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SBB STEEL MARKETS DAILY
COVERING THE RAW MATERIAL INPUTS TO STEELMAKING
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Posco settles second-quarter hard coking coal contracts with Teck

Singapore—On Monday South Korea's Posco settled negotiations for the price of Elkview Standard, a premium hard coking coal, at $206/mt FOB for the April-June quarter with Canadian miner Teck, down $29/mt from $235/mt in the current quarter, a source familiar with the matter said.

The contract price for the second-tier HCC Elkview 2 was also agreed to at $201/mt, down by the same amount from $230/mt this quarter, he said. A Seoul-based spokeswoman for Posco declined to comment on the matter.

The contracts do not involve carry-over tonnages from the previous quarter, the source said, declining to be named as contracts are supposed to be confidential.

The settlement marks the first between a Northeast Asian steelmaker and a large supplier, which may set the benchmark for the rest of the industry. Earlier reports of Posco reaching a settlement with Anglo American at $210/mt FOB Australia for the premium HCC German Creek were "untrue," as were those of Foxleigh, the PCI brand, at $153.30/mt, said the source.

Sources at two Japanese steelmakers said separately they had yet to reach a deal with Anglo American. One said the Posco settlement was lower than expected, while the other believed it was in line with his expectations.

"As earlier expectations were for a settlement at $205-210/mt, I don't see why anyone would be surprised," said a Singapore-based trader. "What's surprising is that Teck settled first instead of Anglo."

Anglo American would likely follow the settlement for Elkview Standard for its German Creek premium low-vol HCC as the two have traditionally been concluded at the same price, he said.

Tokyo-based sources at a Japanese mill and a trading firm said, however, that it remained to be seen whether Australian miners would cede position as negotiation leaders to follow Teck.

"Australian miners think their coals are better," the trader said.

The settlements put to bed earlier speculation that Teck might adopt monthly pricing or index-linked pricing for the next quarter. BHP Billiton-Mitsubishi Alliance, however, which is offering monthly negotiated contracts, is said to be seeking to offer index-linked options from April, the start of the Japanese fiscal year.

Market participants expect the settlement to lead to lower spot prices. "If spot is higher than contract it means the market has strength," said the earlier trader in Singapore.

(continued on page 2)

Platts raw material assessments, February 27

		Close/Midpoint	Change	% Chg
IODEX Iron ore fines 62% Fe ($/dmt)				
CFR North China	142.50-143.50	143.00	2.50	1.78
Please see Platts complete iron price/netbacks table, p.3				
Coking coal, premium low vol ($/mt)				
FOB Australia	213.00	213.00	-1.00	-0.47
CFR China	230.00	230.00	-1.00	-0.43
Please see full metallurgical coal price/freight table, p.4				
Ferrous scrap ($/mt)				
HMS FOB Rotterdam	416.00-421.00	418.50	1.00	0.24
A3, FOB Black Sea	425.00-429.00	427.00	4.50	1.07
HMS CFR Turkey	452.00-454.00	453.00	5.50	1.23
Ferrous scrap ($/mt)				
Shredded del Midwest US	435.00-440.00	437.50	0.00	0.00
Shredded del dock East Coast	405.00-415.00	410.00	0.00	0.00
HMS del dock East Coast	400.00-405.00	402.50	0.00	0.00

TSI raw material indices, February 27

		Frequency	Change	% Chg
Iron ore fines 62% Fe				
Chinese imports (CFR North China port), $/dmt	140.50	Daily	1.50	1.08
Please see TSI's complete iron ore price table, p.2				
Ferrous scrap				
HMS 1&2 80:20, Turkish imports (CFR port), $/mt	450.00	Daily	3.00	0.67
Shredded, US domestic (del Midwest mill)*, $/lt	444.00	Weekly (Fri)	1.00	0.23
Shredded, Indian imports (CFR port)*, $/mt	477.00	Weekly (Fri)	18.00	3.92

* Latest index February 24

THE STEEL INDEX

Today in raw materials

"But I don't think this is the case now."

The view was echoed by steelmakers in eastern and northern China.

"This is good news for Chinese buyers, as spot coking coal will definitely go down," said the source at the northern Chinese mill. "But it's unlikely to help Chinese mills bargain for lower domestic prices."

Platts low-vol premium HCC was down $1 to $213/mt FOB Australia, and mid-vol HCC with 64% CSR (coke strength after reaction) also dipped $1 to $187/mt FOB Australia.

— Keith Tan and Helena Sheng

TSI DAILY IRON ORE PRICE INDICES

TSI daily iron ore indices, February 27

	$/dmt	Change	% Chg	Low*	High*
62% Fe fines, 3.5% Al, CFR Tianjin port	140.50	1.50	1.08	116.90	183.30
58% Fe fines, 3.5% Al, CFR Tianjin port	128.30	0.00	0.00	102.90	163.70
62% Fe fines, 2% Al, CFR Qingdao port	142.30	1.50	1.07	119.20	186.60
63.5/63% Fe fines, 3.5% Al, CFR Qingdao port	144.00	1.60	1.12	122.70	190.20

* Past 12 months

Per 1% Fe differentials, $/dmt

	$/dmt	Change
Range: 61-64% Fe	3.00	0.00
Range: 56-59% Fe	4.00	0.00

FOB netback per route / basis TSI 62% Fe, 3.5% Al fines

Origin	Vessel Type	FOB ($/dmt)	Change	% Chg
W.Australia	Capesize	132.67	1.30	0.99
India	Supramax	128.18	2.38	1.89
Brazil	Capesize	120.03	1.28	1.08

Rolling Averages, $/dmt

	5-day	Monthly	Quarterly
62% Fe fines, 3.5% Al, CFR Tianjin port	137.90	140.12	140.24
58% Fe fines, 3.5% Al, CFR Tianjin port	127.84	128.00	126.64
62% Fe fines, 2% Al, CFR Qingdao port	139.70	141.92	142.02
63.5/63% Fe fines, 3.5% Al, CFR Qingdao port	141.62	144.12	144.27

TSI's indices reflect average daily iron ore spot prices. Full price histories are available to TSI subscribers on its website. Details of TSI's methodology and product specifications, together with general information about TSI and its full range of steel indices and subscription services, can also be found on its website: www.thesteelindex.com

Iron ore market

Stronger buying interest fuels Asian iron ore market

Singapore—Seaborne iron ore spot prices rose Monday on stronger Chinese buying interest amid an increase in physical and steel futures prices.

Platts assessed the benchmark 62%-Fe grade $2.50/dmt higher on the day at $143/dmt CFR North China.

The upswing was reflected in Rio Tinto's sale of a 165,000 mt cargo of 61.5%-Fe Pilbara Blend fines Monday at $142.50/dmt CFR Main China port, loading March 12-21.

The trade met with mixed reactions, with some suggesting it reflected the upward trend, and others believing it was above the current market.

"$142.50/dmt is reasonable. There is definitely demand, as this cargo was snapped up very quickly once it entered

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Managing Editor
Colin Richardson
(+44 0 151 228 1081)

Markets Editors
London; Ciaran Roe
(+44 20 7176 6346)
Bursa, Turkey; Cem Turken
(+90 224 234 1522)

Senior Managing Editor, Markets
Annalisa Jeffries
(+44 207 176 6204)

Americas Managing Editor
Christopher Davis
(+1 412 431 0398)

Senior Editor
Tom Balcerek
(+1 412 431 0416)

Markets Editors
Pittsburgh; Nicholas Tolomeo
(+1 412 246 1577),
Estelle Tran
(+1 412 431 0632),

Senior Managing Editor
Singapore; Russ McCulloch
(+65 6227 7811)

Managing Editor, raw materials
Keith Tan
(+65 6530 6557)

Team Leader, raw materials
Julien Hall
(+65 6530 6538)

Asian Markets Editors
Melvin Yeo
(+65 6530 6517),
Celestyn Wong
(+65-6530-6442),
Edwin Yeo, Hongmei Li

Managing Editor
Paul Bartholomew, Australia
(+61 410 400 156)

Editorial Director
Joe Innace
(+1 212 904 3484)

Vice President, Editorial
Dan Tanz

Platts President
Larry Neal

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Officers of the Corporation: Harold McGraw III, Chairman, President and Chief Executive Officer; Kenneth Vittor, Executive Vice President and General Counsel; Jack F. Callahan Jr., Executive Vice President and Chief Financial Officer; John Weisenseel, Senior Vice President, Treasury Operations.

To reach Platts
E-mail:support@platts.com

North America
Tel:800-PLATTS-8 (toll-free)
+1-212-904-3070 (direct)

Latin America
Tel:+54-11-4804-1890

Europe & Middle East
Tel:+44-20-7176-6111

Asia Pacific
Tel:+65-6530-6430

General Manager, Metals
Andrew Goodwin

Advertising
Tel: +1-720-548-5508

Manager, Advertisement Sales
Kacey Comstock

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the market. I would be confident of being able to resell it for a higher price if I had gotten the cargo," a Singapore-based trader who attempted unsuccessfully to bid for the Rio Tinto shipment told Platts Monday.

