Kallanish Steel Weekly

SAMPLE

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## This week:

# Ukraine's steel sector gets support from EU through trade barrier suspension

The European Commission proposed on Wednesday last week the suspension of all trade barriers against Ukraine-origin steel imports for a period of one year, to support the country during the ongoing war with Russia.

The proposal now needs to be ratified by the European Parliament, but it would be an unprecedented measure to support a country's economy affected by war.

As part of the suspension, the Ukrainian steel sector would benefit from being excluded from the existing safeguard measures system.

In addition, other trade restrictions would be suspended, such as the €60.5/tonne anti-dumping duties in place on hot rolled coil from Metinvest. Existing duties on certain steel tubes will also be suspended.

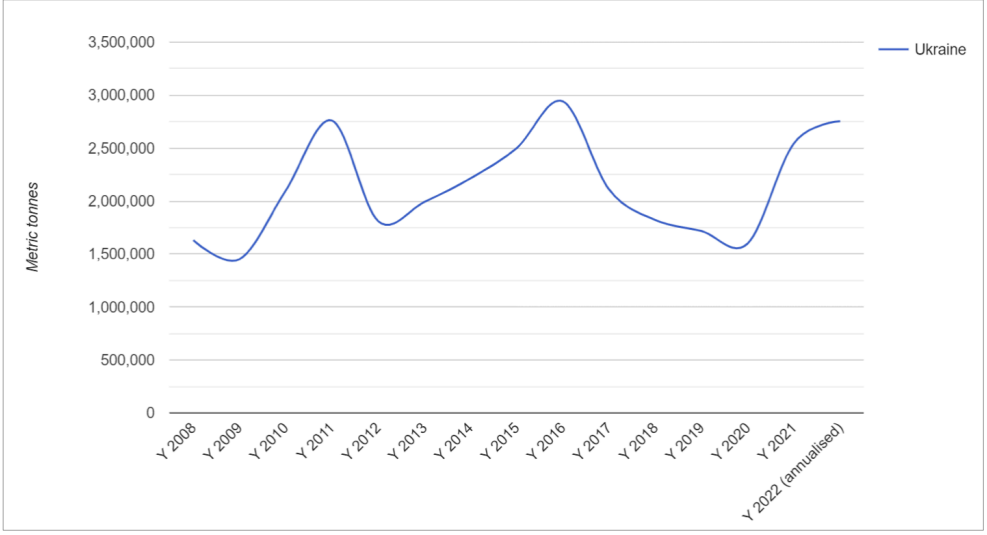
"The EU has never before delivered such trade liberalisation measures, which are unprecedented in their scale: granting Ukraine zero tariff, zero quota access to the EU market," said EU trade commissioner Valdis Dombrovskis.

"Since the start of Russia's aggression, the EU has prioritised the importance of keeping Ukraine's economy going – which is crucial both to help it win this war and to get back on its feet post-war. These measures will directly help Ukrainian producers and exporters. They will inject confidence into the Ukrainian economy and send a strong signal that the EU will do whatever it takes to help Ukraine in its hour of need," he concluded.

The Russian invasion in Ukraine has had a strong impact on steel production in the country. According to the World Steel Association in March the country only produced some 200,000t of crude steel, against the 1.78mt produced in March 2021.

According to Eurofer figures, Ukraine exported to Europe in 2021 2.5mt of finished steel products. The country's record exports to Europe was registered in 2016, at almost 3mt, before the HRC dumping measures were imposed and the safeguard system came into place.

Ukraine's exports to EU, all qualities finished steel




*Source: Eurofer*

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KORE INDEX

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# Global Overview

## Americas:

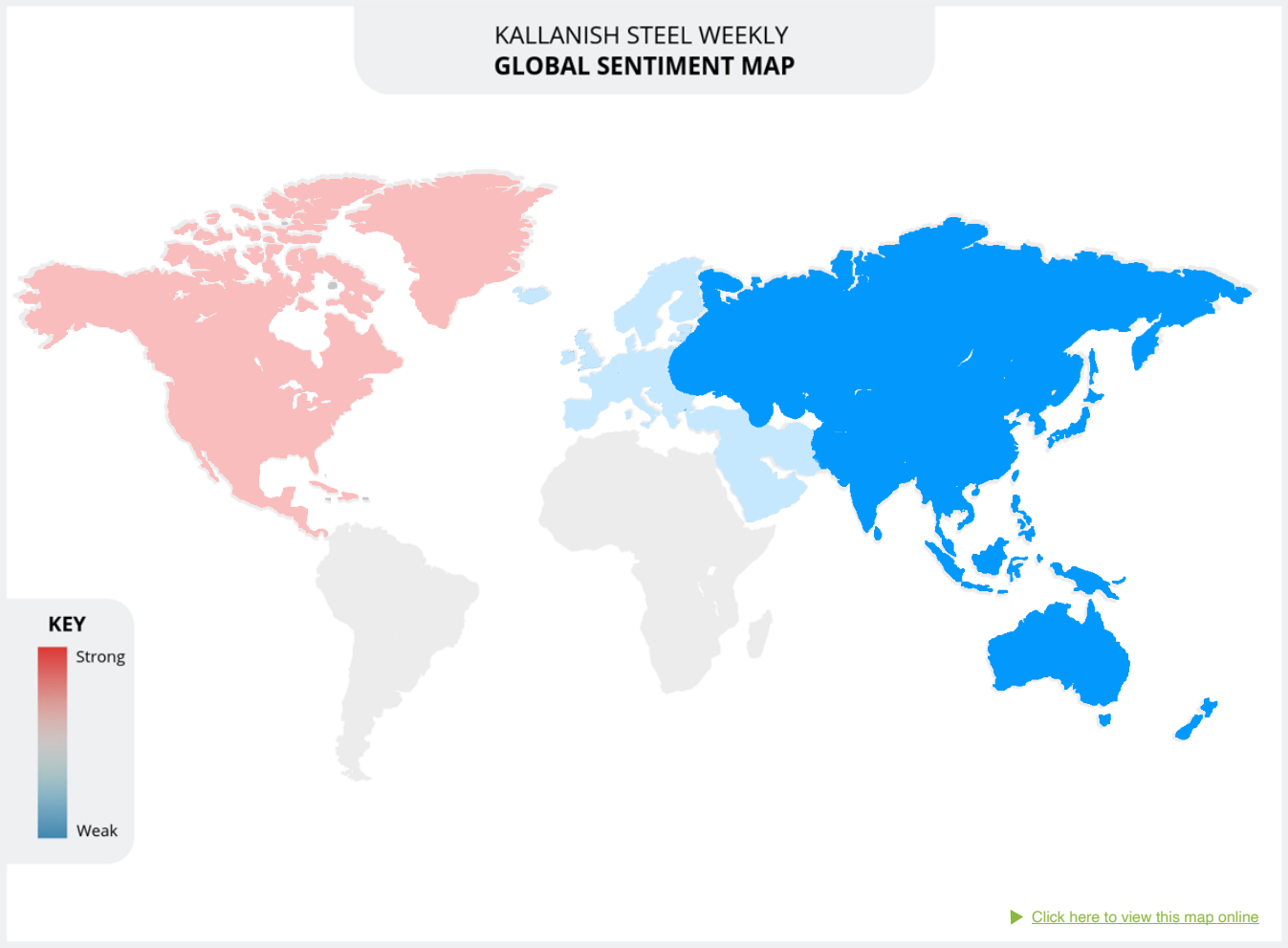
- Hot, cold rolled coil prices stall in the US
- Plate, rebar markets await movement in scrap's pricing
- Scrap prices expected to fall by at least $50/gt

