Kallanish Steel Weekly

Issue : 41-21 | Date: 12 Oct 2021

This week:

Will coal demand for steelmaking remain firm in the coming years?

Despite the green steelmaking rhetoric in Europe, the region's steelmakers will remain dependent on coal for some time to come, while producers in developing economies will continue investments into new coal-based capacity, according to speakers at last week's Eurocoke Summit in Amsterdam.

The green hydrogen-based direct reduction-electric arc furnace route can reduce carbon emissions by 97% versus the conventional blast furnace-oxygen converter route; however, there is a huge obstacle to this. Green energy is needed on a scale hitherto unseen, Stahlinstitut VDEh executive board member Dr Hans Lungen pointed out at the event attended. Another challenge is the limited availability of DR-grade iron ore pellet, which is highly-beneficiated versus BF feed. A shorter-term alternative to direct carbon avoidance is to follow the smart carbon usage pathway, an example of which is the Hisarna ironmaking process installed at Tata Steel IJmuiden. This produces carbon-rich process gas that can be used effectively for carbon capture, utilisation and storage (CCUS) at an EU coastal plant, Lungen observed.

Tata Steel IJmuiden Hisarna Pilot Plant technology manager Johan Van Boggelen said the International Energy Agency has pointed out that a majority of global steelmaking will still be somehow dependent on carbon by 2050. This does not mean the conventional integrated process will remain dominant, but CCUS will increase.

"These firms who say they will use hydrogen won't do so immediately," he observed. The transition phase will involve the use of natural gas which will require some form of carbon capture. Green steelmaking will require the development of hydrogen storage infrastructure, which will take 10 years to build.

Direct smelting through Hisarna is a good alternative, Van Boggelen said, having demonstrated carbon emissions can be cut by 50% without carbon capture, by using 50% scrap feedstock charge and biomass instead of coal. The next step will be to introduce natural gas into the process. Coupled with CCUS, this can result in negative emissions.

The touted use of biomass on a large scale, meanwhile, will require processes to upgrade it to high levels of decarbonisation, while the issue of what to do with increased DRI slag also needs to be considered, Van Boggelen commented. Much of the BF slag currently produced is reused in the cement industry, but this is not possible with DRI slag.

H&W Worldwide Consulting principal consultant Dr. Neil Bristow meanwhile said the challenges of meeting hydrogen production and transport "have been underplayed."

Europe will be at the forefront of the decarbonisation push. India, South America and Southeast Asia will however see BOF-based steelmaking grow to 2035, requiring increased coking coal. These regions have insufficient scrap supply, while there is not enough BF pellet or hydrogen supply globally to ensure their decarbonisation. Growing steel demand can only be met through more integrated steelmaking investments.

"That's going to mean that demand for coking coal, even if Europe declines, is still going to develop strongly outside of Europe," Bristow concluded.

SCRAP

While coal demand can remain elevated, scrap demand is set to continue increasing in the near future, as the ongoing green transition is pushing steelmakers in developed parts of the world to transition toward EAFs.

Some European steelmakers are particularly concerned by the increasing scrap demand going forward and are lobbying the European Commission to impose new regulations to effectively limit scrap exports (Europe is the largest scrap exporter in the world). "Whatever happens, it is clear that one of the main elements of decarbonisation will be scrap and this could create strong tensions on the market," Alessandro Banzato, president of Italian steelmakers association Federacciaio said. "Scrap is generated on the national territory for a quantity of about 15 million tonnes and the rest of the requirement, on average equal to 4-5 million tonnes, is imported from both EU and third countries. The European Union as a whole is instead a net exporter, with a growing trend in recent years. EU-27 scrap exports amount to around 18 million tonnes."

In this weeks Issue:

KORE INDEX

Index	58%	62%	65%
W-o-w % Change	1.22%	2.14%	1.1%
8 Oct	90.47	121.73	144.59
7 Oct	89.56	117.43	140.31
6 Oct	89.33	117.10	140.02
5 Oct	89.22	116.95	139.88
4 Oct	89.00	117.23	140.20
Average	**89.52**	**118.11**	**140.00**
1 Oct	88.03	115.30	138.08
30 Sep	89.14	116.62	139.47
29 Sep	88.71	115.68	138.60
28 Sep	88.36	114.98	137.46
27 Sep	87.97	115.60	138.46
Average	**88.44**	**115.64**	**138.50**

