



# SEMI-FINISHED STEEL REVIEW

INCORPORATING STEELMAKING RAW MATERIALS PRICE DATA

## BILLET PRICES (US\$/metric tonne)

|                         | Apr-17 |      | May-17 |      |     |      | Jun-17 |      |     |      | Mid-Month  |
|-------------------------|--------|------|--------|------|-----|------|--------|------|-----|------|------------|
|                         | Mid    |      | Early  |      | Mid |      | Early  |      | Mid |      | Difference |
| DOMESTIC                | Low    | High | Low    | High | Low | High | Low    | High | Low | High | %          |
| <b>Canada</b>           | 463    | 503  | 463    | 500  | 463 | 500  | 480    | 520  | 480 | 520  | 3.7%       |
| <b>China</b>            |        |      |        |      |     |      |        |      |     |      |            |
| - Hebei Province        | 339    | 342  | 365    | 370  | 384 | 389  | 377    | 382  | 401 | 403  | 4.6%       |
| - Liaoning Province     | 341    | 348  | 370    | 378  | 381 | 389  | 382    | 389  | 400 | 408  | 4.8%       |
| - Shanxi Province       | 339    | 350  | 367    | 375  | 378 | 386  | 378    | 386  | 393 | 400  | 3.9%       |
| - Average               | 339    | 346  | 367    | 374  | 381 | 388  | 379    | 384  | 398 | 403  | 4.4%       |
| <b>India †</b>          |        |      |        |      |     |      |        |      |     |      |            |
| - Chennai               | 423    | 433  | 423    | 428  | 395 | 400  | 382    | 387  | 390 | 400  | -1.4%      |
| - Delhi                 | 462    | 472  | 469    | 474  | 406 | 411  | 383    | 388  | 383 | 388  | -5.5%      |
| - Kolkata               | 409    | 419  | 396    | 401  | 377 | 384  | 377    | 382  | 388 | 399  | 2.9%       |
| - Mandi Gobindgarh      | 456    | 465  | 452    | 457  | 437 | 443  | 432    | 437  | 441 | 457  | 1.0%       |
| - Mumbai                | 436    | 442  | 427    | 432  | 413 | 418  | 411    | 416  | 410 | 419  | -0.8%      |
| - Average               | 437    | 446  | 433    | 438  | 406 | 411  | 397    | 402  | 402 | 413  | -0.8%      |
| - Average (Ex Mandi G.) | 433    | 442  | 429    | 434  | 398 | 403  | 389    | 394  | 393 | 402  | -1.3%      |
| <b>Iran</b>             | 363    | 376  | 361    | 369  | 361 | 369  | 390    | 401  | 407 | 415  | 12.7%      |
| <b>South Korea</b>      | 324    | 328  | 322    | 327  | 322 | 327  | 324    | 329  | 324 | 329  | 0.5%       |
| <b>Taiwan</b>           | 370    | 383  | 377    | 391  | 377 | 391  | 376    | 389  | 381 | 394  | 0.9%       |
| <b>Turkey</b>           | 400    | 410  | 415    | 430  | 425 | 435  | 420    | 430  | 409 | 419  | -3.7%      |
| <b>USA</b>              | 451    | 518  | 451    | 501  | 451 | 501  | 449    | 501  | 449 | 501  | -0.4%      |

Billet - 125 x 125mm / 150 x 150mm

† - 100 x 100mm

NA - Not Available

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# Semi-finished steel products

GLOBAL BILLET PRICES SOFTEN IN JUNE, TROUBLED BY LOW SEASONAL STEEL DEMAND

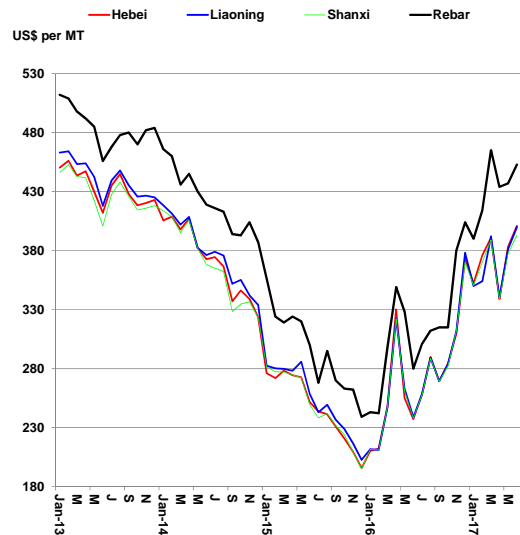
## BACKGROUND

The U.S. Federal Reserve raised its benchmark lending rate by a quarter percentage point at its meeting on June 13<sup>th</sup> to 14<sup>th</sup>. The labour market had strengthened, whilst underlying inflation slowed to 1.5 percent (in April). The Central Bank reiterated its forecast of one more rate hike this year and three in 2018. Economists assert that the next adjustment will largely depend on whether core inflation is near its two percent target. Policymakers are scheduled to meet next month (on July 25<sup>th</sup> to 26<sup>th</sup>).

The People's Bank of China (PBOC) left its key interest rates unchanged, overlooking the increase in the U.S. Federal Reserve's key rate. Observers are divided over whether China's Central Bank should raise short-term rates next month. The benchmark one-year lending and deposit rates have remained unchanged since October 2015. The PBOC is widely expected to persevere with its current monetary policy path, as long as economic growth is stronger than the official full year target of 6.5 percent.