## Europe:

- Scrap prices seen softening in May
- Italian HRC market stagnates
- German rebar levels hold

## Asia:

- ASEAN prices fall
- Chinese HRC prices down
- Chinese Covid undermines economy stimulus




## India:

- Indian shredded scrap import offers fall
- Indian billet export offers fall further amid Russian billet influx
- Indian HRC export offers plunge on limited demand

## CIS:

- CIS billet market alive but prices fall
- Pig iron trade on hold, Russian offers unsold

## Middle East:

- Turkish scrap falls silent before Eid
- Turkish rebar falls further amid absent demand
- GCC steel markets quiet

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## Asia: China

# Chinese HRC weighs up rapid decline

After being hit by bearish sentiment in financial markets, Chinese hot rolled coil prices struggled to recover towards the end of last week. The market is still waiting for more substantive measures to stimulate economic activity and boost steel demand.

In Shanghai on Friday afternoon, 5.5x1,500mm Q235 HRC was traded at around CNY 5,000-5,030/tonne ($759-764/t), down CNY 195/t week-on-week. On the Shanghai Futures Exchange, meanwhile, the most-traded, October 2022 contract for HRC gained CNY 46/t from Thursday but lost CNY 78/t on-week to CNY 4,996/t.

Continued Covid-19 lockdowns and disrupted logistics were still plaguing consumption mainly in eastern China. Party chairman Xi Jinping chaired a meeting of the Central Politburo on Friday and pledged to use more policies to expand domestic demand and strive to achieve full-year development goals. This immediately boosted market confidence and pushed up prices in both domestic and international markets on Friday.

In exports markets, prices also saw huge declines through most of last week due to the overall downward trend and CNY depreciation. No deal for SAE 1006 has been heard concluded in the past week, but some May-shipment hot-rolled narrow strip in a thickness of 2.5mm was booked at $815/t cfr Vietnam. This is "a good price for the seller," an exporter comments.

Mills and traders reacted differently to the overall downward market trend, and thus a large gap opened up between quotes for Chinese SAE 1006 HRC. Some mills such as Yangang offered at $900/t cfr Vietnam, but offers given by other mills including Bengang and Anfeng fluctuated between $840/t and $860/t cfr levels.

Vietnamese buyers were waiting for further declines and may target prices below $800/t cfr, but Chinese traders became more confident after Friday's sentiment improvement. Many Chinese mills have stopped offering to observe changes after the Labour Day holiday ending on 4 May.

Kallanish assessed 2mm SAE 1006 HRC at $820-830/t fob China on 29 April, down $42.5/t from a week earlier.

***By: Lyndon Ding, Asia Analyst***

Chinese HRC prices down in both domestic and export markets

Click here to view this graph online

offers are tagged at $745-755/t cfr, around $20-30/t lower week-on-week. An Indonesian mill was offering 150mm big grade billet at $775/t cfr Manila. "But this is few days ago. Today, I'm sure it'll be way lower," a regional trader said on Friday. Buyers then were indicating bids at $740/t cfr, but he did not hear of deals taking place. "Sentiment has turned sharply negative," he added.

ASIA MATERIALS

**Nippon Steel, Vale develop green iron production**

Japan's Nippon Steel says it will develop green iron production together with Vale. The two sides have signed a memorandum to strengthen their relationship, and consider and discuss specific strategies, with the aim of realising carbon neutral steelmaking processes. According to the memorandum, Nippon Steel and Vale will engage in joint research on the utilisation of raw materials which contribute to direct reduced iron, green pig iron, green briquettes, and other carbon neutral steelmaking processes. Apart from DRI, the other two solutions are to produce cooled and solidified iron using carbon-neutral carbon materials, or produce raw materials in which iron ore fines are moulded and fused using pressure, without the use of heat.

### Prices to watch:

| | | |
|---|---|---|
| 825 -5% | 4790 -1% | 757.5 -5% |
| HRC / China FOB USD/t | Rebar / China FOT Warehouse CNY/t | Billet / Manila CFR USD/t |

### In the news this week:

ASIA MATERIALS

**Iron ore firm as politburo backs stimulus**

Seaborne iron ore prices remain stable going into the long Labour Day weekend in China. China's leaders meanwhile are eager to support market sentiment, and are encouraging officials to further support the economy. The Kallanish 62%Fe index inched $0.05/t lower to $142.35/dry metric tonne cfr Qingdao. The Kallanish 65%Fe index increased $0.45/t to $167.11/dmt cfr, and the 58%Fe index gained $0.04/t to $126.26/dmt cfr. 170,000 tonnes of PB Fines sold at $140.40/t with a laycan in 8-17 June, and 170,000t of Brazilian Blend sold at $152.30/t with a laycan in 4-13 June. On the Dalian Commodity Exchange, September iron ore settled up CNY 2.5 at CNY 855.5/t ($129.88/t), while on the Singapore Exchange May 62% Fe futures settled up $4.25/t at $146.35/t. The same contract for 65% Fe and 58% Fe futures settled up $4.59/t at $170.71/t, and up $0.59/t at $132.24/t respectively. Tangshan billet prices held steady at CNY 4,740/t.

LONGS

**ASEAN longs import markets tumble**

East Asian long product import markets continue to soften. Rebar import prices, which had been holding since mid-March, have now started to fall. Vietnamese theoretical-weight rebar is offered at $830-835/tonne cfr Singapore this week, down $25/t on-week. The mill is currently offering at $860/t fob Vietnam. Amid the imposed Covid-19 lockdowns, Chinese mills are also looking for export business. A mill located near Shanghai is offering theoretical-weight rebar at $840/t cfr Singapore. A Malaysian mill previously very active in rebar export sales was not offering this week. "They already sold a lot," a Singapore trader says. Around 40,000-50,000 tonnes of rebar from this mill was booked two weeks ago at $840-845/t cfr Singapore. Kallanish assessed $834/t fob 10-40mm diameter rebar at $825-830/t cfr Singapore theoretical weight, $15 lower on-week.

FLATS

**Vietnamese commercial HRC buying resumes at lower levels**

The Vietnamese hot rolled coil import market has seen China-origin offers fall further, to a level sufficient to entice buyers of commercial grade HRC. Chinese SS400 grade HRC export prices were at $820/tonne cfr Ho Chi Minh City on 28 April, down from $840-845/t cfr on 22 April. In response, Vietnamese importers gave bids at $800/t cfr, which suppliers did not accept. Kallanish understands. However, there was some compromise later in the week. Numerous Chinese SS400 HRC cargoes were booked on Thursday and Friday, trading sources say. These deals struck at $810/t cfr for Ho Chi Minh City and $810/t cfr Haiphong. Chinese traders say the deals were back-to-back sales, as well as traders' short-selling cargoes.

