

17/02/2023

**EU HRC**

European hot-rolled coil (HRC) prices firmed today as more mills increased offers. Argus' daily Italian index rose by €3/t to €778/t, while the daily northwest EU HRC index nudged up by €2/t to €790/t. A large north European mill increased its offer to €800/t base parity, in line with recent moves by others. Availability from the mill is still limited after a coil derailed on its hot strip mill earlier this year. In Italy offers were reported at €820-830/t delivered, but certain mills were still accepting orders at €790/t delivered. Large Italian buyers were looking to secure supply amid concern Turkish prices will increase, despite the fact little material has been coming into Europe from the country of late. Turkey sold just 26,063t into the EU in December, meaning it was just 6.4pc of the overall HRC import market: it was 13.8pc in November and 15.75pc in October.

“My impression is that mills will keep their positions because their costs are so high and they have to recover strong losses of Q1. They have also a big part of their volumes allocated on index contracts and so they will try to increase to maintain margins of those contracts,” a market participant said. While many buyers in Germany were reluctant to purchase, others that needed material had little choice but to pay more. Korean cold-rolled was offered into Italy and Antwerp around €800-810/t cfr, with other Asian suppliers closer to €820-830/t. Prices also firmed in the futures market. An 8,000t lot traded at €825/t for April during the London morning, after which a third quarter 2023 trade went through at €810/t twice. A fourth quarter strip also traded at €790/t, and prices also moved up on screen: February traded €12/t higher to €788/t, while March and April moved up €15/t and €25/t, respectively, to €825/t and €835/t. (Argus)

**FOB China HRC**

The index rose by \$1/t on Thursday to US\$637/t (16.2.23), MTD US\$636.92/t. HRC inventory held by mills and traders declined from last week, participants said. Physical transactions also picked up. Traders withdrew offers for SS400 HRC at around \$625/t cfr Vietnam and lifted prices to \$630/t cfr and above on 16 February. Vietnamese steel mill Formosa Ha Tinh raised its SS400 HRC prices by \$60/t from last month to \$690-694/t cif for April shipment. The higher offers from Formosa stoked expectations that import offers to Vietnam would rise further. Formosa's offers for SAE1006 HRC were at \$694-699/t cif for domestic market on 16 February, up by \$60/t from the previous level. Chinese SAE1006 HRC was sold at \$665-670/t cfr Vietnam late last week or earlier this week. Participants expect Hoa Phat to lift HRC prices next week. (Argus)

**Turkish Scrap**

Turkish deepsea imported scrap prices fell Feb. 16, after lower US-origin deal was heard. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$413/mt CFR Feb. 16, down \$5 on the day. The deal was confirmed by the buyer. Talk of a Benelux-origin deal reportedly booked by Samsun mill was also heard with HMS 1/2 (80:20) around \$415/mt CFR, but it could not be confirmed. Multiple sell-side sources reported inquiries from other Marmara mills and from competing Egyptian mills, highlighting some increase in buyer interest. “In the short-term, scrap prices may be weak, but I think in a couple of weeks US-origin HMS 1/2 (80:20) will be in high \$420s/ mt CFR again,” a UK-based recycler said. “If I was a buyer, I’d be buying scrap, knowing [steel] demand will be there [in the near-term].” Expectations grew of near-term scrap price increases on returning steel demand due to the planned reconstruction work in Southern Turkey following the devastating earthquakes in the region on Feb. 6. One Turkey-based trader said scrap prices were falling because US-based scrap suppliers, as well as other suppliers, were trying to keep prices stable for now.

