



STEEL+ MONTHLY

April 2024

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INTRODUCTION

CUMIC Steel Monthly is the most effective way to stay up to date on the latest steel market activity as well as CUMIC's key projects. The report integrates the most recent news on the global steel market, monthly price movements, and aggregates data on global steel production and trade activity. In addition, it provides exclusive insights from the CUMIC Market Research Team regarding key market growth factors for the coming month to help you improve your bottom line and ensure that your business makes strategic sourcing decisions.

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GLOBAL STEEL NEWS REVIEW: MAR 2024

MMK Hits Record Domestic Shipment of Coated Rolled Products in 2023

In 2023, Magnitogorsk Iron and Steel Works (MMK) achieved a historic high by shipping over 1.7 million metric tons (mt) of coated rolled products to Russia's local market, marking a 19% increase from the previous year. This total included 1.5 million mt of hot-dip galvanized products and 500,000 mt of pre-painted galvanized iron, with the domestic market receiving 91% of MMK's total shipments. Despite a decline in exports, 2023 saw a rise in local production and consumption of coated rolled products. Additionally, MMK saw a significant increase in domestic sales of specialized and premium segment products, exceeding 100,000 mt.

EU Renews Anti-dumping Measures on Chinese HDG for Another Five Years

The European Commission has extended the anti-dumping (AD) duties on certain corrosion-resistant steel imports from China, including hot-dipped galvanized (HDG) coil, maintaining rates between 17.2% and 27.9% for another five years as of March 11. Initially imposed in 2018, these duties underwent an expiry review in February 2023, which

concluded that the discontinuation of measures would likely lead to a resumption of injurious dumping. The main export destinations for Chinese HDG were Thailand, South Korea, Vietnam, Brazil, Indonesia, Israel, Chile, Peru and Japan, according to data from the Global Trade Atlas (GTA). The average export price for Chinese HDG was 15% lower than the price prevailing on the EU market during the review investigation period (February 2023-March 2024).

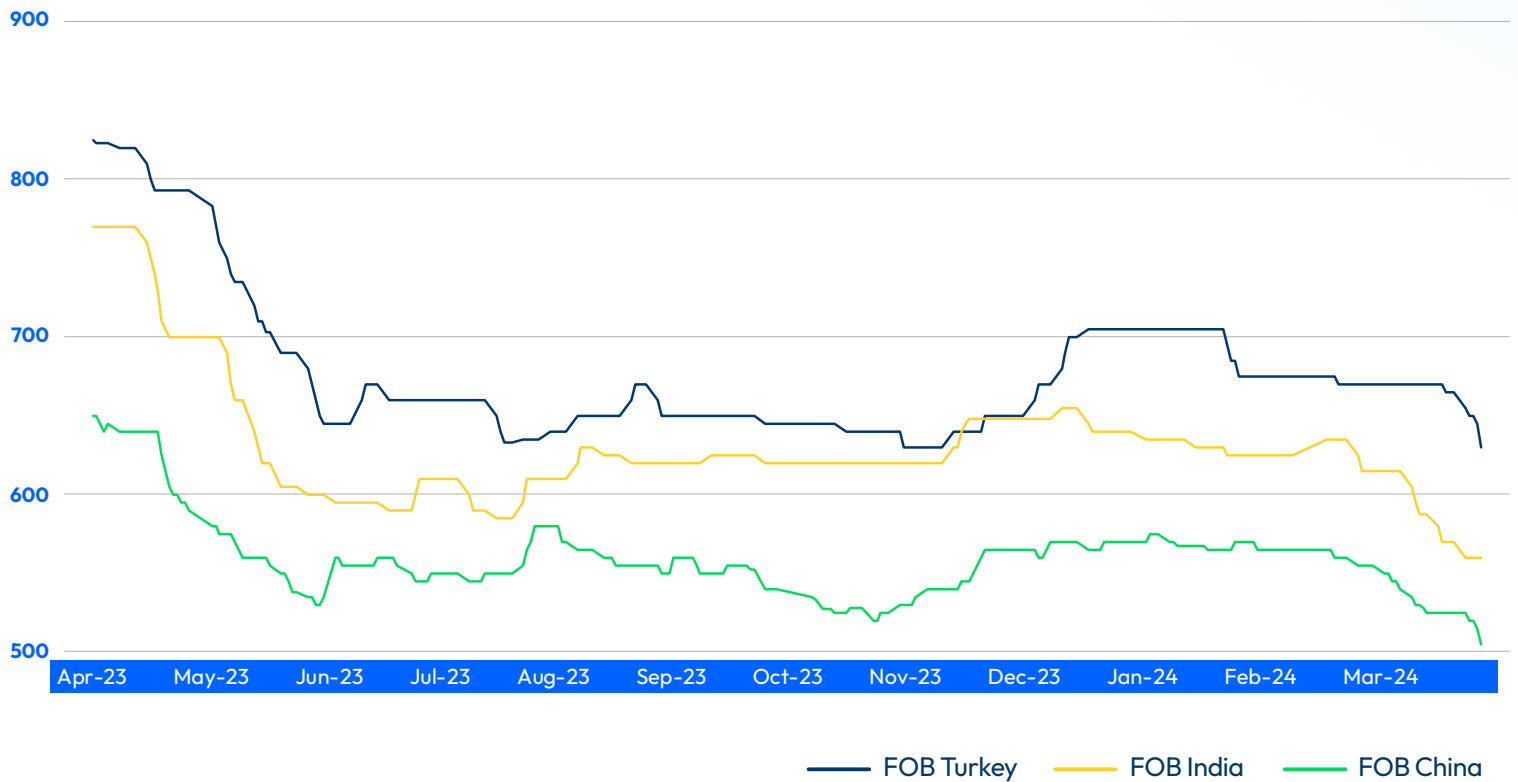
Indian Steel Giants to Boost Capacity by 22 Million MT in FY 2024-25

