Issue : 17-21 | Date: 27 April 2021

聞 This week:

How will steel trade flows change after Covid-19 shock?

Speakers at the Kallanish Asia Steel Markets 2021 conference last week gave their outlooks on trade flows following the unforeseen Covid-19 shock to trade last year.

Derek Langston of SSY Consultancy Research pointed out that freight rates are at an 11-year high due to economic and industrial recoveries, container shortages, revival in soybean and corn exports, and trade patterns in Southeast Asia. Market fundamentals have been transformed since the beginning of 2021 and decarbonisation measures are also taking effect in the shipping industry, he added.

"The International Maritime Organisation (IMO) 2030 target is to cut carbon intensity by 40%from 2008 levels," he observed. "From 2023 there will be an energy efficiency index for existing ships, although we don't know the exact requirements and penalties today. There is also uncertainty for the new building designs, scrapping implementations and the future of

Meanwhile, Galex Steel International managing director Gorkem Bolaca said China is focusing more and more on its domestic market. "China wants to focus more on the domestic market. With all new regulations and with the use of digital Renminbi, China wants to extend its investments without using the US dollar," he added.

Bolaca said Turkey is becoming more aggressive in steel exports, specifically in Southeast Asia. "China is expected to become a net importer of steel and we expect Turkey's exports to China to boom in less than a year."

Kallanish North America editor Dan Hilliard said market sources expect US sheet prices, which are at historically high levels, to ease in summer but semiconductor shortages may postpone that.

"For the new infrastructure projects, steel will either be sourced at cheaper prices or from outside of the country as they are government contracts. Regarding protectionism, I think we will see a lot more comprehensive deals from the Biden administration. We will likely see the continuation of Section 232.

Tomas Gutierrez, Kallanish Asia managing editor, said Chinese scrap imports are likely to grow. This comes as Chinese EAF capacity is expected to reach 250 million tonnes/year by 2025 and BOF scrap rates are seen growing to 21% from the current 16%.

"China is importing premium scrap, not HMS, mostly from Japan," he observed. "There is also huge demand for prime scrap globally which makes the prime scrap market tight. In Q1 China imported 55,000 tonnes of scrap but it is becoming more regular now."

Regarding China's export rebate reduction, "it is expected to be finalised by the end of the month, but market sources believe there will be no rebate for hot rolled coil. Impact will be stronger on flat steel exports, and semi-finished steel imports," Gutierrez commented.

He also expects to see more protectionist measures in Southeast Asia following Malaysia's export tax of 15% on scrap.

REGIONALISATION

In a recent conversation with the media Edwin Basson, director general of worldsteel, also talked about the future of steel trade, pointing to the fact that the trend of steel market regionalisation seen in recent years is set to continue further.

The executive commented that worldsteel is yet to see any signs of a reversal of the tendency towards regionalisation, and return to the earlier globalisation trend. He added that this was also visible outside the steel sector, as the pandemic is a global event that is highlighting different regional and local approaches.

In the context of regionalisation, Basson highlighted also that the era of trade barriers is clearly here to stay. He stressed that the steel sector will need to continue pushing for a level playing field, but that it needs to keep in consideration the push towards more regional markets.

In its latest press release, worldsteel after said: "Trade tensions (among other uncertainties) could affect the recovery envisaged in the forecast issued."

In this weeks Issue:

PAGE 3

Can Asian prices hold despite record output levels?

PAGE 4

How will the EU market reacts to the persistent supply shortages?

Will rising hot-rolled prices push US OCTG to record highs?

▶ PAGE 6

To what extent will MMK Metalurii hotend restart improve HRC supply?

How are suppliers responding to Russian stainless steel demand increase?

KORE INDEX

Index	58%	62%	65%
W-o-w % Change	1.48%	3.63%	4.75%
23 Apr	154.49	181.58	214.59
22 Apr	156.14	178.50	213.08
21 Apr	156.12	178.93	213.75
20 Apr	156.09	179.02	214.27
19 Apr	156.07	178.15	213.66
Average	155.78	179.24	213.87
16 Apr	151.47	174.62	206.58
15 Apr	153.13	173.44	205.11
14 Apr	153.00	170.71	201.55
13 Apr	154.83	172.30	202.51
12 Apr	154.92	172.48	202.68
Average	153.47	172.71	203.69

For Subscription & Other Enquiries:

CALL UK: Germany: Spain: Singapore: Bulgaria: USA:

+44 7874 008654 +49 304280 2034 +34 637 018 130

+65 9766 8157 +359 896 266 305 +1 412-657-2925 +86 150 2141 6087

Shanghai:

