



EUROMETAL OUTLOOK ON ECONOMIES AND STEEL MARKETS

**A REPORT TO EUROMETAL MEMBERS AND ASSOCIATE
MEMBERS & AFFILIATES DISMET, EASSC, NAT.FED AND STSG**

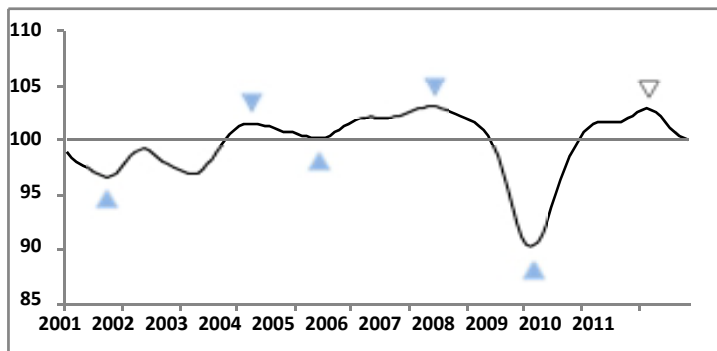
JANUARY 2012

EUROMETAL OUTLOOK ON ECONOMIES

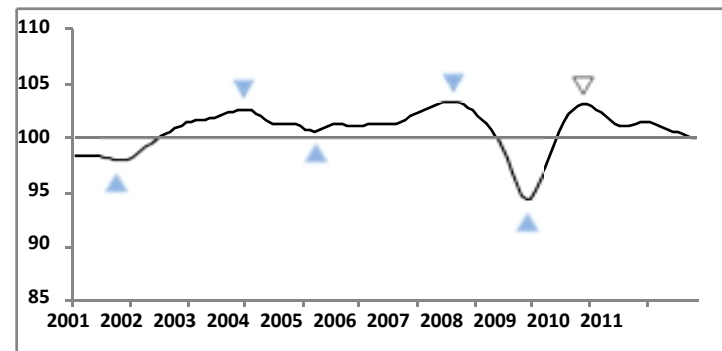
2012 OUTLOOK ON WORLD ECONOMIES IS SUBDUED

OECD COMPOSITE LEADING INDICATORS(CLI) ARE TURNING DOWN. CLI TURNING POINTS HAPPEN TO PRECEDE BY 6 MONTHS TURNING POINTS IN ECONOMIC ACTIVITY RELATIVE TO THE LONG TERM TREND