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Global Overview

North America

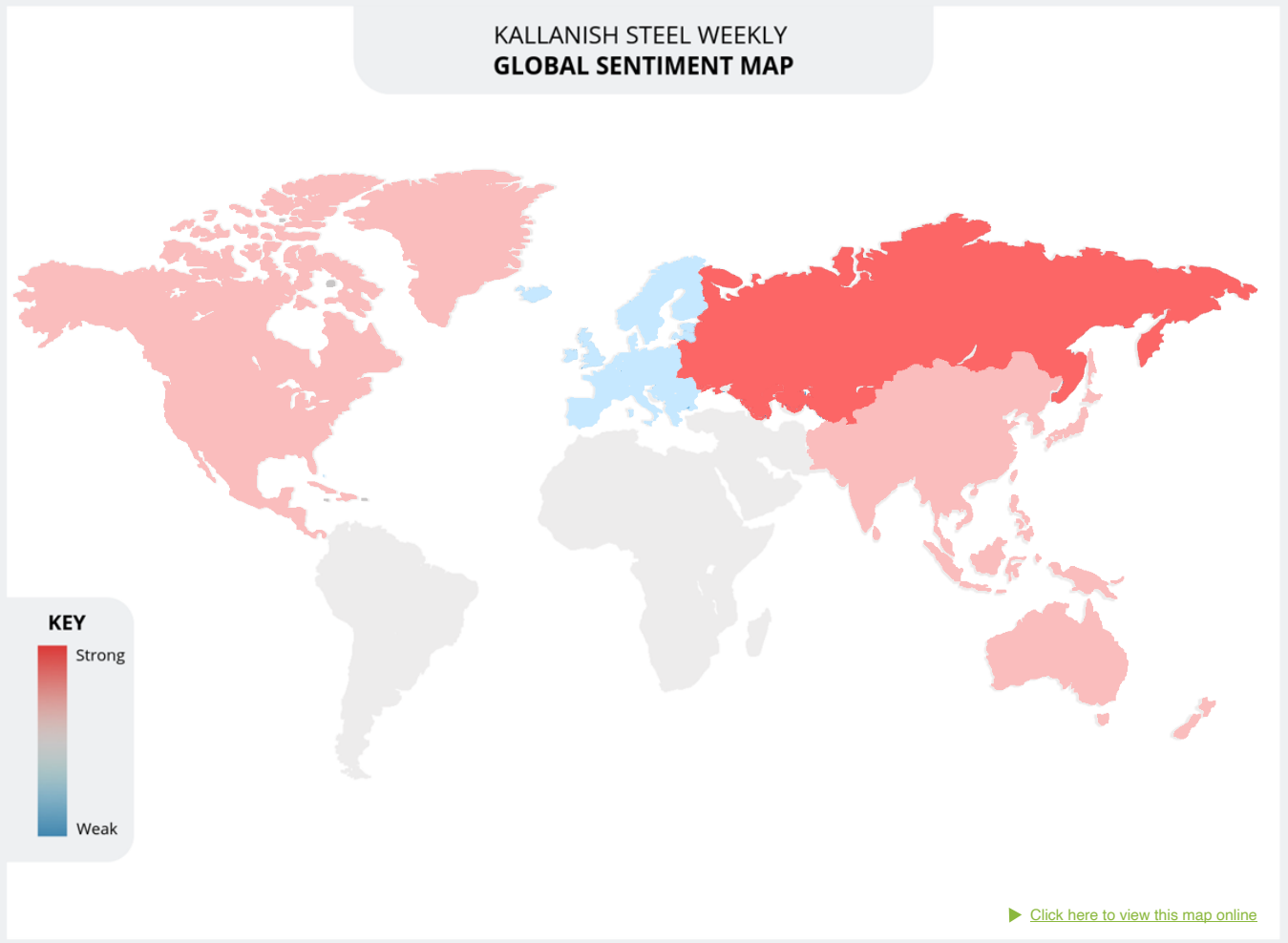
- US flats momentum halts
- Still-historic skelp props up US pipe prices
- Biden administration seeks new China angle

Europe:

- ArcelorMittal announces longs energy surcharge
- Benelux scrap recovers slightly
- Several EU safeguard quotas exhausted

Asia:

- Chinese steel prices recover
- Iron ore jumps
- Chinese buyers look at wire rod imports



CIS:

- Ukraine considers scrap ban to Turkey and Russia
- CIS pig iron and billet look up
-

Middle East:

- Turkish scrap up again
- Longs prices look up
- Turkish HRC prices remain under pressure

Asia

Strong Chinese steel sends iron ore soaring

By: Tomas Gutierrez, Editor Asia

Chinese prices look up again

Prices to watch:

HRC / China FOB USD/t	Rebar / China FOT Warehouse CNY/t	Billet / Manila CFR USD/t
910	5835	696.5
0%	0%	0%

