

Balli Steel Anticipates Global Steel Recovery To Continue Into 2010



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Balli Steel, one of the world's largest privately owned independent commodity traders, anticipates that the global steel market will continue its recovery during 2010. Following a fall in apparent steel usage of approximately 15% in 2009, Balli Steel believes that usage could increase by up to 9% next year. However, consumption levels are unlikely to reach their 2007 peak until 2012 and recovery is liable to be driven by the Far Eastern markets, especially China, as European markets continue struggling.

Nasser Alaghband, Director of [Balli Steel](#) commented: "We are anticipating that the steel market will continue its recovery next year but growth is expected to be moderate and driven by emerging economies, with China's influence continuing to be critical. There is a danger that consumption growth will not match the increased production capacity which has been created in recent years, which could lead to the possibility of oversupply."

The economic downturn has severely affected demand for steel with apparent usage expected to fall by -32.6% in 2009 to 122 million metric tonnes*. This fall in consumption has led to a slowdown in production and Balli Steel estimates that many of the mills across Europe are operating at between 40% and 60% capacity.

The global recession has led to property downturns across the European Union resulting in an oversupply of both residential and commercial property which in turn has led to a significant slow down in

construction. With the construction accounting for approximately 50% of global requirement, the property downturn has had a significant impact on the steel industry across Europe, particularly in Portugal, Italy, Ireland, Greece and Spain.

Projections from the World Steel Association suggest that steel usage across Europe could grow by up to 12.4% in 2010. However, Balli Steel believes the industry still faces a number of challenges with governments cutting spending on public sector and infrastructure projects.

Steel consumption in the Middle East has fallen at a slower rate than in Europe with usage falling by -9.8% in 2009 to 38,834 million metric tonnes*. The demand for construction steel has fallen across the UAE, but Dubai has been hit particularly hard due to a decline in the demand for property in the first quarter of the year. Balli Steel reports that construction steel demand in Saudi Arabia is likely to remain strong in the medium term as the country looks to develop good employment prospects for its population.

China continues to dominate both the Far Eastern and global [steel trading](#) markets accounting for almost 49% of world [steel production](#) as well as approximately 50% of global consumption equating to 1.5 million tonnes per day. There are signs of over production, but the Chinese government appears reluctant to instruct the steel mills to reduce supply. The result may be an increase in exports, despite existing trade tariffs, especially for galvanised steel.

India, has been largely sheltered from the global economic crisis but its steel market has remained relatively subdued. The country's continuing economic expansion, combined with growth in domestic consumer demand and infrastructure projects should ensure that demand for steel in India will increase in the medium term.

Other smaller Asian markets are also showing signs of growth and recovery.

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Notes for Editors

* Source: World Steel Association

About

Balli Holdings is a large private, multi-national corporation, headquartered in London, with offices in Dubai and other key business hubs around the world.

Balli

Balli was established in 1982 and operates a number of affiliated companies specialising in commodity trading, industrial, real estate and private equity with operations in over 20 countries. Together with its affiliated companies, [Balli Group](#) employs over 2,000 people worldwide.

Holdings:

Balli Steel is the company's principal operating subsidiary, and is one of the largest independent traders of steel in the world. Balli Steel provides raw materials and steel to a number of market segments including steel mills, steel service centres, pipe and tube makers, the oil and gas industry and other designated end-user segments such as the packaging products industry. The company's real estate operations currently has a significant property portfolio in the UK and Middle East.

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