



# Steel & Scrap Morning Report

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. Good Morning,

## FOB China HRC

The index fell a dollar on Wednesday (3.2.21) to US\$637/t, MTD US\$638.00/t.

Trade is continuing to slow, freezing domestic prices in China and weak overseas bids are encouraging exporters to stand back from chasing lowering export tags. The mainland consensus seems to be that demand will firm, post holidays. For now, inventories are building.

Also lurking in the background as a discouragement to trade is uncertainty about a potential change to Beijing's policy on steel export rebates. Asian origins competing with China for exports are mulling whether prices will re-rate, if the rebate is removed in April. In the absence of certainty, many Chinese exporters are reacting by holding off on releasing offers, some are looking to share the costs with customer, while at least one is raising April tags by \$30/t.

In times of uncertainty, the futures price offers actionable clarity. The current backwardation may reflect building inventories and expectations of lower post-holiday demand, but for those expecting a demand bounce-back or a hike in export tags to offset any changes in export policy, the forward curve structure offers optionality. Whilst Feb and March firmed today, April (the time of greatest uncertainty) is unmoved, offering a spot/M2 discount of \$30/t. (Argus)

## EHR CME

The northwest European hot and cold-rolled coil markets nudged a touch higher in quiet trade yesterday, as service centres buying back-to-back for customer needs continued to pay strong prices.

Argus' domestic NW EU HRC index rose by €1.75/t to €709.25/t ex-works, while the cold-rolled coil assessment nudged up by €1/t to €808.50/t.

But most buyers were still deeply concerned about the longevity of current prices — especially given slipping import offers and costs — and were not trying to buy for inventories at today's levels. Service centres cited lower costs as justification for lower coil levels — the cost of primary blast furnace raw materials dropped to \$406.25/t today from \$427.80/t on 27 January, Argus data show. This equates to a drop of around €18/t.

Mills would argue this cost advantage is not currently reflected in production, as the iron ore will not arrive for a couple of months. And lead times were still comparatively lengthy, which meant mills were in no rush to acquiesce to lower levels. German producer ThyssenKrupp is planning a blast furnace outage in the third quarter, so was not discussing volumes, except to inform regular customers they may have lower allocations. One producer reported selling around 15,000t in the past few days at €720-730/t delivered Ruhr. (Argus)

## Turkish Scrap

Some mills look to hold back from purchases

Sell side reluctant to break \$400/mt CFR level

Turkish Deepsea import ferrous scrap prices were unchanged Feb. 3, as both mills and recyclers continued to hold back, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Feb. 3 at \$400/mt CFR, unchanged on day.

"It doesn't make sense to send a large shipment to Turkey when the price is higher for smaller shipments into the EU," a Baltic recycler source said, citing an indicative tradable value for US-origin HMS 1/2 (80:20) at around \$400/mt CFR, with \$395/mt CFR considered low. Scrap demand from European steel mills was heard to be firm, with prices for domestic European settlements in February expected to fall by a smaller margin than the recent drop in CFR Turkey prices. (Platts)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	400.00	0.00	400.00
Steel Rebar FOB Turkey (\$/mt)	585.00	-5.00	589.17
Argus HRC NW Europe (€/mt)	709.25	1.75	638.00
Argus FOB China HRC (\$/mt)	637.00	-1.00	708.08

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Feb-21	620	630	625
Mar-21	615	625	620
Apr-21	600	615	608
May-21	605	615	610
Q2-21	595	605	600
Q3-21	590	600	595

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Feb-21	400	410	405
Mar-21	400	410	405
Apr-21	397	410	404
May-21	395	410	403
Q2-21	405	415	410
Q3-21	390	400	395

LME REBAR FOB TK			
	Bid	Ask	Value
Feb-21	580	590	585
Mar-21	580	590	585
Apr-21	580	590	585
May-21	580	590	585
Q2-21	575	585	580
Q3-21	570	580	575

BUSHELING			
	Bid	Ask	Value
Feb-21	480	500	490
Mar-21	475	495	485
Apr-21	465	485	475
May-21	450	470	460
Q2-21	473	493	483
Q3-21	440	460	450

US HRC USD/short ton			
	Bid	Ask	Value
Feb-21	1138	1148	1143
Mar-21	1085	1095	1090
Apr-21	990	1000	995
May-21	615	925	770
Q2-21	913	923	918
Q3-21	777	787	782

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Feb-21	680	700	690
Mar-21	655	675	665
Apr-21	630	650	640
May-21	615	635	625
Q2-21	605	615	610
Q3-21	600	610	605