

20/10/2022

FOB China HRC

The index fell by \$1/t yesterday (19.10.22) to US\$545/t, MTD US\$555.54/t.

An east Chinese mill cut its offer by \$5/t to \$560/t fob China for SS400 HRC, which remained unattractive to seaborne buyers especially compared with lower offers from traders. Traders cut Chinese SS400 HRC sales prices to \$535/t cfr Vietnam to promote sales, but failed to induce buying. Vietnamese buyers are expecting prices to reach \$500/t cfr Vietnam soon, a Vietnamese trader said. Demand from South Korea was weak with no bids being received, a Shanghai-based trader said. South Korea mills sold at low levels domestically as their seaborne orders were affected by the weakening global economy. The depreciation of yuan was another factor dragging down Chinese offers.

A Taiwanese mill cut its offer by around \$20/t to \$570/t cfr Vietnam for SAE1006-grade coils from last week, while Vietnamese mill Hoa Phat mulled offers at the same level. Traders failed to induce buying at \$550/t cfr Vietnam for SAE1006-grade coils produced by a large Chinese mill. The more sellers cut prices, the worse sales are, a Vietnam-based trader said, citing that buyers were expecting further price cuts. (Argus)

Turkish Scrap

Turkish deepsea scrap importers continued to sit on the fence Oct. 19 amid the uncertainties around future production cost and softening rebar prices, sources said. Turkish rebar export prices nosedived during the week despite some initial resistance from producers to reduce their offers due to high production cost. "Out cost is going up and our prices aren't, and our margins are getting squeezed more and more," a rebar producer said. He said that the very high prices of electricity and gas in Turkey were a big problem already and the situation is expected to be aggravated in the 2022/2023 winter season. The rebar producer was reluctant to talk about scrap pricing in the absence of real buying interest but indicated even \$355/mt CFR Turkey was not a very attractive price level for heavy melting scrap. "When we have some physical demand [for rebar] we can talk about scrap," he said. But he estimated that US scrap suppliers would be willing to sell at \$365/mt CFR Turkey or higher if Turkish buyers wanted to buy. "We are also waiting with scrap, we aren't buying anything," another Turkish steel producer said.

Despite the huge 50% hike in the gas prices in September, Turkish steelmakers are still expecting further increase in the gas and electricity prices, which added pressure to reduce other cost, including scrap. The steel producer said he expected no significant support from the government. He also doubted that Turkish buyers would pay above \$365/mt CFR for premium HMS 1/2 (80:20). A European scrap supplier said that Turkish scrap consumers were not in the market. There was some chatter in the market about a new deal, however. An agent source cited an unconfirmed sale of HMS 1/2 (90:10) from the US at the price reported to be \$363-\$364/mt CFR Turkey. Earlier in the week, a US offer for US HMS 1/2 (90:10) was reported at \$372/mt CFR but no deal was concluded. A source familiar with the situation said that no deal had been closed as of Oct. 19. (Platts)

EU HRC

Large mill offers into Turkey North European steelmakers turned to Turkey for liquidity yesterday, as buyers bid way below their €700/t offers and deals remained very sparse. A leading European producer was offering hot-rolled coil (HRC) into Turkey at \$650/t cfr, most likely out of France and inclusive of duties, although this could not be confirmed. Representatives from another European mill were also touring Turkey. Domestically, hot-dip galvanised was offered as low as €800/t base delivered into Germany and Benelux, with lower natural gas prices affording mills some flexibility. Cold-rolled coil (CRC) was about €780-790/t, according to sell-side sources.

A senior executive with one mill said "each mill is fighting for the last order" and that any further reduction in spot prices would put every producer in "deep trouble". Spreads between north European HRC and key blast furnace raw materials have fallen to their lowest level in almost exactly two years, at about \$270/t, according to Argus estimates. Argus' daily northwest EU HRC index dipped by €1.25/t today to €660.50/t, while the daily Italian HRC index dropped by €1.50/t to €679.25/t ex-works. The daily north west EU CRC assessment slipped by €5/t to €785/t. Italian buyers were reducing their bids for imported and local material. But sellers said once a mill shows openness to negotiate, buyers withdraw their interest — as is often the case in a falling market, where lower prices deter buyers rather than stimulate demand. (Argus)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	364.00	-2.00	369.63
Steel Rebar FOB Turkey (\$/mt)	667.50	-10.00	688.27
Argus HRC NW Europe (€/mt)	660.50	-1.25	707.31
Argus FOB China HRC (\$/mt)	544.00	-1.00	555.54

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Oct-22	558	588	573
Nov-22	540	570	555
Dec-22	560	590	575
Q4-22	563	573	568
Q1-23	587	597	592
Q2-23	610	620	615

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Oct-22	359	369	364
Nov-22	350	360	355
Dec-22	352	362	357
Q4-22	354	364	361
Q1-23	356	366	361
Q2-23	355	365	360

LME REBAR FOB TK			
	Bid	Ask	Value
Oct-22	682	692	687
Nov-22	653	663	658
Dec-22	658	668	663
Q4-22	664	674	669
Q1-23	653	663	658
Q2-23	648	658	653

BUSHELING			
	Bid	Ask	Value
Nov-22	370	380	375
Dec-22	365	375	370
Jan-23	385	395	390
Q1-23	390	400	395
Q2-23	432	442	437
Q3-23	475	485	480

US HRC USD/short ton			
	Bid	Ask	Value
Oct-22	740	760	750
Nov-22	720	740	730
Dec-22	715	735	725
Q4-22	725	745	735
Q1-23	727	747	737
Q2-23	762	782	772

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Oct-22	690	710	700
Nov-22	665	685	675
Dec-22	675	695	685
Q4-22	682	692	687
Q1-23	700	710	705
Q2-23	733	743	738

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