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Argus *Ferrous Markets*

Global ferrous market prices, news and analysis

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NEWS AND ANALYSIS

HP port maintenance threatens coking coal supply

Planned maintenance at the BHP Mitsubishi-operated Hay Point (HP) coking coal terminal in Australia's Queensland state in October-December is threatening to further squeeze spot availability until the end of this year.

Berth #2 at Hay Point will be down for eight weeks from 9 October to 12 December, reducing throughput capacity at the port by about 30pc. The Hay Point coal terminal has three berths.

This could force BHP-Mitsubishi Alliance, Australia's largest coking coal producer and a major supplier to the seaborne spot market, to reroute supply to the Abbot Point coal terminal that is located further from its mines. This will add to costs and increase vessel congestion at Queensland's coal export terminals.

Berth #2 has a loading capacity of about 6,000 t/hour, compared to the total Hay Point capacity of about 20,000 t/h or 55mn t/yr for all three berths.

"The maintenance at Hay Point was just announced to the market, so we are not sure if this was scheduled maintenance or some sort of emergency," a Japanese trader said. "If this means contract volumes will be prioritised over spot volumes, then the market could be very tight for supply in November and December."

Queensland export terminals have been hit by vessel congestion for months, particularly at the Dalrymple Bay Coal Terminal (DBCT). The ship queue at DBCT was at 39 vessels today, up from 18-20 ships normally, with estimated waiting times of about three weeks. The queue at Hay Point

NEWS

PRICES

Key prices

Specification	Price	±	MTD
Iron ore fines (daily) (21 Sep)			*$/dt*
62% Fe ICX™ cfr Qingdao	69.30	nc	68.14
62% Fe PCX fot Qingdao (Yn/wmt)	510	+2	499.47
62% Fe PCX seaborne equivalent	65.70	+0.30	64.25
Coking coal (daily) (21 Sep)			*$/dt*
Premium low-vol, fob Australia	207.20	-0.30	198.69
PCI low-vol, fob Australia	131.50	nc	130.55
Semi-soft mid-vol, fob Australia	134.15	+2.65	131.02
Metallurgical coke (daily) (21 Sep)			*$/t*
62 CSR, fob north China	365.00	nc	380.89
Seaborne steel (daily) (21 Sep)			*$/t*
HRC, fob Tianjin (SS400)	565.00	nc	571.00
Rebar, fob Zhangjiagang	550.00	nc	551.60
Steel wire rod, fob north China	589.00	nc	588.93
HRC, cfr ASEAN (SAE1006)	574.00	+1.00	581.27
Rebar, cfr ASEAN	533.00	-7.00	537.33
Ferrous scrap (daily) (21 Sep)			*$/dt*
HMS 1/2 (80:20), cfr Turkey	322.10	-0.20	320.07
Ferrous scrap (weekly) (21 Sep)			*$/dt*
HMS 1/2 (80:20), cfr Taiwan container	332.50	+5.00	327.50

MARKETS

formerly Argus Steel Feedstocks

was about nine vessels earlier this week, while the Abbot Point queue was four ships.

DBCT vessel queues could increase further as the port is scheduled to have maintenance at one of its shiploaders in November. The queue rose above 40 vessels after maintenance on another of the DBCT shiploaders that started in early July was extended by a week into mid-August.

"With maintenance going on concurrently at both DBCT and Hay Point in the last three months of the year, we expect more congestion at the ports which might result in delays for customers," another Japanese trader said.

Coal logistics networks in Queensland have been strained by record production at many mines in the state, as well as a controversial maintenance plan imposed by rail operator Aurizon that has disrupted some coal transport corridors. Rail maintenance has contributed to delayed cargo deliveries at Hay Point and DBCT, forcing vessels to wait for their arrival and adding to the congestion.

But some of those rail issues could be alleviated soon as Aurizon is scheduled to make changes to its rail capacity allocation system from 1 October. Instead of negotiating annual contracts with coal suppliers for a set rail capacity, these contracts will now be negotiated monthly to allow for increased flexibility and adjustment of volumes where needed.

Coal shipments at Hay Point slipped to 3.64mn t in August from 4.26mn t in July, hitting the lowest level since October 2017 when the port also underwent maintenance.

IRON ORE PRICE ANALYSIS

China iron ore: Holiday lull takes hold

Iron ore prices were little changed today, with activity limited ahead of a three-day holiday in China.

The *Argus* ICX 62pc seaborne fines price was unchanged at $69.30/dry metric tonne (dmt). Participants were also travelling on the last day of the year's biggest industry conference in Dalian.

On the Globalore platform, an 11-20 October laycan cargo of 110,000t Jimblebar fines and 90,000t Newman fines were offered at a discount of $9.50/dmt and premium of $1/dmt to October index, and a late-August loading of 110,000t IOCJ was offered at an 80¢/dmt premium to October 65pc index. Both went without bids.

The *Argus* lump premium fell by 0.6¢/dry metric tonne unit (dmtu) to 34.3¢/dmtu. Lump demand is well supported ahead of increased winter demand.

The *Argus* PCX portside fines price was unchanged at 508 yuan/wet metric tonne (wmt), at a seaborne equivalent of $65.40/dmt, assuming a 16pc value-added tax and 8pc mois-

Seaborne iron ore prices (daily) (21 Sep)			$/dt
Specification	**Price**	**±**	**MTD**
Iron ore fines, cfr Qingdao			
<60% Fe			
56.7% Fe SSF seaborne equivalent	39.15	+0.45	38.10
58% Fe fines	56.50	nc	55.63
60-63.5% Fe			
62% Fe fines (ICX™)	69.30	nc	68.14
62% Fe fines (ICX™-LPHS)	75.25	nc	74.09
62% PCX seaborne equivalent	65.70	+0.30	64.25
62% Fe ICX-PCX seaborne average	67.50	+0.15	66.20
>63.5% Fe			
65% Fe fines	96.65	+0.10	95.86
Iron ore lump, cfr Qingdao			
62% Fe lump *$/t*	90.55	-0.40	89.52
62% Fe lump premium *¢/dmtu*	34.30	-0.60	34.49

China portside iron ore prices (daily) (21 Sep)				*Yn/wt*
Specification	**Price**	**Diff *to* PCX**	**±**	**MTD**
62% PCX fot Qingdao	510		+2	499
NHGF fot Qingdao	517	+7	-2	512
BRBF fot Qingdao	544	+34	-2	541
PBF fot Qingdao	506	-4	+2	495
PBF fot Caofeidian	527	+17	+1	517
SSF fot Qingdao	316	-194	+3	308
SSF fot Caofeidian	314	-196	nc	309

Spot iron ore freight rates (daily) (21 Sep)	$/t
Route and tonnage	**rate**
WC Australia-N China Capesize 160,000t	7.20
Tubarao-Antwerp Capesize 160,000t	7.35
Tubarao-Qingdao Capesize 160,000t	20.10
Saldanha Bay-Qingdao Capesize 160,000t	15.25

Value-in-Market quality adjustments (daily) (21 Sep)				$/t
Adjustment	**Change**	**Range**		**±**
Iron	Per 1% Fe	60%-63.5%	1.10	nc
		63.5%-65%	9.10	nc
Silica	Per 1% SiO_2	<4.5%	0.10	nc
		4.5%-6%	1.00	nc
		>6%	2.70	nc
Alumina	Per 1% Al_2O_3	1-3%	4.00	nc
Phosphorus	Per 0.01% P	<0.08%	3.25	nc
		0.08-0.1%	0.00	nc
		>0.1%	3.85	+0.20

ture. Port trade volumes picked up as some mills restocked ahead of the holiday. BRBF traded at Yn543/wmt for 5,000t at Dongjiakou port on the Corex platform. BRBF is assessed at Yn544/wmt at Qingdao, a Yn34/wmt premium to the PCX.

BRBF trade levels are higher at ports with less supply like Caofeidian, with traders reporting deals at Yn552-555/wmt. "Brazilian low-alumina fines have seen smooth sales recently," a north China-based trader said.

Some traders are seeking Mauritanian fines as an alternative to BRBF. Mauritanian fines also have lower alumina content, and the floating spot premium has risen to $3-4/dmt above index. South China mills are using Mauritanian fines when BRBF runs short, a north China-based trader said.

Environmental restrictions in the Yangtze river region are delaying unloading of iron ore, adding to "remarkable extra costs", a trader said.

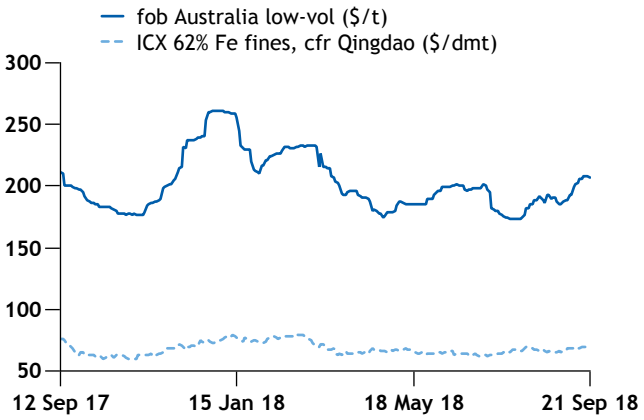
The market is waiting for Tangshan output cuts to start in October to see how many mills are subject to the more restrictive 30-70pc cuts. Some sellers expecting a restocking are not eager to sell ahead of the 1-5 October Golden Week holiday in China. "We expect some restocking to support prices slightly," a south China trader said.

ICX rationale

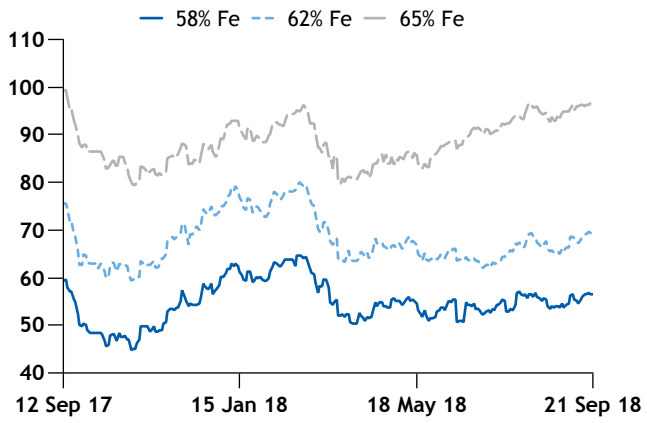
There were no transactions today. There were six bilateral bids, offers and indicative prices with an average normalised price of $69.25/dmt. Each item was given a 5pc volume weight. Normalised prices above $69.61/dmt and below $68.88/dmt were statistically excluded. For the lump premium to the ICX, there were three bilateral bids, offers and indicative prices at an average normalised value of 34.30¢/dmt unit. Values above 34.60¢ and below 33.09¢ were statistically excluded.

