Issue: 38-22 | Date: 20 Sept 2022

聞 This week:

US breaks pig iron hiatus, others continue observing

US buyers' ongoing resistance to book Brazilian material at offer prices was unexpectedly broken last week, with three cargoes booked.

Three Brazilian cargoes – of 55,000 tonnes, 50,000t and 35,000t – were sold at \$450/t fob, the level Brazilian suppliers held for almost two months, for October-November loading. Freight for larger lots is estimated at \$35-40/t, and for the smaller lot at \$45-50/t, according to traders. At \$485-490/t cfr Nola, these deals remained in line with sellers' expectations, cementing the pricing floor for now.

Amid the flurry in Brazilian pig iron trading to the US, talks of Ukrainian material being sold to the US resurfaced again, but there was no firm confirmation of a sale taking place at press time. Ukrainian producers' price expectations exceed \$500/t cfr Nola based on cost of production and freight, as offers of small lots to European mills prove. Those were heard at \$540-550/t cfr for low-manganese material, and do not exceed 3,000t, according to traders.

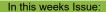
Soft demand is observed in Europe in general, with no active negotiations heard last week, as mills there are attempting increases and consolidation of existing flat products prices. The extent of output reductions remains nebulously unclear, as mills await the market's reaction to flat product pricing implications and assess demand.

The traditionally largest European buyer of merchant BPI – Italy – has been quietly waiting for clearer direction too, but one small-lot sale at a surprisingly low price of around \$435/t cfr was observed last week. The lot came from a distributor, who previously acquired it from eastern Ukraine, an EU sanctioned territory. Considering other distributors were eyeing offers of non-sanctioned Russian material at around \$50/t higher, the sale has temporarily upset their plans, trading sources suggest.

Turkish buying interest remains on pause, with the same, \$380-400/t cfr price casually indicated as a possibility. As Turkish mills continue to grapple with unprecedentedly high production costs and low demand, their buying is purely hand-to-mouth. A couple of very small parcels of Russian material were heard sold from portside stocks, similar to Italy, at \$410-420/t cfr equivalent. This material, delivered in mid-summer, was originally offered at \$540/t cfr and gradually declined in price as scrap and finished products fell.

There were other Russian offers from the Black Sea, at around \$450/t fob but, with November loading tags, they did not generate any interest, according to trading sources.

Asia's withdrawal from the pig iron market extended into last week, with Chinese interest stuck at around \$410-420/t cfr for the last three months. Although there were no indications of any Russian mills selling at this price, traders suggest some volumes might be booked at these levels. Offers of Russian pig iron to Asia spanned \$470-520/t cfr but, similar to all non-US destinations, failed to induce buyers' interest.



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Will lower margins force Chinese steelmakers to cut output further?

PAGE 4

Will Indian HRC attract interest after the recent hikes?

► PAGE 5

Will European coil prices start recovering soon?

► PAGE 6

Will supply-side issues continue to impact US steel prices for the remainder of this year?

▶ PAGE 7

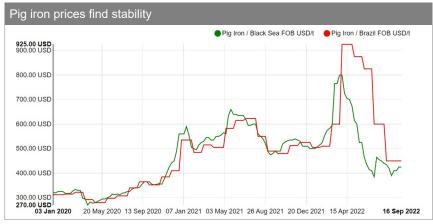
Who will cave in first – Turkish scrap buyers or suppliers?

▶ PAGE 10

Is the Chinese real estate sector ready to recover?

KORE INDEX

Index	58%	62%	65%
W-o-w % Change	2.04%	1.44%	1.06%
-			
16 Sept	86.73	98.96	110.87
15 Sept	86.79	100.53	112.44
14 Sept	86.39	100.45	112.32
13 Sept	86.01	101.28	113.14
12 Sept	85.55	100.90	112.54
Average	86.29	100.42	112.26
09 Sept	85.19	100.97	112.76
08 Sept	84.76	100.35	112.28
07 Sept	82.71	96.11	108.07
06 Sept	84.98	98.50	110.81
05 Sept	85.20	99.05	111.50
Average	84.57	99.00	111.08



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Global Overview

Americas:

- Mill increase boosts US HRC
- prices CRC, plate, rebar prices hold flat in US
- Scrap pricing fails to recover in

Europe:

- ArcelorMittal offers HRC at €810/t
- North European rebar prices increase
- German scrap prices down

Asia:

- Chinese steel prices remain under pressure
- Chinese mills consider further output reductions
- ASEAN longs market stagnates



India:

- India hike HRC quotes on costlier inputs
- Indian imported scrap offers plunge amid low finished steel demand
- Pakistan shredded scrap bids plunge amid severe floods

CIS:

US buys Brazil pig iron, Russian offers shunned

Middle East:

- Turkish scrap market becomes stuck in impasse
- Turkish rebar mills lower prices on weak demand
- Saudi minister touts hydrogenbased steelmaking hub

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Word of the week

Coking Coal

Coking coal contains certain properties that suit it to iron making, unlike the thermal or steaming coal that is used in power stations/industrial or domestic heating. Also unlike steaming coal, when heated in the absence of air, coking coal forms a hard and sponge-like material which is called coke.







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