LONGS

**Billet import prices dive in ASEAN**

Seamlessness continues in the Southeast Asian billet import market. Suppliers are continuously cutting billet offer prices to entice buying, but buyers remain waiting on the sidelines. In Manila, Japanese electric arc furnace billet offers were heard coming down during last week from $780/tonne cfr to $760-770/t cfr at the end of the week. Regional induction furnace billet

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Asia: India

# Indian shredded scrap, billet drops amid cheaper Russian semis exports

The recent flood of Russian-origin semi-finished steel into Turkey and Southeast Asia has troubled UK and US scrap suppliers, creating a panic situation in the market. Before prices drop further, sellers are seen compromising on offers in order to book cargoes in Turkey and the Indian subcontinent.

Offers for UK-origin shredded scrap have plunged by $40-50/tonne on-week to $590-600/t cfr Kandla and $600-610/t cfr Nhava Sheva. Two separate deals were heard concluding on Thursday for 1,500-2,000 tonnes of UK-origin shredded scrap at $590/t cfr Kandla and $610/t cfr Nhava Sheva.

"This is a clear scene of panic sales," opines a senior scrap trader. "Russia is aggressively placing billet in Asia and Turkey, which has significantly reduced scrap imports. Firstly, we saw it in Turkey and now in India too. It won't be hypothetical now to expect a further downfall in the coming days."

Offers for United Arab Emirates-origin HMS1 were seen swinging from $545-550/t earlier last week to $560-565/t cfr Nhava Sheva on Thursday. Earlier last week, mills reportedly booked around 2,000-2,500t at $550/t cfr Nhava Sheva and $545-550/t cfr Kandla. On Thursday, Punjab-based mills reportedly booked 2,500-3,000t of HMS1 at $560-565/t cfr Kandla. Last week, Gujarat-based mills booked HMS1 at $540/t cfr Kandla.

UAE-origin HMS 1&2 80:20 offers plunged to $545-550/t cfr Nhava Sheva and Kandla, however, deals were noted occurring at $540/t cfr. West African-origin HMS 1&2 80:20 deal prices were heard at $530-540/t cfr Mundra and Chennai. Punjab-based mills bought UAE-origin fabricators at $590/t cfr Kandla last week.

Likewise, the prevailing downward sentiment in the global market has forced bids for Indian billet exports down further. Indian mills were speculating over a hike in offers on the back of costlier scrap, but later accepted lower prices in negotiations, as scrap started slipping amid the influx of cheaper Russian semis into the market.

Prices for India-origin 150*150 re-rollable grade induction furnace billet has dropped by $20-30/tonne on-week to $760-765/t fob India. A few Gujarat-based mills were heard concluding deals at these levels.

A 50,000-tonne capacity bulk vessel is expected to arrive in Kandla on 10-12 May to ship billet from India to Kenya and Tanzania. Traders were seen pushing billet bookings to fill the vessel in order to enjoy the benefits of low freight.

"Sentiment for billet is down in the Indian domestic market, plus in the global market, the Russian and Iranians are selling at a very low level," says a mill source. "Mills were earlier refraining from dropping their offers, but bids remained consistently low."

Indian blast furnace billet-producing private mills are witnessing a sharp drop in demand. Their major markets are seen being flooded by cheaper Iranian and Russian billet. According to sources, mills are not even getting counter bids for their initial offers.

"We are aiming to sell the billets at $760-765/t fob [India], but due to the cheaper options available to buyers, we are not getting firm bids," informs a large-scale mill source. "If the situation continues to be sluggish, we will shift our priority from semis export to finished longs export by rolling the billet for captive consumption."

***By: Aameer Sayed, India Journalist***

**Prices to watch:**

| | | |
|---|---|---|
| 562.5 -3% | 605 -6% | 975 -7% |
| HMS 1 Scrap / India CFR USD/t | E40 Shredded Scrap / India / CFR USD/t | HRC / India / FOB USD/t |

**In the news this week:**

FLATS

**India HRC export offers dive**

Despite dropping hot rolled coil export offers, Indian mills are heard facing very limited buying interest from EU and Gulf Cooperation Council buyers. Initial Indian export offers are not receiving counter bids from buyers, as the latter are waiting for offers to go down further. Initial offers to northern Europe have dropped by $30/tonne on-week to $1,130-1,150/t cfr Antwerp, equating to $1,210-1,230/t fob India, depending on mill and port of origin. Bulk quantity quotes to southern Europe are heard at $1,100-1,110/t cfr Italy. Indian mills are heard offering structural grade HRC to southern Europe this week at $1,110/t cfr Italy. However, mills are ready to book cargoes at $1,090-1,080/t cfr Italy on firm bids from buyers.

FLATS

**Indian finished steel exports jump**

Indian finished steel exports grew 20% on-year to 13.4 million tonnes in the fiscal year ended 31 March 2022 (FY22), against 10.78mt exported a year earlier, reports India's steel ministry. Export value amounted to INR 100,000 crores ($13.04 billion), whereas total steel merchandise imports totalled $620 billion. "Notwithstanding the challenges arising out of Covid-19, it is heartening to note the steel sector, both in terms of external trade as well as domestic steel production and consumption, registered a record performance," says steel and rural development minister of state Fagan Singh Kulaste. "The engineering sector, being closely linked to the manufacturing and infrastructure sectors, is of strategic importance to India's economy and the steel sector is closely linked to this sector."

COMPANIES & INDUSTRY

**Jindal Stainless-JSHL merger receives shareholder, creditor approval**

The Jindal Stainless (JSL) and Jindal Stainless Hisar (JSHL) merger process has received the approval of the respective shareholders and creditors for the merger. As per regulatory requirements, the companies convened meetings of their shareholders and creditors for approving the scheme of arrangement between the two companies. The scheme was approved by an overwhelming majority," JSL says in a stock exchange filing.

RAW MATERIALS

**Karnataka seeks iron ore export ban continuation**

The Karnataka state government has asked the Supreme Court (SC) not to lift the ban on the export of iron ore mined in three districts, Tumakuru, Chitradurga and Bellary. The court had earlier banned the export of iron ore and restricted the quantity to be mined in Karnataka, Odisha and Goa, mainly to control excess mining and prevent environmental damage. The steel ministry, however, requested the Supreme Court to remove the ban on exports from Karnataka and the district-wise mining cap.

COMPANIES & INDUSTRY

**Bangladesh's SS Steel to acquire Al-Falah Steel**

Bangladesh-based SS Steel says it is making an equity investment to acquire 99% of Al-Falah Steel and Re-Rolling Mills, amounting to BDT 87.48 crore ($10.13 million). The company aims to invest a further BDT 98.88 crore as a share money deposit for the transition of shares from Al-Falah Steel to SS Steel.

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Europe

# Scrap prices in Europe prepare for challenging May

Scrap prices in Western and Eastern Europe are set to decline in May. Mills and merchants are beginning negotiating new contracts, with the international finished steel price decline impacting buyers' mood.

