

Top News:

Billet prices continue to grow, further recovery needs support

CIS billet prices increased again last week amid fresh demand resulting in new sales at mills' offer levels. The sales lifted current offers to the pivotal \$400/tonne fob mark and slightly higher, enabling mills to continue with price increases.

Several lots of billet, some considerable, were sold at \$395-400/t fob Black Sea in the last week. Ukrainian billet found its way to Latin America and Algeria, following sales a week prior to the Gulf Cooperation Council, as well as Turkey. The latter paid \$395-400/t cfr for direct and traders' lots from Russian mills.

A Russian coastal producer has also sold billet at around \$400/t fob, along with another, integrated producer, traders say. A sale to Turkey at \$415/t cfr was heard, but could not be confirmed at the time Kallanish went to press.

North African buyers, previously bidding at around \$400/t cfr, have increased their indications to \$415-420/t cfr, but there is no availability at these prices, considering fresh quotes are at \$400-410/t fob. Although Southeast Asian demand is catching up with pricing at \$435/t cfr, and is theoretically workable for large lots from the Black Sea, there have not yet been sales from western Russian ports. However, market sources do not exclude the possibility in the near future.

There is no doubt among sources that it is rising scrap prices both in the CIS and everywhere else, and materialising delayed demand that is pushing prices of billet up right now. With January-casting books moving towards closure already for some mills, sales at current offer levels are likely to continue. But further increases are still constrained somewhat by weaker finished long product demand.

At the moment it is worth noticing that Turkish rebar export prices have moved up around \$30/t since the end of September. While this is a positive sign for the market, the differential with CIS billets has moved down to just \$30/t, indicating that a further recovery of rebar prices in Turkey or an adjustment of billet levels is needed.

UKRAINIAN PRODUCTION DOWN

Ukraine's ferrous output in November fell significantly, according to preliminary data published by the country's netals' association Ukrmetallurgprom.

The country's steelmakers reduced output of pig iron in November by -12.4% month-on-month to 1.39 million tonnes, of crude steel by -15.8% to 1.31mt, and of saleable steel products by -17.4% to 1.18mt. January-November output of pig iron decreased by -1.4% on-year to 18.46mt, crude steel production increased by a fraction of a percent to 19.28mt and saleable products' output declined a fraction to 16.72mt.

The output decline is largely due to production cuts at major billet mills ISD DMK and DCH's DMZ (formerly Petrovka), despite other mills, such as ArcelorMittal Kryvyi Rih, having continued to ramp up output.

The reduction of Ukrainian output supported the recovery of billet prices, going forward the effect could be nevertheless different. Ukrainian steelmakers' December output is estimated to rise quite considerably compared to November, to around 1.7mt of pig iron, 1.7mt of crude steel and 1.6mt of steel products. The steel sector was operating at these levels at the beginning of 2019.

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How can consolidation help the US steel industry long-term?

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Can Turkish mills pass on increased scrap costs?

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How is the market reacting to Indonesian ore export ban?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change **+1.01%**

06 Dec 2019 \$ **88.43** **high**

05 Dec 2019 \$ 88.18

04 Dec 2019 \$ 88.02

03 Dec 2019 \$ **87.73** **low**

02 Dec 2019 \$ 88.11

Average \$ **88.09**

29 Nov 2019 \$ **86.66** **low**

28 Nov 2019 \$ 86.90

27 Nov 2019 \$ 87.00

26 Nov 2019 \$ 87.49

25 Nov 2019 \$ **87.99** **high**

Average \$ **87.21**

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Global Overview

SAMPLE

North America

- US sheet prices remain steady
- Market eyes AK-Cleveland merger
- US energy tube mills make pricing push