"The iron ore market is getting bullish after steel billet prices made strong gains over the weekend," a Hebei-based mill source said.

Spot prices of steel billet in Tangshan were up Yuan 50/mt at Yuan 3,740/mt ($594/mt) ex-stock over the weekend, according to mill sources in Hebei. Shanghai rebar futures also gained ground Monday, rising Yuan 58/mt to Yuan 4,282/mt.

However, a Beijing trader described this trade as "a little spark in the market," which he believed was not indicative of current market conditions.

There was not too much support in China for higher raw material prices, with downstream demand lackluster as the housing and construction industries were weak, which was being exacerbated by the tight credit situation, he added.

Another trader from Shanghai said PB fines retailing at above $140/dmt CFR China was "high," suggesting he would be cautious about entering the market at this point.

He would wait for PB fines to fall to $135/dmt CFR China again, he continued, as he was not too optimistic about the amount of room the Chinese government had in taking measures to boost the economy.

Separately, Rio Tinto sold 75,000 mt 65%-Fe South African Palabora Mining Co concentrates at $153/dmt China Main Ports Friday, loading Mar 12-22, market participants said.

India's Essel Mining was in the market to offer a 54,000 mt cargo of 63/62%-Fe fines loading over February 27-March 3, in a tender that closed Monday.

In Europe, Ukrainian miner Metinvest was offering 80,000 mt of 63%-Fe Ukrainian pellets loading by March 31, in a tender closing February 27, 7:00 pm Beijing time (1100 GMT).

The cargo has 9% silica, 0.44% alumina, 0.04% phosphorus, 0.04% sulfur, and 3% moisture content, according to market participants who received the tender.

The miner also offered a Panamax cargo of 67%-Fe Ukrainian concentrates with 6.5% silica, 0.35% alumina, 0.03% phosphorus, 0.03% sulfur, and 11.5% moisture, with the same loading and tender closing date.

Australian sellers clearing backlogs

Sources at an Australian mining company utilizing Port Hedland for loading iron ore cargoes said the January cyclone had "pushed back lots of shipments" and it was still trying to clear the backlog of exports from then.

"We're not offering any spot cargoes now because of this backlog, but we should be back in the spot market in the middle of March to offer April-loading cargoes," a miner said.

"Recovery is still taking place now. The cyclone impacted exports quite a bit," another miner said.

Port Hedland experienced a 48-hour closure in January because of tropical Cyclone Heidi. Platts reported January 10 this closure resulted in a 22% fall in iron ore exports from the Western Australian port.

— *Celestyn Wong and Melvin Yeo*

PLATTS DAILY IRON ORE PRICE ASSESSMENTS

Platts daily iron ore assessments, February 27

	$/dmt	Midpoint	Change	% change
IODEX 62% Fe CFR North China	142.50-143.50	143.00	2.50	1.78
63.5/63% Fe CFR North China	146.50-147.50	147.00	+1.50	+1.03
65% Fe CFR North China	152.00-153.00	152.50	+1.50	+0.99
58% Fe* CFR North China	126.50-127.50	127.00	+1.50	+1.20
52% Fe CFR North China	97.50-98.50	98.00	+1.00	+1.03

*Al = 4.0% max

Per 1% Fe differential (Range 60-63.5% Fe), $/dmt

	$/dmt	Change
Range 60-63.5% Fe	3.75	0.00

FOB netbacks per route / basis IODEX 62% Fe

Route	Vessel Type	Freight rate ($/wmt)	Moisture (%)	IODEX ($/dmt)
Australia	Capesize	7.60	8.03	134.74
India West	Panamax	12.50	8.11	129.40
India West	Handymax	15.00	8.11	126.68
India East	Handymax*	14.50	8.00	127.24
Brazil	Capesize	21.00	9.00	119.92
South Africa	Capesize	13.80	3.00	128.77

* Typical two-port co-loadings from Haldia and Paradip

Freight differentials to major import ports, $/wmt

From Qingdao on a Free Out basis	
To North China: Caofeidian, Tianjin & Xingang	0.25
To East China: Beilun	-0.25
To South China: Zhanjiang & Fangcheng	-0.75

Rolling monthly average, $/dmt

IODEX 62% Fe	141.75

IODEX 62% Fe CFR North China OTC swaps assessment, February 27

IODEX 62%	$/dmt	Change	% change
Mar 12	141.500	3.000	2.17
Apr 12	140.500	3.000	2.18
May 12	139.750	3.000	2.19
Q2 2012	139.500	3.000	2.20
Q3 2012	137.000	3.000	2.24
Calendar 2013	130.500	3.000	2.35

Detailed methodology and specifications are found here: www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/ironore.pdf

Chinese mills turn to lower grade Fe ore to trim costs

Singapore—There was more demand for mid-to-low grades of iron ore Monday as mills avoided higher grades to minimize production costs, sources told Platts.

Demand was "still good," according to an Australian miner . Lower-grade Australian product with 50-59%-Fe content was especially healthy, primarily because steel mills in China were looking for cheaper unit prices, which they can obtain from lower grades, he said.

The preference for lower-grade cargoes would continue until steel prices really recover and the buying of higher grades could be justified, the source said. Mills use lower grades where they are not looking to run at full utilization rates, Platts notes.

Indian miner Sesa Goa was heard to have sold 75,000-85,000 mt of 50%-Fe Indian fines to Focus Trading at close to $86/dmt CFR China Main port. The cargo loads February 25-29 and contains 9% alumina, 9% silica, 0.05% phosphorus, 0.05% sulfur and 14% moisture.

The miner was also heard to have sold 80,000-90,000 mt of 52%-Fe iron ore at $96-98/dmt CFR China Main Port, traders said Monday. There was no consensus on a definitive value and no buyer was known.

This shipment will load over February 27-March 3 from Goa and contains 9% of silica, 8% alumina, 0.1% phosphorus, 0.03% sulfur and 12% moisture.

Additionally, a Singapore-based trader heard a Supramax cargo of 52%-Fe Indian fines was traded at $95/mt CFR China Main Port for March-loading. He said this lower value was “reasonable for a non-Sesa Goa cargo because [the Indian miner] usually sells at a premium to the market.”

A Hong Kong-based trader also agreed demand was stronger for mid-to-low grade iron ore, saying he was seeing many inquiries for cargoes in that grade range, while “selling higher grades above 60%-Fe is more troublesome now.”

The trader received an offer of $78/dmt CFR China for 48/47%-Fe Indian fines containing 9% silica, 8% alumina, 0.05% phosphorus and 0.05% sulfur with a March 5-15 shipping window. He said he would bid $75/dmt CFR.

— Celestyn Wong

Coking coal market

Weaker sentiment suppresses seaborne coking coal

Singapore—Seaborne coking coal was assessed lower Monday on weaker market sentiment, with Northeast Asian demand weak and Chinese mills expecting initial second-quarter contract settlements to pull down spot prices.

Platts low-vol premium hard coking coal was down $1/mt to $213/mt FOB Australia, and mid-vol HCC with 64% CSR (coke strength after reaction) also dipped $1/mt to $187/mt FOB Australia.

An offer was reported at around $230/

Platts Daily Metallurgical Coal Assessments, February 27

Coking coal price assessments ($/mt)

	FOB Australia	CFR China	CFR India	Change Australia	Change China	Change India
HCC Peak Downs Region	214.50	231.50	233.50	-1.00	-1.00	-1.00
Premium Low Vol	213.00	230.00	232.00	-1.00	-1.00	-1.00
HCC 64 Mid Vol	187.00	204.00	206.00	-1.00	-1.00	-1.00
Low Vol PCI	149.00	166.00	168.00	+0.00	+0.00	+0.00
Low Vol 12 Ash PCI	138.00	155.00	158.00	+0.00	+0.00	+0.00
Semi Soft	139.00	156.00	158.00	+0.00	+0.00	+0.00
Met Coke	-	-	372.00	-	-	+0.00

HCC Assessed Specifications

	CSR	VM	Ash	S	P	TM	Fluidity
HCC Peak Downs Region	74%	20.7%	9.7%	0.60%	0.035%	9.5%	400
Premium Low Vol	71%	21.5%	9.3%	0.50%	0.045%	9.7%	500
HCC 64 Mid Vol	64%	25.5%	9.0%	0.60%	0.050%	9.5%	1,700

Penalties & Premia: Differentials ($/mt)

	Within Min-Max	% of Premium Low Vol FOB Australia assessment price	Net Value ($/mt)
Per 1% CSR	60-74%	0.50%	1.07
Per 1% VM (air dried)	18-28%	0.50%	1.07
Per 1% TM (as received)	8-11%	1.00%	2.13
Per 1% Ash (air dried)	7-10.5%	1.25%	2.66
Per 0.1%S (air dried)	0.3-1%	1.00%	2.13

The assessed price of HCC Peak Downs® originates with Platts and is based on price information for a range of HCCs with a CSR > 67% normalized to the standard of HCC Peak Downs® (CSR 74%). Peak Downs® is a registered trade mark of BM Alliance Coal Operations Pty Limited “BMA”. This price assessment is not affiliated with or sponsored by BMA in any way.

