

## This week:

# Black/Baltic Seas pig iron market remains quiet

There was no pig iron trading activity from the Black/Baltic Seas during the last ten days, with buyers in large consumer markets Turkey and Italy remaining quiet, sitting on sufficient stocks. Their low bids remained unmatched by Russian suppliers.

In Turkey, despite firm imported scrap values and expectations for the return of buying activity following the election, the lira devaluation against the dollar weighed on import attractiveness in general. There were also reports of sufficient stocks in Turkish ports, as well as in Russia's Novorossiysk port, with the voyage to Turkey lasting only a few days. Turkish customers were bidding at \$380-400/tonne cfr Turkey. Russian suppliers considered the bids unjustified amid firm and mostly rising imported scrap values in Turkey. Turkish scrap buyers, however, do not expect import prices to continue increasing due to large availability, Turkey's unstable economy and the depreciating lira. "The market in Turkey is showing minimal interest as buyers are seeking prices below \$400/t cfr. For retail sales, pig iron is available from Turkish ports supplied by truck at \$410/t, but there is a lack of significant purchasing activity," a Russian trading source says.

In Italy, the latest transaction took place 2-3 weeks ago at a price of approximately \$455/t cfr to the country's distributors, while current bids at around \$430/t cfr were not accepted by sellers. According to one trading source, it is unlikely that Russian suppliers not subject to sanctions would undercut the most recent deal and harm their own market, while prices for direct contracts between mills are unknown.

A Russian producer source hopes that some mills in Italy will show interest in June to build stock prior to the holiday season in August. However, according to a trading source, the likelihood of such a traditional scenario occurring may be reduced after the Covid-19 pandemic.

The same producer source believes that if the market receives a strong positive signal indicating the start of an upward trend, there may be some buying activity prior to the holidays. However, if there is no such signal, the market is expected to stagnate, with a possible recovery only in September.

At present, the main pig iron consuming European markets such as Italy, the Netherlands and Spain are reported to have ample inventories.

Another Russian supplier reported a deal at \$390/t fob Black Sea, which was however made last week to the Gulf Cooperation Council, with market sources believing the price included an at least \$10/t extra.

According to a producer source, there is demand from South Korea, which could potentially benefit Russian suppliers.

Another trading source suggests Russian producers, who lack alternative options for converting materials into steel and finished steel, may consider shipping pig iron to various markets, including Turkey, Italy and Southeast Asia, and then keeping it in stock there as a precautionary measure to mitigate the potential impact of possible sanctions.

As a result, Russian BPI was assessed at \$370-380/t fob Black Sea, slightly up from \$365-380/t fob a week earlier.

Russian-origin material supplied from a Far Eastern port was reported to be sold to Taiwan at around \$390/t cfr; however, it was not largely confirmed at the time of publication. The previous deals to the same destinations were reported around two weeks ago at \$400-410/t cfr.

As for Ukraine-origin pig iron, the blast furnaces of Metinvest and AMKR were operating normally after the Kakhovskaya Hydroelectric Power Plant (HEPP) was destroyed on Tuesday. Ukraine-origin BPI was nominally assessed at \$445-450/t fob Baltic Sea, netting back from \$475-480/t cfr USA, considering freight of around \$30/t. As a result of the Russian invasion and the blockade of Ukrainian ports, the supply of Ukrainian pig iron is primarily being routed through ports in Poland.

In the US, the latest two deals for 50,000 tonnes each were reported done for Brazil-origin material at \$450/t fob, with freight at around \$25-30/t. Kallanish also heard about an India-origin June-shipment pig iron deal to Bangladesh at \$470/t cfr.

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### KORE INDEX

| Index         | 50%    | 62%    | 80%    |
|---------------|--------|--------|--------|
| Week % Change | 6.77%  | 6.79%  | 5.84%  |
| 08 Jun        | 108.79 | 113.04 | 126.97 |
| 08 Jun        | 101.04 | 110.34 | 121.87 |
| 07 Jun        | 99.77  | 105.30 | 122.04 |
| 06 Jun        | 98.54  | 108.56 | 126.97 |
| 05 Jun        | 98.12  | 108.13 | 120.77 |
| Average       | 101.25 | 110.67 | 122.36 |
| 02 Jun        | 98.74  | 105.42 | 115.46 |
| 01 Jun        | 98.75  | 105.42 | 115.27 |
| 31 May        | 98.92  | 102.81 | 115.51 |
| 30 May        | 98.87  | 101.29 | 113.97 |
| 29 May        | 101.67 | 103.70 | 116.92 |
| Average       | 94.83  | 103.67 | 115.83 |

