The HRB Steel price rollercoaster: WSD sees a ride in the world market for the remainder of 2017

The steel cost rollercoaster: Sharp altitude swings in a deep fog

Cost swings in the steel industry since 2011, when WSD began its monthly World Cost Curve information system, have been sizable and frequent. For the median-cost Chinese and non-Chinese steelmaker, the operating cost to produce hot-rolled band (HRB), including plant overhead expense, have been as follows (Figs. 1 and 2):

- In December 2015, the figures for the Chinese median-cost mill were US$354/metric ton for operating cost, US$302 for marginal cost and a difference of US$54/metric ton between the two. For the non-Chinese steel mill, the figures were US$372/metric ton, US$308/metric ton and US$64/metric ton, respectively. Globally, the operating cost was US$363/metric ton and the marginal cost was US$306/metric ton.
- In March 2017, WSD’s World Cost Curve data estimates that the median-cost Chinese steel mill had a HRB operating cost of about US$473/metric ton and a marginal cost of US$414/metric ton. The figures for the non-Chinese median-cost mill were US$472/metric ton, US$403/metric ton and US$69/metric ton, respectively. Globally, the operating cost was US$473/metric ton, and the marginal cost was US$406/metric ton.
- By October 2017, WSD expects that global steelmaking cost will decline versus March 2017 levels given decreases in prices for iron ore, coking coal and steel scrap. WSD estimates that...
median cost for Chinese steel-makers will be US$286/metric ton and the median cost for non-Chinese mills will be US$355/metric ton.

This report includes forward-looking statements that are based on current expectations about future events and are subject to uncertainties and factors relating to operations and the business environment, all of which are difficult to predict. Although WSD believes that the expectations reflected in its forward-looking statements are reasonable, they can be affected by inaccurate assumptions made or by known or unknown risks and uncertainties, including, among other things, changes in prices, shifts in demand, variations in supply, movements in international currency, developments in technology, actions by governments and/or other factors.

**Figure 2**

World Cost Curve for Hot-Rolled Band (USD per metric ton, marginal cost).