

**08/08/2022****North European HRC**

Market mulls gas impact on price.

The north European hot-rolled coil (HRC) market is trying to understand whether reduced Russian gas supply will impact demand or production more severely, after Gazprom signalled it would not take delivery of a turbine for the key Nord Stream 1 pipeline.

One large European steelmaker told Argus today it is readying a 12-15pc drop in demand from a potential gas shortage, and is accordingly mulling a reduction in rolling capacity. Some analysts suggest steelmakers, especially in Germany, would look to produce slab for shipment to re-rollers to keep crude utilisation rates higher, while reducing downstream rolling operations that require more gas. "Overall, I think that the negative forces on demand would be greater than the impact on production/supply, which could turn to imports if needed," one leading metals equities analyst said. "As such, I expect this dynamic to be net negative for steel prices." Others suggest the impact on consumer sentiment and capital expenditure will offset any supply disruption. (Argus)

**Turkish Scrap**

Turkish deepsea import scrap prices jump; finished steel demand concerns remain.

Turkish deepsea import ferrous scrap prices rose sharply Aug. 5, as recyclers continued to hold back offers, sources said.

Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Aug. 5 at \$380/mt CFR, up \$15 from Aug. 4.

One Turkish mill source cited an indicative tradable value for premium HMS 1/2 (80:20) around \$380/mt CFR but said this was too high for most buyers, while a second mill source said premium HMS 1/2 (80:20) was unavailable below \$370/mt CFR.

"End-user demand is close to zero, and some mills are trying to use scrap prices as a way to hike rebar prices but it will only work in the short term—customer finances are very weak," a third Turkish mill source said.

Offers from US and Baltic suppliers were heard to be scarce but sell-side sources indicated a target level of \$380-\$390/mt CFR for premium HMS 1/2 (80:20). Chatter of a US-origin sale at \$387/mt CFR Iskenderun was not confirmed, while the timing of a reported Croatia-origin 25,000 mt deal, with HMS 1/2 (80:20) at \$360/mt CFR, was unclear, with some sources reporting it was booked July 20-21. (Platts)

**FOB China HRC**

The index rose by \$1/t last Friday (5.8.22) to US\$601/t, MTD US\$600.2/t.

Sentiment weakened in the afternoon of last Friday on talks that China will continue to scrutinize thermal coal prices, though there was no official announcement on fresh regulations. The continuous control and inspections on coal prices will weaken cost support for steel, some participants said.

Traders lifted offers to \$610-620/t cfr Vietnam for Chinese SS400 HRC from \$610/t cfr Vietnam the day before given firm domestic sales prices. Some buyers from Pakistan and Vietnam lifted bids to \$640/t and \$590-595/t cfr, respectively. Offers were almost unchanged at \$605-620/t cfr Vietnam for SAE1006-grade coils from China, India and Taiwan, inducing bids at \$600/t cfr Vietnam. Around 15,000-20,000t Taiwanese SPHC-grade coils were sold at around \$625/t cfr Vietnam last week. (Argus)

## Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	380.00	15.00	359.90
Steel Rebar FOB Turkey (\$/mt)	637.50	7.50	623.00
Argus HRC NW Europe (€/mt)	790.00	-8.25	803.10
Argus FOB China HRC (\$/mt)	601.00	1.00	600.20

US HRC USD/short ton			
	Bid	Ask	Value
Aug-22	805	825	815
Sep-22	810	830	820
Oct-22	840	860	850
Q4-22	863	883	873
Q1-23	895	915	905
Q2-23	910	930	920

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Aug-22	800	820	810
Sep-22	825	845	835
Oct-22	845	865	855
Q4-22	858	868	863
Q1-23	875	885	880
Q2-23	850	860	855

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Aug-22	600	630	615
Sep-22	615	645	630
Oct-22	620	650	635
Q4-22	635	645	640
Q1-23	630	640	635
Q2-23	610	620	615

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Aug-22	370	380	375
Sep-22	387	397	392
Oct-22	385	395	390
Q4-22	385	395	380
Q1-23	375	385	380
Q2-23	360	370	365

LME REBAR FOB TK			
	Bid	Ask	Value
Aug-22	640	650	645
Sep-22	645	655	650
Oct-22	645	655	650
Q4-22	645	655	650
Q1-23	635	645	640
Q2-23	635	645	640

BUSHELING			
	Bid	Ask	Value
Aug-22	435	445	440
Sep-22	445	455	450
Oct-22	450	460	455
Q4-22	455	465	460
Q1-23	475	485	480
Q2-23	465	475	470

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