

22/08/2022**FOB China HRC**

The index fell by \$10/t last Friday (19.8.22) to US\$585/t, MTD US\$598.14/t.

Steel demand in southwestern China's Sichuan province and Chongqing city weakened as some downstream sectors suspended operations over 15-24 August because of power rationing. High temperatures in eastern and southwest China also slowed outdoor construction activities.

Chinese major mills kept offers unchanged at \$600-615/t fob China for SS400 HRC. But trading firms rushed to cut offers to \$590/t cfr Vietnam, given falling domestic sales prices and weaker seaborne demand. Some trading firms were willing to receive orders at \$580/t cfr Vietnam. Those trading firms expect Chinese export prices will fall soon on slow domestic and export sales and fierce international competition. A deal for a small quantity of Chinese SS400 HRC was done at \$590/t cfr Vietnam last week. But this level and quantity was too low to represent the mainstream market levels.

Offers dropped to \$600-610/t cfr Vietnam for SAE1006-grade coil from India and Chinese Taiwan, with some sellers willing to receive orders at \$595-600/t cfr Vietnam. But only limited Vietnamese buyers bid at \$590/t cfr Vietnam at the highest. (Argus)

EU HRC

North nudges lower again Northwest European hot-rolled coil (HRC) prices slipped on Friday, as mills were offering discounts for large tonnages and imports remained competitive. One large European steelmaker has reduced its official offer from €900/t to €780/t, but is not making sales at this level. Another large European mill is offering at a similar price but again is not getting liquidity given the seasonally slower demand and concern over price direction following the summer shutdown.

Another mill has reportedly offered to large Italian buyers at about €700/t delivered, although some say such prices may start to disappear given the German government's gas surcharge. The chief executive of Europe's largest producer, Arceor Mittal, has said [the energy crisis will affect demand more seriously than its ability to produce. Some market participants believe mills may be offering more aggressively in anticipation of prices softening further going forward.

Imports remain at competitive levels, particularly from Asia. South Korean material was booked at €660-670/t cfr for October shipment. It is likely that large buyers booking bigger volumes will achieve lower prices. One Visegrad-based producer sold to the Czech Republic at €750/t delivered as it looked to raise cash to buy coal. Constrained logistics, alongside reduced Russian deliveries, are affecting supply for mills in the region. Argus' daily northwest EU HRC index slipped to €744.25/t, down by €6.75/t today, while the Italian index was static at €755.75/t. (Argus)

Turkish Scrap

Recyclers continue to report logistical issues
Buyers to exercise caution in scrap purchases
Shortsea deals booked during week

Turkish deepsea import ferrous scrap prices were again unchanged on Aug. 19 as limited availability and strong demand from alternative regions prevented prices from dropping amid weakened Turkish buyer interest, sources said. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$397.50/mt CFR Aug. 19, unchanged on the day.

The recent Turkish central bank announcement to cut interest rates by 100 basis points to 13% despite an inflation rate of nearly 80% has been negatively received by market participants, who argued that the weakened Lira has worsened their import competitiveness. Platts assessed the Turkish lira at Lira 18.1062 against 1 US dollar at 4:30 pm London time on Aug. 19, weakening by Lira 0.02760 on the day. (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	397.50	0.00	384.13
Steel Rebar FOB Turkey (\$/mt)	647.50	-5.00	643.33
Argus HRC NW Europe (€/mt)	744.25	-6.75	771.42
Argus FOB China HRC (\$/mt)	585.00	-10.00	598.14

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Aug-22	590	620	605
Sep-22	600	630	615
Oct-22	602	632	617
Q4-22	618	628	623
Q1-23	630	640	635
Q2-23	610	620	615

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Aug-22	380	390	385
Sep-22	375	385	380
Oct-22	372	382	377
Q4-22	371	381	369
Q1-23	364	374	369
Q2-23	360	370	365

LME REBAR FOB TK			
	Bid	Ask	Value
Aug-22	653	663	658
Sep-22	635	645	640
Oct-22	635	645	640
Q4-22	635	645	640
Q1-23	628	638	633
Q2-23	613	623	618

BUSHELING			
	Bid	Ask	Value
Sep-22	455	465	460
Oct-22	460	470	465
Nov-22	465	475	470
Q4-22	467	477	472
Q1-23	495	505	500
Q2-23	500	510	505

US HRC USD/short ton			
	Bid	Ask	Value
Aug-22	780	800	790
Sep-22	800	820	810
Oct-22	820	840	830
Q4-22	840	860	850
Q1-23	883	903	893
Q2-23	898	918	908

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Aug-22	760	780	770
Sep-22	780	800	790
Oct-22	790	810	800
Q4-22	822	832	827
Q1-23	860	870	865
Q2-23	875	885	880

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