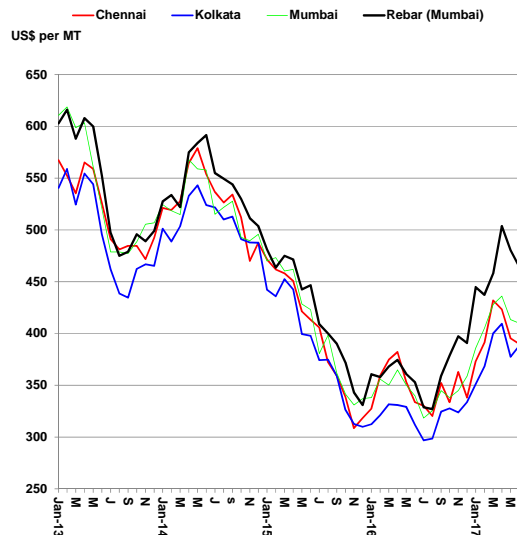
In June, the Bank of Japan upgraded its outlook for the country's economy, signalling resilient private consumption and an export led recovery. The Central Bank maintained its pledge to guide short-term interest rates at minus 0.1 percent and the 10-year government bond yield around zero under its yield curve control (YCC) programme. However, the International Monetary Fund (IMF) stressed that policymakers ought to avoid withdrawing fiscal policy stimulus, and should utilise monetary policy measures to counter any exogenous shocks. Moreover, structural reforms are a prerequisite for economic growth to continue.

## Domestic Chinese billet vs. Rebar



Source: MEPS International

## Domestic Indian billet vs. Rebar



Source: MEPS International

BILLET

Domestic square billet transaction values in June, denominated in national currencies, increased in four of the twelve countries / sub regions researched. Month-on-month rises ranged from 1.3 percent to 12.9 percent. However, no change was reported in Pakistan, South Africa and South Korea.

A table showing domestic square billet prices, denominated in US dollar values, is included in this report. Currency exchange rate movements significantly affected the month-on-month changes in China, South Africa and the European Union in June.

- Challenging conditions persist in the Chinese steel market. Steel traders remain cautiously optimistic over the prospects for domestic finished steel consumption, next month. They highlight that June's price upturn was predominantly driven by paper gains on the Shanghai Futures Exchange and Dalian Commodity Exchange. The June-August months, are traditionally, a period of low seasonal demand for steel.

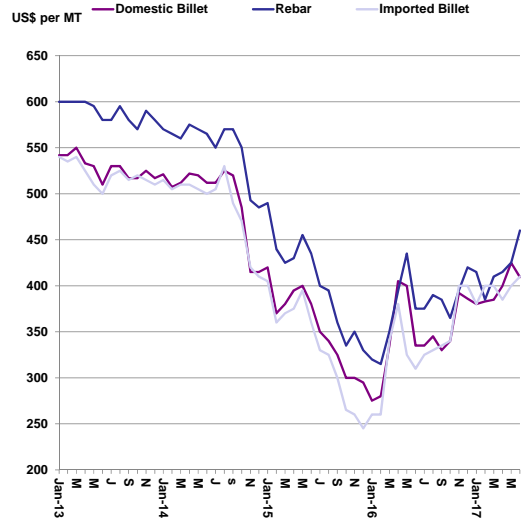
Regarding exports, overseas buyers queried the sustainability of the latest square billet quotations. Enquiries from South East Asia were restricted by the onset of the rainy season, which hampers construction activity. In week 25, Chinese billet export offers, edged higher, to US\$430-445 per tonne FOB.

Local Chinese brokers report that, in week 25, Australian seaborne iron ore fines, (with an iron content of 62.5 percent), traded, on average, at US\$55.63 per tonne CFR – 9.7 percent higher than in the corresponding period last year.

Moreover, observers are now forecasting that the cost of iron ore fines in the third quarter of 2017 will average US\$50-55 per tonne CFR.

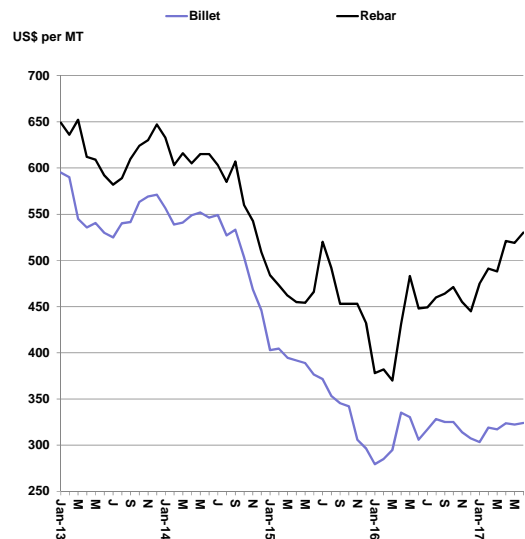
- Business sentiment in the Indian steel market remains mixed, with the onset of the monsoon season. Stocks at the service centres are reported to be higher than those recorded one

Turkey: Billet vs. Rebar



Source: MEPS International

Domestic Korean billet vs. Rebar



Source: MEPS International

month ago, placing more pressure on distributors to sell off material cheaply. Meanwhile, most firms are cautiously optimistic that the new 18 percent goods and services tax (GST), will have a negligible impact on sales volumes, when implemented on July 1<sup>st</sup>.

Domestic steel producers are hopeful that the tax reduction will inadvertently lower production costs. Once enacted, a flat rate of 5 percent GST on all domestic steelmaking raw materials will apply (currently either 11 or 12 percent).

