



STEEL+ MONTHLY

May 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: APRIL 2024

Turkey Restricts Exports to Israel Following Ongoing Attacks in Gaza

Turkey's Ministry of Commerce has announced export restrictions on 54 product groups to Israel, citing ongoing violations of international law through attacks in Gaza since October 7, 2023. The restrictions, effective from April 9, encompass a range of products including rebar, wire rod, flat steel products, steel pipes and fittings, profiles, construction materials, iron-steel wire, cement, aviation and jet fuel, and metal processing machinery. These measures will persist until Israel announces a ceasefire in Gaza and facilitates the continuous delivery of humanitarian aid to the region. During January-February of this year, Turkey's exports to Israel included 49,990 metric tons of rebar and 11,387 metric tons of wire rod, marking Israel as Turkey's second and fourth largest market for these exports, respectively.

EUROFER Predicts Modest Recovery in EU Steel Consumption for 2024

The Economic Committee of the European Steel Association (EUROFER) reports that out

of certain negative influence, apparent steel consumption in the EU-27 contracted by 9% in 2023, deepening from an initial forecasted decline of 6.3%. This marks the fourth annual downturn in the last five years. Looking ahead to 2024, steel consumption is expected to rise by 3.2%, a slower recovery rate than the previously anticipated 5.6%. This forecast hinges on favorable market conditions and an uptick in steel demand, although projections are highly uncertain. The association anticipates a gradual improvement in steel consumption throughout the early quarters of 2024, though remaining below pre-pandemic levels.

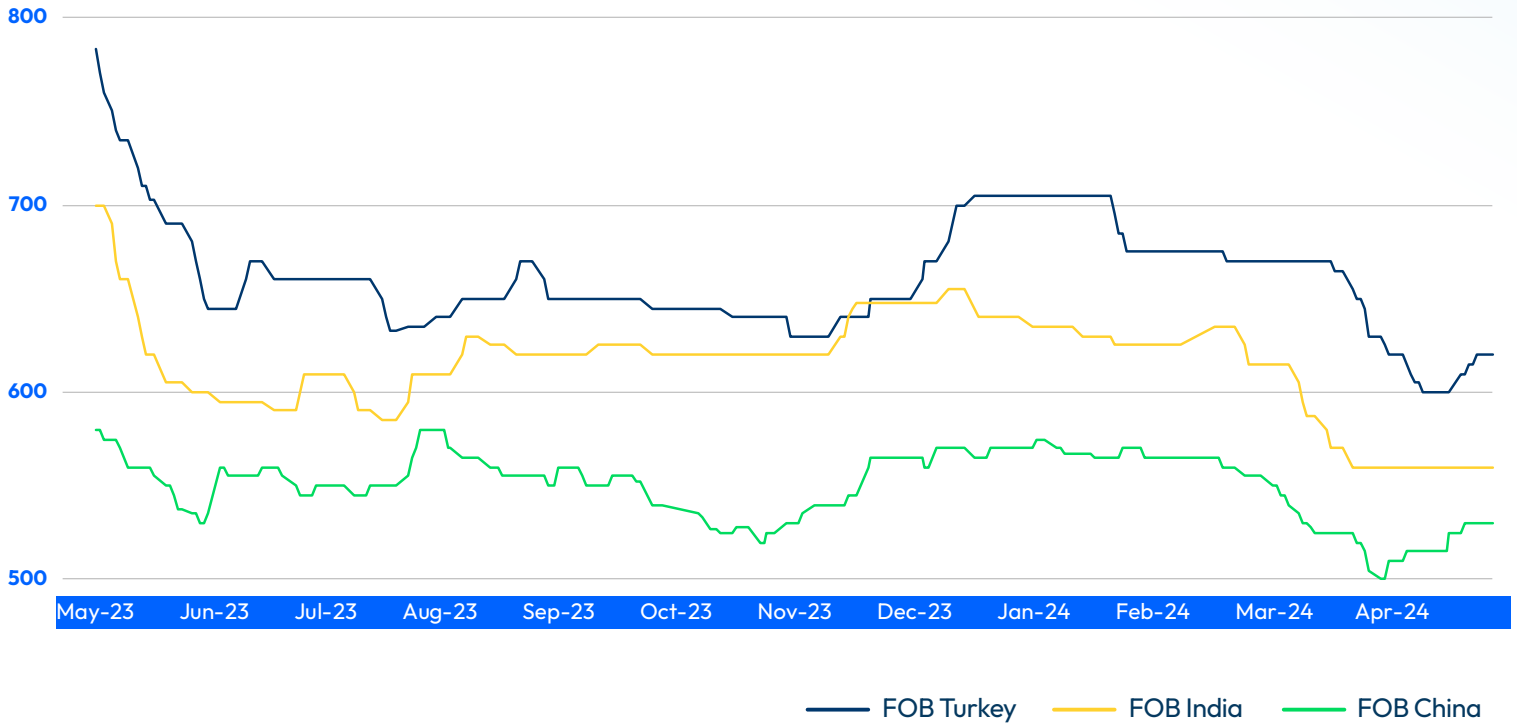
Indian Passenger Car Sales Growth Moderates on High Base Effect, Muted Demand

