

"Key Indicators, Pricing and News for the Australian Steel Industry"

Sponsored By



STEEL MARKET SUMMARY - November

Moderate Growth Ahead For Global Steel Demand : World Steel Association

The World Steel Association's October 2017 Short Range Outlook anticipates moderate but continued growth in global steel demand. It expects demand to reach 1,622.1 Mt globally in 2017 and 1,648.1 Mt in 2018. Excluding China, this represents an increase of 2.6% in 2017 and 3% in 2018.

Edwin Basson, Director General of World Steel Association, told S&P Global Platts that: "The upswing in the global steel market is more broadly underpinned by fundamental demand and not just sentiment driven." He said the ASEAN market was buoyant, especially Japanese steel demand which is showing better than expected performance benefitting from the government stimulus package, improving exports and preparations for the 2020 Olympic Games. Mr Basson said the mature markets of Europe and the US were moving sideways, while Brazil and the CIS had stopped falling. The Association expects the growth rate in China's steel demand for 2017 will be 3%. The outlook for China's steel demand in 2018 remains subdued, showing no growth over 2017 as the government strengthens its efforts on economic rebalancing and environmental protection.

A production surge ahead of those government-mandated cutbacks saw the amount of iron ore shipped to China surpass 100 Mt for the first time. This surge caused iron ore futures to jump more than 5% early in October; however, with the production cutbacks now kicking in, iron ore recently slid below AUD60 thus extending its price decline since mid-August to more than 25%. Likewise demand for coking coal has already begun to wane as the winter production restrictions take hold. Experts forecast that the lower output leading to lower supply from the Chinese mills will put upward pressure on steel prices in the coming months.

The Australian market continues to look to the international pricing levels for guidance. Whilst international levels have stopped rising in USD terms, a decrease in the Australian dollar value from 78 cents to 76 has meant price falls for imported product have been evident, but not substantial, in various areas. This is more so in long products than flat products. Whilst local levels have only been moving in an upwards direction, the rises due to be announced soon for deliveries in the new year are likely to be dependent on the continuing value of the Australian dollar and international levels over the next two weeks. Given the apparent discipline with respect to capacity ramp-ups being shown in China, no international producers are showing any inclination towards pricing panic and falls are so far being offset largely by the exchange rate. A wait and see scenario without substantial movements upwards or downwards is expected to remain.

PRICING MOVEMENTS SINCE: October 2, 2017

	USD Change	AUD Change
STEEL RAW MATERIAL - Blast Furnace costs¹	+ .2 %	+ 2.7 %
EAF/Scrap costs²	+ 12.5 %	+ 15.1 %
STEEL FINISHED PRODUCT - China Rebar pricing³	- 7.2 %	- 4.6 %
Turkey Rebar pricing⁴	+ .2 %	+ 2.2 %
Non Ferrous Metals (Cu/Al/Ni/Zn)⁵	+ 13.6 %	+ 15.6 %
CURRENCY MOVEMENTS - The AUD has moved against the USD	- 2.6 %	and - 1.5 % against the Euro

STEEL COST INDEX (The cost of Scrap, Iron Ore, Coal in one tonne of steel)

	01-Nov-17	02-Oct-17	01-Sep-17	01-Aug-17
Blast Furnace Index in USD¹	304	304	366	327
Blast Furnace Index in AUD¹	401	390	457	409
EAF/SCRAP Index in USD²	360	329	400	379
EAF/SCRAP Index in AUD²	474	422	500	473

STEEL AND RAW MATERIAL PRICES (USD per tonne)

	01-Nov-17	02-Oct-17	01-Sep-17	01-Aug-17
Iron Ore⁶	58	62	79	74
Coking Coal⁷	182	179	207	176
Steel Scrap Turkey (LME Turkey Imports)⁸	319	291	354	335
Steel Rebar Turkey (LME Turkey Exports)⁴	526	525	546	511
Steel Rebar China (Spot China SHFE tonne)⁹	544	586	624	580

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

	01-Nov-17	02-Oct-17	01-Sep-17	01-Aug-17
USD / AUD	0.76	0.78	0.80	0.80
Euro / AUD	0.65	0.66	0.67	0.68
NZD / AUD	1.11	1.08	1.11	1.07

FUTURE FX RATES (Banks' estimates of AUD value at the end of 2017)

	NAB	ANZ	WESTPAC	CBA
USD / AUD	0.75	0.82	0.76	0.8
Euro / AUD	0.64	0.67	0.64	0.65
NZD / AUD	1.07	1.12	1.08	1.17

NON FERROUS METALS PRICES (USD per tonne)(Source: London Metal Exchange Quote)¹⁰

	01-Nov-17	02-Oct-17	01-Sep-17	01-Aug-17
Copper	6917	6454	6775	6300
Aluminium	2187	2066	2114	1886
Nickel	12690	10365	12000	10150
Zinc	3330	3235	3146	2769