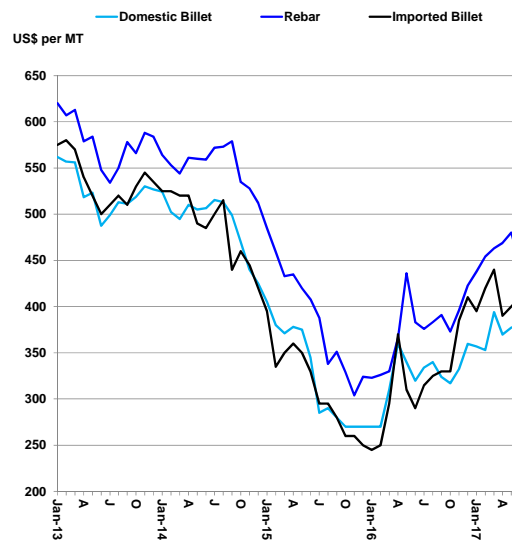
Negotiated selling values in June for square billet, denominated in the national currency, fell by 0.4 percent compared with those last month.

For a fourth consecutive month, National Mineral Development Corporation (NMDC) iron ore contract basis rates, are unchanged at Rs2,185 per tonne of fines and Rs2,425 per tonne of lumps.

- The prognosis for the Turkish steel market is unchanged. Local stockists are forecasting a pickup in enquiries and improved demand after Eid (ending June 26<sup>th</sup>). However, we note lingering reservations about the sustainability of the revival. The construction sector failed to recover significantly and oversupply could result in a reversal of the price improvement, witnessed this month.

In mid-June, integrated long products producer, Kardemir's, offer for S235JR grade billet settled at TL1445 per tonne. Bloom material, sold by the steelmaker, was TL1775 per tonne (down 5.5

## Taiwan: Billet vs. Rebar



Source: MEPS International

percent, month-on-month). The price premium for local cast billet, relative to non-Chinese imports, traded in the Marmara and Izmir regions, is now negligible. Previously, the differential was US\$25 per tonne, in May.

The business climate in the European Union remains difficult. Service centres are holding stocks which are surplus to current requirements. The expected improvement in construction is slow to materialise, enabling buyers to postpone major purchasing decisions, for now.

Effective billet transaction values, in US dollar terms, stood at US\$410-430 per tonne (up 1.2 percent compared with the mid-May figure).

