

SAMPLE

Top News:

# Global HRC prices more volatile than rebar in H1 2019

During the first six months of this year, global HRC prices have been much more volatile than rebar levels. While this is not to be considered an anomaly in the market, the first part of this year has been characterised by sharp movements in the flats sector, mainly due to the volatility of iron ore prices in China and the steep correction of US HRC prices following the jump registered in the second part of 2018.

According to Kallanish indexes, rebar prices in the Jan-Jun period 2019 moved in a range of +12%/-9%, HRC on the other hand moved +17%/-20%.

For rebar levels, the Turkish and Chinese markets were the best performers during H1 2019. Turkish rebar FOB prices ended June at some 3% above January, after having reached a peak in early February.

At the opposite side of the spectrum for rebar were US and North European domestic prices. These remained well under pressure since the beginning of January, moving down by the end of June over -9% in the case of US prices and almost -3% compared with January for Northern Europe.

Similar trends were visible for HRC, with US prices falling steeply during most of H1 2019 and Black Sea and Chinese prices registering recoveries compared to January figures.

Black Sea FOB HRC prices closed H1 some 10% above the prices registered at the beginning of January. Both Black Sea and Chinese HRC prices reached their peak of the recovery in February, before correcting somewhat during Q2.

Meanwhile, US HRC domestic prices fell by the end of June by over -20% compared with January levels, confirming that the effect of the safeguard measures imposed by the Trump administration in 2018 had finished. North European HRC prices also suffered compared with early January figures, closing H1 at levels more than -10% below the ones at the very beginning of the year.

If we exclude the North American prices, affected by unprecedented steep movements during the last 18 months, we can nonetheless notice that H1 was a particularly volatile period for prices, particularly for the HRC sector. During H1 2018, as a comparison, Black Sea, Chinese and Northern European HRC prices moved only in a range of +10%/-4%.

As for rebar, volatility was also less accentuated during H1 2018, but not as much as HRC. During the Jan-Jun 2018 period Turkish, Chinese and Northern European rebar prices moved in a +6%/-10% range, with rapid changes of direction registered.

July and August are not expected to bring much volatility in the rebar and HRC markets, but come September more steep movements could well be registered. North American prices seem to have now returned to "normal" levels compared with global prices, effectively limiting therefore sudden movements in the market going forward.

In this week's issue:

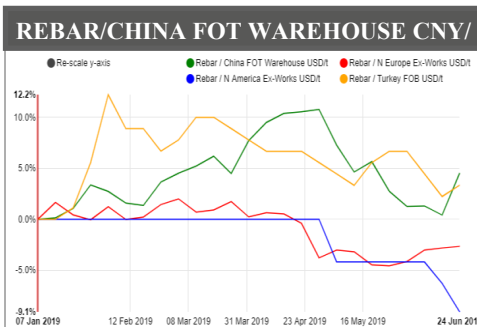
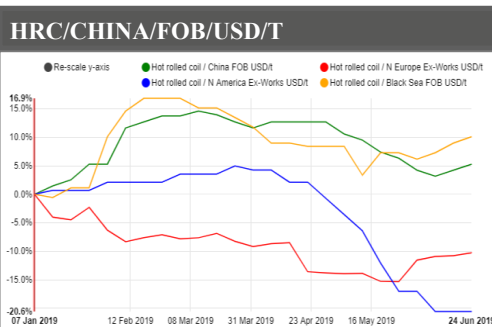
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How are the German steel webshops faring?

KORE 62% Fe / Qingdao CFR USD/t

W-o-w avg change **-3.17%**

12 Jul 2019	\$	117.46	
11 Jul 2019	\$	117.11	
10 Jul 2019	\$	121.25	
9 Jul 2019	\$	121.45	high
8 Jul 2019	\$	116.05	low
<b>Average</b>	\$	<b>118.67</b>	

5 Jul 2019	\$	116.10	low
4 Jul 2019	\$	125.69	
3 Jul 2019	\$	126.86	high
2 Jul 2019	\$	124.41	
1 Jul 2019	\$	119.66	
<b>Average</b>	\$	<b>122.55</b>	



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# Global Overview

# SAMPLE

## North America

- US prices still at stand-still
- Trump administration ratchets up circumvention pressure
- US, China trade relationship remains complicated