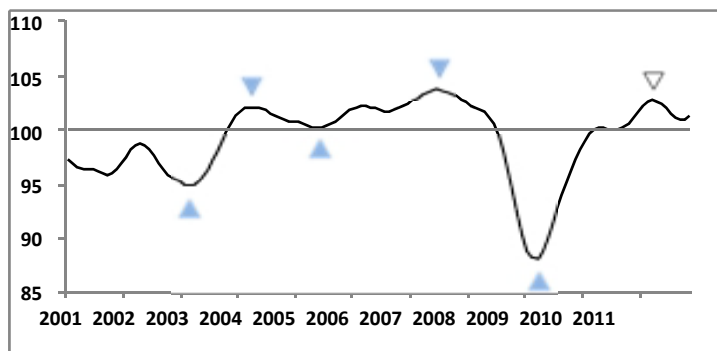
Slowdown in the OECD area



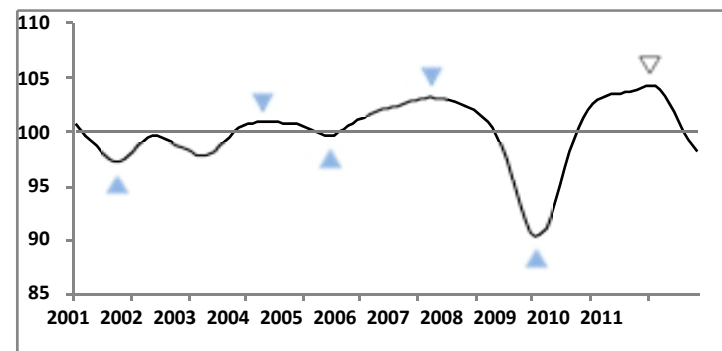
Slowdown in China



Positive change in momentum in the United States



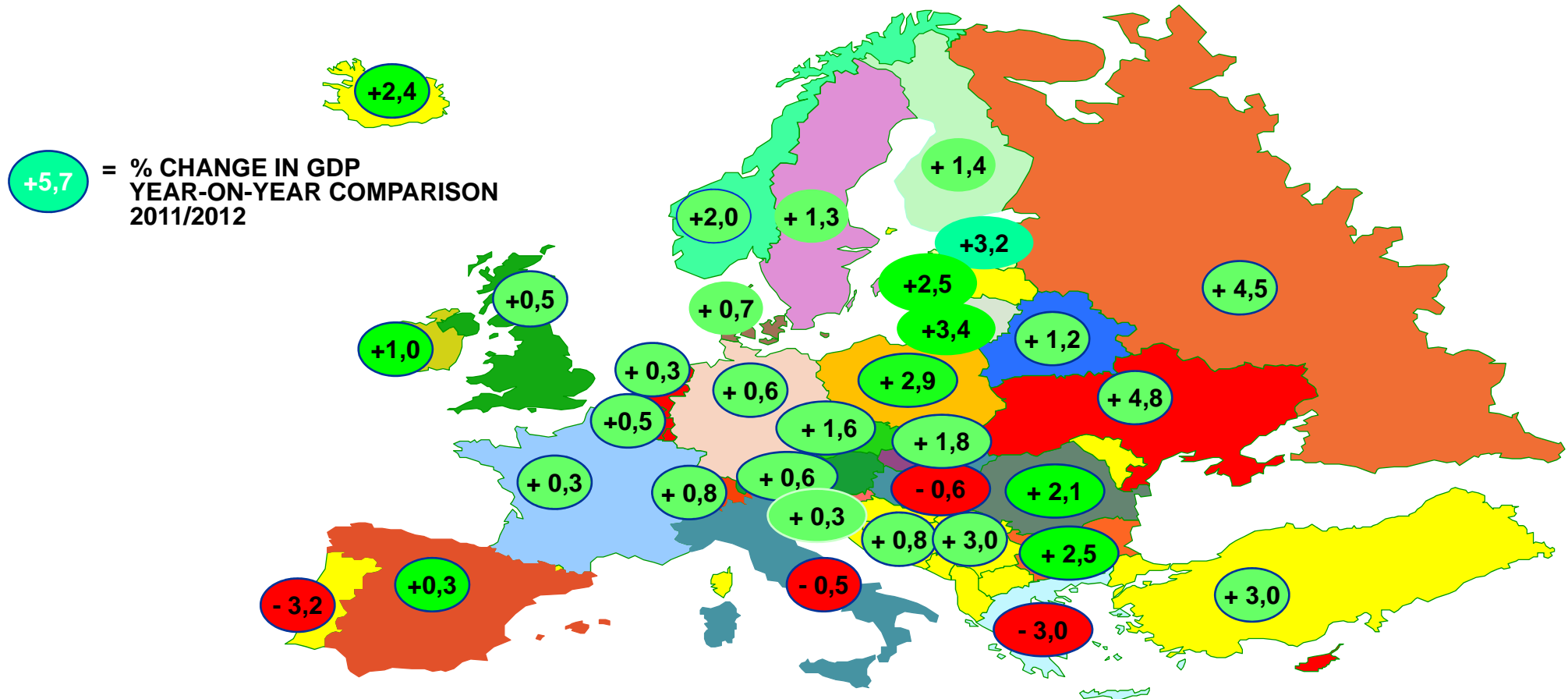
Slowdown in the Euro area



OECD COMPOSITE LEADING INDICATORS(CLI) CONTINUE TO INDICATE A GLOBAL ECONOMIC SLOWDOWN, EXCEPT IN USA, JAPAN AND RUSSIA

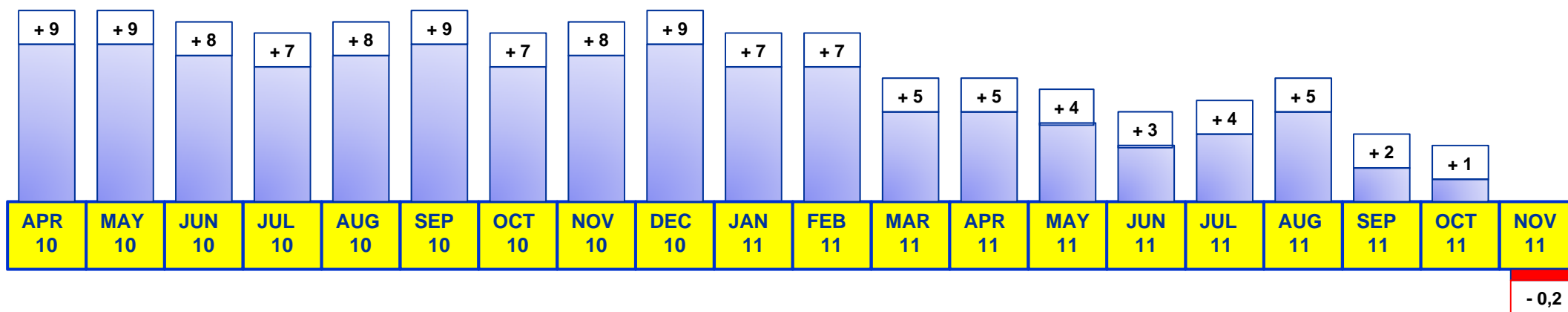
ECONOMY	LONG TERM TREND – 100			MONTH ON MONTH GROWTH			Y-0-Y GROWTH NOV 11	ECONOMIC CYCLE OUTLOOK
	SEP	OCT	NOV 11	SEP	OCT	NOV 11		
USA	101,0	101,0	101,2	-0,2%	0,0%	+0,2%	+0,2 %	POSITIVE TREND
JAPAN	101,6	101,5	101,5	-0,2%	-0,1%	0,0%	-0,4 %	POSITIVE TREND
RUSSIA	102,2	102,3	102,5	0,0%	+0,1%	+0,2%	-0,5 %	POSITIVE TREND
MAJOR ASIA OF WHICH:	99,3	99,1	98,9	-0,3%	-0,2%	-0,2%	-2,7 %	SLOWDOWN
CHINA	100,2	100,1	100,0	-0,1%	-0,1%	-0,1%	-1,5 %	SLOWDOWN
INDIA	94,3	93,8	93,6	-0,7%	-0,5%	-0,3%	-8,2%	SLOWDOWN
EURO AREA OF WHICH:	99,3	98,7	98,9	-0,8%	-0,6%	-0,4%	-5,6 %	SLOWDOWN
GERMANY	99,6	98,6	97,9	-1,2%	-1,0%	-0,8%	-7,2 %	SLOWDOWN
ITALY	97,1	96,3	95,8	-1,1%	-0,8%	-0,5%	-8,0 %	SLOWDOWN
FRANCE	98,9	98,5	98,2	-0,7%	-0,5%	-0,3%	-5,1 %	SLOWDOWN
BRAZIL	94,9	94,0	93,3	-1,1%	-0,9%	-0,8%	-9,2 %	SLOWDOWN

**2012 GDP GROWTH ESTIMATE FOR EUROZONE IS FURTHER LOWERED TO + 0,4 %
DOWN FROM +1,5 % IN 2011. GDP GROWTH IN MAIN EU ECONOMIES WILL BE CLOSE TO ZERO.
ONLY THE BALTIC ECONOMIC REGION WILL KNOW A MODERATE GDP EXPANSION**



