

SAMPLE

Top News:

Pig iron market quietens, prices start feeling the pinch

The on-going absence of US buyers in the global merchant pig iron market is starting to reflect on prices, and this is exacerbated by the softening in Chinese demand and price levels.

Chinese demand is seasonally affected, but also reflects vast import volumes implemented in the last quarter. These have caused buyers to pull back and take stock while material continues to arrive during this traditionally quiet time.

But there is nothing traditional about the behaviour of the US market, which should be going through its high season. Instead, it is softening, with \$20-30/gross ton declines expected for July domestic scrap deliveries.

Pig iron import price expectations are much lower than sellers' offers, further pressured by rising freight rates. A Ukrainian mill negotiating with US buyers has lowered its offer indication from the general \$340-350/tonne cfr USA level tabled by CIS mills in the last four weeks to around \$330/t cfr. This nets back to \$310-314/t fob Black Sea, depending on ports and volume.

A small lot of Ukrainian material also found its way to Italy, at \$328/t cfr Maghera, netting back to \$310-312/t fob Black Sea, after it was offered at \$330-335/t cfr last week. Italy received three eastern Ukrainian pig iron cargoes in June, and mills are buying from ports, in addition to long-term direct contracts with Russian suppliers.

The latter are relatively quiet, having sold out of large volumes previously. However, one equally small lot of extra grade material was sold to South Korea at around \$350/t cfr by a major Russian supplier.

China booked three 60,000-tonne Brazilian high-phosphorous cargoes at \$343-344/t cfr this week, netting back to \$310/t fob, in line with bids for CIS material at \$340-342/t cfr. Although slightly softer than a week prior, China remains in the market, willing to book CIS material despite long lead times, with small price concessions. September-loading material is practically gone, it appears, as some mills have cut August merchant pig iron availability either on higher slab/billet allocations, or due to blast furnace upgrades.

Pig iron market sentiment remains stable, with the technical correction in China necessary to absorb volumes and allow for longer lead times, observers note. US market troubles are seen as ongoing during this highly volatile period of forthcoming elections, pandemic, and general economic uncertainty. Several sources nevertheless note President Trump's "America First" attitude to the ferrous industry is a saving grace, without which losses would be deeper.

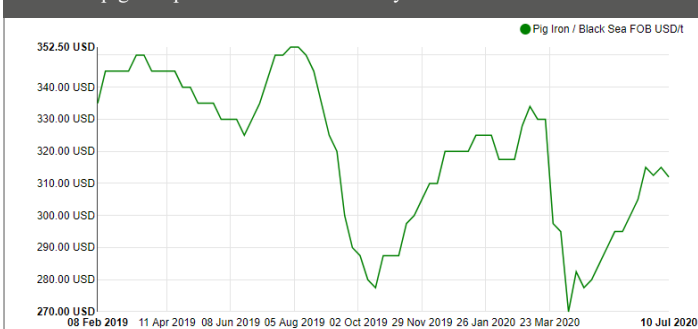
BRAZIL

According to market participants, domestic demand for pig iron is low due to the uncertain situation amid the Covid-19 outbreak. "Most producers are monitoring the market cautiously and evaluating how to adapt their production to the 'new reality'. The Brazilian market is still quiet, while some movement in the international market shows a slight recovery and pushes up prices for new transactions in September and October," he says.

According to market sources, the average pig iron export price is at \$310-315/t fob Brazil.

The latest data from the Brazilian Ministry of Development, Industry and Foreign Trade (Mdic) show the country increased pig iron exports in June.

Black Sea pig iron prices stable after recovery



[Click here to view this chart online](#)

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Can the construction sector support somehow US steel demand?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change	+3.13%	
10 July 2020	\$ 106.12	high
09 July 2020	\$ 105.25	
08 July 2020	\$ 103.41	
07 July 2020	\$ 102.53	
06 July 2020	\$ 99.99	low
Average	\$ 103.46	
03 July 2020	\$ 99.57	
02 July 2020	\$ 99.18	low
01 July 2020	\$ 100.62	
30 Jun 2020	\$ 101.01	
29 Jun 2020	\$ 101.23	high
Average	\$ 100.32	

