

# This week: Black Sea billet market divides, but sentiment supported by China

The Black Sea billet export trade has subdivided into several differently priced markets, which operate almost independent of current scrap price trends.

The disparity is due to the many interlaced fundamentals playing out in the fatigued market, where the vast majority of buyers are preparing for holiday breaks while attempting to secure necessary volumes. Availability is generally tight and dynamics too uncertain for small traders to get involved, but a couple of large traders are managing to take advantage of the situation due to better credit ability, traders say.

Russian billet from scrap-based producers is still offered at \$640-650/tonne fob Black Sea with very short lead times, as they attempt to ship as much material as possible before an export duty of \$115/t comes into force on 1 August. Some Turkish buyers have taken advantage of these offers in the past week, booking at \$675-680/t cfr. One of the buyers is buying billet and directing all crude steel it produces to flat products manufacturing, sources say, adding that large integrated Russian suppliers were not seen in the market, as they are sold out until September.

Large Ukrainian drawing quality billet lot was sold to North Africa at \$685/t cfr, netting back to \$645-650/t fob, earlier last week, as demand in the region remains moderately good. Another Ukrainian supplier is offering billet at \$700-710/t fob, mainly to Europe, but sources doubt whether the seller will be successful at achieving this price level.

Meanwhile, China's turning sentiment with billet import prices reaching \$710/t cfr is providing a solid floor for CIS billet prices at current \$640-650/t fob levels, especially for large consignments, which can only be supplied by large Russian or Turkish mills. Turkish mills are not too interested in exporting, according to traders, although a large lot was heard sold to North Africa at \$675/t fob last week, with more volumes being discussed. Lower scrap prices are enabling Turkish mills to trade billet, with offers well above the last sale, at \$700-710/t fob this week, sources say.

There is also a fair amount of Eastern Ukrainian billet being sold to Turkey on a regular basis, totalling around 30,000-40,000t per month. These volumes are not likely to cease with Russian export duty implementation, as they do not officially fall under Russian jurisdiction. Those EAF based Russian mills that do not manage to negotiate much lower scrap prices are expected to re-roll much of their billet into finished products, reducing billet availability further, traders opine.

Overall, no change in sentiment is expected in the next few weeks, but early signs from China continue to encourage, traders say.

As a confirmation that Chinese sentiment is strong, ASEAN mills have raised their billet offer prices after achieving higher prices to China. Last week they were seeking hikes of around \$15-20/tonne.

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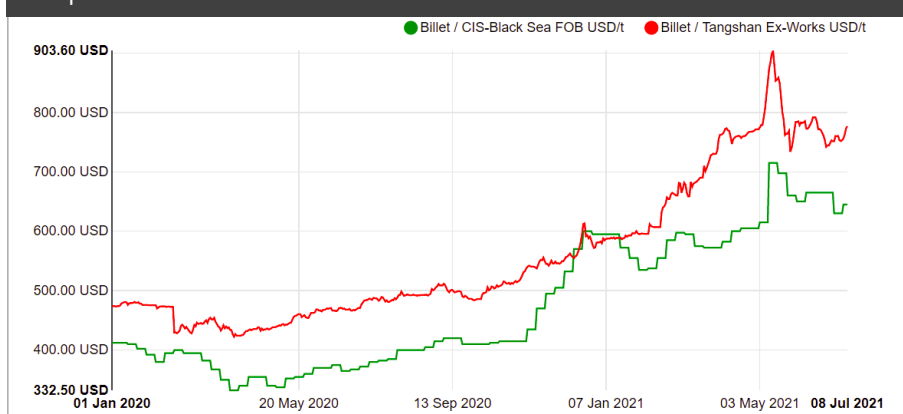
## KORE INDEX

Index	58%	62%	65%
W-o-w % Change	-1.23%	-0.20%	-0.18%

17 Jul	179.94	216.13	248.91
16 Jul	179.74	215.20	247.81
14 Jul	179.48	214.40	246.75
13 Jul	180.40	214.05	246.30
12 Jul	180.30	212.74	244.96
<b>Average</b>	<b>179.97</b>	<b>214.51</b>	<b>246.95</b>

9 Jul	179.82	211.35	243.59
8 Jul	179.28	211.08	243.39
7 Jul	183.13	217.00	249.94
6 Jul	184.65	217.82	250.40
5 Jul	184.10	217.52	249.73
<b>Average</b>	<b>182.19</b>	<b>214.95</b>	<b>247.41</b>