April's passenger car sales in India showed a significant slowdown, influenced by a high base effect and subdued demand during the national elections. Maruti Suzuki India Limited (MSIL), the leader in market share, recorded only a slight increase of 0.4% in sales with 137,952 units compared to the same month last year. Hyundai Motors India Limited (HMIL) and Tata Motors Limited also reported just modest gains of 1% and 2%, selling 50,201 and 47,883 units respectively. In contrast, Toyota Kirloskar Motors Limited experienced a robust growth of 32%, selling 15,510 units year-over-year in April.

Mexico Eliminates AD/CVD on Steel Plate Imports from Japan and Italy

The Mexican international trade authority has declared the elimination of antidumping (AD) and countervailing duties (CVD) on steel plate imports from Japan and Italy, effective May 1, 2024. Data from the Mexican Chamber of the Iron and Steel Industry (Canacero) show that in 2023 plate consumption (sheet and roll) was 1.59 million mt, 47.6 percent more than in 2022. In all types of steel, Japan was the third largest supplier with 1.86 million mt, 49.6 percent more than in 2022. That volume represented 14.9 percent of the total. It was only surpassed by South Korea's 15.5 percent and the United States' 32.5 percent. Last year, only 163,000 mt of all types of steel were imported from Italy, 44.7 percent more than in 2022.

MONTHLY STEEL PRICE SNAPSHOT



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

- Turkey: The FOB price for HRC exports from Turkey is \$620/MT, which is a \$10/MT decrease compared to the end of March.
- India: The FOB price for HRC exports from India is \$560/MT, unchanged from late March.
- China: The FOB price for HRC exports from China is \$530/MT, marking a \$30/MT increase from the end of March.

In China, April witnessed a significant rebound in steel prices following a sharp decline that saw hot-rolled coil prices hitting an eleven-month low and rebar prices nearing a three-year low early in the month. Contributing factors included pronounced steel production cuts in response to falling prices and a recovery in demand, which helped

reduce inventory pressures. Additionally, the introduction of policy measures such as the accelerated issuance of special bonds and new incentives for trading in old cars and appliances improved the macroeconomic climate and outlook, further boosting steel prices.

In India, the persistent drop in steel prices moderated in April, stabilizing ahead of the general elections held in April and May. Due to funding shortfalls for infrastructure projects before the elections, demand had been tepid in the preceding months, contributing to weaker steel prices. However, in April, anticipation of the upcoming monsoon season in June led downstream buyers to begin restocking, bolstering both demand and prices. Additionally, geopolitical tensions in the Middle East encouraged stockpiling, further supporting steel prices.

In Turkey, the steel industry continued to face challenges due to ongoing high inflation, which has suppressed local economic activity and weakened domestic demand. Additionally, new export restrictions, including a ban on steel exports to Israel starting in April and significant challenges in exporting to Yemen due to local military threats, exacerbated the situation. All these factors contributed to a further decline in steel prices in April.



STEEL SUSTAINABILITY DYNAMICS

Zhongshou Special Steel Group Orders Arvedi ESP for Transition to Green Steel Production

Zhongshou Special Steel Group, a prominent Chinese steel manufacturer, has partnered with Primetals Technologies to enhance its green steel production capabilities. The company is set to install an Arvedi ESP line at its Luanzhou facility in Hebei Province, with expectations to be fully operational by the end of 2025. The new line employs Arvedi ESP technology, enhancing energy efficiency and quality in endless hot rolled coils (eHRC), and modernizing Zhongshou's shift from LD converter (BOF) and hot-strip mill to a setup with an electric arc furnace (EAF) and Arvedi ESP. The line's impressive capabilities will enable the production of strip coils ranging from 0.7 to 12.7 millimeters in thickness, catering to both the general market and specialized sectors, including the automotive industry, which demands high-strength low-alloy steel (HSLA). The production will employ a headless mode across all thicknesses.

German Steel Association Introduces Low Emission Steel Standard

The German steel industry association WV Stahl and the Federal Ministry for Economic Affairs and Climate Protection (BMWK) have launched the Low Emission Steel Standard (LESS) certification, a significant advancement in green steel production. This is the industry's first standard that allows for the tracking and comparison of emissions from traditional blast furnaces to hydrogen-based processes. The LESS system uses a labeling method that categorizes steel based on carbon intensity into five levels from A to E, based on carbon and scrap content. Steelmakers seeking certification need to report their scrap content and Product Carbon Footprint (PCF), as per an Environmental Product Declaration (EPD) verified by TÜV Nord and DNV. This initiative, designed for international cooperation, aims to standardize low-carbon steel pricing and boost its global adoption.