Iron ore, 62pc fines derivatives (daily) (21 Sep)		$/t
Timing	Price	±
Sep 18	69.00	+0.15
Oct 18	68.80	-0.05
Nov 18	68.65	nc
4Q 18	68.60	nc
1Q 19	68.30	+0.10
2Q 19	67.85	+0.30
2019	67.85	+0.45
2020	65.85	+0.10

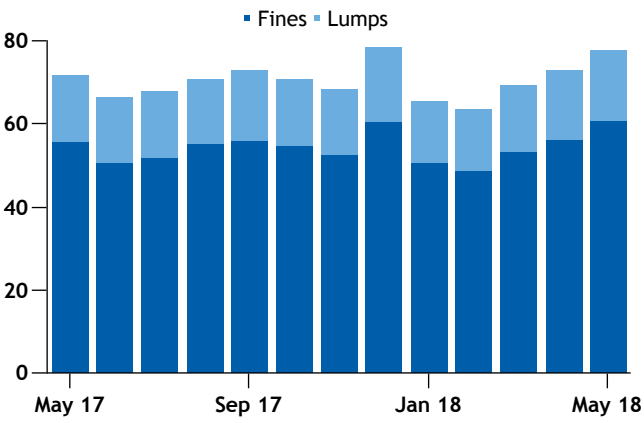
Iron ore 62pc fe fines vs low-vol coking coal $/t



Iron ore fines, cfr Qingdao $/t



Australian iron ore exports vs 58pc fe fines $/t



COKING COAL PRICE ANALYSIS

Asia-Pacific coking coal: Bearish expectations weigh

Asia-Pacific coking coal prices moved lower as more buyers withdrew from the market amid expectations of further discounts. The Chinese market was especially subdued in the run-up to the mid-autumn festival holiday early next week.

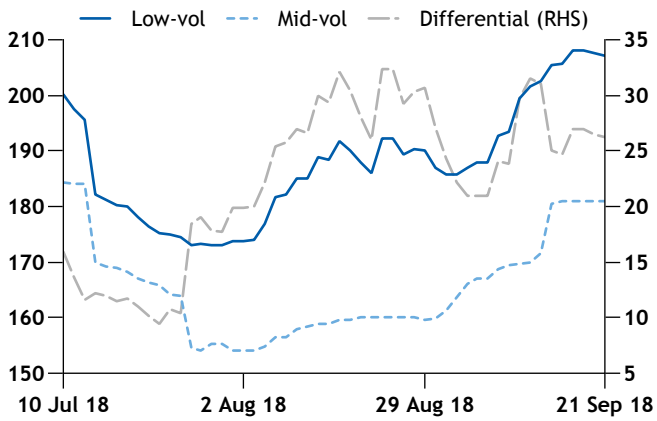
First-tier coking coal prices into China fell by $1.30/t to $217.70/t, while second-tier prices dropped by 60¢/t to $192.20/t cfr north China.

The highest bid for an October-loading premium mid-volatile tender offer earlier this week was only at $203/t cfr China. The tender subsequently failed when the producer concluded that bids were too low.

"Prices are too high right now and have to come down in order to attract some buying interest," a north China steel producer said. "I would say $203/t cfr China is already a pretty high price considering the type of cargo it is for - there is so much premium mid-vol coking coal available in China that even traders are afraid to offer now."

But some restocking of supplies for the northern hemisphere winter season will still take place in the short term, the steelmaker added, emphasising that prices first have to come off further. On the other hand, fears that the Chinese yuan will depreciate further after the latest round of US tariffs on Chinese goods have mostly diminished, as the yuan held steady even in the wake of the tariff announcements, a Chinese trader said.

Coking coal fob Australia low-vol vs mid-vol $/t



Asia-Pacific coking coal prices (daily) (21 Sep)			$/t
Specification	**Delivery period**	**Price**	**±**
Asia-Pacific premium hard coking coal low-vol			
fob Australia	0-90 days	207.20	-0.30
cfr north China	0-90 days	217.70	-1.30
delivered Japan	0-90 days	222.90	-0.30
cfr east coast India	0-90 days	224.70	-0.30
Asia-Pacific hard coking coal mid-vol			
fob Australia	0-90 days	181.00	nc
cfr north China	0-90 days	192.20	-0.60
cfr east coast India	0-90 days	198.50	nc
Asia-Pacific semi-soft coking coal mid-vol			
fob Australia	0-60 days	134.15	+2.65

fob Australia semi-soft coking coal diff (daily) (21 Sep)			
Specification	**Delivery period**	**Diff**	**+/-**
High-vol differential to mid-vol	0-60 days	-10.20	-0.40

N China domestic hard coking coal prices (daily) (21 Sep)			Yn/t
Specification	**Delivery period**	**Price**	**±**
Domestic low-vol	0-90 days	1,590	nc
Domestic low-vol ($/t)	0-90 days	227.11	+0.24
Domestic mid-vol	0-90 days	1,490	nc
Domestic mid-vol ($/t)	0-90 days	212.83	+0.23

Hard coking coal, Atlantic prices (weekly) (18 Sep)			$/t
Specification	**Delivery period**	**Price**	**±**
fob Colombia (mid-vol)	0-90 days	165.00	+11.00
fob Hampton Roads (low-vol)	0-90 days	195.00	+19.50
fob Hampton Roads (high-vol A)	0-90 days	204.00	+18.50
fob Hampton Roads (high-vol B)	0-90 days	170.50	+12.00
delivered Rotterdam (low-vol)	0-90 days	206.25	+19.00

Asia-Pacific PCI prices (daily) (21 Sep)			
Specification	**Loading Period**	**Price**	**+/-**
Asia-Pacific low-vol PCI			
fob Australia	0-60 days	131.50	nc
cfr north China	0-60 days	143.50	nc
cfr India	0-60 days	149.10	nc

fob Australia PCI coal diff (daily) (21 Sep)			
Specification	**Loading Period**	**Diff**	**+/-**
Mid-vol differential to low-vol	0-60 days	-2.45	nc

ARA, Baltic PCI prices (weekly) (19 Sep)			$/t
Specification	**Delivery period**	**Price**	**±**
Low-volatile PCI, fob Baltic	0-60 days	128.00	nc
Mid-volatile PCI, fob Baltic	0-60 days	127.00	nc
Low-volatile PCI, cif ARA	0-60 days	136.00	-0.50
Mid-volatile PCI, cif ARA	0-60 days	135.00	-0.50

The focus has now shifted to India, where the rupee's depreciation to a record low has frozen demand for imported coking coal, although this has come just as restocking for the post-monsoon season was mostly complete.

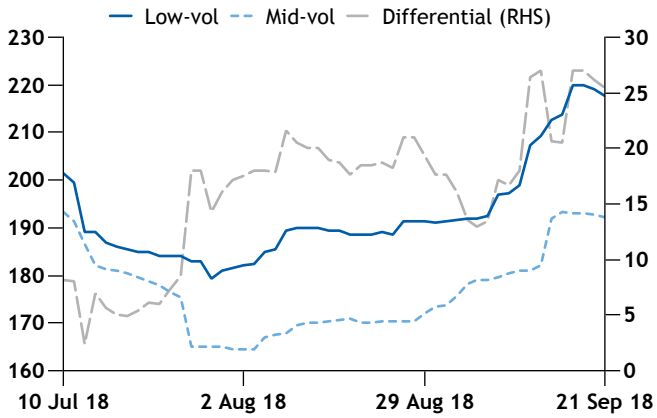
Premium hard low-volatile coking coal prices fell by 30¢/t to $207.20/t fob Australia, while tier two mid-volatile prices held steady at $181/t fob Australia.

First-tier prices on a fob Australia basis should retrace further towards $200/t unless Chinese traders decide to take new positions ahead of that country's early-October Golden Week holidays, a Japanese trader said.

A November-loading blended first-tier coking coal cargo was offered on trading platform Globalcoal at $210/t fob Australia, while a buyer bid at $185/t fob Australia for an October-loading premium mid-vol cargo.

Premium hard low-vol coking coal prices into India fell by 30¢/t to $224.70/t, while tier two mid-volatile prices held steady at $198.50/t cfr east coast India.

cfr north China coking coal, low-vol vs mid-vol $/t



Seaborne met coke prices (daily) (21 Sep)			$/t
Specification	**Delivery Period**	**Price**	**±**
62 CSR coke, fob north China	0-60 days	365.00	nc
65 CSR coke, fob north China	0-60 days	376.00	nc

Spot coal freight rates (daily) (21 Sep)	$/t
Route and tonnage	**Rate**
Richards Bay - Rotterdam Capesize 150,000t	7.50
Richards Bay - Rotterdam Panamax 70,000t	9.50
Puerto Bolivar - Rotterdam Capesize 150,000t	9.00
Puerto Bolivar - Rotterdam Panamax 70,000t	11.45
Murmansk - Rotterdam Panamax 70,000t	7.75
EC Australia - S China Capesize 150,000t	10.90
Richards Bay - S China Capesize 150,000t	14.30
EC Australia - Japan Panamax 70,000t	15.70
EC Australia - EC India, 70,000t	17.70
EC Australia - S Korea Panamax 70,000t	15.50
US east coast - ARA Capesize 140,000t	11.25
US east coast - Japan Panamax 70,000t	33.50
Queensland-Rotterdam Capesize 160,000t (18 Sep)	12.75

Coking coal, low vol derivatives (daily) (21 Sep)		$/t
Timing	**Price**	**±**
Sep 18	199.25	nc
Oct 18	199.00	+2.00
Nov 18	199.00	+2.00
4Q 18	199.00	+2.00
1Q 19	198.50	+2.00
2Q 19	191.00	+1.50
2019	188.40	+1.25
2020	170.75	+0.50

Asia-Pacific coking coal/PCI: Spot deals, reported on 17-21 September					
Est. transaction date	**Loading period**	**Volume (t)**	**Brand**	**Price fob Australia ($/t)**	**Price cfr China ($/t)**
17 Sept	October	85,000	Peak Downs		222
18 Sept	October	85,000	Peak Downs	210	

STEEL PRICE ANALYSIS

Asia-Pacific steel: International offers hit seaborne rebar

South-east Asian rebar import prices slipped today on lower offers from the Middle East and CIS, while China's domestic market was generally quiet ahead of the holiday.

Asean rebar import prices dropped by $7/t to $533/t on lower offers from Saudi Arabia, Oman and the CIS, with some offers heard as low as $530/t cfr Singapore on a theoretical weight basis. Indicative bids were around $520-525/t cfr. Turkish mills were reportedly firm, rejecting bids of $530/t cfr. Turkish mills were selling into higher paying markets outside Asia, given the strong scrap prices and the challenge to margins.

The Asean HRC import price rose by $1/t to $574/t. A 5,000t parcel of Chinese hot-rolled coil (HRC) SAE1006 re-rolling grade was heard sold at $585/t cfr Vietnam, while another shipment of 20,000-25,000t Russian pipe-making HRC was sold at $560/t cfr. The wide spread between these two deals coincided with a wide range of offers at $565-570/t cfr in the seaborne market. Liquidity in general rose a bit over the week, as some traders started to short sell amid a bearish outlook. "[The] market is more active than last week, because prices have dropped to an attractive level," a trader in Hanoi said.

