



STEEL+ MONTHLY

June 2024

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INTRODUCTION

CUMIC Steel Monthly is the most effective way to stay up to date on the latest steel market activity as well as CUMIC's key projects. The report integrates the most recent news on the global steel market, monthly price movements, and aggregates data on global steel production and trade activity. In addition, it provides exclusive insights from the CUMIC Market Research Team regarding key market growth factors for the coming month to help you improve your bottom line and ensure that your business makes strategic sourcing decisions.

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GLOBAL STEEL NEWS REVIEW: MAY 2024

EU Extends Steel Import Safeguards to 2026

The European Commission has extended safeguard measures on 26 steel products until June 30, 2026, to prevent serious injury to the EU steel industry. The current measures would expire on June 30, 2024. As part of the extension, technical adjustments have been made for hot rolled flat products and wire rod. Each country is now limited to 15% of the total quota for these products. Specifically, the quotas allocated to "other countries" are 945,664 mt for hot rolled flat products and 122,746 mt for wire rod. Market changes have decreased exports from traditional suppliers and increased exports from new suppliers, affecting the measure's effectiveness. Additionally, starting July 1, 2024, Mozambique will be included in the safeguard measures following the expiry of its temporary exclusion.

JSW Steel Launches Magsure Coated Steel in India

India's JSW Steel Limited has launched 'Magsure,' a zinc-magnesium-aluminium alloy coated steel product, becoming the first Indian company to produce and market this type

of steel domestically. This product is designed to meet the growing demand in the renewable energy sector. Since 2020, demand for this alloy in India has grown from 15,000 mt to 120,000 mt, previously met entirely through imports. This fiscal year, demand is expected to double to 250,000 mt, valued at \$265 million. JSW Steel also plans to export Magsure to Europe and the Middle East.

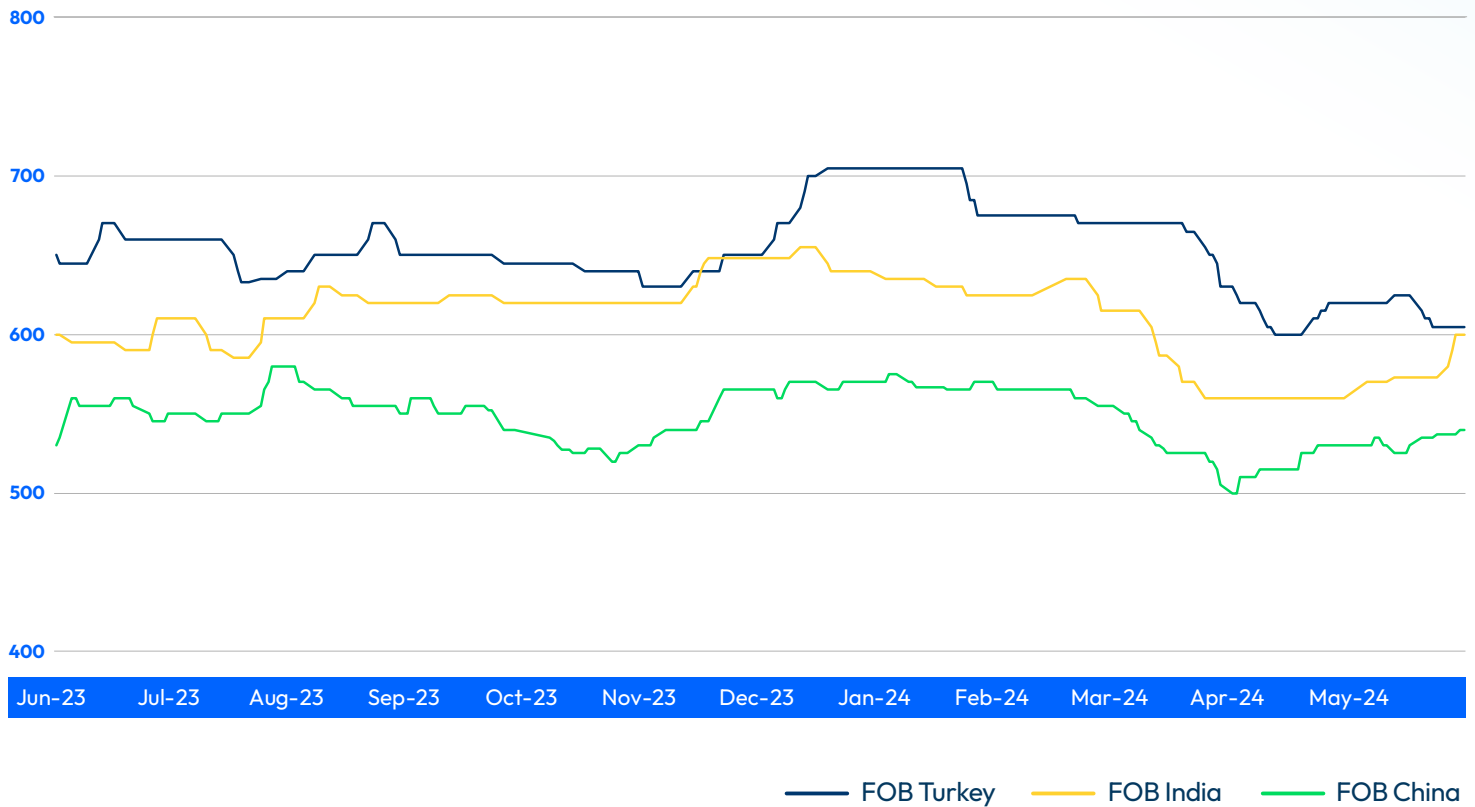
SEASI Forecasts ASEAN-6 Steel Demand to Hit 80 Million mt by 2025

