

27/01/2022**FOB China HRC**

The index rose by \$3/t yesterday (26.1.22) to US\$759/t, MTD US\$747.67/t.

The People's Bank of China PBOC injected 200 billion yuan (\$31.6 billion) worth of reverse repos into the market at an interest rate of 2.25pc yesterday. It also injected 150 billion yuan worth of reverse repos into the market at the same interest rate on 25 January. The move was to "maintain stable liquidity before the Spring Festival", the central bank said. The bank has pumped 1.7 trillion yuan cash into the market since 17 January with a total net cash injection of 850 billion yuan, according to participants.

Many mills and traders have stopped offering, with the lunar new year holiday approaching. The limited offers rose to \$780-795/t fob China for SS400 HRC on firm domestic market and bullish outlook. A north China mill sold HRC at \$790/t fob China to South America and Africa, but no further details could be confirmed. Offers rose to \$800-805/t cfr Vietnam for SAE1006 grade coils from India and China. (Argus)

EU HRC

Italian coil prices slipped yesterday. While offers from some Italian and EU mills to certain buyers are as high as €880-890/t (\$994-1,005/t) delivered Italy, especially for April delivery, producers seem ready to take orders at €830-840/t delivered for March.

The Argus daily Italian hot-rolled coil (HRC) index fell by €1.25/t to €829/t ex-works.

Italian mills have availability for March, although there are reports of late February availability too. Some said that mills will find capacity if a buyer is willing to pay a €10/t premium or so.

End-user prices are still not increasing, which is constraining HRC prices somewhat. End users are aware that margins are very high, while they are unclear about demand levels going further. And many factories are dealing with 10-15pc of their workforce having to isolate because of Covid-19.

Import prices have nudged up, and some offers are for delivery later in the second quarter, which is riskier. But some say the differential with domestic prices, when considering inland transportation costs, still might make sense, especially if producers insist on higher offers.

Northwest European HRC prices nudged up today as smaller spot-focused mills managed to get slightly higher prices on the back of more constrained import availability.

Market leader ArcelorMittal is likely to announce a €40-50/t increase on HRC in the coming days, although this has only been circulated internally so far and is not yet official. Combined with higher import offers and a tightening trend outside Europe, this could lead others to raise prices. (Argus)

US HRC

The S&P Global Platts TSI US hot-rolled coil index was assessed at \$1,270/st EXW Indiana Jan. 26, down \$80/st from Jan. 25.

A Midwest mill source said the low-end of prices was at \$1,280/st from earlier in the week but expected it would take lower prices to secure new orders. Another service center source received an offer at \$1,280/st but did not express any buying interest. There was an indicative tradable value provided by another service center at \$1,260/st for a 200 st inquiry. The daily price fell below the offer and dated transaction but remained above the indicative tradable value provided by the buyer. In addition, there were discussions of significantly lower bids in the market but no deals could be confirmed at those levels. (Platts)

Market Rates

| Indices | Price | Change | MTD |
|---|--------|--------|--------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 470.00 | 2.00 | 468.59 |
| Steel Rebar FOB Turkey (\$/mt) | 707.50 | 7.50 | 699.50 |
| Argus HRC NW Europe (€/mt) | 905.00 | 4.50 | 908.60 |
| Argus FOB China HRC (\$/mt) | 759.00 | 3.00 | 747.67 |

| LME HRC FOB TIANJIN CHINA USD/mt | | | |
|----------------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jan-22 | 750 | 760 | 755 |
| Feb-22 | 765 | 775 | 770 |
| Mar-22 | 760 | 770 | 765 |
| Q1-22 | 758 | 768 | 763 |
| Q2-22 | 750 | 760 | 755 |
| Q3-22 | 720 | 730 | 725 |

| LME HMS 80:20 CFR TK | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jan-22 | 460 | 470 | 465 |
| Feb-22 | 469 | 479 | 474 |
| Mar-22 | 467 | 477 | 472 |
| Q1-22 | 465 | 475 | 455 |
| Q2-22 | 450 | 460 | 455 |
| Q3-22 | 418 | 428 | 423 |

| LME REBAR FOB TK | | | |
|------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jan-22 | 705 | 715 | 710 |
| Feb-22 | 721 | 731 | 726 |
| Mar-22 | 721 | 731 | 726 |
| Q1-22 | 716 | 726 | 721 |
| Q2-22 | 702 | 712 | 707 |
| Q3-22 | 662 | 672 | 667 |

| BUSHELING | | | |
|-----------|-----|-----|-------|
| | Bid | Ask | Value |
| Feb-22 | 530 | 540 | 535 |
| Mar-22 | 525 | 535 | 530 |
| Apr-22 | 535 | 545 | 540 |
| Q2-22 | 542 | 552 | 547 |
| Q3-22 | 563 | 573 | 568 |
| Q4-22 | 559 | 569 | 564 |

| US HRC USD/short ton | | | |
|----------------------|------|------|-------|
| | Bid | Ask | Value |
| Jan-22 | 1420 | 1440 | 1430 |
| Feb-22 | 1180 | 1200 | 1005 |
| Mar-22 | 995 | 1015 | 965 |
| Q1-22 | 1198 | 1218 | 1208 |
| Q2-22 | 933 | 953 | 943 |
| Q3-22 | 892 | 912 | 902 |

| NWE HRC EUR/metric ton | | | |
|------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jan-22 | 905 | 915 | 910 |
| Feb-22 | 910 | 920 | 915 |
| Mar-22 | 905 | 915 | 910 |
| Q1-22 | 907 | 917 | 912 |
| Q2-22 | 887 | 897 | 892 |
| Q3-22 | 842 | 852 | 847 |

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