

FIS Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index softened by \$1/t yesterday (1.27.21) to US\$639/t, MTD US\$650.56/t.

China steel prices rose on stable monetary policy messaging while seaborne prices moved lower amid widespread cautiousness. Some mills or traders facing sales pressure or holding negative outlooks are willing to receive orders as low as \$620-630/t fob China for SS400 HRC. South Korean buyers shifted to purchasing from the more competitive mills.

A Chinese mill sold 10,000t SAE1006 grade coils at \$655/t CFR Vietnam this week. Vietnam-based Hoa Phat offered same grade coils at \$655-660/t cif Vietnam. A Russian mill returned to the market with an offer at \$674/t CFR Vietnam. Demand from Europe has slowed and Middle East has stopped buying recently for downstream steel products including hot-dipped galvanised steel, which is one of the main factors dragging down Vietnam's coils buying interest. (Argus)

Turkish Scrap

Sources await news of Chinese import ferrous scrap interest

LME scrap forward curve shifts to February-April contango

Turkish Deepsea import ferrous scrap prices were unchanged Jan. 27, as market sources digested the UK-origin sale into Turkey the prior day at \$408/mt CFR for HMS 1/2 (80:20), sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Jan. 27 at \$413/mt CFR, unchanged on day, but down \$17/mt from Jan. 25.

The index has fallen \$69.50/mt since a near 10-year high of \$482.50/mt CFR on Jan. 5. Prior to this fall, the index had increased over \$200/mt from a recent low of \$282.25/mt on Oct. 8, 2020.

"I think Russia is out from this game unless somebody has got an unsold stock position, while other Baltic sellers have got enough sales so will most probably also be out," a Turkish agent source said. The agent cited an indicative tradable value for premium HMS 1/2 (80:20) around \$410-\$420/mt CFR, adding he expected a price rebound in the near term. (Platts)

EHR CME

European hot-rolled coil (HRC) prices slipped again yesterday, as buyers exhibited lower interest, even to falling import offers.

The daily northwest European HRC index dropped by €2.25/t to €706.75/t ex-works, while the daily Italian index fell by €1/t to €706/t ex-works.

There are more import offers on the table that are slightly cheaper than before, making them theoretically competitive, at least against domestic mills' headline offers.

A north African producer that reneged on many deals to try and achieve higher prices is now offering a substantial part of its supply at around \$800/t fob. Asian material was offered into Spain at €675/t cif for March shipment and May arrival. Similar offers were heard into Italy, although material origin was unclear. One tier-one Asian mill offered at €690/t cfr effective into Spain. These values are down by €20-25/t from earlier this month, and large pipemakers' inability to increase prices also pressured HRC. (Argus)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	413.00	0.00	458.01
Steel Rebar FOB Turkey (\$/mt)	605.00	-10.00	632.75
Argus HRC NW Europe (€/mt)	706.75	-2.25	692.94
Argus FOB China HRC (\$/mt)	639.00	-1.00	654.32

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jan-21	645	655	650
Feb-21	615	625	620
Mar-21	615	625	620
Apr-21	600	615	608
Q1-21	625	635	630
Q2-21	600	610	605

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jan-21	450	460	455
Feb-21	415	430	423
Mar-21	415	430	423
Apr-21	415	430	423
Q1-21	405	438	422
Q2-21	405	415	410

LME REBAR FOB TK			
	Bid	Ask	Value
Jan-21	625	635	630
Feb-21	585	595	590
Mar-21	595	605	600
Apr-21	595	605	600
Q1-21	602	612	607
Q2-21	580	590	585

BUSHELING			
	Bid	Ask	Value
Feb-21	481	510	496
Mar-21	471	500	486
Apr-21	461	490	476
May-21	450	478	464
Q1-21	471	500	486
Q2-21	457	480	469

US HRC USD/short ton			
	Bid	Ask	Value
Jan-21	1055	1065	1060
Feb-21	1125	1135	1130
Mar-21	1027	1037	1032
Apr-21	930	940	935
Q1-21	1069	1079	1074
Q2-21	916	926	921

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jan-21	675	685	680
Feb-21	660	680	670
Mar-21	640	660	650
Apr-21	620	640	630
Q1-21	657	677	667
Q2-21	625	645	635