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# SBB Daily Briefing

July 15, 2024

## Price snapshot

| | Symbol | Unit | Price | Change | % change | Date assessed |
|---|---|---|---|---|---|---|
| **Daily prices** | | | | | | |
| Platts TSI North European CRC EXW Ruhr | STRRE00 | Eur/mt | 720.00 | 0.00 | 0.00 | 15-Jul |
| Platts TSI North European HRC EXW Ruhr | STHRE00 | Eur/mt | 625.00 | 0.00 | 0.00 | 15-Jul |
| HRC EXW Italy | SB01152 | Eur/mt | 625.00 | 0.00 | 0.00 | 15-Jul |
| Steel Rebar FOB Turkey | STCBM00 | $/mt | 577.50 | 0.00 | 0.00 | 15-Jul |
| HRC Ex-stock Shanghai VAT-inclusive | SB01260 | Yuan/mt | 3700.00 | +10.00 | +0.27 | 15-Jul |
| HRC CFR Southeast Asia | SB01142 | $/mt | 516.00 | +5.00 | +0.98 | 15-Jul |
| Platts TSI US CRC EXW Indiana | STRRI00 | $/st | 960.00 | 0.00 | 0.00 | 15-Jul |
| Platts TSI US HRC EXW Indiana | STHRI00 | $/st | 650.00 | 0.00 | 0.00 | 15-Jul |
| Platts TSI Steel Plate Delivered US Midwest | STPRI00 | $/st | 1040.00 | 0.00 | 0.00 | 15-Jul |
| **Weekly prices** | | | | | | |
| Steel Hot Rolled Coil (HRC) FOB Black Sea | STHRB00 | $/mt | 540.00 | 0.00 | 0.00 | 10-Jul |

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# Asia

## Flat Products

### Asian HRC rises on positive expectations on China's third plenum

- Short-selling offers scarce in market
- Offers at $512/mt FOB China and above

Asian hot-rolled coil prices halted the previous week's downtrend and started the week of July 15 with some upticks, as most Chinese mills hiked their offers with some positive outlooks about the third plenum that is being held in Beijing.

Platts assessed SS400 HRC of 3 mm thickness up $3/mt from July 12 at $505/mt FOB China July 15. The same grade of coil was assessed up $5/mt over the same period at $516/mt CFR Southeast Asia.

With the upticks in futures and mills' hiked offers, short selling was no longer heard in the market, with many traders saying it would be risky to take short positions given the current market situation.

Export offers were heard at $512/mt FOB China and above, even though overseas buyers were reluctant to move their bids in tandem yet.

China's third plenum kicks off July 15, with many market participants waiting to see if any policies would be rolling out to support economic development.

The most actively traded October contract on the Shanghai Futures Exchange closed at Yuan 3,734/mt July 15, up Yuan 25/mt from July 12, or 0.7%.

Platts assessed the spot price of Q235B 5.75 mm HRC up Yuan 10/mt on the day at Yuan 3,700/mt ($509/mt) ex-stock Shanghai on July 15, including value-added tax.

"These days, the spot market was usually active when prices were lower, but cooled down quickly when market rebounds," said a domestic trader, indicating mostly restocking at low prices.

Meanwhile, offers to Vietnam surged quickly with most citing $523-$530/mt CFR Vietnam as market-representative prices, with only a few $520/mt CFR Vietnam heard with some traders saying prices were too low to work out.

"Buyers [in Vietnam] are pondering if tomorrow's situation will change for the downside," said a Vietnamese trader. "But it seems a good sentiment is arising among buyers."

Chinese SAE1006 offers were heard at $535-$545/mt CFR Vietnam, waiting to see some demand returning, while Vietnamese offers were heard lowered to $560/mt CFR India.

Platts assessed SAE1006 HRC up $2/mt from July 12 at $524/mt FOB China and up $3/mt over the same period $526/mt CFR Southeast Asia July 15.

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*— Joanne Ju*

### Indian HRC, rebar prices stable amid sluggish demand

- HRC market quiet as competitive imports offered
- Rebar offers raised while trading slow

Indian hot-rolled coil and rebar prices were unchanged on July 15 as traders stay on the sidelines for a clear direction.

Platts assessed the spot price of IS2062, 2.5-10 mm thick HRC, excluding 18% goods and services tax, stable at Rupee 51,700/mt ($619/mt) ex-works Mumbai.

Most competitive offers from traders were at Rupee 52,000/mt ex-works, steady on the day. Imported HRC was not heard sold on the day.

However, Vietnam September shipment import offers were heard lower by $5-$10/mt this week to $560/mt CFR India.

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"The spread of imports and domestic HRC is widening because most think it's risky to buy forward delivered cargo at current level," a trader said, "exporters should be satisfied enough to sell at current level because Southeast Asia prices are much lower."

Tradable levels for Chinese SAE1006 cargo were heard at around $510-$515/mt FOB China base late last week.

Platts assessed IS1786 Fe500D/Fe550D 12-25 mm diameter rebar, excluding 18% GST, stable on the day at Rupee 45,500/mt ex-works Raipur.

Offers for Fe550D 12-25 mm diameter rebar were raised by Rupee 200/mt on the day at Rupee 46,000/mt.

Some said that buyers were buying the dip late last week at Rupee 45,500/mt, so mills raised offers to support the price. Trading activity slowed down after mills raised the offers.

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*— Shuocheng Ni*

Long Products

## Asian billet prices unchanged amid steady offer levels

- Seaborne billet buyers monitor market from sidelines
- Domestic Chinese billet price higher

Asian billet prices were unchanged amid steady offer levels and slower market activity July 15, while Chinese domestic spot billet prices rose tracking stronger futures.

Offers for 5SP 130 mm billet were heard in the $500-$510/mt CFR Manila range, while bid levels were heard at $495/mt CFR Manila. A Vietnam-based mill was heard offering 3SP 150 mm billet at $480/mt FOB Vietnam.

"Buyers in Manila are still monitoring on the sidelines after the rise in futures. In the short term, more restocking activity might be seen," said a China-based trader.

Platts assessed 5SP 130 mm billet on a CFR Southeast Asia basis at $497/mt, unchanged from July 12, and Chinese import 3SP 150 mm spot billet at $402/mt CFR China, up $2/mt on the session.

In the Chinese domestic billet market, spot prices moved higher tracking futures. Deal and tradable levels were heard at Yuan 3,390/mt ex-stock Tangshan, amid dull transaction activity July 15.

