

## Top News:

## Coking coal price reaches record, but Chinese prices still down

Coking coal prices have more than doubled since the beginning of April due to the supply problems linked to the disruptions created in Australia by Cyclone Debbie. Last week, the price of Australian coking coal surpassed \$300/t fob and reached its highest level since 2011.

The spike in coking coal prices has created some uncertainty in the market. Some sources are speculating this will directly impact steelmakers' costs in Q2 and support higher finished steel prices, but the iron ore trend continues to point in the opposite direction.

Since the beginning of March, iron ore prices have continued to go down and are now at the lowest level since November last year. An outlook for finished steel prices is therefore difficult. The only thing certain is that Chinese prices have not stopped their correction during the last week with both domestic and export HRC and rebar prices trending down and putting pressure on global steel pricing sentiment.

Scrap prices have taken a pause in their recovery, as Turkey was preparing for the important presidential referendum held on 16 April. Recep Erdogan managed to win by a small margin and this is set to secure stability in the short term in one of the key markets for scrap and long products.

Meanwhile in Europe, the market is registering its first important price correction since the beginning of the year. Coil prices have started moving down across the continent and sources are currently trying to understand how much more levels could go down. While it would be easy to see the negative aspect of the current correction for flat products in Europe, the market remains fairly strong as Germany and Italy are continuing to produce steel at a stronger rate than last year. The longs market is also currently holding its pricing levels thanks to the support of Turkish scrap prices.

This week we take a close look at thyssenkrupp, the German-based steelmaker currently in the process of downsizing its presence in the steel sector with sales of assets and potential joint ventures. At the beginning of the 19th century, Friedrich Alfred Krupp began producing steel in Essen, Germany, but since then many things have changed in the company. 2017 is proving to be a key year for thyssenkrupp in its quest to focus on more lucrative businesses.

### Scrap Turkey CFR USD/t



## In this week's issue:

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Is China going to cut back production as prices continue falling?

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How much can European coil prices fall?

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Does the US risk a supply bottleneck with its protectionist policies?

## PAGE 9

Will 2017 be the year in which thyssenkrupp exits the steel sector?

### Iron Ore 62% Fe / Qingdao cfr USD/t

W-o-w avg change **-10.8%**

10-Apr-17 77.23 **high**

11-Apr-17 72.94

12-Apr-17 72.36

13-Apr-17 68.20 **low**

14-Apr-17 68.56

**Average \$ 71.86**

03-Apr-17 79.43

04-Apr-17 79.79

05-Apr-17 80.3 **high**

06-Apr-17 79.88

07-Apr-17 78.75 **low**

**Average \$ 79.63**

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# Global Overview

## North America:

- US trade cases boosting domestic sentiment
- Concern growing for supply of both high- and low-end goods, traditionally imported
- Pricing still largely in a holding pattern

## Europe:

- Coil prices in Europe move down
- EU long mills remain upbeat on market
- German and Italian crude steel production up in Q1

## Asia:

- China cuts back production on weaker prices
- Chinese HRC export prices fall
- India boosts exports
- Iron ore prices in China still sliding



## Latin America:

- Latin America increases Chinese imports
- Vale reports higher iron ore reserves

## Middle East, Africa & CIS:

- Turkish scrap silent on referendum, China slump
- Turkish coil stable, decline anticipated
- Esfahan Steel targets 1mt exports
- Metinvest warns against business with seized plants
- Severstal denies supplying iron ore to Yenakieve Steel

# Asia

## Falling prices force China to cut back, export

Chinese steel prices continued to drag down Asian steel and raw materials markets last week. High March output means prices may have further to fall but already mills are restricting output. Lower Chinese steel prices and the approaching end of China's peak demand season mean the rest of the world may once more have to prepare for higher Chinese exports.

Chinese end user steel buying was up 10.8% y-o-y at 72.94 million tonnes last month, Kallanish calculates. Sequential growth appears close to an end however and the market must now prepare for a period of falling demand and still-high inventories.

