

Argus Ferrous Roundup:

July 2023



Macroeconomics

The IMF has slightly upgraded its 2023 growth projection for the global economy by 0.2 percentage points to 3pc, from its April report, but warns of sluggish expansion later this decade. The improved outlook for this year reflects measures taken by US and Swiss financial regulators to address the fragility of the financial sector.

US economy expanded at a 2.4pc annual rate in the second quarter, beating analysts' forecasts for a slowdown in the face of the most aggressive rate hikes by the US Federal Reserve since the 1980s.

China's projected growth by the IMF remains at 5.2pc this year, but doldrums in China's real estate sector could have lasting effects on China and the rest of the world, the IMF says. China plans to impose more stimulus measures for the construction sector by issuing special bonds and conducting wider reconstruction in rural areas, which could boost diesel demand, Beijing announced at the politburo meeting on 24 July.

Manufacturing output across the EU fell by roughly 1.2pc compared with the previous May. Output rose in the bloc's largest economy, Germany, by 2pc, and by an even larger 2.8pc in France. This was partly offset by a 3.4pc decrease in Italy and a severe drop of 9.2pc in the Netherlands.

Ferrous data and downloads

Data + Downloads

- [Asia steel deals, bids and offers](#)
- [China iron ore deals, bids and offers](#)
- [Asia-Pacific coking coal and PCI spot deals](#)
- [Turkey ferrous scrap import deals](#)

Trade flows

- [Australia iron ore shipments](#)
- [China coking coal and met coke imports](#)
- [China iron ore imports](#)

Key prices			
	Units	July averages	± M-o-M
Raw materials			
ICX 62% Fe Iron ore cfr Qingdao	\$/dmt	112.96	+0.05
PLV coking coal fob Australia	\$/t	232.20	+2.02
US high-vol A fob Hampton Roads	\$/t	190.88	-6.26
HMS 1/2 (80:20) scrap cfr Turkey	\$/t	365.51	-19.26
Semi-finished steel			
Billet ex-works Tangshan	Yn/t	3,578	+60
Slab fob Black Sea	\$/t	435.00	-34.00
Finished steel			
HRC fob Tianjin	\$/t	552.33	+8.88
HRC ex-works northwest Europe	€/t	653.01	-17.69
HRC ex-works Italy	€/t	646.36	+3.61
HRC ex-works US Midwest	\$/st	855.00	-27.50
Rebar fob Turkey	\$/t	580.12	-34.33
Spreads			
PCX portside iron ore differential to ICX	\$/dmt	+2.90	+3.70
Blast spread fob China HRC	\$/t	208.98	-2.32

Metals

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Iron ore

The *Argus* ICX seaborne iron ore price initially fell to the month's low of \$105.95/dmt on 10 July, as sintering restrictions in Tangshan dampened sentiment, while lump premiums ticked up for the same reason. The index rebounded afterwards, boosted by positive landing margins for seaborne cargoes. The index stayed firm until late in that month, supported by decent mill margins, which also slightly boosted demand for higher-grade ores, including concentrate. But anticipated steel production cuts this year and ongoing cuts in Tangshan pushed prices down by late July, ending that month at \$110.95/dmt.