Dry bulk freight assessments

Route	Vessel Class	Freight rate ($/mt)	Moisture (%)
Australia-China	Panamax	17.00	9.50
Australia-India	Panamax	19.00	9.50

East Australia: basis Hay Point port. North China: basis Qingdao port. East India: basis Paradip port.

Detailed methodology and specifications are found here: http://platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/metcoalmethod.pdf

Source: Platts

Message to our readers

Orange. The color of iron ore. But it’s also a color long-associated with the *Steel Business Briefing* brand.

Platts acquired the Steel Business Briefing Group July 1, 2011, and what you now see—*SBB Steel Markets Daily*—is the first truly integrated, revitalized product capitalizing on our collective editorial prowess. Peel away the orange color and you will find a product designed to better serve your needs with actionable news and price stories.

Content is now sharply focused on the raw materials (iron ore, coking coal, coke, scrap, ferroalloys), energy, and other consumables that are increasingly driving the steel product markets. The mission is to constantly evolve as your go-to informational source for all steelmaking inputs.

Like today’s, each issue will draw from the extensive talent and combined resources for news and price coverage from Platts—including the former *Steel Business Briefing* (SBB) team. The Steel Index (TSI), which is operated as a separate, specialist price information business owned by Platts, is also providing iron ore and scrap price content.

Welcome to the new SBB Steel Markets Daily!

We invite your questions, comments and feedback. Please e-mail Joe Innace, editorial director, at joseph_innace@platts.com, or Colin Richardson, managing editor at colin_richardson@platts.com mt CFR China for a 71% CSR low-vol Australian premium HCC. However, one eastern China mill source said he would not consider taking such coal, even if it was below $220/mt.

"Current prices aren't unattractive, but there are expectations for seaborne HCC prices to drop further," the purchasing manager said.

For second-tier HCCs, a trader in eastern China pegged Australian low-vol material with 63% CSR at $205/mt CFR China, the same level as earlier this month. The market has shown signs of "stabilization," according to the trader, but there was little in the way of bids or offers Monday.

A deal was reportedly concluded at around $210/mt CFR China for Australian HCC, with 60% CSR, low-vol and low-ash. However, as it was said to be part of a packaged deal with another brand it could not be considered in the assessment.

Separately, a US semi-hard coal cargo with 18% VM, 8.25% ash and 1% sulfur was offered to a Chinese mill at $195/mt CFR, but the buyer was unsatisfied with its high sulfur content.

News of Posco's settlement of Q2 contract prices with Teck, which came in at prices $29/mt below those in the previous quarter, led some to believe spot prices had room to fall (see related article).

Meanwhile, Australian PCI with specifications similar to the higher-ash version of Coppabella was pegged around $160/mt CFR China, said a Shanghai-based trader. The usual Coppabella, which has 8.5% ash, is rarely sold to China.

Chinese steelmakers may accept offers for mid-vol hard coking coals with 64% CSR at $205-210/mt CFR China, one source said.

— Keith Tan and Helena Sheng

SBB-SMD raw materials reference prices

	$/mt	Change	% Chg
Coke and coal			
Coke 10.5-12.5% ash - China export, FOB Tianjin	470.00	5.00	1.08
Charcoal - Brazil domestic	238.19	2.87	0.01
Iron			
SGX 62% Fe Iron Ore cash-settled swaps (dry mt) - front month	138.33	-2.84	-2.01
Iron ore concentrate 66% Fe wet - China domestic	173.58	0.00	0.00
Vale blast furnace pellet 65.7% Fe, Europe, FOB Tubarão ($ cent/mtu)	295.85	-65.38	-18.10
Pig iron - FOB - Black sea export	455.00	0.00	0.00
Pig iron - FOB Ponta da Madeira - Brazil export	490.00	0.00	0.00
Pig iron - Hebei - China domestic	515.18	6.34	0.01
HBI - Venezuela export	340.00	0.00	0.00

SBB-SMD ferrous scrap reference prices

	Price	Change	% Chg
Scrap, Europe/Turkey	**($/mt)**		
Auto bundles - Turkey domestic, delivered	436.87	0.00	0.00
OA (plate & structural) - UK domestic, delivered	407.19	-3.95	-0.01
Shredded - delivered - N. Europe domestic, delivered	424.93	6.59	0.02
Shredded - delivered - S. Europe domestic, delivered	432.54	-6.71	-0.02
Scrap, Asia	**($/mt)**		
H2 - del Olayama - Tokyo Steel purchase price, at works gate	399.35	32.73	0.08
H2 - del Utsunomiya - Tokyo Steel purchase price, at works gate	412.45	19.64	0.05
Heavy - Shanghai - China domestic	542.92	0.00	0.00
HMS 1/2 80:20 CFR - East Asia import	465.00	0.00	0.00
Shindachi Bara - del Okayama - Tokyo Steel purchase (list) price	425.54	32.73	0.07
Shindachi Bara - del Utsunomiya - Tokyo Steel purchase (list) price	438.63	19.64	0.04
Shredded scrap A (auto) - del Okayama - Tokyo Steel purchase (list) price	409.83	32.73	0.07
Shredded scrap A (auto) - del Utsunomiya - Tokyo Steel purchase (list) price	422.92	19.64	0.04
Scrap, Americas	**($/lt)**		
#1 Busheling - N. America domestic, del, Midwest US	472.50	0.00	0.00
HMS 1/2 - N. America domestic, del Midwest US	397.50	0.00	0.00
Plate & Structural - N. America domestic, del Midwest US	427.50	0.00	0.00
	($/mt)		
HMS 1/2 - Brazil S.E. domestic	277.18	0.00	0.00

Scrap market

Turkish buying spree sends HMS I/II over $450/mt CFR

London—Mills in Turkey bought several more handysize cargoes from West European and US sources late Friday as premium heavy melting scrap I/II (80/20 blend) edged over the $450/mt CFR Turkish ports mark for the first time in more than a month, market players said Monday.

An Iskenderun-based works awarded a 40,000 mt tender to a recycler selling premium-grade HMS I/II (80/20 blend) at $454/mt CFR and plate and structural material at $464/mt CFR.

A Marmara region mill bought a 34,000 mt mixed cargo of HMS I/II (80/20 blend) at $453/mt CFR and P&S at a $10/mt premium from an international trader. The cargoes are firmer than the majority of trades last week.

The Platts daily assessment gained $5.50 to start the week at $453/mt CFR Turkish ports for HMS I/II (80/20 blend), slightly below the tender figure as the second cargo was more indicative of an electric arc furnace's procurement needs.

A West European recycler also chalked up one sale to an Izmiri buyer, selling 30,000 mt of HMS I/II (75/25 blend) and 15,000 mt of P&S at an average price of $448.50/mt CFR.

The Platts daily HMS I/II (80/20 blend) West European assessment gained $1 to hit $418.50/mt FOB Rotterdam as the above sale realized expected price gains. A stronger Euro/USD was putting pressure on euro-denominated export pricing; while the market has strengthened in the last 20 days, some of this increase had not been felt by eurozone suppliers.

Demand softer yet buyers remain

While there are some Turkish mills yet to book in the latest wave of contracts, one supplier believes that, with procurement having been so regular and rapid-fire in February, stocks or cargo-en-route leave producers in a comfortable position.

Offers, which rose almost every day last week, were static at $455/mt CFR Turkey for US-origin HMS I/II (80/20 blend) and at a

$10/mt discount for EU-origin material of the same name Monday.

"There are still mills that have not yet booked deep-sea scrap; we expect at least three-to-four more cargoes this week," said one Turkish trader.

Much of the Black Sea trade is still stunted by poor weather conditions at ports and on river estuaries, sellers of Romanian and Russian material said. One Romanian seller did achieve nearly 10,000 mt of sales in prices reaching $442/mt CFR North Turkey earlier last week though.

As freight has reportedly dropped to $15/mt for shipment from Constantza to Marmara, Turkey, the Platts Black Sea A3 assessment gained $4.50 to reach $427/mt FOB. The high collection prices in Constantza port have carried over into this week, with recyclers there talking of figures at $410/mt delivered to terminal for HMS-grade scrap.

— Ciaran Roe and Cem Turken

Some Chinese steel mills increase scrap-buying prices

Singapore—Some steelmakers in China's southern and eastern regions increased their scrap buying prices slightly over the weekend—from a low level—to attract more deliveries, but the practice was not prevalent because some mills have enough scrap inventory.