Fob market

Chinese rebar and wire rod export markets remained quiet on the last working day before the holiday, with no new trades seen. Mainstream offers of rebar were firm at $575/t fob and wire rod offers stayed flat at $595/t fob.

The China HRC fob price remained unchanged at $565/t today. With the approaching mid-autumn festival on 24 September, domestic players were not in the mood to make new actions for closing deals. Offers stayed firm at $570-580/t fob, while buyers still showed no buying interest with bids as low as 555-565/t.

Domestic market

Shanghai rebar prices were flat at 4,610 yuan/t amid quiet trade, as many buyers finished re-stocking earlier this week ahead of the mid-autumn festival. China's largest private-sector steel producer Jiangsu Shagang announced its price policy for late September delivery, maintaining ex-works prices of rebar at Yn4,680/t. Other mills in Jiangsu also kept their ex-works prices stable to follow suit. Rebar prices are likely to remain firm on stable ex-works prices and low market inventories.

Shanghai mainstream HRC prices stayed flat at Yn4,310/t, and some traders even offered lower at Yn4,300/t. HRC prices in Tianjin were offered at around Yn4,200/t today, extending the soft trend from last week. Trade was still falling

Steel prices

Specification	Delivery	Price	±	MTD
Asia-Pacific seaborne (daily) (21 Sep)				*$/t*
HRC, fob Tianjin (SS400)	4-10 weeks	565.00	nc	571.00
Rebar, fob Zhangjiagang	4-8 weeks	550.00	nc	551.60
Steel wire rod, fob N China	4-8 weeks	589.00	nc	588.93
HRC, cfr ASEAN (SAE1006)	6-12 weeks	574.00	+1.00	581.27
Rebar, cfr ASEAN	6-10 weeks	533.00	-7.00	537.33
Black Sea seaborne (daily) (21 Sep)				*$/t*
HRC, fob Black Sea	4-8 weeks	530.00	-5.00	542.00
CRC, fob Black Sea	4-8 weeks	595.00	-8.50	609.17
Billet, fob Black Sea	2-6 weeks	472.50	+2.50	474.72
Rebar, fob Turkey	2-6 weeks	509.00	-2.50	511.85
China domestic (daily) (21 Sep)				*Yn/t*
Billet, Tangshan ex-works	0-2 weeks	3,970	-20	4,007
HRC, Shanghai ex-warehouse	immediate	4,310	nc	na
Rebar, Shanghai ex-warehouse	immediate	4,610	nc	na
US domestic (weekly) (18 Sep)				*$/st*
HRC, ex-works Midwest	2-6 weeks	843.25	-18.75	859.83

Country diff to HRC, cfr ASEAN (SAE1006) (daily) (21 Sep) *$/t*

Specification	Diff	±	MTD
HRC, cfr ASEAN China origin	0.00	nc	4.00
HRC, cfr ASEAN India origin	0.00	nc	0.00
HRC, cfr ASEAN Japan origin	35.00	nc	32.33
HRC, cfr ASEAN South Korea origin	20.00	nc	54.00
HRC, cfr ASEAN Taiwan origin	30.00	nc	27.33

Asia-Pacific steel prices (weekly) (21 Sep)

Specification	Delivery	Price	±
China domestic ex-warehouse			*Yn/t*
CRC, Shanghai	immediate	4,808	-26
Seamless steel pipe, Shanghai	immediate	5,400	-100
India domestic ex-works			*Rs/t*
HRC	2-4 weeks	46,500	+300.00

Black Sea steel prices *$/t*

Specification	Delivery	Price	±
Black Sea seaborne, weekly (20 Sep)			
Slab, fob Black Sea	2-8 weeks	485.00	-20.00
Rebar, fob Black Sea	2-6 weeks	505.00	nc
Wire rod, fob Black Sea	2-6 weeks	535.00	-5.00
HRC, fob Turkey (21 Sep)	6-12 weeks	570.00	nc
Black Sea seaborne, monthly (6 Sep)			
Plate, fob Black Sea	2-6 weeks	600.00	-17.50
Turkey domestic ex-works, weekly			
Rebar (20 Sep)	2-5 weeks	618.84	-0.17
Rebar *TRY/t* (20 Sep)	2-5 weeks	3860.00	+50.00
HRC (21 Sep)	0-4 weeks	570.00	nc
HRC *TRY/t* (21 Sep)	0-4 weeks	3582.96	+83.56

behind expectation, a trader in Tianjin said.

An unconfirmed report said Jiangsu province, one of the major steel production bases located in southeast China, would require its mills to cut output in November for China's import expo event to be held over 5-11 November, but the restriction details were not disclosed. A mill in Jiangsu province said it has received verbal notice, and was planning to close 5 of its blast furnaces from 20 October until the end of November, equating to a 30pc output cut, but the final version is yet to be decided.

Tangshan mills lowered billet ex-works prices by Yn20/t to Yn3,970/t today on soft trade, and trading firms' offers also declined to Yn4,020/t.

January futures for rebar increased by 0.14pc to Yn4,149/t and for HRC rose by 0.55pc to Yn4,013/t.

Summary of market activity heard by *Argus*

- HRC-Asean: Offer this week for Indian HRC at $585/t, October/November shipment, from a Vietnamese trader.
- HRC-Asean: Offer this week for Indian HRC at $588/t, October/November shipment, from a Vietnamese trader.
- HRC-Asean: Bid this week for Indian HRC at $575-577/t, October/November shipment, from a Vietnamese trader.
- HRC-Asean: Offer this week for Japanese HRC at $625/t, October/November shipment, from a Vietnamese trader.
- Rebar-Asean: Offer last week for Turkey rebar at $550/t, November shipment, from a Singapore trader.

Russian steel prices cpt Moscow (weekly) (20 Sep)			*Rbs/t*
Specification	**Delivery**	**Price**	**±**
HRC	2-5 weeks	43750	nc
HRC ($/t)	2-5 weeks	652.89	+24.05
CRC	2-5 weeks	49000	nc
CRC ($/t)	2-5 weeks	731.24	+26.94
Rebar	2-5 weeks	44400	-1,600
Rebar ($/t)	2-5 weeks	662.59	+1.41

Steel mill cost analysis		*$/t*
	Price	**±**
China (daily) (21 Sep)		
Ferrous feed unit cost blast furnace	222.77	-0.16
Blast spread fob China rebar	327.23	+0.16
Blast spread fob China HRC	342.23	+0.16
Turkey (daily) (21 Sep)		
Ferrous feed unit cost arc furnace	360.75	-0.23
Arc spread fob Turkey rebar	148.25	-2.27
Arc spread ex-works Turkey rebar	258.09	+0.23
Taiwan (weekly) (21 Sep)		
Ferrous feed unit cost arc furnace	372.40	+5.60

Turkey rebar: Lower bids and offers dampen prices

Turkish rebar export prices fell today on softer offers and bids.

The *Argus* daily fob Turkey steel rebar assessment decreased by $2.50/t to $509/t on an actual weight basis today.

Turkish mills told many overseas rebar importers at the start of the week they were paying $325-330/t cfr Turkey for deep-sea premium HMS 1/2 80:20 imported scrap. But some of these importers have learned that mills were buying at $321-322/t cfr Turkey at the end of this week, and have consequently decreased bid levels.

UK importers said they are mostly saturated in terms of imports, having secured $505-508/t fob Turkey deals two weeks ago. They are ready to return with bids at $490-495/t fob Turkey in two weeks' time.

An Izmir mill was heard to have sold 5,000t of rebar at $502/t fob Turkey on an actual weight basis to a UK buyer today, but this could not be confirmed before *Argus* went to press.

The mill sold at $505/t fob Turkey on actual weight basis to a UK buyer around 10 days ago. Most other Turkish mills were unwilling to drop to the levels of the Izmir mill. Two Marmara mills maintained indications at $510-515/t fob Turkey on an actual weight basis. One sold 10,000t to a South American customer at $510/t fob Turkey yesterday. South America is a market the Izmir mill is not known to be able to access.

The Izmir mill was confirmed to offer $530/t cfr Israel and the two Marmara mills were confirmed to offer $540/t cfr Israel, with freight at $25/t. The Jewish two-day holiday this week quieted demand, and one of the Marmara mills does not expect the Israeli market to be prepared to pay $530/t cfr market. It thinks an industry conference at the start of this week has delayed some overseas rebar demand.

The southeast Asia rebar import market is said to be saturated for the next two to three weeks, so there are unlikely to be many overseas options for Turkish mills.

There was little change in the lira/US dollar exchange rate today, so domestic rebar offers were unchanged.

An Izmir mill was confirmed to offer TL3,900/t ex-works and an Iskenderun mill was confirmed to offer TL3,870/t ex-works, both including value-added tax. Izmir stockists' bids were confirmed at TL3,860/t ex-works and Istanbul stockists' bids were confirmed at TL3,890/t ex-works. A Marmara mill offered TL3,910/t ex-works yesterday and no change was heard to the offer today.

Turkey HRC: No tariff impact expected amid muted demand

Turkish hot-rolled coil (HRC) export and domestic prices were unchanged this week amid slow sales.

The tariff rate quota imposed on Turkish imports is unlikely to impact prices.

Most mills were not tabling offers this week, but were soliciting firm bids from buyers. A Marmara mill sold at least 20,000t of HRC to a re-roller at $580/t ex-works, and had indicated to a pipe-maker it could accept $570/t ex-works for a firm bid.

A second Turkish mill also has available capacity for next month — output has been freed up by the cancellation of orders into the US after the Section 232 tariff was doubled to 50pc.

And domestic demand was quiet because of the macroeconomic turbulence.

The *Argus* weekly ex-works Turkey HRC assessment for the domestic market was flat on the week at $570/t ex-works. The lira-denominated equivalent rose by TL83.56/t to TL3,582.96/t ex-works.

On the seaborne market, a north Turkey mill was offering HRC at around $585/t fob to European buyers for late-December shipment. But an Izmir mill's offers were $15-20/t lower, traders told *Argus*. And a third mill sold HRC to Italy last week at $570/t fob, as *Argus* previously reported.

The *Argus* weekly fob Turkey HRC assessment was unchanged, at $570/t fob.

Market participants in Turkey were evaluating the potential impact of a 25pc tariff rate quota on certain steel products that was announced yesterday and is expected to come into force "soon", according to a source at the Turkish trade ministry.

Most market participants expect no major impact on prices as they think the 3.11mn t quota allocated for flat steel imports is enough for 200 days. Traders said a large volume of flat steel is imported to be processed and re-exported, and that this material will continue to be duty-exempt should it be exported as cold-rolled or galvanised coil.

The same applies to pipe makers and other manufacturers, market participants said.

Of the 4.6mn t of flat steel imported into Turkey in January-July (212 days), 1.7mn t was duty-exempt, leaving only around 2.9mn t of flat steel imports subject to import taxes, a trader said. The quota allocated for flat steel imports for 200 days stands at 3.11mn t.

