

SAMPLE

Top News:

Scrap takes a turn in Turkey

Last week was marked by the first real downward correction of Turkish scrap prices since the rally started last year in October. According to the Kallanish index, HMS 1/2 80:20 settled at the end of last week at \$460/tonne cfr Turkey, down over \$20/t from its peak the week earlier.

While this could be the first sign of a more general cooling of global steel sentiment, many observers in the market continued noticing that the outlook for scrap remains strong this year, thanks to the expected further opportunities for exports into China taking effect from the beginning of 2021.

Irepas, the international rebar producers and exporters association, confirmed in its latest outlook that China's permission of scrap imports will be central to this year's outlook. The association expects the change to reset trade routes, directing Japanese and some US West Coast scrap to the country. This, along with Russia's revision of the minimum tax on scrap exports and the healthy US local market, should help prop up scrap prices overall in 2021.

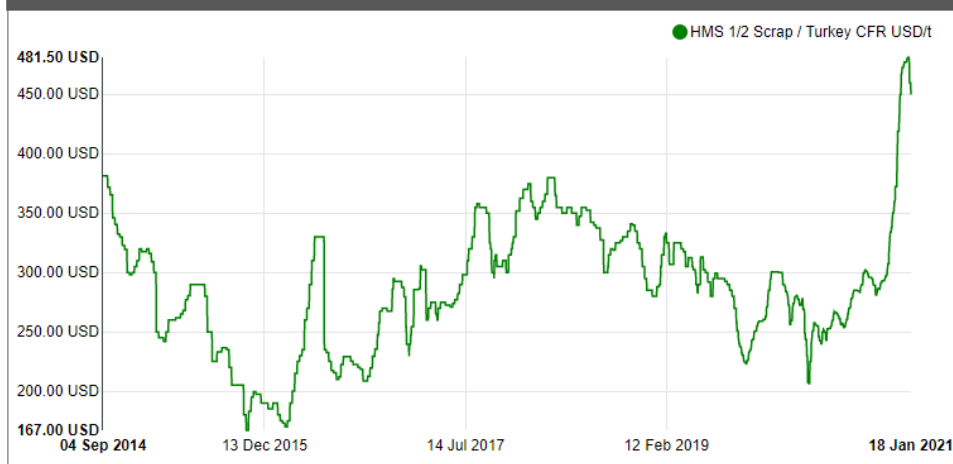
"Mills in the EU and the US will probably have to find new strategies for the time when there will be more competition for their domestic scrap," Irepas says in its January short-range outlook. "Will they force their governments to take action on scrap exports as the Russians have done, which is clearly against WTO rules?"

IMPACT ON CHINESE TRADE

Last year China imported 20.233mt of finished steel (excluding semis), 64.4% higher y-o-y. Including semi-finished steel, however, the number is expected to be far higher. Over January-November 2020, China imported a total of 36.4mt of semi-finished and finished steel products, up 178.8% y-o-y.

Imports spiked over the summer as China's stimulus measure drove demand to record highs and international prices fell below Chinese domestic prices. In 2021, however, Kallanish expects China to import around 20mt of steel in total, down -48.7% y-o-y. This is in part because of the increased relative strength of overseas markets. It will also be impacted by the import of ferrous scrap, which has been allowed since 1 January and will replace the need to import some semis.

HMS 1/2 Scrap/ Turkey CFR USD/t



[View this chart online](#)

In this week's issue:

▶ PAGE 3

Will high iron ore support Chinese prices or is a correction in sight?

▶ PAGE 4

How long will short supply last in the European market?

▶ PAGE 5

What kind of legacy does President Trump leave for the US Steel industry?

▶ PAGE 6

How far down will Turkish scrap correct?

▶ PAGE 8

How much will ILVA produce in the 2021-2025 period?

