

SCRAP MARKET

Several regional ferrous scrap markets expect to rise in Q4: BIR

London—Several regional ferrous scrap markets are anticipating an upturn in the fourth quarter, according to speakers at the Bureau of International Recycling's World Recycling Convention in London Saturday.

Generally buoyant steel production and product price levels — which may have gained a short-term boost from protectionist measures — are expected to hold up ferrous scrap prices, according to various BIR speakers.

This is despite the broader uncertainties generated by US trade tariffs, the US-China trade war, China's controls and proposed ban from 2020 on imports of waste including scrap metals, and uncertainties over Brexit, they said.

"Flows of scrap are adapting, finding the level," said Tom Bird from the Chihio Environmental Group, Hong Kong, and BIR's interim ferrous division president. To date in 2018, mills have increased margins on higher steel prices and lower scrap prices, but now scrap prices in some areas look set to rise, he said.

In the European Union, scrap prices fell over August-September during a short period of volatility. EU domestic ferrous scrap prices, however, are set to rise Eur10-20/mt in October, in negotiations that are still underway, and look set to remain stable over November-December, Bird said. The uptick in the EU is largely based on an upwards movement in Turkey's market, he added.

Turkish scrap import CFR prices last week reached \$327/mt for heavy melting scrap 1/2 80:20 grade, up from around \$280-\$300/mt in August, because of the sharp depreciation of the Turkish lira.

EU steelmakers' order books are full, but there are some cuts in automotive production and this is an area that needs to be watched, he said.

On tension between the US and Turkey, Bird said: "US hard-line issues on Turkey are being resolved." He referred to market talk that a US pastor imprisoned in Turkey — the root of considerable diplomatic friction — may be freed as soon as next week, which was expected to result in a softening of the tariffs imposed on Turkish steel products entering the US market.

A softening approach in this area should have a positive influence on the market, according to Bird.

Turkish mills are expected to complete Q4 purchases in the next few days.

Recovery seen in US scrap prices

In the US, scrap prices fell in August and shed a further \$20/lt in September amid the uncertainty caused by the "unexpected" tariff hike to 50% on Turkish steel products entering the US, said George Adams of SA Recycling.

FERROUS SCRAP

Turkish Ferrous Scrap Assessment Rationale: S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$328/mt CFR Monday, unchanged on the day. HMS 1/2 (80:20) was assessed using the following indications: one Turkish agent said price levels were around \$328/mt CFR Monday. Several other sources on the buy- and the sell-side said tradeable value was unchanged from Friday. No data was excluded from the assessment.

The above rationale applies to Platts-TSI assessment of Turkish premium deep sea HMS 1/2 (80:20) imports, with the associated market data code: TS01011

PLATTS TSI FERROUS SCRAP REFERENCE PRICES

| | Price | Change | % Chg |
|--|-----------|--------|-------|
| Scrap, Europe/Turkey | (£/mt) | | |
| OA (plate & structural) - UK domestic, delivered** | 237.00 | 0.00 | 0.00 |
| | (\$/mt) | | |
| HMS 1/2 80:20 CFR Turkey* | 328.00 | 0.00 | 0.00 |
| HMS 1/2 75:25 FOB Rotterdam* | 301.75 | 0.00 | 0.00 |
| HMS 1/2 75:25 CFR Turkey* | 322.50 | 0.00 | 0.00 |
| A3 CFR Turkey* | 317.50 | 0.00 | 0.00 |
| Shredded FOB East Coast* | 306.50 | 0.00 | 0.00 |
| HMS FOB East Coast* | 301.50 | 0.00 | 0.00 |
| Shredded - delivered - N. Europe domestic, delivered | 331.91 | -4.17 | -1.24 |
| Shredded - delivered - S. Europe domestic, delivered** | 328.04 | -1.36 | -0.41 |
| Scrap, Asia | (\$/mt) | | |
| HMS 1/2 80:20 Containerized CFR Taiwan Port** | 335.00 | 0.00 | 0.00 |
| H2 - del Okayama - Tokyo Steel purchase price, at works gate | 339.55 | 19.15 | 5.98 |
| H2 - del Utsunomiya - Tokyo Steel purchase price, at works gate | 330.73 | -7.72 | -2.28 |
| Heavy - Shanghai - China domestic | 383.77 | 4.26 | 1.12 |
| HMS 1/2 80:20 CFR - East Asia import** | 355.50 | 0.00 | 0.00 |
| Shredded Scrap CFR India** | 351.00 | -8.00 | -2.23 |
| Shindachi Bara - del Okayama - Tokyo Steel purchase (list) price | 357.19 | 18.74 | 5.54 |
| Shindachi Bara - del Utsunomiya -Tokyo Steel purchase (list) price | 361.60 | -8.44 | -2.28 |
| Shredded scrap A (auto) - del Okayama - Tokyo Steel purchase (list) price | 343.96 | 19.05 | 5.86 |
| Shredded scrap A (auto) - del Utsunomiya - Tokyo Steel purchase (list) price | 335.14 | -7.82 | -2.28 |
| H2 FOB Japan (Yen/mt)** | 35750.00 | 0.00 | 0.00 |
| Scrap, Americas | (\$/lt) | | |
| Shredded del Midwest US*** | 341.50 | 0.00 | 0.00 |
| Shredded, del Midwest US, 10-day average | 329.00 | -22.00 | -6.27 |
| #1 Busheling - N. America domestic, del, Midwest US** | 405.00 | 20.00 | 5.19 |
| HMS 1/2 - N. America domestic, del Midwest US** | 309.00 | 10.00 | 3.34 |
| Plate & Structural - N. America domestic, del Midwest US** | 327.50 | 10.00 | 3.15 |
| | (Real/mt) | | |
| HMS 1/2 - Brazil S.E. domestic** | 785.00 | -5.00 | -0.63 |
| Clean Steel Scrap - Brazil S.E. domestic, delivered** | 920.00 | -10.00 | -1.08 |
| Turnings - Brazil S.E. domestic, delivered** | 585.00 | -10.00 | -1.68 |