The South East Asia Iron and Steel Institute (SEASI) forecasts that steel demand in the ASEAN-6 countries will reach approximately 78 million mt in 2024 and 80 million mt in 2025. With several large-scale steel projects under construction or proposed, the institute estimates that total capacity in the region will reach 184.5 million mt by 2029-2030. However, increased investments in blast furnaces could make the ASEAN steel industry more carbon-intensive. If ASEAN governments continue to support such investments without carbon capture, utilization, and storage systems, by 2028, blast furnace-basic oxygen furnace (BF-BOF) processes will account for 59% of regional steelmaking, leading to accelerated emissions. Emissions from BF-BOF processes are expected to constitute 84% of total emissions.

CSPA Urges Stronger Measures Against Chinese Steel Imports

The Canadian Steel Producers Association (CSPA) is calling for stronger measures to protect local producers from Chinese steel imports, following planned US tariff increases. Despite existing antidumping measures, China exported over 660,000 mt of steel to Canada last year, posing a significant threat to Canadian jobs and investments. CSPA President Catherine Cobden emphasized the urgency for Canada to adopt new tools to counteract unfair steel imports, noting that offshore steel imports have doubled over the past decade. Currently, Canada has 52 trade measures against Indo-Pacific countries, including 18 specific to China, with more expected. Cobden proposed that the Canadian government should consider implementing measures similar to those in the US, such as retroactive assessments on unfair imports and enhanced anti-circumvention protections.

MONTHLY STEEL PRICE SNAPSHOT



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

- Turkey: The FOB price for HRC exports from Turkey is \$605/MT, which is a \$15/MT decrease compared to the end of April.
- India: The FOB price for HRC exports from India is \$600/MT, which is a \$40/MT increase compared to the end of April.
- China: The FOB price for HRC exports from China is \$540/MT, marking a \$10/MT increase from the end of April.

In May, China launched various economic initiatives, such as unprecedented real estate incentives and the issuance of ultra-long special government bonds, boosting steel market optimism and pushing up steel prices. However, the rising steel inventory levels and an oversupply of iron ore kept raw material costs low, capping the rise in steel prices.

In India, reduced steel production due to maintenance boosted prices in May. Strong demand from sectors like construction and infrastructure is expected to drive rapid growth in India's steel demand, supporting the recent price rebound.

Turkish steel mills are facing sales challenges, particularly after losing access to the Israeli market, prompting them to lower prices. Moreover, Turkey's steel prices are pressured by falling prices for imported scrap metal, high interest rates, and uncertainties in domestic demand, alongside competition from cheaper imports.



STEEL SUSTAINABILITY DYNAMICS

ArcelorMittal Builds €213 Million Electric Arc Furnace in Gijón, Spain to Produce Long Products by 2026

ArcelorMittal has commenced the construction of a €213 million electric arc furnace (EAF) at its Gijón plant in Spain. This new EAF will advance decarbonization efforts by using scrap and direct reduced iron, replacing fossil fuel-based hot metal. The initiative aims to cut CO2 emissions by over 35%, potentially reducing emissions by 1 million tonnes annually. The EAF is set to produce its first steel by early 2026 and will manufacture high added value rails and wire rod, promoting low-carbon steelmaking in Europe.

Cleveland-Cliffs Sets New Emissions Reduction Targets

US-based mining company Cleveland-Cliffs Inc. has shared new targets for reducing greenhouse gas emissions. The company highlighted its success in reducing Scope 1 and Scope 2 emissions by 25% compared to 2017 levels, achieving this milestone well ahead of its original 2030 schedule. With the support of the current and planned investments in its steelmaking processes, Cleveland-Cliffs aims to further reduce its Scope 1 and Scope 2 emissions intensity per metric ton of crude steel by 30 percent by 2035, and its Scope 3 emissions intensity per metric ton of crude steel by 20 percent by 2035.



EUROPEAN CARBON MARKET

EU Allowances Price Trend



In May 2024, EUA futures prices maintained an upward trend, recording a daily average settlement of €73.1 per ton, up 10.64% from €66.07 per ton in April.

