

Markets Report

In the news this week:

Vietnam's steel production rises in first-quarter

In Q1, Vietnam saw 8.46 million tonnes of steel production and 8.14mt of sales, up 3.2% and 11.9% on-year respectively. Steel imports declined 18.04% to 3mt, and exports dropped 22.15% to 2.27mt. The main export markets of Vietnam in Q1 were ASEAN (40.57%), the EU (19.32%), the US (8.34%), South Korea (6.97%) and Hong Kong (3.91%). March steel production and sales reached 29.16% and 21.3% higher from February to 3.34mt and 3.12mt. March imports jumped 23% to 1.1mt, and exports surged 75.41% to 0.96mt.

Eastern Steel starts sintering machine construction

Malaysia's Eastern Steel has started construction of its upgrade project last week to build a 200-square-meter sintering machine on the site of existing land for its 100-square-meter sintering machine.

Vietnam imposes anti-dumping duties on welding materials

Vietnam has announced provisional dumping duties on welding materials originating from Malaysia, Thailand and China. The AD duty rates imposed on these products are 0%-36.56%.

Cambodia steel imports rise in first-quarter

Cambodia has imported iron and steel worth over \$84.08m in the first quarter of 2022, reaching 3.5% higher year-on-year. Imports of articles of iron or steel under the HS codes of 73 grew 54.1% y-o-y to \$188.83m. In March only, iron and steel imports declined by 12.1% to \$26.29m, but imports of articles of iron or steel products increased by 8.8% to \$43.95m. The main suppliers are Asian countries such as Vietnam, Thailand, China and South Korea.

BHP's iron ore production falls in March-quarter

In the three quarters to the end of March, BHP produced 189.1mt of iron ore, unchanged y-o-y. Iron ore production in the March quarter lost 10% on-quarter to 59.7mt, but increased 1% y-o-y. Production guidance for the 2022 financial year remains unchanged at 249-259mt.

Rio Tinto loses iron ore production in Q1

Pilbara iron ore output and shipments (100% basis) fell 6% and 8% y-o-y to 71.7mt and 71.5mt in Q1, these were 15% on-quarter. The miner explained that the ongoing mine depletion had not been offset by mine replacement projects due to the delay of the Gudai-Darri project and commissioning challenges at the Mesa A wet plant of Robe Valley.

Huake Indonesia commissions first RKEF

Huake Nickel Indonesia has recently put its first rotary kiln electric furnace (RKEF) into production at the plant in Weda Bay Industrial Park. The plant will finally reach high-grade nickel matte capacity containing 45,000 t/y of pure nickel metal.

Indonesia's Bukaka plans \$2 billion nickel smelter

Bukaka Teknik Utama in Indonesia is investing \$2 billion to build nickel smelters powered by hydropower. The plant is being constructed on the eastern island of Sulawesi to produce ferronickel, of which the capacity is expected to reach 33,000 t/y.

GNI ships first nickel ore, sets annual guidance

The first cargo bound for Guangdong Century Tsingshan Nickel Industry contains 53,700 wet metric tonnes of low-grade nickel ore. The annual shipment guidance is 5.5m wmt.

Flats 

Page 2

Longs 

Page 3

Semis 

Page 4

Raw
Materials 

Page 5

Publishing Days

The Kallanish South East Asian Steel Markets report is published in sections to enable us to deliver our readers the most up to date and timely information.

Mondays: Markets Report
Wednesdays: Production Report

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Markets Report: Flats

Chinese hot rolled coil offers have fallen further in Vietnam. Chinese steel exports are now cheaper because of the recent RMB currency depreciation.

Week ending 22 April 2022

Product	Range	W-o-w	M-o-m	Y-o-y
HRC cfr Vietnam	\$890-890/t	▼-2.2%	▼-2.2%	▼-4.6%

Chinese 2-2.5mm thickness SAE 1006 HRC offers are now prevailing at \$890-895/t cfr Vietnam, down from \$910-915/t cfr during the 15 April week. For 3-12mm thickness SS400 HRC from China, offers are \$15/t lower at \$840-845/t cfr. Chinese suppliers are eager to export. A Chinese trader notes that there are many offers in Vietnam.

The drop in SS400 grade coil has spurred buying. "Some pipe customers are buying at these low prices," a Vietnamese trader says on Friday. But he has not heard of any recent deals for Chinese SAE 1006 HRC. A large tonnage, around 100,000t of pure 2mm thickness SAE 1006 grade HRC for June shipment from a tier 1 Chinese mill closed at \$905/t cfr on 15 April.

