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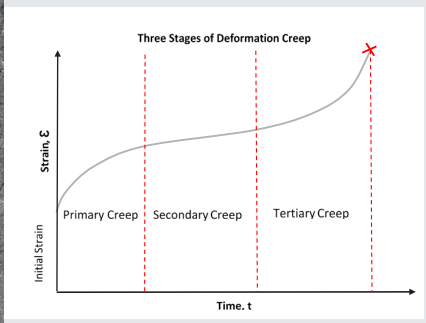
PROCUREMENT UPDATE

MARCH 2022

MATERIAL CREEP



The only surety in our present market is that extreme volatility will be a feature across 2022. Just as it seemed that steel/stainless feedstock commodities and finished product prices were nearing a peak, Russia invaded Ukraine. This is a development which has stimulated "material creep" in all steel raw material commodity price curves, sending them into a rapid trajectory, spiking some beyond the fracture point of the similar shaped 'Steel Deformation' curve.

With Russia and the Ukraine removed from global commodity and metals manufacturing supply chains, prices for coking coal, iron ore, scrap steel and nickel having rapidly escalated– likely to have a large impact on the input costs for steel producers.

Meanwhile, Omicron is surging in Hong Kong. If cities in mainland China continue to experience similar, the ensuing supply chain disruptions could be significant given China is the largest manufacturer in the world. This could mean shipping delays and shortages of all manufactured items are likely get worse during 2022.

Given shipping costs continue to compound along with port services and demurrage, and with the rapid increase in fuel prices, inflationary pressures continue – further if the dollar depreciates. Its likely that market prices have yet to stabilise and are likely to substantially increase, as the extraordinary events of 2022 continue.

Prior to Russia invading Ukraine our commentary would have noted that commodities and finished product pricing had settled, albeit with some fluctuations as supply chains find a new norm with improved capacity both at overseas mills and on vessels.

Closer to home Australasian mills are still struggling to bring lead times back to within target. The spread of Omicron has seen supply chain interruptions persist at all stages, and despite improved capacity overall, the cost of steel transportation and various materials continues to creep upwards, and manufacturers continue to pass increases onto distributors.

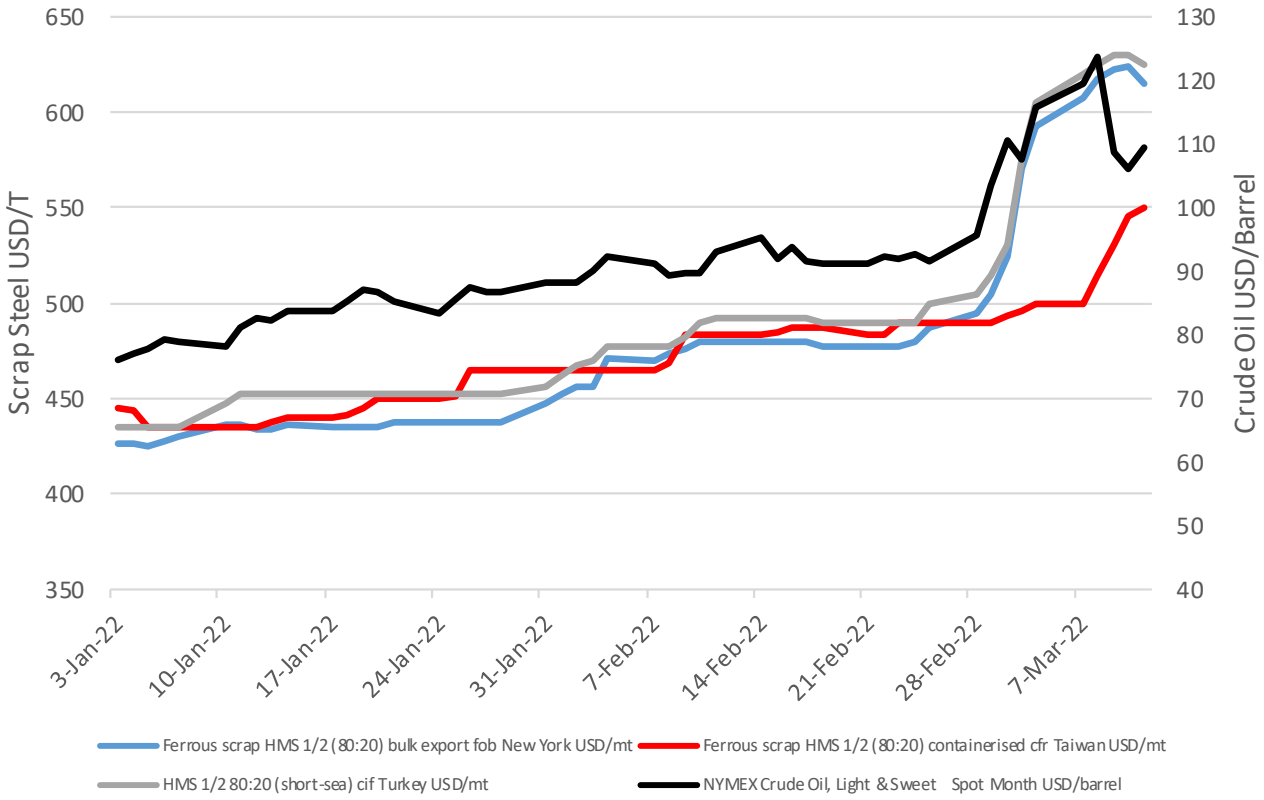
Business and consumer spending continues to fuel demand for steel/stainless products outpacing manufacturing tonnages. As governments progress building plans for public assets and as COVID moves from being a pandemic to endemic in many regions, it appears demand will remain high throughout the globe and the year.

Therefore, price increases of differing proportions were expected to roll through the course of the year across various categories within the steel and stainless markets, depending on their own market dynamics, as manufacturers gradually catch up on backlogged orders.

The Russia/Ukraine conflict however has shifted this outlook quantifiably. The conflict is an extraordinary event which has caused contagion across commodity markets including steel and stainless feedstocks, stimulating a transmission of shocks of varying degrees. The flow on effects into finished product pricing is already starting to be seen in mill offers. The full magnitude of these shocks will depend on the different combined shares of Russia and the Ukraine in each of the global raw material markets and the length / extent of the conflict.

Market volatility across 2022 was a given, but now with the Russia/Ukraine conflict, it will get even more volatile, particularly should crude oil prices keep increasing. A high correlation between oil prices and the prices for scrap steel (a growing feedstock for finished steel and an important price determinant) exists, except for when OPEC intervenes releasing more reserves. Among other reasons, the price of oil affects the processing and transportation costs of scrap. Oil is also a leading futures market viewed as a reflection of the broader economic reality for market participants and possible commodity returns – for speculators.[1]

Oil & Scrap Steel Price Trend



Source: Argus Media

The following impacts have already been seen as a result of the Russia/Ukrainian conflict.