The month saw escalated tensions from the Russo-Ukrainian conflict, which exacerbated the Russian natural gas supply crisis and led to a rebound in Asian natural gas demand. These dynamics set the stage for higher natural gas prices in Europe. As EU carbon prices are closely linked to TTF natural gas rates, this connection spurred a notable increase in carbon prices. Further elevating the prices were factors such as a decline in European onshore wind energy generation boosting fossil fuel demand, robust carbon allowance auction outcomes this month, and heightened speculative buying, driving the EUA futures to peak at €76.25 per ton before moderating slightly, yet staying near yearly highs.

STATISTICS: PRODUCTION & STEEL TRADING

	Unit: 10000 tons	Apr-24	% change Apr 24/23	Jan-Apr 2024	%change Jan-Apr 24/23
Crude Steel Production	World	15570	-0.5 ↓	62540	-0.9 ↓
	China	8590	-7.2 ↓	34370	-3.0 ↓
	India	1210	3.6 ↑	4950	8.5 ↑
	EU	1130	1.1 ↑	4440	-0.6 ↓
	Japan	710	-2.5 ↓	2850	-1.2 ↓
	US	670	-2.8 ↓	2650	-2.2 ↓
	Unit: 10000 tons	Mar-24	%change Mar 24/23	Jan-Mar 2024	%change Jan-Mar 24/23
Import	US (net tons)	251.03	-4.0 ↓	753.07	0.2 ↑
	South Korea	182	-17.0 ↓	528	-10.5 ↓
	Turkey	150	-10.2 ↓	410	-3.2 ↓
	Thailand	92.11	-26.8 ↓	321.21	-21.7 ↓
	Vietnam	144	10.8 ↑	409	49.5 ↑
	China	61.7	9.5 ↑	174.8	-8.6 ↓
	Japan	62	-3.5 ↓	184.57	-1.3 ↓
Export	China	988.8	25.3 ↑	2580	30.7 ↑
	Japan	270.18	-9.9 ↓	781.79	-3.4 ↓
	South Korea	248.8	-0.7 ↓	727.4	3.8 ↑
	Turkey	110	41.7 ↑	320	45.9 ↑
	Vietnam	110	25.9 ↑	323	42.0 ↑
	Thailand	13.24	-5.8 ↓	50.74	-3.9 ↓

KEY GROWTH DRIVERS: JUNE 2024 MARKET FORECAST

CUMIC anticipates a weaker performance in the steel market for June, driven by more bearish than bullish factors, with steel prices likely to fluctuate with a downward trend.

On the negative side, the initial optimism from May's economic stimulus measures in China has cooled off. The market's focus has shifted to the tangible impacts of these policies, weakening the momentum for price increases. Additionally, raw material costs, especially iron ore, are trending downward, with prices hovering around \$120 per ton. The ample supply of raw materials suggests limited potential for price rises, which could exert downward pressure on steel prices. Moreover, the drive to improve the steel supply-demand balance is diminishing. As the market enters the low season, inventory reductions are slowing, potentially leading to stockpiling and reduced market confidence.

On the positive side, new macroeconomic catalysts could emerge. For instance, the People's Bank of China might implement a rate cut in June, with key interest rates on the 17th and 20th being closely monitored for possible reductions.



CUMIC'S LATEST PROJECTS

VIDA Hotel & Residences Dubai Mall Project



Product:
Hot Rolled Steel Plate - S460NL

Quantity:
81.64 MT

Location:
UAE

Project Story

In August 2017, Emaar Hospitality Group, the hospitality and leisure subsidiary of Emaar Properties, announced its 7th hotel project in UAE under Vida Hotels and Resorts, along with Harbour Point, a new waterfront lifestyle project. CUMIC had supplied 81.64 MT of hot rolled steel plates in grade: S460NL manufactured by Wuyang Iron & Steel Co., Ltd for the construction of this high-end mall hotel. Complicated Z type sections for the structure of the underground column (covered with cement upon erection) were built from the structural steel plates supplied by CUMIC.

Located in the central area of Dubai, The Vida Dubai Mall will be a two-tower development featuring serviced and branded apartments with 195 hotel rooms, 614 serviced residences, and a direct link to The Dubai Mall. Bordering the vibrant Sheikh Mohammed bin Rashid Boulevard and its myriad of restaurants and cafés, this prime location will allow residents to fully embrace the 'live, work, play' lifestyle with uninterrupted views of Burj Khalifa and The Dubai Fountain. We are honored to supply quality steel products for the construction of The Vida Dubai Mall, the perfect upscale addition to Downtown Dubai's sparkling landscape.



As an integrated steel trading solution provider, we, CUMIC Steel Limited, have long-term cooperation with 9 out of the top 10 steel-producing companies in the world. For the past 16 years, we have been consistently delivering high-quality integrated steel trading solutions to 2,000 regular clients in more than 70 countries.



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