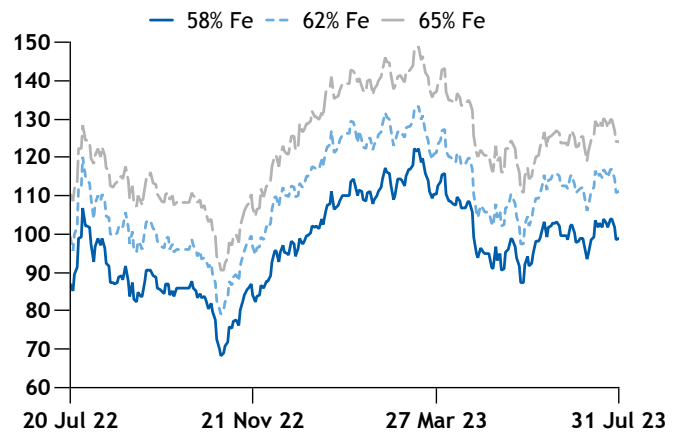
The PCX 62pc portside fines index in July nudged up by 6 yuan/wet metric tonne (wmt) (\$0.84/wmt) in July to end that month at Yn892/wmt for Qingdao. The seaborne equivalent rose by \$2.45/dmt to \$116.30/dmt cfr Qingdao. Portside prices fluctuated in narrow ranges on market talk of production curbs and steel mills' low inventories over that month. Demand for lumps improved on sintering controls in Tangshan.

Key stories:

- [Brazilian iron ore exports rise in June](#) (4 Jul)
- [BHP sets unambitious iron ore targets](#) (20 Jul)
- [Fortescue ships first Iron Bridge magnetite](#) (24 Jul)

Iron ore fines, cfr Qingdao

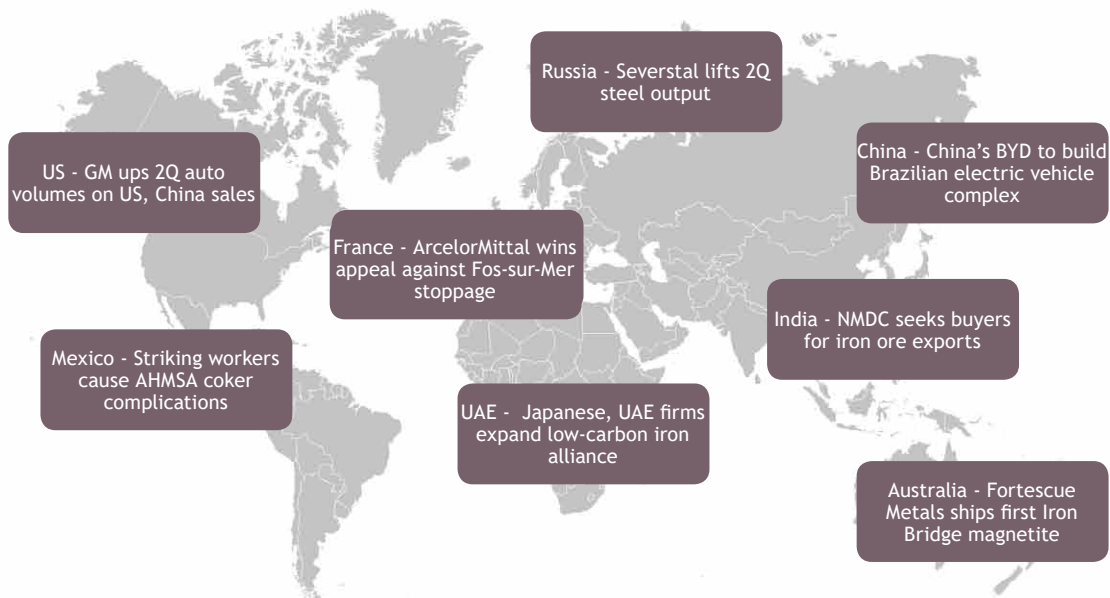
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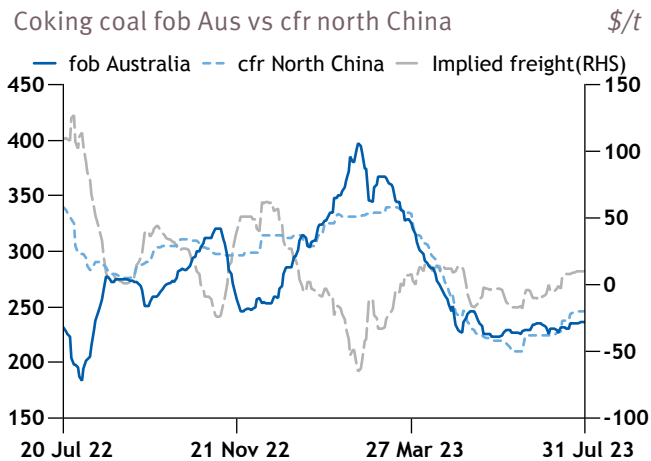
Coking coal

