

Industry trends

Metals and Steel



A rebound in advanced markets is on the horizon, while emerging markets show weaker performance

Global overview

After a robust 5.7% increase in 2023, basic metals output is expected to slow down to 2.2% this year, as production in China and India has eased.

However, after a contraction last year, metals output in advanced economies should slowly rebound in H2 of 2024. This is due to recovering demand from key buyer industries and easing cost pressures (energy, commodities, labour).

As the economic rebound gains momentum, we expect 2025 advanced markets' metals production to increase by 4.4%. The sector should benefit from the lagged effect of expected monetary easing and the end of the de-stocking cycle. However, on a global level 2025 metals output growth will stagnate at 2.1%, mainly due to a slowdown in China.

Good prospects for non-ferrous metals
In the medium-term, metals and steel performance will be affected by how

successful China is in pivoting the economy away from investment-led growth through capacity closures. Another factor is the extent to which carbon tariffs can support 'greener' production. The emphasis on reducing carbon emissions could help prop up production in less profitable regions, such as Western Europe. Sustainability-led demand for non-ferrous metals like copper and aluminium should lead to higher sales prices and margins in this segment.

Industry performance forecast

Europe		Asia and Oceania		Americas		<p>Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.</p> <p>Good The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.</p> <p>Fair The credit risk situation in the sector is average / business performance in the sector is stable.</p> <p>Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend.</p> <p>Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.</p>
Austria	Netherlands	Australia	Philippines	Brazil		
Belgium	Poland	China	Singapore	Canada		
Czech Republic	Portugal	Hong Kong	South Korea	Mexico		
Denmark	Slovakia	India	Taiwan	USA		
France	Spain	Indonesia	Thailand			
Germany	Sweden	Japan	UAE			
Hungary	Switzerland	Malaysia	Vietnam			
Ireland	Turkey	New Zealand				
Italy	UK					

Industry trends

Metals and Steel

Basic metals output: Global and per region	2022	2023	2024*	2025*
Global	0.4	5.7	2.2	2.1
Americas	-1.4	-1.1	1.9	3.7
Asia Pacific	1.6	8.4	2.2	2.0
Europe	-4.7	-1.5	2.1	1.3

Year-on-year, % change /*forecast – Source: Oxford Economics

Basic metals output: Output per subsector	2022	2023	2024*	2025*
Basic metals all	0.4	5.7	2.2	2.1
Iron and steel	-1.2	6.1	2.0	2.2
Non-ferrous metals	2.7	6.0	2.7	1.7
Casting	0.7	1.5	1.7	3.3

Year-on-year, % change /*forecast – Source: Oxford Economics

Strengths and growth drivers

Green metals and steel. Demand for green metals and steel is growing, particularly from EV manufacturers as they increasingly include Scope 3 emissions within decarbonisation strategies. (These are the carbon emissions generated in the production of vehicle materials.)

Increased competitiveness. Increased demand for green metals and steel by automotive and also areas such as wind turbine production, means green producers can gain a competitive advantage over manufacturers that are slower to transition.

Emerging markets. Growing urbanisation is driving demand for new housing and infrastructure improvement projects. This is resulting in increased demand for metals/steel from construction businesses in emerging markets.

Constraints and downside risks

Clean energy transition. Transitioning to greener production carries high capital intensity and costs, which can be compounded by difficulties in sourcing finance (especially for smaller and medium-sized businesses). Many could find it difficult to pass on higher costs to customers.

Overcapacity. Historically, the steel industry has been seen as vital to national interests, and domestic production has been encouraged and protected. But increased globalisation has led to excess capacity and consolidation has been slow. China, the biggest contributor to overcapacity, has only recently started to shut down excess capacity.

Supply chain issues. Securing and developing sustainable supply chains can be a challenge, especially for mining, transportation and materials processing. This could lead to sourcing and commodity deficits for metals and steel producers.



Metals and Steel outlook Americas

Basic metals output	2022	2023	2024*	2025*
Brazil	-3.8	-2.6	0.0	2.6
Canada	0.7	-1.6	0.2	3.7
Mexico	3.7	0.5	0.2	0.5
United States	-2.3	-1.0	3.2	4.5

Year-on-year, % change /*forecast – Source: Oxford Economics

USA

A rebound after two years of contraction

We expect US basic metals output to increase by 3.2% in 2024 and 4.5% in 2025. The sector benefits from a solid economic performance, with GDP forecast to grow 2.4% this year.

The Infrastructure Investment and Jobs Act is providing stimulus for metals and steel consuming sectors. In the infrastructure segment, power plant projects continue to grow in order to ensure energy resilience. In addition, energy and sustainability projects driven by the Inflation Reduction Act will sustain metals and steel demand. The government is developing domestic critical mineral capacities, which will benefit non-ferrous metal production. That said, steel prices are currently low and labour expenses remain high, putting pressure on the margins of steel producers.

