

聞 This week:

EU steel demand recovery in 2022 undermined by supply disruptions, energy costs: Eurofer

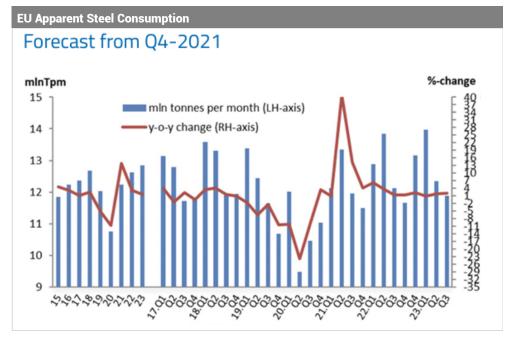
After rebounding strongly in 2021, European steel consumption is expected to grow much more slowly in 2022 and 2023, by 3.2% and 1.7% respectively on-year, says Eurofer. End-use demand, from the automotive sector in particular, will be seriously impacted at least till mid-2022 by global supply chain issues and soaring energy prices.

EU apparent steel consumption in the third quarter of 2021 rose on-year for the fourth consecutive quarter by 14.3% to 36 million tonnes, although this was down from 40mt in Q2. "The positive trend in steel-using industries and in steel demand observed since the end of 2020 continues, but the outlook is becoming gloomier," Eurofer director general Axel Eggert says in a note. "Ongoing supply chain disruptions, skyrocketing energy and carbon prices as well as persisting inflation are putting the recovery of the steel sector at risk. Combined with the current EU climate and energy policies, these are the ingredients of a dangerous cocktail that may drive Europe into a structural crisis and industry out of Europe."

Compared with the latest Eurofer outlook published in October 2021, it is worth noticing that apparent steel use last year recovered more than expected while the outlook for 2022 has been somewhat reduced. In October the association expected apparent steel demand to reach 146m tonnes (it reached 147mt), for 2022 in October the outlook pointed at 153mt while the latest outlook reduced it to 152mt.

EU domestic deliveries rose in Q3, by 6.6% on-year, but slowed from 40% growth in Q2. EU steel imports surged 47.7% in Q3 following 45% growth in Q2. Steel end-use sector output growth slowed to 3.2% in Q3 from 29.2% in Q2.

"The current situation jeopardises the recovery and casts substantial uncertainty on the overall steel-using industries' outlook, at least until the first half of 2022," Eurofer concludes.



Source: Eurofer

In this weeks Issue:

How will Chinese prices perform in these first weeks of the new lunar year?

Will the duties revocation on steel imports by the Indian government control surging

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How many European BFs will be replaced by EAFs?

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How far do market participants in the US expect scrap prices to fall?

How will Mid-East re-rollers survive margin squeeze?

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Can Uzbekistan increase further steel production?

KORE INDEX

| Index | 58% | 62% | 65% |
|-------------------|--------|--------|--------|
| W-o-w % Change | 5.76% | 2.61% | 2.66% |
| | | | |
| 04 Feb | 122.88 | 144.40 | 173.98 |
| 03 Feb | 117.93 | 143.56 | 172.90 |
| 02 Feb | 113.81 | 140.31 | 169.25 |
| 01 Feb | 113.43 | 138.76 | 167.72 |
| 31 Jan | 111.06 | 137.16 | 166.31 |
| Average | 115.82 | 140.84 | 170.03 |
| | | | |
| 28 Jan | 109.71 | 136.41 | 164.03 |
| 27 Jan | 108.92 | 136.35 | 164.17 |
| 26 Jan | 108.45 | 136.08 | 164.29 |
| 25 Jan | 109.72 | 138.15 | 167.23 |
| 24 Jan | 110.78 | 139.31 | 168.40 |
| Average | 109.51 | 137.26 | 165.62 |

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Global Overview

Americas:

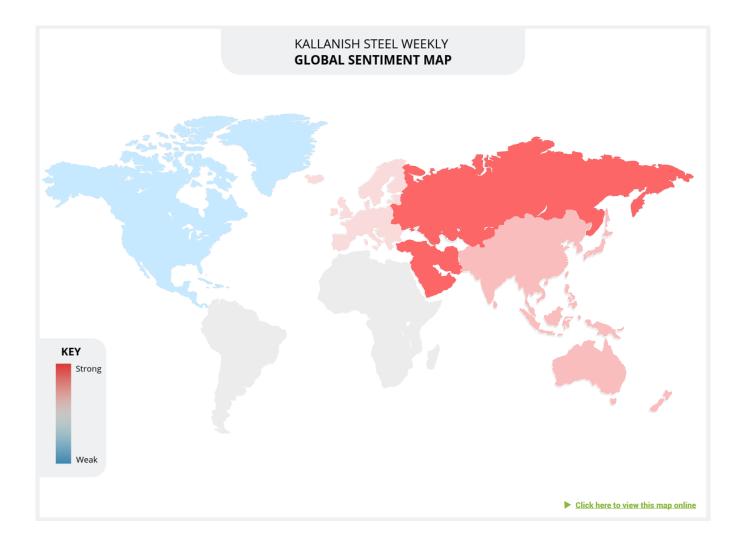
- HRC prices fall by \$130/st Elevated OCTG prices likely to hold
- Scrap market anticipates softening for February's trading
- Brazilian pig iron prices up

Europe:

- EU HRC prices search for clear direction
- Thyssenkrupp closes sale of AST
- European scrap looks up again

Asia:

- Chinese markets return from holidays amid positive sentiment ASEAN prices look up



India:

- India HRC offers hike further on costlier feedstocks Imported scrap offers settles after
- recent bookings Pakistan steel market's
- depression continues

CIS:

Limited sales lift CIS slab, further hikes expected

Middle East:

- Turkish scrap moves closer to \$500
- South America provides Turkish rebar demand
- Mid-East sees billet shortage

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Word of the week

Wide Flange Beams

These heavy duty structural sections are often referred to as H-beams and I-beams (because of their cross-sectional appearance). They are mainly used in the frames of industrial and hi-rise structures, are internationally traded and are a stockholder item in standard lengths. Dimensions are in metric, except in the USA where they are sold as "W" shapes in inches.

□ Contact

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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