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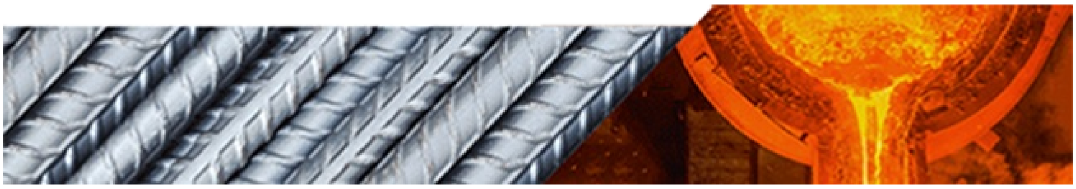

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$ = Steel Price Story

KATIE'S SNAPSHOT	APR 26		+/-	%
N.Europe domestic				
Plate - EXW Ruhr, €/t	455 - 465	d	+10.00	+2.2%
HRC - EXW Ruhr, €/t	380 - 400	d	0.00	0.0%
Europe import				
HRC - CIF S.European port, €/t	360 - 370	m	+68	+22.7%
Plate - CIF S.European port, €/t	380 - 390	m	+70	+22.2%

d: daily; w: weekly; m: monthly; q: quarterly; y: yearly;

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World HRC $/t	446	-1.65
World Rebar $/t	432	+4.7
Indexes		
Platts World	161	+0.26
Europe Flat	134	+0.17
Europe Long	161	+2.62
Asia Flat	145	0
Asia Long	208	0
N.America Flat	167	0
N.America Long	180	0

EXCHANGE RATES

27 Apr 2016

currency	rate	+/-
USD/EUR	0.886	-0.002
USD/GBP	0.686	-0.003
USD/JPY	111.1	+0.217
USD/RBL	66.35	+0.063
USD/RMB	6.498	+0.004
USD/TRL	2.831	-0.017
EUR/GBP	0.775	-0.002
EUR/JPY	125.5	+0.500
GBP/JPY	161.9	+0.971

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Special report: EU rebar market shoots up on scrap rise

Europe's long products market is rocketing up with rebar prices moving particularly fast and with all other products following, market sources told Platts. Prices are moving up mainly due to the scrap rise while the real demand is reported still relatively weak as fundamentals have not improved. To help prices move up quickly is also the overall tight availability of long products as producers cut output and the low stocks of some stockholders and distributors.

Rebar prices have moved up since last week by around €30-40/metric ton base. On Monday German producers started to ask around €200-210/mt base ex-works from the previous level of €140-145/mt base ex-works. Some sources confirmed that local steelworks have announced further price increases and said that they only offer daily prices for manageable-sized amounts. A price confirmation for monthly tonnages is rejected by the steelworks at the moment due to the difficult current scrap supply and the almost daily increasing scrap prices.

In Netherlands, Belgium and France prices moved from €130-140/mt base ex-works to €180/mt base ex-works with buyers confirming that they have to accept these prices.

In southern Europe prices moved up as well: sources in Spain said that rebar prices rose to €450-465/mt effective DDP, while in Italy rebar prices for the local market increased from €120/mt to €150/mt base ex-works. One mill source even said: "maybe tomorrow this prices will be old, and we will be at €160/mt… The market is crazy… but there is no scrap and if you need to buy it you have to accept crazy prices". Scrap prices for May contracts are forecasted to be +€30/mt but some sources said that they can go up even more as "there is no scrap" with renegotiation during the month.

Similarly, buyers in Poland had no choice but to accept rising prices from local producers as imports have been largely squeezed out. Rebar offers from Belarus have become scarce due to the European Commission's anti-dumping probe, while the remaining offers are not competitive compared with domestic mills. For example, German Riva was reported to be quoting €470/mt delivered to Poland, a local distributor said. At the same time, local producers were between PLN 2,000-2,060/mt (€457-470/mt) delivered, a massive increase from PLN 1,420-1,450/mt (€333-340/mt) delivered reported a month ago.

In Europe, not only rebar prices went up, but long products in general. On a monthly basis mesh quality wire rod went up by €100/mt to €450/mt effective prices in Germany, Italy and France with some mills stopping to quote as they ponder to move to €460/mt effective delivered in few days.

Sections and merchant bar are moving too, although more slowly and on a weekly basis prices went up by around €15-20/mt. In north Europe category one sections are quoted at €500/mt effective delivered and merchant bar around €60/mt base delivered.

Platts northwest Europe rebar daily assessment went up on Tuesday €20/mt to €410-430/mt effective ex-works.

-- *Annalisa Villa, Wojtek Laskowski, Erica Sesay and Laura Varriale*

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Chinese CRC export prices stay on upward track

This week's mild stumble in Chinese domestic cold rolled coil prices has so far had no impact on Chinese CRC export prices which are still firmly at the higher level achieved last week. Market insiders say most steelmakers have already fully booked their June export allocation.

Platts assessed SPCC grade 1.0mm thick CRC at $503-507/metric ton FOB China Tuesday, implying a midpoint of $505/mt FOB – up $17.5/mt on the week. However, the upward pace has slowed in comparison with last week's $35/mt price rise. Consequently, the export price spread between China-origin CRC and hot rolled coil was $55.5/mt Tuesday, up $3/mt from the $52.5/mt early last week.

One east China-based export trader said some deals of small volume had been closed at around $505/mt FOB. Overseas orders received by his company had largely shrunk after prices jumped above $500/mt FOB, he said. "But it's a seller's market now; steel mills have no intention of lowering their CRC export prices because of their full June orders and the profitable domestic market."

Another exporter agreed that mills' CRC prices were quite firm at present, and that securing material at around $500/mt FOB was unlikely this week. However, the softening domestic prices still worry some export traders because, after all, the producers' strong position in the export market relied on the robust domestic market. "Export prices have been soaring in April, not because overseas demand has been really that strong, but mainly because surging domestic prices have driven up export prices," the export trader said.

Last Thursday, one major mill in north-eastern China was offering SPCC 1.0mm CRC at $530/mt FOB. However, according to traders surveyed by Platts, this price was too high for their clients to accept and dismissed it as more of a sentiment test for overseas buyers.

On Tuesday, domestic prices for the same-grade CRC were assessed at Yuan 3,660-3,710/mt ($564-571/mt), up Yuan 100/mt on week. However, compared with Monday, the prices were down RMB 20-40/mt due to the fall in HRC prices.

One Shanghai-based trader and a mill source in central China both said it was normal to have the price adjustment after a large price hike like that since early April. And given low market stocks, there are unlikely to be any large price drops for now, they added.

-- *Jing Zhang*

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CIS billet prices strong, but softening looming in China

CIS billet exporters are refusing to settle for the price increases already achieved, and they keep pushing for higher prices following bullish scrap pricing as well as strong price guidance from China. The rally may come to a halt soon however, as China slashed its prices on Tuesday, market players told Platts.

While most of the sources in the Black Sea market were confident about further prices uptrend in the short run at least, some noted that Chinese exporters have somewhat slowed down in the price race. The offers were reported at $400-410/metric ton FOB China on Monday and Tuesday morning but two traders confirmed a slump of $20-30/mt on Tuesday afternoon, to $380/mt FOB.

The drop in China should be taken cautiously in the highly volatile market of late, sources warned. According to one trader, buyers will wait and see if the Chinese prices continue falling or stabilize before making any purchase decisions.

Meanwhile, CIS producers started to target the level of $450-455/mt FOB Black Sea. A couple of traders heard deals in the range of $440-450/mt FOB in the last few days, the range workable for Egypt only. That range was viewed as unrealistic by an Egyptian trader and a few sources in other markets, who believed that the market was not ready to accept anything above the last bookings of $420-425/mt FOB Black Sea.

In Turkey, the range of $440-445/mt CIF, or $425-430/mt FOB Black Sea, could pass for prompt cargoes from the CIS, a trader said. “The Turkish are buying scrap not billet but if the Chinese continue downtrend then Turks will start booking billet again,” a local trader commented.

Also, the Ukrainian mini mill Elektrostal Kurakhovo opened a new tender on Tuesday, inviting bids for 10,000 mt of June production, expected to close in the next couple of days. The previous tender closed around $397-400/mt FOB Mariupol with pre-payment, sources reported. This time the mill should be able to reach a higher level. “I don’t expect much higher level than the last time, maybe $405-410/mt FOB,” a senior trader estimated.

On Tuesday, Platts assessed its daily billet price at $425/mt FOB Black Sea, $5/mt up on day.

