

SAMPLE

Top News:

Demand, prices to remain elevated in the short term

Upward pressure on steel prices is likely to continue for some time, with no prospects for demand weakening in the short term after its stunning recovery since the tail-end of 2020. So said International Rebar Exporters and Producers Association (Irepa) committee members at the association's virtual meeting this week.

Governments around the world are introducing stimulus measures to help economies recover from the shock of the Covid-19 pandemic, which in turn is lifting demand for steel and other commodities. Freight rates have also shot up, making steel transport more expensive.

"We're in a world that's moving back to normal and everybody wants a piece of that," Irepa raw materials suppliers committee chairman Jens Björkman said at the meeting. This is putting strain on raw materials prices and is likely to continue for some time, he added.

Demand for scrap remains huge and consumption is likely to increase further going forward, said traders committee member Wilhelm Alff. Oil prices have meanwhile increased in recent weeks. This is all happening at a time when ferrous inventory levels are low, he added.

Producers committee chairman Murat Cebecioglu said the construction season is starting, vaccination programmes are rolling out and governments are making investments. This means demand will be high in the coming months. Turkish producers can meanwhile easily adjust to changing demand levels as they have done in the past, he added.

Traders committee member F.D. Baysal added a note of caution, however. "I don't think price increases will continue," he commented. "We will see some correction." Prices have risen to 2008 levels, with hot rolled coil in the US going to \$1,300/short ton, which is "scary", he added. "If there's a correction, what are we going to do?" he warned.

TRADE BARRIERS

The outcome of the EU's steel safeguard review remains very open, while in the US, Section 232 tariffs are here to stay, said International Rebar Exporters and Producers Association (Irepa) committee members.

Safeguard measures have resulted in serious shortages of some products in the EU, putting pressure on end users. Even if the measures are revoked after June, the market will normalise only in the first quarter of 2022 as it will take this long for orders to be placed, and steel to be produced and shipped to buyers, traders committee member Wilhelm Alff said at the meeting. This means downstream players will in any case suffer for the rest of 2021, he added.

If safeguards are extended, this will be bad for the EU's trade negotiation position going forward. "Brussels needs to satisfy diverse lobbying interests," Alff said. "The outcome is very, very open."

In the US, Section 232 measures will remain in place as they provide a tax windfall to the government, observed traders committee member F.D. Baysal. Moreover, "Biden has continued if not increased the 'Buy America' policy," he continued. "If every country followed this doctrine, we'd return to the days before the WTO."

On the other hand, the Biden administration is talking about supporting the WTO, in contrast to predecessor Donald Trump's combative stance towards the organisation. This is a positive, Baysal commented.

As for potential EU scrap export restrictions, these are unlikely, said Irepa raw materials suppliers committee chairman Jens Björkman. "The amount of excess scrap [in the EU] is substantial, so the possibility to restrict exports from Europe or the US is challenging because there is the need to move material out of these regions," he commented. The EU will increase the bureaucracy and paperwork required to export scrap in future, but exports will continue. "The fair trade mandate is strong," Björkman added.

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How much more can Vietnam increase steel exports?

KORE INDEX

W-o-w avg	-2.94%	-2.42%	-1.22%
Index	58% Fe	62% Fe	65% Fe
19 Mar 2021	\$ 154.99	\$ 165.46	\$ 190.46
18 Mar 2021	\$ 155.24	\$ 166.50	\$ 191.40
17 Mar 2021	\$ 154.54	\$ 165.06	\$ 189.79
16 Mar 2021	\$ 156.40	\$ 166.33	\$ 191.00
15 Mar 2021	\$ 158.51	\$ 167.13	\$ 191.68
Average	\$ 155.93	\$ 166.09	\$ 190.86
12 Mar 2021	\$ 160.27	\$ 170.31	\$ 192.88
11 Mar 2021	\$ 160.69	\$ 171.47	\$ 193.80
10 Mar 2021	\$ 157.13	\$ 167.11	\$ 188.93
09 Mar 2021	\$ 162.68	\$ 168.80	\$ 193.06
08 Mar 2021	\$ 162.51	\$ 173.42	\$ 197.46
Average	\$ 160.66	\$ 170.22	\$ 193.23

