

Markets Report

In the news this week:

Primetals supplies to Hoa Phat Dung Quat plant

Primetals Hoa Phat Group has ordered integrated casting and hot rolling plants, automation systems, and digitalization solutions for the expansion of its Hoa Phat Dung Quat Steel Complex. Two slab casters and a hot rolling mill will increase crude steel production by 1.4 million tonnes/year.

Thailand removes anti-dumping duties on Chinese wire rod

Thailand has withdrawn anti-dumping duties of 11.81-21.15% against imports of low carbon wire rod, both mild and alloy added from China, effective 2 March. Imports will require TIS (Thai Industrial Standard Institute) license.

Japanese steel trade weakens in January

The monthly exports of iron and steel products totaled 2.28mt, down 14.9% month-on-month and 2.9% year-on-year according to data from the Japan Iron & Steel Federation. Total import volumes declined 5.2% from December but gained 17.9% year-on-year to 658,960t.

WTO to review Chinese complaint against Australian duties

The World Trade Organization (WTO) has agreed to establish a dispute panel to examine China's complaint regarding anti-dumping and countervailing duties levied by Australia on various goods, including deep drawn stainless steel coils. The decision was made at a meeting of the Dispute Settlement Body (DSB) after receiving China's second request for arbitration. The first request was blocked at the previous DSB meeting on 25 January.

Vale Indonesia doubles profit in 2021

PV Vale Indonesia Tbk has achieved an annual net profit of \$165.8 million last year, which doubled year-on-year. Total revenue and EBITDA meanwhile stood at \$202.2m and \$201.9m, up 24.65% and 45.55% from one year earlier respectively.

Hoa Phat triples construction steel sales in February

Primetals Hoa Phat sold \$50,000t of construction steel in February, achieving a growth of 200% year-on-year and 17% month-on-month. The company recorded two-month sales through February to \$20,000t, up 200% from the corresponding period in 2020. Of this, export volumes surged 200% to 17,000t, with the main destinations being Singapore, Hong Kong, Canada, Japan, South Korea and Cambodia.

Atlas Iron produces first ore at Miralga Creek

Australian miner Atlas Iron has seen the first iron ore production at its Miralga Creek mine in Western Australia, the company reports. Miralga Creek is expected to produce 800t of iron ore over the 3-4 year lifetime of the mine.

Posco to test hydrogen steelmaking by virtual steel mill

South Korean steelmaker Posco is planning to build a virtual steel mill by utilizing the metaverse and digital twin technology. It hopes the hydrogen reduction steel mill built in a virtual space can significantly cut the cost of building an actual steel mill. This is because the method faces no physical limitations, numerous attempts can be made more easily and conveniently, and the necessary cost calculation is done in almost real time.

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Publishing Days

The Kallanish South East Asian Steel Markets report is published in sections to enable us to deliver our readers the most up to date and timely information.

Mondays: Markets Report
Wednesdays: Production Report

Country trade data is published as soon as it becomes available.

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Markets Report: Flats

The Vietnamese import market for hot rolled coil has sprung to life in tandem with Europe's frenzy to purchase material to replace lost Russian and Ukrainian volumes since the Russian invasion and the subsequent sanctions.

Week ending 4 March 2022

Product	Range	Week	Week	Week
HRC at Vietnam	2000-2500	▲ 3.4%	▲ 10.7%	▲ 10.0%

Exports of Chinese HRC continue to take off after making price gains during the week. Offers for HRC have crossed \$2400/t at Vietnam.

Offers for Chinese 3.2 from Indonesia \$2400-2500 HRC for May shipment are prevailing at \$2400/t at Vietnam. A \$20000 order for this grade HRC from a private Chinese mill was concluded at \$2400/t at a week ago.

A large tonnage of 3000 tonnes \$2400-2500 HRC

from a Chinese firm was closed at \$2400/t at around 1 March. Some sources heard the combined tonnage booked was around 100,000. That is very old news. The mills HRC offers are now at over \$2500/t, with some offers even at \$2600/t at a Vietnamese trader said on Friday.

Despite the spike in prices, Chinese offers remain the most competitive in the market. Japanese 3000 \$2400-2500 HRC is currently offered at \$2400/t at up from \$2400/t at market and regional sources have not yet heard of import bookings transpiring at above \$2500/t at Vietnam.

Chinese commercial-grade HRC prices have also risen. Small tonnage deals for some \$2000 for Chinese 3.2 from \$2400 HRC closed at \$2400/t at Vietnam on 1 March. A \$20000 order for same thickness and grade HRC from China was booked at \$2400/t at on 1 March, a Manila trader reports.