-- *Wojtek Laskowski*

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Special report: Taiwan rebar mills table large price hikes

Taiwanese rebar mills led by top producer Feng Hsin Iron & Steel have this week tabled huge increases in their domestic rebar sales prices, citing their need to pass on higher scrap costs. For the week of April 25-29, Feng Hsin raised its rebar price by TWD 1,000/metric ton ($31/mt) and its scrap procurement prices by TWD 800/mt, with both increases the largest in well over a year. Other Taiwanese mills are said to have added around TWD 1,000/mt as well.

With its latest adjustment, Feng Hsin’s list price for standard 13mm diameter rebar rises to TWD 14,800/mt ex-works Taichung while the mini-mill is paying TWD 8,000/mt for domestically-sourced HMS 1&2 (80:20) scrap, a company official confirmed. It’s a rare week that Feng Hsin raises its rebar price more than its scrap procurement price, he admitted.

"We have started buying US scrap as domestic supplies are very tight with many more mills are joining in to grab available material,” he explained Monday. “We do not want to pay ridiculously high prices just to secure the tonnage," he told Platts, adding that Japanese scrap supplies are more expensive than US-origin and so Japan-sourced is not an option for now.

US containerized HMS 1&2 scrap was being sold to Taiwan at about $280/mt CFR as of April 25, up $10/mt from April 22, the official disclosed.

Despite tabling such a large price increase for its rebar, Feng Hsin sold out its entire week’s allocation on Monday morning, the official said. "We are not producing as much as we want to due to scrap supply constraints,” he said. “On the other hand, downstream users and traders concerned about further price rises – which are very likely in coming weeks – have rushed to stock up.”

Meanwhile, a sales official from a rebar mill in Tainan in southern Taiwan confirmed that his mill too had added about TWD 1,000/mt to its rebar price. But he admitted to concerns that fundamentals supporting such a rise are absent.

"The surge in Chinese domestic steel prices looks very irrational, and fewer supplies of China-origin billet into Taiwan have also forced Taiwanese scrap and steel prices higher too. This has trapped steelmakers both in China and Taiwan in a swelling bubble," he said.

-- *Hongmei Li*

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USS wants to block Chinese steel in Section 337 filing

US Steel filed a complaint with the US International Trade Commission against Chinese steelmakers and their distributors, alleging they conspired to fix prices, stole trade secrets and circumvented duties by false labeling.

The steelmaker requested an investigation under Section 337 of the Tariff Act of 1930, aiming to exclude unfairly traded Chinese steel products from the US market. USS is seeking to include all Chinese carbon and alloy steel products in the scope of its complaint. All the Chinese companies named in the complaint engaged in alleged "unfair trade practices across their entire range of carbon and alloy steel products, and the product mix exported to the United States changes from time to time," the complaint stated.

The petition specifically cites USS trade secrets involving the creation of advanced high-strength steel used largely in automotive applications and recalls the January 2011 Chinese cyber attack that stole "several gigabytes of US Steel's trade secret research data."

Debbie Shon, attorney at Quinn Emanuel Urquhart & Sullivan and counsel to USS, said 10 proposed respondents are among the 11 largest steelmakers in China. The complaint identifies 20 proposed respondent companies total with allegations of price fixing, trade secrets and/or false designation *(see chart for top 10)*. Only one steelmaker, Baosteel Group, was alleged to be guilty of all three. Baosteel America could not be reached for comment.

"We have said that we will use every tool available to fight for fair trade," said USS CEO Mario Longhi. "With today's filing, we continue the work we have pursued through countervailing and antidumping cases and pushing for increased enforcement of existing laws."

The ITC has up to 30 days to decide whether to pursue the case. In Section 337 proceedings, the ITC acts as a sort of patent court. An administrative law judge issues an initial determination that is sent to the ITC and is subject to presidential review.

One of the main benefits of using the ITC is that the proceedings are "pretty fast" for a patent case, according to Neal Seth, attorney at the law firm of Wiley Rein.

The ITC said in a fact sheet that most investigations take less than 15 months, but Seth said the case from start to finish must be completed within 18 months. This is shorter than the two-and-a-half years it typically takes to get a ruling in US district courts.

Section 337 proceedings also provide a different kind of relief than district courts.

"Instead of getting money, you get the accused product stopped," Seth said. If the ITC issues an exclusion order, US Customs and Border Protection will not permit imports of the product. "It's real relief especially when a foreign company has assets abroad and the chance of enforcing money judgment is low."

Section 337 actions are not common for steel products. At the end of 2015, there were 94 active exclusion orders, and the only product that was steel-related was cast steel railway wheels. There is an ongoing investigation for stainless steel being done at the request of Valbruna Slater Stainless and other affiliates, alleging that certain imports of stainless were made using stolen trade secrets.

The United Steelworkers (USW) International union in a statement called USS' action "bold, but necessary."

"The USW has joined with the company on many antidumping and countervailing duty cases. US Steel is now utilizing a provision of the law that has primarily been used to combat intellectual property rights violations. But the underlying law also provides broad authority to stop the kind of actions China is utilizing. When implemented, it will prohibit imports altogether from entering our market," said USW International President Leo Gerard.

-- *Estelle Tran*

Allegations in US Steel Section 337 filing
Source: Complaint

	Price Fixing	Trade Secrets	Designation
Hebei	X		X
Baosteel	X	X	X
Jiangsu Shagang	X		X
Ansteel	X		X
Wuhan/WISCO	X		X
Shougang	X		X
Shandong	X		X
Magang/Masteel	X		X
Bohai	X		
Benxi	X		X

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US hot-rolled coil prices stable at $510-$530/st

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Cold-rolled coil assessment flat in US at $690-$710/st

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Sheet import prices into US higher, availability an issue

Import prices for hot-rolled and cold-rolled coil in the US continued to move higher on Tuesday. However, market sources confirmed offers were scattered and securing a firm commitment was difficult as international prices continue to increase.

HRC import offers were hard to come by as some buyers noted earlier Turkish offers at prices near or above domestic prices on a delivered-duty paid basis into Houston. One trader remarked that offers out of Turkey at roughly $490-$510/st were already gone as there was limited allocation for US export. He said pricing was probably close to $530/st now on a loaded truck-basis in Houston.

A buyer said he had heard the possibility of Turkish HRC being offered around $530-$540/st delivered duty paid into Houston for August or September arrival. The prices would include the anti-dumping duty found against Turkish producers in the preliminary trade case. However, the buyer did not express much interest in imported material.

A service center source indicated he had some attractive HRC import offers out of Mexico but was unable to purchase the material as the offers were pulled by the mill.

Platts increased its HRC import assessment to $480-$510/st from $440-$480/st, previously. Prices are on a CIF Houston basis.

Cold-rolled coil import offers were also higher but price levels were fluid as the main exporting countries of Turkey and Vietnam continue to deal with higher spot market substrate costs. The trader said imported CRC available at $600/st would be a good number but he saw the spot market closer to $640/st, mostly out of Vietnam on a loaded-truck basis.

However, a second trader said he was not seeing Vietnam in the market. “Vietnamese and Turkish [CRC] imports, mostly from rerollers, [are] at the mercy of the spot market for substrate,” he said which is leading to Turkish mills struggling with higher HRC costs. He said previous offers had been around $570/st for an “all-in” number but that was no longer achievable.

“My guess is that domestic spot market leaps $100 per ton from where it is now,” the trader said with expectations of $800/st CRC in the US domestic spot market.

The buyer mentioned hearing of CRC possibly being offered into Houston for October delivery around $570-$580/st on a delivered basis but added he was unsure if that price was still available.

Platts increased its CRC import price to $580-$610/st from $540-$560/st previously. Prices are on a CIF Houston basis.

-- Michael Fitzgerald

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Longhi: Steel pricing has likely seen the bottom

While it's been a challenging year and a half for the US steel industry, it's likely domestic prices have already hit their lowest point, according to US Steel CEO Mario Longhi.

"I think we've seen the bottom," Longhi said, speaking to reporters following the company's annual meeting of shareholders, held Tuesday at USS' Pittsburgh headquarters. "If you look at it, how can you sell hot-rolled band for $350/st, especially imported."

USS has been aggressive in pursuing trade remedies against what it alleges are unfairly traded imports, primarily from China *(see other story)*. But a sharp downturn in China's steel industry has led to more than half of major Chinese producers reporting losses last year.

"For the first time you are seeing [these] Chinese steelmakers lose money, and a lot of it," he said. "By what they've been doing to us they are now inflicting harm on themselves."

Preliminary determinations regarding pending cold-rolled and hot-rolled coil trade cases will have a "meaningful" impact on USS' business, but it will take time for any positive effects to be reflected, according to Longhi. "The thing you've got to remember is with all of these things in a business such as ours it doesn't happen overnight," he said. "We have contracts, we have orders that have been placed, so we have to see it flow through the system, so it does take more than a month for these changes to become more visible."