In Shanghai on Friday, 20mm HRB400 rebar was trading at CNY 3,280-3,320/tonne (\$476-482/t), down CNY 195/t from a week earlier. Traders reported steady buying and some had tried to increase offers, unsuccessfully, on Friday morning. 5.5x1,500mm Q235B hot rolled coil meanwhile was also down CNY 195/t week-on-week at CNY 3,040-3,070/t. Other than a slight recovery on Thursday, traders reported very low levels of buying throughout the week. Traders are still hoping prices can bottom out in the coming week, with CNY 3,000/t cited as a psychological barrier. Several major Chinese steelmakers have cut their flats prices by CNY 120-300/t for May, with Baosteel cutting its ex-works prices for the first time this year.

Lower prices are finally forcing mills to cut back production. Tangshan Iron & Steel, Chengde Iron & Steel, Tianjin Iron & Steel (Tiantie) and some private steelmakers such as Lugang and Shagang have all planned maintenance at hot strip mills, with lost output over April-May of about 600,000 tonnes.

In addition to production cuts, mills are also pushing exports again. Effective export prices for 2mm SAE1006B hot rolled coil for May delivery were down around \$25/tonne from a week earlier at \$435-440/t fob at the end of last week. Short selling was heard as low as \$435/t cfr Vietnam on Thursday but most traders saw this as unrepeatable, at least for now. One exporter warned that short sellers could get caught out if mills succeed in halting the decline in prices. One trader expects prices to bottom out at around \$430/t fob, but prices are already testing that level.

One reason prices can fall further is that raw materials prices are also sliding. The Kallanish index for 62% Fe Australian fines fell by \$0.22/tonne to \$68.24/dry metric ton cfr Qingdao on Monday and was still heading downwards.

Meanwhile India during Q1 continued to increase its exports to take advantage of the difficulties of Chinese exporters facing a number of anti-dumping initiatives against them in most part of the world. Indian finished steel exports in March only jumped over 360% y-o-y to 1.64mt.

### Prices to watch:

**71.86**

-10.8%

Iron Ore 62%  
Fe / Qingdao  
CFR USD/t  
Weekly

**4640**

-0.9%

HRC / China  
FOT CNY/t

**437.5**

-16.7%

HRC, China  
FOB USD/t

### In the news this week:

#### CORPORATE

##### Chinese steel slumps on inventory reports

Chinese steel futures price fell further on Monday amid continuing reports that steel mill inventories are well above normal levels. With raw materials prices also starting to slide, traders are not optimistic about prices in the coming weeks.

#### CORPORATE

##### India's March finished steel exports surge to 1.6mt

Indian finished steel exports ballooned 363% on-year in March to a massive 1.62 million tonnes, as the country's mills continued to exploit China's absence in international markets. Domestic consumption rose only 2.2% to 7.99mt, according to an Indian Joint Plant Committee (JPC) report.

#### FLATS

##### India to impose definitive HR/CR flats AD duties

India will shortly impose definitive anti-dumping duties on some hot rolled flat product imports from China, Japan, Russia, South Korea, Brazil and Indonesia, as well as cold rolled flats from China, Japan, South Korea and Ukraine.

#### LONGS

##### Chinese steelmakers decrease long steel prices

Several Chinese steel mills have all decreased their mid-April steel longs prices by CNY 50-210/tonne (\$7.25-30.45/t), extending the downturn since early April. Spot market prices have also been weakening after steel plants decreased ex-work prices, with construction steel undergoing a price correction after soaring since lunar new year.

#### RAW MATERIALS

##### China returns North Korean coal

Several ships carrying North Korean coal are reportedly heading back to Nampo port fully laden after China issued an order to return cargos of North Korea coal last Friday. The news comes after coking coal prices surged on the back of Cyclone Debbie, and are now beginning to retreat.

## Europe

# European coil prices crashing or just correcting?

European coil prices started to turn at the beginning of April and have accelerated their correction during the last week, as confirmed by all Kallanish price indices for European HRC, CRC and HDG. Import offers have become slightly more competitive since mid-March and local European mills are now reducing their transaction levels due to the fact distributors and service centres have almost halted their purchases during the last month.

Italy being historically the most volatile of the markets in Europe for coil has seen HRC prices falling €30-40/t since March. Falls have also been registered in Spain and Northern Europe, where the €600/t ex-works base for HRC that mills kept for the better part of this year as their target is no longer reachable in the market.

