

# INTERNATIONAL STEEL REVIEW

**Keynote**

**June 2017**

**THE MEPS GLOBAL ALL PRODUCTS COMPOSITE STEEL PRICE CONTINUES TO SLIP**

Worldwide steel selling figures are projected to remain on a negative trend for the remainder of 2017. The MEPS global all products composite price declined by 1.7 percent, month-on-month, in June. Weakening demand conditions and falling mill raw material expenditure are likely to put further downward pressure on world steel values, in the near term.

The majority of North American flat product steel market participants expect further price deterioration during the third trimester. They anticipate seasonally weak purchasing activity,

in particular from the automotive sector, and reduced mill input costs. However, in an attempt to halt the recent slide in selling figures, regional steel producers announced a hike in list values, this month – with many buyers labelling this initiative as a ‘defensive move’ to prevent further price erosion.

Amid an uncertain climate, owing to the Section 232 investigation, foreign competition is expected to reduce. The mills’ price initiatives should minimise further losses, in the short term.

**Comparison of Domestic Transaction Prices (US\$/short ton)**

	HR Coil	HR Plate	CR Coil	HD Galv	E Zinc	W Rod	M Sect	Rebar	M Bar
<b>USA</b>	630	703	780	890	871	544	708	513	644
<b>Canada</b>	616	666	754	858	NA	528	653	488	632
<b>China</b>	367	358	418	474	NA	404	360	411	392
<b>Japan</b>	505	562	595	652	685	464	587	448	579
<b>South Korea</b>	502	453	599	671	703	380	550	481	542
<b>Taiwan</b>	466	542	497	512	617	536	657	404	464
<b>Poland</b>	512	533	635	708	703	461	562	448	502
<b>Czech Republic</b>	506	564	641	727	727	448	556	429	483
<b>EU (average)</b>	521	578	631	747	749	444	561	408	481
<b>Germany</b>	540	595	647	753	766	457	570	443	468
<b>France</b>	530	595	647	753	756	437	539	422	473
<b>Italy</b>	496	534	595	708	695	427	570	386	503
<b>UK</b>	546	578	653	773	772	462	555	445	497
<b>Spain</b>	504	539	601	732	736	427	560	396	463

Based on low values

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North American long product figures continue to be hampered by lacklustre demand and fierce competition between domestic producers. We expect US buyers to resist the mills' attempts to raise construction steel prices. Slightly declining scrap costs will support their efforts to secure further price concessions, until the end of the year.

In Europe, flat product numbers are likely to soften further, in the remainder of 2017, as a consequence of improved supply, in particular for hot dipped galvanised material. High inventory levels throughout the supply chain and significant import penetration from third countries will exert downward pressure on regional values. Long product selling figures are expected to slip, as a result of plentiful supply and

sluggish demand, within the region.

MEPS expects regional prices, in Asia, for both flat and long products, to be under negative pressure, in the second half of 2017, owing, mainly, to falling mill raw material expenditure. In the near term, Chinese prices are likely to remain volatile. However, regional mills may be reluctant to offer discounted deals, as previous price gains, within the region, were modest, compared with those in Europe and North America.

Despite the anticipated price falls towards the end of 2017, MEPS predicts that global steelmakers, in particular flat product suppliers, will retain a vast proportion of the gains that they secured since the beginning of last year.

## Flat Products

### Hot Rolled Coil

US selling figures for hot rolled coil declined by US\$40 per tonne, this month, compared with those reported in May. In early June, a number of local producers announced a list price hike of US\$30 per short ton, in an attempt to halt the downward pressure. US steel buyers note little "cost-push or demand-pull" rationale to lift transaction values. The uncertainty surrounding Section 232 legislation is supporting mill efforts to prevent further price erosion. It is reported that discounted offers, in particular from domestic mini-mills, have been withdrawn, as a result of the latest pricing initiative.

Delivery lead times, in the US, are between three and five weeks. Demand remains fair. However, we note that the upside pricing risk associated with Section 232 is prompting hot rolled coil buyers to purchase material, in anticipation of figures rebounding, in the near term.

Owing, mainly, to the negative price trend in the neighbouring US market, Canadian transaction values fell for the second successive month, in June. Several Canadian stockists remark that the recent price hike, announced by regional mills, is likely to "draw a line in the sand" at current price levels – with values expected to stabilise, in the coming months. Traditional import volumes, from Turkey and Russia, have become scarce, according to our research.

Following recent price slides, Chinese steelmakers had a reversal of fortunes, this month, as local figures rebounded by RMB190 per tonne. In the past four

weeks, domestic hot rolled coil values fluctuated - with figures generally trending upwards. Several Chinese hot rolled coil buyers note that domestic demand is holding firm, particularly, in the north of the country. Japanese steel mills are struggling to implement price hikes because of weak demand conditions, both domestically and in key export markets. In March, hot rolled coil shipments declined by 11.7 percent, year-on-year.

