

03/01/2023

**FOB China HRC**

The index rose by \$2/t last Friday (30.12.22) to US\$587/t, MTD US\$571.76/t. Traders lifted offers by around \$9/t to \$599/t cfr Vietnam for Chinese SS400 HRC, receiving bids at \$590/t cfr Vietnam. Chinese mills held offers unchanged at \$600-610/t fob China as it is meaningless to make changes during the last working day before the New Year holiday.

But all participants expect prices to rise after the holiday because of returning demand both in China and regional markets and are reluctant to sell cargoes at low levels. Large Chinese mills were reluctant to take orders at and below \$610/t cfr Vietnam for SAE1006-grade coil, especially after witnessing rising prices in the Chinese spot and paper markets. Mills from India, Taiwan and Japan all stopped quoting on 30 December, and Chinese offers were at and above \$620/t cfr Vietnam. (Argus)

**European HRC**

Volumes on the CME Group's north European hot-rolled coil (HRC) contract for 2022 look set to increase by more than 220pc, compared with the previous year, according to Argus estimates. 896,950t have traded on the contract this year, up from about 277,000t in 2021. August-December volumes annualise out to more than 1mn t/yr, with 537,820t trading in this period alone — December is the first month since July in which volumes have fallen below 100,000t, with 94,330t trading. December is a shorter trading month because of the Christmas holidays.

Open interest on the contract reached the equivalent of 140,820t on 29 December, compared with just over 40,000t at the start of this year. Open interest reached a record of 142,540t on 22 December, according to Argus records. The contract's exponential growth this year has seen more physical participants joining to hedge a portion of their price risk, from European steelmakers to large end users. Other participants expect to be hedging their price risk next year and are in the process of signing Argus-based index deals with producers. (Argus)

**Turkish Scrap HMS 80:20**

Turkish deepsea scrap pricing was bullish on the last trading day of the year amid expectations that the price rally would resume in January. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$401/mt CFR Dec. 30, unchanged on the day. The assessment averaged \$386/mt CFR Turkey in December, while the 2022 average HMS 1/2 (80:20) price was \$444/mt, according to S&P Global Commodity Insights data. Market players agreed that the payable price for premium quality HMS 1/2 (80:20) was already at a minimum \$400/mt CFR Turkey for February shipment, a significant jump from around \$386/mt registered only a week earlier.

Reduced scrap availability in winter season, low stock levels, delayed demand prompting last minute purchases, somewhat stronger domestic rebar demand in Turkey and an anticipated drop in electricity prices all influenced the uptick in the scrap prices, according to market sources. A Turkey-based mill source said that if scrap importers had time to wait a few weeks with making purchases, the prices would soften. However, this was not an option for Turkish mills due to low scrap stock levels. He added that the domestic scrap market was also active and collection prices were expected to move up. The 16% reduction in the electricity prices starting in January should also balance higher scrap cost for Turkish EAF mills, an agent said.

Several sources expected next HMS 1/2 (80:20) bookings to close above \$400/mt CFR Turkey. "Suppliers are not in a hurry; they are targeting minimum \$400/mt CFR for US," a Turkey-based trader said. "Buyers will book February shipment. Collections are not going to improve in February." In the shortsea market, sources reported no recent deals but the pricing sentiment improved alongside a stronger deepsea market. An agent in Turkey said that shortsea offers were already above \$375/mt CFR Turkey recently, and that after deepsea HMS 1/2 (80:20) jumped to \$400/mt CFR, shortsea suppliers would be looking for minimum \$380/mt CFR when they return to the market in January. Platts is part of S&P Global Commodity Insights. (Platts)

# Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	401	0.00	386.41
Steel Rebar FOB Turkey (\$/mt)	670	5.00	664.98
Argus HRC NW Europe (€/mt)	680.25	2.50	647.83
Argus FOB China HRC (\$/mt)	587.00	2.00	571.76

US HRC USD/short ton			
	Bid	Ask	Value
Jan-23	737	757	747
Feb-23	780	800	790
Mar-23	792	812	802
Q1-23	770	790	780
Q2-23	794	814	804
Q3-23	794	814	804

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jan-23	720	740	730
Feb-23	725	735	730
Mar-23	735	745	740
Q1-23	728	738	733
Q2-23	752	762	757
Q3-23	772	782	777

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jan-23	638	668	653
Feb-23	658	668	663
Mar-23	658	668	663
Q1-23	655	665	660
Q2-23	676	686	681
Q3-23	678	688	683

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jan-23	412	422	417
Feb-23	407	417	412
Mar-23	406	416	411
Q1-23	408	418	413
Q2-23	396	406	401
Q3-23	384	394	389

LME REBAR FOB TK			
	Bid	Ask	Value
Jan-23	685	695	690
Feb-23	685	695	690
Mar-23	685	695	690
Q1-23	685	695	690
Q2-23	669	679	674
Q3-23	656	666	661

BUSHELING			
	Bid	Ask	Value
Jan-23	420	430	425
Feb-23	455	465	460
Mar-23	460	470	465
Q1-23	445	455	450
Q2-23	475	485	480
Q3-23	475	485	480

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