

02/03/2023

EU HRC

European hot-rolled coil (HRC) prices firmed today as mills increased offers in light of Turkish buyers paying substantially higher levels for imports. The market leader increased its official offer to €840/t ex-works, up by €20/t, although some service centres reported receiving offers at €850/t ex-works from the supplier. A southern European producer said it was offering at similar levels and getting reduced allocations for Germany because of the lack of price arbitrage and high transportation costs. It said bids had risen to about €800/t base and it was having to provide limited tonnages.

Mills in the Visegrad reported making sales about €820-835/t into the Ruhr for small tonnages, while southern European producers said they were achieving about €820/t delivered. Argus' daily northwest EU HRC index rose to €810/t today, up €7.50/t, while the Italian index increased by €4/t to €794.50/t. News that Turkey was paying \$800/t cfr and even higher to some regions bolstered sentiment despite flagging domestic demand. Service centres are struggling to pass off cost increases to their customers, so are withholding purchases at present, meaning apparent appetite is lower than in December-January. The presence of Turkish buyers continuing to pay above \$800/t emboldened local mills, who expected more tonnage to be diverted from Europe into the more liquid Turkish market. Sources agreed demand was quite low, and customers were placing orders only if necessary. With import lead times extended out to the end of the second quarter, local mills had a more captive market. (Argus)

FOB China HRC

The index was flat yesterday (1.3.23) at US\$640/t, MTD US\$640/t. Sentiment rose as China's manufacturing industry's PMI picked up by 2.5 points from January to 52.6 in February, the National Bureau of Statistics (NBS) said. It means steel demand from China's manufacturing sector would see proper growth too, traders said. Provincial governments were encouraged to give financial support to local old-for-new trade of home-appliances and the energy-saving home-appliances selling to rural areas, said Xu Hongcai, the deputy minister of the ministry of finance. Tangshan city in Hebei province lifted local pollution warnings from 1 March. Local steel mills cut sintering output by 30-50pc after the warning was rolled out on 25 February.

The market was quiet, with no changes for Chinese mills' offers at \$660-675/t fob China for SS400 HRC. Seaborne buyers held a cautious attitude before becoming clearer about the market trend. Buyers in South Korea left the market on 1 March because of a public holiday. Vietnamese buyers would not consider purchasing SS400 HRC at above \$630/t cfr Vietnam, much lower than trading firms' offers at and above \$653/t cfr Vietnam. Vietnamese mill Hoa Phat announced an increase of its offers to \$682-688/t cif Vietnam for SS400 and SAE1006-grade coil, for April and May shipments. Chinese mills were reluctant to take orders below \$680-690/t cfr Vietnam for SAE1006-grade coil, although bids were lower at \$665-670/t cfr Vietnam. (Argus)

Turkish Scrap

The London Metal Exchange's Turkey scrap futures trading volumes in February totaled a record 1.08 million mt, the highest monthly traded volume since the contract was launched in November 2015, LME data showed. The previous highest monthly traded volume in the LME Turkey scrap contract, which settles basis the monthly average of the Platts CFR Turkey premium HMS 1/2 (80:20) assessment, was in September 2018, when 693,280 mt traded. The LME Turkey scrap contract also recorded a new daily trading volume high of 165,450 mt on Feb. 14. "There's been exponential growth in our steel scrap contracts in the last six months, driven by increased participation from the industry and improved electronic liquidity," Alberto Xodo, LME's vice president for sales and market development, said. "In February, our LME Steel Scrap CFR Turkey contract reached an important milestone, trading over 1 million mt in a single month.

