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August 2023

Argus EU HRC data snapshot

EU hot-rolled coil (HRC) imports fell in June, data tracked by Argus shows, with total supply in the bloc down as a result of mill outages and lower capacity utilisation.

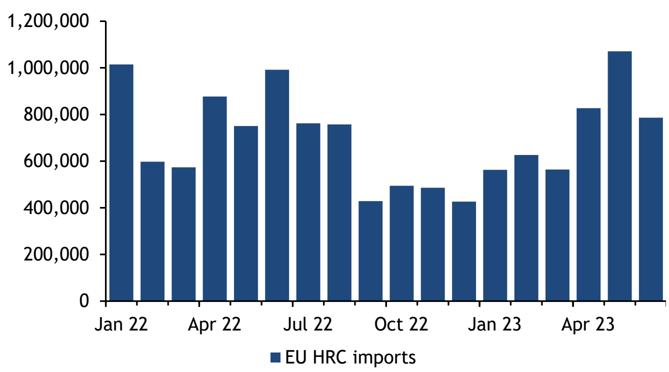
EU HRC imports drop in January-June

EU HRC imports fell by 7.5pc on the year in the first half of 2023 to 4.44mn t — despite record monthly receipts in May — with a slump in June.

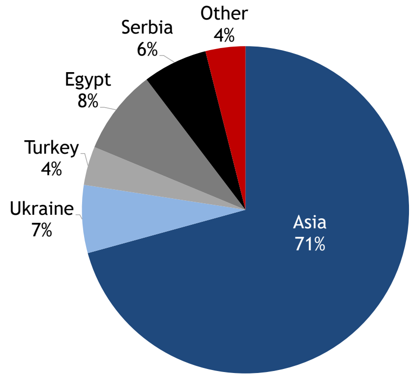
June imports stood at 786,300t, down by 27pc on the month and by 21pc on the year, as several of the EU's safeguard quotas approached exhaustion. Notably the 'other countries' allocation fully filled up for the first time since the introduction of the measures in 2018.

The composition of imports has changed significantly. Asian material now contributes over 70pc of the total, from around 50pc in June 2022, with most suppliers — Japan, Taiwan and Vietnam — custom clearing material under the 'other countries' quota. In June 2021, Asian HRC imports accounted for just 27pc

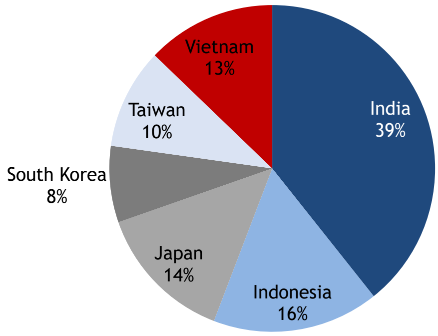
EU HRC imports



EU HRC supply origin



EU HRC Asia origin imports



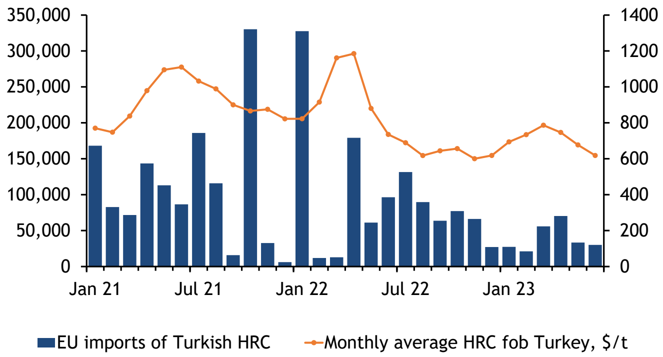
of the total.

India was the EU's largest HRC supplier in June, providing 217,604t, up from 96,249t a year earlier — a 126pc increase. In May, Indian HRC deliveries totalled 173,694t. India has its own country quota, and by the end of the second quarter it had taken up just 78pc of the allocated volume.

South Korea filled its quota fully, with imports from the country at only 41,916t in June. South Korea's quota is split between two suppliers, which have historically offered export volumes as per their allocation.

Turkey — historically, a major supplier to the EU — used just

Turkish imports vs fob Turkey 't/ $/t



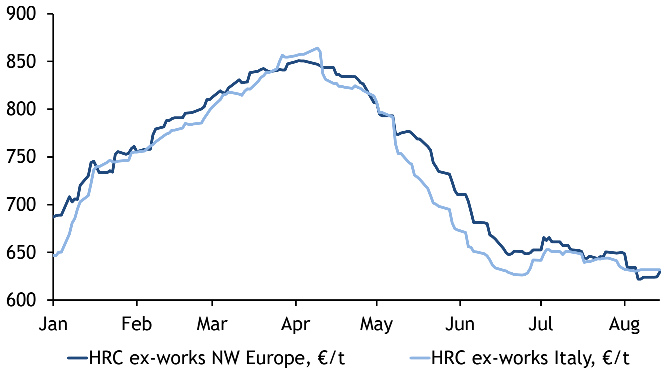
11pc of its quota of over 1.2mn t for April-June, with imports from Turkey falling to 30,084t in June, down by 65pc on the year.

Turkish imports are, however, likely to rise from September, as multiple deals have been concluded in the EU, on expectations that not all of the HRC due to be imported under the 'other countries' quota in October will arrive. Indian suppliers, by contrast, have not stepped in and very little has been offered from there.

EU imports of Indonesian HRC have been on the rise — Indonesia is one of the few suppliers exempt from the safeguard measures. In June, 91,587t was imported, up from just 1,847t a year earlier and 45,001t in May 2023.

