

News Headlines	Pricing Movements	Steel Cost Index	Anti-Dumping News	Key To Prices
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STEEL MARKET SUMMARY – February

Whereas the Australian steel industry has returned from the festive season and is now fully engaged with the year ahead, China is currently in shut-down mode and enjoying the Luna New Year holidays (February 4–10). It’s a period when hundreds of millions of Chinese return to their provinces to spend time with family. But whilst on that break, perhaps steel industry executives will find time to contemplate the many challenges facing their industry in 2019 – because how those challenges are managed will directly affect the supply and price of steel in Australia. The most obvious issue confronting China is the slowdown in its economy, where GDP officially dipped to 6.4% in 2018, but may indeed be lower. China’s finished steel exports also decreased 8.1% year on year in 2018, while the Platts China Steel Sentiment Index weakened in January to 18.79 points out of a possible 100: its second-lowest reading in 12 months. And yet, many fundamentals in the Chinese steel industry are good. Crude steel output hit a record high in 2018 of 928.3 Mt (million tonnes). That was 6.6% up on the year and represented 51.3% of world production. A sign of hope for the economy and steel industry was the National Bureau of Statistics report that housing starts had increased by 17.2% in 2018, a big acceleration on the 7% growth in 2017.

To mitigate against a hard economic landing, the Chinese central government recently took a range of stimulus measures, including: loosening liquidity; supporting privately-owned companies; making it easier to buy property; and investing heavily in rail and other infrastructure. In December alone China’s National Development and Reform Commission approved eight major infrastructure projects totalling Yuan 930.2 billion, which surpassed the combined Yuan 813.7 billion approved over January – November of 2018.

“Global steel demand will continue to grow by at least 1.4% this year,” said Edwin Basson, General Director of the World Steel Association, following the publication of its annual figures. “This is a conservative view. China could very easily grow steel use by 1 – 2%, and if that happens this could lead to 2% growth in global steel demand.” Global crude steel production reached roughly 1.81 billion metric tonnes in 2018, up 4.6% year on year. Within that figure, India’s output grew 4.9% to 106.5 Mt, making it the world’s second biggest steel producer, overtaking Japan which produced 104.3 Mt. “Watch out for India,” said Basson. “It will undoubtedly become the second largest steel consumer globally in the near future.” Supporting this view, the World Bank says it expects India to post 7.3% annual growth this year: and the global energy consultant Wood Mackenzie claims India could be 2019’s “big story.”

Meanwhile, the European Union has imposed limits on steel coming into the bloc, effective from February 2, in response to Donald Trump’s metals tariffs. The measures concern 26 steel product categories, with quotas set at the average of imports during 2015 – 2017, plus 5%. There will be specific limits for major exporting countries and quotas will apply for three-month periods to limit stockpiling. The measures should remain in place for up to three years.

Still on Turkish rebar, the Australian Government’s Anti-Dumping Commission has preliminarily determined a 4% dumping margin for all Turkish exporters in relation to rebar exported to Australia from October 1, 2017 to September 30, 2018. This follows an investigation which commenced in November last year. Turkey rebar exports to Australia reached 52,750 metric tonnes in the first three quarters of 2018, a dramatic increase on the 3,270 metric tonnes in the same period of the previous year. Interestingly, the imposition of this preliminary dumping margin has probably helped imports which, prior to this announcement, were fearing possibly higher duties.

Australian steel buyers wondering where prices are going will have to wait until normal trading resumes after the Lunar New Year break. Over the last month various import product prices have declined on the back of the overall global weakness and a slightly stronger Australian dollar. A decline in residential housing value (and ipso facto the sense of one’s personal wealth) has injected some negative sentiment into a market seemingly looking for bad news – which is easy to find when you look hard enough for it. But in the very same market there is also good news to be found: even if the positive comments made by Mr Basson of the World Steel Association may still fall on deaf ears.

PRICING MOVEMENTS - Since January 2nd, 2019

STEEL RAW MATERIAL

	USD Change	AUD Change
- Blast Furnace costs ¹	-1.0%	-5.4%
- EAF/Scrap costs ²	+13.8%	+9.5%

STEEL FINISHED PRODUCT

- China Rebar pricing ³	-0.5%	-4.9%
- Turkey Rebar pricing ⁴	+6.9%	+2.6%
- Non-Ferrous Metals (Cu/Al/Ni/Zn) ⁵	+12.5%	+8.1%

STEEL COST INDEX (The cost of scrap, iron ore, coal in one tonne of steel)

	Feb 1, 2019	Jan 2, 2019	Dec 1, 2018	Nov 1, 2018
Blast Furnace Index in USD ¹	349	353	364	367
Blast Furnace Index in AUD ¹	485	512	498	517
EAF/Scrap Index in USD ²	373	314	374	384
EAF/Scrap Index in AUD ²	518	455	512	541

