

SAMPLE

Top News:

Billet prices in Asia see pressure from CIS

Despite the relative stability of iron ore prices in China and globally, the downturn of the scrap market is impacting billet prices both in the CIS and in Asia. While in the CIS prices have dropped to the lowest level since June 2017, in South East Asia they are holding slightly firmer, despite continuing to slide somewhat.

Chinese domestic billet prices have risen since the beginning of December, but this is unlikely to support the global billet market as long as scrap values remain under pressure in Turkey.

CIS

CIS billet producers have lowered their offers to \$390-405/tonne fob during recent days, depending on the mill and tonnage. However, traders looking for billet to cover pre-sales are the only buyers in the market.

A large, 40,000-tonne lot sold by a Russian producer to Algeria in the last days of December at \$395/t fob, albeit not confirmed by the parties, is considered to be indicative of the current price level. Another sale, of a 20,000-25,000t lot possibly to Turkey at \$400/t fob in the beginning of January, is considered as too high a price for today. This is taking into account Turkish billet offers at \$420/t fob, and their willingness to accept \$410/t fob, according to some traders.

Meanwhile, a Russian scrap-based and somewhat troubled mill is offering billet at \$390/t fob, but is not getting any orders.

Traders say Russian mills could reduce prices more to force sales, as the rouble's depreciation against the US dollar will allow mills some room to reduce prices. However, they are likely to want to re-roll as much billet as possible into rebar for the domestic market, where there are some signs of an uptick in rebar demand and margins are higher.

Although February-cast billet prices may have to be amended downwards to achieve sales as markets return from the holidays and trade flows resume, March-casting books are likely to be closed at higher prices. This is due to positive developments in China, and is supported by strength in all major raw materials' prices, traders say.

SOUTHEAST ASIA

Regional trading activity for imported billet in Southeast Asia has perked up but buyers are bidding at lower levels. Offers from two recent Malaysian blast furnace start-ups, which started emerging in third quarter last year, are competitive against other origins.

Prices fell in Manila with offers for many origins reaching \$450/t cfr. Russian billet is offered at \$450/t cfr and a few Russian mills at \$448/t cfr. Malaysian billet is offered at \$450-455/t cfr and Qatari billet, \$450/t cfr. Earlier in the week, a deal for Russian 100mm billet closed at \$450/t cfr Manila, and for Russian 125mm billet, \$453/t cfr.

The market is being pulled downwards by buyers who are bidding low amid a weak domestic rebar market, a Manila trader says on Friday. The "... next target level" for buyers is \$445-450/t cfr, another says.

In Indonesia, deals for February shipment billet from the two Malaysian mills closed at around \$460/t cfr, an importing source says. While he saw an offer for 130mm for late March shipment at \$461/t cfr on Thursday, he and traders also reported an offer on Friday for Malaysian billet at \$445/t cfr Indonesia.

On Friday, Kallanish assessed its weekly 5sp/ps or Q275120/125/130mm square billet price at \$445-450/t cfr Manila, down \$10 on week.

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Have scrap prices bottomed out in Turkey?
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How did the US rebar market handle Section 232 tariffs in 2018?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change **+2.44%**

11 Jan 2019	\$	74.18	
10 Jan 2019	\$	74.09	
09 Jan 2019	\$	74.06	
08 Jan 2019	\$	74.04	low
07 Jan 2019	\$	75.19	high
Average	\$	74.31	

04 Jan 2019	\$	73.90	high
03 Jan 2019	\$	73.42	
02 Jan 2019	\$	72.24	
01 Jan 2019	\$	-	
31 Dec 2018	\$	70.60	low
Average	\$	72.54	

For Subscription & Other Enquiries:

CALL
 UK: +44 207 635 6520
 Germany: +49 304280 2034
 Spain: +34 637 018 130
 Singapore: +65 9766 8175
 Bulgaria: +359 896 266 305

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

www.kallanish.com



Global Overview

SAMPLE

North America

- US sheet prices still tumbling
- US rebar/scrap prices remain under pressure
- Shutdown on-going as wall sparks conflict

