

## Top News:

## Steel market regionalisation continues to be major issue for sector

Regionalisation in the global steel market is continuing to accelerate, creating many problems for participants and for the wider industry. This is according to a number of speakers at last week's World Steel Dynamics conference in Milan.

Michel Van Hoey from McKinsey & Company calculates that in 2018 only 22% of the global steel demand was supplied by traded steel products. This share was almost half of the 40% calculated in 2000. The fall in this share has accelerated during recent years and has been fuelled mainly by a reduction in net exports from China.

"It seems like we have gone back to the old days of regional steel markets. The problem is the old days were not good days," Ugur Dalbeler, ceo of Turkish Colakoglu says with regard to the reduction of global trade in the steel sector.

Besides the reduction of net exports from China, the fall in global trade has also been fuelled by another two major factors. The imposition of Section 232 in the US, followed by a number of measures applied by major markets in response.

Van Hoey refers to the existing trade barriers in the US and the EU. He notes that while a positive effect of section 232 measures on the US market can be seen, the same cannot be said for Europe.

In the US the section 232 measures were designed to boost domestic industry and they succeeded in taking back capacity utilisation levels domestically to 80% and increasing profitability for steelmakers. Nevertheless, the medium-to-longer term effects are still unclear, mainly because new capacities being built in the US will change the market significantly.

In Europe, conversely, the safeguard measures imposed in response to section 232 did not have a positive effect on the market as EU steelmakers are now registering record low profitability levels, Van Hoey concludes.

#### The future of Section 232

Section 232 tariffs are not expected to last forever, but their effect on international trade will continue even after they are potentially cancelled, World Steel Dynamics said.

In the next year or two a number of existing duties will be recalculated in the US, as part of the revision planned every five years. The 25% cost introduced by the 232 tariffs will most likely be factored in to the new calculation, effectively increasing the level of the duties imposed. This mechanism could well then extend the effects of Section 232 measures beyond their existence, as these could be cancelled in the near future, according to Peter Marcus and Philipp Englin of World Steel Dynamics.

Markus told delegates that Section 232 measures proved not to be a long-term solution for the US market. As expected, prices collapsed since July of this year due to the fact production of finished products increased in the country well above the demand. The production boom was fuelled by the very high prices reached earlier in 2018 and 2019 thanks to the Section 232 measures.

Finished steel prices in the US remain under pressure, but a clear solution is difficult to foresee. As in Europe, US mills have started announcing temporary stoppages at steelmaking plants. Nevertheless, the fact that mini-mills in the country remain more profitable than integrated sites is slowing down the much-needed production reduction, World Steel Dynamics added.

#### PAGE 4

Can the recovery in scrap prices Europe also lift finished products' sentiment?

#### PAGE 5

What can local elections tell us about the next steel cycle?

#### PAGE 6

Will Turkish demand sustain higher scrap prices?

#### PAGE 8

How is Brexit – or lack of it - affecting UK steelmakers?

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

W-o-w avg change **-1.87%**

01 Nov 2019	\$	<b>85.27</b>	<b>low</b>
31 Oct 2019	\$	86.02	
30 Oct 2019	\$	86.72	
29 Oct 2019	\$	87.15	
28 Oct 2019	\$	<b>87.69</b>	<b>high</b>
<b>Average</b>	\$	<b>86.57</b>	

25 Oct 2019	\$	<b>88.26</b>	<b>high</b>
24 Oct 2019	\$	88.21	
23 Oct 2019	\$	88.24	
22 Oct 2019	\$	88.25	
21 Oct 2019	\$	<b>88.12</b>	<b>low</b>
<b>Average</b>	\$	<b>88.22</b>	

#### For Subscription & Other Enquiries:

##### CALL

UK:	+44 207 635 6520
Germany:	+49 304280 2034
Spain:	+34 637 018 130
Singapore:	+65 9766 8157
Bulgaria:	+359 896 266 305
US:	+1 412 626-7487
	+1 412-657-2925
China:	+86 182 1728 2941

##### EMAIL

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

www.kallanish.com



# Global Overview

## North America

- US sheet, plate price hikes stick
- USS finalises Big River buy
- Energy tube still stuck in rut

