

Top News:

China underpins rising global steel production as 2019 begins

The World Steel Association (worldsteel) reported that global crude steel output from its 64 reporting countries was 146.7 million tonnes in January 2019, up 1% year-on-year.

China produced 75mt in the month, a hike of 4.3% on January 2018 and still over half of the world's crude steel output. China's figure is an estimate from the China Iron and Steel Association, worldsteel says.

Total January crude steel production in the EU28 was down y-o-y at 18.8mt (-3.5%). Estimated output in Germany fell back by -7.2% y-o-y to 3.4mt. Monthly production also slipped y-o-y in Italy by -3.6% to 2mt. French crude steel output also slid, falling by -9.7% y-o-y to 1.2mt. Spanish output grew however, by 5.9% to 1.2mt.

Crude steel production in India in January slipped y-o-y by -1.9% to 9.2mt whilst that of Japan was 8.1mt, down by -9.8% from January 2018. South Korean production also fell by -1.5% y-o-y during the month to 6.2mt.

US crude steel output was 7.6mt in January 2019, an on-year increase of 11%, whilst in Brazil crude steel production was 2.9t, up by 2.3% on the prior-year period.

Russian estimated production was 5.8mt in the month, down by -4.5% on-year. Ukraine's output also fell meanwhile to 1.8mt, down by -4.9%, same basis.

Turkey's crude steel production for January 2019 was 2.6mt, down heavily by -19.5% compared to the same month in 2018.

IRON (BF Iron + DRI)

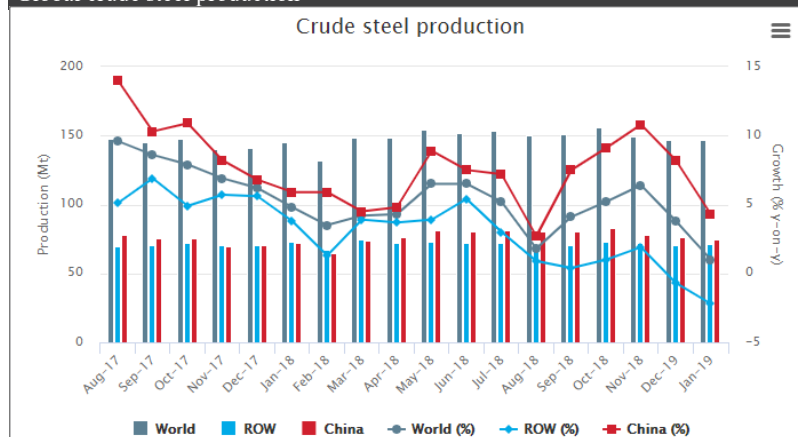
Global output of iron increased in January by 2.1% on-year to 109.4mt. Output increased in Asia, South America and North America, but fell in Europe and the CIS.

Chinese steelmakers ramped up output – solely pig iron – by 4.9% y-o-y to 62.4mt, accounting for 57% of global production. Indian output rose 1.3% y-o-y to 8.94mt, while Japan – the world's third-largest iron producer – decreased output significantly, by -11.9% to 6.04mt. South Korean iron production rose by 4.9% to 4.2mt.

Iran, previously the world's seventh-largest iron producer, rose to sixth place after ramping up output – mainly direct reduced iron – by 34.4% y-o-y in January to 2.76mt. It thus overtook Brazil whose output also rose, by 3.9% to 2.43mt. In the EU, Germany cut production by -4.53% y-o-y to 2.3mt in January.

Meanwhile, US iron production rose 10.7% y-o-y to 2.1mt, while Taiwan ramped up output by a whopping 25.8% y-o-y to 1.3mt, making it the 11th-largest producing country. Despite decreases of -7.8% and -9.7% in Russia and Ukraine respectively to 1.8mt and 4.2mt, the countries kept their respective 4th- and 10th-largest producer places.

Global crude steel production



Source: Worldsteel

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What is happening to the ongoing M&A processes involving European steelmakers?

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What can the US learn from past tariff battles?

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Will Asia return to buying Turkish rebar?

