

16/11/2022**FOB China HRC**

The index rose by \$6/t yesterday (15.11.22) to US\$525/t, MTD US\$517.73/t.

China's daily steel output in October fell by 11.2pc from September, according to National Bureau of Statistics. Market discussions emerged that some steel mills in eastern China's Jiangsu province were required by local authorities to scale back production as their year-to-date steel output exceeded the level of a year ago. But no official announcement could be confirmed. Most steel mills in the region have kept their production below a year earlier, so the real impact on steel supply could be limited in November and December this year, participants said. China's January-October steel production was still 2.2pc lower from the same period in 2021, an eastern China trader said. Major Chinese mills lifted SS400 HRC offers to \$535-560/t fob China given the yuan's appreciation and firm domestic sales prices. Trading firms also pushed up offers to at and above \$540/t cfr Vietnam. Short sellers dared not to take orders below \$500/t fob China any more with the possibility of a further yuan appreciation. Vietnamese buyers also increased bids by \$5-10/t to \$525-530/t cfr Vietnam. Buyers from other countries were silent with the sharp rising trend. Offers were unchanged at \$545-550/t cfr Vietnam for Taiwanese SAE-grade coil. But trading firms lifted offers to \$550-560/t cfr Vietnam for Chinese SAE1006-grade coil. Those offers failed to induce

EU HRC

Italian mill cuts prices further European hot-rolled coil (HRC) prices fell yesterday as buy and sell-side expectations stepped lower. Argus' daily Italian HRC index dropped by €10.50/t to €600.75/t ex-works, while the daily northwest Europe HRC index fell by €7.75/t to €627.75/t ex-works. The twice weekly cif Italy HRC assessment fell by €10/t to €585/t cif, while the weekly cold-rolled coil (CRC) assessment slipped by €15/t to €720/t ex-works. The daily northwest Europe CRC marker nudged €2.50/t lower to €740/t. In Italy, one mill was reportedly accepting less than €600/t ex-works for December deliveries. The mill was telling customers considering importing to contact them before finalising deals, as it did not want to lose market share; quotations were at €580-600/t ex-works. Some said the seller was also more flexible on delivery times, and that it would accept similar prices for January too. Meanwhile, sheet prices from integrated and mill-linked SSCs were heard at €690-700/t delivered, with smaller independent suppliers at €730-750/t delivered. Other mills were heard to be more prudent and not discounting aggressively. A buyer reported bidding to local suppliers in line with some import offers at €570-580/t cnf, but it also perceived the market as close to bottom. It is unclear what proportion of the offers from Asia that buyers are receiving are short positions and which ones are backed by mills. But in any case, the lowest short positions are weighing on the market. A reroller was heard to be considering a longer shutdown over Christmas after it stopped production for one week at the start of November to align supply with demand. On the CRC side, the most aggressive buyers were looking for €670-690/t, but mills are above the €700/t mark. Import offers were heard at €675-690/t cfr, but bids were not above €650/t cfr. (Argus)

Turkish Scrap

Deepsea heavy melting scrap suppliers faced low bids and pressure from Turkish buyers, who continued to see lower margins from melting scrap, sources said. A Turkish steelmaker said the latest offers for imported scrap were not workable in Turkey due to low prices of semi-finished and finished steel products. He said that compared with purchasing billet from Asia or Russia, using scrap was a less viable option from the cost point of view. With Russian billets at \$500-\$514/mt CFR Turkey, the equivalent deepsea scrap prices should be \$280-\$285/mt CFR due to the high conversion cost, according to the steelmaker in Turkey. Despite some low indications from Turkish mills, deepsea scrap suppliers resisted. One mill source in Turkey said it was possible to book premium HMS 1/2 (80:20) at \$335/mt CFR but not lower. "I hear there is not much cargo in the market and what is there is not going below \$345/mt CFR," a scrap merchant argued. He added that Turkish mills were targeting \$330/mt CFR. An EU scrap recycler said it was not possible to sell to Turkey because the price expectations from Turkish buyers were too low and it was not possible to match. An agent source said perhaps \$335-\$350/mt CFR could work for EU scrap sellers but not lower due to tighter availability. He estimated there would be another 10-12 deepsea cargoes available for December shipment to Turkey. He admitted that Turkish buyers were pushing for lower levels but "there is not much you can do about the scrap price, so they will cut production further, they have no other choice." (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	337.50	0.00	347.18
Steel Rebar FOB Turkey (\$/mt)	627.50	0.00	639.45
Argus HRC NW Europe (€/mt)	627.75	-7.75	647.05
Argus FOB China HRC (\$/mt)	525.00	6.00	517.73

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Nov-22	515	545	530
Dec-22	547	577	562
Jan-23	551	581	566
Q1-23	568	578	573
Q2-23	577	587	582
Q3-23	590	600	595

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Nov-22	347	357	352
Dec-22	342	352	347
Jan-23	345	355	350
Q1-23	352	362	357
Q2-23	365	375	370
Q3-23	368	378	373

LME REBAR FOB TK			
	Bid	Ask	Value
Nov-22	623	633	628
Dec-22	627	637	632
Jan-23	625	635	630
Q1-23	620	630	625
Q2-23	610	620	615
Q3-23	603	613	608

BUSHELING			
	Bid	Ask	Value
Dec-22	375	385	380
Jan-23	395	405	400
Feb-23	400	410	405
Q1-23	399	409	404
Q2-23	418	428	423
Q3-23	472	482	477

US HRC USD/short ton			
	Bid	Ask	Value
Nov-22	655	675	665
Dec-22	665	685	675
Jan-23	685	705	695
Q1-23	700	720	710
Q2-23	722	742	732
Q3-23	735	755	745

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Nov-22	625	645	635
Dec-22	640	660	650
Jan-23	645	665	655
Q1-23	657	667	662
Q2-23	688	698	693
Q3-23	730	740	735

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