Platts assessed domestic billet at Yuan 3,390/mt on a Tangshan ex-stock basis for Q235 billet material, increasing Yuan 20/mt on the session.

Domestic Chinese rebar spot prices edged lower with weak transaction activity, with mainstream rebar deal and tradable levels heard aligning at Yuan 3,510/mt ex-stock Beijing.

Market participants said that futures sentiment has been strengthening since the second half of the week ended July 12, driven by expectations of prospective stimulus policies from China's Third Plenum, leading to a reduction in short positions in the market.

Platts assessed domestic Beijing HRB400 18-25 mm rebar spot prices at Yuan 3,510/mt ex-stock in theoretical weight, down Yuan 10/mt on the session.

In the seaborne rebar market, prices fell on the back of competitive offer levels, while some buyers with sufficient inventory levels were monitoring from the sidelines amid fluctuating futures.

A Malaysian-origin indicative offer was heard at $510/mt DAP Singapore, while a Chinese-origin offer was heard at $515/mt CFR Singapore. A China-based mill was heard offering rebar at $530/mt FOB China. Buyers' tradable values were heard in the $505-$508/mt CFR Singapore range.

"Local construction activity has slowed in the last few months. However, order pipeline remains healthy," said a Singapore-based fabricator.

Some market participants were bearish about prices in the near term, anticipating further declines amid poor macroeconomic conditions.

Platts assessed 16-32 mm BS4449-grade 500 rebar at $509/mt CFR Southeast Asia, down $8/mt on the session, and Chinese export 16-40 mm diameter BS500B-grade rebar at $505/mt FOB, down $2/mt from July 12.

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*— Jia hui Tan*

# EMEA

Flat Products

## European HRC market experiences quiet start to the week

- Demand remains low
- Lackluster interest in imports

The price of European domestic hot-rolled coil remained largely unchanged, as the industry is now in the holiday season, with many market participants currently out.

Some market sources believe that mills are still attempting to test the market by increasing prices, but others remain skeptical, stating that consumer interest is not present enough in the market for there to be any change.

"I think European mills will definitely try to increase prices," one trader said.

"Market is still too low and will be for the rest of the year," a service center source said. "There is no activity in the market."

With demand remaining low and supply remaining well ahead in Europe, some market sources have commented that mills are struggling to find orders.

"The market is flat, mills are desperate for quantities," a distributor said. As long as consumption doesn't pick up, there will not be any change in prices, the distributor added.

Platts assessed Northwest European HRC stable on the day at Eur625/mt ex-works Ruhr on July 15.

 

Meanwhile, Platts assessed domestic HRC prices in Southern Europe also stable on the day at Eur625/mt ex-works Italy on July 15.

Some indications were heard for carbon accounted steel, with an offer for premium reported at Eur95-140/mt, with a CO2 content around 0mt at scopes 1-2.

Platts assessed the carbon-accounted premium for HRC in Europe down Eur5/mt on the day at Eur120/mt July 15.

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*— Geraint Moody*

### Long Products

## Turkish rebar export prices remain stable as Turkey observes public holiday

- Turkish market stays muted for public holiday
- Limits seen in buyer interest from the EU region

Turkish rebar market activity remained largely muted, with many market participants away during the Democracy and National Solidarity national public holiday July 15.

Platts assessed Turkish exported rebar at $577.50/mt FOB, stable on the day.

Indicated tradable values were in a $575-$577.50/mt FOB range, while mill offers were heard at $585-$590/mt FOB.

“Today, $575/mt is [the buyer] workable level, but low demand in the EU makes it difficult [to maintain this level], as a consequence of low production,” an EU-based source said. The tradable value for rebar was indicated to be at $577.50/mt FOB.

“Demand from Europe is still weak [but] the situation is better within the domestic market,” another trader source said, adding that export mill offers were seen between $585-$590/mt FOB.

In the domestic market, Marmara mill offer prices were recently heard at $600-$610/mt ex-works July 12.

In related markets, scrap import prices to Turkey remained stable July 15. Platts assessed Turkish imports of premium heavy melting scrap at $390/mt CFR Turkey. Platts assessed the daily outright spread between Turkish export rebar and import scrap at $187.50/mt July 15.

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*— Semra Ugur*

### Raw Materials and Scrap

## Turkish deepsea import scrap prices remain stable amid Turkish public holiday

- Source report limited market activity
- A stronger euro limits Benelux recycler’s ability to soften offers

Turkish deepsea import ferrous scrap prices were unchanged, with market sources reporting limited activity because of the Turkish Democracy and National Solidarity public holiday July 15.

Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at $390/mt CFR July 15, unchanged.

Indicative tradable values for US-origin or premium HMS 1/2 (80:20) were shared at $390/mt CFR.

A European recycler anticipated strong demand for scrap imports in the near term as Turkish mills were still in need of several cargoes for August shipment, but added that the buy-side would struggle to pressure prices as sellers in the Benelux region continued to face slow inflows and elevated collection costs.

“The demand is definitely there, but there’s a big gap between the buyers and the sellers at the moment. The exchange rate is also stronger and somebody has to pay for that move,” the EU recycler said, citing an indicative seller target for EU-origin HMS 1/2 (80:20) at $390/mt CFR since the euro appreciated in value.

Platts assessed the euro at $1.0907 July 15, appreciating from $1.0833 July 8 one week prior, suggesting a restriction on European recyclers ability to soften dollar-denominated offers made to Turkey.

Other market sources continued to report indicative tradable values for EU-origin HMS 1/2 (80:20) at $385/mt CFR, adding that little else had fundamentally changed in the market on the day due to the public holiday in Turkey.

HMS collection costs in the Benelux region continued to be reported at a minimum of Eur325/mt delivered to the docks July 15.

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*— Abdi Salad*

# Americas

### Flat Products

## US HRC market steadies on limited spot trading

- Demand outlook remains negative
- Uptick in end-user inquiries reported

US hot-rolled coil prices were unchanged July 15 as buy-side sources saw demand fundamentals stagnate from the previous week, with service centers continuing to opt for contract tons.

Platts assessed the daily TSI US hot-rolled coil index at $650/st on an ex-works basis, down $5/st from the previous assessment.

One Midwest service-center source reported receiving an offer at $665/st EXW from a Midwest converter for a minimum of 24 st. The lead time for the offer was at three weeks.

