

EU HRC**07/02/2023**

The North European hot-rolled coil (HRC) market remained quiet yesterday, with participants awaiting Asian import offers. One buyer that tabled an inquiry for 1,000t domestically received no response from mills. Stop-pages and maintenance have reduced supply from some important producers, despite the restart of blast furnaces – particularly in Slovakia – meaning increased crude steel capacity. Some said increased supply from eastern Europe was quite clear, with more offers being tabled. Automotive-facing service centres and cold-rollers said demand was low with little momentum in the market, although service centres continue to re-stock. It was still tough to pass on higher coil costs in sheet as a result. At the same time, some end-users are pulling decent tonnages. One end-user was told if it keeps drawing down material under its January-June contract at the current rate, the volume will exhaust by April – its service centre supplier said it would need to order now if it wanted additional volumes for May and June.

For pickled and oiled in thicker dimensions, European mills are booked into May. There are also some stock-outs on thinner dimension HRC, primarily because of the disruption to supply from one mill in Belgium, and its subsequent force majeure declaration. Argus' domestic northwest EU HRC index rose by €2.50/t to €758/t ex-works, while the Argus daily Italian HRC index nudged up by €1.25/t to €756.25/t ex-works. Deliveries are in March-April. The import market has found acceptance between €730- 740/t cif, but the sentiment is still shaky, especially as the outlook from China remains mostly uncertain and prices are volatile. In the futures market, March traded at €768/t, while a July-December strip traded at €755/t. An April-May spread also traded at €760/€758, and nearby months slipped around €20/t in screen trading. February, March and April traded at €757/t, €752/t and €755/t, respectively. (Argus)

Turkish Scrap

Turkish deepsea imported scrap trade activity was muted and prices were stable as the country was hit by a powerful earthquake early Feb. 6. The magnitude 7.8 earthquake struck southern-central Turkey and north-west Syria, with its epicentre near the Turkish city of Gaziantep. Turkish provinces of Iskenderun and Osmaniye, forming one of the main steel production hubs in the country, lie within the earthquake strike zone. "For now, people are trying to survive. Then within couple of days it will be clearer about the [market] situation," a Turkish trader said. He had not heard of any immediate damage to the local steel plants or the Iskenderun port infrastructure. "I don't expect to hear anything from Turkey for at least two days in light of the situation," a European scrap supplier said. Another scrap supplier expected some mill closures in the affected region, possibly for at least a week. "The general panic that will inevitably be part of the market until the end of the week," he added. If the port infrastructure in Iskenderun sustained serious damage, then some deepsea scrap cargoes may be delayed or diverted, the supplier said, adding that in the short-term, that price hikes seen in the Turkish imported scrap recently might pause.

As no scrap trades in the physical market were reported on the day, the near-term scrap futures contracts on the London Metal Exchange plunged on the day. Platts assessed the February contract down \$13.50/mt to \$419.50/mt on day. The March contract was down \$16.50/mt to \$419/mt on day, while the April and May contracts fell, respectively, \$13.50/mt to \$421.50/mt and \$11.50/mt to \$424/mt on the day. In contrast, the futures contracts for Turkish rebar export went up, with the February contract at \$703/mt, up \$1.75/mt on day. The March contract inched up \$1/mt to \$702.50/mt while April and May contracts were respectively up \$5/mt to \$704.50/mt and \$3/mt to \$700.50/mt, according to Platts data. (Platts)

