



How have Steel Raw Materials Costs Been Affected by War, Politics, and COVID? What's Next on the Horizon?

Prepared for:

South East Asian Iron & Steel Institute (SEAISI)

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Prepared by:

Navigate Commodities

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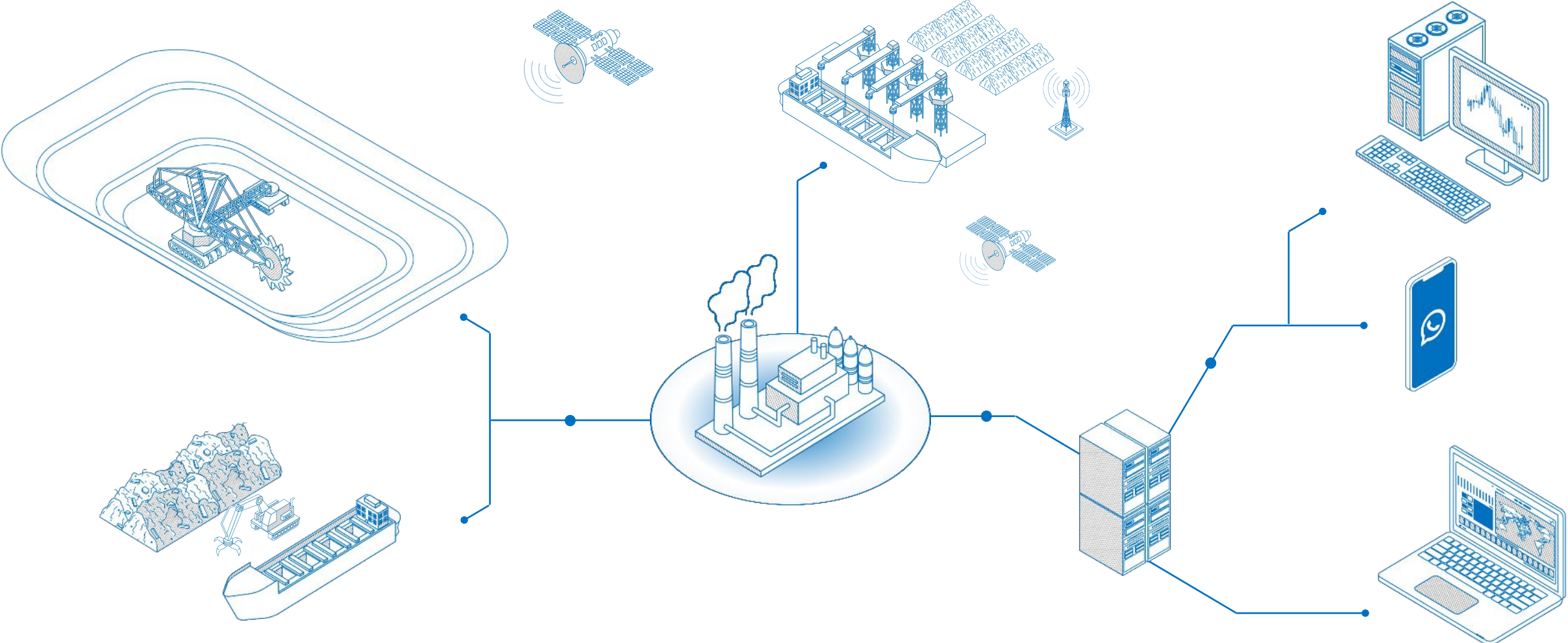
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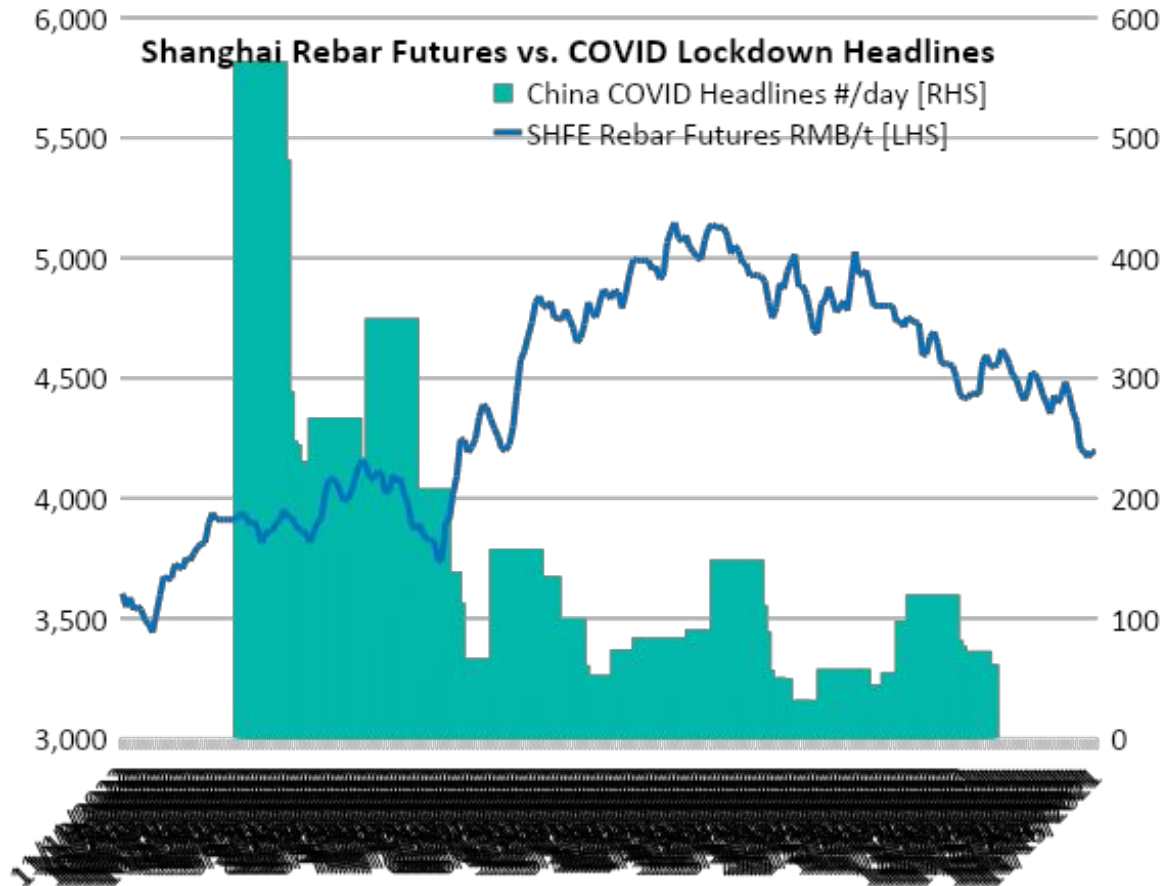
WHO WE SERVE