“Demand has not changed, and business has not picked up as of yet,” the source said as activity levels from his customer base remained limited.

“We are still fighting with other service centers for the few crumbs that are out there,” he added.

Looking ahead, the source said he did not expect “any great shift in demand until the economy in the US improves, and I don’t think that will happen until the election cycle is over.”

A source from a Southern service center remained out of the spot market and primarily focused on filling his contract orders.

The source noted an uptick in inquiries despite actual order placement remaining weakened.

"I've seen a lot of spot inquiries, but not very many orders," he said.

Recent offer levels from domestic mills have been reported in a range of $640-$700/st ex-works, depending on tonnage and mill. Lead times have also shown a wide range, with delivery time frames reported anywhere from late July to early September for some domestic producers.

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*— Alexandra Szczupak*

## Mexican flat steel prices remain stable in US dollars amid thin trade

- Weak demand and low trading activity
- Import prices attractive, but new tariffs create uncertainty

Flat steel prices in Mexican peso fell 2.5% July 12 to reflect unchanged US dollar prices, as exchasnge rate fluctuations were considered.

Platts assessed Mexican hot-rolled coil at peso 13,410/mt ($760.35/mt), based on a range of peso 13,170-13,650/mt.

Cold-rolled coil was assessed at peso 17,819/mt in a range of peso 17,579-18,059/mt.

The exchange rate calculations used in the assessment fell to peso 17.6367/$1, compared with peso 18.0832/$1 used in the previous week assessment.

Multiple sources, including distributors and a producer, agreed that demand has been weak compared with previous months.

"Seems like the market is thinking prices will continue to drop so they are buying just what they need," a distributor source said, reporting their most recent purchases for HRC were made at the end of June at $760/mt.

A second producer source disagreed, reporting good market activity with prices for HRC at $760/mt delivered Northeast.

The recent tariffs the US imposed on steel not smelted in Mexico have led to uncertainty and a decline in interest in imports, as terms and implications of the statement become more clear.

"The issue with the new tariffs is still very green," said a producer source said.

A second distributor source said, "the new tariffs could pose a significant problem for the steel not smelted in Mexico. What's worse: all the steel will stay in Mexico," which would put pressure on domestic prices.

A trader source reported offers for HRC imports from China at $505-$515/mt FOB and CRC imports from China at $565-$575/mt FOB.

"Import prices are very attractive, but the tariffs situation gives me a lot of uncertainty," said a third distributor. "Paying an extra 25% to export to the US certainly undermines the price."

Platts assesses Mexican domestic HRC and CRC in pesos/mt, which is normalized to order sizes of 500-2,000/mt, delivered Monterrey, northeastern Mexico.

Conversions follow Platts calculations based on third-party foreign exchange data at the São Paulo close Fridays. For the July 12 assessment, it was Mexican peso 17.6367/$1.

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*— Helios Ocana*

### Long Products

## Mexican rebar domestic prices weaken due to low demand

- Low appetite reported from buyers
- Offers of rebar heard as low as Peso 14,600/mt

Mexican rebar prices declined by Peso 100/mt, or 0.7%, in the week ended July 12, as the market faced low demand.

The Platts weekly assessment for domestic R42-grade rebar delivered Northeast Mexico sipped to Peso 14,900/mt. Converted to US dollars, the price rose by 1.8% to $844.83/mt, considering an exchange rate of Peso 17.6367/$1.

Producers said the subdued demand was due to different factors, including the rainy season, high inventories and political uncertainty.

"The price of rebar is somewhat unstable compared with the previous week," a producer source said, adding that firm negotiations varied within a range of Peso 100-300/mt.

The same producer said that the most competitive prices were heard in the central region of Mexico, reporting rebar prices at Peso 14,800/mt.

A second producer source, who agreed with the low demand, expressed his opposition to accepting a price decrease.

"Lowering prices will not help us sell more, quite the opposite," the second producer said.

A buyer source, who reported tradable values of rebar around Peso 15,000/mt, said he was consuming from existing inventories as market activity was very quiet.

"Current demand is moderate and despite the low supply in the market, we do not see any big impact," a second buyer source said, reporting a tradable value heard at around Peso 15,000/mt.

A third producer, however, heard lower prices at Peso 14,600/mt.

"Sounds like a widespread decrease among several producers," the third producer said.

The full range of reported offers, bids and deals was Peso 14,600-15,000/mt, including regions out of the Northeast.

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*— Claudia Cardenas*

## Brazilian domestic rebar market remains static as participants negotiate deadlines, new prices

- Sources talk about more increase of 4% for next weeks
- Large buyers negotiate the start of new prices for August

On July 12, the Brazilian domestic rebar market closed a week of intense price negotiations for July as participants reported an extension of deadlines for price increases requested by steel mills, and large groups are still in talks for better conditions.

A market source said that they managed to maintain the same prices as June, without increases, at least until Aug. 1, but that there is strong pressure for talks.

A second source said that many materials are missing in the market, including imported products that were left in inventory, which would increase the space for increases on the part of steelmakers.

Another 4% increase is expected by the end of June, buyers said.

Amid very restricted demand, several sources said that the recent price rises could further worsen the situation in a sector that is already stuck, given the few large-scale projects in local civil construction.

Platts assessed the weekly Brazilian domestic rebar price flat at Real 3,700/mt ($681.40/mt) ex-works, taxes excluded, based on a range of Real 3,650-3,750/mt.

Many participants already study imports, while S&P Global Commodity Insights data shows Brazilian 10 mm rebar with a 4.2% discount to imported product delivered at Brazilian ports after customs clearance. Freight stood at $33.94/mt and the exchange rate was Real 5.43/$1.

In June, Brazil imported 1,560 mt of rebar and wire rod from countries such as Turkey, Germany and China, the lowest level of the year. In the previous month, the volume of the same materials was 22,136 mt from Egypt, Peru and Germany. Year to date, 83,351 mt have already been imported, an increase of 108.42% compared to the same months in 2023, recent data from Brazilian customs showed.

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*— Mayara Baggio*

Raw Materials and Scrap

## Brazilian ferrous scrap market limited, suppliers pressure foundries

- Ferrous scrap trading remains restricted
- Among non-ferrous, aluminum profile scrap record slight advance

The Brazilian ferrous scrap market experienced limited negotiations and pressure from scrap suppliers to foundries for price increases on July 15.

