SAMPLE

Top News:

Steel markets transition, raw materials stabilise

Last week was a week of transition for the steel markets as both scrap and iron ore prices stabilised and the market began looking for direction.

Iron ore prices were steady the entire week at levels very close to $60/tonne cfr China; this level has been recorded since 5 May. The stability of iron ore prices helped a recovery in finished steel prices in China compared to the week before, but market observers noted that this small recovery in rebar and HRC prices is not set to hold further in the short-to-mid-term.

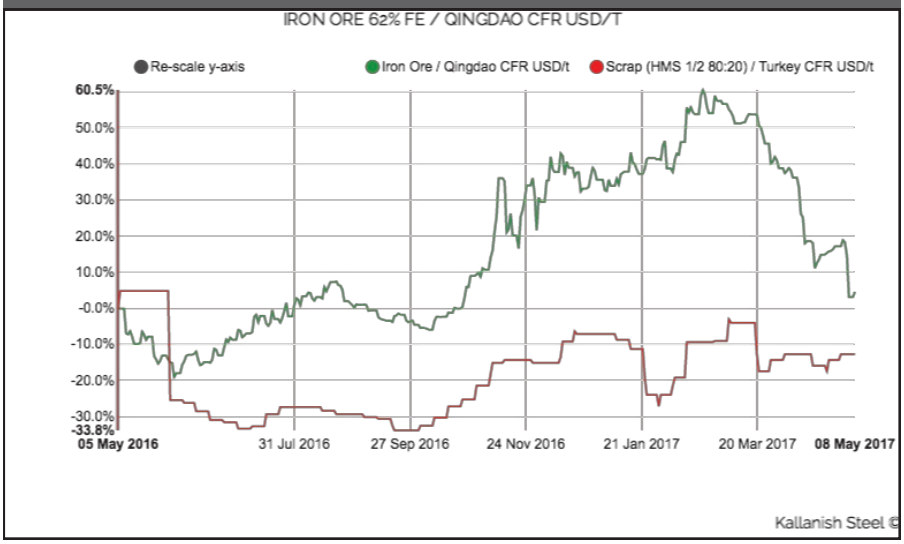
In the scrap market the situation was similar. HMS 1-2 (80:20) scrap remained stable at some $270-280/t cfr Turkey according to the Kallanish index. This has supported the recovery of Turkish domestic rebar prices which has also led to an increase in export offers. Even though demand from Turkish rebar importers remains weak, the market is content to enjoy the current positive sentiment for the longs market.

In confirmation that the market took a pause last week, billet prices exported from the Black Sea region also remained stable at levels close to $390-400/t fob Black Sea. With a spread of over $330/t from the Chinese iron ore benchmark, the current billet price is to be considered very positive for steelmakers.

While steel prices seek direction, last week the announcement of the Q1 financial results of ArcelorMittal, the largest steelmaker in the world, clearly indicated that steelmakers globally enjoyed a very good start to 2017. Expectations for the remainder of the year remain positive and if iron ore prices manage to avoid a big fall, the year should bring some very healthy financial results for the main players in the market.

In other news, European steelmakers gathered last week in Brussels for their annual European Steel Day. It was an opportunity to reiterate that the European steel market is recovering, but also stress the risks faced by the local industry against unfair competition. Eurofer, the local steelmakers association, formally called for the authorities to go further in their revision of the Emissions Trading Scheme and the implementation of dumping duties when needed. They welcomed some small steps taken by the European Commission to help the steel sector, but added nevertheless that there is a real risk that Europe will steelmaking reduced drastically by 2030.

Iron & Scrap



In this week's issue:

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Have Chinese prices peaked?

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Is Europe risking to see its steel industry disappear due to unfair competition?

PAGE 5
What strategies should define US steelmaking moving forward?

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How long will Turkish local rebar market support prices?

PAGE 8
Will ArcelorMittal Q1 recovery continue further this year?

Iron Ore 62% Fe / Qingdao CFR USD/t

W-o-w avg change			**-9.07%**
12 May 2017	$	59.96	low
11 May 2017	$	60.03	
10 May 2017	$	60.52	high
09 May 2017	$	59.75	
08 May 2017	$	60.45	
Average	**$**	**60.14**	
05 May 2017	$	59.62	low
04 May 2017	$	66.23	
03 May 2017	$	68.37	
02 May 2017	$	68.75	high
01 May 2017	$	67.74	
Average	**$**	**66.14**	

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Global Overview

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North America:

