

# FIS Steel & Scrap Morning Report

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

Good Morning,

## FOB China HRC

The index decreased by \$1/t yesterday (1.14.21) to US\$652/t, MTD US\$658.11/t.

HRC inventory at mills and traders' warehouses rose by over 140,000t this week against a rise of around 100,000t last week as demand further weakened. Some end users planned to exit the market for the Lunar New Year holiday, while cargo deliveries from mills in north China's Hebei province to Tianjin port have slowed under Covid-19 lockdown restrictions.

Seaborne pipe-makers shifted to purchase HR strips at \$630-635/t cfr Vietnam as a substitute for HRC. Chinese mills have exported a total of 200,000t HR strips recent two weeks. The purchases have weighed heavily on the coils market, dragging down seaborne buyers' bids to only \$640/t cfr Vietnam. Yet some Chinese mills could sell SAE coils much higher at \$710-725/t fob to South America and Africa. (Argus)

## EHR CME

Northwest European hot-rolled coil (HRC) prices increased yesterday as buyers paid more to secure supply.

Argus' daily northwest EU HRC index rose by €21.50/t to €718/t ex-works, as deals were reported done at €710/t and €730/t delivered.

Mills were firm in their offers with no cheap alternatives available, although some buyers were concerned by recent softening in China and a wider array of import offers. Chinese offers have also risen, with some made at \$680/t fob.

A German producer was offering around €700/t base for the second quarter, while two large European producers were both targeting €730/t base — one was prioritising sales into North America with US prices above \$1,200/t. Some mills said they had no spot tonnes for April-June and were only selling to contract customers — given strong demand in recent months and reduced run rates because of Covid-19, mills have been unable to build buffer stocks. As a result, some large buyers have no "call-off stocks" — material they can draw down incrementally in line with volume commitments — available at mills, exacerbating their need to buy. Those that could wait were choosing to do so. (Argus)

## Turkish Scrap

Turkish Deepsea import scrap prices continued to soften, as the Turkish mill absence from the scrap market continued, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Jan. 14 at \$474.50/mt CFR, down \$4 on the day.

"I don't expect any kind of market collapse, as [scrap] demand is still firm globally, including in the EU and US," a Turkish trading source said, citing an indicative tradable value for premium HMS 1/2 (80:20) at around \$475/mt CFR. "Perhaps we can see a \$10-\$20/mt correction, which could happen due to the many offers [in the market]"

The trading source estimated that mills may book a further two or three cargoes for February shipment with a minimum of 30 more cargoes expected for March shipment. A US trader said around 10-14 cargoes were currently being offered, with recyclers not yet heard to lower offers.

"There might be a correction, but no one is biting on offers so eventually the suppliers may pull back," a Turkish mill source said. (Platts)

# FIS Steel & Scrap Morning Report

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

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	474.50	-4.00	479.86
Steel Rebar FOB Turkey (\$/mt)	645.00	0.00	641.94
Argus HRC NW Europe (€/mt)	718.00	21.50	681.39
Argus FOB China HRC (\$/mt)	652.00	-1.00	658.11

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jan-21	650	660	655
Feb-21	650	660	655
Mar-21	640	650	645
Apr-21	615	625	620
Q1-21	647	657	652
Q2-21	620	630	625

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jan-21	460	470	465
Feb-21	458	468	463
Mar-21	448	458	453
Apr-21	430	440	435
Q1-21	410	465	438
Q2-21	410	420	415

LME REBAR FOB TK			
	Bid	Ask	Value
Jan-21	635	645	640
Feb-21	630	640	635
Mar-21	620	630	625
Apr-21	605	615	610
Q1-21	628	638	633
Q2-21	580	590	585

BUSHELING			
	Bid	Ask	Value
Jan-21	505	520	513
Feb-21	505	520	513
Mar-21	505	520	513
Apr-21	495	510	503
Q1-21	497	512	504
Q2-21	479	494	486

US HRC USD/short ton			
	Bid	Ask	Value
Jan-21	1053	1063	1058
Feb-21	1093	1103	1098
Mar-21	1025	1035	1030
Apr-21	945	955	950
Q1-21	1057	1067	1062
Q2-21	933	943	938

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jan-21	675	685	680
Feb-21	690	710	700
Mar-21	655	675	665
Apr-21	630	640	635
Q1-21	672	692	682
Q2-21	625	645	635