

 **This week:**

Iron ore and coking coal prices hold despite Chinese holidays

Seaborne iron ore prices remained basically flat on Friday, the last day of China's October holiday. Price movements in the iron ore market were limited last week despite restocking boosting spot iron ore buying.

The Kallanish KORE 62% Fe index rose \$0.03/t on Friday to \$96.46/dry metric tonne cfr Qingdao. The Kallanish KORE 65% Fe index was \$0.20/t higher to \$109.42dmt cfr, and the KORE 58% Fe index declined \$0.09/t to \$85.25/dmt cfr.

On the Dalian Commodity Exchange, January iron ore settled up CNY 2.5/t (\$0.35/t) at CNY 723.5/t, while on the Singapore Exchange October 62% Fe futures settled \$0.01/t lower at \$95.46/t. The same contract for 65% Fe and 58% Fe futures settled down \$0.17/t at \$109.76/t, and lost \$0.56/t to \$84.59/t respectively. In Tangshan, billet prices dropped by CNY 20/t to CNY 3,680/t.

Demand for restocking by mills boosted trading sentiment, with iron ore inventories at ports falling. But production curbs ahead of the National Party Congress in Beijing in October are still weighing on sentiment, and the negative impact will intensify in October.

Supportive policies for the real estate sector were released successively in October. Other stimulus measures have been announced on the heels of last Thursday's announcement that some cities could cut loan rates for apartment purchases indefinitely. The Ministry of Finance now adds that it will refund personal income tax on property sales from October if the owners buy a new apartment after selling their old one.

In addition, the provident fund loan interest rate for the first apartment purchase has dropped by 0.15 percentage points since 30 September. Interest rates for periods up to five years and more than 5 years are now adjusted to 2.6% and 3.1% respectively.

Most Chinese brokerages said that the policy relaxation in the real estate market this time is more active and stronger than other policies during the year, which is expected to better support the release of housing demand.

COKING COAL

Seaborne coking coal continued to rise during the week ending 7 October as supply remains tight across most regions.

Kallanish assessed premium hard coking coal at \$278.03/tonne fob Australia, up \$7.98/t from \$270.05/t the previous week.

On the Singapore Exchange, Premium Coking Coal Futures for November settled at \$283/t fob on Friday. This is versus October futures of \$272.33/t fob a week earlier.

According to a trader, global miner BHP sold 75,000 tonnes of Goonyella for 6-15 November laycan at \$272.5 fob on 4 October. However, this is a non-independent trade which could either be partly index-linked, or coloaded with other material.

Meanwhile, BHP Mitsubishi Alliance (BMA) sold 80,000t of Australian Premium Mid-Vol Goonyella for early-November laycan on 7 October at \$276.50/t fob Australia.

"I think coking coal supply is tightening across most regions, including Australia, the United States and Canada," says the trader.

While near-term tightness is expected to lend some support to prices, he opines that the coking coal uptrend is unlikely to be sustainable given poor downstream margins.

"This week, the activity is not that much; the main reason is the Chinese holidays," another trader said on Friday.

He adds that this year will remain difficult for the coking coal market due to slow steel activities. He sees the coking coal market improving only by the end of the year and beginning of next year.

"Traditionally, it happens in our steel business that the market picks up at the end of the year. Secondly, since a long time, activity is very low and, at some point in time, it will have to pick up. It's a simple cycle," he concludes.

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KORE INDEX

Index	58%	62%	65%
W-o-w % Change	0.24%	-0.48%	-0.30%
07 Oct	85.69	96.31	109.21
06 Oct	85.65	96.48	109.04
05 Oct	85.56	95.99	108.64
04 Oct	85.28	95.99	108.93
03 Oct	84.89	94.69	107.51
Average	85.41	95.89	108.66
30 Sept	85.25	96.46	109.42
29 Sept	85.34	96.43	109.22
28 Sept	85.29	96.21	108.85
27 Sept	85.20	96.55	109.08
26 Sept	84.97	96.17	108.39
Average	85.21	96.36	108.99

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Global Overview

Americas:

- US flats remain steady as buyers delay purchases
- Biden policies at risk due to mid-term elections
- Energy crunch boosts OCTG prices

