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FIS 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