

# FIS Steel and Scrap Report

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## Turkish Scrap

Turkish deepsea import ferrous scrap prices rose May 26 as Turkish mills continued restocking with fresh deals heard from the US, the UK and the EU continent. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$385/mt CFR May 26, up \$5/mt day on day. The assessment was up around \$10/mt from the May 10-24 period, when the market remained rangebound around \$375/mt CFR. At least eight deepsea cargoes were heard by Platts to be booked over the week May 23-26 as Turkish mills bought cargoes for second half June shipment and began purchasing for July requirements. A US-origin deal was booked May 26 by an Iskenderun mill and was confirmed by both the buy side and the sell side. The cargo consisted of 14,000 mt of HMS 1/2 (90:10) at \$388/mt CFR, 14,000 mt of shredded scrap at \$405/mt CFR and 4,000 mt of P&S scrap at \$405/mt CFR. The premium HMS 1/2 (80:20) equivalent for the cargo was \$385/mt CFR, applying a \$20/mt discount to the price of the shredded scrap in the deal. A reported EU-origin deal was also heard to be booked May 26, with HMS 1/2 (80:20) at \$379/mt CFR Izmir but was not confirmed on the day. The premium HMS 1/2 (80:20) equivalent for the cargo was put at \$384/mt CFR. A reported UK-origin deal was also heard to be booked May 26, with HMS 1/2 (80:20) at \$385/mt CFR Turkey, but further details could not be obtained on the day, with market participants also questioning the repeatability of the deal, which would put premium HMS 1/2 (80:20) closer to \$390/mt CFR. Another UK-origin deal was booked May 25 by an Izmir mill consisting of HMS 1/2 (80:20) at \$378/mt CFR for second half June shipment. The deal was confirmed by the sell side.

“The mills started to pick up the pace midweek — now it is a bit of a panic mode,” a Turkish trader said, “We might see scrap heading for \$400/mt CFR if the macroeconomic conditions allow for it. However, there is a lot of caution with regard to overall economic risks.” The midmarket rate for the Turkish lira slid further during the week to May 26, falling to Lira 19.979 against the US dollar at 16:30 London time on May 26, depreciating from Lira 19.837 against the US dollar May 22, according to xe.com. “The market may recover after the second round of the presidential elections [on May 28], and when everyone returns on Monday we will check where the exchange rate is because that is the big question for everyone,” a Turkish mill source said. Near-term sell side sentiment also strengthened further on the day, with European suppliers citing slow collection and increased buyer interest in ferrous scrap imports. “Given the collection flow and prices, the price for EU-origin material should be \$390/mt CFR,” an EU recycler said. HMS collection prices for the Benelux region were heard at Eur305-310/mt delivered to the docks, while recyclers in the Baltic region were heard to target the lower levels of Eur285-295/mt delivered. “Sentiment is really bad in the European domestic market, so I don’t think prices will go up much further,” another EU recycler said. “I expect the Turkish mills will pull back once they’ve covered their needs in this round of buying.” (Platts)

## China HRC

The index fell by \$5/t yesterday (29.5.23) to US\$540/t, MTD US\$568.90/t. An east China-based mill cut its offer by \$15/t to \$565/t fob China for SS400 HRC given softer seaborne demand. Other major Chinese mills held offers unchanged at \$529-590/t fob China considering rising Chinese domestic sales prices. Trading firms were inviting bids at \$535-540/t cfr Vietnam. But only limited Vietnamese buyers expressed buying interest at \$520/t cfr Vietnam.

Vietnamese buyers lowered bids to \$565/t cfr Vietnam at most for SAE1006-grade coil produced by large-scale Chinese mills, while sellers cut sales prices to \$560-585/t cfr Vietnam. Some sellers were inducing bids at \$560/t cfr Vietnam for SAE-grade coil produced by an Indian mill but no deals were done, participants said. Japanese and South Korean mills cut their HRC offers to \$550-560/t fob, indicating global demand is weaker and more international mills will cut offers soon, they said. (Argus)

# Market Rates

<b>Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)</b>	385.00	5.00	378.75
<b>Steel Rebar FOB Turkey (\$/mt)</b>	622.50	0.00	623.11
<b>Argus HRC NW Europe (€/mt)</b>	739.75	0.00	773.31
<b>Argus FOB China HRC (\$/mt)</b>	540.00	-5.00	568.90
<b>US HRC CRU</b>	1076.00	-13.00	1116.00