MEPS' South Korean numbers contracted by KRW40,000 per tonne, for the second successive month, due to competitively-priced Chinese imports and a sluggish trading environment. In contrast, the negative price trend, in Taiwan, came to a halt, this month, as values increased by NT\$500 per tonne. However, Taiwanese steelmakers are likely to

### Currency Exchange Rates

		US dollars (US\$)	
		3-May	1-Jun
Canada	C\$	1.373	1.348
China	RMB	6.893	6.806
Japan	Yen	112.0	111.3
South Korea	KRW	1128	1122
Taiwan	NT\$	30.03	30.13
Poland	ZL	3.843	3.742
Czech Rep	KC	24.62	23.48
Eurozone	€	0.915	0.892
UK	£	0.773	0.776

## Flat Products Domestic Transaction Prices

price/metric ton

		US (US\$)+ /ton	US (US\$)+ /tonne	Canada (C\$)+ /ton	Canada (C\$)+ /tonne	China (RMB)	Japan (‘000 Yen)	S Korea (‘000 KRW)	Taiwan (‘000 NT\$)	Poland (ZL)	Czech Rep (KC)
Hot Rolled Coil	High	676	745	885	975	2860	66.0	650.0	18.3	2310	14000
	Low	630	695	830	915	2750	62.0	620.0	15.5	2110	13100
Hot Rolled Plate	High	748	825	953	1050	2800	75.0	580.0	20.3	2350	15200
	Low	703	775	898	990	2690	69.0	560.0	18.0	2200	14600
Cold Rolled Coil	High	835	920	1070	1180	3270	78.0	770.0	18.0	2820	17600
	Low	780	860	1016	1120	3140	73.0	740.0	16.5	2620	16600
Hot Dipped Galvanised Coil	High	935	1031	1211	1335	3700	85.0	870.0	19.3	3170	19300
	Low	890	981	1157	1275	3560	80.0	830.0	17.0	2920	18800
Electro-Zinc Coated Coil	High	916	1010	NA	NA	NA	90.0	930.0	21.5	3200	19500
	Low	871	960	NA	NA	NA	84.0	870.0	20.5	2900	18800

+ Includes surcharge on all products in the US and Canada.

NA = Not available.

China prices exclude VAT.

US and Canada hot rolled coil prices include a size extra for material 0.08 inches thick, with a width over 42 inches. This is not a base price.

		EU AVG (€)	Germany (€)	France (€)	Italy (€)	UK (£)	UK (€)	Spain (€)
Hot Rolled Coil	High	547	566	561	528	492	566	516
	Low	512	531	521	488	467	537	496
Hot Rolled Plate	High	610	625	635	565	524	602	580
	Low	568	585	585	525	494	568	530
Cold Rolled Coil	High	663	676	676	635	594	683	631
	Low	621	636	636	585	559	643	591
Hot Dipped Galvanised Coil	High	776	780	780	746	701	806	760
	Low	734	740	740	696	661	760	720
Electro-Zinc Coated Coil	High	780	803	773	723	700	805	763
	Low	737	753	743	683	660	759	723

## Product Definitions

Hot Rolled Coil - 2-3mm thickness, width over 1.1 metres - except USA and Canada 0.08 inches thickness, width over 42 inches.

Hot Rolled Plate - 15-40mm thickness, width over 2.0 metres - except China and Taiwan width less than 2.0 metres and USA and Canada 1-1.5 inches thickness, width over 60 inches.

Cold Rolled Coil - 1mm thickness, width over 1.3 metres - except USA and Canada 0.05 inches thickness, width over 42 inches.

Hot Dipped Galvanised Coil - 1mm thickness, width over 1.1 metres, standard coating - except Eastern Europe sheet form, USA and Canada 0.05 inches thickness, width over 40 inches, coating G90 and EU coating thickness 275 gm/m<sup>2</sup>.

Electro-Zinc Coated Coil - 1mm thickness, width over 1.1 metres, standard coating - except USA 0.05 inches thickness, width over 48 inches.

### Flat Products Domestic Transaction Price Forecasts - Asia (US\$/metric ton)

Based on low values	Actual		Forecast				
	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
<b>Hot Rolled Coil</b>	507	500	495	490	485	480	475
<b>Hot Rolled Plate</b>	528	520	515	510	510	505	500
<b>Cold Rolled Coil</b>	581	575	570	570	565	560	555
<b>HD Galv Coil</b>	674	665	660	660	660	655	650
<b>EZ Coated Coil</b>	737	730	725	725	725	720	715

struggle to implement further gains, as local demand remains weak. Domestic producer, China Steel Corp, announced a list price reduction of NT\$1459 per tonne for third trimester business.

Polish selling figures reduced by ZL200 per tonne, this month, relative to those in May. Amidst high inventory levels and shortened domestic delivery lead times, local producers are likely to offer further discounted deals, in an attempt to secure orders. Hot rolled coil prices fell significantly, in the Czech Republic, in June. This was influenced by weakening demand and strong competition amongst local and regional mills. Service centres' inventories are growing. Several Czech purchasing managers remark that competitively-priced imports from Serbia, Hungary and Russia continue to put downward pressure on local transaction figures. In Western Europe, domestic values slipped by between 2 percent and 6 percent, in June, in euro terms, relative to those recorded in the previous month. High inventories, largely, prompted the negative price movement.

