

NAVIGATE
Commodities

Steel Scrap Markets

A Bird's Eye View

Commissioned by:



In Association With:



Report Overview:

“Steel Scrap Markets – a Bird’s Eye View” is a new report commissioned by the London Metal Exchange (LME), designed to give market participants a unique perspective on the highly fragmented and traditionally often opaque world of ferrous scrap markets.

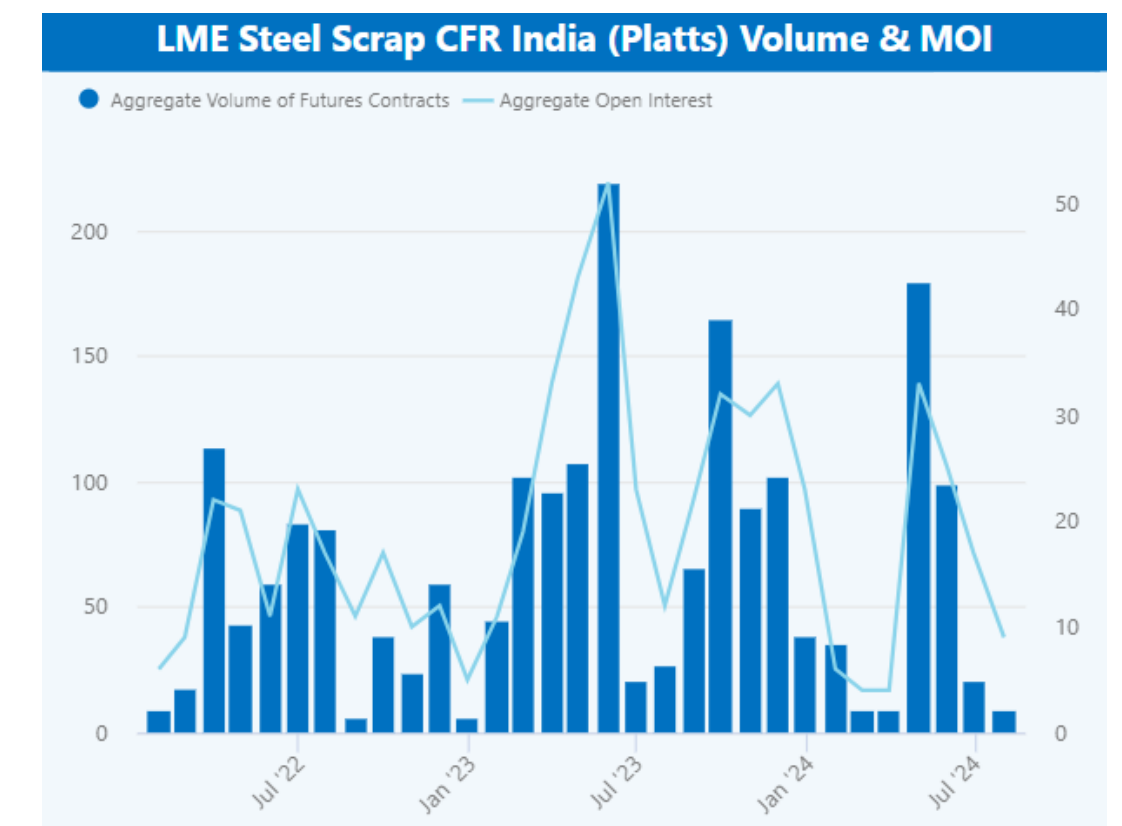
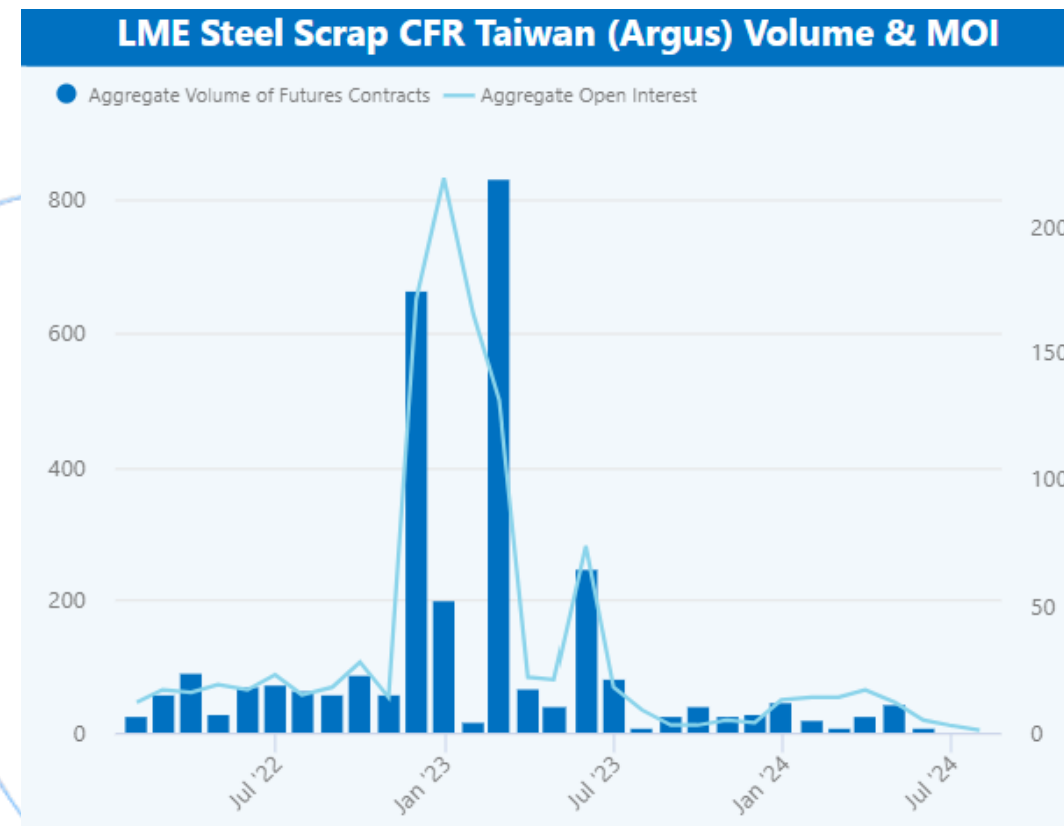
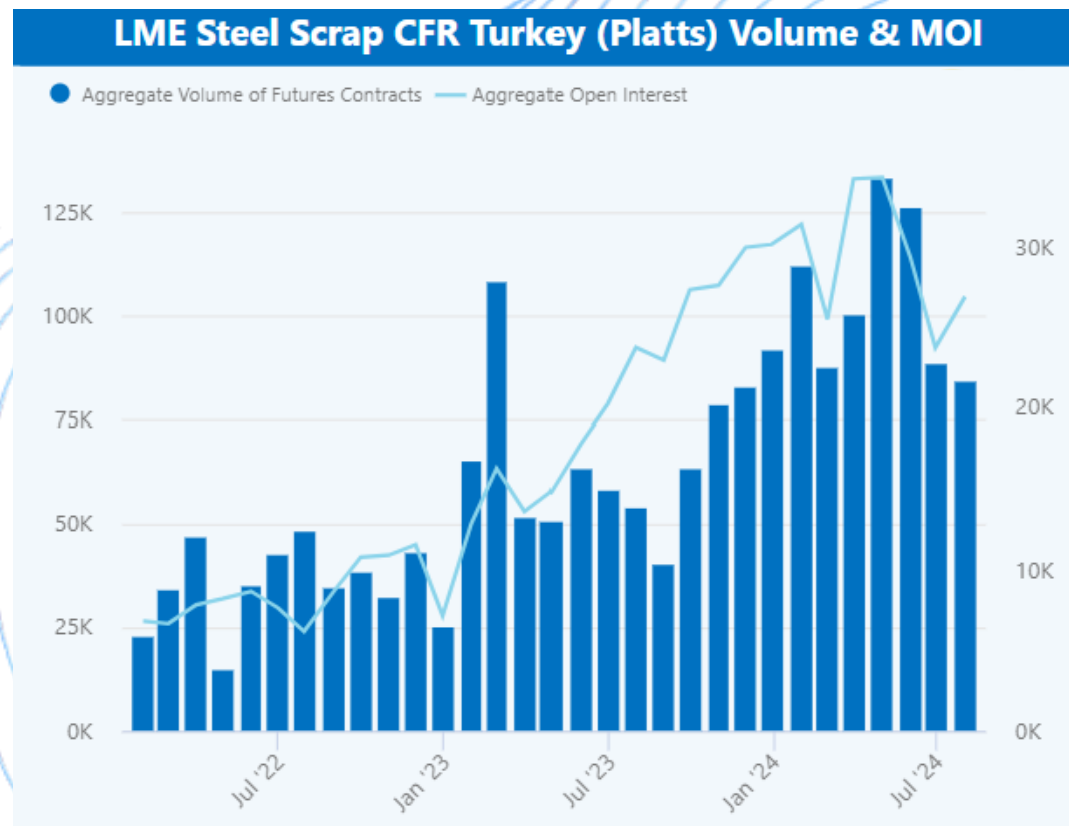
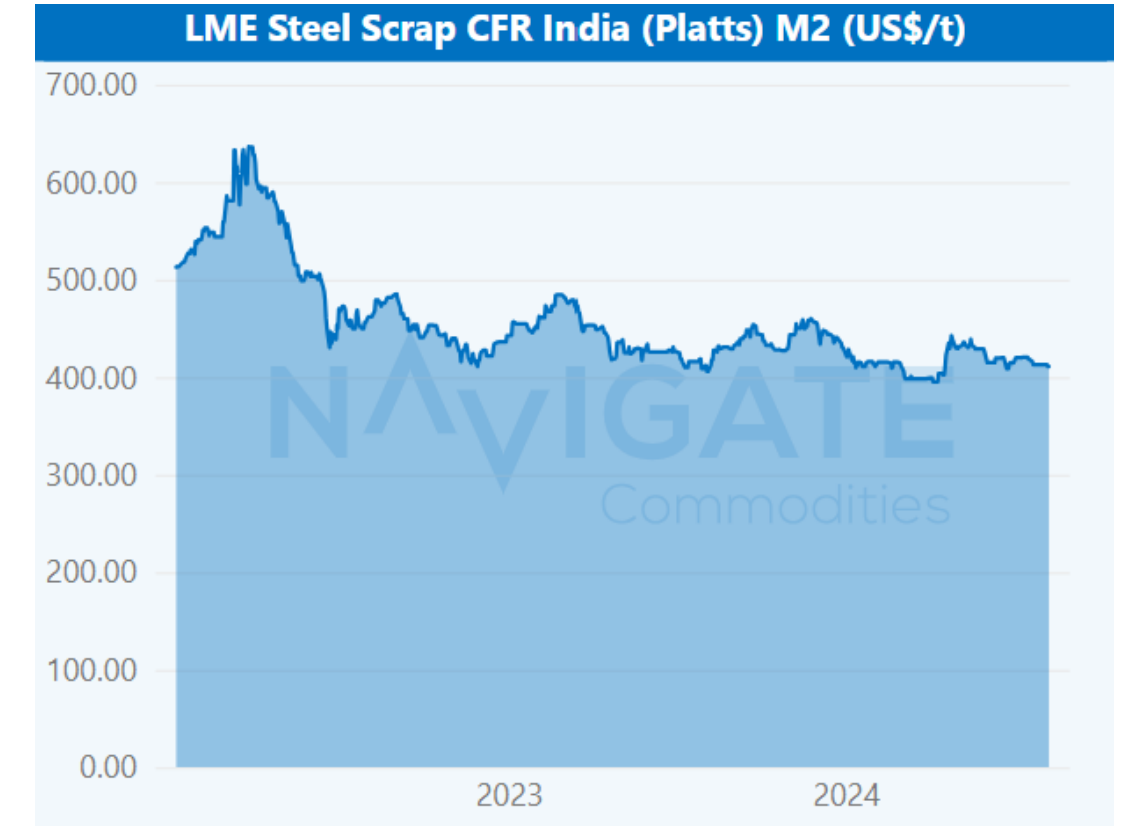
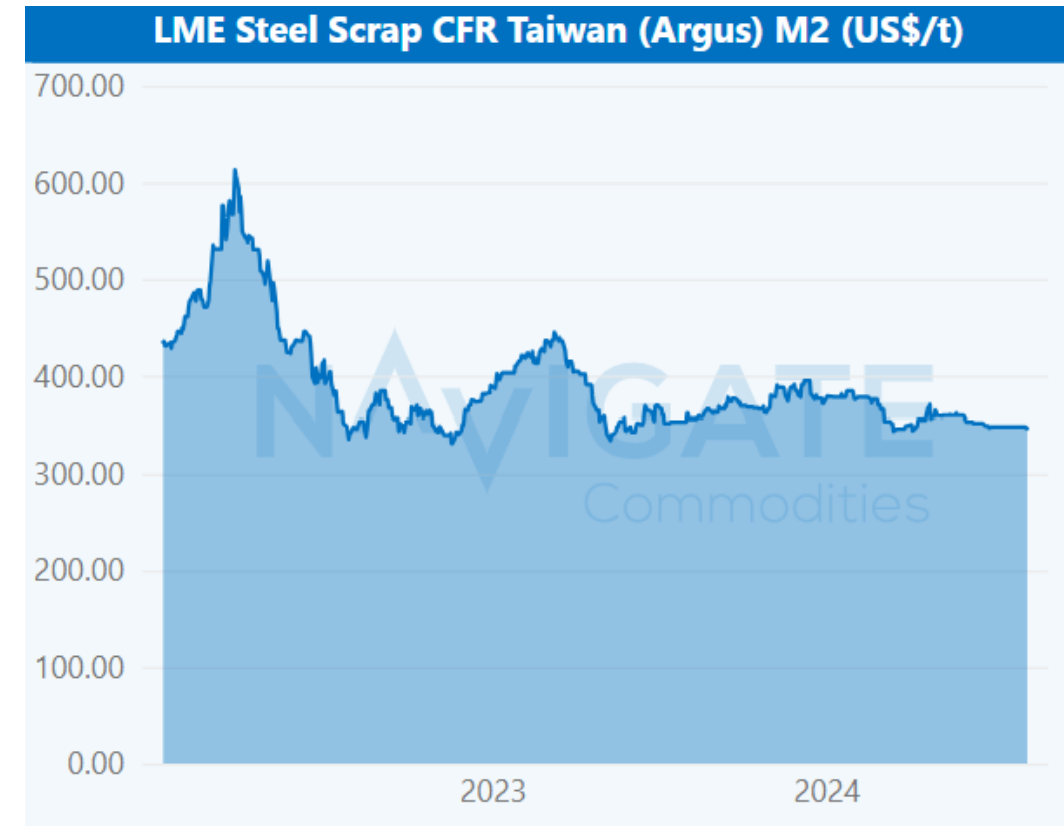
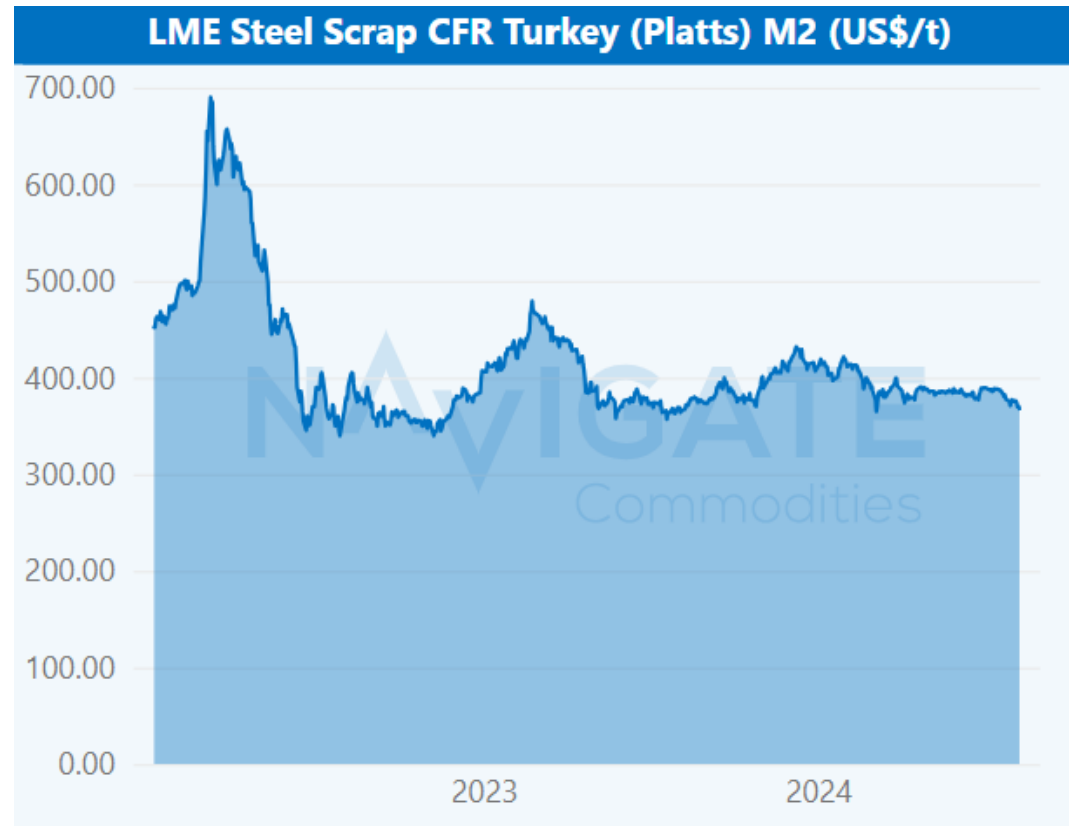
This report includes a wealth of data and provides commentary on supply chains from the key steel scrap markets of Turkey, India, and Taiwan.

