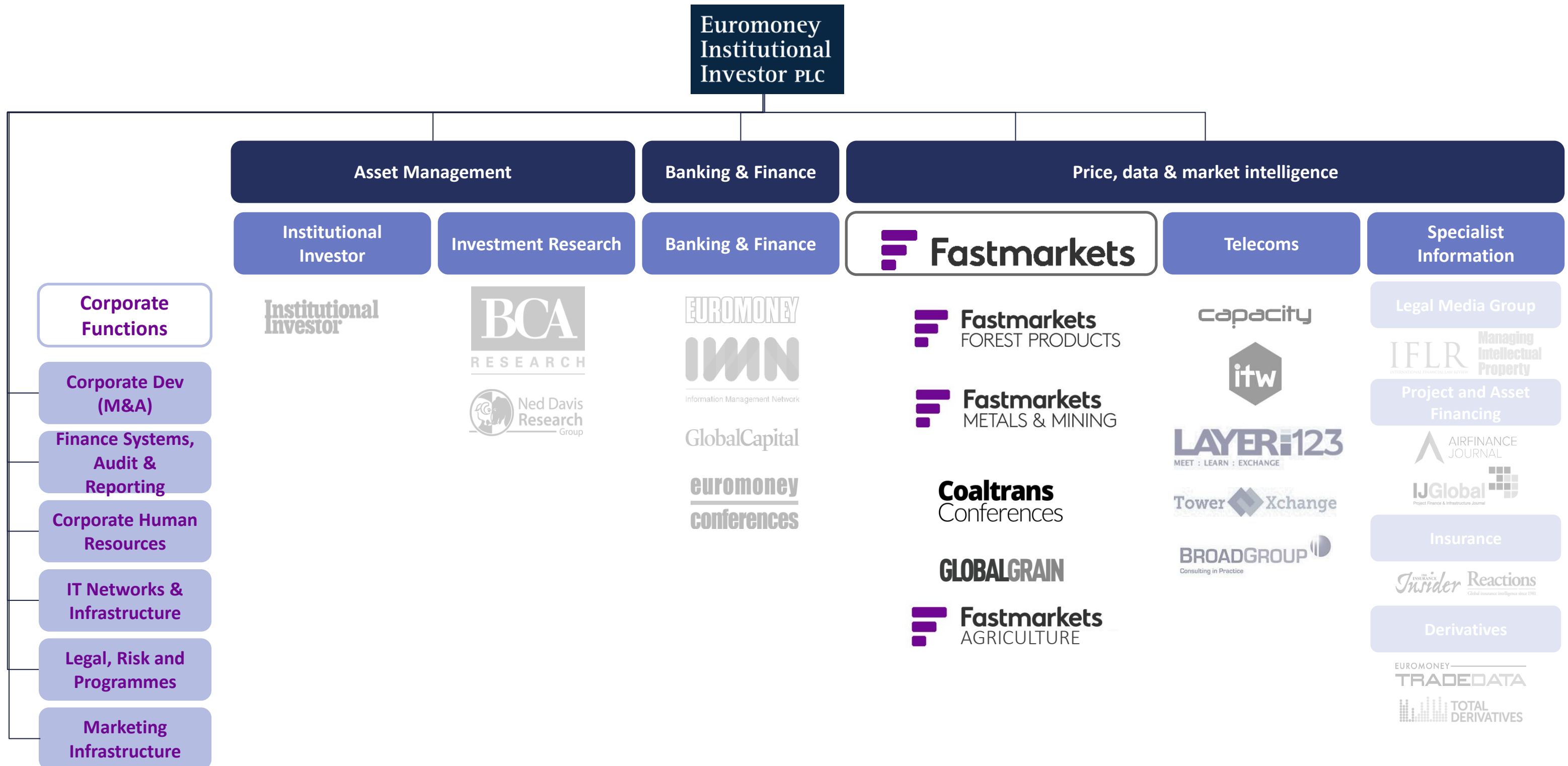




Ferrous Scrap Markets and the Influence on Billets in 2022

Lee Allen, Senior Pricing Reporter,
Fastmarkets

Fastmarkets is part of Euromoney - a FTSE-250 company- and was formerly known as *Metal Bulletin*



Fastmarkets – The Pricing Division of Euromoney PLC



14
GLOBAL
OFFICES

- CME U.S. Midwest Busheling Ferrous Scrap (AMM) Futures Contract
- NASDAQ Midwest US Shredded Steel Scrap – USSQ

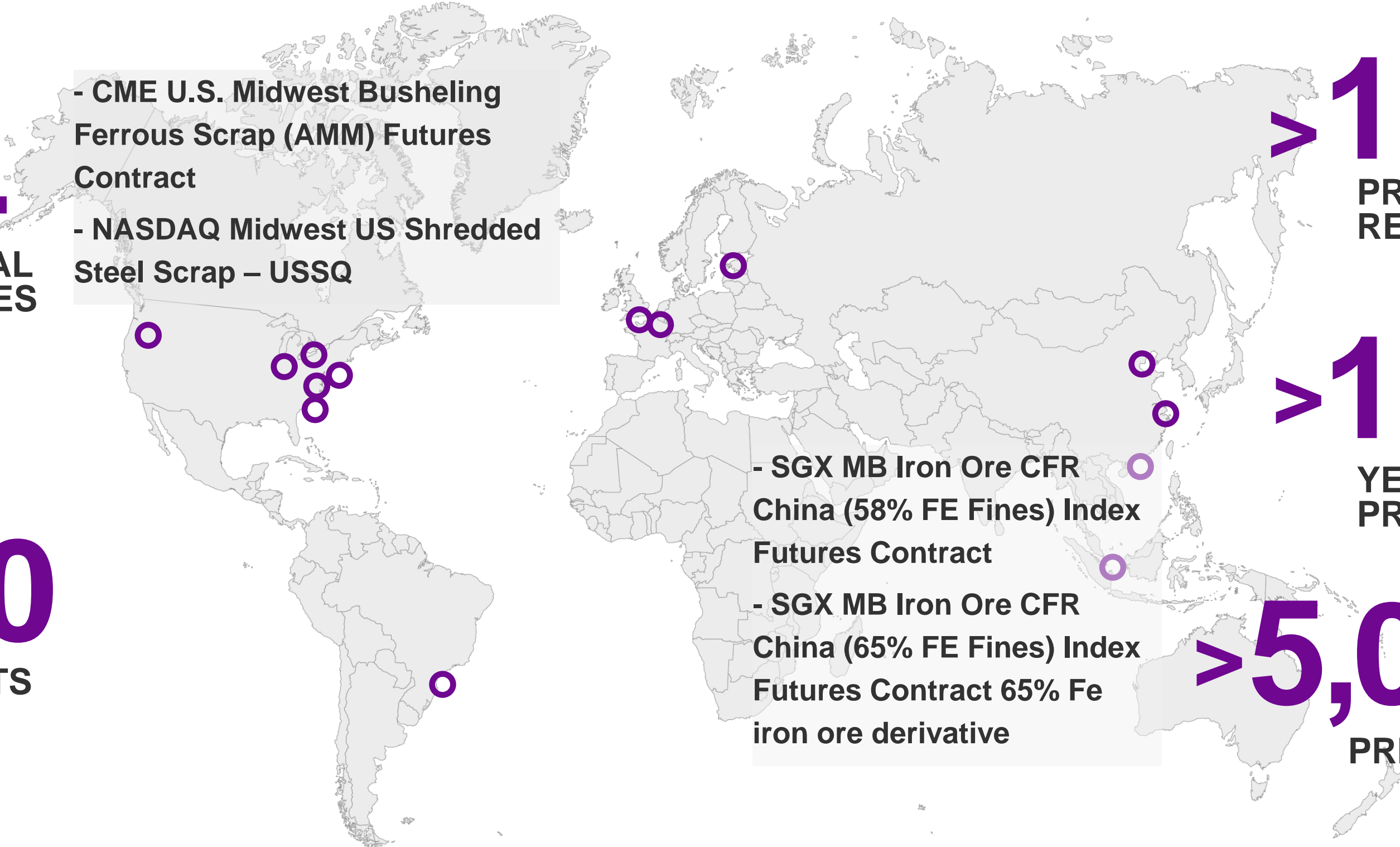
>160
PRICE
REPORTERS

>50
EVENTS

>130
YEARS OF
PRICING

- SGX MB Iron Ore CFR China (58% FE Fines) Index Futures Contract
- SGX MB Iron Ore CFR China (65% FE Fines) Index Futures Contract 65% Fe iron ore derivative