When asked when USS' Granite City, Illinois sheet mill might come back online, Longhi responded, "Tomorrow - if we can get the proper sustainable volume back for us." In November USS announced it would temporarily idle Granite City, citing conditions "including fluctuating oil prices, reduced rig counts and associated inventory overhang, depressed steel prices and unfairly traded imports.”

The St. Louis area mill has two 1.2 million st/year blast furnaces.

"It would be terrific to see this market come back quick so that we can bring more people back," Longhi said.

-- Justine Coyne

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USS restarts No. 14 blast furnace at Gary Works

US Steel confirmed on Tuesday that it has returned the No. 14 blast furnace to service at its Gary Works in Indiana.

“Gary 14 blast furnace underwent unplanned maintenance late last week due to a cooling water leak. The furnace is back online and the maintenance activities will have minimal impact on our customers,” a company spokesperson said.

The furnace, listed at 2.8 million st of annual capacity, underwent two short unscheduled maintenance outages during April with the first occurring at the start of the month when it was down for a three-day period.

“No. 14 is a furnace that has had historical challenges in efficiencies so over time many, many changes have been put to it so what we’re going through right now is another one of those,” Mario Longhi, CEO of US Steel, told reporters Tuesday, following the company’s annual shareholders meeting. “As we get to higher levels of production we find there are still some things that need to be addressed.”

The Gary Works is still undergoing scheduled maintenance on its No. 8 BF, which was taken down about two and a half weeks ago. The furnace, listed at 1.18 million st/year of capacity, was expected to be down 30-45 days, according to USS.

-- Michael Fitzgerald, Justine Coyne

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ATI reports Q1 loss as company consolidates

Allegheny Technologies Inc. (ATI) swung to a loss in its first quarter as the stainless steel maker took steps to consolidate operations in its flat-rolled segment, the company reported Tuesday.

ATI reported a first quarter net loss of $101.2 million on sales of $757.5 million. This compares with a net profit of $10 million on sharply higher sales of $1.13 billion in Q1 of 2015.

Sales in ATI's flat-rolled segment were $264.5 million, a 55% drop year on year, which the company attributed to lower shipment volumes and lower prices across all flat product categories. Shipments of high-value products were 34% lower at 84,789 lbs, down from 129,203 lbs year on year. This reduction was led by a 55% drop in grain-oriented electrical sheet (GOES) volumes. ATI announced in December it would idle its Bagdad, Pennsylvania GOES mill by the end of April.

Shipments of standard stainless products fell 61% from 171,154 lb in Q1 2015 to 67,036 lbs in Q1 2016. Over the same period, the average selling price for standard stainless products fell 24% from $1.30/lb to $0.98/lb. Significantly lower raw material surcharges versus year-ago levels contributed to the decline in sales and selling prices, according to the company.

In addition to lower selling prices in the flat-rolled segment, the company's Q1 results were negatively impacted by the combination of reduced operating efficiencies during ATI's work stoppage, and additional disruption to operations during the transition period from a temporary workforce to the return of the company's union-represented employees, CEO Rich Harshman said in a conference call with industry analysts. Members of the United Steelworkers union began returning to work March 13 following an eight-month lockout.

"As a result of these actions, manufacturing costs were unusually high and asset utilization was lower throughout the first quarter in our Flat Rolled Products segment," Harshman said. ATI recorded $26 million of pre-tax costs associated with the work stoppage and labor contract return-to-work provisions during Q1.

During the quarter, ATI also completed its exit strategy for most commodity auto exhaust alloys with the idling of its Midland, Pennsylvania operations in January, Harshman said, adding that ATI continues to provide specialty grades for auto exhaust applications.

Looking ahead, if market conditions remain similar to what they are, Harshman said he's confident ATI's flat-rolled segment can return to modest profitability in the second half. At the same time, the company's High Performance Materials & Components segment is beginning to realize the benefits of the growth phase of next-generation commercial airplanes and jet engines, which are expected to increase throughout 2016, according to Harshman.

Sales in the high performance segment were $493 million in Q1, a 9% drop from same period a year ago.

-- Justine Coyne

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US containerized scrap export prices spike $25/mt

US containerized scrap export prices spiked $25/mt on Tuesday as Taiwanese mills remained aggressive in the market and accepted offers of $295/mt CFR for containerized HMS 80:20 from US suppliers. The prices are up $25/mt from last week, up $75/mt from April 1 and up $100/mt from March 16.

It was a “$25 jump overnight,” one Asia-based supplier said.

A West Coast supplier was quoted $285/mt FAS to a West Coast port for containerized HMS 80:20. The quote from a trader was up $15/mt from Monday.

“I’m really dumbfounded with such a price jump,” one trader said. “In my [three decade plus] career, I cannot ever remember such a jump, not in containers or in bulk.”

Platts assessed US West Coast containerized HMS 80:20 at $280-$285/mt FAS Port of Los Angeles on Tuesday. The assessment is up $22.50/mt on day.

Asian scrap import pricing has been on the rise since the Lunar New Year in February. The two-month ascent in pricing has surprised most and some question its sustainability in the wake of softening billet and iron ore prices.

Others have grown weary of calling a market peak after doubting the sustainability of higher prices and being proven wrong time and time again. “It was inevitable,” a US supplier said of the jump to $295/mt CFR. “I was surprised it didn’t hit $300.”

Another trader added, “one day we will look back and see what is driving this.”

Some market sources reported hearing bulk negotiations from US suppliers to Korean mills at levels over $300/mt CFR HMS I basis. “That would be the driver [of the container increase],” another supplier said.

-- Nicholas Tolomeo

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US Steel loses $340M in Q1

US Steel's loss widened in the first quarter on lower spot and contract prices as well as lower shipments, the company reported Tuesday.

USS reported a Q1 net loss of $340 million on sales of $2.3 billion, compared with a net loss of $75 million on sales of $3.2 billion in Q1 2015.

During the quarter, USS' flat-rolled shipments totaled 2.5 million st, down from 2.6 million st in Q1 2015. The average selling price for flats fell 20% to $611/st.

Shipments in the USS tubes segment fell from 220,000 st in the prior year quarter to 89,000 st while the average selling price fell from $1,637/st to $1,180/st.

"Our first quarter results reflect the challenging conditions as we started 2016, but were in line with our expectations," CEO Mario Longhi said in a statement. "Contract pricing resets had an immediate impact on our results, while our cost-reduction efforts progressed as planned and will continue to grow throughout the year."

Looking ahead, Longhi said the company is encouraged that efforts to improve US trade laws and their enforcement have started to be reflected in preliminary trade rulings, but the US remains a long way from truly resolving its trade issues.

"These rulings have been one of the catalysts for improving conditions domestically, and the recent increases in prices for flat-rolled products will begin to be reflected in our results in the second quarter," he said.

-- Justine Coyne

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AK Steel loses $13.6 million despite strong auto demand

AK Steel grew its sales of coated sheet in the first quarter by nearly 7% because of stronger auto demand, but the company reported a $13.6 million Q1 loss on sales of $1.52 billion. In Q1 2015, AK reported a $306.3 million loss on sales of $1.75 billion.

Q1 shipments decreased 5% year on year to 1.6 million st, down from 1.75 million st. The average sales price decreased to $914/st from $999/st in the year-ago quarter.

Coated steel shipments increased 6.5% year on year to 837,100 st in Q1, up from 786,000 st. Cold-rolled coil shipments, however, dropped by 6.2% to 301,900 st.

About 63% of AK’s Q1 shipments served the auto industry, which was a new record for AK, CEO Roger Newport said on the company’s earnings call Tuesday.

AK's Dearborn, Michigan mill set production records at its blast furnace, melt shop, caster and coating lines in Q1, Newport said.

Regarding AK's Ashland, Kentucky mill, Newport said the market is heading in the right direction, but not enough yet to bring the mill back on line. “Are we going to get a return on making steel? I don’t want to be just making steel to be selling steel. I want to make sure we’re doing it and making a return for all of our investors,” Newport said. “While we’ve seen a recovery in pricing, I would say it’s been a fraction of the decline in pricing.”

AK's Q1 stainless/electrical sheet sales edged down 1.6% to 223,800 st from 227,500 st in Q1 2015. Tube sales were flat year on year at 29,400 st.

-- Estelle Tran

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Asian HRC falls on soft Chinese home market, weak buying

Spot prices of seaborne hot rolled coil in Asia fell Tuesday on softening Chinese domestic prices and weak buying activity, according to market participants. Some traders who purchased HRC at a cheaper price in the past rushed to sell off cargoes on hand, fearing a further price decrease in the near future.