Authors Navigate Commodities and Earth-i use satellite imagery, AI and machine learning to monitor and assess data from steel mills, trade routes and ports to bring transparency to and insight on the world of steel scrap.



LME Steel Scrap Futures







India Steel Scrap Market Overview



As of 9th August 2024



● = Active ● = Idled

India

Indian Ferrous markets remain poised to exit the country's annual monsoon season, with three quarters of India's states and territories experiencing more than 7.0% surplus rainfall in early August compared with historical records.

At the very same time, anecdotal reports indicate that South Asian markets are not in isolation from the wave of cost-competitive Chinese- and Malaysian-origin offers of Billets, Bars, and Rods sweeping through the market.

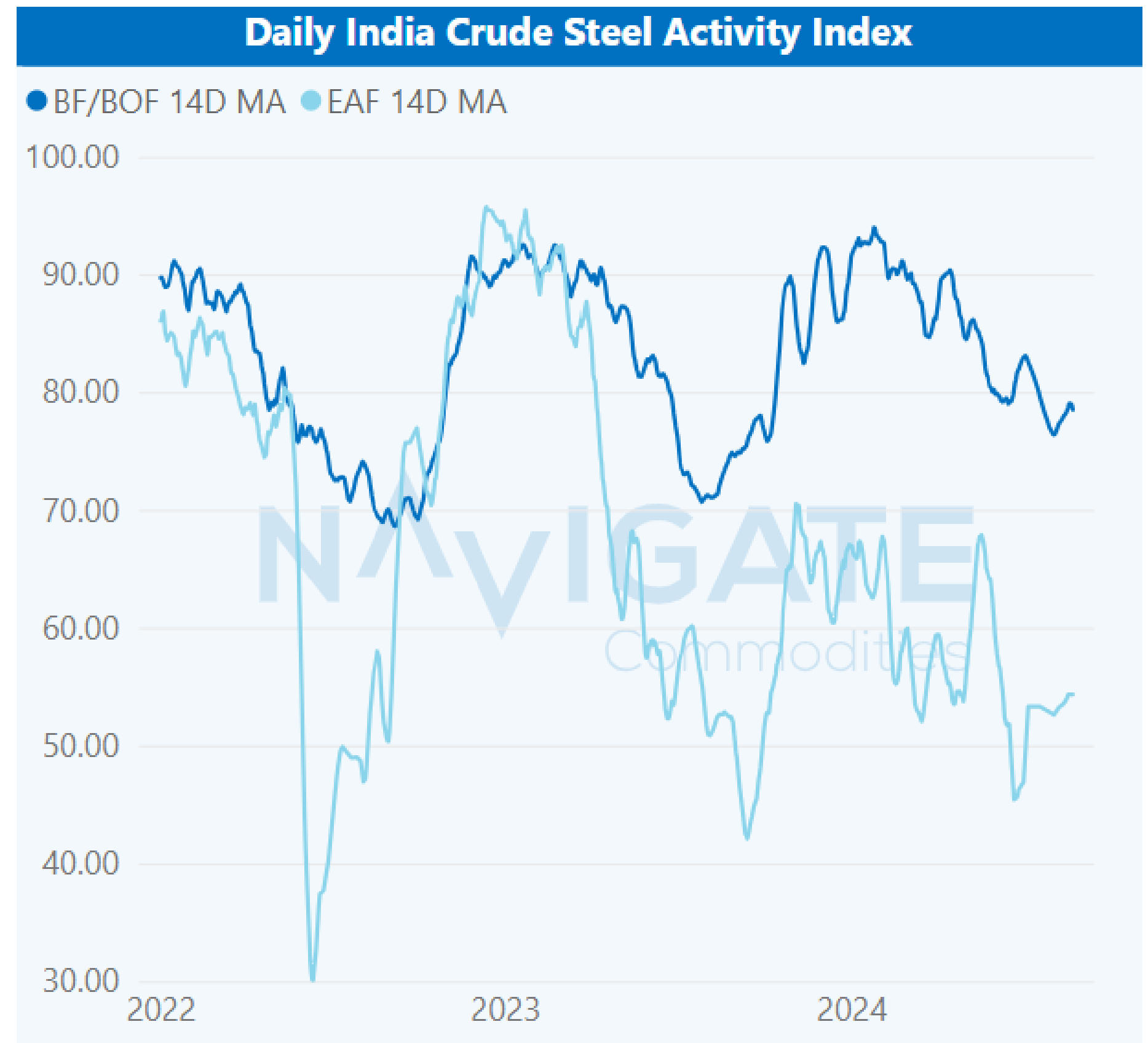
Nevertheless, thermal infrared readings potentially indicate Indian blast furnace-basic oxygen furnace (BF-BOF) smelting activity has formed a trough over the past month with a modest uptick formed since the end of July.

If there's any one country in the world that could currently absorb a material proportion of cost-competitive East Asian Steel exports and still have room for its own domestic Steel production growth – it's India.

