

01/09/2022

FOB China HRC

The index fell by \$5/t yesterday (31.8.22) to US\$575/t, MTD US\$592.64/t.

Chinese manufacturing industry's PMI in August rose by 0.4 percentage points from July to 49.4, the China Federation of Logistics and Purchasing (CFLP) said. It showed the sector was improving from July's lows, though the reading was still in contraction territory. Major sellers lowered offers to equivalent of \$555-590/t fob China for SS400 HRC amid sluggish buying, while sea-borne buyers also cut bids to equivalent of \$530-550/t fob. Mills in South Korea and India were heard lifting their offers to Europe on rising European sales prices. It was too early to say whether the trend would sustain as a further rise in interest rates by the US Federal Reserve in September would affect the global commodity markets. In addition, the possibility of Indian steel export tax removal would also weigh on the international market. Offers were unmoved at \$590/t cfr Vietnam for SAE1006-grade coils from India and Taiwan, inducing bids at \$580/t cfr Vietnam. (Argus)

EU HRC

German mill maintains lower prices North European hot-rolled coil (HRC) prices nudged lower yesterday as one German producer refused to increase prices in line with other mills. Argus' daily northwest Europe HRC index slipped by €5.25/t to €732.75/t ex-works.

The mill was still willing to take orders for small tonnages at €735/t, and larger tonnages at €720/t. It had not dropped prices to the same extent as some of its larger rivals before the recent round of increases, and may still need to fill its rolling programmes as a result. Offers from most mills have moved to around €800/t, up by around €50/t, but nobody has placed at such levels yet. Service centres said another German mill and large European producer were still willing to take orders at old prices on 29 August, but are for now holding out for higher levels. Buyers were still concerned about demand prospects, suggesting brisker offtake from automakers in May and June has dissipated and shows no signs of returning.

They also said nothing has changed in terms of market conditions to support the raft of higher offers floated by mills. German service centres had more than three months of sales in stock in July, according to data from distributors association BDS. This takes them through to almost the end of the year, when distributors and service centres typically destock. And market leader ArcelorMittal has not restarted its Sestao electric arc furnace after the summer holiday because of low demand. (Argus)

Turkish Scrap

Turkish mills bemoan poor finished steel sales
Recyclers hold firm, citing supply tightness

Turkish import deepsea scrap prices remained unchanged Aug. 31, as Turkish buyers continued to hold back for lower scrap prices amid weak finished steel demand. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Aug. 31 at \$397.50/mt CFR, unchanged on the day. "Production stops seem to continue, and in this case, scrap purchases will be postponed, but due to the supply problem, the scrap price may be stable with HMS 1/2 (80:20) at \$390-\$400/mt CFR," one Turkish mill source said.

Several producers in Turkey have reduced capacity utilization and some have announced short stoppages amid rising production costs and weak finished steel demand. Only the three largest mills are buying [deepsea scrap cargoes], as they have a big capacity and cannot stop production," a second Turkish mill source said. "The market needs to pause as the main problem is demand, we can't sell anything, and in September, electricity unit prices will rise by another 30%, further raising the cost of production." News of two Europe-origin deals booked in the week ended Aug. 26 was circulated in the market.

A Benelux-origin deal was booked early in the week started Aug. 22 by an Izmir mill, with HMS 1/2 (80:20) at \$388/mt CFR, while another EU-origin deal was also heard to have been booked in the week ended Aug. 26 by an Iskenderun mill, with HMS 1/2 (80:20) at \$396/mt CFR for prompt shipment. (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	397.50	0.00	389.20
Steel Rebar FOB Turkey (\$/mt)	640.00	-5.00	643.75
Argus HRC NW Europe (€/mt)	732.75	-5.25	759.01
Argus FOB China HRC (\$/mt)	575.00	-5.00	592.59

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Sep-22	570	600	585
Oct-22	582	612	597
Nov-22	590	620	605
Q4-22	601	611	606
Q1-23	627	637	632
Q2-23	639	649	644

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Sep-22	373	383	378
Oct-22	365	375	370
Nov-22	365	375	370
Q4-22	364	374	365
Q1-23	360	370	365
Q2-23	353	363	358

LME REBAR FOB TK			
	Bid	Ask	Value
Sep-22	625	635	630
Oct-22	623	633	628
Nov-22	620	630	625
Q4-22	621	631	626
Q1-23	616	626	621
Q2-23	608	618	613

BUSHELING			
	Bid	Ask	Value
Sep-22	455	465	460
Oct-22	457	467	462
Nov-22	460	470	465
Q4-22	461	471	466
Q1-23	478	488	483
Q2-23	498	508	503

US HRC USD/short ton			
	Bid	Ask	Value
Sep-22	780	800	790
Oct-22	780	800	790
Nov-22	805	825	815
Q4-22	802	822	812
Q1-23	838	858	848
Q2-23	878	898	888

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Sep-22	760	780	770
Oct-22	770	790	780
Nov-22	780	800	790
Q4-22	785	795	790
Q1-23	815	825	820
Q2-23	845	855	850

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