**LATER IN 2011, EU-27 INDUSTRIAL PRODUCTION GROWTH HAS BEEN
TENDING TOWARDS ZERO**

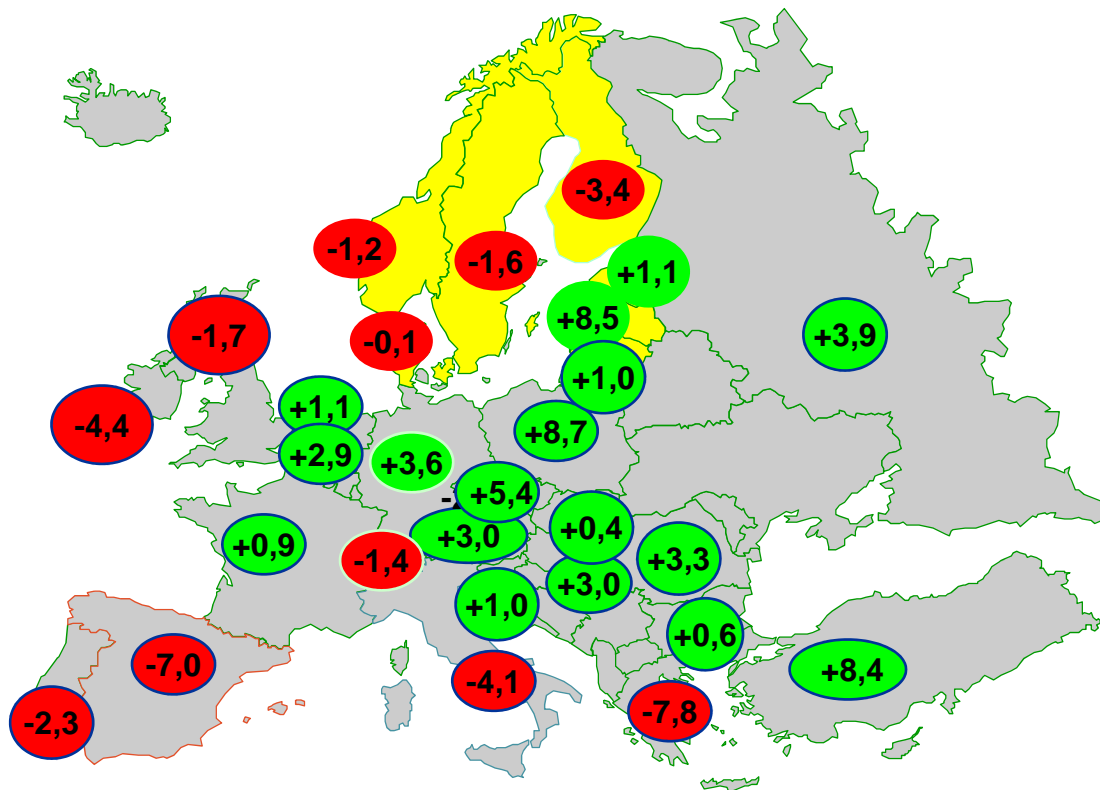
LATER IN 2011, INDUSTRIAL GROWTH IN EU-27 HAS STARTED TO TEND TOWARDS ZERO



+ 7 = YEAR-ON-YEAR %-CHANGE OF INDUSTRIAL PRODUCTION INSIDE EU-27

**INDUSTRIAL PRODUCTION IS PROGRESSING IN CENTRAL EUROPE.
IN LATE 2011, INDUSTRY OUTPUT HAS BEEN SHRINKING IN SOUTHERN EUROPE IN THE BRITISH ISLANDS AND IN SCANDINAVIA**

+5,7 = CHANGE IN INDUSTRIAL PRODUCTION,
LATEST AVAILABLE FIGURES AS OF NOVEMBER 2011
YEAR-ON-YEAR COMPARISON



**WORLD RANKING,
INDUSTRIAL PRODUCTION GROWTH
NOVEMBER 2011**

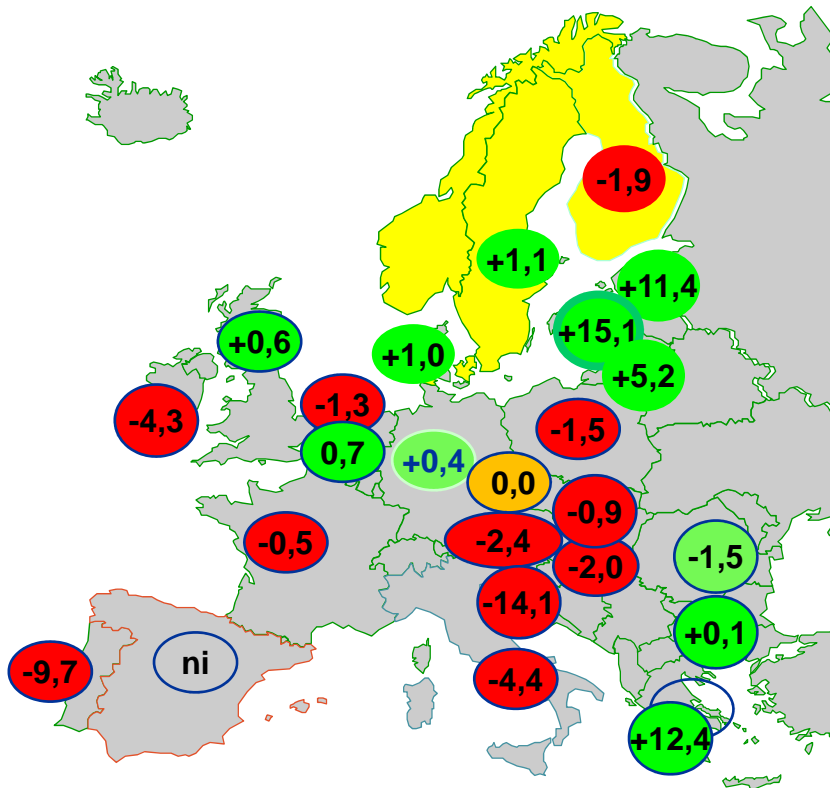
- CHINA + 12,4 %
- INDONESIA + 8,9 %
- BRAZIL + 6,6 %
- INDIA + 5,9 %
- SOUTH KOREA + 5,6 %
- USA + 3,7 %

- EURO ZONE + 1,3 %

**CHINESE INDUSTRY IS LEADING THE
WORLD LEAGUE**

IN THE SECOND HALF OF 2011, CONSTRUCTION OUTPUT HAS WEAKENED IN EU-27

+5,7 = CHANGE IN CONSTRUCTION OUTPUT,
LATEST AVAILABLE FIGURES AS OF OCTOBER 2011



EU TOTAL CONSTRUCTION OUTPUT, COMPARED TO PREVIOUS MONTH / QUARTER

JAN 2011:	+ 1,8 %
FEB 2011:	+ 1,6 %
MAR 2011:	+ 2,4 %
APR 2011:	- 0,7 %
MAY 2011:	+0,6 %
JUN 2011:	- 0,6 %
JUL 2011:	+ 0,8 %
AUG 2011:	- 0,4 %
SEP 2011:	- 1,1 %
OCT 2011:	- 1,3 %
3.Q. 2010:	- 3,1 %
4.Q. 2010:	- 1,3 %
1.Q. 2011:	+ 0,9 %
2.Q.2011:	+ 1,6 %
3.Q.2011:	0,0 %

