

FIS Steel and Scrap Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

31/07/2023

Turkish Scrap

Turkish deepsea import ferrous scrap prices fell slightly July 28, with market talk of a significant increase in electricity prices weighing on buy-side sentiment on the day. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$350.25/mt CFR on July 28, down \$1.75/mt on the day. Indicative workable values for premium HMS 1/2 (80:20) were mostly clustered around \$350/mt CFR on the day, in line with normalization of two deals booked July 27 that reflected market value July 28. An EU-origin deal was booked July 27 by a Marmara mill with 21,000 mt of HMS 1/2 (80:20) at \$346/mt CFR and 5,000 mt of bonus scrap at \$366/mt CFR for early September shipment. The deal was confirmed July 28 and Platts normalized the cargo to a premium HMS 1/2 (80:20) equivalent of \$351/mt CFR. A Baltic-origin deal was also booked July 27 by an Izmir mill with HMS 1/2 (80:20) at \$349.50/mt CFR for August shipment. The deal was confirmed July 28 and the material was considered reflective of premium HMS 1/2 (80:20). The average of the two deals, when normalized to premium HMS 1/2 (80:20), was \$350.25/mt CFR. "The US recyclers will try to hold prices around \$350-\$352/mt CFR and I think there will be stabilization at these levels until the mills start booking September shipments after Aug. 15," a Turkish trader said.

Price expectations for US domestic scrap settlement in August have been uncertain, with some market participants expecting a \$15-\$20/mt price correction for HMS and shredded scrap and others anticipating stable prices on the month. The daily Platts TSI US Midwest Shredded Scrap Index was assessed at \$390/lb on a delivered basis July 27, unchanged from July 26. A scrap trader in the northeast and a scrap dealer in the Midwest said they expected August-delivered shredded scrap prices to eventually settle higher from July price levels, although mini mills could make initial bids and keep prices unchanged month on month. There were rumors of electricity price hikes from Aug. 1, with an increase in the 50%-70% range, that could prompt mills to bring forward planned maintenance and cut production, market participants said. The rumored increase in energy costs could add an extra \$20/mt to the scrap-to-rebar conversion cost, which market participants said currently stood anywhere between \$200/mt to above \$220/mt, depending on the mill. Platts assessed Turkish exported rebar at \$557.50/mt FOB on July 28, down \$2.50/mt on the day.

Platts assessed the outright CFR Turkey scrap-FOB Turkey rebar spread at a fresh two-year low of \$207.25/mt on July 28, down from \$208/mt on July 27. "The increase in energy prices has not been [formally] announced, but when it is official, we will hear more news of stoppages. The future is not so bright unfortunately," a Turkish mill source said. "It seems there will be a huge reduction in production in August and lots of stoppages, there must be hardly any more need for August shipments [of scrap] anymore," a UK trader also said. A second Turkish trader said, "it seems US/Baltic-origin HMS 1/2 (80:20) is around \$350/mt CFR today, but we will have to see the effect of the upcoming electricity tariff hike and whether the recyclers will crumble to the pressure of the mills afterward." (Platts)

Market Rates

Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	350.25	-1.75	364.34
Platts Steel Rebar FOB Turkey (\$/mt)	557.50	-2.50	580.58
US HRC CRU	871.00	48.00	864.75

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Jul-23	360	370	365
Aug-23	355	365	360
Sep-23	360	370	365
Q3-23	360	370	365
Q4-23	365	375	370
Q1-24	370	380	375

US HRC USD/short ton			
	Bid	Ask	Value
Aug-23	820	830	825
Sep-23	800	810	805
Oct-23	790	800	795
Q4-23	785	795	790
Q1-24	800	810	805
Q2-24	815	825	820

LME REBAR FOB TK			
	Bid	Ask	Value
Jul-23	575	585	580
Aug-23	560	570	565
Sep-23	565	575	570
Q3-23	565	575	570
Q4-23	570	580	575
Q1-24	570	580	575

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Jul-23	650	660	655
Aug-23	645	655	650
Sep-23	650	660	655
Q3-23	650	660	655
Q4-23	650	660	655
Q1-24	670	680	675

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Jul-23	545	555	550
Aug-23	575	585	580
Sep-23	580	590	585
Q3-23	565	575	570
Q4-23	580	590	585
Q1-24	575	585	580

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

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	AUG 23	SEP 23	17	13	37	28	0	Tightened
	AUG 23	OCT 23	32	39	93	43	0	Eased
	AUG 23	NOV 23	41	48	117	53	0	Eased
	SEP 23	OCT 23	15	26	56	15	0	Eased
	SEP 23	NOV 23	24	35	80	25	0	Eased
	OCT 23	NOV 23	9	9	24	10	0	Unchanged
EU HRC	AUG 23	SEP 23	4	12	-13	13	50	Eased
	AUG 23	OCT 23	-1	8	-18	28	30	Eased
	AUG 23	NOV 23	-1	-6	-18	23	145	Tightened
	SEP 23	OCT 23	-5	-4	-5	15	-20	Eased
	SEP 23	NOV 23	-5	-18	-5	10	95	Tightened
	OCT 23	NOV 23	0	-14	0	-5	115	Tightened
Atlantic Spread (US-EU)	AUG 23	AUG 23	171	201	248	163	60	Eased
	SEP 23	SEP 23	149	184	206	150	40	Eased
	OCT 23	OCT 23	134	144	150	130	155	Eased
	NOV 23	NOV 23	120	137	126	125	155	Eased
ARC Spread (Rebar - Scrap)	JUL 23	JUL 23	218.5	205	218	230	282	Tightened
	AUG 23	AUG 23	211	201.5	214	229	282	Tightened
	SEP 23	SEP 23	217	202	209.5	229	282	Tightened
	OCT 23	OCT 23	194.5	199	209	228.5	263.5	Eased

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME \$CRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	824	465	654	362	550	581	Current
	843	470	654	365	547	570	T-1W
	918	465	672	374	544	592	T-1M
	848	465	841	388	577	618	T-3M
	790	470	723	429	649	693	T-6M
	910	485	812	346	652	628	T-12M
	824	475	646	394	676	663	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