

## Top News:

# Raw material prices remain relatively stable

Last week the global indicators for ferrous raw material prices remained fairly stable in their range, continuing the trend initiated 10 October.

Scrap prices in Turkey remained stable again at \$300-310/t CFR Turkey for HMS 1/2 (80:20). This is some \$50/t below this year's peak back during the summer, but some \$90/t above the level registered at the end of October, indicating that the market remains fairly strong despite the correction seen since September.

Iron ore prices continued to be range-bound at \$60-65/t CFR China for 62% Fe, as they have been since the end of last month. Last week the market was relatively weak toward the end, but an outlook remains difficult going forward. Further corrections could be expected, taking the price below the \$60/t CFR. Last week nevertheless French Bank BNP Paribas maintained its outlook for an average of \$68/t CFR for iron ore in January, in contrast with other analysts' views expecting a volatile short term and lower iron ore prices into 2018.

While the relative stability of raw material prices is positive for the overall markets, it is interesting to notice that iron ore prices are now fairly in line (if not lower) with the levels registered at the end of October last year. This highlights further the difficulties of EAF-based steelmakers in the global competition at the moment, as scrap prices have traded at far higher levels than iron ore compared with previous years so far in 2017.

As for scrap and iron ore, billet levels also stabilised during the last weeks at a level of some \$490/t FOB Black Sea. The billet price remains close to historical peaks thanks to the demand from EAF-based producers globally wishing to substitute steelmaking with rerolling due to high scrap and graphite electrodes prices.

This week in addition to the usual market round-ups, we take a closer look at the plans in China to restrict blast furnace output until March 2018, on the back of the ongoing environmental issues in the country. Given that China is the largest producer of steel globally, the restriction in the country is very important to understand the future developments of global supply. If the campaign is successful, domestic prices in China could well stabilise further thanks to lower supply in the market. Nevertheless this is also set to impact demand for iron ore on a global level, putting pressure on its price going into 2018.

## Iron ore & Scrap Prices compared to 27 Oct 2016



## In this week's issue

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Which direction will Chinese prices

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Will European steel prices hold until the end of the year on the back of stronger than expected 2017 demand?

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Will US inventory management be a trick or a treat this year?

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Will scrap yo-yoing continue?

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Environmental campaigns cast doubt on Chinese prices

## Iron Ore 62% Fe / Qingdao CFR USD/t

W-o-w avg change **-0.7%**

27 Oct 2017	\$	<b>60.18</b>	<b>low</b>
26 Oct 2017	\$	61.87	
25 Oct 2017	\$	62.24	
24 Oct 2017	\$	<b>62.48</b>	<b>high</b>
23 Oct 2017	\$	62.03	
<b>Average</b>	\$	<b>61.76</b>	

20 Oct 2017	\$	62.47	
19 Oct 2017	\$	<b>60.50</b>	<b>low</b>
18 Oct 2017	\$	62.45	
17 Oct 2017	\$	<b>62.59</b>	<b>high</b>
16 Oct 2017	\$	62.94	
<b>Average</b>	\$	<b>62.19</b>	

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UK:	+44 207 635 6520
Germany:	+49 304280 2034
Spain:	+34 637 018 130
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## EMAIL

General	info@kallanish.com
Editorial	editorial@kallanish.com
Sales	sales@kallanish.com

www.kallanish.com



# Global Overview

# SAMPLE

## North America:

- US sheet, plate pricing holds still
- Doubts still surround OCTG outlook
- Heavy wire rod duties set

## Europe:

- Eurofer lifts again outlook for steel demand
- EU HRC import offers firm
- Recovery in N.European coil prices still lagging

## Asia:

- Chinese finished steel prices continue to bounce
- Pakistan imposes AD duties on Chinese rebar
- Chinese export volumes keep falling
- ArcelorMittal interested in Indian Bhushan Steel

## Global Sentiment Map



Price Sentiment

Weak

Strong

## Latin America:

- Latin American steel output keeps increasing
- Vale's sales jump
- Brazilian distributors boost flats sales

## Middle East:

- Turkish scrap inches up with US deal
- Turkish CRC/HDG market anticipates fall
- UAE, Iran drive Mid-East output growth



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