As such, market prices have not changed as most mills are still adopting a wait-and-see attitude, sources told Platts Monday.

In eastern China's Jiangsu province, Xigang Special Steel (Xigang), a subsidiary of Valin Group, lifted its buying price for heavy melting scrap to Yuan 3,250/mt ($516) delivered including 17% VAT on Saturday, from Yuan 3,200/mt previously.

The mill will only purchase a small quantity at this price given the unsettled finished steel market, a source close to Xigang said.

Meanwhile, Sanbao Iron & Steel, a major longs producer in southern China's Fujian province, also announced Saturday that it had raised scrap buying prices Yuan 40/mt, taking its cost for HMS to Yuan 3,330/mt with VAT.

The latest increase is not widespread among mills, according to one Jiangsu-based source. "Most mills are holding a moderate scrap inventory and are likely to retain their current buying prices in the short term until there is a clearer market trend," he said.

Market prices for HMS were Yuan 3,200-3,300/mt with VAT in China's eastern regions and Yuan 3,200-3,370/mt with VAT in the south, unchanged from prices at the end of last week.

— Della Fu

East Asian ferrous scrap import prices strengthening

Singapore—Scrap import prices in East Asia were higher Monday, with offers to South Korea prevailing at $460/mt and above.

Dongkuk Steel booked one bulk No.1 heavy melting scrap cargo from the US at $465/mt CFR Korea early last week.

Two cargoes of HMS I from the US for March shipments were heard to have been booked at $468/mt CFR to another South Korean mill, though this could not be confirmed with all trading sources.

"Japanese scrap prices are rising and Korean mills are replenishing their scrap inventories in time for the spring season," a South Korean trader said.

In Taiwan, containerized HMS 1&2 80/20 concluded at $445/mt CFR at the end of last week, up from $440-441/mt earlier in the week. Offer prices were last heard at $450/mt CFR levels.

New offer prices were not available due to holidays in Taiwan Sunday and Monday. Import prices into Taiwan have been rising due to rising rebar prices in the domestic market.

In Vietnam, offer prices for scrap were higher. Offers for bulk US composite 80/20-shredded were prevailing at $485-490/mt CFR, up by $5/mt from last week.

Bulk scrap bookings from Australia took place at $460-470/t CFR in the middle of this month, Vietnamese sources reported.

— Anna Low

Japanese scrap prices gain as export offers increase

Tokyo—Japanese scrap costs have risen around Yen 2,000/mt ($25/mt) over the past week on higher export prices, and traders said Monday they saw upward momentum continuing.

The most recent contracts agreed with South Korean buyers stood at Yen 33,000/mt FOB for H2 grade material, but offers from Japanese traders reached Yen 34,000-34,500/mt Monday, one Tokyo-based trader said.

"Inquiries from the Korean mills are fewer, but as they still plan to buy, we believe higher prices will be accepted," he added. Some scrap dealers have already started withholding material in anticipation of further price increases.

Another Tokyo trader said scrap collectors in the region wanted to lift prices as much as possible before Tokyo Electric Power Co (Tepco) increases power rates from April 1.

"Some of our members claim that the rise in power costs will reduce their profits," a Japan Iron & Recycling Institute spokesman said.

Several Japanese mini-mills in Tepco's distribution area were already threatening to reduce output or transfer production to other works should the power provider proceed with its tariff rate increase. Scrap demand would weaken should mills reduce their steel output.

Tokyo Steel Manufacturing's Okayama works in west Japan is now paying Yen 34,500/mt for seaborne deliveries of H2 scrap. In the Tokyo Bay area, H2 for export or delivery to western Japan was priced at Yen 33,000-33,500/mt FAS.

"Most shipments out from Tokyo Bay now are for export, not for western Japan," the Tokyo-based trader said. "Deliveries [to west Japan] won't increase until the price at Okayama reaches Yen 35,000-36,000/mt."

— Yoko Manabe

Spanish scrap prices see rise of about Eur10: trade

London—Spanish ferrous scrap prices increased, for domestic and imported material, with ArcelorMittal and other mills paying an extra Eur10-15/mt, some sources said Monday.

Mills agreed to buy E40 shredded grade at Eur320-325/mt DDP (about $432), up Eur10-15/mt on the rest of February, and back at levels seen in January or higher for some users, remarked traders.

One major long-products mill had not yet agreed new scrap prices. A trader mainly dealing with imports expected higher-price settlements, but had not heard of any new concluded prices.

A source at a yard in southern Spain said E3 heavy melting scrap was agreed at Eur310/mt DDP and E40 at Eur320/mt DDP. For E8 new arising scrap, prices were not able to be confirmed, and were last heard at Eur330/mt DDP.

An import trader said offers for shredded scrap at Spanish ports had risen to Eur335-340/mt CIF, Eur10-20 higher than last week. At as high as $455/mt CIF or so using Monday rates, that is close to implied prices for US shredded material in Turkey on a CFR basis.

Seaborne prices into Spain lifted on a recent bout of Turkish buying and steadily higher dollar-based prices achieved in transactions seen in that much larger import market. That has added "upward pressure" for the local Spanish market, said one source. The recent stronger euro dampened some of the higher US dollar-based trades reported into Turkey.

North Spain-based electric arc furnace mill ArcelorMittal Sestao is not restarting crude steel output yet and no scrap purchases are planned for now, sources in the market said.

One trader working nearby mainly dealing with imports said he expected the mill to be closed for March and April, and had yet to hear of arrangements for raw materials requirements.

Import quotes for material to Catalan ports were Eur10/mt higher than for Bilbao and many northern Spanish mills are operating at low production rates, he added.

— Hector Forster

Ferroalloys market

Moly oxide prices slip on weak market sentiment

London—Moly oxide prices slipped Monday as weak sentiment continued to weigh heavily on the market. The Platts daily moly oxide dealer price was assessed at $14.65-14.75/lb Monday, down from $14.70-14.75/lb Friday.

"The trend is down, the market is very quiet," a Europe-based trader said, adding that he heard a container of powder was sold at $14.60/lb in an intra-trade deal.

A second European trader said he had also heard about the transaction at $14.60/lb, but could not confirm the validity of the report. "It's a rather low sale, but markets are nervous. The market is bad and sentiment is poor," the trader said.

On sales of briquettes, he confirmed selling a truckload to an Italian mill at $15.25/lb DDP. "The premium is wide," he said.

A US-based trader agreed moly prices had slipped: "I think $14.65 is about the powder market in Europe. Anything above $14.75 is very questionable, and I would even say that $14.75 is doubtful."

— Jitendra Gill and Anthony Poole

Platts steel industry assessments, February 27

		Close/Midpoint	Change	% Chg
Asia				
Hot-rolled coil	**$/dmt**			
FOB Shanghai*	610.00-620.00	615.00	-5.00	-0.81
Reinforcing bar	**$/dmt**			
FOB China*	605.00-625.00	615.00	0.00	0.00
* Assessed February 23, 2012				
Europe				
Hot-rolled coil	**Eur/mt**			
Ex-works, Ruhr	560.00-565.00	562.50	0.00	0.00
CIF Antwerp	535.00-545.00	540.00	0.00	0.00
	$/mt			
FOB Black Sea	595.00-605.00	600.00	0.00	0.00
Plate	**Eur/mt**			
Ex-works, Ruhr	615.00-620.00	617.50	0.00	0.00
CIF Antwerp	540.00-550.00	545.00	0.00	0.00
Reinforcing bar	**Eur/mt**			
Ex-works, NW Eur	537.50-542.50	540.00	0.00	0.00
	$/mt			
FOB basis Turkey	660.00-670.00	665.00	5.00	0.76
Billet	**$/mt**			
FOB Black Sea	587.50	587.50	0.00	0.00
North America				
Hot-rolled coil	**$/st**			
Ex-works, Indiana	700.00-710.00	705.00	-5.00	-0.70
CIF, Houston	630.00-650.00	640.00	0.00	0.00
Plate	**$/st**			
Ex-works, US SE	940.00-960.00	950.00	0.00	0.00
CIF, Houston	850.00-870.00	860.00	0.00	0.00
Plate	**$/st**			
Ex-works, US SE	730.00-750.00	740.00	0.00	0.00
CIF, Houston	650.00-660.00	655.00	0.00	0.00

Europe and US cold-rolled coil assessments, February 27

	Eur/mt	Close/Midpoint	Change	% Chg
Ex-works, Ruhr	625.00-635.00	630.00	0.00	0.00
CIF Antwerp	585.00-595.00	590.00	0.00	0.00
	$/mt			
FOB Black Sea	670.00-690.00	680.00	0.00	0.00
	$/st			
Ex-works, Indiana	800.00-810.00	805.00	-5.00	-0.62
CIF, Houston	740.00-750.00	745.00	0.00	0.00

New plant bolsters Indonesian FeSi exports to Japan

Tokyo—Indonesia's exports of ferrosilicon to Japan have risen more than eight times from June 2011 to January 2012, after the startup of Jatim Taman Steel's 700-800 mt/month plant in East Java in March last year, sources said Monday.

