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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 |

| EIVIE TIIVIS 80.20 CI K 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 |
| | | | |
| | | | |

LMF HMS 80:20 CFR TK

| 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 | |
| U | 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 | |

| 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 |
| NWE HRC EUR/metric ton | | | |
| NW | E HRC EUR, | /metric to | 1 |
| NW | E HRC EUR, Bid | /metric to Ask | 1 Value |
| NW Jul-21 | | | 1 |
| | Bid | Ask | Value |
| Jul-21 | Bid 1161 | Ask 1171 | Value 1166 |
| Jul-21 Aug-21 | Bid 1161 1157 | Ask 1171 1167 | Value 1166 1162 |
| Jul-21 Aug-21 Sep-21 | Bid 1161 1157 1135 | Ask 1171 1167 1145 | Value 1166 1162 1140 |