Leading strip producer, Formosa Ha Tinh, hiked the price for non-skin-passed SAE 1006 for June shipment to \$950/t cfr Haiphong and \$955/t cfr Ho Chi Minh City on 15 April. Most industry sources in Vietnam think that the mill will not be able to fully sell-out all its allocations at these price levels. The Vietnamese trader thinks that the excess allocations left will be offered in the next round in May. Another Vietnamese trader thinks that the mill will resort to giving discounts to its bigger customers.

But a regional trader thinks that the mill will have sufficient Vietnam re-roller customers willing to pay the \$40/t or so premium over Chinese imports to ensure supply security. "Freight rates are uncertain and Formosa has a domestic short lead time," he says. He himself has been notified two-three weeks ago of potential delays lasting 1-2 months for May shipments of Chinese coated products. This is due to extensive Covid lockdowns in China. Moreover, there are Vietnamese export orders to destinations



which cannot accept coated steel using Chinese HRC substrate, he notes.

Kallanish assessed SAE 2-2.7mm thickness HRC at \$890/t cfr Vietnam, down \$20/t on-week.

Markets Report: Longs

The East Asian long product import markets are softening. Offer prices are falling, especially for wire rod imports. At the same time, more competitive offers for Chinese longs are surfacing in the region. This could be due to the widespread Covid lockdowns in China and the weakness of the CNY against the dollar.

Week ending 22 April 2022

Product	Range	Week	Month	YTD
Rebar of Singapore	\$840-845/t	▲ 0.2%	▲ 0.2%	▲ 25.7%
Wire rod of Manila	\$825-835/t	▼ 1.2%	▼ 2.1%	▲ 14.9%

Most offers for 6.5mm diameter blast furnace wire rod from within Southeast Asia have dipped by \$10/t on-week to \$825/t cf Manila. There are several offers as low as \$825/t cf heard in the market which are likely for short-selling positions, trading sources say.

Despite the lower prices, buying interest is thin with no recent deals heard concluded last week. Chinese wire rod offers are now back in the Philippines. An offer for 1,000t of Q195 grade wire rod from China is available at \$825/t cf Manila. It is the remainder of a May shipment cargo, of which 5,000t was booked at \$845/t cf Manila on 11-12 April.

Chinese-origin rebar-grade wire rod export offers, such as Q235 grade wire rod, returned to the Philippines last month, but not for wire-drawing grades. Q195 grade wire rod can be used "maybe for nails at best," a Manila trader says. Wire-drawing grade wire rod "certainly" commands a premium over Q195 grade wire rod, he adds.

Kallanish assessed SAE 1008 6.5mm diameter wire rod at \$825-835/t cf Manila, down \$15 on-week.

The rebar import market was also quiet with narrowing offer prices. A Malaysian mill's offer for theoretical-weight 10-40mm diameter rebar has lifted to \$855/t cf Singapore this week. Two buyers ordered around 40,000-50,000t of rebar from the mill last week at \$840-845/t cf Singapore. It was heard to be for May/June shipment.

A Singapore-based trader reports that Chinese rebar prices have

come off. He hears theoretical-weight rebar for end-June shipment from lower-tier Chinese mills is being indicated at \$855/t cf Singapore. "It is not a firm offer but can try," a Chinese trader says. "The Chinese futures dropped today," he notes. Theoretical-weight rebar from Vietnam is currently offered at \$855-860/t cf and from the Middle East, \$865/t cf. Kallanish assessed BS4449 S008 10-40mm diameter rebar at \$840-845/t cf Singapore theoretical weight, unchanged on-week.



Markets Report: Semis

Regional billet importers in Southeast Asia are adopting a wait-and-see attitude in the falling market. The regional finished steel market is very sluggish. "It is an illiquid market environment," a regional trader says.

Week ending 22 April 2022

Product	Range	Week	Month	Year
Billet - all brands	\$760-800	▼ 0.0%	▼ 0.0%	▲ 20.0%
Tangshan Billet	\$760-780	▼ 0.0%	▼ 0.0%	▼ 1.0%

The current fasting month, the recent Thai Songkran holidays and Easter holidays in the Philippines have dampened regional buying activity.

In Manila, more billet import offers have fallen to under \$800/t cfr. Vietnamese-origin 120mm/130mm square 5sp EAF billet offers are prevailing at \$785-795/t cfr Manila, Vietnamese sources say. Similar-size and grade Vietnamese induction furnace billets are offered at \$775/t cfr. A Vietnamese mill is also offering blast furnace billet at \$800/t cfr. Offers for various sources were \$800-830/t cfr during the week of 4 April.

