

# FIS Steel & Scrap Morning Report

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Good Morning,

## FOB China HRC

The index fell by \$2/t yesterday (15.9.21) to US\$909/t, MTD US\$909/t.

China's national statistics bureau data for August showed declines for real estate investment, new project starts, real estate sales and infrastructure on year. But supply also fell, with China's crude steel output in August falling to the lowest level since March 2020 after Beijing required mills to keep output flat to 2020. Steel mills in Shanxi province were asked to suspend sintering and blast furnace output over 14-15 September to ensure air quality for the China National Sports Games opening ceremony on 15 September in Xi'an Shaanxi.

Major Chinese mills are more willing to negotiate prices for firm bids as domestic selling prices decreased by Yn120/t this week. South Korean buyers shifted to buying locally or from Japanese mills as their prices are competitive and they can ship coils faster than Chinese mills. An Indian mill was heard to have sold SAE1006 grade coils at \$890/t cfr Vietnam this week, but no further details could be confirmed. (Argus)

## Turkish Scrap

Several Deepsea deals heard at slightly elevated levels

Firmer billet demand cited as support for scrap

Turkish Deepsea import ferrous scrap prices continued to firm on Sept. 15, as mills booked at least four more Deepsea cargoes for October shipment, sources said. S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 80:20 Sept. 15 at \$441/mt CFR, up \$2.75/mt on day.

A Baltic-origin cargo was booked Sept. 14 by a Marmara mill, with HMS 1/2 80:20 at \$438/mt CFR, and bonus scrap at \$453/mt CFR. The deal was confirmed by the sell side. A Baltic-origin cargo totaling 39,000 mt was reported by multiple sources to have been booked Sept. 14 by the same Marmara mill, with 3,000 mt HMS 1/2 80:20, 4,000 mt bonus scrap and 32,000 mt shredded scrap at a cargo average price of \$457/mt CFR.

A US-origin cargo was booked Sept. 14 by a second Marmara mill, with HMS 1/2 80:2 at \$441.50/mt CFR, and shredded scrap at \$456.50/mt CFR. The deal was confirmed by the buy side. A Venezuela-origin cargo totaling 25,000 mt was booked Sept. 14 by an Izmir mill, with HMS 1/2 80:20 at \$436.50/mt CFR. The deal was confirmed by the sell side for first-half October shipment, with value for premium HMS 1/2 80:20 relative to the cargo put at \$441.50-\$442/mt CFR. (Platts)

## EU HRC

Continuously loosening supply is causing sentiment to weaken further in the European hot-rolled coil (HRC) market, with mills catching up on their backlogs and customers able to bide their time as inventories increase.

The majority of mills have wiped out their delivery backlogs and, in some cases, are getting ahead of schedule, which is a monumental change from just a couple of months ago, when they were all severely delayed. One German service centre said its current stock level is 20pc above "normal" levels as customers in the automotive supply chain postpone call-offs and arrivals from domestic producers increase. Higher production and softer demand has seen lead times shorten from most mills, with some — primarily some eastern European producers — now at just four weeks. It has also weighed on sheet prices, further dampening purchasing appetite.

Argus' domestic northwest EU HRC index fell by €4.75/t to €1,088/t yesterday, while the daily Italian HRC index was up slightly at €1,012.50/t. The daily NW EU cold-rolled coil (CRC) assessment slipped by another €5/t, to €1,225/t ex-works. The CRC index has dropped by €60/t in the past three days. (Argus)

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| Indices                                     | Price   | Change | MTD     |
|---|---------|--------|---------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 441.00  | 2.75   | 442.48  |
| Steel Rebar FOB Turkey (\$/mt)              | 665.00  | 0.00   | 666.41  |
| Argus HRC NW Europe (€/mt)                  | 1088.00 | -4.75  | 1096.66 |
| Argus FOB China HRC (\$/mt)                 | 909.00  | -2.00  | 909.00  |

| LME HRC FOB TIANJIN CHINA USD/mt |     |     |       |
|----------------------------------|-----|-----|-------|
|                                  | Bid | Ask | Value |
| Sep-21                           | 910 | 920 | 915   |
| Oct-21                           | 910 | 920 | 915   |
| Nov-21                           | 915 | 925 | 920   |
| Q4-21                            | 913 | 923 | 918   |
| Q1-22                            | 906 | 916 | 911   |
| Q2-22                            | 893 | 903 | 898   |

| LME HMS 80:20 CFR TK |     |     |       |
|----------------------|-----|-----|-------|
|                      | Bid | Ask | Value |
| Sep-21               | 440 | 450 | 445   |
| Oct-21               | 445 | 455 | 450   |
| Nov-21               | 445 | 455 | 450   |
| Q4-21                | 445 | 455 | 445   |
| Q1-22                | 440 | 450 | 445   |
| 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            | 665 | 675 | 670   |
| Q1-22            | 665 | 675 | 670   |
| Q2-22            | 642 | 652 | 647   |

| BUSHELING |     |     |       |
|-----------|-----|-----|-------|
|           | Bid | Ask | Value |
| Oct-21    | 585 | 595 | 590   |
| Nov-21    | 595 | 605 | 600   |
| Dec-21    | 595 | 605 | 600   |
| Q4-21     | 592 | 602 | 597   |
| Q1-22     | 595 | 605 | 600   |
| Q2-22     | 588 | 598 | 593   |

| US HRC USD/short ton |      |      |       |
|----------------------|------|------|-------|
|                      | Bid  | Ask  | Value |
| Sep-21               | 1918 | 1928 | 1923  |
| Oct-21               | 1840 | 1850 | 1845  |
| Nov-21               | 1748 | 1758 | 1753  |
| Q4-21                | 1740 | 1750 | 1745  |
| Q1-22                | 1507 | 1517 | 1512  |
| Q2-22                | 1386 | 1396 | 1391  |

| NWE HRC EUR/metric ton |      |      |       |
|------------------------|------|------|-------|
|                        | Bid  | Ask  | Value |
| Sep-21                 | 1082 | 1092 | 1087  |
| Oct-21                 | 1025 | 1035 | 1030  |
| Nov-21                 | 1005 | 1015 | 1010  |
| Q4-21                  | 995  | 1005 | 1000  |
| Q1-22                  | 915  | 925  | 920   |
| Q2-22                  | 852  | 862  | 857   |