- The geopolitical crisis is likely to boost the premium that steelmakers pay for iron ore pellets – a feedstock for blast furnaces – as Ukraine and Russia together account for about 30% of the 120 million-tonne global market.[2] 62% Fe index jumped 18% to $160 USD/dry metric tonne cfr Qingdao, since the conflict started – the highest since 1 September 2021.[3]
- Nickel is up 380% since January 2022, with LME Warehouse stocks down 140%.[4] Russia's market share of global refined nickel and nickel product exports is estimated to be 31%.[5] Russian nickel production accounts for approximately 7% of the world's total (including low, medium, and high-grade nickel), ranking third globally. More importantly Russia's high-grade nickel production (used in lithium power batteries) accounts for 22% of the world's total.[6] Removing half of global refined nickel exports for kitchenware, mobile phones, medical equipment, transport, and construction would result in huge upside pressure on prices.
- Aluminium is trading at a new record high of $3,500 USD/T last set in 2008.[7] Russian supply accounts for around 6% of global exports. More notably Russia supplies 30-45% of Europe's oil, thermal coal, and natural gas.[8] Electricity accounts for an average of nearly 35% of aluminium manufacturing costs. Europe accounts for 15% of aluminium supply outside China, so a reduction in supply will have a significant impact on the price of refined metals.[9]
- Oil has hit circa $120 per barrel at the time of writing. Russia is the world's second-largest oil producer (supplying about 30% of Europe's oil), accounting for around 8% of global supply. Analysts are forecasting oil could rise to $US175 per barrel because of the conflict.[10]
- Coal prices have also been flying, increasing 15% in the past week. Russia is the world's fourth-largest metallurgical coal exporter. Russia supplies about 30% of EU, Japan, and South Korea's coking coal requirements.[11]
- Russia is the 8th largest exporter of ferrous steel scrap.10 Turkish HMS scrap, the largest regional market, has soared 28% since 24 February. Prices are above $600 USD/T.[12]

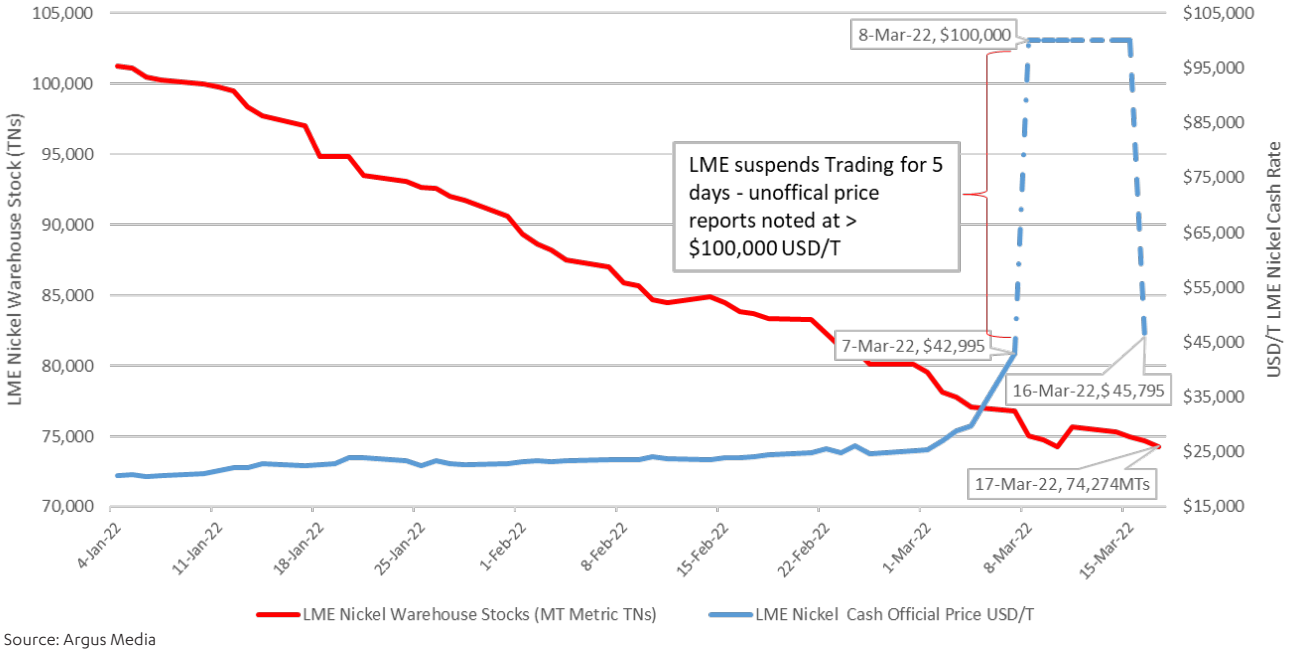
- Russia and the Ukraine supply 50% of the global pig iron trade. Russia and Ukraine have supplied more than 60% and 15% of pig iron respectively to the US and EU in recent years. The material is sought for electric arc furnaces and the production of flat-rolled products.[13]
- Russia is the world's largest exporter of steel billet, some 12 million tonnes, 20% of the global semi-finished steel market. Taiwan is typically the largest importer of billet from Russia circa 2.5 mtpa for re-rolling. ASEAN steel billet price has increased 15% since 24 February.[14]
- Russia supplies around 3% of global zinc ingot exports. More notable is that Zinc smelting is also very vulnerable to energy price rises. With output at 2.2 mtpa, Europe accounts for 16% of global refined zinc output.[15] Meaning either prices will need to increase or supply of zinc will reduce on the back of the EU's surging energy costs.
- Russia and the Ukraine combined produce more steel than the United States, equating to 5% of global output, of which they export 40% and 75% respectively, equivalent to around 15% of globally traded steel.[16]

All in all, it spells a shortfall of supply especially considering the global steel supply-demand balance prior to the conflict.

The World Steel Association consider that global steel demand in 2022 will grow by 2.2% (41mtpa) over 2021 levels.[17] The OECD meanwhile consider that steel capacity will increase ~26 million metric tonnes per year. On this basis, steel demand would have outpaced steel supply in 2022[18] – notwithstanding any demand collapse in China from the softer construction sector. This market scenario alone combined with increased shipping costs is likely to maintain elevated market price levels across 2022. With a supply shortfall of significant proportions, unless the globe enters a period of stagflation – metal price levels are expected to track upwards in a similar trajectory to that of oil, a leading global commodity in a similar supply and demand situation.

NICKEL

LME Nickel Price & Warehouse Stocks



Source: Argus Media

The most used word so far of the 2020's – 'unprecedented' can now be applied to the LME Nickel market when trading was halted one Tuesday (8th March). Nickel prices spiked above $100,000 USD/T during trading, after closing 66% higher a day earlier – effectively a 320% increase since the beginning of Russia's war in Ukraine.[19]

The reason for the Nickel price rocketing was a result of Chinese entrepreneur Xiang Guangda and owner of China's Tsingshan Holding Group (one of the world's top nickel and stainless-steel producers) buying large amounts of nickel to reduce a short position it had been building last year (it bet prices would fall), while in the process of

ramping up a wave of new battery-grade nickel capacity in Indonesia – apparently capable of supplying 100TNs of nickel matte, to make batteries for electric vehicles (EVs). Tsingshan was battling another entity which held a long position with control of at least 50% of the LME inventories. A bet which would cost Tsingshan $8 billion US dollars, necessitating a bail out by JPMorgan and China Construction Bank.

Unfortunately, many small industrial users were caught in the crossfire due to the LME raising its margin call by 12.5% – causing a trading frenzy.[20] It is understood the LME will now calculate the margin positions on the basis of closing prices on 7 March 2022, which was around USD$43k.

