

SAMPLE

## Top News:

# Is Chinese steel production peaking yet?

During the last few months, most market observers have focused their attention on the rapid recovery of steel production in China. As coronavirus impacted the world's output, China was the first to come out of the pandemic crisis, and its output has been reaching record levels during the last few months.

Last week, nevertheless, Li Xinchuang, Vice President of the China Iron and Steel Association (CISA), told the audience of the the Kallanish Asia Steel Markets virtual conference that under China's policy to encourage the development of high-quality steel, China's steel production will steadily decline after reaching its current peak levels. He agreed that total output will remain at a relatively high level for many years, but stressed that the medium-long term trajectory is for it to decline later.

During the conference he also added that the strong 2020 recovery in demand has led to a short-term shortfall in supply in the Chinese steel market. China has therefore become a net steel importer in the first half of this year, but this situation will be corrected by the end of this quarter and China will resume its role as a net exporter, he believes.

Chinese steel companies have been burdened by the need to invest to upgrade equipment in order to meet ultra-low emissions requirements, Li Xinchuang added. Some of these steel plants went bankrupt because they could not afford these investments and this could be seen as part of the ongoing consolidation process in the Chinese steel market. For the Chinese steel industry, upgrading also means centralising scattered companies, and large companies need to continue to merge to increase the concentration rate.

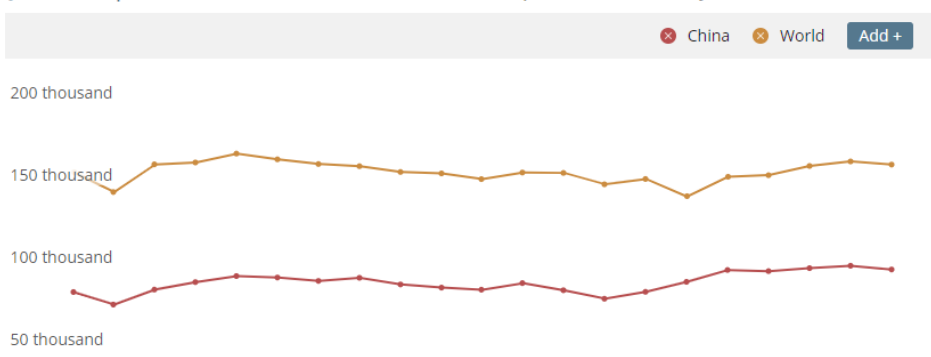
Baowu Group, now the world's largest steel company, for example, has successively acquired companies such as Chongqing Iron and Steel, Maanshan Iron and Steel, and Taiyuan Iron and Steel. Li Xinchuang, speaking from Anshan, would not name which mills Baowu was still targeting, but did not dismiss reports that Anshan Iron and Steel (Angang) was a target.

Last week the World Steel Association published the September crude steel output figures. Again China showed a steep increase in production, rising 10.9% y-o-y to 92.56mt during the month. If the current growth level continues during the coming months, the level of 100mt/month could be reached soon in China.

## Chinese and global crude steel monthly output

Jan 2019—Sep 2020 CHART

Crude steel production monthly (thousand tonnes)



Source worldsteel.org

## In this week's issue:

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Will Chinese demand continue to support steel prices?

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Is European scrap going to be impacted by the ongoing coronavirus second wave?

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US continued upward this week, but how long will gains last while the industry faces uncertainty?

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Will Southeast Asian demand return lift CIS billet prices?

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Will European energy transition for steelmaking speed up the continent's mills' reorganisation?