Large steelmakers in Italy, France and some Eastern European countries are talking about a month-on-month decrease on all scrap grades of as much as €80-90/tonne ($84-95/t). In Italy, meanwhile, mills are determined to reduce values by €100/t compared to April levels. The objective is to go back to February values.

Demand was slow in April for European long and flat products, despite finished products prices remaining elevated in Europe compared to other geographical areas such as the Middle East, Turkey and the Far East.

Turkish mills are seen continuing to decrease their domestic scrap buying prices gradually amid bearish sentiment in the global finished steel market and falling imported scrap prices. Traders expects to see $500/t cfr Turkey levels for premium HMS 1&2 80:20 if Turkey remains out of the market until after the Eid holiday.

Mills in Europe intend to reduce their new arising E8 mixed grade prices to the level of €470-480/t delivered and €10/t lower for shredded E40. Sources expect prices of all scrap grades to go below the level of €500/t delivered. In Germany, the market is still considering a smaller reduction of about €40-50/t month-on-month.

**EXPORT MARKET**

On Monday last week, some exporters in Belgium decreased their HMS 1&2 80:20 dock prices to €440-450/t ($478-487) delivered levels from €480-490/t the week before. In the Netherlands, prices have mostly decreased to €460/t from €490/t. Although there are also higher prices quoted in both countries, they come mostly from exporters who are late updating their quotes, with sources expecting them to come down imminently.

Some Benelux suppliers maintain a relatively bullish stand refusing to provide material at the latest market levels.

"Collection is not good and costs are getting more and more expensive each day. Exporters will not be able to source desired quantities at current prices and will have to increase their prices," a Benelux source said.

***By: Emanuele Norsa, Europe Editor***

EU export scrap prices rollercoaster

Click here to view this graph online

Prices to watch:

| 1310 -2% | 529 -10% | 1135 -1% |
|---|---|---|
| HRC / N Europe Ex-Works EUR/t | HMS 1/2 Scrap (80:20) / Rotterdam | Rebar / Italy Ex-Works EUR/t |

In the news this week:

**German union asks for 8% wage increase**

Germany's IG Metall union will enter the upcoming round of wage talks demanding an 8.2% increase for its employees in northwestern and eastern Germany. This is a respectable claim, compared with the wage talks in early 2021, when the union had initially asked for 4%. The union points to an overall stable economy, with full order books and high utilisation at mills, while employees are pressured by inflation that is mostly hitting consumers.

**Italian HRC market stagnates**

The Italian hot rolled coil market continues to stagnate, with prices declining. The market is said to be 'dead', with sales only happening back-to-back and producers beginning to worry as order books are not taking filled. Service centres and re-rollers are only implementing orders on the import market, thanks to competitive prices compared to domestic values. "Orders are not coming in," says one Italian HRC seller, adding that values today are unclear because mills have wanted to buy HRC this week even at €1,100/tonne ($1,160/t) base ex-works. Sellers have officially accepted to go below the level of €1,000/t base ex-works. The few sales occurring are for small volumes at €1,200-1,250/t base ex-works, but customers are mostly buying from stocks.

**German rebar price peak seen sustaining**

The latest heights to which rebar prices have climbed in Germany could stay with the market for quite a while, many observers believe. Base prices for straight bar from domestic mills in the course of April have risen to around €1,200/tonne ($1,275). A run more. The range of impressions is wide while a big Benelux buyer still sees the lower end at €1,100, one German lender claims he paid way above €1,300 last week. The higher price could be an exception involving prompt delivery, but at least one mill source confirms the mark of €1,200 as realistic. The source intimates that the mill took an unplanned break over Easter. In addition to the continued pressure from energy costs, April was also temporarily marked by a lack of scrap, which has now been overcome, he says.

**Polish market normalises, concerned over supply/demand gap**

The gap between increasing Polish steel consumption and stagnant domestic production is widening at a time when the massive looming energy transition will require more steel for projects in Poland, according to Polish Steel Association (HPH) president Stefan Dzienniak. ArcelorMittal's Krakow hot and, shut down for good in 2020, was the first victim of competition from countries beyond Poland's eastern borders. When demand rebounded strongly in 2021 after the initial Covid-19 pandemic shock, the required domestic supply was therefore not there to meet it. Dzienniak said at this week's European Economic Congress in Katowice. Polish apparent steel consumption reached 15.3 million tonnes in 2021, double the tonnage of 2009, but crude steel output remained at the 2009 level of 9.4mt. In 2021, Poland imported 4.23mt of steel from outside the EU, up 42% on-year. Much of this came from Russia, Ukraine and Belarus. The Russian invasion of Ukraine therefore spurred panic in the Polish market last month, reflecting in surging prices.

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## Americas

# Downturn in US scrap market interrupts rising finished steel prices

Pricing for downstream steel products slowed to a standstill at the end of April as markets eagerly await any movement in scrap's pricing during this month's trading.

The ceiling for both hot and cold rolled coil prices in the US held firm this week, marking nearly a month of stagnation for the upper pricing limit for HRC. At the end of April, HRC prices held at a range of $1,460-$1,500/short ton, while cold-rolled coil prices held at a range of $1,800-$1900/st.

"Spot market buyers are cautious, no doubt, as nobody is sure what direction the market will go. Buyers are looking at geopolitical tensions and not sure if they are going to push prices and demand up or down, but not many people worried about supply in the North American market, so buyers are choosing to keep purchasing patterns to minimal levels in case there are some demand surprises," suggests one source at a top-tier US sheet mill.

In both the US plate and rebar markets, concerns regarding future scrap prices have temporarily stabilised pricing.

After rising by $20/st last week, A36 plate pricing in the US held flat at a range of $1,910-1,930/st. According to market sources, buyers remain cautious to purchase more stock than absolutely necessary due to a potential downturn in scrap pricing and the arrival of foreign imports. Despite this caution, underlying demand for plate remains strong.

"Plates prices remain solid and there is talk of another increase in June, even though scrap is falling. We could hit the dollar-per-pound mark. I believe a peak is coming though, possibly this summer," explains a US plate buyer.

Over the past month, rebar pricing in the US has remained flat at a range of $1,020-1,050/st for #4 rebar products in 20-foot sticks. Similar to plate, rebar buyers remain cautious to purchase more than necessary in case of a drop in spot pricing. However, market participants remain optimistic about demand as construction work is likely to ramp up for the Summer season.

"[The] underlying demand in the domestic market remains strong, but buyers are hesitant to purchase any more than absolutely necessary," says a US rebar distributor.

While OCTG P110 prices remained unchanged at a range of $3,000-3,200/st, market participants predict that pricing may change drastically in the coming weeks. Supply for tubular products in the US continues to remain sparse, as well.

"Spot pricing is all over the place, but all in an upward direction. But there is just not very much product available from inventory," adds one US tubular buyer.

Market outlook regarding scrap prices in the US during May's trading continues to worsen after April's pricing gains failed to materialise. While scrap market participants previously expected prime grade scrap to rise by as much as $200/gross ton at the beginning of April, sentiment in the market regarding May's pricing has turned bearish.

