

FIS Steel & Scrap Morning Report

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Good Morning,

FOB China HRC

The index kept flat yesterday (6.9.21) at US\$908/t, MTD US\$906.50/t.

Steel mills in eastern China's Jiangsu province are heard to have released more production cut plans for September and October after environmental protection inspection teams conducted on-site visits with guidance. It was also heard that north China's Tangshan government will require almost all its steel mills to suspend sintering output during 10pm-9am from yesterday with the ending date not given. Only one mill is exempt from the requirement.

Some others said Beijing was inviting opinions for this year's winter production cut plan drafts to be taken into effect from 15 November 2021 to 15 March 2022, covering cities in Beijing-Tianjin-Hebei area. An unconfirmed draft of the plan showed mills within the region need to complete their output cut targets for the year before the end of December 2021 and keep restriction ratio at no less than 30pc over 1 January-15 March 2022.

An east China mill cut offer by \$10/t to \$965/t fob for SS400 HRC, which is still much higher than market levels. Some traders are actively inducing bids at \$880-890/t cfr Vietnam for Indian SAE1006 grade coils. But only limited buyers bid at \$850/t cfr Vietnam for Russian SAE1006 grade coils. (Argus)

EU HRC

Purchasing appetite is limited in the European hot-rolled coil (HRC) market, although mills are maintaining a firm stance for half-yearly and annual talks with large contractual customers.

High port stocks and rising inventories at service centres, combined with lower-priced imports, continue to weigh on purchasing appetite. In Italy, bids for domestic material have fallen to €950-980/t (\$1,127-1,163/t) from larger buyers, and even mill sources admit it is unlikely that they will pay €1,000/t or more for larger tonnages.

Imports were still offered at \$950/t fob by one Turkish electric-arc furnace steelmaker, and there was an expectation that it may drop lower to win business. This offer would equate to around €875/t cif with freight and its 4.7pc duty factored in, but even at this level appetite was low. Turkish cold-rolled coil (CRC) and hot-dip galvanised (HDG) were offered at \$1,150/t and \$1,250/t fob, base Z100 and DC01, but buyers were concerned about quotas being used up quickly for the fourth quarter, and by the investigation into Turkish and Russian HDG. (Argus)

Turkish Scrap

Poor finished steel demand maintains bearish sentiment

Limited shortsea scrap cargo availability heard

Turkish Deepsea import ferrous scrap prices remained largely stable Sept. 6, as another Baltic-origin cargo was booked, sources said.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Sept. 6 at \$445/mt CFR, down 25 cents/mt on the day.

A Baltic-origin cargo totaling 35,000 mt was booked over the Sept. 3-5 weekend by an Iskenderun mill, with 23,500 mt HMS 1/2 (80:20) at \$445/mt CFR, 6,000 mt shredded scrap at \$460/mt CFR, 2,500 mt bonus scrap at \$460/mt CFR and 3,000 mt rail scrap at \$465/mt CFR. The deal was confirmed by the buyer for October shipment.

"Chinese futures for HRC and rebar were more positive today and we need to see if it can trigger finished steel demand for Turkey, but, of course, iron ore is down," a Turkish trading source said, noting that \$440/mt CFR was workable ex-EU, with \$445/mt CFR considered workable for Baltic-origin HMS 1/2 (80:20).

"I think mills need around 25 more October shipment Deepsea scrap cargoes, as there's a lack of shortsea material available, so I'm not that negative," the trader added. (Platts)

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Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	445.00	-0.25	445.56
Steel Rebar FOB Turkey (\$/mt)	667.00	-0.50	667.38
Argus HRC NW Europe (€/mt)	1083.50	-7.00	1105.06
Argus FOB China HRC (\$/mt)	908.00	0.00	906.50

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Sep-21	910	920	915
Oct-21	930	940	935
Nov-21	925	935	930
Q4-21	925	935	930
Q1-22	908	918	913
Q2-22	892	902	897

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Sep-21	440	450	445
Oct-21	447	457	452
Nov-21	450	460	455
Q4-21	449	459	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	605	615	610
Oct-21	600	610	605
Nov-21	610	620	615
Q4-21	607	617	612
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	1065	1075	1070
Nov-21	1030	1040	1035
Q4-21	1027	1037	1032
Q1-22	933	943	938
Q2-22	856	866	861