	BUILDING CONSTRUCT.	CIVIL ENGINEERING
JAN 2011:	+ 2,6 %	+ 12,7 %
FEB 2011:	+ 1,3 %	+ 2,7 %
MAR 2011:	+ 1,4 %	+ 2,5 %
APR 2011:	- 1,1 %	+ 0,1 %
MAY 2011:	+ 0,9 %	- 0,2 %
JUN 2011:	- 0,4 %	- 1,4 %
JUL 2011:	+ 0,6 %	+ 0,9 %
AUG 2011:	- 0,1 %	- 0,7 %
SEP 2011:	- 1,3 %	- 0,5 %
OCT 2011:	- 1,4 %	- 1,4 %
3.Q.2010:	- 3,5 %	- 1,7 %
4.Q. 2010:	- 1,9 %	- 4,9 %
1.Q.2011:	+ 1,1 %	+ 5,5 %
2.Q.2011:	+ 0,2 %	+ 2,0 %
3.Q. 2011:	+ 0,1 %	- 0,7 %

COMPARED TO PREVIOUS MONTH / QUARTER

EU CONSTRUCTION WILL NOT COME BACK TO A POSITIVE TREND BEFORE 2013.

CONSTRUCTION SECTOR FORECAST	E 2011	F 2012	F 2013
CONSTRUCTION , ALLSECTORS	- 0,6 %	- 0,3 %	+ 1,8 %
NEW RESIDENTIAL CONSTRUCTION AND RENOVATION WILL BE POSITIVE SUPPORTERS OF EU CONSTRUCTION:			
NEW RESIDENTIAL CONSTRUCTION		+ 1,0 %	+ 1,5 %
RESIDENTIAL RENOVATION		+ 1,8 %	+ 3,7 %
ALL RESIDENTIAL	+ 1,4 %	+ 1,3 %	+ 2,4 %
CUTS IN PUBLIC SPENDING WILL SEVERELY HIT CIVIL ENGINEERING AND NON RESIDENTIAL CONSTRUCTION:			
NON RESIDENTIAL	- 3,1 %	- 1,4 %	+ 2,1 %
CIVIL ENGINEERING	- 3,3 %	- 2,1 %	+ 0,4 %

OUTLOOK ON STEEL MARKETS

IN 2011, GLOBAL APPARENT STEEL CONSUMPTION (1 400 MT) AND GLOBAL STEEL PRODUCTION (1 450 MT) WILL BE FAIRLY BALANCED. THIS APPARENT BALANCE IS HIDING SOME SIGNIFICANT IMBALANCES IN REGIONAL STEEL MARKETS

**2011 APPARENT STEEL CONSUMPTION ESTIMATE
YEAR 2011 / YEAR 2010**

EU 27	+ 7,0 %
CIS	+ 14,4 %
OTHER EUROPE	+ 11,3 %
NAFTA	+ 9,0 %
LATIN AMERICA	+ 4,7 %
AFRICA	-8,9 %
MIDDLE EAST	+ 5,9 %
ASIA & OCEANIA	+ 6,2 %
OF WHICH:CHINA	+ 7,5 %
WORLD	+ 6,5 %

**2011 STEEL PRODUCTION ESTIMATE
YEAR 2011 / YEAR 2010**

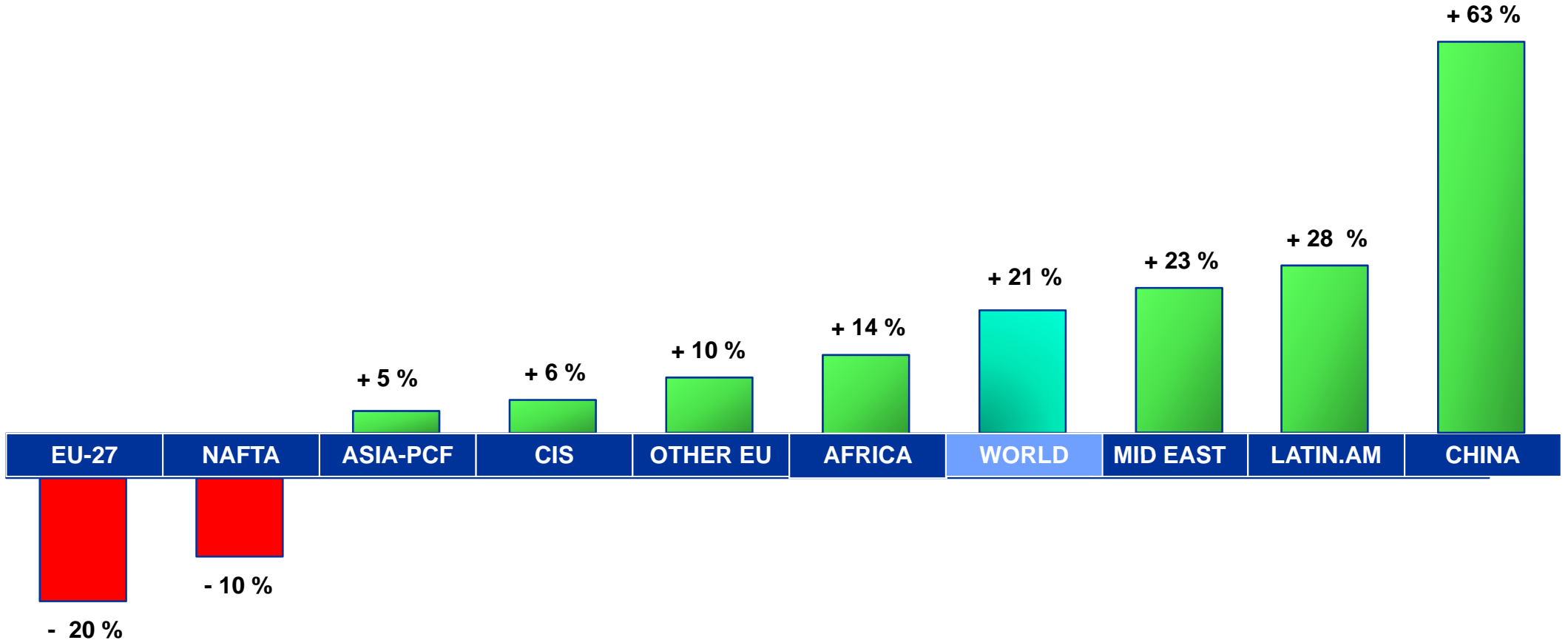
EU 27	+ 3,1 %
CIS	+ 4,3 %
OTHER EUROPE	+ 17,1 %
NAFTA	+ 6,6 %
LATIN AMERICA	+ 10,8 %
AFRICA	- 15,4 %
MIDDLE EAST	+ 7,4 %
ASIA & OCEANIA	+ 8,6 %
OF WHICH:CHINA	+ 9,8 %
WORLD:	+ 7,4 %

