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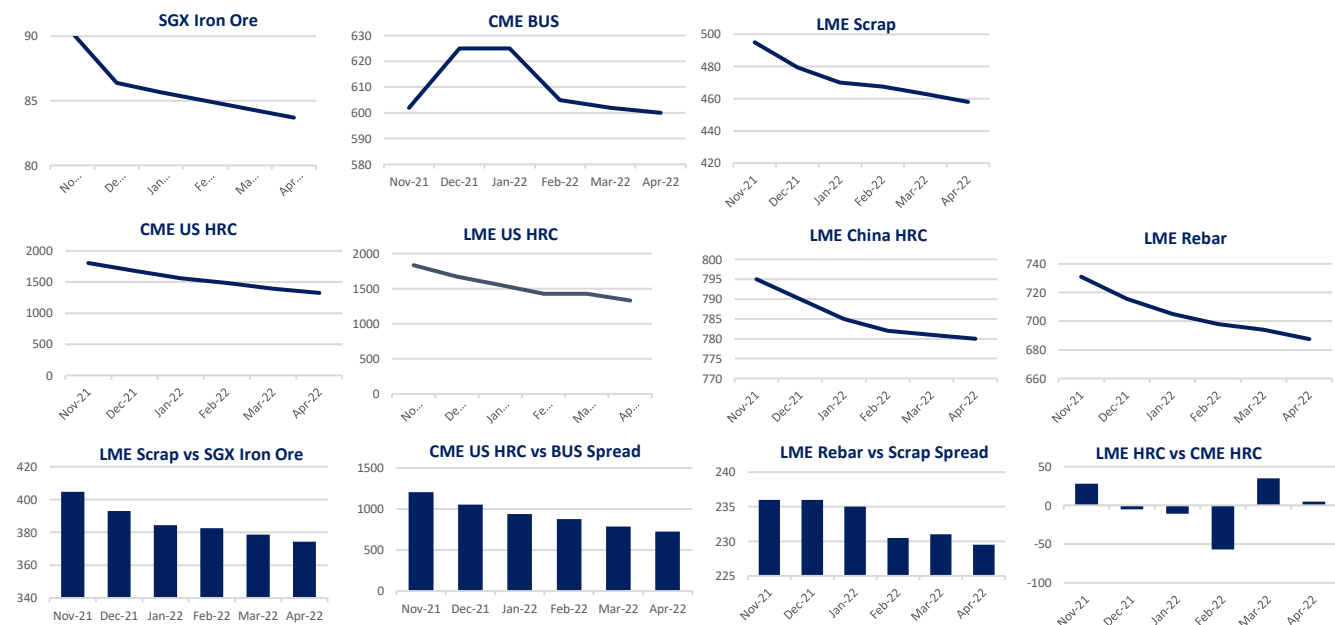
Ferrous Futures Report

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- The main themes for October were soaring energy costs, falling iron ore prices, divergence between longs and flats and the US replacing Section 232 tariffs.
- Iron ore prices which have been on an uptrend since late 2018 due to firm Chinese demand, lost 8% value during the month. Improving steel mill margins since China's steel sector supply-side reform and attempts to eliminate excess steel capacity had previously boosted iron ore demand and prices. Volatility has now returned to the market and Iron ore futures tumbled on uncertainty over steel demand. According to World Steel Association, China's 2021 steel demand now expected -1% instead of +3%.
- Production curbs were instated, reducing electricity consumption and reduced operating hours to deal with the surge in electricity prices and to meet decarbonisation targets.
- US agreed to replace Section 232 steel and aluminium tariffs against the EU bloc with tariff quotas. Long product exports to US have historically been low.
- Flat rolled was weaker in all 3 regions. HRC China (-0.4% MoM), Europe (-10% MoM), USA (-2% MoM). That trend somewhat reversed at the end of October as sentiment improved in north Europe where 30% less steel booked than would be expected as demand from auto sector Turkey Scrap gained 12% during the month and +14% MoM. Scrap collectors targeted higher prices for October and November shipments.
- Turkey Central Bank announcement to decrease interest rates pushed up Lira denominated offer prices, raising concerns about end-users ability to continue to absorb these increases.
- Turkey rebar led scrap price increases gaining 10% during the month and 9% MoM and the Rebar-Scrap spread widened out to 237, averaging 229. Domestic rebar demand in Turkey remained strong and Chinese Rebar demand, which constitutes 1/3 of steel demand in China was up on restocking after Golden Week and as the real estate market stabilised post the Evergrande crisis. In November and December typically construction slows down.

Month	Turkey Scrap Platts	Turkey Rebar Platts	US BUS Scrap AMM	US HRC Platts	US HRC CRU	Europe HRC Argus	China HRC Argus	Platts Iron Ore 62%	Platts Coking Coal	Argus Taiwan Scrap	Argus India Scrap
Oct-21	480	709	583	1924	1900	967	905	121	398	472	537

Valuation	LME Scrap	LME Rebar	CME BUS	LME HRC US	CME US HRC	Argus HRC Europe	LME HRC China	SGX Iron Ore	LME metal spread	CME metal spread	Scrap vs Iron Ore	HRC - LME CME	SHFE Rebar Close	DCE Iron Ore Close
Nov-21	495	731	602	1833	1805	1015	795	90	236	1203	405	28		
Dec-21	480	716	625	1673	1678	1020	790	86	236	1053	393	-5		
Jan-22	470	705	625	1550	1561	1010	785	86	235	936	384	-11	4109	528
Feb-22	468	698	605	1425	1482	999	782	85	231	877	383	-57		
Mar-22	463	694	602	1425	1390	998	781	84	231	788	379	35		
Apr-22	458	688	600	1330	1325	975	780	84	230	725	374	5		



Data date 9/11/2021

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