

06/01/2023

FOB China HRC

The index rose by \$5/t yesterday (5.1.23) to US\$596/t, MTD US\$591.67/t. Chinese mills kept offers unchanged at \$600-615/t fob China for SS400 HRC, although domestic sales prices fell. Some South Korean buyers lifted bids to \$595/t fob, but most Chinese mills were reluctant to take orders below \$600/t fob China as they expect international demand to improve soon. Buyers from Vietnam held prices unchanged at \$590-595/t cfr Vietnam as they could still buy positional coils at those prices. Chinese SAE1006-grade coil offers were stable at \$620-635/t cfr Vietnam and Vietnamese buyers held bids unchanged at \$615/t cfr Vietnam. Some trading firms with positional Taiwanese SAE-grade coil were willing to take orders at \$620/t cfr Vietnam. (Argus)

European HRC

North European hot-rolled coil prices nudged slightly higher again yesterday, in still quiet trade. Argus' daily northwest EU HRC index rose by €0.50/t to €689/t. An eastern European producer said it was offering around €740-750/t delivered base into Germany and the Benelux, though it had not made sales at these levels yet – offers now range from €730-750/t depending on mill, although one Benelux-based seller may still be at lower levels. A steelmaking executive cautioned that the gap with import offers cannot be too big, as it will mean reduced market share and another rush to find tonnes in the next quarter. Nevertheless, sources expected that firming scrap and slab costs would allow mills to secure some increases in oil prices. Scrap costs into Turkey appear to be approaching \$420/t cfr in the latest deals, while several merchant slab sellers allude to firmer prices and demand; a leading European producer has been in the market for slab recently, which some view as a positive driver. Coking coal prices are also firming, partly on the back of chatter that China may restart buying Australian material.

Argus assessed Australian premium low-volatile hard coking coal prices \$9.20/t higher at \$310.15/t fob yesterday. Coil mills are telling customers they are full until March/April, although this is clearly at reduced utilisation rates. In the futures market, a fourth quarter 2023 strip traded on the CME Group's north European HRC contract at €780/t. The Argus daily Italian HRC index moved up by €3.75/t to €650.25/t ex-works, while the cif Italy assessment rose by €10/t to €640/t. The Italian market has been very quiet this week, with most market participants resuming activity on 9 January. Apart from one mill, which had quoted at the end of 2022 at €690/t delivered, all sellers appear away from the market. Not much import offers were heard either, but expectations are that these would be increased next week. One re-roller was heard to have been on the market last at €690/t delivered. (Argus)

Turkish Scrap HMS 80:20

The steep price hikes in Turkish deepsea scrap imports continued to be absorbed into the marketplace at an unexpected rate Jan. 5 as many Turkish mills entered the market for multiple cargoes at the same time. After trade being limited to solely EU cargoes earlier in the week, sources started to report new Baltic and US trades as well. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$418/mt CFR Jan. 5, up \$8/mt on day. The assessment has jumped \$16/mt Jan. 3-5. The price rally has been supported by a flurry of trading activity registered in the last couple of days. The transaction prices in deals closed Jan. 3-5 indicated a workable range for HMS 1/2 (80:20) between \$408-\$423/mt CFR Turkey, depending on the origin. The highest purchase price was \$426/mt CFR Iskenderun for 22,000 mt US East Coast HMS 1/2 (90:10), normalized to \$423/mt CFR for HMS 1/2 (80:20), February shipment.

"It was surprising, prices jumped remarkably this week. Turkish market is active because there is not a lot of scrap in the market and we had some sales to other markets," a Baltic recycler said. "The situation like that, with prices going up sharply, was unexpected. This is happening because buyers are panicking, don't have enough stock and not many offers are in the market," an agent source said. Another agent said that US scrap merchants were not actively offering to Turkey after they oversold in the domestic market and collections slowed down. "We thought that there would be some availability of January shipment [from the US] but now everyone jumped for February. US sold very few [scrap cargoes] to Turkey recently," the agent added. "At \$420, I don't believe anybody would sell [ex-US] yesterday. Most probably it will be much higher," the agent predicted. The shortsea market was tracking soaring deepsea prices. A shortsea supplier believed that the \$390/mt CFR Turkey had already been achievable on Jan. 4. "Even mills that aren't traditionally active on short sea are purchasing with no much negotiating. Price is soaring." (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	418	8.00	410.00
Steel Rebar FOB Turkey (\$/mt)	685	2.50	682.50
Argus HRC NW Europe (€/mt)	689	0.50	688.17
Argus FOB China HRC (\$/mt)	596.00	5.00	591.67
US HRC CRU	692.00	28.00	692.00

US HRC USD/short ton			
	Bid	Ask	Value
Jan-23	723	743	733
Feb-23	765	785	775
Mar-23	786	806	796
Q1-23	758	778	768
Q2-23	792	812	802
Q3-23	792	812	802

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jan-23	721	741	731
Feb-23	744	754	749
Mar-23	748	758	753
Q1-23	739	749	744
Q2-23	756	766	761
Q3-23	775	785	780

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jan-23	593	623	608
Feb-23	633	643	638
Mar-23	635	645	640
Q1-23	624	634	629
Q2-23	642	652	647
Q3-23	646	656	651

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jan-23	417	427	422
Feb-23	411	421	416
Mar-23	410	420	415
Q1-23	413	423	418
Q2-23	402	412	407
Q3-23	400	410	405

LME REBAR FOB TK			
	Bid	Ask	Value
Jan-23	691	701	696
Feb-23	688	698	693
Mar-23	677	687	682
Q1-23	685	695	690
Q2-23	677	687	682
Q3-23	670	680	675

BUSHELING			
	Bid	Ask	Value
Jan-23	442	452	447
Feb-23	455	465	460
Mar-23	460	470	465
Q1-23	452	462	457
Q2-23	463	473	468
Q3-23	468	478	473

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com