

01/06/2023

Turkish Scrap

Turkish deepsea import ferrous scrap prices were unchanged May 31 as various market sources reported a widening gap between Turkish mill targets and recycler offers. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$385/mt CFR May 31, stable. A Baltic-origin deal was booked May 26 by a Marmara mill and comprised HMS 1/2 (80:20) at \$379/mt CFR. The deal was confirmed by the buy side. Various sources considered the deal to have a minimum of a \$5/mt discount to typical Baltic-origin HMS 1/2 (80:20) quality. The buy side continued to attempt to pressure recyclers with lower bids and a lack of fresh market activity on the day. "Sellers are trying to remain firm, but the buyers are pushing for lower, I doubt that higher scrap prices will be accepted by the mills, but we will see who wins the discussions," a Turkish mill source said. "There is not much room for any increase in scrap as there is no improvement in finished steel sales."

However, sell-side resolve remained resilient on the day, as an EU trader reported offers for EU-origin HMS 1/2 (80:20) at \$380- \$385/mt CFR, US-origin HMS 1/2 (80:20) at \$388-\$390/mt CFR and for Baltic-origin HMS 1/2 (80:20) at \$388-\$390/mt CFR before citing an indicative buyer tradable value for EU-origin HMS 1/2 (80:20) at around a minimum of \$380/mt CFR. "The mills still need 10 cargoes for June and July shipment, the mills are trying to bid at \$380/mt CFR but they will not find any material at these levels," a trading source said, citing their own official offer at \$395/mt CFR for Venezuela-origin material and a minimum workable level at \$390/mt CFR. The futures market reflected the lack of near-term consensus seen in the physical market. The forward curve for Turkey scrap futures contract on the London Metal Exchange, which settles basis of the Platts monthly average, saw a softening in its backwardated structure over the May-August period, highlighting that futures traders' near-term expectations of a downtrend were less firm. (Platts)

China HRC

The index fell by \$7/t yesterday (31.5.23) to US\$531/t, MTD US\$565.77/t. China's manufacturing industry's purchasing managers' index (PMI) was down by 0.4 points from 49.2 in April to 48.8 in May, National Bureau of Statistics (NBS) said on 31 May. The slip of the index was within expectations, showing steel demand weakened further in May from April.

An east China mill cut its offer by \$10-15/t to \$550-555/t fob China for SS400 HRC, although other major Chinese mills held offers unchanged. Trading firms cut offers further to \$525-530/t cfr Vietnam, netting back to around \$515-520/t fob China. Most seaborne buyers were silent as they feared a further price fall in the following days. A deal for Chinese SAE1006-grade coil was concluded at \$562/t cfr Vietnam this week, but no further details could be confirmed. But Vietnamese buyers could no longer accept that level as they can easily purchase SAE-grade coil at \$560/t from a local mill, participants said. (Argus)

Market Rates

Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	385.00	0.00	379.38
Steel Rebar FOB Turkey (\$/mt)	622.50	2.50	623.18
Argus HRC NW Europe (€/mt)	723.75	-8.25	768.76
Argus FOB China HRC (\$/mt)	531.00	-7.00	565.77
US HRC CRU	1076.00	-68.00	1094.40

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

US HRC USD/short ton			
	Bid	Ask	Value
Jun-23	930	940	935
Jul-23	800	810	805
Aug-23	785	795	790
Q3-23	785	795	790
Q4-23	770	780	775
Q1-24	785	795	790

LME REBAR FOB TK			
	Bid	Ask	Value
Jun-23	620	630	625
Jul-23	625	635	630
Aug-23	595	605	600
Q3-23	605	615	610
Q4-23	595	605	600
Q1-24	595	605	600

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jun-23	665	675	670
Jul-23	640	650	645
Aug-23	620	630	625
Q3-23	625	635	630
Q4-23	610	620	615
Q1-24	610	620	615

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jun-23	560	570	565
Jul-23	545	555	550
Aug-23	545	555	550
Q3-23	545	555	550
Q4-23	540	550	545
Q1-24	535	545	540

BUSHELING			
	Bid	Ask	Value
Jun-23	510	520	515
Jul-23	475	485	480
Aug-23	460	470	465
Q3-23	465	475	470
Q4-23	440	450	445
Q1-24	445	455	450

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com

Spread Moves

SPREAD TABLE								
Metal	Front Mth	Back Mth	Current	T-1w	T-1M	T-3M	T-12M	Tight/Eased T-1w
US HRC	JUN 23	JUL 23	129	100	84	79	0	Tightened
	JUN 23	AUG 23	143	131	118	109	0	Tightened
	JUN 23	SEP 23	150	141	146	138	0	Tightened
	JUL 23	AUG 23	14	31	34	30	0	Eased
	JUL 23	SEP 23	21	41	62	59	0	Eased
	AUG 23	SEP 23	7	10	28	29	0	Eased
EU HRC	JUN 23	JUL 23	20	45	22	0	-100	Eased
	JUN 23	AUG 23	45	50	35	5	-50	Eased
	JUN 23	SEP 23	45	55	50	25	-70	Eased
	JUL 23	AUG 23	25	5	13	5	50	Tightened
	JUL 23	SEP 23	25	10	28	25	30	Tightened
	AUG 23	SEP 23	0	5	15	20	-20	Eased
Mill Margin	JUN 23	JUN 23	415	441	464	554	331	Eased
	JUL 23	JUL 23	326	366	415	495	416	Eased
	SEP 23	SEP 23	325	335	378	426	416	Eased
Atlantic Spread (US-EU)	JUN 23	JUN 23	270	266	244	269	106	Tightened
	JUN 23	JUN 23	270	266	244	269	106	Tightened
	JUL 23	JUL 23	161	211	182	190	6	Eased
	AUG 23	AUG 23	172	185	161	165	56	Eased
ARC Spread (Rebar - Scrap)	JUN 23	JUN 23	241	218.5	233	310	280	Tightened
	JUL 23	JUL 23	230.5	225.5	230	311	280	Tightened
	AUG 23	AUG 23	225	225.5	229	310	280	Eased
	SEP 23	SEP 23	227.5	225	229	311	283.5	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME \$CRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	934	515	665	383	548	624	Current
	931	490	775	371	540	590	T-1W
	964	500	790	386	574	619	T-1M
	1139	585	845	465	660	775	T-3M
	757	435	640	374	576	652	T-6M
	906	575	920	441	744	721	T-12M
	827	475	646	397	674	668	YTD

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com