#### Hot Rolled Plate

US and Canadian selling values moved down by US\$25 per tonne and C\$20 per tonne, respectively, in the past four weeks. In mid-June, US steelmaker, Nucor Corporation, announced a list price increase of US\$30 per short ton, in an attempt to prevent further price deterioration. At the time of writing, it is unclear whether regional steel buyers will accept the mill price hike, as domestic demand from plate-consuming sectors, in both countries, is steady not spectacular. Delivery lead times, in the US, are between four and six weeks. We believe that plate prices are likely to stabilise, in the near term. Offshore supply options, into the US, remain hugely restricted because of existing trade petitions and the ongoing speculation surrounding the Section 232 investigation.

Chinese hot rolled plate values made a slight rally, in June, following a series of price falls. Local figures rose by RMB80 per tonne in the past four weeks, owing to improved market fundamentals within the country. Despite the efforts of Japanese steelmakers to lift domestic transaction values, the pricing trend of hot rolled plate remains flat. Customers are reluctant to place orders at the higher price level, as demand from the shipbuilding sector, in particular, is weak. In Taiwan and South Korea, local selling figures are similar to those one month ago.

Hot rolled plate buyers, in Poland and Czech Republic, were successful in securing significant price concessions from domestic and regional mills, this month. Owing to a poor trading environment, in both countries, local values were slashed by ZL250 per tonne and KC800 per tonne, respectively, relative to those recorded in our previous edition. Transaction figures, in mainland Europe, moved down by between 2.8 percent and 4.9 percent, in euro terms, this month, as a consequence of competitively-priced imports and cautious order placement by distributors.

#### MEPS - Steel Purchasing Price Index API Line pipe X60/65 Composite

	Hot Rolled Plate		Hot Rolled Coil	
	Q1/17	Q2/17	Q1/17	Q2/17
<b>EU Average</b>				
<b>Non Sour</b>	92.6	93.4	108.3	105.8
<b>Sour</b>	98.4	101.5	107.7	108.5
<b>Asia Average</b>				
<b>Non Sour</b>	96.9	95.1	113.8	108.3
<b>Sour</b>	107.1	107.1	114.7	112.3

\* Q4/06 = 100 - based on US dollar values

\*\* p = Provisional

## Cold Rolled Coil

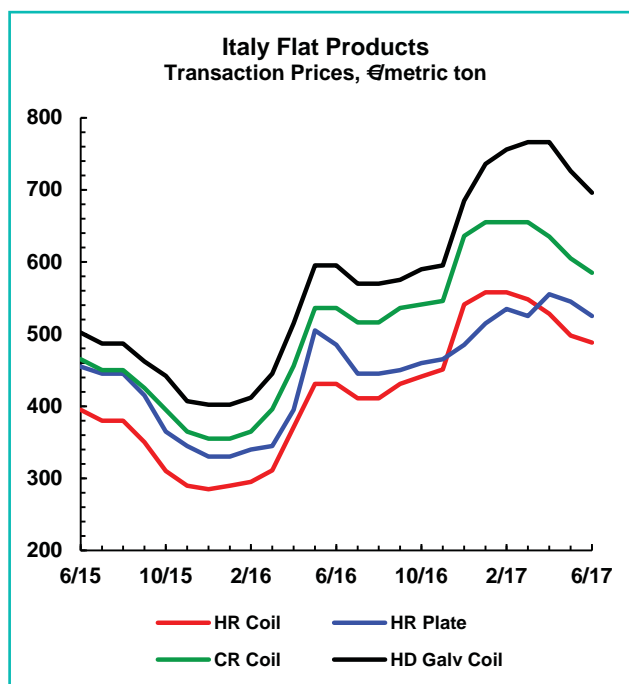
The negative price movement of US selling figures continued, this month, as local values moved down by an average of US\$40 per tonne, relative to those in May. A slowdown in automotive demand and a rise in imports prompted the latest downward price pressure. Offshore volumes, into the US, increased by 31.6 percent, in April, year-on-year. In mid-June, a number of US producers announced a price hike of US\$30 per short ton. The consensus view of cold rolled coil buyers is that US mills 'seized the chance' to raise their offers, owing to the ongoing talk about Section 232. As a result of the latest price initiative, we believe that cold rolled selling figures are likely to stabilise, in the near term. Domestic delivery lead times are holding firm at around six to eight weeks.

Canadian transaction values decreased by C\$50 per tonne in the past four weeks, because of weakening market fundamentals. However, several Canadian buyers remark that a 'two-tier' pricing structure remains evident. Significant quantities of competitively-priced Chinese material is readily available within the domestic market.

Following recent price reductions, Chinese cold rolled coil figures rebounded marginally in the past four weeks, as local values moved up by RMB50 per tonne. Domestic producer, Wugang, announced rollover list prices for July deliveries. In Japan, stockists reported that they had secured unchanged prices during recent negotiations.

Taiwanese selling figures continue to slide, in June, albeit at a slower pace than in the preceding month. However, it is likely that domestic steel buyers will secure further discounted deals, in the near term, after local producer, China Steel Corp, slashed third quarter list prices, amid weakening trading conditions. South Korean transaction values contracted, this month. Local figures fell by KRW40,000 per tonne, in the past four weeks, because of a slowdown in market activity.

