

25/05/2023

Turkish Scrap

Turkish deepsea import ferrous scrap prices were unchanged on May 24, as the activity pause in the physical market continued whereas the futures market entered a steep backwardation on weak steel sentiment in China. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$375/mt CFR May 24, unchanged on the day. A trading source reported bids for Venezuela-origin HMS 1/2 (80:20) at \$378-\$379/mt CFR on the day, but these bid levels were not repeated by other market participants. Instead, most tradable values for US/Baltic material remained clustered at \$375/mt CFR, with seller targets heard at higher levels. Demand and activity remained largely muted on the day as buyer interest remained weak, and collection rates were described as slow. "There is no reason for prices to move up or down. Collection is slow, but demand is also very low," an agent source said, citing an indicative tradable value at \$375/mt CFR. "No one is in buying mode, if anyone has any bids, they are lucky," a Turkish agent said.

Meanwhile, sell-side sentiment was slightly positive in their outlook for ferrous scrap prices once activity restarts. "No deals have been reported recently, but my understanding is that after the second election the market will rise. In the meantime, most of the mills will try to prevent the market from booming to accumulate some cash," a shortsea supplier said. "All the exporters have hiked their expectations recently, there are still six to eight cargos needed for June shipment, and I believe \$375-\$378/mt CFR should be workable for them," an EU trader said, reporting offers for US-origin HMS 1/2 (80:20) at \$380/mt CFR. However, the forward curve for Turkey scrap futures on the London Metal Exchange, which settles basis the Platts assessment monthly average, quite suddenly steepened its backwardation sharply over the May-August period, with weakness in the Chinese steel iron ore sentiment cascading into the market. The Platts 62% Fe Iron Ore Index was at \$97.35/dry mt CFR North China May 24, down \$5.05/dmt on the day, reaching a six month low. Market prices have remained sluggish amid thin liquidity and tepid buying interests from Chinese mills, according to sources, with trading activities seen as patchy as well. Platts assessed the LME May scrap contract at \$378.25/mt May 23, unchanged on the day, while the June contract was down \$9.50/mt on the day to \$366/mt. The July and August contracts were also down on the day to \$364/mt and \$359/mt, respectively. (Platts)

China HRC

The index fell by \$10/t yesterday (24.5.23) to US\$551/t, MTD US\$573.12/t.

Sentiment weakened further, with feedstock prices accelerating to drop and steel demand static. Some mills upped production in May after maintenance in April and Cisa member mills' crude steel output fell by just 0.24pc from 1-10 May to 2.2455mn t/d on 11-20 May. Participants were expecting sustained oversupply as steel demand looks set to weaken further with the onset of summer. An east China mill cut its offer by \$10/t to \$580/t fob China for SS400 HRC after Chinese physical and paper prices fell. Trading firms rushed to cut sales prices to \$525-535/t cfr Vietnam. But this failed to draw any deals. Vietnamese mill Formosa Ha Tinh cut its monthly SAE1006-grade offers to \$583-594/t cif Vietnam based on transaction quantity from \$620-623/t cif Vietnam announced on 17 May. (Argus)

Market Rates

Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	375.00	0.00	378.28
Steel Rebar FOB Turkey (\$/mt)	617.50	0.00	623.19
Argus HRC NW Europe (€/mt)	744.00	-13.00	777.50
Argus FOB China HRC (\$/mt)	551.00	-10.00	573.12
US HRC CRU	1076.00	-13.00	1116.00

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
May-23	375	385	380
Jun-23	370	380	375
Jul-23	375	385	380
Q3-23	375	385	380
Q4-23	360	370	365
Q1-24	355	365	360

US HRC USD/short ton			
	Bid	Ask	Value
May-23	1095	1105	1100
Jun-23	925	935	930
Jul-23	820	830	825
Q3-23	800	810	805
Q4-23	775	785	780
Q1-24	785	795	790

LME REBAR FOB TK			
	Bid	Ask	Value
May-23	620	630	625
Jun-23	595	605	600
Jul-23	575	585	580
Q3-23	580	590	585
Q4-23	580	590	585
Q1-24	580	590	585

NWE HRC EUR/metric ton			
	Bid	Ask	Value
May-23	745	755	750
Jun-23	665	675	670
Jul-23	620	630	625
Q3-23	615	625	620
Q4-23	615	625	620
Q1-24	610	620	615

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
May-23	565	575	570
Jun-23	540	550	545
Jul-23	530	540	535
Q3-23	530	540	535
Q4-23	535	545	540
Q1-24	535	545	540

BUSHELING			
	Bid	Ask	Value
Jun-23	495	505	500
Jul-23	470	480	475
Aug-23	460	470	465
Q3-23	465	475	470
Q4-23	445	455	450
Q1-24	450	460	455

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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	MAY 23	JUN 23	169	141	98	35	10	Tightened
	MAY 23	JUL 23	267	235	191	55	10	Tightened
	MAY 23	AUG 23	299	261	226	90	10	Tightened
	JUN 23	JUL 23	98	94	93	20	0	Tightened
	JUN 23	AUG 23	130	120	128	55	0	Tightened
	JUL 23	AUG 23	32	26	35	35	0	Tightened
EU HRC	MAY 23	JUN 23	95	71	65	0	0	Tightened
	MAY 23	JUL 23	130	105	96	15	-100	Tightened
	MAY 23	AUG 23	145	116	101	20	-50	Tightened
	JUN 23	JUL 23	35	34	31	15	-100	Tightened
	JUN 23	AUG 23	50	45	36	20	-50	Tightened
	JUL 23	AUG 23	15	11	5	5	50	Tightened
Mill Margin	JUN 23	JUN 23	420	455	493	465	330	Eased
	JUL 23	JUL 23	362	386	435	465	425	Eased
	SEP 23	SEP 23	330	375	396	425	425	Eased
Atlantic Spread (US-EU)	JUN 23	JUN 23	260	265	258	145	115	Eased
	JUN 23	JUN 23	260	265	258	145	115	Eased
	JUL 23	JUL 23	197	205	196	140	15	Eased
	AUG 23	AUG 23	180	190	166	110	65	Eased
ARC Spread (Rebar - Scrap)	MAY 23	MAY 23	244	238.5	232	299	285.5	Tightened
	JUN 23	JUN 23	222.5	236.5	227	307	286.5	Eased
	JUL 23	JUL 23	209.5	233	222.5	310.5	286.5	Eased
	AUG 23	AUG 23	222	228.5	220.5	313	280	Eased

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	1099	500	770	383	575	627	Current
	1096	500	761	379	570	617	T-1W
	1086	495	842	389	569	621	T-1M
	1070	570	783	470	672	769	T-3M
	740	410	638	373	567	634	T-6M
	925	585	1090	446	731	732	T-12M
	820	475	646	400	674	673	YTD

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