



Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index rose by \$12/t yesterday (12.22.20) to US\$685/t, MTD US\$624.63/t.

Major Chinese mills hiked offers to \$730-735/t fob for SS400 HRC on the sharp price increase in the domestic market over the previous days. Most mills expressed little interest in negotiating prices despite domestic prices softening yesterday as supply remained tight and mills are bullish on the price outlook. Seaborne buyers kept silent, with limited buyers bidding at \$680/t fob China.

A deal for around 10,000t SAE1006 grade coils produced by a large Chinese mill was concluded at \$700/t cfr Vietnam this week. Some other deals were heard to be done as high as \$710-720/t cfr Vietnam, but no further details could be confirmed. Offers rose further to \$715-750/t cfr Vietnam from China, \$750/t cfr Vietnam from Japan and \$770/t cfr Vietnam from India. Indian mills could sell coils as high as \$800/t cfr to the EU, explaining why they are offering at such high levels or stopped offering in Vietnam. (Argus)

EHR CME

Northwest European hot-rolled (HRC) coil prices firmed again yesterday, as at least one producer began to try and renegotiate fixed price deals for 2021 with certain customers.

Argus' daily northwest EU HRC index rose by €5/t to €664.50/t, taking the month-to-date average to €617.70/t. One mill was trying to renegotiate 2021 fixed price contracts, initially with carmakers, citing rising scrap and iron ore costs. The agreements were signed around mid-to-late November, before iron ore costs really began to rally.

On 25 November, when Argus first reported contracts being signed, iron ore was \$127.85/dmt. Since then, the price has climbed to \$165.85/dmt, an actual cost rise of over \$60/t, assuming mills use 1.6t of iron ore to produce a tonne of crude steel — Argus' ICX iron ore index dropped by \$9.55/dmt today, after jumping by \$12.40/dmt the previous day. (Argus)

Turkish Scrap

Indicative US 80:20 target heard at \$475-\$480/mt CFR

US, UK, EU dockside collection prices heard higher, but exporters look to slow increases

Deepsea Turkish import scrap prices continued to rise sharply amid little sign of slowing down ahead of the holiday season, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$469.50/mt CFR on Dec. 22, up \$7.50/mt on the day, to reach the index's highest level since Jan. 10, 2012, when the price was at \$470/mt CFR. The index has risen \$109.50/mt so far over December, up from \$360/mt CFR on Dec. 1.

A Baltic-origin cargo totaling 23,000 mt was booked Dec. 21 by a Samsun mill, with 12,000 mt HMS 1/2 (80:20), 5,000 mt bushelling/oxy plate, and 6,000 mt PNS scrap, at \$476/mt CFR cargo average. The deal was confirmed by the sellside for March shipment, with the value for premium HMS 1/2 (80:20) put at around \$467/mt CFR. (Platts)

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| Indices | Price | Change | MTD |
|---|--------|--------|--------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 469.50 | 7.50 | 407.44 |
| Steel Rebar FOB Turkey (\$/mt) | 637.50 | 7.50 | 579.47 |
| Argus HRC NW Europe (€/mt) | 664.50 | 5.00 | 617.42 |
| Argus FOB China HRC (\$/mt) | 685.00 | 12.00 | 624.88 |

| LME HRC FOB TIANJIN CHINA USD/mt | | | |
|----------------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 634 | 644 | 639 |
| Jan-21 | 684 | 694 | 689 |
| Feb-21 | 655 | 665 | 660 |
| Mar-21 | 633 | 680 | 657 |
| Q1-21 | 610 | 620 | 615 |
| Q2-21 | 555 | 565 | 560 |

| LME HMS 80:20 CFR TK | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 420 | 428 | 424 |
| Jan-21 | 450 | 460 | 455 |
| Feb-21 | 435 | 445 | 440 |
| Mar-21 | 417 | 427 | 422 |
| Q1-21 | 434 | 444 | 439 |
| Q2-21 | 398 | 408 | 403 |

| LME REBAR FOB TK | | | |
|------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 595 | 605 | 600 |
| Jan-21 | 617 | 627 | 622 |
| Feb-21 | 610 | 620 | 615 |
| Mar-21 | 590 | 600 | 595 |
| Q1-21 | 600 | 610 | 605 |
| Q2-21 | 550 | 560 | 555 |

| BUSHELING | | | |
|-----------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 345 | 355 | 350 |
| Jan-21 | 446 | 456 | 451 |
| Feb-21 | 435 | 445 | 440 |
| Mar-21 | 427 | 437 | 432 |
| Q1-21 | 436 | 446 | 441 |
| Q2-21 | 402 | 412 | 407 |

| US HRC USD/short ton | | | |
|----------------------|-----|------|-------|
| | Bid | Ask | Value |
| Dec-20 | 870 | 880 | 875 |
| Jan-21 | 990 | 1000 | 995 |
| Feb-21 | 978 | 988 | 983 |
| Mar-21 | 960 | 970 | 965 |
| Q1-21 | 975 | 985 | 980 |
| Q2-21 | 870 | 880 | 875 |

| NWE HRC EUR/metric ton | | | |
|------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-20 | 600 | 620 | 610 |
| Jan-21 | 650 | 660 | 655 |
| Feb-21 | 660 | 670 | 665 |
| Mar-21 | 660 | 680 | 670 |
| Q1-21 | 528 | 548 | 538 |
| Q2-21 | 500 | 520 | 510 |