Agenda

- C*VID
- Politics
- War

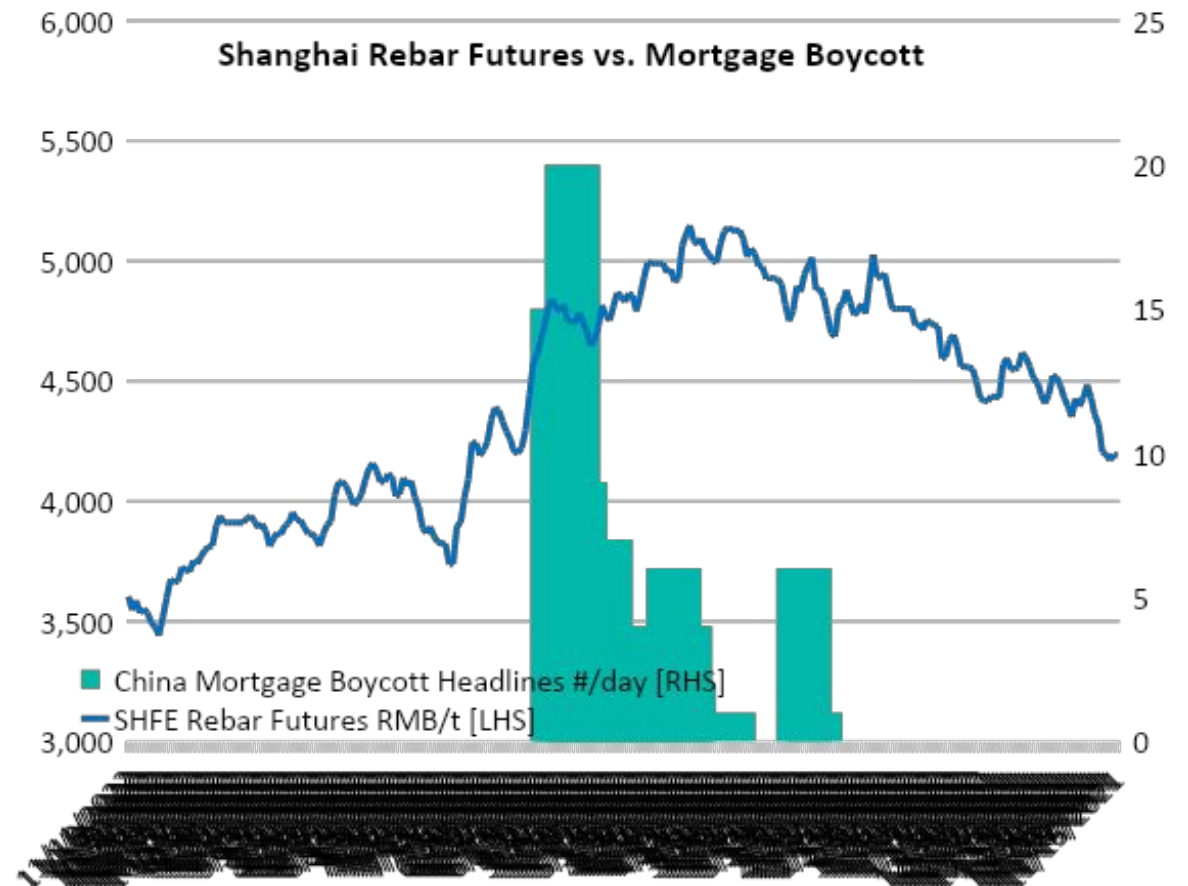
China's C*VID strategy undermines 2022 recovery