On Friday, offers for Chinese \$2400 HRC rose to \$2500/t at China and above, or at least \$2400/t at Vietnam. Deals for this material took place at around \$2400/t at Vietnam during the week ended 25 February.

HRC is on the hot stove. Prices have surged due to European

SE Asian Flat prices



buying" a regional trader says. He expects the market to remain divided because of supply constraints and also an increased freight costs. The supply shock is hitting the whole chain, with coated steel suppliers giving very short visibility for their own offers because of fast rising HRC feedstock costs, he adds. "The US is in a panic and this has caused prices to jump in Asia," a Taipei trader notes.

Kallanish assessed \$2.2 from Indonesia HRC at \$2400-2500/t at Vietnam, up \$400 in week.



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Markets Report: Longs

The East Asian import market for rebar has seen prices shoot up. Suppliers hiked prices in response to surging costs and uncertainties surrounding the Russia-Ukraine war. Regional importers are generally slow to accept the price hikes.

Week ending 4 March 2022

Product	Range	Week	Month	Year
Rebar of Singapore	\$760-780	▲ 1.4%	▲ 7.3%	▲ 16.6%
Wire rod of Manila	\$800-830	▲ 3.2%	▲ 7.3%	▲ 16.3%

Offers for rebar imports into the region have mostly exceeded \$800/t. Theoretical weight rebar from India for June shipment is heard offered at \$800-810/t in Singapore. 'No buyers are interested in this number', a Singapore trader says. Turkish rebar was heard indicated at \$800/t in early last week, but offers say no firm offers exist now. Middle Eastern rebar is currently offered at \$800/t in Singapore, an importer says.

SE Asian Longs prices



Vietnamese steel furnace rebar is offered at \$760-780/t for Vietnam. A 30,000 cargo from the same Vietnamese mill was booked at a base price of \$760/t in Singapore two weeks ago. Traders are also currently releasing position cargoes at fixed prices in Singapore. One such deal was for 10,000 of 400mm single theoretical weight rebar booked at \$760/t. But a Singapore trader believes that \$760/t was valid in Manila and such position cargoes would be priced higher now.

Domestic prices in Singapore are not rising as quickly as imports, another trader says. Stockists are trying to raise prices to as high as \$810,000/t (\$800/t). As price negotiations for new contracts take time, domestic prices will continue to lag behind, he adds. Rebar orders took place last month at \$810,000-1,000/t. Kallanish issued \$800/t 10-40mm diameter rebar to \$760-780/t in Singapore theoretical weight, up \$10 on week. In Hong Kong, offers for actual weight 10-40mm rebar were heard at \$810-830/t. Prices have been increasing rapidly and are still climbing, a Hong Kong trader says.

A March shipment United Arab Emirates-origin cargo was heard booked at \$760-800/t. In Hong Kong, trading and importing sources say 'It was a position lot', a buyer says. An April shipment cargo should be higher priced, he adds. Buying

interest for rebar is weak because prices are high and deliveries have slowed down in the pandemic. End-users are not prepared to look at current offer prices as yet, he adds.

The Southeast Asian wire rod import market has seen prices jump up sharply in tandem with escalating global steel markets. Wire rod importers have continuously lifted prices during the week. In Manila, low carbon 6.3mm diameter steel furnace SAE 1008 wire rod offers from Malaysia and Indonesia have risen to as high as \$830/t. Traders are making these offers for May shipment. A day earlier, they were offering wire rod from Indonesia at \$815/t. Vietnamese steel furnace wire rod was offered on 2 March at \$760/t for Vietnam, up \$10/t from the day before. 'It's moving up every day', a regional trader says. He estimates freight to be at \$20-25/t for a 30,000 cargo to Manila.

A 10,000 order for Malaysian steel furnace wire rod was booked on 2 March at \$800/t in Cebu. Offers from the same mill were heard earlier last week at \$780/t of Thailand. Several smaller bookings took place at this level, a Thai trader says. Another says his customers booked material from the Malaysian mill at \$760/t. Wire rod offers are now at \$800/t and higher, he said on Thursday. Kallanish assessed SAE 1008 6.3mm diameter wire rod at \$800-830/t in Manila, up \$25 on week.

Markets Report: Semis

The Southeast Asian billet import market has shot up amid the ongoing Russian invasion of Ukraine. Certain re-rollers have acceded to price hikes in a market which is reeling from surging raw material costs and global steel shortages.

