Issue: 18-23 | Date: 09 May 2023

# <sup>™</sup> This week:

# Market optimism deflates in April

Ferrous prices headed south across the board throughout April as China's much-anticipated post-zero Covid-19 demand rebound did not materialise. Meanwhile, the European market optimism seen in the first quarter fizzled out and concerns grew over a recession in the US. In Turkey it became clear that post-earthquake reconstruction would not start in the near term and the market is practically frozen until after May's elections.

Iron ore prices were hit at the start of the month by another crackdown by China's National Development and Reform Commission on price speculation. This was followed by a spate of production cuts at Chinese steel mills as domestic steel prices dropped amid weak demand. While the KORE 62% Fe price started April at \$123.74/tonne cfr China, it ended the month at \$106.63/t. A day earlier, on 27 April, it had slumped to \$106.61/t, its lowest value since December.

Scrap prices also tanked. Beginning the month at \$439/t cfr Turkey for HMS 1&2 80:20, they dropped progressively to conclude April at \$401/t, their lowest level since early January. Domestic demand was paralysed by a pause in investments in the run-up to Turkey's elections taking place on 14 May. Global demand for Turkish steel remained subdued amid slowing economic activity, and Turkish mills struggled to be competitive against lower-cost competition. The continued lira deterioration and problems securing financing amid depleted foreign exchange reserves also hampered Turkish scrap import business.

Even northwest European hot rolled coil prices, which had been rising consecutively since early November, saw a turning point in April as first-quarter market optimism faded. They started the month at €855/t ex-works and then dropped by €10/t after Easter to end the month at €845/t, despite the continued impact of blast furnace outages at ArcelorMittal Dunkirk and Gijon, coupled with Acciaierie d'Italia's low capacity utilisation. In early April, ArcelorMittal sent a letter to its customers informing that delivery times for orders already placed will be delayed. Following a period of restocking in Q1, stockists' demand nevertheless faded in April as enduser customers downstream refused to accept price hikes.

Indian HRC exporters, meanwhile, who in the past have been able to rely on strong domestic demand during periods of low export activity, suffered in April from a subdued market at home. Coupled with deteriorating global market sentiment and reduced chances of selling in the European market amid increased competition there, Indian mills were mulling the possibility of shutdowns, as they did at this time last year. Indian HRC prices were assessed in early April at \$782.50/t fob India, dropping to \$742.50/t to end the month.

Some commentators expect the market to improve in the second half of the year, but it remains to be seen given the current negative sentiment globally. In its April short-range outlook, worldsteel revised up its 2023 global steel demand forecast to 2.3% growth, compared to its 1% growth projection made in October. However, it said persistent inflation and high interest rates in most economies will limit the recovery.



▶ Click here to view this graph online

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# Global Overview

#### **Americas:**

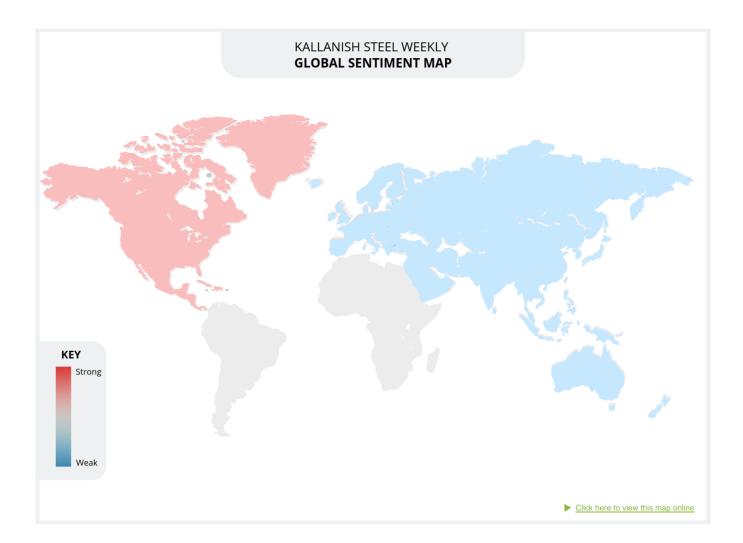
- US scrap's outlook continues to affect other markets
- OCTG prices fall by \$200/st in
- US plate prices decline slightly, by \$10/st

#### **Europe:**

- ArcelorMittal to restart Dunkirk BF in June
- European scrap prices fall NW EU wire rod prices down

#### Asia:

- Chinese steel prices seen
- bottoming
  Thailand extends Brazil, Turkey, Iran HRC AD
- Chinese steel demand up



#### India:

- Indian HRC offers plunge in export, domestic market
- Indian scrap importers eye further downfall
- Pakistan imported scrap offers witness a sharp downfall

#### CIS:

CIS pig iron subdued between holidays

#### Middle East:

- Turkish scrap falls below \$400
- Turkish rebar comes under
- further pressure GCC HRC buyers await China holiday return

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## Word of the week

# Body in White

Body in white refers to the stage in automotive design or automobile manufacturing in which a car body's sheet metal components have been welded together. This process occurs before painting and before moving parts have been added. Both hot and cold rolled steel coil, most or all of it galvanized, is used to fabricate the parts that make up the body in white.

# **EUROPE STEEL MARKETS 2023**



16-17 May 2023 Amsterdam, the Netherlands



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