Nickel trade on the LME re-opened on Wednesday 16th March, with limited trading due to deal restrictions and technical issues, trading was called at $45,795 USD/T.

While the LME was on a trade halt, China's Shanghai Futures Exchange saw significant volatility with the Nickel price dropping from $42,000 USD/T to $35,000 USD/T.

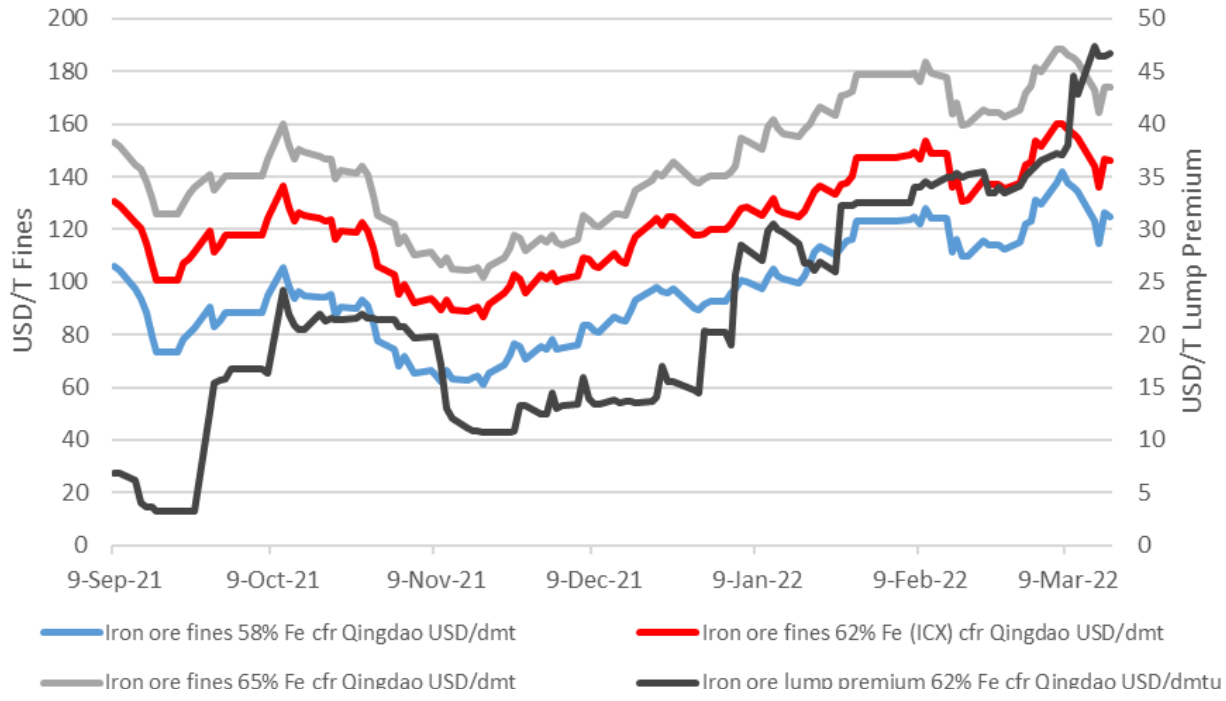
LME prices are up 72% this month, while nickel in Shanghai is up 23%. Shanghai's price is possibly more reflective of where genuine industrial demand and market supply dynamics are for nickel.

From a market supply perspective, there remains genuine concern about having Russia's Nornickel – the world's largest producer of high-grade Nickel (20%) and refined metals with nearly 50% market share – side-lined from the global market. Why is the market panicked about losing this volume of supply of high-grade Nickel from the market? In the second half of 2021, 84,600 tonnes of nickel were deployed onto roads globally in the batteries of all newly sold passenger EVs combined, 59% more than in the second half of 2020.[21] The hike in oil prices will only increase EV demand and requirements for refined nickel further.

Other alloys like Chromium and Molybdenum used in steel and stainless-steel finished product have also seen large increases which will also add to mill costs and likely be passed on.

IRON ORE

Chinese Iron Ore Trading



Source: Argus Media

The iron ore market has some interesting dynamics at play. Demand from China drives the iron ore market, as the world's top steel producer, it consumes over a billion tonnes of iron ore a year, with more than 80% coming from imports, 60% of which from Australia – a key fact.[22] Topically, China cannot influence pricing, without control of iron ore supply, it has found that the impact of their recent sanctions against Australia has been almost completely

offset by its reliance on Australian iron ore. Because of their steel industry's reliance on BOS steelmaking and therefore imported iron ore, their economy would presently be heavily impacted if this trade was restricted or ceased. China is therefore quietly watching the sanctions against Russia with interest.

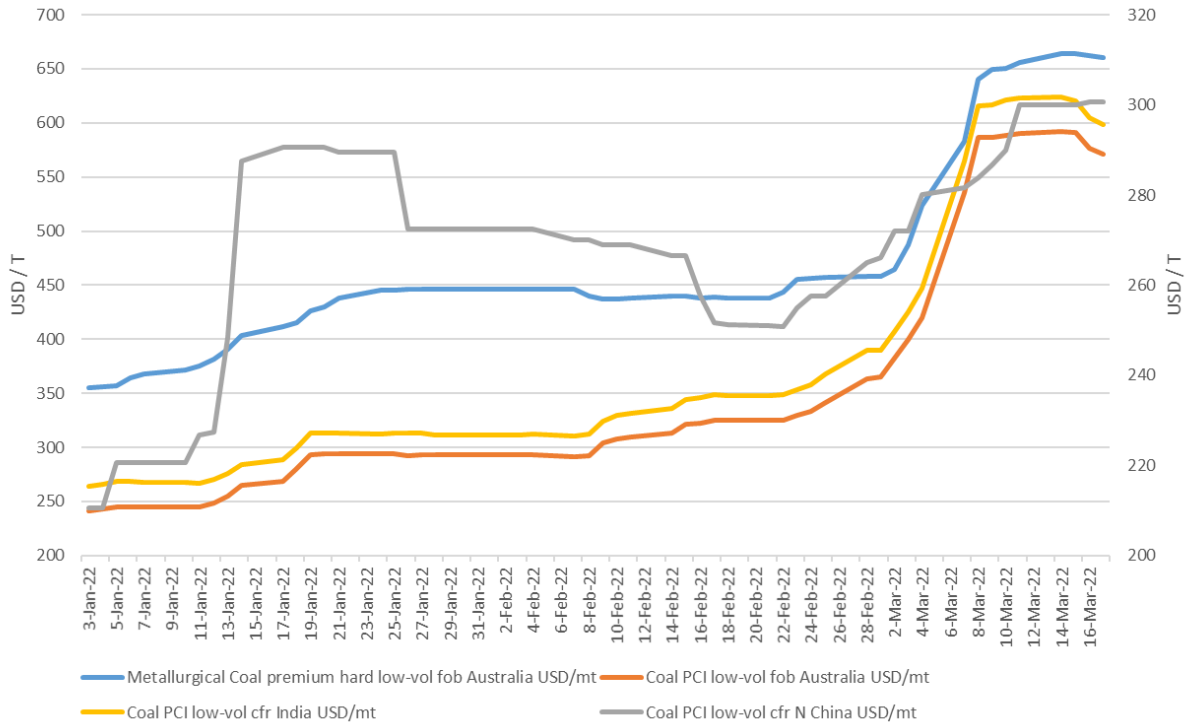
Over the past decade the four big seaborne iron ore producers (Rio, BHP, Fortescue or Vale) have greatly increased the volumes of ore they produce in response to China's demand. The prices are set at arm's-length from the producers and reflect both the balance of supply and demand and the costs of the marginal producer being China's domestic producers who are at the wrong end of both curves. It is likely China isn't comfortable with the volatility in iron ore prices and the spot markets and indices provided as benchmarks for contract prices. Unless China reduces steel output and lowers its decarbonisation goals – or is prepared to reduce the competitiveness and profitability of its steel sector by displacing Australian ore with higher-priced and inferior quality material – it will remain dependent on Australian ore.[23]

