

FIS Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index rose by \$4/t last Friday (9.7.21) to US\$887/t, MTD US\$878.29/t.

China's central bank announced it would cut the reserve requirement ratio (RRR) by 50 basis points to a weighted average at 8.9 percent from July 15 to support the real economy and reduce funding costs.

A smaller Chinese mill was heard to have sold SS400 HRC at \$880/t fob earlier last week, but that level was no longer available in the market after gains in domestic markets. A north China mill sold a small quantity of SS400 HRC at \$1,000/t fob to South America last week, but only a limited number of buyers could accept such a high level given the premium for a small quantity.

An east China mill was heard to have cut its export allocation given tight supply as a result of its scheduled blast furnaces stoppage. Most flats mills are operating at break-even costs, so there is no room for steel price declines in China. (Argus)

EHR CME

Northwest European hot-rolled coil (HRC) prices firmed today amid limited supply.

Argus' domestic northwest Europe HRC index rose by €0.75/t to €1,169.75/t ex-works, while the daily cold-rolled coil (CRC) assessment rose by €2.50/t to €1,317.50/t ex-works.

There was some uncertainty over an amendment to the EU's 4A/4B steel safeguard. Some HS codes have been moved from 4A to 4B, which some freight forwarders said could lead to a build-up of tonnage at ports. But the change is detailed in the small print of the commission's latest amendment to the regulation.

Participants were concerned about Hungary's plan to register exports, suggesting it could lead to a reduction in volumes. But financial problems at Hungarian producer Dunaferri mean exports have been limited for some time.

Some service centres said they were still busy, although material arrivals were increasing. There were still holes in inventories on certain sizes, as evidenced by trading between SSCs. Service centre executives said they were learning to live with leaner stocks, and may adopt a model of lighter inventories to free up working capital. (Argus)

US HRC

The S&P Global Platts TSI US hot-rolled coil index was calculated at \$1,797.50/st EXW Indiana July 9, down \$1.50 from July 8.

A service centre source indicated an offer at \$1,775/st for August production from an integrated mill. The market was at the \$1,760-\$1,800/st range, according to another service center source. The lower-end of the range, however, was not factored into the volume-weighted average calculation based on Platts methodology. (Platts)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	495.00	0.00	496.43
Steel Rebar FOB Turkey (\$/mt)	722.50	0.00	721.07
Argus HRC NW Europe (€/mt)	1169.75	0.75	1155.79
Argus FOB China HRC (\$/mt)	887.00	4.00	878.29

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jul-21	895	905	900
Aug-21	915	925	920
Sep-21	913	923	918
Oct-21	910	920	915
Q3-21	908	918	913
Q4-21	898	908	903

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jul-21	503	513	508
Aug-21	505	515	510
Sep-21	504	514	509
Oct-21	501	511	506
Q3-21	504	514	500
Q4-21	495	505	500

LME REBAR FOB TK			
	Bid	Ask	Value
Jul-21	735	745	740
Aug-21	735	745	740
Sep-21	735	745	740
Oct-21	735	745	740
Q3-21	735	745	740
Q4-21	728	738	733

BUSHELING			
	Bid	Ask	Value
Jul-21	655	665	660
Aug-21	680	690	685
Sep-21	690	700	695
Oct-21	695	705	700
Q3-21	695	705	700
Q4-21	683	693	688

US HRC USD/short ton			
	Bid	Ask	Value
Jul-21	1785	1795	1790
Aug-21	1775	1785	1780
Sep-21	1758	1768	1763
Oct-21	1717	1727	1722
Q3-21	1773	1783	1778
Q4-21	1660	1670	1665

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jul-21	1157	1167	1162
Aug-21	1161	1171	1166
Sep-21	1131	1141	1136
Oct-21	1095	1105	1100
Q3-21	1150	1160	1155
Q4-21	1058	1068	1063