The negative price movement of Polish and Czech transaction figures continued, this month. A number of stockists note that cold rolled coil has become more readily available, in the region. Domestic and regional service centres appear to be willing to offer material at reduced prices, in an attempt to minimise their inventories, ahead of the summer vacation period. In continental Europe, local selling figures moved down, this month, in all of the countries researched. German and Italian transaction values fell by 3 percent and 3.3 percent, respectively, in the past four weeks, as a result of high stocks and a plethora of competitively-



priced third country offers.

## Coated Coil

MEPS' US galvanised coil selling figures decreased by US\$40 per tonne, this month, owing, largely, to a demand slowdown from the automotive sector, albeit from record levels. Domestic delivery lead times are between six and eight weeks. Furthermore, import volumes, into the US, rose by 36.9 percent, in April, year-on-year. However, we believe that any further price falls should be minimised, as a number of local producers recently announced a list value hike of US\$30 per short ton. Several US steel buyers speculate that a further mill price increase is likely, in the coming weeks, to support the initial initiative. Canadian transaction values reduced by C\$70 per tonne, in the past four weeks, because of weak market fundamentals. Significant quantities of competitively-priced Chinese and Indian material continue to put negative pressure on domestic values.

Chinese transaction figures moved up marginally, by RMB10 per tonne, relative to those one month ago. However, domestic vehicle production, in May, fell by 2.4 percent, month-on-month. The majority of business, in Japan, was concluded at rollover prices, this month. MEPS' Taiwanese and South Korean galvanised coil selling figures declined by NT\$1500 per tonne and KRW50,000 per tonne, respectively, in June, because of a slow trading environment, in both countries.

Shortening delivery lead times and high inventories, at the distributor level, prompted Polish and regional

steelmakers to offer significant price concessions to hot dipped galvanised coil buyers. Local values were cut by ZL300 per tonne, in the past four weeks. Car production, in Poland, slipped by 5.3 percent, in April, year-on-year. We have reports of decreasing prices, in the Czech Republic, despite sales to the automotive industry remaining robust. Availability of hot dipped galvanised material, from the mills, is tight. However, a number of Czech steel participants remark

that regional service centres are offering material at discounted prices for July/August delivery. In Western Europe, regional steel manufacturers conceded price reductions, this month, despite a continued shortage of galvanised material being offered by the mills. German transaction values moved down by 6.3 percent in the past four weeks, owing to high service centre stocks and competitively-priced imports from Asia.

## Long Products

### Wire Rod

Domestic mesh quality selling values, in the US, were unchanged for the third successive month, in June, as a consequence of stable scrap expenditure. This month, a number of local producers, including Nucor and Keystone, announced a base price increase. The majority of US wire rod participants expect this price hike to be supported by the market with little resistance, owing, mainly, to supply-side considerations. A number of US wire rod buyers note that availability of material, both from domestic and offshore sources, is becoming increasingly restricted. In June, the majority of business, in Canada, was conducted at rollover prices.

This month, Chinese steelmakers successfully managed to recoup the small price reduction of RMB20 per tonne conceded in May. Transaction values, in Japan, are, currently, similar to those in last month's report. Amid a weak demand outlook, in Taiwan, domestic selling values fell by NT\$500 per tonne, in the past four weeks. Competitively-priced imports from China and reduced mill raw material expenditure are likely to prompt further negative pressure, in the coming months. MEPS' South Korean tabled numbers are KRW50,000 per tonne lower, this month, than those reported in May, because of falling

Chinese import offers.

Slow order intake put Polish and Czech mesh quality values under downward pressure, in June, as figures fell by ZL100 per tonne and KC600 per tonne, compared with those recorded one month ago. Several Polish stockists note that a number of regional steel producers are offering discounted deals for July, amid fierce competition between mills. Transaction figures, in the mainland European countries researched, reduced by between 2.3 percent and 4.5 percent, in euro terms, in the past four weeks.

### Medium Sections and Beams

Selling figures, in the US, are similar to those recorded one month ago. Amid a steady trading environment, a number of US stockists note that competitively-priced offshore material, in particular from Europe, remains readily available in the domestic market. Canadian steelmakers held onto their May numbers, this month, owing to stable scrap costs.

The negative price tendency of Chinese prices came to a halt, as local figures moved up by RMB120 per tonne in the past four weeks, as a consequence of tighter supply conditions. Japanese domestic selling figures, in June, remain unchanged. Local producer,

### Long Products Domestic Transaction Price Forecasts - Asia (US\$/metric ton)

Based on low values	Actual		Forecast				
	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
<b>Wire Rod</b>	492	485	480	475	470	465	460
<b>Medium Sections</b>	594	585	580	575	565	555	550
<b>Reinforcing Bar</b>	481	470	465	460	450	440	435
<b>Merchant Bar</b>	545	535	530	525	520	515	510

Tokyo Steel, announced rollover list prices for the fifth successive month, for July deliveries.

Taiwanese selling figures continue to slide, in June, albeit at a slower rate, than one month ago, owing to weak demand. In contrast, South Korean numbers are KRW10,000 per tonne higher, this month, than those in our previous edition.

