

17/03/2023

FOB China HRC

The index fell by \$7/t yesterday (16.3.23) to US\$654/t, MTD US\$652.83/t. Sentiment in China's paper and physical markets turned negative after Credit Suisse shares plunged this week, following the collapse of Silicon Valley Bank last week. Credit Suisse's shares recovered some of the losses after the bank announced that it will borrow about 50bn Swiss francs (\$54bn) from the country's central bank. China's steel market fundamentals were still firm as coil inventory held by trading firms and mills decreased by more than 170,000t this week, against a decline of 160,000t last week, participants said.

Major steel mills in China did not lower official export offers, but they sought buying interest actively and willing to offer discounts against firm bids, international trading firms said. Some trading companies lowered sales prices by around \$10-20/t to an equivalent of \$630-650/t fob China for SS400 HRC to attract orders, but seaborne buyers cut their target prices to lower levels or were absent from the market, participants said. Trading firms cut offers to \$695-700/t cfr Vietnam for Chinese SAE1006-grade coil, but they drew no buying interest. Local buyers will wait for Vietnamese mill Hoa Phat's new offers early next week. (Argus)

Turkish Scrap

Turkish deepsea import scrap prices were unchanged March 16 as Turkish mills held back from purchasing, but sellers were yet to reduce offer levels, sources said. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$460/mt CFR March 16, unchanged on day. Buyer targets were heard to remain below \$460/mt CFR for premium HMS 1/2 (80:20), while seller targets remained above \$460/mt CFR as limited market activity was heard during the day. "The market is silent and the mills are waiting; however, there is no panic from the sell side yet," a Turkish agent source said, citing a tradable value at \$455-\$460/mt CFR Turkey for US/ Baltic-origin HMS 1/2 (80:20). One Turkish agent source anticipated a drop to below \$450/mt CFR in the near term due to weak finished product demand, citing indicative workable values for EU-origin HMS 1/2 (80:20) at around \$450/mt CFR Turkey, and for US-origin HMS 1/2 (80:20) at \$455-\$460/mt CFR Turkey.

Market chatter of bids for Benelux-origin HMS 1/2 (80:20) at \$445-\$450/mt CFR Marmara was also heard. A Turkish mill source cited an indicative tradable value for US/ Baltic-origin HMS 1/2 (80:20) at \$460/mt CFR Turkey. "The market is much less busy and everyone is waiting, so the price may ease a little now as the mills pull back, but I do not see scope for any large decrease," the mill source said. "The silence in the finished steel market is not negative, it is normal after all the activity in recent weeks. It will bounce back soon." A trader said mills were seeking premium HMS 1/2 (80:20) at below \$460/mt CFR Turkey, while sellers were holding at above \$460/mt CFR Turkey. "I don't see potential for prices to increase too much, but prices certainly can't drop either," the trader said, "The Turkish mills need material, and they cannot pretend that they don't. They keep returning to the market every 15 days rather than the usual 30-day cycle, and that isn't enough time for the sellers to panic and reduce prices." Subsuppliers in the Benelux regions were also heard to continue to be resisting a drop in prices to below Eur380-385/mt delivered to the docks. (Platts)

Market Rates

| Indices | Price | Change | MTD |
|---|---------|--------|---------|
| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 460 | 0.00 | 457.79 |
| Steel Rebar FOB Turkey (\$/mt) | 735 | 0.00 | 738.33 |
| Argus HRC NW Europe (€/mt) | 828.5 | 0.25 | 820.60 |
| Argus FOB China HRC (\$/mt) | 654.00 | -7.00 | 652.83 |
| US HRC CRU | 1090.00 | 73.00 | 1005.00 |
| No.1 BUS | 520.00 | 50.00 | 520.00 |

| LME HMS 80:20 CFR TK | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Mar-23 | 465 | 475 | 470 |
| Apr-23 | 445 | 455 | 450 |
| May-23 | 445 | 455 | 450 |
| Q2-23 | 445 | 455 | 450 |
| Q3-23 | 440 | 450 | 445 |
| Q4-23 | 435 | 445 | 440 |

| US HRC USD/short ton | | | |
|----------------------|------|------|-------|
| | Bid | Ask | Value |
| Mar-23 | 1055 | 1065 | 1060 |
| Apr-23 | 1225 | 1235 | 1230 |
| May-23 | 1200 | 1210 | 1205 |
| Q2-23 | 1180 | 1190 | 1185 |
| Q3-23 | 945 | 955 | 950 |
| Q4-23 | 835 | 845 | 840 |

