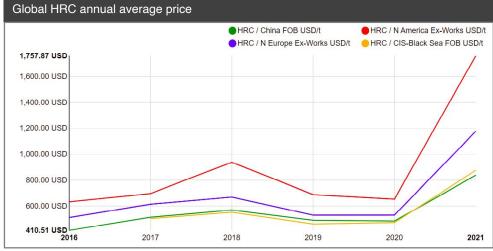
聞 This week:

Steel market prepares for 2022 after a year of high steel prices and margins

This is the last edition of the Kallanish Steel Weekly for 2021, the publication takes a short break, but will be back in early January 2022 to continue following the global market trends. 2021 was an extra-ordinary year for steel prices. As the year comes to an end we have decided to look back at what happened to finished steel prices globally, to better appreciate the magnitude of the price rally registered during the last twelve months.

2022 will surely be a different year, but the biggest question at the moment is: "Will the new year bring a new scenario for prices or have we entered in a new normal with elevated steel prices?". Predictions for future market developments remain tricky, but what we learned during the last twelve months is that despite demand uncertainties and the persistent impact of the pandemics on our lives, steel prices seem to have entered a new cycle, led mainly by higher raw material costs, energy prices and investments toward a green transition of the

HRC prices jumped significantly this year, with yearly averages reaching record levels globally. North American HRC average price in 2021 surpassed \$1750/t ex-works, multiplying by 2.7 times the average registered in 2020. Back in 2018 the US HRC price moved close to \$950/t, a level that at the time most market observers thought it was going to be difficult to match or even surpass. In 2021 all HRC prices globally jumped beyond expectations and the corrections registered in the second part of the year did not undermine the overall annual performance.



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In the rebar sector the jump of average prices this year was also significant. The North European average 2021 price was up some 70% y-o-y, while Turkish rebar levels jumped over 50% y-o-y to reach almost \$700/t on average this year. During the last months the construction sector has been performing better that the automotive sector on a global scale, indicating that the first half of the year should be stronger for long products compared with

Higher sales prices will lift to record levels the turnover of steelmakers across the world in 2021. Nevertheless, profitability is also set to reach new highs. In the graph below we have compared the spread between slab costs and HRC prices out of the Black Sea. The chart confirms that finished steel prices jumped beyond semis and raw materials, with the spread between slab and HRC on average in 2021 surpassing \$100/t, more than double the levels registered in 2018-2020.

In this weeks Issue:

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What will drive Chinese steel: raw materials or global demand?

Will 2022 bring further changes in EU safeguard measures?

▶ PAGE 5

What do US Q4 steel earnings tell us about 2022?

▶ PAGE 7

How long will Turkish economic paralysis continue?

PAGE 8

Will the construction sector support the rebound of ASEAN steel demand?

KORE INDEX

Index	58%	62%	65%
W-o-w % Change	7.55%	3.44%	6.41%
17 Dec	86.70	111.79	134.74
16 Dec	85.05	110.11	131.34
15 Dec	81.32	107.79	126.34
14 Dec	81.05	107.56	126.04
13 Dec	80.91	108.93	126.28
Average	83.01	109.24	129.07
10 Dec	78.48	105.17	120.61
9 Dec	78.17	105.45	120.24
8 Dec	77.50	107.74	124.11
7 Dec	77.06	107.78	123.49
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6 Dec	74.67	101.89	117.99

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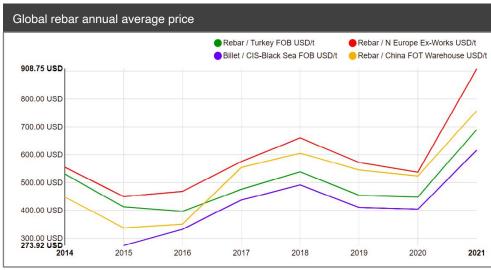
The publication is filled with market information, charts and graphs.

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- Price Spreads Table
- 8-9 pages
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- · Prices to watch
- Word of the weekGlobal heat map

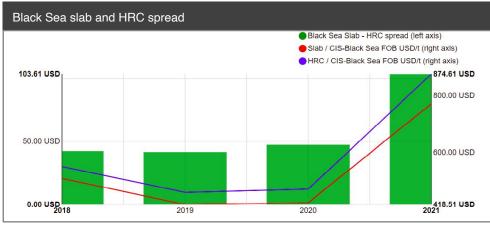
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"We have assessed the sector outlook for global steel in 2022 as neutral," says Fitch Ratings in one of its latest reports. "We expect production volumes to remain strong in 2022, but at reducing, albeit above-trend margins. High-capacity utilisation will continue to support strong cash flow generation, particularly outside of China."