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

W-o-w avg change	-0.89%
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23 Oct 2020	\$	116.20	low
22 Oct 2020	\$	120.60	
21 Oct 2020	\$	120.73	high
20 Oct 2020	\$	119.43	
19 Oct 2020	\$	119.80	
<b>Average</b>	\$	<b>119.35</b>	

16 Oct 2020	\$	119.10	low
15 Oct 2020	\$	119.31	
14 Oct 2020	\$	119.45	
13 Oct 2020	\$	120.70	
12 Oct 2020	\$	123.61	high
<b>Average</b>	\$	<b>120.43</b>	

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# Global Overview

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## North America

- US sheet price gains continue
- US energy tube industry faces uncertainty
- US construction industry data reveals mixed results

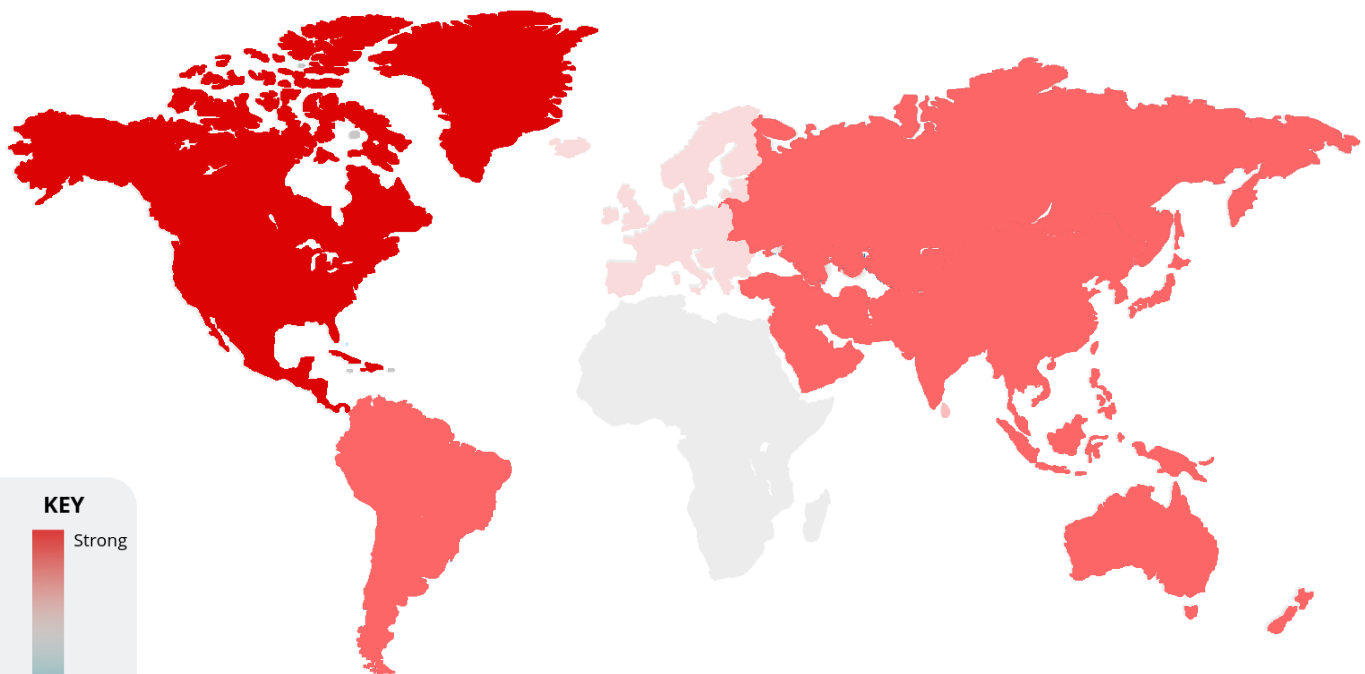
## Europe

- ArcelorMittal raises 2021 coil contracts offer levels
- Rebar prices start moving down in Italy
- NW EU coil prices stall

## Asia

- Iron ore down
- Liberty restarts Indian steelmaking mill
- Chinese prices remain firm

## KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



### KEY



[See the interactive version online](#)

## Latin America

- CSN restarts BF and hikes prices
- Vale's iron ore output up

## Middle East

- Turkish scrap resumes rebound
- Turkish rebar mill sells to US
- Lower EU demand hampers Turkish HRC export sales

## CIS

- Fresh demand lifts CIS billet market
- CIS HRC mills halt export sales



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