Meanwhile, at €500-515/t cif South Europe, import offers for HRC have reached their lowest levels since the beginning of the year. Some sources are mentioning Russian material available at below €500/t cif South Europe, but this is considered not competitive with European prime quality and still risky to order due to the on-going anti-dumping investigation and the registration process in place for such imports.

The main issue among traders and market participants is understanding whether the current trend is only a correction of the market or an actual fall to be continued further.

While weakness in Chinese prices could trigger some anxiety in Europe, it is fair to say that for coil products European buyers do not have many alternatives from the European mills, as investigations are on-going and the European Commission remains highly vigilant on unfair trade. Only Indian mills represent a viable alternative at the moment, but their competition is not big enough in terms of volumes to bring down the market too much further.

Meanwhile, the sentiment in the longs market is different. Scrap prices have recovered during the last weeks and mills across Europe continue to say their order books are good. One major mill indicated last week the intention to push up offers across Europe for May sales by €30-40/t. While the current international situation makes it difficult to believe this new hike will be achieved completely, it is fair to say it is very likely to succeed in stabilising the market. In addition the possible resolution of the issues stopping exports of rebar and wire rod from Southern Europe to Algeria is also set to help boost the momentum of the European mills during the next few weeks.

### FLATS

#### NW European coil prices soften slightly

Prices are seen to be slackening slightly for both hot-rolled and cold-rolled coil in Germany by some market participants, although the view is not shared by all.

### CORPORATE

#### Liberty appoints leadership team for Special Steels acquisition

Liberty Steel is continuing to prepare the way for the completion of its acquisition of Tata Special Steels in the UK. It has announced the appointment of three senior board members who will lead the new company when the deal is finally done.

### Prices to watch:

**510**
**-2.9%**

HRC Italy Ex-Works EUR/t

**507.5**
**0%**

HRC S.Europe CIF EUR/t

**575**
**0%**

HRC N.Europe Ex-Works EUR/t

### In the news this week:

#### FLATS

##### Salzgitter rejects US plate AD probe findings

Salzgitter has denied dumping plate in the US following the US Department of Commerce (DOC)'s levying last month of definitive anti-dumping duties on discrete plate from eight countries.

#### FLATS

##### Italian HRC prices fall on slow demand

The Italian coil market has lost further momentum since last week as demand remains slow and prices have lost overall some €20-40/tonne (\$21.2-42.4/t) since the end of March.

#### LONGS

##### Duferco buys Stefana's last remaining asset

The Duferco group has acquired the last remaining asset of Stefana, the Italian long products' supplier in administration.

#### CORPORATE

##### German crude steel production sees slight first-quarter uptick

Output of crude steel at German mills in March reached 3.9 million tonnes, up 2% on March 2016, according to steel federation WV Stahl.

#### LONGS

##### EU longs suppliers remain upbeat for second quarter

European longs mills are remaining upbeat as they see second quarter demand stronger than last year and are pondering new price hikes for May deliveries to stabilise the market.

#### FLATS

##### NW Europe plate market visibility remains clouded

Plate prices in north-western Europe continue to hold, although there are some signs of a possible weakening. Meanwhile, some news from mills may well have an influence in the longer run.

#### FLATS

##### Polish plate mill readies for fresh auction: reports

Walcownia Blach Grubych Batory (WBG) will be put to auction again on 28 April, according to local media reports quoting administrator Zbigniew Glodny. Interested parties must submit their bids and a PLN 2 million (\$500,000) deposit by 26 April.





## Americas

# US mans the trade gates

A flurry of trade activity took place last week as the US flexed its new and more stringent rules.

In addition to a fringe case concerning carbon steel flanges, the US Department of Commerce made a final affirmative dumping determination on oil country tubular goods (OCTG) from Korea.

Since Chinese OCTG imports have largely been excluded from the US market, Korean OCTG has become the industry's new bogeyman. This latest trade case builds upon one launched in 2014 and means likely duties ranging from 2.76-24.92%.

The market benefits of the case are debatable. It will certainly benefit US producers, but a coalition of US pipeline builders and operators says it may limit their top-line growth. Even regular OCTG traders are not enthused, as it means higher domestic prices for high-value items and shortages of low-margin, bread-and-butter items.

