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Turkey suspends rebar negotiations in USA on Section 232 case development

Turkey / Long products

Turkey's rebar exporters are rather concerned regarding rapidly advancing Section 232 issue, the outcome of which is expected to put the country's presence in the US market under a threat. Insiders believe that this year Turkey is going to lose certain sales volumes but to which extent will be defined by the upcoming measures. In the meantime, all current negotiations have been stopped amid dim prospects while market participants' short-term expectations are rather pessimistic.

Rebar sales from Turkey to one of the key outlets – the USA – have been restrained since end-April due to uncertainty in ongoing trade regulations. In mid-May, final AD (5.18-8%) and CVD (16.21% for Habas) duties were announced by Depatment of Commerce (DOC) while this week US authorities significantly advanced in Section 232 proceedings. In particular, DOC might provide recommendations at the end of June, though the investigation period could be as long as 270 days (starting from April 20).

Considering these developments, nowadays there are no serious offers of rebar heard from Turkey to the USA, with no talks going on. "If they [American buyers] don't take responsibility and risks for Section 232, we won't give anything," a major supplier told Metal Expert. Sales to America will most probably remain restrained until the Section 232 results gain clarity, which is expected by mid-July after the US President approves or denies the recommended measures. In the meantime, Turkish mills became less optimistic regarding the upcoming developments.

Turkey's rebar mills as well as traders are fairly concerned and are trying to evaluate possible effects on the rebar segment in the long run, but generally the negative outcome is anticipated. If the measures result in similar percentage for all rebar sellers to Turkey, the overall market structure will hardly change. But in case if Turkey, which supplies up to 80% of total rebar imports to the US, is targeted, the pressure on mills will increase as the upcoming restriction will be combined with the existing ones (AD/CVD rates). "Whatever happens, even without Section 232 Turkey's sales volumes will go lower than last year as due to the AD some tonnage will be lost to Spain," a trader told Metal Expert. "I don't think there will be a ban, but if the restriction on Turkey is sizeable, incoming volumes will dramatically drop," he added. As a result, Turkey's presence in the US is currently under threat, but the possible measures could aggravate the situation.

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The contracts for steel products and raw materials

Commodity/specifications	Origin/supplier	Consumer	Volume, t	Price & delivery terms	Details
Square billet					
Square billet, 5sp, 120-130 mm	Vietnam	Philippines	10,000	$425/t CFR	June shipment
Square billet, 5sp, 120-130 mm	Thailand	Philippines	10,000	$425/t CFR	June shipment
Flat products					
HR coils, SAE1006, 2 mm	China	Vietnam	10,000	$460/t CFR ($450/t FOB)	July shipment
Scrap					
A3	Russia	South Korea	30,000	$265-267/t CFR	July shipment
HMS 2	South Korea	Japan	3,000	$226/t FOB	-
HMS 2	Japan	South Korea	n/a	JPY 25,000/t FOB	-
Iron ore					
Pilbara fines 61% Fe	Australia, Rio Tinto	China	190,000	$57.01/t CFR	June 21-30 laycan
Pilbara fines + Pilbara lumps 62% Fe	Australia	China	100,000+70,000	unfixed	June delivery
BRBF fines 62% Fe	Brazil	China	170,000	unfixed	June 12-21 laycan

Major steel and raw materials futures in China, RMB/t ex-warehouse

Product	Name of futures exchange	Month of delivery	May 26, 2017	Daily change
Rebar, 16-25 mm	Shanghai Futures Exchange	October	3,240	+21
HRC, 3.5-9.75 mm	Shanghai Futures Exchange	October	3,116	–17
Iron ore, 62% Fe	Dalian Commodity Exchange	September	454	+6

Daily price assessments for steel products and raw materials

Commodity	Country	Currency, delivery term	May 26, 2017	Daily change
Iron ore, 62% Fe	China	$/t, CFR ex-Australia	57.75	–1.5
Coking coal	Australia	$/t, FOB	154.5	0
Ferrous scrap, HMS 1&2 (80:20)	Turkey	$/t, CFR ex-USA	273.5	0
Ferrous scrap, HMS 2	Japan	JPY/t, FOB	25,500	+500
Square billet, 150 mm	China	$/t, FOB	430	+18
Square billet, 150 mm	China	RMB/t, EXW Tangshan, excl. 17% VAT	3,090	–10
Square billet, 125-150 mm	Ukraine	$/t, FOB	395	0
Square billet, 125-150 mm	Turkey	$/t, CFR	410	0
Rebar, 12 mm	Turkey	$/t, EXW, excl. 18% VAT	475	0
Rebar, 8-32 mm	Turkey	$/t, FOB	435	0
Rebar, 12, 32 mm	Germany	EUR/t, CPT	448	0
Rebar, 16 mm	USA	$/t, EXW TW, excl. taxes	584	0
Wire rod, 6.5 mm	China	$/t, FOB	450	–5
HRC, 3-12 mm	China	$/t, FOB	440	0
HRC, base	Germany	EUR/t, EXW, excl. 19% VAT	515	0
HRC, 2-8 mm	USA	$/t, EXW, excl. taxes	672	–17

Methodology

Metal Expert publishes the following types of prices:

offer price – an offer from a supplier but a deal has not been signed at this level as of the time of publication;

contract price – a transaction price confirmed on both seller's and buyer's side;

price assessment – Metal Expert's estimate of a fair price level for a possible transaction in current market conditions.