Platts assessed SS400 HRC 3.0mm thick at $447-452/metric ton Tuesday, with a midpoint of $449.50/mt that was down $15/mt on day. In the Shanghai dealer market, Platts assessed Q235 HRC 5.5mm thick at Yuan 3,050-3,070/mt ($470-473/mt) ex-stock with 17% VAT, down Yuan 80/mt on day. On the Shanghai Futures Exchange the same day, the most heavily-traded HRC contract – that for October 2016 – closed at Yuan 2,685/mt, down Yuan 172/mt on day.

Benxi Iron & Steel (Bengang) in northeastern China offered a base price of $480/mt FOB China for SS400 HRC for June shipment, a Shanghai-based trader said. However, no-one showed any buying interest in that, given falling Chinese domestic prices, he added.

“No-one dared to take the risk to purchase at such a high level [of $480/mt FOB China from Bengang],” a second trader in eastern China said. He himself could not sell SS400 HR sheet for as low as $455/mt CFR Vietnam.

“Sentiment here is bad,” a Vietnamese trader said, adding that no deals were being concluded there. Traders with their own coils on hand only offered as low as $455/mt CFR Vietnam for SS400 HR sheet and $460-465/mt CFR Vietnam for SAE1006 2.0mm thick coils.

South Korean buyers also held a wait-and-see attitude as some believed that Chinese export prices would further decrease after the Labor Day holiday (May 2), a South Korean trader said.

-- Sharon Liao

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Special report: Asian CRC exporters fume at India's AD probe

Steel associations in Japan and South Korea are considering their responses to New Delhi's latest attempt to restrict imports of cold rolled coil. Investigations are underway at Japan's Ministry of Economy, Trade & Industry (Meti) and Korea Iron & Steel Association (Kosa) to determine whether India is flouting World Trade Organization regulations by implementing such import barriers, they told Platts Tuesday.

CRC from Japan and South Korea was among that India's Director General of Anti-Dumping & Allied Duties (DGAD) began investigating on April 19 for fair trade violations. Specifically, DGAD said it was targeting imports of alloy and non-alloy CRC of all widths and thickness, not clad, plated or coated, under HS codes 7209, 7211, 7225 and 7226, originating in or exported from China, Japan, South Korea and Ukraine.

The period of investigation spans July-December 2015. The probe, which does not include stainless steel CRC, certain high-speed alloy steels, and certain electrical steels, follows that launched into hot rolled coil imports on April 11.

DGAD launched its CRC investigation in response to a petition filed by Steel Authority of India Ltd, JSW Steel, Essar Steel, and JSW Steel Coated Products requesting a retrospective duty, the DGAD notification said.

However, Chinese traders were cool to the news, as they said they had stopped exporting to India since a minimum import price (MIP) of $560/mt was imposed on CRC imports in February. Prices of China-origin CRC have been on the rise and are currently at $505-535/mt FOB China.

A Japanese trader suggested New Delhi's resorting to AD measures is a government admission that other measures to restrict imports such as the MIP scheme are not working. "Because market prices have increased rapidly, the Minimum Import Price scheme has no meaning, so India may be trying to find any other way to replace MIP," he said.

However, other exporters feared the implications for trade of the AD investigation. "I assume that the impact in the market will be significant," said a Kosa official. Japan is already in talks with the European Union on challenging the MIP through the WTO and is planning to hold discussions with the USA, South Korea and others to request the WTO intervene, as reported.

-- Charlotte Rao, Yoko Manabe and Kevin Seo

Dumping margins proposed by Indian steelmakers
Source: Anti-dumping petition seen by Platts

	HRC margins	CRC margins
Ukraine	NA	100%
China	80%	90%
Japan	50%	40%
South Korea	50%	50%
Russia	80%	NA
Brazil	120%	NA
Indonesia	60%	NA

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South Korea Q2 ship plate price talks stalled

Negotiations between South Korea's shipbuilders and their suppliers of ship plate over current quarter deliveries remained stalled Tuesday, with the financially-struggling shipbuilders demanding rollover prices from January-March and the steelmakers wanting an increase.

The plate producers – Posco, Hyundai Steel and Dongkuk Steel Mill – argue that higher costs of raw materials over recent months have undermined their profits and they need a rise in product prices to compensate. The margin the steelmakers want is not known, but Platts notes that Hyundai Steel on April 18 raised prices of non-marine use plate by Won 20,000-30,000/mt ($24-$35/mt) for May deliveries.

"The increase in prices of non-marine use plates is due to higher costs of raw materials, and we are also aiming to enhance our profit structure. The same applies to the increase in prices of marine use plates," a Hyundai steel spokesman said. Calls to Posco and Dongkuk were unanswered.

Against the steelmakers, the shipbuilders can argue that their financial condition is far worse and that agreeing to roll over prices is being generous. For their 2015 business years, the country's three leading shipbuilders Hyundai Heavy Industries, Daewoo Shipbuilding & Marine Engineering and Samsung Heavy Industries recorded consolidated net losses of Won 1.36 trillion ($1.19 billion), Won 3.31 trillion and Won 1.21 trillion respectively chiefly because of low ship prices and slumping orders.

Moreover, Q1 for the builders was dire. According to UK-based shipping information provider Clarkson Research Services, new orders received by the South Korean yards during January-March plunged 92.6% to 171,000 compensated gross tons (CGT) from the 2.31 million CGT they won during Q1 last year.

On the other hand, the pace of new building increased by 15.5% to the equivalent of 3.43 million mt from

2.97 million CGT during January-March last year, an improvement no doubt spotted by the steelmakers.

According to the Korean government's statistical information service, the total production of heavy plates in January-February this year reached 1,594,000 mt, down 1.3% from 1,615,000 mt in January-February last year. A breakdown for ship plates was not given.

-- Kevin Seo

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Kobe and Anshan confirm smooth start of auto sheet venture

Japan's Kobe Steel and China's Anshan Iron & Steel Group (Angang) held a formal opening ceremony on Monday for their joint venture automotive sheet production plant built inside Angang's works in Liaoning province, northeast China.

Kobelco Angang Auto Steel is held 49% by Kobe and 51% by Angang and hosts a 600,000 metric tons/year continuous annealing line. The venture launched hot trials last December and started supplying samples to auto manufacturers from February, a Kobe Steel spokesman said Tuesday.

The venture can produce AHSS high tensile sheets in the range of 590 Mpa up to 980 Mpa though most output is 590 Mpa, Kobe Steel's spokesman said, and used for vehicle structural parts such as pillars and frames. Demand for such high tensile material is expected to increase in China as carmakers step up efforts to reduce vehicle weight, Platts is told.

Kobe Steel had earlier said the partners hope that the venture will reach full production by around 2019-2020 after receiving approvals from Chinese automakers.

Angang will supply the base feed to the venture but the Japanese firm is transferring hot rolled coil production technology to Angang. Kobe's spokesman said the quality of the annealed coil the venture is producing is as high as that the Japanese mill is supplying to its clients in Japan.

Meanwhile, Nippon Steel & Sumitomo Metal Corp (NSSMC) says operations on the fourth CGL commissioned last September at Baosteel-NSC Automotive Steel Sheets, its 50-50 venture with China's Baosteel, is performing well. The 420,000 mt/y unit lifted the venture's total galvanizing capacity to 1.67 million mt/y, as reported. "The plant is operating on schedule (and) we still aim to reach full production in the second half of 2016," a NSSMC spokeswoman said.

-- Yoko Manabe

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Japan's imported flat stocks fell in March

Stocks of imported plate, hot rolled and cold rolled coils at Japan's key ports of Tokyo and Osaka at end-March decreased by 6,000 metric tons or by 4% from end-February to 143,000 mt, according to Japanese trader Hanwa Co which compiled the data.

But HRC stocks at Osaka port increased, possibly of material destined for galvanizing or production of pipes, a Hanwa official explained. Stocks at end-March increased but he expected those to be delivered to customers soon, so the increase is just temporary. "Arrivals in March were mainly contracted in January-February. This is when some importers were booking in anticipation of prices rising so the volume was high," the Hanwa official said. "But overall deliveries to customers were smooth so stocks have generally decreased."

He noted that overseas suppliers such as South Korea's Posco and Taiwan's China Steel Corp (CSC) decided to lift their prices for flat products exports to Japan and this would reduce the arrival volume from around June. Posco raised its flat product prices to Japan by Yen 3,000-5,000/mt ($27-45/mt) for June-August shipment while CSC lifted its flat product prices by Yen 3,000-4,000/mt for May-July shipment.