>5,000
PRICES

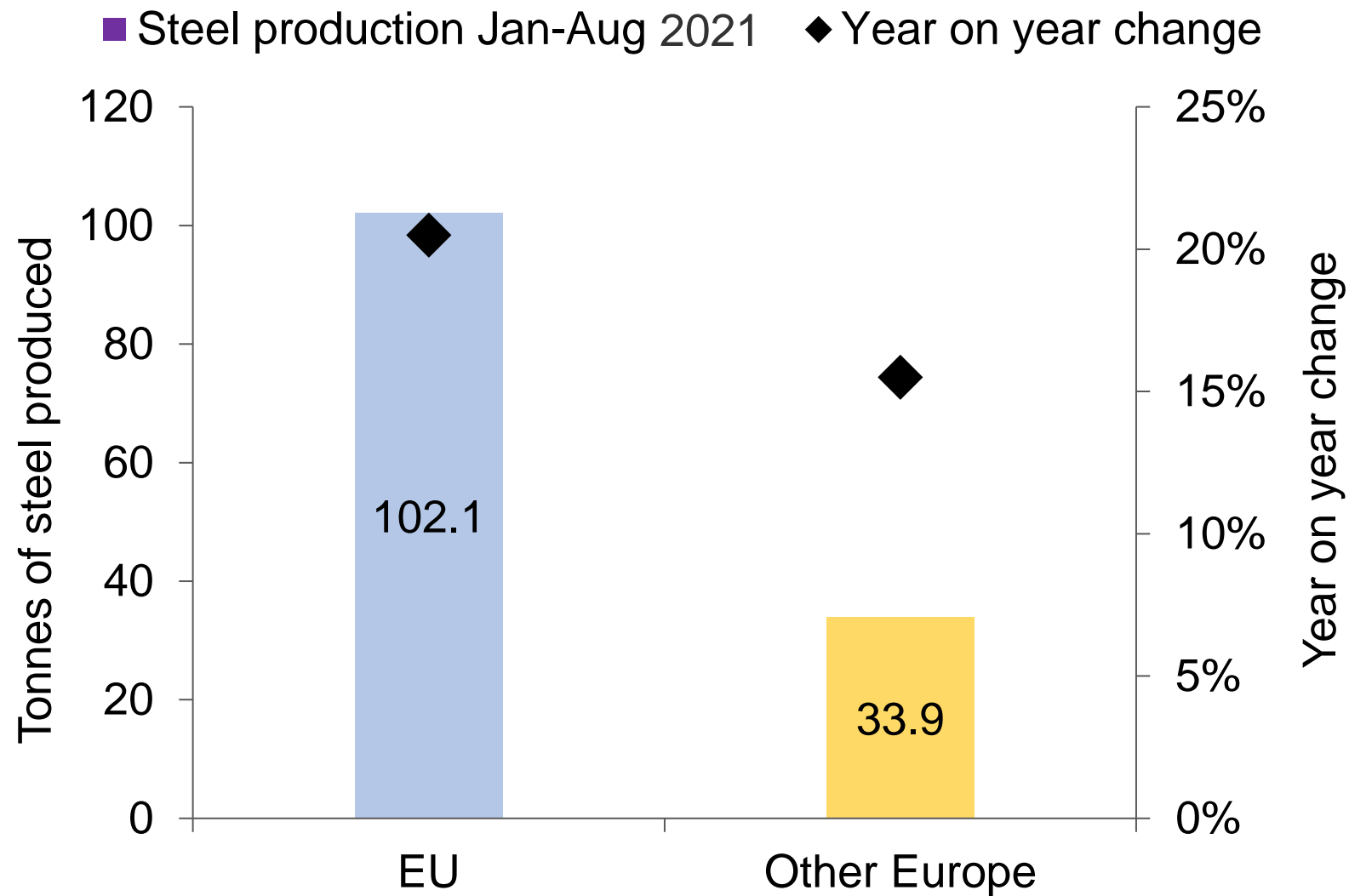


What a difference one year makes!