With the expectation of an increase in exports in the coming months, recyclers saw foundries as a chance to raise prices, while steel mills maintained stable prices with undefined prospects.

Platts assessed Brazilian clean steel scrap prices stable at Real 1,100/mt FOT, as turnings scrap at Real 750/mt FOT and HMS 1/2 at Real 1,000/mt FOT, amid offers, bids and deals.

Platts assessed UBC scrap prices steady at Real 8.75/kg FOT, as aluminum casting at Real 10.25/kg FOT, while aluminum profile up 0.74% at Real 13.60/kg FOT, amid reports of slightly higher prices.

At the beginning of July, the Brazilian government published a decree to regulate the Recycling Incentive Law. The law that brings to the market topics such as financing for recycling, valorization of recycled material and specific taxation for the sector was celebrated by recyclers, although participants pointed out that the law's guidelines were somewhat "vague."

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*— Mayara Baggio*

# Industry news

## US' Cleveland-Cliffs to acquire Canadian steelmaker Stelco for $2.5 billion

- Doubles Cliffs' exposure to flat-rolled spot market
- Deal expected to close in Q4 pending approvals

Cleveland-Cliffs has entered into a definitive agreement to acquire Stelco Holdings for a total enterprise value of about $2.5 billion, the US steelmaker said July 15.

Stelco, a Canada-based integrated steelmaker, has two operational sites located in Ontario, Lake Erie Works and Hamilton Works, and ships about 2.6 million st of flat-rolled steel products annually, primarily hot-rolled steel to service center customers, Cliffs said.

Along with expanding Cliffs' steelmaking footprint, the transaction will double the company's exposure to the flat-rolled spot market, it said. The deal will also diversify Cliffs' customer base across construction and industrial sectors, it said.

"The enterprise value of this transaction is significantly lower than the cost of building an equivalent replacement mill in the United States, and the cost structure is lower than what a new US mill would provide us," CEO Lourenco Goncalves said in the statement.

Under terms of the agreement, Stelco shareholders will receive C$60 ($44)/Stelco common share in cash and 0.454 shares of Cliffs common stock/share of Stelco common stock (or C$10/share as of July 12,), Cliffs said.

The deal has received full support from David McCall, International President of the United Steelworkers union, which represents 1,800 Stelco workers, and has been unanimously approved by Cliffs' and Stelco's respective boards, Cliffs said.

The transaction is expected to close in the fourth quarter, subject to approval by Stelco shareholders, receipt of regulatory approvals and satisfaction of other customary closing conditions. Upon closing, Stelco is expected to continue operations as a wholly-owned subsidiary of Cliffs.

Cliffs will host a conference call July 15 to provide additional details.

*— Justine Coyne*

## Eurofer calls on EU commission to support European Steel Pact initiative

- Urges commission president to endorse steel pact proposal
- Steel pact seeks to develop swift measures to sustain industry

European steel industry association Eurofer has backed the creation of a high-level EU group to sustain the regional steel sector and called on European Commission President Ursula von der Leyen to endorse the initiative.

"The recent call for a European Steel Pact by the German delegation in the EPP Group makes the right analysis and proposes immediate action," Eurofer General Director Axel Eggert said July 15.

"We count on commission President von der Leyen to support this initiative and the proposal to build an action-oriented alliance of the EU institutions and key member states, chaired by an experienced and recognised politician," Eggert said.

The European Steel Pact was launched on July 10 by Dennis Radtke, an MEP and social policy spokesperson for the EPP grouping in the European Parliament, and Christian Ehler, industrial policy spokesperson for the EPP.

The launch paper argued that a competitive steel industry in Europe is essential for employment in the region, as well as its economic security and the green transformation.

Steel is a key raw material for the mobility and energy transition, and Europe's producers have already begun to invest billions in low-carbon steel production, with government support.

Nevertheless, over the last decade, the EU has lost a fifth of its steel production capacity and now has a large steel trade deficit, with capacity utilization at the region's steelworks below 65%, according to the paper.

Europe needs to address its competitive disadvantages to halt these losses and prevent the increased dependence on steel imports, the launch paper said.

The paper called for the commission to launch a European Steel Pact together with the region's main steel-producing countries — including Germany, France, Italy, Spain, Poland, Sweden, Belgium — as well as the European Parliament, companies and trade unions.

"Tackling these issues as a matter of urgency is crucial to keep steel production in Europe and maintain its global leadership in clean technologies," Eggert said.

According to Platts, part of S&P Global Commodity Insights, North European hot-rolled coil ex-works Ruhr moved from Eur690/mt at the beginning of 2024 to Eur625 mt July 12, well below the March 2022 high of Eur1,460/mt.

*— Annalisa Villa*

## China's steel output remains strong; downstream outlook still dim

- Steel output remains on uptrend in June
- Stimulus from China's top political gathering to have limited impact on demand

China's steel production remained on an uptrend in June and was still not showing any signs of slowing down as of mid-July, data from the National Bureau of Statistics showed July 15, a trend that remains solid despite weak demand in the construction sector.

Although the broader steel market was expecting more economic stimulus to be announced during China's Third Plenum, some market participants said any stimulus was unlikely to be aggressive.

As a result, China's domestic steel prices might continue to fluctuate at lower levels, amid subdued steel demand and relatively strong steel production, the market participants said July 15.

### Production

China's pig iron production in June was still 3.3% lower on the year at 74.49 million mt, but the crude steel output was 0.2% higher on the year at 91.61 million mt in June, the NBS data showed.

Daily pig iron and crude steel output in June both increased, by 1.1% and 1.9% on the month to 2.483 million mt and 3.054 million mt, respectively. The daily pig iron output in June was the highest since July 2023, with the daily crude steel output being the highest since April 2023.

In the first half of 2024, China's pig iron and crude steel output fell by 3.6% and 1.1% on the year to 435.62 million mt and 530.57 million mt, NBS data showed.

According to China Iron & Steel Association, China's daily pig iron and crude steel production over July 1-10 declined just 0.5% and 0.6% from late June.

The relatively strong steel production, coupled with slow steel demand, drove the rebar and hot rolled coil inventories at major spot markets monitored by CISA to 4.68 million mt and 2.37 million mt as of July 10, up 10.9% and 15.1% from the same period of 2023.