The real impact of the case is its showcase of the US' new rules, which both make it easier to arrive at anti-dumping duties and expand their reach to avoid circumvention. One hollow structural section maker has already filed a case aimed at expanding a previous ruling on rectangular tube to octagonal tube, with the argument that a relatively cheap conversion is allowing foreign producers to skirt the rectangular tube duties.

The narrative of the domestic industry since at least the Great Recession has been – we can compete with any industrial nation on earth, as long as the playing field is fair. Now that the industry has a backer in its corner in the form of President Donald Trump and his protectionist appointees, it is time to see what a fully self-sufficient US steel market looks like. The domestic mills are understandably thrilled to be given the opportunity to recoup long-lost market share from imports. End-users, like the aforementioned pipeline folks and scattered voices in the construction and white goods industries, are less pleased. We may very well see a situation where domestic prices are fine, but the overall bottom line suffers due to reduced activity. Conversely, domestic producers may find that it is just not worth their time to produce the kind of vanilla products that were typically imported – or even the very top-end goods that the domestic industry just can't produce.

Meanwhile Latin American countries have increased their volumes imported from China during the first two months of the year. According to Alacero the Latin American countries imported 1.3mt of steel products, up 5% y-o-y. This is happening despite the ongoing measures against Chinese imports imposed by many countries in the region, including last week the confirmation of a 15% duty

### RAW MATERIALS

#### Vale's iron ore reserves grow in 2016

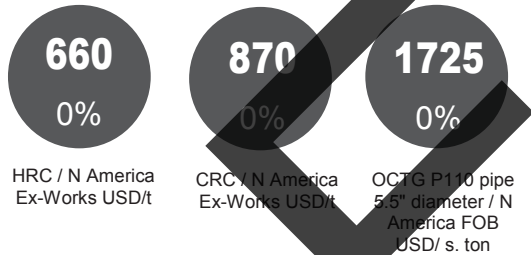
Brazilian miner Vale's total iron ore reserves increased by 5.56% year-on-year to 18.4 billion tonnes in 2016. According to Vale, the 973 million tonnes variation in iron ore reserves compared to 2015 reflects "... the new analysis of deposits, considering new price, cost, projects and blending assumptions, which affected all deposits."

### LONGS

#### Peru increases revenues from rebar exports

Aceros Arequipa, the main EAF-based longs Peruvian supplier, increased its income from rebar exports in the January-February period year-on-year. During the first two months of 2017, Peruvian rebar exports totalled \$17.9 million, 74% more than in the same period last year.

### Prices to watch:



### In the news this week:

#### FLATS

##### US sheet prices stay static

US sheet prices again proved stable last week, though a new round of rising raw material prices could soon shake up the market. Kallanish held hot-rolled at \$650-670/short ton and cold-rolled at \$860-\$880/st. All prices are ex-works, domestic mill. Buy-side source reported flat prices across the board, while one source at a top-tier mill said only large buyers were able to secure hot-rolled for \$650/st last week. Cold-rolled prices seem to have slipped a little on average, he said, due to new import offers.

#### TUBES AND PIPES

##### US rules against Korean OCTG imports

The US Department of Commerce has made its final dumping duty determinations on oil country tubular goods (OCTG) from Korea. The margins identified range from 2.76-24.92%. The department estimates that the US imported about \$1.1 billion in Korean OCTG during the administrative review period of July 2014 through August 2015. That's about a quarter of all US OCTG imports, the department adds.

#### TUBES AND PIPES

##### Zekelman seeks expansion of tube duty order

US tube producer Zekelman Industries has asked the US Department of Commerce to investigate whether extant anti-dumping and countervailing duties on light-walled rectangular tube can be retroactively applied to octagonal tube, Kallanish reports.

#### TUBES AND PIPES

##### Oil groups ask for trade case restraint

A coalition of US hydrocarbon pipeline players is asking the Trump administration to weigh the benefits of Buy America requirements for steel tubulars against the overall growth of the pipeline industry.

