

# FIS Steel and Scrap Report

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### FIS STEEL & SCRAP WEBINAR

Join FIS for an insightful Q2 2023 Steel Outlook featuring a panel of the world's top players in the steel market from leading companies such as Anglo American, Argus, Bloomberg, Platts, M7, and Eusider. Gain valuable insights and market perspectives from some of the industry's most respected traders and index providers as they discuss the need to hedge against physical price risk in these uncertain times.

**Date & Time:** Feb 28 2023; 11AM UK time

**Registration Link:** [FIS STEEL & SCRAP WEBINAR | Feb 28 \(zohobackstage.eu\)](https://www.zohobackstage.eu)

### EU HRC

European hot-rolled coil (HRC) prices nudged slightly higher Friday on the prospect of mills exporting more to the US, despite subdued real demand. Argus' daily northwest EU HRC index rose €0.75/t Friday to €797/t, while the daily Italian HRC index ticked up by the same amount to €784.50/t. Tata Steel invoked force majeure because of ongoing problems with its cold-mill revamp, which some expected would support downstream products. It could potentially increase the amount of HRC the company has for the open market, although one source said this was not the case "at the moment". The UK's announcement of a melt and pour clause on Russian steel — which contained very little detail — split market opinion.

Some thought it would increase the amount of coil NLMK's European assets have to sell on the continent, while others said it would just give European producers a higher-paying market to target. Buyers expressed difficulty in finding workable import prices. There was talk of Turkish material being available at about €790/t cif Spain, including duties, but this level was deemed too high for buyers, and mills in the country were also concerned about exporting as the government wanted to ensure sufficient capacity for the domestic market. Indonesian material was offered at €730/t this week, while Japanese was on offer at €760/t cif for May shipment. . (Argus)

### FOB China HRC

The index was stable last Friday (24.2.23) at US\$644/t, MTD US\$638.67/t. Demand outlooks for the coming month were still firm as March is the traditional construction peak season in China. But some participants became slightly cautious as many small property developers were still in financial tensions, which may slow down their construction paces. Participants in regional markets also held a wait-and-see attitude, citing existing weak downstream steel demand. A north China mill stopped offering on 24 February after it sold SS400 HRC at \$635-640/t fob China earlier last week.

Other major Chinese mills held offers unchanged at \$640-680/t fob China and were not in a hurry to receive orders at lower levels. They were bullish on steel demand in China and other countries, hence they were more willing to wait until this week to consider any further price changes. Some traders failed to induce buying at sales prices of \$645-655/t cfr Vietnam as buyers' bids were lower at \$630-635/t cfr Vietnam. Vietnamese local sales prices were at an equivalent of around \$630/t cfr Vietnam. Sellers held offers flat at \$685-700/t cfr Vietnam for Chinese SAE1006-grade coil and \$730/t cfr Vietnam for Japanese SAE-grade coil. Vietnamese customers were silent on bids as they have enough inventory to support normal operations, Vietnamese participants said. (Argus)

### Turkish Scrap

Turkish deepsea imported scrap prices were unchanged on Feb. 24, as further trade activity continued at largely stable prices. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$450/mt CFR Feb. 24, unchanged on the day. The assessment had previously increased sharply from a recent low of \$413/mt CFR on Feb. 16. A Baltic-origin deal was booked by an Izmir mill Feb. 24 with HMS 1/2 (80:20) at \$450/mt CFR. A UK-origin deal was also booked by the same Izmir mill Feb. 24 with HMS 1/2 (80:20) at \$445/mt CFR and shredded scrap at \$470/mt CFR. Two deals booked Feb. 23 were also heard, including a Balticorigin deal by an Iskenderun mill with HMS 1/2 (80:20) at \$445/ mt CFR and bonus scrap at \$465/mt CFR.

