

FIS Steel & Scrap Morning Report

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Good Morning,

EHR CME

A seasonal lull is taking hold, with producers having discounted to receive orders before annual maintenance in August. Many mills and processors are not carrying out maintenance this summer, as they try to catch up on a production backlog that has built in recent months, although offices will be shut. Demand is lower because of the approaching outages, with many buyers withholding purchases in anticipation of lower prices, although there is some concern that export duties and production cuts in China could lift the import market in Europe and limit any further downturn in domestic Italian prices. Recent suggestions point to a 20-25pc export tax on Chinese HRC.

In northern Europe, distributors said sales had slowed, with some prioritising margins over volume, but losing tonnes as a result. The daily benchmark northwest Europe HRC index was unchanged at €1,176.75/t. On CME Group's north European contract, October traded at €1,105/t — at a steep discount to the current spot market, perhaps driven by the large spread between northern and southern Europe. The Italian index is now at a discount of over €117/t to the north, which is unsustainable, given €40-50/t freight costs from Italy to Germany. Northern prices have found support from recent flooding, with ThyssenKrupp's force majeure declaration pushing back September shipments by more than a month, according to market sources. NLMK La Louviere's force majeure has also caused problems for some commodity grade buyers. (Argus)

Turkish Scrap

Mills continue to seek lower scrap pricing on return from holidays

Ample HMS availability in US, Benelux may support downside

Turkish Deepsea import ferrous scrap prices were stable July 26, as Turkish buyers returned from the holiday period, sources said. S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) July 26 at \$478/mt CFR, unchanged on day. "Rebar export [demand] was weak for almost one month so the orderbooks of rebar producers are getting weaker - Turkey would be searching for the bottom of the [scrap] price," one Turkish mill source said. A second Turkish mill source cited an indicative tradable value for premium HMS 1/2 (80:20) at \$475-\$480/mt CFR, adding that "East Asia is critical, and amid the pandemic and quarantines, their demand is lacking." The daily outright spread between Turkish export rebar and import scrap was assessed at \$242/mt July 26, unchanged on day. Turkish mills cited workable levels between \$715-\$730/mt FOB July 26 amid slow export rebar demand. (Platts)

US HRC

The S&P Global Platts TSI US hot-rolled coil index was calculated at \$1,838.50/st EXW Indiana July 26, up \$5 from July 23.

A Midwest service centre source put the market at \$1,840-\$1,920/st. He also reported a transaction of about 500 st pickled and oiled product from a mini-mill in the South with a September delivery time at a base price of \$1,900/st after normalizing grade and extras. Another Midwest service centre source said that he was able to place orders at \$1,800-\$1,870/st in the week prior and an integrated mill is currently offering August production at \$1,900/st. A third service centre source said he would bid at \$1,880/st for 500 st of September production from a domestic mill. Indications and transactions at \$1,900/st and above were not factored into the volume-weighted average calculation based on Platts methodology but removed some lower prices from the calculation. (Platts)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	478.00	0.00	487.92
Steel Rebar FOB Turkey (\$/mt)	720.00	0.00	721.53
Argus HRC NW Europe (€/mt)	1176.75	0.00	1167.63
Argus FOB China HRC (\$/mt)	NA	NA	896.50

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jul-21	915	925	920
Aug-21	955	965	960
Sep-21	975	985	980
Oct-21	975	985	980
Q3-21	948	958	953
Q4-21	965	975	970

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jul-21	495	505	500
Aug-21	484	494	489
Sep-21	488	498	493
Oct-21	488	498	493
Q3-21	489	499	490
Q4-21	485	495	490

LME REBAR FOB TK			
	Bid	Ask	Value
Jul-21	725	735	730
Aug-21	735	745	740
Sep-21	740	750	745
Oct-21	740	750	745
Q3-21	733	743	738
Q4-21	730	740	735

BUSHELING			
	Bid	Ask	Value
Aug-21	660	670	665
Sep-21	682	692	687
Oct-21	683	693	688
Nov-21	688	698	693
Q3-21	688	698	693
Q4-21	680	690	685

US HRC USD/short ton			
	Bid	Ask	Value
Jul-21	1776	1786	1781
Aug-21	1842	1852	1847
Sep-21	1773	1783	1778
Oct-21	1703	1713	1708
Q3-21	1797	1807	1802
Q4-21	1650	1660	1655

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jul-21	1161	1171	1166
Aug-21	1157	1167	1162
Sep-21	1135	1145	1140
Oct-21	1100	1110	1105
Q3-21	1151	1161	1156
Q4-21	1056	1066	1061