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Turkish rebar barely present on export amid active local sales

Turkey / Long products

Rebar mills in Turkey are still engaged in domestic sales, given better pricing and higher demand compared to exports. Meanwhile, prices to foreign destinations remain stable for the third consecutive week. At the same time, domestic offers seem to have stopped jumping uncontrollably for now but remain rather high amid still solid demand.

Export rebar prices for Turkey's rebar are still mostly kept within $430-440/t FOB while only a limited number of sellers are currently present. Most mills continue to concentrate on more active and profitable local sales, making no offers in the export market. At the same time, foreign trade activity in the rebar segment remains scarce. "There are small deals here and there, to Israel, Africa and some nearby markets, but no bulk cargoes," a major producer told Metal Expert. "Some loadings to export [from earlier sales] are in progress," he added.

The UAE's price idea is at least $15-20/t below the offers of around $440/t CFR TW from Turkey. In addition, buyers wait for ESI to announce June price. Turkey's activity in another major sales outlet – the US – has also been limited. Nominal offers have climbed by $40/t since last month up to $530/t CFR TW, but both buyers and sellers remain silent. The main reason is the hearing on section 232 (held on May 24) which brought a lot of concern to the market. "Something will be decided on the issue by mid-summer, so no one is eager to take risks while selling or buying," a producer told Metal Expert.

Locally mills are still able to sell within $465-485/t EXW depending on region with the price range being relatively stable over the week. "Now there is not much panic in the market, but the demand is going on, this is better compared to previous rush," a mill comments. Notably, domestic customers are rather actively concluding deals for deliveries in the first half of June, bringing certain optimism regarding further end-user demand developments.

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Turkish mills consider scrap offers

Turkey / Scrap

The Turkish market of ferrous scrap sees no contracts, with prices being stable. Meanwhile, buyers are considering current volumes and offers.

Currently, there is demand for import material in Turkey. "Steelmakers are looking for scrap cargoes for shipment in the first half of July," a trader told Metal Expert. Sellers are not active at the end of the week. Many European suppliers of the material are out of the market due to national holidays. Some exporters from the Baltic region prefer to estimate the situation carefully before making a move.

The offers from the USA are discussed. "American HMS 1&2 (80:20) is available at $275/t CFR," a buyer said.

The latest deal for US scrap was closed at $273.5/t CFR Turkey more than a week ago. During this week European HMS 1&2 (75:25) was traded at $263-265/t CFR, Baltic HMS 1&2 (80:20) – at $272/t CFR, as Metal Expert reported earlier.

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HR plate deals occasional in UAE

Middle East / Flat Products

Demand for HR plate has been rather scarce in the UAE over the past month due to low end-user activity and sufficient level of stocks. Despite the drop since mid-April buyers still consider current prices to be unattractive.

The import prices have shown decline of $10-15/t over the period under review owing to weak demand in the major sales outlets. Prices from China for A36, 10-20 mm material are still the lowest ones – $465-475/t CFR. A UAE customer reports the negotiations are going on for purchasing 15,000 t from China.

Ukrainian HR plates are being offered at $505-510/t CFR. Some market players report they are receiving offers of A36/S275JR material even at $485-490/t CFR. No deals have been heard.

A36, 16-20 mm material from Indonesia's Krakatau POSCO is also being quoted at $485-490/t CFR. A booking for approximately 5,000 t was registered last week, Metal Expert learnt. The price for the base material in the whole batch of products was approximately $485/t CFR.

Market players expect the demand for HR plates to weaken next month taking into consideration approaching Ramadan.

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UAE's AGIS cuts domestic, export prices for August HDG

Middle East / Flat Products

UAE manufacturer Al Ghurair Iron and Steel (AGIS) has cut both domestic and export offers of August output of HDG owing to lower-priced feedstock, according to the mill. The demand, however, has been stable.

Domestic prices from AGIS have gone down by $10/t, while export ones – by $23/t. Currently, AGIS is quoting 1 mm HDG coils with 275 g/sq m zinc to the local and international markets at $750/t EXW/FOB, Metal Expert has learnt.

Although quotes from China have gone up by $15-30/t over the month, Chinese HDG coils are still priced at much lower level – $570-575/t CFR (1 mm 120 g/sq m zinc).

Meanwhile, the indicative price for Indian material is comparatively the same as from the local producer – $690-695/t CFR (1 mm 120 g/sq m zinc). There are, however, almost no offers of Indian products to the UAE due to lack of interest connected with high prices.

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Pakistan sets preliminary AD on Chinese rebar

Middle East / Long products

Pakistan's National Tariff Commission (NTC) made a preliminary determination in antidumping investigation regarding rebar imports from China.

On May 23, the commission announced the preliminary dumping margin for China-origin rebar at 52.52%. In the course of investigation it was determined that Chinese products were supplied at dumping prices thus causing injury to the domestic steel sector, Metal Expert learnt. The trade case was initiated on November 26, 2016 by local companies Amreli Steels, Agha Steel and Abbas Steel.

The investigation period for determination of dumping is from July 01, 2015 to June 30, 2016 and for determination of injury – from July 01, 2013 to June 30, 2016, covering the goods under 18 HS codes, as Metal Expert reported earlier. The commission is required to make final determination within 180 days following the preliminary determination.

It is worth mentioning, that over the year of 2016, total Pakistani steel imports from China reached almost 3.2 million t, which accounted for 3% of total Chinese exports last year, according to Metal Expert data.

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South Africa's downstream steel sector to receive major financial support

South Africa / Flat Products, Long products

South Africa continues to take determined steps towards strengthening of the domestic downstream steel industry by offering financial support to its representatives. Along with the recent increase of the import tariff for flat steel, such undertaking favours country's steel sector.