<b>LME HMS 80:20 CFR TK</b>			
	<b>Bid</b>	<b>Ask</b>	<b>Value</b>
<b>May-23</b>	380	390	385
<b>Jun-23</b>	375	385	380
<b>Jul-23</b>	370	380	375
<b>Q3-23</b>	370	380	375
<b>Q4-23</b>	370	380	375
<b>Q1-24</b>	370	380	375

<b>US HRC USD/short ton</b>			
	<b>Bid</b>	<b>Ask</b>	<b>Value</b>
<b>May-23</b>	1090	1100	1095
<b>Jun-23</b>	920	930	925
<b>Jul-23</b>	815	825	820
<b>Q3-23</b>	800	810	805
<b>Q4-23</b>	775	785	780
<b>Q1-24</b>	755	765	760

<b>LME REBAR FOB TK</b>			
	<b>Bid</b>	<b>Ask</b>	<b>Value</b>
<b>May-23</b>	615	625	620
<b>Jun-23</b>	595	605	600
<b>Jul-23</b>	585	595	590
<b>Q3-23</b>	585	595	590
<b>Q4-23</b>	585	595	590
<b>Q1-24</b>	585	595	590

<b>NWE HRC EUR/metric ton</b>			
	<b>Bid</b>	<b>Ask</b>	<b>Value</b>
<b>May-23</b>	760	770	765
<b>Jun-23</b>	670	680	675
<b>Jul-23</b>	625	635	630
<b>Q3-23</b>	620	630	625
<b>Q4-23</b>	605	615	610
<b>Q1-24</b>	600	610	605

<b>LME HRC FOB TIANJIN CHINA USD/mt</b>			
	<b>Bid</b>	<b>Ask</b>	<b>Value</b>
<b>May-23</b>	570	580	575
<b>Jun-23</b>	550	560	555
<b>Jul-23</b>	550	560	555
<b>Q3-23</b>	545	555	550
<b>Q4-23</b>	530	540	535
<b>Q1-24</b>	525	535	530

<b>BUSHELING</b>			
	<b>Bid</b>	<b>Ask</b>	<b>Value</b>
<b>Jun-23</b>	500	510	505
<b>Jul-23</b>	470	480	475
<b>Aug-23</b>	460	470	465
<b>Q3-23</b>	465	475	470
<b>Q4-23</b>	445	455	450
<b>Q1-24</b>	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	174	156	114	24	10	Tightened
	MAY 23	JUL 23	276	259	189	103	10	Tightened
	MAY 23	AUG 23	296	285	221	148	10	Tightened
	JUN 23	JUL 23	102	103	75	79	0	Eased
	JUN 23	AUG 23	122	129	107	124	0	Eased
	JUL 23	AUG 23	20	26	32	45	0	Eased
EU HRC	MAY 23	JUN 23	95	90	70	-5	0	Tightened
	MAY 23	JUL 23	135	121	92	21	-100	Tightened
	MAY 23	AUG 23	165	135	105	26	-50	Tightened
	JUN 23	JUL 23	40	31	22	26	-100	Tightened
	JUN 23	AUG 23	70	45	35	31	-50	Tightened
	JUL 23	AUG 23	30	14	13	5	50	Tightened
Mill Margin	JUN 23	JUN 23	417	434	455	574	330	Eased
	JUL 23	JUL 23	355	361	415	555	425	Eased
	SEP 23	SEP 23	330	342	380	448	425	Eased
Atlantic Spread (US-EU)	JUN 23	JUN 23	252	259	235	268	115	Eased
	JUN 23	JUN 23	252	259	235	268	115	Eased
	JUL 23	JUL 23	190	187	182	215	15	Tightened
	AUG 23	AUG 23	200	175	163	175	65	Tightened
ARC Spread (Rebar - Scrap)	MAY 23	MAY 23	244	244	231	313.5	273.5	Unchanged
	JUN 23	JUN 23	220.5	229	233	311	277	Eased
	JUL 23	JUL 23	219	228	230	311	277	Eased
	AUG 23	AUG 23	220	231	229	318.5	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	505	770	384	575	625	Current
	1090	500	765	378	572	622	T-1W
	1069	500	841	387	570	618	T-1M
	1198	600	780	466	666	780	T-3M
	745	435	633	375	568	647	T-6M
	925	585	1103	449	735	723	T-12M
	820	475	646	400	674	673	YTD

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