

FIS Steel and Scrap Report

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Turkish Scrap

Turkish deepsea import ferrous scrap prices remained largely rangebound June 6, as the market failed to break through the \$390/mt CFR target held by sellers. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$387/mt CFR June 6, down 50 cents/mt on day. A US-origin deal was booked on June 5 by an Izmir mill for first half of July shipment, with 20,000 mt of shredded scrap and 10,000 mt of bonus scrap at an average of \$407/mt CFR. The deal was confirmed by a sell-side source, who also shared an equivalent premium HMS 1/2 (80:20) price at \$387/mt CFR for the cargo. "PNS and bonus scrap appears to be the tightest grade of scrap in the US, so I would have expected more of a premium, but there is always a lack of consensus in the market before we find out the official US domestic settlement numbers, and that will be either today or tomorrow," a US recycler said, citing an indicative tradable value for US-origin HMS 1/2 (80:20) at \$385/mt CFR. Trading of June-delivered shredded scrap cargoes in the US domestic market had yet to start, as mini-mills in the Midwest had yet to announce formal bids. Some sources held expectations that June shredded scrap prices could drop by \$30- \$50/lt from May price levels in the Midwest. Offers for US-origin HMS 1/2 (80:20) were largely heard at above \$390/mt CFR Turkey. Meanwhile, an EU-recycler shared an indicative tradable value for Benelux-origin HMS 1/2 (80:20) at \$385-\$390/mt CFR, while an EU trader shared an indicative seller target at a minimum of \$395/mt CFR.

Exporters pointed to slow scrap collection rates and rising dock prices. A Baltic recycler shared HMS collection costs in the Baltic region at Eur305-Eur310/mt delivered to the docks, while HMS collection costs in the Benelux region were cited by one EU recycler to a minimum of Eur315/mt delivered. "I think prices will increase in the next day or two because Turkey still need July shipment cargoes," a Turkish mill source said, "but for now the level is \$387-\$388/mt CFR." Buyer interest was heard to be firm — bids for premium HMS 1/2 (80:20) were reported at \$389/mt CFR, but could not be confirmed, while a second mill source cited an indicative tradable value for US/Baltic-origin HMS 1/2 (80:20) at \$387-\$390/mt CFR. Some market participants suggested Turkish mills may try to secure further deepsea ferrous scrap cargoes before the Turkish lira weakens further against the US dollar, as has been widely expected. The midmarket rate for the Turkish lira continued to decline sharply during the week, falling to Lira 21.5215 against the US dollar at 16:30 London time on June 6, depreciating from Lira 20.8325 against the US dollar at the same time on June 1, according to xe.com. "To a certain degree, I am impressed at how steadily the Turkish lira is holding up against earlier expectations of Lira 25 against the US dollar within one week of the election, and the Turkish inflation print yesterday. It made it less of an immediate rush for [new economy mini. (Platts)]

China HRC

The index rose by \$2/t yesterday (6.6.23) to US\$538/t, MTD US\$535/t. Chinese major steel mills' output decreased by 6.68pc on 21-31 May from 11-20 May, and was down by 9.65pc from a year earlier on weak demand, China Iron and Steel Association said. Major Chinese mills lifted or kept offers flat at \$550-590/t fob China for SS400 HRC given firm domestic sales prices, with large mills reluctant to receive orders below \$570/t fob China. But most seaborne buyers were silent on bids as regional demand remained weak and they were uncertain about the sustainability of Chinese steel prices. Some buyers lifted bids by about \$10/t to the equivalent of \$520/t fob China, far below sellers' acceptable levels. Vietnamese mill Hoa Phat announced its monthly offers at \$566-568/t cif Vietnam for SS400 and SAE1006-grade coil for July and early August shipments. Those offers were much lower than the previous month's offers at \$611-612/t cif Vietnam, but still the lowest offers currently in the market especially after sellers lifted offers for Chinese coil at \$580/t cfr Vietnam for SAE-grade coil. (Argus)

Market Rates

| Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) | 387.50 | 0.00 | 386.75 |
|---|---------|--------|---------|
| Steel Rebar FOB Turkey (\$/mt) | 622.50 | 0.00 | 621.88 |
| Argus HRC NW Europe (€/mt) | 703.50 | -7.00 | 709.81 |
| Argus FOB China HRC (\$/mt) | 538.00 | 2.00 | 535.00 |
| US HRC CRU | 1008.00 | -68.00 | 1008.00 |

| LME HMS 80:20 CFR TK | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jun-23 | 380 | 390 | 385 |
| Jul-23 | 375 | 385 | 380 |
| Aug-23 | 370 | 380 | 375 |
| Q3-23 | 375 | 385 | 380 |
| Q4-23 | 370 | 380 | 375 |
| Q1-24 | 375 | 385 | 380 |

