

09/12/2022

**FOB China HRC**

The index rose by \$7/t yesterday (8.12.22) to US\$561/t, MTD US\$547.33/t.

Shanghai no longer requires a Covid-19 test for entry to enclosed entertainment areas and restaurants. Asymptomatic patients and those with mild symptoms will also be allowed to quarantine at home. Trading firms' HRC inventories fell by 33,000t this week, against last week's decrease at 38,000t, market participants said. China's excavator sales increased by 15.8pc on year to 23,680 units in November, but January-November total sales fell by 23.3pc on year to 244,477 units, according to data from the China construction machinery association.

Several deals involving Chinese SS400 HRC were concluded at the equivalent of \$560-565/t fob China, with the cargoes destined for Vietnam. Buyers in Vietnamese have accepted higher prices after sellers lifted offers in recent days and local inventories fell as buyers had not been building stocks in recent months on poor demand. Some trading firms may restock cargoes from Chinese mills at higher levels than are acceptable to downstream buyers as they are betting on a further prices rise in the short term. Vietnamese buyers lifted bids further to \$550-585/t cfr Vietnam, with offers at \$595-600/t cfr Vietnam for SAE1006-grade coil from China and India. (Argus)

**Turkish Scrap**

Turkish import deepsea scrap prices were unchanged Dec. 8, as Turkish mills paused recent restocking activity over concerns about near-term finished steel demand. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$385/mt CFR Dec.8, unchanged on the day. The assessment has increased \$48.50 since a recent low of \$336.50/mt CFR reached in mid-November, when the recent round of mill restocking began. "The mills have preferred to wait [to buy] for now," one Turkey-based agent source said.

One Turkey-based mill source cited an indicative tradable value for US/Baltic-origin HMS 1/2 (80:20) at \$385/mt CFR maximum amid decreasing rebar demand. "This should be the peak [for deepsea scrap], and afterwards it should be either sideways or down - finished steel sales volumes are going to drop so the need for scrap will also drop – I really don't see finished demand," a second Turkey-based mill source said. The second Turkey-based mill source, however, said that a maximum of \$390-\$395/mt CFR could be possible in the nearterm for US-origin HMS 1/2 (80:20), before a stable-to-downward trend afterwards.

Platts assessed Turkish export rebar at \$670/mt FOB Turkey on Dec. 8, down \$2.50 on the day. The daily outright spread between Turkish export rebar and import scrap was assessed at \$285/mt Dec. 8, down \$2.50 on the day. "Suppliers are looking at \$390-\$395/mt CFR but mills are not ready to pay, and some mills are looking less than at \$385/mt CFR," a second Turkey-based agent source said. Offers for US-origin HMS 1/2 (80:20) were heard at \$392-\$395/mt CFR for second-half January shipment, and a reported offer for UK-origin HMS 1/2 (80:20) was also heard at \$397/mt CFR.

A third agent source said that US-origin HMS 1/2 (80:20) could be workable below \$390/mt CFR for H2 January shipment, if a seller had multiple cargoes, but added that prompt shipment cargoes would now fetch \$400/mt CFR minimum. "We're seeing very slow inflow, we're not accumulating scrap as fast as I'd like so even second half January shipment might be a bit early for us – the inflow was mainly slow due to low industrial activity but perhaps the stronger winter will have more of an impact too," a Baltic-based recycler said. "We're seeing pockets of mill demand but they're asking less than last week." (Platts)

**EU HRC**

North European hot-rolled coil prices edged up a touch yesterday, but trade was quiet ahead of the impending holiday season and given high stocks in parts of the supply chain. Some buyers have re-entered the market in the last week or so to replenish where necessary, after the Italian led uptick. There is an expectation the market leader will soon announce an increase, although nothing appears to have been officially communicated yet.

Import offers have reduced in volume, and prices appear to have nudged up from some sellers. Offers were heard as high as \$640-650/t cfr Antwerp, although lower levels were heard into Italy. Argus' daily northwest EU HRC index rose by €1/t to €623.75/t, while the Italian index was unchanged at €615/t ex-works. The twice weekly cif Italy assessment was unchanged at €580/t. In the futures market, a February-March spread traded at €705/t versus €715/t, while 7,000t traded on May at €725/t. (Argus)

## Market Rates

| Indices                                     | Price  | Change | MTD    |
|---|--------|--------|--------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 385    | 0.00   | 380.75 |
| Steel Rebar FOB Turkey (\$/mt)              | 670    | -2.50  | 668.50 |
| Argus HRC NW Europe (€/mt)                  | 623.75 | 1.00   | 617.33 |
| Argus FOB China HRC (\$/mt)                 | 561.00 | 7.00   | 547.33 |

| LME HRC FOB TIANJIN CHINA USD/mt |     |     |       |
|----------------------------------|-----|-----|-------|
|                                  | Bid | Ask | Value |
| Dec-22                           | 559 | 589 | 574   |
| Jan-23                           | 575 | 605 | 590   |
| Feb-23                           | 585 | 595 | 590   |
| Q1-23                            | 585 | 595 | 590   |
| Q2-23                            | 580 | 590 | 585   |
| Q3-23                            | 590 | 600 | 595   |

| LME HMS 80:20 CFR TK |     |     |       |
|----------------------|-----|-----|-------|
|                      | Bid | Ask | Value |
| Dec-22               | 377 | 387 | 382   |
| Jan-23               | 380 | 390 | 385   |
| Feb-23               | 379 | 389 | 384   |
| Q1-23                | 379 | 389 | 384   |
| Q2-23                | 369 | 379 | 374   |
| Q3-23                | 359 | 369 | 364   |

| LME REBAR FOB TK |     |     |       |
|------------------|-----|-----|-------|
|                  | Bid | Ask | Value |
| Dec-22           | 670 | 680 | 675   |
| Jan-23           | 665 | 675 | 670   |
| Feb-23           | 663 | 673 | 668   |
| Q1-23            | 663 | 673 | 668   |
| Q2-23            | 642 | 652 | 647   |
| Q3-23            | 605 | 615 | 610   |

| BUSHELING |     |     |       |
|-----------|-----|-----|-------|
|           | Bid | Ask | Value |
| Dec-22    | 393 | 403 | 398   |
| Jan-23    | 410 | 420 | 415   |
| Feb-23    | 415 | 425 | 420   |
| Q1-23     | 415 | 425 | 420   |
| Q2-23     | 428 | 438 | 433   |
| Q3-23     | 435 | 445 | 440   |

| US HRC USD/short ton |     |     |       |
|----------------------|-----|-----|-------|
|                      | Bid | Ask | Value |
| Dec-22               | 650 | 670 | 660   |
| Jan-23               | 715 | 735 | 725   |
| Feb-23               | 735 | 755 | 745   |
| Q1-23                | 732 | 752 | 742   |
| Q2-23                | 751 | 771 | 761   |
| Q3-23                | 765 | 785 | 775   |

| NWE HRC EUR/metric ton |     |     |       |
|------------------------|-----|-----|-------|
|                        | Bid | Ask | Value |
| Dec-22                 | 630 | 650 | 640   |
| Jan-23                 | 670 | 690 | 680   |
| Feb-23                 | 700 | 710 | 705   |
| Q1-23                  | 697 | 707 | 702   |
| Q2-23                  | 733 | 743 | 738   |
| Q3-23                  | 754 | 764 | 759   |

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