

02/09/2022**FOB China HRC**

The index was stable yesterday (1.9.22) at US\$575/t, MTD US\$575/t.

Chengdu, the steel consumption and distribution center in southwest China, will enforce a lockdown across the city from 1 September for four days to curb the spread of Covid-19 outbreak, according to local authorities. HRC inventory held by traders and mills decreased by nearly 90,000t this week, with the pace slightly faster than last week's decline of over 70,000t, but mills' production also picked up by over 150,000t this week, participants said. Mill's output rise, and inventory decline showed that demand had strengthened, and so some participants were bullish about the market in September as a result. But others did not pin high hopes on robust demand ahead of the 20th National Congress of the Communist Party of China on 16 October as Covid restrictions would be tightened before the congress. Steel production was expected to increase further.

Major Chinese mills and traders held offers unchanged at equivalent of \$590-595/t fob for SS400 HRC, inducing no buying interest on weak regional demand. Most seaborne buyers were silent, expecting a further price fall soon. Traders' offers at \$580/t cfr South Korea also failed to attract any buying although some South Korean mills were heard starting lifting selling prices. The market was quiet with Vietnam on a public holiday on 1 and 2 September. (Argus)

EU HRC

Market rises European hot-rolled coil (HRC) prices moved higher yesterday as mills achieved higher levels from customers who were concerned the market could rise further. Argus' daily northwest EU HRC index increased by €19.25/t to €752/t, while the daily Italian marker moved up €14.50/t to €760/t. The market appeared split between buyers who did not want a repeat of 2021, when a shortage of material meant they had to reduce production, and those that doubted the longevity of the increases given continued demand weakness.

Those that wanted to ensure security of supply were happy to pay higher levels, while others held back in expectation that offers would not stick. Some mills were still content to take orders at old prices to fill their rollings, suspecting the market leader had already satiated its own requirements through aggressive sales before its increase announcement. "Today isn't just transfer deadline day, it's also steel sales deadline day," one European producer quipped.

There was a huge range of prices reported in the northwest European market, with small sheet sales concluded as high as €850/t delivered, but service centres reporting larger purchases from a German mill at €730/t. One Benelux-based producer said it was securing €780-785/t delivered Ruhr for sizeable tonnages. The service centre reporting the lowest levels said the market was moving quickly, and these prices are likely to be gone the next day — the mill in question did not drop as low as some of its rivals, who made deals at €700/t and below, so it still has rollings to fill. (Argus)

US HRC

The daily Platts TSI US hot-rolled coil index was assessed at \$790/st on an ex-works Indiana basis Sept. 1, up \$10/st from the previous assessment.

A Southern mill reported offers in the \$830-\$850/st range. The same producer saw indicative values higher on the day, in a range of \$780-\$850/st. (Platts)

Market Rates

| Indices | Price | Change | MTD |
|---|--------|--------|--------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 400.00 | 2.50 | 389.20 |
| Steel Rebar FOB Turkey (\$/mt) | 660.00 | 20.00 | 643.75 |
| Argus HRC NW Europe (€/mt) | 752.00 | 19.25 | 759.01 |
| Argus FOB China HRC (\$/mt) | 575.00 | 0.00 | 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 | 375 | 385 | 380 |
| Oct-22 | 360 | 370 | 365 |
| Nov-22 | 357 | 367 | 362 |
| Q4-22 | 357 | 367 | 358 |
| Q1-23 | 353 | 363 | 358 |
| Q2-23 | 346 | 356 | 351 |

| LME REBAR FOB TK | | | |
|------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Sep-22 | 655 | 665 | 660 |
| Oct-22 | 645 | 655 | 650 |
| Nov-22 | 643 | 653 | 648 |
| Q4-22 | 643 | 653 | 648 |
| Q1-23 | 625 | 635 | 630 |
| Q2-23 | 608 | 618 | 613 |

| BUSHELING | | | |
|-----------|-----|-----|-------|
| | Bid | Ask | Value |
| Sep-22 | 445 | 455 | 450 |
| 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 | 770 | 790 | 780 |
| 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 | 765 | 785 | 775 |
| Oct-22 | 780 | 800 | 790 |
| Nov-22 | 785 | 805 | 795 |
| Q4-22 | 790 | 800 | 795 |
| Q1-23 | 815 | 825 | 820 |
| Q2-23 | 845 | 855 | 850 |

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