

# This week: ArcelorMittal surges in the tubing market with a Vallourec share acquisition

ArcelorMittal has agreed to acquire 28.4% of French tubing producer Vallourec for approximately €955 million (\$1.09 billion).

ArcelorMittal will purchase 65.2 million Vallourec shares for €14.64/share from funds managed by Apollo Global Management. The parties expect to close the transaction in the second half of 2024, pending regulatory approvals.

ArcelorMittal ceo Aditya Mittal calls Vallourec “a quality, high added-value tubular business, with established positions of strength in the attractive Brazilian and US markets.”

Vallourec provides premium tubular goods for energy, automotive and construction. The statement says 85% of Vallourec’s 2.2 million tonnes of annual rolling capacity is focused around low-carbon, integrated production hubs.

“It has a critical role to play in the energy transition, producing vital products for hydrogen, [carbon capture] and geothermal applications, for which demand is expected to grow,” Mittal adds. “It also has a comparatively low carbon footprint with ambitious improvement targets.”

ArcelorMittal specifies that it will not pursue a tender offer for the remaining Vallourec shares over the next six months.

## MARKET PARTICIPANTS

OCTG market participants in the US are watching closely ArcelorMittal's billion dollar acquisition of 28% of Vallourec.

An OCTG and line pipe analyst says: "Wow, the big picture is that it is a shrinking market. Vallourec has built a very good reputation in the industry over 40 years. They were very market-disciplined in pricing and tonnage."

A Gulf Coast service-centre operator notes that nothing in the immediate future is moving the P110 5.5-inch needle in the US, but the Vallourec news can make a difference eventually.

“Vallourec has been close to the edge for several years, and the billion-dollar capital infusion will certainly go a long way to stabilise things. I guess that ArcelorMittal will end up with control. That’s a lion in the cage with the Tenaris gorilla! It should be fun to watch! Nothing else has happened,” says the source regarding the tubular market dynamics and the impact of the acquisition news on the sentiment.

### In this weeks Issue:

- ▶ **PAGE 3**  
How are lower Chinese steel prices impacting global markets?
- ▶ **PAGE 4**  
How much will European scrap prices fall in March?
- ▶ **PAGE 5**  
What is the outlook for US inflation and impact on non-residential construction spending?
- ▶ **PAGE 6**  
Will China weakness prevent Turkish scrap rebound?
- ▶ **PAGE 9**  
Is the US OCTG market showing signs of recovery?

### KORE INDEX

Index	50%	62%	69%
Week % Change	-10.75%	-8.20%	-7.68%
15 Mar	91.80	105.10	117.20
14 Mar	93.10	105.40	117.57
13 Mar	95.00	107.70	119.87
12 Mar	95.00	111.00	123.15
11 Mar	94.51	109.00	120.70
Average	94.17	107.67	119.73
08 Mar	104.70	116.00	128.44
07 Mar	107.57	118.00	130.00
06 Mar	104.00	115.71	129.57
05 Mar	105.40	117.57	129.72
04 Mar	105.00	117.70	130.00
Average	105.51	117.29	129.69

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# Global Overview

## Americas:

- US construction can remain steady despite inflation: economist
- Nucor & Steel Dynamics both warn of lower Q1 earnings on-year
- Rebar lower, with HRC, CRC and OCTG steady