"Steel mills at the moment have no intention to reduce steel production, partly as there are still thin margins, and partly due to anticipations of more stimulus policies coming from the Third Plenum to support the property and infrastructure sectors," said a mill source.

China's Third Plenum, the Communist Party's top decision-making conference, is expected to announce the country's major policies for the year ahead and beyond on July 18 after the conference is closed.

### Property and infrastructure

However, some market sources believed any policy easing would have limited boost to the steel demand.

"China's property has already been on a structural downturn, so any further measures to the sector may mainly aim at preventing systemic risks in banks, rather than encouraging building more homes," said a trade source.

More fiscal stimulus is expected to be announced after the Third Plenum. "But I don't think further fiscal stimulus can generate much incremental steel demand, as part of the fiscal stimulus probably would be used to pay down local governments existing debts, or offset the adverse impact from falling land purchases on local governments' fiscal revenues," said another trader.

The property sector may continue downwards along with its steel demand in 2024, while the growth of infrastructure construction may also continue to be constrained by a lack of local government funding, according to market sources.

According to data released by NBS also on June 17, the floor space of China's new home sales over January-June, a major source of funding for developers' ongoing and new projects, fell by 19% on the year, slightly lower than a 20.3% year-on-year decline over January-May.

The new home sales over the first half of 2024 were 45.9% lower than in the same period of 2021, when China's property sector reached its peak.

In tandem, China's new home construction starts, the key steel demand driver in China, fell by 23.7% on the year over January-June, and 62.5% lower than in the same period of 2021.

Over the first half of 2024, China's infrastructure investments increased by 5.4% on the year, slowing from a 5.7% year-on-year growth in January-May, and from a 6% year-on-year growth in January-April, according to data of NBS.

*— Jing Zhang: Market Specialist - Metals*

## Cliffs to increase presence in North American HRC spot market with Stelco buy: CEO

- Plans to increase Stelco throughput with HBI at Lake Erie
- Cliffs to use excess coke in US steelmaking assets
- Sees clear path for antitrust approval in US and Canada

The addition of Canadian steelmaker Stelco's assets to Cleveland-Cliffs' footprint would increase the US-based steelmaker's exposure to the hot-rolled coil spot market as it diversifies its end markets away from contractual tons shipped to the automotive industry, Cliffs CEO Lourenco Goncalves said July 15.

Goncalves' comments follow an announcement from Cliffs that it has entered into a definitive agreement to acquire Stelco for a total enterprise value of about $2.5 billion.

Of total 2023 steel shipments of 19 million st, 2.6 million st of Cliffs' shipments went to the spot market, according to a company presentation. When combined with Stelco's spot shipments, this would take 2023 spot shipments to 5.1 million st, according to the presentation.

"I don't need to grow automotive," Goncalves said during a conference call to discuss the transaction. "I don't want to grow automotive. Actually, at this point, I would not mind shrinking automotive a little bit because I think we have too many car manufacturers in America…so I'm done with automotive."

For Cliffs, the company is focusing on growing in grain-oriented electrical steels used in transformers and growth opportunities in the spot market, he said.

Stelco is a "plug and play" asset for Cliffs and will be the lowest cost and highest EBITDA margin flat-rolled assets in Cliffs portfolio upon closing the transaction, according to Goncalves.

He noted that Stelco has a current hot band cost of $480/st, lower than the US average of nearly $650/st among both integrated and mini-mills.

Platts, part of S&P Global Commodity Insights, last assessed the daily TSI US hot-rolled coil index at $650/st on an ex-works basis July 12.

When asked about the potential for taking down steelmaking capacity as US spot prices have closed in on the average cost of production, Goncalves said Cliffs will not be taking down capacity.

"We are buying this asset because we feel like this asset is needed, so there is no taking down capacity on that regard," he said, noting that Cliffs and Stelco will continue to operate independently until the close of the transaction. "I believe that by the time we close this deal in the fourth quarter, the market will be completely different."

**HBI to increase Stelco throughput**

Following the close of the transaction, Cliffs plans to increase throughput at Stelco's Lake Erie Works through the use of hot-briquetted iron made at Cliffs' facility in Toledo, Ohio.

Additionally, the company plans to utilize Stelco's excess coke-making capacity to feed its existing blast furnaces in the US with in-house coke. This excess coke capacity is currently estimated at 300,000-400,000 st, Goncalves said, however he said this excess supply is expected to increase by using HBI at Lake Erie Works.

**Regulatory approval**

The transaction will require regulatory approval in the US and Canada, particularly antitrust review, Goncalves said during the call.

"Due to the diversity of our products and limited overlap in both geography and end market service, we do not foresee any issues from this review," he said. "…We see a very clear path and a very short and very objective process."

When asked about speculation that Cliffs was eyeing finishing assets in the Midwest, Goncalves said the company never confirms or denies speculation on merger and acquisition activity but left the door open to a purchase of US Steel without naming the company directly.

"We hope to be closing the Stelco deal in short order [and] that's our focus right now," Goncalves said. "We have another target that we are still very interested in, and we will continue to pursue probably at a different price level because the deal is not going anywhere, and the union continues not to support. President Biden is not going to let it go. President Trump is not going to let it go. So maybe a third president will allow, but we don't have a third candidate at this point. So, it's not going to happen," he said referring to Nippon's proposed deal to acquire US Steel.

US Steel received an unsolicited acquisition proposal from Cliffs in 2023, triggering a strategic review process where US Steel began soliciting other proposals. In December 2023, the

Pittsburgh-based steel producer ultimately rejected Cliffs' bid and accepted a higher all-cash bid from Nippon valued at $14.1 billion and $55 per share, with a total enterprise value of $14.9 billion when accounting for Nippon's assumption of debt.

The deal between US Steel and Nippon is currently proceeding through customary regulatory approvals.

*— Justine Coyne*

### South African president flags economic risk from EU's carbon tax

- Country's industries heavily powered by carbon-intensive coal
- South Africa faces highest CBAM costs despite having domestic carbon tax
- CBAM to be phased in from 2026 to 2034, in line with ETS allowances

South Africa needs to cut the carbon intensity of its industrial sector to reduce its exposure to carbon taxes such as the EU's Carbon Adjustment Border Mechanism, the country's president acknowledged July 15.

Speaking at an industry event in Pretoria, President Cyril Ramaphosa admitted the country has to decarbonize at a faster pace, to not only mitigate the impacts of climate change but also to increase the competitiveness of its industrial exports, which its economy is heavily reliant on.