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## Global Overview

### Americas:

- US sheet prices decrease
- Rebar market slows
- USW & heads of steel industry testify to Congressional Steel Caucus

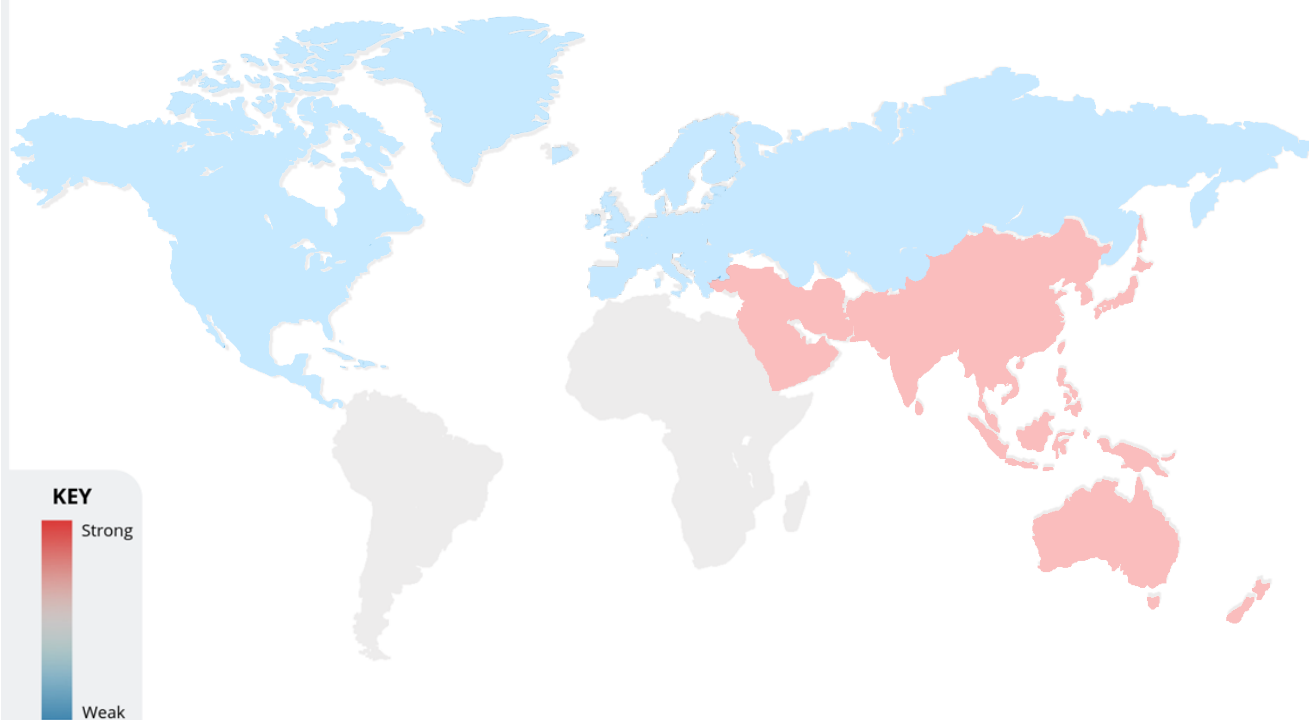
### Europe:

- European HRC prices approach bottom
- Scrap prices try to rebound
- Tata Steel lifts force majeure in Ijmuiden

### Asia:

- Chinese export volumes up
- Iron ore recovers further
- ASEAN billet prices up

### KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



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

### India:

- Indian imported scrap offers increase
- Indian HRC offers drop further
- Pakistan scrap offers drop amid delayed financing

### CIS:

- Russian billet offers recover

### Middle East:

- Turkish scrap recovery pauses
- Turkish HRC up
- Iran lifts billet offers

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 Word of the week

## Merchant Pig Iron

Most pig iron is produced in blast furnaces for subsequent steelmaking at integrated steelworks, and is transferred as molten iron from BF to nearby oxygen converters. But a much smaller tonnage is produced for sale as a steelmaking or foundry raw material. This merchant pig iron is mostly made in coke or charcoal fuelled BFs and sold as ingot. Pig iron is a supplement to ferrous scrap in the EAF, and may be used instead of, or in addition to direct reduced iron or hot briquetted iron in order to make higher grades of steel that may not be achievable using only scrap.



**STEEL  
MARKETS  
FORUM**

 **15 JUNE**

 **DUBAI**

**\$100 PER  
DELEGATE OR  
\$250 FOR 3  
DELEGATES!**

**HURRY – LAST FEW PLACES REMAINING!**

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