Some traders think the quota might not even be filled by the end of the 200-day period, especially if domestic demand remains muted.

Overall, market participants do not expect a substantial rise in demand for flat steel in Turkey in the near future because of the unfavourable macroeconomic indicators. "Private consumption is contracting, and this is likely to limit output of white goods and automotive sectors, which in turn could limit demand for HRC," a trader said.

CIS billet: price inches up

CIS billet prices increased today on the back of rising input costs and stronger bids.

The *Argus* Black Sea fob billet assessment rose by $2.5/t to $472.5/t.

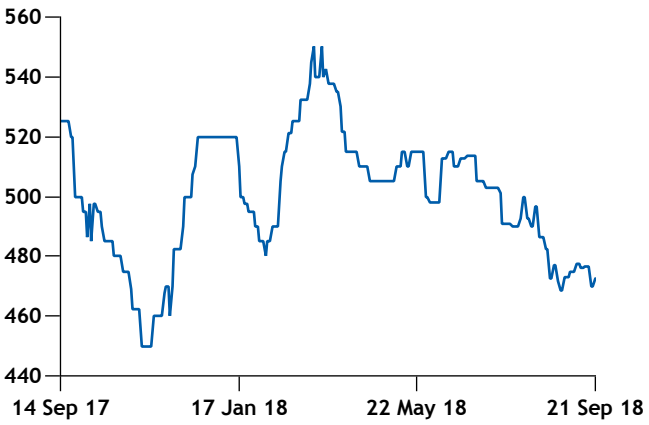
CIS mills insisted on $485-490/t fob, despite lower bids from Turkey this week, market participants said. Some producers said they were ready to sell at $480/t fob,having failed to attract demand at higher prices.

And it was impossible to sell into the crowded south-east Asian market above $515/t cfr, which equates to $465-470/t fob, a trading firm said.

But other market participants said this was not the case. A CIS steelmaker said $515/t cfr bids were based on talk of a low-priced sale from one of the mills in Ukrainian breakaway territories, while the real workable price in the region was $525/t cfr for CIS billet.

A major Ukrainian producer concluded a sale at $472/t fob today, market participants said. The deal could not be confirmed, but some traders said the price was repeatable in the current market environment. Others said it was sold out for October and had not offered its November production.

Steel billet fob Black Sea *$/t*



CIS coils: Negative sentiment hits prices

CIS hot-rolled (HRC) and cold-rolled coil (CRC) prices declined today as expectations of further falls continued to stall market activity.

A CIS producer was offering October production/November shipment at $530/t fob Black Sea for small coils and $540/t fob for large coils.

There was severe pressure on prices with Turkish buyers absent, a trader said. Some customers in North Africa showed some interest earlier in the week, but withdrew later on in expectation of further declines.

Buyers and sellers were indifferent to the import quotas announced yesterday by the Turkish government and expected to enter into effect soon.

Another CIS exporter said they had not made any offers this week, but could offer for November production/December shipment next week. The seller rejected suggestions of having received and rejected a bid at $520/t cfr Turkey for pipe-making grade HRC.

Elsewhere, 20,000-25,000t pipe-making grade Russian HRC sold into Vietnam this week at $560/t cfr. Market participants previously suggested $20/t transportation costs to far eastern Russian ports and $20/t freight from these ports to Vietnam.

The *Argus* daily HRC fob Black Sea assessment fell by another $5/t to $530/t today, while the CRC assessment dropped by $8.50/t to $595/t on the same basis.

EU coil market poised as some demand worries emerge

The European coil market appeared delicately poised this week, with mills still bullish citing strong order books, but buyers concerned about underlying demand.

Some car production has been delayed from the fourth quarter into next year as companies grapple with the new, more rigorous, testing regime. Mills have so far not reported reduced steel demand as a result, but it is concerning buyers.

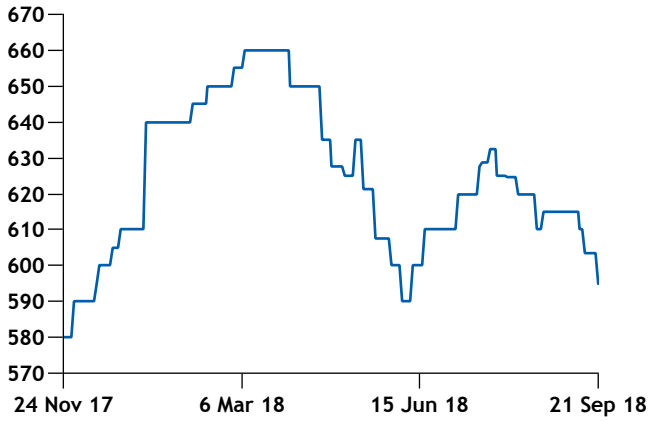
One large service centre was well booked in volume terms and not looking to add additional supply as it was growing more concerned about demand.

Offers are €580-€600/t in northwest Europe, but buy-side sources suggest €570/t is more realistic. Pricing in the south has not risen as expected, with one mill offering €520/t and another €545/t ex-works, and traders suggest the latter may reduce its pricing given competitive import offers.

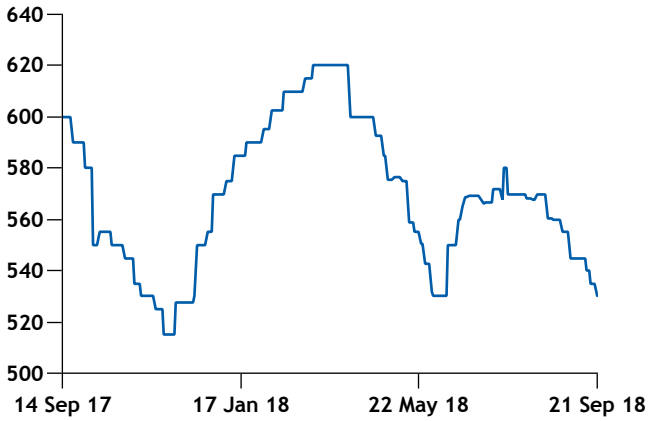
Turkish material has been offered into Italy at €515/t cfr and below, and could see the EU's import quota drawdown at a quicker rate in the coming months. Only 14pc of the hot-rolled sheet and strip quota was used as of 20 September, with 3.67mn t remaining, according to European Commission data.

Slab pricing has also come under pressure in recent weeks, after Brazil filled its US quota and started competing in the Middle East North Africa region. The *Argus* weekly Black Sea slab assessment slipped by $20/t to $485/t fob yesterday.

Steel CRC fob Black Sea $/t



Steel HRC fob Black Sea $/t



METALLICS PRICE ANALYSIS

Turkey scrap: Price edges down on four new deals

The Turkish scrap import price edged down on the assessment of four deals concluded yesterday afternoon.

Two of these deals were reported yesterday but were unable to be assessed by *Argus* because they were received after *Argus*'s timestamp.

The *Argus* daily HMS 1/2 80:20 cfr Turkey and HMS 1/2 75:25 fob Rotterdam steel scrap assessments decreased 20c/t to $322.10/t and $291.70/t.

A continental European supplier was confirmed to have sold 15,000t of HMS 1/2 75:25, 5,000t of shred, 5,000t of bonus and 2,000t of HMS1 at an average price of $321.50/t cfr Iskenderun for end of October shipment yesterday afternoon.

A St. Petersburg supplier was confirmed to have sold HMS 1/2 80:20 at $321/t, bonus at $331/t and rails at $336/t cfr Izmir for end of October shipment yesterday evening. The total cargo size is 30,000t.

A UK supplier was heard to have sold 10,000t of HMS 1/2 75:25 at $311/t cfr Iskenderun today. Because the quality of the cargo could not be determined, the deal was not assessed by *Argus*.

Only one Turkish mill bid for deep-sea scrap today, at $320/t cfr Turkey for premium St. Petersburg HMS 1/2 80:20. Four confirmed Baltic and St. Petersburg offers were made in a range of $321-327/t cfr Turkey. One Baltic supplier said two mills made enquiries today.

A buyer said offers in this range indicate there is little strength to scrap fundamentals. It said it will stay absent in the first half of next week to secure premium quality cargoes below $320/t cfr Turkey by the end of the week.

The slow deterioration in rebar and billet export prices throughout the past week has gradually weakened Turkish deep-sea scrap demand, but mills have still not given any signals that they will cut steel production levels.

Seaborne ferrous scrap prices (daily) (21 Sep)			$/t
	Delivery period	Price	±
HMS 1/2 (80:20), cfr Turkey	2-6 weeks	322.10	-0.20
HMS 1/2 (75:25), fob Rotterdam	2-6 weeks	291.70	-0.20
A3, cif Marmara	0-30 days	311.30	+1.10
A3, fob Russia/Ukraine Black Sea	0-30 days	279.00	+5.00
HMS 1/2 (80:20), fob New York	2-6 weeks	297.10	-1.70

Seaborne ferrous scrap prices (weekly) (21 Sep)		$/t
Specification	Price	±
HMS 1/2 (80:20) containerised cfr Taiwan	332.50	+5.00
HMS 1/2 (80:20), fas Los Angeles	312.50	+5.00
Shredded containerised cfr Nhava Sheva India	362.50	+5.00

Mill delivered ferrous scrap prices		
Specification	Price	±
Daily (21 Sep)		
Heavy melt #3 posted del E China *Yn/t*	2,620	nc
Weekly (21 Sep)		
Shredded composite del US *$/gt*	331.00	nc
Monthly		
E40 shredded del Germany national average *€/t* (14 Sep)	266.94	-12.19
E40 shredded del Spain *€/t* (12 Sep)	255.00	-15.00

Ferrous scrap freight (weekly)		$/t
	Price	±
21 Sep		
Bulk export New York-Turkey	25.00	+1.50
Bulk export Los Angeles-South Korea	25.00	nc
31 Jul		
Containerised export New York-Mumbai	29.50	na
Containerised export Los Angeles-Taiwan	13.50	na

Pig iron prices (weekly)			
Specification	Loading	Price	±
fob Black Sea (20 Sep)			*$/t*
Russian basic	2-6 weeks	370.00	-10.00
Ukrainian basic	2-6 weeks	370.00	-10.00
cfr New Orleans (20 Sep)			*$/t*
Brazilian basic	2-8 weeks	390.00	-10.00
Hot Briquetted Iron (HBI)	2-8 weeks	315.00	nc
delivered Chicago (20 Sep)			*$/t*
Basic	30 days	411.00	-10.00
China ex-works (21 Sep)			*Yn/t*
Tangshan, Hebei	immediate	2871	+19

Ferrous scrap deep-sea trades (average composition price, cfr Turkey)

Date	Volume, *t*	Price, $	Shipment	Buyer	Seller	Composition	Confirmed	Index relevant
21 Sep	10,000	311 (HMS 1/2)	n/a	Iskenderun	UK	10k HMS 1/2	N	N
20 Sep	30,000	321 (80:20)	end October	Izmir	Russia	80:20, bonus, rails	Y	Y
20 Sep	27,000	322	end October	Iskenderun	Netherlands	15k 75:25, 5k shred, 5k bonus, 2k HMS1	Y	Y
20 Sep	30,000	322	October	Iskenderun	Russia	25k 80:20, 5k bonus	Y	Y
19 Sep	n/a	321 (80:20)	October	Iskenderun	USA	80:20, shred, bonus	Y	Y
18 Sep	12,000	335	n/a	Iskenderun	Russia	12k bonus	N	N
17 Sep	30,000	317 (HMS 1/2)	early October	Iskenderun	Netherlands	26k HMS 1/2, 4k bonus	Y	Y

The *Argus* daily fob Turkey steel rebar assessment has decreased from $514.20/t fob Turkey on 13 September to $509.0/t fob Turkey today, down $5.2/t.

