

SAMPLE

Top News:

Global steel prices correct downward, outlook remains uncertain

Global steel prices have started correcting downward in most markets, but a clear outlook for the next several months remains difficult. Raw materials levels have dropped somewhat and finished prices have followed, but something could well change after the Chinese holidays are over toward the end of February.

According to Kallanish price series, both billet and slab in the CIS reached their peak at the beginning of January, only to lose some \$30-60/tonne since. Some markets are still more resilient than others, but even in Europe and North America the first signs of a softening of the sentiment in the coils market are visible.

FITCH OUTLOOK

Fitch Ratings believes that the recent rise in global steel prices will be short-lived as an increasing number of mills are bringing hot metal capacity back on line.

"The restarting of steel plants was not sufficiently quick to meet growing demand, with restocking across the steel value chain in Europe and the US creating additional demand, and steel prices rallied in all regions in late 2020 as a result," the agency comments in a note.

However, about 30 million t/year of hot metal capacity has come back on stream since October 2020. Many previously idled mills in the US and EU are already in operation, although there is a time lag for production to fully ramp up.

Fitch believes prices will correct at some point during Q1 everywhere, a trend that is already ongoing in some parts of the world.

China's steel demand in 2021 will be marginally lower due to a smaller scope of stimulus programmes planned and a potential reduction in exports of steel-based goods, the agency observes.

"However, the steel industry remains subject to various risks that could affect demand, prices and margins, including those related to Covid-19, such as a wider virus spread, slow vaccination and new strict lockdowns," Fitch says. "Growing steel demand is to a large extent driven by a recovery in the automotive sector, but semiconductor shortage is a risk for continuing demand recovery."

Political and geopolitical developments, such as a reduction in government stimulus programmes, policies to cut emissions and trade wars, could increase pressure on the sector, Fitch concluded.

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Will Chinese rebate policy change swing the market?

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Will EU HRC prices fall or just stabilise at the current peak?

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Will US finished steel prices falter in February?

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Will post-holiday Asia give new boost to prices?

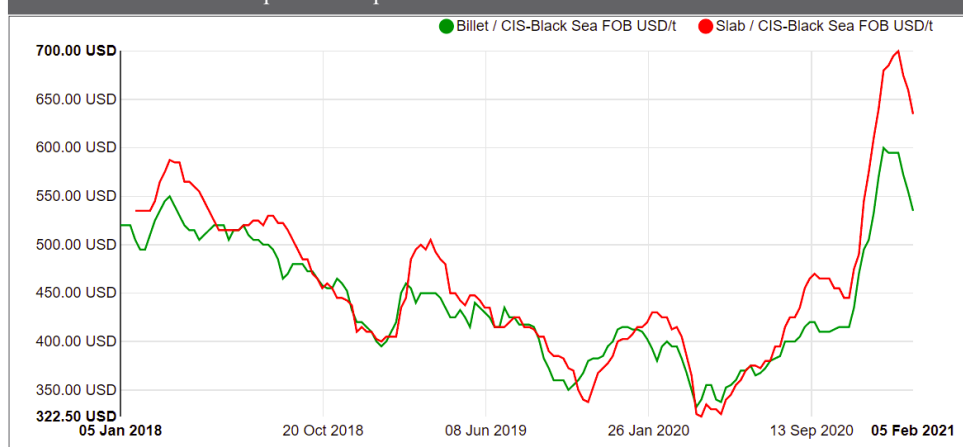
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How much will EU scrap prices drop?

KORE INDEX

W-o-w avg	-6.16%	-5.50%	-3.95%
Index	58% Fe	62% Fe	65% Fe
05 Feb 2021	\$ 143.44	\$ 155.00	\$ 178.28
04 Feb 2021	\$ 142.56	\$ 156.47	\$ 180.00
03 Feb 2021	\$ 141.88	\$ 151.60	\$ 175.77
02 Feb 2021	\$ 143.45	\$ 149.94	\$ 173.92
01 Feb 2021	\$ 145.28	\$ 155.97	\$ 180.44
Average	\$ 143.32	\$ 153.80	\$ 177.68
29 Jan 2021	\$ 150.55	\$ 158.54	\$ 181.17
28 Jan 2021	\$ 148.83	\$ 157.57	\$ 179.90
27 Jan 2021	\$ 153.78	\$ 164.82	\$ 186.57
26 Jan 2021	\$ 153.90	\$ 164.46	\$ 186.21
25 Jan 2021	\$ 156.61	\$ 168.44	\$ 191.10
Average	\$ 152.73	\$ 162.76	\$ 184.99