Indonesia first exported 80 mt of ferrosilicon to Japan in June 2011, increasing to 540 mt in August and 660 mt in January 2012, according to Japanese customs data.

The 660 mt of ferrosilicon exports to Japan for January were the fourth-largest after traditional suppliers such as China, Russia and Brazil.

Joseph Harminto, an export manager at Jatim Taman Steel, confirmed the company was exporting to Japan on a regular basis. "Only 10% of our production is for domestic [consumption], the rest is exports," he said.

Jatim Taman Steel is believed to be exporting to Japan through an Osaka-headquartered trading house. The Osaka company was contacted, but did not respond to Platts' query.

Japan also imported 37,472 mt of ferrosilicon in January: 22,941 mt from China, 5,636 mt from Russia, 5,672 mt from Brazil, 634 mt from Vietnam, 544 mt from Norway and 83-500 mt each from Taiwan, India, Bhutan and France.

— Mayumi Watanabe

Recent manganese alloy shutdowns could lift prices

Melbourne—The market for manganese alloys is likely to firm going forward after a recent spate of shutdowns cut global output, an industry analyst said Monday.

"The shutdowns will see manganese alloy prices pick up, but then we'll see China start to increase its production of manganese alloys," a Melbourne-based analyst told Platts. "If the price goes up, then the Chinese will swamp the market and start producing. They'll import cheaper ore, but produce the alloys themselves."

Last week BHP Billiton announced the temporary shutdown of silico manganese and ferro manganese production at its Tasmanian TEMCO plant, while in early February before Samancor Manganese permanently halted production of SiMn at its South African Metalloys plant.

"Costs to produce manganese alloys are going up. In South Africa the cost of power is too high and in Australia the strong currency makes producing uncompetitive," the analyst said.

As a result, production is moving to regions where it is cheaper to operate, namely China.

While the shutdowns were a result of domestic market conditions, weaker global market conditions and demand were also to blame, he said.

Demand for manganese alloys has been down because Chinese steel production has declined, the analyst said. In mid-2011 Chinese steel production rates were around 700 million mt, likely to be around 615-620 million mt this year.

"We will see some improvement in steel production in China and it will be driven more by cheaper development projects like social and commodity housing, not the higher-end projects," he said. "European debt issues are unlikely to have a big impact on Chinese output. Europe is not a commodity story and hasn't been for 20 years, but it is a financial story, so it won't impact China's steel output too much."

TEMCO produces 65,000 mt/year of silico manganese and 240,000 mt/y of ferro manganese, while Samancor will cut 120,000 mt/y of silico manganese.

— Marnie Hobson

Other News

Indonesian EAF mills still face delayed scrap cargoes

Singapore—Negotiations were still ongoing with various government agencies including the Ministry of Environment and the Ministry of Industry over the hold-up of containerized scrap cargoes arriving in Indonesia, sources in the Indonesian Iron & Steel Industry Association (IISIA) told Platts Monday.

More than 2,500 containers were waiting customs clearance at Jakarta ports of Tanjong Priok in north Jakarta and other Indonesian ports in Semarang, Medan and Surabaya are similarly affected. More than 700 workers from electric-arc furnace mills in the Jakarta and greater Jakarta areas converged on the Environment Ministry for around three hours on Thursday (February 23) to press the urgency of the matter:

All containers containing ferrous scrap were being withheld for thorough inspection, brought about the seizure of 113 containers of scrap at Tanjung Priok toward the end of January. As the seized cargoes were not cleaned and contained refuse, the Environment Ministry raised concerns scrap cargoes could contain hazardous substances.

"Officials want to inspect every container one-by-one but it is time consuming. There are also manpower constraints," an IISIA representative said. "Those seized cargoes in end-January should be treated as a separate case," the official said. Ferrous scrap is normally not cleaned, he added.

The hold-up in containerized scrap has resulted increased demand for local scrap and billet. "We hope to find a solution soon and that the scrap cargoes will be released," the official concluded.

— Anna Low

Aquila reports gross profit rise for Isaac Plains coal

Melbourne—Aquila Resources reported a 14% year-on-year rise in gross profit for coal produced at its Isaac Plains joint venture in July-December, the first half of the July-June fiscal year, due to a similar increase in output, the Perth-based company said Monday.

Aquila's 50% share of production from the Queensland metallurgical and thermal coal operation was 636,595 mt, compared with 558,926 mt a year earlier, generating gross profit of A$30.8 million ($33 million).

No mention was made in the interim financial report of the marketing dispute between the two partners, which caused coal shipments to be suspended at the start of the fiscal year and operations at Isaac Plains almost come to a halt because stockpiles had reached their limit.

Exports of coking coal were largely suspended until late July and sources close to the JV said Aquila did not fully catch up on missed shipments. Further, the agreement struck between Aquila and Vale to eventually resolve the dispute was temporary and expires next month.

Aquila predicted that sales volumes for both metallurgical and thermal coal from Isaac Plains, in central Queensland's Bowen Basin region, would remain strong in the fiscal second half as long as production was not disrupted by heavy rains.

Despite the higher profits on coal, Aquila posted an overall A$30 million net loss for July-December, compared with $15.8 million a year earlier, because of exploration and evaluation costs relating to its other coal, iron ore and manganese projects.

During the first half-year Aquila received both national and state environmental approvals for stage one mine and rail infrastructure at its 50%-owned West Pilbara Iron Ore project, the company said.

It is working with and competing against Fortescue Metals Group for the right to develop a new deepwater iron ore port at Anketell Point in Western Australia, from where the iron ore will be exported.

The Western Australian government is expected to announce the winning developer in the coming months.

— Paul Bartholomew

Bellzone's Guinea JV to begin production by end Q1

London—Bellzone Mining's Forecariah project in West Africa's Republic of Guinea remains on schedule to begin production and stockpiling of iron ore by the end of the January-March quarter, the company said Monday.

The 50-50 joint venture with China International Fund has received approval from Guinea's Ministry of Mines and Geology to complete first blast at Yomboyeli, ahead of formal mining approvals.

This will allow processes and procedures to be tested and will provide material to start production and stockpiling, Bellzone said.

Mining, processing and hauling equipment at the site has been commissioned and adjustments of the crushing and screening plant will commence with material from the first blast, scheduled for March.

Development of Konta Port remains on schedule to start loading and exporting in Q1 2012. The fully financed Forecariah project will initially produce 4 million mt/year, ramping up to 10 million mt/year in 2014.

The company did not respond before deadline to questions on the pricing mechanism it will use, and where the iron ore will be shipped.

— Colin Richardson

London-based Vedanta merges its Indian subsidiaries

Singapore—Vedanta Resources will merge its Indian subsidiaries, iron ore miner Sesa Goa and nonferrous metals and mining firm Sterlite Industries (India) Ltd., into a single entity called Sesa Sterlite, the firms announced to the Mumbai Stock Exchange on Saturday.

The merged entity is slated to be the world's seventh largest natural resources firm ranked by annual EBITDA, estimated at $5.3 billion for the year ended December 2011. Sesa Goa's EBITDA – all from its iron ore business – was estimated at $900 million last year. and this would have contributed only 17% to the new entity's estimated total.

For now Vedanta owns 55.1% of Sesa Goa and it also holds a direct stake of 54.6% in Sterlite and another 3.6% through a power producing subsidiary. Following the merger, Vedanta would have an equity shareholding of 58.3% in the Sesa Sterlite combine.

The merger is subject to shareholder and regulatory approvals and is expected to be concluded by end-2012.

Vedanta will also bring its existing shareholding in all other subsidiaries – barring the Zambia-based Konkola Copper Mines – under Sesa Sterlite. This would result in the merged entity having diverse interests in aluminum, copper, zinc-lead-silver, iron ore, oil and gas, and commercial power generation, with assets based in India, Australia, Ireland, Liberia, Namibia, South Africa and Sri Lanka.

On the strength of Sesa Goa's existing domestic iron ore assets, Sesa Sterlite would be India's largest private sector iron ore producer. Domestic iron ore mining operations are set to be expanded to 36 million my/year of which its Goan assets would contribute some 27 million mt/y and Karnataka another 9 million mt/y.

These targets represent a downward revision from Sesa Goa's earlier plans to ramp ore output in India to 50million mt/y by 2013 from about 21.4 million mt during the April 2009-March 2010 fiscal year. The miner had to terminate operations in eastern India's Odisha (formerly Orissa) state in December 2010 on the lapse of its mining lease: ore output in Odisha, at the time averaging 2 million mt/y, was envisaged to increase to 10 million mt/y by 2013.

