

Top News:

Seaborne iron ore prices wobble on China uncertainty

Seaborne iron ore prices in China slumped below \$70/tonne on Friday for the first time since 15 December. News of potential output restrictions in northern China are dragging down iron ore more than they are supporting steel prices. The fall in iron ore prices came as the market continued last week to witness increasing uncertainty due to the official signing by US President Donald Trump of the import tariffs affecting steel and aluminium.

A rally has taken the iron ore price above \$78/t cfr Qingdao, having jumped some \$20/t since end of October 2017. Last week the market turned significantly as it became clear that iron ore in China would not receive any support from steel prices in the immediate future.

Following the correction of iron ore prices, the market is now trading at almost \$20/t below the levels registered at the beginning of March 2017. In 2017 the market reached its peak at the end of February before starting a steep fall that continued until mid-June, taking the price from above \$90/t cfr Qingdao to some \$55/t.

The iron ore price correction in China last week did not impact other raw material prices directly. On the contrary, scrap reached a new three-and-a-half year record high last week and billet prices also increased. Nevertheless it is expected that if the weakness in the iron ore market persists, it will force scrap and billet prices to slow down globally also. Market observers, for example, noted that the billet market bubble could well burst sooner rather than later.

The clear change in direction of the iron ore price came as the market continued to assess the possible impacts of the imposition of 25% import tariffs on all steel sold to the US. While many American commercial partners are lobbying to secure an exemption for their products, so far only Canadian and Mexican products have been excluded.

A trade war is being feared by many, but no one is willing to remain silent in the face of such a major change for the market.

The China Iron & Steel Association (CISA), for example, is calling on its government "... to take revenge" on the United States steel industry. It recommends targeting steel imports such as stainless, galvanized coils, seamless pipe as well as other products including coal, electronics and agricultural products.

"Before the 232 investigation the US has taken over a dozen anti-dumping and countervailing remedy measures against several major steel products," says CISA secretary general Liu Zhenjiang. "More steel peers from other places in the world should join together to turn against the US government."

Similar retaliation threats have been made by other association and authorities, including the European Union.

In such an uncertainty market, it is difficult to make an outlook for the market going into the second quarter. Fundamentals during Q1 have been strong enough to give firm support to global steel prices. The swift redress in the iron ore price and the potential acceleration in global trade restrictions however could well have a negative effect on the market as early as during Q2.

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Has a negative pricing trend started in China?

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Will US tariffs put a break on Turkish price rise?

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How is Germany reacting to the use of Chinese steel for its local bridges?

Iron Ore 62% Fe / Qingdao CFR USD/t

W-o-w avg change **-6.26%**

05 Mar 2018	\$	77.07	high
06 Mar 2018	\$	75.37	
07 Mar 2018	\$	74.42	
08 Mar 2018	\$	72.03	
09 Mar 2018	\$	69.75	low
Average	\$	73.73	

26 Feb 2018	\$	79.00	high
27 Feb 2018	\$	78.86	
28 Feb 2018	\$	78.10	low
01 Mar 2018	\$	78.90	
02 Mar 2018	\$	78.40	
Average	\$	78.65	

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Global Overview

North America

- Sheet makes long 232 gains
- OCTG prices shoot up
- Market hunts for cues

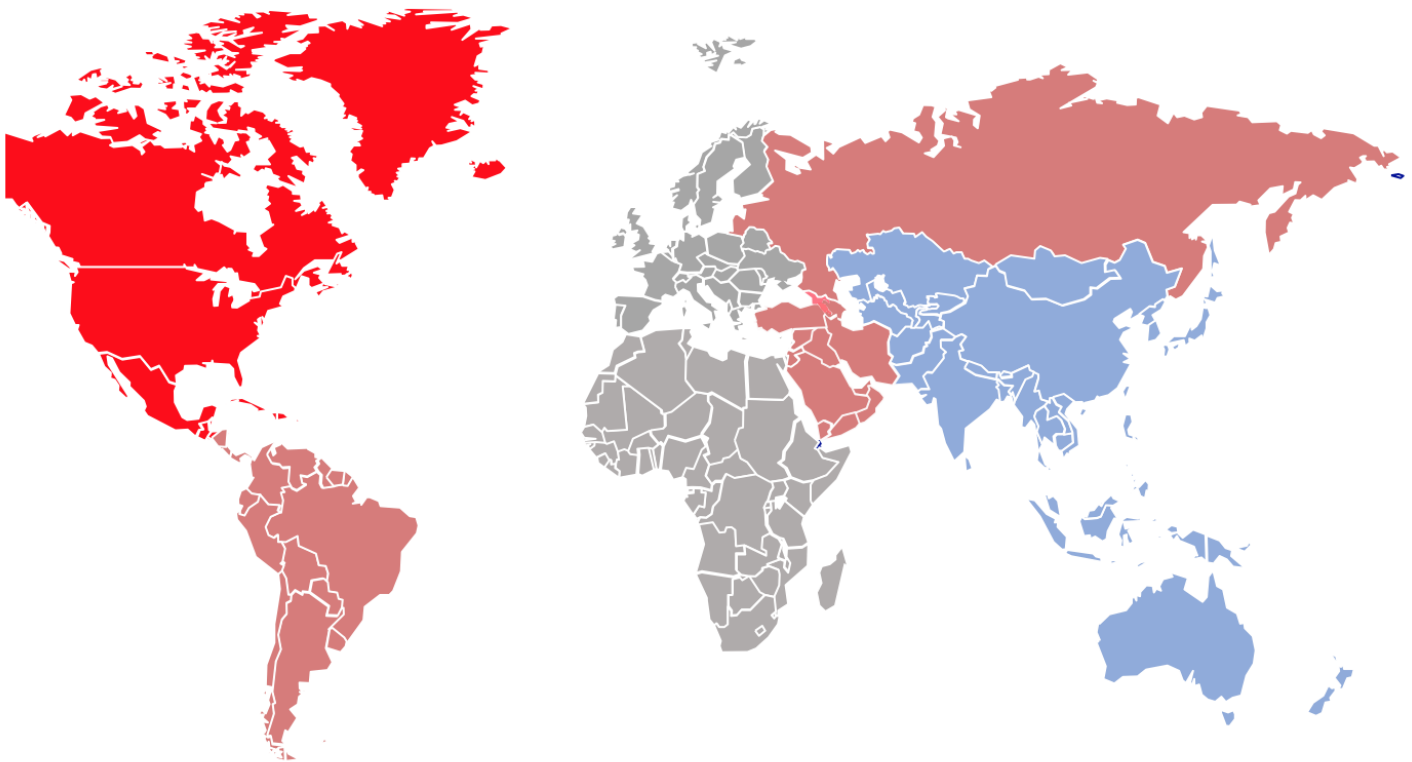
Europe

- European longs/scrap look up
- Italian elections delay Ilva case resolution
- EC prepares countermeasures to US tariffs
- EU flat products firm

Asia

- Iron ore below \$70/t CFR China
- Tata Steel moves closer to Bhushan acquisition
- Domestic Chinese prices soften

Global Sentiment Map



Weak

Strong

Middle East

- Turkish scrap hits 3.5-year high
- Turkish prices drive billet bubble
- Turkish coil prices increase

CIS

- CIS mills raise coil export quotes



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