The Industrial Development Corporation (IDC) supported by Economic Development Department (EDD) of South Africa announced the provision of the incentive for downstream steel manufacturers titled the "Downstream Steel Industry Competitiveness Fund". The application process for the funding will open on June 1. Total amount of the incentive amounts to ZAR 1.5 billion ($115.8 million; $1 = ZAR 12.96) with IDC administering most of the sum, Metal Expert learnt. The EDD's funding share totals ZAR 95 million ($7.3 million) spread over three years, out of which only ZAR 30 million ($2.32 million) will be available in the current fiscal year.

The incentive will be accessible for the steel-intensive downstream manufacturers, such as fabricators of pressure vessels, pipes and structural steel products, and equipment producers. The list excludes integrated steel mills, component manufacturers, and large multinational original-equipment manufacturers. "The fund will mainly target very small, small and medium enterprises, as defined in the National Small Business Amendment Bill. However, large enterprises up to a maximum annual turnover of ZAR 450 million [$34.76 million] will be considered, depending on developmental returns," Economic Development Minister Ebrahim Patel said as cited by Engineering News.

It is worth mentioning that the introduction of the fund expands the list of supportive measures for domestic steel sector initiated by South African government. As Metal Expert reported earlier, Trade and Industry Minister Rob Davies recently approved the increase of the flat steel import tariff from 10% to 12% starting July 1.

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Iron ore falls further on adverse fundamentals

China / Iron Ore

Iron ore kept falling on Friday, posting a weekly drop of $5.25/t amid weaker trading and plentiful supply.

Australian iron ore fines 62% Fe dropped by $1.5/t in a day to $57.75/t CFR on modest buying and accumulating inventories, although futures inched up. “Many mills are waiting because they believe the decrease has not stopped yet,” a market source told Metal Expert. On low producers’ activity, deal prices at ports also continued to dip.

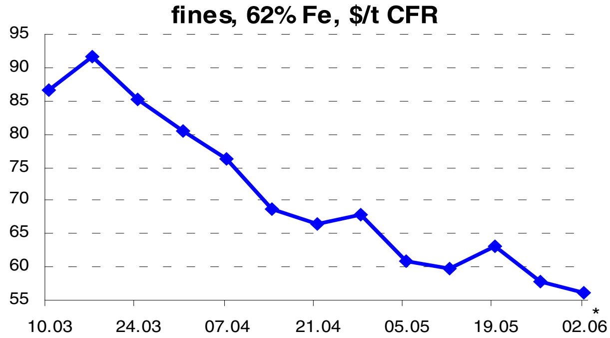
The steelmakers’ cautiousness is not baseless as the problem of oversupply is getting more and more serious. According to Mysteel data, this week the level of stocks at 45 Chinese ports increased again, surpassing 140 million t.

The situation in the steel segment was quite stable, with Tangshan billet losing only $1.5/t (RMB 10/t) over a day, while October rebar on the Shanghai Futures Exchange rebounded by $3/t (RMB 21/t). September iron ore on the Dalian Commodity Exchange inched up by $0.9/t (RMB 6/t).

However, the negative sentiments are prevailing in the market. “There is big possibility of further decrease, mostly because of bad fundamentals, especially high stock pressure. But it [iron ore] will fall not sharply,” a Chinese trader said.

Analysts are also holding bearish view. BMI Research reduced its forecast for the average raw material price in 2017 from $70/t CFR to $65/t CFR saying that “Chinese government’s fiscal support to the infrastructure and construction sectors will cool off earlier in 2017 than we previously expected.”

China: import prices for Australian fines, 62% Fe, $/t CFR



* - forecast

China: deal prices for iron ore, $/t

Products	Fe, %	Sale method	Volume, t	Laycan	Price, CFR Qingdao	Price, FOB
Pilbara fines, Australia	61	tender, Rio Tinto	190,000	June 21-30	57.01	51.5
Pilbara fines + Pilbara lumps, Australia	62	COREX	100,000 + 70,000	June*	unfixed	-
BRBF, Brazil	62	COREX	170,000	June 12-21	unfixed	-

* – delivery

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SEA steel producers focus on integrated model despite challenges

South East Asia / Coke, Pig Iron, Flat Products, Long products, Coal, Iron Ore

Taking into account the imbalance in upstream and downstream capacity in Southeast Asia (SEA) and numerous risks in the re-rolling business model a number of local producers are aiming to ramp up its potential in crude steel production. Although the SEA companies have sharpened focus on integrated steelmaking in recent years and two of them are preparing for launching large BF projects, the outcome will depend on different factors.

Vietnam's giant Formosa Ha Tinh Steel (FHS) plans to commission its long-delayed BF (some 7 million tpy under the Phase 1 of the project) by June-July 2017, according to Chu Duk Khai, Vice Chairman of Vietnam Steel Association. Moreover, the company representative confirmed Metal Expert that FHS has already got approval from the government and is waiting only for the environmental license. It is worth mentioning that ecological issue became the main obstacle in project development after the disaster happened in 2016.

The major Indonesian steel producer Krakatau Steel is also on its way to restart crude steel production after launching 1.2 million tpy BF. Recently, coking plant has been put into operation and usually it takes 2-3 months to start pig iron production, Metal Expert learnt from local sources. The project is being implemented with the aim to increase efficiency and competitiveness as EAF-based technology is less competitive in Indonesia amid high electricity tariffs and insufficient energy supply.

Malaysia favours integrated technology as well. Chinese Alliance Steel plans to launch BF at its 3.5 million t integrated mill in the country at the end of 2017 – beginning 2018, Metal Expert reported earlier.

