

Market Report

June 1st 2022

General market report

After difficult months in the first trimester of the year, overall market stability has started to increase. Signs of relaxation can be seen in many markets and industries, ranging from material prices to freight rates. Many logistics and transportation companies have reacted to the war in Ukraine, setting up new routes that bypass Russia. The Covid-related lockdown in Shanghai, China, though still ongoing, is likely to end at the beginning of June, providing hope for a normalization of global supply chains. On the other hand, energy prices in Europe are still high and show no signs of recovery to pre-war levels, but continue to drive inflation rates.

Materials

Material prices have retreated for the second month in a row and are on the way back to pre-Ukraine war levels.

Aluminum prices in May have [decreased by 6%](#). The price of Nickel [decreased by 10%](#) in May while steel prices even decreased [by 20%](#) to 920€/t for EU-hot rolled coil. Aluminum, Nickel and steel all reached price levels last seen in January 2022 (as of CW22).

The speculative rise in [nickel prices](#) that started at the end of February finally collapsed. Against the backdrop of weak demand in China and negative market expectations in Europe, the metal became cheaper in May. The average premium to the exchange [price of nickel briquettes](#) on Metals Hub has almost halved. Nevertheless, the premium remains at least twice as high as at the beginning of the year.

The good news is that most base metals have seen their price peaks in March, but have started decreasing again despite the ongoing uncertainty in the markets. Many base metals have already returned to their pre-war price levels, reducing the price pressure on materials.

Ferroalloys

The rapid appreciation of many ferroalloys in March and April, triggered by fears of shortages due to discontinued supplies from Ukraine and Russia, appears to [have exhausted itself by May](#). In some segments, there has been an increase in supply from alternative regions, but in most markets, consumers have been extremely inactive, so by and large the ferroalloy markets have entered the traditional summer lull a month earlier than usual.

[Manganese](#) ferroalloys and [ferrosilicon](#) prices [dropped by 25-30%](#), [ferrovanadium](#) by 10%. [Ferromolybdenum prices](#) were largely unchanged, with the Metals Hub index recording only slight downward deviations from April levels.

Meanwhile, [low-carbon ferrochrome prices](#) continued to rise in Europe amid stable consumption and limited alloy supplies from Russia due to imposed sanctions. In other regions the shortage is not so strong (US) or the market is even oversupplied (Asia), so the price trend there was rather downward. More data on transaction based price indices and [live market insights](#) can be accessed by subscribing to [Metalshub price indices](#).

Energy prices

Energy prices in Europe continue to remain on a very high level. On average, [European gas prices increased 13%](#) after Russia has cut its supply to Poland and Bulgaria. In addition, Russia also [halted providing gas to its neighbor Finland](#) after Finland applied for Nato membership. As a reaction to the Russian gas cut off, the European Commission made [plans to limit the impact of Russia's actions](#) through joint gas purchases and a possible price cap. Mid-term the [EU revealed a distinct plan](#) to end the EU's dependence on Russian fossil fuels.

Regarding energy prices in Germany, energy suppliers have announced price increases of nearly [19% for the month of June](#). Compared to the record month of March where megawatt hours traded at 252€ on average, in April a megawatt hour was traded at 166€ on the Leipzig Power Exchange. However, prices remain on a very high level and forecasts predict further price increases. As a countermeasure, the German government decided to [abolish the renewable energy law](#) as of July.

Regarding energy prices in Poland, prices in April increased by 21%. Despite rising energy prices, the [impact on the Polish economy is moderate](#) so far, although Poland faces a very [high inflation](#) rate that originated in rising energy prices.

Logistics

Multiple shipping and transportation companies have reacted to the war in Ukraine and China's zero-covid strategy by launching new routes from China to Europe. Danish shipping company [Maersk has launched an updated rail service](#) that connects China and Europe via Azerbaijan. Finland's largest freight operator [Nurminen Logistics](#) announced the launch of the first container route from China through Kazakhstan and Azerbaijan, allowing it to bypass Russia. Chinese company [Nippon Express](#) launched a new intermodal route from China to Europe via Mongolia, passing via the Caspian sea.

The fast reaction and implementation of new routes by many companies indicates a new era of transportation routes. Global logistics is on its way to recover from difficult times.

Demand for air cargo planes en route from China to Europe [increased throughout May](#). Flight capacity recovered gradually, too.

Manufacturing lead times

The lockdown in Shanghai is about to end. Shanghai [authorities plan to emerge from restrictions in phases](#) while aiming to return to normal life by June. The Shanghai lockdown had created large effects on the global economy and increased uncertainty about lead times. While [Shanghai's ports are back up and running](#) at 90 per cent capacity, this also led to a normalization regarding [wait times of trucks, trucking capacity](#) and containers while also improving inland operations. Between March and April, the [Shanghai port saw a 175% increase in container dwell time](#), meaning ships needed to wait much longer to take on cargo.

At KREATIZE, manufacturing lead times remain stable since the beginning of the year. This can be achieved thanks to KREATIZE's global network of manufacturing partners.

Contact our sales teams by email for detailed advice and assistance on product, supply-chain and/or material issues.



KREATIZE GmbH

Dessauer Str. 28–29, 10963 Berlin

Contact: Linus Grabher

Cloud Manufacturing Consultant

linus.grabher@kreatize.com

+49 (0) 7071 14310 70



Metals Hub GmbH

Platz der Ideen 2, 40476 Düsseldorf

Contact: Alexandr Andreev

Price Data Manager

alexandr.andreev@metals-hub.com

+49 (0) 175 340 5661



Disclaimer: The contents of this report were created in collaboration between Kreatize GmbH and Metals Hub GmbH. Contents are provided for informational purposes only and should not be relied upon in making legal, business or financial decisions. Kreatize GmbH and Metals Hub GmbH do not warrant, represent or guarantee the contents of this report as it is based on our current beliefs, expectations and assumptions, which cannot be guaranteed due to various expected and unforeseen events. This report has been prepared in good faith; however, the information contained herein may not reflect the most current regulatory or industry developments.