July's first-tier coking coal prices were rangebound with an average price of \$232.20/t fob Australia, as most buyers delayed procurement activity amid market uncertainty. The Indian monsoon season, coupled with the availability of competitively priced US coal, dampened Australian coal demand. The *Argus*-assessed price for premium low-volatile hard coking coal on 5 July fell to the month's lowest level of \$225.15/t fob Australia, before rising to \$236.30/t fob by the end of that month. The cfr China index climbed by \$21/t from the start of July to \$246/t at the end of that month. Seaborne

FERROUS NEWS HIGHLIGHTS



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demand strengthened alongside rising domestic coking coal prices as supply tightened on stricter mine safety checks. The third round of coke price increases was fully implemented on 28 July, bringing the cumulative increase to Yn200-230/t in three weeks.

US coking coal prices were largely flat, with little in the way of fresh activity offering any change to market direction as spot availability was limited and buyers in the Atlantic had little to no fresh buying interest. Indian buyers pushing sizeable discounts and a weak flat cfr China price capped any upside. High-volatile A was stable at \$190/t fob Hampton for most of July but nudged back up to \$192.50/t by the end of that month, while low-volatile coking coal fob US east coast fell from \$212.50/t to \$208.50/t at the end of that month.

Key stories:

- [Asia-Pacific coking coal: Prices rangebound](#) (12 Jul)
- [India's steel exports drop to six-month low in June](#) (5 Jul)

Steel

Longs

Shanghai rebar ex-warehouse prices rose by Yn20/t (\$2.80/t) from 30 June to Yn3,700/t on 31 July, while the Chinese rebar fob price rose by \$2/t to \$550/t over the same period. Rebar prices continued to trend down in the first half of July because of weak construction steel demand in the traditional low-demand summer season. But prices recovered losses and regained the upward momentum in late July after the Political Bureau of China, the country's most senior decision-making group, on 24 July announced plans to push for the reconstruction of urban villages, boost domestic consumption and support the real estate market.

Low construction activity, a weak Turkish lira, and higher interest rates weighed on domestic Turkish rebar demand in July, as several mills responded with output cuts. *Argus'*

daily Turkish domestic rebar assessment fell by \$66.50/t to \$557.50/t ex-works, excluding value-added tax (VAT), while the lira equivalent fell by TL1,170/t to TL18,030/t ex-works, including VAT. Export sales to Israel, Yemen and the Balkans picked up towards the end of the month, as mills lowered offers to levels that were more competitive with other suppliers in the region. *Argus'* daily fob Turkey rebar assessment retreated by \$60/t to \$550/t.

Extremely negative sentiment in the Turkish longs market resulting from high competition and post-election uncertainty drove down prices for billets from the Black Sea region in July, with some suppliers starting to explore opportunities in Egypt despite currency issues in the country. The *Argus* daily Black Sea billet assessment declined from \$507.50/t fob to \$445/t fob across the month.

Italian producers failed to receive decent support from other European customers thanks to strong competition and reduced consumption in the construction sector across the region. Instead, they preferred to focus on local sales, for which prices were about €100/t higher. As a result, the *Argus* Italian rebar assessment declined by €10/t to €640/t ex-works in July.

In the Gulf Co-operation Council (GCC) market, some signs of recovery emerged, with a few mills limiting their supply. Emirates Steel rolled over prices despite softening prices in other regions. Rebar remained at 2,458 UAE dirham/t (\$669/t) cpt Dubai.