**IN 2012, WORLD GROWTH OF APPARENT STEEL CONSUMPTION IS FORECASTED TO SLOW DOWN AND LEVEL AT + 5,4 % COMPARED TO + 6,5 % in 2011.
AMONG MAIN ECONOMIC REGIONS, EU IS ESTIMATED TO HAVE THE LOWEST GROWTH RATE**



2012 APPARENT STEEL USE, FINISHED PRODUCTS AS COMPARED TO ESTIMATE 2011, IN %

BETWEEN 2007 AND 2012, EU REGISTERS AN APPARENT CONSUMPTION LOSS OF - 20 %

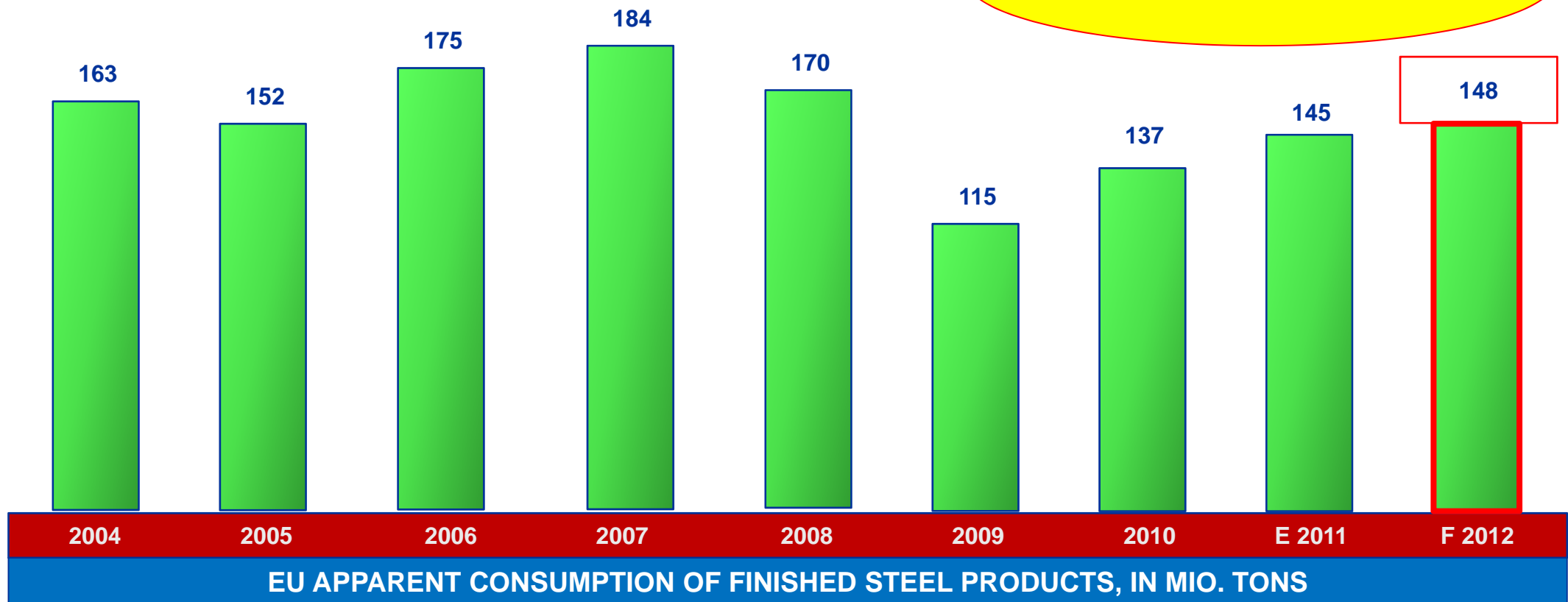


2012 APPARENT STEEL USE, FINISHED PRODUCTS AS COMPARED TO HIGH CYCLE 2007, IN %

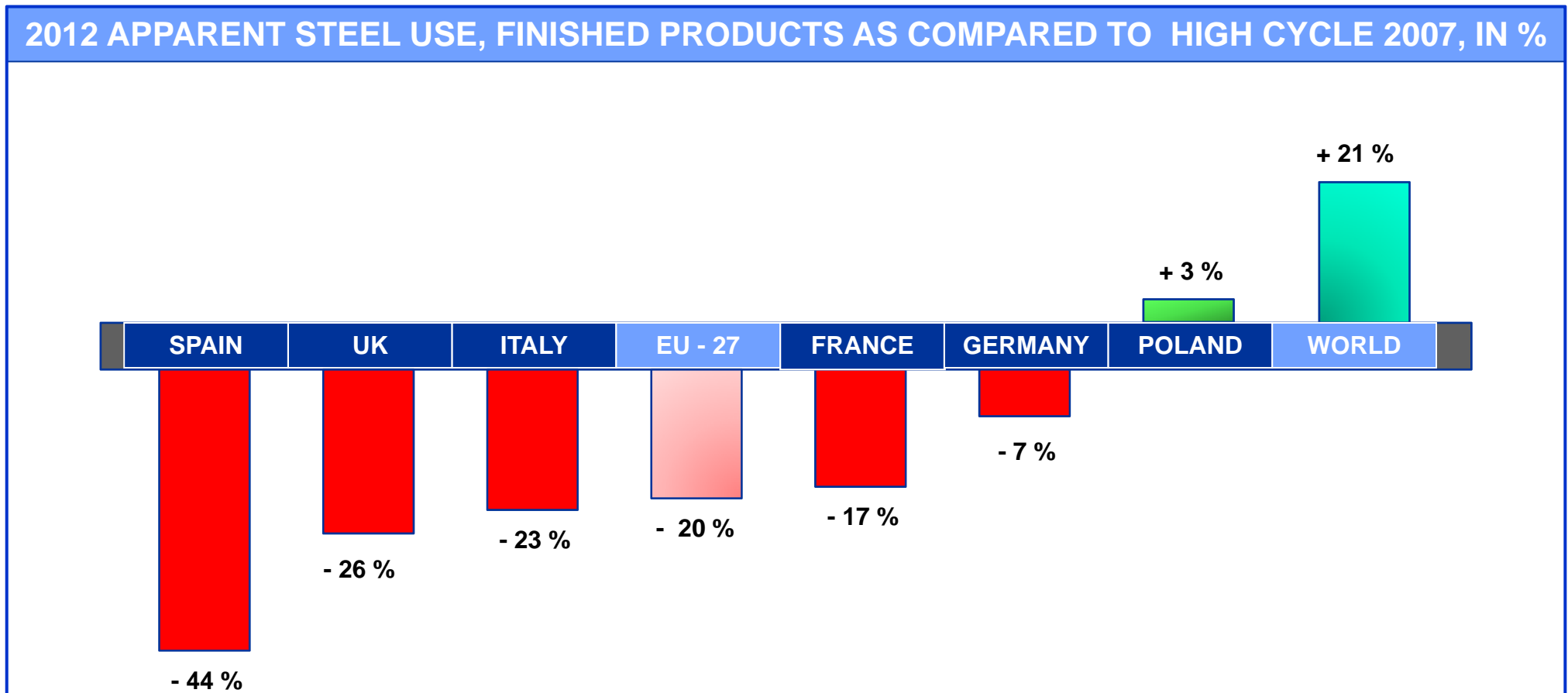
**IN THE NEAR FUTURE, FORMER EU MARKET VOLUMES
WILL NOT COME BACK**

