

18/01/2023

FOB China HRC

The index rose by \$2/t yesterday (17.1.23) to US\$628/t, MTD US\$609.64/t. China's December crude steel output fell by 4.5pc or 3.35mn t from November. China's total crude steel output in 2022 fell by 2.1pc or 19.79mn t from 2021 to 1.033bn t, China's National Bureau of Statistics (NBS) said on 17 January. Real estate sector investment in January-December fell by 10.0pc from the previous year, according to NBS data. A north China mill lifted its offer to \$650/t fob China for SS400 HRC and had sold around 2,000t SS400 HRC at \$645/t fob China to South America. Some Chinese private mills offered lower at \$630-635/t fob China, while most other Chinese mills were silent on offers given the approaching lunar new year holiday. A trader offered positional SS400 HRC at \$630/t cfr Vietnam. That was below most sellers' acceptable levels considering tight supply and expectations of strong demand after the holiday, participants said. (Argus)

Turkish Scrap HMS 80:20

Turkish deepsea scrap prices continued to soften as cheaper material was still available. The downside may be limited due to the Turkish scrap demand still being active and more premium scrap bookings being anticipated, sources said Jan. 16. An agent source said that Turkish mills were looking for cheaper cargoes when possible. A UK-origin cargo, 22,000 mt solely HMS 1/2 (80:20), was sold Jan. 13 at \$400/mt CFR Iskenderun. A market observer said that without any bonus or shred scrap in the cargo, it was more difficult to sell 22,000 mt HMS 1/2 (80:20), which warranted a discount. He added that the price can be much better if the ratio between HMS 1/2 (80:20) and higher grades is around 50-50. Prices in the range of \$413-\$417/mt CFR Turkey for premium HMS 1/2 (80:20) were still possible in the first half of January, when multiple deals were closed. The most recently heard confirmed premium HMS 1/2 (80:20) trade was for the US cargo with the total volume of 45,000 mt, more or less equally split between HMS 1/2 (80:20) and PNS, sold Jan. 11 at \$413.50/mt and \$433.50/mt CFR Marmara, respectively, an agent said.

He added that since then the market had softened and the maximum achievable level for US HMS 1/2 (80:20) was \$410-\$413/m CFR Turkey. Another deal that was heard on Jan. 16 but closed on Jan. 6, was for a Polish shipment, including HMS 1/2 (80:20) at \$414.5/mt CFR Iskenderun and bonus/shred at \$434.50/mt, February shipment, the recycler said. Several other sources indicated tradable values for premium HMS 1/2 (80:20) below \$410/mt CFR Turkey. The majority of recent trading activity was still concentrated on February shipment. However, an Izmir-based mill may have already bought a March US HMS 1/2 (80:20) cargo at \$416/mt CFR on Jan. 6. A Benelux 30,000-35,000 mt scrap trade was also heard on the day, with HMS 1/2 (80:20) sold at \$405/mt and shred at \$425/mt CFR Iskenderun, done Jan. 12. The Turkish mill — said to be the buyer — denied the deal. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$408.50/mt CFR Jan. 16, down \$5.50/mt from Jan. 13. (Platts)

EU HRC

European hot-rolled coil (HRC) prices rose further yesterday, as some major mills withdrew from the market and others hiked their quotations. Argus' headline Italian HRC index rose by €12.50/t to €722/t ex-works, while the daily northwest EU HRC index increased by €13.75/t to €744/t ex-works. The twice-weekly cif Italy HRC assessment increased by €15/t to €685/t, while the weekly cold-rolled coil (CRC) assessment was up by €50/t to €800/t ex-works. Larger European producers have withdrawn from the market and are widely expected to return close to €800/t. An executive at one of the mills placed value at €775-780/t, citing import offers of around €725/t cfr.