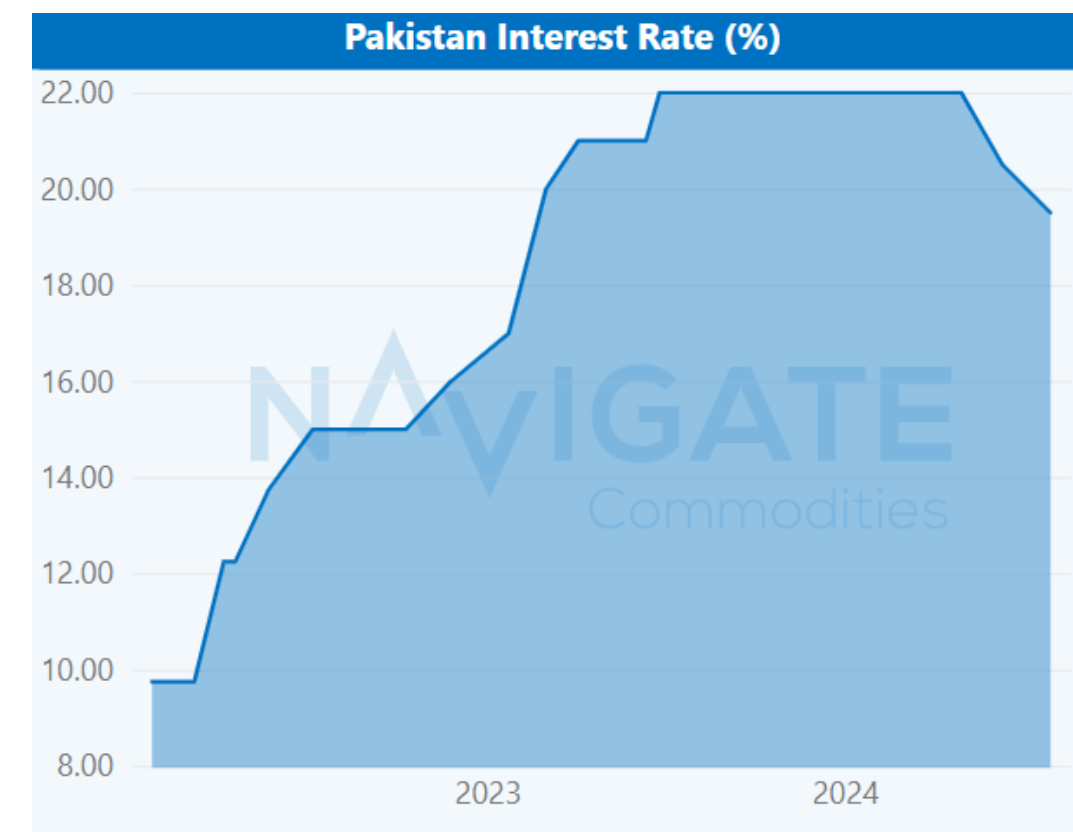
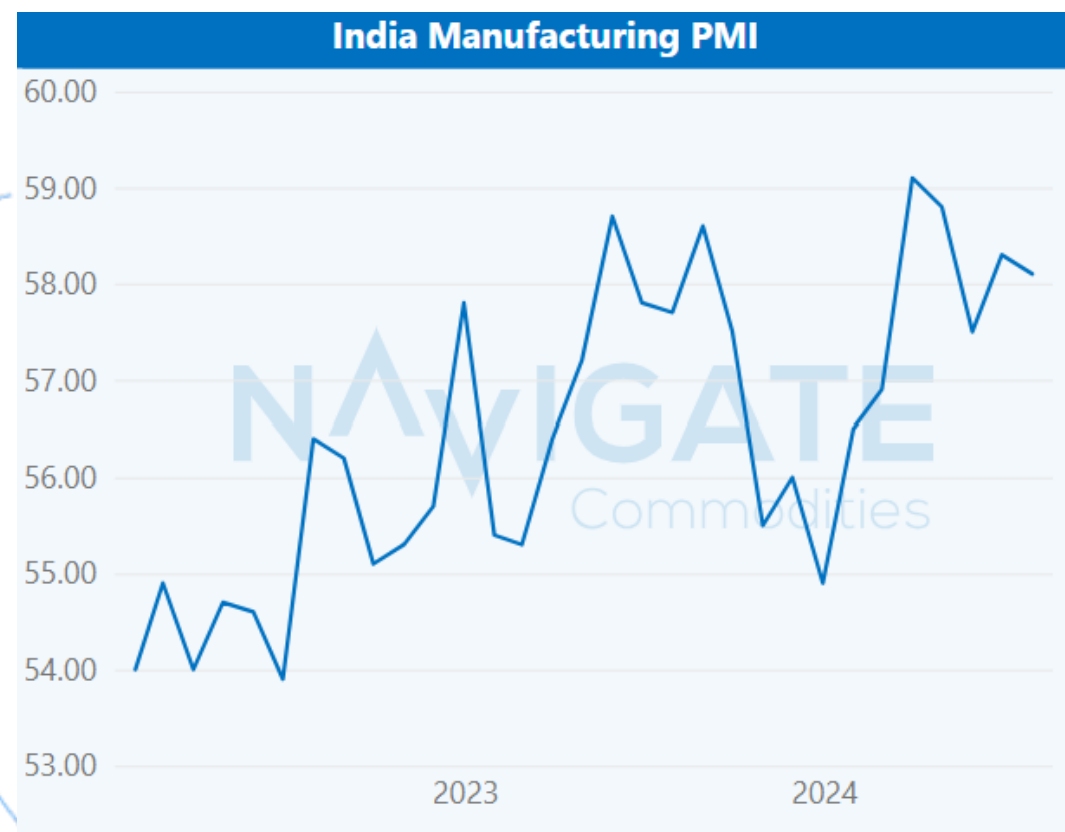
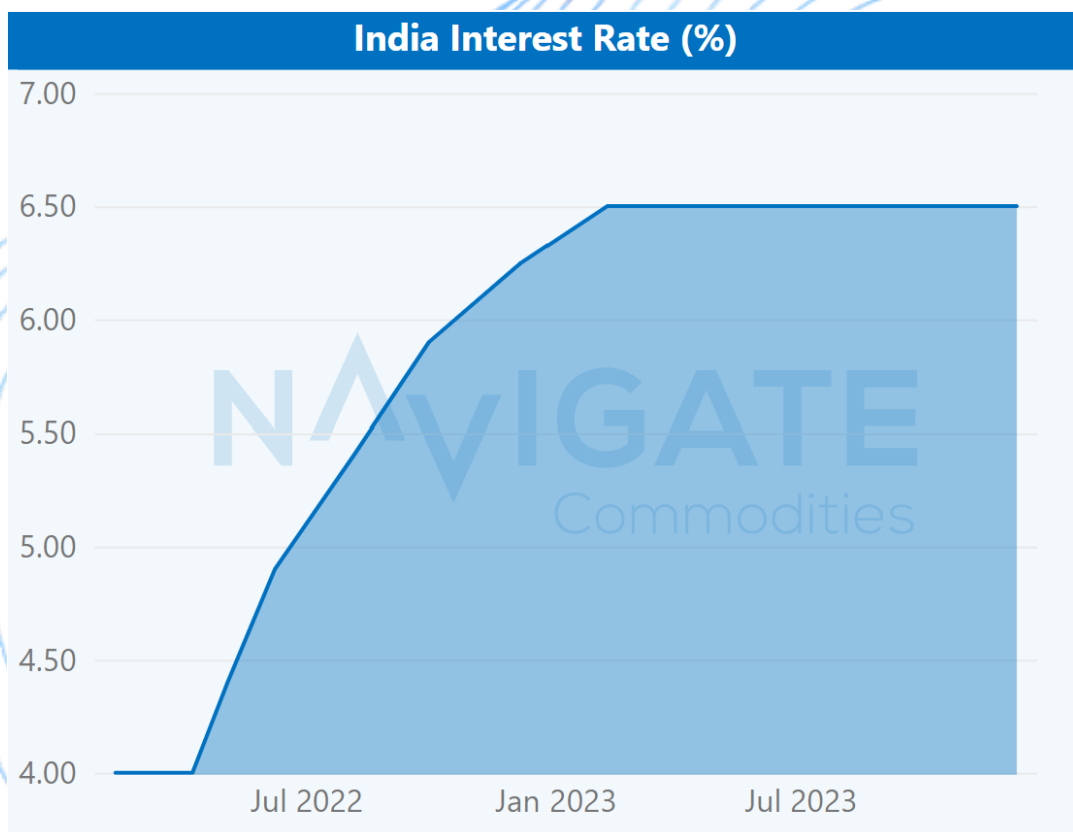
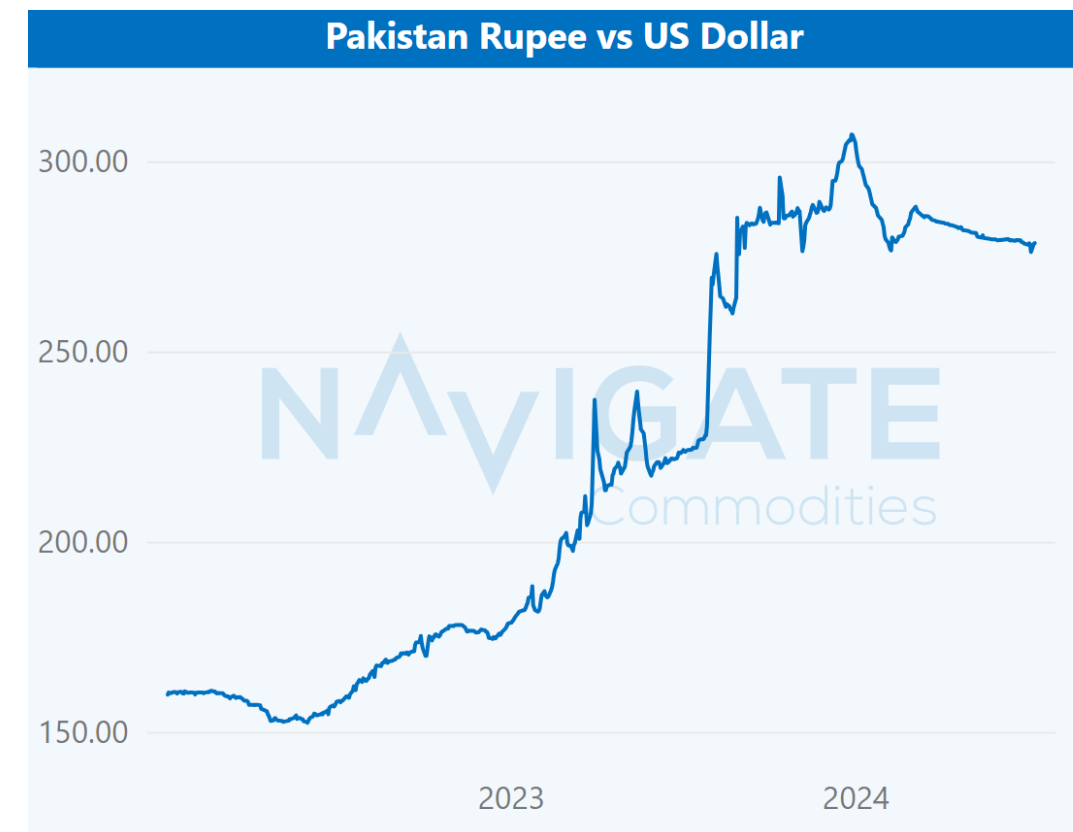
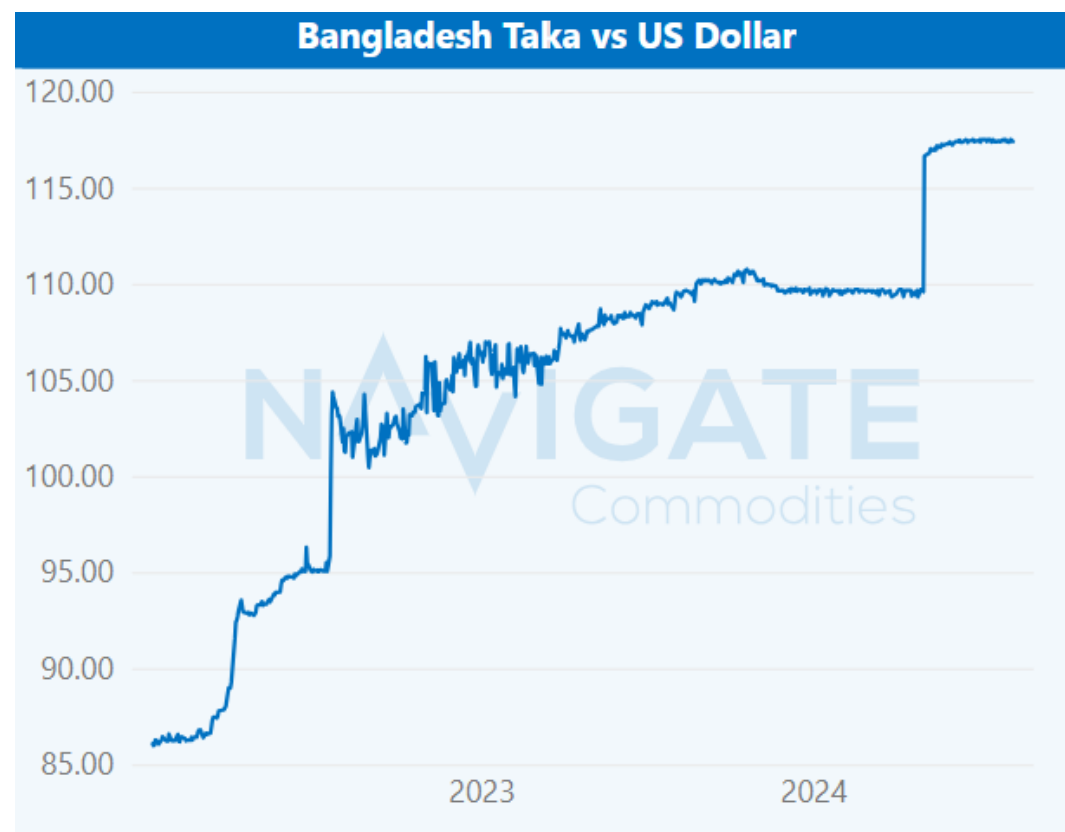
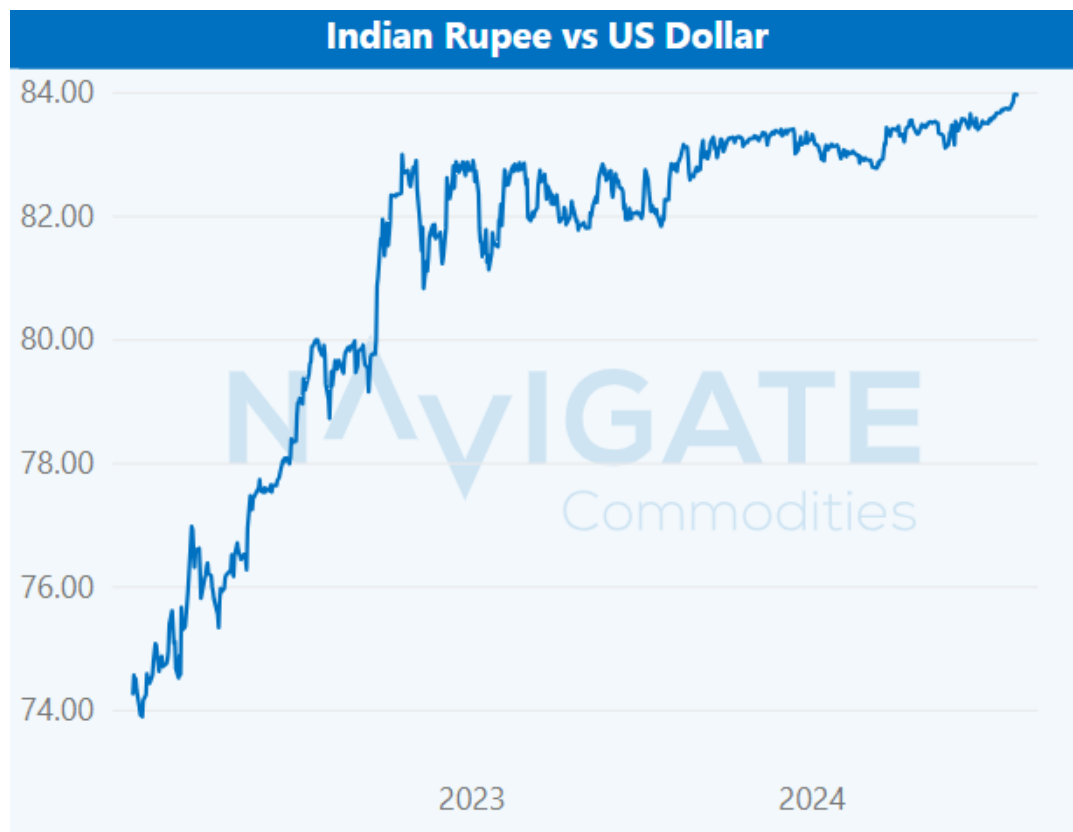
On that basis, it might be less surprising to witness the expansion in Indian Shredded Ferrous Scrap premiums over equivalent Turkish grades back up to US\$9/t by early-to-mid August as a modicum of demand may be returning.

It remains to be seen whether this will be sustainable, given that the sharp and sudden correction in Turkish Ferrous Scrap benchmarks may have exacerbated the widening premia.