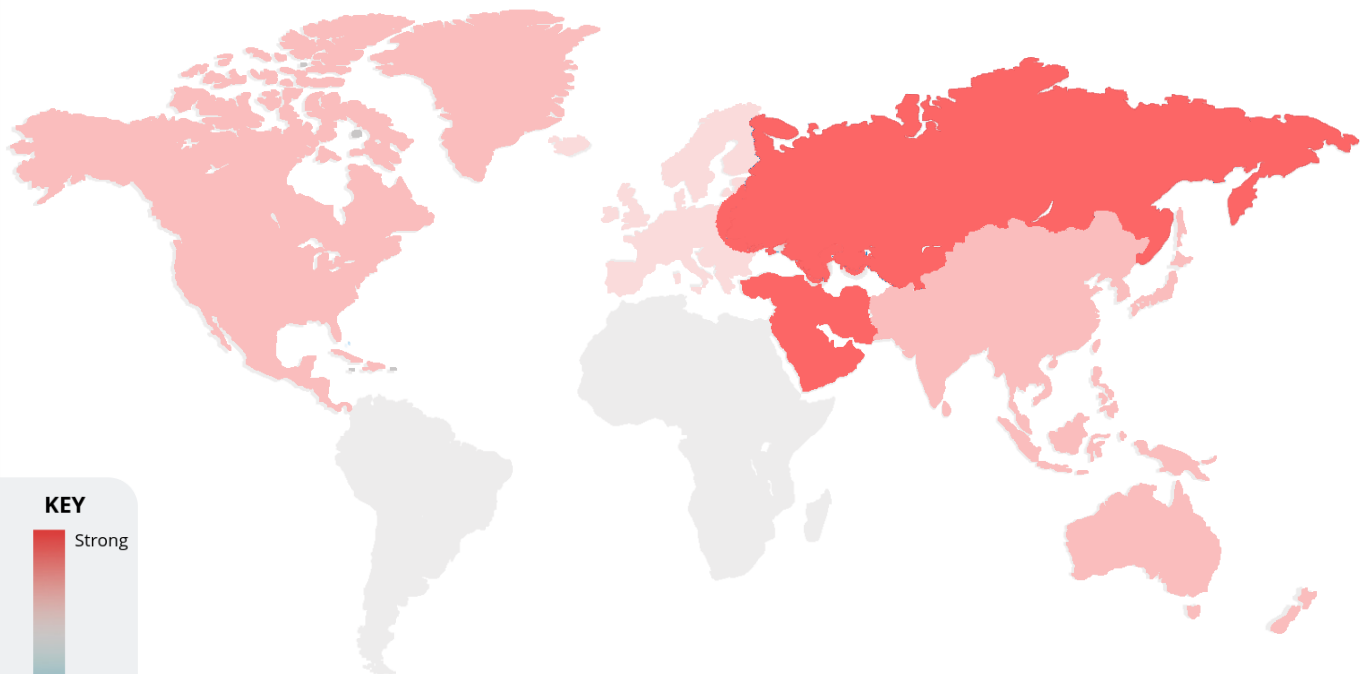
Europe

- Italian government rejects new ArcelorMittal plan for Ilva
- Import coil offers jump
- German scrap prices slow down recovery

Asia

- Chinese rebar prices down
- Vietnam October production up
- Iron ore firm

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY



[See the interactive version online](#)

Latin America

- Brazil and Argentina condemn reimposition of S232
- CSN prepare price hikes
- Vale sees production impacted again

Middle East

- Scrap prices jump again on fresh deals
- Turkish mills hike rebar but few deals heard
- Turkish mills sell out of HRC export tonnages

CIS

- CIS coil offers rise as availability dry up
- CIS billet hits \$400/t



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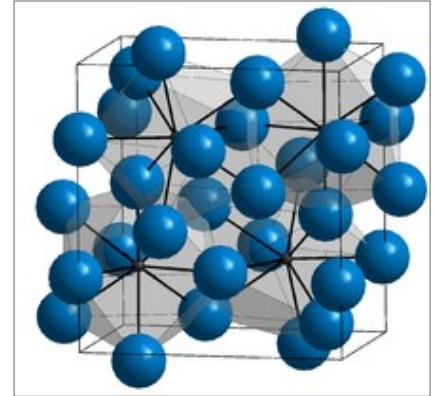
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Word of the Week

Iron Carbide

Iron carbide is a substitute for high-quality and low-residual scrap and is often used in electric furnace steelmaking. There are also many other substitutes. Iron carbide producers use natural gas to reduce iron ore to iron carbide.



Source: Wikipedia

Contact

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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