US rebar extended losses in July, pressured by weakening import prices, less-than-stellar demand and a seasonally muted market. Domestic rebar prices fell to \$885/short tons (st) on 28 July, from \$900/st on 7 July, while imported rebar dipped to \$850/st from \$860/st in the same period.

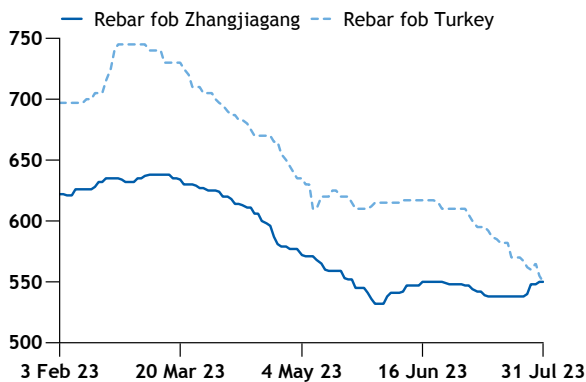
Flats

Shanghai hot-rolled coil (HRC) ex-warehouse prices climbed by Yn220/t (\$30.77/t) from 30 June to Yn4,080/t on 31 July. The Chinese HRC fob Tianjin index increased by \$24/t from 30 June to \$569/t on 31 July. HRC market performance was stronger than rebar as the downstream manufacturing industry was more resilient than the real-estate industry.

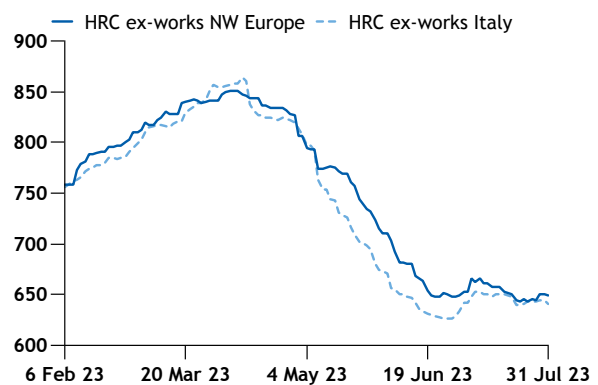
Indian domestic HRC prices remained largely rangebound in July as low demand was offset by a supply shortage owing to several primary mills carrying out maintenances during that month. HRC prices moved up by \$3/t during the month from \$681/t to \$684/t ex-Mumbai. Steel consumption was low in July as heavy rainfall across the country weighed on market activity. HRC export prices from India to Europe rose by \$5/t during the month from \$665/t cfr to \$670/t cfr, but trade activity was minimal after a major mill stopped taking export enquiries earlier that month because of supply shortage

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Steel rebar fob Zhangjiagang vs rebar fob Turkey \$/t



Steel HRC ex-works NW EU vs HRC ex-works Italy €/t



issues, while demand from the bloc also remained low.

In the European HRC markets, several mills attempted to raise prices, but with varying success, and most reverted to concluding deals at close to June levels. The Italian HRC index ended the month at €641.25/t, down by €0.50/t from 3 July. Poor end-user demand continued to weigh on prices, but it was the weaker US dollar against the euro that meant import prices barely moved from their bottom in June, thus thwarting mills' efforts to increase local prices. The cif Italy HRC assessment fell by €17.50/t this month to finish at €582.50/t.

In the northwest EU market, additional capacity becoming available amid easing bottlenecks resulted in one mill offering very competitively throughout Europe. The northwest EU index was €649.25/t on 31 July, down by €3.25/t from the start of that month. Further downstream, cold-rolled coil (CRC) prices dipped by €10/t in Italy to €740/t ex-works and by €7.50/t to €760/t ex-works northwest Europe. The European CRC market continues to be plagued by substantially lower import prices, which has forced many EU producers to reduce or even halt CRC production.

