Issue: 23-21 | Date: 30 March 2021

## 聞 This week:

## Circular economics could impact steelmaking during the coming decades

Circular economic impacts will supress an estimated 483 million tonnes of steel demand by 2040, with "remanufacturing" growing as increased raw materials costs make steelmaking more costly, says worldsteel director, safety environment and technology Andy Purvis.

Remanufacturing – returning a product to at least its original performance levels – will extend the service life of steel, which reduces demand for new steel. At €14 billion (\$17 billion), the value of remanufacturing is a lot less than other circular economy activities, particularly recycling, but it has growth potential. It is generally well-suited to high-value technical products, Purvis said at last week's International Iron Metallics Conference 2021.

Besides raw material costs, another remanufacturing growth driver will be the use of new fiscal instruments that could improve remanufactured goods' competitiveness, such as carbon pricing and tax reduction. Moreover, regulatory and social trends are expected to support greater acceptance.

There are barriers, however, such as unfavourable customer attitudes towards perceived "second-hand" products, and step changes in drivetrain technologies. The internal combustion engine remains king, and the move to electric vehicles will represent a discontinuity – there will be no market for existing combustion engines as the market goes through this transition, Purvis pointed out. Electric drivetrains will meanwhile be less steel intensive in the future.

Despite this, new simpler drivetrains represent one of the highest potential new products for manufacturing, as do wind turbines.

Worldsteel expects the value of remanufacturing to grow, albeit from a low base. In 2018 European auto remanufacturing was estimated at around €8 billion, versus the €500 billion gross value of the German carmaking sector. Its value could however grow to €30 billion by Ž050. The total size of the four remanufacturing sectors could grow to €Ž9-47 billion by 2050. The cumulative volume of retained steel from remanufacturing to 2050 is seen at 20-31mt. The total circular economic impact on steel demand is therefore small but with potential to grow, Purvis concluded.

#### FEBRUARY CRUDE STEEL OUTPUT

Meanwhile crude steel production in the 64 countries reporting to the World Steel Association (worldsteel) continued to rise (4.1% on-year) in February to 150.17 million tonnes. The positive trend was nevertheless continuing to show signs of slow-down as the level of recovery was lower than in January.

Chinese production is estimated to have risen 11% to 83.05mt, but Indian and Japanese output fell -3% and -5.6% respectively to 9.15mt and 7.47mt. South Korean output rose 1.2% to 5.48mt and Vietnamese production is estimated to have grown 18% to 1.58mt.

EU27 production fell for the second consecutive month, by -7.1% to 11.87mt. German output was down -10.4% to 3.1mt but Italian production rose 1.6% to 2.07mt. French and Spanish output was down -8.8% and -0.1% respectively to 1.12mt and 1.1mt.

The UK saw output grow 7.5% to 619,000t. Turkish production meanwhile rose 5.9% to 3.02mt. US production slumped further, by -10.9% to 6.3mt, while Brazilian production grew again, by 3.8% to 2.85mt. CIS production fell -1.5% to 8mt, with Russian output estimated down -1.3% to 5.73mt and Ukrainian output confirmed down -2% to 1.68mt.

Global crude steel production in January-February thus grew 6.6% on-year to 314.99mt.

#### In this weeks Issue:

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Will raw material prices rebound in

Why are HRC prices rising so much more than rebar in Europe?

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How will US scrap pricing in April impact flat-rolled products?

Has scrap found a new long-term range?

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Is Tangshan a pioneer of China's steel output cuts?

#### **KORE INDEX**

| Index                      | 58%                               | 62%                               | 65%                               |
|----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| W-o-w %<br>Change          | -3.49%                            | -2.57%                            | -1.23%                            |
|                            |                                   |                                   |                                   |
| 26 Mar                     | 148.00                            | 160.30                            | 188.00                            |
| 25 Mar                     | 147.93                            | 159.88                            | 187.22                            |
| 24 Mar                     | 150.72                            | 163.02                            | 189.39                            |
| 23 Mar                     | 151.04                            | 162.93                            | 189.12                            |
| 22 Mar                     | 154.72                            | 163                               | 188.79                            |
|                            |                                   |                                   |                                   |
| Average                    | 150.48                            | 161.82                            | 188.50                            |
| Average                    | 150.48                            | 161.82                            | 188.50                            |
| Average<br>19 Mar          | <b>150.48</b> 154.99              | <b>161.82</b> 165.46              | <b>188.50</b> 190.46              |
|                            |                                   |                                   |                                   |
| 19 Mar                     | 154.99                            | 165.46                            | 190.46                            |
| 19 Mar<br>18 Mar           | 154.99<br>155.24                  | 165.46<br>166.50                  | 190.46<br>191.40                  |
| 19 Mar<br>18 Mar<br>17 Mar | 154.99<br>155.24<br><b>154.54</b> | 165.46<br>166.50<br><b>165.06</b> | 190.46<br>191.40<br><b>189.79</b> |

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# Global Overview

#### **North America**

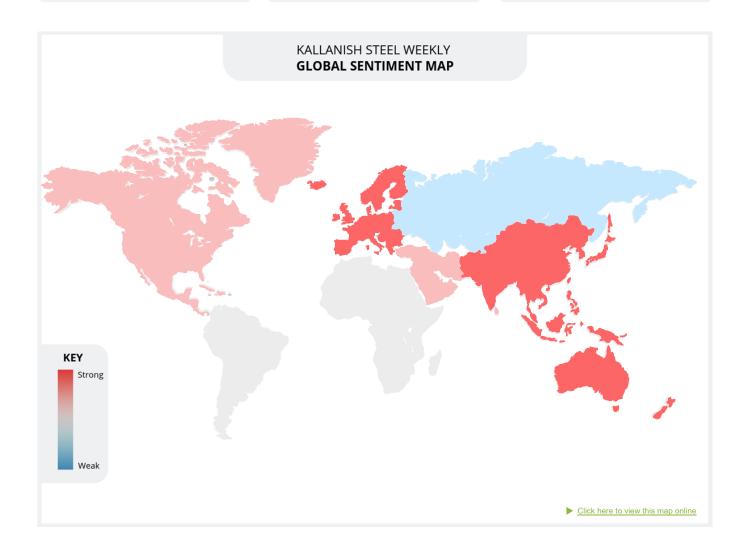
- Low availability clouds US sheet pricing outlook Plate pricing continues upwards due
- to scrap
- US scrap likely to trend differently on-grade during April

#### **Europe:**

- Coil prices in Europe up again taly gives reassurance to ArcelorMittal
- New Indian HRC supplier enters

### Asia:

- Chinese prices up Iron ore holds above \$160 HRC prices in SE Asia up



#### **South America**

- Mexico extends HRC quotas for Russia and China
- Brazilian carmakers suffer Covid
- spread Usiminas boosts output

#### CIS:

- CIS billet prices poised for rebound
- CIS slab market remains in limbo

#### Middle East:

- Turkish scrap rebounds Turkish rebar buyers remain on side-lines
- Turkish HRC buyers turn to imports

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## Word of the week

## Ingot



An ingot is a mass of metal obtained from casting liquid steel into a mould. The resulting ingot - a semi-finished product - is typically then hot rolled or forged.

## □ Contact

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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