"And at these levels, domestic scrap supply will increase, as people need jobs and will be motivated to work demolish buildings and sell scrap to the local mills. If the government hadn't announced a requirement for 4 million mt of rebar, then market wouldn't have overshot." A UK-based trader cited an indicative tradable value for premium HMS 1/2 (80:20) at \$450-\$455/mt CFR and expected beyond \$460/mt CFR to be workable in the near-term. "However, I don't see these scrap prices sticking around — I think we are about to see the same scenario as last year, when prices jumped and dropped after the Russian invasion of Ukraine," the UK-based trader said. "Even if you consider extra 4 million mt rebar demand, the capacity of Turkey is still far more than this, and this 4 million mt won't be used in a month or two, it isn't practically possible — it will stretch over the next 12-18 months." (Platts)

# Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	450	0.00	428.47
Steel Rebar FOB Turkey (\$/mt)	715	0.00	703.19
Argus HRC NW Europe (€/mt)	797	0.75	778.68
Argus FOB China HRC (\$/mt)	644.00	0.00	638.67
US HRC CRU	852.00	43.00	803.25
No.1 BUS	470.00	20.00	470.00

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Feb-23	427	433	430
Mar-23	458	468	463
Apr-23	458	468	463
Q2-23	460	470	465
Q3-23	459	469	464
Q4-23	459	469	464

US HRC USD/short ton			
	Bid	Ask	Value
Mar-23	1030	1040	1035
Apr-23	1090	1100	1095
May-23	1080	1090	1085
Q2-23	1065	1075	1070
Q3-23	938	948	943
Q4-23	900	910	905

LME REBAR FOB TK			
	Bid	Ask	Value
Feb-23	700	710	705
Mar-23	750	760	755
Apr-23	760	770	765
Q2-23	775	785	780
Q3-23	768	778	773
Q4-23	767	777	772

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Feb-23	784	794	789
Mar-23	855	865	860
Apr-23	880	890	885
Q2-23	885	895	890
Q3-23	795	805	800
Q4-23	795	805	800

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Feb-23	629	639	634
Mar-23	667	677	672
Apr-23	667	677	672
Q2-23	667	677	672
Q3-23	662	672	667
Q4-23	656	666	661

BUSHELING			
	Bid	Ask	Value
Mar-23	527	537	532
Apr-23	547	557	552
May-23	547	557	552
Q2-23	540	550	545
Q3-23	542	552	547
Q4-23	522	532	527

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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	MAR 23	APR 23	-55	-10	5	-11	44	Eased
	MAR 23	MAY 23	-40	-11	5	-20	44	Eased
	MAR 23	JUN 23	-5	9	5	-30	44	Eased
	APR 23	MAY 23	15	-1	0	-9	0	Tightened
	MAR 23	JUN 23	-5	9	5	-30	44	Eased
	MAY 23	JUN 23	35	20	0	-10	0	Tightened
EU HRC	MAR 23	APR 23	-67	-34	2	-25	5	Eased
	MAR 23	MAY 23	-102	-39	2	-45	75	Eased
	MAR 23	JUN 23	-117	-26	7	-50	75	Eased
	APR 23	MAY 23	-35	-5	0	-20	70	Eased
	MAR 23	JUN 23	-117	-26	7	-50	75	Eased
	MAY 23	JUN 23	-15	13	5	-5	0	Eased
Mill Margin	MAR 23	MAR 23	480	395	330	310	374	Tightened
	APR 23	APR 23	535	390	320	321	330	Tightened
	MAY 23	MAY 23	525	406	320	330	330	Tightened
	JUN 23	JUN 23	490	386	320	340	330	Tightened
Atlantic Spread (US-EU)	MAR 23	MAR 23	180	80	10	25	44	Tightened
	APR 23	APR 23	200	85	5	16	70	Tightened
	MAY 23	MAY 23	170	99	10	20	70	Tightened
	MAY 23	MAY 23	170	99	10	20	70	Tightened
	JUN 23	JUN 23	155	82	10	15	70	Tightened

## Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	1020	540	783	428	637	699	Current
	895	500	781	433	644	709	T-1W
	795	465	787	427	648	705	T-1M
	720	410	670	364	567	638	T-3M
	883	490	825	384	630	638	T-6M
	914	540	875	483	751	705	T-12M
	800	460	725	407	655	690	YTD

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