



Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index was flat yesterday (10.2.21) at US\$640/t, MTD US\$638.38/t.

Mainland futures continued to firm yesterday following recent dovish central bank comments, but physical APAC trade was stifled, with Vietnam on holiday and China readying to break for the Lunar New Year holiday.

Ex-China Asia markets have recently focused on the potential effects of any withdrawal of China's export rebate, with the balance of opinion that export tags would rise to offset the change, improving the competitiveness of other origins.

But, it could set up an interesting offshore/onshore dynamic. Domestic Chinese sellers have viewed recent price weakness as pre-CNY driven. The expectation that post-holiday demand will firm has discouraged offers and slowed trade, raising inventory. Yet, should post-holiday demand prove lackluster, a change in the export rebate (lowering Chinese origin competitiveness) could rob vendors of pressure valve, keeping steel in China and exacerbating the domestic effect of stock build, even as wider-Asian prices rise. (Argus)

Turkish Scrap

Recyclers target \$415-\$420/mt CFR for premium 80:20

Mills expected to require 10 minimum further March shipment cargoes.

Turkish Deepsea import ferrous scrap prices rose for the second consecutive day Feb. 10, as Turkish mills continued to raise workable levels after the latest bookings, sources said. S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Feb. 10 at \$402.50/mt CFR, up \$5/mt on day. "It seems buyers are not in a panic to move faster," a Turkish mill source said. "Sellers are increasing their offers, but firm bids are not going up at the same speed."

The source cited an indicative tradable value for premium HMS 1/2 (80:20) at \$400-\$405/mt CFR, with indicative offers for premium HMS 1/2 (80:20) at \$410-\$415/mt CFR, for end March shipment.

A second mill source said \$410/mt CFR was likely to be workable in the near-term. "There is clearly a rebound in place with prospects looking positive," an EU recycler said, adding that he expected the market to test \$410/mt CFR and higher in the near term. (Platts)

EHR CME

Logistical problems caused by bad weather and high water levels alarmed some north and central European buyers this week, leading them to pay higher prices.

Argus' daily northwest EU hot-rolled coil (HRC) index rose by €5.25/t yesterday to €727/t ex-works, following yesterday's €10.75/t jump. The daily cold-rolled coil assessment rose by €5/t to €820/t.

Mills in Germany and the Netherlands expected to lose some tonnage this week because of rail, river and freighting issues impacting raw materials and steel deliveries. Service centre stocks were generally low, partly as they did not want too much high-priced inventory, and as sourcing options were limited. So the disruption meant some were eager to secure supply.

End-user demand remained brisk, although longer-term project business was quiet, while import offers have reduced with Asia's absence; mills were pushing the narrative that Chinese prices will rise upon the return from the lunar new year as the government looks to ensure a strong year, with the 100th anniversary of the Communist Party to be celebrated in July.

Some traders said they were getting more inquiries from new customers who have had allocations reduced by domestic producers. Italian hot-dip galvanised coil was sold into Germany at around €840/t delivered. (Argus)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	402.40	5.00	398.19
Steel Rebar FOB Turkey (\$/mt)	585.00	5.00	585.00
Argus HRC NW Europe (€/mt)	727.00	5.25	638.38
Argus FOB China HRC (\$/mt)	640.00	0.00	713.25

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Feb-21	640	650	645
Mar-21	660	670	665
Apr-21	630	650	640
May-21	640	650	645
Q2-21	650	660	655
Q3-21	590	600	595

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Feb-21	410	420	415
Mar-21	440	450	445
Apr-21	440	450	445
May-21	435	445	440
Q2-21	432	442	437
Q3-21	410	430	420

LME REBAR FOB TK			
	Bid	Ask	Value
Feb-21	595	605	600
Mar-21	615	625	620
Apr-21	615	625	620
May-21	625	635	630
Q2-21	620	630	625
Q3-21	590	600	595

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	1165	1175	1170
Mar-21	1175	1185	1180
Apr-21	1095	1105	1100
May-21	640	1025	833
Q2-21	1010	1020	1015
Q3-21	855	865	860

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Feb-21	740	760	750
Mar-21	700	720	710
Apr-21	660	700	680
May-21	640	660	650
Q2-21	640	650	645
Q3-21	600	610	605