

SAMPLE

Top News:

Iron ore price outlook increases on tight supply and strong steel production

Fitch Ratings has last week published a significant upwards revision to its 2021 iron ore price assumption due to tight market supply that is expected to continue in the next couple of years.

Iron ore in 2021 is now seen averaging at \$125/tonne cfr China for 62% Fe fines, versus the previous assumption of \$75/t and the actual 2020 value of \$108/t.

The firmer outlook is also driven by the absence of material new projects over a long period that could offset depleting mines, Fitch says. "Vale has cut its production guidance for 2021, resulting in no supply response to growing demand, with all large-scale iron ore producers operating at almost full capacity," Fitch tells. "Inventories are running low, while we expect additional demand linked to US and European economic stimulus packages."

The credit rating agency's assumption for hard coking coal prices has been revised up \$5/t to \$135/t fob Australia in 2021. This is versus the actual 2020 price of \$123/t. The improvement is due to robust demand from the steel sector, supported by recovering steel production in India, Japan, South Korea and Europe. Another factor is rebalanced flows of seaborne coal despite ongoing restrictions on Australian coal supply into China.

JANUARY CRUDE STEEL OUTPUT

Crude steel production in the 64 countries reporting to the World Steel Association (worldsteel) rose 4.8% on-year in January to 162.9 million tonnes, slowing further from December growth, but continuing to show strong fundamentals.

Chinese production is estimated to have risen 6.8% to 90.3mt, while Indian output accelerated further, growing 7.6% to 10mt. Japanese output fell again, by -3.9% to 7.92mt, but South Korean production increased 4.9% to 6.02mt. Vietnam produced an estimated 1.54mt, with its monthly data series differing from 2019 to 2020, meaning worldsteel did not provide an on-year growth rate.

After a very strong fourth quarter last year, EU27 output declined -0.4% in January to 12.24mt. German output grew 6% to 3.31mt and Italian output was up 0.7% to 1.89mt. French output however fell -7.7% to 1.2mt. Notably, Czech output rose 12% to 458,000t but Hungarian production fell -33% to only 74,000t.

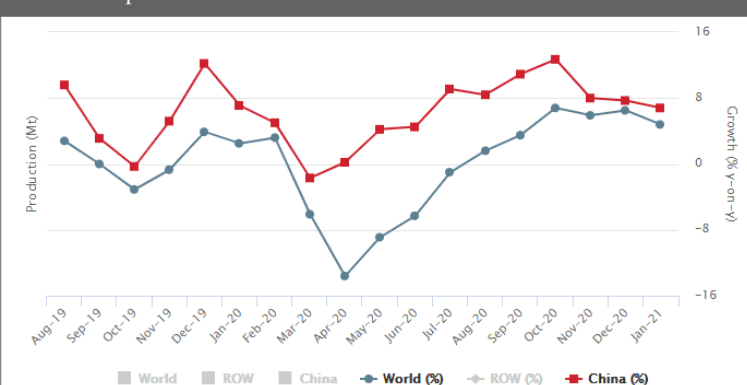
The UK, now recorded as outside the EU, is estimated to have seen output rise 6.5% to 700,000t.

Turkish output growth continued, rising 12.7% to 3.4mt in January.

US production slumped yet again, by -10% to 6.9mt, but Brazilian output grew again, by 10.8% to 3mt.

CIS production rose 4.5% to 9.16mt, with Russian output estimated to have grown 6.5% to 6.67mt but Ukrainian output confirmed to have inched down 0.2% to 1.84mt.

Crude steel production



Source: worldsteel

In this week's issue:

▶ PAGE 3

Are Chinese steel prices set to reach new records?

▶ PAGE 4

How much more can EU coil prices rise?

▶ PAGE 5

Will projected scrap price increases lead to US finished steel prices rising in March?

▶ PAGE 6

Will Turkish scrap go back above \$480?

▶ PAGE 8

Can CIS prices reach new highs?