In the news this week:

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- Prices to watch
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Europe

European long mills to increase offers on challenging energy costs

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[illegible]

ITALY: [illegible]

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[illegible]

[illegible]

SPAIN: [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

By: Emanuele Norsa, Europe Editor

Prices to watch:

1075	304.5	675
-1%	0%	-4%
HRC / N Europe Ex-Works EUR/t	HMS 1/2 Scrap (80:20) / Rotterdam FOB USD/t	Rebar / Italy Ex-Works EUR/t

In the news this week:

[illegible]

[illegible]

[illegible]

[illegible]

Americas

The Great 2021 Bull Run may have run its course

[illegible]

[illegible]

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[illegible]

[illegible]

[illegible]

[illegible]

By: Dan Hilliard, North America Editor

Prices to watch:

1950	2175	2400
0%	0%	0%
US HRC USD/s.ton	US CRC USD/s.ton	US OCTG P110 USD/s.ton

In the news this week:

[illegible]

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Middle East & CIS

Turkish scrap rebounds strongly, CIS billet eyes China

By: Burcak Alpman, Journalist

Prices to watch:

HMS 1/2 scrap CFR Turkey/ USD/t	Billet FOB Black Sea/ USD/t	Rebar FOB Turkey/ USD/t
2%	1%	1%

In the news this week:

