

**SAMPLE**

Top News:

# Iron ore's price climb continues

Last week the seaborne iron ore price ended up above \$75/t cfr Qingdao, marking a new high since November last year and approaching the most recent peak witnessed at the beginning of March 2018.

Supported by new sales, the Kallanish KORE 62% Fe index jumped \$1.03/tonne on Friday, to \$75.50/dry metric ton cfr Qingdao. This has been the highest level registered so far in 2019 and is on the way to approaching the March 2018 high point.

The iron ore price rally seen since the beginning of December has been stronger than anticipated, with prices recovering over \$10/t in less than two months. Going forward, the trend could continue as the Chinese Lunar New Year approaches.

While stocks of iron ore at ports have recovered during the last week, indicating that the market is not tight in terms of supply, the usual recovery of finished steel prices after the Chinese New Year could well continue to give support to iron ore prices.

This Chinese New Year officially begins on 5 February this year, with celebrations expected to commence at the end of January.

## IRON ORE OUTPUT TO CONTINUE INCREASING IN 2019

While prices are firm, iron ore output is set to continue to increase this year, as confirmed by the outlooks issued by the three main global suppliers, Vale, Rio Tinto and BHP Billiton.

Vale, the largest in terms of volume, expects to have produced a total of 390 million tonnes of iron ore in 2018. The Brazilian company forecasts that it will reach 400 million tonnes/year of iron ore production between 2019 and 2022.

Meanwhile Rio Tinto in 2018 shipped 338.2mt of iron ore from its Pilbara operations on a 100% basis, up 2% year-on-year. Production was also up 2% to 337.8mt. That included a 2.99% increase in sales of Pilbara Blend fines to 160.555mt. Rio now expects to ship some 338-350mt of iron ore in 2019, implying up to an increase of 3.49% compared with 2018.

BHP Billiton, the third largest iron ore producing group, issued its last outlook in July 2018, as it presented its full year 2017-2018 results. The company noted that iron ore output over the financial year ending June 2018 was up 3% on-year to 238.421mt. For its 2018-2019 financial year ending 30 June 2019, the miner expects to ship 273-283mt of ore on a 100% basis, of which BHPB's share would be 241-250mt.

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## KORE 62% Fe / Qingdao CFR USD/t

**W-o-w avg change +0.59%**

18 Jan 2019	\$	<b>75.50</b>	high
17 Jan 2019	\$	74.47	
16 Jan 2019	\$	75.02	
15 Jan 2019	\$	<b>74.31</b>	low
14 Jan 2019	\$	74.43	
<b>Average</b>	\$	<b>74.75</b>	
11 Jan 2019	\$	74.18	
10 Jan 2019	\$	74.09	
09 Jan 2019	\$	74.06	
08 Jan 2019	\$	<b>74.04</b>	low
07 Jan 2019	\$	<b>75.19</b>	high
<b>Average</b>	\$	<b>74.31</b>	

Iron Ore CFR China



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# Global Overview

# SAMPLE

## North America

- US sheet spread grows
- Plate, rebar prices stable
- OCTG sinking due to oil weakness

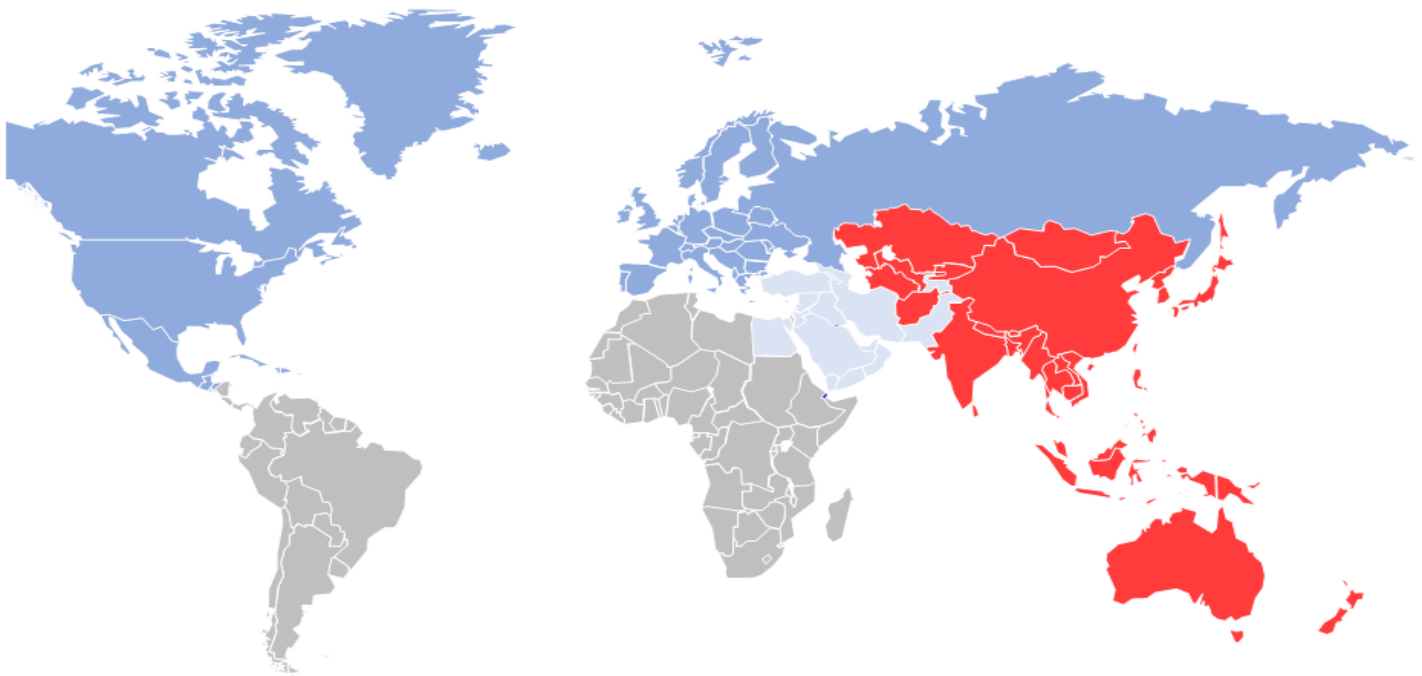
## Europe

- Permanent EC safeguard measures approved
- Scrap prices remain under pressure in EU
- LME to launch HRC contracts in March

## Asia

- Chinese prices bottoming out
- HRC in Vietnam up
- Iron ore end week above \$75/t CFR

## Global Sentiment Map



Weak

Strong

## Middle East

- Turkish scrap ticks up on supply restrictions
- EU market closure further pressures Turkish rebar mills
- UAE enforces rebar/rod customs duty hike

## CIS

- CIS billet prices stabilise
- CIS slab exporters close to completing order-books

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# Word of the Week

## Annealing

Annealing is the term used to describe the process of restoring metal to its desirable properties after rolling and forging once it has been heated. In steel, the process is mostly used on cold rolled products – predominantly sheet, but also wire.

## Contact

If you found this issue of Kallanish Steel Weekly interesting please let us know, we would love to hear from you.

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