"The price detachment in 2021, during the pandemic recovery, is unprecedented, linked to trade barriers, lead times and logistical constraints," Fitch added. "The US and Europe will continue to benefit from materially above-trend margins in 2022, while China has mostly corrected already."



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First issue of the Kallanish Steel Weekly for 2022 will be published on 11th January.

VIEW FULL HOLIDAY SCHEDULE

Global Overview

North America:

- Hot rolled continues downward
- trend
 Tube, rebar, plate still going strong
 Mills, big distributors again expect
 record profits

Europe:

- EU to review safeguard Scrap prices in Europe down Logistic costs continue hitting steel

Asia:

- Iron ore recovers Chinese steel prices boosted by raw materials
- ASEAN billets slip



CIS:

- CIS billet mills conclude sales,
- prices flat
 CIS HRC mills chase sales

Middle East:

- Turkish scrap imports fall silent Turkish rebar mills' competition struggles continue
- Egypt investigates suspected Iran-origin billet imports





Asia

Higher steel output boosts raw materials and futures

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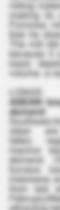
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By: Tomas Gutierrez, Asia Editor



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EU safeguard measures to be reviewed again

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Prices to watch: -2% -2% -2% -1% HRC / N Europe ExWorks EUR/t Rotterdam Rotterdam EUR/t

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Americas

Q4 provides snapshot of upcoming steel year

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Middle East & CIS

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Prices to watch: 0% -3% HMS 1/2 scrap CFR Turkey/ USD/t Black Sea/ USD/t Rebar FOB Turkey/ USD/t USD/t

In the news this week:

By: Adam Smith, Global Editor - Steel

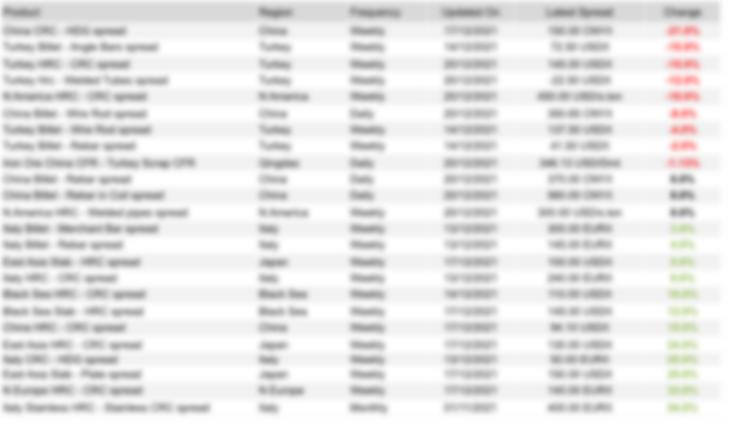




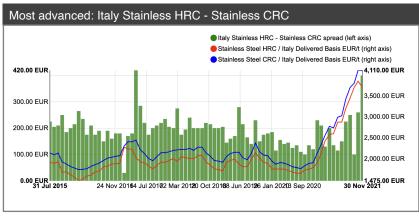
⇔ Price Movement



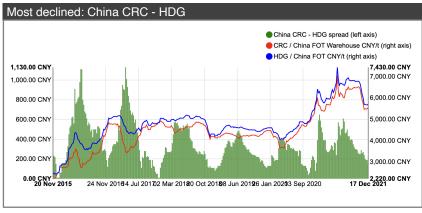




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QSpecial Feature

ASEAN construction propels steel demand

The construction sector in Southeast Asia will drive the recovery of the regional steel industry after steel demand plunged amid the pandemic. Construction is the largest steel consuming sector for the region, accounting for more than 60% of total steel demand. Public construction and infrastructure projects by regional governments are expected to propel the sector forward. The various ASEAN national steel committees reviewed their industries in a recent event organized by the South East Asia Iron and Steel Institute (SEAISI).







QSpecial Feature



QSpecial Feature

Continued from previous page... ASEAN construction propels steel demand

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