Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index rose by \$3/t last Friday (3.9.21) to US\$908/t, MTD US\$906/t.

Handan city in Hebei province asked mills to increase restriction ratios by 4.4 percentage points over September-October from July-August and will shut down 20 blast furnaces smaller than 1,000 cubic meters and 20 converters smaller than 100t by the end of the year. More than half of the closures should be completed this month and more than 70pc will be completed before the winter heating season starts in November.

Baowu's subsidiary Wisco will conduct maintenance on a HRC line for 15 days from 5 September, cutting 100,000t output. Anyang Steel in Henan province will overhaul an HRC line over 6-10 September, reducing 11,000t/d output. An east China mill was heard to cut steel output by over 10pc in September and a north China mill will cut 4,500t/d strip output for 10 days this month.

Chinese domestic selling prices for HRC is equivalent to around \$900-910/t fob China. But most seaborne buyers are still sidelined and able to buy lower-priced coils from other countries including India and Russia. (Argus)

EHR HRC

Northwest EU HRC pricing cracked under the strain of cheaper Russian and Visegrad-origin material.

Visegrad mills were selling at around \$1,050-1,070/t delivered into Germany, and there was little activity from larger tier-one mills. *Argus*' daily NW EU HRC index dropped by $\leq 29/t$ to $\leq 1,090.50/t$. The news that Europe expects Section 232 tariffs to be replaced with a quota is going to be a negotiating tactic for producers, especially amid automotive contractual talks. But it may not be enough to prevent price pressure in the short-term, depending on how keen smaller producers' are for orders — some Visegrad mills are offering September shipment, October delivery material given a lack of orders and subdued demand. (Argus)

Turkish Scrap

Mills begin October shipment procurement

Benelux HMS dock prices heard at Eur315-320/mt delivered

Turkish Deepsea import ferrous scrap prices were largely stable Sept. 3, as several Baltic-origin cargoes were heard to be booked, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 80:20 Sept. 3 at \$445.25/mt CFR, up 25 cents/mt on the day. A Baltic-origin cargo was booked Sept. 2 by an Iskenderun mill, with HMS 1/2 80:20 at \$444.50/mt CFR. The deal was confirmed by the buyer and sell-side for October shipment. An Izmir mill was also heard to have booked two Baltic-origin cargoes, with HMS 1/2 80:20 at \$445/mt CFR on Sept. 2. Another Baltic-origin cargo totalling 6,000 mt was booked Sept. 2 by an Iskenderun mill, with HMS 1/2 (95:5) at \$444.50/mt CFR, but this was excluded from consideration, with index methodology specifying a minimum volume of 10,000 mt. (Platts)

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| Indices | Price | Change | MTD |
|---|---------|--------|---------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 445.25 | 0.25 | 445.75 |
| Steel Rebar FOB Turkey (\$/mt) | 667.50 | 0.00 | 667.50 |
| Argus HRC NW Europe (€/mt) | 1090.50 | -29.00 | 1112.25 |
| Argus FOB China HRC (\$/mt) | 908.00 | 3.00 | 906.00 |

| LME HRC FOB TIANJIN CHINA USD/mt | | | |
|----------------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Sep-21 | 910 | 920 | 915 |
| 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 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 |

| LME HMS 80:20 CFR TK | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Sep-21 | 450 | 460 | 455 |
| 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 |

| BUSHELING | | | |
|-----------|-----|-----|-------|
| | Bid | Ask | Value |
| Sep-21 | 605 | 615 | 610 |
| Oct-21 | 585 | 595 | 590 |
| Nov-21 | 595 | 605 | 600 |
| Q4-21 | 597 | 607 | 602 |
| Q1-22 | 615 | 625 | 620 |
| Q2-22 | 615 | 625 | 620 |

| US HRC USD/short ton | | | |
|----------------------|------|------|-------|
| | Bid | Ask | Value |
| Sep-21 | 1936 | 1946 | 1941 |
| Oct-21 | 1906 | 1916 | 1911 |
| Nov-21 | 1862 | 1872 | 1867 |
| Q4-21 | 1847 | 1857 | 1852 |
| Q1-22 | 1652 | 1662 | 1657 |
| Q2-22 | 1450 | 1460 | 1455 |

| 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 |

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