Black Sea billet and slab prices slump



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Global Overview

SAMPLE

North America

- US sheet stagnates, peak or plateau?
- Scrap prices in North America under pressure
- US rebar holds steady in February

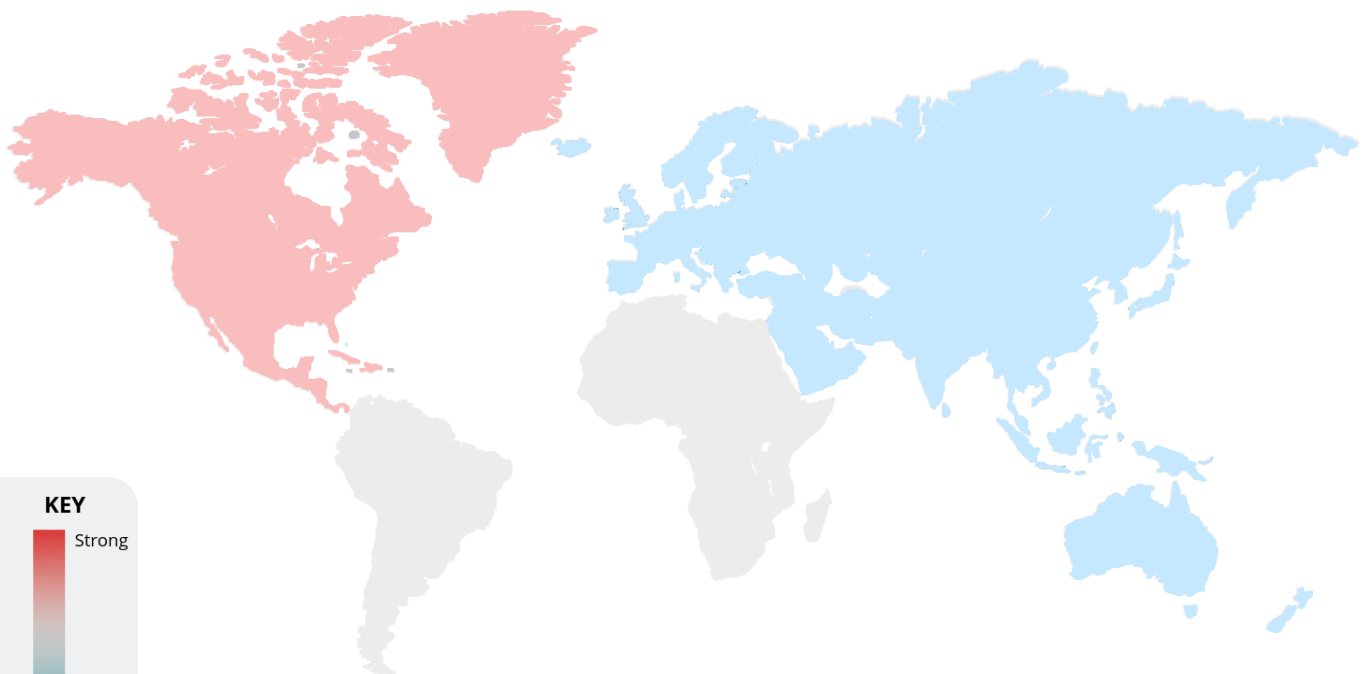
Europe

- Coil prices in EU reach peak
- EU scrap moves down
- USSK restarts BF

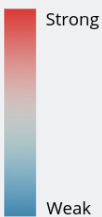
Asia

- Chinese market goes quiet
- Uncertainty over Chinese rebate policy mounts
- Iron ore slips again

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY



[See the interactive version online](#)

South America

- Force majeure at CMP
- Trafigura to sell ore from Brazilian mine

Middle East

- Turkish scrap drops further
- Turkish rebar struggles to find buyers
- Turkish mills expect stronger 2021 output

CIS

- CIS billet trade lull continues
- CIS slab lull seen lasting in February



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