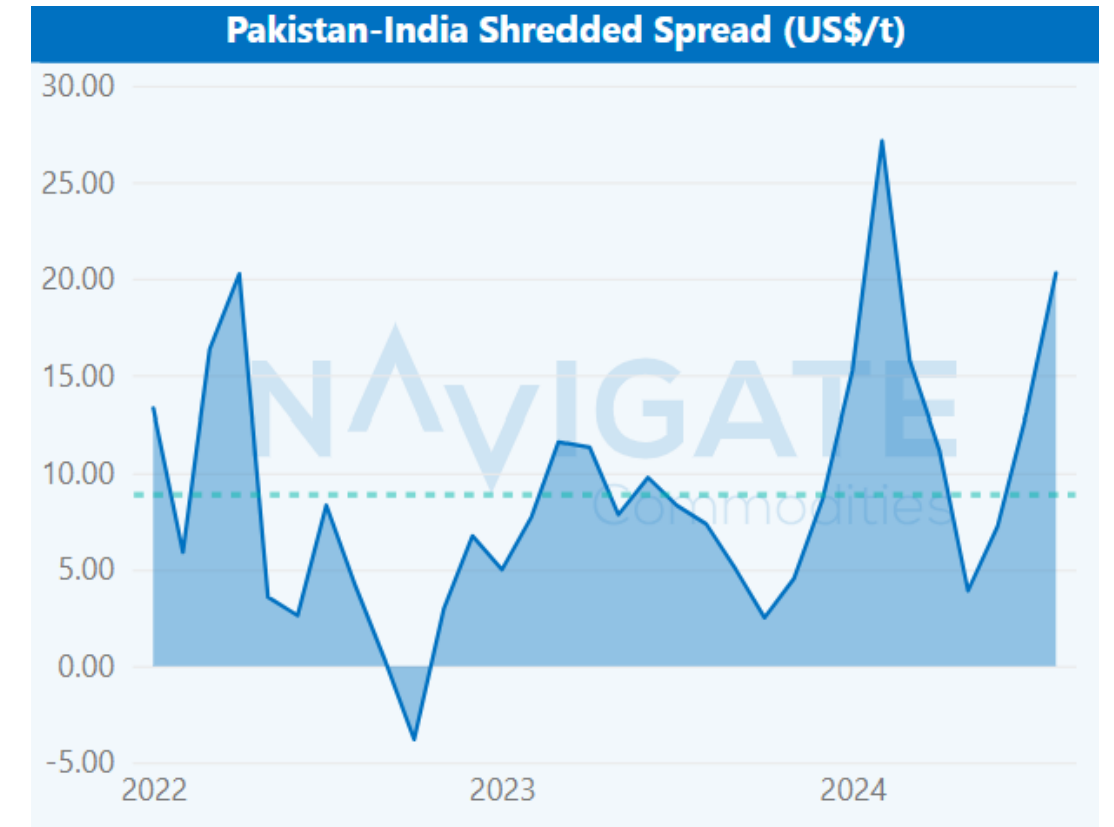
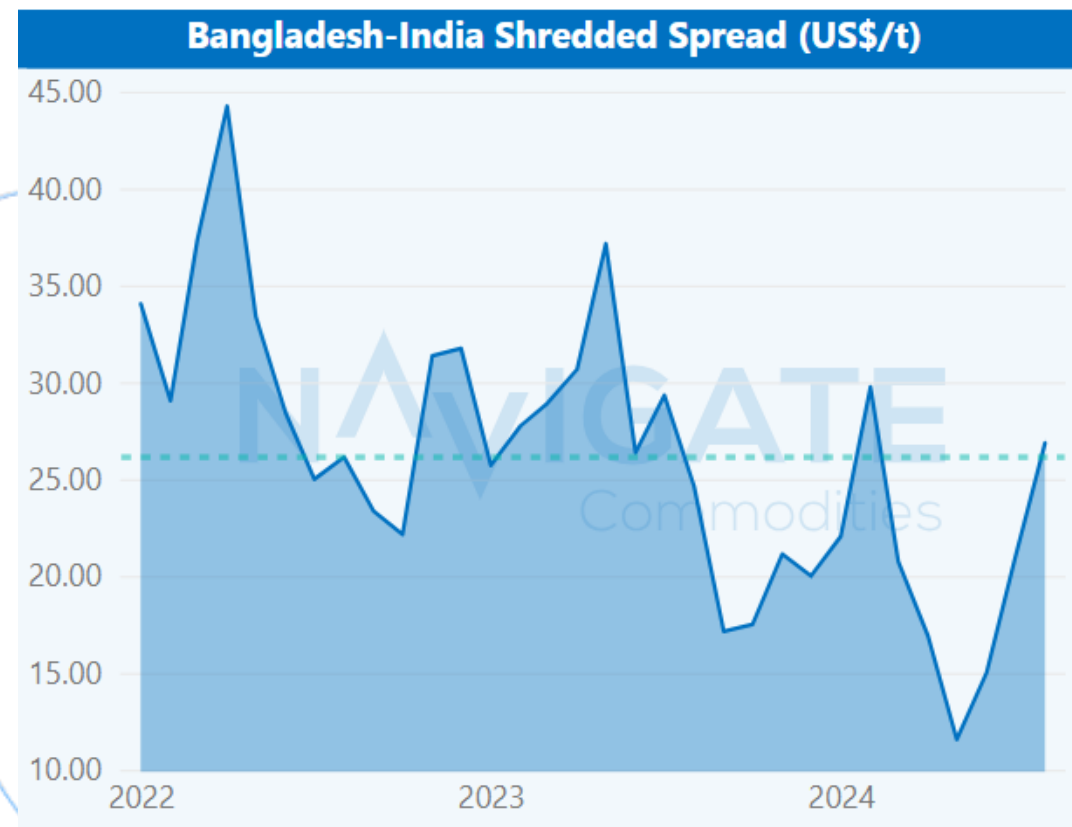
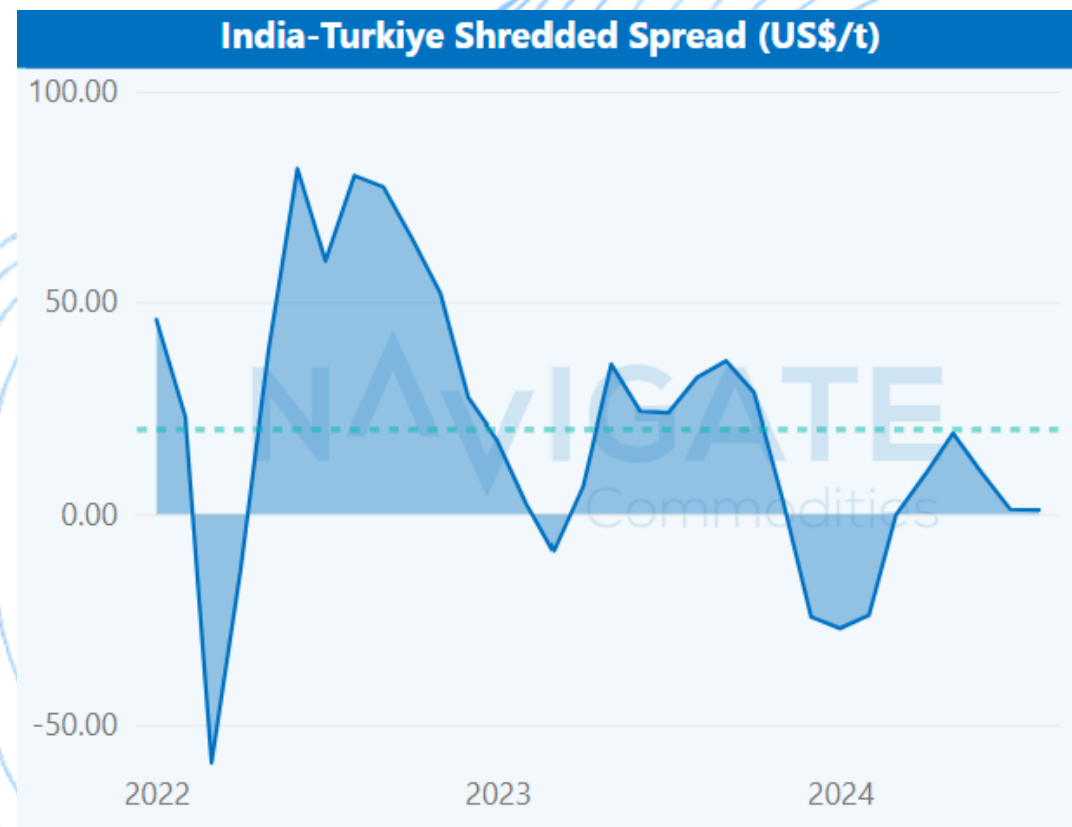
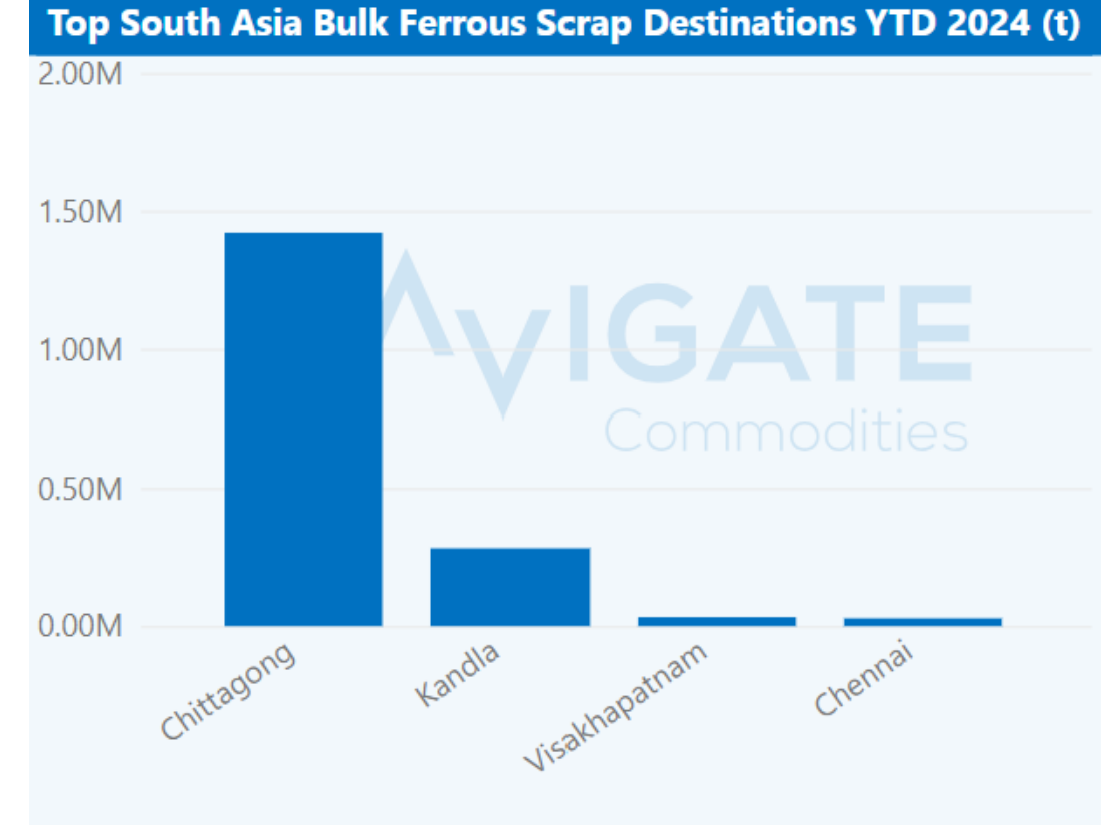
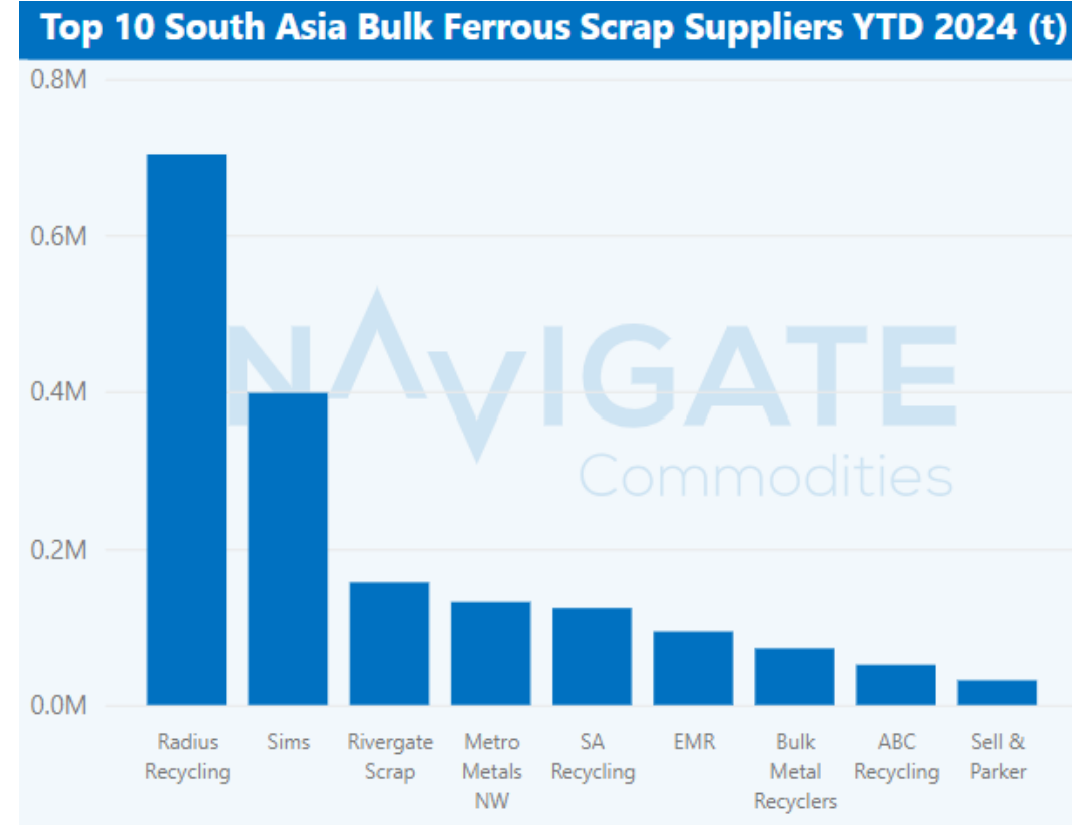
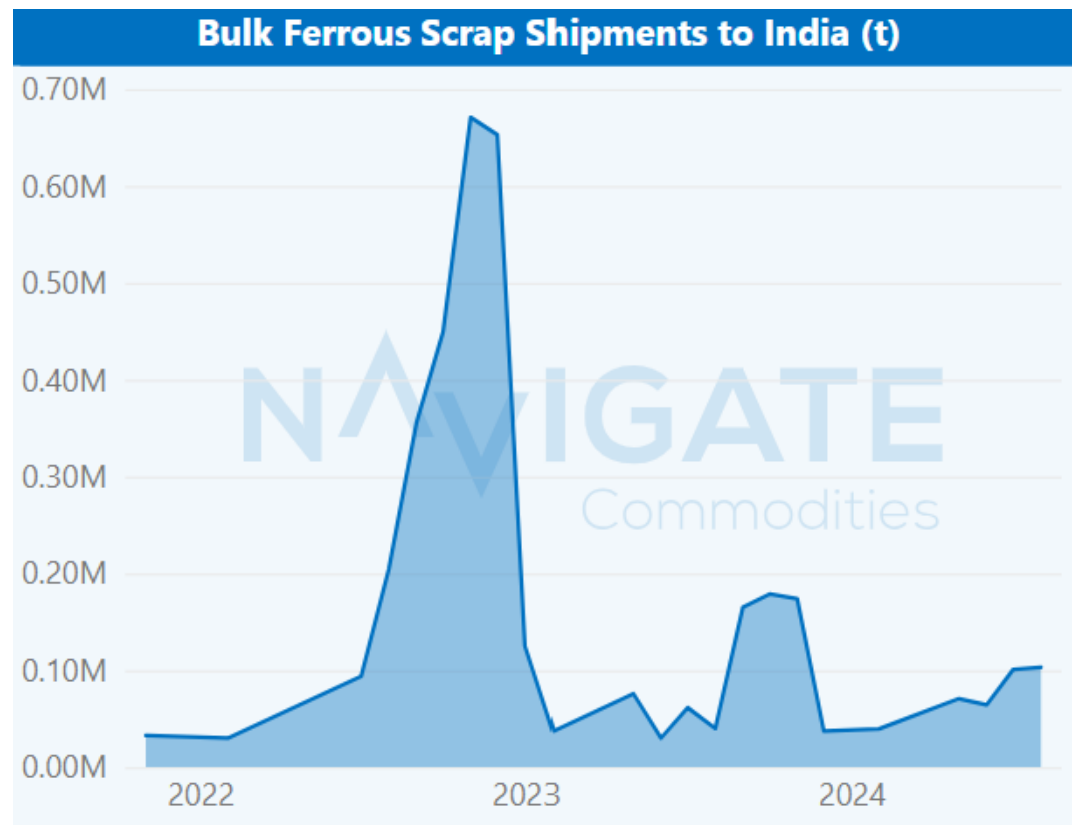
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