#### CORPORATE

##### LatAm increases China-origin steel imports

Chinese-origin steel imports into Latin America increased 5% year-on-year to 1.3 million tonnes in the January-February period, according to local steel producers association Alacero

## 📍 Middle East/CIS

# Turkish scrap falls silent, market watches referendum, China

Turkish scrap imports fell silent last week in the run up to the country's presidential referendum on Sunday. Rebar exports, too, were thin as buyers waited to observe the effect on Turkish steel of last week's Chinese steel price slump. US scrap merchants were heard offering HMS 1&2 80:20 scrap at \$275/tonne cfr Turkey, but Turkish mills were not interested in purchasing at this level. Mills are finding no takers for rebar at May-shipment offers of \$430/t fob Turkey, and are seen needing to lower quotes to garner demand.

Many sources anticipate the return of China to the export market in the coming weeks if prices continue on the downward trajectory. Chinese billet has already been heard offered in Turkey at \$420/t cfr Turkey for May shipment. However, with the last round of scrap bookings having been at around \$275/t cfr Turkey, Chinese-origin offers would need to be at below \$380/t cfr to compete. CIS billet quotes, meanwhile, have not budged significantly despite slumping Chinese prices, and stand at \$390/t fob Black Sea. A Ukrainian mill was heard concluding a deal to Bulgaria for 10,000 tonnes of billet at \$385/t fob.

Turkish coil prices remained unmoved last week as market activity shrank further before the constitutional referendum. Local mills' ex-works offer prices for June production slipped to \$525-530/t for hot rolled coil, while cold rolled coil was stable at \$640/t. June-shipment coil import offers from CIS were heard at \$480-490/t for HRC and \$560-570/t for CRC, both cfr Turkey.

Iran's Esfahan Steel (Esco), meanwhile, said it is targeting 1 million tonnes of exports – mainly billet – in the Iranian year through 20 March 2018 after reaching 700,000t in the previous twelve months. It also plans to restart this summer blast furnace no.1 in order to raise pig iron output for export to Europe.

In the CIS, Metinvest warned against the purchase of steel from or supply of raw materials to its production sites seized last month by separatists in eastern Ukraine. Severstal simultaneously denied reports that suggested representatives of the self-proclaimed Donetsk People's Republic (DPR) were in talks to source iron ore from Severstal following their seizure of Yenakieve Steel from Metinvest.

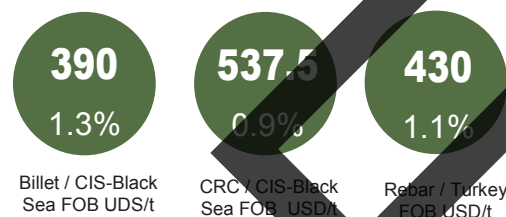
In its Q1 earnings report Severstal said supply disruptions from Australia have boosted seaborne coking coal prices, but iron ore, which underwent significant restocking in Q1, is now softening as port inventories are high. The Russian steelmaker saw consolidated external finished product sales, excluding pipe, rise 9% on-year in Q1 to 2.01 million tonnes. NLMK's consolidated steel sales, meanwhile, declined -11% on-year in Q1 to 3.68mt.

### RAW MATERIALS

#### High port inventories depress iron ore prices: Severstal

Supply disruptions from Australia have boosted seaborne coking coal prices, but iron ore, which underwent significant restocking in the first quarter, is now softening as port inventories are high, according to Severstal.

### Prices to watch:



### In the news this week:

#### RAW MATERIALS

##### Turkish scrap/rebar falls silent, market watches referendum, China

Turkish scrap imports have fallen silent this week in the run up to the country's presidential referendum on Sunday. Rebar exports, too, have been thin as buyers wait to observe the effect on Turkish steel of this week's Chinese steel price slump, as well as the upcoming vote.

#### FLATS

##### Turkish coil prices steady ahead of referendum

Turkish coil prices hovered at week-ago levels this week as market activity shrank further before the Sunday constitutional referendum.

#### CORPORATE

##### Esco targets exports increase, Europe pig iron sales

Esfahan Steel (Esco) is targeting 1 million tonnes of exports in the Iranian year through 20 March 2018 after reaching 700,000t in the previous twelve months.

#### CORPORATE.

##### Metinvest warns against business with seized plants

Metinvest has warned against the purchase of steel from or supply of raw materials to its production sites seized last month by separatists in eastern Ukraine.