COMPANY SHARE PRICES (AUD per share)(Source: ASX)¹¹

	01-Nov-17	02-Oct-17	01-Sep-17	01-Aug-17
Bluescope	12.7	11.16	10.78	13.43
Sims Metal	13.29	13.54	14.99	15.65
BHP Billiton	26.95	26.12	27.42	26.16

ANTI-DUMPING NEWS

(Sign up for an ADC weekly update) ----->

[HERE](#)**Summary of Measures already in place**[Adcommission - Measures](#)**Latest Updates to the public record**[Adcommission - Latest Updates](#)**Details on the most recent Anti-Dumping Actions**[Adcommission - Cases](#)**STEEL NEWS HEADLINES**

(courtesy of SEAIISI or sources quoted)

[SEAIISI STEEL NEWS](#)[Nov 1 - MEPS: Predicts record high for global stainless steel in 2017](#)[Nov 2 - China steel futures fall amid uncertain outlook](#)[Oct 27 - Bloomberg: Global steelmakers soar in China's clean skies policy](#)[Oct 31 - China iron ore hits four-month low](#)[Oct 26 - MEPS: World average steel price declines in October](#)[Oct 30 - Record iron ore import by China in September](#)[Oct 25 - Platts: India nears Japan in steel output](#)[Oct 27 - List of world's top crude steel producers](#)[Oct 24 - MEPS: EU annual average steel price in 2017 to reach 6-year high](#)[Oct 24 - Winter heralds China steel output fall](#)[Oct 23 - World Steel Assn: September 2017 crude steel production](#)[Oct 24 - Will India be the next China in steel consumption?](#)[Oct 19 - MEPS: Global construction bears brunt of steel price hikes](#)[Oct 19 - Pig iron, scrap, steel trade hit by electrode shortage](#)[Oct 16 - World Steel Assn: Short Range Outlook 2017](#)[Oct 10 - Steel price report as of October 9](#)**Key to Prices**

1 Blast Furnace Index (Iron Ore*1.6 mt + Coking Coal * 0.9 mt + Scrap*0.15 mt) in either USD or converted to AUD	COST - BOF
2 EAF/SCRAP Index (Steel Scrap * 1.13 mt) in either USD or converted to AUD	COST EAF
3 STEEL FINISHED PRODUCT --Chinese Rebar Pricing Shanghai Fut Exch converted to USD at 6.8 Yuan/USD	HERE
4 Steel rebar (Turkey exports FOB Turkish Port – One Month USD / MT from LME	HERE
5 The average price / mt for the Non Ferrous Metals -Cu/Al/Ni/Zn.	HERE
6 Iron Ore Fines -- Bloomberg indicative USD CFR prices for 62 % Fe shipping to Qingdao. NAB sourced	
7 HCC - premium low-vol ----- Coking Coal USD per tonne. NAB sourced	
8 Steel scrap (Turkey CFR) – USD pricing per tonne from LME Closing Contract Price	HERE
9 Rebar - Shanghai Futures Exchange Forward one month converted to USD at 6.8 Y/\$	HERE
10 London Metal Exchange (LME) CASH pricing is quoted	HERE
11 Australian Stock Exchange end of Day quote in Australian dollars	HERE

Sanwa Contacts - Telephone (02) 9362 4088**Re-inforcing Steels / David Roberts / droberts@sanwa.com.au****Stainless Steel / Howard Seligsohn / hseligsohn@sanwa.com.au****Structural Steel / PC Strand / Mark Horwitz / mhorwitz@sanwa.com.au****Flat Products / Laurie Di Medio / ldimedia@sanwa.com.au****Special Steels / Tube and Pipe / Matt Gilpin / mgilpin@sanwa.com.au****Wire and Aluminium / Steve Wade / swade@sanwa.com.au*****Disclaimer and Credit**

Prices and figures quoted should be taken as indicative numbers only. While all care has been taken in compiling this newsletter, readers acting upon the information herein do so at their own risk. Neither the publisher nor Sanwa will accept any responsibility for consequences arising from commercial decisions made by readers. Most of the numeric information in this newsletter is available at the sources quoted. Readers are urged to check figures against the original source. All comments expressed are the opinion of the editor and copyright is reserved for the full contents of the newsletter.

Australian Steel News acknowledges its two principal sources of information: National Australia Bank (NAB) and SEAIISI.

Australian Steel News (ASN) is published by Caletablanca Media.

For suggestions on information you would like to see included in ASN, email: asn@caletablanca.com. To remove yourself from this list, please email: asn@caletablanca.com with the word REMOVE in the subject line. To add yourself to this list, please email: asn@caletablanca.com with the word ADD in the subject line.