Chinese iron ore prices have trended up since January on the basis that the state government's property controls will ease, increasing steel and hence iron ore demand, and that inflation is good for commodities in general. China's state planner responded with a series of statements in late January to target the fast-rising prices of the steelmaking ingredient and curb "hording". It urged the ore mills to ensure the accuracy of published data and to release high stockpiles. Furthermore, it advised intentions to "fundamentally" solve the shortage issue for iron ore in 10-15 years by raising China's share of overseas iron ore production from 120 million tonnes in 2020 to 220 million tonnes by 2025 and boost domestic iron ore output by 100 million tonnes to 370 million tonnes and steel scrap consumption by 70 million tonnes to 300 million tonnes over the same period.[24] While also advising it is aiming to establish a single buying agency and settlement facility for their ore trading. The announced initiatives would have a large bearing on future iron ore and scrap prices. Ore prices curbed through February as a result.

Prices have since trended up 33% in March for 62% Fe Fines, so not to the same degree as other steel making commodities and not due solely to the invasion of the Ukraine by Russia, but more because PMI data showed China's factory activity unexpectedly expanded in February. Putting the Ukraine conflict in a Chinese context, the Ukraine accounts for only 2% of China's iron ore imports and there is an expectation that China will be able to grow their overall trade at reduced prices with Russia.[25]

COKING COAL

Metallurgical & Pulverised Coal Injection (PCI) grade USD/MT



Source: Argus Media

The metallurgical coal market has been subject to significant volatility over the past twelve months, particularly in China which is the largest importer of coal followed by India. China saw prices spike in January as mills tried to bulk up low inventories ahead of Chinese New Year. These low inventories were the result of China's imports of coking coal plummeting by 25% in 2021, as the country strived to diversify its sources amid an unofficial ban on Australian coal and coronavirus pandemic-hit Mongolian imports.[26]

This volatility has increased significantly globally since the Russian / Ukraine conflict with shortage concerns given Russia is one of the larger coal suppliers globally into a number of top steel producing regions. Pulverised Coal Injection (PCI) grade cargoes have also firmed with the sanctions on Russia. PCI provides a supplemental carbon source in a blast furnace and is preferred by mills as it reduces costs by nearly half. A kilogram of PCI typically replaces around 0.9kg of metallurgical coke.[27]

World coal prices had been at record highs in September and October long before the Ukraine conflict due to a coal export embargo in Indonesia, flooding and infrastructure challenges in NSW and the pandemic-related labour shortages in Mongolia.

Colombia, the world's third-largest met coke exporter, is however looking to take advantage of the recent surge of global demand and prices amid the Russia/Ukraine conflict, through aiming to boost metallurgical coke capacity by 11% over 2022.[28]

SCRAP STEEL

Prior to the Russian / Ukrainian conflict scrap steel was becoming an increasing valuable commodity due to supply chain constraints and increasing EAF steelmaking capacity globally to reduce CO^2 emissions.

EAF steel making accounts for around 30% of global steel capacity. During the past ten years, EAF steel capacity (in place of Basic Oxygen furnace) has doubled its increase year on year to near 14%. China's EAF capacity of crude steel making is nearing 15% while the US is currently 70%, with both expanding it. This will require millions more tonnes of additional scrap steel, beyond that supplied in normal market conditions.

It is no surprise, shown earlier in the graph comparing scrap steel to oil pricing, Turkey, the most heavily traded scrap steel market in the world saw the largest gain in price due to the conflict, increasing 28%. Turkish scrap prices have increased drastically over the past two weeks because of soaring demand for Turkish steel, they have sold ~ 50% (800,000 TNs) more steel than an average two-week period in 2021.[29] Turkey is not only receiving increased demand from those countries it was in competition with Russia and Ukraine for, such as Egypt, but is also receiving demand from countries previously importing steel from Russia and Ukraine and who have had to turn to Turkey to fulfil their requirements.[30] Such a shift in magnitude (of demand) will not be able to be met by steel makers with existing raw material inventories.

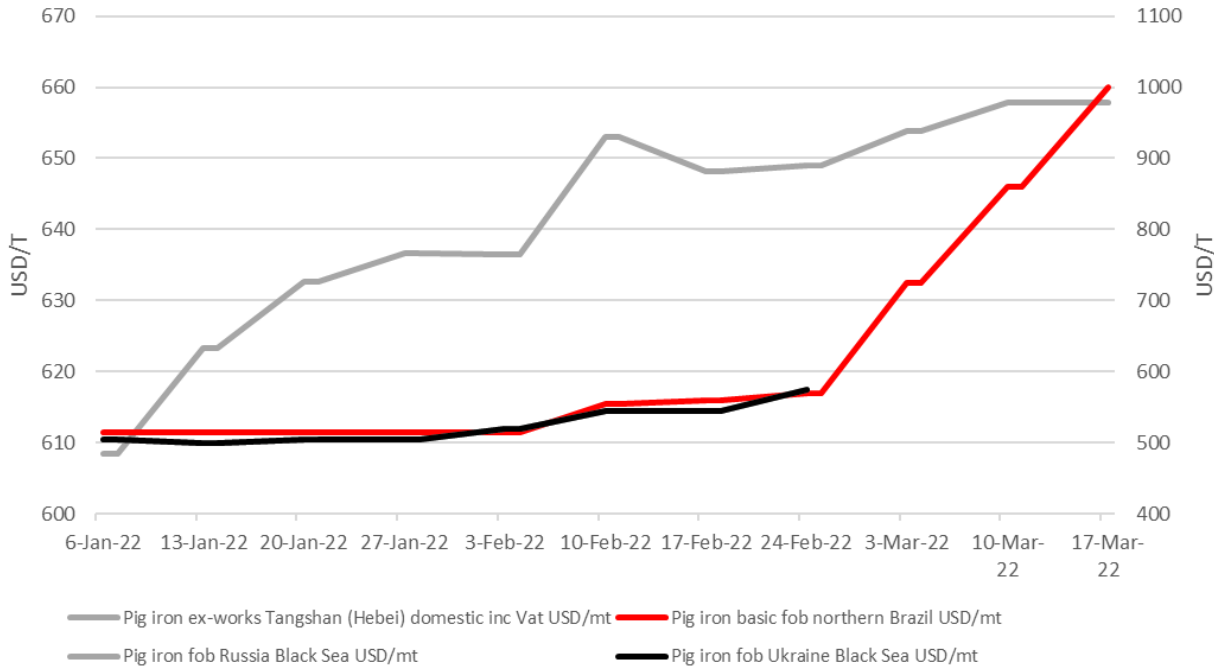
While sanctions are in place, the Black Sea will be logistically difficult, with low vessel availability, scrap and pig iron supply from Russia and the Ukraine will not be easily replaced. A scenario the Taiwanese market has realised in recent days increasing 28%. The US being the 2nd largest exporter of scrap globally and the largest import source of scrap for Turkey has mirrored the developments in the Turkish market. The EU is the largest exporter of scrap. Scrap exports from US and Europe will likely drop since they will need to meet mill demand in their own markets now short of both scrap and pig iron.