EUROPEAN CARBON MARKET

EU Allowances Price Trend



In April 2024, EUA futures prices maintained an upward momentum from March, with the average daily trading price in April at 66.07 euros per ton, up 10.93% from 59.56 euros per ton in March.

Early April, following the Easter break, saw the market rebound from a holiday-induced slump, with EU carbon prices experiencing a minor initial drop followed by a steady increase. Additionally, the gradual relief from the natural gas supply constraints due to the Middle East energy crisis, coupled with rising natural gas prices, fueled a robust recovery in energy-intensive sectors, especially in Germany. This contributed to the ongoing rise in carbon prices. At present, EU carbon prices are on a continuous upward trajectory, having surpassed 70 euros this month—a peak since February. While the easing of the energy crisis suggests further potential for rising carbon prices, the upcoming summer and warmer temperatures in Europe might soften natural gas demand, potentially capping the short-term increase in EU carbon prices or even causing them to fall back.

STATISTICS: PRODUCTION & STEEL TRADING

	Unit: 10000 tons	Mar-24	% change Mar 24/23	Jan-Mar 2024	%change Jan-Mar 24/23
Crude Steel Production	World	16120	-4.3 ↓	46910	0.5 ↑
	China	8830	-7.8 ↓	25660	-1.9 ↓
	India	1270	7.8 ↑	3730	9.7 ↑
	EU	1160	-4.3 ↓	3300	-1.4 ↓
	Japan	720	-3.9 ↓	2150	-0.8 ↓
	US	690	0.0	1990	-1.6 ↓
	Unit: 10000 tons	Feb-24	%change Feb 24/23	Jan-Feb 2024	%change Jan-Feb 24/23
Import	US (net tons)	246.75	9.4 ↑	501.69	2.4 ↑
	South Korea	171.8	-15.0 ↓	346	-6.7 ↓
	Turkey	110	-9.1 ↓	250	1.5 ↑
	Thailand	108.2	-7.0 ↓	229.1	-7.2 ↓
	Vietnam	116.56	38.8 ↑	265	84.9 ↑
	China	52.6	-17.2 ↓	113.1	-8.1 ↓
	Japan	59.31	1.2 ↑	122.57	-0.2 ↓
Export	China	716.8	16.4 ↑	1591.2	32.6 ↑
	Japan	251.96	-4.1 ↓	511.61	0.4 ↑
	South Korea	236.4	2.1 ↑	478.9	6.4 ↑
	Turkey	120	74.6 ↑	210	48.6 ↑
	Vietnam	100	25.6 ↑	216	51.6 ↑
	Thailand	22.1	56.2 ↑	37.5	18.3 ↑

KEY GROWTH DRIVERS: MAY 2024 MARKET FORECAST

CUMIC forecasts that steel prices in May will continue to experience minor fluctuations.

The rebound in steel prices in April was largely propelled by the increase in raw material costs. Iron ore prices, which fell below \$100 at the start of April, have seen a strong recovery towards \$120. While there may be further modest increases in iron ore prices moving into May, a downturn is also possible. Lately, the trend has shown raw materials outperforming steel, pushing steel prices upwards. However, if raw material prices begin to fall from their peaks, this could reduce the cost support for steel, potentially leading to lower steel prices.

The demand for steel is still being affected by the ongoing downturn in China's property market, which continues to impact construction-related steel consumption negatively. Despite the implementation of more aggressive real estate policies by various cities in China, their effectiveness in stabilizing the market remains uncertain. Nonetheless, the continued expansion of the manufacturing sector has helped to stabilize steel demand, mitigating the risk of significant price drops.

Moreover, geopolitical tensions in the Middle East and the potential for renewed inflation in the U.S. add further uncertainty to the market, warranting close monitoring due to their potential to influence future market dynamics significantly.



CUMIC'S LATEST PROJECTS

“Almirante Viel” Ice Breaker Building Project



Product:
Shipbuilding Plate/ Bulb Flat

Quantity:
5,000 Tons

Location:
Chile

Project Story

Over the course of 6 years, from 2017 to 2022, CUMIC delivered over 5,000 MT of shipbuilding steel plates and bulb flats for Chile’s construction of its first and largest icebreaker to be built in Latin America. The Vessel, named Almirante Viel, is a tremendous milestone for the Chilean maritime industry, and we are proud to have played a role in its success.

Undertaken by a state-owned industrial plant, the vessel of this project is capable of breaking one meter of ice at a speed of three knots (3.3 km/h) with a length of 110 meters, making it ideal for performing a variety of tasks including search and rescue missions, scientific research, logistical support and delivering supplies to the Chilean Antarctic Territory base.

The 10,500-ton PC 5 vessel will be equipped with a multi-beam echosounder, omnidirectional search sonar, and multiple laboratories, accommodating 35 scientists and 86 crew members. Meanwhile, it is also capable of carrying 19 20ft containers and 400 cubic meters of fuel, as well as a crane with a lifting capacity of 25 tons.



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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