**IN 2012, EU MARKET SUPPLY IN FINISHED STEEL PRODUCTS (EXCL.SEMIS)
IS FORECASTED TO 148 MIO. TONS.
SINCE 2007 ABOUT 36 MIO TONS HAVE
DISAPPEARED FROM EU STEEL MARKETS**

**PRESENT STEEL DEMAND
AVERAGES 80% OF 2007**



BETWEEN 2007 AND 2012, ONLY POLISH STEEL CONSUMPTION IS COMPLETELY RECOVERING FROM LAST YEARS CRISIS. APPARENT STEEL CONSUMPTION LOSSES ARE STAGGERING IN MAIN EU MARKETS SPAIN, UK AND ITALY



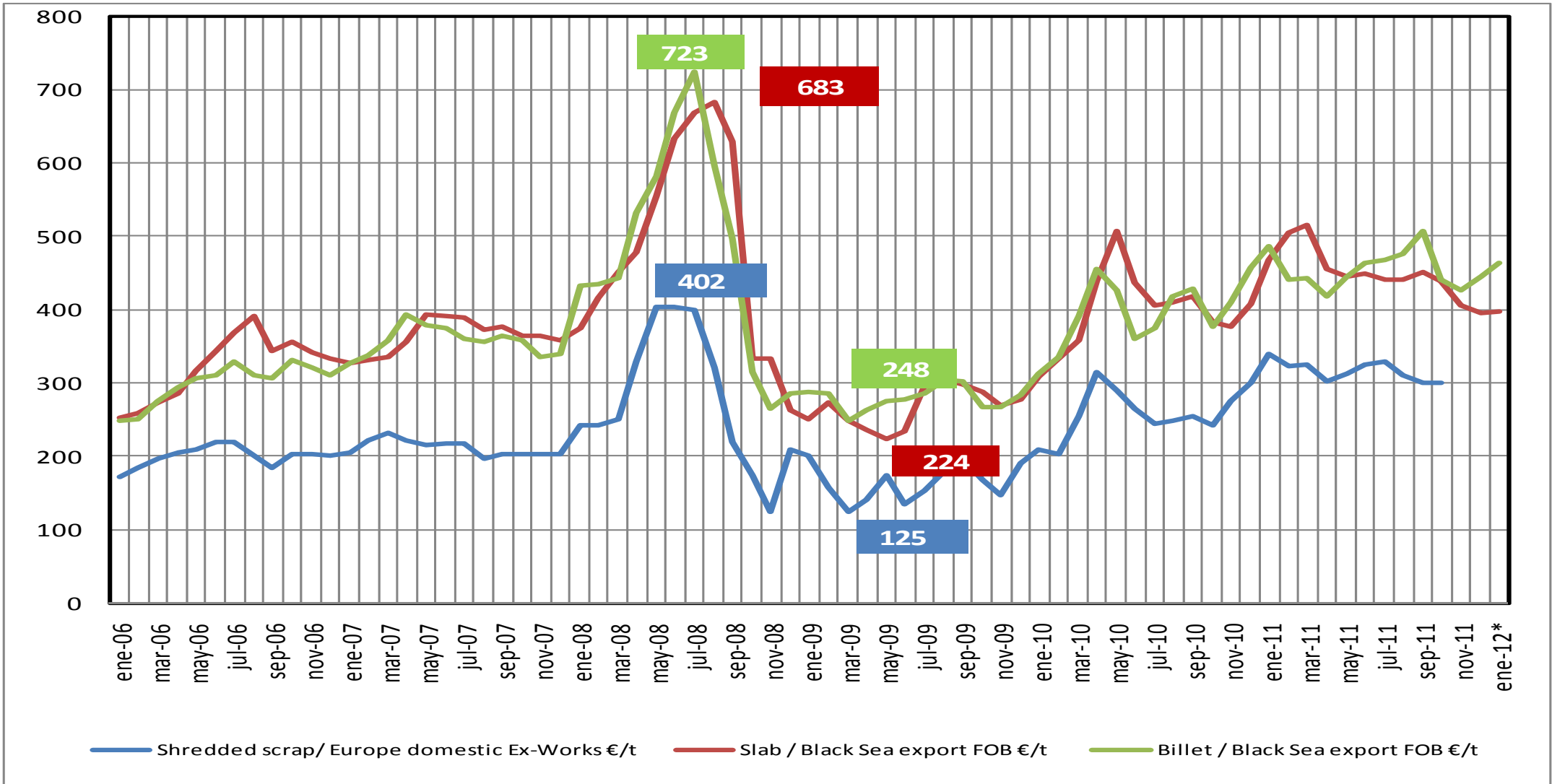
**EUROPEAN STEEL DISTRIBUTION
HAS CONSOLIDATED MARKET POSITIONS DURING 2011**

**IN 2011 EUROPEAN STEEL DISTRIBUTION SALES ACTIVITY WAS QUITE SATISFACTORY.
FLAT SSC NOTED QUITE IMPRESSIVE GROWTH RATES**