In addition, BOF (Basic Oxygen Furnaces) steel mills (mainly Chinese) are steadily increasing their consumption of scrap, from 15% up to 35%, to optimize the BOF burden mix by maximizing the iron content in their raw material feed to decrease the usage of coal, reducingCO^2. [31] With more scrap in the BOFs, fewer tonnes of hot metal are needed to produce the same tonnage of liquid steel. Increasing production while reducing consumption of fuel – mainly coal, which is at all time high prices.

All in all, as China looks to pull scrap into its own market from other industrialised countries in the region, scrap supply for manufacturing demand will be short, likely pushing prices further.

PIG IRON

International Pig Iron Markets USD/T



Source: Argus Media

What is "pig iron" and why has it become such an important component in the steel industry in recent years?

Firstly, pig iron is a reference gained not from the quality of the steel but the moulding process into ingots. Pig Iron is a high Fe, low residual metallic material for producing high quality steel products in a wide variety of furnaces. It is not a scrap substitute but rather as a source of clean iron units that can be used to supplement and enhance the scrap charge. Many EAF operators prefer to use pig iron to blend with scrap and other feedstock materials due to its high Fe content, low gangue, and chemical purity. On average, Pig Iron makes up between 5-10% of the global EAF metallics charge. It can be used at up to 60% of the charge.[32]

Although some EAFs can produce steel exclusively with recycled scrap metal, others must combine this with ore-based metallics (OBMs), such as pig iron and DRI/HBI, to ensure that impurities found in the scrap are diluted. Prime scrap supply is unlikely to be able to meet rising EAF demand, and so mills will need to consume higher amounts of ore-based metallics to obtain these iron units. Depending on the specifications of the steel being produced, these may need to be in the range 20-90% of the charge. Of note, production dedicated to automotive steel sheet products has stringent chemistry requirements relative to a variety of other grades and will require high levels of OBMs in the charge.[33]

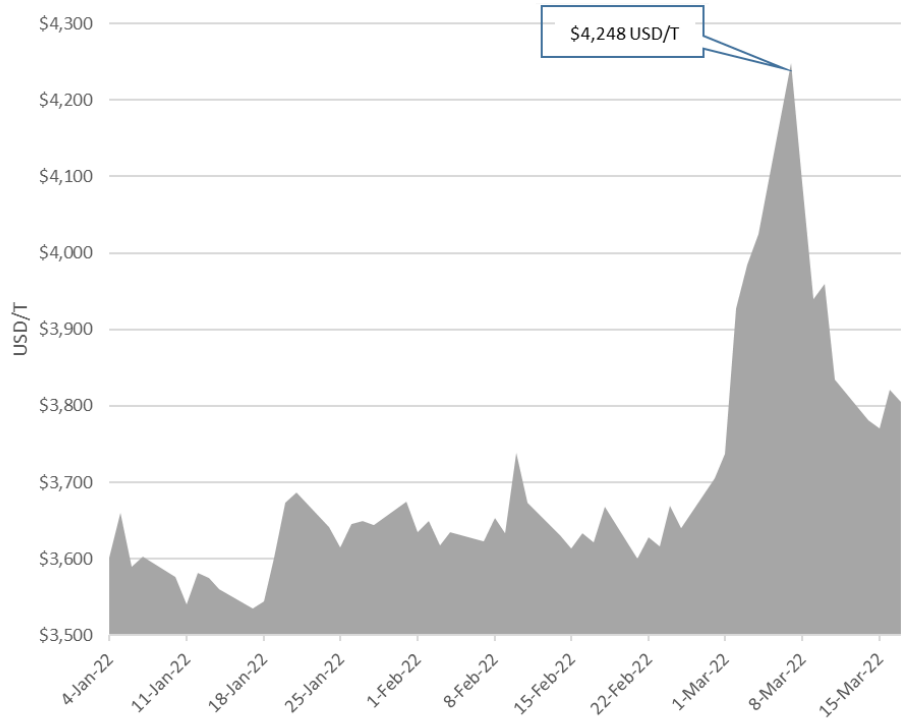
The requirement for reduced CO^2 emissions is also driving a divergent result for pig iron supply, with more mills reducing their output of pig iron to produce higher margin steel products, particularly in China.

Russian and Ukrainian exports of pig iron account for over 50% of world supply. Sanctions have now cut off more than 60% of basic pig iron (BPI) imports into the US, putting pressure on steel raw material supplies. Both the US and China have reacted with a surge in demand to third largest supplier Brazil, where prices have soared. Chinese prices, which have steadily escalated since January due to tight scrap supply and reduced pig iron production prior to the Winter Olympics, have maintained that trend.

In previous 'Procurement Updates' the significant shift of demand to flat rolled products has been highlighted. Flat-rolled mills, especially electric arc furnace (EAF) mills, tend to require up to 25% iron metallics (pig iron) in their melts compared with other types of finished steel. A lack of pig iron therefore will likely push flat rolled product prices even higher than longs.

