

 This week:

Coking coal continues to fall on increased supply

Australian fob coking coal prices continued to fall last week on more supply availability.

Kallanish assessed premium hard coking coal at \$278.33/tonne fob Australia, falling \$17.32/t from \$295.65/t the previous week.

On the Singapore Exchange, Premium Coking Coal Futures for May settled at \$285/t on Thursday. This is versus the April settlement price of \$302.33/t fob a week earlier.

According to a trader, BHP sold 25,000 tonnes of Goonyella/ Goonyella C/ Riverside for 15-24 May laycan at \$290/\$287/\$287 fob on 5 April. This was not an independent deal, and the balance was likely done index-linked or coloaded with other material, the trader believes.

Meanwhile, a Chinese steel mill bought 80,000t of Peak Downs / Saraji for 1-10 May laycan at \$307/t cfr China from a trader on 4 April.

Citing globalCOAL, a trader reveals that the asking price for 35,000t of hard coking coal for May laycan was at \$298.00/t fob on 6 April.

"The market is weak because of better supplies," says a trader. He does not think the recent correction will spur Chinese coking coal imports from Australia as demand is mostly driven by steel demand and steel prices, which are not supportive now.

"The market seems to be unwinding their physical position – China is emphasising self-reliance and this may mean further ramp-up of domestic production, hence depressing sentiment further," says another trader. He foresees coking coal prices remaining weak in the next two weeks due to more availability.

"I think the poor coking coal sentiment was due to weak coke and steel markets," says another trader. He also notes that China's coking coal demand is weak as buyers there need more time to boost consumption.

Another trader also highlights that BHP coking coal production is very strong now, which has led to lower coking coal prices. "Coking coal demand is stable. However, the downtrend is likely to continue because of better supply," he adds.

"I think most steel mills are not buying coking coal now. The market is looking for cheap coal," says a Malaysian steel mill source. He also notes the selling price for lower quality med-vol coking coal from East Malaysia is now at \$210/t fob.

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KORE INDEX

Index	50%	62%	65%
W-o-W % Change	-1.67%	-1.74%	-1.90%
07 Apr	-	-	-
06 Apr	112.84	121.36	135.86
05 Apr	112.39	121.26	135.95
04 Apr	113.12	122.26	137.84
03 Apr	113.89	123.74	139.32
Average	112.84	122.16	137.49
31 Mar	115.42	125.72	141.40
30 Mar	115.09	125.50	141.24
29 Mar	115.32	125.01	140.76
28 Mar	114.19	123.29	139.32
27 Mar	114.98	122.99	138.95
Average	114.76	124.32	140.15

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 UK: +44 7874 008654
 Spain: +34 637 018 130
 Singapore: +65 9766 8175
 Bulgaria: +359 896 266 305
 USA: +1 920 253 8934
 Shanghai: +86 150 2141 6087

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

www.kallanish.com

Global Overview

Americas:

- US mill strategy drives sheet price increases
- Scrap demand remains weak in US
- Rig counts continue to decline

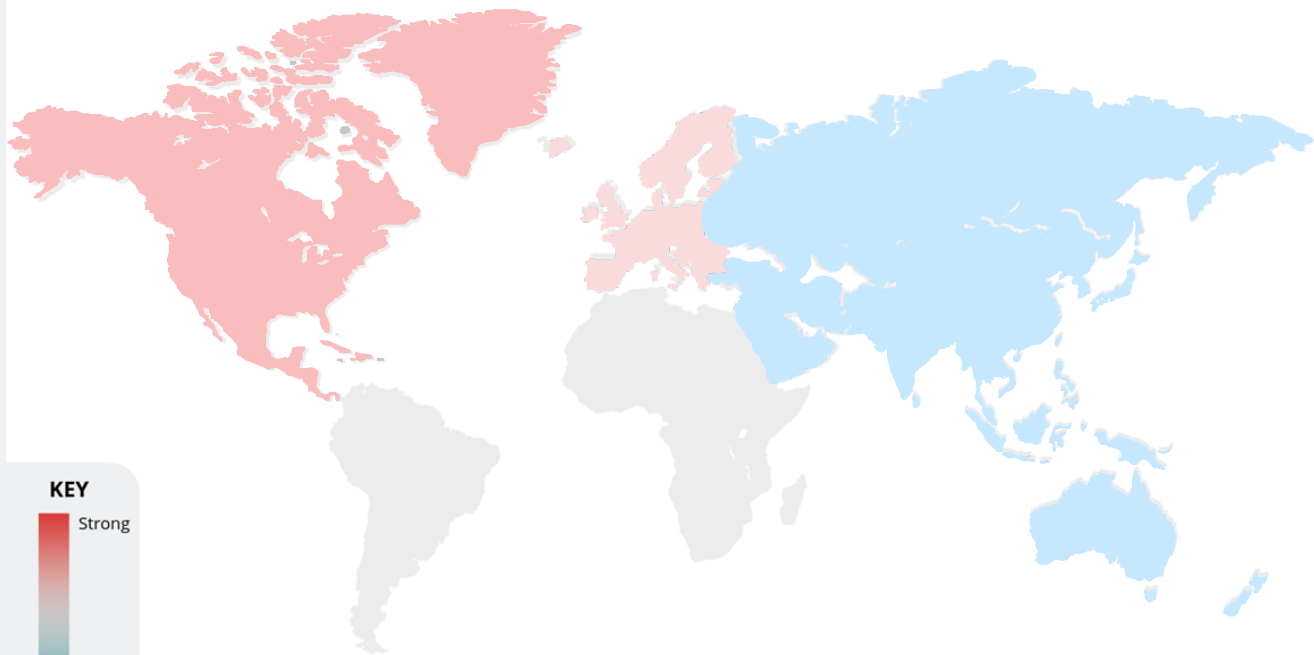
Europe:

- Italian HRC offers at €900
- Scrap prices in Europe could recover slightly after correction
- Three bids for Liberty rolling mills

Asia:

- Chinese HRC prices down
- Iron ore moves down somewhat
- Stabilisation of Chinese demand expected

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY



► [Click here to view this map online](#)

India:

- Indian mills look at increasing HRC offers in Europe
- Indian imported scrap offers remain flat
- Pakistan scrap intake drops amid slowed finished steel offtake

CIS:

- CIS slab drops on bearish sentiment
- CIS HRC remains under Asian competition pressure

Middle East:

- Turkish scrap deal confuses market direction
- Demand recovery eludes Turkish rebar exporters
- Downstream coil demand spurs GCC HRC deals

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Word of the week

Surcharge

This is an addition to the normal mill price of steel to cover the cost of alloying elements used in producing certain grades. In some cases surcharges also reflect energy costs. Surcharges were introduced when the price of alloying elements, such as nickel, became much more volatile, moving sharply away from their historic, and more stable, price range. Mills were faced with sharply escalating prices and introduced surcharges to protect their margins. Clearly over time surcharge values move down as well as up.



Kallanish

EUROPE STEEL MARKETS 2023

16-17 May 2023
Amsterdam
the Netherlands

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

Kallanish - UK
Britannia House
t: +44 7874 008654

Kallanish - Spain
t: +34 910 062 451

Kallanish - Bulgaria
t: +359 896 266 305

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

Kallanish - USA
t: +1 920 253 8934

Kallanish - Singapore
t: +65 9766 8157

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

Social Media:



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