"Support from pig iron has also disappeared now. Besides, the supply of scrap is more than sufficient. Scrap prices, for all grades, are expected to fall by at least $50/gross ton," predicts a US scrap trader.

***By: Zach Johnson, Journalist***

### Prices to watch:

| 1480 | 1850 | 3100 |
|---|---|---|
| 0% | 0% | 0% |
| US HRC USD/s.ton | US CRC USD/s.ton | US OCTG P110 USD/s.ton |

### In the news this week:

**Sheet prices hold in US market**

Both hot-rolled and cold-rolled prices appear to be flat compared to last week. HRC ranges from $1,460-$1,500/short ton, while cold-rolled coil ranges from $1,800-$1900/st. Despite challenges faced by automakers, manufacturing continues to surpass last year's output. However, appliance giants are reporting "delays" in their industry, according to a source at one top-tier domestic mill. Disruptions will not impact their overall production goals for the year, he says.

**Plate prices remain solid for now**

The market is seeing stable prices on plate. Kallanish held its A36 pricing this week at $1,910-1,930/short ton, ex-works, domestic mill. Large scale project delays and cancellations could be the cause of a potential peak in summer, suggests a US plate buyer. "Most steel service centres are very cautious about placing large stock buys, as they do not want to be caught with high costs when the market drops. You also have scrap moving down and more imports coming," he adds. "The favourable business conditions are making it easy for suppliers of steel to pass it on." He also says there is "caution in the wind."

**US rebar prices hold throughout April**

Rebar prices in the US continue to hold firm at the end of April, marking over a month of stagnation despite rising material costs. Demand from the construction industry will likely continue to ramp up over the coming months, suggests a Northeast rebar distributor. However, he notes that uncertainty in the market regarding scrap prices may hamper any movement in rebar's pricing. The weekly price assessment for #4 rebar products from the US in 20-foot sticks is being maintained at a range of $1,020-1,050/short ton, ex-works, domestic mill.

**OCTG market sees erratic shifts**

The US oil country tubular goods market is experiencing erratic shifts. Kallanish will re-assess P110 price unchanged on week Thursday at $3,000-3,200/short ton, ex-works, domestic mill, plain-end. That price, however, could change rapidly in the coming days, according to one buy-side source.

**Sentiment worsens in US scrap market**

Approaching May trading, market participants in the US scrap market are seen to be more bearish about prices following a US-origin deal into Turkey at an unexpectedly low price. The US scrap market is expected to be impacted by weak exports during May trading.

**Ahmsa plans to restart blast furnace No.6**

Mexican steelmaker Altos Hornos de México (Ahmsa) has begun reconditioning works for the possible restart of its blast furnaces number 6. The unit has been idle since January 2020, when the steelmaker decided to reorder its production programme and upgrade its rolling facilities. The objective was to maximise efficiencies and internal savings during a period of low demand for steel in both the national and

international markets. "We have started the inspection and general rehabilitation work, with the projection of refractory coating inside the oven, as one of the main tasks," Ahmsa says. "This comes in the face of a sustained recovery of the market that would make possible a significant increase in our production."

**Brazil's Viena Siderúrgica to raise pig iron exports**

Brazilian pig iron producer Viena Siderúrgica (VS) expects to export almost 120,000 tonnes of material between 2022 and 2023. This will be the largest volume shipped by the company in its 10 years of history. The firm says this milestone will be supported by the extension of the current long-term contract with commercial carrier VLI Logística. The pig iron will be transported from the VS warehouse located in Acailandia, Maranhão state to the São Luís port terminal through the Carajás Railroad network. "We have a long partnership and the extension of this commitment shows the efficiency to connect national production and the international market," VLI says.

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## Middle East & CIS

# Turkish scrap falls silent, CIS billet drops

Business activity in Turkey's scrap market stopped almost completely on the eve of the Eid holiday.

Although most market participants were expecting Turkish mills to resume their scrap purchases before the holiday, this has not materialised due to weak finished steel sales and lower Russian-origin billet offers.

Although there were rumours, no booking was confirmed following the UK deal at $555/tonne cfr Turkey earlier last week. Turkish mills, who were buying short-sea scrap at $540/t cfr levels at the beginning of the week, lost their interest even in short-sea offers in the second half of the week.

A producer said short-sea scrap was available at $500/t cfr Turkey, adding that he would rather pay $700/t cfr Turkey for billet instead of buying scrap at $500/t cfr.

Turkish mills continued to decrease their rebar export quotes as demand was yet to recover in either the domestic or export markets. On the other hand, weaker scrap and low-priced imported billet offers from Russia were supporting lower rebar values.

Mills' official offers for rebar and mesh-quality wire rod were pegged mostly at around $900/t and $1,000/t fob Turkey respectively actual weight. These were down from $920-940/t and $1,000-1,030/t respectively the prior week.

The Gulf Cooperation Council hot rolled coil market was meanwhile very quiet, with almost no enquiries heard released last week. One enquiry released the week before was withdrawn by the buyer due to expectations of a price drop.

In the CIS, the Black Sea billet market remained alive with offers of Russian billet. However, the price dynamic continued to follow the descending curve in tandem with softening Turkish scrap import and long product prices in the majority of global markets.

Although offers tabled by sellers were circling $700-730/t fob Black Sea, concluded deals to Turkey the week prior were made at lower levels, considering freight and costs. Turkish re-rollers paid $720-740/t cfr the week prior, with a couple of sources suggesting sales occurred last week at $700/t cfr, although these appear to have been bids only.

Global merchant pig iron trade remained on hold, amid slowly but surely declining value indications.

Although no active bids were detected in the past week, pig iron price indications were slipping on May US domestic ferrous scrap price settlement projections, and declining deal values in Turkey's import market. European scrap indications were also showing signs of weakness, as mills are working at reduced capacity utilisation levels amid strict power consumption restrictions, and in order to support current price levels.

Russian offers at $750/t and $800/t cfr Italy two weeks prior remained unsold, with participants pinning new buying interest at closer to $700/t cfr.

***By: Adam Smith, Global Editor - Steel***

### Prices to watch:

| HMS 1/2 scrap CFR Turkey/ USD/t | Billet FOB Black Sea USD/t | Rebar FOB Turkey/ USD/t |
|---|---|---|
| -6% | -5% | -5% |

### In the news this week:

RAW MATERIALS

**Turkish scrap market falls silent before Eid holiday**

Business activity in Turkey's scrap market stopped almost completely on the eve of the Eid holiday.

LONGS

**Bearish sentiment depresses Turkish rebar further**

Turkish mills have continued to decrease their rebar export quotes as demand is yet to recover in either the domestic or export markets. On the other hand, weaker scrap and low-priced imported billet offers from Russia are supporting lower rebar values.

FLATS

**GCC HRC market subdued, anticipates price softening**

The Gulf Cooperation Council hot rolled coil market is very quiet, with almost no enquiries heard released this week. One enquiry released last week was withdrawn by the buyer due to expectations of a price drop.

LONGS

**Billet prices slide in GCC, buyers postpone enquiries**

Billet prices have softened in the Gulf Cooperation Council, however, buying appetite remains low and buyers are postponing their enquiries till after the Eid holiday.

