

FIS Steel & Scrap Morning Report

London +44 20 7090 1120 | info@freightinvestor.com | www.freightinvestorservices.com

Good Morning,

FOB China HRC

The index rose by \$2/t last Friday (12.4.20) to US\$594/t, MTD US\$590/t.

Two northern China mills pushed up offers to \$610-620/t fob last Friday for SS400 HRC after deals were done at \$590-595/t fob. Demand from South America was strong with some buyers accepting as high as \$600/t fob China. The continued appreciation of the Chinese yuan has given firm support to export prices.

A deal for 10,000t SAE1006 grade coils produced by a Chinese mill was reported to be concluded at \$635/t cfr Vietnam after another 20,000t Chinese SAE grade coils being sold at \$620/t cfr Vietnam earlier last week. Vietnamese stockists were active in restocking, while end users were more cautious before receiving new offers from local-based Formosa Ha Tinh. (Argus)

EHR CME

Luxembourg-based steelmaker ArcelorMittal increased offers for hot-rolled coils (HRC) for April deliveries onwards today to €650/t ex-works across all European plants.

The producer will target €750/t ex-works for galvanised material.

The last price increase, on 19 November, pegged offers at €600/t ex-works and €700/t, respectively.

But the uptrend in prices, supported by supply tightness across the continent, is giving confidence to the mill it will be able to reach higher levels for the second quarter.

The supply scarcity has been brought on the market by reduced production after the initial outbreak of Covid-19 and subsequent lockdowns, and exacerbated by import restrictions such as the safeguards, and the European Commission's anti-dumping and anti-subsidy investigations on Turkish HRC.

This coincided with a revival of demand, especially from the automotive industry, after production stops in spring and early summer, which led to reduced car inventories into the autumn. (Argus)

Turkish Scrap

Turkish import scrap prices continue to strengthen amid strong mill margins

Turkish rebar-scrap spread hits 8-month high

Sources expect \$370/mt CFR to be achievable in near-term

Deepsea Turkish import scrap prices rose further, as firm rebar sales at higher prices prompted mills to raise workable scrap levels, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$365/mt CFR on Dec. 4, up \$4/mt on the day to reach the index's highest level since March 27, 2018, when the price was \$369/mt CFR.

"The offers would be at \$365/mt CFR for Europe, \$370/mt CFR for Baltic material but the problem is there is no offer as far as I know — the sell side stepped back," a Turkish mill source said, citing a tradable value for premium HMS 1/2 (80:20) at \$365/mt CFR. "The \$540/mt FOB rebar level supports maximum \$380/mt CFR, so there is room to go up for scrap," the mill source added.(Platts)

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| Indices | Price | Change | MTD |
|---|--------|--------|--------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 365.00 | 4.00 | 361.38 |
| Steel Rebar FOB Turkey (\$/mt) | 540.00 | 6.00 | 534.13 |
| Argus HRC NW Europe (€/mt) | 575.00 | 0.00 | 571.88 |
| Argus FOB China HRC (\$/mt) | 594.00 | 2.00 | 590.00 |

| LME HRC FOB TIANJIN CHINA USD/mt | | | |
|----------------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 595 | 605 | 600 |
| Jan-21 | 590 | 600 | 595 |
| Feb-21 | 560 | 570 | 565 |
| Mar-21 | 555 | 545 | 550 |
| Q1-21 | 550 | 560 | 555 |
| Q2-21 | 550 | 560 | 555 |

| LME HMS 80:20 CFR TK | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 385 | 395 | 390 |
| Jan-21 | 380 | 390 | 385 |
| Feb-21 | 365 | 375 | 370 |
| Mar-21 | 350 | 365 | 358 |
| Q1-21 | 366 | 376 | 371 |
| Q2-21 | 341 | 351 | 346 |

| LME REBAR FOB TK | | | |
|------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 550 | 560 | 555 |
| Jan-21 | 545 | 555 | 550 |
| Feb-21 | 525 | 535 | 530 |
| Mar-21 | 520 | 530 | 525 |
| Q1-21 | 512 | 522 | 517 |
| Q2-21 | 512 | 522 | 517 |

| BUSHELING | | | |
|-----------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 345 | 355 | 350 |
| Jan-21 | 375 | 388 | 382 |
| Feb-21 | 378 | 388 | 383 |
| Mar-21 | 379 | 389 | 384 |
| Q1-21 | 377 | 388 | 383 |
| Q2-21 | 359 | 369 | 364 |

| US HRC USD/short ton | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 806 | 816 | 811 |
| Jan-21 | 860 | 870 | 865 |
| Feb-21 | 835 | 845 | 840 |
| Mar-21 | 816 | 826 | 821 |
| Q1-21 | 837 | 847 | 842 |
| Q2-21 | 754 | 764 | 759 |

| NWE HRC EUR/metric ton | | | |
|------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 565 | 573 | 569 |
| Jan-21 | 563 | 570 | 567 |
| Feb-21 | 553 | 560 | 557 |
| Mar-21 | 525 | 545 | 535 |
| Q1-21 | 510 | 530 | 520 |
| Q2-21 | 510 | 530 | 520 |