Steel & Scrap Morning Report

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

Good Morning,

FOB China HRC

The index rose by $3/t yesterday (8.7.21) to US$883/t, MTD US$876.83/t.

HRC inventories in traders and producers' warehouses marked a 30,000t decrease on active trade this week against an increase of 90,000t last week, market participants said. Traders pushed up offers to $923/t cfr Vietnam for SS400 HRC produced by smaller Chinese mills as they were bullish on Chinese export prices after continued domestic steel price increases.

Sellers lifted offers to $910-930/t cfr Vietnam for Chinese SAE1006 grade coils and $900-967/t cfr Vietnam for Indian coils. Vietnamese buyers were mostly silent on bids as they wait for domestic steelmaker Formosa Ha Tinh to release monthly offers next week. Ho Chi Minh City extended social distancing measures for another 15 days from July 9, dampening demand further. (Argus)

EHR CME

Domestic/import spread widens European hot-rolled coil (HRC) prices firmed yesterday, but the spread with imported tonnes was starting to look unsustainable. The daily northwest EU HRC index rose by €10.25/t, to €1,169/t ex-works, while the Italian index moved up by €8.25/t to €1,111.50/t.

Paradoxically, the important cif Italy marker slipped back by €10/t to €960/t cif. With overseas quotations at such levels, it makes little sense for buyers to purchase domestic material. At the same time, mills continue to be selective in their offers to customers, and are offering on a case-by-case basis depending on client and lead time. Italian producers are offering for November and December to the wider market, although they are withholding October volumes for regular customers, which will be negotiated closer to the time. One large northwest European producer was also offering October deliveries into Italy, despite claiming to have sold out for most of the fourth quarter in recent months. One Italian producer has limited allocation for October, whereas September lots are available from another. (Argus)

US HRC

The S&P Global Platts TSI US hot-rolled coil index was calculated at $1,799/st EXW Indiana July 8, up $16.25 from July 7.

A service center source indicated a bid at $1,800/st for 500 st of spot availability. Limited tons of late August production was initially offered with a $1,790/st price tag by a mini-mill but that disappeared quickly, according to another service center source. With rising indications, the index moved closer to the latest transaction level, $1,800/st. (Platts)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey ($/mt)	495.00	-1.50	496.67
Steel Rebar FOB Turkey ($/mt)	722.50	2.50	720.83
Argus HRC NW Europe (€/mt)	1169.00	10.25	1153.46
Argus FOB China HRC ($/mt)	883.00	3.00	876.83

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jul-21	895	905	900
Aug-21	915	925	920
Sep-21	910	920	915
Oct-21	905	915	910
Q3-21	907	917	912
Q4-21	896	906	901

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jul-21	505	515	510
Aug-21	513	523	518
Sep-21	510	520	515
Oct-21	505	515	510
Q3-21	509	519	493
Q4-21	488	498	493

LME REBAR FOB TK			
	Bid	Ask	Value
Jul-21	735	745	740
Aug-21	735	745	740
Sep-21	745	755	750
Oct-21	735	745	740
Q3-21	738	748	743
Q4-21	718	728	723

BUSHELING			
	Bid	Ask	Value
Jul-21	655	665	660
Aug-21	675	685	680
Sep-21	685	695	690
Oct-21	685	695	690
Q3-21	685	695	690
Q4-21	683	693	688

US HRC USD/short ton			
	Bid	Ask	Value
Jul-21	1775	1785	1780
Aug-21	1785	1795	1790
Sep-21	1760	1770	1765
Oct-21	1729	1739	1734
Q3-21	1773	1783	1778
Q4-21	1669	1679	1674

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jul-21	1162	1172	1167
Aug-21	1155	1165	1160
Sep-21	1123	1133	1128
Oct-21	1079	1089	1084
Q3-21	1147	1157	1152
Q4-21	1047	1057	1052