ZINC

LME Zinc Cash Official Price USD/mt

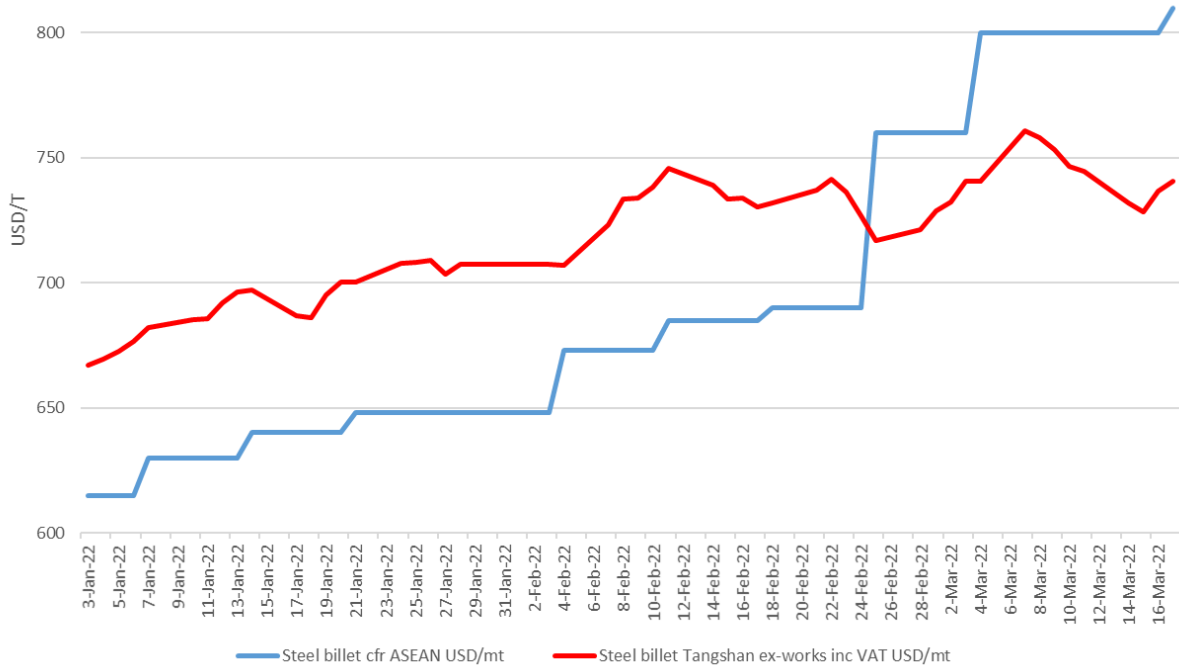


Source: Argus Media

Zinc prices like other metals have shown increasing volatility since the Russian/Ukraine conflict, catching contagion from other feedstock markets. Zinc spiked to its highest level since 2007 during the month, fuelled by trade turmoil and concerns about rising energy costs, amid the shortages of oil and gas likely to ensue for the EU, a significant Zinc producer.

SEMI FINISHED STEEL

Asian Steel Billet Prices



Source: Argus Media

As outlined earlier in the 'Procurement Update', Russia is the largest exporter of steel billet in the world. Taiwan is the largest consumer of Russia's steel billet. Prices in the Taiwanese market have increased 15% since the conflict as a result. The Chinese market remains much unchanged due to most of the production being consumed domestically. Presently, the main finished product market billet is manufactured into, reinforcing bar, is flat due to the soft construction sector in China, and lingering concerns over key participants liquidity.

There are however a few alternative suppliers of billet in the international market, this is not the case for steel slab. Russia accounts for around 25% of global slab supply, this will reduce availability of plate in South East Asia and potentially be a basis for flat rolled prices to increase further.

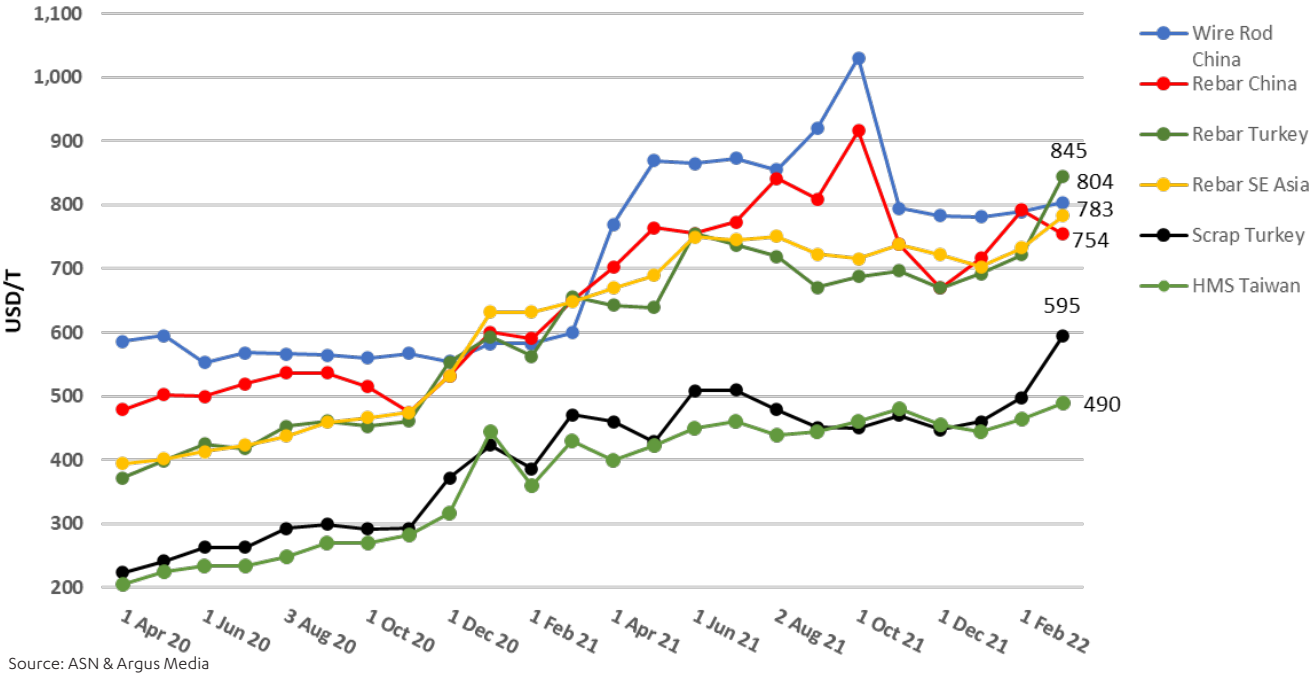
FINISHED PRODUCT INDICES

Steel production of finished products will likely drop globally. Even large steel exporters like China and India will struggle to meet the additional demand, especially when impacted by both rising energy and input costs, and with reduced supply of iron ore, pig iron, scrap, and coal – let alone trying to stay within state prescribed CO^2 emissions targets.

India for example, imports around USD $30 Billion of coking coal in current value. India and Russia signed a memorandum of understanding in October last year for a strategic partnership in mining and steel, with a special focus on coking coal, which they previously sourced mainly from Australia. This collaboration would have given India an advantage in terms of pricing for their steel makers and assured supplies of one of the most critical inputs that accounts for 40% of the total cost of production of steel.[34] As high prices of coking coal led many Indian steel makers to cut production last year rather than keep producing with high input costs. Interestingly, it is for this reason India is exploring ways to set up a rupee payment mechanism with Russia since the SWIFT payment system ban became effective. The next struggle will be finding vessels and navigating the Black Sea blockades.

Overall, Russia and the Ukraine would have exported circa 50 million tonnes of steel last year. This is a hole in global supply not easily filled, the impact of which is yet to be seen in finished product prices. The price effect may be significant based on the changes in commodity indices. Given these raw material costs are paid upfront by mills, it will strain already stretched cash-flows and may see increases passed promptly down the chain. This has prompted some European mills to apply surcharges on flat-rolled products because of rapidly rising energy and raw material costs. Italian steel mills, likewise, turned off electric furnaces last week due to skyrocketing natural gas prices. Some 40% of electricity is generated from natural gas that largely comes from Russia.[35]