At the same time, despite obvious advantages of integrated technology, there are some factors which influence the progress in its usage and ongoing project implementation in SEA. Large capital investments, complicated technical and ecological issues are among them. In particular, mini blast furnace of Thai longs producer Tata Steel Thailand has been stopped due to high materials cost since 2011. Moreover, the company even tried to sell the troubled asset to improve corporate efficiency and get some profit.

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Chinese billet expensive on export, mainly sold locally

China / Steel Semis

There have been no supplies of Chinese billets to SE Asia recently as prices have hiked much amid stronger local market. Most foreign buyers have been purchasing semis from alternative suppliers.

Chinese offer prices of billet (Q235 or 3 sp, 150 mm) have increased by $10-15/t to $420-435/t FOB. Strong local demand for finished long products has made steelmakers less interested in export, with most of them being focused on sales to domestic re-rollers or using semis for own needs.

As a result, buyers in main sales markets of SE Asia have switched to other suppliers, as Chinese offers have not been attractive recently. Philippine importers have purchased 10,000 t of billet (Q275 or 5 sp, 120-130 mm) at $425/t CFR from Vietnam and the same quantity at the same price from Thailand. Offers from China have come to this destination at around $450/t CFR. "Nobody [in Philippines] is buying from China at the moment. Their prices are too high and can be changed at any moment," a major Philippine trader told Metal Expert.

Indonesian buyers have got offers from China at $440-450/t CFR ($420-435/t FOB), which corresponds to prices from Vietnam and Thailand, so no deals have been heard there. Even much lower offers from India at $415/t CFR have not attracted importers. "The last deal in Indonesia was around 2-3 weeks ago from the Middle East at $405/t CFR," an international trader said.

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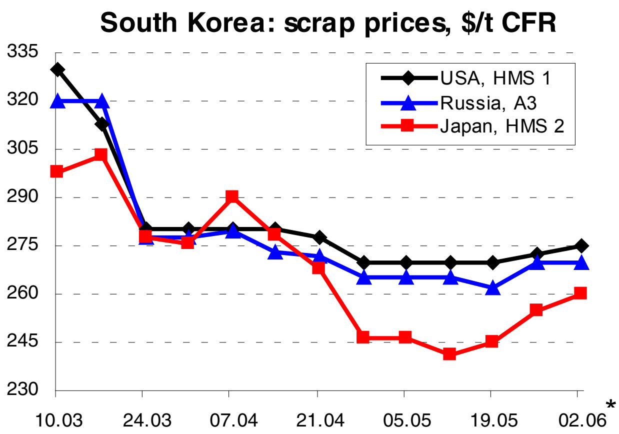
Scrap rises in deals from Russia, Japan to South Korea

Far East / Scrap

South Korean scrap buyers concluded several deals with Russian and Japanese suppliers this week in order to replenish stocks, while there is still a lack of trading with the US ones. The majority of market participants expect a continuation of an upward trend in the coming weeks due to costlier Chinese billets among other factors.

At the end of the week, South Korea's steelmaker booked several batches of Russian A3 scrap (30,000 t in total) at $265-267/t CFR for July shipment, Metal Expert learnt. The previous contract for the same grade was signed at $259/t CFR last Friday. Currently, the mentioned material is available at about $270/t CFR South Korea.

Besides, a sale was heard from Japan at the level of JPY 25,000/t ($225/t) FOB for HMS 2 scrap earlier this week. The current bid from another importer was at JPY 24,000/t ($216/t) FOB for the same grade, but exporter's price idea moved to the level of JPY 26,000/t ($234/t) FOB. The negotiations are expected to be finalised next week.



* – forecast

The nominal price for US HMS 1 scrap increased week-on-week on stronger prices for Russian material and in alternative markets, moving to $270-275/t CFR South Korea, according to market sources. “The $270/t CFR level is quite reasonable for the moment. I think that if there were some interest, the deal could be done at that price, but no one is interested,” Korean sources told Metal Expert.

Notably, there is information circulating around the market about the batch (around 3,000 t) of South Korean HMS 2 scrap sold this week to Japanese EAF steelmaker Tokyo Steel at $226/t FOB which on CFR base is costlier than the purchase price of Tokyo Steel domestically. Currently, it is unclear if that is a singular deal or further trading is to be continued in coming weeks, but the news deeply puzzled Korean market participants.

Far East: scrap price, $/t

Origin	Grade	Delivery terms	Transportation	Price	W-o-w
USA	HMS 1&2 (80:20)	CFR Taiwan	containerised	230-235	0/+5
USA	HMS 1	CFR South Korea	bulk	270-275	0/+5
Japan	HMS 2	FOB	bulk	225*	+1**
Japan	HMS 2	CFR South Korea	bulk	246*	+1**
Russia	A3	CFR South Korea	bulk	265-267*	+6/+8

* – deal price
** – with currency fluctuation. The exchange rate is $1 = JPY 111.09.

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Export price for Chinese plate to drop in June on lower demand

China / Flat Products

Export price for Chinese plate inched up again this week supported by the uptrend in the country’s steel market, but declined compared to mid-April level amid worse domestic and overseas demand, which can lead to a price drop next month.

Currently most exporters from China are offering plate at $440-450/t FOB for July shipment, $5-10/t above the last week level and $10/t below mid-April figure. Demand on external markets is moderate despite firm prices, insiders say. “We sold some quantities to Asian countries recently, but not big,” a Chinese trader told Metal Expert.