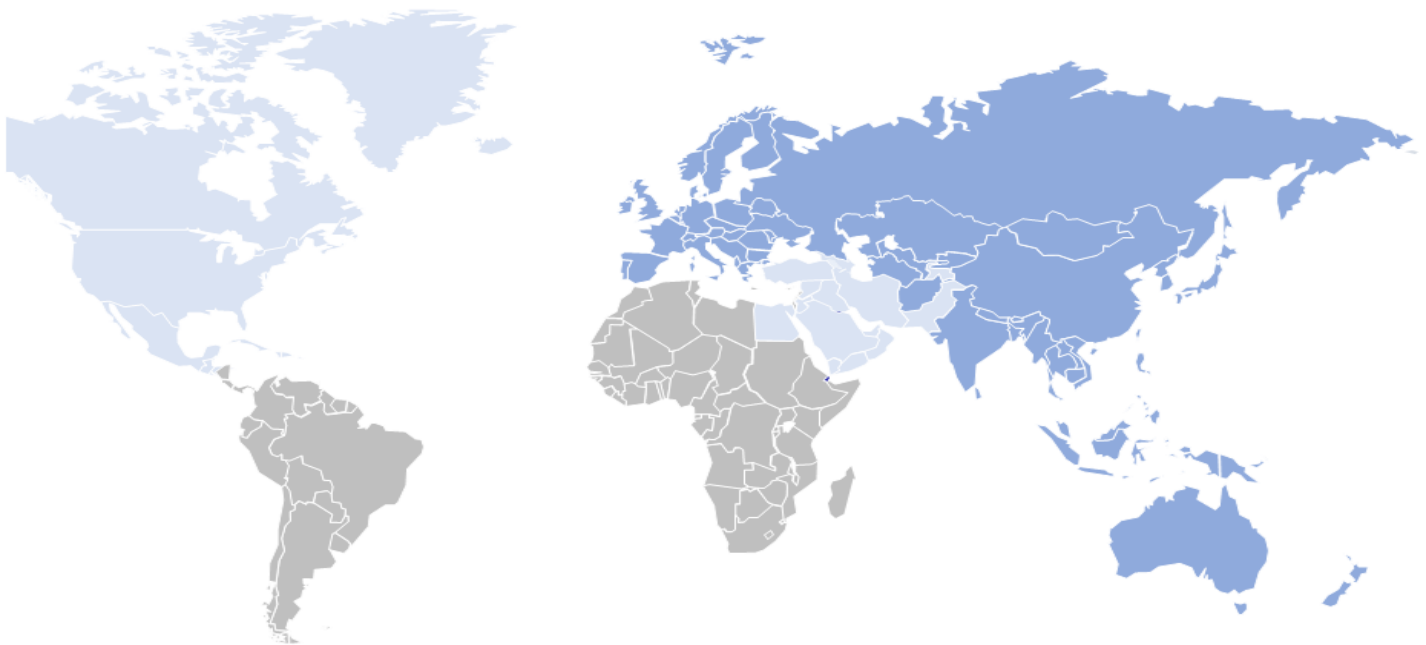
Europe

- Permanent safeguard proposal to be voted this week
- Scrap prices under pressure in EU
- HRC import offers keep sliding

Asia

- Iron ore stable
- Chinese prices drifting
- Vietnam increases further exports

Global Sentiment Map



Weak

Strong

Middle East

- Turkish scrap prices stabilise in fresh booking round
- Turkish rebar mills look to use up EU safeguard quota
- Turkish rebar exporters eye new markets

CIS

- CIS billet prices fall further
- CIS slab buyers continue downward price pressure

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Word of the Week

Aluminised sheet

This is a sheet steel which has been coated in a thin, hot-dip, aluminium-silicon alloy. Although most aluminised coatings are applied to cold rolled carbon steel, sometimes they are used on ferritic stainless steels for example, in the case of car exhausts. Aluminised steel is often applied to ovens, furnaces, vehicle exhaust pipes and bakeware.

Contact

If you found this issue of Kallanish Steel Weekly interesting please let us know, we would love to hear from you.

Kallanish - UK

Britannia House
11 Glenthorne Rd
Hammersmith, W6 0LH
t: +44 (0) 208 735 6520

Kallanish - Bulgaria

13 Yantra Street
Sofia 1000 Bulgaria
t: +359 896 266 305

General:

info@kallanish.com
www.kallanish.com

Kallanish - Germany

Lindenberger Weg 11A
16341 Panketal Berlin
t: +49 304280 2034

Kallanish - China

Rm.5G, 5/F, Jiafa Building
129 Datian Rd., Jing'an District
Shanghai, China
t: +86 182 1728 2941



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