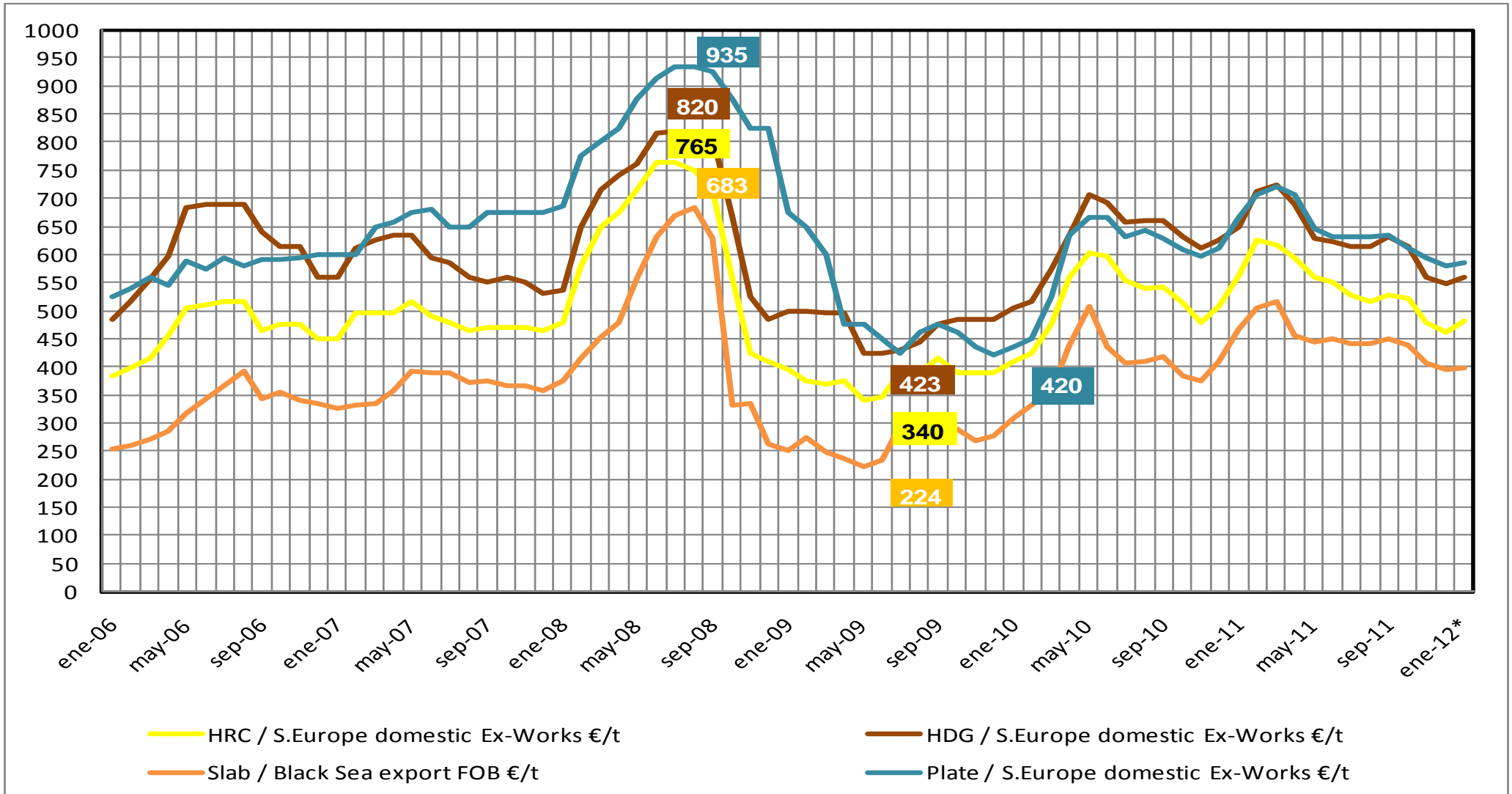
SALES BY STEEL DISTRIBUTION	2011 / 2010	2010 / 2009
STEEL STOCKHOLDING DISTRIBUTION	+ 7 %	+ 9 %
FLAT SSC DISTRIBUTION	+ 13 %	+ 27 %

