



The Middle East & Africa

Similar to Oceania, the Middle East and Africa account for small percentages of global supply and demand. Both appear to import the majority of their steel needs from geographies with excess crude steel production, like China and CIS.

Figure 33: The Middle East & Africa, Supply / Demand (000's of metric tonnes)

Global Steel Production (Supply)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% Global
Middle East	16,452	16,647	17,766	20,000	23,230	24,979	26,967	29,986	29,429	31,481	2%
% Δ YoY	12%	1%	7%	13%	16%	8%	8%	11%	-2%	7%	
Africa	18,675	16,970	15,400	16,625	15,696	15,336	15,963	14,885	13,701	13,099	1%
% Δ YoY	9%	-9%	-9%	8%	-6%	-2%	4%	-7%	-8%	-4%	
Global Steel Consumption (Demand)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% Global
Middle East	48,378	54,265	50,096	52,871	56,119	55,661	57,510	59,204	58,483	57,728	4%
% Δ YoY	20%	12%	-6%	6%	6%	-1%	3%	3%	-1%	-1%	
Africa	24,992	29,627	32,666	30,231	32,068	35,860	39,677	40,707	42,032	40,885	3%
% Δ YoY	3%	19%	10%	-7%	6%	12%	11%	3%	3%	-3%	
Global Steel Supply/Demand (000's)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
MIDDLE EAST	(31,926)	(37,618)	(32,330)	(32,871)	(32,889)	(30,682)	(30,543)	(29,218)	(29,054)	(26,247)	
AFRICA	(6,317)	(12,657)	(17,266)	(13,606)	(16,372)	(20,524)	(23,714)	(25,822)	(28,331)	(27,786)	

Source: Deutsche Bank, Bloomberg Finance LP, the World Steel Association

- The Middle East produced 31.5mn mt of steel versus apparent demand of 57.7mn mt resulting in a 2016 steel deficit of 26.2mn metric tonnes.
- Africa manufactured 13.1mn mt of steel compared to apparent demand of 40.9mn mt resulting in a 27.7mn mt steel deficit in 2016.

Key Takeaways

Having now analyzed the steel trade on both a regional and country-specific basis, we have identified a few key themes to keep in mind when considering trends in the global steel markets:

- The global steel industry is characteristically oversupplied largely due to production in excess of demand primarily emanating from Asia and CIS;
- While steel is not a "true" commodity but rather an alloy, it trades globally like a commodity meaning that differences in quality are largely negligible for most of the generic products (hot-rolled coil, cold-rolled coil);
- According to our analysis, nations that appear responsible for producing more steel than demand warrants in their countries include China, Japan, South Korea, Russia and several other former Soviet countries in the CIS;
- Disparities in global steel prices bring about an arbitrage opportunity for countries able and willing to ship steel to healthier markets with superior pricing than their own domestic market;
- NA and the EU have become target markets to dump excess steel and are now focused on combating incoming imports by way of tariffs and duties;
- Turkey is the largest importer of scrap steel globally while the U.S. is the largest exporter; Turkey has historically imported one-third of U.S. scrap exports, hence directionally investors should look to trends in Turkey to analyze the supply / demand balance in the global scrap steel trade; and,
- Steel prices in a given market reflect regional relationships between supply and demand and may differ meaningfully from market to market.