Billet prices recover somewhat



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## Global Overview

### North America:

- Semiconductor shortage rolls on
- US sheet momentum takes a breather
- US pipes continues to benefit from elevated skelp

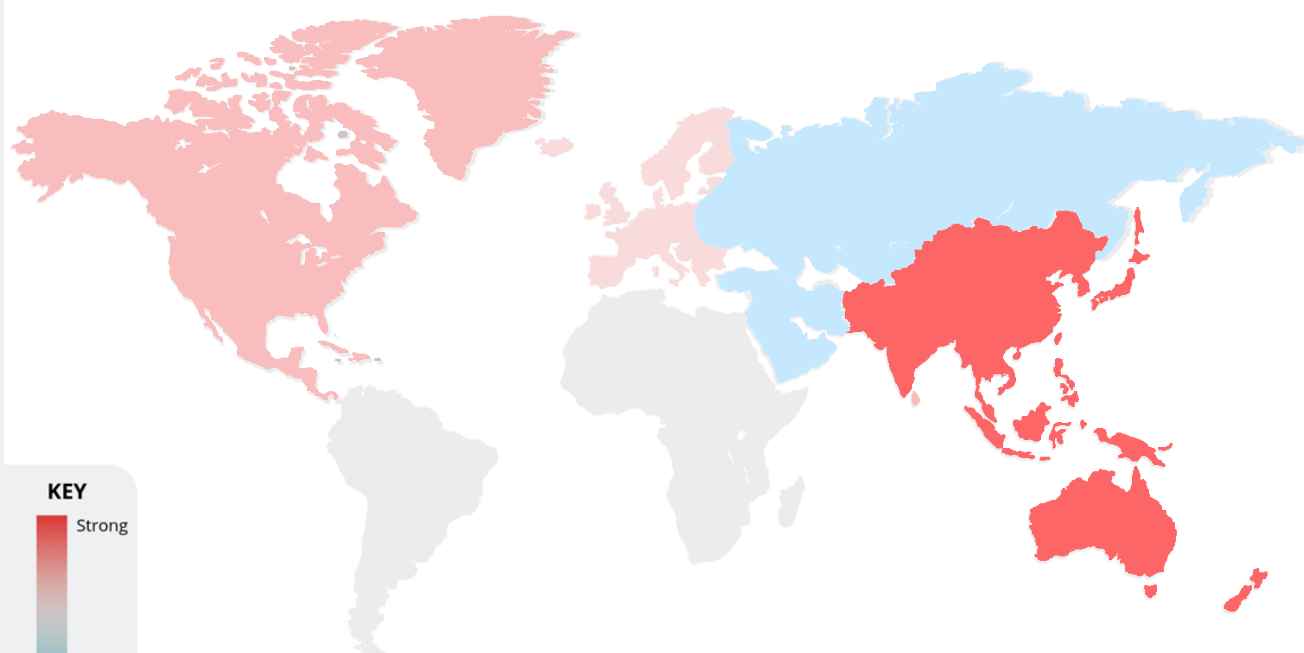
### Europe:

- EU scrap prices under pressure
- EC announces new carbon policies
- N.EU HRC prices up again

### Asia:

- Chinese steel prices firm
- Iron ore strenghtens
- Vietnam could tax billet exports

### KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



► [Click here to view this map online](#)

### CIS:

- Impending export duty distorts CIS billet market
- CIS HRC prices seen rebounding

### Middle East:

- Turkish mills target lower scrap prices, deals scarce
- Turkish rebar export business remains subdued
- Iranian steel exports surge

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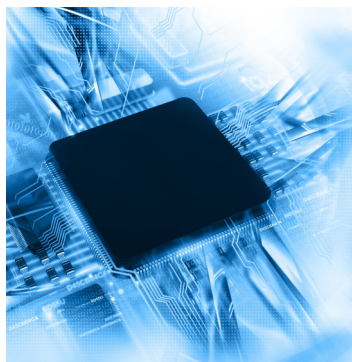
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## Word of the week

# Semiconductor



A semiconductor material has an electrical conductivity value falling between that of a conductor, such as metallic copper, and an insulator, such as glass. Its resistivity falls as its temperature rises; metals behave in the opposite way. It is used in the creation of all kinds of electrical components - transistors, integrated circuits, diodes, etc.

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