Issue: 34-23 | Date: 12 Sep 2023

聞 This week:

Severstal confirms recovery of Russian crude steel output, 2021 record on sight

Russian steelmaker Severstal plans to return to steel production volumes seen in 2021, before the Russian invasion of Ukraine and resulting sanctions against Moscow.

The company's goal is to produce 11.5 million tonnes by the end of this year, Severstal head of investor relations Nikita Klimantov said during a Tinkoff Investments podcast last week.

According to the head of communications and investor relations, Vladimir Zaluzhsky, the company's production in 2022 decreased in the wake of economic instability. "However, according to the operating results of the first half of 2023, the company increased steel production and sales. We are moving in this direction to just compensate for this drop. Over the course of the year, we will probably just reach the level that we saw before the fall," Zaluzhsky said.

Severstal saw crude steel production increase in the second quarter by 9% on-quarter to 2.95mt and by 6% on-year in the first half to 5.65mt. Steel sales decreased by 2% on-quarter to 2.7mt in Q2 amid the saturation of the market, but increased by 9% on-year in H1 to 5.47mt.

Severstal intends to invest more than RUB 3 billion (\$24.5 million) by 2025 in steel structures production at its plant in Oryol. The range of manufactured products will also be expanded. It will be able to produce large-sized heavy metal structures for unique buildings and structures.

The firm plans also to double its supplies on-year in 2023 to the countries of Central Asia and the Caucasus to 1mt.

Steel consumption in Russia in the first half of the year amounted to 23.19mt, against 21.51mt a year earlier, according to Severstal analysis. Consumption by the construction industry alone increased 11% on-year to 18.18mt.

The steelmaker nevertheless expects Russian steel consumption to fall 1-2% on-year this year. It is aiming to find new niches, such as construction of mass multi-apartment housing and infrastructure facilities of residential complexes and social infrastructure.

In terms of crude steel, Russian output during the first seven months of this year increased by almost 3% y-o-y according to the latest data published by the World Steel Association. If this recovery percentage is confirmed by the end of the year, Russia's crude steel output could surpass 73 million tonnes this year, the second highest level recorded since 2010 (see table below).



Source: Worldsteel

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 Is the sale of US Steel making progress?
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Global Overview

Americas:

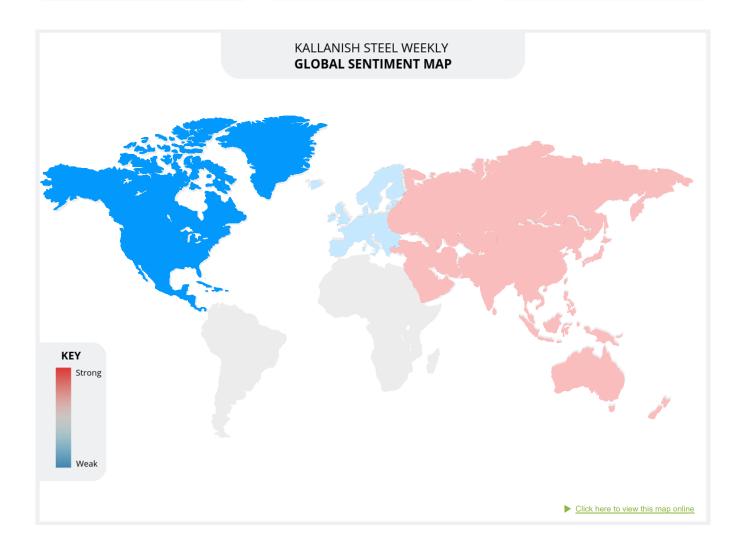
- US plate spot prices fall by \$40/st alongside Nucor's price adjustment
- Scrap market expectations diverge, by grade, for September's trading
- Tenaris' acquisition of Republic expected to elevate OCTG prices

Europe:

- ArcelorMittal raises longs offers, but market is quiet
- Celsa could soon change owner EU coil price hike attempts falter

Asia:

- Chinese steel prices remain
- August Chinese exports rebound Rumours over tariffs on China impact iron ore



CIS:

- Market anticipates Russian semis deals this week Russian slab, flats trading
- remains sluggish

Middle East:

- Turkish scrap deal activity picks
- Turkish longs exporters' struggles continue
- GCC buyers resist Chinese HRC hikes

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Word of the week

Beams

Beams are used to construct the supporting elements of buildings and bridges. These structural steel products come in various shapes.



□ Contact

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