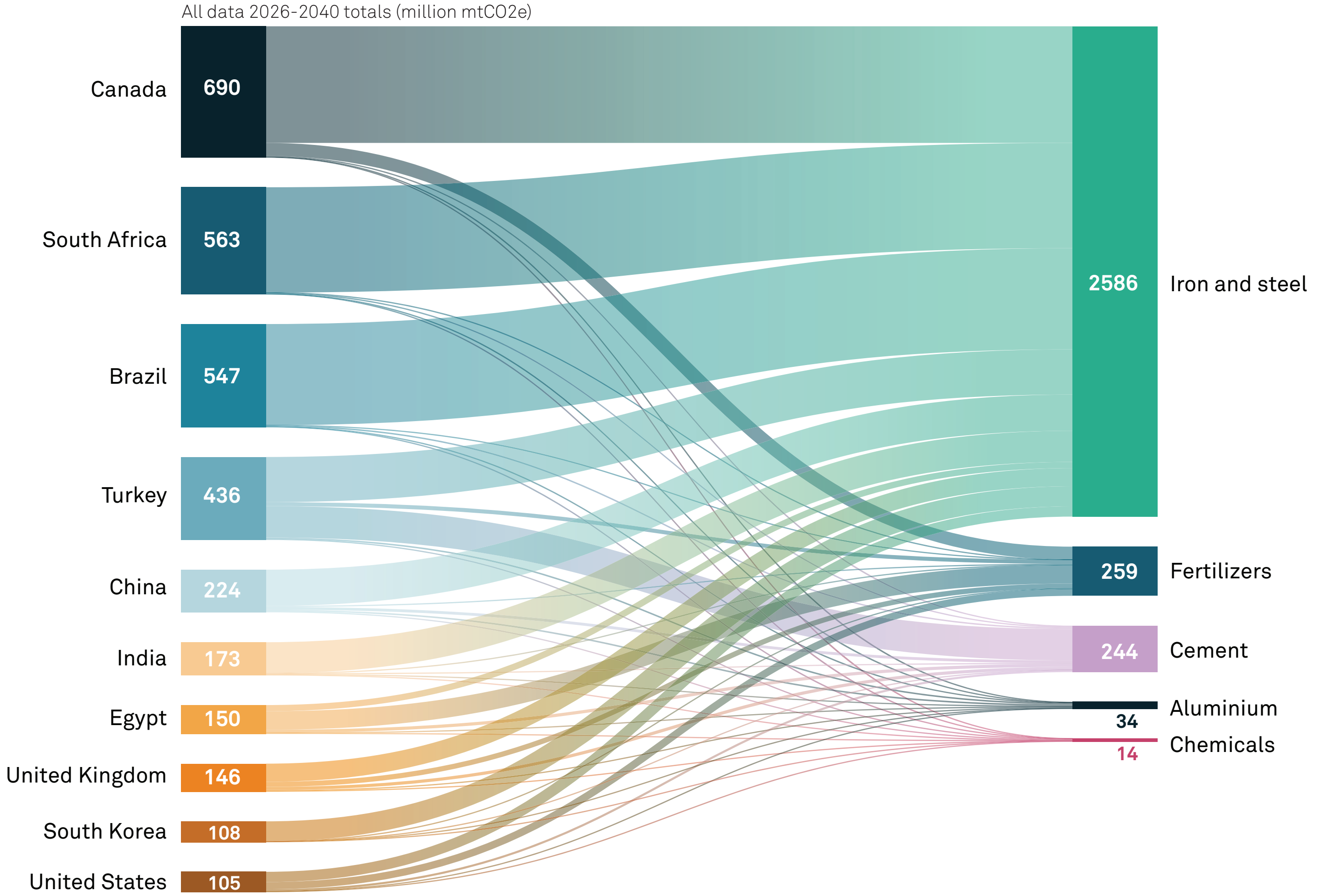
"The first reality is that the carbon intensity of our economy has become unsustainable," he said in a speech. "The world is moving towards greener economies. These include a number of our major trading partners, who are taking measures to decarbonize that will in the long run affect the competitiveness of South Africa's exports to these markets," he added, referring to EU's CBAM.

CBAM essentially levies a tax on imports of selected carbon intensive materials and products (including aluminum, cement, electricity, fertilizers, hydrogen, iron and steel) into the EU, removing the gap between the EU Emissions Trading System carbon price and the export country of origin's carbon price.

The main purpose of the tax is to reduce the risk of carbon leakage — EU industries re-locating abroad — and encourage importer nations to introduce their own carbon markets and, so, limit CBAM impacts on their traded goods.

## Countries and sectors most exposed to EU's CBAM

All data 2026-2040 totals (million mtCO2e)




Source: S&P Global Commodity Insights, S&P Global Market Intelligence Global Trade Atlas

The CBAM started a transitional phase on Oct. 1 with quarterly reporting required by importers, but no charges, with the permanent system scheduled to come into force on Jan. 1, 2026.

**Heavily exposed**

South Africa's economy, particularly its iron, steel and aluminum sectors, are expected to be adversely affected by CBAM. The country's industrial sector is heavily powered by coal, which has the highest carbon intensity amongst all fuels.

Analysis by S&P Global Commodity Insights found Brazil, Canada, South Africa and Turkey will be most exposed to the mechanism, with iron and steel by far the biggest sector targeted.

South Africa, that introduced a carbon tax in 2019, is forecast to face the highest percentage of CBAM cost obligations by 2040, analysts at Commodity Insights said in a recent report.

"As the current carbon tax design in the country features a high level of tax exemptions issued to participants, export volumes of CBAM products to the EU are forecast under our Global Trade Atlas to increase by 40% between 2026-2040," the report said.

In a recent report, the South African Reserve Bank said the country's economic growth will be severely impacted by carbon taxes.

Carbon taxes such as EU's CAM could cut South African exports by 10% and reduce its GDP by more than 9% in 2050 under a high-risk scenario, it said.

Many policymakers in South Africa are urging the government and companies to position the country as a "green production destination" relative to other countries to help reduce the exposure to CBAM and to adapt to changing consumer behavior.

The South African government has previously criticized EU's carbon tax calling it "coercive" as it imposes climate policy onto developing countries.

Platts, part of Commodity Insights, assessed EU Emission Allowance for nearest December at Eur69.19/mt$CO_2$e ($75.51/mt$CO_2$e) as of July 12.

