

Top News:

Billet prices drift despite stable iron ore

CIS billet prices remained stable last week, but the market continues to be described by traders as "... drifting." Since the end of July Black Sea export prices for billet have stabilised at \$500/tonne fob, close to the annual lower-end reached in late January this year.

Historically billet prices are influenced mainly by scrap levels in Turkey, the country being one of the main buyers of CIS billet to be used as an input alternative in case scrap values are too high. Nevertheless billet production in the Black Sea is mainly carried out through the integrated route, therefore directly connected also to iron ore price movements. The current weakness in Turkish scrap values is therefore the main reason behind the reduction in billet prices. The firmness of iron ore prices in China also suggests that further big drops might not take place in the coming weeks.

The diverging trends involving scrap and iron ore (the two main raw materials for steelmaking) continued last week as scrap in Turkey remained stable at the lowest price registered this year. Iron ore meanwhile has continued to trade at above \$66/t cfr Qingdao supported by the positive performance of the Chinese steel domestic market.

BILLET BLACK SEA

Last week's price stability in the billet market was mainly supported by restocking before the August lull. The mills have closed August production books now and are rejecting bids below \$500/t fob Black Sea outright.

Billet was sold at around \$500/t fob Black Sea last week, with some tonnages from September production books. A Russian producer is heard to have sold 30,000 tonnes of billet to Southeast Asia at an equivalent of \$505/t fob. Another sale at the same level to Turkey was concluded for drawing grade billet. Bids from Turkey circled at the \$514/t cfr level – the same price as a Russian major supplier sold to Turkey the week previously. However, producers, content with their order-book status, are not accepting these offers, traders say.

There are enquiries coming from Algeria and Egypt, the latter priced at around \$520/t cfr last week. This level will rise to \$530/t cfr next week however, as the country is preparing for the main construction season in the autumn. Algerian enquiries are at around \$500-505/t fob equivalent, depending on whether it is direct or through a trader, with a Ukrainian exporter selling a large tonnage at around \$504/t fob Black Sea equivalent. Algerian demand is supported by billet production problems at one of the country's largest producer's lines.

The Tunisian market is now entering a holiday period, but some hand-to-mouth southern European tonnages are available at €450/t cfr (\$520/t), and \$525/t cfr is not far off from being achieved, one trader observes.

BILLET FOB BLACK SEA



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Can the Chinese market remain as confident in the next months?

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Is the European market growing more than anticipated?

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Should the US construction industry be wary of government intervention?

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Will Turkish rebar mills find solace in West Africa?

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What is happening in the thyssenkrupp group?

Iron Ore 62% Fe / Qingdao CFR USD/t

W-o-w avg change **+2.07%**

03 Aug 2018	\$	66.04	low
02 Aug 2018	\$	66.24	
01 Aug 2018	\$	66.94	high
31 July 2018	\$	66.83	
30 July 2018	\$	66.22	
Average	\$	66.45	

27 July 2018	\$	66.42	high
26 July 2018	\$	65.19	
25 July 2018	\$	64.68	
24 July 2018	\$	64.62	
23 July 2018	\$	64.58	low
Average	\$	65.10	

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Global Overview

North America

- USS continues earnings push
- New AHSS standards considered
- Stainless surcharges drop

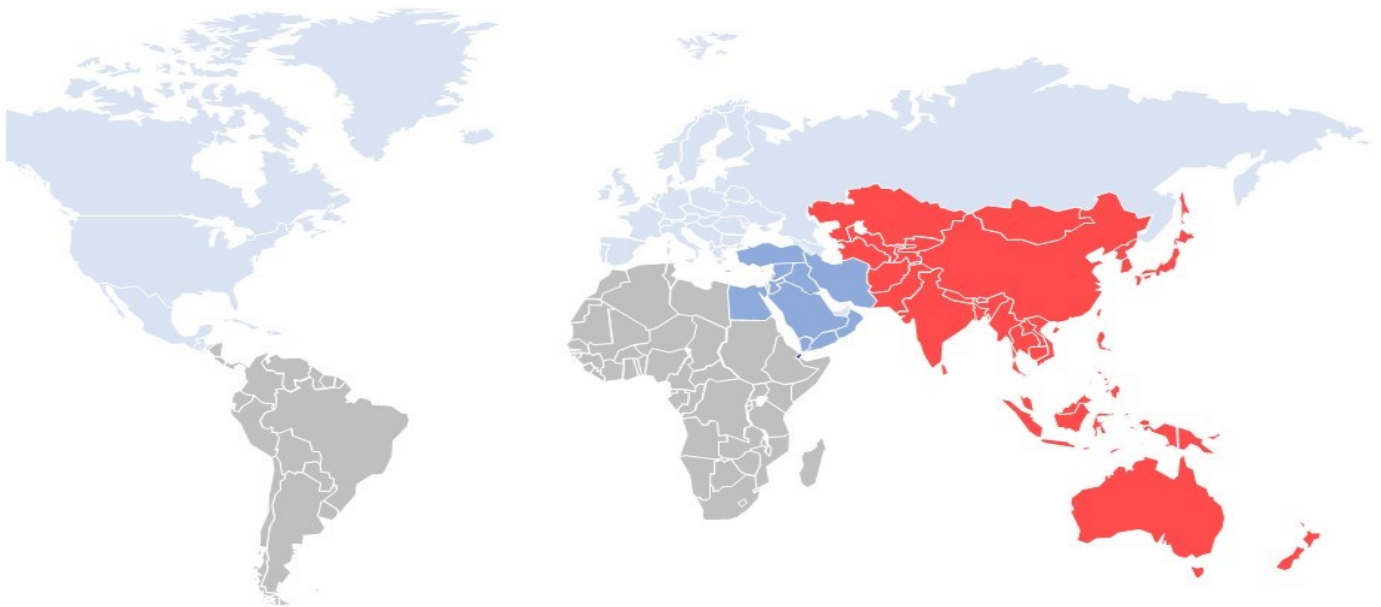
Europe

- ArcelorMittal revises up EU outlook
- Flat prices firm
- TZ out of AM Ostrava acquisition race

Asia

- Chinese market strong
- Iron ore remains above \$66/t CFR
- Scrap down in S.E. Asia

Global Sentiment Map



Weak

Strong

Latin America

- Exports to US down
- Brazilian pig iron export prices stable

Middle East

- Gas price hike squeezes Turkish mills
- Turkish mills find no rebar buyers at \$540
- Hadeed continues strong recovery

BlackSea

- CIS billet prices stabilise at \$500
- MMK increases profits



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