

聞 This week:

Supply pool for longs widens, China output cuts questioned

Competition has intensified in long products export markets amid slowing global demand and the presence of new supplying countries. The market is pinning its hopes on China reducing steel production, but it remains to be seen how strictly it does this, according to sources at the latest International Rebar Exporters and Producers Association (Irepas) Barcelona meeting summary.

Energy costs have eased but high interest rates remain a challenge in Europe, which is likely to see production cuts over the summer, bringing down scrap prices and orders in the continent, said Irepas raw material suppliers committee chairman Jens Björkman.

Following the EU Waste Shipment Regulation revision, scrap shipments to non-OECD countries will be a major challenge for EU suppliers as they will require long notification procedures, limiting trading ability. Turkey will however not be affected. Within a five-year timeframe, the EU will consume most of the scrap generated in the region since its steel production will shift to electric arc furnaces within the scope of green steel targets, Björkman

Turkish steel demand should pick up after the elections, but mills will still need to rely on export business.

Traders committee chairman Wilhelm Alff said Turkish mills are struggling against competition in export markets from other origins. As of 31 March, Turkey had meanwhile used less than 5% of its EU rebar import quota, because of the reduction in EU steel demand and the increasing number of new origins supplying the region, such as the competitive offers from Oman and Egypt.

With the current market prices in the EU, which have been on a drastic downtrend since October last year and are at levels almost equal to import prices, buyers prefer domestic sourcing rather than waiting for late arrivals, Alff observed.

China's tightening of its controls on overcapacity is likely to have a significant effect on market dynamics, resulting in decreased steel output which will support prices in turn. However, he added that this will also depend on how strictly these controls are implemented.

Producers committee chairman Murat Cebecioğlu meanwhile said Turkey has lost its major traditional export markets and its leading position. The countries to which Turkey used to export, such as Egypt, the GCC and Indonesia, have become exporters themselves. With energy costs and scrap prices falling, Turkey may however have the chance to do business

Regarding steel demand expected in Turkey's southern region following the devastating earthquakes in February, Cebecioğlu said the unfortunate disaster will create demand, not only for the steel industry, but also for downstream segments. However, he pointed out that the demand will be spread over years, and will not come all at once as people have been saying.

In this weeks Issue:

Can production cuts reverse negative Chinese outlook?

Will Indian HRC mills drop prices further amid declining European demand?

How far will European coil prices correct?

PAGE 7

How will the US steel market weather the economic headwinds?

PAGE 8

Has scrap reached bottom?

PAGE 11 How is Blastr planning to produce green steel in Finland?

KORE INDEX			
Index	58%	62%	65%
W-o-w % Change	-3.62%	0.43%	-0.87%
12 May	93.31	102.73	116.04
11 May	93.27	102.44	115.68
10 May	92.92	104.90	118.14
09 May	93.28	104.62	117.79
08 May	94.64	108.61	121.51
	93.48	104.66	117.83
05 May	93.37	102.26	116.32
04 May	93.30	102.05	116.61
03 May	97.66	105.49	120.30
02 May	100.54	105.72	120.66
01 May	100.10	105.54	120.45
	96.99	104.21	118.87

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Global Overview

North America:

- Rebar market remains quiet and cautious
- OCTG prices fall by \$100/st
- Plate prices hold on for another

Europe:

- Coil prices in Europe look down further
- German scrap prices correct
- European steelmakers reiterate scrap limitations support

Asia:

- Chinese steel prices down again Thailand could extend Chinese
- HRC AD
- Chinese market expects raw material prices down in the next months



CIS:

CIS billet suppliers receive low

Middle East:

- Turkish scrap stabilises on fresh bookings
- Turkish rebar sees pre-election
- demand spike GCC billet concludes in Turkey

India:

- India drops HRC prices amid recent deals
- Indian scrap offers rise following Turkish scrap uptick
- Pakistan scrap lulls amid political instability

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Word of the week

Decarburisation

Decarburisation is the loss of carbon at the surface of steel. It is caused by exposure of the surface to oxidising conditions at high temperature



□ Contact

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