Polish and Czech transaction values moved down by ZL100 per tonne and KC900 per tonne, respectively, month-on-month, owing to reduced mill input costs and a subdued trading environment within the region.

In continental Europe, Italian and German transaction values fell by 0.9 percent and 1.8 percent, respectively, in June, compared with the previous month.

### Reinforcing Bar

The majority of US reinforcing bar business was conducted at rollover prices, this month. A number of US steel buyers state that they prefer to procure material locally, because of uncertainties from existing trade petitions and the speculation surrounding Section 232. However, small quantities of material from Turkey, Portugal and South Africa are available

## Long Products Domestic Transaction Prices

price/metric ton

		US (US\$)+ /ton	US (US\$)+ /tonne	Canada (C\$)+ /ton	Canada (C\$)+ /tonne	China (RMB)	Japan ('000 Yen)	S Korea ('000 KRW)	Taiwan ('000 NT\$)	Poland (ZL)	Czech Rep (KC)
Wire Rod	High	590	650	767	845	3150	60.0	500.0	19.3	2000	12200
	Low	544	600	712	785	3030	57.0	470.0	17.8	1900	11600
Medium Sections and Beams	High	753	830	925	1020	2810	75.0	710.0	23.0	2420	15400
	Low	708	780	880	970	2700	72.0	680.0	21.8	2320	14400
Reinforcing Bar	High	549	605	703	775	3200	57.0	625.0	14.8	1950	11900
	Low	513	565	658	725	3080	55.0	595.0	13.4	1850	11100
Merchant Bar	High	671	740	880	970	3060	75.0	720.0	15.9	2170	13500
	Low	644	710	853	940	2940	71.0	670.0	15.4	2070	12500

+ Includes surcharge on all products in the US and Canada.

NA = Not available.

China prices exclude VAT.

		EU AVG (€)	Germany (€)	France (€)	Italy (€)	UK (£)	UK (€)	Spain (€)
Wire Rod	High	460	470	460	440	425	489	450
	Low	436	450	430	420	395	454	420
Medium Sections and Beams	High	595	610	570	595	515	592	590
	Low	551	560	530	560	475	546	550
Reinforcing Bar	High	418	455	445	390	410	471	410
	Low	401	435	415	380	380	437	390
Merchant Bar	High	502	500	485	515	445	511	495
	Low	473	460	465	495	425	489	455

### Product Definitions

Wire Rod (Mesh Quality) - 8-12mm diameter - except USA and Canada 0.3-0.5 inches and China 6.5mm.

Medium Sections and Beams - 240 x 240mm H-Beam - except USA and Canada 10 x 10 inches wide flange beam and China 300 x 300mm H-beam.

Reinforcing Bar (Deformed) - 16-20mm diameter - except USA and Canada #6 0.75 inches diameter.

Merchant Bar - 50 x 50 x 6mm equal angle - except USA and Canada 2 x 2 x 0.25 inches.

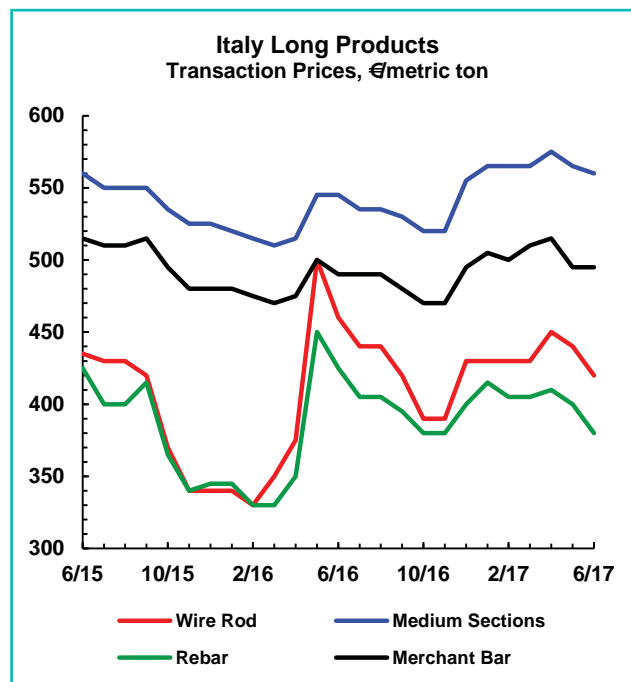
in the US market.

Selling figures, in Canada, were stable, in June, compared with the numbers reported in May. Domestic transaction figures are likely to remain unchanged, in the near term, owing to stable scrap expenditure. However, one Canadian stockist insists that any pickup in market activity could “be the trigger” for a regional mill list price hike.

Chinese reinforcing bar prices continued to advance, in June, as domestic selling values rose by RMB70 per tonne, month-on-month. Tight supply conditions, owing to the closure of induction furnaces, prompted the latest positive price movement. However, a number of Chinese steel buyers note that they expect local values to soften, in the coming months, as a consequence of a slowdown in order intake and high inventory levels within the country.