A supplier is currently offering Russian billet at \$760-765/t cfr on the condition that the Philippine buyer is able to open the letter of credit. "The price is nice but how do they open LC?" a Manila trader says. The Philippine banks are shunning anything which has the "name of Russia," he says. "There is zero business" for Russian billet, he adds.

Rerollers may not be able to touch Russian billet but these falling offer prices as well as China-diverted cargoes are causing market bearishness, the regional trader says. There is market chatter of a diverted cargo of 4sp 6.5% Mn billet at \$760/t cfr Mn last week. Kallanish lowered its assessment for 5sp/ps or Q275 120/125/130mm square billet to \$790-800/t cfr Manila, down \$20 on week.

Meanwhile, a 42,000t cargo of 150mm 3sp Omani billet, originally destined for China, is on the way to Thailand. 20,000t of the cargo was booked on 21 April at \$740/t cif. "I hear that this is the last vessel for this month, and it will arrive during the last week of April,"



a Thai trader says. The remainder of the cargo is still available in the market. The Omani billet is widely believed to be actually Iranian material. "All cargoes on the boats/water are Iranian billet," another says.

Meanwhile, 20,000t of 150mm commercial 3sp and 5sp grade Iranian billet was also booked on 21 April at \$757/t cif Thailand. The cargo was booked at \$695/t fob from a previous Iranian mill tender.

Markets Report: Raw Materials

Week ending 22 April 2022

Product	Range	Week	Month	Year
HQ scrap for Japan	\$115-115t	▼ -2.3%	▼ -3.6%	▲ 29.5%
China Heavy Scrap	\$111-111t	▼ -1.3%	▲ 3.1%	▲ 13.6%
KORE 62% Fe /	\$151-151t	▼ -1.9%	▲ 2.4%	▼ -16.6%
Scrap/China#	\$115-115t	▼ -2.4%	▼ -3.9%	NA

Scrap import prices have dipped in Vietnam. Market participants are adopting a wait-and-see approach. Offers for Japanese H2 scrap are now \$590/t cfr southern Vietnam, and for HMS 1&2 50:50 from Hong Kong, \$580/t cfr. This is around \$10/t lower than the week before.

Most Vietnamese mills are out of the market and did not place bids for imported scrap in the past week, a Vietnamese trader says. The mills are seeing weak steel demand from both local and export markets. Also, the international scrap market is weakening too, he adds.

An offer for US bulk HMS 1/2 8020 was heard at \$600/t cfr Vietnam. A Vietnamese importer says that he cannot confirm if any deal occurred. "It is very quiet," he says. He is waiting to see how the market develops.

Taiwanese scrap prices slipped last week, with offers lower due to a drop in scrap demand. Kallanish assessed HMS 1&2 8020 container scrap at \$550/t cfr Taiwan, down by \$15/t from last week. The market has turned softer, with mills' low bids suppressing supplier offers. Last week, HMS 1&2 8020 container scrap was offered at \$560/t cfr Taiwan, another \$10/t decline on-week. This led the indicative deal price level to drop again to \$550/t cfr Taiwan, a local source said. Some bookings were at \$555/t cfr earlier this week. Negative sentiment is hanging over the market, causing buyers to limit their purchases. At the same time, Japanese scrap offers also shrank on weak buying, with H2 scrap offers sliding \$10/t to \$580/cfr Taiwan this week. Feng Hsin Iron & Steel kept its scrap purchasing prices stable with HMS1 at TWD 15,000/t (\$513/t).

The Chinese scrap market has turned downtrend even though market shipments fell and demand is recovering. On



Friday, Kallanish assessed 6mm+ heavy scrap delivered to mills in eastern China's Yangtze River Delta at CNY 3,941/t (\$606/t), CNY 2/t lower from Thursday and compared with the previous Friday. The Hebei region has faced new controls again due to Covid last week, and scrap arrivals decreased significantly over the same period. However, the resumption of two EAF mills in eastern China has led to a recovery in scrap demand.

International scrap prices have eased in the reporting period, with Japanese offers starting to soften in particular. Kallanish assessed Chinese HRS101 scrap imports at \$615/t cfr China, down \$15/t on-week. The CNY however depreciated slightly last week against the US dollar, increasing import costs for Chinese steel mills.

Seaborne iron ore prices remained in a holding pattern on Friday. Stocks are falling, but some volumes are trapped on transport, and the short term outlook remains clouded by Covid control measures. The Kallanish KORE 62% Fe index inched \$0.15/t higher

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