## BILLET PRICES (per metric tonne)

|                                    | Apr-17 |       | May-17 |       |       |       | Jun-17 |       |       |       | Mid-Month  |
|------------------------------------|--------|-------|--------|-------|-------|-------|--------|-------|-------|-------|------------|
|                                    | Mid    |       | Early  |       | Mid   |       | Early  |       | Mid   |       | Difference |
|                                    | Low    | High  | Low    | High  | Low   | High  | Low    | High  | Low   | High  | %          |
| <b>DOMESTIC</b>                    |        |       |        |       |       |       |        |       |       |       |            |
| <b>Canada (US\$)</b>               | 463    | 503   | 463    | 500   | 463   | 500   | 480    | 520   | 480   | 520   | 3.7%       |
| <b>China ('000 RMB)</b>            |        |       |        |       |       |       |        |       |       |       |            |
| - Hebei Province                   | 2.33   | 2.35  | 2.51   | 2.55  | 2.64  | 2.68  | 2.57   | 2.60  | 2.73  | 2.74  | 3.2%       |
| - Liaoning Province                | 2.34   | 2.40  | 2.55   | 2.60  | 2.63  | 2.68  | 2.60   | 2.65  | 2.72  | 2.77  | 3.5%       |
| - Shanxi Province                  | 2.33   | 2.41  | 2.53   | 2.59  | 2.61  | 2.66  | 2.58   | 2.63  | 2.67  | 2.73  | 2.6%       |
| - Average                          | 2.34   | 2.39  | 2.53   | 2.58  | 2.63  | 2.67  | 2.58   | 2.62  | 2.71  | 2.74  | 3.1%       |
| <b>European Union (€)</b>          | 375    | 389   | 366    | 380   | 371   | 384   | 366    | 384   | 366   | 384   | -1.3%      |
| <b>India ('000 Rs) †</b>           |        |       |        |       |       |       |        |       |       |       |            |
| - Chennai                          | 27.6   | 28.2  | 27.1   | 27.4  | 25.4  | 25.7  | 24.6   | 24.9  | 25.1  | 25.8  | -1.0%      |
| - Delhi                            | 30.1   | 30.7  | 30.1   | 30.4  | 26.0  | 26.3  | 24.7   | 25.0  | 24.7  | 25.0  | -5.1%      |
| - Kolkata                          | 26.7   | 27.3  | 25.4   | 25.7  | 24.2  | 24.6  | 24.3   | 24.6  | 25.0  | 25.7  | 3.3%       |
| - Mandi Gobindgarh                 | 29.7   | 30.3  | 29.0   | 29.3  | 28.0  | 28.4  | 27.9   | 28.2  | 28.4  | 29.4  | 1.4%       |
| - Mumbai                           | 28.4   | 28.8  | 27.4   | 27.7  | 26.5  | 26.8  | 26.5   | 26.8  | 26.4  | 27.0  | -0.4%      |
| - Average                          | 28.5   | 29.1  | 27.8   | 28.1  | 26.0  | 26.4  | 25.6   | 25.9  | 25.9  | 26.6  | -0.4%      |
| - Average (Ex Mandi G.)            | 28.2   | 28.8  | 27.5   | 27.8  | 25.5  | 25.8  | 25.0   | 25.3  | 25.3  | 25.9  | -0.9%      |
| <b>Iran ('00,000 IRR)</b>          | 1178   | 1221  | 1170   | 1197  | 1170  | 1197  | 1267   | 1301  | 1320  | 1348  | 12.9%      |
| <b>Mexico ('000 MEX\$)</b>         | 9.37   | 9.70  | 9.37   | 9.70  | 9.37  | 9.70  | 8.67   | 9.00  | 8.67  | 9.00  | -7.5%      |
| <b>Pakistan ('000 Rp)</b>          | 60.4   | 60.9  | 60.4   | 60.9  | 60.4  | 60.9  | 60.4   | 60.9  | 60.4  | 60.9  | 0.0%       |
| <b>South Africa ('000 R)</b>       | 8.48   | 8.56  | 8.48   | 8.56  | 8.48  | 8.56  | 8.48   | 8.56  | 8.48  | 8.56  | 0.0%       |
| <b>South Korea ('000 KRw)</b>      | 363.6  | 368.6 | 363.6  | 368.6 | 363.6 | 368.6 | 363.6  | 368.6 | 363.6 | 368.6 | 0.0%       |
| <b>Taiwan ('000 NT\$)</b>          | 11.3   | 11.7  | 11.3   | 11.7  | 11.3  | 11.7  | 11.3   | 11.7  | 11.5  | 11.9  | 1.3%       |
| <b>Turkey (US\$)</b>               | 400    | 410   | 415    | 430   | 425   | 435   | 420    | 430   | 409   | 419   | -3.7%      |
| <b>USA (US\$)</b>                  | 451    | 518   | 455    | 501   | 455   | 501   | 449    | 501   | 449   | 501   | -1.3%      |
| <b>EXPORT (FOB)</b>                |        |       |        |       |       |       |        |       |       |       |            |
| <b>Brazil (US\$)</b>               | 390    | 405   | 380    | 395   | 390   | 405   | 390    | 405   | 390   | 405   | 0.0%       |
| <b>China (US\$)</b>                | 375    | 385   | 400    | 410   | 410   | 425   | 415    | 430   | 430   | 445   | 4.9%       |
| <b>CIS (US\$)</b>                  |        |       |        |       |       |       |        |       |       |       |            |
| - Black Sea (CIS)                  | 375    | 385   | 375    | 385   | 380   | 395   | 390    | 405   | 385   | 395   | 1.3%       |
| - Caspian Sea (CIS)                | 375    | 385   | 380    | 390   | 380   | 390   | 390    | 400   | 390   | 400   | 2.6%       |
| - Far East (Russia)                | 380    | 390   | 375    | 385   | 385   | 395   | 390    | 405   | 395   | 405   | 2.6%       |
| <b>India (US\$)</b>                | 380    | 390   | 375    | 385   | 385   | 395   | 385    | 395   | 400   | 410   | 3.9%       |
| <b>Taiwan (US\$)</b>               | 390    | 405   | 400    | 415   | 400   | 415   | 400    | 410   | 400   | 410   | 0.0%       |
| <b>Turkey (US\$)</b>               | 400    | 410   | 415    | 430   | 425   | 435   | 420    | 430   | 409   | 419   | -3.7%      |
| <b>IMPORT (CFR)</b>                |        |       |        |       |       |       |        |       |       |       |            |
| <b>Egypt (US\$)</b>                | 390    | 400   | 405    | 415   | 410   | 420   | 410    | 420   | 415   | 425   | 1.2%       |
| <b>Iran (US\$) <sup>1</sup></b>    | 385    | 395   | 385    | 395   | 400   | 410   | 410    | 420   | 405   | 415   | 1.3%       |
| <b>SE Asia (US\$) <sup>2</sup></b> | 415    | 425   | 405    | 420   | 405   | 420   | 410    | 425   | 405   | 415   | 0.0%       |
| <b>South Korea (US\$)</b>          | 390    | 400   | 385    | 395   | 395   | 405   | 410    | 420   | 400   | 410   | 1.3%       |
| <b>Taiwan (US\$)</b>               | 390    | 400   | 385    | 395   | 395   | 405   | 410    | 420   | 400   | 410   | 1.3%       |
| <b>Turkey (US\$)</b>               | 385    | 395   | 400    | 410   | 400   | 415   | 405    | 420   | 410   | 425   | 2.5%       |
| <b>UAE (US\$)</b>                  | 385    | 395   | 385    | 395   | 395   | 405   | 405    | 420   | 395   | 410   | 0.0%       |
| <b>USA (US\$) Gulf of Mexico</b>   | 420    | 430   | 415    | 425   | 420   | 430   | 415    | 425   | 415   | 425   | -1.2%      |

Billet - 125 x 125mm / 150 x 150mm

NA - Not Available

† - 100 x 100mm

MT - Metric Tonne

<sup>1</sup> - Average CIS import offers to Bandar Anzali (Caspian Sea)<sup>2</sup> - Average CIS import offers to Indonesia, Malaysia, Philippines & Vietnam