FOB China HRC

The index was flat yesterday (6.2.23) at US\$637/t, MTD US\$637.25/t. An east China mill cut its offer by \$10/t to \$665/t fob China for SS400 HRC, but this was far above seaborne buyers' acceptable levels. Other major Chinese mills preferred to wait until 7 February to announce new weekly offers. Trading firms with positional coil in hand were still willing to take orders at \$620-625/t cfr Vietnam. Some traders lowered sales prices to \$615/t cfr Vietnam for positional Chinese SS400 HRC in the morning after witness falling Chinese paper and physical prices. But they pushed up prices in the afternoon after prices rose in China. The market trend remained unclear, leaving both sellers and buyers cautious, participants in China and Vietnam said. (Argus)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	427.5	0.00	426.88
Steel Rebar FOB Turkey (\$/mt)	700	0.00	700.00
Argus HRC NW Europe (€/mt)	755.5	0.00	757.69
Argus FOB China HRC (\$/mt)	637.00	0.00	637.25
US HRC CRU	770.00	22.00	770.00

US HRC USD/short ton			
	Bid	Ask	Value
Feb-23	786	796	791
Mar-23	825	835	830
Apr-23	815	825	820
Q2-23	805	815	810
Q3-23	783	793	788
Q4-23	772	782	777

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Feb-23	755	765	760
Mar-23	758	768	763
Apr-23	757	767	762
Q2-23	756	766	761
Q3-23	763	773	768
Q4-23	763	773	768

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Feb-23	624	634	629
Mar-23	630	640	635
Apr-23	630	640	635
Q2-23	630	640	635
Q3-23	627	637	632
Q4-23	627	637	632

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Feb-23	410	420	415
Mar-23	413	423	418
Apr-23	415	425	420
Q2-23	416	426	421
Q3-23	422	432	427
Q4-23	426	436	431

LME REBAR FOB TK			
	Bid	Ask	Value
Feb-23	695	705	700
Mar-23	698	708	703
Apr-23	697	707	702
Q2-23	696	706	701
Q3-23	695	705	700
Q4-23	695	705	700

BUSHELING			
	Bid	Ask	Value
Feb-23	470	480	475
Mar-23	470	480	475
Apr-23	470	480	475
Q2-23	470	480	475
Q3-23	470	480	475
Q4-23	470	480	475

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Spread Moves

Metal	Front Mth	Back Mth	Current	T-1W	T-1M	T-3M	T-12M	Tight/Eased T-1W
US HRC	FEB 23	MAR 23	-29	-17	-5	-15	5	Eased
	FEB 23	APR 23	-13	-12	-17	-27	35	Eased
	FEB 23	MAY 23	2	-7	-30	-31	35	Tightened
	MAR 23	APR 23	16	5	-12	-12	30	Tightened
	MAR 23	MAY 23	31	10	-25	-16	30	Tightened
	APR 23	MAY 23	15	5	-13	-4	0	Tightened
EU HRC	FEB 23	MAR 23	5	-1	-10	-25	5	Tightened
	FEB 23	APR 23	2	-1	-11	-55	75	Tightened
	FEB 23	MAY 23	-3	-1	-19	-60	75	Eased
	MAR 23	APR 23	-3	0	-1	-30	70	Eased
	MAR 23	MAY 23	-8	0	-9	-35	70	Eased
	APR 23	MAY 23	-5	0	-8	-5	0	Eased
Mill Margin	FEB 23	FEB 23	322	328	320	285	355	Eased
	MAR 23	MAR 23	356	340	325	295	350	Tightened
	MAY 23	MAY 23	325	325	340	306	320	Unchanged
	JUN 23	JUN 23	315	325	340	311	320	Eased
Atlantic Spread (US-EU)	FEB 23	FEB 23	40	4	26	5	20	Tightened
	MAR 23	MAR 23	74	20	21	-5	20	Tightened
	APR 23	APR 23	55	15	32	-23	60	Tightened
	MAY 23	MAY 23	35	10	37	-24	60	Tightened
	JUN 23	JUN 23	35	10	25	-24	60	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	793	475	757	415	636	705	Current
	788	460	784	428	646	701	T-1W
	775	455	749	416	650	692	T-1M
	680	395	675	348	562	620	T-3M
	900	470	870	386	642	658	T-6M
	895	540	875	440	762	672	T-12M
	790	455	725	407	655	690	YTD

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