Sesa Sterlite is also counting on shipments from its Liberian iron ore operations to begin in the year 2014. Last August Sesa Goa agreed to acquire 51% of Liberian iron ore developer Western Cluster Ltd. from parent company Elenilto Minerals & Mining, gaining access to potential ore resources exceeding 1 billion mt in Liberia, including some 330 million mt of salable ore.

An India-based Vedanta spokesperson was unable to divulge further details on the size of mining operations envisaged there.

— Anitha Krishnan

Newcastle port's coal exports jump 38% on-week

Perth—Newcastle port lifted its exports of coking and thermal coal to 2.5 million mt in the seven-day period to 7 am Sydney time Monday (2000 GMT Sunday), bringing the Australian port's month-to-date exports up to 8.4 million mt, it said in its latest weekly operations report.

Last week's coal exports total represented a 38% increase on the 1.8 million mt shipped by Newcastle port in the seven-day period ended a week earlier. At that time the port's Carrington coal terminal underwent five days of scheduled maintenance to its rail track and wet weather had delayed exports, according to the Hunter Valley Coal Chain Coordinator.

The dramatic turnaround in Newcastle's coal export performance last week resulted in 30 ships being loaded, the highest number in one seven-day loading period since the last week of December — a time, traditionally when end-of-year deadlines are met.

In spite of the port's high loading performance, waiting times at Newcastle rose to an average of 17 days/ship in the Monday-ended week, the highest since December last year.

Port Waratah Coal Services, the operator of the Carrington and Kooragang coal terminals at Newcastle port was close to achieving its weekly coal loading target of 2.2 million mt last week, said the Hunter Valley Coal Chain Coordinator in a performance report, Sunday.

"PWCS ship-loading for the week was 142,000 mt below the PWCS declared outbound throughput. PWCS port stocks decreased to 944,000 mt," said the HVCCC's report.

The coordinator for the Hunter Valley coal supply chain did not publish any update on the performance of the Newcastle Coal Infrastructure Group terminal, which is owned by six coal producers and is rapidly ramping up its coal export capacity to 53 million mt/year from 30 million mt/year in 2011.

Coal cargo deliveries from New South Wales mines to Newcastle port's three coal shipment terminals were also close to their weekly target last week at 2.3 million mt, said the HVCCC report.

"Member [cargo] losses finished the week at 6.4% compared to the target of 13.6%," said the coordinator for the Hunter Valley coal supply chain.

The length of PWCS' vessel queue continued to taper off last week, according to the HVCCC report. PWCS had 36 ships waiting to berth at its two coal terminals on Sunday, compared with 42 vessels on February 19, and 46 vessels on February 12, according to HVCCC's website Monday.

"The vessel queue is expected to be around 34 ships at the end of March based on producer [vessel arrival] forecasts of 8.9 million mt and ship-loading of 8.6 million mt," HVCCC said in its report.

Vessel queue numbers are interpreted by coal market participants as an indication of demand.

— Mike Cooper

Cashmere Iron eyes 2014 start for Yilgarn ore project

Melbourne—Australia's Cashmere Iron plans to start production from its namesake iron ore project in the Yilgarn region of Western Australia in 2014, it said in a statement Monday.

Cashmere Iron intends to produce 5 million mt/year hematite DSO and 5 million mt/year hematite BFO from its iron ore project in the Yilgarn region, which will be exported from the Esperance port. It also plans to export 10-20 million mt/year of magnetite from the Oakajee port. The production volumes are subject to relevant studies, environmental and government approvals, as well as completed expansions of the ports.

The initial mining and export of hematite from the Esperance port is planned to coincide with the completion of infrastructure to the port of Esperance, which is being managed by the Western Australia government and the port itself.

Cashmere also said in the statement it "is well advanced in discussions with potential joint venture partners, with confidential discussions with a select number of major Asia-based steel mills under way and proceeding in a positive fashion."

The Cashmere iron project is one of the most advanced non-producing iron ore projects in the Yilgarn region, in terms of key approvals and licenses it has, or will soon have, the company said.

— Marnie Hobson

US scrap body airs concerns over Russian restrictions

Pittsburgh—The American Scrap Coalition sent a letter to US Trade Representative Ron Kirk to bring attention to recently announced actions by the Russian government that will continue to inhibit the flow of steel scrap from the country.

"The purpose of this letter is to bring to your attention recent administrative measures by the Russian Federation that would restrict international trade in steel scrap," the coalition wrote. "These measures could deny the United States the benefits of commitments Russia has made in connection with its accession to the WTO."

Since 2007 Russia, a former major exporter of steel scrap, instituted an export tax and administrative measures that led to a sharp decline in scrap exports. Joining the World Trade Organization (WTO), Russia agreed to substantially reduce tariffs on exported steel scrap.

But on February 13 a Russian customs regulation was adopted that only permits the export of scrap in Russia's Far Eastern Federal District through the far northern port of Magadan and not from the ports of Vladivostok and Nakhodka, where 90% of Russia's scrap exports are handled in the region (see related article).

"The exclusion of Vladivostok, Nakhodka and St. Petersburg from the list of permissible shipping points represents a clear effort by Russia to erect yet more administrative barriers to exports of steel scrap," the letter read.

Russian scrap suppliers lobby President

Thirteen scrap firms from six of the nine constituencies in Russia's Far Eastern Federal District have written to President Dmitry Medvedev requesting that the decree restricting exports be annulled.

The decree, which prohibits exports from all far eastern ports except Magadan - effective from mid-February - will seriously damage scrap collecting, processing and transportation businesses in the district (which is the size of

Platts steel assessments currency and unit comparisons, February 27

	Eur/mt	$/mt	$/st	$/CWT	Prior assessment $/mt	$ change	% change
Hot-rolled coil							
Ex-works, Ruhr*	562.50***	753.98	684.01	34.21	757.69	-3.71	-0.49%
FOB Black Sea*	447.63	600.00***	544.32	27.22	600.00	0.00	0.00%
CIF Antwerp*	540.00***	723.82	656.65	32.84	727.38	-3.56	-0.49%
Ex-works, Indiana**	579.81	777.12	705.00***	35.25	782.63	-5.51	-0.70%
CIF, US Gulf states, basis Houston**	526.35	705.47	640.00***	32.00	705.47	0.00	0.00%
Cold-rolled coil							
Ex-works, Ruhr*	630.00***	844.45	766.09	38.31	848.61	-4.16	-0.49%
FOB Black Sea*	507.31	680.00***	616.90	30.85	680.00	0.00	0.00%
CIF Antwerp*	590.00***	790.84	717.45	35.88	794.73	-3.89	-0.49%
Ex-works, Indiana**	662.05	887.35	805.00***	40.25	892.86	-5.51	-0.62%
CIF, US Gulf states, basis Houston**	612.70	821.21	745.00***	37.25	821.21	0.00	0.00%
Plate							
Ex-works, Ruhr*	617.50***	827.70	750.89	37.55	831.77	-4.07	-0.49%
CIF Antwerp*	545.00***	730.52	662.73	33.15	734.12	-3.60	-0.49%
Ex-works, US Southeast**	781.30	1047.18	950.00***	47.50	1047.18	0.00	0.00%
CIF, US Gulf states, basis Houston**	707.28	947.97	860.00***	43.00	947.97	0.00	0.00%
Reinforcing bar							
Ex-works, Northwest Europe*	540.00***	723.82	656.65	32.84	727.38	-3.56	-0.49%
East Mediterranean, basis Turkey*	496.12	665.00***	603.29	30.17	660.00	5.00	0.76%
Ex-works, US Southeast**	608.59	815.70	740.00***	37.00	815.70	0.00	0.00%
CIF, US Gulf states, basis Houston**	538.69	722.00	655.00***	32.75	722.00	0.00	0.00%

*LN 16:30 Eur/$ ex rate = 1.3404; **NY 16:30 $/Eur ex rate = 0.7461. ***the primary assessments and have not been converted

Europe) the appellants warn.

It took nearly a year for the local scrap community to abolish previous similar restrictions that were in force from December 2008 to October 2009. The group is willing to take the case to court, as it did last time, Platts heard.

They said the decree, by both separating scrap merchants from external markets and restricting the movement of scrap within the country, breaches Russia's competition law. Additionally it interferes with merchants' business and also gives Amurmetal, the only EAF-based steel mill in the country's far East, a monopoly on scrap usage within this extensive territory.

"It is dubious protectionism; the gains do not justify the sacrifice. Amurmetal employs around 4,000 people to make/export billet and slab, while the scrap collecting sector employs up to 2,500," one informed observer said. "Why are the interests of these 4,000 people and the profits from semis exports placed ahead of the interests of another comparably large group of people who want to export scrap, a product not greatly inferior to billet or slab in terms of added value?"