Three Red Lines the gift that keeps on giving

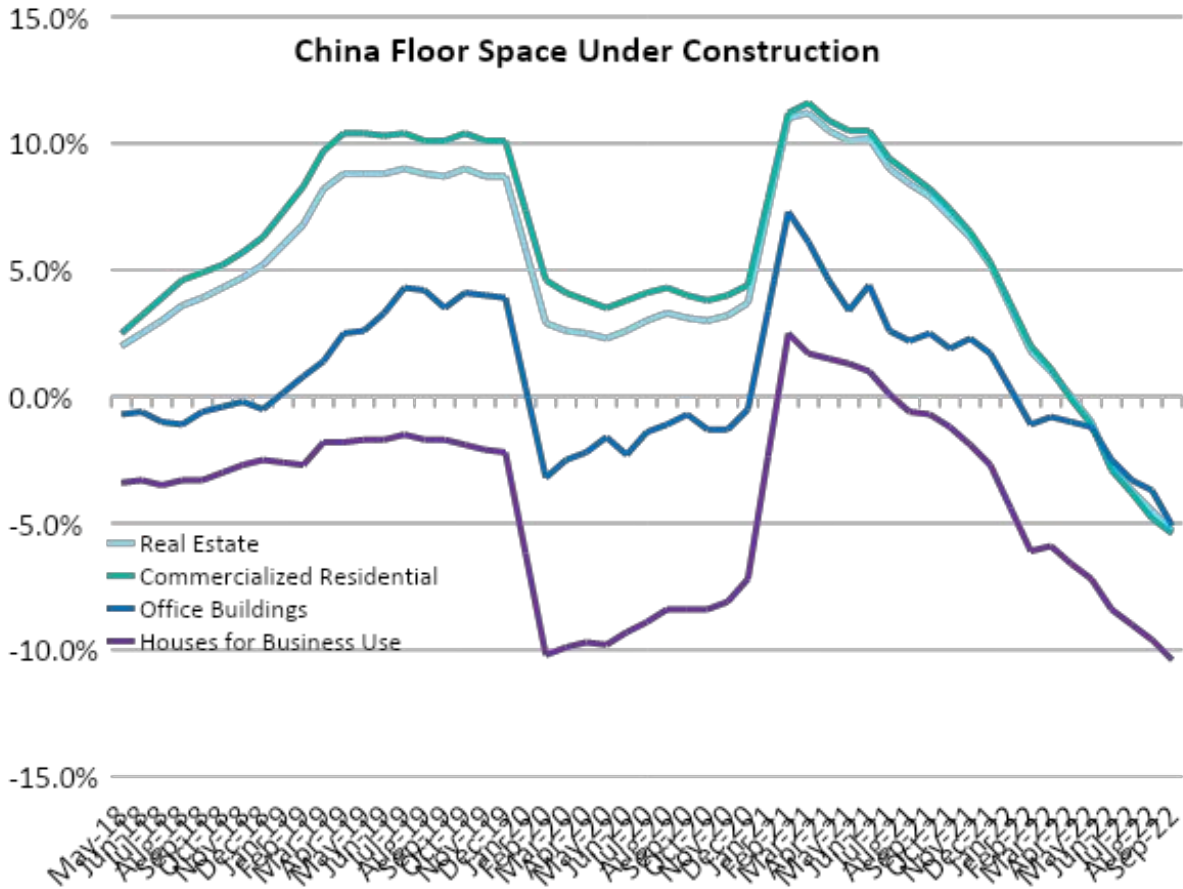


Source: Navigate Commodities, NBS, Bloomberg – CHCSCONF Index

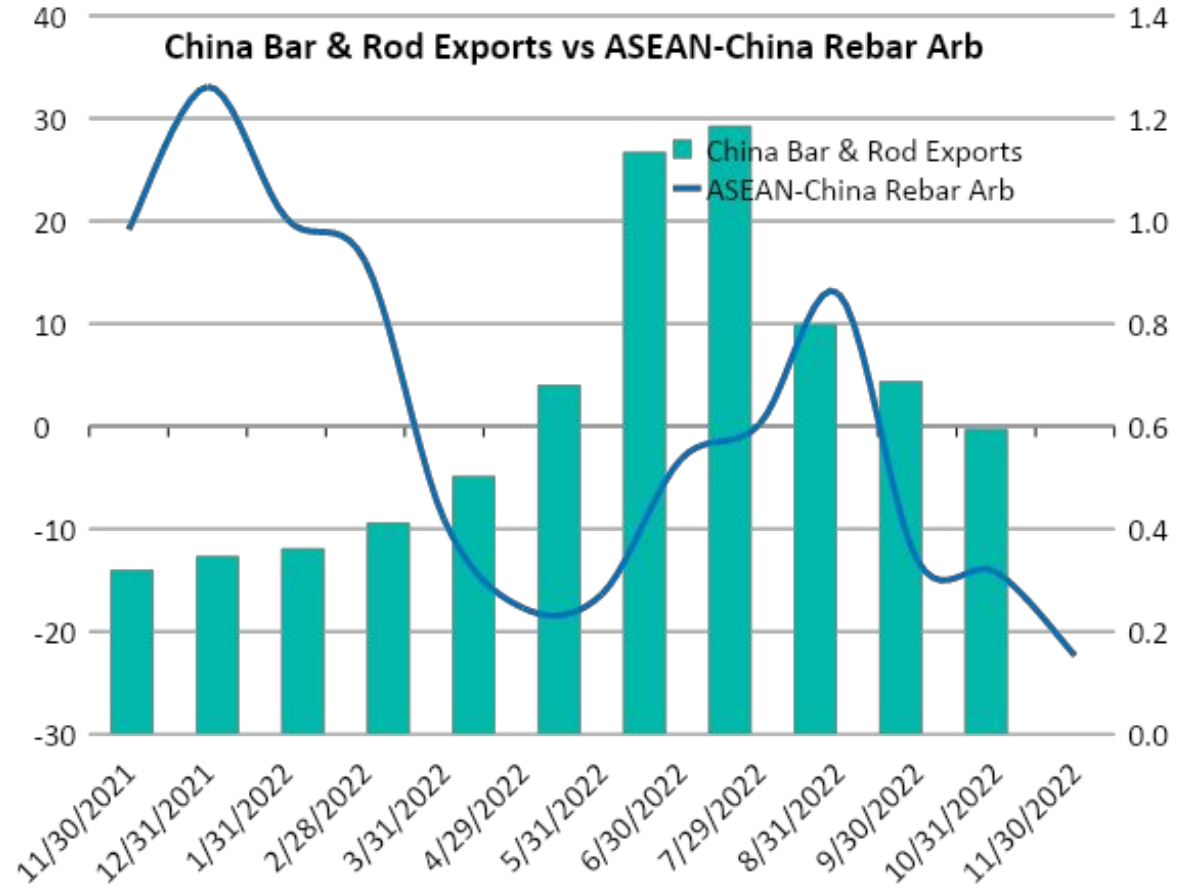


Source: Navigate Commodities, Bloomberg – NT