In response to India's economic growth and infrastructure development, leading Indian steel companies, including JSW Steel and Tata Steel, plan to increase their production capacities by at least 22 million metric tons (mt) annually by the fiscal year 2024-25. This expansion aims to cater to the rising domestic demand and ensure that the steel used in upcoming projects is sourced domestically, amidst declining consumption in Europe and the United States. Jindal Steel and Power plans to expand its capacity by 6 million mt, Tata Steel by 5 million mt, and JSW Steel, India's largest steel producer, aims to increase its capacity to 38.5 million mt per year. The details of the investments were not disclosed.

Vietnamese Steel Producers Request Antidumping Probe on Chinese HRC Imports

Vietnam's major steel companies, Hoa Phat Group and Formosa Ha Tinh Steel (FHS), have requested the Ministry of Industry and Trade to initiate an anti-dumping investigation into hot rolled coil (HRC) imports from China, following a surge to 1.4 million metric tons in the January-February period, representing 74.2% of Vietnam's total HRC imports. In contrast, seven domestic producers, including Hoa Sen Group, argue against this initiative, stating that the dumping margin of 1.26% suggests no dumping practices. They emphasize that domestic HRC production covers only 30% of the market's needs, highlighting the necessity of Chinese HRC for producing galvanized steel and other products, and argue that these imports pose no threat to the local industry.

MONTHLY STEEL PRICE SNAPSHOT



As of the end of March, the FOB prices for HRC exports from various regions are as follows:

- Turkey: The FOB price for HRC exports from Turkey is \$630/MT, which is a \$40/MT decrease compared to the end of February.
- India: The FOB price for HRC exports from India is \$560/MT, which is a \$55/MT decrease compared to the end of February.
- China: The FOB price for HRC exports from China is \$515/MT, marking a \$40/MT decrease from the end of February.

After China's Spring Festival, steel prices experienced a consistent decline, primarily due to the lack of the anticipated seasonal demand rebound. This downturn was further exacerbated by a persistent slump in the property market, restrictions on infrastructure spending due to local government debt, and stagnant growth in manufacturing demand.

These factors combined to drive steel prices to a seven-month low by March. Although there was a brief rally in mid-March, it was short-lived, with prices closing the month significantly lower.

In India, the impending elections and the end of the fiscal year have tightened market liquidity, leading to postponed purchasing decisions and reduced demand, which in turn has led to a steady fall in steel prices. Mid-March saw a temporary bounce in prices, likely influenced by the Chinese market, yet the future price direction remains uncertain, with expectations of continued influence from China.

Turkey's market demand was dampened before the local elections in late March, further impacted by the depreciating lira against the dollar and decreased import demand. Despite a minor increase in scrap steel prices towards the end of March, driven by ongoing purchases by steel mills, the overall pessimism regarding demand suggests prices may not sustain their upward trend.



STEEL SUSTAINABILITY DYNAMICS

Vale Partners with Hydnum Steel to Launch Green Steel Project in Spain, Aiming for Sustainable Production

In a landmark initiative for the steel industry, Brazilian mining giant Vale and Spain's Hydnum Steel have announced a collaboration to build an iron ore briquette plant in Puertollano, Spain, as part of a green steel project. Set to begin operations in 2026, the project aims to initially produce 1.5 million tons of steel annually, with plans to expand to 2.6 million tons by 2030.

Ørsted Secures Offer for Dillinger's Low-Emission Heavy Plate Steel, Strengthening Offshore Wind Foundation Production

Ørsted, a frontrunner in the offshore wind sector, has solidified its collaboration with Dillinger by securing its first offer to purchase low-emission heavy plate steel from Dillinger for offshore wind foundations. These plates will be used in the construction of wind farm foundations. Under a large-scale supply agreement signed in 2022, Ørsted will commence the purchase of significant volumes of conventional heavy plate steel from 2024. The agreement also ensures that Ørsted will be able to procure low-emission steel produced at Dillinger's plant in Dillingen, Germany, from 2027 to 2028. The partnership aims to reduce carbon emissions in steel production by 55-60%.



