

SAMPLE

Top News:

Iron ore price hits new 5-year record

A steady increase in Chinese steel prices at the end of last week pushed 62% Fe iron ore to its highest level in almost five years on Friday 12 April. A spurt in market optimism in China was supported by a large credit expansion in March, while import volumes also recovered.

The Kallanish KORE 62% Fe index gained \$0.91/tonne to \$95.51/dry metric ton cfr Qingdao, the highest level since August 2014. 170,000 tonnes of PB fines sold in tender at \$94.2/t with a laycan in 1-10 May, while on COREX, 170,000t of Carajas Fines sold at \$109.5/t with a laycan in 6-15 May. On the Dalian Commodity Exchange September iron ore settled at CNY 652/t (\$93.22/t), up another CNY 3/t, while on the Singapore Exchange May 62% Fe futures settled up \$1.53/t at \$93.83/t. In Tangshan, billet prices were again flat at CNY 3,550/t.

China imported 86.42 million tonnes of iron ore in March, up from 83.08mt in February and 85.79mt in March 2018, customs figures show. That left imports over the first quarter down -3.5% to 260.79mt. Mills were planning higher iron ore deliveries for the end of production restrictions at the end of March.

Iron ore markets however are being driven by growing optimism about the Chinese economy. Credit issuance leapt higher in March to CNY 2.86 trillion. The figure confirms what most of the market had already noted, credit is looser and China is taking action to stabilise growth. Economists note however that the bottoming out of credit normally precedes a real improvement in economic growth by two or three quarters. This credit may still take some time before it generates real steel demand, but it has at least restored some confidence to the market.

SCRAP AND BILLET

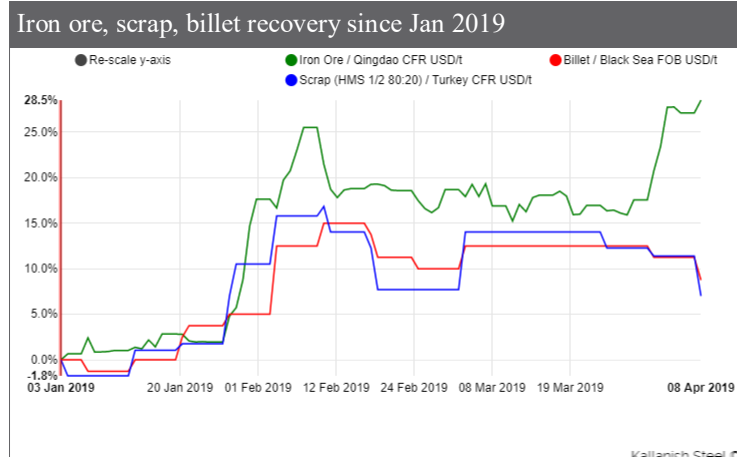
While iron ore has surged, confirming its recovery initiated at the beginning of December, scrap prices in Turkey and billet levels in the Black Sea have failed to follow the positive trend.

According to Kallanish price series, both prices lost some \$20/t since the end of March, as problems affecting the Turkish steel market persist.

At the current level of just above \$300/t cfr Turkey, HMS 1-2 80:20 is now trading at some \$50/t below the level registered in mid-April 2018. The reduction in the price of Black Sea billet during the same period was as much as \$80/t.

Since the beginning of January, scrap and billet prices have recovered by almost 10%.

Iron ore prices however have increased by almost 30% supported by positive sentiment in the Chinese steel sector as well as the decrease in iron ore exports from Brazil and Australia. This reduction is as a consequence of both the Vale Brumadinho dam accident and the impact of a series of cyclone-affected port delays in Australia.



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KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change +2.41%

12 Apr 2019	\$	95.51	high
11 Apr 2019	\$	94.60	
10 Apr 2019	\$	93.38	low
09 Apr 2019	\$	93.41	
08 Apr 2019	\$	94.35	
Average	\$	94.25	

05 Apr 2019	\$	93.31	
04 Apr 2019	\$	93.80	high
03 Apr 2019	\$	93.78	
02 Apr 2019	\$	90.61	
01 Apr 2019	\$	88.64	low
Average	\$	92.03	

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Global Overview

North America

- US sheet, rebar, OCTG prices hold ground
- USS fire will take 2 weeks for repair
- Canadian coalition praises relaxed safeguard measures

