

Top News:

Iron ore hits six-month record high

Since the beginning of September, the price of iron ore imported into China has continued to improve from the level of \$65/tonne cfr Qingdao. Last week the Kallanish KORE 62% Fe index reached the highest point since mid-March this year, confirming that the Chinese market is continuing to perform well.

On 13 September the index touched \$69.27/t cfr Qingdao, the highest point since 18 March this year. While the volatility during the last six months has been limited, as the price has moved in the range of \$62-69/t, this new record level is a strong positive sign for the global market.

Meanwhile the other main raw material price, scrap, continues to suffer somewhat from the difficulties witnessed in Turkey. Last week the Kallanish index registered a slight drop compared with the latest figures the week before. HMS 1/2 is holding at slightly below \$320/t cfr Turkey. The pressure on the local mills to sell their rebar could however force them to push scrap levels further down to try and give a boost to the market.

Meanwhile billet prices out of the Black Sea are holding for the moment, as the market currently attempts to assess the movements of Turkish prices in the coming months. All major market participants are flocking to a bi-annual industry event in Istanbul this week where more sales are possible. Sentiment has weakened nevertheless, so these sales are unlikely to be made at higher prices, traders say.

In Europe, the ArcelorMittal group has finalised the acquisition of the Italian troubled steelmaker Ilva. The move brought some hope to the Italian market, which had been waiting for a development for many months. The development also means that the reorganisation of the ArcelorMittal group across Europe can continue, with some key assets expected to be divested at the beginning of the new year.

This week, in addition to the usual market round-ups, we take a closer look at the pig iron market in Brazil and its impact on global price levels. Since September 2017, Kallanish has been assessing the export price of Brazilian pig iron, mainly sold to the US, Mexico and Europe. During the last two weeks the index recorded an important drop after many months of stability. This has been due to the uncertainty in the scrap market, the delays in new orders from key buyers and the devaluation of the Brazilian real against the dollar.

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Can iron ore break the \$70/t level despite the Chinese finished steel prices weakness?

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What will be the impact of ArcelorMittal's European reorganisation?

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Is the US steel market relying too much on artificial protection?

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Will Turkish mills negotiate cheaper scrap to make rebar competitive?

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Are Brazilian pig iron prices set to correct further?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change **+2.77%**

14 Sep 2018	\$	69.22	
13 Sep 2018	\$	69.27	high
12 Sep 2018	\$	68.40	
11 Sep 2018	\$	68.39	low
10 Sep 2018	\$	68.83	
Average	\$	68.82	

7 Sep 2018	\$	68.59	high
6 Sep 2018	\$	67.17	
5 Sep 2018	\$	66.63	
4 Sep 2018	\$	66.80	
3 Sep 2018	\$	65.59	low
Average	\$	66.96	

Iron ore CFR China



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Global Overview

North America

- US braces for hurricane blow
- USW labour tensions continue
- Mills look toward Q3 for big profits

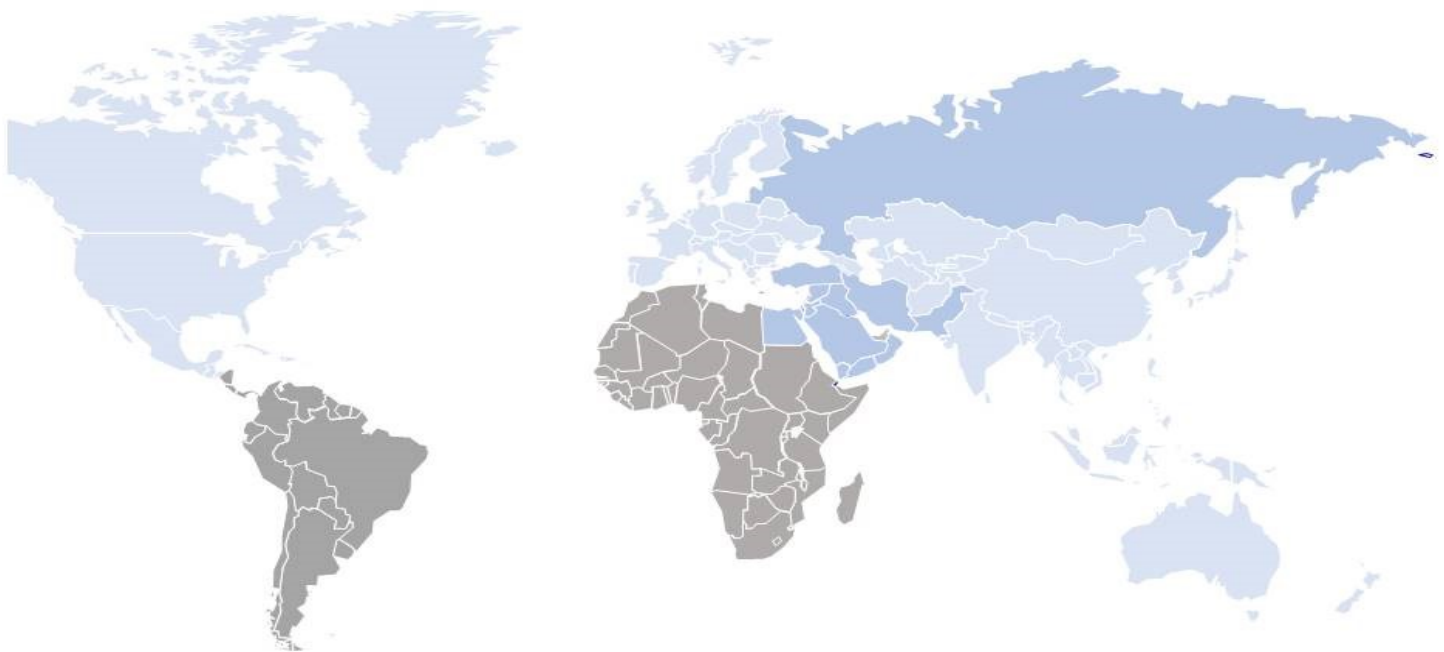
Europe

- Coil prices steady
- Italian rebar down
- British Steel announces layoffs

Asia

- Iron ore hits six months high
- Chinese finished steel prices down
- ArcelorMittal ups Essar bid

Global Sentiment Map



Weak

Strong

Middle East

- Turkish scrap inches down
- Few Turkish rebar buyers despite reduced export offers
- Turkish wire rod exports rebound

CIS

- CIS billet slips as buying slows
- CIS coil offers fall on Turkish concerns



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Word of the Week

Residuals

Residuals are elements such as copper and tin, which are usually introduced into the steelmaking process in the form of unsorted or contaminated scrap. This can sometimes, however, impair the physical and mechanical properties of steel. Residuals are key concerns regarding the mini-mills' recent entry into the flat-rolled market. High residuals can leave sheet steel too brittle for customer use causing problems in the mill.

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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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