EUROPEAN CARBON MARKET

EU Allowances Price Trend



In March 2024, EUA (European Union Allowances) futures saw a turnaround from their previous drop, with the average trading price for the month reaching 59.56 euros per ton, marking a 3.38% rise from February's average of 57.61 euros per ton.

At the start of March, the price of EU carbon price quickly ascended following a rebound from last month's lows. This increase followed a period of sustained declines, prompting many investors to capitalize on the opportunity to purchase at lower prices, which in turn drove carbon prices upward. This surge was also supported by a rebound in natural gas prices, contributing to the climb in carbon prices. Despite this recovery, the market's bearish outlook remained prevalent. Efforts to surpass key price indicators in the EU carbon market this month were unsuccessful, keeping carbon prices on a downward trajectory.

STATISTICS: PRODUCTION & STEEL TRADING

	Unit: 10000 tons	Feb-24	% change Feb 24/23	Jan-Feb 2024	%change Jan-Feb 24/23
Crude Steel Production	World	14880	3.7 ↑	30690	3.0 ↑
	China	8120	3.5 ↑	16800	1.6 ↑
	India	1180	11.4 ↑	2450	10.0 ↑
	EU	1060	-3.3 ↓	2110	-0.9 ↓
	Japan	700	1.1 ↑	1430	0.8 ↑
	US	650	-1.2 ↓	1300	-2.6 ↓
	Unit: 10000 tons	Jan-24	%change Jan 24/23	Jan-Jan 2024	%change Jan-Jan 24/23
Import	US (net tons)	254.7	-2.4 ↓	254.7	-2.4 ↓
	South Korea	174.2	3.3 ↑	174.2	3.3 ↑
	Turkey	140	12.4 ↑	140	12.4 ↑
	Thailand	120.9	-7.4 ↓	120.9	-7.4 ↓
	Vietnam	149	151.0 ↑	149	151.0 ↑
	China	45.61	-23.5 ↓	45.61	-23.5 ↓
	Japan	63.26	-1.5 ↓	63.26	-1.5 ↓
Export	China	747.29	24.2 ↑	749.29	24.2 ↑
	Japan	259.65	5.3 ↑	259.65	5.3 ↑
	South Korea	242.5	10.9 ↑	242.5	10.9 ↑
	Turkey	89.47	23.0 ↑	89.47	23.0 ↑
	Vietnam	116	80.0 ↑	116	80.0 ↑
	Thailand	15.4	-13.6 ↓	15.4	-13.6 ↓

KEY GROWTH DRIVERS: APR 2024 MARKET FORECAST

CUMIC forecasts that steel prices could continue to drop in April unless there's an unexpected upturn in demand or significant production cuts by steel mills.

Looking at demand, April is anticipated to see a gradual recovery. However, a dramatic rise or fall is improbable, with only minor incremental improvements expected amidst ongoing fluctuations, making a surprise boost in demand unlikely.

On the supply side, steel output is currently at one of the lowest levels for this time of year. Yet, the stark imbalance caused by sluggish demand over supply exerts heavy pressure on steel prices. Identifying a new equilibrium between supply and demand is essential, with voluntary reductions in steel production being critical to achieving this balance. Without a decrease in steel output and a continued slow rate of inventory reduction, a rebound in steel prices appears unlikely.

In terms of raw materials, iron ore prices are nearing the \$100 mark, with a prevailing pessimistic outlook predicting a fall to around \$90. This could further negatively impact the direction of steel prices.



CUMIC'S LATEST PROJECTS

Bangladesh ASD Tug Construction Project



Product:
Shipbuilding Plate

Quantity:
382 Tons

Location:
Bangladesh

Project Story

In the construction of the ASD Tugboat for export to Sudan for a government contract in Bangladesh, our company played a pivotal role by supplying 382 tons of Shipbuilding Plate Grade AB/A. Once operational, this tugboat, valued at \$13 million and equipped with advanced features such as LCD displays, televisions, and multi-beam echo sounders, represents a leap forward in maritime technology and capability.

The ASD Tugboat's construction aligns with global maritime industry trends towards more technologically advanced, efficient, and safer vessels, capable of performing in the most demanding conditions. By supplying the high-quality steel required for this sophisticated vessel, our company contributes to fulfill our ongoing commitment towards technological innovation and sustainability in the global maritime sector.



As an integrated steel trading solution provider, we, CUMIC Steel Limited, have long-term cooperation with 9 out of the top 10 steel-producing companies in the world. For the past 16 years, we have been consistently delivering high-quality integrated steel trading solutions to 2,000 regular clients in more than 70 countries.



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