In these conditions, export offers are mostly backed by the increase in local quotations, which grew by $8/t (RMB 46/t) over a week. In a 6-week comparison, they sagged by $12-13/t (RMB 93-102/t).

However, trading in the domestic market started to slowdown recently. Traders’ plate inventories, which were gradually reducing during the last 6 weeks and lost 4.3% over this period, this week started to pile up again, illustrating end-users unwillingness to book the material.

Taking into account the above and that the low season for steel is approaching in China, most insiders are predicting bearish plate market in June. This month, Hebei Group, Angang Group and WISCO cut domestic offers for June rolling material by $15-34/t (RMB 100-234/t) compared to May level.

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Indian HRC prices move in different directions

India / Flat Products

Indian HRC prices showed different tendencies on export depending on destination. While offers to Europe softened over the last two weeks, tags in the Middle East were heard at higher levels, which revealed different market sentiments.

Indian HR coils are quoted on export at $460-485/t FOB depending on the mill and destination.

Offers to Europe experienced a decrease by EUR 5-10/t to EUR 460-470/t CFR (around $460-470/t FOB) last week and remained at around the same level this week. Although prices softened, demand did not improve, thus no deals have been heard yet.

Offers to the Middle East, especially to the UAE were heard at $480-500/t CFR ($460-485/t FOB). As the demand in this region improved, quotes went up by $15-20/t on average over the reviewed period. Offers were mainly coming at the higher end of the price range, while deals were heard at lower level.

Despite big gap between different suppliers' offers, "fair price from Indian mills is around $470-480/t FOB," a local trader said. In particular Essar Steel's official offers to the Middle East are $520/t CFR ($500/t FOB) and to Europe at $555/t CFR ($515/t FOB). However, it is attributed more to company's intentions, rather than to the real level, according to the market sources. Tata Steel's indications are maximum $470/t FOB. "It is quite aggressive on export now trying to book HR coils which do not meet sufficient demand in the local market," a trader told Metal Expert.

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Indonesia's Krakatau Steel may strengthen positions in 2017

South East Asia / Flat Products

Indonesia's largest steel producer Krakatau Steel has a chance to benefit from growing domestic market and better efficiency this year. Market insiders assume that finally the company may even return to black. It is worth mentioning that company is also quite optimistic in its forecast for further development in 2017.

Indonesian producer counts on positive domestic market prospects in terms of demand, which will lend support to local steel mills, Metal Expert learnt. In particular, the government targets to see domestic steel production rise by 5% year-on-year in 2017 amid accelerating macroeconomic growth, tighter supervision on steel imports and energy price incentives to local producers, Indonesia Investments report. "The steel industry still shows prospects for growth and expansion. A stable national economic growth and low per capita steel consumption is a great potential for the company in the future," Krakatau Steel management pointed out in the official report.

Moreover, the company relies on its better efficiency. "We have a cost efficiency program targeting 15% lower operational costs than last year. We'll make the management of maintenance and procurement more efficient and reduce idle manpower," local media Jakarta Post informed citing Mas Wigrantoro Roes Setiyadi, Krakatau Steel's President Director. It is worth mentioning that the company will become even more efficient and reduce the slab production cost after the commission of its new 1.2 million t BF, scheduled for Q2 2017, Metal Expert reported earlier. Nevertheless, the project is still underway and needs some additional time for finalising.

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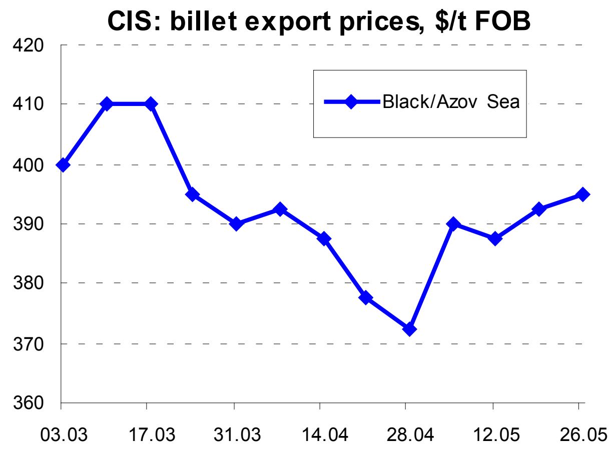
CIS billet market unlikely to see changes during Ramadan

CIS / Billet

Business activity was quite modest in the export market of CIS billets in late May. Suppliers keep up prices having their June output almost fully booked. Market insiders expect buying interest to remain quite sustainable in North Africa despite the beginning of Ramadan given improved fundamentals in the segment of longs. The stability of scrap quotes is another argument for CIS exporters to maintain positions.

Quotes for CIS billets are standing at $390-400/t FOB Black/Azov Sea vs. $390-395/t FOB Black/Azov Sea last week. A Ukrainian producer closed its June book of orders with the sale of 10,000 t at slightly above $390/t FOB Azov Sea, sources inform. An offer for early July material the supplier placed at $395/t FOB Black Sea. The price idea of producers dealing in the Black Sea basin is voiced at $400-405/t FOB, however, the level of deals has not gone above $395-400/t FOB yet. Besides, only a few customers in North Africa are ready to put up with such quotes.

Egypt, particularly, remains nearly the only destination to show demand for billets now. The recent contracts for CIS semis were registered in the market within $415-420/t CFR. “The demand for rebar has increased locally, especially after the rumours about the AD measures against imports here… so buyers will keep purchasing billets even during Ramadan to have some inventory, I think,” a market insider told Metal Expert.



