

## Chinese Recovery Lends Positivity to Steel Markets

Propelled by recovery in Chinese steel market & less hawkish stance of US Fed's for rate increase, the declining steel trends in many regions & countries seems to have been arrested. However, with the threat of looming recession, longevity of up cycle is uncertain

### Chinese Steel Market Recover

#### Steel Export Levels Climb in SEA

#### Positive Sentiments Resurge in Turkish Steel Market

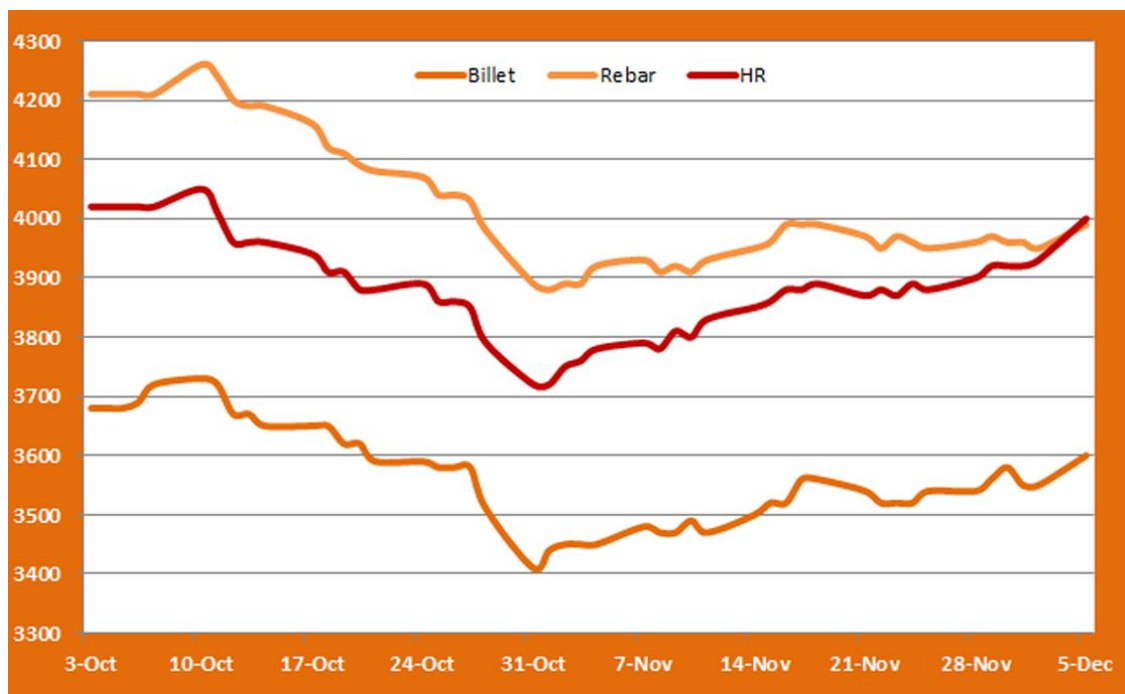
#### Indian Flat Steel Sentiments Hammered by Low Priced Imports