LONGS

**Black Sea billet market continues to soften**

The Black Sea billet market remains alive with offers of Russian billet. However, the price dynamic continues to follow the descending curve in tandem with softening Turkish scrap import and long product prices in the majority of global markets.

RAW MATERIALS

**Pig iron sentiment softens amid lack of deals**

Global merchant pig iron trade remains on hold, amid slowly but surely declining value indications.

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# Price Movement

| Product | Product | Latest Update | Frequency | Latest Price | Change |
|---|---|---|---|---|---|
| Flats | Cold Rolled Sheet / China FOT Warehouse CNY/t | 02 May 2022 | Weekly | 5590.0 CNY/t | -1.0 |
| Flats | CRC / China FOT Warehouse CNY/t | 02 May 2022 | Weekly | 5560.0 CNY/t | -2.0 |
| Flats | CRC / CIS-Black Sea FOB USD/t | 28 Apr 2022 | Weekly | 980.0 USD/t | -1.0 |
| Flats | CRC / Italy Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1325.0 EUR/t | -4.0 |
| Flats | CRC / Japan FOB USD/t | 30 Apr 2022 | Weekly | 1100.0 USD/t | 0.0 |
| Flats | CRC / N America Ex-Works USD/s.ton | 27 Apr 2022 | Weekly | 1850.0 USD/s.ton | 0.0 |
| Flats | CRC / N Europe Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1410.0 EUR/t | -1.0 |
| Flats | CRC / Turkey CFR USD/t | 15 Apr 2022 | Weekly | 1260.0 USD/t | 0.0 |
| Flats | CRC / Turkey Ex-Works USD/t | 15 Apr 2022 | Weekly | 1365.0 USD/t | 0.0 |
| Flats | HDG / China FOT CNY/t | 02 May 2022 | Weekly | 6040.0 CNY/t | 0.0 |
| Flats | HDG / Italy Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1325.0 EUR/t | -5.0 |
| Flats | HDG / N Europe Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1420.0 EUR/t | -2.0 |
| Flats | HRC / China FOB USD/t | 30 Apr 2022 | Weekly | 825.0 USD/t | -5.0 |
| Flats | HRC / China FOT Warehouse CNY/t | 30 Apr 2022 | Weekly | 5015.0 CNY/t | -4.0 |
| Flats | HRC / CIS-Black Sea FOB USD/t | 28 Apr 2022 | Weekly | 895.0 USD/t | -2.0 |
| Flats | HRC / GCC / CFR USD/t | 02 May 2022 | Weekly | 945.0 USD/t | 1.0 |
| Flats | HRC / India / FOB USD/t | 27 Apr 2022 | Weekly | 975.0 USD/t | -7.0 |
| Flats | HRC / Italy Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1230.0 EUR/t | -3.0 |
| Flats | HRC / Japan FOB USD/t | 30 Apr 2022 | Weekly | 940.0 USD/t | -1.0 |
| Flats | HRC / N America Ex-Works USD/s.ton | 27 Apr 2022 | Weekly | 1480.0 USD/s.ton | 0.0 |
| Flats | HRC / N Europe Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1310.0 EUR/t | -2.0 |
| Flats | HRC / S Europe CIF EUR/t | 28 Apr 2022 | Weekly | 1030.0 EUR/t | -2.0 |
| Flats | HRC / Turkey CFR USD/t | 14 Apr 2022 | Weekly | 1010.0 USD/t | -0.0 |
| Flats | HRC / Turkey Ex-Works USD/t | 14 Apr 2022 | Weekly | 1285.0 USD/t | 2.0 |
| Flats | HRC / Turkey FOB USD/t | 14 Apr 2022 | Weekly | 1260.0 USD/t | 0.0 |
| Flats | HRC / Vietnam CFR USD/t | 30 Apr 2022 | Weekly | 835.0 USD/t | -6.0 |
| Flats | Plate (low grade) / Japan FOB USD/t | 30 Apr 2022 | Weekly | 940.0 USD/t | -2.0 |
| Flats | Plate / N America Ex-Works USD/s.ton | 27 Apr 2022 | Weekly | 1920.0 USD/s.ton | 0.0 |
| Flats | Steel Plate / China Delivered Basis CNY/t | 26 Apr 2022 | Weekly | 5300.0 CNY/t | 0.0 |
| Longs | Angle Bar / Turkey FOB USD/t | 30 Apr 2022 | Weekly | 890.0 USD/t | -4.0 |
| Longs | High Speed Wire Rod / Shanghai FOT CNY/t | 02 May 2022 | Weekly | 5220.0 CNY/t | -2.0 |
| Longs | Merchant Bar / Italy Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1265.0 EUR/t | 2.0 |
| Longs | Rebar / China FOT Warehouse CNY/t | 30 Apr 2022 | Weekly | 4790.0 CNY/t | -1.0 |
| Longs | Rebar / Italy Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1135.0 EUR/t | -1.0 |
| Longs | Rebar / N Europe Ex-Works EUR/t | 30 Apr 2022 | Weekly | 1425.0 EUR/t | 0.0 |
| Longs | Rebar / Singapore CFR USD/t | 28 Apr 2022 | Weekly | 827.5 USD/t | -2.0 |