| LME REBAR FOB TK | | | |
|------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Mar-23 | 730 | 740 | 735 |
| Apr-23 | 725 | 735 | 730 |
| May-23 | 735 | 745 | 740 |
| Q2-23 | 735 | 745 | 740 |
| Q3-23 | 750 | 760 | 755 |
| Q4-23 | 755 | 765 | 760 |

| NWE HRC EUR/metric ton | | | |
|------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Mar-23 | 830 | 840 | 835 |
| Apr-23 | 780 | 790 | 785 |
| May-23 | 780 | 790 | 785 |
| Q2-23 | 810 | 820 | 815 |
| Q3-23 | 820 | 830 | 825 |
| Q4-23 | 770 | 780 | 775 |

| LME HRC FOB TIANJIN CHINA USD/mt | | | |
|----------------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Mar-23 | 655 | 665 | 660 |
| Apr-23 | 665 | 675 | 670 |
| May-23 | 665 | 675 | 670 |
| Q2-23 | 665 | 675 | 670 |
| Q3-23 | 670 | 680 | 675 |
| Q4-23 | 665 | 675 | 670 |

| BUSHELING | | | |
|-----------|-----|-----|-------|
| | Bid | Ask | Value |
| Apr-23 | 590 | 600 | 595 |
| May-23 | 600 | 610 | 605 |
| Jun-23 | 570 | 580 | 575 |
| Q2-23 | 585 | 595 | 590 |
| Q3-23 | 580 | 590 | 585 |
| Q4-23 | 545 | 555 | 550 |

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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 | -159 | -215 | -10 | -10 | 110 | Tightened |
| | MAR 23 | MAY 23 | -144 | -204 | -11 | -10 | 110 | Tightened |
| | MAR 23 | JUN 23 | -50 | -139 | 9 | -10 | 110 | Tightened |
| | APR 23 | MAY 23 | 15 | 11 | -1 | 0 | 0 | Tightened |
| | MAR 23 | JUN 23 | -50 | -139 | 9 | -10 | 110 | Tightened |
| | MAY 23 | JUN 23 | 94 | 65 | 20 | 0 | 0 | Tightened |
| EU HRC | MAR 23 | APR 23 | -10 | -47 | -5 | -20 | 70 | Tightened |
| | MAR 23 | MAY 23 | -10 | -48 | 8 | -20 | 70 | Tightened |
| | MAR 23 | JUN 23 | 8 | -38 | 11 | -20 | 70 | Tightened |
| | APR 23 | MAY 23 | 0 | -1 | 13 | 0 | 0 | Tightened |
| | MAR 23 | JUN 23 | 8 | -38 | 11 | -20 | 70 | Tightened |
| | MAY 23 | JUN 23 | 18 | 10 | 3 | 0 | 0 | Tightened |
| Mill Margin | APR 23 | APR 23 | 605 | 681 | 390 | 370 | 690 | Eased |
| | MAY 23 | MAY 23 | 590 | 670 | 406 | 370 | 690 | Eased |
| | JUN 23 | JUN 23 | 506 | 615 | 386 | 370 | 690 | Eased |
| Atlantic Spread (US-EU) | APR 23 | APR 23 | 385 | 382 | 85 | 55 | 500 | Tightened |
| | MAY 23 | MAY 23 | 370 | 370 | 99 | 55 | 500 | Unchanged |
| | MAY 23 | MAY 23 | 370 | 370 | 99 | 55 | 500 | Unchanged |
| | JUN 23 | JUN 23 | 294 | 315 | 82 | 55 | 500 | Eased |
| | JUL 23 | JUL 23 | 170 | 205 | 58 | 45 | -45 | Eased |

Front Month Price Grid

| Field | US HRC | US BU\$ | NW EUR HRC | LME SCRAP TK | LME HRC FOB | LME REBAR TK | TimeFrame |
|-------|--------|---------|------------|--------------|-------------|--------------|-----------|
| PRICE | 1056 | 590 | 820 | 459 | 659 | 735 | Current |
| | 1056 | 590 | 842 | 458 | 670 | 754 | T-1W |
| | 895 | 515 | 815 | 439 | 667 | 736 | T-1M |
| | 805 | 445 | 740 | 378 | 602 | 654 | T-3M |
| | 825 | 470 | 820 | 369 | 636 | 653 | T-6M |
| | 1410 | 610 | 870 | 573 | 815 | 852 | T-12M |
| | 800 | 475 | 737 | 410 | 655 | 690 | YTD |

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