Sentiment remains firm and most market participants are bullish on the direction of prices, despite the fragility of the recovery. SSCs report having purchased enough for the time being and are not jumping to book at the new offer levels. Nevertheless, there is an understanding from most that mills are unlikely to negotiate right now. Many said they would purchase at current levels as they expect further rises. Some said the market has been turning more in favour of sellers so far this year, but there is uncertainty if that will continue in the second quarter. Buyers expect mills may try to maintain prices at current levels for the rest of this month before they attempt to push over €750-800/t ex-works. Naturally, the question of whether import prices will continue increasing, or at least stabilise, remains. Offers for CRC in the domestic market were heard at €820-830/t ex-works. The differential with import prices was wider than the differential between domestic and imported HRC, with CRC offers from Asia at €740-750/t cfr Italy for March-April shipment, although some expect that these offers will move up too. (Argus)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	408.5	0.00	413.68
Steel Rebar FOB Turkey (\$/mt)	690	0.00	687.77
Argus HRC NW Europe (€/mt)	744	13.75	706.41
Argus FOB China HRC (\$/mt)	628.00	2.00	609.64

US HRC USD/short ton			
	Bid	Ask	Value
Jan-23	728	738	733
Feb-23	781	791	786
Mar-23	795	805	800
Q1-23	768	778	773
Q2-23	812	822	817
Q3-23	821	831	826

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jan-23	728	738	733
Feb-23	764	774	769
Mar-23	775	785	780
Q1-23	756	766	761
Q2-23	784	794	789
Q3-23	788	798	793

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jan-23	620	630	625
Feb-23	646	656	651
Mar-23	647	657	652
Q1-23	638	648	643
Q2-23	648	658	653
Q3-23	652	662	657

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jan-23	410	420	415
Feb-23	410	420	415
Mar-23	412	422	417
Q1-23	411	421	416
Q2-23	414	424	419
Q3-23	414	424	419

LME REBAR FOB TK			
	Bid	Ask	Value
Jan-23	681	691	686
Feb-23	670	680	675
Mar-23	669	679	674
Q1-23	673	683	678
Q2-23	670	680	675
Q3-23	670	680	675

BUSHELING			
	Bid	Ask	Value
Feb-23	455	465	460
Mar-23	460	470	465
Apr-23	465	475	470
Q2-23	468	478	473
Q3-23	465	475	470
Q4-23	472	482	477

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Spread Moves

Metal	Front Mth	Back Mth	Current Spread	T-1W	T-1M	T-3M	T-12M	Tight/Eased T-1W
US HRC	JAN 23	FEB 23	-60	-43	-11	-10	0	Eased
	JAN 23	MAR 23	-69	-66	-12	-20	0	Eased
	JAN 23	APR 23	-84	-76	-22	-25	8	Eased
	FEB 23	MAR 23	-9	-23	-1	-10	0	Tightened
	FEB 23	APR 23	-24	-33	-11	-15	8	Tightened
	MAR 23	APR 23	-15	-10	-10	-5	8	Eased
EU HRC	JAN 23	FEB 23	-42	-38	5	-10	5	Eased
	JAN 23	MAR 23	-50	-48	-5	-25	10	Eased
	JAN 23	APR 23	-65	-50	-25	-35	80	Eased
	FEB 23	MAR 23	-8	-10	-10	-15	5	Tightened
	FEB 23	APR 23	-23	-12	-30	-25	75	Eased
	MAR 23	APR 23	-15	-2	-20	-10	70	Eased
Mill Margin	FEB 23	FEB 23	330	312	369	340	320	Tightened
	MAR 23	MAR 23	339	335	360	350	320	Tightened
	APR 23	APR 23	339	330	370	355	312	Tightened
	MAY 23	MAY 23	345	340	370	365	312	Tightened
	JUN 23	JUN 23	357	340	370	355	312	Tightened
Atlantic Spread (US-EU)	FEB 23	FEB 23	18	12	74	50	-15	Tightened
	MAR 23	MAR 23	19	25	65	45	-10	Eased
	APR 23	APR 23	19	33	55	40	52	Eased
	MAY 23	MAY 23	30	40	55	40	52	Eased
	JUN 23	JUN 23	42	30	55	20	52	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME \$CRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	730	460	730	417	625	686	Current
	729	460	722	419	625	691	T-1W
	793	435	735	383	606	661	T-1M
	730	400	680	361	586	654	T-3M
	865	462	785	363	618	646	T-6M
	860	540	880	415	732	640	T-12M
	744	455	720	417	645	690	YTD

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