Week ending 4 March 2022

Product	Range	Week	Week	Year
Billet of Metals	\$140-160	▲ 7.0%	▲ 14.3%	▲ 26.7%
Regrinder Billet	\$140-160	▲ 5.0%	▲ 6.0%	▲ 11.0%

The market is changing daily, say traders. 'Today's price will not apply to tomorrow,' a Philippine trader emphasises.

A leading Philippine re-roller ordered a 30,000 cwt of Vietnamese steel furnace bag 150mm billet at \$1400 some off on 3 March. The Vietnamese mill then listed its offer on Friday to \$1400 of Metals, a Metals trader reports. Other offers for regional steel furnace billet were prevailing at \$170-1800 of Metals on Friday, according to importing and trading sources.

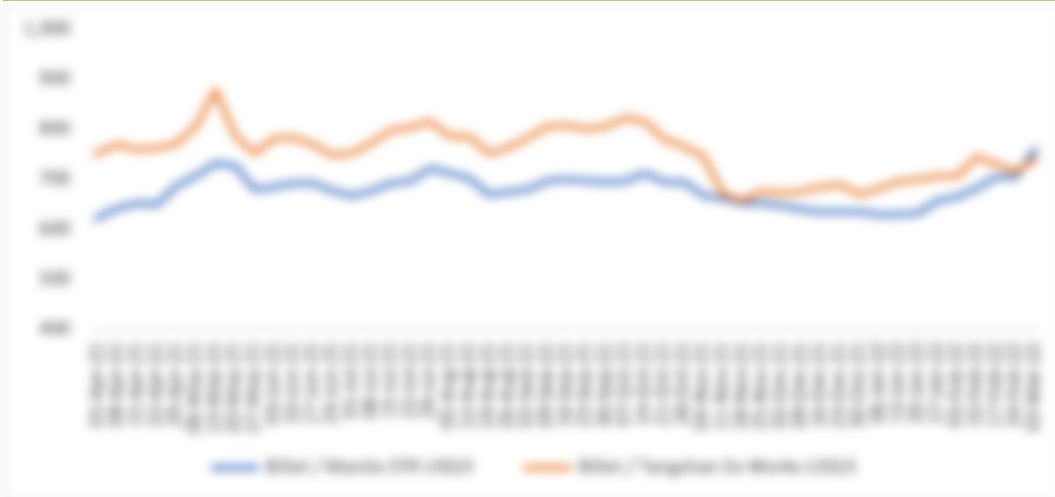
An Indonesian steel furnace mill was offering 150mm bag billet at \$1400 of Thailand on 3 March, but traders say this price no longer applies. Some report the mills offer could be \$200 higher, while others say the supplier has withdrawn from the market.

The Philippine billet market is currently not seeing disruption to Russian billet trade, particularly in the execution of outstanding contracts. Offers from supplying mills are generally scarce because they want to capitalise on the current 'abnormal price' arising from uncertainty over supply, particularly from Black Sea ports, and skyrocketing freight costs. 'Supplying mills are watching the situation. The market has not peaked yet,' another Metals trader says.

A major private bank informed their customers earlier this week that they won't issue any LCs anymore for 'Russian-origin imports,' a trader said on Friday. 'But it's a private initiative, part of their risk management, and not a central bank mandate,' he adds.

Offer prices are at around \$1400 of in the region, traders say. The

SE Asian Billet prices



MM, award price on 3 March for 150mm bag-bag billet at \$1710 of India - with full advance - would amount to about \$1400 of Thailand, a Thai trader says. The cargo would equate to \$1400 of \$12.00, a regional trader says. While freight is also changing daily, he estimates freight for a 30,000 cwt from Hong to the region at \$40-450.

Kallanish assessed Europe at \$275 120/125/150mm square billet on Friday at \$1400 of Metals, up \$50 on week.



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Markets Report: Raw Materials

Hyundai Steel has lowered its bid for Japanese scrap in its weekly purchase auction by a uniform JPY 500/t from its previous auction on 25 February. Hyundai's latest bid price on 3 March for H2 is at JPY 56,500/t (\$488/t) fob and for H1/H2 at JPY 57,000/t. Its bid for shredded scrap, HS grade and Shindachi Bara (loose) scrap were all at the same level of JPY 62,000/t.