— Nicholas Tolomeo
with Katya Ourakova in London

Equatorial to accept Exxaro offer for African Iron stake

Melbourne—Australia's Equatorial Resources said Monday it will accept South African Exxaro's bid for its 20.5% interest in African Iron.

African Iron controls the Mayoko iron ore project, which lies adjacent to Equatorial's fully owned Mayoko-Moussondji project in the Republic of Congo. The two projects may now be developed according to similar timelines, Equatorial said.

"Equatorial sees Exxaro's potential to accelerate investment in regional infrastructure as extremely positive to the region," the company said in a statement.

Equatorial will receive more than $90 million in cash for its stake in African Iron and it "will allow us to continue our aggressive exploration development programs at both of our 100% owned iron projects in the Republic of Congo," Managing Director John Welborn said.

Mayoko is scheduled to begin producing 5 million mt/year direct shipping ore by mid-2013, and has the potential to reach 10 million mt/y over a 10-year mine life.

Equatorial's Mayoko-Moussondji project in the southwest region of the Republic of Congo has an estimated exploration target of between 2.3 billion mt and 3.9 billion mt. It is also eyeing 1.3 billion-2.2 billion mt from its Badondo project in the northwest.

— Marnie Hobson

Duferco mulls installing shredder in St Petersburg

London—Duferco is considering installing a shredder with 120,000-180,000 mt/year capacity at its St Petersburg site in Russia, with the planned date of commissioning set for mid-2012, according to market participants.

The decision to order the shredder could be linked to a proposed export ban at the city's Bolshoi port, some sources said.

Under the ban, cut grade scrap would not be allowed to leave through the Baltic city's main port, but shredded scrap would, according to one scrap processor. "We heard that [ordering the shredder] isn't yet a done deal, but if the export ban were to be confirmed, then they would order and install it," the processor said.

However, other market players said the shredder may already have been ordered and a date for delivery has already been fixed.

Duferco currently exports A3 and bonus scrap, or plate and structural, from St Petersburg, with Turkey a large buyer. If the proposed ban comes into effect, these materials will not be able to be exported directly from Bolshoi port.

While alternative exit routes such as the port of Ust-Luga have been put forward by market participants, St Petersburg remains the logistical hub for scrap delivery and stockpiling in Russia's Baltic coast.

Duferco declined to comment when asked about the plans for installing the shredder or about whether plans to install such equipment in St Petersburg depends on the export ban being imposed.

— Ciaran Roe

Mechel suspends mining at Russian PCI facility

London—Russian miner and steelmaker Mechel has suspended mining operations at its Olzherasskaya-Novaya mine, part of the company's Yuzhny Kuzbass coal mining subsidiary in Russia's Kemerovo region, a company representative told Platts Monday.

The mine produces coal used for pulverized coal injection (PCI) into blast furnaces.

The halt – blamed on high levels of carbon monoxide, indicative of coal self-heating – came less than two weeks after production resumed in mid-February following a month-and-a-half-long stoppage ruled by a local court after an inspection by federal environmental supervision agents.

Mining will resume when the factors causing coal self-heating are eliminated, but the exact date wasn't determined.

The stoppage will not cause delays in deliveries to customers, as the company has enough coal in stock to fulfil contractual obligations, it said.

In 2012, Olzherasskaya-Novaya mined 250,000 mt of coal, Mechel said.

— Katya Bouckley

African Rainbow Minerals says iron, manganese sales up

New York—African Rainbow Minerals' headline earnings for the six months ending December 31, 2011 rose 24% to Rand 1.94 billion ($256.3 million) from Rand 1.56 billion in the six months to December 31, 2010, helped by increased iron ore, manganese ore and manganese alloys sales, the company said Monday.

Six-month revenues rose to Rand 9.1 billion from Rand 6.92 billion a year earlier, ARM said in its earnings statement. The company's fiscal 2012 year runs from July 1, 2011 to June 30, 2012.

Overall iron ore sales rose 68% to 6.8 million mt, on a 100% basis, from 4 million mt during the period. Production from its 50% owned iron ore arm, Assmang, reached 6.41 million mt (100% basis), up 38% from 4.7 million mt a year earlier.

The Khumani Northern Cape project, owned by Assmang, is ramping up to 16 million mt/year from 10 million mt/year, ahead of schedule, the company said.

Iron ore prices are likely to be in the $141-145/mt range for the next nine months, a company spokesman told Platts. "We make up only 1% of the seaborne market, so we follow rather than lead on prices," he added. "We are not looking to reduce our contract lengths, although some large players prefer spot prices as volatility works in their favor," the spokesman said.

Assmang's iron ore export rail and port capacity throughput has increased around 60% as a result of increased output, while Transnet has expanded its Saldanha Export Channel capacity to 60 million mt/year from 47 million mt/year.

Manganese ore sales up 68%

Assmang's manganese ore sales, excluding intra-group sales, rose 68% to 1.59 million mt on a 100% basis in the six months to December 31 from 1.46 million mt a year earlier. Sales of manganese alloys increased by 20% to 104,000 mt from 87,000 mt. Manganese ore production rose 30% to 1.7 million mt from 1.3 million mt and manganese alloys output was up by 49% to 153,000 mt from 103,000 mt.

Assmang's charge chrome sales fell 5% to 86,000 mt from 91,000 mt, ARM said, and chrome ore sales slipped to 211,000 mt from 214,000 mt. Charge chrome production fell 7% to 113,000 mt from 122,000 mt. Chrome ore output climbed 13% to 498,000 mt from 442,000 mt, but chrome ore sales slipped 1% to 211,000 mt from 214,000 mt.

ARM said that the feasibility study to expand its Black Rock Manganese Ore Mine in South Africa to a 4 million mt/year operation from a 3 million mt/year production was progressing, and the company is exploring the possibility of sinking two additional shafts.

Three furnaces converting to FeMn

The company said the additional 1 million mt/year production will supply the ore required for the converted furnaces at its Machadodorp Works.

It has converted its No. 5 furnace at the Machadodorp Works to produce ferromanganese from ferrochrome. Conversion of the No. 2 and No. 3 furnaces is expected to start in May and be completed by August 2012.

A scoping study to expand manganese ore output at Black Rock to 6 million mt/year was completed in 2011 and the feasibility study is expected to be completed in the second half of ARM's fiscal 2012 year.

ARM's nickel production rose by 23% to 6,014 mt from 4,886 mt.

— *Anthony Poole*

Yingkou port targets more ferrous cargo throughput

Singapore—Yingkou Port Liability Co, operator of the Yingkou port in Liaoning province, wants to become northeast China's largest iron ore and steel handling terminal in terms of volume.

The plan, contained in the company's latest annual report, did not identify a specific target for the annual volume of ores Yingkou port hoped to be handling. However, the Shanghai-listed firm said it aims to lift overall handling volume of commodities such as steel, agricultural products, oil and gas, mineral commodities and containers to 250-300 million mt/year by 2015.

This would represent a 78.4% increase from the 168.2 million mt it handled in 2011, Platts understands from the company's results statement released February 20. During 2011 the port unloaded 38.3 million mt of metallurgical ores including iron ore, up 3.2% year-on-year.

Yingkou Port Liability aims to lift annual handling volume of iron ore especially, thanks to its close proximity to the three north-eastern provinces of Heilongjiang, Jilin and Liaoning, and its popularity among local steel producers, a company official explained.

The port has been the preferred terminal for Anshan Iron & Steel (Angang) for iron ore imports and steel product shipments, partly due to the Bayuquan 6.5 million mt/year integrated flat steel site in Yingkou, which it is operating.

Last May the two parties intensified their cooperation by jointly operating the 38 million mt/y Yingkou Xingang Iron Ore Wharf facilities in Yingkou port. Angang holds nearly a 12% stake.

Zhangjiagang port scrap imports fell in Jan

Ferrous scrap imports via Zhangjiagang port in east China's Jiangsu province dropped over 50% in January, with market participants suggesting the plunge might be down to the Lunar New Year holidays.

According to statistics from the Zhangjiagang Bureau of Commodity Inspection & Quarantine (BCIQ), some 65,600 mt of ferrous scrap were channeled through Zhangjiagang port last month, down nearly 56% year-on-year.

"There were fewer cargoes in January since some importers were off during the second half of that month," a source with Zhangjiagang BCIQ explained. Some trading companies closed their business-

News in Brief

US exports of ferrous scrap reached a record high in 2011, climbing 19% year-on-year to 24.3 million mt, according to US Department of Commerce data. The record yearly total was achieved despite December scrap exports reaching an 11-month low of 1.66 million mt. Turkey, China and Taiwan were the main drivers behind the surge: Turkey boosted its US imports 29% y-o-y to 5.62 million mt, China 32% to 4.22 million mt and Taiwan 26% to 3.54 million mt. Turkey has been the largest importer of US scrap four of the past five years, Platts notes. In December alone, Turkey imported 471,681 mt of US scrap and Taiwan imported 324,889 mt. Despite the elevated levels of exports to those two countries, total US scrap exports in December were at their lowest point since January 2011, as scrap exports to China decreased 46% to 189,236 mt and exports to Korea decreased 38% to 149,603 mt.