EUROPEAN MILL PRICES ARE TRENDING HIGHER IN EARLY 2012

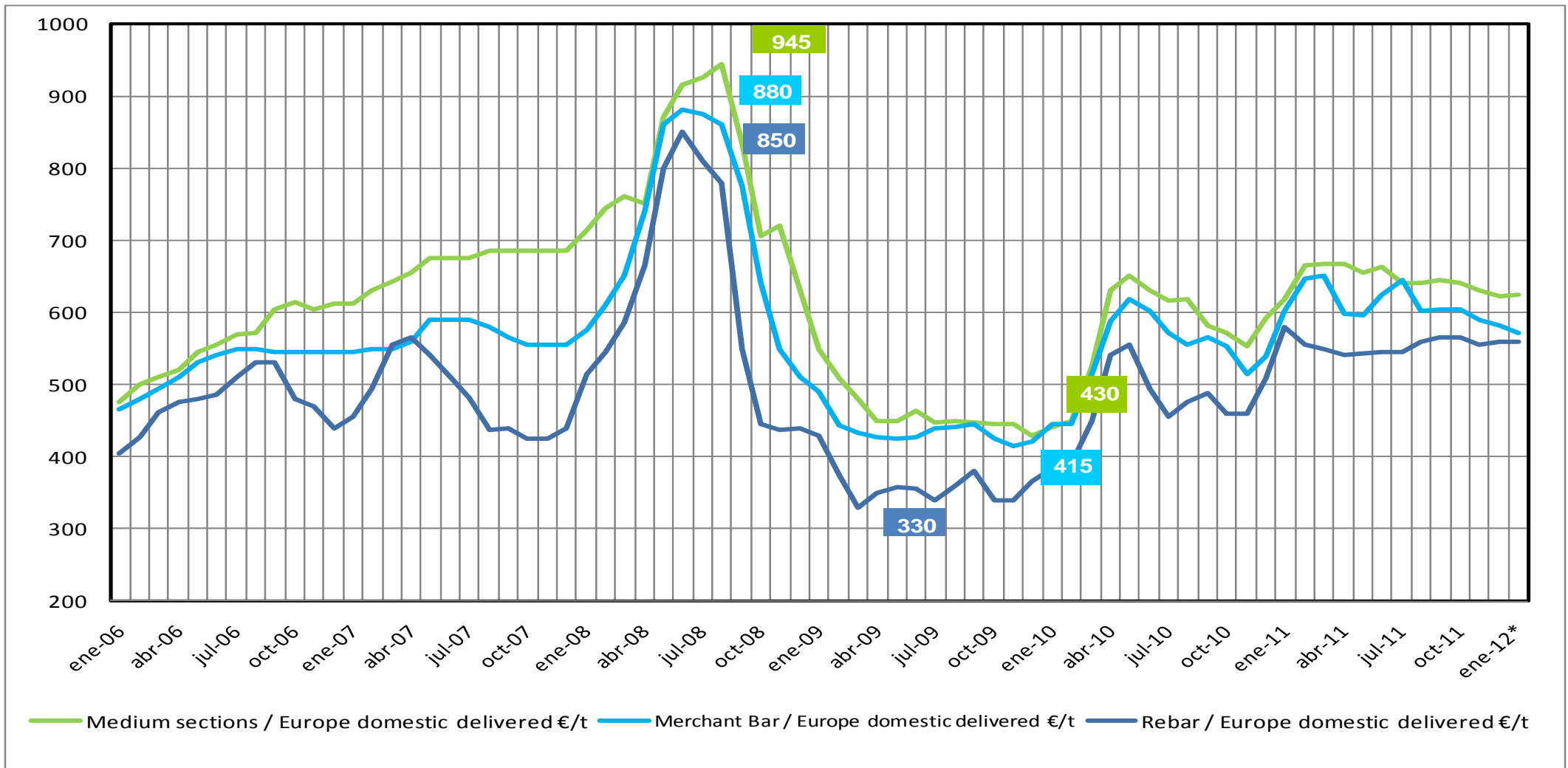
EARLY 2012, MILL PRICES FOR SEMIS ARE IN A RISING MODE



MILL PRICES FOR FLAT PRODUCTS ARE RECOVERING



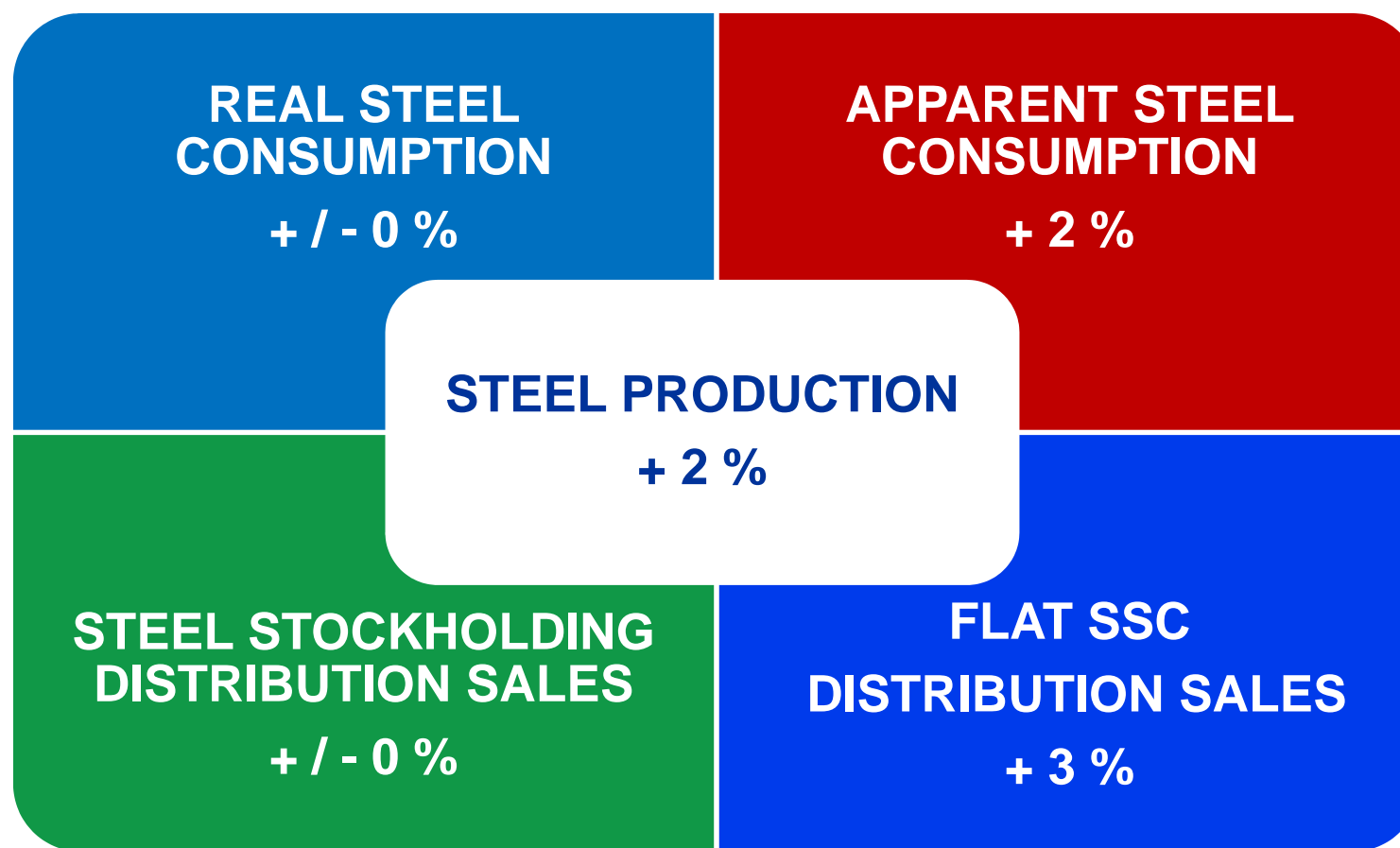
MILL PRICES FOR LONG STEEL PRODUCTS ARE TURNING HIGHER



A WINDOW ON EU STEEL 2012

AN EDUCATED GUESS ON 2012 EU STEEL FORECASTS:

ALL KEY INDICATORS LOOK TO STAY MORE OR LESS STALLED
IN A STAGNATING MODE DURING 2012



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