

# Accelerating stainless steel production in third quarter

The International Stainless Steel Forum (ISSF) has announced that world stainless crude steel production in the third quarter of 2006 rose by 30.4% to 7.1 million metric tons (mmt) compared to the third quarter of 2005. Total production for the first nine months of 2006 is 20.9 mmt, an increase of 13.0% compared to the same period of 2005.



The sharp increase in stainless steel production occurred in all stainless steel producing regions. ISSF believes the increase indicates a well-performing world economy. Many northern hemisphere producers reduced their normal summer break periods in response to heavy demand. Producers and fabricators are also still refilling stocks that were depleted by the large production cuts in late 2005.

The largest stainless producing area is Asia with production of 10.9 mmt of stainless steel in the first nine months of 2006. This is 14.7% higher than for the same period of 2005. The main contributor again was China with a total increase of more than 50% compared to the first nine months of last year. China is by far the largest stainless steel producing country in the world.



The Western Europe/Africa region increased stainless steel production by 11.2% to 7.4 mmt. Most stainless mills either reduced or eliminated their usual production cuts over the summer period.

**Table 1: Stainless and heat-resisting crude steel production (in '000 metric tons)**

Region	Full year		+/- %	First nine months		Y-o-Y +/- %
	2004	2005		2005	2006	
Western Europe/Africa	9,422	8,823	-6.4	6,679	7,426	11.2
Central and Eastern Europe	318	310	-2.5	231	286	23.8
The Americas	2,933	2,688	-8.3	2,052	2,261	10.2
Asia	11,897	12,498	5.0	9,483	10,878	14.7
<b>World total</b>	<b>24,570</b>	<b>24,319</b>	<b>-1.0</b>	<b>18,445</b>	<b>20,851</b>	<b>13.0</b>

Source: International Stainless Steel Forum (ISSF)

Stainless steel production in the Americas also increased significantly. Total production in the region was 2.3 mmt for the first nine months, an increase of 10.3%. The Central and Eastern Europe region shows the strongest growth in percentage terms. Production in the first nine months of this year rose by 23.8% to 0.2 mmt. Driving forces were Russia and Ukraine.

The quarter by quarter comparison for 2006 shows a clear upward trend in stainless steel production for the year. After the first quarter, production had increased by just 0.5% compared to the same period last year. By the end of the second quarter this had risen to 12.6%. The third quarter of the year has seen an extremely sharp increase in production of 30.5% compared to the same quarter of 2005.

**Table 2 : Stainless and heat-resisting crude steel production (in '000 metric tons)**

Region	Quarter 1		+/- %	Quarter 2		+/- %	Quarter 3		+/- %
	2005	2006		2005	2006		2005	2006	
Western Europe/Africa	2,448	2,421	-1.1	2,417	2,615	8.2	1,813	2,384	31.5
Central and Eastern Europe	70	87	24.7	79	97	22.7	82	102	24.1
The Americas	731	760	4.1	730	808	10.7	592	757	27.9
Asia	3,336	3,348	0.4	3,216	3,735	16.1	2,931	3,824	30.5
<b>World total</b>	<b>6,585</b>	<b>6,617</b>	<b>0.5</b>	<b>6,442</b>	<b>7,256</b>	<b>12.6</b>	<b>5,418</b>	<b>7,067</b>	<b>30.4</b>

Source: International Stainless Steel Forum (ISSF)