"Their price for HRC (SPHC grade) will be around Yen 44,000-45,000/mt for spot sales, which is mostly level with the same grade of HRC supplied by Japanese integrated mills," he said. "Japanese customers prefer to book Japanese material if there is no merit on price."

Another trader in western Japan noted that Posco and CSC's export prices are mostly settled on a yen basis but Chinese mills offer in US dollars. "The yen has strengthened and Chinese mills could enjoy the merit of the stronger Japanese currency when contracting in US dollars. But the price increase among the Chinese mills has become too large – more than offsetting the merit of the stronger yen – so no Japanese customers are interested in buying Chinese material at the moment," the trader added.

-- Yoko Manabe

Japan's imported flat stocks at Tokyo, Osaka
Source: Hanwa Co.
Unit: metric ton

	End-March 2016	End-February 2016	End-March 2015
Osaka Plate	6,000	7,000	10,000
Osaka HRC	38,000	29,000	42,000
Osaka CRC	41,000	40,000	55,000
Tokyo Plate	12,000	21,000	14,000
Tokyo HRC	29,000	32,000	30,000

Tokyo CRC	17,000	20,000	25,000
Total	143,000	149,000	176,000

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Asian rebar continues downwards as futures slide

Spot prices of regionally-traded rebar in Asia continued to drop for a third straight working day Tuesday, weighed down by retreating Chinese domestic prices. Platts assessed 16-20mm diameter BS500 rebar down by $4.5/mt on the day at $423-428/mt FOB China actual weight.

One deal of small tonnage to Singapore was concluded Monday at $425/metric ton CFR theoretical weight for June shipment. This price was equivalent to $426/mt FOB actual weight with $12/mt freight and 3% volume tolerance. But several other market participants Tuesday doubted buyers would accept such prices any longer, especially with Chinese physical steel prices and the futures markets registering further declines.

One mill source in east China said that $425/mt CFR was likely to be concluded for small volumes Monday, but his company had clients bidding at $415/mt CFR or even below. “Buyers were all waiting on the sidelines, amid concerns about more price corrections about to occur,” one trader in east China said. Due to enormous market volatility, though some Chinese mills opted to pitch their offer prices high they could negotiate with buyers for lower prices on firm bids.

The east China trader source heard of an offer quoted Monday at $425/mt FOB theoretical weight but this had vanished Tuesday. Another Singapore-based trader received offers at $440-450/mt CFR theoretical weight.

The most-traded rebar contract on the Shanghai Futures Exchange Tuesday – that for October – slumped by 3.4% on the day to close at Yuan 2,554/mt ($393/mt). Another key barometer of market sentiment, billet prices in Tangshan city, fell by a sharp Yuan 80/mt to Yuan 2,400/mt which followed Monday’s Yuan 100/mt slide.

The significant fall in billet prices was due to re-rollers being asked by Tangshan authorities to halt billet rolling operations to ensure clean air for the city’s World Horticulture Expo starting on April 29, according to market sources.

-- Fu Li and Lucy Tang

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China’s Chu Kong secures new pipe order from Australia

Chinese pipe maker Chu Kong Petroleum & Natural Gas Steel Pipe Holdings has secured a new order from MRC Global Australia to supply 32,000 metric tons of welded pipes for the 636 km-long Northern Gas Pipeline (NGP) project, according to a statement sent to Platts Monday.

The pipes involved in the contract – including electric resistance welded pipes and induction bend products – are worth approximately Yuan 195 million ($30 million), said Chu Kong.

NGP will connect Tennant Creek in the Northern Territory to Mount Isa in Queensland. Chu Kong is scheduled to deliver the pipes in 2016 and 2017.

Chu Kong, along with its Chinese peers for linepipe production, has actively extended overseas sales efforts due to the weak domestic market in the recent two-three years and in light of the slow progress in Chinese domestic pipeline construction. Around 60% of Chu Kong’s new orders in 2015 came from overseas markets, said a company source Tuesday citing its 2015 result.

Chu Kong claims to be the largest manufacturer and exporter of longitudinal submerged arc welded pipes in China. In 2015, Chu Kong’s net profit reached Yuan 25.5 million, compared with 2014’s net loss of Yuan 359 million, according to its annual report.

Currently, Chu Kong operates nine longitudinal submerged arc-welded, four spiral submerged arc-welded, one clad pipe and one electric resistance welded production mills and other lines with a combined annual production capacity of 3.38 million mt, according to company data.

-- Dai Yuelin

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Wisco turns to Q1 profit of $4.7 million after 2015 losses

Wuhan Iron & Steel Co (Wisco), the listed unit of China's sixth biggest steelmaking group, on Tuesday reported a first quarter net profit of Yuan 30.3 million ($4.7 million), after two consecutive quarters in the red. Nevertheless, the figure represented a 93% drop from the previous year.

Sales at Yuan 12.9 billion were 27% less than year-ago numbers, it said in a statement to the Shanghai Stock Exchange. Wisco didn't explain its performance in its statement and calls to the company were not answered.

At the same time, Wisco announced full-year 2015 losses of Yuan 7.6 billion, which were far higher than the Yuan 6.8 billion it forecast in a warning to investors at the end of January. Sales at Yuan 58.3 billion were down 41% from the previous year's Yuan 99.4 billion.

The company said the year saw the Chinese steel industry slip into an "ice age", especially in the second half, when it encountered "unprecedented difficulty" in production and operations. Full-year steel sales volumes fell 24% last year as Wisco cut output, it said. For 2015, it derived about Yuan 4.6 billion of revenue from exports – about 10% – with domestic sales in central and eastern China accounting for 39% and 25% respectively.

For 2016, its production targets are 15.2 million mt of pig iron, 15.5 million mt of crude steel and 14.4 million mt of steel products, more than last year's 15.15 million mt, 15.4 million mt and 14.3 million mt respectively.

It also plans to cut costs by Yuan 7.3 billion in its steelmaking business, and focus on innovation, raising quality, efficiency and productivity. Wisco, which announced a human resource "optimization" plan December 18, employed 27,328 people at the end of 2015, 432 fewer than at the end of the previous year.

-- Keith Tan

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HRC prices up another $30/mt in Turkey, but slowdown deepens

Hot rolled coil prices continued to rise in Turkey this week, amidst sharply climbing imported slab and scrap prices, plus higher import offers; however, these hikes have slowed the market further, sources told Platts on Tuesday.

At least one of Turkey's major mills began to offer at $530/metric ton ex-works for HRC Monday afternoon for July orders. Other suppliers also increased their offers, in line with the higher ones seen coming from importers, which are at $450-455/mt CFR.

These hikes carried the offer range of HRC to $510-530/mt ex-works in the domestic market on Tuesday, significantly up $30/mt week-on-week. Meanwhile, some offers were also heard in the market at as high as $550/mt on Tuesday afternoon, which were interpreted by market participants as signals of further hikes.

"Scrap prices exceed $310/mt CFR in recent deals, mostly supported by Turkish longs producers' purchases, as longs demand is firm. However, this is also raising the EAF-based flats producers' input costs, so local flat mills are obliged to reflect these higher costs in their list prices: this increased the slowness in the market," a service center manager in Gebze, near Istanbul, told Platts.

"Import offers are few in recent days. I have been waiting for an offer from an Italian producer since last week, but they didn't get back to me yet. I think they are also facing difficulties in determining their pricing strategy. Only some Russian producers are active in the market, but their prices are also high. If China returns to the market with lower prices after the May 1 holiday next week, this may soften the bullish sentiment in the market," he added.

Although stocks are generally low, Turkey's HRC market will probably remain silent this week, sources observed. Buyers will probably resist these new offers at least in the near term, as these levels are not supported by sufficient end-user demand, they said.

-- Cenk Can

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EU HRC assessment rationale

Platts maintained its assessment of north European hot rolled coil at €380-400/mt ex-works Ruhr Tuesday.

Sources in Northwest Europe confirmed spot prices at the €380-400/mt level, with offers again heard higher. Most sources agreed hot-rolled coil was now being offered above €400/mt by most Northern European mills, with new customers, or extra volumes, at a premium.

Imports remain scarce and uncompetitive, sources confirmed. Platts assessed import prices unchanged at €390-400/mt CIF Antwerp, unchanged.

No data was excluded from this assessment.

The above rationale applies to Platts assessment of northwest European hot rolled coil ex-works Ruhr, with the associated data data code: STHRE00.

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ArcelorMittal contracts SMS to revamp Gijon rail mill

ArcelorMittal has contracted Germany's SMS group to revamp its rail mill in Gijon, northern Spain. The revamp will enable the mill to produce longer rails and to increase competitiveness.

SMS said it will convert the current two-high rolling mill to a universal rolling method to effectively lower production costs and improve quality. A total of 16 universal rail rolling mills have been supplied worldwide since 2000.