Excess Chinese Steel penetrating SEA – again

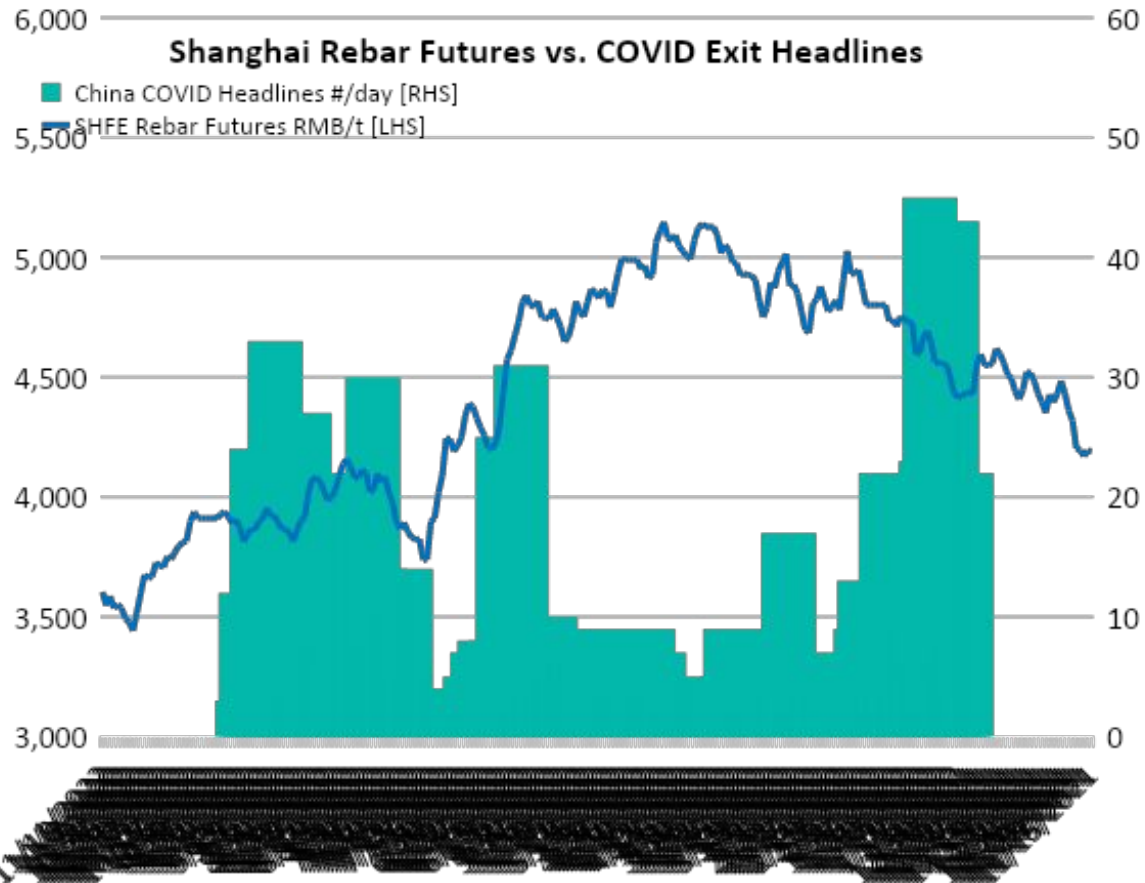


Source: Navigate Commodities, NBS – Units: YoY %

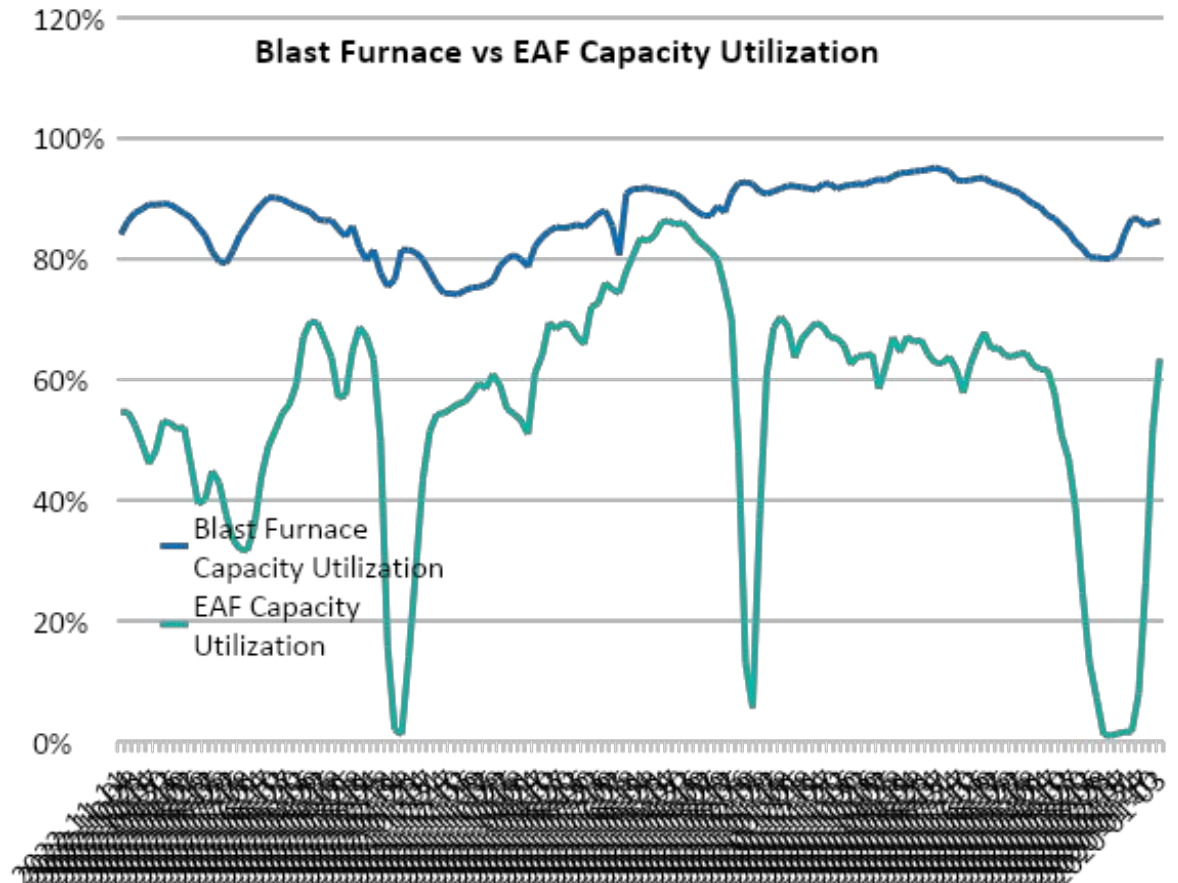


Source: Navigate Commodities, GTT – Units: US\$/t [LHS], Mt [RHS]

