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July 2023



In the news 
Page 2

Markets 
Page 3

Country Reports 
Page 7

Trade 
Page 9

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South East Asia Report ✔ In the news

Raw Materials

Fitch raises 2023 iron ore price forecast

Fitch Ratings has raised its 2023 iron ore price assumptions to \$105/tonne from \$100t in late-June on robust demand from China earlier this year. The rating agency has maintained iron ore price forecasts for 2024, 2025 and 2026, at \$85t, \$75t, \$70t respectively.

Fire hits Delong's Indonesia nickel smelter

An accident resulting in a fire happened at Indonesian nickel smelter PT Gumbuster Nickel Industry (GNI) on 26 June 2023. GNI is a unit of China's Jiangsu Delong Nickel Industry, which has capacity to process 13 million tonnes/year of nickel ore and to produce 1.6m t/y of nickel pig iron (NPI).

Guangdong Zhanjiang re-exports iron ore to Vietnam

Guangdong Zhanjiang Port completed the first re-export trade of 84,000 tonnes of Vale's blended BRBF fine sent to Vietnam's Dung Quat Port in early June.

production in the January-May period fell 36% to 2.34mt.

Krakatau takes steps to repair hot strip mill

PT Krakatau Steel in late-June has started the restoration of its 2.4m ty hot strip mill No. 1 (HSM1) which was hit by a fire on 5 May.

Ann Joo acquires wire maker Perfect Channel

Konsortia Eliga, a 55% indirect subsidiary of Ann Joo, has acquired 102,000 shares or a 51% stake in Perfect Channel from Kusteel to expand its upstream steel division.

Hoa Phat contracts MCC for blast furnace installation

MCC will carry out the steel structure construction for two new 2,500-cubic-metre furnaces at Hoa Phat's Dung Quat steel complex, and the installation of the main body of the blast furnaces.

Steel capacity

GPSC, Meranti Steel cooperate on Thai green steel

Meranti Steels and Global Power synergy Public Company Limited (GPSC) intend to establish renewable solutions including offsite solar & wind energy and a future green hydrogen supply chain for a DR-EAF steelworks for flat products in Thailand.

Hoa Phat upgrades strip plant, plans furnace restart

Trade & Policy

Vietnam's May steel exports hit 19-month high

Vietnam's exports of iron and steel were up 16.4% m-o-m and 52.6% y-o-y in May to a 19-month high at 1.13mt. The country also imported 837,622t of iron and steel in the reporting month, down 18.9% over April and 34.5% from the year-ago level.

Thailand extends canned steel duty exemption

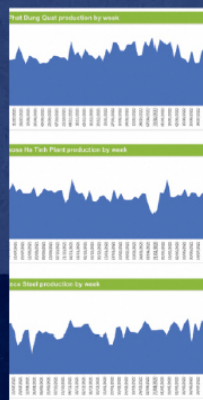
The Chamber of Commerce has extended the anti-dumping duty exemption period on imported can steel, including both tinplate and tin-free steel, for six months until 10 November 2023. Without the exemption, Chinese exporters would have to pay AD duties at 2.45%-17.46%. And the rates are 4.28%-20.45% for Taiwan.

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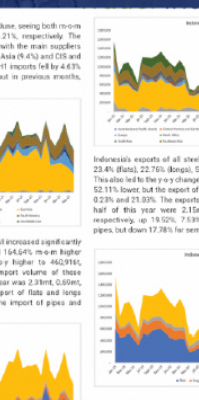
The Southeast Asian steel market trend to stabilize in early July, but flat prices fell quickly and demand was weak, dragged down by a sharp drop in the Chinese steel market. However, the market saw an upward movement in Chinese steel prices in the last week of July, and steel exports to Southeast Asia also moderated their decline.

Product	Unit	Price	% Chg	Unit	Price	% Chg
Rate of Singapore	\$/t	800.00	2.8%	7.0%	15.00	-13.3%
New steel flat	\$/t	3070.57	0.0%	-12.1%	-21.1%	



Month	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Jan-22	207,193	277,117	274,212	276,331	296,349	355,732	91,284	96,211	94,613	92,423		
Jan-22	27,193	37,117	34,212	35,331	36,349	45,732	11,284	11,211	10,613	10,423		

Month	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Jan-22	678,750	812,718	831,553	852,849	848,184	640,150	508,838	504,611	503,374	506,712	504,842	
Jan-22	178,750	212,718	231,553	252,849	248,184	140,150	108,838	104,611	103,374	106,712	104,842	



Indonesia's steel imports were 1.03mt in June, seeing both m-o-m increases of 21.25% and 11.21%, respectively. The reports are more fragmented with the main sources in Middle East (19.3%), Southeast Asia (9.4%) and CIS and Asia (8.4%). However, this year's H1 imports fell by 4.6% (507m) as imports tapered out in previous months.

