

15/06/2023

Turkish Scrap

Turkish deepsea import ferrous scrap prices inched down further on June 14 on a confirmed Baltic sale this week, while market participants expected limited activity until a Turkish interest rate announcement on June 22. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$387/mt CFR June 14, down \$2/mt on day. A Baltic-origin deal was booked by a Marmara mill on June 12, and consisted of 10,000 mt of HMS 1/2 (80:20) at \$387/mt CFR, as well as 8,000mt of shredded scrap and 6,500 mt of bonus scrap both priced at \$407/mt CFR. The deal was confirmed by the sell side. Various sources also reported an offer for US-origin HMS 1/2 (80:20) at \$385/mt CFR but suggested the material on offer was below the usual quality of US-origin HMS 1/2 (80:20). "The Turkish mills are winning this battle, but I cannot understand why the US seller is panicking this early," a trader said. "The US sellers aren't panicking," a US recycler said, attributing the current relatively lower US-origin offers into Turkey on a HMS 1/2 (80:20) basis due to the higher proportion of HMS 1/2 (80:20) in the cargo and subsequently lower proportions of shredded scrap, bonus scrap and PNS. The US recycler pointed to the sharply wider differential in the US domestic market between HMS 1/2 and shredded scrap, which is encouraging US recyclers to sell greater volumes of higher Fe-yield grades of scrap to the domestic market than to export.

So far in 2023, the Platts US Midwest delivered shredded scrap assessment was on average \$94.46/lt above the Platts HMS 1/2 North American delivered mill assessment, as of June 13, while in 2022 the shredded scrap premium over HMS was just over \$100/lt. The shredded-HMS spread has widened significantly from 2021, when it averaged \$47.10/lt, and from 2020 when it averaged \$26.68/lt, highlighting the stronger US domestic demand for higher quality scrap grades amid new EAF-based crude steel production capacity installations in recent years. Near-term direction in the Turkish market was still up for debate among market participants, with strength in the Chinese markets and slower scrap collection being pitted against bearish factors such as Egyptian scrap buying interest weakening and Turkish finished steel sales softening. "The market is in a perfect balance at the moment, Chinese sentiment has made the market a little bullish, but Egypt aren't importing much scrap and Turkish finished steel sales are not good," an agent source said. "Nobody knows exactly what will happen, and everyone is waiting for the government interest rate decision." The Turkish Central Bank is expected to announce a significant hike in interest rates on June 22. Market participants expect the announcement to help to settle the volatility experienced by the Turkish lira in recent weeks. "Prices in the domestic rebar market are under pressure, deals were happening at \$655/mt EXW at the start of the week, but now activity is silent, and the offers are more complicated," a Turkish mill source said, citing buyer targets for premium HMS 1/2 (80:20) at below \$387/mt CFR. A second Turkish mill source also shared a maximum buyer target at \$385/mt CFR amid the slowdown in their domestic rebar market. Elsewhere, two Baltic recyclers shared HMS collection prices in the region at Eur310-315/mt delivered to the docks on the day. (Platts)

China HRC

The index rose by \$5/t yesterday (14.6.23) to US\$550/t, MTD US\$540.44/t. Sentiment remained positive as four steel mills in Qinhuangdao city in Hebei province were asked to cut sintering output from 14-19 June to reduce pollution, participants said. But the steel production increase in early June made some participants cautious. Output from China's [major steel increased by 6.48pc from 21-31 May](#), the China Iron and Steel Association said. A large Chinese mill sold around 10,000t of SS400 HRC at \$550/t fob China to the Middle East this week for August shipment. Another Chinese mill sold SS400 HRC at \$555/t fob China to southeast Asian countries last week, with no details being confirmed. Seaborne buyers were silent in other countries, with major Chinese mills holding offers unchanged at \$565-590/t fob China. A large Chinese mill sold about 30,000t of HRC at a base level of \$550/t fob China to Vietnam this week. Some other Chinese mills also sold HRC at about the same level, Vietnamese market participants said, adding that around 90,000-120,000t of Chinese HRC were sold into Vietnam this week. Vietnamese buyers lifted bids to \$570/t cfr Vietnam for SAE1006-grade coil. (Argus)

Market Rates

Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	387.00	-2.00	388.20
Steel Rebar FOB Turkey (\$/mt)	622.50	-2.50	622.75
Argus HRC NW Europe (€/mt)	668.25	11.75	692.38
Argus FOB China HRC (\$/mt)	550.00	5.00	540.44
US HRC CRU	939.00	-48.00	1008.00

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

US HRC USD/short ton			
	Bid	Ask	Value
Jun-23	920	930	925
Jul-23	865	875	870
Aug-23	860	870	865
Q3-23	860	870	865
Q4-23	825	835	830
Q1-24	820	830	825

LME REBAR FOB TK			
	Bid	Ask	Value
Jun-23	615	625	620
Jul-23	595	605	600
Aug-23	595	605	600
Q3-23	595	605	600
Q4-23	590	600	595
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	625	635	630
Q1-24	635	645	640

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jun-23	555	565	560
Jul-23	565	575	570
Aug-23	565	575	570
Q3-23	565	575	570
Q4-23	560	570	565
Q1-24	555	565	560

BUSHELING			
	Bid	Ask	Value
Jul-23	475	485	480
Aug-23	465	475	470
Sep-23	460	470	465
Q3-23	465	475	470
Q4-23	460	470	465
Q1-24	475	485	480

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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	65	63	98	107	0	Tightened
	JUN 23	AUG 23	56	83	132	147	0	Eased
	JUN 23	SEP 23	69	91	143	163	0	Eased
	JUL 23	AUG 23	-9	20	34	40	0	Eased
	JUL 23	SEP 23	4	28	45	56	0	Eased
	AUG 23	SEP 23	13	8	11	16	0	Tightened
EU HRC	JUN 23	JUL 23	33	31	25	20	-100	Tightened
	JUN 23	AUG 23	35	36	41	25	-50	Eased
	JUN 23	SEP 23	30	36	50	30	-70	Eased
	JUL 23	AUG 23	2	5	16	5	50	Eased
	JUL 23	SEP 23	-3	5	25	10	30	Eased
	AUG 23	SEP 23	-5	0	9	5	-20	Eased
Mill Margin	JUL 23	JUL 23	377	394	370	495	385	Eased
	AUG 23	AUG 23	396	383	351	455	385	Tightened
	SEP 23	SEP 23	393	381	345	444	385	Tightened
Atlantic Spread (US-EU)	JUL 23	JUL 23	215	215	175	215	-25	Unchanged
	JUN 23	JUN 23	247	247	248	302	75	Unchanged
	JUL 23	JUL 23	215	215	175	215	-25	Unchanged
	AUG 23	AUG 23	226	200	157	180	25	Tightened
ARC Spread (Rebar - Scrap)	JUN 23	JUN 23	230.5	229.5	229	292	297	Tightened
	JUL 23	JUL 23	217	220	235	302	297	Eased
	AUG 23	AUG 23	210	221	236	298.5	297	Eased
	SEP 23	SEP 23	209	213	230	308.5	283.5	Eased

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME \$CRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	923	480	675	389	560	621	Current
	928	471	681	388	540	618	T-1W
	943	475	762	375	572	604	T-1M
	1162	560	832	455	691	747	T-3M
	815	450	658	385	601	661	T-6M
	875	490	885	381	712	678	T-12M
	827	475	646	397	674	668	YTD

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