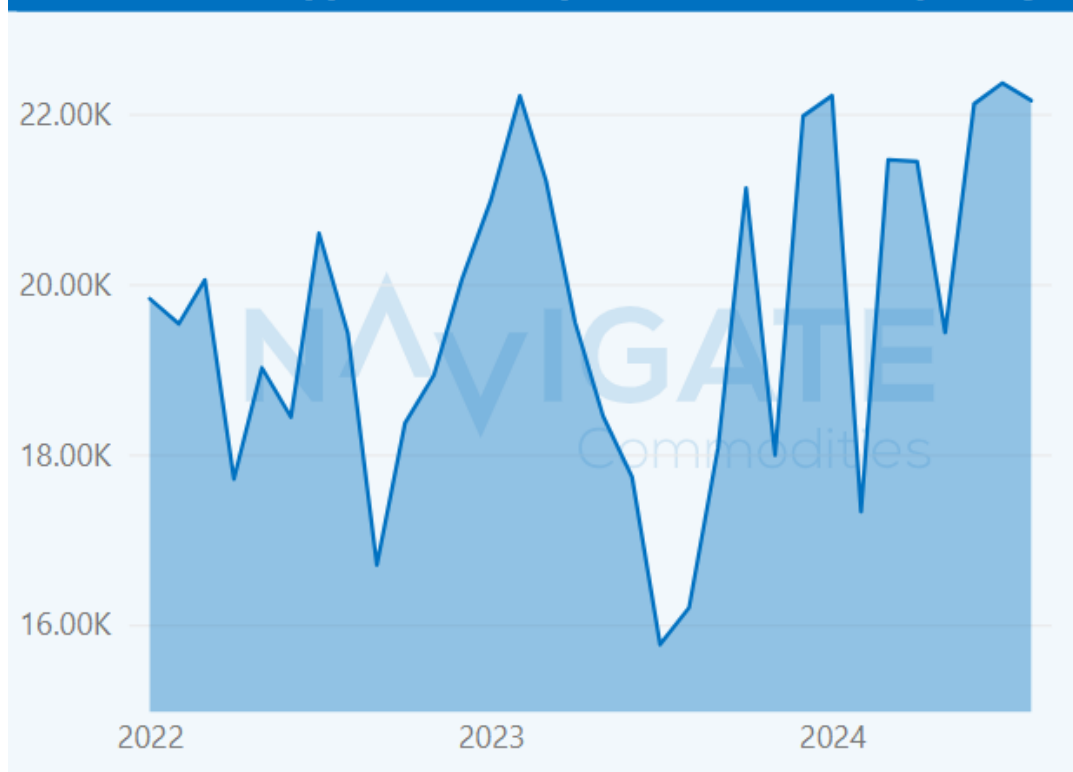
Source: Earth-i, Navigate Commodities



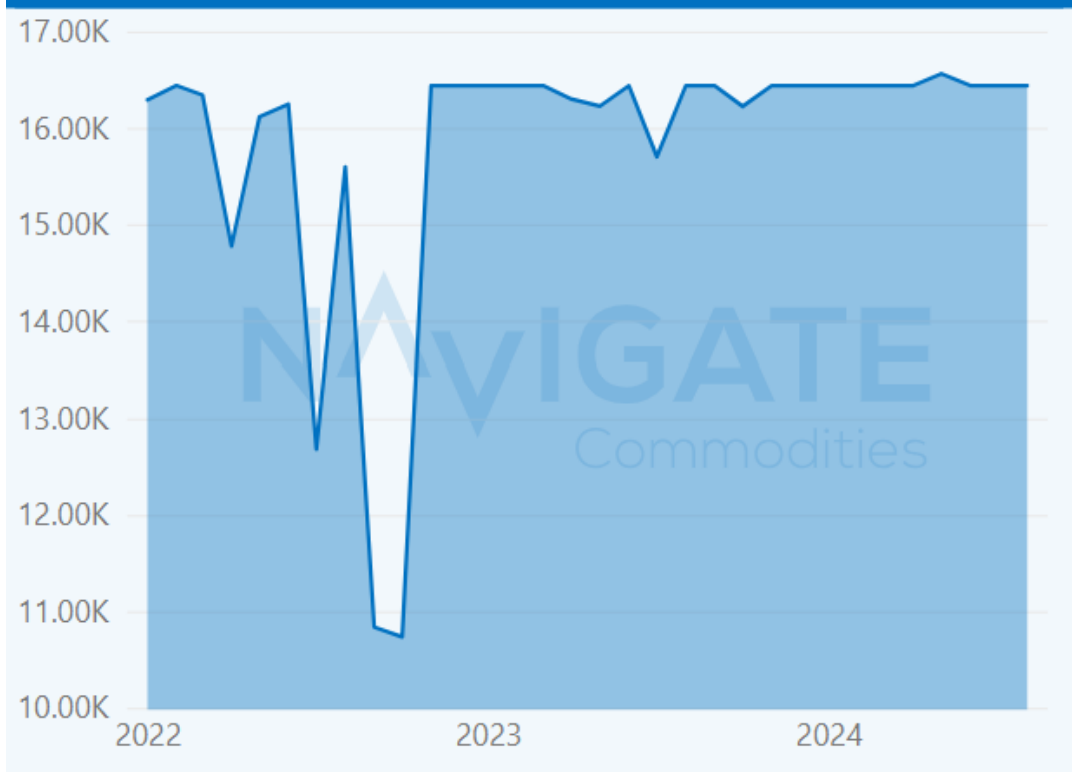
Source: Earth-i, Navigate Commodities, Bloomberg



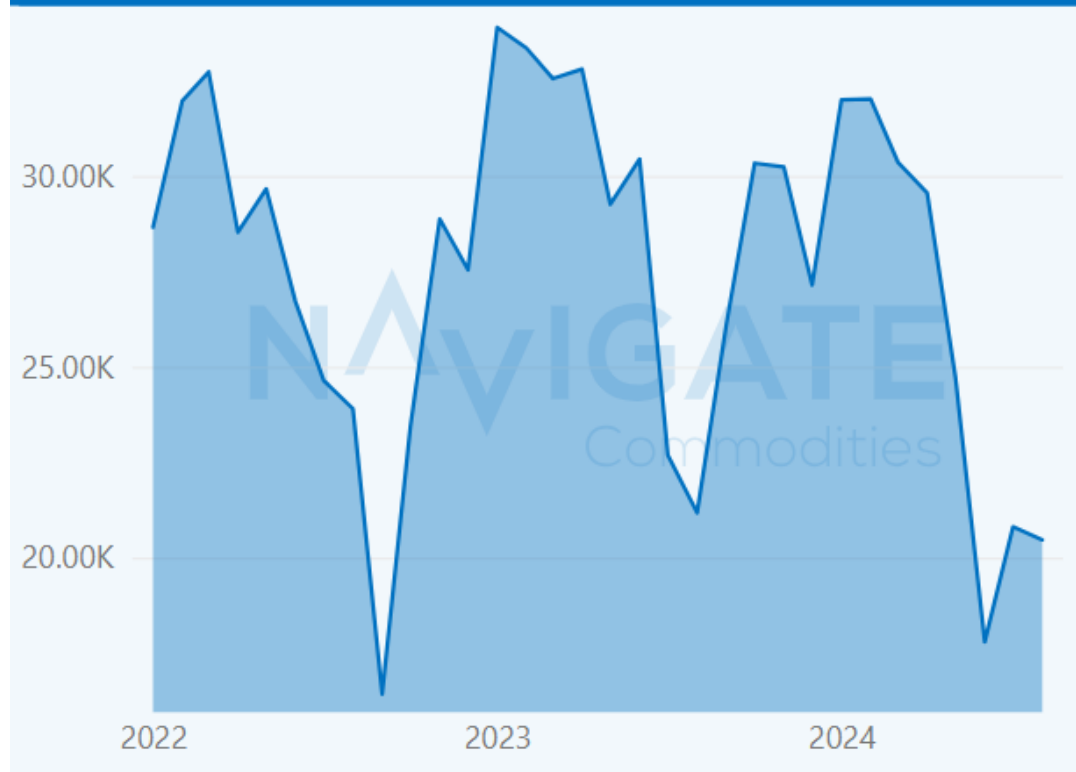
ArcelorMittal Nippon Steel Output 30D MA (tonnes per day)



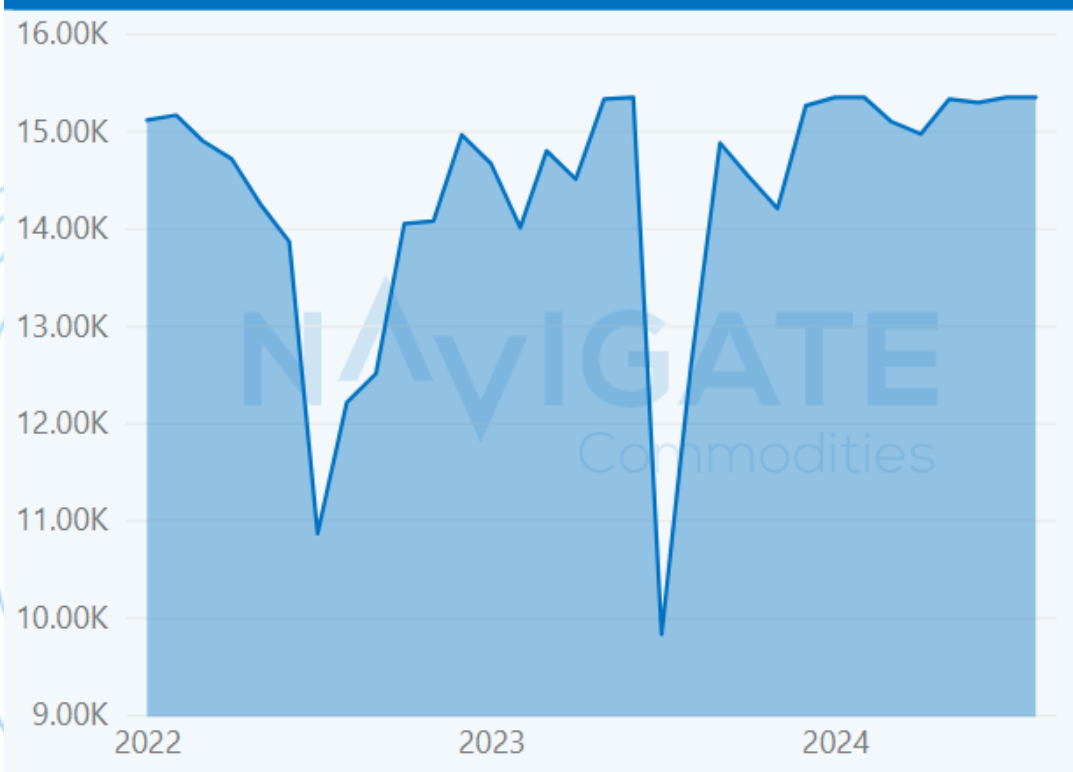
JSPL Odisha Steel Output 30D MA (tonnes per day)



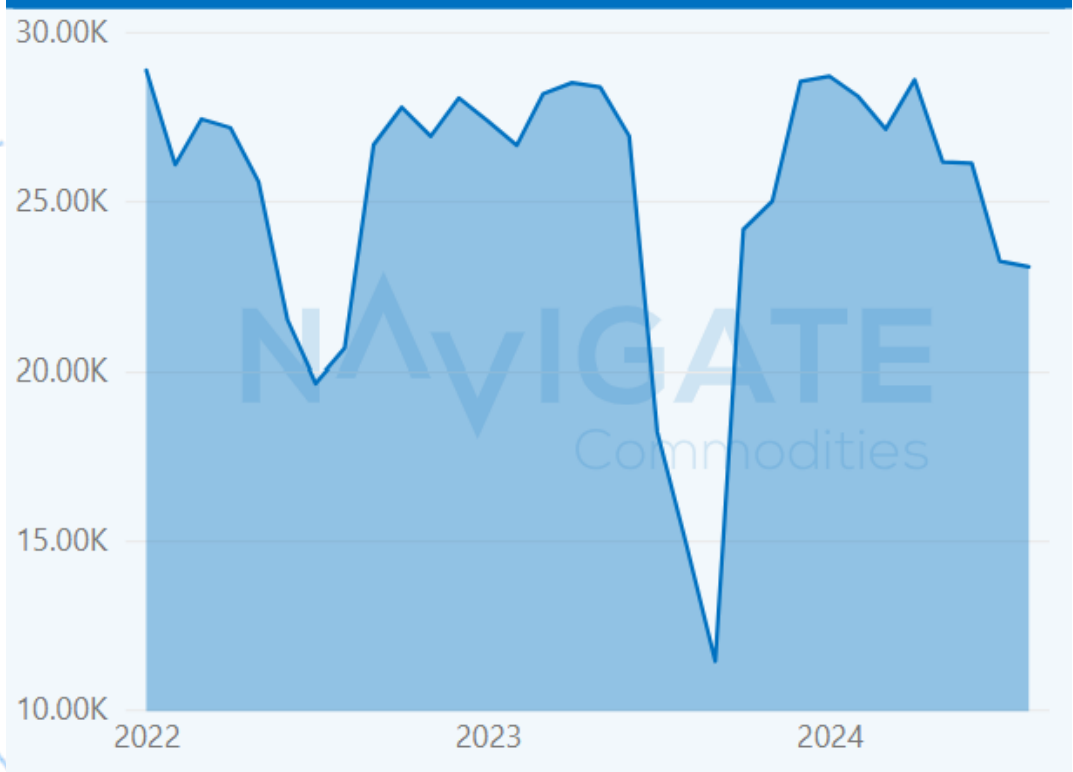
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



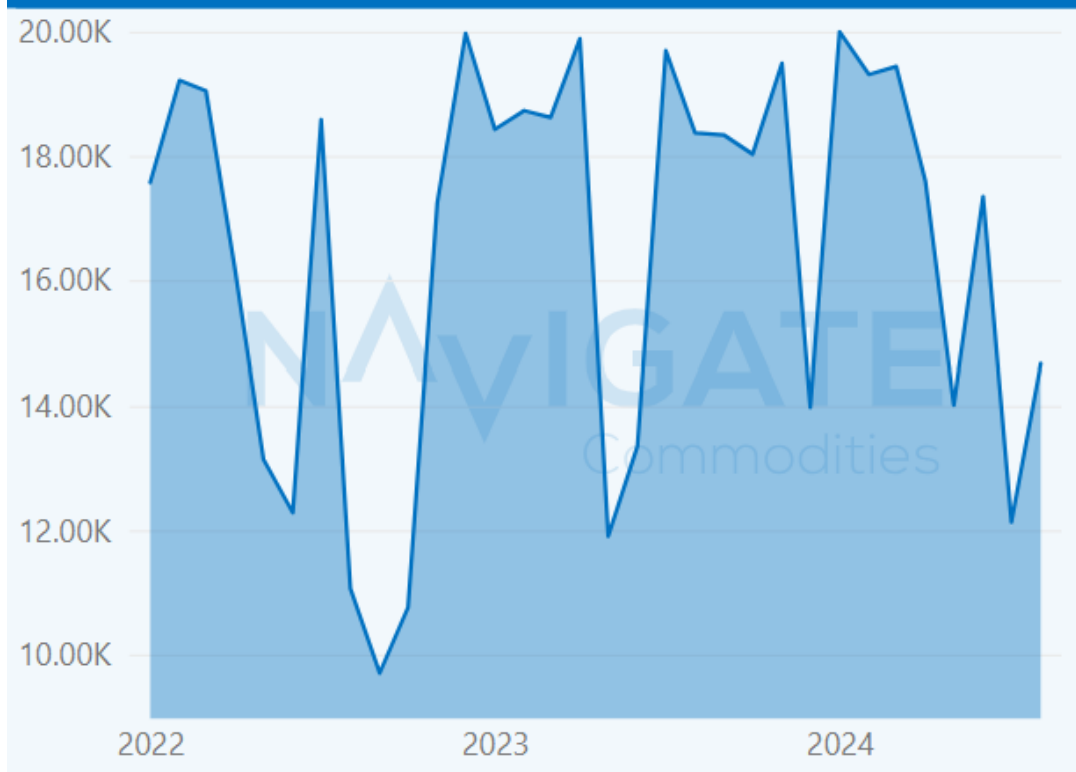
Tata Steel BSL Steel Output 30D MA (tonnes per day)