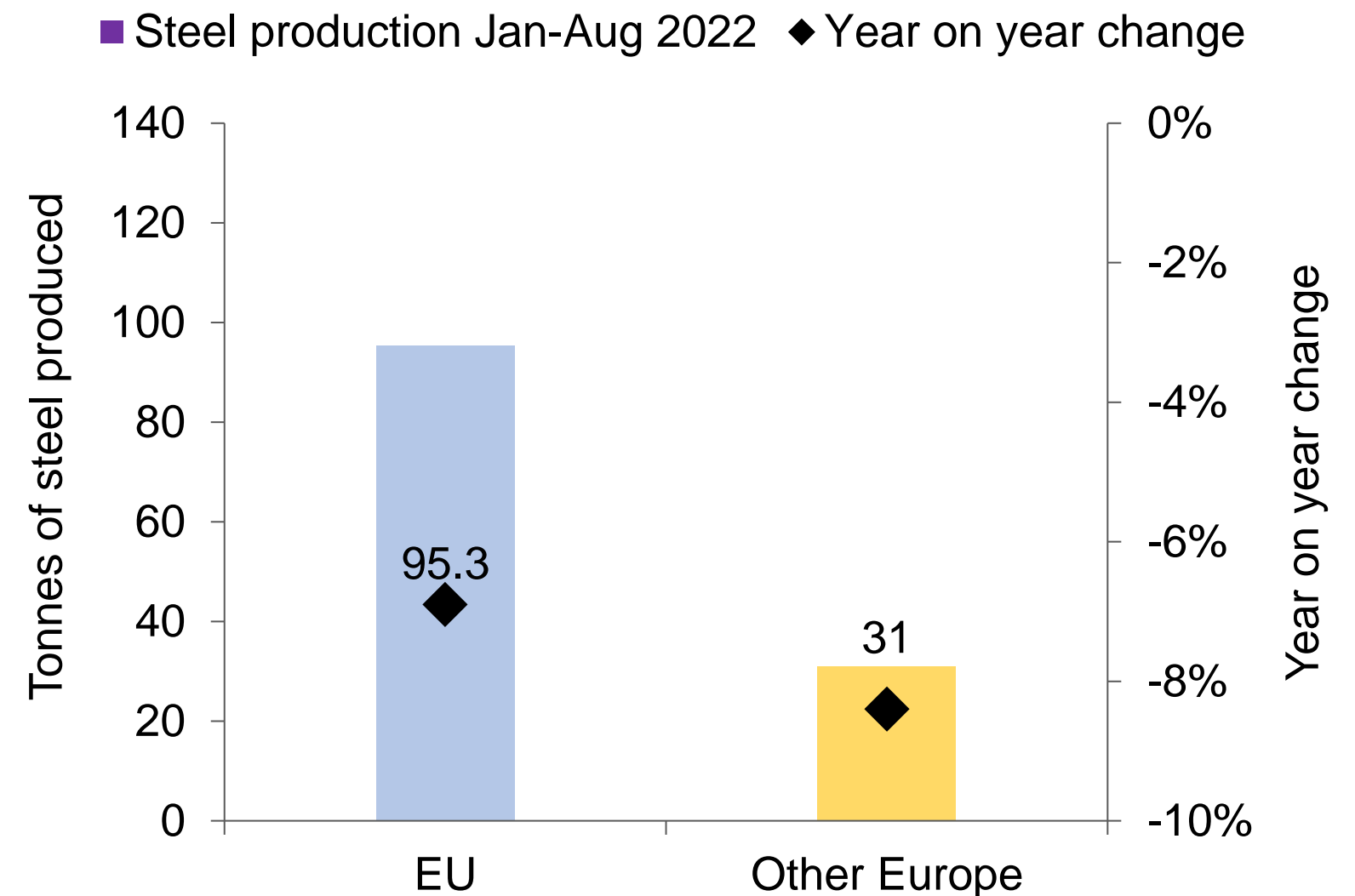


Healthy recovery gives way to cut capacity utilization levels in Europe

August 2021



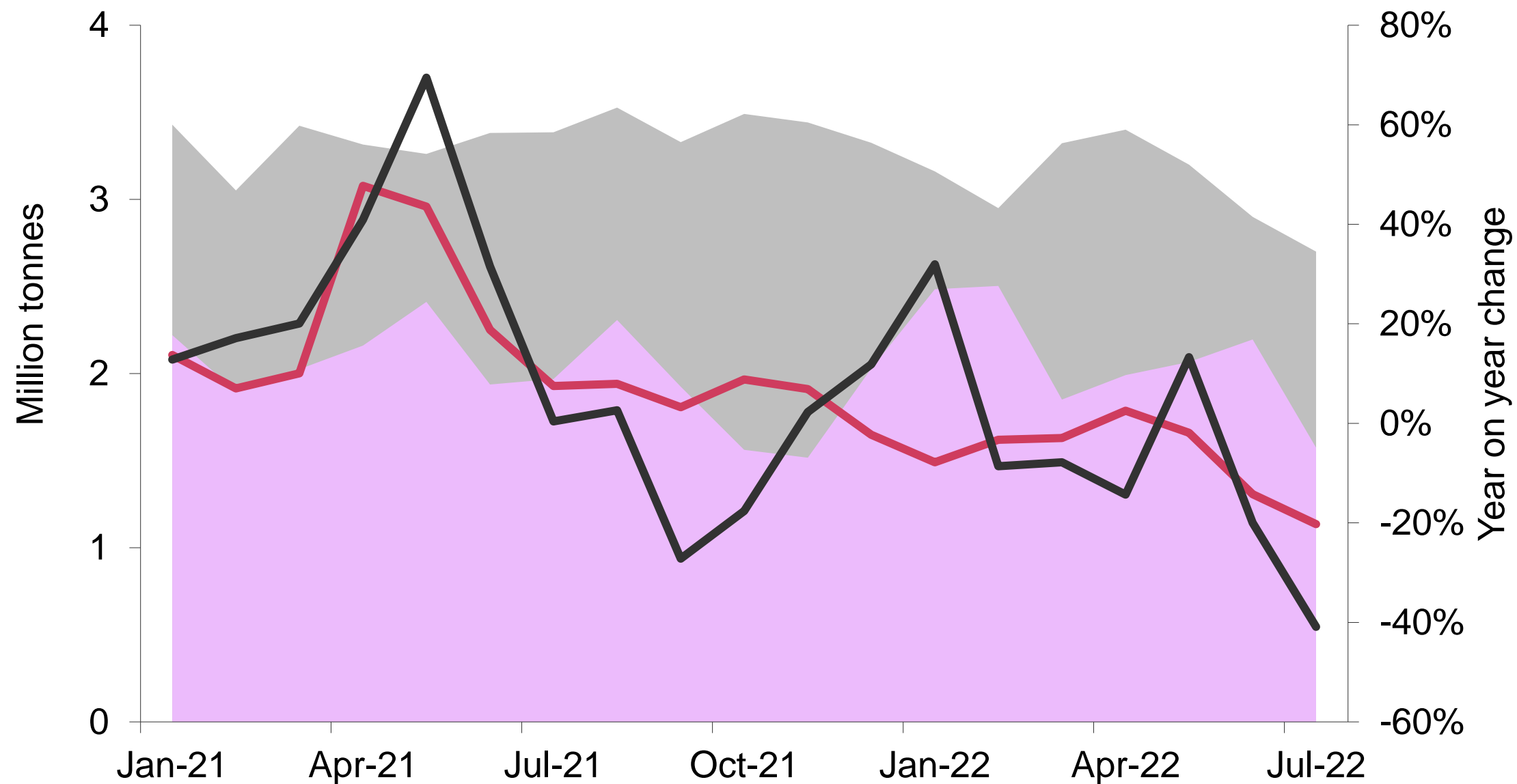
August 2022



Turkey steel production, scrap imports register slight drop



■ Turkey steel production ■ Turkey scrap imports
— Production yoy change — Imports yoy change