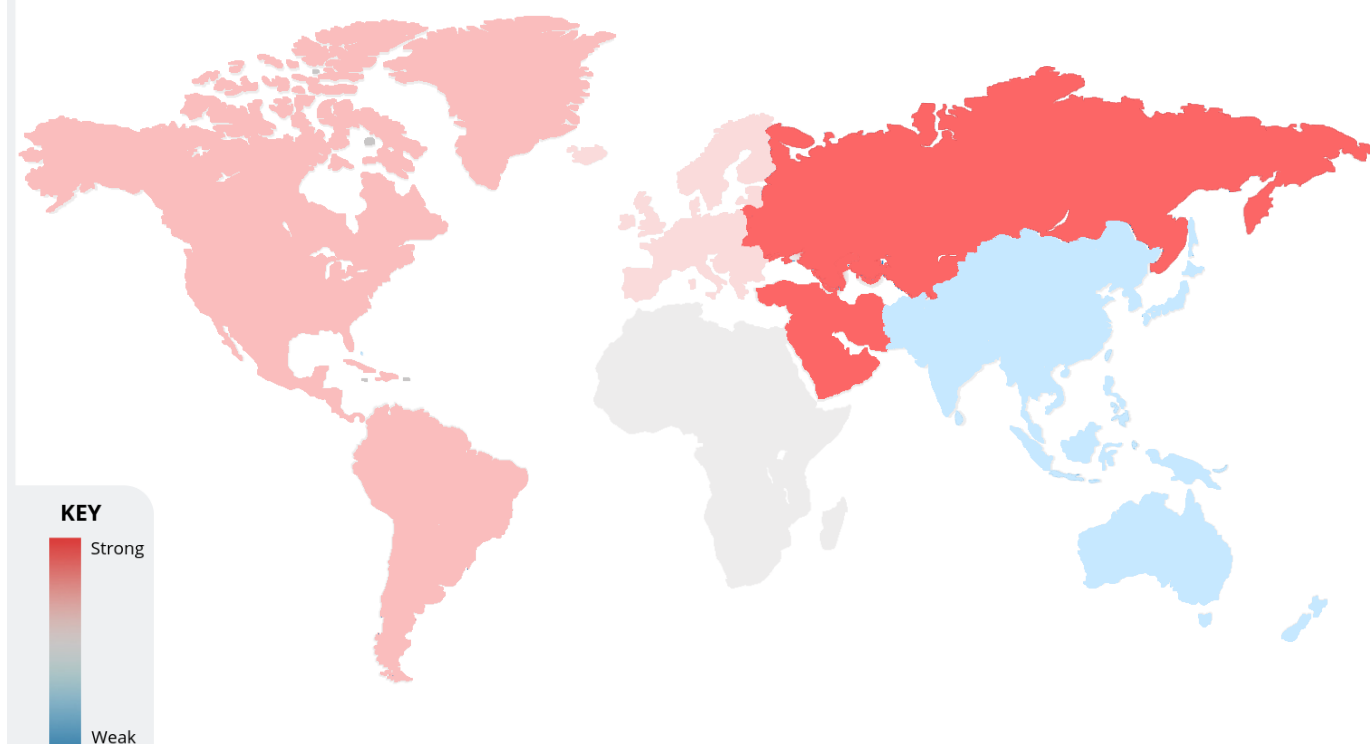
## Europe

- ArcelorMittal Italia declares force majeure
- HDG importers await clarity on tariffs
- NW EU coil prices remain firm

## Asia

- Iron ore remains above \$115/t CFR
- India launches stainless steel AD probe
- Weak demand for Chinese steel

## KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP

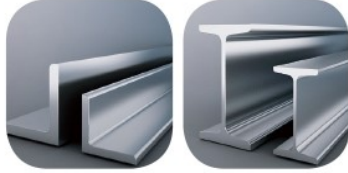


## Middle East

- Turkish scrap price drops
- Turkish mills' rebar price hike fails
- Ezz Steel foresees improvement after unexpected profit drop

## CIS

- CIS billet mills retain quotes, bid bids lower



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# Word of the Week

## Annealing

Annealing is the term used to describe the process of restoring metal to its desirable properties after rolling and forging once it has been heated. In steel, the process is mostly used on cold rolled products – predominantly sheet, but also wire.

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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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