Week ending 4 March 2022

Product	Range	Week	Month	Year
H2 scrap for Japan	\$488-490	▲ 0.0%	▲ 0.1%	▲ 20.0%
China Heavy Scrap	\$579-579	▲ 0.0%	▲ 1.7%	▲ 11.2%
KCMI 62% Fe /				
Ingots CPM 4500	\$150-150	▲ 10.0%	▲ 0.0%	▼ 10.7%
Scrap/China	\$600-600	▲ 0.0%	▲ 0.1%	NA

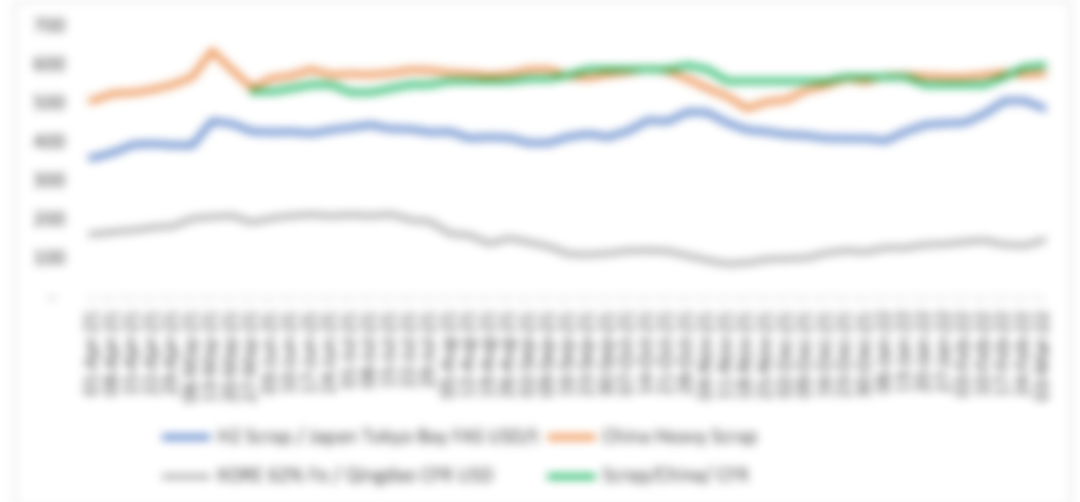
Trading sources cannot explain Hyundai's decision to drop its bid prices since scrap and raw materials prices are spiralling upwards in global markets this week amid the ongoing Russia-Ukraine war. "I don't understand Hyundai," says a Seoul trader who thinks that the scrap market is forming.

Japan's Tokyo Steel has maintained its procurement price at JPY 57,000/t for H2 grade scrap trucked to its Choshirogi steelworks, effective 15 February.

The Taiwanese scrap market is expected to rise due to the conflict between Russia and Ukraine. Since Russia is one of Taiwan's major suppliers of steel, international economic sanctions could also increase local scrap consumption. Kallanish assessed H&S 162 80/20 container scrap at \$485-490/t in Taiwan, up \$2/t on-week. H&S 162 80/20 container scrap from the US West Coast was offered at \$490-495/t in Taiwan, up by \$2/t. Buyers meanwhile lifted their bids to follow the market trend, but market activity remained flat. Japanese scrap suppliers also maintained their H2 80/50 prices at \$525/t in Taiwan, unchanged for two weeks as there was no buying demand. Electric arc furnace mill Fanyuan Iron & Steel has continued to keep its scrap purchasing prices stable for H&S1 at TWD 12,800/t (\$460/t).

Chinese scrap prices rose slightly over last week. The implementation of the new tax policy resulted in some suppliers not complying with the purchasing requirements of steel mills,

SE Asian Raw Materials



which also affected market shipments. On Friday, Kallanish assessed Chinese former heavy scrap delivered to mills in eastern China's Yangtze River Delta at CNF 5,600/t (\$274/t), CNF \$4 lower from Thursday but up CNF 16/t on-week. As steel prices recovered, more EAF mills resumed production and increased scrap consumption. However, most of the independent suppliers were unable to invoice steel mills in compliance, resulting in weaker market circulation.

The Russian invasion of Ukraine has led to higher prices in Asian scrap markets. Even with Chinese buyers targeting as low as \$500/t in China, scrap import offers rose to \$600-605/t in China on Friday. Kallanish assessed Chinese H&S101 scrap imports at \$600/t in China, up by \$5/t on-week.

Seaborn iron ore prices retreated a little on Friday after surging through most of the week. The Kallanish KCMI 62% Fe index slipped \$1.41/t on Friday but was still up \$14.50/t over the week at \$149.51/dry metric tonne in Qingdao. The Kallanish KCMI 62% Fe

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