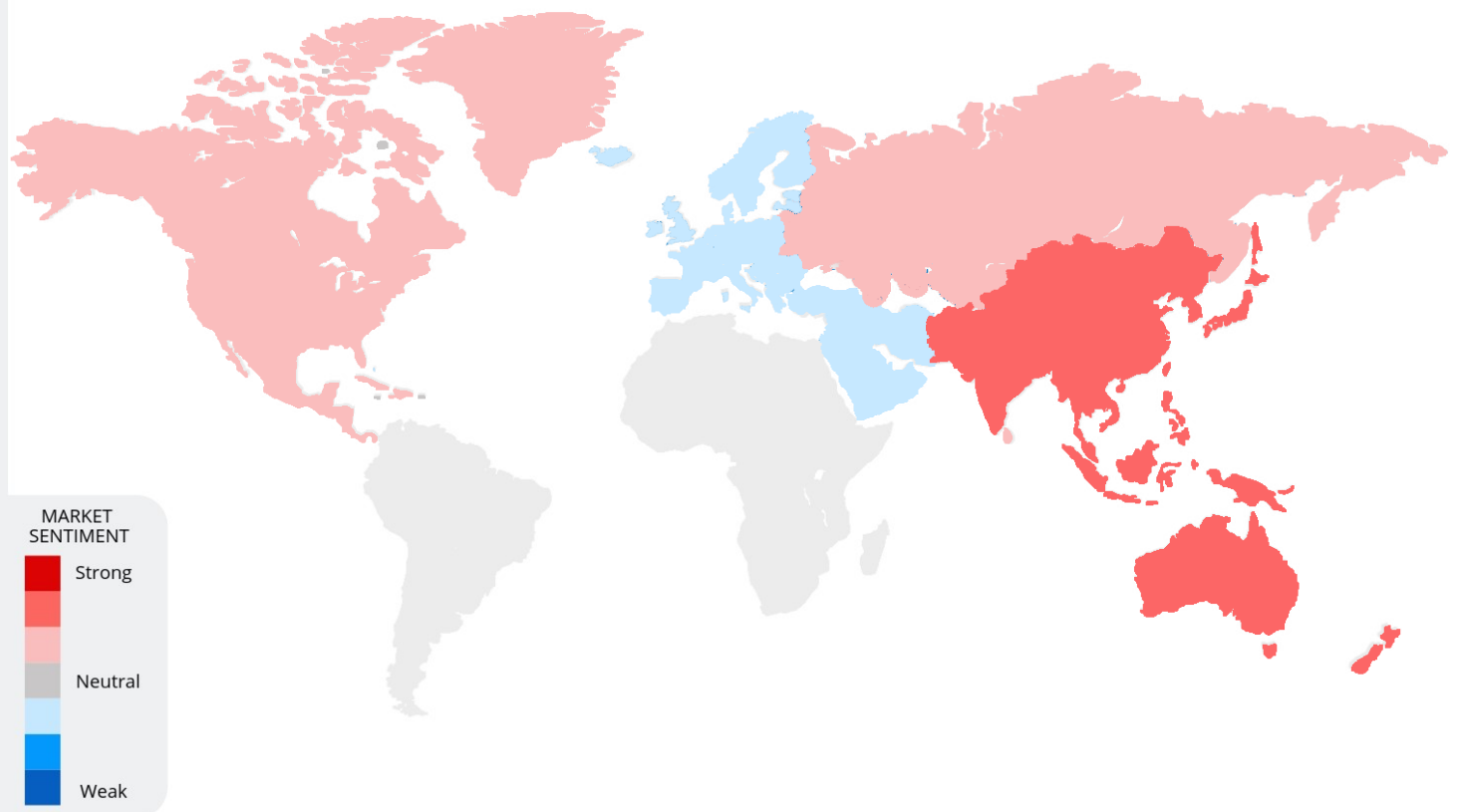
Europe

- Coil prices in Europe remain weak
- Italian mills mull rebar increases
- EU rebar quota review unlikely

Asia

- Iron ore at record level
- Chinese export offers moving up
- Vietnamese steel output to continue increasing

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



Middle East

- Turkish scrap drops on fresh US deal
- Irepas participants foresee huge Turkish rebar sales slump
- Turkish mills to offset rebar slump with billet export hike

CIS

- Scrap slump subdues CIS billet market activity
- CIS HRC prices seen close to bottom

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Word of the Week

Crude Steel

Crude steel is iron that has been decarburized to remove part of the carbon in the molten metal but that has not yet been refined into a definite steel grade.

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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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