## SLAB

## SLAB PRICES (US\$/metric tonne)

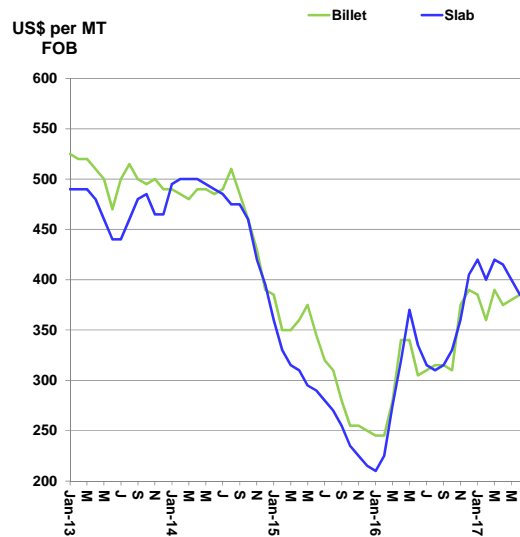
|                                  | Apr-17 |      | May-17 |      |     |      | Jun-17 |      |     |      | Mid-Month  |
|----------------------------------|--------|------|--------|------|-----|------|--------|------|-----|------|------------|
|                                  | Mid    |      | Early  |      | Mid |      | Early  |      | Mid |      | Difference |
|                                  | Low    | High | Low    | High | Low | High | Low    | High | Low | High | %          |
| <b>DOMESTIC</b>                  |        |      |        |      |     |      |        |      |     |      |            |
| <b>Brazil</b>                    | 420    | 430  | 410    | 420  | 395 | 405  | 380    | 405  | 375 | 405  | -5.1%      |
| <b>China ±</b>                   | 350    | 355  | 369    | 374  | 370 | 375  | 369    | 377  | 370 | 379  | 0.3%       |
| <b>India †</b>                   | 425    | 452  | 410    | 423  | 385 | 399  | 398    | 413  | 394 | 409  | 2.4%       |
| <b>Pakistan</b>                  | 520    | 525  | 520    | 525  | 520 | 525  | 520    | 525  | 520 | 525  | 0.0%       |
| <b>EXPORT (FOB)</b>              |        |      |        |      |     |      |        |      |     |      |            |
| <b>CIS</b>                       |        |      |        |      |     |      |        |      |     |      |            |
| - Black Sea (CIS)                | 415    | 430  | 400    | 415  | 400 | 415  | 395    | 410  | 385 | 400  | -3.8%      |
| - Far East (Russia)              | 400    | 415  | 405    | 415  | 400 | 410  | 400    | 410  | 385 | 395  | -3.8%      |
| <b>India</b>                     | 425    | 452  | 410    | 423  | 385 | 399  | 398    | 413  | 394 | 409  | 2.4%       |
| <b>IMPORT (CFR)</b>              |        |      |        |      |     |      |        |      |     |      |            |
| <b>SE Asian port</b>             | 430    | 445  | 430    | 445  | 430 | 445  | 415    | 425  | 405 | 425  | -5.8%      |
| <b>Taiwan</b>                    | 420    | 440  | 420    | 430  | 420 | 430  | 400    | 410  | 390 | 400  | -7.1%      |
| <b>USA (US\$) Gulf of Mexico</b> | 440    | 470  | 440    | 455  | 440 | 455  | 420    | 435  | 415 | 430  | -5.7%      |

† Mandi Gobindgarh

± Jiangsu &amp; Tangshan provinces

- Negative price sentiment gained momentum in the South East Asian steel market, fuelled by competitive offers from the Russian Federation and Iran. Regional rolling mills plan to continue with cautious procurement strategies, in July. They cite low seasonal demand for flat products, and apprehension that slab quotations may fall below US\$380 per tonne CFR in the near term.
- In June, CIS steelworks' quotations softened in the two export markets surveyed. Black Sea brokers report that the billet-slab price differential is now negligible (previously US\$20 per tonne).
- The business climate remains challenging in India. Finished steel distributors plan to maintain conservative procurement strategies next month. Slab quotations in the steel hub of Mandi Gobindgarh stood at Rs25,385-26,350 per tonne – up 1.6 percent compared with mid-May's settlement figure.

## CIS Billet vs. CIS Slab



Source: MEPS International

## BLOOM PRICES (US\$/metric tonne)

|                         | Apr-17 |      | May-17 |      |     |      | Jun-17 |      |     |      | Mid-Month  |
|-------------------------|--------|------|--------|------|-----|------|--------|------|-----|------|------------|
|                         | Mid    |      | Early  |      | Mid |      | Early  |      | Mid |      | Difference |
| DOMESTIC                | Low    | High | Low    | High | Low | High | Low    | High | Low | High | %          |
| <b>India</b>            |        |      |        |      |     |      |        |      |     |      |            |
| - Chennai               | 457    | 467  | 428    | 438  | 450 | 460  | 460    | 470  | 392 | 402  | -12.9%     |
| - Delhi                 | 449    | 459  | 456    | 466  | 392 | 402  | 440    | 450  | 370 | 380  | -5.7%      |
| - Kolkata               | 443    | 453  | 436    | 446  | 418 | 428  | 445    | 455  | 395 | 405  | -5.6%      |
| - Mandi Gobindgarh      | 468    | 478  | 440    | 450  | 415 | 425  | 430    | 440  | 427 | 437  | 2.8%       |
| - Mumbai                | 462    | 472  | 442    | 452  | 449 | 459  | 474    | 484  | 427 | 437  | -5.0%      |
| - Average               | 456    | 466  | 440    | 450  | 425 | 435  | 450    | 460  | 402 | 412  | -5.4%      |
| - Average (Ex Mandi G.) | 453    | 463  | 441    | 451  | 427 | 437  | 455    | 465  | 396 | 406  | -7.4%      |
| <b>Pakistan</b>         | 514    | 519  | 514    | 519  | 514 | 519  | 514    | 519  | 514 | 519  | 0.0%       |
| <b>Turkey</b>           | 510    | 520  | 531    | 541  | 533 | 543  | 533    | 543  | 504 | 514  | -5.5%      |
| <b>USA</b>              | 774    | 813  | 774    | 813  | 774 | 813  | 760    | 790  | 760 | 790  | -1.8%      |

