

Issue: 27-23 | Date: 11 Jul 2023

聞 This week:

Russian slab prices stable despite new EU trade limitations

Prices for Russia-origin slab remained stable on-week, with only a small risk seen of values declining over summer despite the traditional seasonal lull.

Some mills tried to increase offers but interest from customers was subdued. Demand is seen rebounding in September at the earliest, when all market participants return from summer vacations.

Meanwhile, the new sales campaign may be more difficult for Russian sellers, considering the EU's recent 11th package of sanctions that mandates importers prove the origin of inputs used in sanctioned iron and steel processed goods imported from third countries.

The devaluation of the rouble against the dollar was favouring slab exporters. Russia's central bank set the exchange rate for 7 July at RUB 92.5695 per \$1, compared to RUB 90.3380 a day before and RUB 80.9942 on 1 June.

Exporters' exchange rate advantage amounts to \$29/tonne in case of a week-on-week comparison and almost \$52/t month-on-month.

A trading source indicates slab from a sanctioned mill was available for sale at around \$470-475/t fob, and \$510-515/fob for non-sanctioned mills, adding the active stage of the sale campaign is expected later this month.

Heavily sanctioned Alchevsk slab from Donbas territory was quoted at \$430-440/t fob Black Sea, finding no buyers due to quality and delivery risks. But the producer was said to have an option to convert slab into plate to deliver to Russia's domestic market at a more attractive price.

In Italy, non-sanctioned Russian slab was quoted at \$570-580/t cfr, according to a Russian mill source, and at \$560/t cfr, according to a trading source. Italy is said to still have some appetite to buy slab before the holidays.

In Turkey, offers of non-sanctioned Russian material were reported at \$510-530/t cfr. However, due to sales by Russian sanctioned and non-sanctioned mills into Turkey in previous months, the Turkish market is oversaturated with cheap material, purchased at \$475/t cfr, and possibly even lower.

Russian suppliers would find it difficult to increase prices in Turkey, opine market participants, with Turkish buyers purchasing substantial quantities earlier. Turkish slab imports reached 480,657 tonnes in May after clocking 329,232t in April.

Russia remained the dominant supplier to Turkey, shipping 276,553t in May and 209,793t in April, and holding around 60% of Turkey's January-May import share.

The Kallanish assessment for Russian slab was at \$460-515/t fob Black Sea, with the midpoint at \$487.5/t fob, compared to the previous week's assessment of \$455-520/t fob.

Alternative-origin offers in Turkey from traders were heard at \$550/t cfr for material from China and \$565/t cfr from Indonesia, both for September shipment.

China-origin slab from tier-1 mills is reported offered at \$570-580/t cfr Turkey.

In other slab producing nations, slab is quoted at \$540/fob China for exports by second-tier mills and in Vietnam at \$545/t fob, with the latter corresponding to the latest bookings, according to sources.

One source suggests Russian slab sold to China at \$475/t cfr earlier via Russian Far Eastern ports may be diverted to other destinations, including Turkey. It will be sold as China-origin at higher prices with the letter of credit payment in RMB.

In Iran, the new tender for August-shipment slab was expected to be concluded by the end of the current week. July-shipment material was traded at \$460/t fob.

On finished steel, Russian sanctioned hot rolled coil was on offer at \$570-575/t fob Black Sea and cold rolled at \$655/t, considering the extra \$80-85/t on top of HRC.

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Global Overview

Americas:

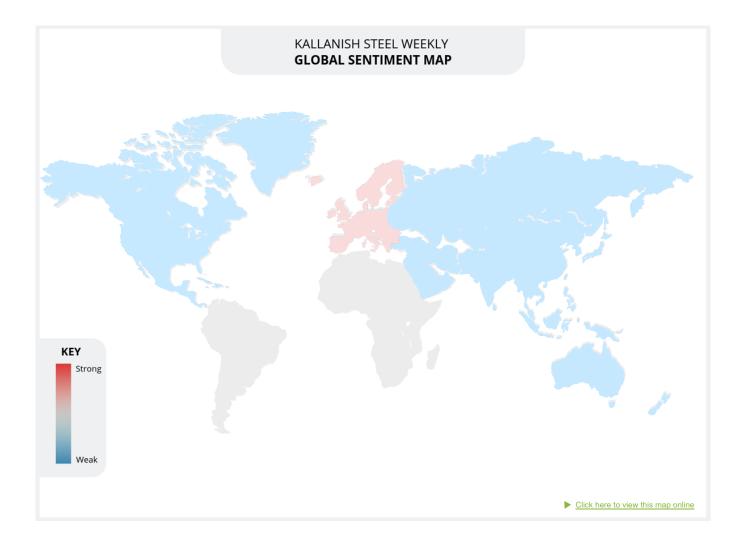
- US sheet prices making slow
- Rebar prices continue to hold strong levels
 OCTG P110 remains plentiful

Europe:

- Beltrame prepares price hikes EU mills continue long term coil contracts negotiations
- German car market remains below pre-Covid

Asia:

- Iron ore in China down slightly
- Chinese steel demand slow
- Rebar market stable in Singapore



India:

- Indian HRC offers slightly up Indian scrap offers plummets
- amid slowed demand Bangladesh mills increase Dubai-origin HMS intake

CIS:

Russian slab lulls but price drop unlikely

Middle East:

- Turkish VAT increase confuses ferrous market
- Turkish longs mills' export
- struggles continue GCC HRC market remains silent after Eid

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Word of the week

Pickling

Pickling is a metal surface treatment used to remove impurities, such as stains, inorganic contaminants, rust or scale from ferrous metals, copper, and aluminium alloys. Through a continuous process,steel is uncoiled and sent through a series of hydrochloric acid baths that remove oxides such as rust. The steel sheet is then rinsed and dried.



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