Meanwhile, sales on Turkish destination are absent. “Turkey has not been presented with realistic bids [for CIS billets] for quite a while even though their domestic market is booming. It is not so easy to sell billets there now… my offer of $415/t CFR was never accepted,” a trader told Metal Expert. Bids of the local customers are still ranging within $400-405/t CFR as scrap remains preferable in the country, sources inform.

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Deals rare in CIS export scrap market

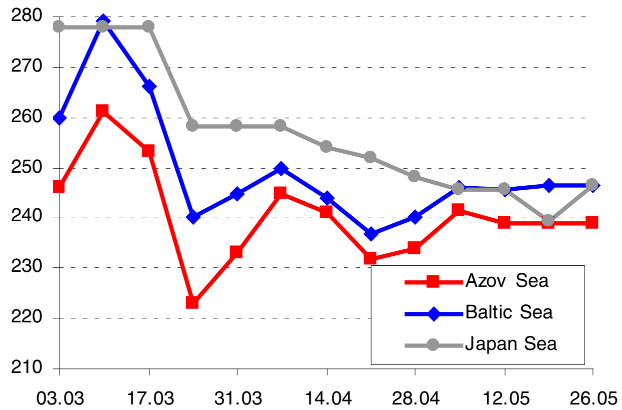
CIS / Scrap

Business activity is slow in the CIS export steel scrap market. The only sale to Turkey has been closed at a stable price. Prices have increased in the Far East, with contracts being signed just occasionally as well.

Prices for CIS scrap to Turkey have not changed this week despite a room for an increase amid current quotes for finished steel and semis. A3 scrap from St. Petersburg has been sold in a mixed lot (33,000 t in total) at $272/t CFR ($246-247/t FOB), unchanged from the previous deals. "In fact, scrap from other countries does not rise in price," a market source explained.

There have been no sales from Rostov-on-Don. As a result, A3 scrap is still quoted at $261-264.5/t CFR Turkey ($235-243/t FOB). "Importers do not show strong interest in purchases," a supplier said.

CIS: prices for A3 scrap, $/t FOB



Prices for Ukrainian A3 scrap remain at $262/t CFR Turkey ($237-243/t FOB).

At the same time, Russian exporters have managed to get higher prices in the Far East. After signing two contracts for A3 grade at $259/t CFR South Korea last week and being sure of stable demand, exporters have increased offer prices again. A buyer has booked scrap at $265-267/t CFR ($243-250/t FOB).

CIS: export and collection prices for A3 scrap, $/t
($1 = RUB 56.07; $1 = UAH 26.29)

Origin	Price, FOB	W-o-w	Price, CPT	W-o-w
Azov Sea, Rostov-on-Don port	235-243	0	200-203	+7
Black Sea, Novorossiysk port	241-248	0	-	-
Baltic Sea, St. Petersburg port	246-247	+1	214-219	–2
Sea of Japan, Vladivostok, Nakhodka ports	243-250	+7	205	–1
Black Sea, Odessa, Nikolayev, Kherson ports	237-243	0	171-179	+1

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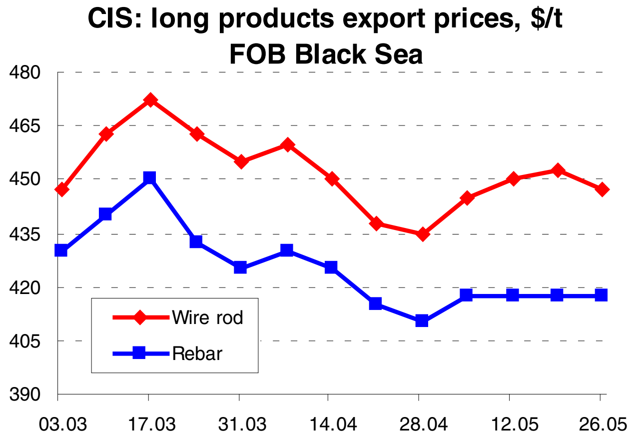
Stability to persist in CIS longs exports

CIS / Long products

Last week did not bring significant changes in the export market of CIS longs. Individual suppliers may provide some discounts in deals, but generally, mills stick to steady pricing. Fundamentals are likely to stay the same way in the near term, with looming chance for better buying over Ramadan, sources believe.

Export prices for CIS wire rods are at $440-455/t FOB Black Sea vs. $450-455/t FOB Black Sea a week before. The workable level is hovering around the lower end of the range or even slightly below that, sources inform. The recent deals with European buyers were closed within $435-440/t FOB Black Sea. "Some customers in South Europe were bidding at $430/t FOB," a trader said. On the other hand, with June material being largely sold out, suppliers have some time to evaluate the market. Some buying interest in CIS wire rod may revive on African destination next week as Chinese suppliers will leave the market for national holidays. Besides, market insiders keep referring to a high level of concerns among buyers dealing with Chinese material. "When the price [from China] volatile by $20-30/t within a week, that makes buyers withhold and wait," a source commented. Thus, some attention may be switched to CIS material.



Indications for CIS rebar remain at $415-420/t FOB Black Sea, unchanged week-on-week. No new transactions were heard this week, though. "Middle East hasn't demonstrated much demand lately. Besides, next week the market will likely be almost dead in terms of trade [due to the Ramadan]," a trader said. The information about Egypt's possible decision on the antidumping duties against import rebar (15-27% duty was discussed for Ukrainian material) makes sales for this destination even more doubtful in the near term.

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Polish wire rod producers largely hold prices

Central Europe / Long products

In late May, Polish wire rod offer prices have remained largely stable compared to the level of April. Market participants are divided in their views concerning the near-future market situation in Poland.