| Longs | Rebar / Turkey / ex-Works / $/t / excl. VAT | 28 Apr 2022 | Weekly | 875.0 USD/t | -2.2 |
| Longs | Rebar / US Midwest Ex-Works USD/s.ton | 26 Apr 2022 | Weekly | 1035.0 USD/s.ton | 0.0 |
| Longs | Rebar in Coil / Shanghai FOT CNY/t | 02 May 2022 | Weekly | 5090.0 CNY/t | -2.0 |
| Longs | Wire Rod / China FOB USD/t | 28 Apr 2022 | Weekly | 825.0 USD/t | 0.0 |
| Longs | Wire Rod / N Europe / Ex-Works EUR/t | 28 Apr 2022 | Weekly | 1280.0 EUR/t | 0.0 |
| Longs | Wire Rod / SE Asia CFR USD/t | 28 Apr 2022 | Weekly | 812.5 USD/t | -2.0 |
| Longs | Wire Rod / Turkey FOB USD/t | 30 Apr 2022 | Weekly | 985.0 USD/t | -3.0 |
| RM | Coke (1st grade) / Taiyuan Ex-Works USD/t | 26 Apr 2022 | Weekly | 577.0 USD/t | 3.59 |
| RM | Coke (1st grade) / Tangshan Ex-Works USD/t | 26 Apr 2022 | Weekly | 601.0 USD/t | 3.26 |
| RM | Coking coal (Prime) / Pingdingshan Ex-Works USD/t | 26 Apr 2022 | Weekly | 455.0 USD/t | -2.15 |
| RM | Coking coal (Prime) / Yinchuan Ex-Works USD/t | 26 Apr 2022 | Weekly | 415.0 USD/t | 5.87 |
| RM | Pig Iron / Black Sea FOB USD/t | 30 Apr 2022 | Weekly | 675.0 USD/t | -4.0 |
| Scrap | E1 Heavy Demolition Scrap / Italy Delivered Basis EUR/t | 30 Apr 2022 | Weekly | 490.0 EUR/t | -2.0 |
| Scrap | E2 & E3 Shipbreaking scrap /Turkey / Delivered basis / USD/t | 27 Apr 2022 | Weekly | 584.0 USD/t | -3.9 |
| Scrap | E3 Demolition Scrap / Austria Ex-Works EUR/t | 27 Apr 2022 | Weekly | 590.0 EUR/t | 0.0 |
| Scrap | E3 Demolition Scrap / Germany Ex-Works EUR/t | 27 Apr 2022 | Weekly | 605.0 EUR/t | 0.0 |
| Scrap | E3 Demolition Scrap / Italy Delivered Basis EUR/t | 30 Apr 2022 | Weekly | 565.0 EUR/t | -1.0 |
| Scrap | E40 Shredded Scrap / India / CFR USD/t | 28 Apr 2022 | Weekly | 605.0 USD/t | -6.0 |
| Scrap | E40 Shredded Scrap / Italy Delivered Basis EUR/t | 30 Apr 2022 | Weekly | 545.0 EUR/t | -4.0 |
| Scrap | E8 New cutting scrap (DKP) / Turkey / delivered basis, TRY/t | 27 Apr 2022 | Weekly | 8425.0 TRY/t | -4.8 |
| Scrap | E8 Light New Scrap / Italy Ex-Works EUR/t | 30 Apr 2022 | Weekly | 510.0 EUR/t | -10.0 |
| Scrap | H2 Scrap / Japan Domestic Delivered Basis JPY/t | 30 Apr 2022 | Weekly | 66500.0 JPY/t | 0.0 |
| Scrap | H2 Scrap / Japan Tokyo Bay FAS JPY/t | 30 Apr 2022 | Weekly | 65000.0 JPY/t | -2.0 |
| Scrap | HMS 1 Scrap / India / CFR USD/t | 28 Apr 2022 | Weekly | 562.5 USD/t | -3.0 |
| Scrap | HMS 1 Scrap / US Midwest Delivered Basis USD/t | 25 Apr 2022 | Weekly | 518.5 USD/t | 0.0 |
| Scrap | HMS 1/2 Scrap (80:20) / Rotterdam FOB USD/t | 25 Apr 2022 | Weekly | 528.5 USD/t | -10.0 |
| Scrap | HMS 1/2 Scrap (80:20) / US East Coast FOB USD/t | 25 Apr 2022 | Weekly | 534.0 USD/t | -10.0 |
| Scrap | HMS 1/2 Scrap / Taiwan CFR USD/t | 27 Apr 2022 | Weekly | 532.5 USD/t | -3.0 |
| Scrap | HMS 80:20 Scrap / Benelux / delivered dock, EUR/t | 25 Apr 2022 | Weekly | 452.5 EUR/t | -7.7 |
| Scrap | HMS 80:20 Scrap / India / CFR USD/t | 28 Apr 2022 | Weekly | 552.5 USD/t | -3.0 |
| Scrap | Scrap / China / cfr / $/t | 30 Apr 2022 | Weekly | 595.0 USD/t | -3.0 |
| Semis | Billet / CIS-Black Sea FOB USD/t | 28 Apr 2022 | Weekly | 695.0 USD/t | -6.0 |
| Semis | Billet / Italy Ex-Works EUR/t | 30 Apr 2022 | Weekly | 825.0 EUR/t | -6.0 |
| Semis | Billet / Manila CFR USD/t | 30 Apr 2022 | Weekly | 757.5 USD/t | -5.0 |
| Semis | Billet / Turkey FOB USD/t | 28 Apr 2022 | Weekly | 815.0 USD/t | -3.0 |
| Semis | Slab / CIS-Black Sea FOB USD/t | 27 Apr 2022 | Weekly | 725.0 USD/t | 0.0 |
| Semis | Slab / Japan FOB USD/t | 30 Apr 2022 | Weekly | 900.0 USD/t | 0.0 |
| T&P | OCTG P110 Pipe 5.5" diameter / N America FOB USD/s.ton | 28 Apr 2022 | Weekly | 3100.0 USD/s.ton | 0.0 |
| T&P | Welded Pipe (S235) / Turkey FOB USD/t | 28 Apr 2022 | Weekly | 1135.0 USD/t | -3.0 |
| T&P | Welded Tubes & Pipes / N America Ex-Works USD/s.ton | 28 Apr 2022 | Weekly | 1770.0 USD/s.ton | 0.0 |

