

 This week:

Price forecasts for iron ore lifted on stronger Chinese performance

Credit Suisse expects iron ore to remain solid this year on tight supply, but believes it is priced appropriately.

China steel mills' lack of profitability caused by over-production will also cap prices at \$130/tonne this year.

"No matter how tight, the price cannot rise if steel mills cannot afford it. For prices to break above the recent \$120-\$130/t trading range, greater profit in steel mills is needed," Credit Suisse says.

Credit Suisse also raises its iron ore forecast price for the second half to \$115-\$120/t from \$110/t as China's efforts to lift GDP growth this year are likely to see firm demand into the autumn season and firm prices.

However, it is noted that prices may retreat from 2024 if mine supply additions are as large as forecast, while scrap use increases.

Credit Suisse's forecast of 38 million tonnes surplus in 2023 is calculated with no allowance for supply disruption and, therefore, may dissipate through the year.

In 2024, Credit Suisse says a surplus of 112mt looks more substantial, but depends on producers, including the big four, successfully lifting supply on schedule.

FITCH

Fitch Solutions has also made an upward revision to its 2023 iron ore price forecast from an annual average of \$110/tonne to \$125/t. A stronger-than-expected recovery in China's economy has worked to boost physical demand for steel.

The research house believes that market optimism coupled with an improving demand outlook will support iron ore prices in the near term. Also that China's pivot away from its zero Covid-19 policy and minimal resurgence of Covid-19 in the aftermath, combined with stronger home sales and purchasing managers' index figures, bode well for metal demand in 2023.

On the demand side, Fitch expects China to continue with its promising momentum over the rest of 2023 and that China will be the main driver of demand recovery, while other regions will struggle with lingering issues from 2022.

However, Fitch notes that China's increase in demand may not translate into rallying prices due to its centralised iron ore purchaser China Minerals Resource Group, which aims to exert Chinese influence over critical mineral imports like iron ore.

Fitch continues that in other developed markets, such as the United States and the European Union, iron ore demand outlook remains weak as global growth slows. While the regions' economic activities might see an upside through infrastructure spending linked to the Inflation Reduction Act and Infrastructure Bill, ongoing war disruptions in the EU, recessionary fears, a continued high inflationary environment, and fiscal tightening will place a cap on iron ore demand and prices in 2023.

On the supply side, production levels have remained healthy across major iron ore miners and iron ore production and shipment estimates for 2023 have increased across the board. Some greenfield mines are also expected to reach capacity, propping up production, it adds. Looking beyond 2023, Fitch Solutions expects iron ore prices to follow a multi-year downtrend. It maintains the view that iron ore prices will consistently trend downwards, as cooling steel production growth and higher output from global producers will continue to loosen the market.

In the longer term, Fitch forecasts iron ore prices to decline from to \$90/t in 2024, \$80/t in 2025 and \$50/t in 2032. This price decline will be driven by a combination of weaker demand growth and stronger supply loosening the market.

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KORE INDEX

Index	58%	62%	65%
W-o-w % Change	-1.18%	-0.59%	-0.73%
14 Apr	110.93	120.59	135.58
13 Apr	111.19	120.70	135.63
12 Apr	111.55	121.78	136.72
11 Apr	111.97	122.84	138.16
10 Apr	111.90	121.31	136.36
Average	111.51	121.44	136.49
07 Apr	-	-	-
06 Apr	112.04	121.36	135.96
05 Apr	112.39	121.26	136.86
04 Apr	113.12	122.28	137.84
03 Apr	113.80	123.74	139.32
Average	112.84	122.16	137.49

For Subscription & Other Enquiries:

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UK: +44 7874 008654
 Spain: +34 637 018 130
 Singapore: +65 9766 8175
 Bulgaria: +359 896 266 305
 USA: +1 920 253 8934
 Shanghai: +86 150 2141 6087

EMAIL

General: info@kallanish.com
 Editorial: editorial@kallanish.com
 Sales: sales@kallanish.com

www.kallanish.com

Global Overview

Americas:

- US rebar holds on week
- US infrastructure spending increases
- Canadian construction jobs decline in March