Turkish demand for short-sea scrap increased this morning as two mills looked to secure multiple cargoes.

A Bulgarian supplier was confirmed to have sold 3,000t of HMS 1/2 80:20 at $307/t cif Marmara this afternoon.

A Romanian supplier was confirmed to offer $311/t cif Marmara for HMS 1/2 80:20 since yesterday, rejecting multiple bids.

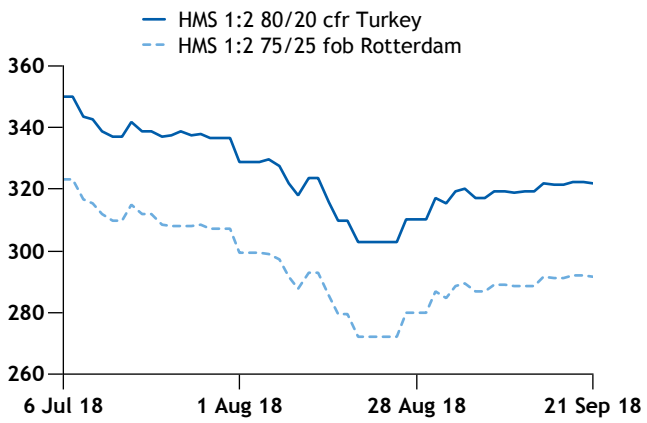
A Marmara mill was confirmed to bid $311/t cif Marmara for A3 material but offers are still at a minimum of $320/t.

More short-sea deals are likely to have concluded but only for Adriatic and western Black Sea cargoes.

The *Argus* daily A3 cif Marmara steel scrap assessment increased $1.10/t to $311.30/t.

The daily A3 fob Russia-Ukraine assessment increased $5/t to $279/t on a fall in freight rates on the Mykolaiv/Rostov-Marmara coaster freight route. This decrease is attributed to the lack of demand for vessels on this route in recent weeks.

HMS 1:2 80/20 scrap cfr Turkey vs 75:25 fob Rotterdam *$/t*



FERRO-ALLOY PRICES

Ferro-alloys				
Specification	**Frequency**	**Date**	**Price**	**±**
Ferro-manganese				
HC 75% fob China (*$/t*)	Weekly	20 Sep	na	na
HC 75% Mn ex-works China (*Yn/t*)	Twice weekly	20 Sep	8500	-150
HC min 80% Mn 6-8% C fob N America (*$/gt*)	Weekly	20 Sep	1340.00	nc
Silico-manganese				
65% Mn 17% Si fob China (*$/t*)	Weekly	20 Sep	na	na
65% Mn 15% Si fob India East Coast (*$/t*)	Twice weekly	20 Sep	1085.00	nc
65% Mn ddp Europe works (*€/t*)	Twice weekly	20 Sep	980.00	nc
Min 65% Mn 16% Si fob N America ($/lb)	Weekly	20 Sep	0.62	-0.01
Ferro-silicon				
72% Si fob China (*$/t*)	Twice weekly	20 Sep	1270.00	-40.00
Low aluminium 75% Si 0.1% Al fob China (*$/t*)	Twice weekly	20 Sep	1420.00	-40.00
Ferro-titanium				
70% Ti fob N America ($/lb)	Weekly	20 Sep	2.35	+0.00
Ferro-vanadium				
50% V ex-works China (*Yn/t*)	Daily	21 Sep	335000	na
60% V ex-works India (Rs/kg)	Twice weekly	20 Sep	4225	nc
78-82% V dp Rotterdam ($/kg V)	Twice weekly	20 Sep	100.50	+3.00
Ferro-niobium				
min 65% Nb du Rotterdam ($/kg)	Twice weekly	20 Sep	39.25	nc
65% Nb fob US warehouse ($/lb)	Monthly	31 Aug	17.30	nc

Ferrous scrap short-sea trades (average composition price, cif Marmara)								
Date	**Volume, *t***	**Price, $**	**Shipment**	**Buyer**	**Seller**	**Composition**	**Confirmed**	**Index relevant**
21 Sep	3,000	307	September	Marmara	Bulgaria	3k 80:20	Y	Y

NEWS

ASIA PACIFIC

Fortescue to start WPF shipments in December

Australian iron ore exporter Fortescue Metals has firmed up the date of its first shipments to December for its 60.1pc Fe West Pilbara Fines (WPF).

Fortescue plans to ship between 5mn-10mn t of WPF in the 2018-19 fiscal year to 30 June, said Fortescue chief executive Elizabeth Gaines.

The initial production of the WPF product will come from its Firetail and Cloudbreak mines in the Pilbara region of Western Australia.

Fortescue's WPF shipments are forecast to rise to around 40mn t/yr on the completion of the 30mn t/yr Eliwana, which is expected to start shipments by the end of 2020. With Eliwana's increased output, WPF will replace around half of Fortescue's 75mn t/yr of 58.3pc Fe Fortescue Blend that it currently exports largely to China.

WPF fines will contain 60.1pc Fe, 2.2pc-2.3pc Al, 4.3pc-4.5pc Si and 0.8pc Phos. Eliwana contains 213mn t of reserves at a 60.1pc Fe cut-off.

Fortescue's overall realised contract prices in 2017-18 were 65pc of the average benchmark of $69/dry metric tonne (dmt). Fortescue's average revenue received in 2017-18 was $44/dmt or 64pc of the average benchmark price, after taking into account all adjustments associated with provisional pricing. The *Argus* ICX price averaged $69.18/t in 2017-18.

Peabody Energy buys Shoal Creek coking coal mine

US coal producer Peabody Energy has reached a deal to buy the Shoal Creek mine in central Alabama from fellow coal producer Drummond for $400mn.

The mine, located on the Black Warrior River, produces 2mn short tonnes/yr (1.81mn t/yr) of high-vol A coking coal, most of which is sold to Asia-Pacific and European steel producers. The deal is expected to be finalised by the end of 2018, subject to regulatory approvals.

The acquisition comes after Peabody was linked with the purchase a 30pc stake in Drummond's Colombian coal operations earlier this month.

"Peabody has consistently outlined our intention to upgrade our metallurgical coal platform and make strategic investments using a strict set of filters. We believe the purchase of the well-capitalized and high-quality Shoal Creek Mine meets these filters, offers major logistical advantages and represents an opportunity to create significant value," president and chief executive Glenn Kellow said.

Shoal Creek's location on the Black Warrior River gives it direct access to barge transportation, eliminating the need to transport cargoes with additional trucks or rail infrastructure. Cargoes can be transported through the port of Mobile in the Gulf of Mexico directly to Asian and European steel producers.

The Shoal Creek mine has reserves of about 17mn st of coal and employs longwall mining technology to mine the Blue Creek and Mary Lee coal seams.

Subscriber notice: Asia-Pacific publishing schedule

Argus' China offices will be closed on 24 September and 1-5 October for public holidays. *Argus* Ferrous Markets will only publish Asia-Pacific iron ore and steel market commentaries on those days if there is sufficient market liquidity.

China's August car sales fall

Car sales in China and India fell in August for a second month, Japanese automobile sales rose, while Australian sales dipped.

China's car sales fell by 4.6pc in August to 1.79mn, according to the China automobile association. The contraction contrasted with a 2.6pc rise in sales during January-August. The 4.7pc fall in car production to 1.75mn in August contrasted with 1.9pc growth during January-August.

The drop in car sales has added to signs of slowing economic growth in China. The pace of the country's industrial production growth has slowed in recent months, while the country's purchasing manager's index slipped in August to a 14-month low. China's currency has also slumped in recent months versus the US dollar.

Firm demand for sports utility vehicles (SUVs) had masked a steady slowdown in passenger car demand from the start of the year. But shrinking demand for these vehicles has now removed this last major support. SUV sales fell by 4.7pc in August to 737,600. The contraction compared with a 6.2pc rise in sales during January-August.

The slowdown in sedan cars was steadier. The 3.4pc drop in demand to 901,100 in August was similar to their 3.7pc fall in sales during January-August.

Chinese-branded cars accounted for 38.2pc of total car sales, down from a 41.02pc share the same month last year. Chinese-branded sedan cars increased their market share slightly to 18.6pc. But the share of Chinese-branded SUV sales dipped by 5.8 percentage points to 53.8pc.

Sales of environmentally-friendly vehicles rose by 50pc in August to 101,000. But the pace of the increase lagged

the 88pc growth rate during January-August. The slowdown reflected the waning growth rate of electric vehicle sales. Their 32pc growth rate in August was down from 72pc growth during January-August.

Japanese automobile sales rose in August for a second month amid a strong pick-up in demand for standard passenger cars. Sales rose by 2.5pc to 364,216, with standard car sales climbing by 8.6pc.

India's car sales fell in August for a second straight month, partly reflecting the impact of monsoon rains in the country. The Indian state of Kerala suffered its worst flooding in almost a century.

The country's car sales fell by 1pc in August to 196,847, according to the Society of Indian Automobile Manufacturers. Sales of utility vehicles fell by an even steeper 7.1pc to 73,073.

"There was an impact of Kerala floods and heavy rains in many parts of the country," said Honda Cars India senior vice-president and director of market and sales Rajesh Goel. "We hope to recover quickly and keep growing strongly with roll-out of attractive offers starting from today through the festive season ahead."

Taiwanese car sales slumped by 29pc in August to 26,035. The slowdown mostly reflected the timing of the Chinese seventh lunar month, or "ghost month". This year's ghost month began in first-half August, while last year it began in much later in August. Sales typically face a seasonal slowdown during ghost month.

Australian automobile sales fell in August for a fifth straight month, dipping by 1.5pc to 95,221. The slowdown reflected the impact of a 13pc fall in passenger car sales. The drop in sales outweighed an 8pc rise in SUV sales to 41,271. Even with the slowdown, total sales were the second-highest level on record for August.

Iron ore brand differentials stable ahead of holiday

Seaborne iron ore price differentials were mostly stable this week as traded volumes and price volatility fell ahead of China holidays.

High alumina penalties continue to give the Brazilian 63pc Fe BRBF fines a $5-6/dry metric tonne (dmt) premium to the *Argus* ICX 62pc index, while phosphorus penalties widened the discount for Jimblebar fines (JMBF) slightly in the week.

China is closed for holidays on 24 September and 1-5 October.

