Issue: 07-24 | Date: 20 Feb 2024

聞 This week:

Analysts maintain 2024 iron ore forecast stability, confirm longterm downtrend

BMI Research has maintained its 2024 iron ore price forecast at an annual average of \$120/ tonne, as price resilience continues from positive sentiment over Chinese stimulus hopes. According to Kallanish price series, the Kore 62% Fe index stood on average close to \$120/t both in 2022 and 2023.

That said, continued weakness in the Chinese property sector, which has been weighing on overall economic growth, is likely to cap iron ore price growth in the coming months, with prices remaining sensitive to stimulus announcements, the research house says in a note.

On the supply side, BMI notes that major iron ore miners announced relatively stable production guidance for 2024, which will work to limit the upside for iron ore prices along with the Chinese government's regulation of futures markets.

Over the longer term, BMI expects iron ore prices to remain on a multi-year downtrend, with prices forecast to decline to \$78/t by 2033.

"We maintain our view that iron ore prices will consistently trend downwards, as cooling steel production growth and higher iron ore output from global producers will continue to loosen the market," it notes.

While significantly lower than the \$156/t seen in 2021, the \$99/t annual average that it forecast for 2024-2028 would still be higher than the 2016-2020 average of \$78/t.

According to BMI, slowing Chinese demand growth will be the main driver of lower prices, a trend that is now already in its early stages. A structural shift away from industrial, steelintensive sectors towards services and less-steel intensive infrastructure will also have a negative impact on iron ore demand.



Click here to view this graph online

In this weeks Issue:

Can Chinese scrap demand jump in the medium term?

How much will European scrap prices

Would deeper price cuts stimulate steel product demand in the US?

Will Asia's return lift scrap and billet prices?

Can Russian steel suppliers benefit from the uncertainties in the Red Sea?

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Global Overview

Americas:

- US sheet prices incrementally
- descend on-week
 OCTG P110 5.5-inch casing prices maintain Rebar prices stay put in US

Europe:

- European scrap prices look down Liberty restarts Galati BF Italian coil prices descend

Asia:

- Chinese market silent Indian HRC market worried by Chinese holiday and EU
- Chinese scrap demand lags behind expectations



CIS:

- Scrap dip, price uncertainty hits Russian billet Russian HRC buyers await Asian
- supplier return

Middle East:

- Turkish scrap prices fall Turkish rebar subdued but

- secures Caribbean deals Japan HRC supplier returns to

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Word of the week

Bake Hardening

Bake hardening alters the properties of sheet in a car production line. The body panels are painted once they have been pressed and the paint is later cured by passing through an oven. Although the steel is already work hardened during pressing, it will be during the curing process that the arrangement of the atoms in the steel will change. The result is that after baking and cooling the steel has a higher strength than it did after pressing.



□ 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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