

FIS Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index rose by \$4/t yesterday (22.3.21) to US\$734/t, MTD US\$714.13/t.

Tangshan's repeated rounds of output restrictions have often failed to translate into lower production, but this round is being taken more seriously. Chinese steel prices are rising so fast that participants said they do not expect a near-term price correction given tighter supply during the peak season.

Two major Chinese mills stopped quoting yesterday as they need more time to assess the market trend. Other Chinese mills are expected to increase prices today. The market was mostly inactive ahead of China confirming export tax rebate changes. A limited number of traders with positional Chinese SAE1006 grade coils on hand offered at \$775/t cfr Vietnam, inducing no buying interest. Vietnamese end-users that are able to export downstream steel products including hot-dipped galvanized steel at much higher price levels to destinations like the US can still absorb rising costs and may follow the rising seaborne HRC price trend. (Argus)

Turkish Scrap

Market activity halts amid Turkish lira volatility

Near-term softening expected in Deepsea import index

Sentiment in the Turkish Deepsea import ferrous scrap market continued to soften March 22, as sharp volatility in the Turkish lira paused buying activity, sources said. S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) March 22 at \$417.50/mt CFR, down \$2.50/mt on day.

The Turkish lira had weakened to a near-record low on March 22, after Turkish President Recep Tayyip Erdogan fired Central Bank governor Naci Agbal on March 20. Agbal had presided over 875 basis points of interest-rate increases since being appointed in November 2020, including March 18's 200 basis-point increase, which brought the Central Bank interest rate to 19%.

Agbal's use of orthodox monetary policy to fight near-15% inflation had helped briefly make the lira the best-performing currency in early 2021, and his removal sparked investor concern. The Turkish lira had weakened to as low as Lira 8.48 against the US dollar in intraday trading early on March 22, before recovering slightly to trade at Lira 7.80 to the US dollar at 5pm London time on March 22, as the new Central Bank governor Sahap Kavcioglu reassured Turkish bankers that there would be no immediate policy changes. (Platts)

US HRC

The S&P Global Platts TSI US hot-rolled coil index was calculated at \$1,320.75/st EXW Indiana March 22, up \$9.25 from March 19.

A service centre source indicated \$1,320/st as a tradable value. An end-user, meanwhile, put the market at the \$1,320-\$1,350/st range. The upper end of that indication remained outside the Platts methodology for the volume-weighted average calculation but moved the single standard deviation spread above and below the mean higher, excluding some lower data points in accordance with Platts methodology. (Platts)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	417.50	-2.50	443.44
Steel Rebar FOB Turkey (\$/mt)	612.50	-2.50	633.53
Argus HRC NW Europe (€/mt)	799.50	5.25	772.17
Argus FOB China HRC (\$/mt)	734.00	4.00	714.13

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Mar-21	720	730	725
Apr-21	735	745	740
May-21	730	740	735
Jun-21	715	725	720
Q2-21	727	737	732
Q3-21	678	688	683

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Mar-21	430	440	435
Apr-21	440	450	445
May-21	440	450	445
Jun-21	440	450	445
Q2-21	440	450	445
Q3-21	440	450	445

LME REBAR FOB TK			
	Bid	Ask	Value
Mar-21	620	630	625
Apr-21	620	630	625
May-21	620	630	625
Jun-21	620	630	625
Q2-21	620	630	625
Q3-21	617	627	622

BUSHELING			
	Bid	Ask	Value
Apr-21	592	602	597
May-21	620	630	625
Jun-21	620	630	625
Jul-21	600	610	605
Q2-21	611	621	616
Q3-21	597	607	602

US HRC USD/short ton			
	Bid	Ask	Value
Mar-21	1260	1270	1265
Apr-21	1350	1360	1355
May-21	1355	1365	1360
Jun-21	1350	1360	1355
Q2-21	1352	1362	1357
Q3-21	1261	1271	1266

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Mar-21	780	790	785
Apr-21	895	905	900
May-21	833	843	838
Jun-21	805	815	810
Q2-21	844	854	849
Q3-21	755	765	760