#### RAW MATERIALS

##### No ore supplies to eastern Ukraine, says Severstal

Severstal has no plans to sell iron ore to separatists in eastern Ukraine, contrary to some Ukrainian media reports.

#### CORPORATE

##### NLMK Q1 sales decline on delays, weaker longs

NLMK's consolidated steel sales declined -11% on-year in the first quarter to 3.68 million tonnes. This was due to the delay in recognition of NLMK Russia Flat division export sales and lower sales of long products, the Russian steelmaker says.



# Price Series

Group	Product	Latest	Freq	Latest Price	Change
Flats	Cold Rolled Sheet / China FOT Warehouse	14/04/2017	Weekly	3620.00 CNY/t	-3.20%
Flats	CRC / China FOT Warehouse	14/04/2017	Weekly	3510.00 CNY/t	-7.10%
Flats	CRC / CIS-Black Sea FOB	13/04/2017	Weekly	530 - 545 USD/t	-0.90%
Flats	CRC / N America Ex-Works	17/04/2017	Weekly	860 - 880 USD/s.ton	0.00%
Flats	CRC / N Europe Ex-Works	14/04/2017	Weekly	680 - 720 EUR/t	0.00%
Flats	CRC / Turkey CFR	13/04/2017	Weekly	560 - 570 USD/t	-0.40%
Flats	CRC / Turkey Ex-Works	13/04/2017	Weekly	640 - 645 USD/t	-0.40%
Flats	HDG / China FOT	14/04/2017	Weekly	4640.00 CNY/t	-0.90%
Flats	HRC / China / FOB	13/04/2017	Weekly	435 - 440 USD/t	-5.40%
Flats	HRC / China FOT Warehouse	14/04/2017	Weekly	3040 - 3070 CNY/t	-6.00%
Flats	HRC / CIS-Black Sea FOB	13/04/2017	Weekly	460 - 475 USD/t	-0.50%
Flats	HRC / N America Ex-Works	17/04/2017	Weekly	650 - 670 USD/s.ton	0.00%
Flats	HRC / N Europe Ex-Works	14/04/2017	Weekly	550 - 600 EUR/t	0.00%
Flats	HRC / S Europe CIF	13/04/2017	Weekly	500 - 515 EUR/t	0.00%
Flats	HRC / Turkey CFR	13/04/2017	Weekly	480 - 490 USD/t	0.00%
Flats	HRC / Turkey Ex-Works	13/04/2017	Weekly	520 - 530 USD/t	-0.50%
Flats	Plate / China Delivered Basis	14/04/2017	Daily	3356.00 CNY/t	-0.20%
Flats	Plate / N America Ex-Works	17/04/2017	Weekly	730 - 750 USD/s.ton	0.00%
Longs	High Speed Wire Rod / Shanghai FOT	14/04/2017	Weekly	3670.00 CNY/t	-4.20%
Longs	Rebar / China FOT Warehouse	14/04/2017	Weekly	3280 - 3320 CNY/t	-5.60%
Longs	Rebar / Middle East CFR	13/04/2017	Weekly	435 - 445 USD/t	0.00%
Longs	Rebar / N Europe Ex-Works	14/04/2017	Weekly	470 - 500 EUR/t	-1.00%
Longs	Rebar / Turkey FOB	13/04/2017	Weekly	425 - 435 USD/t	-1.10%
Longs	Rebar in Coil / Shanghai FOT	14/04/2017	Weekly	3600.00 CNY/t	-4.30%
Raw Mats	Coke (1st grade) / Taiyuan Ex-Works	14/04/2017	Weekly	264.00 USD/t	1.90%
Raw Mats	Coke (1st grade) / Tangshan Ex-Works	14/04/2017	Weekly	280.00 USD/t	0.00%
Raw Mats	Coking coal (Prime) / Pingdingshan Ex-Works	14/04/2017	Weekly	199.00 USD/t	-2.00%
Raw Mats	Coking coal (Prime) / Yinchuan Ex-Works	14/04/2017	Weekly	160.00 USD/t	0.60%
Scrap	Demolition Scrap (E3) / Italy Delivered Basis	18/04/2017	Weekly	230 - 250 EUR/t	0.00%
Scrap	Heavy Demolition Scrap (E1) / Italy Delivered Basis	18/04/2017	Weekly	240 - 260 EUR/t	0.00%
Scrap	Light New Scrap (E8) / Italy Ex-Works	18/04/2017	Weekly	260 - 280 EUR/t	0.00%
Scrap	Scrap (HMS 1/2) / Turkey CFR	13/04/2017	Weekly	270 - 280 USD/t	0.00%
Scrap	Shredded Scrap (E40) / Italy Delivered Basis	18/04/2017	Weekly	260 - 280 EUR/t	0.00%
Semis	Billet / CIS-Black Sea FOB	13/04/2017	Weekly	385 - 395 USD/t	-1.30%
Tubes & Pipes	OCTG P110 pipe 5.5" diameter / N America FOB	14/04/2017	Weekly	1700 - 1750 USD/s.ton	0.00%
Tubes & Pipes	Welded Tubes & Pipes / N America Ex-Works	14/04/2017	Weekly	920 - 940 USD/s.ton	0.00%