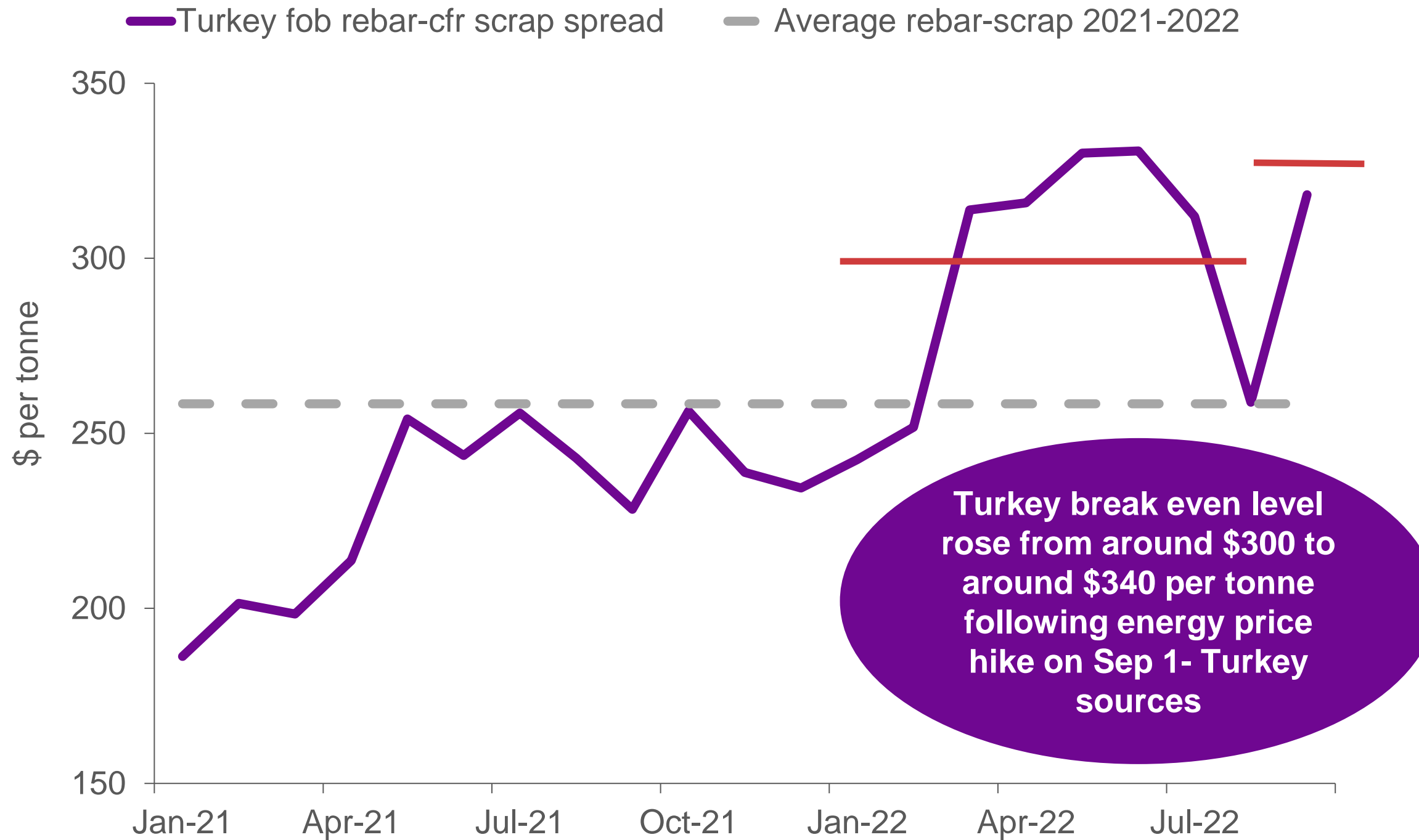
-20.2%

Turkey steel production July 2022, year on year change

-40.9%

Turkey steel scrap imports July 2022, year on year change

Turkish mill margins rise, but so does production cost



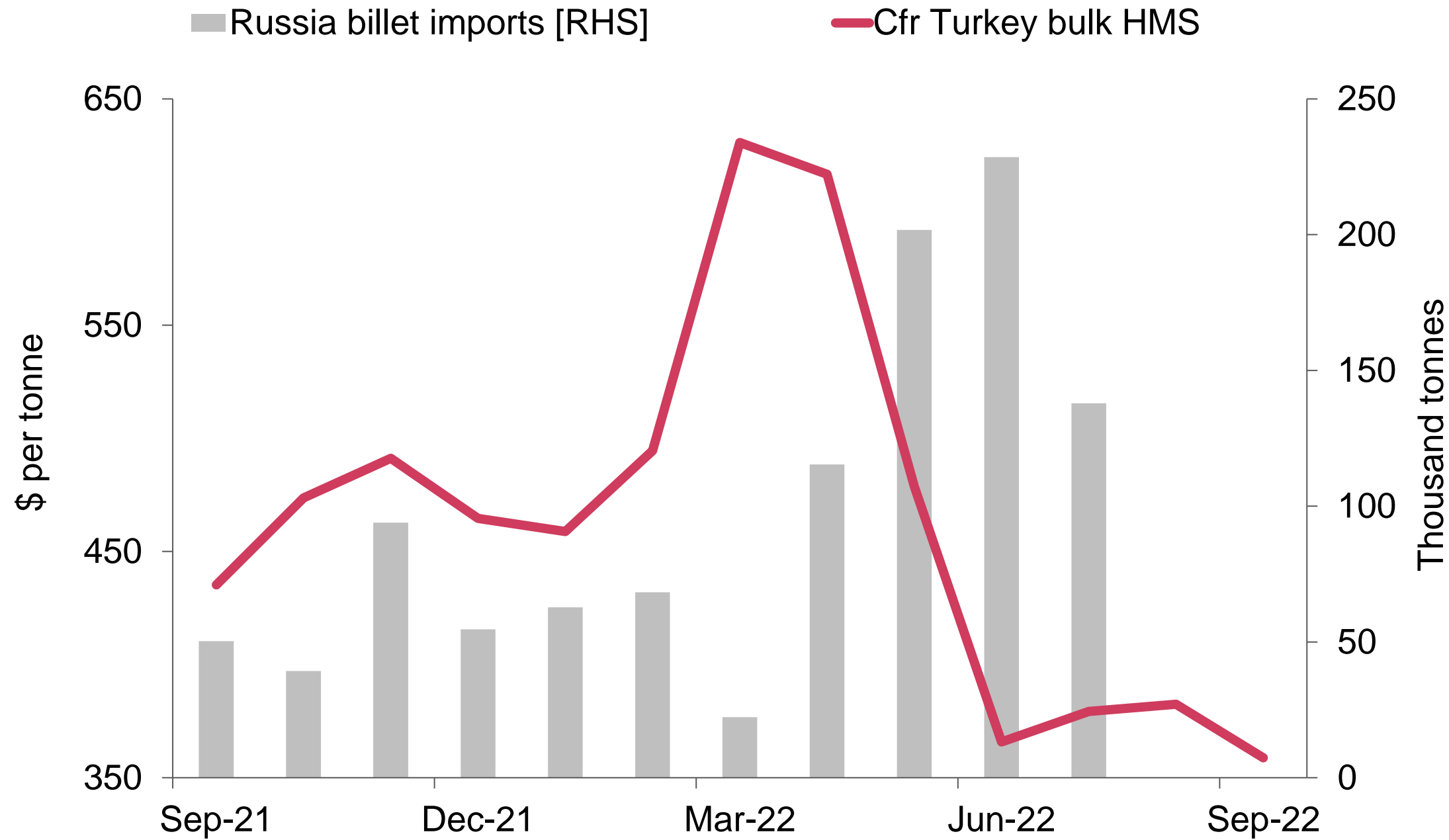
\$259

Average Turkey export rebar-import scrap spread, Jan 2021-Sep 2022

\$318

Average Turkey export rebar-import scrap spread Sep 2022

Cheaper Russian billets flood Turkey market after Ukraine invasion



\$631

Fastmarkets' cfr Turkey HMS (80:20) steel scrap price average price, April 2022

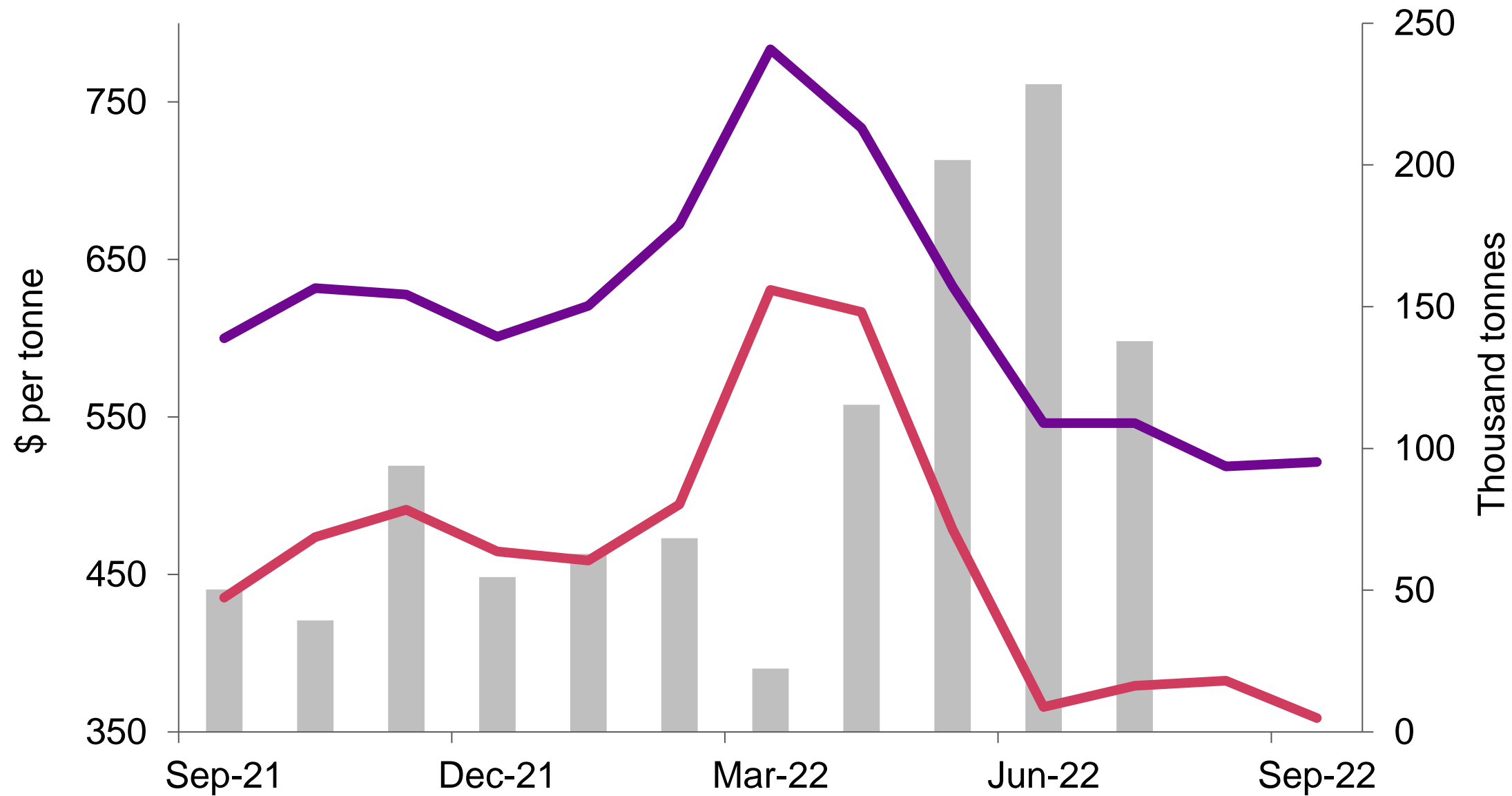
228,519

Tonnes of Russian billet imported to Turkey in June 2022

A clear correlation between falling fob Russia billet prices and Turkey scrap



■ Russia billet imports [RHS] — Cfr Turkey bulk HMS — Fob Black Sea steel billet



\$117

Fob Black Sea billet- cfr Turkey scrap spread April 2022, came just before ytd high billet import