In addition the mill will be able to increase the length of the rails produced from 90 to 108 metres following the revamp.

Works at the rolling mill are expected to take place this summer during several scheduled line stoppages: these halts will be short in duration, SMS added.

-- Emanuele Norsa

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Steel wire rope merger gets EU approval

The European Commission has approved under EU merger regulations the combination of the steel wire ropes businesses of Belgium's Bekaert and the UK's Bridon International. It said the proposed transaction would raise no concerns about competition in the EU market for these products.

In a statement on its web site, the Commission said that several alternative suppliers would remain active after the merger, in the markets for ropes and rope wire.

As Platts reported, plans to merge the businesses were announced in December last year. The merged company – Bridon Bekaert Ropes Group – will be owned 67% by the Belgian wire group and 33% by the Ontario Teachers' Pension Plan which has been Bridon's owner since 2014.

Bekaert is contributing its advanced cords business and ropes presence in Latin America, Canada and Australia. Doncaster-based Bridon holds strong positions in Europe and the USA with a portfolio of rope wire, strand and steel and synthetic ropes. "The merger will also create opportunities for further growth in Asia," the companies said at the time.

The combined company will have almost 3,000 employees, 19 manufacturing units in 11 countries and a global sales and service network. It will have about €600 million in annual sales.

-- *Henry Cooke*

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Turkey FOB rebar assessment rationale

Platts assessed Turkish export rebar at $490/mt Tuesday, up $5/mt over Monday.

Higher offer levels were heard to retreat slightly through Tuesday and traders agreed a more workable level. No new purchases were heard.

Producers were quiet on Tuesday, with traders being more active in discussing pricing.

A Turkish trader said that offers to the US were workable at $520/mt CFR Houston theoretical weight ($515-$520/mt FOB actual weight) due to current scrap levels.

FOB offers increased to peak at $525/mt overnight Monday to Tuesday morning, according to another trader, but retreated later on Tuesday. One mill was offering $510/mt in the afternoon, while another offed $495/mt FOB.

Two traders said that they saw offers at $500/mt FOB, but did not believe this was workable with demand softening over the previous few weeks. One of the traders called a workable level $485-$490/mt.

A final trader said he heard pricing now $490-$500/mt, but was unsure any trades would be made until the market leveled out more.

No data was excluded from the assessment.

The above rationale applies to Platts' rebar FOB Turkey assessment, with the associated market data code: STCBM00.

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EU demand growth 'shadowed by imports': Eurofer

The European steel industry is seeing better demand growth led by the auto sector, but industry group Eurofer warned imports were creating headwinds that may get worse with China gaining WTO status, and hampering a rebound in regional steel output towards its 2007 peak.

There is a "fragile recovery in Europe" and since 2014 demand conditions are improving, albeit at a "very unspectacular" level, Jeroen Vermeij, director of market analysis at Brussels-based Eurofer said at the Eurocoke Summit in Barcelona.

"Market conditions are extremely challenging," Vermeij said. As China seeks market economy status through the World Trade Organisation, Eurofer expects this would "probably happen" and with it, steel exports will inevitably rise. "Probably granting market economy status, dumping will accelerate," he said.

Auto-related steel demand is leading growth and will likely rise over the next two years, while an investment gap, particularly in construction is seen, according to Eurofer analysis. Europeans are said to be leaders in segments such as auto-sheet, which is helping mitigate imports. A rebound may continue but 2020 projected steel demand of 160 million metric tons is still 4% down on 2007, Eurofer expects.

According to Eurofer, steel import volume growth of 5.9 million mt in 2015 captured all the increase in EU demand last year given demand grew by 5.2 million mt. "Since 2013, the rise in imports is stronger than rise in domestic consumption." "Over the last three years EU mills are losing market share to importers," Vermeij said.

-- *Hector Forster*

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Year-end result dependent on AD measures, says Salzgitter

German steelmaker Salzgitter's financial results for this year will depend on the impact of the EU's anti-dumping (AD) measures, the company said in a note on its website, while reporting a 94% year-on-year slump in pre-tax profit for the first quarter of 2016 to €3.1 million. External sales went down by 17.4% y-o-y to €1.9 billion.

Salzgitter reiterated its forecast to achieve break-even pre-tax profits for the year, but said that this is dependent on the impact of AD duties on imports and its own restructuring measures. CEO Heinz Joerg Fuhrmann recently said at a press call that he expects the AD measures to have an impact on the company, especially its plate and section division, from mid-year this year, but only if they are put in place. A decision by the EU is expected in Q3 this year.

In 2015, Salzgitter swung back to profit for the first time since 2011 and reported a pre-tax profit at €12.6 million. The steelmaker will announce its full results for January-March 2016 next month.

-- Laura Varriale

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German metalworkers' revenue up in 2015, but outlook bearish

German manufacturing companies supplying the automotive and other industries increased their revenue by 2% year-on-year to €222 billion in 2015, according to latest figures by their representative body Arbeitsgemeinschaft Zulieferindustrie (Argez), of which steel- and metal-working companies form the largest part.

The uptick resulted from growing automotive industries in North America, China and Eastern Europe as well as positive impulses coming from Southern Europe. The mechanical engineering sector is now in a sideways movement owing to a lack of incentive for investors, Argez said. The suppliers' industry is forecast to grow by 1% this year.

According to Argez's monthly sentiment study conducted in March, German suppliers remain cautious for the year, with increasing uncertainty coming from the reformation of the energy laws in the country.

"The lack of predictability of costs makes it more difficult to make decisions on investments being made in favour of Germany as a business location. The often small margins of the supplier's industry become undone by the burden of energy costs," Argez said in a statement, adding that Germany has one of the highest energy prices compared to almost all European countries and the US.

-- Laura Varriale

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Turkish ship scrap rise further, but not sharp as imports

Turkish mills' dollar-denominated buying prices for shipbreaking scrap continued to strengthen on Tuesday, but not as sharply as import prices, while mills' lira-denominated prices for auto-bundle (DKP grade) scrap remained largely stable, industry sources said.

Melting scrap from shipbreaking was offered to mills in western Turkey (Habas, IDC, Ege Celik, Ozkan) at as high as $285-290/mt Tuesday, $10/mt up on the beginning of the week, while prices for imported scrap exceeded $310/mt CFR in Turkish mills' latest purchases of HMS 1&2 (80:20).

Leading steelmakers' lira-denominated prices for auto-bundles however, continued mostly stable so far this week. Kardemir's DKP grade scrap buying price was at TRY 800 ($283)/mt, while alloy steel producer Asil Celik was buying DKP at TRY 740 ($261)/mt both since April 9. One of Turkey's biggest steel producers, Colakoglu's, DKP scrap price also remained stable at TRY 710 ($251)/mt since April 8.

The Erdemir group's Eregli integrated steelworks in northern Turkey was buying DKP scrap at TRY 785 ($277)/mt since April 14, while its buying price at its Iskenderun plant, southern Turkey was also stable at TRY 745 ($263)/mt.

Domestic DKP grade scrap buying prices at Turkey's other leading EAF-based steelmakers also generally remained stable in the range of TRY 710-760 ($251-268)/mt on Tuesday, depending upon region and mills' requirements.

-- Cenk Can

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Car production in Spain on track to reach 3 million in 2017

Spanish car production continued to grow during Q1 this year, as the country produced almost 770,000 vehicles, up 7.6% year-on-year, according to local carmakers' association ANFAC. Spain is set to produce 2.8 million cars this year and is targeting output of 3 million cars in 2017.

While the upturn in production during Q1 was helped by the 7% y-o-y recovery in domestic demand, over 82% of the cars produced in Spain were exported. Overall, exports grew by over 9% y-o-y during Q1.

ANFAC remains confident that 2016 will mark the fifth consecutive year of growth in output for carmakers in the country. While the target remains to make 3 million units by the end of 2017, the association noted nevertheless that the capacity installed in Spain indicates the country could actually produce well over this level.

-- Emanuele Norsa

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EU carbon prices surge; France to set own floor price

European Union carbon dioxide allowance prices rallied sharply Tuesday, pushing to a fresh three-month high after France said it will set its own domestic carbon floor price. EU allowance futures contracts for December 2016 delivery on the ICE Futures Europe exchange rallied as high as €6.71/metric ton on Tuesday, up €0.81 or 12% from the previous close.

French president François Hollande has said France will go it alone on setting a higher domestic carbon price, and will propose a rising price corridor for carbon allowances under the EU Emissions Trading System, media reports said Tuesday. French energy and environment minister Ségolène Royal said the carbon market is not functioning currently and "somebody has got to make a start," the reports said.