“I don’t expect any immediate rebar demand now as the market is very weak now — the focus of everyone is to save lives and help those affected,” one Turkey-based mill source said. “Yes, the demand will increase but we need to examine this talk of a fixed pricing formula for four months as it would be difficult for most mills, which are privately-owned and reliant on scrap imports. If there is government support on energy costs, then yes it can probably lower rebar prices, but fixing rebar prices is tough.” Platts assessed Turkish export rebar at \$700/mt FOB Turkey on Feb. 16, unchanged on the day. The daily outright spread between Turkish export rebar and import scrap was assessed at \$287/mt Feb. 16, up \$5 on the day. (Platts)

# Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	413	-5.00	424.50
Steel Rebar FOB Turkey (\$/mt)	700	0.00	700.00
Argus HRC NW Europe (€/mt)	790	2.00	770.77
Argus FOB China HRC (\$/mt)	637.00	1.00	636.92
US HRC CRU	809.00	27.00	787.00
No.1 BUS	450.00	40.28	450.00

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Feb-23	416	422	419
Mar-23	428	438	433
Apr-23	434	444	439
Q2-23	438	448	443
Q3-23	437	447	442
Q4-23	433	443	438

US HRC USD/short ton			
	Bid	Ask	Value
Feb-23	798	808	803
Mar-23	897	907	902
Apr-23	910	920	915
Q2-23	895	905	900
Q3-23	847	857	852
Q4-23	822	832	827

LME REBAR FOB TK			
	Bid	Ask	Value
Feb-23	702	712	707
Mar-23	730	740	735
Apr-23	730	740	735
Q2-23	741	751	746
Q3-23	737	747	742
Q4-23	737	747	742

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Feb-23	786	796	791
Mar-23	825	835	830
Apr-23	830	840	835
Q2-23	798	808	803
Q3-23	795	805	800
Q4-23	795	805	800

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Feb-23	635	645	640
Mar-23	665	675	670
Apr-23	665	675	670
Q2-23	666	676	671
Q3-23	662	672	667
Q4-23	660	670	665

BUSHELING			
	Bid	Ask	Value
Mar-23	500	510	505
Apr-23	510	520	515
May-23	500	510	505
Q2-23	502	512	507
Q3-23	495	505	500
Q4-23	495	505	500

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## Spread Moves

SPREAD TABLE								
Metal	Front Mth	Back Mth	Current	T-1W	T-1M	T-3M	T-12M	Tight/Eased T-1W
US HRC	FEB 23	MAR 23	-98	-62	-15	-5	2	Eased
	FEB 23	APR 23	-115	-52	-37	-15	45	Eased
	FEB 23	MAY 23	-98	-42	-41	-20	45	Eased
	MAR 23	APR 23	-17	10	-22	-10	43	Eased
	MAR 23	MAY 23	0	20	-26	-15	43	Eased
	APR 23	MAY 23	17	10	-4	-5	0	Tightened
EU HRC	FEB 23	MAR 23	-42	-19	-10	-25	5	Eased
	FEB 23	APR 23	-47	-17	-25	-45	75	Eased
	FEB 23	MAY 23	-22	-13	-30	-50	75	Eased
	MAR 23	APR 23	-5	2	-15	-20	70	Eased
	MAR 23	MAY 23	20	6	-20	-25	70	Tightened
	APR 23	MAY 23	25	4	-5	-5	0	Tightened
Mill Margin	MAR 23	MAR 23	394	370	339	321	368	Tightened
	APR 23	APR 23	396	360	346	316	325	Tightened
	MAY 23	MAY 23	394	360	350	316	325	Tightened
	JUN 23	JUN 23	378	342	355	329	325	Tightened
Atlantic Spread (US-EU)	MAR 23	MAR 23	69	61	19	46	38	Tightened
	APR 23	APR 23	81	53	26	36	65	Tightened
	MAY 23	MAY 23	89	47	25	36	65	Tightened
	MAY 23	MAY 23	89	47	25	36	65	Tightened
	JUN 23	JUN 23	93	28	20	34	65	Tightened

## Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME \$CRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	804	505	788	422	645	712	Current
	798	490	780	430	643	707	T-1W
	784	460	770	417	645	675	T-1M
	721	405	655	355	567	638	T-3M
	895	475	880	374	635	634	T-6M
	910	540	875	427	744	650	T-12M
	790	460	725	407	655	690	YTD

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