

FIS Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index was unchanged yesterday (12.1.21) at US\$658/t, MTD US\$659.71/t.

Domestic Chinese steel prices remained pressured on Tuesday. Reduced output expectations, driven by the developing Covid lockdowns in Hebei have been outweighed by concerns around knock-on weakness in end-user demand as a pipe maker issued force majeure and suspended production, yesterday. Sellers worried others would follow suit.

While export tags have space to ease further (export prices being above domestic levels), there is a question mark over whether sellers would need to. The gap between FOB China, FOB Turkey and FOB Black Sea HRC prices makes Chinese origin compelling, shipment-times aside (graph left).

Within competing loading locations within Asia, China has maintained its position as lowest cost origin point for CFR Vietnam imports (graph right), though trade is currently slow.

Indicative HRC margins have fallen back by -10.6%, since marking a multi-year peak on December 23rd and the curve is largely unchanged. For sellers, February is currently sat higher than spot. (Argus)

Turkish Scrap

Turkish Deepsea import scrap prices softened Jan. 12, as mills held back amid reports of multiple cargoes on offer, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$480/mt CFR, down \$2/mt on day.

"The only reason for the largely sideways movement of scrap pricing is poor rebar demand," a Turkish mill source said. "There were lots of offers in the market yesterday, and none got bids back."

The Turkish mill source cited a tradable value for premium HMS 1/2 (80:20) at around \$480/mt CFR, while a second Turkish mill source also said \$480/mt CFR was workable, but that near-term price direction depended on the Chinese market. (Platts)

EHR CME

Argus' daily Italian index jumped by €9/t to €685/t ex-works yesterday, while the northwest EU HRC index was static at €688.50/t.

Sheet deals were heard concluded at €800/t delivered, and some were offering at €820/t delivered. Service centres have finally managed to raise prices more substantially, so current coil levels pressure margins less, with producers indicating €700/t ex-works and selling small lots at these levels.

One mill is understood to still be experiencing ongoing issues in production ramp-up, which has been the case since the last quarter. Availability is March.

The underlying fundamentals appear unchanged from December, although some express a concern that Chinese prices could have already peaked, and softening may be felt in the European market in a few months' time. (Argus)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	480.00	-2.00	480.82
Steel Rebar FOB Turkey (\$/mt)	645.00	2.50	641.07
Argus HRC NW Europe (€/mt)	688.50	0.00	674.00
Argus FOB China HRC (\$/mt)	658.00	0.00	659.71

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jan-21	650	660	655
Feb-21	650	660	655
Mar-21	635	645	640
Apr-21	615	625	620
Q1-21	645	655	650
Q2-21	600	610	605

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jan-21	465	475	470
Feb-21	455	465	460
Mar-21	435	445	440
Apr-21	415	425	420
Q1-21	425	462	443
Q2-21	425	445	435

LME REBAR FOB TK			
	Bid	Ask	Value
Jan-21	615	625	620
Feb-21	615	625	620
Mar-21	605	615	610
Apr-21	585	595	590
Q1-21	612	622	617
Q2-21	570	580	575

BUSHELING			
	Bid	Ask	Value
Jan-21	485	505	495
Feb-21	485	505	495
Mar-21	515	530	523
Apr-21	505	520	513
Q1-21	505	520	513
Q2-21	485	500	493

US HRC USD/short ton			
	Bid	Ask	Value
Jan-21	1017	1027	1022
Feb-21	1111	1121	1116
Mar-21	1050	1060	1055
Apr-21	995	1005	1000
Q1-21	1059	1069	1064
Q2-21	979	989	984

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jan-21	670	690	680
Feb-21	685	705	695
Mar-21	675	695	685
Apr-21	650	670	660
Q1-21	677	697	687
Q2-21	610	630	620