But it's not all terrible news for Steel

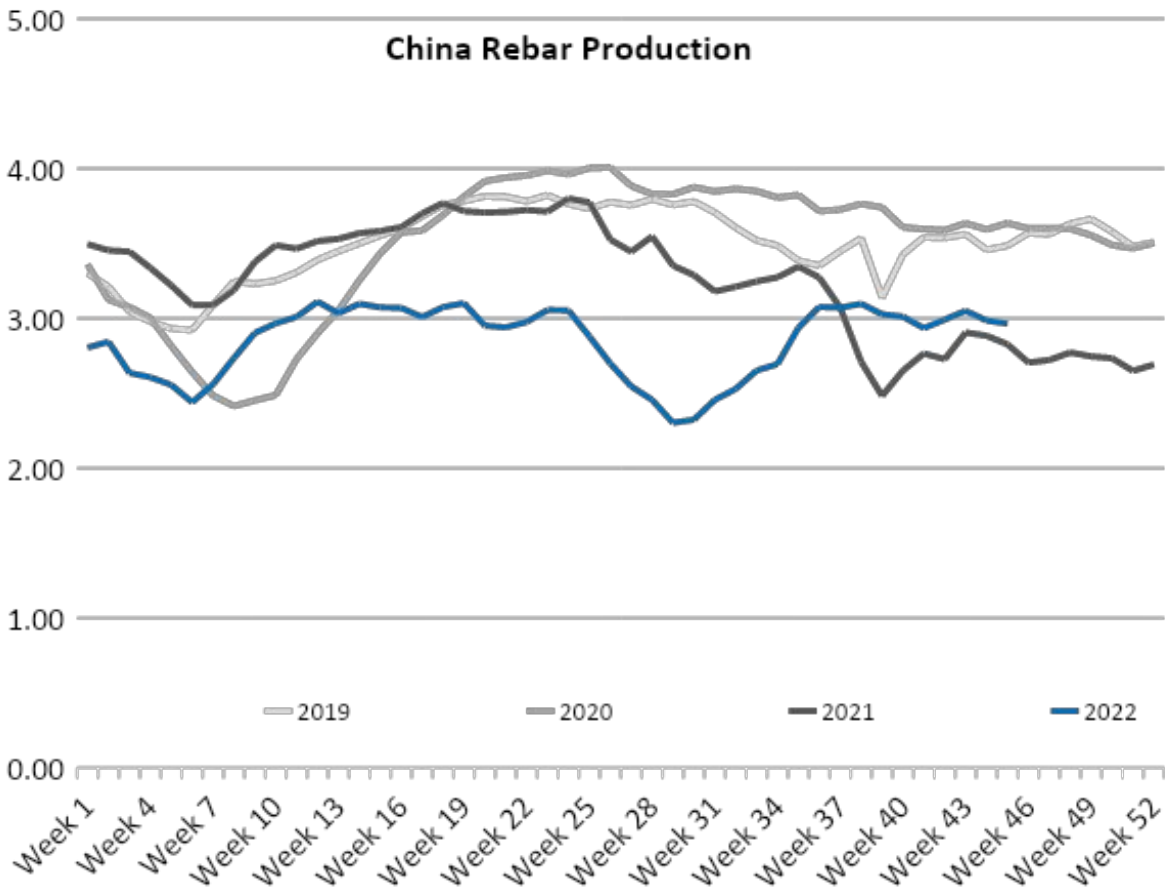


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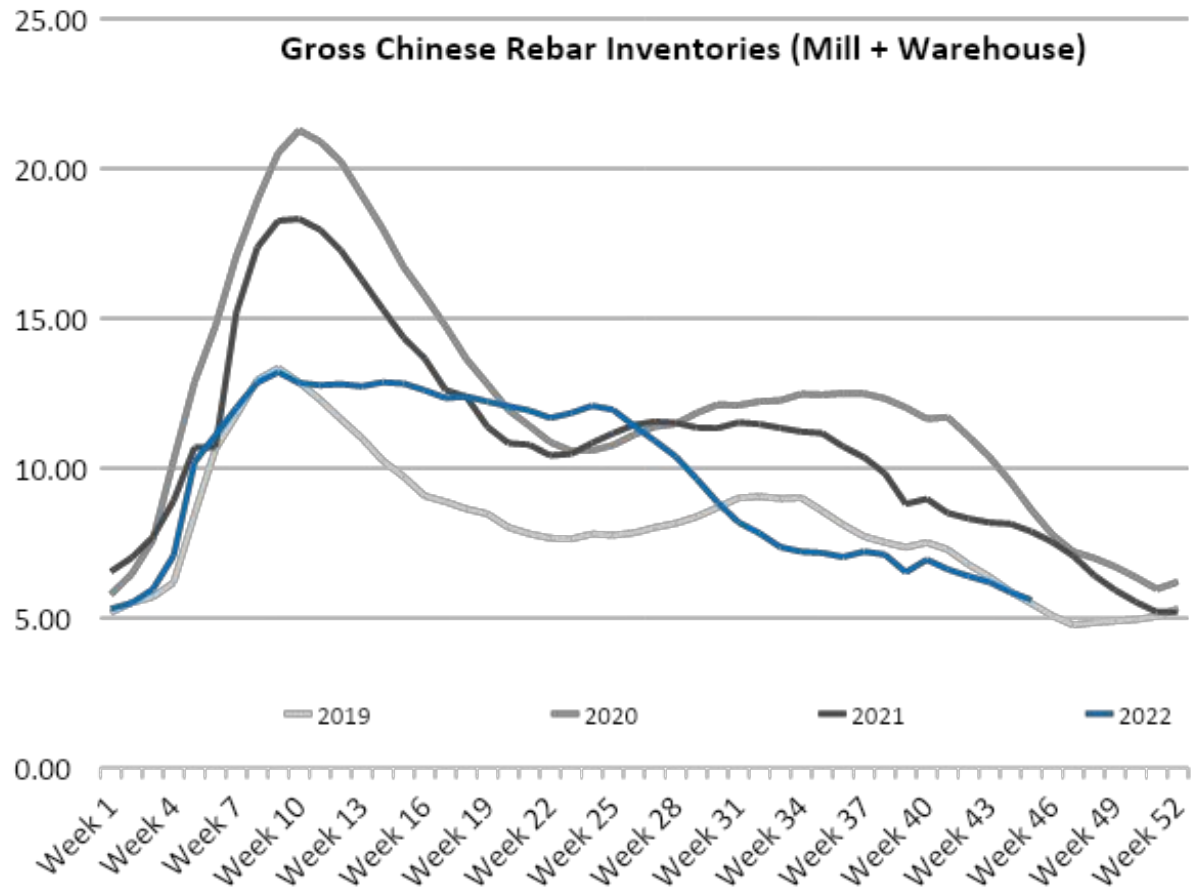