Long Products – Construction Steels



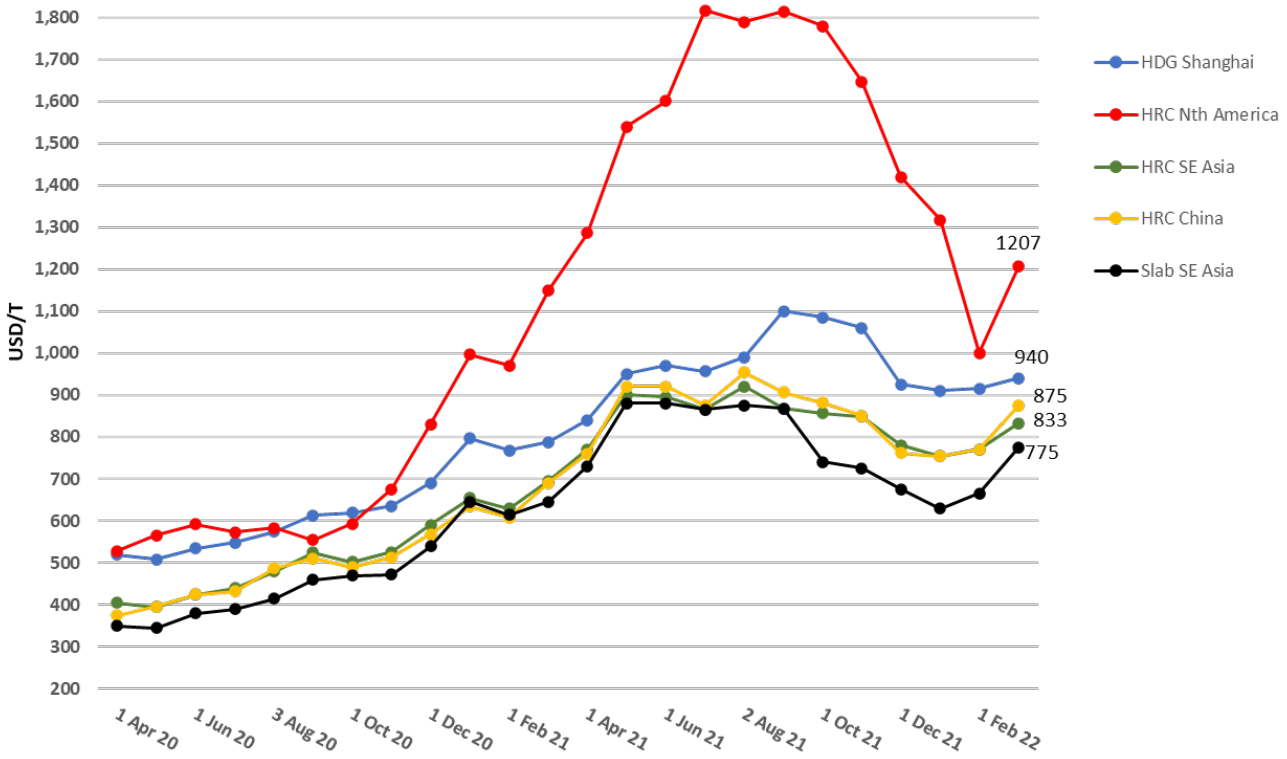
Source: ASN & Argus Media

The International Rebar Exporters & Producers Association (IREPAS) in their 'Short Range Outlook – March 2022' commented that "the global long steel products market has entered a new and completely unprecedented situation because of the war in Ukraine. The current situation means one of the largest suppliers of many raw and semi-processed materials will be completely excluded from the market for an unforeseeable period, with the consequences being almost impossible to predict at the moment".[36]

IREPAS see that "The world is now very short of BF and DR pellets. The shortages of pig iron and HBI already existed. For many users of such raw materials, Ukraine and Russia were the No. 1 or No. 2 supplier." The Turkish scrap and reinforcing bar prices in the graph above reflect this reality, with the South East Asian (Taiwanese) markets following due to billet and scrap supply concerns.

On the other hand, the impact on Chinese prices is uncertain as IREPAS state in their outlook "Russian mills are expected to maintain.....flows of steel by rail delivery to China. Russian mills have the absolute lowest cost of production". This along with the soft construction market in China could see their long product price trend lower.

Flat Products – Manufacturing Steels



Source: ASN & Argus Media

Hot Rolled Coil (HRC) prices have started to trend upwards because of the Russia/Ukraine conflict due to variety of reasons. From a regional perspective, the US market has concerns over the shortage of BPI feed for their EAF mills. The Asian market has combined concerns around scrap and BPI availability whilst already experiencing an uplift in demand. While European markets recognise that they face a shortfall of supply at substantially increased prices, as mills battle to secure raw materials and cope with dramatically escalating energy costs, which are already cutting mill capacity.

Shipping

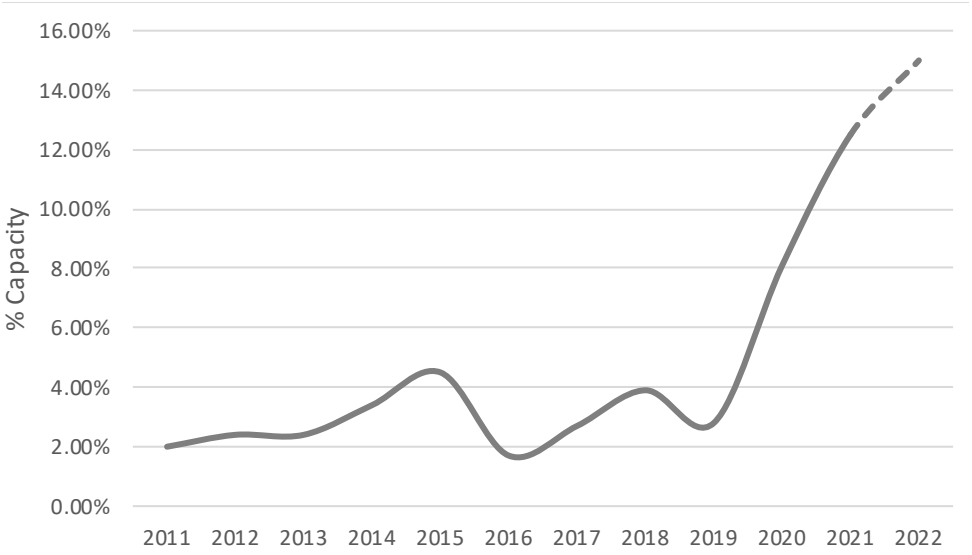
Ocean rates have been more stable at the start of the year and gave some hope for a better year. However, despite this stabilizing trend, non-stop demand for ocean freight, a lack of capacity overall, and continued disrupted schedules, has meant schedule reliability hasn't improved much since our last 'Procurement Update' in November.

Congested ports due to lack of equipment, greater than historical cargo flows, Omicron slowdowns, poor fluidity of container movement, lack of room for containers and ships all contribute to schedule unreliability. The lack of space in particular leaves ships sitting idle, causing further delays in cargo and shipments.

Global vessel schedule reliability scores remain between 30%-40% and the average delay for late vessel arrivals is at 7.38 days, the sixth consecutive month with the delay figure above 7 days.[37] This has kept spot rates 7-9X higher than the pre-pandemic norm and transit times are very volatile. The impact of these elements has taken unprecedented capacity out of sea freight, as shown below.

At 12.5% in 2021 3.1 million TEU of nominal vessel capacity was out of action, experts are now predicting 15% – 25% for 2022.