The carbon levy/tax to be charged under CBAM mirrors the EU Emission Allowance price.

*— Eklavya Gupte*

## US ferrous scrap exports rise to one-year high in May

- May scrap exports rise 21% month on month to 1.37 million mt
- May shipments to India quadruple on month to 165,909 mt

US ferrous scrap exports climbed to a one-year high in May as the country ramped up shipments to Mexico, Bangladesh and India, according to S&P Global Market Intelligence's Global Trade Atlas July 15.

US ferrous scrap exports were 1.37 million mt in May, up 21% from April to the highest level since the US shipped 1.84 million mt in May 2023, which was the largest monthly total last year.

Turkey was to top destination in May at 385,835 mt, but that was down 17% from 464,307 mt in April. Exports to Mexico in May increased 65% month on month to 192,658 mt, exports to Bangladesh increased 98% to 170,503 mt, and exports to India increased 402% to 165,909 mt.

The Platts monthly average for Indian imports of shredded scrap was $417.80/mt CFR Nhava Sheva in May, up from $415.75/mt CFR in April and $403.30/mt CFR in March. Platts last assessed shredded scrap for US export at $382/mt FOB US East Coast July 15.

US ferrous scrap imports were 230,358 mt in May, up 21% from 190,551 mt in April but down 28% from 319,036 mt mt in May 2023. Imports from Canada in May fell 4% month on month to 166,086 mt, while imports from Mexico rose 22% to 19,871 mt.

US ferrous scrap import and export figures were determined using HS codes 7204410020, 7204410040, 7204490020, 7204490040, 7204490060, 7204490070 and 7204490080.

US pig iron imports were 292,027 mt in May, down 1.5% from April and down 25% from 390,306 mt in May 2023. The bulk of imports in May were from Brazil with 212,765 mt, followed by Ukraine with 57,042 mt and South Africa with 21,032 mt.

The weekly US pig iron import price was last assessed by Platts at $470/mt CIF New Orleans July 12.

Platts is part of S&P Global Commodity Insights.

*— Greg Holt*

## Swedish steelmaker SSAB chooses Italy's Danieli to build new Lulea mill

- New plant will have 2.5 million mt/year capacity with electric arc furnaces
- Startup planned for end-2028; will reduce Sweden's $CO_2$ emissions by 10%

Swedish steelmaker SSAB has awarded Italian steel plant maker Danieli to build a new mill in Lulea, northern Sweden, the two companies said July 15.

The plant will have a capacity of 2.5 million mt/year and consist of two electric arc furnaces, a secondary metallurgy facility and a direct strip-rolling mill to produce SSAB's specialty products, along with a cold rolling complex.

The new mill will be supplied with a mix of fossil-free sponge iron from the Hybrit demonstration plant in Gallivare and recycled scrap.

The overall selected configuration of Danieli technology will allow SSAB to produce a wide range of hot-rolled strip in coil-to-coil and semi-endless modes, resulting in a product portfolio expansion incorporating a fully electric tunnel furnace to ensure a minimum carbon footprint, the press release said.

The startup of the new mill is planned for the end of 2028, with full operating capacity one year later with environmental permits that are expected at the end of 2024.

When completed, SSAB will decommission the existing blast furnace-based production system in Lulea and this will reduce Sweden's $CO_2$ emissions by 7% in addition to the 3% from the other company's mill conversion in Oxelosund.

Platts, part of S&P Global Commodity Insights, assessed Northwest European hot-rolled carbon-accounted coil stable on the day at Eur750/mt ($818/mt) ex-works Ruhr July 12.

*— Annalisa Villa*

## Global stainless steel production in Q1 up 5.5% on year: worldstainless

- China production up 2.1% on year
- Europe output fell 4.8% on year
- US output jumped 6.5% on year

Global stainless steel production in the first quarter of 2024 totaled 14.6 million mt, up 5.5% year on year but 1.3% lower from the previous quarter, the World Stainless Association said late July 12.

China produced 9.0 million mt in Q1, up 2.1% on the year but down 4.5% from Q4 2023, while the rest of Asia (excluding China and South Korea) produced 1.8 million mt, rising 12.9% on the year and down 5.2% on the quarter.

Europe produced 1.6 million mt of stainless steel in Q1, falling 4.8% year on year, but up 3.7% from Q4 2023, Worldstainless said.

Stainless steel output in the US jumped 6.5% on the year to 509,000 mt in Q1, which was also up 15.8% on the quarter.

Meanwhile, other countries produced 2.1 million mt, up 25% on the year and up 10.1% quarter on quarter.

The association did not provide any commentary with the data.

*— Jacqueline Holman*

## US steelmaking capability utilization climbed to 78.1% in week to July 13: AISI

- Production up 2.4% on week
- Output up 2.7% year over year

US raw steel mill utilization rates inched up to 78.1% in the week ended July 13, from 76.3% the previous week, the American Iron and Steel Institute reported July 15.

Production during the week totaled 1.735 million st, up 2.4% from the week ended July 6 when production was 1.695 million st.

Production increased 2.7% from the corresponding week a year ago, when capability utilization was at 74.3% and production totaled 1.689 million st.

Adjusted year-to-date production through July 13 totaled 47.304 million st, with a capability utilization rate of 76.5%. This is down 2.5% from the 48.502 million st produced in the same period a year ago when the utilization rate was 77.3%.

Broken down by AISI district, production totaled 132,000 st in the Northeast, 588,000 st in the Great Lakes region, 211,000 st in the Midwest, 737,000 st in the Southern district and 67,000 st in the Western region.

Platts assessed the daily TSI US hot-rolled coil index at $650/st on an ex-works Indiana basis July 15, unchanged from its previous assessment.

Platts is part of S&P Global Commodity Insights.

*— Paola Ontiveros*

# Assessment rationales

### Platts EMEA Turkish Rebar Daily Rationale

Platts assessed Turkish exported rebar stable at $577.50/mt FOB July 15, based on indications from market sources.

Market sources reported limited activity due to the Turkish Democracy and National Solidarity public holiday.

Tradable values were indicated between $575-$577.50/mt FOB Turkey. Mill offers were reported at $585-$590/mt FOB.

No data was excluded from the assessment.

Platts is part of S&P Global Commodity Insights.

The above rationale applies to the Platts daily Turkish rebar assessment, with the associated market data code STCBM00.