Source: Navigate Commodities, Fubao – Units: %

Rebalancing Chinese S&D should provide support

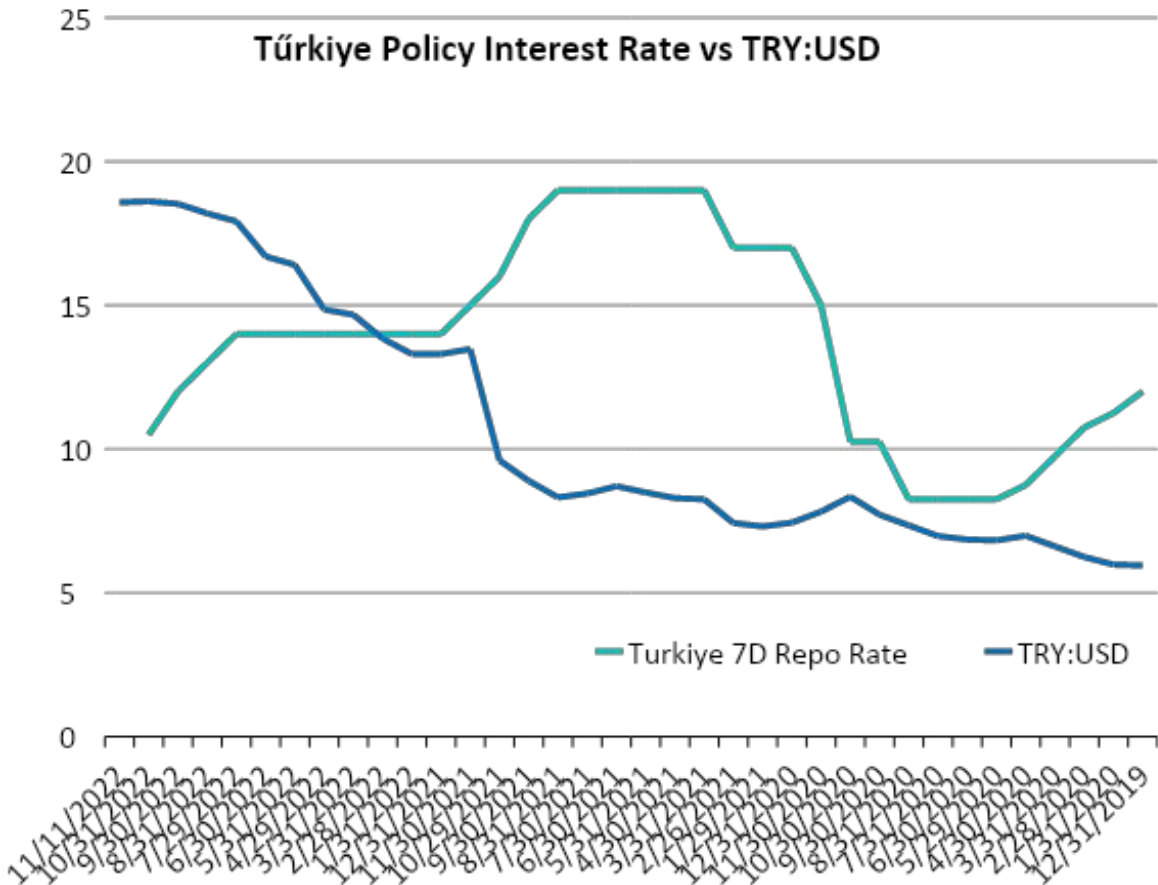


Source: Navigate Commodities, Wind, Mysteel – Units: Mtpw

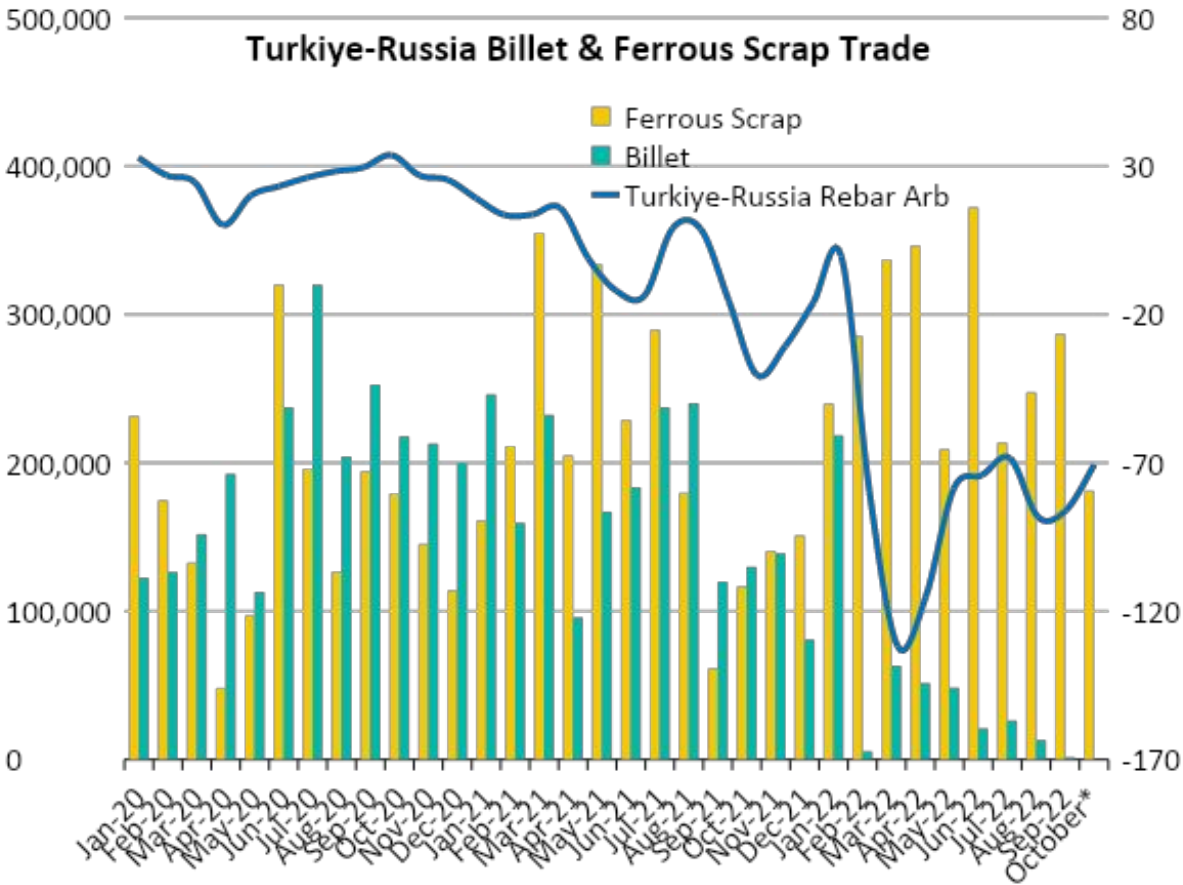


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Unorthodox EM policies & war inflate costs

