

26/10/2022**FOB China HRC**

The index fell by \$11/t yesterday (25.10.22) to US\$534/t, MTD US\$552.88/t.

Ningxia Hui Autonomous Region in northwest China announced that it will roll out winter production restriction from 1 November 2022 to 10 March 2023, and its steel mills will need to adjust production in line with the requirement of local city governments. It did not give a specific production restriction ratio, indicating that the restrictive policy this year would be more relaxed than previous years, participants said. Other provinces had not released winter production restriction policies yet. Some Chinese mills cut offers or sales prices to \$525-540/t fob China for SS400 HRC considering falling domestic sales prices, sluggish buying and yuan depreciation. Traders invited bids at \$525/t cfr Vietnam. A deal for Chinese SS400 HRC was heard concluded at \$520/t cfr Vietnam this week, but most participants said that level was too low to represent the mainstream market levels. Certain buyers from Turkey bid at \$500/t fob China, far below sellers' acceptable levels. Sellers cut offers to \$545/t cfr Vietnam for SAE1006-grade coil produced by a Chinese mill, but it induced no buying interest. Other mills were silent as there was no possibility for any deal given large spread between offers and bids. In addition, it was extremely hard for buyers to open letter of credit from banks in Vietnam amid the slow economy and fast depreciation of local currency versus dollars. (Argus)

Turkish Scrap

Turkish deepsea imported scrap stays negative amid no new trades and pressure from buyers

Buyers hold back

Price indications slowly decline

Suppliers try to resist bearish sentiment

The Turkish deepsea imported scrap market was turning more negative amid no new trade activity and some lower price indications from numerous market sources. Despite pressure from Turkish scrap buyers and more aggressive bids, the suppliers were reluctant to make further concessions on their prices. A US-based supplier said that the price for Turkey had to be around \$375/mt CFR, considering the \$10/mt hike in the freight cost (to the mid-\$40s/mt) and ongoing good demand from other outlets including India and Bangladesh. "Some sellers are giving resistance and hoping to keep selling to other destinations," a trader in Turkey said. He expected some suppliers of premium HMS 1/2 (80:20) may go down to \$358-\$360/mt CFR Turkey, but it was not certain. For Benelux material, the prices targeted by buyers may be around \$345-\$350/mt CFR Turkey, the trader added. Turkish buyers continued to have reduced demand for scrap as the overall steel production capacity utilization rate was already down to 60% and was likely to decline further, the Turkish trading source said. With lower planned steel output, the Turkish scrap requirements for shipment in the second half of November were probably between five and seven more cargoes, instead of seven to 10 cargoes in the "normal market conditions," according to the trader. (Platts)

EU HRC

Market awaits news from industry event The European flat steel market gathered this week at an industry event in Germany, with some market participants waiting for news from the fair to guide their decision-making, although many do not expect a change to the bearish sentiment. The Argus daily northwest EU index rose by €4.25/t to €669.75/t ex-works, while the Italian index fell by €2.25/t to €669.50/t ex-works. The weekly Italian cold-rolled coil (CRC) assessment dropped by €50/t to €760/t ex-works, whereas the twice weekly cif Italy hot-rolled coil (HRC) assessment fell by €10/t to €620/t.

EU mills appear to be trying to resist decreasing prices much below €700/t ex-works and delivered levels across the bloc, but with negotiations even €650/t has been heard over the past weeks. Some say that €650/t ex-works is the bottom price producers would drop to, as production has been cut and as mills have been looking at north Africa, Turkey and the Middle East to offload pressure from empty order books. EU crude steel production is down by 16.7pc year on year in September, with German output down by 15.4pc at 2.8mn t. Lead times from certain EU mills were heard near to two weeks, even if officially they are at four weeks. Some buyers have recently said they were receiving orders ahead of schedule. (Argus)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	359.00	-1.00	367.72
Steel Rebar FOB Turkey (\$/mt)	659.00	-3.50	682.88
Argus HRC NW Europe (€/mt)	669.75	4.25	697.81
Argus FOB China HRC (\$/mt)	534.00	-11.00	552.41

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Oct-22	558	588	573
Nov-22	525	555	540
Dec-22	530	560	545
Q4-22	548	558	553
Q1-23	554	564	559
Q2-23	598	608	603

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Oct-22	359	369	364
Nov-22	348	358	353
Dec-22	351	361	356
Q4-22	353	363	358
Q1-23	353	363	358
Q2-23	355	365	360

LME REBAR FOB TK			
	Bid	Ask	Value
Oct-22	682	692	687
Nov-22	633	643	638
Dec-22	627	637	632
Q4-22	647	657	652
Q1-23	623	633	628
Q2-23	616	626	621

BUSHELING			
	Bid	Ask	Value
Nov-22	370	380	375
Dec-22	380	390	385
Jan-23	395	405	400
Q1-23	399	409	404
Q2-23	418	428	423
Q3-23	472	482	477

US HRC USD/short ton			
	Bid	Ask	Value
Oct-22	745	765	755
Nov-22	708	728	718
Dec-22	700	720	710
Q4-22	718	738	728
Q1-23	714	734	724
Q2-23	762	782	772

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Oct-22	690	710	700
Nov-22	635	655	645
Dec-22	645	665	655
Q4-22	662	672	667
Q1-23	678	688	683
Q2-23	733	743	738

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