For a detailed explanation of ASN’s unique Steel Cost Index, [click here](#)

STEEL AND RAW MATERIALS PRICES (USD per tonne)

	Feb 1, 2019	Jan 2, 2019	Dec 1, 2018	Nov 1, 2018
Iron Ore ⁶	76	71	72	74
Coking Coal ⁷	198	220	221	220
Steel Scrap Turkey ⁸	330	278	331	340
Steel Rebar Turkey ⁴	480	449	499	514
Steel Rebar China ⁹	562	565	520	673

NON-FERROUS METALS PRICES (USD per tonne. Source: LME 10)

	Feb 1, 2019	Jan 2, 2019	Dec 1, 2018	Nov 1, 2018
Copper	6097	5838	6237	6068
Aluminium	1871	1857	1934	1959
Nickel	12,455	10,435	11,010	11,550
Zinc	2732	2460	2628	2584

FX RATES (Source: www.x-rates.com)

	Feb 1, 2019	Jan 2, 2019	Dec 1, 2018	Nov 1, 2018
USD / AUD	0.72	0.69	0.73	0.71
Euro / AUD	0.63	0.61	0.64	0.62
NZD / AUD	1.04	1.04	1.06	1.08

FUTURE FX RATES (Banks’ estimate of AUD value by the end of Q2 2019)

	NAB	ANZ	WESTPAC	CBA
USD / AUD	0.70	0.67	0.70	0.73
Euro / AUD	0.59	0.62	0.63	0.63
NZD / AUD	1.04	1.08	1.09	1.10

COMPANY SHARE PRICES (Source: ASX 11)

	Feb 1, 2019	Jan 2, 2019	Dec 1, 2018	Nov 1, 2018
Bluescope	12.51	10.85	11.23	14.29
Sims Metal Management	10.36	9.80	10.70	11.59
BHP Group	35.00	33.68	30.69	33.11

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KEY TO PRICES

- Blast Furnace Index is: Iron Ore*1.6 mt + Coking Coal*0.9 mt + Scrap*0.15 mt in USD or converted to AUD. [Cost BOF](#)
- EAF/Scrap Index is: Steel Scrap*1.13 mt in USD or converted to AUD. [Cost EAF](#)
- Chinese Rebar Pricing is: Shanghai Futures Exchange converted to USD at 6.8 Yuan/USD. [HERE](#)
- Steel Rebar is: Turkey exports FOB Turkish Port – One Month USD / mt from LME. [HERE](#)
- The average price / mt for the non-ferrous metals Cu/Al/Ni/Zn. [HERE](#)
- Iron Ore Fines: Bloomberg indicative USD CFR prices for 62 Fe shipping to Qingdao. NAB sourced.
- HCC: premium low-volume coking coal USD per tonne. NAB sourced.
- Steel Scrap (Turkey CFR): USD pricing per tonne from LME closing contract price. [HERE](#)
- Steel Rebar: Shanghai Futures Exchange Forward one month converted to USD at 6.8 Yuan/USD. [HERE](#)
- London Metal Exchange (LME) Cash pricing is quoted. [HERE](#)
- Australian Stock Exchange end of day quote in Australian dollars. [HERE](#)

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CURRENCY CHANGES

Movement Since Jan 2nd, 2019
AUD is up 4.3% against the USD
AUD is up 3.3% against the Euro



STEEL NEWS HEADLINES

- Feb 1 – Reuters
[EU curbs steel imports after Trump tariffs](#)
 - Jan 30 – Reuters
[Posco’s 2018 Q4 profit grows 10%](#)
 - Jan 29 – SEAI
[HBIS to buy 70% of Tata’s SE Asian projects](#)
 - Jan 29 – Platts
[Nucor and US Steel flat-rolled coil prices to rise](#)
 - Jan 29 – SEAI
[China’s steel export to ASEAN-6, Jan–Nov 2018](#)
 - Jan 29 – MEPS
[Worsening conditions worry emerging markets](#)
 - Jan 28 – Bloomberg
[WTO investigates Trump’s China tariffs, reports](#)
 - Jan 28 – Reuters
[JSW Steel and Duferco in pre-pay steel deal talks](#)
 - Jan 25 – Platts
[China scrap cut favours iron ore, Morgan Stanley](#)
 - Jan 25 – World Steel Association
[Global crude steel output up by 4.6% in 2018](#)
 - Jan 24 – Platts
[China’s ferrous scrap imports tumbled in 2018](#)
- For more steel news headlines, [click here](#)



ANTI-DUMPING NEWS

Measures already in place:

[ADC – Measures](#)

Updates to the public record:

[ADC – Updates](#)

Recent anti-dumping actions:

[ADC – Actions](#)

Request a weekly update from the Australian Government Anti-Dumping Commission website: [here](#)



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