Price Movement

Product Group	Product	Frequency	Latest Update	Latest Price	Change
Flat Products	HRC / Italy Ex-Works EUR/t	Weekly	04 Oct 2021	900 - 950 EUR/t	-4.0%
Flat Products	CRC / Italy Ex-Works EUR/t	Weekly	04 Oct 2021	1150 - 1180 EUR/t	0.0%
Flat Products	HDG / Italy Ex-Works EUR/t	Weekly	04 Oct 2021	1150 - 1200 EUR/t	1.0%
Flat Products	HRC / Turkey FOB USD/t	Weekly	05 Oct 2021	850 - 870 USD/t	-3.0%
Flat Products	HRC / Turkey CFR USD/t	Weekly	05 Oct 2021	830 - 840 USD/t	-5.0%
Flat Products	HRC / Turkey Ex-Works USD/t	Weekly	05 Oct 2021	860 - 880 USD/t	-4.0%
Flat Products	HRC / CIS-Black Sea FOB USD/t	Weekly	06 Oct 2021	800 - 810 USD/t	-3.0%
Flat Products	Cold Rolled Sheet / China FOT Warehouse CNY/t	Weekly	08 Oct 2021	6580.00 CNY/t	0.0%
Flat Products	HDG / China FOT CNY/t	Weekly	08 Oct 2021	6780.00 CNY/t	0.0%
Flat Products	HRC / Japan FOB USD/t	Weekly	08 Oct 2021	920.00 USD/t	-3.0%
Flat Products	CRC / Japan FOB USD/t	Weekly	08 Oct 2021	1050.00 USD/t	0.0%
Flat Products	Plate (low grade) / Japan FOB USD/t	Weekly	08 Oct 2021	980.00 USD/t	-2.0%
Flat Products	CRC / China FOT Warehouse CNY/t	Weekly	08 Oct 2021	6520.00 CNY/t	1.0%
Flat Products	HRC / China FOT Warehouse CNY/t	Weekly	08 Oct 2021	5870 - 5890 CNY/t	2.0%
Flat Products	CRC / N Europe Ex-Works EUR/t	Weekly	08 Oct 2021	1220 - 1270 EUR/t	0.0%
Flat Products	HDG / N Europe Ex-Works EUR/t	Weekly	08 Oct 2021	1220 - 1270 EUR/t	-1.0%
Flat Products	HRC / N Europe Ex-Works EUR/t	Weekly	08 Oct 2021	1050 - 1100 EUR/t	-1.0%
Flat Products	HRC / China FOB USD/t	Weekly	08 Oct 2021	905 - 915 USD/t	0.0%
Flat Products	HRC / Vietnam CFR USD/t	Weekly	08 Oct 2021	855 - 865 USD/t	1.0%
Flat Products	HRC / N America Ex-Works USD/s.ton	Weekly	11 Oct 2021	1940 - 1960 USD/s.ton	0.0%
Flat Products	CRC / N America Ex-Works USD/s.ton	Weekly	11 Oct 2021	2150 - 2200 USD/s.ton	0.0%
Flat Products	Plate / N America Ex-Works USD/s.ton	Weekly	11 Oct 2021	1650 - 1680 USD/s.ton	0.0%
Long Products	Merchant Bar / Italy Ex-Works EUR/t	Weekly	04 Oct 2021	880 - 890 EUR/t	-1.0%
Long Products	Rebar / US Midwest Ex-Works USD/s.ton	Weekly	05 Oct 2021	985 - 995 USD/s.ton	0.0%
Long Products	Rebar / Middle East CFR USD/t	Weekly	07 Oct 2021	670 - 690 USD/t	2.0%
Long Products	Wire Rod / N Europe / Ex-Works EUR/t	Weekly	07 Oct 2021	780 - 820 EUR/t	-4.0%
Long Products	Wire Rod / SE Asia CFR USD/t	Weekly	07 Oct 2021	750 - 760 USD/t	1.0%
Long Products	Rebar / Singapore CFR USD/t	Weekly	07 Oct 2021	725 - 730 USD/t	1.0%
Long Products	Rebar / Turkey / ex-Works / $/t / excl. VAT	Weekly	07 Oct 2021	680 - 690 USD/t	2.8%
Long Products	Rebar / Italy Ex-Works EUR/t	Weekly	07 Oct 2021	680 - 690 EUR/t	-1.0%
Long Products	High Speed Wire Rod / Shanghai FOT CNY/t	Weekly	08 Oct 2021	6330.00 CNY/t	1.0%
Long Products	Rebar in Coil / Shanghai FOT CNY/t	Weekly	08 Oct 2021	6030.00 CNY/t	1.0%
Long Products	Wire Rod / Turkey FOB USD/t	Weekly	08 Oct 2021	780 - 805 USD/t	4.0%
Long Products	Angle Bar / Turkey FOB USD/t	Weekly	08 Oct 2021	685 - 710 USD/t	2.0%
Long Products	Rebar / N Europe Ex-Works EUR/t	Weekly	08 Oct 2021	830 - 900 EUR/t	-2.0%
Long Products	Rebar / China FOT Warehouse CNY/t	Weekly	08 Oct 2021	5820 - 5850 CNY/t	0.0%
Raw Materials	E3 Demolition Scrap / Italy Delivered Basis EUR/t	Weekly	04 Oct 2021	350 - 370 EUR/t	0.0%
Raw Materials	E1 Heavy Demolition Scrap / Italy Delivered Basis EUR/t	Weekly	04 Oct 2021	320 - 340 EUR/t	-6.0%
Raw Materials	E3 Demolition Scrap / Germany Ex-Works EUR/t	Weekly	04 Oct 2021	380 - 440 EUR/t	0.0%
Raw Materials	E2 & E3 Shipbreaking scrap /Turkey / Delivered basis / USD/t	Weekly	06 Oct 2021	445.00 USD/t	0.0%
Raw Materials	E8 New cutting scrap (DKP) / Turkey / delivered basis, TRY/t	Weekly	06 Oct 2021	3670 - 4320 TRY/t	2.6%
Raw Materials	HMS 1/2 Scrap / Taiwan CFR USD/t	Weekly	06 Oct 2021	460 - 460 USD/t	0.0%
Raw Materials	Pig Iron / Black Sea FOB USD/t	Weekly	07 Oct 2021	480 - 500 USD/t	0.0%
Raw Materials	H2 Scrap / Japan Tokyo Bay FAS JPY/t	Weekly	08 Oct 2021	48000.00 JPY/t	3.0%
Raw Materials	H2 Scrap / Japan Domestic Delivered Basis JPY/t	Weekly	08 Oct 2021	50000 - 51000 JPY/t	7.0%
Raw Materials	Scrap / China / cfr / $/t	Weekly	08 Oct 2021	590 - 590 USD/t	0.0%
Raw Materials	HMS 1/2 Scrap (80:20) / Rotterdam FOB USD/t	Weekly	11 Oct 2021	412 - 414 USD/t	8.0%
Raw Materials	HMS 1 Scrap / US Midwest Delivered Basis USD/t	Weekly	11 Oct 2021	415 - 420 USD/t	0.0%
Raw Materials	HMS 80:20 Scrap / Benelux / delivered dock, EUR/t	Weekly	11 Oct 2021	325 - 330 EUR/t	8.3%
Raw Materials	E40 Shredded Scrap / Italy Delivered Basis EUR/t	Weekly	11 Oct 2021	370 - 410 EUR/t	-1.0%
Raw Materials	E8 Light New Scrap / Italy Ex-Works EUR/t	Weekly	11 Oct 2021	440 - 480 EUR/t	0.0%
Raw Materials	HMS 1/2 Scrap (80:20) / US East Coast FOB USD/t	Weekly	11 Oct 2021	422 - 424 USD/t	4.0%
Semis	Billet / Italy Ex-Works EUR/t	Weekly	04 Oct 2021	510 - 520 EUR/t	-12.0%
Semis	Billet / Turkey FOB USD/t	Weekly	07 Oct 2021	610 - 620 USD/t	-1.0%
Semis	Billet / CIS-Black Sea FOB USD/t	Weekly	07 Oct 2021	605 - 615 USD/t	1.0%
Semis	Slab / Japan FOB USD/t	Weekly	08 Oct 2021	830.00 USD/t	-2.0%
Semis	Billet / Manila CFR USD/t	Weekly	08 Oct 2021	693 - 700 USD/t	0.0%
Tubes & Pipes	Welded Pipe (S235) / Turkey FOB USD/t	Weekly	07 Oct 2021	840 - 900 USD/t	-1.0%
Tubes & Pipes	OCTG P110 Pipe 5.5" diameter / N America FOB USD/s.ton	Weekly	08 Oct 2021	2300 - 2500 USD/s.ton	0.0%
Tubes & Pipes	Welded Tubes & Pipes / N America Ex-Works USD/s.ton	Weekly	08 Oct 2021	2100 - 2200 USD/s.ton	0.0%