Bloom - 260 x 260mm

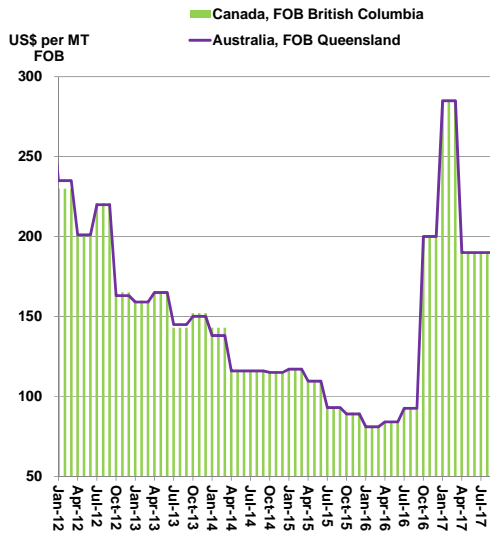
NA - Not Available

## PIG IRON PRICES (US\$/metric tonne)

|                               | Apr-17 |      | May-17 |      |     |      | Jun-17 |      |     |      | Mid-Month  |
|-------------------------------|--------|------|--------|------|-----|------|--------|------|-----|------|------------|
|                               | Mid    |      | Early  |      | Mid |      | Early  |      | Mid |      | Difference |
| DOMESTIC                      | Low    | High | Low    | High | Low | High | Low    | High | Low | High | %          |
| <b>China</b>                  |        |      |        |      |     |      |        |      |     |      |            |
| - Guangzhou Province          | 357    | 365  | 334    | 339  | 334 | 339  | 332    | 337  | 323 | 328  | -3.2%      |
| - Hebei Province              | 299    | 306  | 299    | 304  | 299 | 304  | 303    | 308  | 290 | 295  | -2.9%      |
| - Shandong Province           | 309    | 316  | 303    | 308  | 303 | 308  | 300    | 305  | 288 | 293  | -4.9%      |
| - Average                     | 322    | 329  | 312    | 317  | 312 | 317  | 311    | 316  | 300 | 305  | -3.7%      |
| <b>India</b>                  |        |      |        |      |     |      |        |      |     |      |            |
| - Chennai                     | 390    | 395  | 396    | 401  | 396 | 401  | 375    | 380  | 375 | 380  | -5.3%      |
| - Delhi                       | 451    | 466  | 449    | 454  | 438 | 443  | 412    | 417  | 390 | 395  | -11.0%     |
| - Kolkata                     | 391    | 396  | 393    | 398  | 363 | 368  | 373    | 378  | 366 | 371  | 0.9%       |
| - Mandi Gobindgarh            | 447    | 452  | 433    | 438  | 419 | 424  | 415    | 420  | 409 | 414  | -2.4%      |
| - Mumbai                      | 392    | 397  | 405    | 410  | 418 | 423  | 396    | 401  | 370 | 375  | -11.5%     |
| - Average                     | 414    | 421  | 415    | 420  | 407 | 412  | 394    | 399  | 382 | 387  | -6.1%      |
| - Average (Ex Mandi G.)       | 406    | 413  | 411    | 416  | 404 | 409  | 389    | 394  | 375 | 380  | -7.1%      |
| <b>Pakistan - CPI</b>         | 400    | 405  | 400    | 405  | 400 | 405  | 400    | 405  | 400 | 405  | 0.0%       |
| <b>South Korea</b>            | 348    | 358  | 347    | 357  | 347 | 357  | 348    | 358  | 348 | 358  | 0.5%       |
| <b>Turkey</b>                 |        |      |        |      |     |      |        |      |     |      |            |
| - Foundry                     | 385    | 390  | 400    | 405  | 428 | 433  | 428    | 433  | 422 | 427  | -1.5%      |
| - Steelmaking                 | 362    | 367  | 376    | 381  | 404 | 409  | 404    | 409  | 398 | 403  | -1.5%      |
| <b>EXPORT (FOB)</b>           |        |      |        |      |     |      |        |      |     |      |            |
| <b>Ukraine (Black Sea)</b>    | 310    | 325  | 310    | 325  | 320 | 335  | 320    | 345  | 320 | 345  | 0.0%       |
| <b>Russia (Far East)</b>      | 340    | 355  | 340    | 355  | 340 | 355  | 340    | 355  | 340 | 355  | 0.0%       |
| <b>IMPORT (CFR)</b>           |        |      |        |      |     |      |        |      |     |      |            |
| <b>European Union</b>         |        |      |        |      |     |      |        |      |     |      |            |
| - Russia (Baltic / Black Sea) | 345    | 360  | 350    | 365  | 340 | 355  | 360    | 375  | 360 | 375  | 5.9%       |
| <b>SE Asia</b>                | 350    | 365  | 350    | 365  | 350 | 365  | 350    | 365  | 350 | 365  | 0.0%       |