Energy prices are much lower in the US than in other regions, due to the size of US domestic energy production. Therefore, US metals and steel producers have a competitive advantage over their peers in Europe and Japan.

Canada

No recovery yet

We expect basic metals output to increase by only 0.2% in 2024 after a 1.6% contraction last year. Weak domestic demand and high interest rates are having a negative impact on the steel segment, and higher input costs are affecting businesses' margins.

The non-ferrous metals subsector has fared somewhat better, due to higher sales prices. In line with an expected economic rebound, basic metals production is forecast to grow 3.7% in 2025.

Industry performance forecast

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	Canada
	Mexico
	USA
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Metals and Steel outlook

Asia Pacific

Basic metals output	2022	2023	2024*	2025*
China	3.4	8.7	2.0	-0.2
India	2.5	18.1	2.7	6.2
Japan	-5.6	-3.9	1.2	7.0
South Korea	-8.4	3.8	0.4	3.8

Year-on-year, % change /*forecast – Source: Oxford Economics

China

A contraction expected for next year

We expect Chinese basic metals output growth to slow down to 2% in 2024 (after it was up 8.7% in 2023) and to contract by 0.2% next year, due to weakness in the steel segment. Steel supply exceeds demand, putting prices and margins under increasing pressure.

Steel producers are suffering from the ongoing liquidity woes in the property sector and the wider economic growth slowdown. At the same time the government has not yet strictly enforced its policy of curbing output for environmental reasons, as it wants to shore up economic growth.

The non-ferrous metals subsector is faring better, as the government prioritises advanced manufacturing, electric vehicles and renewable energy production. However, there are overcapacities in some segments like nickel and copper. Aluminium output is close to the 45 million metric ton cap the government set in 2017.

India

Growth to accelerate again in 2025

We expect Indian basic metals output growth to slow down to 2.7% this year after a whopping 18% increase last year. Metals and steel demand are impacted by an economic slowdown and monetary tightening. However, the country’s rapid economic development, urbanisation, and growing population will sustain metals and steel production in the mid to long-term. For 2025 a 6.2% growth is forecast.

Japan

Only a modest rebound in 2024

After a sharp contraction in 2023 and 2022, we expect Japanese basic metals output to grow by 1.2% in 2024, as demand from automotive and construction rebounds over the course of the year. Lower energy costs will support the recovery, but external demand remains weak for the time being, while cost pressures weigh on the sector in the medium term.

Industry performance forecast

	Australia
	China
	Hong Kong
	India
	Indonesia
	Japan
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Metals and Steel outlook Europe

Basic metals output	2022	2023	2024*	2025*
France	-5.8	-7.8	7.3	6.9
Germany	-4.6	-1.7	-3.2	2.9
Italy	-8.4	-5.9	3.5	7.1
United Kingdom	-8.1	5.2	-10.2	-10.0

Year-on-year, % change /*forecast – Source: Oxford Economics

Eurozone and UK

Higher energy prices affect competitiveness

After a 2.1% contraction in 2023 we expect Eurozone basic metals output to shrink again this year, by 0.5%. Eurozone economic growth remains a feeble 0.6%, with high interest rates, weak external demand and an industrial recession dampening metals demand. We expect a gradually recovery of metals performance in H2 of 2024 as cost pressures subside and industrial demand rebounds.

For 2025 basic metals output is forecast to increase 3.4%. Despite decreased gas prices, Eurozone metals and steel producers face a permanent competitive disadvantage compared to other countries in terms of energy costs. That said, the introduction of the carbon border adjustment mechanism should provide some support to domestic producers in the medium term.



Germany

We forecast basic metals production to contract again in 2024, by 3.2%, with the steel segment declining 4%. Steel demand remains subdued and prices have deteriorated, putting pressure on margins. While basic metals output is expected to recover in 2025, a full rebound to pre-pandemic levels is not in the cards. Higher energy costs and investment in cleaner production capacity are major challenges.

Italy

Basic metals production contracted sharply in 2022 and 2023 due to weak demand and high costs. We expect basic metals production to increase by 3.5% this year in line with an economic recovery, but any lagging impacts of the expected monetary easing in the eurozone remain a downside risk.

United Kingdom

Basic metals and steel output are expected to decrease at double-digit rates in 2024 and 2025. The main reason is the announcement of Tata Steel and British Steel to replace their blast furnace mills with electric arc furnaces. Non-ferrous metals production in the UK will contract by 1.7% this year, impacted by high energy costs and subdued economic growth. Brexit has reduced access to EU markets for metals and steel businesses as well as for end-user industries.

Industry performance forecast

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