Wire rod producers in Poland, ArcelorMittal and CMC in particular, have set their offer prices at PLN 2,030-2,050/t CPT (EUR 485-490/t CPT, EUR 1 = PLN 4,18), just around PLN 20/t below April's level. In spite of weak demand for local wire rod and wire products amid highly competitive import offers from abroad (from the CIS, Italy and Moldova particularly), producers however are trying to maintain prices till mid-June, when they expect improvement in business activity. "There is a very wide gap between prices in the local market and import offers nowadays, so most customers prefer to purchase material from abroad," a local source has told Metal Expert.

As for imports, a Russian supplier has been offering wire rod at EUR 450/t CPT. Another Russian mill has been heard to sell wire rod to Poland at EUR 440/t DAP to the border. Offers from Italian suppliers have been heard at EUR 460-465/t CPT, down by EUR 35-40/t from the level of the previous month.

Some market participants expect the current local prices to remain till mid-June. "Most producers will try to wait until foreign suppliers raise their offer instead of reducing theirs," a Polish trader has said. Others think that producers will have to step back due to strong competition.

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In brief: Italy's Aferpi again stops rail production

South Europe / Long products

Italy's long steel producer Aferpi is halting its only operating rail mill again on May 27 due to problems with a supply of semi-finished products. The producer expects to resume the production of rails in the first week of July, when it receives needed volumes of blooms. As Metal Expert reported earlier, Aferpi had stopped the rail mill in March for around 20 days. Regular stoppages and uncertain situation with the company future increased dissatisfaction among workers and unions. Around a year ago, the company halted indefinitely production at its bars and wire rod mills. Negotiations for Aferpi development continue between the Algerian owner Cevital and Italian government.

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In brief: ArcelorMittal Bremen to optimize energy supply through JV with swb

Western Europe / Flat Products

ArcelorMittal Bremen and local energy supplier swb have established a joint venture INGAVER GmbH. "We are going to use synergy effects with the new company INGAVER to further optimize our energy supply. For us it is another important step for future-oriented sustainable steel production," Reiner Blaschek, Chairman of the Board at ArcelorMittal Bremen, said. ArcelorMittal Bremen is capable of producing around 3.7 million tpy of pig iron and 5 million tpy of flats, according to Metal Expert's data.

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Nucor invests $176 million in Kentucky mill expansion

USA / Flat Products

Nucor, the US largest steel producer, is going to strengthen its presence in the automotive steel segment by building a new HDG line at sheet steel mill in Ghent, Kentucky.

On May 25, the company announced the $176 million investment to build a 500,000 tpy hot band galvanizing and pickling line at its sheet mill (1.8 million t). The new equipment will expand Nucor Steel Gallatin's product capabilities, supporting automotive growth strategy. "This project will allow us to move into segments of the automotive market we currently do not serve… In addition, this line will fully satisfy a key need in the marketplace for high-quality, hot-rolled galvanized steel," John Ferriola, Chairman, CEO and President, said.

The new 72-inch (about 182.9 centimetres) line "will be the widest hot-rolled galvanizing line in North America," and will create synergies with Nucor's other sheet mills, increasing the coated steel market share in the Midwest region, the company's official statement said. Once the necessary approvals are obtained, it is expected to take two years to construct the galvanizing line and begin operations, Metal Expert learnt.

Nucor acquired Gallatin Steel from ArcelorMittal and Gerdau for around $779 million in October 2014.

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Alacero: Latin America's steel production, demand keep rising

South America / Tubes & Pipes, Flat Products, Long products

Latin America's steel industry keeps showing an upward trend, rising for three months in a row. Improved crude and finished steel production, as well as a growth in consumption in Q1, gives hope for this year's recovery.

During January-March 2017, crude and finished steel production increased by 12% to 15.2 million t and 3% to 12.8 million t respectively in an annual comparison, according to the Latin American Steel Association (Alacero). Crude steel output in Brazil, the region's largest producer (54% share in total production) rose by 14%, coming to 8.3 million t, Metal Expert learnt.

One of the main reasons behind the higher production results is the increasing consumption, which added 7% to 16.6 million t compared to the same period of last year. Largest increases in consumption were recorded in Mexico (10% up), Costa Rica (115% up) and Brazil (5% up). As Metal Expert reported, this week Alacero released its updated estimation of steel demand in the region, expecting an annual growth of 2.5% in 2017 and 3.9% in 2018 in comparison with 2016 level.

At the same time, the region is pressured by imports. Thus, higher level of imports (14% up to 5.6 million t), their share in consumption rose to 34% as compared to 32% in Q1 2016. Region's exports of rolled steel went up by 8% to 2.3 million t year-on-year.

According to Alacero advance information, in April crude steel production reached 5.2 million t (in line with March 2017 and up 17% year-on-year), finished steel 4.4 million t (–3% month-on-month and +6% year-on-year).

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US DOC amends final decision in CTL plate trade case

USA / Flat Products

The US Department of Commerce (DOC) announced the correction of the final dumping margins for four countries in the certain carbon and alloy steel cut-to-length (CTL) plate trade case.

