

聞 This week:

ArcelorMittal increases global steel consumption growth forecast

ArcelorMittal has upgraded its global apparent steel consumption growth forecast for 2021 to 7.5-8.5% on-year from the previous 4.5-5.5%, with capacity expenditure guidance also up to \$3.2 billion. A strong demand outlook improvement has been indicated for Europe, where now apparent steel consumption is expected to recover 13-15%, up significantly from the previous outlook of 7.5-9.5% y-o-y. Brazilian consumption should now jump 21-23% y-o-y, previously the outlook indicated a recovery of 6-8% y-o-y.

Owing to the ArcelorMittal Italia deconsolidation, the group's shipments inched down 2% onquarter in the second quarter to 16.1 million tonnes, but earnings were the highest since 2008. Crude steel output rose 1% on-quarter in Q2 to 17.8mt.

Excluding the shipments of ArcelorMittal Italia, sales increased 2.4% in Q2, as economic activity continued to recover.

Revenue rose 19% on-quarter in Q2 to \$19.3 billion due to higher steel prices, offset partly by lower mining revenue due to a four-week strike at AMMC. Net income attributable to equity holders of the parent surged 75% to \$4.01 billion. Ebitda was up 56% to \$5.05 billion, and compared to only \$707 million a year earlier.

Steel shipments in the first half of 2021 thus fell 5% on-year to 32.6mt, with crude steel output flat at 35.4mt. However, adjusted for ArcelorMittal Italia and the Cleveland Cliffs sale last December, deliveries rose 13%. Revenue grew 38% to \$35.5 billion and net income attributable to equity holders of the parent was \$6.29 billion versus a year-earlier loss of \$1.68

ArcelorMittal chief executive Aditya Mittal says: "The second quarter has seen a continued strong recovery backdrop alongside a sustained lean inventory environment. This resulted in even healthier spreads in our core markets than in the first three months of the year, supporting the best quarterly and half year result we have reported since 2008."

INCREASED DECARBONISATION TARGET

ArcelorMittal is targeting a 2030 global carbon emissions intensity reduction target of 25%, and has increased its European carbon emissions intensity reduction target to 35% from the previous 30%.

Carbon capture, utilisation and storage (CCUS) technology will also gradually build up in the US and Canada, with Europe investing significantly to become a CCUS leader, ArcelorMittal says in its new climate action report.

In order to reach net-zero by 2050, the report lays a roadmap for steelmaking and energy transformation moving from coal in the blast furnace to the use of natural gas in direct reduced iron plants. The energy transformation will involve technologies such as green hydrogen and CCUS, together with actions to lower electricity emissions by purchasing renewable energy certificates and through direct power purchase agreements (PPA) with renewables suppliers.

The steelmaker also intends to boost the use of scrap not only in the electric arc furnace (EAF) but also in blast furnace-basic oxygen furnace (BF-BOF) steelmaking. ArcelorMittal will invest approximately \$10 billion (€8.4 billion) over the next ten years to reach its net-zero 2050 target; 35% of this amount will be spent by 2025.

Besides implementing several investments across Europe, transitioning from blast furnace to EAF steelmaking and boosting DRI technology (see Kallanish passim), ArcelorMittal is testing hydrogen injection at its DRI steelworks in Quebec. "The test will start with a limited injection of 5% within the energy mix and further phases are planned in the future. Renewable sources specifically hydroelectric – provide 99% of Quebec's energy," the company observes.

"In regions of the world like Europe, where we are observing an 'Accelerate' policy scenario, we can be more ambitious - with plans to reduce emissions by 35% within the next decade. In other markets, we face a situation where being a first mover will result in us being uncompetitive in that market. For our target setting today we assume progress in other regions of the world will be at least five years behind Europe," Mittal adds.

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How will European scrap prices perform in August?

Will an expected decline in US scrap pricing impact downstream steel

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Will prices bounce back on Russia export duty?

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Will a potential infrastructure deal increase US steel demand?

KORE INDEX

Index	58%	62%	65%
W-o-w % Change	-5.42%	-4.75%	-4.01%
30 Jul	165.99	196.80	230.59
29 Jul	167.52	202.63	236.70
28 Jul	168.94	204.00	238.32
27 Jul	169.02	202.99	237.33
26 Jul	168.98	202.78	237.10
Average	168.09	201.84	236.01
Average	168.09	201.84	236.01
Average 23 Jul	168.09 168.55	201.84	236.01
23 Jul	168.55	201.81	236.11
23 Jul 22 Jul	168.55 177.76	201.81 209.71	236.11 243.48
23 Jul 22 Jul 21 Jul	168.55 177.76 179.26	201.81 209.71 214.97	236.11 243.48 248.58

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Global Overview

North America:

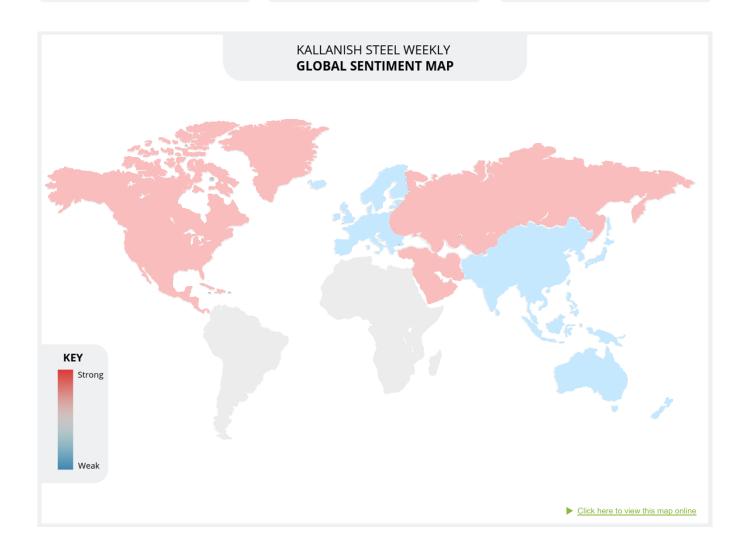
- US sheet pricing remains strong, plate prices advance OCTG pricing remains strong, boosted by skelp Obsolete scrap prices to fall in August
- August

Europe:

- German scrap to stabilise Tata Steel raises carbon surcharge French construction outlook
- positive

Asia:

- Iron ore falls below \$200/t COVID-19 new wave hits Asian markets
- Chinese prices hold



CIS:

Indian pig iron rivals CIS suppliers for business

Middle East:

- Turkish scrap falls further Turkish mills hold rebar prices, expect improvement UAE rebar prices fall, Saudi remains unchanged for now

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Word of the week

Back-up Rolls



In a rolling mill, back-up rolls exert force on the two rolls which are actually in contact with the metal being processed (the work rolls). The back-up rolls prevent the work rolls from bending under the forces exerted on them as they "squeeze" the metal passing through the mill into a new profile.

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If you found this issue of Kallanish Steel Weekly interesting please let us know, we would love to hear from you.

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