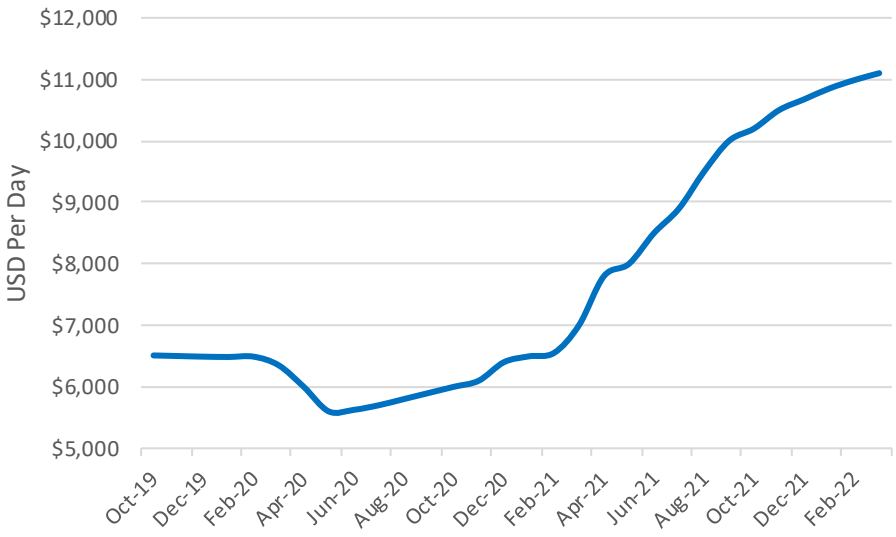
Absorption of Global Fleet due to Delays



Source: Sea-Intelligence

Breakbulk cargo rates per tonne continue to escalate much like the graph below – especially with one scheduled provider into New Zealand and international charter rates for bulk carriers maintaining their upward trend.

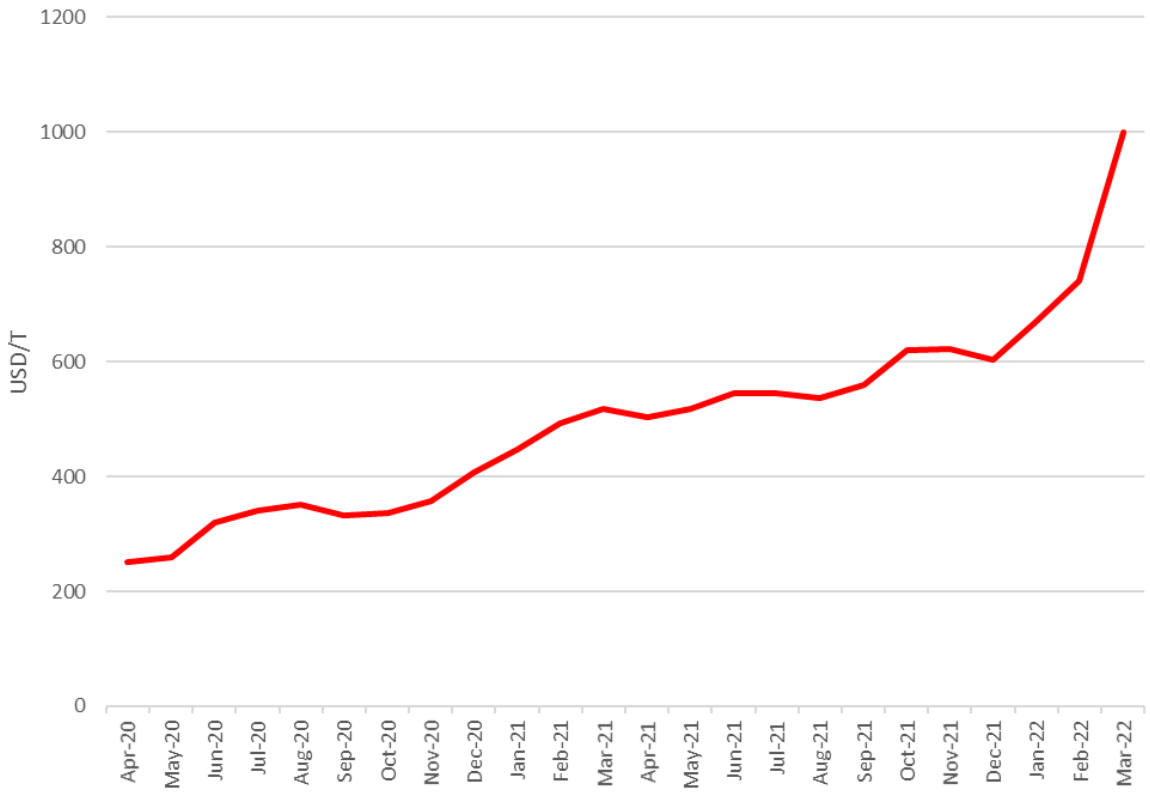
Drewry Multipurpose Time Charter Index



Source: Drewry Multipurpose Forecaster

The Drewry's Index is up 69% since February 2021. However, more significant has been the dramatic upturn in bunker fuel prices during the month, caused by the unravelling international geopolitical situation, which is bringing a huge amount of uncertainty to the market – and additional cost.

Average monthly price of Very Low Sulfur Fuel (Bunker) Oil (VLSFO)



Source: Statista

Bunker fuel which traditionally follows Crude Oil, has increased 66% so far in 2022, on top of the 35% increase experienced in 2021. Prior to the Ukraine conflict, Goldman Sachs had forecasted that oil prices could rise to $150 per barrel in 2022 with a fully reopened (post-COVID) world economy – so expect oil prices and transport costs to remain high for the foreseeable future.

With congestion and lead time issues throughout the supply chain internationally and locally, the biggest problem in the shipping industry is still securing capacity at lower price points. Unfortunately, freight rates are unlikely to normalize until the market disruptions cease, as such, the Russia/Ukraine conflict has put pay to any hope the world shipping industry will settling down in 2022.

WHAT DOES THIS MEAN FOR STEEL & TUBE AND OUR CUSTOMERS?

A notable characteristic of world steel prices is that they are highly cyclical, prices move from peak to trough every few years – with the average peak-to-peak period over the last 25 or so years working out to be ~3-4 years. In the market conditions prior to the Russia/Ukrainian conflict that would have put the next pricing trough around mid-2023, with another peak building near the end of 2025. The last 25 years however have not seen inflation as high as current levels or a major Russia/Ukraine conflict – both extraordinary events for the commodities markets – the result of which has some analysts picking this current market peak and events have now built a super cycle. This would mean that prices are likely to remain higher for longer with even greater volatility – here are the reasons why:

- Much like oil, the market for base metals remains tight.
- There are longer term supply shortages across the mining and metals industries.
- Increased freight rates look set to remain in the longer term.
- Trends in decarbonisation will constrict finished metal product supply.
- Demand for metals is critical to transition to green economies.
- Planned infrastructure stimuli across developing nations is likely to continue – which may hold off stagflation.
- A post COVID world with all sectors operating fully will increase economic growth.
- Significant population movement globally will further stimulate market demand.

Presently though, the commodities markets can be best described as fluctuating and unstable. The outlook is extremely difficult to predict. Major question marks exist around the impact of increased inflation on market demand and if growth will slow, resulting in stagflation.

From what we know so far based on current events and changes in commodity markets, finished metal product prices are likely to increase over the coming months depending on the product, the source, and the balance of supply / demand in each product market. Supply chain costs are likely to continue to increase.

If the Russia/Ukraine conflict is prolonged or is not contained, a longer disruption to global trade will result.

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