Issue: 16-21 | Date: 20 April 2021

聞 This week:

Global steel demand keeps outperforming expectations

Global steel demand was better than previously expected in 2020, and the outlook for 2021 has also been revised upwards by worldsteel.

In its previous outlook issued last October, worldsteel had expected finished steel demand to fall 2.4% on-year in 2020. The association confirmed on Thursday, however, that the fall was only 0.2% y-o-y, to 1.7 billion tonnes.

"Despite the disastrous impact of the pandemic on lives and livelihoods, the global steel industry was fortunate enough to end 2020 with only a minor contraction in steel demand," says worldsteel economic committee chairman Saeed Al Remeithi. "This was due to a surprisingly robust recovery in China, with growth of 9.1%. In the rest of the world, steel demand contracted by 10%."

This year demand is expected to recover by 5.8% y-o-y and in 2022 by 2.7% y-o-y. Last October worldsteel forecasted a recovery in 2021 of only 4.1%.

While the figures appear positive, worldsteel director general Edwin Basson is quick to note that mature economies are not expected to fully return to 2019 steel consumption levels until end-2022.

India is expected to see the fastest recovery in 2021, with demand rebounding by almost 20% yoo-y, after a fall of 13.7% y-o-y in 2020. Turkey was the sole major steel user to see a recovery in demand in 2020 – by 13% y-o-y – due to the strong contraction registered in 2019. In 2021 Turkish demand is set to continue growing rapidly, by 18.7% y-o-y.

The trend for mature economies, though, is clearly more challenging. The US is set to see demand rebounding by 8.1% y-o-y in 2021, after a drop of 18% y-o-y in 2020. Germany's steel demand will recover by 9.3% after a drop of 11.6%.

Currently, most global markets are suffering from supply shortages, due to a number of factors, not least the delayed impact of lockdown measures and reduction in steel output during 2020. Basson believes these shortages should ease gradually in the second part of this year, as the market is adjusting, albeit slowly.

POSITIVE TREND TO CONTINUE: MARCEGAGLIA

Last week, Antonio Marcegaglia, ceo of Marcegaglia, also made some interesting comments on the market, confirming his view that the current positive cycle for steel demand and prices is not expected to reverse anytime soon.

Despite the current rush to buy, "we do not manage to replenish our stocks as we would like to, because everybody around the world is in the same situation," Marcegaglia commented. High raw material prices, together with the positive impact of unprecedented fiscal stimulus, will push the sector forward, he added.

He sees the current positive economic cycle as a beginning of an expansive phase that will last a few years. "We initially overestimated the impact of the pandemic on the industry and manufacturing sector," Marcegaglia observed. "We saw the end of steelmaking, but in fact, we realised that an important part of the world such as Asia and China, in particular, had a positive performance [in 2020] and, overall, we're seeing a rapid recovery... I believe that some of us in March have achieved figures that had never been achieved before."

The strong recovery is not being driven by specific regions, such as India or China, but I global, the ceo said.

		Million Toni	nes	}	/-o-y Growth F	Rates, %
Region	2020	2021(f)	2022(f)	2020	2021(f)	2022(f)
EU (27) + UK	140.6	154.9	162.4	-11.4	10.2	4.8
Othèr Europe	36.0	42.3	44.7	9.4	17.4	5.5
CIS	58.2	60.2	62.1	-0.1	3.4	3.2
USMCA	114.0	122.6	128.3	-15.7	7.6	4.6
Central & South Americ	38.6	42.7	44.5	-7.9	10.6	4.2
Africa	35.6	38.6	40.9	-9.4	8.3	5.9
Middle East	46.0	48.5	50.1	- 8.6	5.4	3.3
Asia & Oceania	1,302.8	1364.2	1391.6	3.5	4.7	2.0
World	1,771.8	1874.0	1924.6	-0.2	5.8	2.7
World Excl China	776.8	849.1	889.5	-10.0	9.3	4.7
Developed Economies	343.0	371.0	386.4	-12.7	8.2	4.2
China	995.0	1024.9	1035.1	9.1	3.0	1.0
Developing Ecomocies Excl China	433.8	478.2	503.0	-7.8	10.2	5.2
Asean (5)	68.7	73.0	77.7	-11.9	6.2	6.5
MENA`´	62.2	66.0	68.7	- 9.5	6.1	4.1

In this weeks Issue:

- PAGE 3 How strong is Chinese demand?
- PAGE 4
 Can EU HRC prices reach €1000/t exworks base?
- PAGE 5
 Will rising skelp prices continue to push OCTG upward?
- ► PAGE 6

 Will CIS hillet deals surpass \$600/t this
- Will CIS billet deals surpass \$600/t this time around?
- PAGE 9 Will automotive production rebound strongly this year despite supply shortages?

KORE INDEX

Index	58%	62%	65%
W-o-w % Change	-0.30%	2.16%	2.52%
16 Apr	151.47	174.62	206.58
15 Apr	153.13	173.44	205.11
14 Apr	153.00	170.71	201.55
13 Apr	154.83	172.30	202.51
12 Apr	154.92	172.48	202.68
Average	153.47	172.71	203.69
Average	153.47	172.71	203.69
Average 9 Apr	153.47 154.34	172.71 170.09	203.69
9 Apr	154.34	170.09	199.87
9 Apr 8 Apr	154.34 154.37	170.09 170.09	199.87 199.74
9 Apr 8 Apr 7 Apr	154.34 154.37 154.34	170.09 170.09 169.61	199.87 199.74 199.19

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EMAIL

General info@kallanish.com Editorial editorial@kallanish.com Sales sales@kallanish.com

www.kallanish.com

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Issue: 16-21 | Date: 20 April 2021

Global Overview

North America

- US sheet prices push upward Scrap trading settles differing on-grade US OCTG pricing pushes \$2,000/st

Europe:

- Tata Steel adds carbon surcharge Wire rod prices in Northern
- Europe up
- Some products exhaust quotas

Asia:

- Chinese prices remain strong Billet prices in Asia continue up Iron ore recovers



CIS:

- CIS billet mills eye \$600/t again CIS HRC rise further, Europe places orders

Middle East:

- Turkish scrap prices remain pressured Turkish rebar exporters enjoy LatAm, Asia demand Turkish HRC uptrend continues

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Word of the week

Torpedo Car



Cylindrical railcar lined with bricks and used for transporting the hot metal from the blast furnace to the steel shop (steelworks).

□ Contact

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

Kallanish - UK Britannia House t: +44 7874 008654

Kallanish - Germany t: +49 304280 2034 **Kallanish - Bulgaria** t: +359 896 266 305

Kallanish - China Shanghai, China t: +86 182 1728 2941 **Kallanish - USA** t: +1 412-657-2925

Kallanish - Singapore t: +65 9766 8175 General Enuiries: www.kallanish.com info@kallanish.com

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