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Global Overview

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North America

- US flat-rolled pricing momentum stalls
- Energy tube pricing remains weak
- US election concerns creep back into market

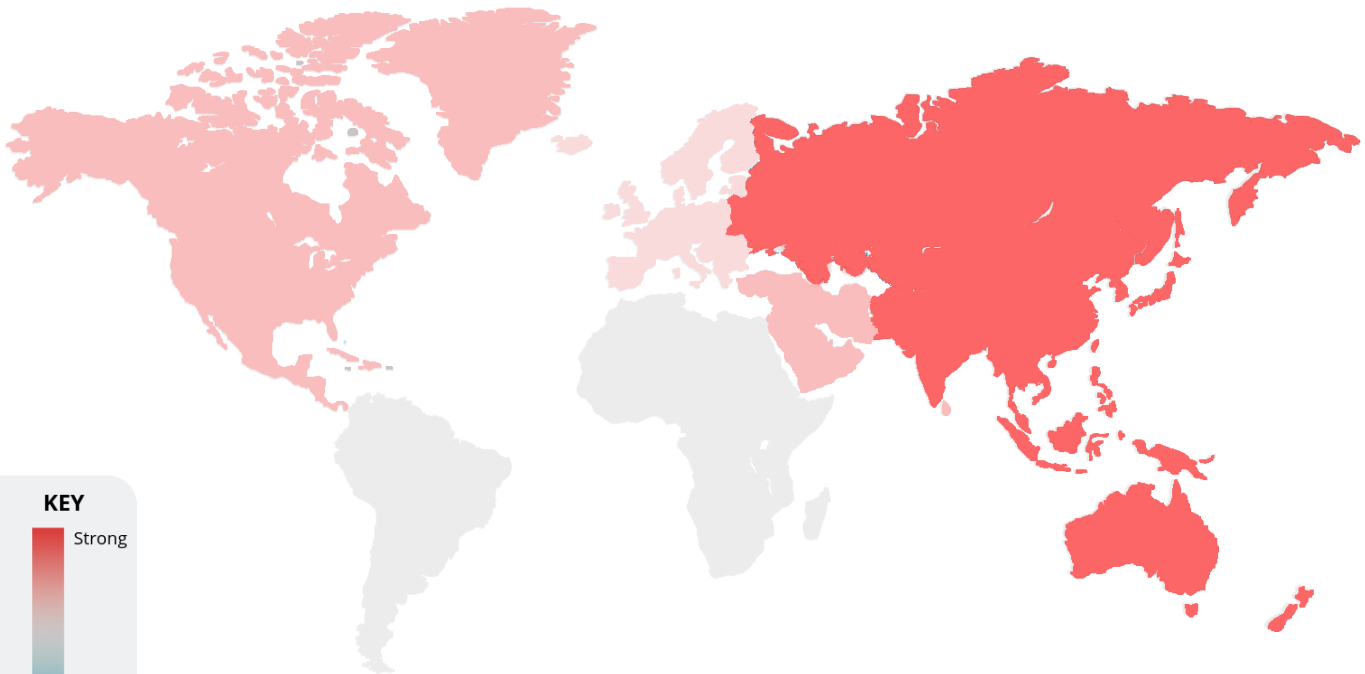
Europe

- Megasa ups bid for Gallardo Balboa
- HRC imports remain uncompetitive
- More safeguard reviews expected

Asia

- HRC Chinese prices up again
- Iron ore returns above \$100/t in China
- China on track to produce over 1bn tonnes of crude steel

KALLANISH STEEL WEEKLY
GLOBAL SENTIMENT MAP



KEY



[See the interactive version online](#)

South America

- ArcelorMittal to restart Tubarao BF
- Vale's output recovery to impact prices

Middle East

- Scrap suppliers hike offers to Turkey
- Turkish rebar exporters face price pressure
- Tosyali advances Angola project

CIS

- CIS billet mills pin hopes on China
- CIS HRC to benefit from Asia demand resurgence

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Word of the week

Billet

Billets are long, continuously cast semis. Similarly to blooms, they are cut-to-length after casting and are reheated for rolling. Billet is the starting point for rolling products like rebar, plain bar, merchant bar and light sections, narrow strip and wire rod.

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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.

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