

# FIS Steel & Scrap Morning Report

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Good Morning,

## FOB China HRC

The index decreased by \$1/t yesterday (1.9.21) to US\$905/t, MTD US\$905/t.

Market sentiment weakened further with China's Caixin manufacturing PMI slipping to 49.2 in August, the first time below 50 since May 2020. China's largest steelmaker Baowu Group is planning output curbs from September to reach its 2021 production cut target by the end of November. Baowu subsidiary Magang will conduct 90-day maintenance on a blast furnace from 15 September, cutting 8,800t/d hot metal output.

Some South Korean buyer could accept \$960/t cfr for SS400 HRC for immediate needs. While sellers failed to induce buying lower at \$910/t cfr Vietnam for same grade coils. Most Vietnamese buyers were reluctant to give any bids yesterday in the last working day before a two-day holiday from today. South American customers are quiet without any bids or inquiries. (Argus)

## Turkish Scrap

Strengthening euro limits CFR Turkey downside for Eurozone exporters

US exporters hold back from offering ahead of September domestic monthly trading

Turkish Deepsea import ferrous scrap prices were largely unchanged Sept. 1, as US and Baltic recyclers continued to resist lower workable levels, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Sept. 1 at \$447/mt CFR, up 50 cents/mt on day. "The downside movement looks limited," one Turkish mill source said, citing an indicative offer for Baltic-origin HMS 1/2 (80:20) at \$450/mt CFR.

A second mill source cited an indicative tradable value for Baltic-origin HMS 1/2 (80:20) at \$447-\$448/mt CFR, with US sellers out of the market, while a third Turkish mill source cited a buyer's target at \$430/mt CFR for premium HMS 1/2 (80:20).

A fourth mill source cited an indicative tradable value for EU-origin HMS 1/2 (80:20) at \$435-\$440/mt CFR for end of September-early October shipment, with Baltic-origin HMS 1/2 (80:20) considered workable below \$450/mt CFR.

"At the moment, there are no offers, and US, Baltic recyclers insist on minimum \$450/mt CFR, based on the skyrocketing freight rates and the still-higher prices paid by domestic mills," an EU trader said, citing an indicative tradable value for premium HMS 1/2 (80:20) at \$447-\$448/mt CFR, and at \$440-\$443/mt CFR for EU-origin HMS 1/2 (80:20). (Platts)

## EHR CME

North European coil suppliers have started to offer 2022 annual contracts to carmakers and packaging steel customers at huge increases compared with 2021 levels.

A leading European steelmaker in the automotive and packaging segments is offering hot-rolled coil (HRC) at €1,100/t to the former and seeking a whopping €600-700/t increase from last year for tinplate.

Carmakers signed 2021 HRC deals around €550/t at the back end of 2020, and the market has increased precipitously since. Argus' benchmark NW EU HRC index has risen from €502/t on 2 November 2020 to €1,126.75/t today, a jump of €576.75/t — the index hit a record high of €1,206.50/t on 22 June but has softened somewhat since.

Some tier-suppliers in the automotive supply chain have asked for half-yearly deals, rather than annual, so they are locked in to higher prices for a smaller period. But mill sources suggest they may increase prices further for those wishing to lock in shorter terms.

At least three European mills have proposed carbon surcharges for 2022 contracts too — Tata Steel now has its surcharge at €16/t, up from the initial €12/t, while an Austrian and a German steelmaker have also introduced a surcharge, according to original equipment manufacturers and market participants.

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	447.00	0.50	447.00
Steel Rebar FOB Turkey (\$/mt)	667.50	0.00	667.50
Argus HRC NW Europe (€/mt)	1126.75	4.75	1126.75
Argus FOB China HRC (\$/mt)	905.00	-1.00	905.00

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Sep-21	905	915	910
Oct-21	905	915	910
Nov-21	903	913	908
Q4-21	903	913	908
Q1-22	900	910	905
Q2-22	892	902	897

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Sep-21	445	455	450
Oct-21	450	460	455
Nov-21	450	460	455
Q4-21	450	460	453
Q1-22	448	458	453
Q2-22	435	445	440

LME REBAR FOB TK			
	Bid	Ask	Value
Sep-21	665	675	670
Oct-21	665	675	670
Nov-21	665	675	670
Q4-21	663	673	668
Q1-22	663	673	668
Q2-22	642	652	647

BUSHELING			
	Bid	Ask	Value
Sep-21	613	623	618
Oct-21	610	620	615
Nov-21	610	620	615
Q4-21	610	620	615
Q1-22	615	625	620
Q2-22	615	625	620

US HRC USD/short ton			
	Bid	Ask	Value
Sep-21	1934	1944	1939
Oct-21	1895	1905	1900
Nov-21	1821	1831	1826
Q4-21	1814	1824	1819
Q1-22	1613	1623	1618
Q2-22	1435	1445	1440

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Sep-21	1090	1100	1095
Oct-21	1077	1087	1082
Nov-21	1031	1041	1036
Q4-21	1031	1041	1036
Q1-22	935	945	940
Q2-22	856	866	861