Wuhan Iron and Steel Company plans to increase its stake in coking coal miner Pingmei Shenma Group and jointly operate a 2.2 million mt/year coke plant in Hubei province's Ezhou city, Wuhan Steel said Monday. The coke plant has four coke batteries and was being operated by Wuhan Steel's wholly owned subsidiary, Echeng Iron & Steel. Pingmei Shenma will invest Yuan 600 million ($95.2 million) in the JV, and be a 50% owner of the plant. Separately, Wuhan Steel also plans to acquire an additional 2.27% stake in the Pingmei Shenma Group, and increase its total stake in Pingmei to 12.06%, the company said—but this will need Pingmei shareholders approval. The two deals with Pingmei will help Wuhan secure coking coal supply for ironmaking, as Pingmei is one of China's largest coking coal suppliers.

Sylvania Platinum is in talks to sell its iron ore assets, in the Bushveld complex of South Africa, to an AIM-listed company, it told Platts Monday. The sale would require regulatory and shareholder approvals and the potential purchaser would issue equity to Sylvania as payment for the assets. "The board believes that selling the iron ore assets to another entity and returning shares in the purchaser to Sylvania shareholders is the optimal means to deliver value to shareholders and allow the company to focus on reaching its production targets and development goals."

Germany-based steel and raw materials trader Peter Cremer Holdings is to acquire joint control of Possehl Erzkontor, the trading company handling raw materials for the steel and refractory industries, the European Commission's official journal said Monday. Possehl Erzkontor is currently a wholly-owned subsidiary of L. Possehl, the services, processing and precious metals conglomerate. Cremer has an office in Hamburg, Germany specializing in steel and raw materials and another in Singapore. It also trades agricultural products and basic commodities and produces and sells agricultural products. The EU is to investigate the sale of joint control to Cremer, but said the proposed deal is a candidate for a simplified procedure, indicating that no serious obstacles are expected to emerge. L. Possehl declined to comment on the transaction when approached and Cremer was unable to respond to questions before press deadline.

es in mid-January for the holidays and did not reopen until early February, Platts notes. Besides the holiday factor, tight credit at the end of last year also restrained buying activities of Chinese scrap importers.

Zhangjiagang is a major Yangtze River port and imported scrap is mainly delivered to leading scrap trader Fengli Group and to Shagang Group, the country's largest scrap consumer.

— Hongmei Li

Japan's iron ore imports increased 5.9% in January

London—Japanese imports of iron ore and concentrates rose 5.9% year on year to 11.3 million mt in January, 1 million mt up on volumes brought into the world's second largest-importer in December, provisional trade data showed Monday.

The rebound in iron ore imports to exceed the monthly average for 2011 of 10.7 million mt — based on Ministry of Finance data — follows a decline in contract prices Japanese mills hold with major miners.

For the first quarter, averages of trailing spot prices indicated 13-14% lower prices compared with Q4 contracts for ore supplied by Vale, Rio Tinto and others.

Japan's January imports of coking and other non-thermal coal rose 7.4% year on year to 6.8 million mt from 6.33 million mt, based on Platts calculations using provisional Ministry of Finance trade statistics.

The rise in raw material imports contrasts with falling export demand for Japanese steel mills such as Nippon Steel Corp. and JFE Holdings, which usually depend on overseas demand for over a third of their shipments.

Japan's iron and steel product exports fell 16.1% to 2.918 million mt compared with January 2011, the finance ministry statistics showed.

Asia accounted for 2.27 million mt of those steel exports last month, down 20.3% on the year-ago period, with the Middle East taking 157,000 mt, up 63.8%.

Japanese mills are not expected by the industry or trade ministry to meet the previous fiscal year crude steel output level in the remaining period to March 31, 2012, on a demand decline attributed mostly to the impact of the March 2011 earthquake in Japan and floods in Thailand that both created bottlenecks for global supply chains.

US coking coal imports accounted for 230,000 mt in January, the data showed. For Russia, total coal imports into Japan last month were 740,000 mt, of which 406,000 mt was in the thermal coal category.

— Hector Forster

Marketplace

- Iron ore, 65%-Fe South African Palabora Mining Co concentrates — Rio Tinto sold at $151/dmt China Main Ports Friday, 75,000 mt, loading Mar 12-22, sources said
- Iron ore, 61.5%-Fe Australian Pilbara Blend fines — Rio Tinto sold at $142.50/dmt CFR China Main Port Monday, 165,000 mt, loading Mar 12-21
- Iron ore, 63%-Fe Ukrainian pellets — Metinvest offering 80,000 mt, Si:9%, Al:0.44%, P: 0.04%, S:0.04%, moisture: 3%, cargo loading from by Mar 31 in a tender closing Feb 27, 19:00 pm Beijing time (1100 GMT), according to market participant who received the tender
- Iron ore, 67%-Fe Ukrainian concentrates — Metinvest offering 80,000 mt, Si: 6.2%, Al:0.35%, P: 0.03%, S:0.23%, moisture: 11.5%, cargo loading from by Mar 31 in a tender closing Feb 27, 19:00 pm Beijing time (1100 GMT), according to market participant who received the tender
- Iron ore, 50%-Fe Indian fines — Sesa Goa sold to Focus Trading at close to $86/dmt CFR Main China ports Friday, 75,000-85,000 mt, Al 9%, Si 9%, P 0.05%, S 0.05%, moisture 14%, loading Feb 25-29, sources said
- Iron ore, 52%-Fe Indian fines — Sesa Goa heard sold at $97.75/mt CFR China Main Port for 80,000-90,000 mt, Si 9%, Al 8%, P 0.1%, S 0.03%, moisture 12%, loading Feb 27-Mar 3, Singapore-based trader said
- Iron ore, 52%-Fe Indian fines — Sesa Goa heard sold at $97.75/mt CFR China Main Port for 80,000-90,000 mt, Si 9%, Al 8%, P 0.1%, S 0.03%, moisture 12%, loading Feb 27-Mar 3, Singapore-based trader said
- Iron ore, 57.5%-Fe Australian fines — Singapore-based trader sold at $124/dmt CFR North China
- Iron ore, freight — Singapore-based shipping source said Panamax freight from West coast India to Qingdao, North China at close to $13/wmt
- Iron ore swaps — TSI-basis March heard traded at $140/dmt, Hong Kong-based trader said
- Iron ore swaps — TSI-basis Q2 heard traded at $138/dmt, Singapore-based trader said
- Iron ore swaps — TSI-basis March heard traded at $140.50/dmt, Singapore-based trader said
- Iron ore swaps — TSI-basis April heard traded at $139/dmt, Singapore-based trader said
- Iron ore, 62%-Fe Chilean fines — Shanghai-based trader received offer of $137/dmt CFR China for handymax cargo, Al 1.25%, Si 5%, loading March
- Ferrous scrap — Turkish integrated producer awards tender at $454/mt CFR Iskenderun for heavy melting scrap I/II (80/20 blend) and $464/mt CFR for plate and structural in a cargo of 40,000 mt, according to Turkish sources
- Ferrous scrap —Turkish mill books 34,000 mt mixed cargo at $453/mt CFR Istanbul for heavy melting scrap I/II (80/20 blend) and $463/mt CFR for plate and structural from an international trader, according to Turkish market sources
- Ferrous scrap — UK trader quotes shredded scrap at GBP275/mt ex-yard, up GBP5-10/mt from last week's levels
- Ferrous scrap — Turkish mill books 15,000 mt of plate and structural, 30,000 mt of heavy melting scrap I/II (75/25 blend) at $448.50/mt CFR Izmir, an importer heard
- Coking coal, PCI — China trader said Australia low-vol PCI at low $150/mt FOB
- Coking coal, PCI — China mill saw indicative offer of Australia high-vol PCI at $150s/mt CFR China
- Coking coal, premium HCC — China trader heard Australian 71% CSR, low-vol premium HCC offering at $230/mt CFR China
- Coking coal, freight — China trader said Panamax Australia to China at around $16/mt
- Coking coal, freight — China trader said Panamax Australia to North China at $15/mt
- Ferrosilicon, 75% Si — Japan offers to end-user $1,430/mt CIF Japan

(This is a sample of trade and market information gathered by Platts editors as they assessed the daily iron ore, coking coal, steel, scrap and freight prices. They were first published on Platts Metals Alert earlier in the day as part of the market-testing process with market participants. For more related information about that process and our real-time news and price services, please request a trial to Platts Metals Alert or learn more about the product offering by visiting http://www.platts.com/Products/metalsalert)