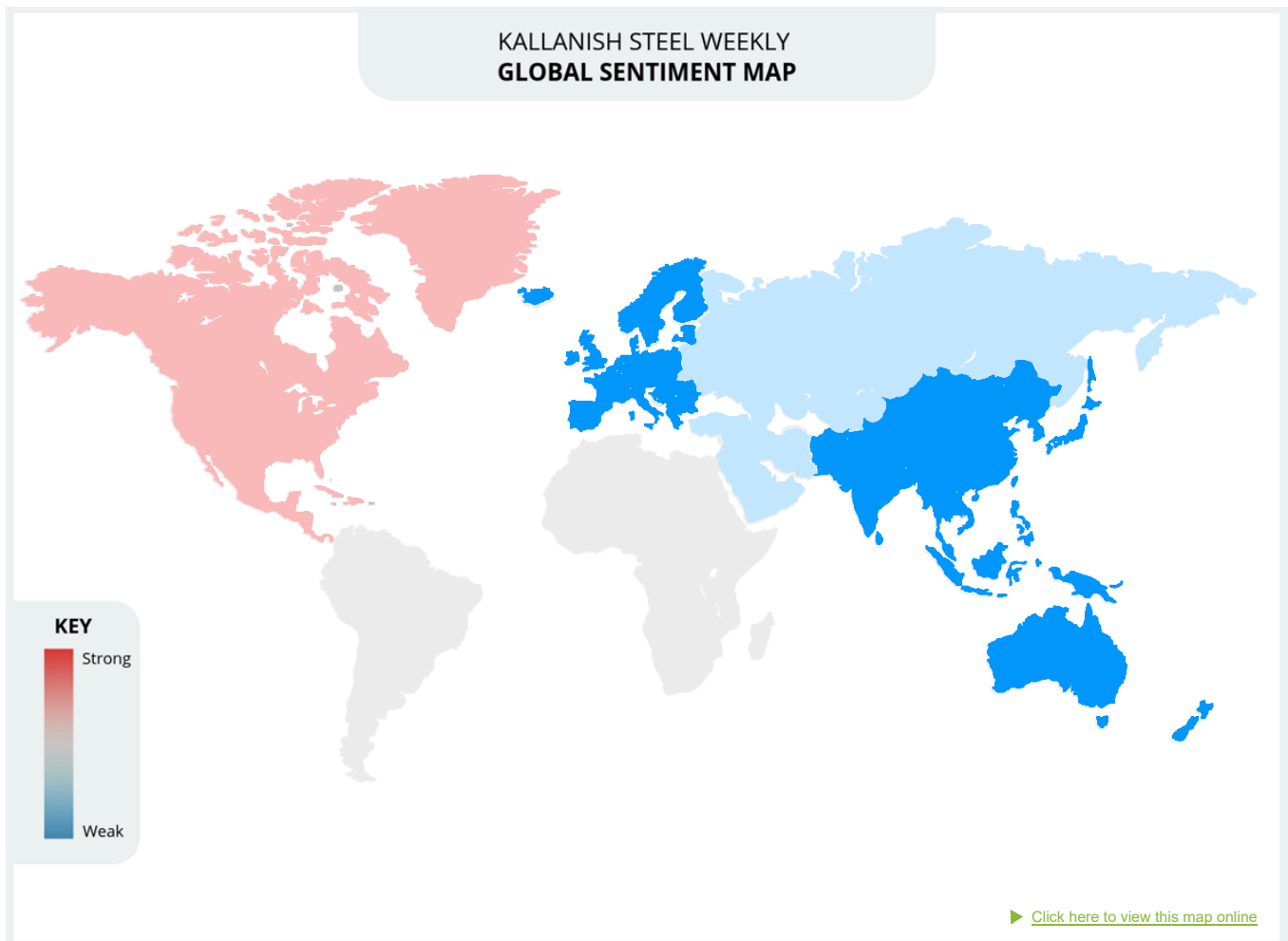
## Europe:

- Scrap prices across Europe down
- ArcelorMittal buys stake in Vallourec
- Italian rebar prices fall

## Asia:

- Iron ore price in China down further
- Chinese steel levels become highly competitive globally
- Japanese scrap down

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GLOBAL SENTIMENT MAP



## CIS:

- Weak sentiment hampers Russian billet hike attempt

## Middle East:

- China crash stifles Turkish scrap rebound
- Turkish rebar mill concludes Balkan, Africa sales
- Low-priced Asian billet depresses GCC market

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📖 Word of the week

# Billet

Billet's 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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