

06/09/2022

FOB China HRC

The index fell by \$5/t yesterday (5.9.22) to US\$564/t, MTD US\$569.33/t.

Beijing held meetings in the afternoon yesterday to mull over policies for stabilizing the economy. Last month, the government had announced 19 measures to stabilize growth. China will make further use of loan and deposit interest rate mechanisms to lower people and enterprises' credit costs, an official from Peoples' Bank of China (PBOC) said at the meeting. PBOC announced to lower financial institutions' foreign exchange required reserve ratio to 6pc from 8pc effective from 15 September.

A large Chinese mill cut its offer by \$5/t to \$600/t fob China for SS400 HRC, while another two east China mills cut offers by \$5/t and around \$10/t, respectively, to \$590/t fob China. A north China mill cut its offer by \$10/t to \$610/t fob China. All those offers were much higher than traders' offers at equivalent of \$555-565/t fob China and induced no buying. A deal for Chinese SS400 HRC was heard at \$570-575/t cfr South Korea last week, but no further details could be confirmed and most participants thought those levels were no longer available amid the rising trend in Chinese domestic market. Another deal for Chinese Q195-grade coils was heard done at \$575/t cfr Vietnam. Offers were almost unchanged at \$595-600/t cfr Vietnam for SAE1006-grade coils. But traders were actively inviting bids at \$585/t cfr Vietnam for positional Taiwanese. (Argus)

EU HRC

Market rises, demand weak European hot-rolled coil (HRC) prices firmed further today, despite mills curtailing output in response to low demand. The Argus daily north European HRC index increased by €15.25/t today to €772.50/t, while the daily Italian index rose by €3/t to €767.25/t. Given the announced production cuts, some participants expected mills to push prices towards €900/t, even though they have not had their €800/t offers accepted. Offers today were still being made at €800/t and above, although offers from traders were below this level and competition for sheet sales was fierce.

In Italy, sheets were available at €850/t delivered, although sources said these prices would disappear. In Germany, pickled and oiled microalloyed sheet for January-June contracts was sold at around €900/t delivered, which is loss-making based on European prices but could be possible using imported tonnes. Asian imports were still available into Antwerp at around €700/t fca. (Argus)

Turkish Scrap

Mills seek to widen scrap-rebar outright spread on higher energy costs

Lower US-origin deal heard

Turkish import deepsea scrap prices softened further Sept. 5, as another lower-priced deal was heard amid concerns about deepsea scrap demand on sharply rising production costs. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) Sept. 5 at \$387/mt CFR, down \$2.50/mt on the day. A reported US-origin cargo was booked in the week ended Sept. 2 by an Izmir mill, with HMS 1/2 (80:20) at \$387/mt CFR. "There are more aggressive sellers in the market, but I don't expect the scrap to go down to \$350/mt CFR - only the big buyers are mainly in the market," one Turkish mill source said, citing an indicative tradable value for premium HMS 1/2 (80:20) at \$380-\$385/mt CFR. "Every mill has to cut capacity, and in the end, there is limited demand for end products in both domestic and exports, which is mainly from the EU."

One Turkish mill source said \$380/mt CFR was workable and expected further downside. "We should be on the lookout for further downside in scrap as supply is not plentiful, but the demand side of things seems to be even worse," one Turkish agent source said, citing an indicative tradable value for US/Baltic-origin HMS 1/2 (80:20) at \$386-\$387/mt CFR Turkey maximum, while a second Turkish agent source said \$380-\$385/mt CFR Turkey maximum was workable.

A third Turkish agent source cited indicative tradable values: for US-origin HMS 1/2 (80:20) at \$387-\$388/mt CFR, for Baltic-origin HMS 1/2 (80:20) at \$385/mt CFR, and for Benelux-origin HMS 1/2 (80:20) at \$378-\$382/mt CFR. HMS collection prices in the Benelux region were heard at Eur330/mt delivered to the dock and below, as deepsea exporters adjusted their buying prices in anticipation of near-term pricing downside on a CFR Turkey basis. (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	387.00	-2.50	389.20
Steel Rebar FOB Turkey (\$/mt)	670.00	10.00	643.75
Argus HRC NW Europe (€/mt)	772.50	15.25	759.01
Argus FOB China HRC (\$/mt)	564.00	-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	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	670	680	675
Oct-22	650	660	655
Nov-22	643	653	648
Q4-22	644	654	649
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	780	800	790
Oct-22	790	810	800
Nov-22	805	825	815
Q4-22	805	825	815
Q1-23	838	858	848
Q2-23	878	898	888

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Sep-22	770	790	780
Oct-22	790	810	800
Nov-22	795	815	805
Q4-22	799	809	804
Q1-23	815	825	820
Q2-23	845	855	850

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