

Top News:

Raw material prices remain under pressure

Raw material prices globally remained under pressure last week following the announcement by the US authorities to impose a 25% tariff on imports from Europe, Canada and Mexico. This has further confirmed that the near future of the market will be dominated by trade issues and increasing barriers.

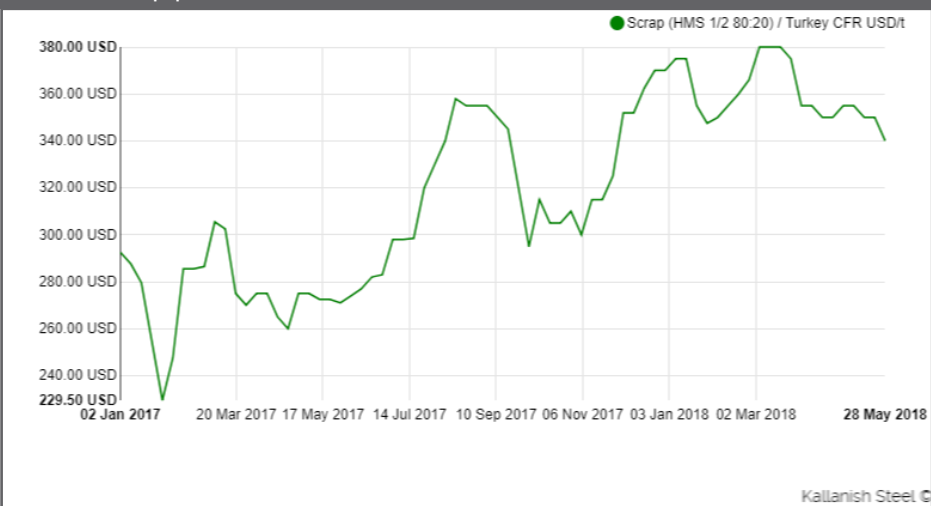
The iron ore price continues to remain at levels below \$65/tonne cfr Qingdao, almost \$15/t below the peak registered this year in the first quarter. Last year at the beginning of June the iron ore price was fluctuating around levels of \$55/t cfr Qingdao. In the middle of that month however the market started to pick up again and recovered around \$20/t over the next eight weeks. This year the outlook for Q3 is for the market to remain stable at the current levels. The latest recovery of Chinese prices however could well ease the pressure on the iron ore market during the coming weeks.

Meanwhile scrap prices in Turkey last week fell to the lowest point since beginning of December 2017. Following the latest correction, the market is now at \$340/t cfr Turkey for HMS 1/2. It is considered that the persistent difficulty for Turkish mills in finding suitable export markets for their production is set to continue weighing on the scrap price. Scrap values have lost some \$40/t since March this year and further corrections are not excluded going into Q3.

Most of the talk in the market last week was concentrated on the announcement by the US of 25% import tariffs on Europe, Canada and Mexico. This move is set to limit imports from three of the most important commercial partners of the US. It is also expected to bring a new wave of uncertainty in the market, as retaliatory measures have been announced and the pattern of global steel trading is set to change.

"Today is a bad day for world trade," EU trade commissioner Cecilia Malmström said last week as the announcement of the tariffs from the US was made. She explained that these tariffs are not fully compliant with the WTO rules and will be followed by the retaliation by the EU. The imposition of new tariffs is clearly seen as negative by any advocate of free trade in the steel market. It is important to note meanwhile that the EU has also imposed a number of anti-dumping duties on imports during recent years. It is now discussing the possibility of limiting further imports with the application of new safeguard measures.

Turkish scrap price



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What's the fallout from the 1 June tariff exemption expirations?

Iron Ore 62% Fe / Qingdao CFR USD/t

W-o-w avg change **+0.55%**

01 June 2018	\$	64.11	high
31 May 2018	\$	64.16	
30 May 2018	\$	63.88	
29 May 2018	\$	64.04	
28 May 2018	\$	63.50	low
Average	\$	63.94	
25 May 2018	\$	63.73	
24 May 2018	\$	64.67	
23 May 2018	\$	63.69	low
22 May 2018	\$	64.31	
21 May 2018	\$	64.89	high
Average	\$	64.29	

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Global Overview

North America

- US puts tariffs on Canada, Mexico, EU
- Higher prices expected over summer
- Buyers expect steel shortages

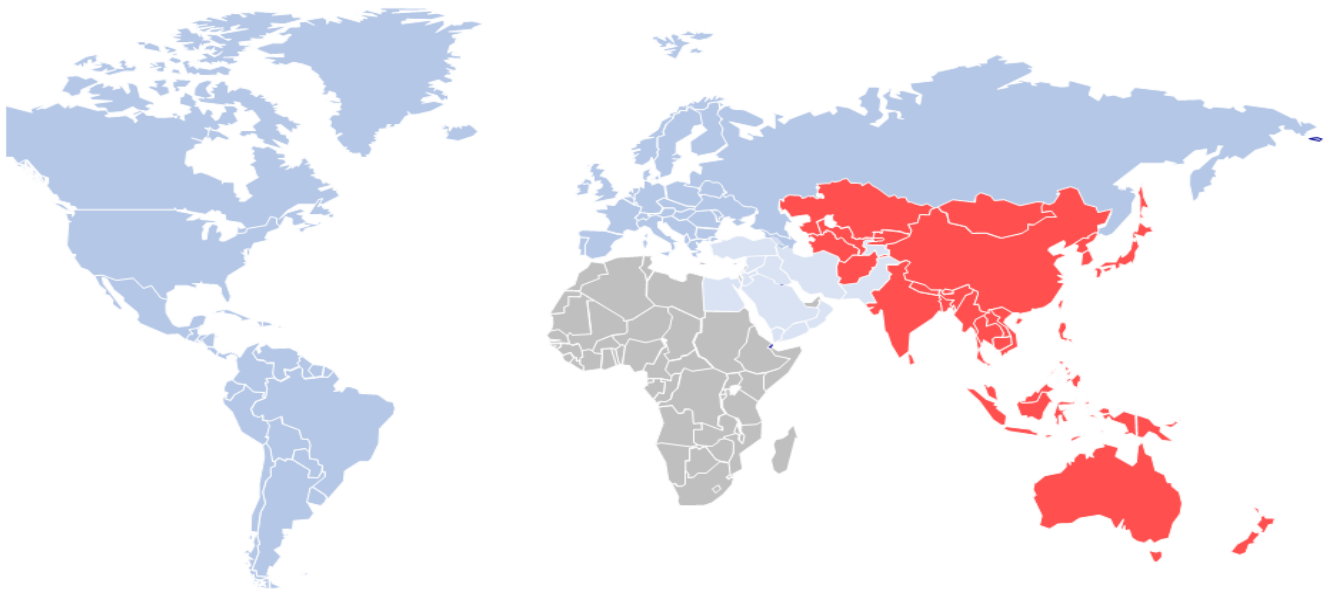
Latin America

- Mexico to respond to US tariffs
- Brazilian market suffers truckers' strike

Europe

- Concern over new trade barriers increase
- Iiva relaunch delayed
- EU prices remain flat

Global Sentiment Map



Weak

Strong

Middle East

- European/Baltic scrap prices into Turkey decline further
- Turkish mills' rebar export struggles mount
- Market concerned over state of Turkish economy

CIS

- CIS flats suppliers expected to announce lower offers

Asia

- Chinese prices up
- Iron ore below \$65/t CFR
- Vietnamese HDG not subject to US new duties

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