

19/07/2023

Turkish Scrap

Turkish deepsea import ferrous scrap prices slid further July 18 as mill targets dropped amid rumors of production cuts and a weaker Turkish lira, sources said. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$362.50/mt CFR July 18, down \$2.50/mt on day. Market chatter of a US-origin deal to a Marmara mill, with HMS 1/2 (80:20) at \$355/mt CFR, was heard late July 18 after the 4.30 pm UK pricing deadline but was not confirmed. Buyer targets fell to \$350-\$355/mt CFR for several Turkish mills as finished steel sales remained slow, with further weakness in the Turkish lira prompting a Lira 400-500/mt hike in liradenominated domestic rebar offers to Lira 18,500-18,700/mt EXW including 20% VAT, and subsequent limited trade activity. Platts assessed Turkish exported rebar at \$572.50/mt FOB on July 18, down \$7.50/mt on day, and down \$17.50/mt since July 11, just one week prior. The outright CFR Turkey scrap-FOB Turkey rebar spread returned to its two-year low of \$210/mt on July 18, down from \$215/mt on July 17, according to data from S&P Global Commodity Insights.

“There is no demand in our industry, and the [finished steel] sales numbers are poor, so the scrap market is also very quiet, and I think this will continue,” a Turkish mill source said, citing an indicative tradable value for US/Baltic-origin HMS 1/2 (80:20) at \$360/mt CFR. Market participants expect the Turkish central bank to hike the key interest rate by 500 basis points to 20%. The expectations of a modest rate hike caused the mid-market rate of the Turkish Lira to weaken to Lira 26.9209 against the dollar at 16:30 pm London time July 18, depreciating from Lira 26.3453 against the dollar on day, according to xe.com. “It looks like a freefall in the scrap markets,” an agent source said. “The decline will only stop when the sellers cannot make any further decreases, and we will not know where this level is until a new deal comes out.” The agent source cited indicative tradable values for US/Baltic/ EU-origin HMS 1/2 (80:20) at \$364/\$360/\$358/mt CFR, respectively. “For long steel producers, the situation is worse — I mean stop-pages,” a second mill source said. “For flat steel producers, it would be capacity cuts only.”

Meanwhile, dock prices in the US were expected to drop by \$15/lt to \$265-\$270/lt delivered to the docks on the East Coast during the week to July 21, with the sentiment expected to give US recyclers room to reduce their export offers into Turkey, which were reported at \$370/mt CFR. “I’m surprised that dock prices in the US are dropping this fast,” a trader said, adding that “360/mt CFR [for premium HMS 1/2 (80:20)] is a stretch, but someone will cave.” Elsewhere, European recyclers continued to report their absence from the market under current market conditions and Turkish buyer targets, describing the market as unworkable for them. “At the moment there is no workable level for European exporters,” an EU recycler said. “Many of us are not willing to sell. There are problems collecting material at the docks, and it is too expensive to sell at \$350-\$360/mt CFR as the Turkish mills want.” HMS collection prices were shared at a wide range of Eur270- 285/mt delivered to the docks in the European region, which a recycler said would imply a breakeven cost for European exporters at \$350/mt CFR if collection at Eur270/mt delivered to the docks was achieved. (Platts)

Market Rates

Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	362.50	-2.50	372.38
Platts Steel Rebar FOB Turkey (\$/mt)	572.50	-7.50	591.67
US HRC CRU	885.00	5.00	882.50

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jul-23	365	375	370
Aug-23	355	365	360
Sep-23	355	365	360
Q3-23	355	365	360
Q4-23	355	365	360
Q1-24	360	370	365

US HRC USD/short ton			
	Bid	Ask	Value
Jul-23	885	895	890
Aug-23	925	935	930
Sep-23	910	920	915
Q3-23	905	915	910
Q4-23	820	830	825
Q1-24	820	830	825

LME REBAR FOB TK			
	Bid	Ask	Value
Jul-23	570	580	575
Aug-23	565	575	570
Sep-23	585	595	590
Q3-23	575	585	580
Q4-23	565	575	570
Q1-24	570	580	575

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jul-23	650	660	655
Aug-23	650	660	655
Sep-23	650	660	655
Q3-23	650	660	655
Q4-23	660	670	665
Q1-24	660	670	665

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

BUSHELING			
	Bid	Ask	Value
Aug-23	455	465	460
Sep-23	455	465	460
Oct-23	470	480	475
Q4-23	470	480	475
Q1-24	470	480	475
Q2-24	470	480	475

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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	JUL 23	AUG 23	-41	-81	-19	39	0	Tightened
	JUL 23	SEP 23	-25	-44	1	68	0	Tightened
	JUL 23	OCT 23	33	16	6	90	0	Tightened
	AUG 23	SEP 23	16	37	20	29	0	Eased
	AUG 23	OCT 23	74	97	25	51	0	Eased
	SEP 23	OCT 23	58	60	5	22	0	Eased
EU HRC	JUL 23	AUG 23	-22	-5	-2	20	50	Eased
	JUL 23	SEP 23	-17	-10	-9	25	30	Eased
	JUL 23	OCT 23	-7	-19	-9	30	145	Tightened
	AUG 23	SEP 23	5	-5	-7	5	-20	Tightened
	AUG 23	OCT 23	15	-14	-7	10	95	Tightened
	SEP 23	OCT 23	10	-9	0	5	115	Tightened
Atlantic Spread (US-EU)	JUL 23	JUL 23	234	236	260	189	-3	Eased
	AUG 23	AUG 23	253	312	277	170	47	Eased
	SEP 23	SEP 23	242	270	250	146	27	Eased
	OCT 23	OCT 23	194	201	245	129	142	Eased
ARC Spread (Rebar - Scrap)	JUL 23	JUL 23	205	208.5	208.5	236.5	278	Eased
	AUG 23	AUG 23	206.5	210	208	242.5	278	Eased
	SEP 23	SEP 23	203	203	210	243.5	278	Unchanged
	OCT 23	OCT 23	207	206.5	207	242.5	263.5	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	887	460	653	372	548	575	Current
	896	460	660	374	549	583	T-1W
	896	475	680	380	555	588	T-1M
	939	485	843	410	595	647	T-3M
	815	470	730	419	663	682	T-6M
	897	490	811	372	635	650	T-12M
	829	475	646	394	676	663	YTD

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