

12/01/2022**FOB China HRC**

The index kept flat yesterday (11.1.22) at US\$745/t, MTD US\$746.14/t.

The detection of Omicron cases in north China's Tianjin city has disrupted local transportations, pushed up delivery costs for steel products and stocked concerns about the virus spreading to other regions. Participants expect China to keep its provincial special bond quota flat from 2021 at 3.65trln yuan for 2022, with over 3 trln yuan investment slated for infrastructure construction this year. China will build 6.5mn units of affordable rental houses in 40 key cities during the 14th five-year period to help 13mn new citizens and youths with housing problems, said officials from ministry of housing and urban-rural development.

Chinese mills' mainstream offers stayed firm at \$770-790/t fob this week and traders' workable levels were also unchanged at around \$750/t fob. An Indian producer sold 30,000t SAE1006 grade coils to Vietnam at \$745-750/t cfr last weekend. (Argus)

EU HRC

Italian prices decreased again today as buyers checked prices but did not place orders with mills. Argus' daily Italian hot-rolled coil (HRC) index fell by €5.25/t to €818.25/t ex-works. Sales are expected to conclude next week at similar levels or slightly below end-December purchases.

Buyers were looking for import prices strongly below €800/t cfr, with some big players even insisting they can find material as low as €750/t cfr. In addition, some domestic producers need to sell February delivery HRC, while others are telling clients they can only offer for March.

Some mills also expect sales at €820/t ex-works. A number of participants anticipate that higher energy costs and scrap in Italy might encourage producers to push for higher prices. Automotive demand, which is integral to the coil suite, appeared to be strengthening. Second-tier automotive suppliers were taking more material, although demand from service centres remained lower because of higher stock levels. Buyers in Italy and Germany said there needed to be a sustained strengthening in automotive demand before they were convinced of its longevity.

There was talk of one producer looking to increase cold-rolled coil and hot-dip galvanised coil prices by around €20-30/t on the back of brisker auto buying. Many service centres in the north have finalised January-June contracts at €1,000/t and slightly above, at a large premium to spot.

Some are still in negotiations, while annual deals are being offered at around €30/t over these levels. There has been talk of one automaker finalising an annual deal at €1,000-1,050/t, but this has not been confirmed. Argus' daily NW EU HRC index fell by €1.50/t to €904.50/t. (Argus)

US HRC

The S&P Global Platts TSI US hot-rolled coil index was assessed at \$1,440/st EXW Indiana Jan. 11, down \$40 from Jan. 10.

A Midwest fabricator indicated a tradable value at \$1,440 after his offer price for minimal tons had fallen from \$1,560 just 10 days ago. Another trader reported a tradable value at that level for domestic HRC. There were still offers at higher levels on the day but a mill source indicated a willingness to sell at \$1,300 for larger order quantities exceeding 5,000 st. (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	472.50	1.50	466.96
Steel Rebar FOB Turkey (\$/mt)	700.00	0.00	698.33
Argus HRC NW Europe (€/mt)	904.50	-1.50	902.83
Argus FOB China HRC (\$/mt)	745.00	0.00	746.14

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jan-22	750	760	755
Feb-22	745	755	750
Mar-22	740	750	745
Q1-22	745	755	750
Q2-22	727	737	732
Q3-22	712	722	717

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jan-22	460	470	465
Feb-22	458	468	463
Mar-22	453	463	458
Q1-22	457	467	428
Q2-22	423	433	428
Q3-22	410	420	415

LME REBAR FOB TK			
	Bid	Ask	Value
Jan-22	705	715	710
Feb-22	695	705	700
Mar-22	675	685	680
Q1-22	692	702	697
Q2-22	645	655	650
Q3-22	615	625	620

BUSHELING			
	Bid	Ask	Value
Feb-22	530	540	535
Mar-22	550	560	555
Apr-22	570	580	575
Q2-22	572	582	577
Q3-22	575	585	580
Q4-22	568	578	573

US HRC USD/short ton			
	Bid	Ask	Value
Jan-22	1390	1410	1400
Feb-22	1235	1255	1115
Mar-22	1105	1125	1070
Q1-22	1460	1480	1470
Q2-22	1032	1052	1042
Q3-22	960	980	970

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jan-22	890	900	895
Feb-22	870	880	875
Mar-22	860	870	865
Q1-22	873	883	878
Q2-22	843	853	848
Q3-22	832	842	837

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com