

This week:

Slab market remains two-tiered, oversupplied

Global merchant slab sentiment continues to deteriorate amid a plethora of alternatives for buyers who prefer not to buy Russian material. Although the alternatives are pricier, the deciding factor in buyers' ongoing push for lower prices is the soft flat products market, and the seeming absence of visibility in the quarter ahead.

In the Russian slab export market, mills tried to hold offers at \$500/tonne fob western ports, but expectations proved unrealistic, especially considering plentiful Russian availability and lower-priced regional alternatives. As Russian mills continued to push for \$480-500/t fob to Turkey, Iranian suppliers came out with offers at around \$440/t fob. Considering buying Iranian is somewhat safer in terms of sanctions at present, according to several traders, the move has dampened Russian mills' expectations.

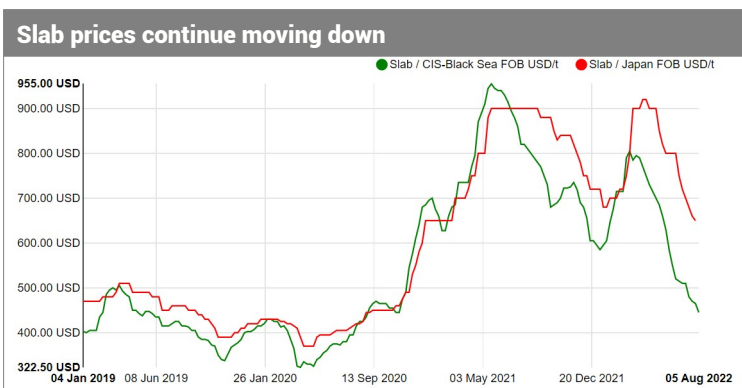
Buyers in Turkey were also pushing for much lower prices, ranging from \$430-450/t cfr, and netting back below \$400/t fob, considering higher freight rates in the last fortnight. The \$100/t difference in expectations appears to have been bridged with a sale of around 25,000 tonnes of Russian slab to Turkey at \$460/t cfr in late July.

Non-Russian supply to Turkey is available at much higher prices, almost in line with Turkish hot rolled coil prices. Ranging from \$620-660/t cfr, slab from India, South Korea, Brazil and the UK is available. But while it may be acceptable in Italy, where prices of HRC are still just under €700/t, Turkey is struggling to accept these levels and has to resort to Russian or Iranian material.

Some Russian producers with western assets are being forced to buy third-party slab instead of re-rolling their own, to avoid sanctions in the US and Europe. This is pushing prices of Brazilian and Indian slab higher and of Russian down.

Russian slab was also seen sold to India, at \$500/t cfr, likely to net back to around \$450/t fob eastern ports, around a week ago. No sales to China were heard, but demand is ongoing there, albeit at lowest prices, currently estimated by traders at around \$480-500/t cfr. Southeast Asia is quiet overall in sourcing slab, with traders estimating interest at China and Indian levels.

Brazil continues to serve the US and Western hemisphere, with prices still circling \$600/t fob, supported by strong US demand and Europe. But wide-spread output cuts in Europe are stifling demand and creating uncertainty, traders note.



[Click here to view this graph online](#)

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KORE INDEX

Index	58%	62%	65%
W-o-w % Change	-1.32%	-1.21%	-1.41%
05 Aug	99.58	107.10	118.43
04 Aug	99.57	106.20	117.20
03 Aug	101.34	109.66	121.05
02 Aug	103.78	114.65	126.76
01 Aug	103.91	114.67	126.92
Average	101.64	110.46	122.07
29 Jul	109.64	116.75	128.83
28 Jul	111.41	117.95	129.97
27 Jul	100.77	111.49	123.67
26 Jul	96.85	106.91	118.86
25 Jul	96.35	105.96	117.77
Average	103.00	111.81	123.82

Important Update:

Kallanish Steel Weekly will not be published the weeks of the 15 and 22 August. It will return the week of the 29 August.