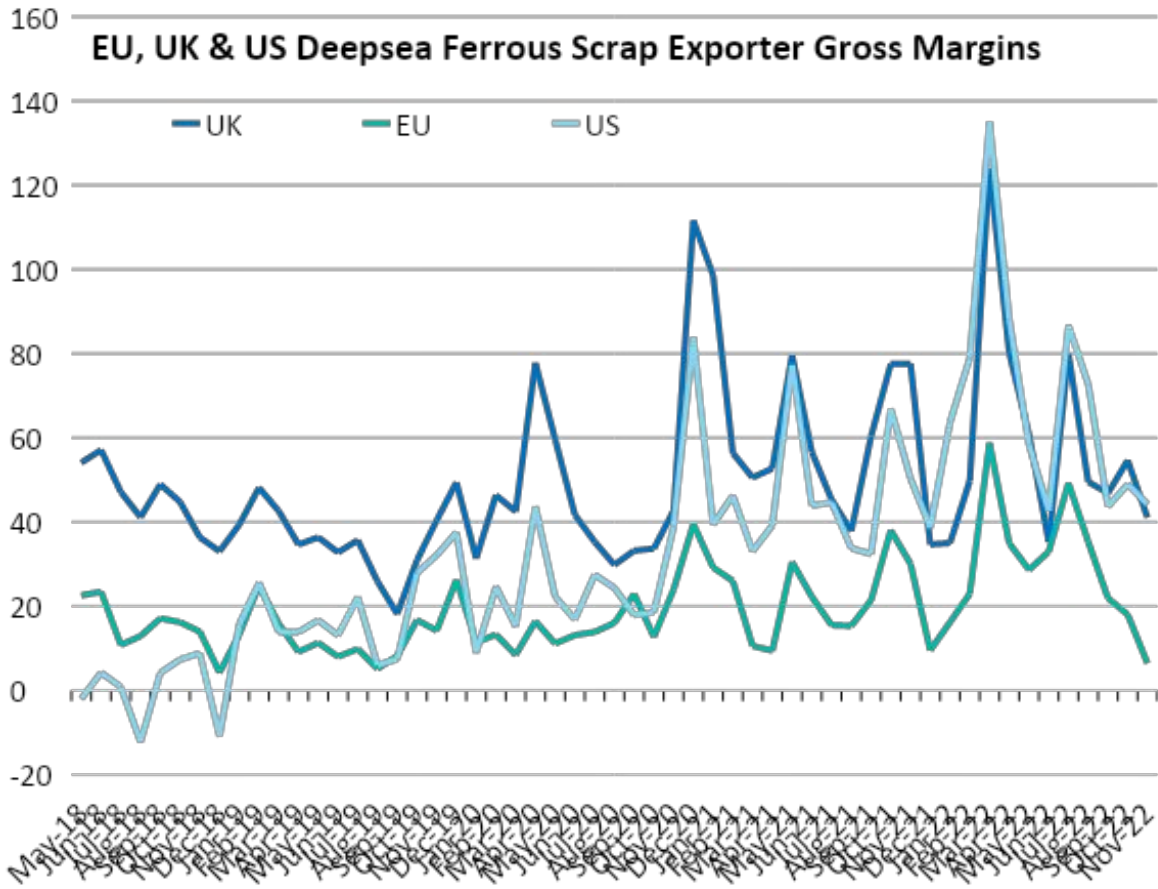


Source: Navigate Commodities, Bloomberg – Units: USD:TRY, %

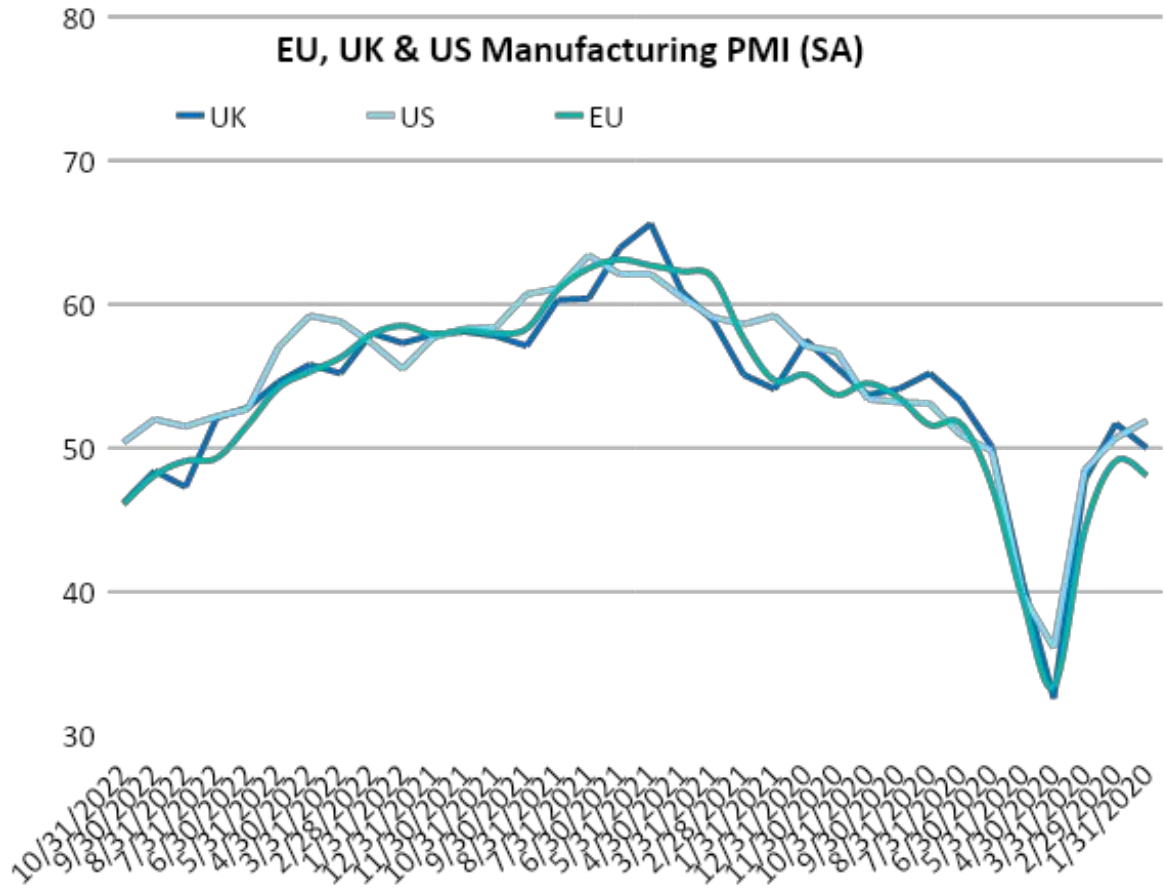


Source: Navigate Commodities, GTT – Units: tonnes [LHS], US\$/t [RHS]

DM economic activity limiting Scrap generation



Source: Navigate Commodities, GTT – Units: tonnes [LHS], US\$/t [RHS]