In July, Turkish CRC prices rose by \$10/t to \$720/t and hot-dip galvanised (HDG) prices went up by \$17.50/t to \$840/t fob. Although Turkish suppliers can rarely compete with other importers of HDG in Europe, because of anti-dumping duties, they secured a few CRC sales over the past month.

In Europe, the Argus Italian HDG assessment fell by €5/t in July to €765/t ex-works, while the northwest EU assessment held unchanged from the start of that month at €780/t ex-works.

US HRC prices retreated in the second half of July after rising slightly at the start of that month. The declines were caused by low spot demand and perceived oversupply in the market. Many service centres continued to work with low inventories and are willing to buy their contract minimums while looking to the spot market to fulfil any shortfall from customer requests.

Plate prices remained flat as the market awaits Nucor's next price announcement. Service centres reported that resale prices are below replacement, frustrating many.

Key stories:

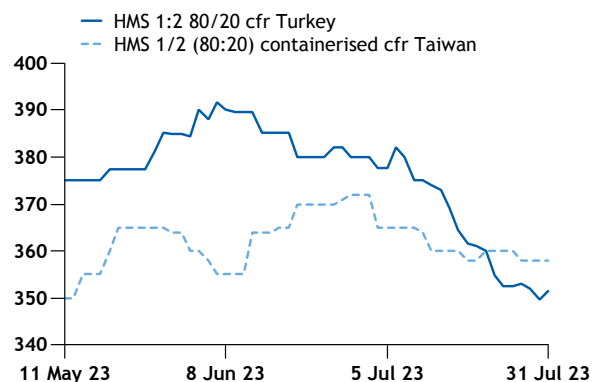
- [Tata Steel UK to import more Indian HRC \(20 Jul\)](#)
- [Quota exhaustion could support demand for EU HRC \(26 Jul\)](#)
- [Turkey rebar recovery muted by monetary pressures \(31 Jul\)](#)

Metallics

The Argus Turkish HMS 1/2 80:20 ferrous scrap import price index fell to \$351.30/t on 31 July, from \$380/t on 30 June, after having dipped below the \$350/t psychological threshold to \$349.50/t on 28 July. The Turkish central bank's interest rate hike to 15pc on 22 June, from 8.5pc, followed by another increase, to 17.5pc on 22 July, meant market participants continued to face difficulties obtaining credit, curbing demand and pressuring steel mills to reduce finished steel prices.

Along with the weakening Turkish lira, speculative steel product purchases grew, encouraging mills to continue buying scrap. Pressured to reduce their dockside purchasing prices, international scrap exporters faced the harsh task of restocking in the descending market, to varied success.

HMS 1/2 (80:20) cfr Turkey vs container cfr Taiwan \$/t



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The Taiwanese containerised HMS 1/2 80:20 scrap market softened in July as low buying interest and a general influx of cheap billet offers from Russia and Indonesia resulted in minimal trading activity. The benchmark index fell by \$14/t to \$358/t on 31 July and averaged \$361.38/t over the month, down by \$8.48/t year on year. In Japan, the H2 scrap export price went through a correction phase in July as low overseas demand continued to depress sentiment, and H2 prices fell by ¥2,100/t (\$14.78/t) to ¥48,500/t in that month.