EMAIL

General Editorial info@kallanish.com editorial@kallanish.com sales@kallanish.com

www.kallanish.com

© Copyright Kallanish 2021 Page 1



Global Overview

North America

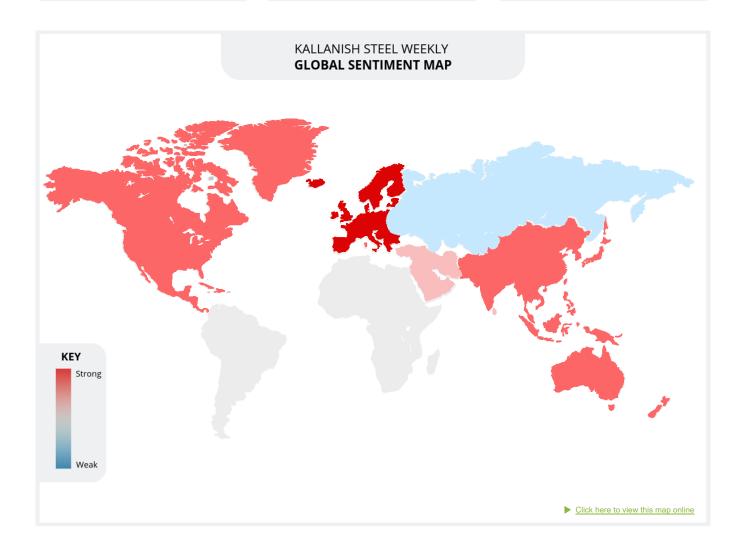
- US sheet pricing surpasses record
- high
 US plate prices remain elevated
 Sentiment turns bullish for May's
 scrap trading

Europe:

- HRC offers in Europe reach €1,000/t N.EU wire rod remains flat
- Supply shortages to continue: Eurometal

Asia:

- Iron ore returns to record levels Asian billet prices up Chinese output at record high



CIS:

- CIS billet hits \$600/t CIS pig iron sells to US

Middle East:

- Turkish scrap prices remain pressured LatAm, Asia demand continues
- for Turkish rebar
 Turkish coil prices rise further

© Copyright Kallanish 2021 Page 2





Order Form

Subscribe to Kallanish Steel Weekly today

Start your subscription to Kallanish Steel Weekly (KSW) today

Kallanish Steel Weekly is a new weekly publication from Kallanish Commodities.

The pricing options for 12 month subscriptions are available below.

To sign up complete the form below and return to us.

- Standard: Kallanish Steel Weekly US\$ 1725/ €1495
- ▶ Premium: Kallanish Steel Weekly US\$ 2450/ €2150

KSW Content:

The publication is filled with market information, charts and graphs.

- Supplied in PDF
- Pricing Table
- Price Spreads Table
- 8-9 pages
- · Special features
- Prices to watchWord of the week
- Global heat map

,					
Start my subscription					
Yes, please start my subscription so that I can read the Kallanish Steel Weekly.					
Please choose your option below:					
ı I ı					
Option 2: Premium KSW US\$ 2100					
1 1					
Your details:	Payment type:	Pay by invoice			
N		Pay by credit card			
Name:					
ı Job Title: I	Credit Card:	Amex			
l Company:		Mastercard			
Address:		Visa			
City:	Name on card:				
Country:	Card number:				
Phone:		F			
l Email:	CCV:	Expires:			
	Signature				
Please tick below:					
l □ □ I confirm I am signing up for a 12 month subscription to KSW					
I ☐ I have read and agreed to the Kallanish Terms and Conditions.					
Signature:	Date:				

© Copyright Kallanish 2021 Page 3

Issue: 17-21 | Date: 27 April 2021



This is a type of iron, which unlike hard, brittle pig iron — such as is tapped from a blast furnace — is tough and malleable, allowing it to be forged and welded. It has a high tensile strength and is more corrosion resistant than steel. Wrought iron has a very low carbon content — lower than many steels — but importantly it has traces of manganese/sulphur/phosphorus/silicon-containing slag which give it a fibrous structure and which contributes to its desirable properties.

Kallanish - USA t: +1 412-657-2925

Kallanish - Singapore t: +65 9766 8157 General Enuiries: www.kallanish.com info@kallanish.com

Social Media:

Copyright 2021 Kallanish. No distribution is permitted without the prior consent of Kallanish. To find out about multiple user accounts or corporate subscription packages please contact us on info@kallanish.com or on +44 208 735 6520. Use of any information or material provided by Kallanish is entirely at your risk and in no circumstances is Kallanish responsible for any loss, damage or other negative consequence of use of information or material by you or anyone else.

© Copyright Kallanish 2021 Page 4