The French proposal may be taken as a sign of declining French patience with the EU ETS, where low carbon allowance prices continue to allow coal-fired power plants to be more profitable to run than cleaner gas-fired units, despite being roughly twice as carbon intensive per unit of power generated.

France wants to curb coal-fired power and boost the economics of running renewable and nuclear generation. Its proposal is expected to impose a minimum carbon price for power generators in France using a carbon tax. France is expected to release more details on the carbon floor price proposal later this year.

The French move has been taken as bullish in the carbon market, possibly because it raises pressure on EU lawmakers to take meaningful action to address the long-running surplus of allowances, or risk more member states moving ahead unilaterally to set their own domestic carbon price.

-- *Frank Watson*

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CIS billet assessment rationale

Platts assessed its daily CIS export billet price at $425/metric ton FOB Black Sea on Tuesday, up $5/mt on day.

The highest offers, coming from CIS producers, stood at $450-455/mt FOB Black Sea. According to some traders the level of $440-450/mt FOB was reached in transactions to Egypt, while other markets including Turkey resisted booking in this range. Details of those deals remain inconsistent. Other market players doubted those levels were actual deals but they believed that the market was possibly going in this direction nevertheless.

Some deals were also reported at $420-425/mt FOB Black Sea in the recent period, according to an Egyptian trader. Another trader noted that Turkey was willing to accept $425-430/mt FOB for CIS material but higher would be difficult for a regular shipment time.

Platts raised its assessment to $425/m FOB Black Sea, which is consistent with the most competitive and repeatable booking price level reported by market sources.

No data was excluded from this assessment.

This rationale relates to Platts FOB Black Sea billet assessment, with the associated data code STBLB00.

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Ukraine's Metinvest grows merchant fleet for steel shipping

Ukrainian mining and steel company Metinvest has concluded another voyage contract with the Turkish Canbaz Shipping Group, allowing Metinvest to use one of its 30,000 deadweight ton handysize bulk carriers. The vessel, Esra C, will deliver Metinvest's steel products from the Azov Sea port of Mariupol to the ports of Marghera, Monfalcone and Ravenna in northeast Italy.

Late last week, Esra C received its first cargo, 23,500 metric tons of slab dispatched by Metinvest's Mariupol-based Azovstal Iron & Steel Works.

With a view to cutting delivery times and costs, Metinvest launched shipping lines from Mariupol at the end of 2014 taking their freight up to 150,000 mt/month by last year. The company is now despatching steel from Mariupol to Bulgaria, Turkey, Italy and Spain.

By the end of this year, Metinvest aims to expand the number of vessels it can use to 12 and extend its geographical reach to the US, the Middle East and North Africa.

"Developing line shipping will enable us to deal with the merchant fleet deficit [in Ukraine] and also counter the speculatively high freight rates during grain season, while also providing uninterrupted deliveries of our steel products during the [annual] period of frozen sea conditions," said Andrey Smirnov, marine transport director at Metinvest.

-- *Ekaterina Bouckley*

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CSN's attempt to restart BF unsuccessful: unit still offline

Brazilian integrated steelmaker CSN was unable to restart a blast furnace at its Volta Redonda mill, Rio de Janeiro state, due to emissions from the unit, the company said Tuesday.

The No. 3 blast furnace had been shut for 10 days of scheduled maintenance.

"The problem has been controlled and immediately reported to environmental agencies," CSN said in a statement.

A letter sent to CSN's customers in the US and obtained by Platts said the incident caused "the furnace to remain offline for a still undetermined timeframe."

In addition, it said CSN is "still evaluating the degree of damage and expected downturn, along with its effect on [CSN's] North American order book."

The No. 3 blast furnace is responsible for 70% of CSN's 5.6 million mt/year installed capacity of crude steel.

-- Bruno Martins

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Construction of Bolivian steelmaker to start in August

The construction of Bolivia's first steelwork complex in the Mutun iron area is expected to begin in August, the Ministry of Mining and Steelmaking said Tuesday. The government signed the contract with China's Sinosteel Equipment & Engineering in the last week of March. Construction was expected to begin at the end of September, but is now expected to start early in August. "[Completion] will take less than three years," said the Ministry, adding operations are slated to startup in 2019. "The contract is based in five pillars: the Chinese company has to deliver the plant working; the steel has to contain a high level of quality; Sinosteel has to teach knowledge and technology to Bolivia; all the process has to be audited by a foreign company; and Sinosteel has to continue in the project for one more year after the plant's startup," said Mining Minister Cesar Navarro. Bolivia's plan is to build an iron ore concentration plant, with an installed capacity of 650,000 mt/year, a pelletizing plant and a direct reduction plant, with the capacity of 250,000 mt/year, and a steelworks with a continuous caster and a rolling mill to produce 150,000 mt/year of long products. A second phase would revitalize the Mutun mine, including logistical upgrades to move ore from the mine to ports around the region. The investment required for the steelworks would be around $460 million. About 85% would be funded by China and 15% by Bolivia. Sinosteel's final bid was $450.6 million. Located in Santa Cruz state, Mutun contains 40 billion mt of iron ore deposits. The mine has a production capacity of 1 million mt/year of iron ore fines.

-- Guilherme Baida

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Sidor staff demand state intervention or privatization

Sidor has not produced crude steel so far in 2016 and its employees are demanding investment that would allow Venezuela's largest steelmaker to resume operations, sources at the company said Tuesday. The sources said the company's workers are divided into two camps -- those that want the government to intervene at the steelmaker, with investments and audits to boost its productivity; and those that believe privatization is the preferable option. None, however, feel that the current situation of the company is healthy, the sources said. The company's flat and long steel operations have been out of action since December and January, respectively, initially because of a lack of raw materials, inputs and other material. Sidor produced 37,927 mt of long products such as rebar and wire rod in January. The company has the capacity to produce 32,500 mt of rebar/month and 50,000 mt of wire rod/month. Since March, company operations have been halted by a lack of electricity. The National Electric Corp. stopped providing Sidor with power due to a potential system collapse as a result of low reservoir levels at the Simon Bolivar hydroelectric plant, also known as Guri Dam, Venezuela's main power provider. Sidor's pellet plant resumed operations in the second week of April, but the steelmaking operations are still offline, the sources said. The state-controlled company is reliant on government help in order to increase its productivity, which has decreased gradually since 2007, when it produced 4.3 million mt, to 1.06 million mt in 2015. "It is worth noting that Sidor was nationalized in 2007," one worker said. Sidor was previously part of Ternium. The latest investment approved by the state for Sidor came in May 2015 at around $250 million and was primarily to be spent on continuous casting. The sum was part of a $314 million total approved in 2012 by the late President Hugo Chavez. The investment, however, did not arrive.

-- Guilherme Baida

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S. Africa backs 10% tariffs on HRC, more bar, rod

South Africa's economic development minister Ebrahim Patel has announced that the country's International Trade Administration Commission (ITAC) has recommended the imposition of tariffs of 10% on further steel products – hot rolled coil and certain bars and rods. Local media quoted him as saying that "the recommendation is now being processed within government".

As reported, ArcelorMittal South Africa (AMSA) already applied to ITAC for protection on these products, following the imposition of 10% protection on eight other products in 2015 and early 2016, including galvaniszd and colour-coated sheet and bar and wire rod, as well as plate, cold rolled coil, sections and semi-finished products such as slabs, bloom and billet.

According to a local media report, quoted on AMSA's website the latter company was keen to gain protection on HRC as the majority of imports in February this year were of this product. It is also chasing a further five "safeguard-duty" applications which could, if passed, impose even higher levels than the 10% already in place.

Patel said also, according to the report, that protection was being introduced with caveats, saying that the tariffs would be reviewed each year: “The clear understanding between the main steelmaker and government is that they will invest at least R4.6-billion to improve their plant competitiveness, will not close any steel plants and will not cut jobs beyond what had previously been announced”.

-- David Braid

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Strip product prices increase in Iran on good demand

Some 54,000 tons of flat rolled products were recently traded on the Iran Mercantile Exchange (IME) in a single day, pointing to a reasonable demand in the domestic market, in spite of price increases, Platts is informed by the exchange.

Mobarakeh Steel's hot rolled coil – for 60 days delivery ex-works – sold at IRR 1.572-1.599 million/metric ton ($453-461/mt), showing an increase of 8.1% from two weeks ago.

Cold rolled coil traded at IRR 1.938/mt ($558/mt) and hot-dip galvanized coil for IRR 2.188 million/mt ($630/mt) for 90 days delivery ex-works, showing a 10% increase in two weeks. Tinplate traded at IRR 2.726 million/mt ($785/mt), for 60 days ex-works delivery, representing a 3% increase in 14 days. All prices exclude 9% VAT.

