

SAMPLE

Top News:

Global billet prices hold despite growing concerns over Turkish scrap

Last week billet prices globally remained strong despite the growing concern that some corrections could be seen in the Turkish scrap market. In Asia, the sentiment was still good thanks to the fact iron ore recovered again toward the end of the week, while in the CIS mills are holding their offers firm due to the good order books at their plants.

CIS

The Black Sea billet export market remains in stasis, but with mills' October-casting books almost closed, their offers remain at \$420-425/tonne fob Black Sea, with no apparent intention to lower them to achieve sales, trading sources explain.

This has led to a stalemate, with no sales of CIS billet concluded in the last week from the Black Sea. Buyers are making enquiries, traders say, but after hearing offers at the same level, they withdraw.

Turkey has not been heard booking any billet in the last week. Scrap price weakness is anticipated and rebar sales have also slowed a little, as sellers anticipate the new European quota period to open on 1 October. Some traders do not anticipate any activity at all in the CIS billet export segment until 1 October, until buyers have an indication of scrap and rebar price dynamic.

There is also the dampening influence of China's slowdown in billet imports and softer pricing. Although Russian billet producers shipping from Far Eastern ports are still selling to wider Asia, there were no sales to China for over a month, due to lower prices. Southeast Asia does pay \$450/t cfr (\$410/t fob) but this trade is well balanced with supply from the region, and thus far has no place for ex-Black Sea billet, especially at a minimum of \$420/t fob, one trader explains.

China could book at \$435/t cfr, but netting back to \$395/t fob Black Sea, it is not an option for sellers right now. China's withdrawal from the market on the back of increasing stocks and a deteriorating futures market in the past week are considered temporary by some sources. They expect the country's billet importers back in the market by early October.

Egypt is stirring, meanwhile, with rising rebar prices and low stocks of billet in ports meaning buyers are watching the market for bookings. Traders say \$430/t cfr would work, but considering all the duties and taxes, CIS sellers' offers need to decline by around \$60/t in order to make it work.

SE Asia

The Southeast Asian billet import market continues to firm as certain Southeast Asian mills accept paying higher prices to secure billet imports.

Last week, market participants heard a 20,000-tonne parcel of Indonesian blast furnace bar-quality billet booked at \$450-452/tonne cfr Malaysia. The same mill is also selling billet to Jakarta at \$452/t cfr, an Indonesian reroller reported.

High scrap costs are forcing the regional EAF mills including those in Malaysia to turn to billet imports instead of producing billet, a regional trader says. The mills' production cost for billet is at a minimum of \$450/t using domestic scrap tagged at an estimated \$300/t. It would cost more if domestic scrap supply is limited and the mills need to buy higher-priced scrap imports.

"These mills are facing a squeeze. But the (foreign) exchange rate has become more favourable for regional importers," he says.

In Manila, a 30,000t cargo of 130mm 5sp modified billet from Russia was ordered during the week at \$455/t cfr Manila. The cargo is due for December shipment. EAF billet from South Korea is currently offered at \$456/t cfr. Vietnamese induction furnace billet is offered at \$450/t cfr against a bid of \$445/t cfr. Japanese EAF billet and Russian 100mm square billet were ordered during the 11 September week at \$450/t cfr.

On Friday, Kallanish raised its 5sp/ps or Q275 120/125/130mm square billet assessment to \$450-455/t cfr Manila, up \$5 week-on-week.

Meanwhile, Iranian billets for October/November shipment were booked at \$435-440/t cif Ko Sichang in the first half of September. Iranian billet was also heard be ordered at \$435/t cfr Indonesia during the first week of September.