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Are Italian coil mills achieving the increases announced earlier in February?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change **-1.56%**

01 Mar 2019	\$	87.14	high
28 Feb 2019	\$	85.68	
27 Feb 2019	\$	85.29	low
26 Feb 2019	\$	85.61	
25 Feb 2019	\$	86.25	
Average	\$	85.99	

22 Feb 2019	\$	87.06	low
21 Feb 2019	\$	87.10	
20 Feb 2019	\$	87.46	
19 Feb 2019	\$	87.58	high
18 Feb 2019	\$	87.57	
Average	\$	87.35	

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Global Overview

SAMPLE

North America

- US sheet, plate pricing tread water
- OCTG pricing ticks down
- Structural tube producers attempt increase

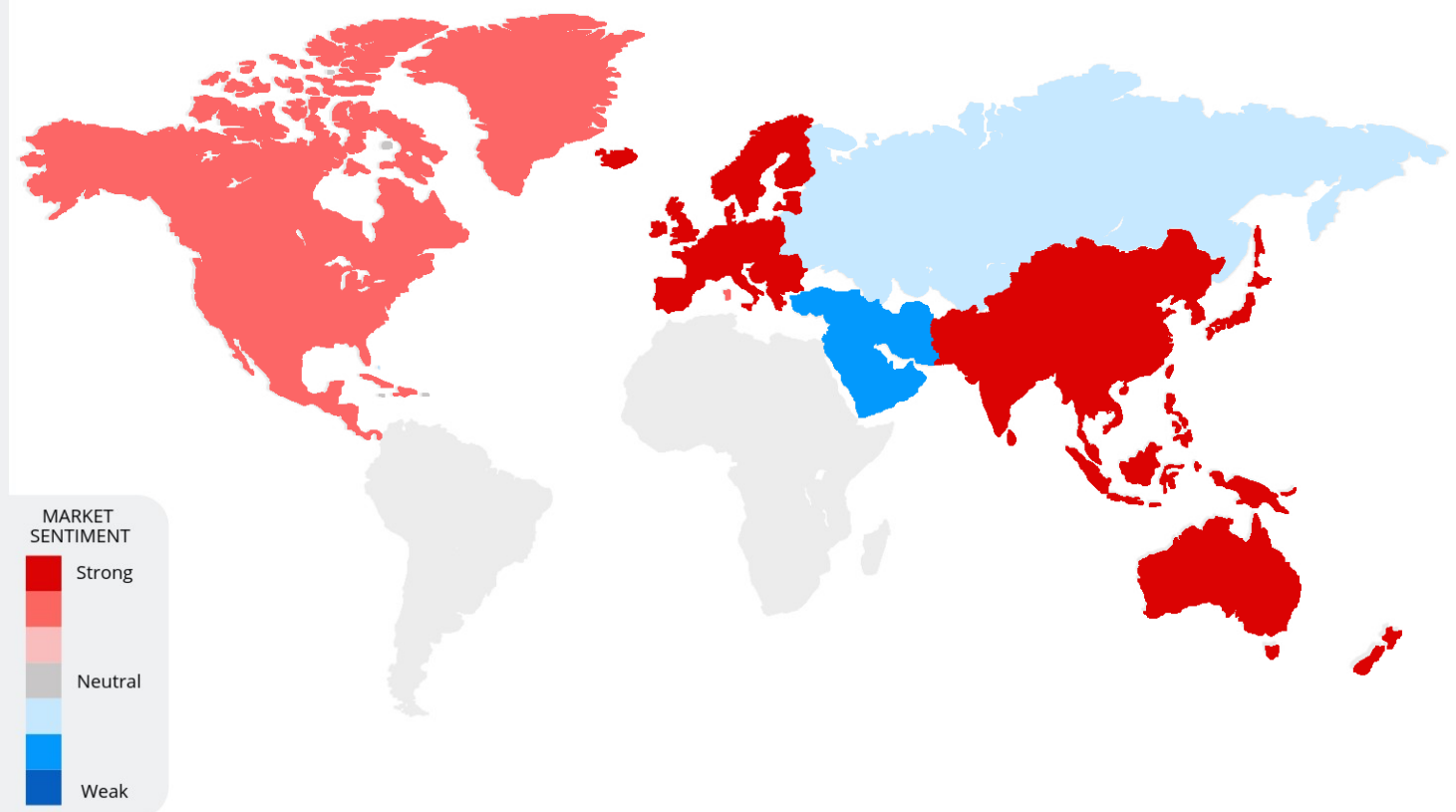
Europe

- Uncertainties over EU steelmaking M&As
- Italian scrap prices look down
- Chinese automotive HDG quotas almost exhausted

Asia

- Chinese markets confident
- Iron ore up
- Japanese steel output under pressure

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



Middle East

- Turkish scrap unchanged despite prompt deals
- Turkish rebar mills reduce offers
- Turkish consumption slumps in January
- Yemen rescues Turkish rebar exports

CIS

- CIS billet market silent before next booking round



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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.

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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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