Issue: 08-24 | Date: 27 Feb 2024

聞 This week:

Black Sea billet prices under pressure, scrap looks down

China's weakening pricing situation after the Lunar New Year, combined with Marchproduction availability from Russian producers amid stagnant activity in foreign markets, is exerting pressure on Russian billet prices.

At the same time, the cost of procuring scrap is supporting billet prices, according to Russian supply-side sources.

Some sources report that March production is available and some producers are expected to have to make transactions during the current week, as February approaches its end. Other sources declare early- and mid-April production availability.

"The market appears to be stagnant with no visible activity. Customers in Turkey are indicating they have either already fulfilled their needs or are not showing any response at all," a supply source says. "But the cost of collection of scrap is not allowing billet prices to go down.

"It seems there is a common economic crisis. There are no bids from Turkey. As we previously sold large volumes to Egypt, there is a decision not to offer in the Egyptian market for a while, a trading source says.

A supplier source adds: "The situation in European steel has slowed down and demand for scrap has decreased. This has led to negative results in the scrap business. However, prices for ore and coal continue to rise. For example, Malaysia is reporting a price of \$565 cfr. Turkish billet customers are considering buying at lower prices, referring to a decrease in demand for scrap. Therefore, there is currently a lull in the billet market.'

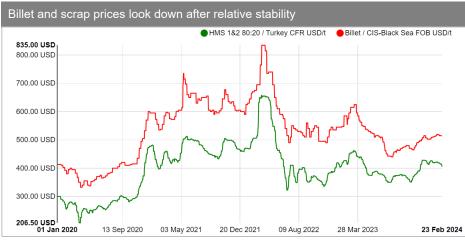
In Turkey, offers are reported in the range of \$540-550/t cfr versus bids at \$530-535/t cfr. Billet for early-April shipment is said to be available at \$519/t fob Black Sea.

As a result, Russian billet is assessed at \$510-519/t fob Black Sea, down from \$515-520/t fob a week earlier.

Trading sources in Asia attribute Chinese billet exports to the weakness in China's domestic market. This is happening amid lacking positivity in the scrap market, where market participants are questioning if scrap prices in Turkey would fall below the \$400/t cfr Turkey threshold, although no one saw this as likely only a week ago.

The fall below \$400/t cfr for Turkish scrap is expected due to the fact there are a number of distressed cargoes available in the market. Some sources believe nevertheless that following the disappearance of these cargoes, other suppliers might not follow and prices may bounce back over \$400/t cfr.

"How long Turkey will continue to wait will play the most important role here. Because the longer they wait, the stronger the pressure on the supplier and higher number of distressed cargoes," says one deep-sea supplier.



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Global Overview

Americas:

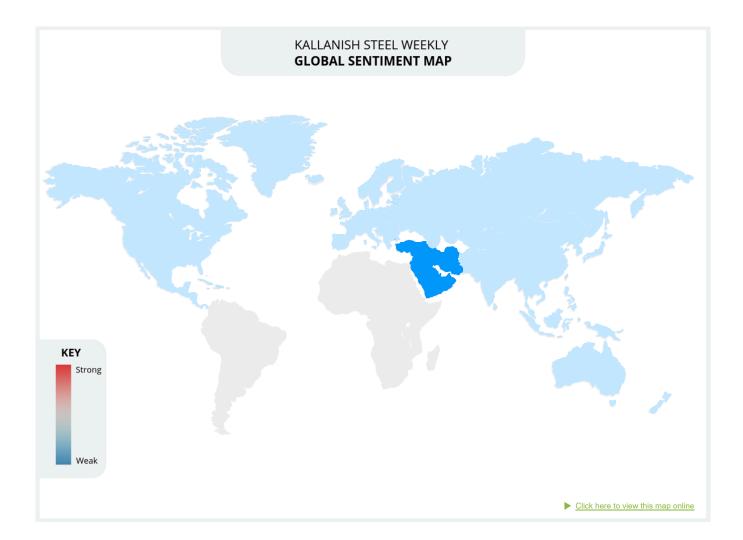
- US scrap market debates the extent of March decline
- US HRC slumps while buyer recalcitrance pressures mills
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- ArcelorMittal exits ADI for good European HRC prices under
- pressure Strike at Acerinox continues

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- Raw material prices in China move down
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- Turkish scrap approaches \$400 Turkish longs producers reduce prices amid weak demand Turkish HRC buyers eye China downtrend

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Word of the week

Bars

Bars are long steel products of various different shapes, most of which are cross-sectional such as round, square, L-shaped (angle bars) and tees.



□ Contact

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