

03/10/2023

Turkish Scrap

Turkish deepsea imported scrap prices faced more pressure from Turkish mills who faced urgency to raise their finished steel prices amid low demand or push the scrap cost down in response to the 20% increase in natural gas and electricity prices. Some Turkish rebar exporters raised their domestic and export offers to cover the additional energy cost. The next couple of weeks would show whether Turkish mills can get buyers to pay more for rebar, a challenging task considering the weak demand. According to a mill source, the hike in the energy prices would add \$10-\$15/mt in the production cost for Turkish EAF producers, taking the total scrap-rebar conversion to minimum \$200/mt now. He said that some rebar offers had already moved up to \$595-\$600/mt ex-works, from \$580-\$585/mt, a move to offset increasing energy prices. If higher rebar prices fail to stick, mills would be pushing for discounts on deepsea scrap prices. But in the first steps, steelmakers would buy domestic and shortsea scrap, the mill source added.

A trader said that achieving higher rebar prices in the current market would be difficult for Turkish mills, which meant further erosion of mill margins. Turkish producers “need to get some discount on scrap but not massive. They will try \$5-\$10/mt,” the trader added. This would take the target level for US-origin HMS 1/2 (80:20) to \$365-\$370/mt CFR Turkey. Market players reported no firm deepsea offers on the day but implied no change from the previous week. More change was reported on the buyers’ side, where the sentiment was worse and the last reported US-origin HMS 1/2 (80:20) bookings at \$375/mt CFR Turkey were no longer viewed repeatable. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$374/mt CFR Oct. 2, unchanged from Sept. 29. Several sources believed that realistic levels were slightly lower than \$375/mt CFR. A trader put a tradable value for US-origin and EU-origin HMS 1/2 (80:20) at respectively \$373/mt and \$368/mt CFR Turkey. Shortsea cargoes were the cheapest from Romania, where prices were reported at \$345-\$347/mt CFR Turkey. Bulgarian scrap was cited between \$350-\$352/mt CFR. (Platts)

Market Rates

PRODUCT (WoW = Week on Week)	LAST	CHG	MTD AVG
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) *CHG 1D*	374.00	0.00	374.00
Platts Steel Rebar FOB Turkey (\$/mt) *CHG 1D*	567.50	0.00	567.50
US HRC CRU *CHG WoW*	666.00	-21.00	701.5

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Oct-23	366	376	371
Nov-23	373	383	378
Dec-23	377	387	382
Q4-23	372	382	377
Q1-24	385	395	388
Q2-24	385	395	391

US HRC USD/short ton			
	Bid	Ask	Value
Oct-23	695	705	700
Nov-23	775	785	780
Dec-23	800	810	805
Q4-23	757	767	762
Q1-24	820	830	827
Q2-24	830	840	833

LME REBAR FOB TK			
	Bid	Ask	Value
Oct-23	565	575	571
Nov-23	567	577	572
Dec-23	571	581	576
Q4-23	568	578	573
Q1-24	575	585	579
Q2-24	575	585	582

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Oct-23	605	615	610
Nov-23	625	635	630
Dec-23	635	645	640
Q4-23	620	630	627
Q1-24	665	675	668
Q2-24	695	705	700

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Oct-23	541	551	546
Nov-23	547	557	552
Dec-23	560	570	565
Q4-23	550	560	554
Q1-24	570	580	577
Q2-24	575	585	580

BUSHELING			
	Bid	Ask	Value
Oct-23	395	405	400
Nov-23	425	435	430
Dec-23	455	465	460
Q4-23	425	435	430
Q1-24	470	480	473
Q2-24	475	485	480

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	OCT 23	NOV 23	-90	-58	-21	24	0	Eased
	OCT 23	DEC 23	-105	-97	-39	29	0	Eased
	OCT 23	JAN 24	-130	-128	-58	21	0	Eased
	NOV 23	DEC 23	-15	-39	-18	5	0	Tightened
	NOV 23	JAN 24	-40	-70	-37	-3	0	Tightened
	DEC 23	JAN 24	-25	-31	-19	-8	0	Tightened
EU HRC	OCT 23	NOV 23	-17	-15	4	-1	0	Eased
	OCT 23	DEC 23	-33	-30	0	-6	0	Eased
	OCT 23	JAN 24	-44	-45	-20	-1	-35	Tightened
	NOV 23	DEC 23	-16	-15	-4	-5	0	Eased
	NOV 23	JAN 24	-27	-30	-24	0	-35	Tightened
	DEC 23	JAN 24	-11	-15	-20	5	-35	Tightened
Atlantic Spread (US-EU)	OCT 23	OCT 23	87	97	37	140	71	Eased
	NOV 23	NOV 23	160	140	62	115	71	Tightened
	DEC 23	DEC 23	159	164	76	105	71	Eased
	JAN 24	JAN 24	173	180	75	118	36	Eased
ARC Spread (Rebar - Scrap)	OCT 23	OCT 23	197	192	187	211	297	Tightened
	NOV 23	NOV 23	195	184.5	191	203.5	292	Tightened
	DEC 23	DEC 23	192	188	191.5	201	292	Tightened
	JAN 24	JAN 24	191	186.5	188.5	197.5	262	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	695	390	608	372	542	569	Current
	697	390	632	372	542	564	T-1W
	697	430	650	374	557	561	T-1M
	819	465	667	374	548	585	T-3M
	864	500	850	441	621	684	T-6M
	826	411	755	360	600	657	T-12M
	824	472	646	382	679	656	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