Demand for HRC in a range of sizes is reported as good, according IME. However, the Iranian syndicate of pipe and profile manufacturer believes that the increasing HRC price is a threat for downstream industries and strongly asked the government to exclude strip of low thickness from the current import duty.

As reported by Platts, the import duty on about 260 different steel products including HS codes 72082700 (uncoated hot rolled coils greater than 600mm wide and less than 3mm thick) has been increased by the Iranian government to support domestic steel industry against what were called Chinese dumping prices.

-- Reza Zaer

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Iran longs market is slow, awaiting consumption revival

Following six weeks of a rising trend, the Iranian market for long steel products has quietened with a lack of end-user consumption, Platts learnt from market players in Tehran and Esfahan.

On April 25, 10,000 metric tons of 5SP billet produced by Khouzestan Steel Co (KSC) was traded for IRR 14.1 million/mt (about $405/mt) on the Iran Mercantile Exchange (IME). This was 11.4% more than IME billet trades over the previous ten days but about 6% lower than off-exchange trades.

The demand was 13,000 mt, according IME. KSC, the main Iranian semis producer, will continue to trade billet on IME weekly to supply domestic re-rollers, according one of its executives. Import of billet is not profitable now because of the 15% import duty imposed from March 21, an observer told Platts. But an increase in imports of scrap by private melting shop operators can be expected if billet prices rise further.

Long products markets are fairly quiet because of the stagnant situation in construction as well as uncertain prices. About 2 million mt of producers’ inventories have been sold within few weeks, but end-user consumption remains dull, according a trader.

About 5,000 mt of Esfahan Steel IPEs (120, 140 and 160mm) were traded for IRR 15.2-15.6 million/mt ($437-449/mt). On off-exchange markets, average sizes of A3 rebar are trading for IRR 16.4-16.5 million/mt ($472-475/mt). This is 9% more than ten days ago but below the peak price of April 20-21 which was IRR 17.5 million/mt. The price is not set by sellers and is quite negotiable, a trader in Tehran told Platts.

-- Reza Zaer

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Iran to import to import rail from India

In spite of the approaching start of rail production by Iranian company Esfahan Steel Co, Some rail needed for current development projects will be immediately imported from India, according to Mohsen Pourseyed Aghaei, deputy minister of road and urban development and managing director of Iranian Railway, quoted by domestic news agencies.

"We have to import the needed rail from other countries until domestic producers are able to supply it" he said. "We have signed a contract to import rail from India and 5% of the contract value is paid and 95% is financed by the Indian government to be paid over 12 years," he added. The tonnage of contract between Iran and India is not announced but the value of purchased rail is s about $700/metric ton, according to Pourseyed Aghaei.

He said two new railway projects are being delayed for want of rails, as a reason to not wait for domestic production. "We will buy all of the Esfahan Steel rail products as soon as they start to produce, but the rail mill project is delayed and we have not any certain date for start of practical production," he said.

Esfahan Steel is expected to start trial production of rails in June 2016 in two types of UIC-60 and UIC-54 which are used for national rail roads and also urban rail systems, according the company.

Iran was negotiating with State-owned Steel Authority of India Ltd (Sail) from 2014, but Iranian customs statistics show no rail imports from India since then. According to Iranian regulation, state companies and organisations are not allowed to import any material and machinery if it could be supplied by domestic producers.

-- Reza Zaer

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Iranian special steel producer raises exports by 15%

Special steel producer Iran Alloy Steel Co increased its exports 15% year-on-year by tonnage in the last Iranian year (ended March 20), Platts learned from the company.

The firm's exports of alloy steel totalled 20,000 metric tons worth about $10 million in the period. They were despatched to Germany, France, Netherlands, Spain, UAE, Belgium, Afghanistan, Turkey and – for the first time – Bulgaria, Portugal ,Pakistan, Czech Republic and Iraq.

Iran Alloy Steel is located in Yazd province, central Iran, and produces long products in a range of grades including stainless, free-cutting, tool steels, bearing steels and spring steels.

Iranian producers of auto parts are the main consumers of its products and its output is expected to increase in the current Iranian year after the government sharply increased import duty on auto components, and car manufacturers are under pressure to shift most of their orders to domestic parts producers.

Effective production capacity at Iran Alloy Steel is about 450,000 metric tons/year but is expected to increase to 650,000 mt/y by the installation of a new melt shop and caster.

-- Reza Zaer

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Prices show more strong gains in Europe, US, Asia: TSI

Steel prices moved up strongly again last week amid generally lengthening lead-times in the regions covered by The Steel Index's regular report. For the week ended 24 April, average delivery lead-times in northern Europe extended to 7.3 weeks for hot rolled coil, to 8.8 weeks for cold reduced coil and to 3.8 weeks for rebar, while plate and hot-dip galvanized coil lead-times declined.

It was a similar story in southern Europe, although here the HRC lead-time shortened drastically to 5.6 weeks from 7.8 weeks, while those for CRC and HDG lengthened. TSI's reference price for rebar in this region increased by €24/metric ton over the previous week to €387/mt ex-mill and has now gained almost 15% in the last four weeks.

Flat product reference prices in southern Europe also increased. HDG coil jumped €18/mt to €511/mt ex-mill and plate rose to €429/mt same basis. There was also a strong gain for HDG in northern Europe which rose €23/mt to €539/mt ex-mill. HRC was up by €3/mt in northern Europe and by €8/mt in the south.

TSI's reference prices for North America all showed double-digit dollar rises last week. The weekly average of its daily reference prices for HRC rose by $17/short ton to $493/st FOB Midwest mill. On the same basis, CRC rose by $43/st, HDG by $56/st and plate by $25/st. Lead-times in North America dipped for HRC but lengthened for CRC and HDG.

In Asia the weekly average reference price for HRC jumped by $36/mt to $467/mt CFR ASEAN port, while plate was also higher. For CRC the reference price dipped $1/mt to $475/mt same basis.

Companies wishing to receive TSI's full set of reference prices can apply on its website www.thesteelindex.com .

-- Henry Cooke

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Price recovery running out of steam: analysts

The recovery in steel prices internationally so far this year could soon tail off, according to the latest market analysis report by US-based consultancy Applied Value.

The recovery during the first quarter of 2016 was driven primarily by a rebound in raw material prices as well tightening trade policies. However, the report said "market dynamics still suggest this recovery could be limited, especially outside of North America. While input prices rose and some production capacity has been effectively removed from the market, oversupply remains, and economic uncertainty worldwide and weak steel demand are weighing down on price recovery."

In the USA, hot rolled coil prices increased in the first quarter as market dynamics improved, inventories fell and import threats lowered. "Prices can be expected to continue increasing in early Q2, propelled by stronger upward drivers and service centre restocking, before cooling off ahead of Q3," the report said.

In Europe "prices show signs of recovery like other markets and mills are effectively cutting production," Applied Value said. "However, a troubled economy and imports will slow upward momentum in late Q2." Europe's delay in delivering duties in anti-dumping cases "continues to make it a target for Chinese exports," the report said.

Steel prices in China "soared" in March partly thanks to economic optimism in response to the government's new stimulus plan, it said. "After this rally, however, the market has calmed down as more realistic trends and forecasts for China's economy emerge."

-- Henry Cooke

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TSI survey shows bullish sentiment on demand outlook

Market opinion about the outlook for steel demand has turned notably bullish, according to the latest sentiment survey by The Steel Index. In the week ended 24 April, 46% of respondents globally (up sharply from 26% the previous week) said they expect demand to increase in the next three months, while only 4% (down from 12%) think it will decrease.

Views on the outlook for price were little modified from the previous week, with 78% expecting prices to increase and 18% expecting no change.

In North America, half of respondents (up from 44%) think demand will increase but 17% (the highest number for five weeks) said they think it will fall. 17% of respondents also said they think prices will decrease, while 75% (down from 89%) believe they will rise.

Some 80% of respondents in this region reported no change in their inventory levels, with equal numbers reporting increased and decreased stocks compared with the previous week.

In Europe, 38% of respondents (up from 15%) think demand will increase while 62% think it will remain unchanged. 80% continue to believe steel prices will increase in the next three months: for the seventh consecutive week, no respondents said they think prices will fall.

Among European respondents, an unchanged 11% reported increased stock levels and 32% (up from 22%) lower inventory.

In Asia, an unchanged 67% of survey participants expect prices to increase while an increased 44% think demand will rise. No respondents said they expect falls in either demand or prices.

More information about TSI, a specialist pricing unit within Platts, is available on its website www.thesteelindex.com .

-- Henry Cooke

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