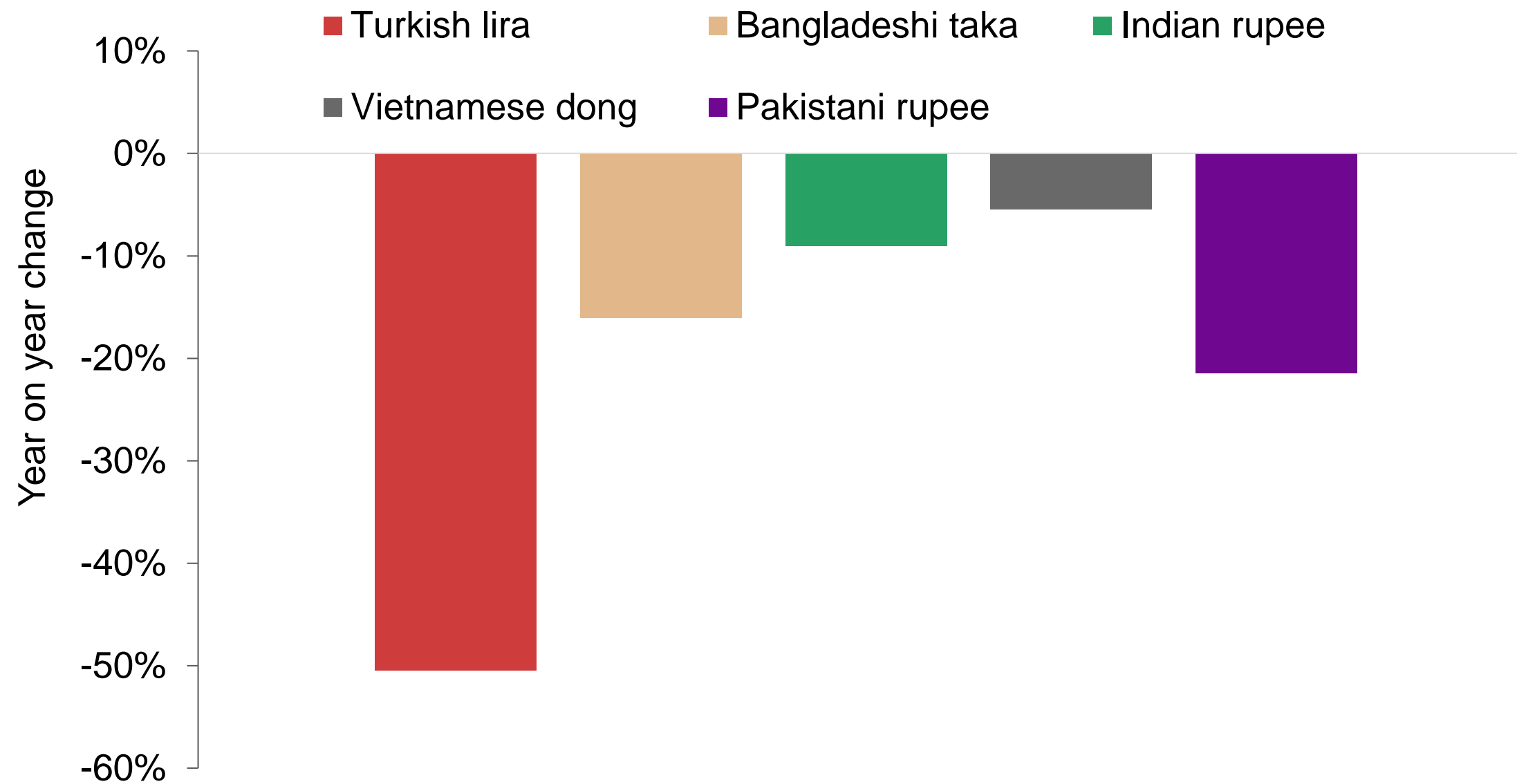
\$162

Fob Black Sea billet- cfr Turkey scrap spread September 2022

Turkish lira drops more sharply than other major steel scrap importer currencies



Depreciation of selected currencies to the US dollar,
October 16 2022 vs. 2021



-50.4%

Change in value of TRY to US dollar, 16 October 2022 vs 2021

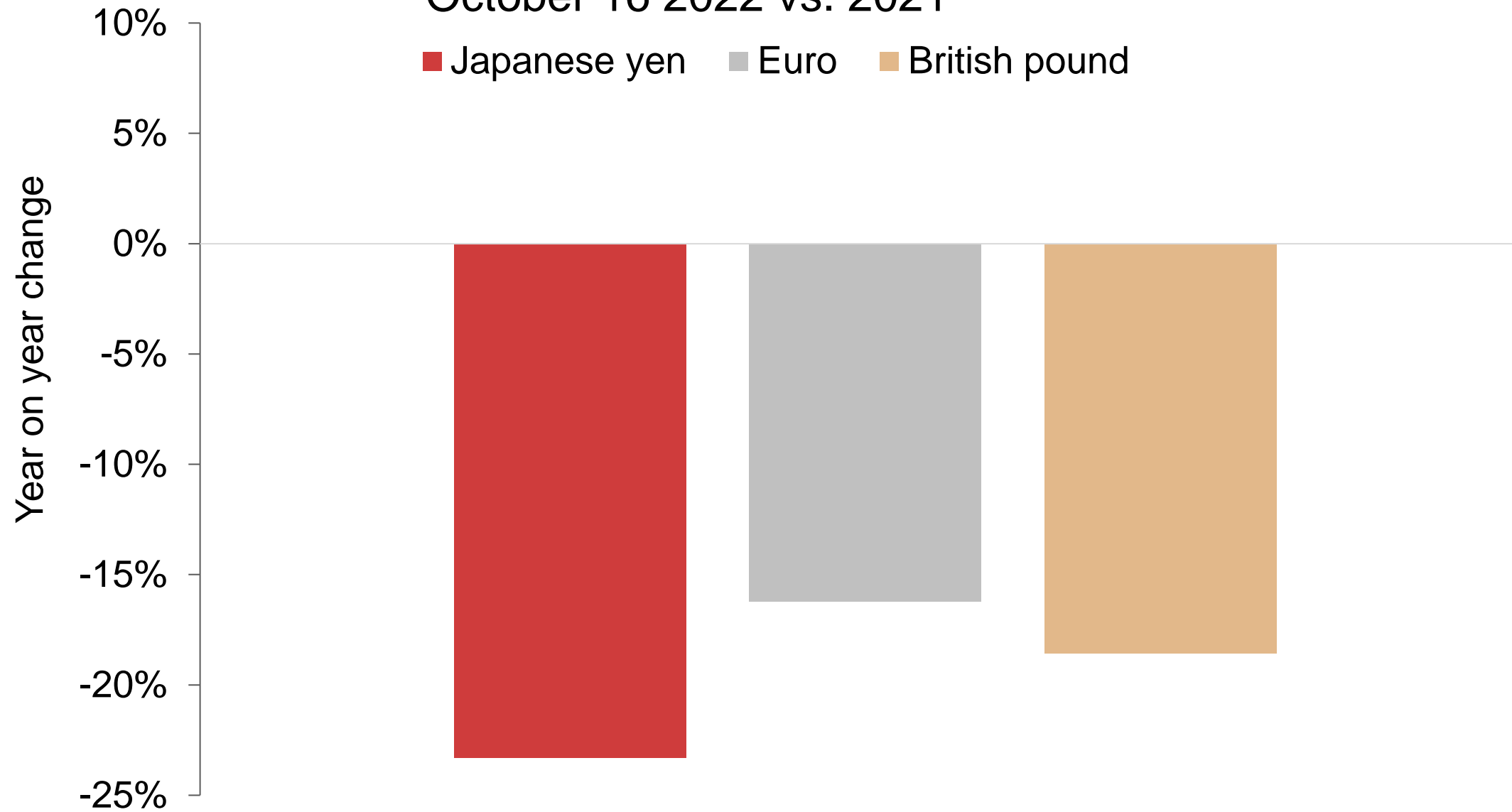
-9.0%

Change in value of INR to US dollar, 16 October 2022 vs 2021

Japanese yen drops more sharply than other major exporter currencies over the last one year