By Lora Stoyanova

NW vs ex works Italy €/t



EU HRC market supply falls in June

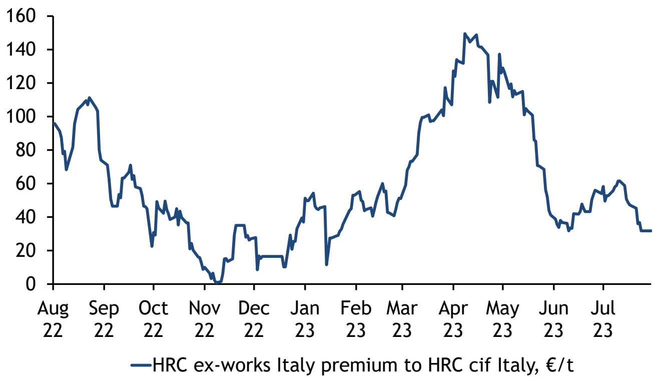
European hot-rolled coil (HRC) supply in June was at its lowest since February, as outages and reduced utilisation rates eroded domestic output.

Overall HRC supply — including material that domestic mills roll into downstream products, such as cold-rolled and hot-dip galvanised coil — fell to 5.7mn t in June from 6.4mn t in May, according to *Argus* calculations.

Data for February, when supply totalled 5.4mn t, was affected by the reduction in output caused by lower apparent demand and high energy costs over the third and fourth quarters of last year. Apparent demand dropped by about a fifth from October-December 2022.

EU HRC imports in June nudged down to 786,300t, from more than 1mn t in May, but were still at the third-highest level this year, accounting for about 13.9pc of overall supply.

Differential ex-works Italy vs cif €/t



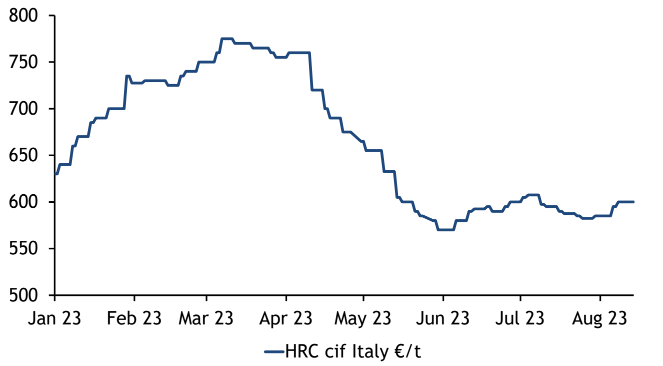
Supply is a proxy for apparent demand — as appetite falls, output should follow suit. Domestic crude steel output was 10.6mn t in June, down by 8pc on the month and 11pc on the year. A number of blast furnaces will be taken down for maintenance in the coming months. German steelmaker Salzgitter and Austrian steelmaker Voestalpine are relining furnaces in the third and fourth quarters, while Indian private-sector producer Tata Steel has not yet restarted its IJmuiden furnace, which was taken down in April. This suggests HRC-oriented crude steel output could fell in the coming months.

Mill sources say the reductions in domestic supply are less exaggerated than the decline in service centre buying, suggesting real demand is higher than perceived at present. Service centres are destocking because of cash constraints, the slow market and, in some cases, the approaching end of the fiscal year. But this trend is not yet evident in reported data. German service centres had 2.3 months of HRC inventory in June, largely unchanged from May and down slightly from April, according to German distributor association BDS.

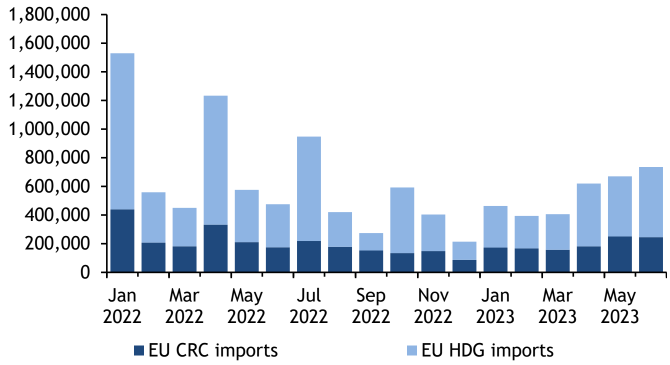
Domestic northwest European HRC prices have fallen consistently, and were at €629.50/t on 17 August, down from €850.75/t on 4 April, according to *Argus*' benchmark index.

By Colin Richardson

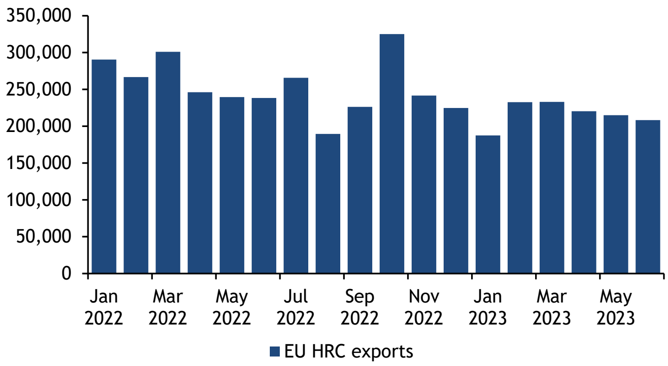
HRC cif Italy *€/t*



Downstream imports in EU *'t*



EU HRC exports *'t*



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