



## Chilean Steel Rebar Price Hikes

The price hike in Chilean domestic steel rebar announced by the country's steelmakers in late July has consolidated through August, with all orders placed subject to the new value.

Rebar A630 currently at Peso 385,000-398,000/mt (\$546-\$565/mt) delivered in Santiago, excluding the mandatory 19% IVA tax. By end-June, domestic rebar price bottomed to as low as Peso 375,000/mt. Buyers several times were able to force producers to drop price hikes by not buying at the higher prices. But it didn't happen with the July price increase as demand for the long steel product is considered strong. "The reform approved by the government, raising taxes for new housing projects valid from 2016 on, forced construction companies to accelerate their projects," said source at a



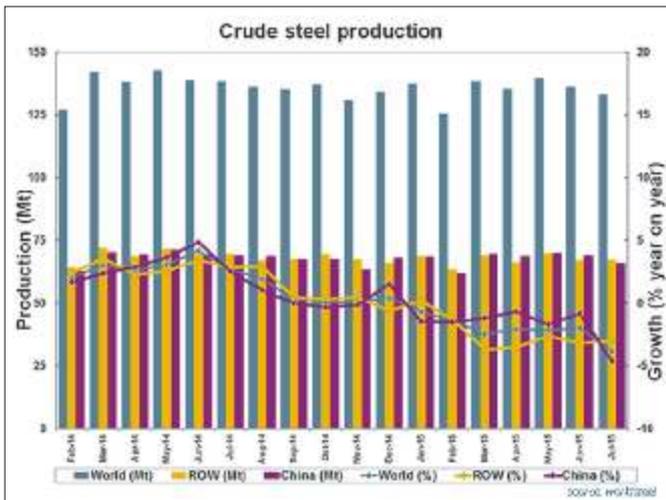
steel processor who has not yet bought in August. "This boosted rebar use." The processor has firm offers at Peso 398,000/mt up 7% over July's level, the source added.

"Moreover, rains came later than usual this year, which enabled projects to run external stages in which rebar is employed for a longer period," added another buyer, who also reported a 7% hike in mills prices. He purchased around 700 mt through the month at Peso 383,000/mt. Another distributor

source acknowledged the 7% price increase started in late July, but he couldn't confirm what was the new value.

"For the near future, prices should be stable because although the currency exchange rate is still increasing, international prices are going down," said a trader seeing prices in a Peso 390,000-400,000/mt range. "Also, activity may be slow until we have a decision from the government regarding the proposal of a labor reform, which is generating many uncertainties and braking activity." Chilean domestic rebar market is supplied by two companies CAP Acero, currently operating only one of two blast furnaces and producing up to 700,000 mt/year of finished steel, and Gerdau, a 530,000 mt/year rebar, bar and rod producer.

## World Steel Production Dips 3.8% in July



South Korea was the only exception among Asian countries posting a 1.7% growth in steel production to 6 mt during the month.

World steel production was at 132 million tonne (mt) in July 2015 compared to 138 mt in July last year. In terms of sheer numbers, the fall in global steel output was led by China, which saw a 4.5% decline in steel production during July

2015 to 65.8 mt. The country is the world's largest steel producer and its shrinking output has been a major cause for concern across the world steel economy.

The US led the decline in North American production with a 9.1% fall in July 2015 to 6.9 mt while Canada followed with a 5% cut down in steel output to 1 mt. While the UK saw a 3% decline in steel production to 0.9mt, Italy saw a 11.6% slide in steel output to 1.8 mt. Germany as steel output went up to 3.6 mt growing by 4.7% during the month compared to same month last year.

Japan, one of the leading Asian steel producers, saw a 4.9% plunge in output to 8.8 mt in July this year compared to production in the same month last year.

World steel production dipped 3.8% in July 2015 clearly indicating the crisis in the industry in the face of growing Chinese imports. Almost every major steel producing country in Europe, the CIS countries and North America saw a decline in steel production in July this year, barring the exception of Germany.

However, India's steel sector managed to buck the global trend and showed a marginal 1.2% rise in production during the month, according to latest data from World Steel Association, a Brussels-based body which collates production figures for 65 countries reporting to it. In India, domestic steel production climbed up to 7.6 mt in July 2015 from 7.5 mt in July 2014. Apart from India,

## US Takes Steps towards Steel Shelving from China



The US Commerce Department said that China was dumping steel shelving units in the US market at below fair value and unfairly subsidizing the producers, and it took a step closer to slapping duties on the products.

The department said US customs officials would begin collecting cash deposits to offset the dumping margins pending a final determination of injury to US industry.

If injury is found, the United States will also put in place countervailing duties to offset Beijing's subsidies, it said. If no injury is found, any monies collected will be refunded, it said.

The complaint over China's trade in pre-packaged, boltless shelving used in homes and businesses was lodged by Chicago-based Edsal Manufacturing Co.

The Commerce Department said China was dumping the products at margins of up to 112.68 per cent, with subsidies ranging as high as 80.45 per cent.