

SA steel production falls 9.9% y/y in August to 446,000 tons: worldsteel

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South African steel production fell 9.9% year on year (y/y) in August to an estimated 446,000 tons after an 11% drop in July and a 6.9% rise in June, according to the World Steel Association (worldsteel).



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The June result was the first y/y increase this year and followed a 16.3% rise in South African steel production to 7.6-million tons in 2015 compared with a 2.8% decline in global steel production to 1.6228-billion tons. In 2015 steel production decreased in all regions except Oceania, which registered a 4.6% gain.

In the first eight months of 2016 South African steel production was down 9.0% y/y compared with a 12.9% y/y decline for Africa and a 0.9% y/y reduction globally.

In August world crude steel production rose 1.9% y/y to 134.1-million tons, of which China accounted for 68.6-million tons, which was a 3.0% y/y increase.

The poor demand was in part due to the government's multi-billion rand infrastructure investment plans failing to gain traction, as investment in steel-intensive railway corridors such as links to Swaziland and the Waterberg coalfields, remain

plans, not projects.

The government's economic cluster said in early September 2016 that steps had been taken to accelerate implementation of Jacob Zuma's nine-point plan to get the economy onto a sustainable growth path. The cluster was at an advanced stage in preparing for the implementation of 40 intensive investment projects.

In the February 24 2016 budget, the Treasury outlined plans for R865.4bn in public-sector infrastructure spending over the next three fiscal years. The largest portion, of R291.6bn, will be invested in the steel-intensive transport and logistics sector.

By contrast the private sector has invested heavily in the steel-intensive nonresidential construction sector with reports of shortages of steel reinforcing bars.

The real value of nonresidential buildings completed soared by 42% y/y in the first seven months of 2016 as there were large increases in completions of retail, office and banking space in KwaZulu-Natal, while the centre of Sandton currently resembles a great big construction site with several large buildings in the process of being erected.

Source: BDpro

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