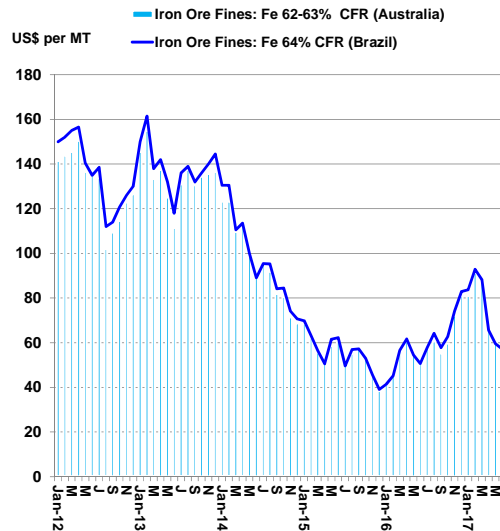
# Steelmaking Raw Materials

## Global Hard Coking Coal Price Trends



Source: MEPS International

## China – Iron ore Benchmark Prices

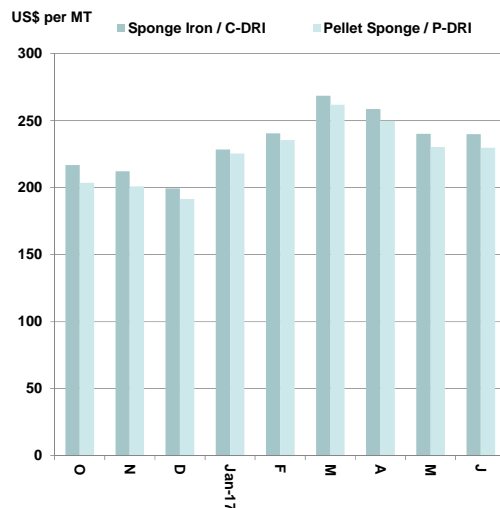


Source: MEPS International

## CURRENCY EXCHANGE RATES - June 1st 2017

|              |      | Units / US\$ | Units / US\$ | m-o-m<br>Change |
|--------------|------|--------------|--------------|-----------------|
|              |      | June         | May          |                 |
| Brazil       | R\$  | 3.24         | 3.15         | 2.7%            |
| China        | RMB  | 6.81         | 6.89         | -1.3%           |
| Egypt        | EGP  | 18.04        | 18.12        | -0.4%           |
| Euro Zone    | €    | 0.89         | 0.92         | -2.5%           |
| India        | Rs   | 64.40        | 64.12        | 0.4%            |
| Indonesia    | IDR  | 13,301       | 13,299       | 0.0%            |
| Iran         | IRR  | 32,443       | 32,408       | 0.1%            |
| Japan        | ¥    | 111.30       | 112.00       | -0.6%           |
| Malaysia     | RM   | 4.29         | 4.32         | -0.6%           |
| Pakistan     | Rp   | 104.80       | 104.80       | 0.0%            |
| Philippines  | PHP  | 49.71        | 49.95        | -0.5%           |
| Russia       | RUB  | 56.31        | 56.95        | -1.1%           |
| South Africa | R    | 12.98        | 13.32        | -2.6%           |
| South Korea  | KRW  | 1,122        | 1,128        | -0.5%           |
| Taiwan       | NT\$ | 30.13        | 30.03        | 0.3%            |
| Thailand     | THB  | 34.17        | 34.45        | -0.8%           |
| Turkey       | TL   | 3.53         | 3.52         | 0.1%            |
| Ukraine      | UAH  | 26.28        | 26.57        | -1.1%           |
| UAE          | AED  | 3.67         | 3.67         | 0.0%            |
| Vietnam      | VND  | 22,707       | 22,736       | -0.1%           |

## Indian Pellet Price Trend



Source: MEPS International



## RAW MATERIALS (US\$ per metric tonne unless stated)

|  | Mar-17 |      | Apr-17 |      | May-17 |      | Jun-17 |      | Mid-Month    |
|--|--------|------|--------|------|--------|------|--------|------|--------------|
|  | Low    | High | Low    | High | Low    | High | Low    | High | Difference % |
| <b>AUSTRALIA</b> <sup>1</sup>                          |        |      |        |      |        |      |        |      |              |
| Hard coking coal (US\$/MT FOB Queensland)              | 285    | 290  | 190    | 195  | 190    | 195  | 190    | 195  | 0.0%         |
| Hard coking coal (US\$/MT FOB Queensland)              | 148    | 152  | 227    | 248  | 145    | 165  | 129    | 135  | -11.3%       |
| Iron Ore Fines: Fe 62% (US\$/MT FOB)                   | 79     | 80   | 58     | 59   | 53     | 54   | 48     | 49   | -9.8%        |
| <b>BRAZIL</b> <sup>1</sup>                             |        |      |        |      |        |      |        |      |              |
| Iron Ore Fines: Fe 64% (US\$/MT FOB)                   | 79     | 80   | 58     | 59   | 52     | 53   | 48     | 49   | -8.0%        |
| <b>CANADA</b> <sup>1</sup>                             |        |      |        |      |        |      |        |      |              |
| Hard coking coal (US\$/MT FOB British Columbia)        | 285    | 290  | 190    | 195  | 190    | 195  | 190    | 195  | 0.0%         |
| Premium Hard coking coal (US\$/MT FOB)                 | 290    | 295  | 195    | 200  | 195    | 200  | 195    | 200  | 0.0%         |
| Hard coking coal (US\$/MT FOB British Columbia)        | 165    | 170  | 190    | 250  | 160    | 195  | 144    | 195  | -10.0%       |
| <b>CHINA</b>   |        |      |        |      |        |      |        |      |              |
| Iron Ore Fines: Fe 62-63% (US\$/MT CFR - Aus)          | 88     | 89   | 67     | 68   | 61     | 62   | 56     | 57   | -8.5%        |
| Iron Ore Fines: Fe 64% (US\$/MT CFR - Brazil)          | 88     | 89   | 66     | 67   | 59     | 60   | 57     | 58   | -4.0%        |
| Iron Ore Fines: Fe 63.5% (US\$/MT CFR - India)         | 89     | 90   | 70     | 71   | 64     | 65   | 58     | 59   | -9.0%        |
| Hard coking coal (US\$/MT CFR - Aus)                   | 155    | 162  | 235    | 255  | 155    | 170  | 137    | 144  | -11.3%       |
| HBI (CFR)  | 260    | 270  | 250    | 260  | 245    | 255  | 230    | 240  | -6.1%        |
| <b>EUROPEAN UNION</b>                                  |        |      |        |      |        |      |        |      |              |
| HBI (CFR)  | 255    | 265  | 270    | 280  | 250    | 260  | 240    | 250  | -4.0%        |
| <b>INDIA</b>   |        |      |        |      |        |      |        |      |              |
| <b>Iron Ore (US\$/WMT)</b>                             |        |      |        |      |        |      |        |      |              |
| BF Grade CLO 10-40 mm +/-10%: Fe 67%+ <sup>4</sup>     | 48     |      | 49     |      | 50     |      | 50     |      | -0.4%        |
| Baila Lump 6-40mm: Fe 65.5% <sup>3</sup>               | 42     |      | 43     |      | 43     |      | 43     |      | -0.4%        |
| Baila ROM 10-150mm: Fe 65.5% <sup>3</sup>              | 38     |      | 39     |      | 39     |      | 39     |      | 0.0%         |
| Pellets: Fe 63-64% <sup>2</sup>                        | 102    |      | 96     |      | 82     |      | 81     |      | -0.2%        |
| Iron Ore Fines Grade: Fe 64% <sup>3</sup>              | 38     |      | 39     |      | 39     |      | 39     |      | -0.4%        |
| Iron Ore Fines: Fe 64% (US\$/MT FOB)                   | 80     | 81   | 61     | 62   | 56     | 57   | 49     | 50   | -12.1%       |
| Hard coking coal (US\$/MT CFR - Aus)                   | 162    | 164  | 240    | 260  | 156    | 176  | 139    | 145  | -10.8%       |
| Sponge Iron / C-DRI                                    | 269    |      | 259    |      | 240    |      | 240    |      | -0.1%        |
| Pellet Sponge / P-DRI                                  | 262    |      | 250    |      | 230    |      | 230    |      | -0.2%        |
| <b>JAPAN</b>   |        |      |        |      |        |      |        |      |              |
| <b>Coking Coal (US\$/MT FOB to Japan) <sup>1</sup></b> |        |      |        |      |        |      |        |      |              |
| Hard coking coal                                       | 285    | 290  | 190    | 195  | 190    | 195  | 190    | 195  | 0.0%         |
| <b>PAKISTAN</b> <sup>2</sup>                           |        |      |        |      |        |      |        |      |              |
| <b>Hard Coke</b>                                       |        |      |        |      |        |      |        |      |              |
| 15 - 25mm  | 168    |      | 193    |      | 193    |      | 193    |      | 0.0%         |
| 25mm +   | 450    |      | 483    |      | 483    |      | 483    |      | 0.0%         |
| <b>Coking Coal</b>                                     |        |      |        |      |        |      |        |      |              |
| Medium Volatile Grade                                  | 252    |      | 252    |      | 252    |      | 252    |      | 0.0%         |
| Low Volatile Grade                                     | 271    |      | 271    |      | 271    |      | 271    |      | 0.0%         |