Depreciation of selected currencies to the US dollar,
October 16 2022 vs. 2021



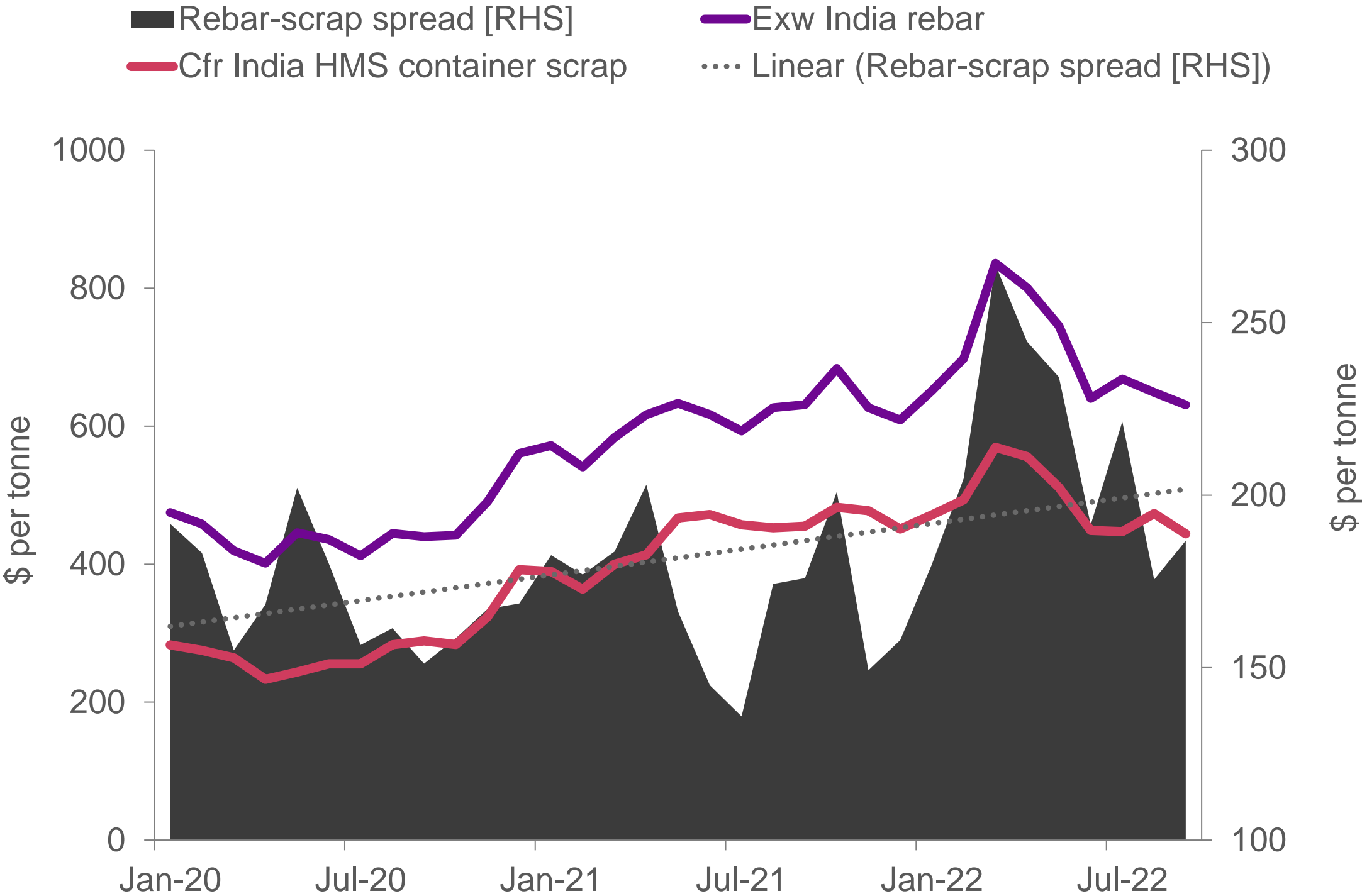
-23.3%

Change in value of JPY to US
dollar, 16 October 2022 vs 2021

-18.6%

Change in value of GBP to US
dollar, 16 October 2022 vs 2021

India rebar-scrap spreads hit new heights in 2022



\$211

Average India domestic rebar- import scrap spread Jan-Sep 2022

\$182

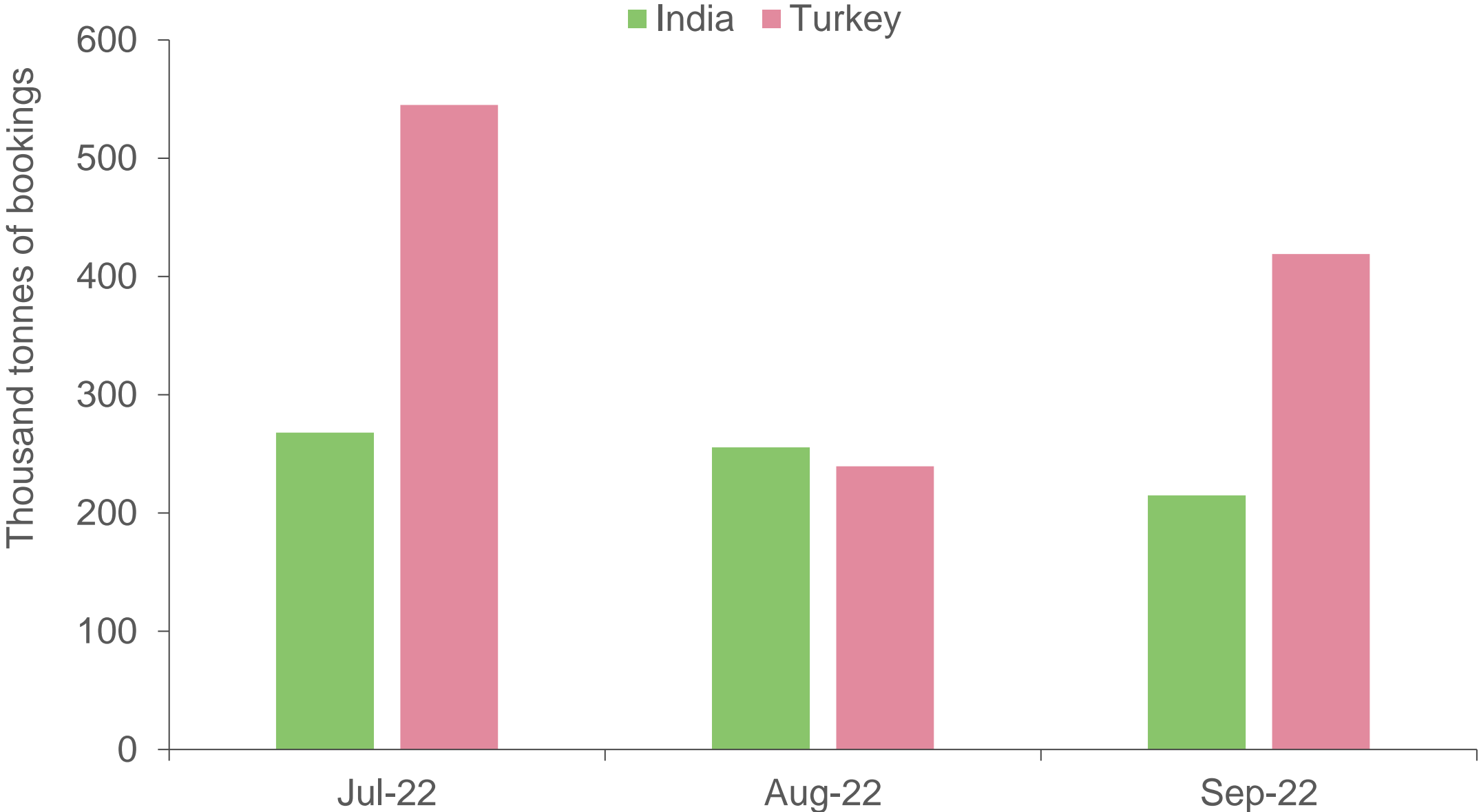
Average India domestic rebar- import scrap spread Jan 2020- Sep 2022

Source: Fastmarkets research

Indeed, Indian bulk booking volumes heard exceeded volumes heard sold into Turkey in August 2022



Estimated bulk scrap bookings to India, Turkey



120,006

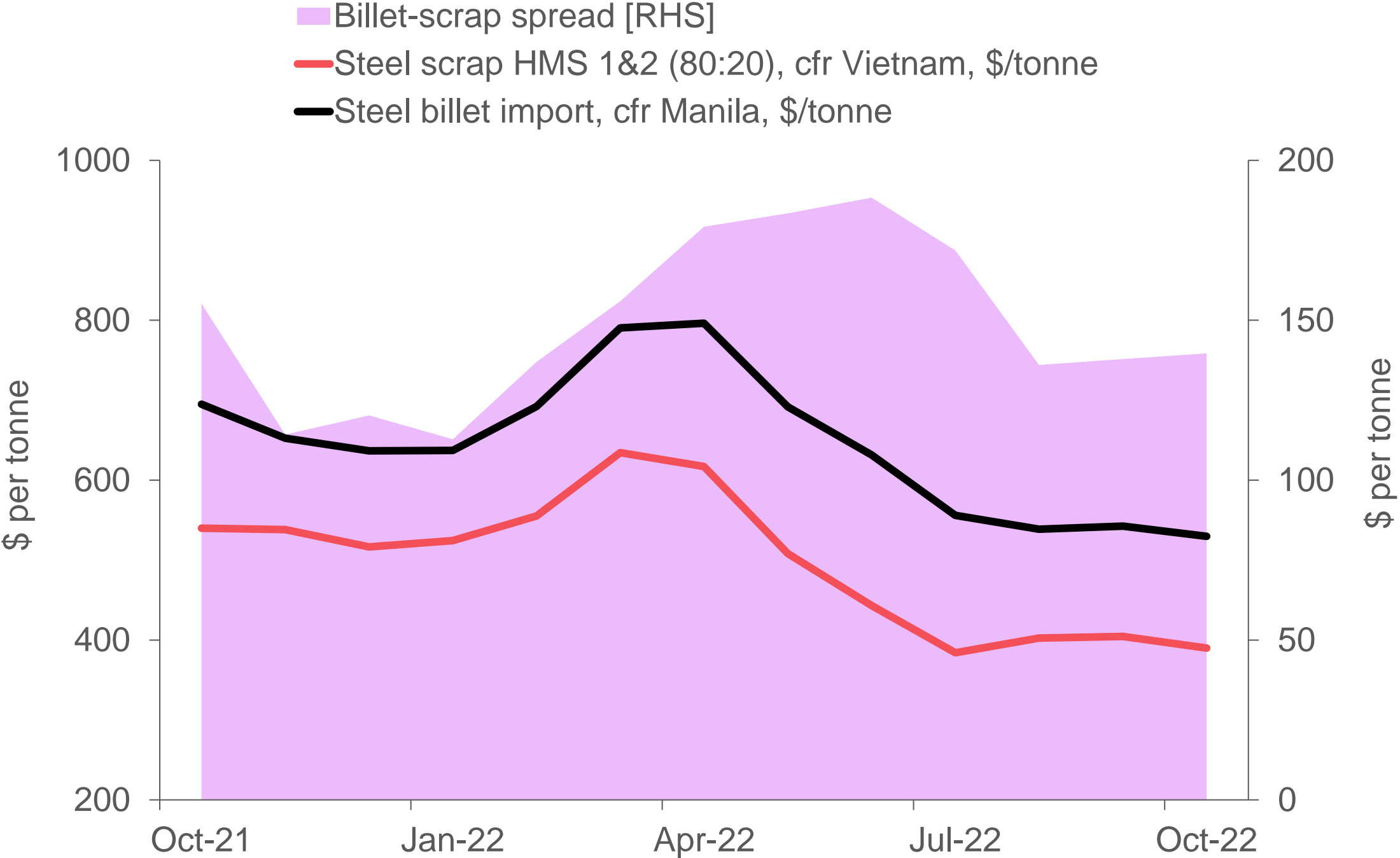
Tonnes of bulk scrap at berth or awaiting berth at Chennai port as of October 11 2022

