

# FIS Steel and Scrap Report

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**12/06/2023**

## Turkish Scrap

Turkish deepsea import ferrous scrap prices remained largely rangebound as further US-origin bookings were heard. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$389.50/mt CFR June 9, down 50 cents/mt on the day. A US-origin deal was booked June 9 by an Iskenderun mill for early August shipment and was confirmed by the buy-side. The cargo consisted of 20,000 mt of shredded scrap and 10,000mt of bonus scrap at an average price of \$410/mt CFR. The buyer shared an indicative premium HMS 1/2 (80:20) equivalent for this deal at \$390/mt CFR. A second reported US-origin deal was also heard to be booked on June 8-9 by a Marmara mill, with HMS 1/2 (90:10) at \$391/ mt CFR and was considered to normalize to a premium HMS 1/2 (80:20) equivalent of \$389/mt CFR. The above deals averaged to a premium HMS 1/2 (80:20) equivalent of \$389.50/mt CFR. Chatter of a further US-origin deal booked with HMS 1/2 (80:20) at \$392/mt CFR could not be confirmed, and no further details were reported. An older Baltic-origin deal booked on June 7 by an Iskenderun mill for mid-July shipment which was confirmed by the sell-side. The cargo consisted of 23,000mt of HMS 1/2 (80:20) at \$389/mt CFR and 1,000mt of bonus scrap at \$409/mt CFR. Recent deals and indications for Baltic-origin and Benelux-origin HMS 1/2 (80:20) have been heard at similar or higher levels compared to US-origin HMS 1/2 (80:20), when normalized to premium HMS 1/2 (80:20).

Market participants attributed this to increased collection costs for European exporters, elevating minimum Benelux and Baltic seller workable values, while weakness in the US domestic scrap market meant Turkish mills could resist higher offers from recyclers in that region. US domestic ferrous scrap prices were again under continued pressure on June 8 as negotiations continued for June-delivered volumes, with the market seeing plenty of supply and “smallish” buying programs from the mills for this month. Platts assessed shredded scrap prices in the Midwest \$40 lower to \$430/lt delivered on June 8, but market participants expect the full drop of \$60 month on month to stick in the Midwest when settlements are finalized. “The Turkish mills are doing a good job of playing the weakness in the US market,” a Turkish trader said, citing an indicative tradable value for US/Baltic-origin HMS 1/2 (80:20) at \$389-\$390/mt CFR.

HMS collection costs in the Benelux region were reported at as high as Eur330/mt delivered to the docks, while Baltic collection costs were heard at Eur315/mt delivered. “If you consider the domestic collection prices and domestic mills’ price levels, then \$375/mt CFR into Turkey would be workable, but for whatever speculative reason there has been a price increase in the dock prices for exporters to a minimum of Eur325-330/mt delivered, so the minimum price we can sell at to Turkey is \$390-\$395/mt CFR... but it doesn’t make sense,” an EU recycler said. “It’s odd at the moment – there is a perception that the US market is cheaper than the European one [for HMS 1/2 (80:20)], but most of the trades we’re hearing are from the Benelux/Baltic sellers. I suspect we will see sales for US-origin HMS 1/2 (80:20) at \$392-\$394/mt CFR soon and then sales at the same level from Europe shortly after,” a UK trader said. Various market participants, including two agent sources, four Turkish mill sources, an EU recycler a Baltic recycler and three traders shared tradable value indications for US/Baltic/Beneluxorigin HMS 1/2 (80:20) which were largely clustered around \$390/mt CFR. (Platts)

## China HRC

The index rose by \$1/t last Friday (9.6.23) to US\$541/t, MTD US\$538/t. Chinese domestic prices rose on expectations that Beijing may announce new stimulus policies following a politburo meeting next month. China's auto vehicle sales rose by 9.4pc in May from April while May automotive production was up by 10.3pc from a month earlier, the China Association of Automobile Manufacturers said. The rise in auto sales and production strengthened steel market sentiment.

Trading firms lifted sales prices or offers by around \$5/t to equivalent of \$540-550/t fob China for SS400 HRC after prices rose in Chinese physical and paper markets. Major Chinese mills held offers flat at \$550-590/t fob China. Large mills were reluctant to take orders below \$570/t cfr Vietnam for SAE1006-grade coil, while most Vietnamese buyers could not accept prices above \$565/t cfr Vietnam. (Argus)

# Market Rates

Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	389.50	-0.50	388.07
Steel Rebar FOB Turkey (\$/mt)	625.00	2.50	622.50
Argus HRC NW Europe (€/mt)	681.25	0.00	699.21
Argus FOB China HRC (\$/mt)	541.00	1.00	538.00
US HRC CRU	987.00	-21.00	1008.00

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jun-23	385	395	390
Jul-23	375	385	380
Aug-23	375	385	380
Q3-23	375	385	380
Q4-23	375	385	380
Q1-24	380	390	385

US HRC USD/short ton			
	Bid	Ask	Value
Jun-23	925	935	930
Jul-23	845	855	850
Aug-23	835	845	840
Q3-23	835	845	840
Q4-23	805	815	810
Q1-24	810	820	815

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

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jun-23	675	685	680
Jul-23	630	640	635
Aug-23	630	640	635
Q3-23	630	640	635
Q4-23	620	630	625
Q1-24	630	640	635

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

BUSHELING			
	Bid	Ask	Value
Jul-23	460	470	465
Aug-23	450	460	455
Sep-23	450	460	455
Q3-23	455	465	460
Q4-23	450	460	455
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	75	107	98	116	0	Eased
	JUN 23	AUG 23	86	122	133	143	0	Eased
	JUN 23	SEP 23	102	128	152	165	0	Eased
	JUL 23	AUG 23	11	15	35	27	0	Eased
	JUL 23	SEP 23	27	21	54	49	0	Tightened
	AUG 23	SEP 23	16	6	19	22	0	Tightened
EU HRC	JUN 23	JUL 23	35	35	44	6	-100	Unchanged
	JUN 23	AUG 23	30	40	49	11	-50	Eased
	JUN 23	SEP 23	45	50	49	28	-70	Eased
	JUL 23	AUG 23	-5	5	5	5	50	Eased
	JUL 23	SEP 23	10	15	5	22	30	Eased
	AUG 23	SEP 23	15	10	0	17	-20	Tightened
Mill Margin	JUN 23	JUN 23	427	425	443	615	395	Tightened
	JUL 23	JUL 23	377	358	375	519	430	Tightened
	SEP 23	SEP 23	360	362	346	475	430	Eased
Atlantic Spread (US-EU)	JUN 23	JUN 23	252	260	259	315	120	Eased
	JUN 23	JUN 23	252	260	259	315	120	Eased
	JUL 23	JUL 23	212	188	205	205	20	Tightened
	AUG 23	AUG 23	196	178	175	183	70	Tightened
ARC Spread (Rebar - Scrap)	JUN 23	JUN 23	217.5	226.5	243	311.5	295	Eased
	JUL 23	JUL 23	213	218	238	314.5	293	Eased
	AUG 23	AUG 23	209	216	244	322	293	Eased
	SEP 23	SEP 23	213	215	240	315.5	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	928	511	682	392	540	616	Current
	945	520	685	388	550	615	T-1W
	948	505	762	370	560	613	T-1M
	1195	580	842	457	688	769	T-3M
	772	435	630	387	591	668	T-6M
	920	525	880	418	754	713	T-12M
	827	475	646	397	674	668	YTD

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