## RAW MATERIALS (US\$ per metric tonne unless stated)

Continued

|  | Mar-17 |      | Apr-17 |      | May-17 |      | Jun-17 |      | Mid-Month    |
|--|--------|------|--------|------|--------|------|--------|------|--------------|
|  | Low    | High | Low    | High | Low    | High | Low    | High | Difference % |
| <b>RUSSIA</b>                          |        |      |        |      |        |      |        |      |              |
| <b>Hard coking coal</b>                |        |      |        |      |        |      |        |      |              |
| 10 - 25mm (FCA)                        | 301    | 355  | 301    | 355  | 236    | 288  | 238    | 260  | 1.1%         |
| 25 - 40mm (FCA)                        | 351    | 367  | 351    | 367  | 362    | 370  | 298    | 340  | -17.5%       |
| <b>Coke breeze</b>                     |        |      |        |      |        |      |        |      |              |
| 0 - 10mm                               | 117    | 126  | 117    | 126  | 116    | 125  | 117    | 125  | 1.1%         |
| <b>SOUTH AFRICA</b>                    |        |      |        |      |        |      |        |      |              |
| Iron Ore Lumps: Fe 63% (US\$/MT FOB)   | 62     | 63   | 62     | 63   | 59     | 60   | 54     | 55   | -8.0%        |
| <b>USA</b>                             |        |      |        |      |        |      |        |      |              |
| Hard coking coal (US\$/MT FOB Norfolk) | 185    | 265  | 185    | 265  | 155    | 190  | 139    | 146  | -10.3%       |

<sup>1</sup> Quarterly contract price<sup>2</sup> EXW parity quarterly contract price<sup>3</sup> Ex-mines basis quarterly contract price including royalty and excluding taxes, cess and duties - Chhattisgarh State<sup>4</sup> Ex-mines basis quarterly contract price including royalty and excluding taxes, cess and duties - Orissa State<sup>5</sup> Price excl. VAT on terms of either FCA Obnorskaya Station or FCA Novokuznetsk-Severnoy Station*Italics* - Preliminary figure

Blue - Spot price

NA - Not Available

## Glossary

|     |   |
|-----|---|
| CFR | - Delivery including cost and freight             |
| CIF | - Delivery including costs, insurance and freight |
| CLO | - Calibrated lumpy Ore                            |
| DAF | - Delivered at frontier                           |
| DAP | - Delivery at place                               |
| EXW | - Ex works  |
| FCA | - Free carrier                                    |
| FOB | - Delivered free on board                         |
| HBI | - Hot briquetted iron                             |
| ROM | - Run of mine                                     |

# MEPS MONTHLY REPORTS



This is our flagship publication. The first report was produced in 1984. Each monthly issue incorporates high and low market prices for eleven steel product forms in the EU - Germany, France, Italy, Spain, UK and Belgium. Data for flat and long products is supplied in each edition.

Prices are displayed in Euros for easy comparison. Details of EU Average Steel Transaction Prices are incorporated together with regular forecasts.

A comprehensive commentary is included in each issue showing the reasons behind monthly price movements and new forecast trends.



Each edition carries domestic steel pricing data in eleven countries across the globe, including - United States, Canada, China, Japan, South Korea, Taiwan, Poland, Czech/Slovak Republics and the main five EU member states - covering 70 percent of world consumption. Details of World and Regional Average Steel Prices are incorporated together with regular forecasts.

A comprehensive commentary is included in each issue showing the reasons behind monthly price movements and new forecast trends.



This is a new report from MEPS outlining steel market trends in the increasingly important emerging markets around the world. Each edition carries steel prices in eight countries - India, UAE, Turkey, South Africa, Russia, Ukraine, Mexico and Brazil. Details of steel prices for eight flat and long products are included.

A comprehensive commentary is included in each issue showing the reasons behind monthly price movements and new forecast trends.