construction sector. Buildings from

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houses to car parks to schools and skyscrapers all rely on steel for their strength.

Steel is also used on roofs and as cladding for exterior walls. Products, such as roofing, purlins, internal walls, ceilings, cladding, and insulating panels for exterior walls, are made of steel.

Steel is also found in many non-structural applications in buildings, such as heating and cooling equipment and interior ducting. Internal fixtures and fittings, such as rails, shelving, and stairs are also made of steel, providing a robust and stiff frame to the building.

Steel in the form of Rebar is used to provide support and resistance to design loads. It also plays a vital role in reducing the chances of cracking and risks of temperature-induced stresses. This may help the structure/building remain firm and increase its lifespan.

According to the United Nations (UN), around 50% of the global population resides in urban cities, which is projected to touch 60% by 2030. The pace of economic and demographic growth must be in harmony with the demand for commercial, residential, and institutional construction activities. By 2030, around 40% of the global population is likely to need housing at the rate of over 96,150 houses per day. Hence, with the growth of the residential sector, the use of steel is expected to increase.

The construction industry in Asia-Pacific is expected to become the largest and fastest-growing worldwide, with approximately a 45% share of the global construction spending coming from the region.

According to China's Five-Year Plan unveiled in January 2022, the construction industry in the country is estimated to register a growth rate of 6% in 2022. China plans to increase the construction of prefabricated buildings to reduce pollution and waste from construction sites. The prefabricated parts, either partially or wholly manufactured and then transported to the construction sites for assembly, may account for over 30% of the new construction in the country.

According to the Federal National Mortgage Association (Fannie Mae), in the United States, residential house construction, including privately-owned housing units authorized by building permits in January, was at a seasonally adjusted annual rate of 1,899,000. This is 0.7% above the revised December rate of 1,885,000 and 0.8% above the January 2021 rate of 1,883,000.

Moreover, privately-owned housing starts in January were at a seasonally adjusted annual rate of 1,638,000. This is 4.1% below the revised December estimate of 1,708,000 but is 0.8% above the January 2021 rate of 1,625,000. The January rate for units in buildings with five units or more was 510,000.

According to the American Institute of Architects, the overall non-residential building construction in the United States is expected to grow to 3.1% in 2022. The construction of hotels is expected to rise by 8.8% in 2022 and of office spaces by 0.1%. The subsequent increase is expected to enhance the growth of the steel market during the forecast period.

Therefore, such industry trends are expected to simultaneously drive the demand for steel in the building and construction sector.

The Asia-Pacific Region to Dominate the Market

The Asia-Pacific region has experienced favorable growth in the crude steel industry, with countries like China and India holding significant consumption shares.

China is the largest producer of crude steel globally. According to the World Steel Association, in 2021, China accounted for more than 50% of the global production. In 2021, the country's annual crude steel production capacity stood at 1,032.8 million tons, declining by 3% compared to 1064.7 million tons produced in 2020. The strong growth of steel production in the country was due to the growing demand from various end-user industries.

Furthermore, in the first quarter of 2022, crude steel production declined by 10.5% to 243.4 million tons, whereas 88.3 million tons were produced in March alone.

The expansion of the automotive segment in China is anticipated to benefit the demand for crude steel. According to the International Organization of Motor Vehicle Manufacturers (OICA), China is the largest producer of automobiles, accounting for about 32.5% of the global volume. The country alone produced 2,60,82,220-unit vehicles in 2021, registering an increase of 3% compared to 25,225,242 units in 2020.

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Moreover, the Chinese airline companies are planning to purchase about 7,690 new aircraft in the next 20 years, valued at approximately USD 1.2 trillion, further expected to raise the market demand for crude steel.

India is the second-largest steel producer globally, with 118.1 million tons of crude steel in 2021, registering an increase of 17.8% compared to 100.3 million tons produced in 2020. The favorable factors account for the easy availability of a low-cost workforce and abundant iron ore reserves.

Furthermore, according to the World Steel Association, in the first quarter of 2022, the production capacity of crude steel stood at 31.9 million tons, registering an increase of 5.9% compared to the same period last year.

As per the reports by the Society of Indian Automobile Manufacturers, SIAM, the country produced 4,399,112 units of passenger cars and light vehicles in 2021. Moreover, the government's reforms, such as "Aatma Nirbhar Bharat" and "Make in India" programs, are expected to boost the automotive industry.

According to the IATA (International Air Transport Association) report, India is poised to become the third-largest global aviation market by the end of the forecast period. The country is projected to have a demand for 2,100 aircraft over the next two decades, accounting for over USD 290 billion in sales. Due to these factors, the demand for crude steel from the aerospace sector is expected to rise in the future.

Therefore, all the above-mentioned factors are likely to significantly impact the demand in the market studied in the years to come.

Crude Steel Market Competitor Analysis

The market studied is fragmented in nature, with moderately high competition among the market players to increase their shares. Some of the key companies in the market include China BaoWu Steel Group Corporation Limited, ArcelorMittal, Nippon Steel Corporation, HBIS GROUP, and Shagang Group.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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