Indonesia's reports of all steel products fell sharply 23.4% (flat), 22.76% (Bongul), 54.02% (pipes) and 7.04% (flat) in the y-o-y changes in flat and some of 32.11% lower but the report of long and pipe still in 0.23% and 21.93%. The reports of the above products half of this year were 2.15mt, 0.6mt, 0.13mt respectively, up 19.52%, 7.93% and 94.8% for flat, pipes, but down 17.78% for some.

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South East Asia Report

Markets: Flats

Vietnam's import market for commercial-grade hot-rolled coil has seen concentrated transactions over the past month. Buying in Vietnam's hot rolled coil market has improved on the back of Chinese tailwinds.

Offers of SAE 1006 HRC from China in Vietnam have firmed because of the rally in Chinese steel futures. In early-June, Chinese SAE 1006 HRC from the smaller and lower-tier mills were prevailing at \$565-570t cfr, while the large and higher-tier mills are offering at around \$30t higher, trading sources said. A popular mill's offer for SAE 1006 base grade HRC was at \$590t fob China, with freight estimated at \$8-9t.

A leading domestic stockist/trader in Vietnam was heard to have secured a large quantity of Chinese HRC, mostly for July shipment, amid the surging Chinese steel futures. Those who hear of the deals mostly heard them close at \$570t cfr, while some heard the bookings at \$580t cfr. "The market is in uptrend now, that's a no-brainer. Buyers in Vietnam are willing to accept higher prices now," said a bullish trader in southern Vietnam in the second week of June.

In late-June, the HRC import market in Vietnam has seen some buying activity for stock replenishment. Deals were concluded at lower levels after certain Chinese suppliers cut their export prices. However, the Vietnamese domestic market remains sluggish and market participants are not optimistic for any strong rebound. Although the Vietnamese steel market is expected to improve on the Central Bank's cuts in interest rates, it will take time since the main issue now is that end-users lack orders, a local trader said.

Formosa Ha Tinh Steel (FHS) announced on 12 June that it will maintain its skin passed SAE 1006 HRC unchanged from last month at \$585-605t cfr Ho Chi Minh (HCM)/Hai Phong port. Its non-skin passed SAE 1006 HRC is tagged at \$5t lower. The lower price of \$585t cfr applies for bookings of minimum 20,000t and at \$605t for tonnages of less than 500t.

Another major Vietnamese steel mill, Hoa Phat, has reduced its price for new domestic allocations of hot-rolled coil by around \$40t lower for July shipment. Its non-skin passed SAE1006 or SS400 grade HRC has been set at the equivalent of VND 13,430/kg, or around \$570t, cfr Ho Chi Minh City (HCMC), down from VND 14,360/kg last month. The company's HRC prices to northern and central Vietnam were each listed at VND 13,400/kg. These prices exclude VAT.

Local market sources report in mid-June that Formosa Ha Tinh and Hoa Phat have sold out their latest offering of domestic HRC allocations. While Chinese SAE 1006 HRC offers may be slightly cheaper, Vietnamese mills will be able to export to the EU, Mexico and USA without trade barriers using Vietnamese HRC substrate, a trader said. Also, the other advantage is the ability to pay in VND and not USD for

End June Price:

Product	End Jun	Woe	Mon	Yoy
SAE1006 HRC cfr Vietnam	\$550-560t	-2%	0%	-19%
SAE1006 HRC fob China	\$550t	-1%	-3%	-21%

SE Asian Flat prices



Source: Kallanish (\$/t)

Deals for the month

Date	Product	Vol.	Origin	Shipped by	Price	Destination
The week of 5 June	Q195 HRC	n.a	China	July/ August	\$545t cfr	Vietnam
The week of 12 June	HRC	50,000-100,00t	China	July	\$560-580t cfr	Vietnam
The week of 26 June	3mm base grade Q195 HRC	Small tonnages	20,000t	July	\$540-545t cfr	Vietnam
The week of 26 June	SS400 HRC	10,000t	China	July	\$540-545t cfr	Vietnam
The week of 26 June	2-2.5mm thickness SAE 1006 HRC	30,000t	China	July	\$560-570t cfr	Vietnam

Vietnamese HRC, he adds.

