

27/10/2023

Turkish Scrap

Turkish deepsea import ferrous scrap prices rose slightly Oct. 26, as recent UK/Baltic-origin deals boosted sell-side sentiment. Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$352/mt CFR on Oct. 26, up \$2/mt on the day, according to indications from mills, traders, agents and recyclers. Indicative tradable values for US/Baltic-origin HMS 1/2 (80:20) were in the \$350-\$358/mt CFR range on the day. Indicative tradable values for premium and EU-origin HMS 1/2 (80:20) largely clustered around \$352/mt CFR. A UK-origin deal totaling 40,000 mt was heard booked Oct. 25-26 by a Samsun mill with HMS 1/2 (80:20) at \$352/mt CFR. The deal and its exact timing could not be confirmed on the day. A Baltic-origin deal was also heard booked Oct. 23 or Oct. 25 by a Marmara mill with HMS 1/2 (80:20) at \$351/mt CFR, but the exact timing of the deal could not be confirmed on the day. Deal activity strengthened the price outlook, with one agent source sharing indicative near-term tradable values for US/Baltic-origin HMS 1/2 (80:20) in the \$355-\$360/mt CFR range, while a second shared seller targets for US-origin material at a minimum \$357-\$358/mt CFR.

“Due to poor supply inflows and high costs of collection and stubbornly high freight rates, we will be testing the upper-\$350’s/ mt CFR for UK-origin HMS 1/2 (80:20),” an EU recycler said. However, some market participants expressed bearish nearterm sentiment, citing falling rebar prices and higher interest rates as contributing factors. The Turkish central bank’s monetary policy committee decided to lift the policy rate — the one-week repo auction rate — for the fifth time in five months to 35%, from 30%, to reduce rampant inflation in the economy. “It will be even more difficult for traders to secure funds,” a Turkish mill source said, expressing bearish near-term price sentiment for scrap. “The mills will keep pushing for below \$350/mt CFR [for premium HMS 1/2 (80:20)], because with rebar prices where they are, it is unsustainable to import scrap above \$350/mt at all,” a second Turkish mill source said. “Either rebar prices go up or scrap moves down, and if rebar prices go up, the mills lose [recent] demand, so scrap will need to soften.”

Platts assessed Turkish exported rebar at \$542.50/mt FOB on Oct. 26, down \$5/mt on the day and from \$570/mt FOB Oct. 3. The daily outright spread between Turkish export rebar and import was below the mills’ \$200/mt target and was assessed at \$190.50/mt on Oct. 26. Export rebar sales to Jamaica were recently reported at \$540/ mt FOB and to Romania at \$542/mt FOB, which the second Turkish mill source said was likely to have been sold at a loss. “Rebar prices are continuing to fall in both the domestic and the export markets, the euro is weakening and HMS collection prices are softer. So, I am unsure if scrap prices can increase with these fundamentals,” an EU trader said. Platts assessed the euro against the dollar at \$1.0526 on Oct. 26, depreciating from \$1.0638 on Oct. 23. European recyclers shared HMS collection costs at Eur280/ mt delivered to the docks, slightly softer than the Eur280-285/ mt delivered ranged heard in the week ended Oct. 20. The costs continued to prompt workable value indications for EU-origin HMS 1/2 (80:20) above \$345/mt CFR. “We will wait, selling now makes no sense,” a second EU recycler said. (Platts; Abdi Salad)

Market Rates

PRODUCT (WoW = Week on Week)	LAST	CHG	MTD AVG
Platts TSI HMS 1/2 80:20 CFR Turkey (\$/mt) *CHG 1D*	352.00	2.00	361.18
Platts Steel Rebar FOB Turkey (\$/mt) *CHG 1D*	542.50	-5.00	558.29
US HRC CRU *CHG WoW*	742.00	28.00	702.25

LME HMS 80:20 CFR TK			
	Bid	Ask	Value
Oct-23	359	365	362
Nov-23	358	364	361
Dec-23	378	384	381
Q4-23	365	371	368
Q1-24	381	387	384
Q2-24	388	394	391

US HRC USD/short ton			
	Bid	Ask	Value
Nov-23	850	860	855
Dec-23	935	945	940
Jan-24	935	945	940
Q1-24	925	935	930
Q2-24	885	895	890
Q3-24	860	870	863

LME REBAR FOB TK			
	Bid	Ask	Value
Oct-23	552	562	557
Nov-23	551	561	556
Dec-23	557	567	562
Q4-23	553	563	558
Q1-24	571	581	576
Q2-24	582	592	587

NWE HRC EUR/metric ton			
	Bid	Ask	Value
Oct-23	605	615	610
Nov-23	635	645	640
Dec-23	645	655	650
Q4-23	630	640	633
Q1-24	655	665	662
Q2-24	665	675	670

LME HRC FOB TIANJIN CHINA USD/mt			
	Bid	Ask	Value
Oct-23	526	536	531
Nov-23	539	549	544
Dec-23	554	564	559
Q4-23	540	550	545
Q1-24	555	565	560
Q2-24	565	575	570

BUSHELING			
	Bid	Ask	Value
Nov-23	440	450	445
Dec-23	465	475	470
Jan-24	480	490	485
Q1-24	495	505	500
Q2-24	510	520	515
Q3-24	510	520	513

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	NOV 23	DEC 23	-84	-54	-31	-5	-1	Eased
	NOV 23	JAN 24	-80	-54	-53	-1	-21	Eased
	NOV 23	FEB 24	-60	-53	-55	-3	-39	Eased
	DEC 23	JAN 24	4	0	-22	4	-20	Tightened
	DEC 23	FEB 24	24	1	-24	2	-38	Tightened
	JAN 24	FEB 24	20	1	-2	-2	-18	Tightened
EU HRC	NOV 23	DEC 23	-30	-4	-17	0	0	Eased
	NOV 23	JAN 24	-45	-24	-27	10	0	Eased
	NOV 23	FEB 24	-49	-38	-42	0	-30	Eased
	DEC 23	JAN 24	-15	-20	-10	10	0	Tightened
	DEC 23	FEB 24	-19	-34	-25	0	-30	Tightened
	JAN 24	FEB 24	-4	-14	-15	-10	-30	Tightened
Atlantic Spread (US-EU)	NOV 23	NOV 23	220	188	160	125	19	Tightened
	DEC 23	DEC 23	289	222	181	140	20	Tightened
	JAN 24	JAN 24	281	208	188	126	10	Tightened
	FEB 24	FEB 24	265	197	175	128	28	Tightened
ARC Spread (Rebar - Scrap)	NOV 23	NOV 23	201	195.5	193	198.5	262.5	Tightened
	DEC 23	DEC 23	186	183.5	193	203.5	262.5	Tightened
	JAN 24	JAN 24	195	184.5	190	201.5	262	Tightened
	FEB 24	FEB 24	199	191	192	203.5	267	Tightened

Front Month Price Grid

Field	US HRC	US BUS	NW EUR HRC	LME SCRAP TK	LME HRC FOB	LME REBAR TK	TimeFrame
PRICE	855	442	610	365	531	559	Current
	804	445	612	360	528	557	T-1W
	785	440	632	375	542	570	T-1M
	785	470	654	370	574	573	T-3M
	790	420	842	392	574	625	T-6M
	779	405	693	369	559	633	T-12M
	824	460	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