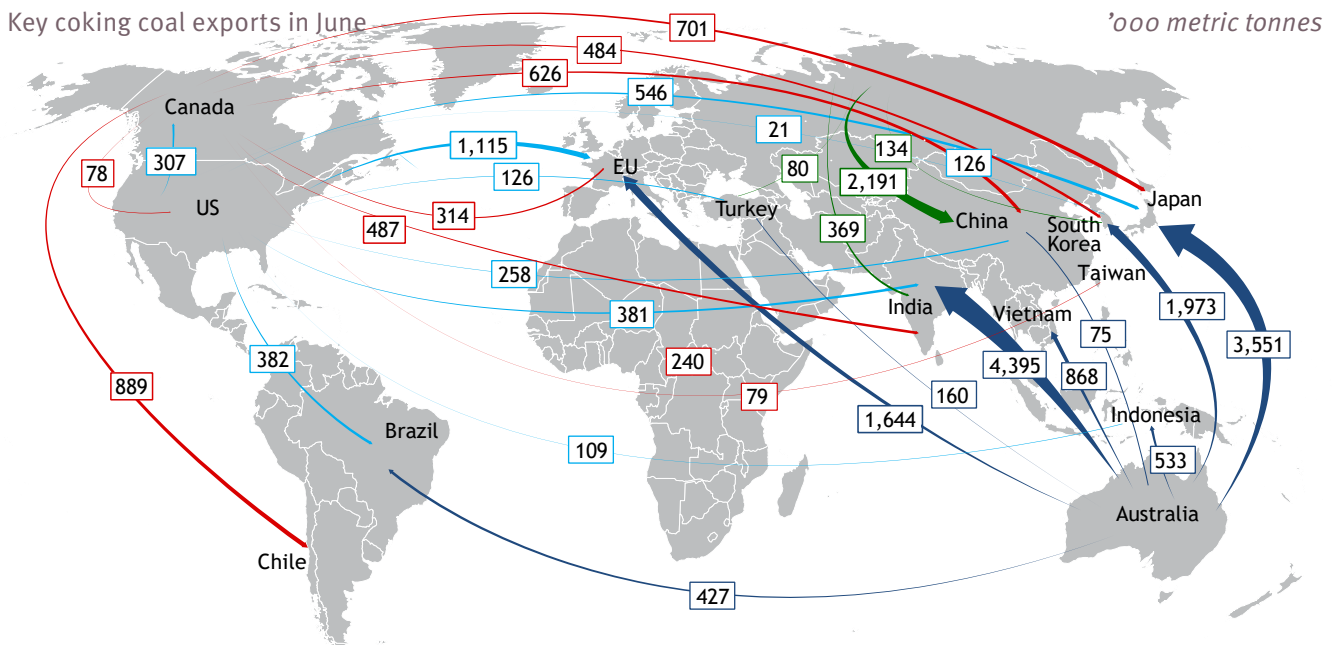
Sentiment in the seaborne basic pig iron market gradually deteriorated throughout July, eroded by a weakening in the wider global ferrous context and consequent weak buying interest in almost all major destinations.

The Argus weekly cfr New Orleans assessment settled at \$425-430/t on 28 July, down by \$20/t on the month. The weekly south Brazil BPI price fell by \$21.50/t on the month to \$400-402/t fob and the weekly fob north Brazil BPI assessment was \$22.50/t lower in late June, at \$400-405/t. The Argus weekly fob Black Sea weekly price for Russian BPI was \$330-360/t on 28 July, with the midpoint at \$345/t, \$15/t lower on the month.

Key stories:

- Japan tops US in scrap exports to Taiwan in June (20 Jul)
- Japan's Kanto export scrap tender price rises further (11 Jul)
- S Korea scrap imports rise to 13-month high in June (31 Jul)

Key coking coal exports in June



Steel mill cost analysis (Jul)		\$/t
	Monthly Average	±
China		
Ferrous feed unit cost blast furnace	343.35	+11.20
Blast spread fob China rebar	198.41	-15.24
Blast spread fob China HRC	208.98	-2.32
Ferrous feed unit cost BOF 15% charge	405.02	+11.99
BOF spread 15% charge fob China rebar	136.74	-16.03
BOF spread 15% charge fob China HRC	147.31	-3.11
Turkey		
Ferrous feed unit cost arc furnace	404.75	-3.21
Arc spread fob Turkey rebar	170.75	-12.76
Arc spread ex-works Turkey rebar	175.44	-31.39
Taiwan		
Ferrous feed unit cost arc furnace	147.31	-3.11
US		
US Midwest hot-rolled coil-#1 busheling spread	448.75	+6.54

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