| US HRC USD/short ton | | | |
|----------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jun-23 | 925 | 935 | 930 |
| Jul-23 | 835 | 845 | 840 |
| Aug-23 | 830 | 840 | 835 |
| Q3-23 | 830 | 840 | 835 |
| Q4-23 | 800 | 810 | 805 |
| Q1-24 | 805 | 815 | 810 |

| LME REBAR FOB TK | | | |
|------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jun-23 | 610 | 620 | 615 |
| Jul-23 | 590 | 600 | 595 |
| Aug-23 | 580 | 590 | 585 |
| Q3-23 | 585 | 595 | 590 |
| Q4-23 | 585 | 595 | 590 |
| Q1-24 | 585 | 595 | 590 |

| NWE HRC EUR/metric ton | | | |
|------------------------|-----|-----|-------|
| | Bid | Ask | Value |
| Jun-23 | 685 | 695 | 690 |
| Jul-23 | 650 | 660 | 655 |
| Aug-23 | 630 | 640 | 635 |
| Q3-23 | 630 | 640 | 635 |
| Q4-23 | 645 | 655 | 650 |
| Q1-24 | 670 | 680 | 675 |

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

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

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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 | JUN 23 | JUL 23 | 85 | 129 | 84 | 107 | 0 | Eased |
| | JUN 23 | AUG 23 | 90 | 142 | 119 | 145 | 0 | Eased |
| | JUN 23 | SEP 23 | 103 | 154 | 143 | 155 | 0 | Eased |
| | JUL 23 | AUG 23 | 5 | 13 | 35 | 38 | 0 | Eased |
| | JUL 23 | SEP 23 | 18 | 25 | 59 | 48 | 0 | Eased |
| | AUG 23 | SEP 23 | 13 | 12 | 24 | 10 | 0 | Tightened |
| EU HRC | JUN 23 | JUL 23 | 27 | 31 | 25 | 10 | -100 | Eased |
| | JUN 23 | AUG 23 | 20 | 41 | 30 | 15 | -50 | Eased |
| | JUN 23 | SEP 23 | 57 | 45 | 30 | 34 | -70 | Tightened |
| | JUL 23 | AUG 23 | -7 | 10 | 5 | 5 | 50 | Eased |
| | JUL 23 | SEP 23 | 30 | 14 | 5 | 24 | 30 | Tightened |
| | AUG 23 | SEP 23 | 37 | 4 | 0 | 19 | -20 | Tightened |
| Mill Margin | JUN 23 | JUN 23 | 410 | 419 | 444 | 560 | 375 | Eased |
| | JUL 23 | JUL 23 | 360 | 330 | 395 | 473 | 410 | Tightened |
| | SEP 23 | SEP 23 | 362 | 320 | 356 | 425 | 410 | Tightened |
| Atlantic Spread (US-EU) | JUN 23 | JUN 23 | 248 | 269 | 269 | 280 | 100 | Eased |
| | JUN 23 | JUN 23 | 248 | 269 | 269 | 280 | 100 | Eased |
| | JUL 23 | JUL 23 | 190 | 171 | 210 | 183 | 0 | Tightened |
| | AUG 23 | AUG 23 | 178 | 168 | 180 | 150 | 50 | Tightened |
| ARC Spread (Rebar - Scrap) | JUN 23 | JUN 23 | 223.5 | 230 | 227 | 303.5 | 298.5 | Eased |
| | JUL 23 | JUL 23 | 221.5 | 230 | 222 | 309.5 | 299 | Eased |
| | AUG 23 | AUG 23 | 220 | 228 | 227.5 | 305.5 | 299 | Eased |
| | SEP 23 | SEP 23 | 213 | 222.5 | 214 | 307 | 283.5 | Eased |

Front Month Price Grid

| Field | US HRC | US BUS | NW EUR HRC | LME SCRAP TK | LME HRC FOB | LME REBAR TK | TimeFrame |
|-------|--------|--------|------------|--------------|-------------|--------------|-----------|
| PRICE | 935 | 520 | 687 | 387 | 552 | 615 | Current |
| | 934 | 515 | 771 | 378 | 548 | 608 | T-1W |
| | 954 | 510 | 750 | 368 | 565 | 595 | T-1M |
| | 1150 | 590 | 847 | 459 | 676 | 762 | T-3M |
| | 755 | 426 | 637 | 378 | 578 | 668 | T-6M |
| | 900 | 525 | 890 | 423 | 747 | 722 | T-12M |
| | 827 | 475 | 646 | 397 | 674 | 668 | YTD |

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