90,978

Tonnes of bulk scrap at berth or awaiting berth at Kandla port as of October 11 2022

Source: Fastmarkets research, market participant estimates

Billet-scrap spread narrows in recent months amid lacklustre Southeast Asia billet demand



\$140

Average cfr Southeast Asia billet- cfr Vietnam deep sea HMS scrap spread October 2022

\$179

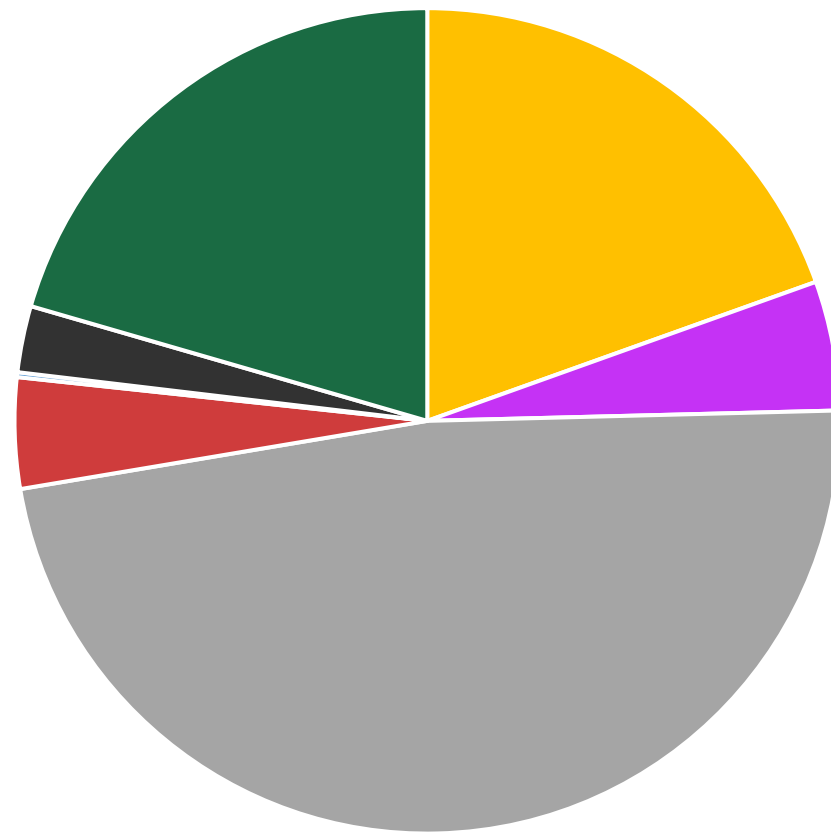
Average cfr Southeast Asia billet- cfr Vietnam deep sea HMS scrap spread April 2022

Source: Fastmarkets research

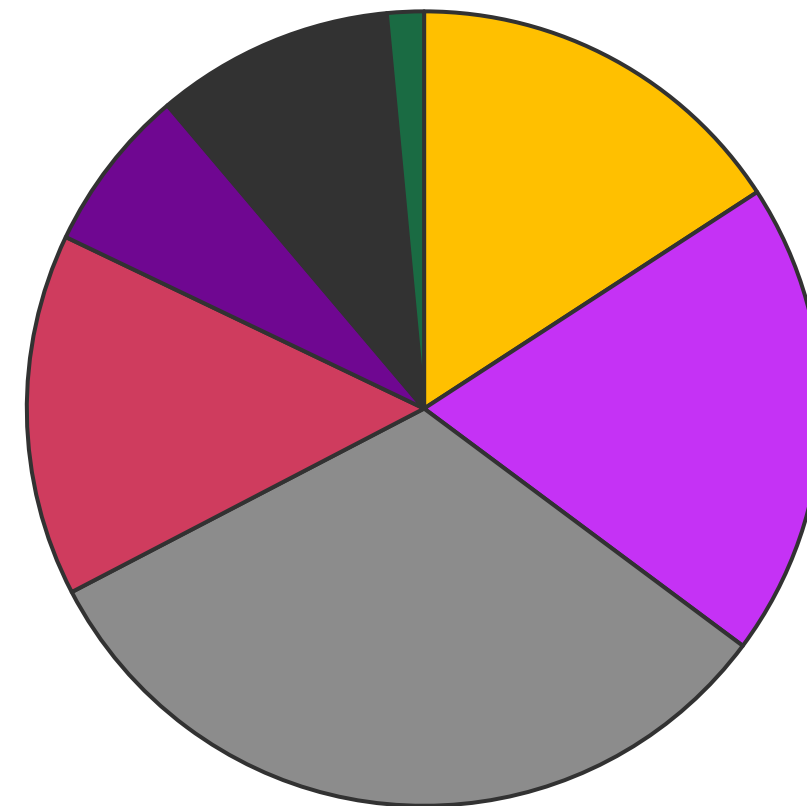
Philippines transitions away from Russian billet to SE Asian supply



Philippine billet imports by origin
Jan-May 2021



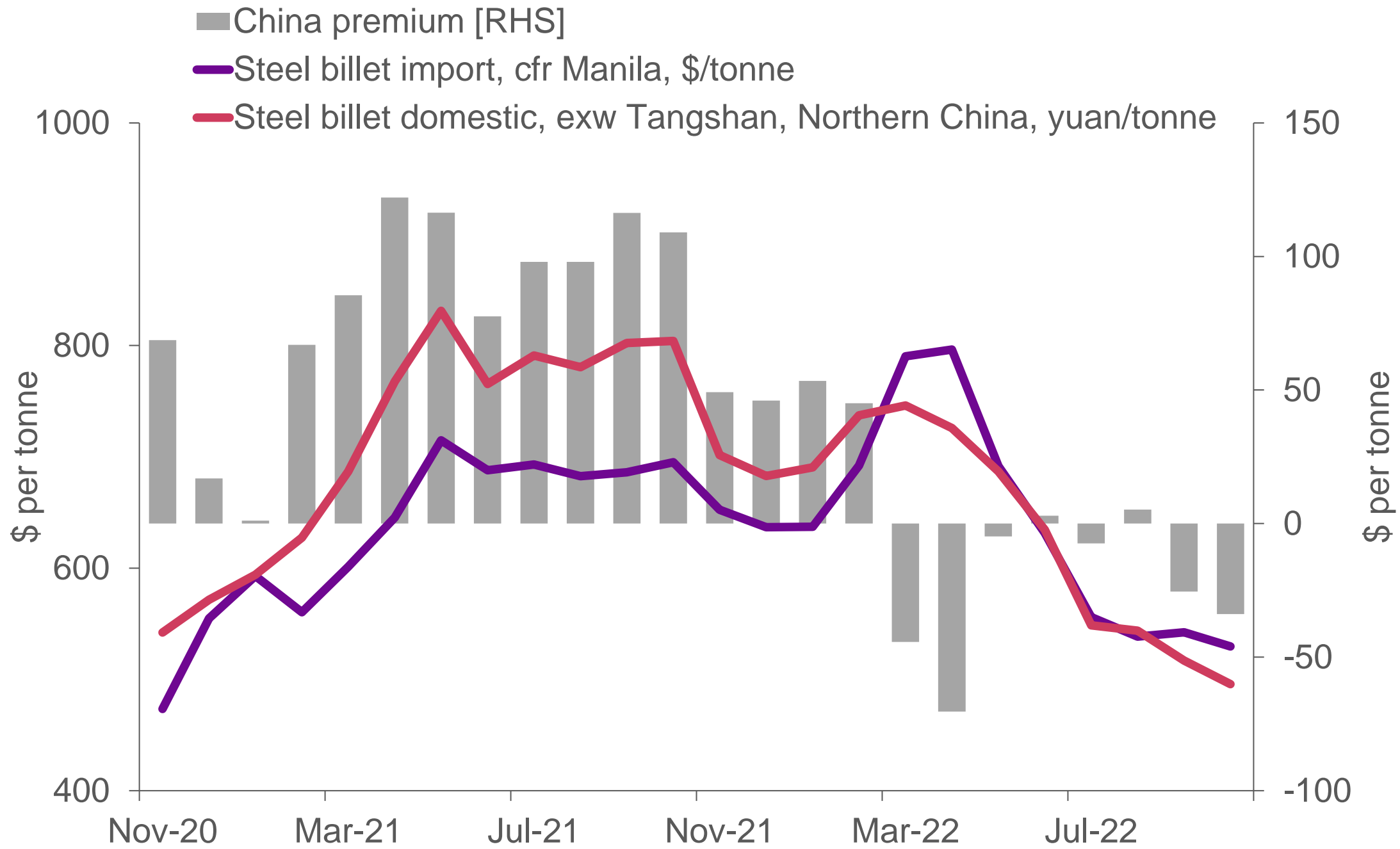
Philippine billet imports by origin
Jan-May 2022