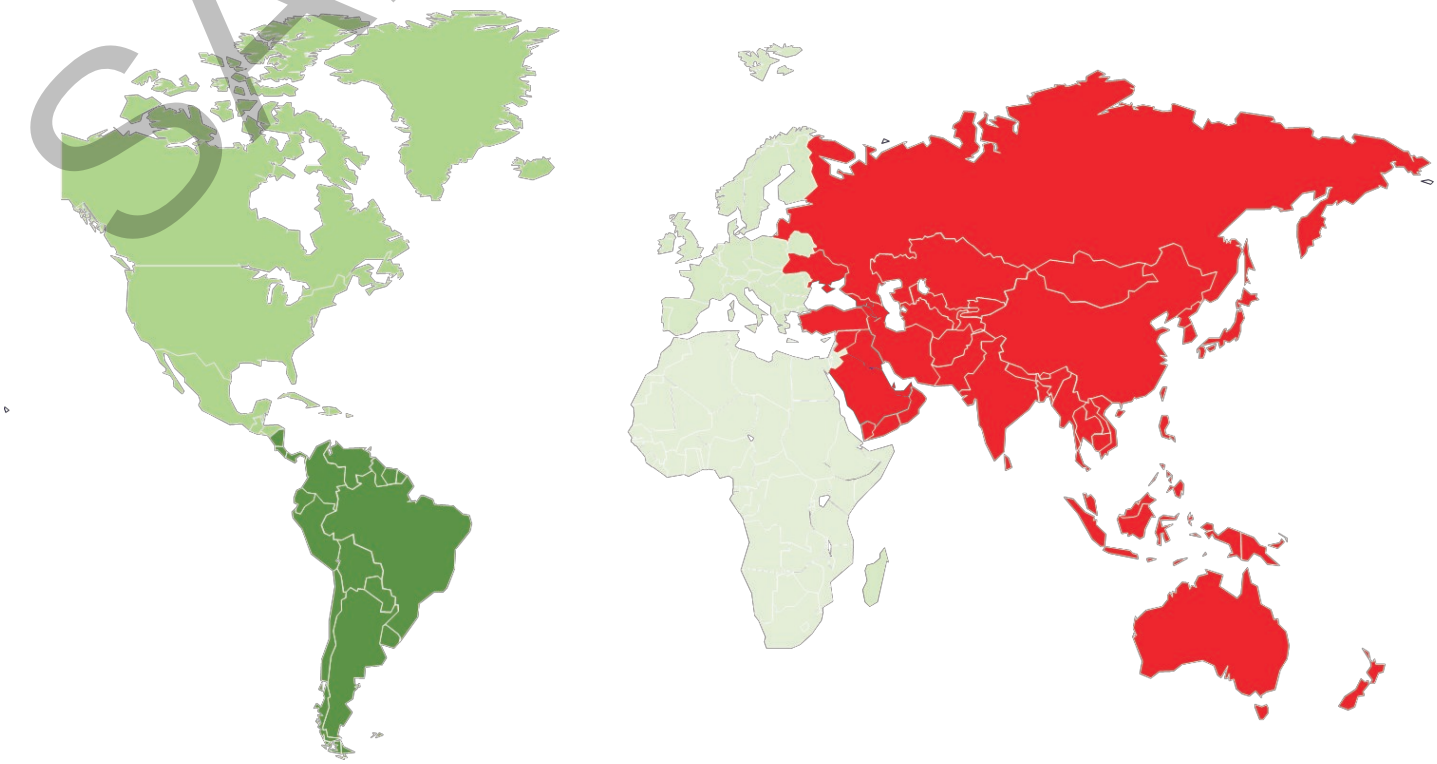
- Longhi retires from US Steel
- Sheet prices stable, imports slip
- OCTG prices slide on oil uncertainty

Europe:

- Eurofer shocked by HRC duties decision
- Scrap/rebar in N.Europe stable
- Ilva case soon to be solved

Asia:

- Chinese rebar and HRC prices up on week
- Chinese production and demand strong in April
- Iron ore remains below $60/t CFR China



Latin America:

- Chinese imports jump again
- Argentina crude steel production up

Middle East/CIS:

- Scrap stable, Turkish rebar mills enjoy local demand
- Emirates Steel reduces rebar on competition
- Turkish coil prices stable, import prices fall
- Khorasan Steel ships first billet to UAE
- Turkish Jan-April exports hit 11-year high
- MMK sees slow demand due to high inventories

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Word of the Week

Blooms

Blooms are large and elongated cast pieces of steel that are cut-to-length immediately after casting. After reheating, blooms are used to roll medium and large sections, as well as large profiles such as sheet piling, and rails. Blooms have rectangular cross sections. The name bloom comes from bloomery (a type of furnace once widely used for smelting iron from its oxides. The bloomery was the earliest form of smelter capable of smelting iron). Another condition for a bloom is that the cross section must be greater than 36 sq. inches.

Blooms

Source: Facor Steel Products

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

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