In Japan, domestic transaction prices stabilised, this month, after moving up slightly in May. MEPS’ Taiwanese tabled numbers are unchanged, relative to those one month ago. South Korean selling figures rose slightly (KRW10,000 per tonne), in June, after remaining stable in our previous edition.

Transaction prices are decreasing, in Poland, due to reduced mill raw material expenditure. However, April construction activity increased by around 10 percent, year-on-year. In the Czech Republic, the reinforcing bar price reduced by KC700 per tonne, from the figure recorded four weeks earlier. Selling values slipped, in June, in all of the West European countries researched, compared with those recorded one month ago. High inventories, largely, prompted most of the negative price movement.



### Merchant Bar

Transaction prices, in the US and Canada, remain unchanged for the second successive month, in June. Stockists, in both countries, are continuing to resist mill attempts to lift selling values, amid a steady demand outlook. Delivery lead times, in the US, are between eight and twelve weeks.

Chinese transaction values moved up by RMB90 per tonne, in June, after falling marginally, in May. In Japan, domestic selling values are similar to those one month ago. Amid tepid demand, Taiwanese prices continued to slide, this month, albeit at a slower rate than in May. South Korean steelmakers

### MEPS Industrial Sector Steel Purchasing Price Index

January 2007 = 100	World		EU		North America		Asia	
	Last Month	This Month	Last Month	This Month	Last Month	This Month	Last Month	This Month
<b>Auto Body Parts</b>	88.6	86.3	80.5	79.0	108.9	105.6	77.8	75.5
<b>Construction Industry</b>	96.8	96.6	79.2	78.4	108.3	107.8	107.2	107.8
<b>Household Appliances</b>	90.0	87.6	82.0	81.0	106.8	102.9	81.5	78.8
<b>Machinery Sector</b>	95.8	95.0	76.7	76.1	110.5	108.4	105.1	105.6
<b>Shipbuilding Industry</b>	87.1	86.0	72.3	71.3	97.2	94.8	96.0	96.9
<b>Shipping Containers</b>	102.0	100.8	79.3	78.7	123.5	119.6	110.4	111.5
<b>Yellow Goods</b>	105.1	103.0	88.5	87.4	123.3	118.3	105.3	105.6



were partially successful in recouping last month's price losses, as local values rose by KRW10,000 per tonne, in the past four weeks.

Merchant bar prices decreased, this month, in Poland and the Czech Republic, due to reduced mill input costs and strong competition between producers, in both countries. A number of Polish and Czech steel market participants remark that buyers are likely to

hold off procuring material, in anticipation of further price reductions, ahead of the summer vacation period. In mainland Europe, domestic transaction figures fell, in the majority of countries researched, this month. French selling values moved down by 2.1 percent in the past four weeks, owing to reduced mill raw material expenditure. However, the majority of business, in Italy, was conducted at rollover prices, in June.

## Market & Industry Scene

### Capacity/Investment

Nucor is constructing a new 500,000 short tons per year hot dipped galvanising line at the Gallatin mill in Ghent, Kentucky. It will process sheet up to 72 inches in width, making it the widest coating line of its type, in North America. Nucor is investing US\$176 million into the project, with commissioning scheduled for summer 2019.

ArcelorMittal Long Products Canada has commissioned a new finishing line at Quebec's Longueuil bar mill. Construction has taken eighteen months to complete and has cost C\$27 million. The plant has an annual production capacity of 500,000

tonnes – an increase of 25 percent. In a separate development, ArcelorMittal has outlined plans to install two new walking beam furnaces at its flat products facility in Burns Harbor, Indiana, USA. The furnaces are expected to be operational in 2020.

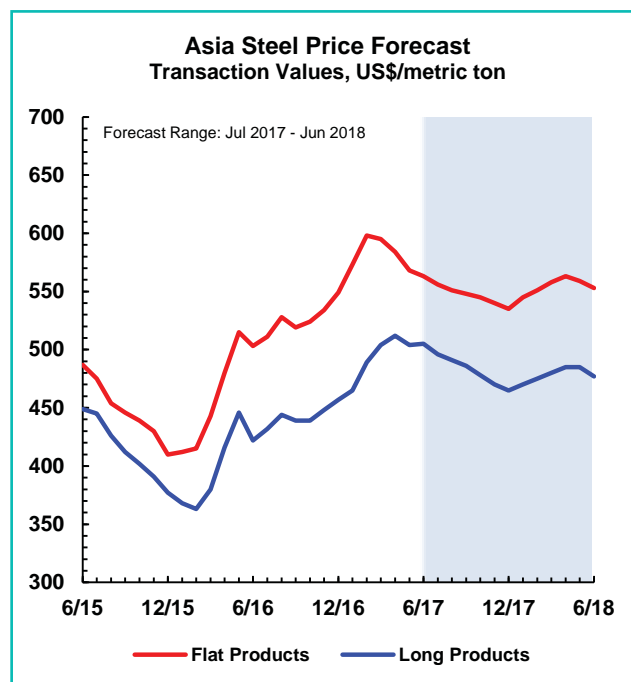
Taiwan's Formosa group has blown in the first of two 3.5 million tonnes per year blast furnaces at its Ha Tinh steelworks, in Vietnam. A series of incidents delayed start-up for nearly two years. These include the fallout from a major environmental crisis caused by the release of untreated wastewater and separate investigations of tax evasion and corruption. The second furnace is scheduled to come online in twelve months.