■ Vietnam ■ Indonesia ■ Russia ■ Malaysia
■ China ■ Thailand ■ Other

■ Vietnam ■ Indonesia ■ Russia ■ Malaysia
■ China ■ Thailand ■ Other

Cheap Chinese steel billet starts to spill into Southeast Asia



-\$34

Average premium exw Tangshan domestic- cfr Manila billet price October 2022

\$44

Average premium exw Tangshan domestic- cfr Manila billet price November 2020-October 2022

Source: Fastmarkets research

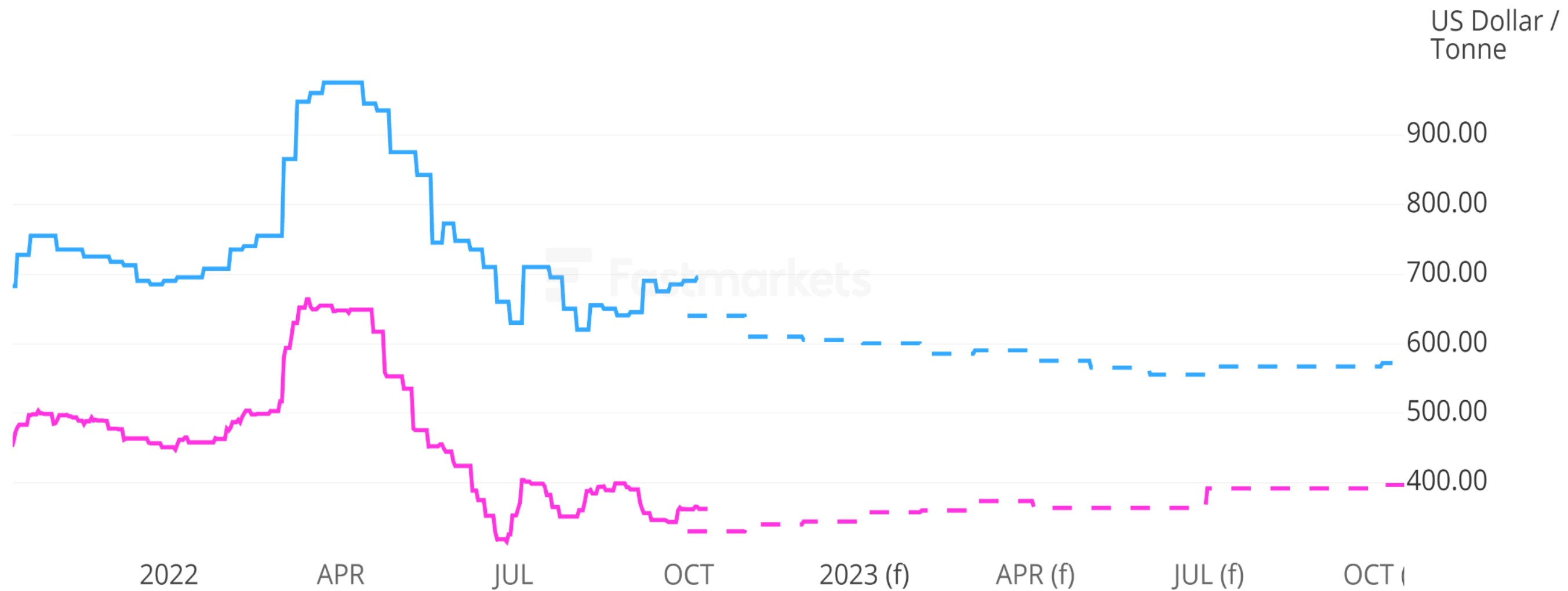
A black and white photograph of a large, conical pile of scrap metal and debris. The pile is composed of various pieces of metal, including sheets, rods, and pipes, some of which are tangled together. The background shows a clear sky and a small building in the distance. A purple rectangular box is overlaid on the left side of the image, containing white text.

And what of the future? Fastmarkets Forecasts

Weak longs demand to hit Turkish scrap prices in 2022, stronger US EAF appetite expected to raise prices in 2023



- Mid MB-STE-0416 - Steel scrap HMS 1&2 (80:20 mix) North Europe origin, cfr Turkey, \$/tonne
- Mid MB-STE-0119 - Steel reinforcing bar (rebar) export, fob main port Turkey, \$/tonne

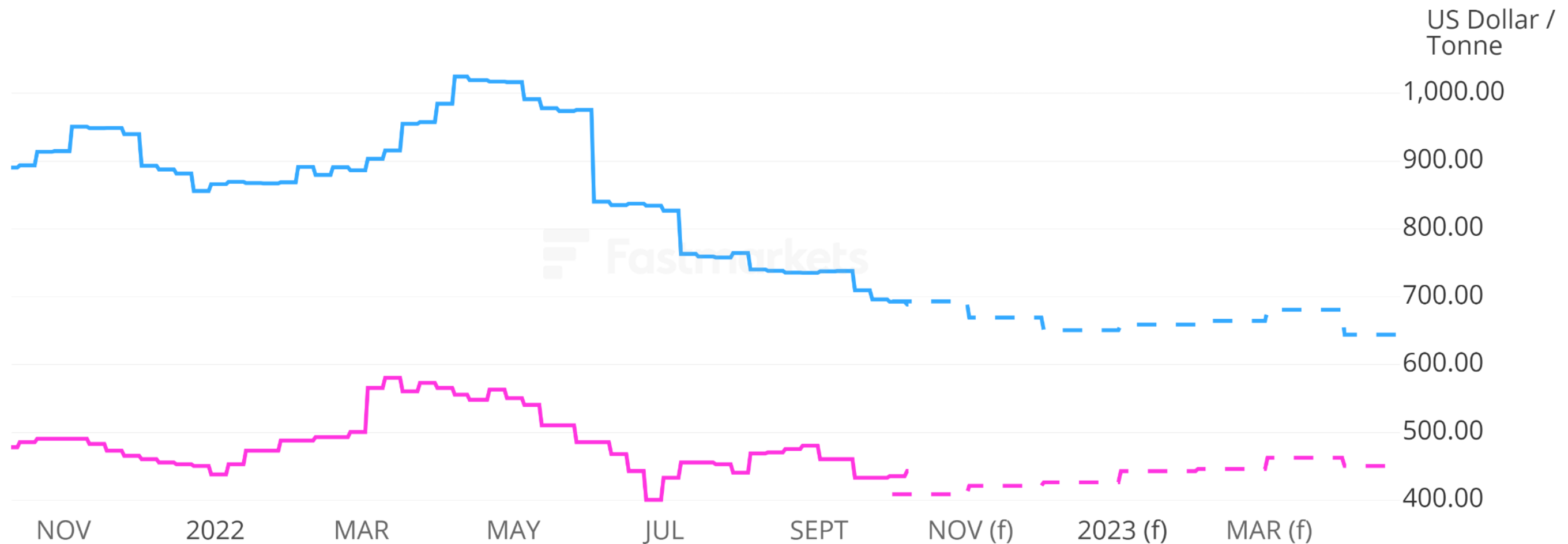


Forecasts also suggest India scrap is poised for a strong 2023



- Mid MB-STE-0413 - Steel scrap HMS 1&2 (80:20 mix) import, cfr Nhava Sheva, India, \$/tonne
- Mid MB-STE-0436 - Steel hot-rolled coil domestic, ex-whse India, rupees/tonne

Currency conversion has been applied to the values in this document. All compatible prices are in [USD]





Thank you and stay in touch!

lee.allen@fastmarkets.com