

FIS Steel and Scrap Report

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

02/08/2023

Turkish Scrap

Turkish deepsea import ferrous scrap prices were unchanged Aug. 1, as the market digested the announcement of no change in energy prices for the month of August. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$350.25/mt CFR Aug. 1, unchanged on day. State gas distributor Botas announced on Aug.1 that there would be no energy price hike until at least the end of August. "The news is very good for the mills, it would have been very damaging if production costs increased," a Turkish mill source said. "But the market is still really quiet now, so it is too early to tell what the effect of no energy price hike will be." Indicative tradable values for premium HMS 1/2 (80:20) were mostly shared between \$348-\$355/mt CFR on the day, and market sources largely reported that the market was unchanged on the day. The next step in price direction was mixed among market participants as the market stabilized, with some sources anticipating slight declines in import HMS 1/2 (80:20) prices due to a lack of rebar sales both domestically and in the export market. "If Turkey wants to compete for sales of rebar to the European market, scrap prices have got to decline some more.

Right now, the mills are only really managing sales to Israel and Yemen at current prices, but if we want to get the market moving, we have to be more competitive," a Turkish mill source said. Platts assessed Turkish exported rebar at \$552.50/mt FOB Aug. 1, down \$5/mt on day and down \$7.50/mt from \$560/mt FOB July 25, just one week earlier. "Regarding the market situation in the near-term, we cannot make a prediction. The recyclers are not offering [into Turkey] because they want to keep the prices up but they cannot wait for long because alternative markets are quiet," an agent source said. "This week will be quiet, but the Turkish markets can change at any time," the agent source added, citing indicative tradable values for EU-origin HMS 1/2 (80:20) at \$346-\$347/mt CFR and for US/Baltic-origin material at \$348-\$350/mt CFR.

While European offers into Turkey were heard to be limited, other market participants continued to share indicative tradable values for EU-origin HMS 1/2 (80:20) at \$345/mt CFR on the day, which Platts normalized to a premium HMS 1/2 (80:20) equivalent of \$350/mt CFR. However, an EU recycler said that demand from alternative markets at more attractive prices was beginning to dissuade European recyclers from offering into Turkey. "The Asian markets are paying a lot more than the Turkish mills are willing to pay, so we have not even been considering selling to Turkey," an EU recycler said, saying that they felt \$345/ mt CFR was not workable for them. (Platts)

Market Rates

Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt)	350.25	0.00	350.25
Platts Steel Rebar FOB Turkey (\$/mt)	557.50	-5.00	552.50
US HRC CRU	871.00	48.00	864.75

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Aug-23	355	365	360
Sep-23	360	370	365
Oct-23	365	375	370
Q4-23	365	375	370
Q1-24	370	380	375
Q2-24	370	380	375

US HRC USD/short ton			
	Bid	Ask	Value
Aug-23	810	820	815
Sep-23	775	785	780
Oct-23	765	775	770
Q4-23	765	775	770
Q1-24	775	785	780
Q2-24	790	800	795

LME REBAR FOB TK			
	Bid	Ask	Value
Aug-23	560	570	565
Sep-23	570	580	575
Oct-23	565	575	570
Q4-23	565	575	570
Q1-24	565	575	570
Q2-24	570	580	575

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Aug-23	645	655	650
Sep-23	650	660	655
Oct-23	650	660	655
Q4-23	650	660	655
Q1-24	670	680	675
Q2-24	665	675	670

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Aug-23	565	575	570
Sep-23	575	585	580
Oct-23	575	585	580
Q4-23	580	590	585
Q1-24	580	590	585
Q2-24	575	585	580

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

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	36	10	37	26	0	Tightened
	AUG 23	OCT 23	47	30	93	42	0	Tightened
	AUG 23	NOV 23	47	45	117	56	0	Tightened
	SEP 23	OCT 23	11	20	56	16	0	Eased
	SEP 23	NOV 23	11	35	80	30	0	Eased
	OCT 23	NOV 23	0	15	24	14	0	Eased
EU HRC	AUG 23	SEP 23	-5	-5	-5	0	-20	Unchanged
	AUG 23	OCT 23	-5	-10	-5	10	95	Tightened
	AUG 23	NOV 23	-5	-10	-5	4	95	Tightened
	SEP 23	OCT 23	0	-5	0	10	115	Tightened
	SEP 23	NOV 23	0	-5	0	4	115	Tightened
	OCT 23	NOV 23	0	0	0	-6	0	Unchanged
Atlantic Spread (US-EU)	AUG 23	AUG 23	165	175	248	185	47	Eased
	SEP 23	SEP 23	124	160	206	159	27	Eased
	OCT 23	OCT 23	113	135	150	153	142	Eased
	NOV 23	NOV 23	113	120	126	133	142	Eased
ARC Spread (Rebar - Scrap)	AUG 23	AUG 23	200.5	207	214	233	257	Eased
	SEP 23	SEP 23	204.5	206	209.5	230.5	257	Eased
	OCT 23	OCT 23	202.5	200	209	227	257	Tightened
	NOV 23	NOV 23	209	200.5	206	227.5	261.5	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	820	455	655	358	578	559	Current
	835	470	654	355	575	562	T-1W
	918	465	672	373	545	587	T-1M
	845	465	780	387	568	620	T-3M
	795	475	775	434	643	702	T-6M
	897	485	815	376	636	633	T-12M
	824	475	646	388	668	660	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