## Medium Term Price Forecasts

### Asia Steel Price Forecast

The MEPS Asian average flat product composite price slipped by US\$5 per tonne, in June, compared with the previous month. Average long product selling figures inched up by US\$1 per tonne, during the same period.

MEPS predicts that a downward trend in transaction values will develop, in the second half of 2017. Steel demand from downstream sectors, particularly construction, is likely to be curtailed by unfavourable weather conditions, in the coming months. This seasonal downturn in purchasing activity is likely to exert negative pressure on steel prices, during the summer. However, MEPS expects that regional steelmakers will attempt to improve their margins, in the second half of the year, by limiting the size of the price concessions they offer. Since late 2016, rises in mill input expenditure have substantially outstripped increases in steel selling values.



### World/Regional Average Transaction Prices (US\$/short ton)

		World		EU		North America		Asia	
		Last Month	This Month	Last Month	This Month	Last Month	This Month	Last Month	This Month
Hot Rolled Coil	High	588	576	562	556	706	673	494	499
	Low	548	536	527	521	661	629	456	460
Hot Rolled Plate	High	634	627	628	621	763	743	511	516
	Low	593	585	586	578	718	699	474	479
Cold Rolled Coil	High	702	688	677	674	864	830	566	559
	Low	660	645	636	631	811	777	534	527
Hot Dipped Galvanised Coil	High	820	793	809	789	966	931	686	660
	Low	776	748	767	747	922	886	638	611
Electro-Zinc Coated Coil	High	828	806	786	793	953	916	748	711
	Low	786	763	744	749	907	871	705	669
Wire Rod	High	515	511	473	468	590	590	484	474
	Low	484	478	450	444	544	544	457	446
Medium Sections and Beams	High	634	638	601	605	744	745	556	563
	Low	596	601	558	561	699	701	532	539
Reinforcing Bar	High	477	477	433	425	544	545	454	461
	Low	451	452	415	408	509	510	429	436
Merchant Bar	High	565	567	509	511	668	670	519	521
	Low	538	539	480	481	641	642	494	494

World prices are an arithmetic average of the values identified in three regions (EU, Asia and North America). EU prices are a weighted average of the values identified in Germany, France, Italy, UK and Spain. North America prices a weighted average of the values identified in USA and Canada. Asia prices are an arithmetic average of the values identified in Japan, Taiwan, South Korea and China. All prices are collected in national currencies and converted into US dollars to provide a basis for comparison. Individual product price forecasts are available. Please visit <http://www.meeps.co.uk/world-price.htm>.

### World/Regional Average Steel Purchasing Price Index

	World		EU		North America		Asia	
	Last Month	This Month	Last Month	This Month	Last Month	This Month	Last Month	This Month
Hot Rolled Coil	171.6	167.9	179.3	177.2	182.3	173.3	152.0	153.2
Hot Rolled Plate	166.4	164.1	181.0	178.4	174.1	169.2	142.5	143.9
Cold Rolled Coil	153.3	149.7	155.1	154.0	173.6	166.4	128.3	126.6
HD Galv Coil	147.4	142.2	147.7	143.9	170.2	163.7	123.1	118.0
EZ Coated Coil	146.8	142.5	156.8	157.9	149.3	143.3	134.4	127.5
Wire Rod	171.9	170.0	168.7	166.3	193.5	193.5	154.1	150.5
Medium Sections	153.1	154.3	142.0	142.7	175.2	175.7	141.9	143.8
Reinforcing Bar	163.0	163.3	162.1	159.6	170.0	170.3	156.1	158.7
Merchant Bar	177.0	177.3	165.3	165.6	220.9	221.3	149.0	149.3

Note:- Price indices are calculated using the low figures in the above table - January 1997=100. Individual product price forecasts are available. Please visit <http://www.meeps.co.uk/world-price.htm>. Please note - EU price indices in this table are calculated using dollar values and will differ from the euro figures listed on our website.