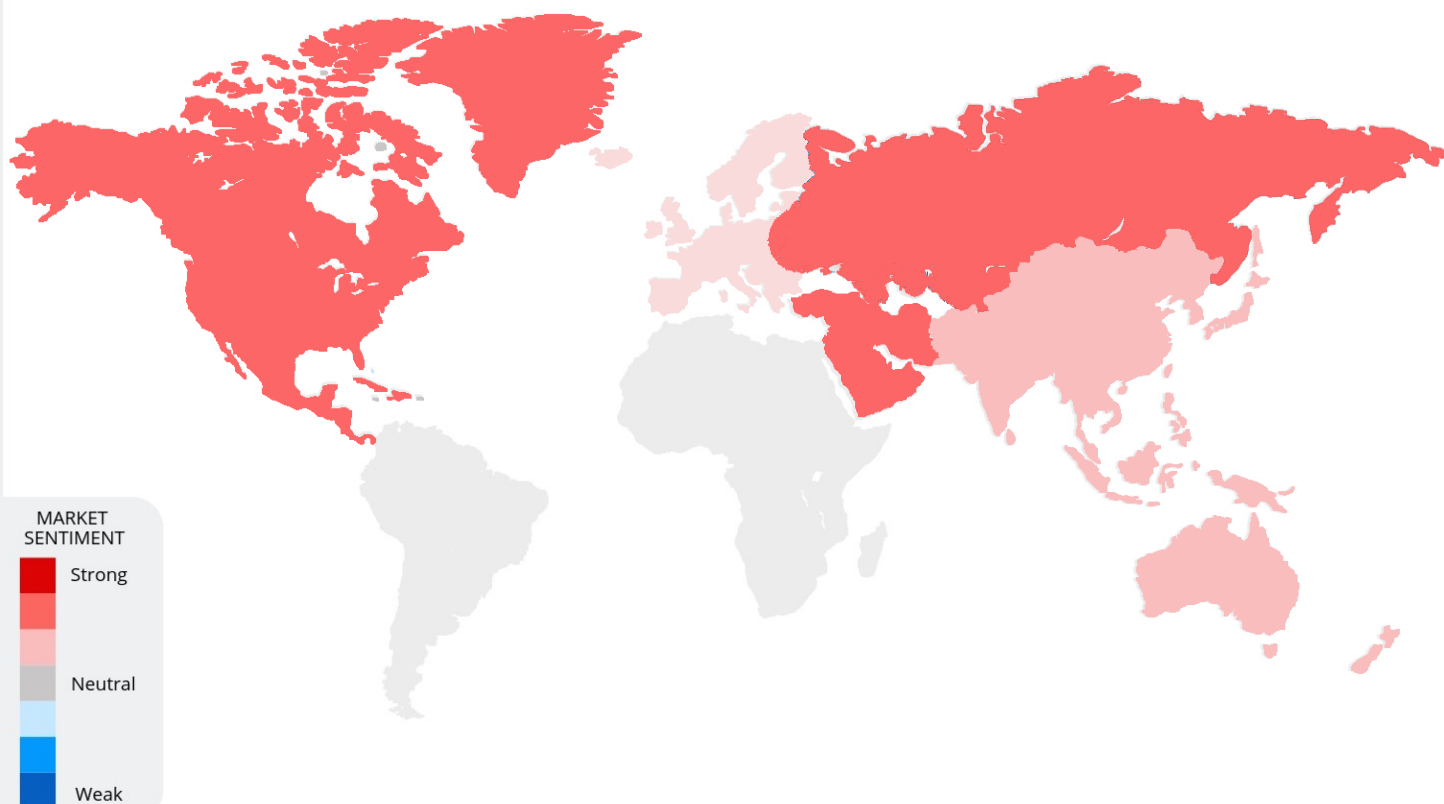
## Europe

- EU scrap prices look up
- Longs remain under pressure
- Eurofer remains vigilant on imports

## Asia

- China's finished steel prices strengthen
- Iron ore remains under pressure
- SE Asian longs market not accepting price hikes yet

## KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



## South America

- Samarco to restart in 2020
- Vale to boost output through mine restart

## Middle East

- Scrap prices firm further
- Turkish rebar offers rise, deals at lower prices
- Turkish HRC sales pick up after price hike

## CIS

- CIS billet export prices rise but sales lacklustre
- Weak flats market hampers CIS slab rebound





NEW REPORT FROM KALLANISH:

# CHINA SCRAP MARKET 2019



Kallanish  
COMMODITIES

[SALES@KALLANISH.COM](mailto:SALES@KALLANISH.COM)





# ORDER FORM

## Subscribe to Kallanish Steel Weekly today

### Start your subscription to Kallanish Steel Weekly (KSW) today

Kallanish Steel Weekly is a new weekly publication from Kallanish Commodities.

The pricing options for 12 month subscriptions are available below.

To sign up complete the form below and return to us.

Standard: Kallanish Steel Weekly US\$ 1400 / €1250

Premium: Kallanish Steel Weekly US\$ 2000 / €1760

### KSW Content:

The publication is filled with market information, charts and graphs.

- Supplied in PDF
- Pricing Table
- 5-6 pages
- Special features
- Prices to watch
- Word of the week
- Global heat map



### Start my subscription

Yes, please start my subscription so that I can read the Kallanish Steel Weekly. Please choose your option below:

- ☐ Option 1: Standard KSW US\$ 1400
- ☐ Option 2: Premium KSW US\$ 2000

Name

Job Title

Company

Address

City

Phone

Email

Payment type: ☐ Pay by invoice  
☐ Pay by credit card

Credit card: ☐ Visa ☐ AMEX ☐ Mastercard

Card number

CCV  Exp

Name on card

Signature

Please tick below:

- ☐ I confirm I am signing up for a 12 month subscription to KSW
- ☐ I have read and agreed to the Kallanish Terms and Conditions.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



# Word of the Week

## Wrought Metals

Metals which after melting, casting and solidifying have been further worked in a hot or cold condition to alter their shape and/or dimensions by rolling, forging, extruding and drawing.

## Contact

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

**Kallanish – Spain**  
Madrid  
t: +34 91 0062451

**Kallanish - UK**  
London  
t: +44 (0) 208 735 6520

**Kallanish - Germany**  
Berlin  
t: +49 304280 2034

**Kallanish - Bulgaria**  
Sofia  
t: +359 896 266 305

**Kallanish - China**  
Shanghai  
t: +86 182 1728 2941

**Kallanish – United States**  
PA  
t: +1 412 626-7487  
t: +1 412-657-2925

**General:**  
info@kallanish.com  
www.kallanish.com

**Kallanish – Singapore**  
Singapore  
t: +65 9766 8157



Copyright 2019 Kallanish. No distribution is permitted without the prior consent of Kallanish. To find out about multiple user accounts or corporate subscription packages please contact us on info@kallanish.com or on +44 208 735 6520. Use of any information or material provided by Kallanish is entirely at your risk and in no circumstances is Kallanish responsible for any loss, damage or other negative consequence of use of information or material by you or anyone else.