

21/03/2023

FOB China HRC

The index was stable yesterday (20.3.23) at US\$654/t, MTD US\$653/t. Physical trade in China was slow and steel market sentiment weakened as feedstock prices fell after the central economic planning agency NDRC warned traders against hoarding and driving up iron ore prices, the NRDC said late evening on 17 March. China's air conditioner export volume decreased by 13.8pc on year to 4.89mn in February and the export of refrigerators and washing machines fell by 20.6pc and 17.6pc on year, respectively, in the same month, China's General Administration of Customs said on 18 March. That reflected a weak downstream steel demand.

Two large Chinese mills kept offers flat at \$685/t and \$690/t fob China, respectively, for SS400 HRC, while a third mill in east China cut its offer by \$5/t to \$680/t fob China. Other major Chinese mills will wait until 21 March to announce new weekly offers. Trading firms with positional cargoes were still willing to negotiate on orders at an equivalent of around \$640/t fob China, but no deals were concluded as seaborne buyers anticipated a further price fall. The slowdown in export trade led to concerns that more cargoes would flow back to domestic market and weigh on prices in China. Sellers cut the lower end offers by around \$5/t to \$700/t cfr Vietnam for Chinese SAE1006-grade coil, inducing no buying interest. Only limited Vietnamese buyers bid at \$660-670/t cfr Vietnam, far below trading firms acceptable levels at around \$685-690/t cfr Vietnam for positional coil. Downstream steel demand remained weak, with some companies' sales volume at around 20pc of their usual levels for this period, a Vietnamese trading firm manager said. (Argus)

Turkish Scrap

Turkish deepsea import scrap prices dropped slightly on March 20 as market activity continued to remain largely muted. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$457.50/mt CFR March 20, down \$2/mt on the day. Various market participants shared indicative buyer targets at between \$450-\$455/mt CFR for premium HMS 1/2 (80:20) on the day, as the stalemate between Turkish mills and sellers persisted into the new week. "There are no export sales, domestic market sales are weak and rebar prices have decreased, so the mills will not pay any more than \$450-\$455/mt CFR for scrap," a Turkish mill source said. Sources also noted that the mills have largely completed their purchasing cycle for April shipments but would need to return to the market soon to secure cargoes for May.

"For now, everyone is just sniffing around and testing the market," a second Turkish mill source said, "the April cargoes have been bought, and the mills may return in the last week of March to secure shipments for the second half of May." The second Turkish mill source then shared a wide indicative tradable value range between \$455-\$465/mt CFR for US/Baltic origin HMS 1/2 (80:20), to accommodate for the resistance of the US-based recyclers with a strengthened domestic market. "Scrap flows are very slow into our yards at the minute and the US domestic market is still considerably stronger and actively looking for scrap," a US-based recycler said "The only way [for the Turkish mills] to buy is to raise their bids." Elsewhere, an offer for EU-origin HMS 1/2 (80:20) was reported to Platts on the day at \$450/mt CFR Turkey. (Platts)

Market Rates

Indices	Price	Change	MTD
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	457.5	-2.00	457.89
Steel Rebar FOB Turkey (\$/mt)	730	0.00	737.14
Argus HRC NW Europe (€/mt)	839.75	1.50	823.23
Argus FOB China HRC (\$/mt)	654.00	0.00	653.00
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	450	460	455
Apr-23	430	440	435
May-23	435	445	440
Q2-23	435	445	440
Q3-23	435	445	440
Q4-23	440	450	445

US HRC USD/short ton			
	Bid	Ask	Value
Mar-23	1055	1065	1060
Apr-23	1235	1245	1240
May-23	1210	1220	1215
Q2-23	1185	1195	1190
Q3-23	970	980	975
Q4-23	860	870	865

LME REBAR FOB TK			
	Bid	Ask	Value
Mar-23	720	730	725
Apr-23	705	715	710
May-23	710	720	715
Q2-23	710	720	715
Q3-23	705	715	710
Q4-23	720	730	725

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Mar-23	830	840	835
Apr-23	835	845	840
May-23	830	840	835
Q2-23	830	840	835
Q3-23	805	815	810
Q4-23	770	780	775

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Mar-23	645	655	650
Apr-23	640	650	645
May-23	640	650	645
Q2-23	640	650	645
Q3-23	640	650	645
Q4-23	645	655	650

BUSHELING			
	Bid	Ask	Value
Apr-23	585	595	590
May-23	585	595	590
Jun-23	575	585	580
Q2-23	580	590	585
Q3-23	560	570	565
Q4-23	520	530	525

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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	-190	-17	-7	110	Tightened
	MAR 23	MAY 23	-146	-168	5	-7	110	Tightened
	MAR 23	JUN 23	-63	-100	27	-7	110	Tightened
	APR 23	MAY 23	22	22	22	0	0	Unchanged
	MAR 23	JUN 23	-63	-100	27	-7	110	Tightened
	MAY 23	JUN 23	83	68	22	0	0	Tightened
EU HRC	MAR 23	APR 23	-19	-45	-1	0	70	Tightened
	MAR 23	MAY 23	-15	-45	0	0	70	Tightened
	MAR 23	JUN 23	-15	-35	20	0	70	Tightened
	APR 23	MAY 23	4	0	1	0	0	Tightened
	MAR 23	JUN 23	-15	-35	20	0	70	Tightened
	MAY 23	JUN 23	0	10	20	0	0	Eased
Mill Margin	APR 23	APR 23	613	675	419	350	690	Eased
	MAY 23	MAY 23	591	653	397	350	690	Eased
	JUN 23	JUN 23	518	595	380	350	690	Eased
	JUL 23	JUL 23	473	515	390	350	365	Eased
Atlantic Spread (US-EU)	APR 23	APR 23	384	385	108	55	500	Eased
	MAY 23	MAY 23	366	363	87	55	500	Tightened
	MAY 23	MAY 23	366	363	87	55	500	Tightened
	JUN 23	JUN 23	283	305	85	55	500	Eased
	JUL 23	JUL 23	213	225	57	45	-45	Eased

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	1055	590	826	455	652	725	Current
	1075	590	835	460	664	743	T-1W
	937	535	845	463	667	755	T-1M
	803	460	755	380	597	658	T-3M
	824	470	830	370	626	658	T-6M
	1410	610	870	587	827	867	T-12M
	800	475	737	410	655	690	YTD

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