Tata Steel Jamshedpur Steel Output 30D MA (tonnes per day)



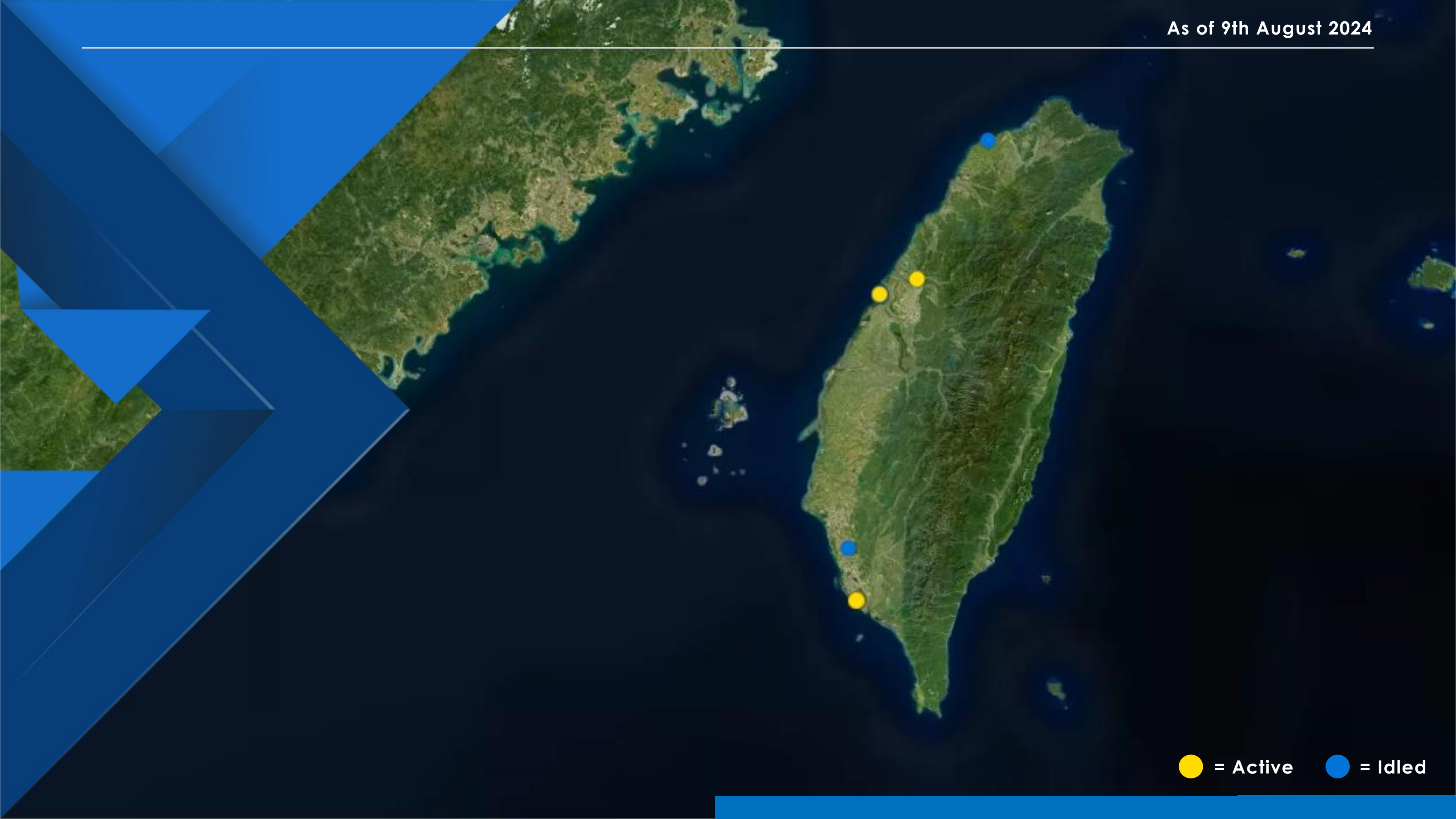
Vizag Steel Output 30D MA (tonnes per day)





Taiwan Steel Scrap Market Overview





● = Active ● = Idled

Taiwan

Daily Taiwanese blast furnace–basic oxygen furnace (BF–BOF) smelting activity remained relatively elevated through July and early August, as weaker Hot Metal production costs brought local integrated mills back into contention.

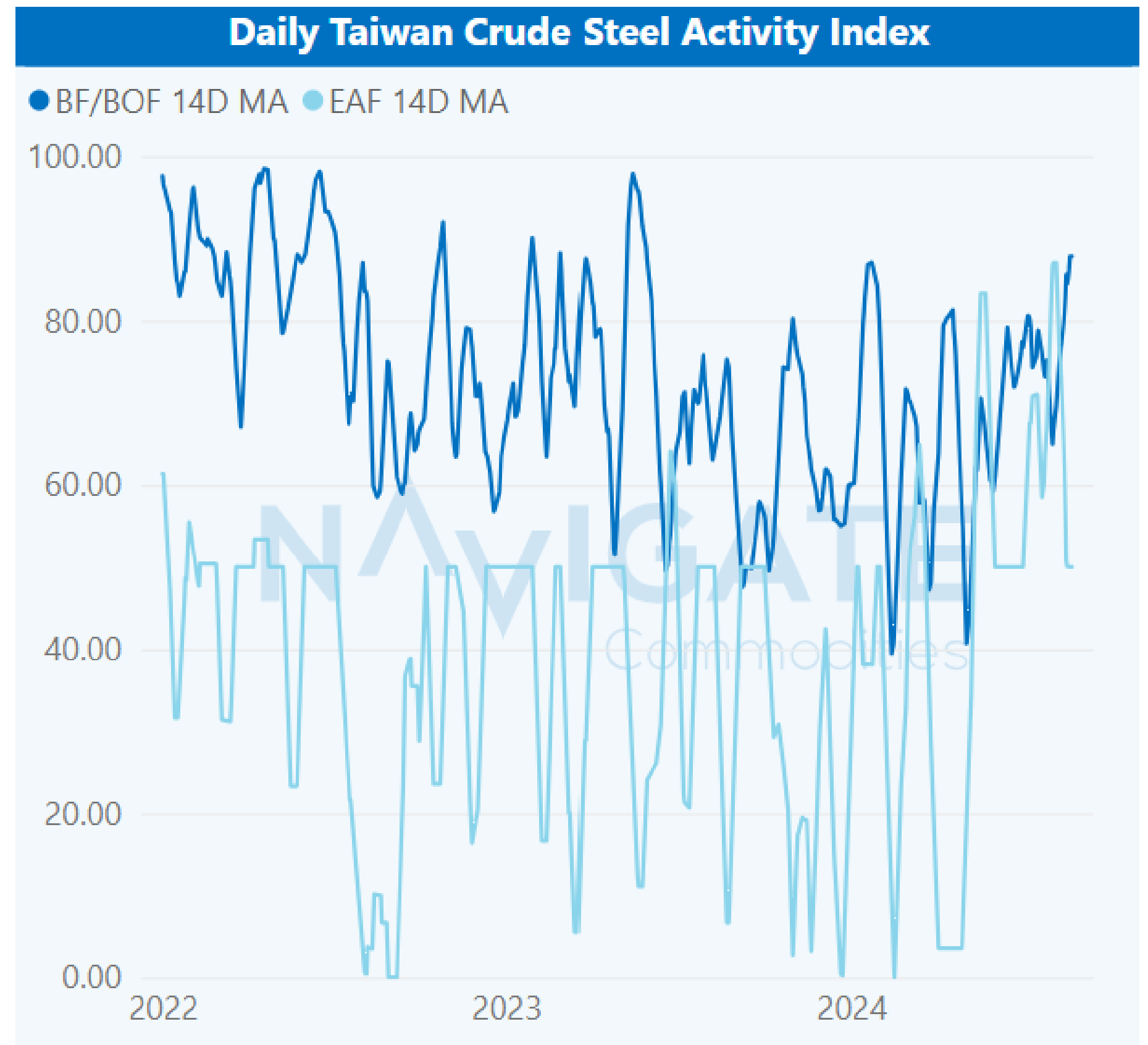
For example, mainstream 62% Iron Ore prices have now fallen below the key US\$100/t CFR China threshold while Premium Hard Coking Coal benchmarks have softened to US\$209/t FOB Australia.

Despite the material import penetration of cost–competitive Chinese Steel, some domestic Steel producers have benefitted from healthy rebounds in local construction and manufacturing activity.