Kallanish assessed SAE grade 2-2.7mm thickness HRC at \$560-570t cfr Vietnam on 30 June, \$12.5t lower from a week before and down by the same from 26 May.

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South East Asia Report 

Country Reports

Vietnam

In H1, prices of housing and construction materials rose by 6.6% over the same period last year, causing CPI to accelerate by 1.24 percentage points. The prices of cement, iron, steel, and sand gained in line with the prices of raw materials, besides rising rental prices.

Domestic electricity prices gained by 3.12% due to increased electricity demand and EVN's decision to raise electricity prices by 3% from 4 May 2023, causing CPI to increase by 0.1 percentage point.

The country has been battling a series of heatwaves since early May, when temperatures hit record highs and rivers and hydropower plant reservoirs dried up. Unstable power supply has caused huge losses to local industrial enterprises, not only including delayed deliveries caused by power outages, but also lowered efficiency in transportation, which has also caused factories to bear additional costs.

Vietnamese steel output and demand



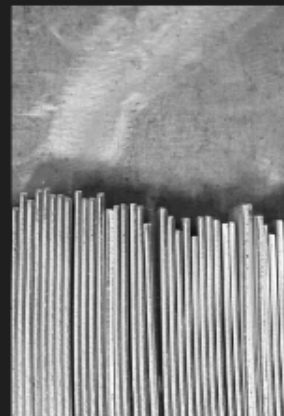
Source: worldsteel, Kallanish (tonnes/month)

FLAT STEEL 2023


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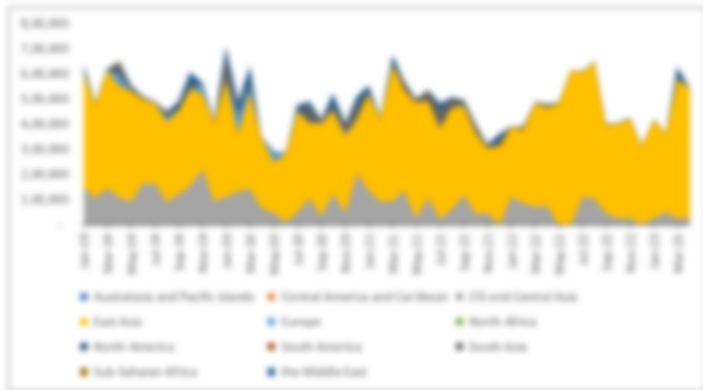
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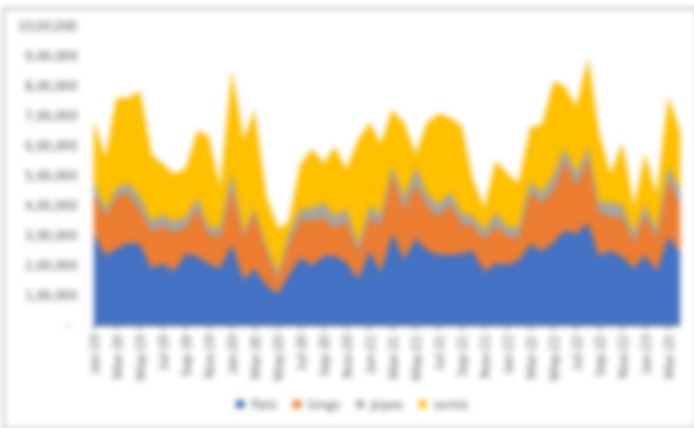
Philippines' steel imports fell 15.03% in April, but reported a 4.4% y-o-y increase y-o-y in the January-April period. East Asia is the country's main source of imports.

Philippine steel imports by origin



The Philippines' flats and longs both fell more than 10% in imports in April, but reported increases of 1.78% and 19.73% in total imports in the January-April period, to 956,996t and 595,057t. The country's imports of semi-finished products decreased by 2.41% to 716,718t in four months.

Philippine steel imports by product



Source: Kallanish, GTT

**ASIA STEEL
MARKETS 2024**

27-28 MARCH 2024
HO CHI MINH CITY, VIETNAM



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