KORE INDEX

W-o-w avg	+2.23%	+1.47%	+4.18%
Index	58% Fe	62% Fe	65% Fe
15 Jan 2021	\$ 157.33	\$ 170.96	\$ 192.79
14 Jan 2021	\$ 157.04	\$ 170.81	\$ 192.34
13 Jan 2021	\$ 157.14	\$ 170.52	\$ 192.13
12 Jan 2021	\$ 157.29	\$ 170.92	\$ 192.65
11 Jan 2021	\$ 156.51	\$ 170.18	\$ 192.22
Average	\$ 157.06	\$ 170.68	\$ 192.43
08 Jan 2021	\$ 157.24	\$ 172.04	\$ 187.70
07 Jan 2021	\$ 154.27	\$ 170.01	\$ 185.74
06 Jan 2021	\$ 154.29	\$ 168.20	\$ 185.89
05 Jan 2021	\$ 152.85	\$ 168.94	\$ 187.15
04 Jan 2021	\$ 149.57	\$ 161.85	\$ 177.07
Average	\$ 153.64	\$ 168.21	\$ 184.71

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Global Overview

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North America

- US sheet crests historic highs
- Tubulars benefit from rising sheet prices
- US Steel completes Big River buy

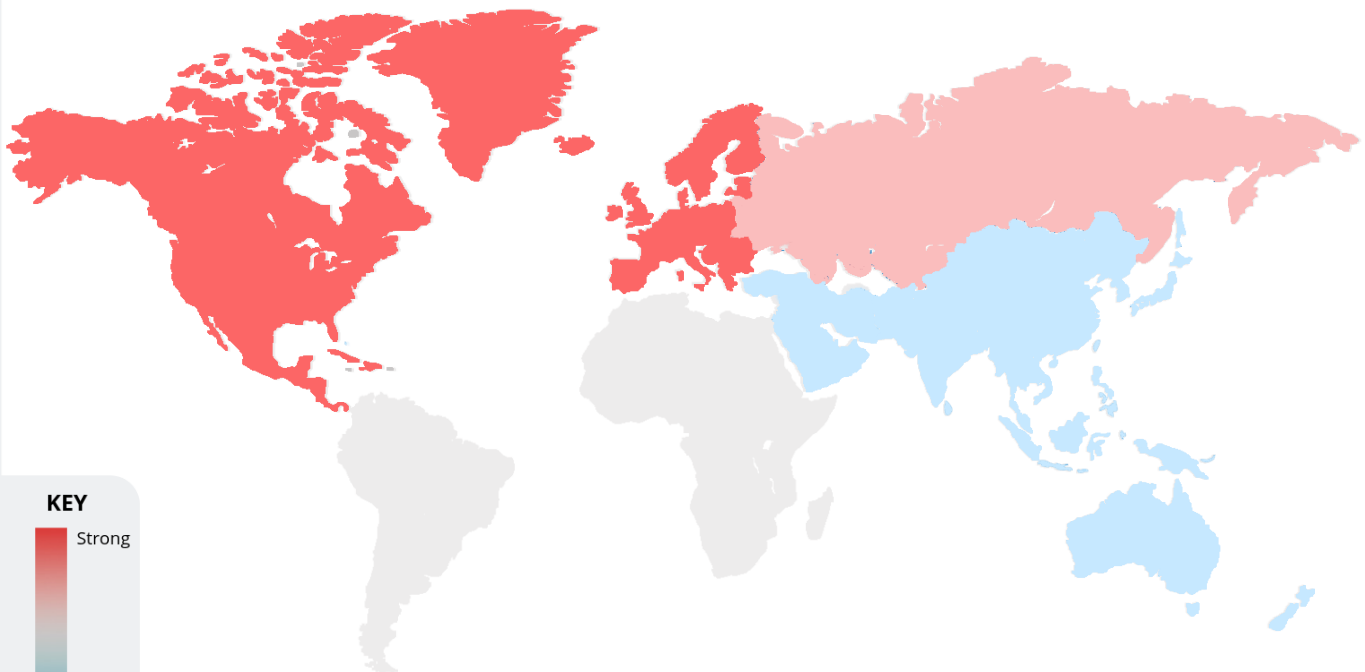
Europe

- European scrap could correct downward
- German rebar mills send new prices
- Coil prices continue rally on short supply

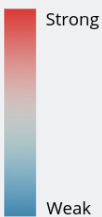
Asia

- Chinese finished steel prices turn down
- Iron ore holds
- Indian domestic prices remain high

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY



[See the interactive version online](#)

South America

- Brazilian pig iron prices jump
- Ford closes Brazilian operations

Middle East

- Turkish scrap collapses
- Turkish rebar export demand wanes
- Turkey HRC prices stay elevated despite lower bids

CIS

- CIS billet remain firm for now
- Sales support CIS slab but uptrend seen over



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