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Global Overview

Americas:

- US HRC, CRC prices stabilise after volatility
- US scrap outlook worsens for August's trading
- US rebar spot prices rise by \$20/st

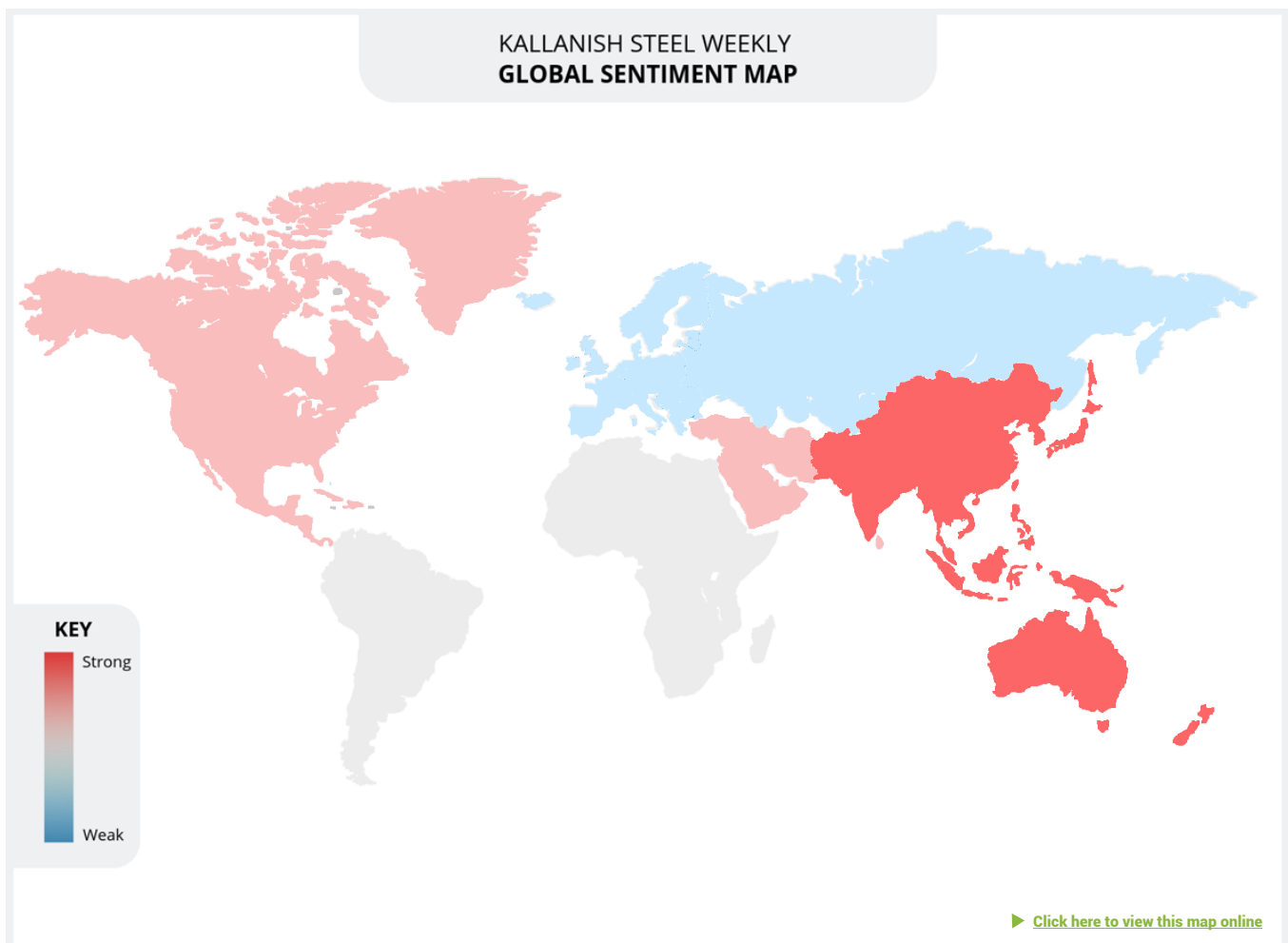
Europe:

- Italian rebar mills seek increases
- EU HRC prices down again
- AM reduces working hours in Germany

Asia:

- Chinese iron ore recovers
- Chinese HRC looks up slightly
- ASEAN billet market inches up

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



India:

- Indian HRC producers prefer domestic over exports
- Indian imported offers surge on improving sentiments
- Pakistan imported scrap offers surge on currency devaluation

CIS:

- Competition challenges CIS slab mills

Middle East:

- Turkish domestic rebar prices drop
- Lower-priced imports depress Turkish HRC
- Cheap Iranian billet squeezes GCC billet prices

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Word of the week

Billet

Billet's are long, continuously cast semis. Similarly to blooms, they are cut-to-length after casting and are reheated for rolling. Billet is the starting point for rolling products like rebar, plain bar, merchant bar and light sections, narrow strip and wire rod.

Flat Steel 2022

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