Argus assesses daily value-in-market (ViM) iron ore quality adjustments for iron content, silica, alumina and phosphorus that are used to normalise mainstream 62pc iron ore fines prices to the ICX base specification.

The ViM adjustment for Mac fines (MACF) narrowed by 30¢/dmt in the week to $5.58/dmt for typical MACF and to $4.48/dmt for 62pc basis MACF below the *Argus* ICX. Spot discounts have narrowed for MACF to around $4.20/dmt below index from $4.40-4.50/dmt recently.

More BRBF seaborne cargoes are trading on fixed prices rather than floating basis, and traders are marking the price against the near-month SGX swaps average to gauge its premium. Recent trades for BRBF fines have been reported at a $6-7/dmt premium to the October 62pc swaps average, and some traders say its premium could have support at a $5-6/dmt premium.

Environmental restrictions on domestic Chinese iron ore mines and concentrating facilities are driving low-alumina domestic ore supply from the market, boosting seaborne demand for low-alumina fines like BRBF.

The *Argus* ICX 62pc seaborne fines price was unchanged at $69.30/dmt cfr Qingdao today.

Iron ore brand quality adjustments cfr Qingdao		*$/dmt*
Specification	**Diff *to* ICX**	**Outright price**
Typical		
PBF	-1.30	68.00
NHGF	+0.65	69.95
MACF	-5.58	63.72
JMBF	-11.86	57.44
BRBF	+6.78	76.08
62% Fe basis		
PBF62	-0.20	69.09
NHGF62	-0.22	69.08
MACF62	-4.48	64.83
JMBF62	-10.76	58.53
BRBF62	+5.68	74.97

EMEA

States must implement steel cuts, says EU

Much work remains to be done for the global forum on steel excess capacity to effectively begin tackling overcapacity, according to the European Commission, which co-chaired a meeting of the forum in Paris together with Argentina.

The world's biggest steel-producing nations reaffirmed the agreement to "further reduce capacity wherever necessary, avoid exacerbating overcapacity in the future, as well as working to eliminate subsidies that cause overcapacity", the commission said today.

But it said that there is still a lot of work to do and all members of the forum will have to continue implementing commitments.

"The global challenge of overcapacity has strained trade relations and the global trade architecture to its breaking point," said EU trade commissioner Cecilia Malmstrom.

The forum will now present a progress report to G20 leaders in Buenos Aires on 30 November and 1 December.

"It is very important that we arrived at a consensus," said Argentinian trade secretary Miguel Braun. Braun noted that 33 countries signed up to "initial" conclusions on a revision process that will allow for the "identification and removal of subsidies and support mechanisms that contribute to excess capacity".

But the US delegate to the forum, deputy US trade representative Jeffrey Gerrish, was sceptical.

"The report will do nothing to solve the fundamental causes of the problem. This will happen only when those that have created this problem act to remove subsidies and other measures that distort markets and create serious global imbalances, and take action to eliminate excess capacity," Gerrish said.

He said the US will not sit "idly by while the effects of this crisis imperil our companies and workers".

Also sceptical was German Steel Federation president Hans Jurgen Kerkhoff.

Kerkhoff called on G20 governments to put into action the commitments already worked out by the forum in 2017.

"Governments have committed themselves. These agreements must now pass the practical test," Kerkhoff said. He specifically pointed to strengthening market adjustment processes and identifying subsidies that distort international competition as well as laying down a concrete timetable for subsidy elimination.

Eurozone manufacturing PMI growth weakens

The Eurozone manufacturing purchasing managers' index (PMI) hit a 28-month low in September, as new export orders failed to grow for the first time since June 2013, business survey provider IHS Markit said.

Manufacturing was hit as rising trade uncertainty and depreciating currencies in emerging economies stymied export growth. Eurozone business activity grew at the second weakest rate since late 2016, as the overall PMI fell from 54.5 in August to 54.2. Manufacturing bore the brunt of this

EU steel quotas balance* *t*

Product	Quota	% of quota filled	Balance of quota left	Pending customs clearing
Non-alloy and other alloy hot-rolled sheet and strip	4,269,009	14.0	3,673,300	37,907
Non-alloy and other alloy cold-rolled sheet	1,318,865	10.5	1,180,473	14,445
Electrical sheet	178,704	9.2	162,308	6,754
Metallic coated sheet	2,115,054	11.8	1,864,575	60,335
Organic coated sheet	414,324	12.8	361,221	5,487
Tin mill products	367,470	11.3	326,074	5,016
Non-alloy and other alloy quatro plates	1,442,988	16.4	1,206,028	17,645
Stainless hot-rolled sheet and strip	193,049	8.1	177,423	7,338
Stainless cold-rolled sheet and strip	476,161	12.1	418,398	5,848
Non-alloy and other alloy merchant bar and light sections	728,270	21.2	574,002	9,048
Rebar	714,964	23.7	545,562	9,059
Stainless bar and light sections	82,156	22.1	64,009	1,529
Stainless wire rod	32,744	17.7	26,944	2,238
Non-alloy and other alloy wire rod	1,058,110	28.7	754,718	36,918
Angles, shapes and sections of iron or non-alloy steel	167,817	17.6	138,289	1,818
Sheet piling	24,854	36	15,835	0
Gas pipe	185,280	27.6	134,117	1,797
Hollow sections	387,343	28.5	276,823	5,343
Seamless stainless tube and pipe	22,818	20.1	18,230	389
Bearing tube and pipe	5,549	6.0	5,215	40
Large welded tube	258,133	8.3	236,679	3,555
Other welded pipe	296,274	22.2	230,560	3,617
Non-alloy wire	393,031	25.1	294,403	5,903

**as of 20 September 2018*
— European Commission

weakness, with service sector growth still strong.

Backlogs of uncompleted orders rose at their slowest rate since September 2016 amid slower order intake. Cost inflation was elevated at the third-highest level for over seven years, while average selling prices also rose.

German manufacturing output growth hit its lowest level since April 2016 as exports fell by their greatest extent since June 2013.

"With new orders and backlogs of work rising at much reduced rates compared with earlier in the year, export growth evaporating, and future expectations remaining close to two-year lows, the risks to future growth appear tilted to the downside", IHS Markit chief business economist Chris Williamson said.

AMERICAS

Labor chafes as steel profits soar on tariff

US steelworkers are poised to launch their first major work stoppage in more than 30 years in a fight for a larger share of soaring profits in the wake of a steel import tariff that so far has generated limited gains for labor.

More than 30,000 United Steelworkers International (USW) members employed by integrated producers US Steel and ArcelorMittal have voted this month overwhelmingly to strike should negotiations fail to produce an agreement on a new contract.

"We're going to keep trying for a few more days to be sure we've exhausted every chance to avoid a strike," the USW said Tuesday in response to US Steel's latest proposal.

A work stoppage at the company would be the first since a 1986 lockout.

The workers account for just over a third of US steel industry employment, according to the Department of Labor. This is similar to the share of US steel output represented by legacy integrated producers versus minimill steelmakers like Nucor, the country's largest producer, who as a non-union producer is shielded from the threat of a strike.

Tension between labor and management comes as supportive trade policy fuels record profits for domestic steelmakers.

US mills generated $1bn more profit in the first six months of 2018 than during the same period last year, boosting output and prices to supplant imports displaced in the wake of the Trump administration's 25pc import tariff that took effect in March. Profits are expected to climb even higher in the third quarter.

Share price increases among major publicly-traded US steelmakers through September generated nearly $7bn more in value for investors from the same time a year earlier.

Nucor and Steel Dynamics this month announced share buybacks of nearly $3bn on top of billions in current and recent plant investments. Companies typically repurchase shares in a bid to reward investors by boosting share prices.

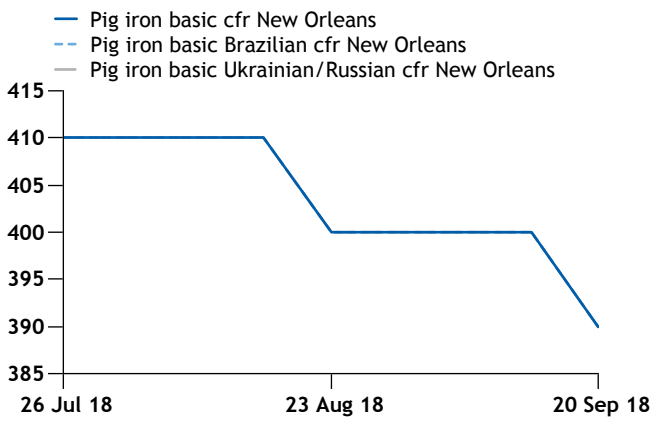
"I am bringing steel back in a very big way," US President Donald Trump tweeted in a victory lap in early August.

But gains for labor from higher output and rising profits have been limited.

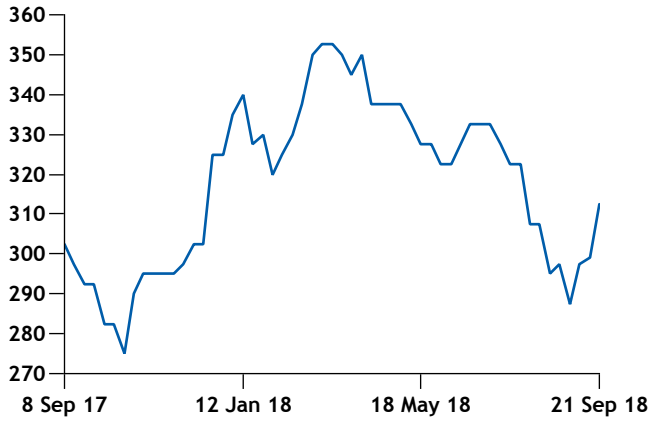
Hourly earnings of production/non-supervisory employees in the primary metals manufacturing industry, which include incentive and overtime pay, were little changed at $23/hour through July of this year from 2017, according to the Department of Labor. This includes aluminum producers also represented by the USW. A spokesperson for the USW did not have a figure specific to the steel industry available.

Production employee earnings per hour in 2017 were up by 3pc since 2015, compared with a 17pc increase in base pay for senior executives at major US steelmakers over the

Pig iron cfr New Orleans $/t



HMS 1/2 ferrous scrap container fas New York $/t



same period, according to company filings with the Securities and Exchange Commission (SEC). Total pay inclusive of bonuses and stock options was up by 92pc.

Steel industry employment averaged 86,300 through July, up from 81,500 a year earlier, according to the Department of Labor. This is the highest level since 2015 as capacity utilization reaches 80pc, the threshold for a "healthy" domestic steel industry cited by the Trump administration as an objective of the steel tariff.

Still, mills employed one worker/1,000t of steel produced in 2017 compared with around two workers/1,000t around the time of US Steel's last strike more than 30 years ago.

"It is time for the workers to share in the success US Steel is seeing right now," USW president Leo Gerard said.

The company expects to earn nearly $2bn in 2018, up from $1.1bn in 2017 in what chief executive David Burritt has characterized as a "renaissance" in the wake of the tariff.