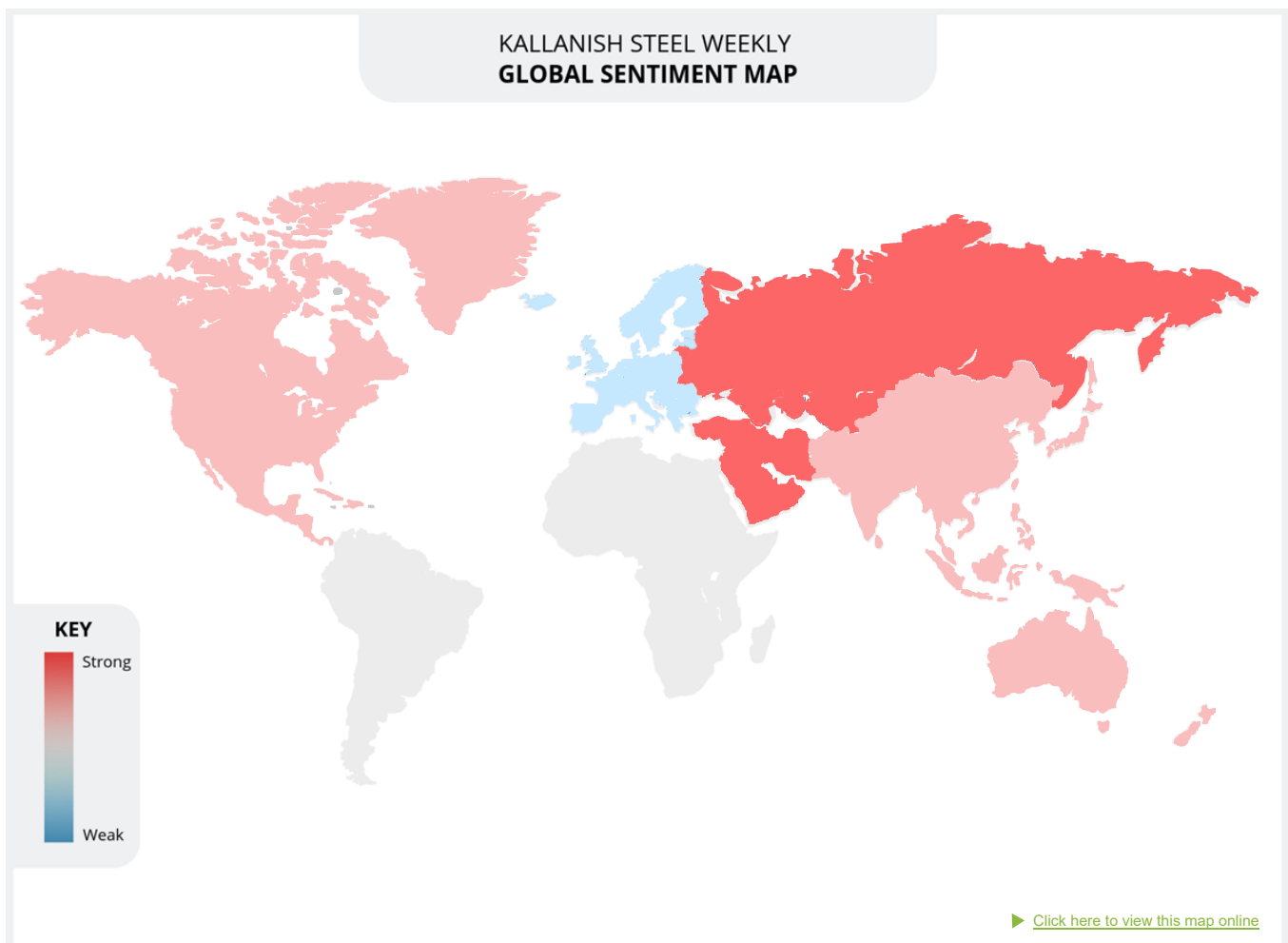
Europe:

- Italian HRC price flatten
- Benelux scrap prices uptick
- AM Bremen keeps BF running

Asia:

- Chinese steel futures stabilize
- Iron ore flat
- HRC market in Asia quiet

KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



India:

- Indian billet producers find domestic sales viable over exports
- Indian importers increase ASEAN-origin scrap bookings
- Pakistan shredded scrap offers surged amid inventory restocking

CIS:

- Russian pig iron finds few takers, US drives market

Middle East:

- Turkish scrap stabilises after hikes
- Turkish rebar demand freezes after price hikes
- GCC HRC market sees Far Eastern-origin deals

KALLANISH 

Flat Steel 2022

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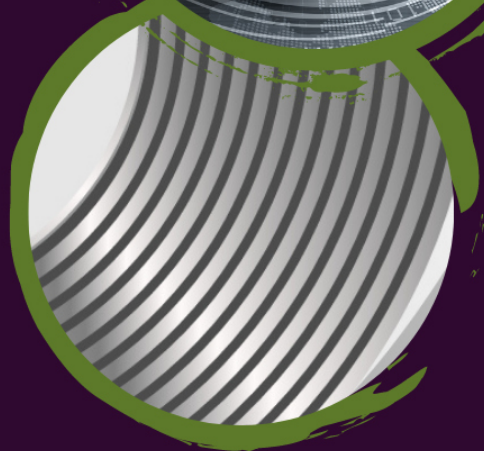
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Word of the week

Bake Hardening

Bake hardening alters the properties of sheet in a car production line. The body panels are painted once they have been pressed and the paint is later cured by passing through an oven. Although the steel is already work hardened during pressing, it will be during the curing process that the arrangement of the atoms in the steel will change. The result is that after baking and cooling the steel has a higher strength than it did after pressing.

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