Prices monthly unless otherwise noted. *Daily. **Weekly. ***Assessed daily during final week and first week of month. Assessed weekly thereafter.

S&P Global Platts has reported a recovery in US October scrap prices, with deals \$10-20/lt higher, and steelmaking capacity levels are high. "Steel is strong," Adams said, noting that EAF steelmakers are currently running at over 90% capacity utilization, with general capacity utilization levels at over 80%.

In the Japanese market, demand for

scrap is strong as many mills are increasing production due to "robust" demand for structural steel and plate and sheet for reconstruction following typhoon damage and infrastructure work in the run-up to the 2020 Olympics, said Hisatoshi Kojo of Metz Corporation. Current local purchase prices of \$335-\$340/mt for H2 scrap look likely to be

maintained for some time, he added.

India was the world's third biggest steel scrap importer in the first half of 2018, importing 2.86 million mt, 11.2% more than in the same period of 2017, to feed growing steel production, BIR data showed. This was despite pressures arising from the weak rupee, which was one of Asia's worst-performing currencies during the period, said Zain Nathani of the Nathani Group of Companies.

Bangladesh's steel industry continues to grow at a rapid pace, generating strong scrap demand despite drawbacks due to inadequate port infrastructure, Nathani said. Ferrous scrap demand from Pakistan also remains strong, he added.

— *Diana Kinch*

Turkish steel scrap prices stable on global market support

London—Import prices for Turkish steel scrap were unchanged Monday due to a supported international scrap market.

S&P Global Platts assessed Turkish imports of premium heavy melting scrap 1/2 (80:20) at \$328/mt CFR Monday, unchanged from Friday.

One fresh deal was reported to the market Monday with a Baltic-origin merchant selling to a Samsun-based mill in a trade done Thursday, selling 12,000 mt HMS 1/2 (80:20) at \$325/mt, 14,000 mt shredded at \$335/mt and 3,000 mt

TURKISH SCRAP SWAPS

| HMS 1&2 80:20 CFR Turkey | \$/mt | Change | % Chg |
|--------------------------|--------|--------|-------|
| Oct-18 | 323.50 | 0.00 | 0.00 |
| Nov-18 | 313.50 | -2.00 | -0.63 |
| Dec-18 | 306.50 | -3.50 | -1.13 |
| Jan-19 | 303.50 | -5.00 | -1.62 |

SBB-SMD RAW MATERIALS REFERENCE PRICES

| Coke and coal | \$/mt | Change | % Chg |
|--|--------|--------|-------|
| Charcoal - Brazil domestic (Real/mt)^ | 765.00 | 0.00 | 0.00 |
| Metallics | | | |
| Pig iron - FOB - Black sea export* | 370.00 | 2.50 | 0.68 |
| Pig iron - FOB Southeastern ports - Brazil export* | 362.50 | 0.00 | 0.00 |
| Pig iron - CIF New Orleans - US import* | 395.00 | 5.00 | 1.28 |
| HBI - Venezuela export* | 245.00 | 0.00 | 0.00 |

*Weekly ^Fortnightly **Monthly

bonus at \$340/mt.

While the trade is the latest one reported to the market, the cargo purchase by an Iskenderun-based mill priced at \$328/mt CFR remains the latest one traded, done and reported on Friday.

There was talk in the market surrounding another trade of Benelux-origin material to an Iskenderun-based mill at similar price levels to the Baltic-origin deal, which the purported

seller denied.

Sentiment in the market remained largely firm, despite weak domestic and export steel sales in Turkey.

While some sources said that they are surprised at how high scrap prices were, given the struggling domestic steel market, most sources maintained a bullish outlook.

"The market is not down for sure. Mills will pay \$330/mt CFR [soon]," a Turkish merchant

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