As a result of the correction of the “ministerial errors,” dumping margins on the goods from France produced by Dillinger France S.A. and other exporters were revised to 6.15% (from 8.62%), whereas by Industeel France S.A. – stayed unchanged at 148.02%. Dumping margins on the goods from Germany’s AG der Dillinger Huttenwerke and other German exporters were revised to 5.52% (from 5.38%) and 21.04% (from 21.03%), respectively; by Salzgitter – stayed unchanged at 22.90%. Dumping margins for South Korean producers were revised to 7.10% from 7.39%. It is worth to be mentioned, that DOC sharply increased dumping margins for Taiwanese China Steel Corp. – to 75.42% (from 6.95%), as well as for other Taiwanese exporters – to 39.52% (from 5.29%), Metal Expert learnt. At the same time dumping margins for Taiwanese Shang Chen Steel Co., Ltd stayed unchanged at 3.62%.

As Metal Expert reported earlier, in March DOC made final affirmative determinations concerning imports of the mentioned products from eight countries to the US; the International Trade Commission in May found that the industry was materially injured by such imports.

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US DOC rescinds several administrative reviews on import pipes and tubes

USA / Tubes & Pipes

The US Department of Commerce (DOC) rescinded the administrative review of the antidumping duty order (AD) and countervailing duty (CVD) on tubes and pipes from Turkey and OCTG from Vietnam and India due to the withdrawal of the petitioner’s requests.

In particular, DOC rescinded the administrative review of the antidumping duty order on circular welded carbon steel pipes and tubes from Turkey for the period from January 1, 2016, through December 31, 2016, as Borusan, the party requested the review, withdrew its request within the 90-day time limit and no other requests for the review had been received. During the previous review, DOC preliminary set dumping margin for Turkish producers in the range of 0.39-8.63% with the lowest rate for Borusan.

Apart from that, DOC rescinded the administrative review of the antidumping duty order on certain oil country tubular goods (OCTG) from Vietnam for the period from September 1, 2015, through August 31, 2016. After the previous review weighted-average dumping margin for Vietnamese SeAH Steel VINA Corporation was set at 0%. Also, DOC rescinded the administrative review of the CVD for Indian OCTG, which covers the period from January 1, 2016, through December 31, 2016. During the previous administrative review, the subsidy rate for Indian Jindal SAW was set at 14.41%.

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Steel product and raw material global prices, $/t

Commodity*	Market, delivery basis	26.05.2017	W-o-w change	02.06.2017	09.06.2017
				forecast for two weeks	
Semi-finished products					
Billet, 125-150 mm	CIS, export, FOB Azov/Black Sea	390-400	–	390-400	395
Billet, 150 mm	China, export, FOB	420-435	↑	430-440	420-430
Billet, 125-150 mm	Turkey, import from CIS, CFR	410-415	–	410-415	405-410
Slabs, 200-250 mm	CIS, export, FOB Black/Baltic Sea	400-410	–	400	400
Long products					
Rebar, 8-32 mm	Turkey, export, FOB	430-440	–	430-440	430-435
Rebar, 12-25 mm	Ukraine, export, FOB	415-420	–	415-420	415
Rebar, 10-20 mm	USA, import from Turkey, CFR TW	485-495	–	485-495	485-495
Rebar, 12-32 mm	Germany, domestic, CPT (EUR)	435-460	↓	435-460	435-460
Wire rod, mesh quality, 6.5 mm	China, export, FOB	445-455	↑	450-460	430-440
Wire rod, drawing/mesh quality, 5.5-10 mm	Ukraine, export, FOB	440-455	↓	440-450	440-445
Flat products					
HR coil, over 3 mm	China, export, FOB	430-450	↑	440-460	430-440
HR coil, over 2 mm	Russia, export, FOB Black Sea	435-445	–	440	440-445
HR coil, over 2 mm	Ukraine, export, FOB Azov/Black Sea	435-440	↓	435-440	435-440
HR coil, over 2 mm	USA, domestic, EXW	672-683	↓	672-683	672-683
HR coil, base	Germany, domestic, EXW (EUR)	500-530	↓	500-510	500-500
HR coil, base	Italy, domestic, EXW (EUR)	480-490	↓	475-485	475-485
HR coil, over 2 mm	Italy, import, CFR (EUR)	450-460	↓	445-455	445-455
HR coil, over 3 mm	Turkey, domestic, EXW	480-495	↓	490-500	495-510
CR coil, 0.5-1 mm	Russia, export, FOB Black/Baltic Sea	480-490	↓	480-490	480-485
CR coil, 1 mm	China, export, FOB	460-470	↑	450-460	440-450
Plate, over 20 mm	China, export, FOB	440-450	↑	430-440	420-430
HDG coil, Z120, 1 mm	China, export, FOB	545-550	↑	535-545	525-535
Raw materials					
Iron ore, 62 % Fe	China, import from Australia, CFR	57.75	↓	56	55.5
Scrap HMS 1&2 (80:20)	Turkey, import from USA, CFR	273.5	–	273-274	270-275
Scrap HMS 1&2 (75:25)	Turkey, import from EU, CFR	263-265	↑	260-270	260-270
Scrap HMS 1&2 (80:20)	Turkey, import from Baltic region, CFR	272	–	270-275	270-275
Scrap HMS 1&2 (80:20)	USA, export, FOB East Coast	255-260	–	255-260	255-260
Scrap HMS 2	Japan, export, FOB (JPY)	26,000	↑	26,000-27,000	26,000-27,000
Pig iron	USA, import, CFR	393-416	–	393-416	393-416
Hard coking coal	Australia, export, FOB	154-155	↓	150-155	150-155

* - billet - ST-37; rebar - ASTM A615 (gr.40) or analogue; wire rod - SAE 1008 or SAE 1006; HRC - EN 10025 (S235JR) or analogue (Vietnam - SAE1006B); CRC - EN 10130 (DC01); Plate - EN 10025 (S235JR) SAE1006B; HDG - DX51D or analogue.

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