KORE INDEX

W-o-w avg	+5.82%	+4.70%	+4.20%
Index	58% Fe	62% Fe	65% Fe
26 Feb 2021	\$ 161.06	\$ 175.13	\$ 198.88
25 Feb 2021	\$ 159.18	\$ 172.63	\$ 196.47
24 Feb 2021	\$ 157.24	\$ 171.11	\$ 194.91
23 Feb 2021	\$ 157.75	\$ 173.01	\$ 196.77
22 Feb 2021	\$ 158.33	\$ 174.23	\$ 197.94
Average	\$ 158.71	\$ 173.22	\$ 196.99
19 Feb 2021	\$ 155.17	\$ 169.56	\$ 193.03
18 Feb 2021	\$ 153.68	\$ 169.93	\$ 193.08
17 Feb 2021	\$ 147.42	\$ 163.40	\$ 187.16
16 Feb 2021	\$ 146.98	\$ 162.74	\$ 186.54
15 Feb 2021	\$ 146.64	\$ 161.60	\$ 185.46
Average	\$ 149.98	\$ 165.45	\$ 189.05

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Global Overview

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North America

- US sheet remains strong
- US plate pricing hits peak
- Scrap sentiment turns bullish in the US

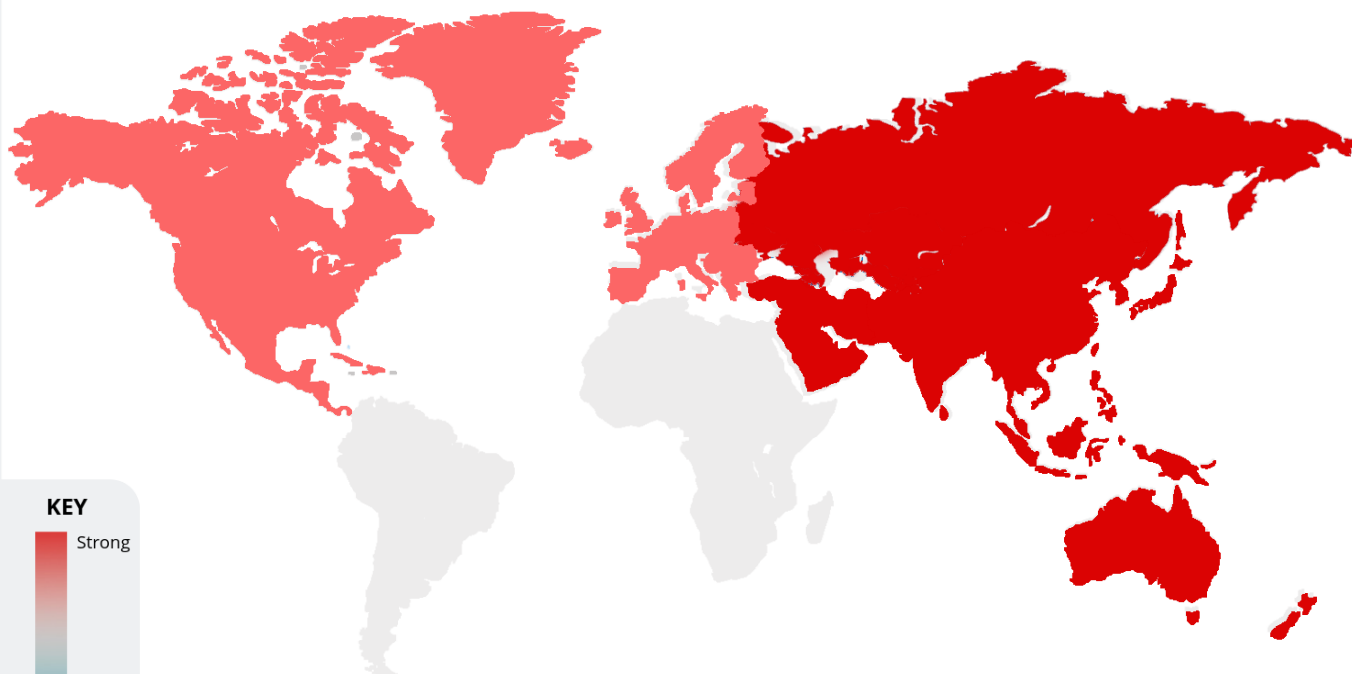
Europe

- Coil prices raised again
- Benelux scrap levels up
- EC initiates review of safeguard measures

Asia

- Chinese steel prices continue recovery
- Scrap prices up in East Asia
- Chinese EAF activity increases

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY



[See the interactive version online](#)

Latin America

- Brazilian steelmakers look at 2021 with hope
- CSN prepares new flats increases

Middle East

- Turkish scrap continues ascent
- Turkish rebar mills register Brazil sales
- Costlier feedstock supports Turkish HRC hike

CIS

- Turkish buying supports CIS billet prices
- CIS pig iron prices grow



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