**Negotiated Domestic Transaction Prices - Month on Month % Change  
June 2017 versus May 2017**

	HR Coil	HR Plate	CR Coil	HD Galv	E Zinc	W Rod	M Sect	Rebar	M Bar
<b>USA</b>	-5.4	-3.1	-4.4	-3.9	-4.0	0.0	0.0	0.0	0.0
<b>Canada</b>	-2.1	-2.0	-4.3	-5.2	NA	0.0	0.0	0.0	0.0
<b>China</b>	7.4	3.1	1.6	0.3	NA	0.7	4.7	2.3	3.2
<b>Japan</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>South Korea</b>	-6.1	0.0	-5.1	-5.7	-5.4	-9.6	1.5	1.7	1.5
<b>Taiwan</b>	3.3	0.0	-2.9	-8.1	-10.9	-2.7	-0.9	0.0	-5.5
<b>Poland</b>	-8.7	-10.2	-7.1	-9.3	-9.4	-5.0	-4.1	-5.1	-8.8
<b>Czech Rep</b>	-10.3	-5.2	-5.7	-7.8	-6.9	-4.9	-5.9	-5.9	-6.0
<b>EU (average)</b>	-3.8	-3.9	-3.1	-5.0	-1.7	-4.0	-2.1	-4.1	-2.3
<b>Germany</b>	-3.6	-3.3	-3.0	-6.3	0.0	-4.3	-1.8	-3.3	-2.1
<b>France</b>	-3.7	-4.9	-1.5	-3.9	-1.3	-2.3	-1.9	-5.7	-2.1
<b>Italy</b>	-2.0	-3.7	-3.3	-4.1	-4.2	-4.5	-0.9	-5.0	0.0
<b>UK</b>	-3.1	-2.0	-1.8	-2.9	-1.5	-1.3	-3.1	-1.3	-4.5
<b>Spain</b>	-4.8	-2.8	-4.1	-2.7	0.0	-2.3	0.0	-2.5	-1.1

**Steel Purchasing Price Index (based on local currency per metric ton values)**

	HR Coil	HR Plate	CR Coil	HD Galv	E Zinc	W Rod	M Sect	Rebar	M Bar
<b>USA</b>	121.9	88.1	134.4	115.0	121.5	77.9	85.7	85.6	75.5
<b>Canada</b>	134.2	90.0	145.5	137.1	-	92.4	97.0	95.4	89.5
<b>China</b>	84.6	87.1	88.0	96.2	-	102.0	82.1	96.3	94.8
<b>Japan</b>	92.5	86.3	91.8	87.9	91.3	87.7	92.3	78.6	86.6
<b>South Korea</b>	76.5	63.6	81.3	84.7	88.8	71.2	81.0	83.8	95.7
<b>Taiwan</b>	96.9	100.0	82.5	82.9	102.5	107.9	101.4	86.5	83.2
<b>Poland</b>	118.5	89.4	124.2	128.1	134.3	115.2	92.8	132.1	103.5
<b>Czech Rep</b>	104.8	81.6	109.9	119.0	121.3	104.5	84.7	101.8	89.9
<b>Germany</b>	118.0	84.2	116.7	126.3	128.3	102.3	95.4	94.6	86.0
<b>France</b>	113.3	84.2	116.7	126.3	124.5	107.5	101.3	96.5	86.9
<b>Italy</b>	119.0	86.1	125.8	140.3	129.6	97.7	89.9	90.5	90.8
<b>UK</b>	115.0	83.2	123.4	133.8	136.6	98.8	69.9	102.7	92.4
<b>Spain</b>	118.1	79.8	127.1	139.5	139.8	102.4	94.8	95.1	82.0

Price indices are calculated using the low figures in the transaction price tables - January 2009 = 100

## Transaction Price Definitions

Transaction values relate to those agreed by steelmakers and service centres for prime material in the specified steel products. Prices are for regular business between customers and their local steel mills, negotiated during the current month for delivery in the future.

Transaction prices include extras for size and coating, where applicable, for the lowest priced grade of steel - sold ex-works/ex-mill. Additional extras for processing, packaging, testing and inspection are excluded. Delivery charges and local taxes are not included in the quoted prices. Contract deals arranged in the domestic market, or deals for lots of imported steel, are specifically excluded from our price evaluation.

All price and market data is researched by MEPS staff and its local correspondents. High and low values are provided to reflect the range of prices in the market between major and minor customers.

Please note the transaction references in the different geographic areas:

USA - Midwest spot transaction prices from the domestic mills.

China - spot transactions between the mills and first tier distributors across the main consuming regions.

Japan - spot transaction prices between mills and first tier stockholders or consumers.

Korea - the low price relates to deals between the mills and large steel consumers and the high price refers to ex stock mill sales through selected outlets.

Poland - ex-mill to consumers or to selected sales outlets.

The data contained in this newsletter has been obtained from respondents who we consider provide accurate intelligence on the steel market. We make our best endeavours to be assured that the information is correct and that our analysis is reliable. MEPS (International) Ltd cannot be made liable for any loss resulting from the use of our published data, however it may arise.

***The July issue of the International Steel Review will be dispatched by post & PDF on 25 July, 2017. Express Price Tables will be dispatched by e-mail in excel format on 18 July, 2017.***

### World Steel Outlook to 2021 (Quarterly)

One-year and five-year forecasts for crude steel, pig iron and DRI production for all main producing countries/regions. Also included is detailed statistics for finished steel production for the ten main rolled steel products (Hot Rolled Coil, Hot Rolled Plate, Cold Rolled Coil, Metal Coated Sheet, Electrical Sheet, Tinplate, Wire Rod, Sections and Beams, Rebar and Merchant Bar) in the EU, China, India, Japan, South Korea, Taiwan, Brazil and the US. From trade data we are also able to prepare estimates for apparent consumption.

The report briefly comprises of:

- Steel Market Overview
- Economic Overview (Including GDP forecasts)
- Iron and Steel Production (Short and long-term forecasts for crude steel, pig iron and DRI)
- Finished Steel Production, Trade and Consumption
- Regional Steel Price (Charts)
- Historical Data Tables