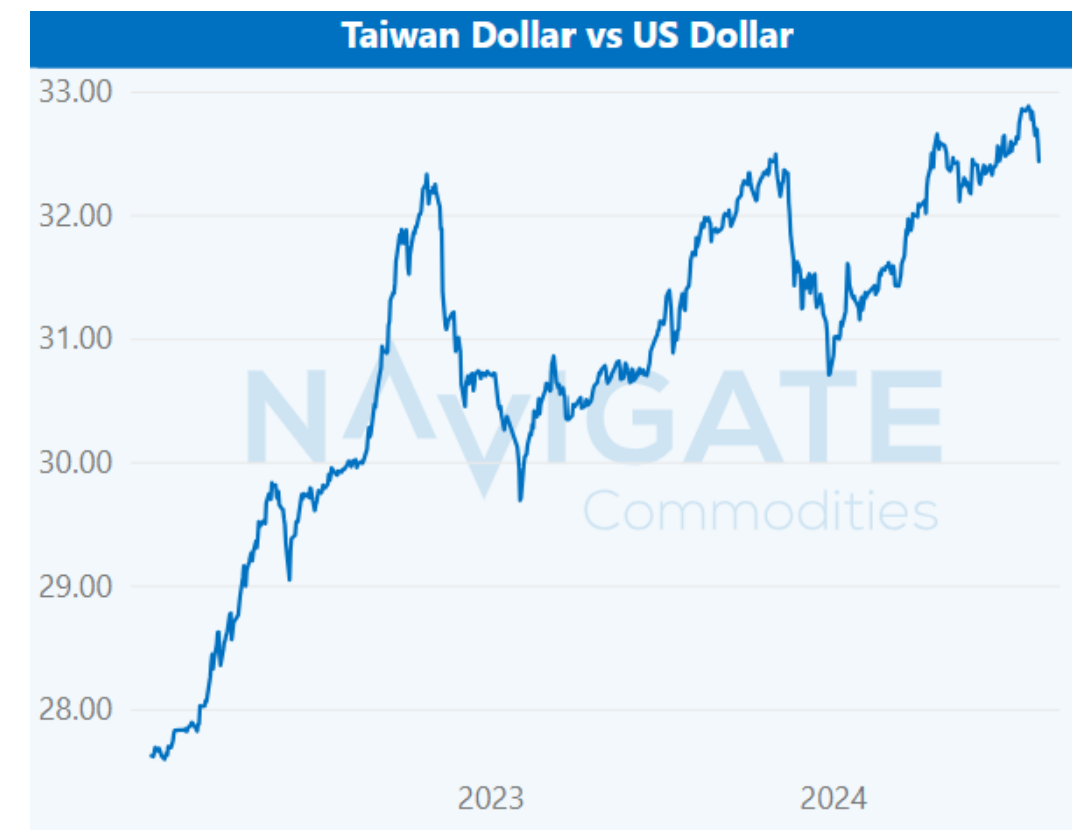
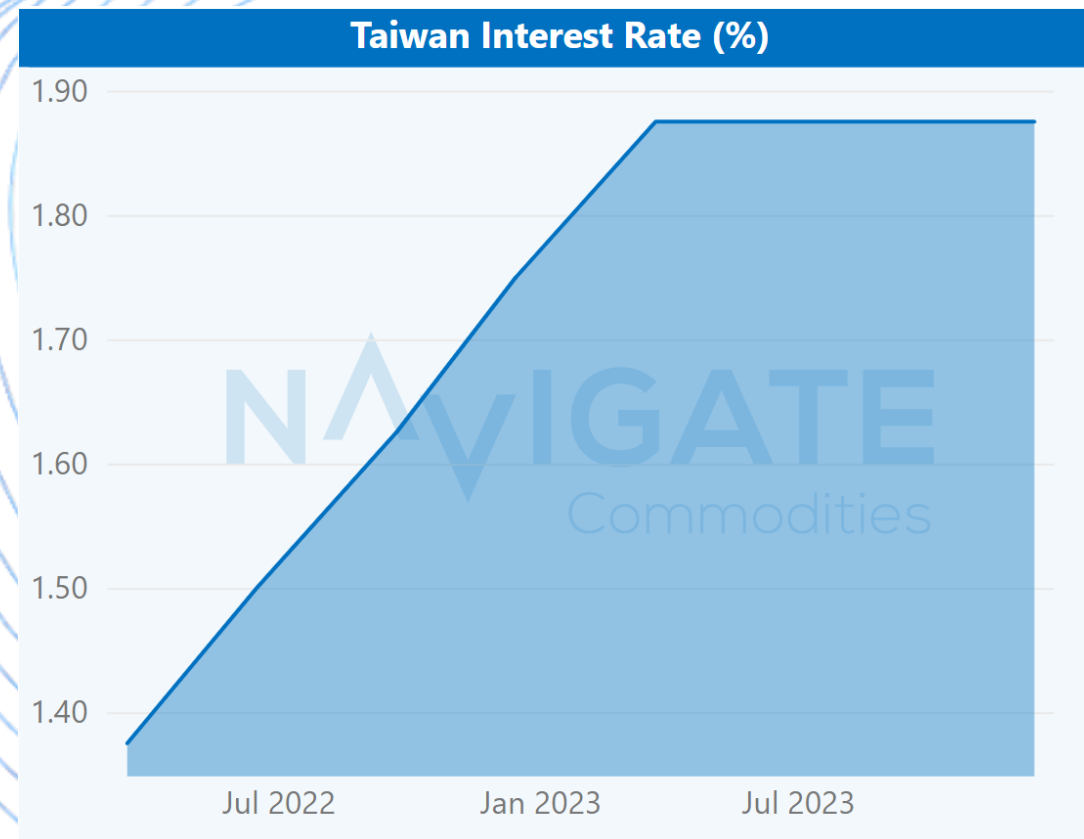
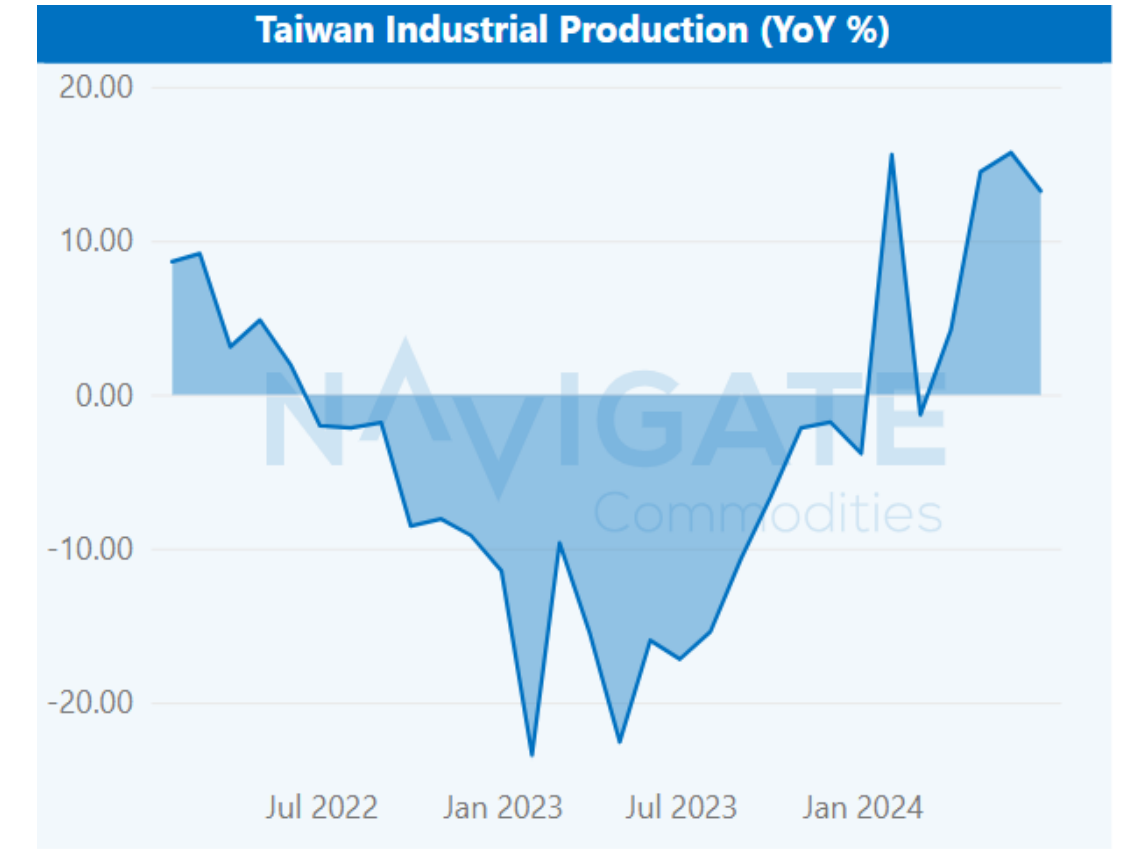
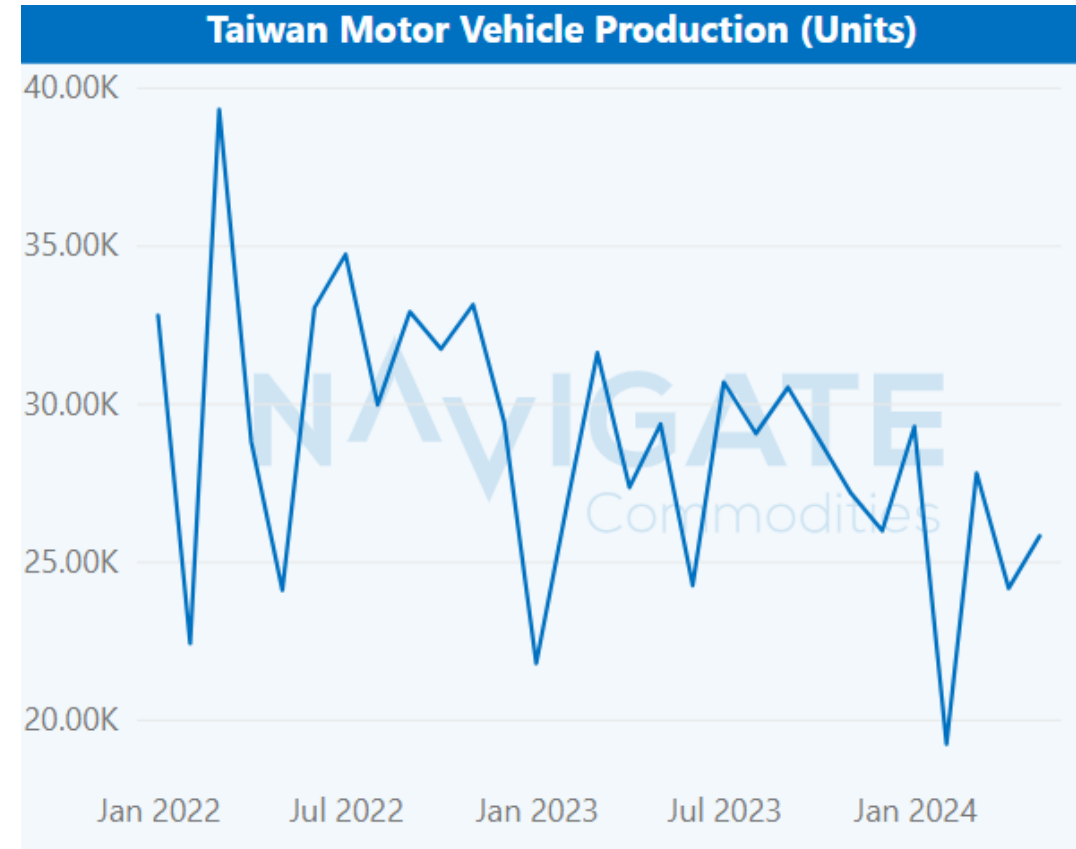
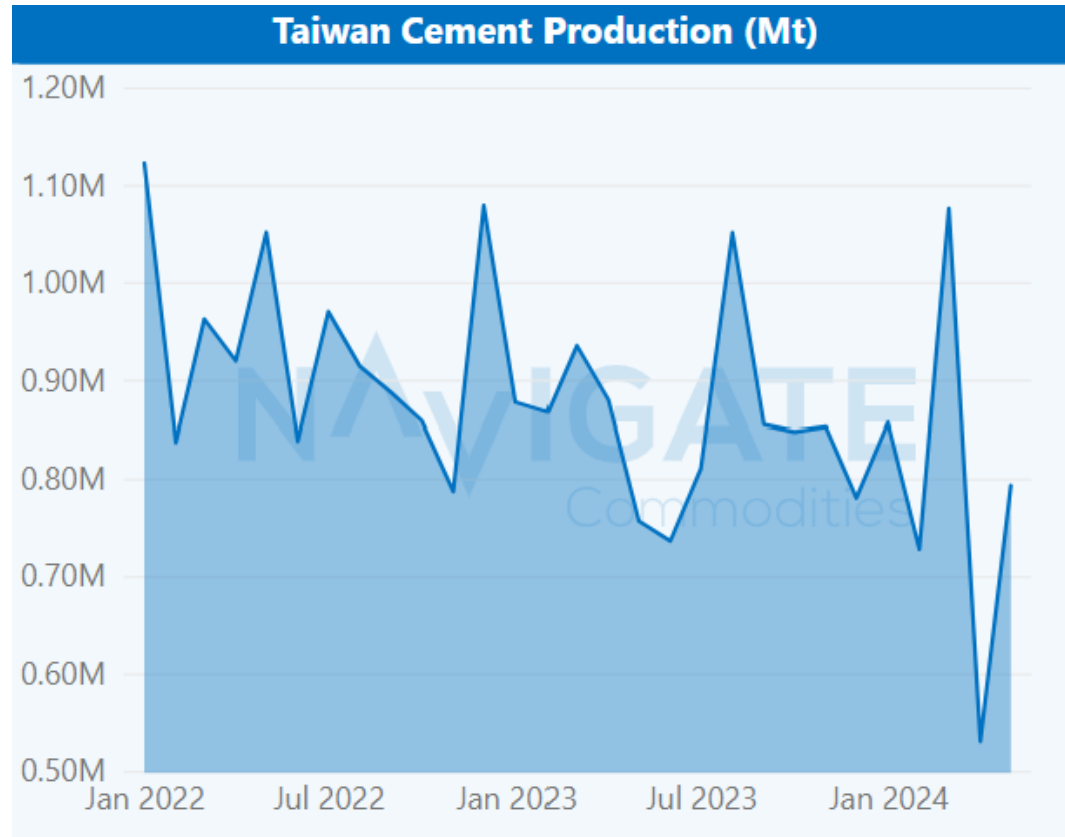
At the same time, an increase in daily thermal heat signatures also indicate an increase in Steel melting activity from the nation’s modest electric arc furnace (EAF) producers.