At this rate, we are on track to meet our targets of doubling annual volumes and trading 10 million tons well before year-end." Trading volumes for the LME Turkey scrap contract in 2022 totaled approximately 4.30 million mt, up significantly from 2.67 million mt in 2021, but below the 2018 annual trading volume record of 4.85 million mt. Interest in scrap futures has grown in recent years from both physical and financial players, following the sharp volatility in the physical market over recent years as well as the increasing focus on ferrous scrap as a key raw material in low-carbon emissions steelmaking. Physical scrap prices have been volatile in recent years, with Platts premium HMS 1/2 (80:20) CFR Turkey assessment falling to a four-year low of \$207/mt in early April 2020 at the start of the coronavirus pandemic, then rising in January 2021 to above \$450/mt thanks to strong mill demand and COVID-19 vaccine news. (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	452.5	0.00	430.88
Steel Rebar FOB Turkey (\$/mt)	740	0.00	706.88
Argus HRC NW Europe (€/mt)	810	7.50	780.95
Argus FOB China HRC (\$/mt)	640.00	0.00	638.80
US HRC CRU	908.00	56.00	908.00
No.1 BUS	470.00	20.00	470.00

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Mar-23	462	472	467
Apr-23	458	468	463
May-23	458	468	463
Q2-23	458	468	463
Q3-23	458	468	463
Q4-23	455	465	460

US HRC USD/short ton			
	Bid	Ask	Value
Mar-23	1032	1042	1037
Apr-23	1209	1219	1214
May-23	1172	1182	1177
Q2-23	1174	1184	1179
Q3-23	992	1002	997
Q4-23	918	928	923

LME REBAR FOB TK			
	Bid	Ask	Value
Mar-23	753	763	758
Apr-23	766	776	771
May-23	772	782	777
Q2-23	661	671	666
Q3-23	767	777	664
Q4-23	768	778	662

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Mar-23	838	848	843
Apr-23	880	890	885
May-23	867	877	872
Q2-23	869	879	874
Q3-23	838	848	843
Q4-23	814	824	819

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Mar-23	641	651	646
Apr-23	660	670	665
May-23	666	676	671
Q2-23	661	671	666
Q3-23	659	669	664
Q4-23	657	667	662

BUSHELING			
	Bid	Ask	Value
Mar-23	562	572	567
Apr-23	585	595	590
May-23	575	585	580
Q2-23	571	581	576
Q3-23	538	548	543
Q4-23	519	529	524

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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	-168	-66	3	-15	50	Eased
	MAR 23	MAY 23	-131	-55	17	-20	50	Eased
	MAR 23	JUN 23	-111	-27	22	-22	50	Eased
	APR 23	MAY 23	37	11	14	-5	0	Tightened
	MAR 23	JUN 23	-111	-27	22	-22	50	Eased
	MAY 23	JUN 23	20	28	5	-2	0	Eased
EU HRC	MAR 23	APR 23	-30	-45	8	-15	70	Tightened
	MAR 23	MAY 23	-29	-45	2	-15	70	Tightened
	MAR 23	JUN 23	-30	-30	12	-15	70	Unchanged
	APR 23	MAY 23	1	0	-6	0	0	Tightened
	MAR 23	JUN 23	-30	-30	12	-15	70	Unchanged
	MAY 23	JUN 23	-1	15	10	0	0	Eased
Mill Margin	MAR 23	MAR 23	485	446	338	315	450	Tightened
	APR 23	APR 23	613	487	330	330	400	Tightened
	MAY 23	MAY 23	576	471	326	325	400	Tightened
	JUN 23	JUN 23	566	443	321	327	400	Tightened
Atlantic Spread (US-EU)	MAR 23	MAR 23	190	131	41	20	190	Tightened
	APR 23	APR 23	328	152	46	20	210	Tightened
	MAY 23	MAY 23	292	141	26	25	210	Tightened
	MAY 23	MAY 23	292	141	26	25	210	Tightened
	JUN 23	JUN 23	271	128	31	27	210	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	1028	540	845	468	647	759	Current
	986	540	855	480	678	775	T-1w
	818	480	777	435	642	703	T-1M
	740	425	720	382	576	662	T-3M
	835	460	855	361	634	650	T-6M
	1060	610	870	535	794	766	T-12M
	800	460	737	410	655	690	YTD

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