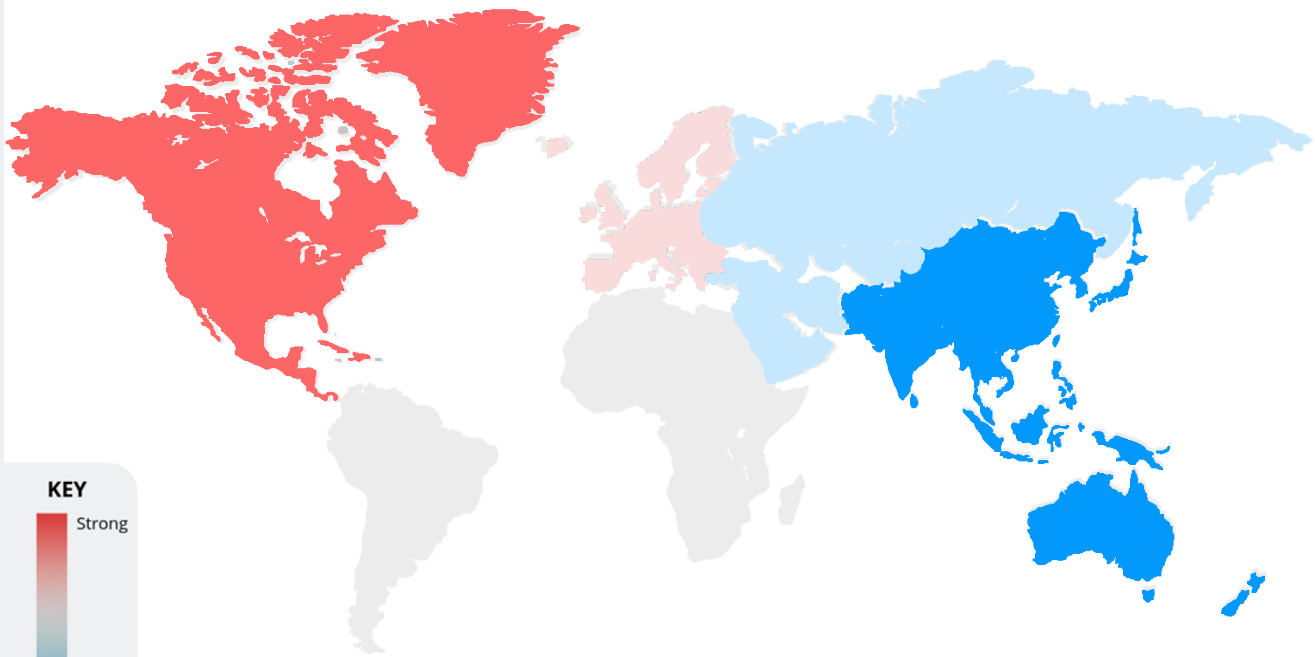
Europe:

- Domestic scrap in Europe keeps looking down
- Italian coils demand slow
- New guidance on steel purchase to boost British steel

Asia:

- Chinese iron ore and scrap down
- ASEAN rebar prices drop
- Japanese scrap tender for export prices reduced

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY

Strong

Weak

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

India:

- Indian HRC offers lulls in Europe
- Indian imported scrap offers drop amid slowed in-take
- Pakistan market anticipates demand correction after Eid

Middle East:

- Turkish scrap drops on fresh deals
- Turkish rebar slides further on weak demand
- GCC HRC falls silent on Chinese market drop
- Saudi mills eye HRC, rod exports

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📖 Word of the week

Reversing Mill

A reversing mill is used to reduce material to gauge. The steel enters the rolling mill from one side, passes through the other side and then comes back through the mill again. Normally it will go left to right through the mill a number of times being rolled a little thinner each time it goes through.

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Kallanish - UK
 Britannia House
 t: +44 7874 008654

Kallanish - Bulgaria
 t: +359 896 266 305

Kallanish - USA
 t: +1 920 253 8934

General Enquiries:
www.kallanish.com
info@kallanish.com

Kallanish - Spain
 t: +34 910 062 451

Kallanish - China
 Shanghai, China
 t: +86 182 1728 2941

Kallanish - Singapore
 t: +65 9766 8157

Social Media:



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