Price Spreads

Product	Region	Frequency	Updated On	Latest Spread	Change
Italy Stainless HRC - Stainless CRC spread	Italy	Monthly	01/09/2021	100.00 EUR/t	-66.0%
Italy CRC - HDG spread	Italy	Weekly	04/10/2021	10.00 EUR/t	-66.0%
Turkey HRC - CRC spread	Turkey	Weekly	05/10/2021	85.00 USD/t	-43.0%
Turkey Billet - Angle Bars spread	Turkey	Weekly	07/10/2021	62.50 USD/t	-14.0%
Black Sea HRC - CRC spread	Black Sea	Weekly	06/10/2021	130.00 USD/t	-13.0%
China CRC - HDG spread	China	Weekly	08/10/2021	260.00 CNY/t	-10.0%
East Asia Slab - HRC spread	Japan	Weekly	08/10/2021	90.00 USD/t	-10.0%
Turkey Hrc - Welded Tubes spread	Turkey	Weekly	05/10/2021	-30.00 USD/t	-8.0%
China Billet - Rebar spread	China	Daily	11/10/2021	525.00 CNY/t	-4.0%
Iron Ore China CFR - Turkey Scrap CFR	Qingdao	Daily	11/10/2021	326.12 USD/t	-3.59%
China Billet - Rebar in Coil spread	China	Daily	11/10/2021	720.00 CNY/t	-3.0%
Turkey Billet - Wire Rod spread	Turkey	Weekly	07/10/2021	145.00 USD/t	-2.0%
China Billet - Wire Rod spread	China	Daily	11/10/2021	253.21 CNY/t	0.0%
East Asia Slab - Plate spread	Japan	Weekly	08/10/2021	150.00 USD/t	0.0%
N America HRC - CRC spread	N America	Weekly	11/10/2021	225.00 USD/s.ton	0.0%
N America HRC - Welded pipes spread	N America	Weekly	11/10/2021	200.00 USD/s.ton	0.0%
Turkey Billet - Rebar spread	Turkey	Weekly	07/10/2021	65.00 USD/t	4.0%
China HRC - CRC spread	China	Weekly	08/10/2021	101.38 USD/t	10.0%
N Europe HRC - CRC spread	N Europe	Weekly	08/10/2021	170.00 EUR/t	10.0%
Italy HRC - CRC spread	Italy	Weekly	04/10/2021	240.00 EUR/t	17.0%
Italy Billet - Merchant Bar spread	Italy	Weekly	04/10/2021	370.00 EUR/t	21.0%
East Asia HRC - CRC spread	Japan	Weekly	08/10/2021	130.00 USD/t	30.0%
Italy Billet - Rebar spread	Italy	Weekly	04/10/2021	165.00 EUR/t	43.0%
Black Sea Slab - HRC spread	Black Sea	Weekly	30/09/2021	150.00 USD/t	50.0%

Click here to view these spreads online

Most advanced: Black Sea Slab - HRC Spread

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Most declined: Italy Stainless HRC - Stainless CRC spread

Click here to view this graph online

Special Feature

Green steel is here – and here to stay

By: Dan Hilliard, North America Editor

Word of the week

Green Hydrogen

Green hydrogen is made by using a process called electrolysis to split water into hydrogen and oxygen. If that process is powered by a renewable energy source, such as wind or solar power, then the hydrogen is referred to as being green. Green hydrogen is produced from the electrolysis of water, using renewable energy. It can be used as a fuel and energy source in hard-to-decarbonise industries.

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