# Special Feature

## Thyssenkrupp continues to reduce its steel sector interests

For roughly one year now, rumours have been circulating that thyssenkrupp and Tata Steel Europe are holding meetings behind closed doors about an amalgamation of their steel activities. This would bring together thyssenkrupp's meltshops in Germany, and those of the former Corus group in the UK and the Netherlands. The rumours have been confirmed by thyssenkrupp's management while the company is going through a very important year in which it is pushing forward its plan to reduce its presence in the steel sector.

A major cut to thyssenkrupp Steel's global presence has already occurred this year with the sale of the company's ill-fated mill in Brazil. This was a knot that had to be untied before proceeding with any merger ambitions. It was only after the announcement of the sale that thyssenkrupp's ceo Heinrich Hiesinger came out officially about the Tata merger talks, even suggesting that results are expected during this summer.

The spin-off of CSA Siderurgia do Atlantico to Ternium brought to an end the German group's most painful venture. For its American business (including the North American mill sold earlier), the German group spent in total more than €12 billion (\$12.8 billion). Market observers continued to question how the biggest single investment of a German company abroad could turn out so badly. The main reasons were an unfavorable development of the currency exchange rate, a new model of short-term iron ore contracts launched in 2010 and raw materials prices that worked against the company. "Within one year, iron ore prices rose from under \$50 to \$190/tonne," Hiesinger told Kallanish during a phone conference on the occasion of the sale.

Last week the group continued to be in the news with the announcement of its intention to cut back significantly on its production in Europe. Widespread press reports at the beginning of 2017 suggested that the Duisburg slab mill of Hüttenwerke Krupp Mannesmann (HKM) wanted to cut back 1 million of its annual 5.5 million tonnes of crude steel. The plan suggest that the reason for this cutback is the reduced intake from HKM's biggest stakeholder and customer, thyssenkrupp Steel. In fact, the reduction in volume corresponds to the cutbacks thyssenkrupp Steel has announced last week for its plate production in Duisburg-Hüttenheim and Bochum, where plate is cut from coil.

The cutbacks in plate production are believed to be only a first phase of further impending reductions. Other figures published indicate the company wants to save €500 million and cut 15% of the total staff of 27,000. But the figures are confusing and the company's workforce is currently preparing to organise demonstrations. "€500m savings cannot be reached with only 300-400 job losses projected," works council chairman Günter Back told Kallanish. "That means that there is much more to come under the new plan, and we are being informed about it in slices".

Dr Heinrich Hiesinger



CSA Thyssenkrupp Rio de Janeiro-RJ



Continuous slab caster  
Hüttenwerke Krupp Mannesmann GmbH (HKM)







# Word of the Week

## High Speed Steel

High speed steel refers to a range of metal-cutting tool steels that retain their hardness at red heat. Key properties include high working hardness, wear resistance and toughness, good compressive strength and an ability to perform at temperatures up to 5000 deg. c without losing hardness. The main use of high-speed steels is for the manufacture of cutting tools such as drills, milling cutters, gear cutters, saw blades etc.

High Speed Steel



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

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