

15/12/2022

FOB China HRC

The index kept flat yesterday (14.12.22) at US\$577/t, MTD US\$558.20/t.

China's economy will grow by 5.1% next year, the Chinese Academy of Social Sciences, a public institution directly under the leadership of China's communist party central committee and directly under the State Council, forecast on 13 December. That further supported market participants' bullish outlook for steel demand in 2023. Major Chinese mills kept offers unchanged at \$590-600/t fob China for SS400 HRC given firm domestic sales prices.

Some trading firms offered at \$590-595/t cfr Vietnam. Vietnamese buyers held bids flat at \$585/t cfr Vietnam after deals done at the same level the previous day. Seaborne buyers were silent in other countries and trades liquidity remained low. Sellers lifted offers by \$5-10/t to \$605-615/t cfr Vietnam for SAE1006-grade coils from India and China, especially after witnessing price rises in Chinese domestic spot and paper markets. But almost no bids were received as Vietnamese buyers chose to wait for local mill Formosa Ha Tinh's monthly offers, ignoring these rising offers. (Argus)

European HRC

European hot-rolled coil (HRC) prices firmed further yesterday, as mills pulled quotations, with some leaving the market until January. One German service centre said there has been more activity in the past 36 hours than the last six weeks combined, with buyers taking more material and service centres restocking. The buyer said he placed around €640-650/t (\$682-692/t) on Monday, and when he tried to add more tonnage on Tuesday was told this was not possible.

An Iberian buyer placed an order for a few thousand tonnes of hot-dip galvanised coil with a leading producer and was told it would be made across several sites because of capacity reduction. A leading producer is offering at €680-690/t base for dry and pickled HRC. An Italian producer pulled back from the market. Given the outputs cuts, some are concerned supply could be tight in the first quarter and have restocked as a result. As mills are looking to achieve €800/t and above for automotive contracts, they need to push up spot prices to close the gap with contracts, sources suggest. Argus' daily northwest EU HRC index nudged up by €1.25/t to €651/t, while the daily Italian index rose by €1/t to €629/t. (Argus)

Turkish Scrap HMS 80:20

Turkish import deepsea scrap prices were unchanged Dec. 14, as the pause in activity between Turkish mills and deepsea recyclers continued. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$387/mt CFR Dec. 14, unchanged day on day. "Over \$380/mt CFR does not work for Turkish mills, but if we don't want to stop [production], we would sacrifice some margin," a Turkish mill source said, estimating that mills have 15 days to buy almost all their January shipment cargo requirements.

A Turkish agent source said US recyclers weren't actively offering amid the mill silence and would seek above \$385-\$387/mt CFR for US-origin HMS 1/2 (80:20), adding that mills were resisting prices at \$390/mt CFR and higher. "There is no pressure on the sell side as the earliest shipment date is Jan. 25," the agent source said. "There is nothing prompt or first half January available. Some mills even missed the boat for buying December or January shipment — if there is movement, it has to come from the buyer side. They cannot wait another two weeks to buy." A trading source cited an indicative tradable value for Venezuela-origin HMS 1/2 (80:20) around \$388/mt CFR Turkey, on the basis of a bulk cargo sale to a European mill booked over Dec. 10-11 at an equivalent price.

Scrap suppliers pointed to continued slow collection rates, especially with the onset of winter weather conditions. "We had 30 cm of snow on the weekend and another 20 cm on Monday, so the collection rate is like 20%-30% less than one week ago — only the larger collectors with better machinery are working, smaller ones have stopped," a Baltic recycler said, adding that deepsea cargo purchasing by Turkish mills may resume the week starting Dec. 19. The Baltic recycler said \$388-\$390/mt CFR for Baltic-origin HMS 1/2 (80:20) was too high for mills to accept.

An EU recycler cited an indicative tradable value for Beneluxorigin HMS 1/2 (80:20) around \$380/mt CFR and cited HMS collection prices in a wide range of Eur310-330/mt delivered to the dock in the Benelux region. Platts assessed Turkish export rebar at \$662.50/mt FOB Turkey Dec. 14, down \$5/mt day on day. The daily outright spread between Turkish export rebar and import scrap was assessed at \$275.50/mt Dec. 14, down \$5/mt day on day to its lowest level since Sept. 2. (Platts)

Market Rates

| Indices | Price | Change | MTD |
|---|--------|--------|--------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 387 | 0.00 | 383.35 |
| Steel Rebar FOB Turkey (\$/mt) | 662.5 | -5.00 | 667.85 |
| Argus HRC NW Europe (€/mt) | 651 | 1.25 | 627.58 |
| Argus FOB China HRC (\$/mt) | 577.00 | 0.00 | 558.20 |
| US HRC CRU | 618.00 | -8.00 | 618.00 |
| No.1 BUS | 400.00 | 40.28 | 400.00 |

| LME HRC FOB TIANJIN CHINA USD/mt | | | |
|----------------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-22 | 570 | 600 | 585 |
| Jan-23 | 590 | 620 | 605 |
| Feb-23 | 597 | 607 | 602 |
| Q1-23 | 598 | 608 | 603 |
| Q2-23 | 583 | 593 | 588 |
| Q3-23 | 590 | 600 | 595 |

| LME HMS 80:20 CFR TK | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-22 | 387 | 397 | 392 |
| Jan-23 | 380 | 390 | 385 |
| Feb-23 | 377 | 387 | 382 |
| Q1-23 | 378 | 388 | 383 |
| Q2-23 | 380 | 390 | 385 |
| Q3-23 | 372 | 382 | 377 |

| LME REBAR FOB TK | | | |
|------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-22 | 667 | 677 | 672 |
| Jan-23 | 661 | 671 | 666 |
| Feb-23 | 654 | 664 | 659 |
| Q1-23 | 656 | 666 | 661 |
| Q2-23 | 642 | 652 | 647 |
| Q3-23 | 622 | 632 | 627 |

| BUSHELING | | | |
|-----------|-----|-----|-------|
| | Bid | Ask | Value |
| Jan-23 | 415 | 425 | 420 |
| Feb-23 | 425 | 435 | 430 |
| Mar-23 | 430 | 440 | 435 |
| Q1-23 | 423 | 433 | 428 |
| Q2-23 | 428 | 438 | 433 |
| Q3-23 | 435 | 445 | 440 |

| US HRC USD/short ton | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-22 | 661 | 681 | 671 |
| Jan-23 | 755 | 775 | 765 |
| Feb-23 | 770 | 790 | 780 |
| Q1-23 | 767 | 787 | 777 |
| Q2-23 | 777 | 797 | 787 |
| Q3-23 | 781 | 801 | 791 |

| NWE HRC EUR/metric ton | | | |
|------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Dec-22 | 640 | 660 | 650 |
| Jan-23 | 700 | 720 | 710 |
| Feb-23 | 715 | 725 | 720 |
| Q1-23 | 715 | 725 | 720 |
| Q2-23 | 738 | 748 | 743 |
| Q3-23 | 753 | 763 | 758 |

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