Source: Navigate Commodities, Bloomberg – Units: Index

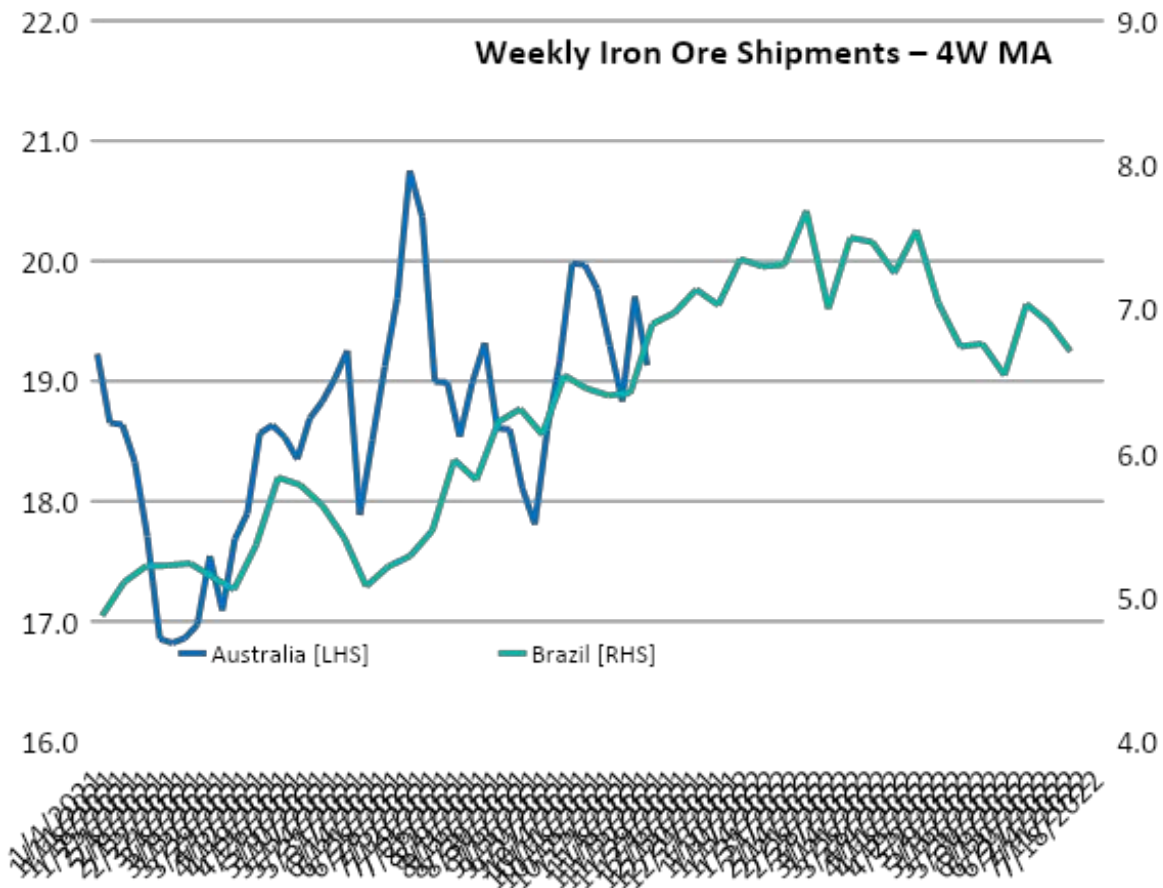


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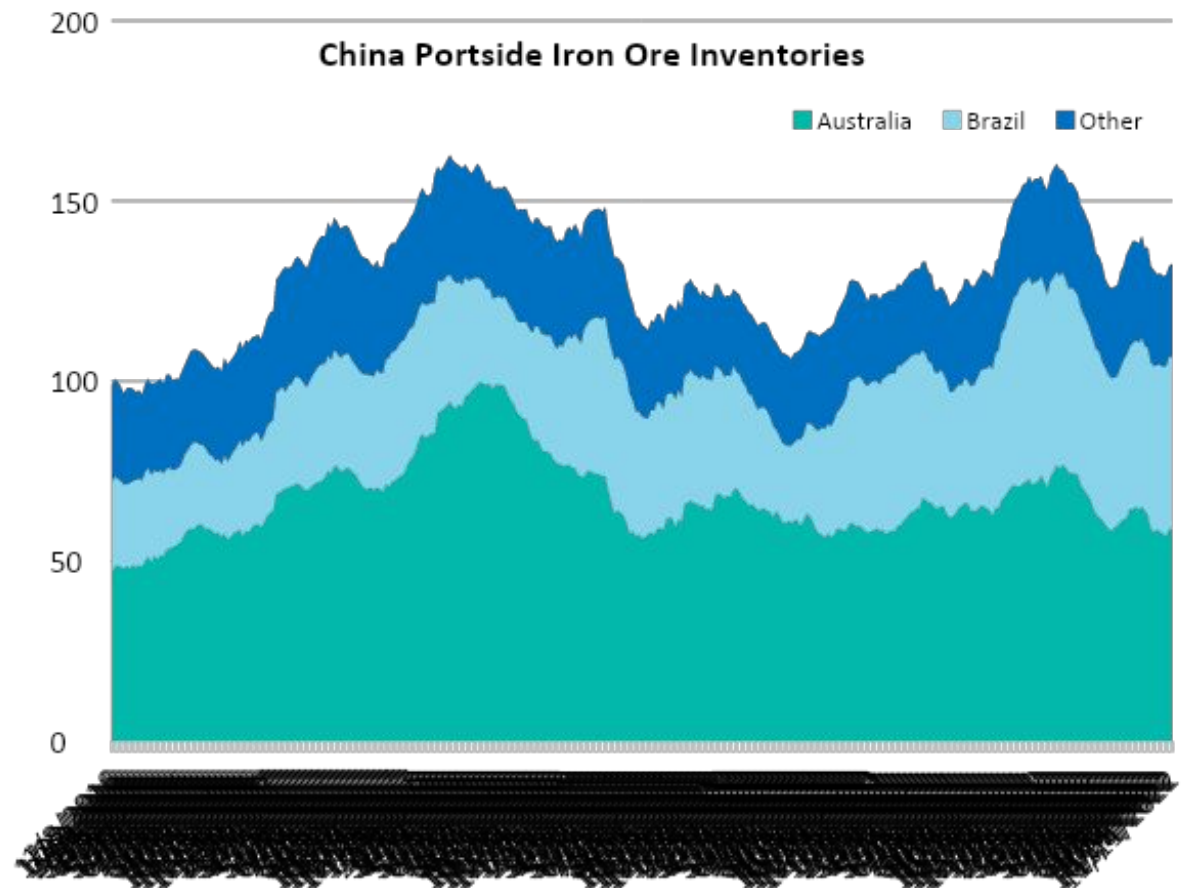
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● Active ● Inactive

Iron Ore supply growth through Q4 2022



Source: Navigate Commodities – Units: Mt



Source: Navigate Commodities, Bloomberg, Wind, Mysteel – Units: Mt

Short Term Outlook

- ❑ Lagging China fundamentals given staunch COVID strategy until H1 2022 – at the earliest
- ❑ Iron Ore & Steel relief rallies on China property sector & “COV-exit” headlines
- ❑ Biggest “Unknown” is how long it will take Chinese consumer confidence to recover
- ❑ Relatively lower Ferrous Scrap costs on deteriorating US, EU & UK economic outlook
- ❑ Uncompetitive Turkish Steel assets will exacerbate availability of Ferrous Scrap

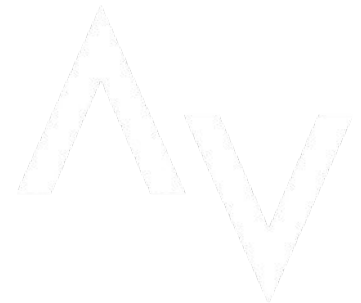
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LEADERSHIP TEAM

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- ▣ Executive General Manager Marketing – Whitehaven Coal
- ▣ Managing Director – Sierra Vista resources