

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

Positive Short-Term Outlook Contrasts With Future Concerns

The World Steel Association's October short-term outlook predicts global steel demand will reach 1,657.9 Mt (million tonnes) in 2018, an increase of 3.9% on 2017. In 2019, it is forecast demand will grow by 1.4% to reach 1,681.2 Mt. However, the figures come with a caveat. In 2017, China continued the process of closing its outdated induction furnaces. Thus, while nominal steel demand growth in China in 2018 is expected to reach 6%, the dynamics of steel using sectors suggest growth of 2% in real terms. Accordingly, real global growth in 2018 is anticipated to be 2.1%.

Commenting on the Outlook, Mr Al Remeithi, chairman of the Association's economic committee, said: "In 2018, global steel demand continued to show resilience supported by the recovery in investment activities in developed economies and the improved performance of emerging economies."

The Association's report said sluggish construction activities and stock adjustments led to slow growth of steel demand in the ASEAN region in 2017 and 2018. Nevertheless, demand in that zone is expected to resume its growth momentum backed by infrastructure programs in 2019 and beyond. Steel demand in developing Asia excluding China is expected to increase by 5.9% and 6.8% in 2018 and 2019 respectively. In concert with the growing worldwide appetite for steel, China's rebar production in September reached its highest level in the past 13 months at 18.28 Mt, up 4.9% on the year. Daily rebar output in September was 4.5% higher than in August. Meanwhile, the Chinese steel market sentiment strengthened in October. The Platts CSPI (China steel sentiment index) headline reading of 46.03 was up 3.44 points on September. Experts also say that various regional ferrous scrap markets around the world expect an upturn in Q4 of 2018.

Notwithstanding the World Steel Association's near-term optimism, the market includes a range of dissenting voices. A report from Australia's Department of Industry, Innovation and Science says China's steel production is likely to peak in 2018 before falling in 2019 as domestic demand dips. Meanwhile, Peter Marcus from World Steel Dynamics has said falling fixed asset investment in China will pressure global steel prices and lead to a calamitous profit environment for steel mills by 2020. He cited a slowing Chinese economy, weakened developing economy currencies and US-Sino trade wars as stress cracks that will widen. Concurrent with tariffs on steel and aluminium, this wariness chimes with details in the International Monetary Fund's latest World Economic Outlook report released in October. The IMF now projects the global economy to grow at 3.7% in both 2018 and 2019, down by 0.2% on earlier predictions.

In Australia, insofar as steel usage is concerned, two September figures gave cause for concern. Non-residential building approvals fell by 4% while a 3.3% increase in dwelling approvals in the month made only a partial dent in the 13% slide of the two previous months. Tighter credit conditions have analysts believing the trend for the residential sector is downwards. Our charts this month also offer two points worthy of attention: the Blast Furnace Index and the EAF/Scrap Index have both risen by just under 10%, which indicates that all steel making costs have gone up by that amount. Elsewhere, an increase in domestic capacity from new shifts brought on line by Liberty in Sydney and Melbourne has meant domestic prices have remained lower for east coast steel mills. Even exports, where they have a very rare right to sell into, have been taking advantage of the high American prices. Whyalla, however, is at capacity and currently incapable of meeting the infrastructure construction boom being enjoyed across much of Australia.

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CURRENCY CHANGES

Movement Since Oct 1st, 2018
AUD is **down** 1.4% against the USD
AUD is **unchanged** against the Euro



STEEL NEWS HEADLINES

- Oct 31 – MEPS**
[Strong growth expected for global stainless steel](#)
 - Oct 30 – MEPS**
[Protection supports steel prices but derails trade](#)
 - Oct 29 – Bloomberg**
[Clean China presents a problem for iron ore](#)
 - Oct 29 – SE AISI**
[JSW Steel revamps production to meet demand](#)
 - Oct 26 – Platts**
[Glencore's coking coal production up 20%](#)
 - Oct 26 – Platts**
[India's imports/exports fall in industry trend](#)
 - Oct 26 – SE AISI**
[China mills concerned by Beijing's new focus](#)
 - Oct 25 – SE AISI**
[Hao Sen to buy hot-rolled coil from Formosa HT](#)
 - Oct 25 – MEPS**
[EU steel prices slip in Oct as sentiment fades](#)
 - Oct 24 – World Steel Association**
[September 2018 crude steel production](#)
- For more steel news headlines, [click here](#)

PRICING MOVEMENTS - Since October 1st, 2018

STEEL RAW MATERIAL	USD Change	AUD Change
- Blast Furnace costs ¹	+9.0%	+10.4%
- EAF/Scrap costs ²	+9.8%	+11.2%
STEEL FINISHED PRODUCT		
- China Rebar pricing ³	+0.3%	+1.7%
- Turkey Rebar pricing ⁴	+1.8%	+3.2%
- Non-Ferrous Metals (Cu/Al/Ni/Zn) ⁵	-4.3%	-2.9%



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

	Nov 1, 2018	Oct 1, 2018	Sept 1, 2018	Aug 1, 2018
Blast Furnace Index in USD ¹	367	337	318	314
Blast Furnace Index in AUD ¹	517	468	447	430
EAF/Scrap Index in USD ²	384	355	351	373
EAF/Scrap Index in AUD ²	541	493	495	511

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

STEEL AND RAW MATERIALS PRICES (USD per tonne)

	Nov 1, 2018	Oct 1, 2018	Sept 1, 2018	Aug 1, 2018
Iron Ore ⁶	74	68	67	67
Coking Coal ⁷	220	201	182	175
Steel Scrap Turkey ⁸	340	314	311	330
Steel Rebar Turkey ⁴	514	505	520	544
Steel Rebar China ⁹	673	671	705	611



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

	Nov 1, 2018	Oct 1, 2018	Sept 1, 2018	Aug 1, 2018
Copper	6068	6170	6018	6136
Aluminium	1959	2047	2111	2035
Nickel	11,550	12,320	12,990	13,775
Zinc	2584	2617	2503	2627

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

	Nov 1, 2018	Oct 1, 2018	Sept 1, 2018	Aug 1, 2018
USD / AUD	0.71	0.72	0.71	0.73
Euro / AUD	0.62	0.62	0.61	0.63
NZD / AUD	1.08	1.09	1.08	1.08

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FUTURE FX RATES (Banks' estimate of AUD value in Q4 2018)

	NAB	ANZ	WESTPAC	CBA
USD / AUD	0.71	0.70	0.73	0.72
Euro / AUD	0.60	0.60	0.63	0.63
NZD / AUD	1.10	1.12	1.10	1.10



COMPANY SHARE PRICES (Source: ASX 11)

	Nov 1, 2018	Oct 1, 2018	Sept 1, 2018	Aug 1, 2018
Bluescope	14.29	16.93	17.31	18.12
Sims Metal Management	11.59	12.51	12.56	17.21
BHP Billiton	33.11	34.61	33.21	35.08

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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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