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Global Overview

North America

- US hot-rolled pricing tightens up
- Domestic mill hike raises US rebar prices
- US scrap sentiment turns bearish for April

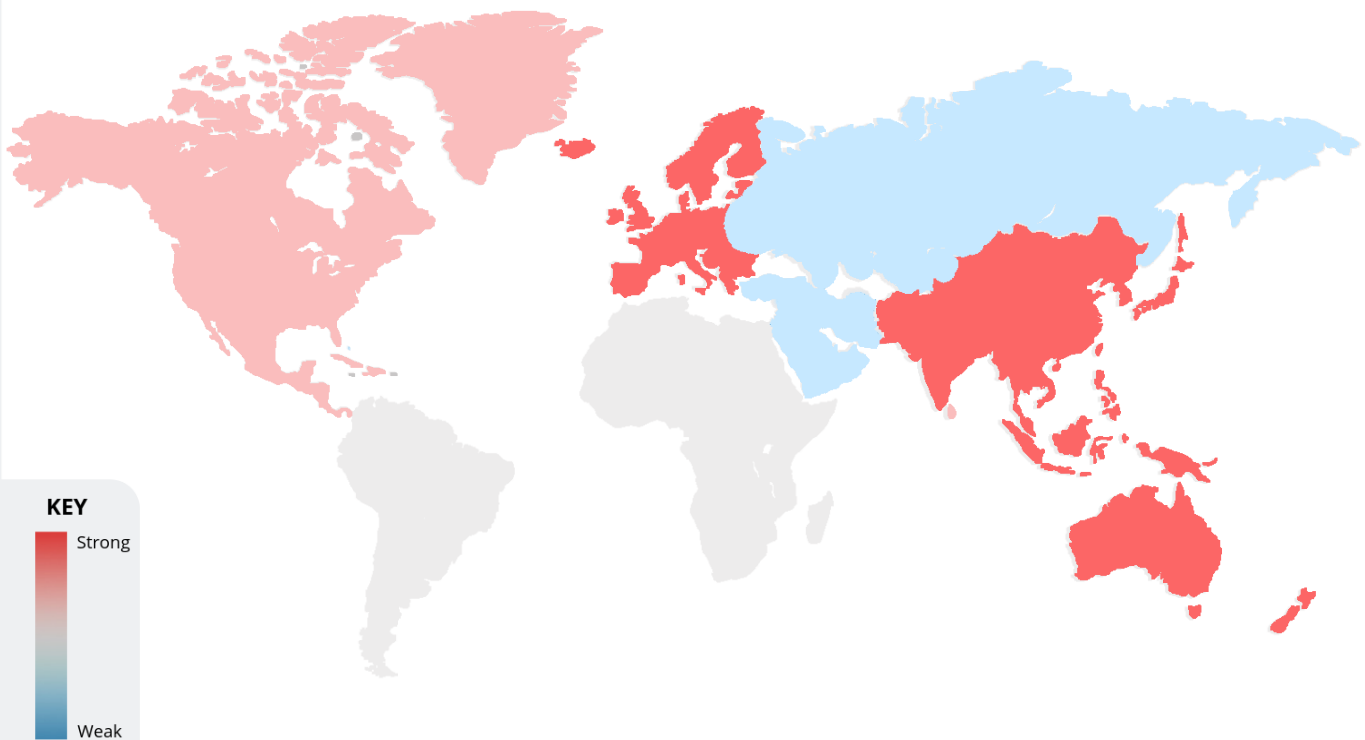
Europe

- Coil prices in Europe look up
- Benelux scrap levels fall
- UK government hints at Liberty Steel support

Asia

- Chinese prices surge again
- Japanese scrap down
- Chinese wire rod export tax rebate to be reduced

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



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Latin America

- ArcelorMittal restarts Tubarao mill
- Strike impacts Peruvian iron ore output

Middle East

- Turkish mills exit scrap market
- Turkish rebar buyers remained in wait-and-see mode
- Turkish HRC rises further, buying slows down

CIS

- CIS billet prices soften on scrap collapse
- CIS HRC remains on the up despite weaker scrap



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