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Is Chinese sentiment turning negative?
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Will Brexit add to the ongoing uncertainties in the EU steel market?
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Will the US market continue to rise on supply-side factors?
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Will Turkish mills improve their scrap-rebar spreads?
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Will Vietnam continue to expand further exports of semis and finished products?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change	-0.88%
18 Sept 2020	\$ 124.60
17 Sept 2020	\$ 123.13 low
16 Sept 2020	\$ 124.64
15 Sept 2020	\$ 129.27 high
14 Sept 2020	\$ 127.88
Average	\$ 125.90
11 Sept 2020	\$ 127.31
10 Sept 2020	\$ 125.87
09 Sept 2020	\$ 125.63 low
08 Sept 2020	\$ 128.16 high
07 Sept 2020	\$ 128.13
Average	\$ 127.02

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Global Overview

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North America

- US flats prices move up, pulling tube northward
- Mini-mills project increased Q3 earnings, integrateds brace for loss
- Market sentiment improving, but leaning heavily toward supply-side factors

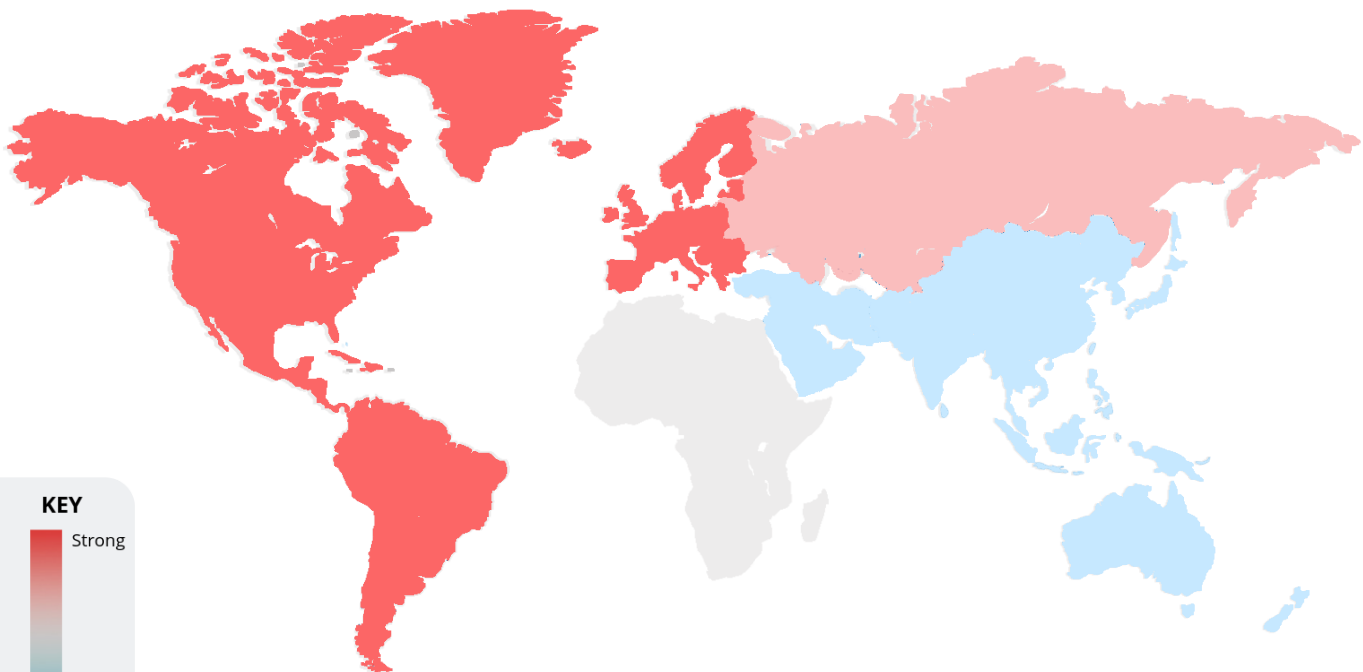
Europe

- Carmakers concerned for “no-deal” Brexit
- Coil prices up in Europe
- ArcelorMittal to restart Sestao EAF plant

Asia

- Chinese prices under pressure
- India exports again over 1mt of billets
- Vietnam steel output continues to grow

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



KEY



[See the interactive version online](#)

Latin America

- Brazilian pig iron prices up
- Ahmsa and Villacero continue merger talks
- Vale targets 450mt/y output

Middle East

- Turkish scrap corrects
- Turkish rebar falls as buyers retreat
- Costly slab keeps Turkish HRC prices high

CIS

- CIS billet market activity freezes
- Turkey demand supports CIS HRC prices

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Word of the week

Casting

This is the process of pouring molten metal into a mould enabling the cool and solid metal to retain the shape of the mould.



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