### Platts EMEA Turkish Ferrous Scrap Daily Rationale

Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at $390/mt CFR July 15, unchanged on the day.

Limited market activity was reported to Platts on the day, due to the Turkish Democracy and National Solidarity public holiday on July 15.

Indicative tradable values for US-origin or premium HMS 1/2 (80:20) were shared at $390/mt CFR.

Indicative tradable values for EU-origin HMS 1/2 (80:20) were shared at $385/mt CFR, which Platts normalized to a premium HMS 1/2 (80:20) equivalent of $390/mt CFR

Platts is part of S&P Global Commodity Insights.

The above rationale applies to Platts-TSI assessment of Turkish premium deep sea HMS 1/2 (80:20) imports, with the associated market data code: TS01011.

### Platts FOB Black Sea Steel Billet Rationale

Platts assessed CIS export billet $485/mt FOB Black Sea on July 15, down $5/mt from July 12, based on indications from market sources.

Platts assessed Turkish imports of at billet at $512.50/mt CFR Turkey on July 15, down $2.50/mt on the day.

Offers for the Russian origin billet were reported at $510-$520/mt CFR, which netted back to $485-$495/mt FOB Black Sea. A seller tradable value was reported at $490-$495/mt FOB Black Sea.

Reported trades into Turkey for Chinese origin billet, 100,000 mt in total closed in the week to July 12, were cited at $510-$515/mt CFR Turkey.

No data was excluded from the assessment.

Platts is part of S&P Global Commodity Insights.

The above rationale applies to the Platts daily FOB Black Sea billet assessment, with the associated market data code: STBLB00

### Platts EMEA HRC Assessment Rationale

Platts assessed hot-rolled coil in Northwest Europe at Eur625/mt ex-works Ruhr July 15, stable on the day.

Offers from local mills were heard at a range of Eur620-625/mt ex-works Ruhr.

A service center source reported a tradable value at Eur630/mt ex-works Ruhr.

A service center source reported a tradable value at Eur640/mt.

No bids or deals were heard.

No data was excluded from the assessment.

Platts is part of S&P Global Commodity Insights.

This rationale applies to symbol STHRE00.

### Platts EMEA HRC Carbon-Accounted Daily Rationale

Platts assessed Northwest European hot-rolled carbon-accounted coil at Eur745/mt ex-works Ruhr July 15, down Eur5/mt on the day.

An offer for premium was heard at Eur95-140/mt for CO2 content around 0mt, under scopes 1-2.

No tradable values, bids, or deals were heard throughout the day.

The assessment was calculated in line with the sum of Platts daily carbon-accounted steel premium (CASP) assessment and Platts daily hot-rolled coil price assessment in Northwest Europe.

No data was excluded from the assessment.

Platts is part of S&P Global Commodity Insights.

This rationale applies to symbol(s) <EHRSC00>

### Platts US HRC daily index rationale

Platts assessed the daily TSI US hot-rolled coil index at $650/st on an ex-works Indiana basis on July 15, unchanged from the previous assessment.

A Midwest service center source reported receiving an offer at $665/st ex-works for a minimum of 24 st from a Midwest converter with a three-week lead time. Recent repeatable tradable value for 100-500 st quantities has been reported in the range of $640-$650/st ex-works from Midwest mills.

Platts is part of S&P Global Commodity Insights.

No data was excluded from the assessment.

The above rationale applies to the daily Platts TSI US HRC EXW Indiana index, with the associated market data code: STHRI00

### US Shredded Scrap Midwest Daily Rationale

The daily Platts TSI US Midwest shredded scrap index was assessed at $375/lt on a delivered basis July 15, unchanged from July 12.

There were no new bids, offers or transactions reported for July-delivered shredded scrap in the Midwest. A scrap dealer in the Mid-Atlantic said shredded scrap for July-delivery settled flat from the previous month at $375/lt delivered Midwest, and expected prices to trade flat or higher in August due to tight supply.

No data was excluded from the assessment.

Platts is part of S&P Global Commodity Insights.

The above rationale applies to the daily Platts TSI shredded scrap delivered US Midwest index with the associated market data code: FEMWD00

### Platts Asia Indian Shredded Scrap Daily Rationale

Platts assessed imported Indian containerized shredded scrap at $412.50/mt CFR Nhava Sheva July 15, stable on the day amid muted market activity.

A bid and a secondhand bid for imported containerized shredded scrap were heard at $405/mt CFR Nhava Sheva but were considered not workable for sellers. An indicative bid level was heard at maximum $410/mt CFR Nhava Sheva but was also considered not workable for sellers.

A seller's tradable value for imported containerized shredded scrap was heard at $420/mt CFR Nhava Sheva, which was considered not workable for buyers.

No offers or deals for imported containerized shredded scrap were heard during the day.

No data was excluded from the assessment.

Platts is part of S&P Global Commodity Insights.

## Subscriber Notes

### Platts eliminates high/low price ranges for US Midwest ferrous scrap assessments

Platts, part of S&P Global Commodity Insights, has removed high/low price ranges for three of its US Midwest ferrous scrap price assessments.

The ranges have been replaced with a single closing value, effective July 1.

The following US scrap price assessments are impacted by the change: No. 1 busheling (SB01001), plate and structural (SB01174), and heavy melting scrap 1/2 (SB01135).

The change aligns these assessments with the single closing value already published for US Midwest shredded scrap and US Southeast ferrous scrap assessments.

Platts originally published the proposal on March 25, and the relevant note can be found at: https://www.spglobal.com/commodityinsights/en/our-methodology/subscriber-notes/032524-platts-proposes-elimination-of-highlow-price-ranges-for-us-midwest-ferrous-scrap-assessments .

Following market consultation, the changes were confirmed in a subscriber note April 15: https://www.spglobal.com/commodityinsights/en/our-methodology/subscriber-notes/041524-platts-to-eliminate-highlow-price-ranges-for-us-midwest-ferrous-scrap-assessments.

The daily assessments and associated monthly averages are published on Platts Connect; Platts Market Center; on Platts Steel Alert fixed pages 1318 and 1362; in the publications Steel

Markets Daily and World Steel Review; and in the Platts price database.

Please send feedback, comments, or questions to MetalsAmericas@spglobal.com and pricegroup@spglobal.com.

For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing.

Platts will consider all comments received and will make comments not marked as confidential available upon request.