"With the company hugely profitable and industry conditions the best they have been in years, this is no time for US Steel to pick a fight with workers who have been there to help them during the toughest times," USW district director Mike Millsap said earlier this month.

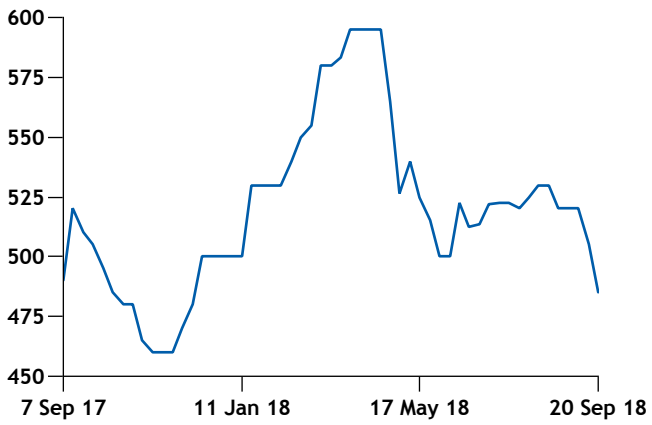
The USW balked at a series of six-year contract proposals from US Steel that would provide for annual 3-4pc raises in base pay but that the USW says would almost double workers' health care costs.

"We continue to work toward a mutually agreeable conclusion," US Steel said.

The union echoed similar sentiment in its negotiations with ArcelorMittal.

"Now that [ArcelorMittal] is generating enormous - even historic - amounts of cash, it is an insult that the bargaining progress has been hindered by management's unrealistic concessionary demands and unfair labor practices," Gerard said this week.

Steel slab fob Black Sea $/t



It remains to be seen whether or not negotiations will lead to a work stoppage that would tighten domestic steel supply and boost prices for manufacturers already feeling the impact higher steel costs.

"Don't make any assumptions," Gerard said Thursday in a broadcast interview when asked if a strike was likely at US Steel. "It's up to the company."

US Steel re-commits to Alabama EAF

US Steel committed to renewing construction of a 1.6mn st/yr electric arc furnace (EAF) at its Fairfield, Alabama, mill in a collective bargaining proposal to its workers.

The Pittsburgh-based steelmaker set a planned completion target of 24 months for the Fairfield, Alabama, furnace, outside of Birmingham, in a proposed six-year collective bargaining agreement with United Steelworkers International (USW) members.

The USW has balked at a series of proposals offered by US Steel in recent weeks, putting workers on the brink of the first work stoppage at the company in more than 30 years.

US Steel postponed construction of the furnace in late-2015 in response to "challenging market conditions in both the oil and gas industries," but also cited low steel prices and the impact of imported steel.

Active oil and gas rigs in the US rose to 1,053 this week from around 700 in December 2015. Crude oil was trading over $70/bl, nearly doubling over the same period.

The furnace, valued at $230mn in 2015, was designed to replace blast furnaces that were idled the same year and later demolished.

The company continues to operate flat-rolled finishing and tubular operations in Fairfield, but renewed steelmaking operations would create more jobs for USW members.

US regulator to monitor Union Pacific plan

The US Surface Transportation Board (STB) will monitor western railroad Union Pacific's (UP) plan to roll out precision scheduled railroading on its network next month.

STB chairman Ann Begeman and vice chairman Deb Miller

Subscriber notice

The iron ore deals and offers table has been changed to a more readable design. The table now only lists one parcel per row. Cargoes that include two parcels will be split over two rows, designated by 1 and 2 on the left. The new format is in line with changes to improve the functionality of the corresponding monthly Data and Downloads excel archive.

wrote UP chief executive Lance Fritz yesterday, calling on the carrier's senior management to hold weekly calls with the agency's Rail Customer and Public Assistance office so regulators can monitor implementation of the plan.

"We are well aware of UP's service challenges this year," they said. Fritz conceded on 17 September that the railroad is not "meeting customer expectations" but said the change would be a "path forward" in meeting safety, service and financial objectives.

The board pointed to CSX's implementation of the operating model last year that "resulted in serious service disruptions not only for customers but also other railroads." The board initiated a number of forms of oversight, including a public listening session at its Washington, DC, headquarters. It also required the railroad to provide additional service metrics for a few months, including data on the number of trains leaving and arriving on time.

"In light of those events, we trust that UP will work in a transparent manner to avoid similar disruptions to the nation's rail system," Begeman and Miller said.

The board members applauded UP's intention to provide sufficient employee resources and to ensure active communication with railroad customers.

UP executive vice president marketing and sales Kenny Rocker is expected to provide more details in meetings with the board and staff next month.

Coal, metals boost Genesee's rail traffic

Shortline operator Genesee & Wyoming (G&W) said August rail volume rose in North America, partly on a 12pc rise in coal and coke traffic.

The company operates railroads in the US, Canada, Europe and Australia. Its North American arm includes 115 railroads.

North American coal and coke traffic increased by 22pc compared with August 2017, primarily because of an increase in steam coal carloads delivered to the midcontinent and central regions. Coal and coke is the railroad's largest commodity segment in North American, accounting for 16pc of the August traffic.

Metals traffic jumped by 27pc on higher scrap and finished steel shipments in most North American regions. Metals made up 10pc of traffic in August.

Shipments of minerals and stone traffic rose by 13pc on increased deliveries of construction aggregates and cement across the network. Shipments of fracturing sand rose in the northeast. Minerals and stone represented 14pc of volume in August.

Shipment of chemicals and plastics rose by 3pc. Chemicals represented 10pc of traffic.

G&W's North American petroleum products traffic rose by 1pc compared with August 2017. The sector represented 6pc of traffic in August.

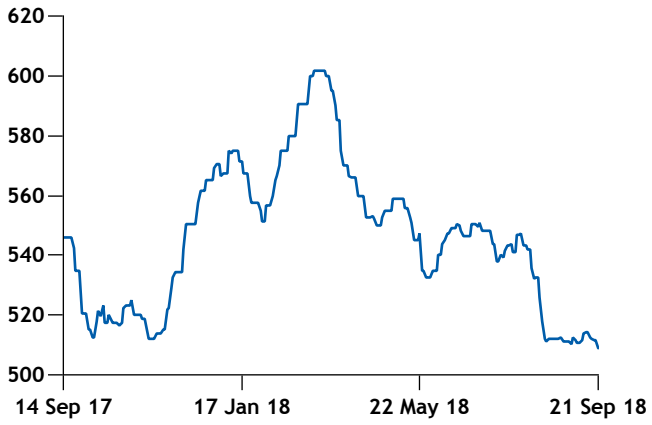
Freight volume on company's European railroads fell by 13pc in August compared with a year earlier, primarily because of the sale of its former Continental European intermodal business, which was sold in June 2018.

G&W's Australian volume rose by 37pc compared with August 2017. August shipments rose because of increased shipments of coal and coke, and minerals and stone. Coal shipments in the back half of 2017 were down because of industrial action at Hunter valley coal mines.

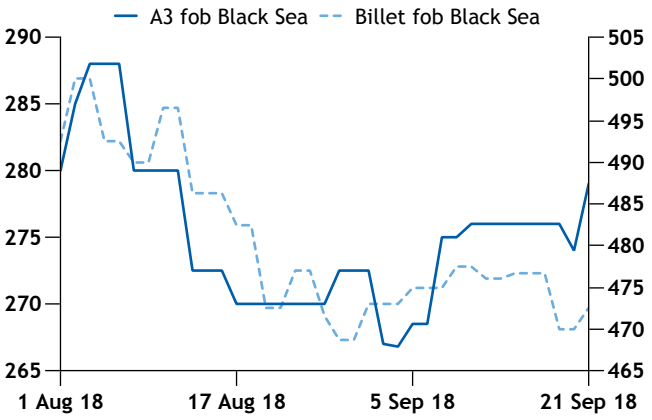
The increase in coal and minerals this year helped offset lower movements of agricultural products and metallic ores.

To date, overall third quarter volume has risen by 5pc compared with July and August 2017. First quarter G&W rail volume fell by 1pc on less traffic from Australian and European operations. Second quarter freight shipments rose by 3.8pc as Australian volume increased compared with the same period in 2017.

Steel rebar fob Black Sea $/t



Billet vs scrap, fob Black Sea $/t



China iron ore: Daily deals and offers

	Date	Info type	Source*	Timing	Brand †	Fe Basis%	Origin	Volume	Price	Additional Notes
	21 Sep	Deal	Corex	Dongjiakou port	BRBF	63.00	Malaysia	5,000	543.00	Yn/wmt
	21 Sep	Offer	globalORE	21st Aug FLD	IOCJ	65.00	Brazil	110,000	MB65 Oct +0.80	
1	21 Sep	Offer	globalORE	11-20 Oct 2018	JMBF62	62.00	Australia	110,000	P62 Oct -9.50	
2	21 Sep	Offer	globalORE	11-20 Oct 2018	NHGF62	62.00	Australia	90,000	P62 Oct +1.00	
				Previous	Deals					
	20 Sep	Deal	Corex	Qianwan port	BRBF	63.00	Malaysia	5,000	542.00	Yn/wmt
	18 Sep	Deal	globalORE	26 Oct-06 Nov 2018	BRBF62	62.00	Malaysia	170,000	75.40	
	17 Sep	Deal	ST	Early Oct laycan	PBF62	62.00	Australia		P62 Oct +0.25	
	14 Sep	Deal	Corex	16-25 Oct 2018	MACF62	62.00	Australia	90,000	PM62 Oct -4.45	
	14 Sep	Deal	Corex	21-30 Sep 2018	PBF62	62.00	Australia	170,000	P62 Sep +0.20	
	14 Sep	Deal	globalORE	01-10 Oct 2018	NBL	62.00	Australia	80,000	0.3525	fob basis
	13 Sep	Deal	Corex	Jingtang port	BRBF	63.00	Malaysia	20,000	545.00	Yn/wmt
	13 Sep	Deal	Corex	Dongjiakou port	BRBF	63.00	Malaysia	10,000	535.00	Yn/wmt
	13 Sep	Deal	Corex	Qianwan port	BRBF	63.00	Malaysia	10,000	535.00	Yn/wmt
	13 Sep	Deal	Corex	18-27 Oct 2018	BRBF62	62.00	Malaysia	170,000	74.10	
	13 Sep	Deal	globalORE	12th Sept FLD	IOCJ	65.00	Brazil	170,000	96.50	
	13 Sep	Deal	globalORE	04-13 Oct 2018	PBF62	62.00	Australia	170,000	P62 Oct +0.15	
	13 Sep	Deal	ST	20-29 Sep 2018	PBF62	62.00	Australia	190,000	P62 Sep +0.10	
	12 Sep	Deal	Corex	Jingtang port	BRBF	63.00	Malaysia	10,000	537.00	Yn/wmt
1	12 Sep	Deal	Corex	06-15 Oct 2018	MACF62	62.00	Australia	80,000	PM62 Oct -4.50	
2	12 Sep	Deal	Corex	06-15 Oct 2018	YDF58	62.00	Australia	90,000	PM62 Oct -7.60	
	12 Sep	Deal	globalORE	21-30 Oct 2018	BRBF62	62.00	Malaysia	170,000	MB62 Nov +0.25	
	12 Sep	Deal	globalORE	26 Sep-05 Oct 2018	NBL	62.00	Australia	80,000	0.35	fob basis
	12 Sep	Deal	NT	End Oct de-livery	Ukrainian C	65.00	Ukraine		P65 Dec +3.95	
	11 Sep	Deal	Corex	31st Aug B/L	IOCJ	65.00	Brazil	170,000	96.00	
	11 Sep	Deal	Corex	01-10 Oct 2018	NHGF62	62.00	Australia	110,000	P62 Oct +0.20	
	11 Sep	Deal	globalORE	25 Sep-04 Oct 2018	IOCJ	65.00	Brazil	170,000	MB65 Nov +0.95	
	11 Sep	Deal	globalORE	11-20 Oct 2018	NHGF62	62.00	Australia	80,000	67.90	
	11 Sep	Deal	ST	Oct laycan	PBF62	62.00	Australia	170,000	P62 Oct +0.20	
	11 Sep	Deal	ST	18-27 Sep 2018	PBF62	62.00	Australia	190,000	P62 Oct +0.20	