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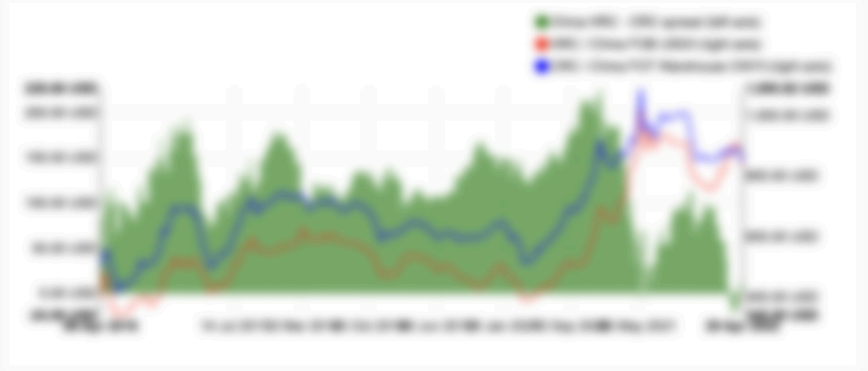
# Price Spreads

| Product | Region | Frequency | Updated On | Latest Spread | Change |
|---|---|---|---|---|---|
| Turkey Hrc - Welded Tubes spread | Turkey | Weekly | 10/04/2022 | -35.00 USD/t | -259.8% |
| Italy CRC - HDG spread | Italy | Weekly | 29/04/2022 | N/A | -100.0% |
| East Asia Slab - Plate spread | Japan | Weekly | 29/04/2022 | 40.00 USD/t | -33.8% |
| East Asia Slab - HRC spread | Japan | Weekly | 29/04/2022 | 40.00 USD/t | -20.0% |
| Italy HRC - CRC spread | Italy | Weekly | 29/04/2022 | 95.00 EUR/t | -14.8% |
| Black Sea Slab - HRC spread | Black Sea | Weekly | 22/04/2022 | 180.00 USD/t | -10.0% |
| N America HRC - Welded pipes spread | N America | Weekly | 29/04/2022 | 290.00 USD/s.ton | -8.8% |
| Turkey Billet - Rebar spread | Turkey | Weekly | 29/04/2022 | 75.00 USD/t | -8.8% |
| China Billet - Wire Rod spread | China | Daily | 29/04/2022 | 668.30 CNY/t | 0% |
| China Billet - Rebar spread | China | Daily | 29/04/2022 | 50.00 CNY/t | 0% |
| China Billet - Rebar in Coil spread | China | Daily | 29/04/2022 | 350.00 CNY/t | 0% |
| N America HRC - CRC spread | N America | Weekly | 29/04/2022 | 370.00 USD/s.ton | 0% |
| Iron Ore China CFR - Turkey Scrap CFR | Qingdao | Daily | 02/05/2022 | 405.19 USD/Dmt | 0.01% |
| Italy Stainless HRC - Stainless CRC spread | Italy | Monthly | 29/04/2022 | 800.00 EUR/t | 3.8% |
| Black Sea HRC - CRC spread | Black Sea | Weekly | 22/04/2022 | 80.00 USD/t | 6.8% |
| Turkey Billet - Angle Bars spread | Turkey | Weekly | 29/04/2022 | 85.00 USD/t | 8.8% |
| East Asia HRC - CRC spread | Japan | Weekly | 29/04/2022 | 160.00 USD/t | 7.8% |
| Turkey HRC - CRC spread | Turkey | Weekly | 10/04/2022 | 105.00 USD/t | 11.8% |
| Italy Billet - Rebar spread | Italy | Weekly | 29/04/2022 | 210.00 EUR/t | 13.8% |
| N Europe HRC - CRC spread | N Europe | Weekly | 29/04/2022 | 100.00 EUR/t | 16.8% |
| Italy Billet - Merchant Bar spread | Italy | Weekly | 29/04/2022 | 440.00 EUR/t | 16.8% |
| Turkey Billet - Wire Rod spread | Turkey | Weekly | 29/04/2022 | 180.00 USD/t | 20.8% |
| China CRC - HDG spread | China | Weekly | 29/04/2022 | 480.00 CNY/t | 26.8% |
| China HRC - CRC spread | China | Weekly | 29/04/2022 | 15.24 USD/t | 63.8% |

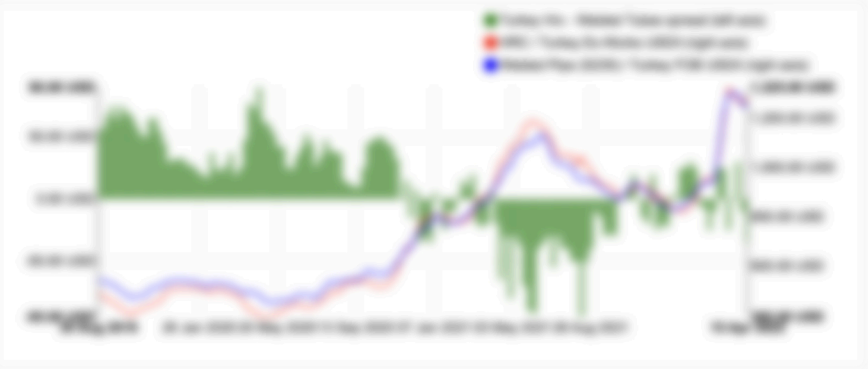
▶ Click here to view these spreads online

## Most advanced: China HRC - CRC spread



▶ Click here to view this graph online

## Most declined: Turkey Hrc - Welded Tubes spread



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Special Feature

# German industry hit by logistic issues created by ageing bridges

***In November last year, an autobahn bridge in North Rhine-Westphalia' rural Sauerland region needed to be shut down when fatigue in its structural skeleton was discovered. The A45 autobahn near Siegen is an important transport route between the Ruhr and many medium-sized steel processors, recyclers, and a mill of Deutsche Edelstahlwerke located in the Sauerland. The discovery of dangerous defects in motorway bridges of similar age as the A45 has now become an alarming topic for the country's infrastructure.***

The 53-year-old so-called Rahmede Bridge can never be used again and will be demolished. For this reason, no vehicle is allowed to drive over the structure. This traffic is to be interrupted for at least five years. The main association of the German construction industry, Hauptverband, is now calling for a task force to anticipate an imminent bridge collapse. According to a report of the Federal Ministry of Transport, more than 10% of the total bridge roads in the country have been assessed "insufficient" or "inadequate".

The Rahmede Bridge, built between 1965 and 1968, has been exposed to increasingly more traffic and stress over the decades. – From 1980 to this day, the traffic volume has almost tripled, and the weight of trucks has increased.

The damage appeared on the main girders of the bridge, in metal sheets 5 millimetres thick. A 3D scan showed that these sheets had deformed by 12 to 17mm, while only 5mm are permissible. In the 1960s, bridges were built with significantly lower material thickness and a supporting structure consisting of a huge connected steel superstructure.

The problem with this is that "even a slight weakening in any component" means that the entire bridge has to be closed immediately for safety reasons. "This is, of course, a considerable disadvantage of the construction method from the 1960s," says the managing director of inspection company Ruhrberg Engineers. Today, "separate, two-part superstructures and thus independent systems" are used for viaducts. This means that if damage is detected on one side of the bridge, the other side can still be used.

The biggest steel player in the region is Deutsche Edelstahlwerke. The maker of special bar qualities operates four mills in NRW, one of them in Siegen. "The closure is a disaster for us," says Horst Tönn, head of logistics. "Our set-up of four mills requires that we move quite a bit of quantities between the plants, also by truck. "In addition, we have disposal transports of slag from the Hagen and Witten works to Siegen and back. At the moment, the closure means slower transports, as the original routes no longer work due to bypasses, diversions and traffic jams. The plannability of loading space decreases significantly, the availability of loading space gets tight and the prices develop significantly upwards because the forwarding partners can no longer manage their tours," he says.

The route disruption between Ruhr and Sauerland is similarly painful for Dönner GmbH. The automotive supplier receives coils mainly from Hagen, a hub of specialised cold-roller companies and many service centres.

The view is just as bleak when looking from the Ruhr end. According to the director of a Hagen-based distributor of hot-rolled coil, his regular trip southwards to customers and partners in the Siegerland now takes "50 km extra to avoid the A45 route".

Meleghy Automotive GmbH, a maker of punched components, reports that transport costs to the OEM lines in northern Germany – Volkswagen in Emden and Mercedes-Benz in Hamburg – have risen by 15% on the longer routes. For the supplier itself, the higher costs mean a considerable competitive disadvantage in the tender for orders.

And there is recycler Herzhoff in Plettenberg, which specialises in the disposal of high-quality new scrap from the steel processing industry. It receives input from companies in the Plettenberg area, to be processed and sorted especially with regard to alloys for mills and foundries. Actually, Herzhoff is better off than many other companies in the area because of it own railway connection. But this is not a full-on alternative. "We can ship 50% of the freight to the steelworks and foundries on the Ruhr and throughout Europe by rail. But more is not possible. Not because we don't want to, but because the railways can't do it or because customers' do not want it," says Sabine Wallmann, managing director of the company.

It is often not possible to get more wagons from railroad operator Deutsche Bahn to Plettenberg. The availability has been dramatic for years, she says. The other 50% of deliveries are made by road. "We are virtually in a mousetrap here," says Wallmann.

***By: Christian Koehl, Journalist***

A German bridge blocked

Copyright: Autobahn Westfalen/Susanne Schlenga

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## Word of the week

# Galvanneal

Galvanneal refers to a sheet steel product that is annealed after hot dip galvanizing with zinc. The coated steel product is given exceptional corrosion resistance due to the external zinc-iron alloy coating.

## Contact

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