



Import Threat Keeps Benchmark EU Average Price Flat – MEPS

Overall, demand for flat products is reasonable in Western Europe. Buyers are anticipating the arrival of large quantities of third country material during the summer, particularly at ports in the south. Following concerns about the increasing impact of imports on the EU steel market, the European Commission has initiated an antidumping investigation into cold rolled coil imports from China and Russia. Negotiations have started between the domestic mills and the auto companies for second half 2015 contracts. Producers would like a rollover of the first half prices but the carmakers are expected to ask for lower values because the steelmakers' input costs are down.

Demand is holding up in Germany with business in the first six months described as acceptable, with auto leading the way. Forecasts suggest that building activity may be down slightly in the second half. Buyers are receiving new offers from third country sources but many consider the price benefits to be too small when compared to the long delivery lead times. However, they are aware that large volumes are already on the way. There is plenty of material quickly available



from domestic sources. Activity on the French market is still weak in major consuming sectors, such as construction and energy, whereas the auto industry is faring satisfactorily. Competition between distributors is fierce. As a result, a number of warehouses have closed down. Ex-mill basis values have remained relatively stable since last month. There is some pressure from overseas suppliers, which has left domestic producers struggling to maintain selling figures. Import quantities have climbed since the start of the year.

Although internal demand remains depressed in Italy, there are small signs of recovery, mainly in the auto sector, so far. Domestic basis values have deteriorated further, driven down by poor sales, high levels of availability and increasingly

aggressive offers from China and India. Considerable volumes have been booked for arrival during the summer holidays. As a result, buyers do not expect prices to recover during 2015. Competition in the distribution sector is severe, with service centres so hungry for business that they concede discounts on a daily basis. Consumption is said to be reasonable in the UK, with the manufacturing sector fairly busy. Service centre sales have been healthy. Stocks are well balanced with demand. Producers are willing to be flexible during negotiations and prices are down, a little. Resale values have declined in tandem with the ex-mill figures.

Belgian service centres are keeping inventories low because they can obtain material quickly from local mills, who, in some instances, are carrying stock. End-users are only purchasing what they need for immediate use. Imports are available from China and Russia. Underlying consumption is slowly improving in Spain, where domestic basis numbers are unchanged from May. However, the market is slow. The summer vacation period is approaching and large quantities of pre-booked, foreign material are still to arrive.

Ukraine's Pig Iron Trade Down



In January-May Ukraine exported 688.45 thousand tons of pig iron, down by 40% YoY. Export revenues decreased by 54.7%, to \$190.67 million. The main importers of Ukrainian pig iron were Italy (31.57% in money terms), Turkey (18.21%) and the USA (16.1%). At the same time Ukraine imported 2.68 thousand tons of pig iron, down by 22.5%, worth \$903 thousand, down by 38.9% YoY. The main supplier of pig iron to Ukraine was Russia (94.91%) despite its support of the terrorists in the East of the country.

TimkenSteel Opens \$5-million Tech Center in Canton, Ohio

TimkenSteel recently opened a \$5 million technology center at its Northeast Ohio corporate campus. "The new TimkenSteel Technology Center, along with the talent across our entire team, enhances our ability to develop the SBQ steel that our customers need to solve their toughest challenges," Ray Fryan, vice president of technology and quality, said in a written statement. Steel cleanliness is important for high performance in critical products such as gears, bearings, axles, crankshafts, down-the-hole drilling equipment and military applications.

The tech center has a dozen laboratories, including a brand new scanning electron microscope, an ultrasonic lab, a physical process modeling lab and additional labs where metallurgists and materials scientists can test steel and find inclusions less than the width of a hair. The 20,000-square-foot facility, allows the company to boost levels of steel performance from the company's



almost-new \$225 million jumbo bloom vertical caster at the Faircrest Steel Plant in Canton. TimkenSteel made its debut on the New York Stock Exchange almost a year ago as a separate company from its previous partnership. Operating in five countries, TimkenSteel makes steel in six plants throughout the U.S., including three in Canton, and employs 2,800 workers. It posted sales of \$1.7 billion in 2014 and was named 2015 Steel Producer of the Year by American Metal Market, according to the company's website.