China iron ore: Daily deals and offers

	Date	Info type	Source*	Timing	Brand †	Fe Basis%	Origin	Volume	Price	Additional Notes
	10 Sep	Deal	Off screen	21-30 Oct 2018	JMBF62	62.00	Australia	80,000	PM62 Nov -10.30	
	10 Sep	Deal	Off screen	21-30 Oct 2018	MACF62	62.00	Australia	90,000	PM62 Nov -4.50	
	10 Sep	Deal	Off screen	21-30 Oct 2018	MACF62	62.00	Australia	80,000	PM62 Oct -4.30	
	10 Sep	Deal	ET	Sep laycan	PBF62	62.00	Australia	170,000	P62 Oct +0.30	
1	10 Sep	Deal	NM	mid Oct laycan	NHGF62	62.00	Australia		P62 Nov +0.00	
2	10 Sep	Deal	NM	mid Oct laycan	MACF62	62.00	Australia		P62 Nov -4.40	
	07 Sep	Deal	globalORE	3rd Sept FLD	IOCJ	65.00	Brazil	95,000	96.40	
	07 Sep	Deal	globalORE	06-15 Oct 2018	NHGF62	62.00	Australia	110,000	68.30	
	07 Sep	Deal	globalORE	11-20 Oct 2018	NHGF62	62.00	Australia	90,000	68.30	
	07 Sep	Deal	Trader	Early or Mid Sep laycan	Kumba lump	62.00	South Africa	33,000	P62 Sep +9.90	with LP
	06 Sep	Deal	globalORE	21-30 Sep 2018	NBL	62.00	Australia	80,000	0.362	fob basis
	06 Sep	Deal	Off screen	09-18 Oct 2018	BRBF62	62.00	Malaysia	95,000	75.30	
	06 Sep	Deal	Off screen	26 Sep-05 Oct 2018	JMBF62	62.00	Australia	90,000	PM62 Oct -10.30	
	06 Sep	Deal	Off screen	01-10 Oct 2018	MACF62	62.00	Australia	130,000	PM62 Oct -4.60	
	06 Sep	Deal	SG	Oct laycan	PBF62	62.00	Australia		P62 Oct -0.30	unconfirmed
	06 Sep	Deal	ST	17-26 Sep 2018	PBF62	62.00	Australia	190,000	P62 Sep -0.10	
	06 Sep	Deal	Off screen	30 Sep-09 Oct 2018	PBF62	62.00	Australia	170,000	P62 Oct +0.00	
	06 Sep	Deal	Off screen	06-15 Oct 2018	YDF58	62.00	Australia	90,000	PM62 Oct	-0.1299
	05 Sep	Deal	Corex	13-22 Oct 2018	BRBF62	62.00	Malaysia	170,000	72.10	
	05 Sep	Deal	Corex	21-30 Sep 2018	JMBF62	62.00	Australia	90,000	PM62 Oct -10.25	
	05 Sep	Deal	NT	Sep delivery	Chilean C	65.00	Chile		P65 Sep +2.80	Low sulphur
	05 Sep	Deal	NT	Oct delivery	Karara C	65.00	Australia		P65 Oct +3.15	Tender awarded a total 8 cargoes each 65kt
	05 Sep	Deal	NT	Mid Sep laycan	PBF62	62.00	Australia		P62 Sep -0.50	unconfirmed
	04 Sep	Deal	Corex	B/L date 27 Aug	IOCJ	65.00	Brazil	135,000	95.10	
	04 Sep	Deal	globalORE	11-20 Oct 2018	BRBF62	62.00	Malaysia	170,000	71.95	
	03 Sep	Deal	globalORE	Aug 17th FLD	IOCJ	65.00	Brazil	170,000	94.90	
	31 Aug	Deal	globalORE	27th Aug FLD	IOCJ	65.00	Brazil	100,000	94.75	
	31 Aug	Deal	globalORE	21-30 Sep 2018	NBL	62.00	Australia	90,000	0.35	fob basis
	31 Aug	Deal	globalORE	01-10 Oct 2018	PBL	62.00	Australia	50,000	0.33	
	31 Aug	Deal	NM	Oct delivery	Chilean C	65.00	Chile		P65 Oct +3.00	Low sulphur

China iron ore: Daily deals and offers

	Date	Info type	Source*	Timing	Brand †	Fe Basis%	Origin	Volume	Price	Additional Notes
	31 Aug	Deal	Tender	04-13 Oct 2018	PBF	61.00	Australia	170,000	64.32	
	30 Aug	Deal	Corex	08-18 Sep 2018	BRBF62	62.00	Malaysia	170,000	P62 Oct +5.30	
	30 Aug	Deal	Corex	B/L date 21 Aug	IOCJ	65.00	Brazil	170,000	MB65 Oct +0.70	
	29 Aug	Deal	Corex	Kemen port (in Fujian)	BRBF	63.00	Malaysia	40,000	535.00	Yn/wmt
	29 Aug	Deal	Corex	26 Sep-05 Oct 2018	MACF62	62.00	Australia	110,000	PM62 Oct -4.60	
	29 Aug	Deal	globalORE	20th August FLD	IOCJ	65.00	Brazil	170,000	94.50	
	29 Aug	Deal	Trader	Sep laycan	PBF62	62.00	Australia		P62 Oct -0.825	unconfirmed
	28 Aug	Deal	Corex	23 Sep-02 Oct 2018	PBF	61.00	Australia	190,000	64.15	
	28 Aug	Deal	globalORE	04-13 Oct 2018	BRBF62	62.00	Malaysia	170,000	71.30	
	28 Aug	Deal	globalORE	15 Aug loading	IOCJ	65.00	Brazil	170,000	MB65 Oct +0.70	
	28 Aug	Deal	globalORE	26 Sep-05 Oct 2018	JMBF62	62.00	Australia	90,000	PM62 Oct -10.20	
	28 Aug	Deal	globalORE	20-29 Sep 2018	PBF62	62.00	Australia	190,000	65.20	
	28 Aug	Deal	Tender	11-20 Sep 2018	PBF	61.00	Australia	170,000	64.05	
	28 Aug	Deal	NT	Sept laycan	PBF62	62.00	Australia		P62 Sep -1.00	half vessel, unconfirmed
	27 Aug	Deal	Corex	29 Sep-06 Oct 2018	BRBF62	62.00	Malaysia	170,000	71.20	
	27 Aug	Deal	Corex	B/L date 18 Aug	IOCJ	65.00	Brazil	170,000	93.00	
	27 Aug	Deal	Corex	21-30 Sep 2018	JMBF62	62.00	Australia	90,000	PM62 Oct -10.10	
	27 Aug	Deal	globalORE	25 Sep-04 Oct 2018	BRBF62	62.00	Malaysia	170,000	71.10	
	27 Aug	Deal	globalORE	11-20 Sep 2018	MACF62	62.00	Australia	80,000	PM62 Sep -4.60	
	27 Aug	Deal	Tender	06-15 Sep 2018	PBF	61.00	Australia	170,000	63.83	
	27 Aug	Deal	Off screen	17-26 Sep 2018	PBF	61.00	Australia	170,000	63.98	
	24 Aug	Deal	Corex	Qianwan port	BRBF	63.00	Malaysia	10,000	528.00	Yn/wmt
	24 Aug	Deal	Corex	B/L date 20 Aug	IOCJ	65.00	Brazil	170,000	94.10	
	24 Aug	Deal	globalORE	18th August FLD	IOCJ	65.00	Brazil	170,000	93.75	
	24 Aug	Deal	globalORE	21st August FLD	IOCJ	65.00	Brazil	110,000	93.45	
	24 Aug	Deal	Tender	05-14 Sep 2018	PBF	61.00	Australia	100,000	64.51	
	24 Aug	Deal	Off screen	10-19 Sep 2018	PBF	61.00	Australia	170,000	64.68	
1	24 Aug	Deal	SG	Mid Sep laycan	NHGF62	62.00	Australia		P62 Oct -0.50	
2	24 Aug	Deal	SG	Mid Sep laycan	MACF62	62.00	Australia		P62 Oct -4.50	

* ST/SM = South China trading firm/mill. NT/NM = North China trading firm/mill. E = East China. HK = Hong Kong. SG = Singapore. † C = concentrate

ANNOUNCEMENT

Argus successfully completes annual Iosco assurance review

Argus has completed the sixth external assurance review of its price benchmarks covering crude, products, biofuels, thermal coal, coking coal, natural gas, biomass and petrochemicals benchmarks. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group Iosco's Principles for Oil Price Reporting Agencies, and Iosco encourages extension of the reviews to non-oil benchmarks.

For more information and to download the review visit our website https://www.argusmedia.com/en/about-us/governance-compliance

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Registered office
Lacon House, 84 Theobald's Road,
London, WC1X 8NL
Tel: +44 20 7780 4200
email: sales@argusmedia.com

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Publisher
Adrian Binks

Chief operating officer
Matthew Burkley

Global compliance officer
Jeffrey Amos

Commercial manager
Jo Loudiadis

Editor in chief
Diane Munro

Managing editor
Jim Nicholson

Editor
Chris Newman
Tel: +65 6496 9959
ore@argusmedia.com

Customer support and sales:
Technical queries
technicalsupport@argusmedia.com
All other queries
support@argusmedia.com

London, UK
Tel: +44 20 7780 4200

Astana, Kazakhstan
Tel: +7 7172 72 92 94

Beijing, China Tel: +86 10 8535 7688

Dubai Tel: +971 4434 5112

Houston, US
Tel: +1 713 968 0000

Moscow, Russia Tel: +7 495 933 7571

New York, US
Tel: +1 646 376 6130

Rio de Janeiro, Brazil
Tel: +55 21 2548 0817

Singapore Tel: +65 6496 9966

Tokyo, Japan Tel: +81 3 3561 1805