#### European Mills Eying Recovery in HR Prices

#### US Steelmakers Hike HR Prices by USD 50

#### Coking Coal Remains Wildcard in the Pack So Far

### Chinese Steel Market Recover



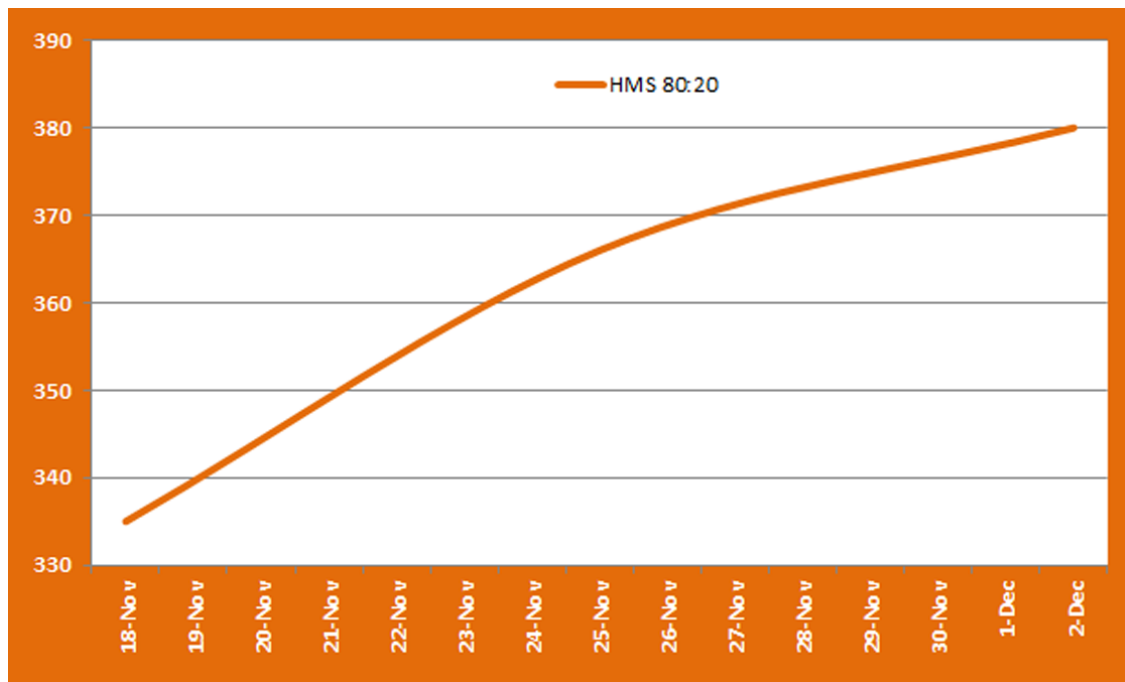
The price direction in Chinese steel market reversed in November and is continuing so far in December. During this period prices of billets, rebar & HR have gained almost by CNY 200 (USD 30), CNY 100 (USD 15) & CNY 300 (USD 45). Flat products were more active than long products as long products demand is weaker than flat products. The positive trends are a result of many factors such as China lowering interest rate, US Fed Mr Powell signaling slower rate increases at next meeting, expectations of reopening of Chinese markets as Covid-19 has become less pathogenic & more people are vaccinated and RMB continuing to remain firm pushing export offers of HR by USD 30 as well as rising steel costs with iron ore climbing above USD 100 mark &

steel mills accepting second coke price increase of CNY 100. As steel mills want the market to be stable, Shagang has kept all prices made unchanged for first 10 days of December, even when their EXW prices are higher than the market level.

### Steel Export Levels Climb in SEA

Billet prices are in upswing due to traders covering short positions and expectation of restocking is for January shipment cargoes as buyers are in need of cargoes before the Lunar New Year holidays. Also, SEA market is buoyed on news that Chinese COVID-19 measures would be softened. Similarly, Vietnamese hot rolled coil market continues to see Chinese export offer prices rise because of the robust rebound in Chinese domestic futures markets, even though the depressed Vietnamese market will continue to limit any strong price uptrend with prevailing offers from domestic mills, which in turn have started exporting.

### Positive Sentiments Resurge in Turkish Steel Market



Latest reports suggest HMS 80:20 scrap import transactions at USD 380 CFR Turkey, up by USD 45 from mid-November, as steel mills are finding support from rebar levels at USD 670-690 EXW, also up by USD 50 from mid-November. As a result, scrap import offers to other countries have also surged supporting sentiments in long product markets. Insiders expect Turkish scenario to continue in short term. Russian billet prices follow upward momentum in Turkey amid upswing in Turkish domestic prices and the rising cost of imported scrap. Some Russian offers for the Turkish market soared as local billet offers in Turkey reached USD 600. EXW or higher with import quotes heard at USD 580-585 CFR Turkey, up from USD 535 recently.

### **Indian Flat Steel Sentiments Hammered by Low Priced Imports**

Bearish sentiments have enveloped India's flat product market further with news of HR imports from Vietnam at USD 550 CFR levels, which translate to about INR 46500 landed including port expenses. Reports also suggest that export deals were transacted at USD 530-540 FOB levels. It is heard the major buyers are seeking price protection from Indian steel mills and market experts expect prices to decline further by about INR 2000 to INR 52000-53000 by December end.

### **European Mills Eying Recovery in HR Prices**

Latest reports suggest that the sentiment in European steel market has turned cautiously optimistic, even though deals are scarce, and steelmakers have stopped giving discounts and previously available cheaper offers have disappeared. European mills over the past several European steelmakers are expected to increase domestic hot-rolled coil offers as prices stabilized and some mills have already increased offers by about EUR 30-40 as HR prices were close or below the production costs

### **US Steelmakers Hike HR Prices by USD 50**

After Cleveland-Cliffs and US Steel increased HR prices by USD 60 per short ton, Nucor and ArcelorMittal Dofasco also raised prices. However, with their capacity utilization remaining at 73%, only time will reveal the reaction from market

### **Coking Coal Remains Wildcard in the Pack So Far**

The premium hard coking coal market is supported as traders took position on pared back prices and in anticipation of wet weather in Queensland and an uptick in Q1 2023 demand among Asian end-users signaling that market has probably bottomed and prices may climb further. Much of the expectations of a drive up in prices is hinged on wet weather in Queensland, a sample of which was evident this week with heavy rains reported in the Bowen Basin. Given the heavy rains in Queensland over the last few days, panic might set in soon even though market appears sufficiently supplied with spot cargoes