

2019 INDUSTRY OUTLOOK

Steel

Steel saw steady year-over-year growth in 2018, benefiting from tax reform. Its margins were protected by U.S. tariffs, but steel will have to rely on demand, not incentives in the long term. Prevedere's economic indicators show slowed growth for the industry in 2019, although no contraction.

HERE ARE THREE KEY INDICATORS TO WATCH:

Manufacturers' New Orders: Nondefense Capital Goods – This indicator provides a good six-month forecast and right now is seeing a downturn.

Architectural Billings Index – Provides an early indication of construction cycle, which is currently in deceleration.

China Purchasing Managers' Index – Provides a view of the overall health of Chinese industry, which is currently showing weakness.

KEY TAKEAWAY:

Look further downstream, and pay attention to other industries that may impact demand for steel, such as construction, durable goods (machinery) and automotive.