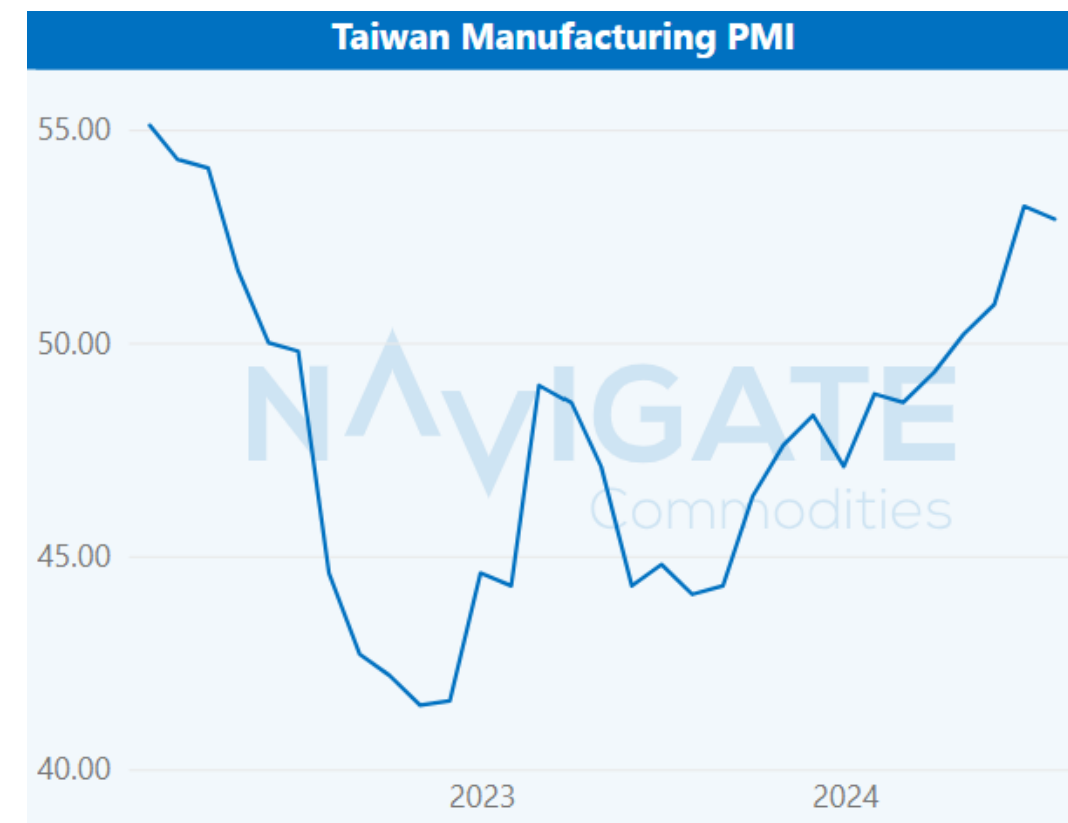
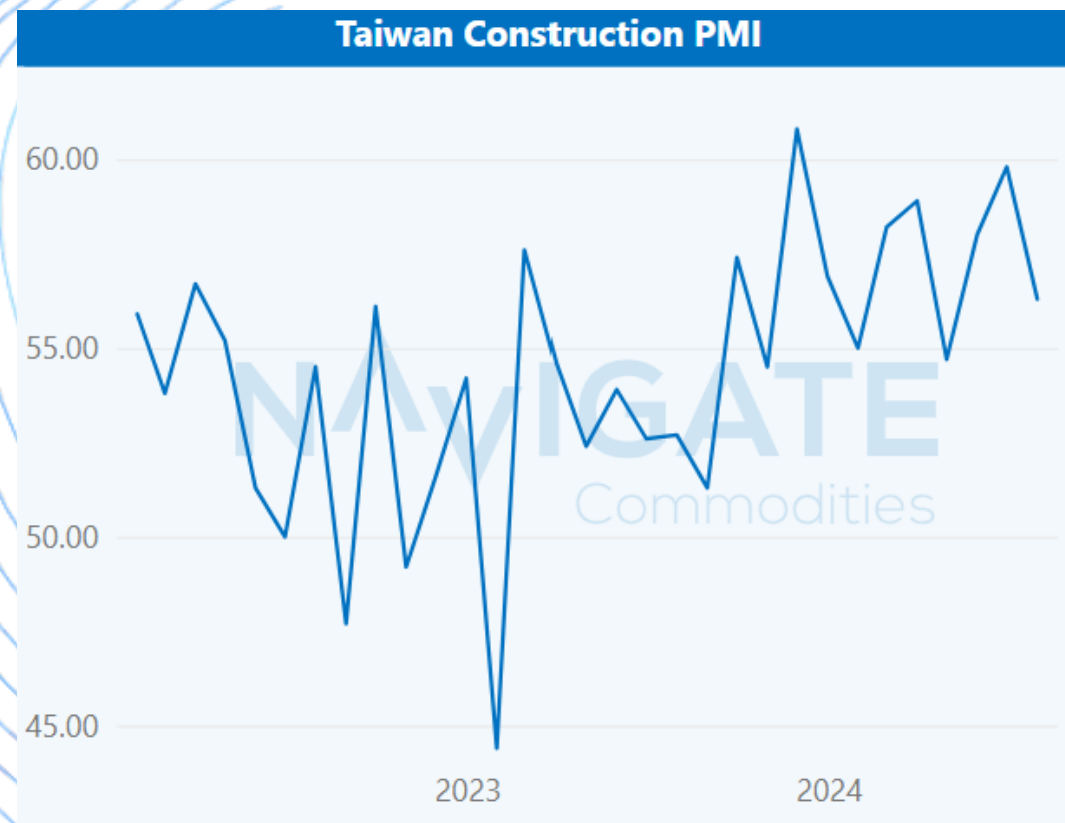
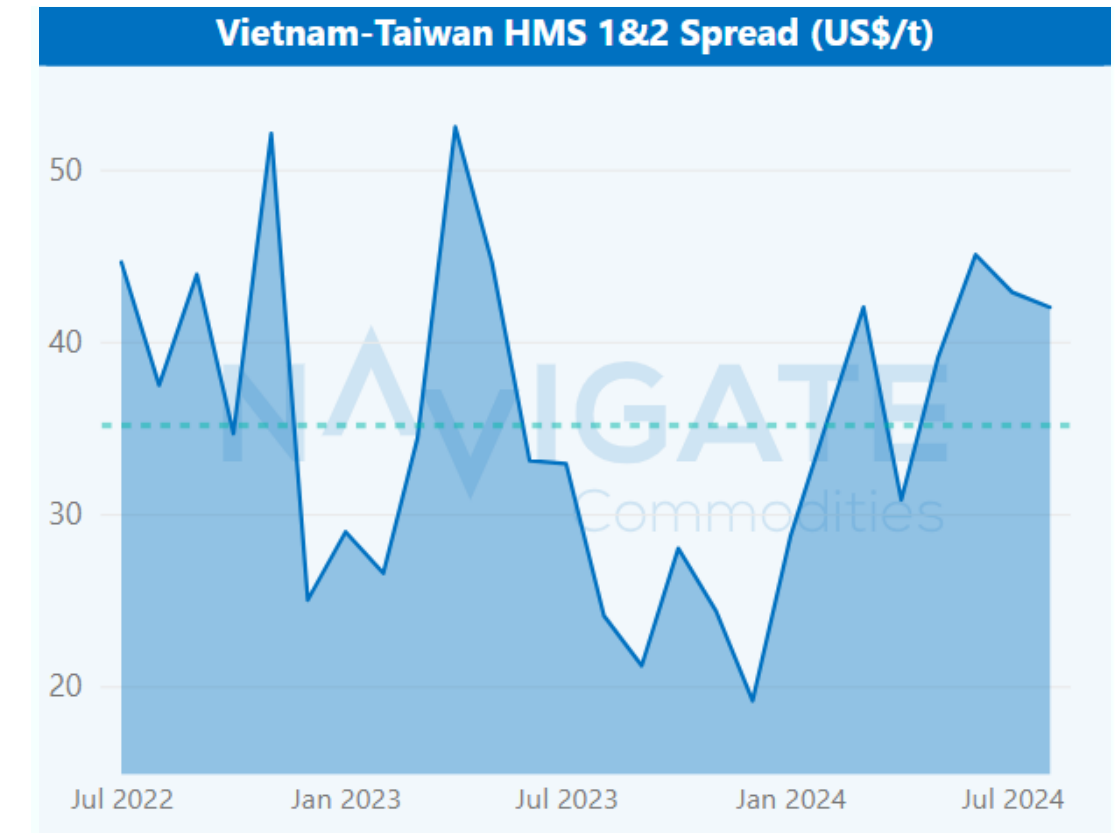
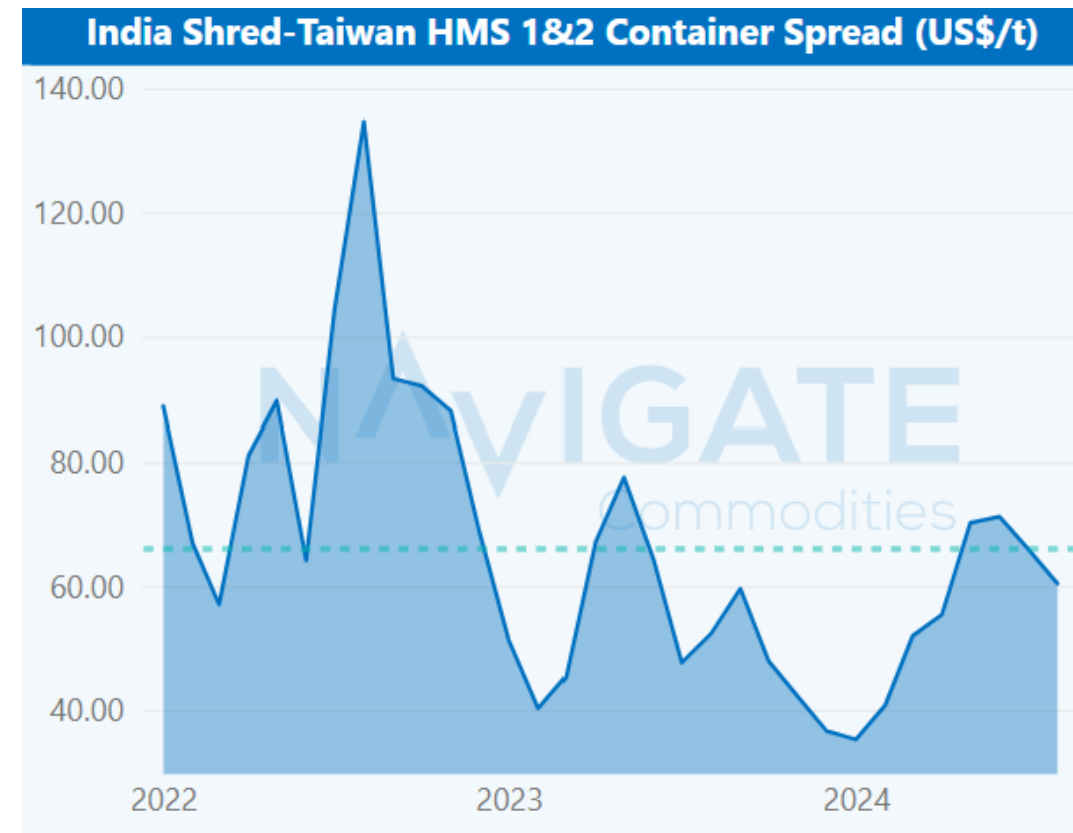
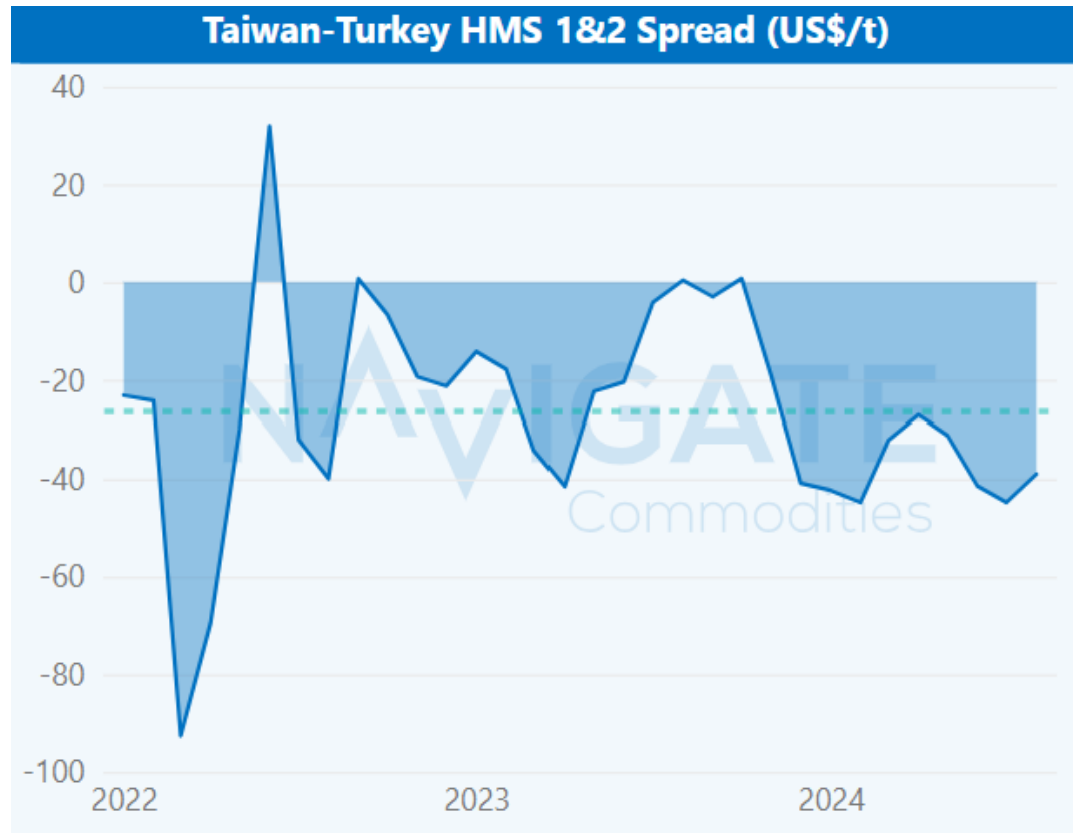
While this modest rebound in Taiwanese BF–BOF and EAF Steel smelting activity has increased the requirements for containerized Ferrous Scrap demand, HMS 1&2 (80:20) discounts to equivalent Indian grades narrowed US\$15/t over the past month to two-month lows of US\$58/t in late July.

Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant–by–plant Areas of Interest (AOIs) using high–frequency Thermal Infrared Satellite Imagery (TIRS).

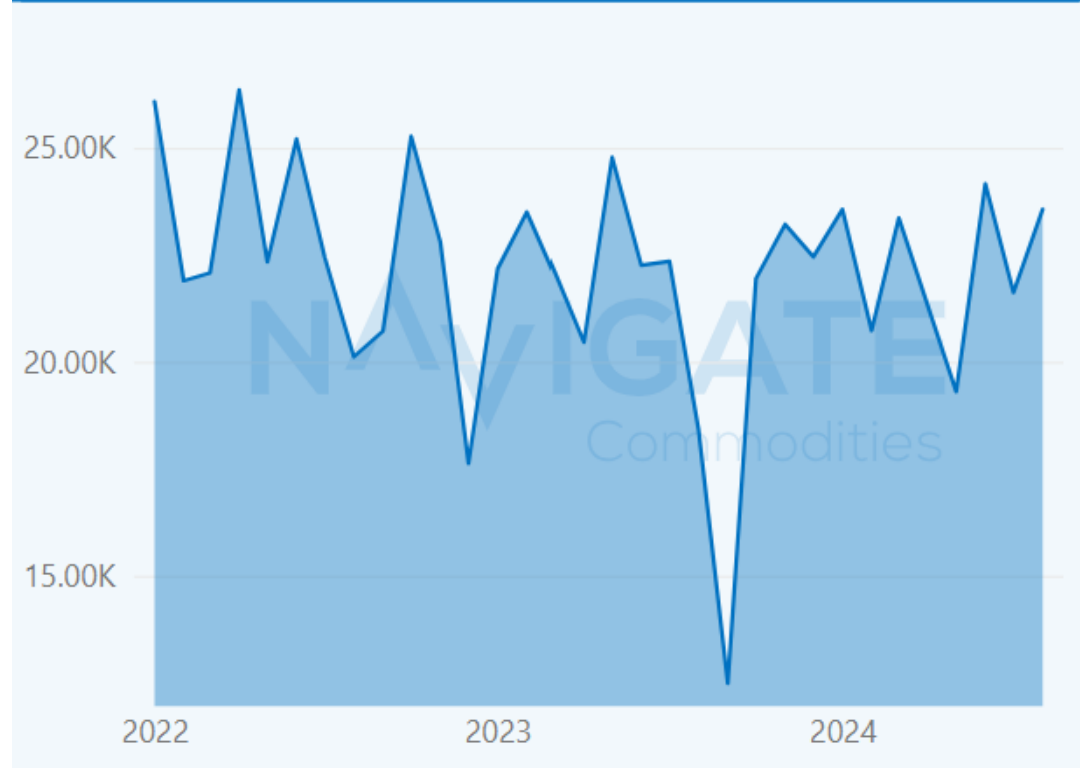


Source: Earth-i, Navigate Commodities

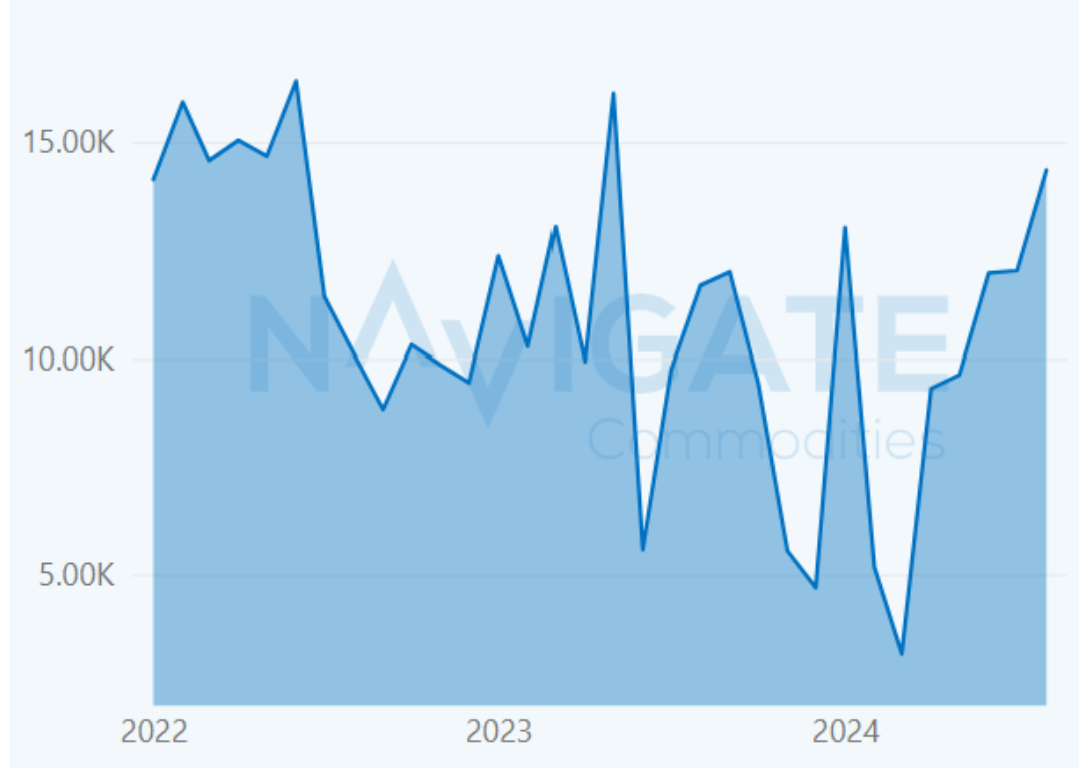




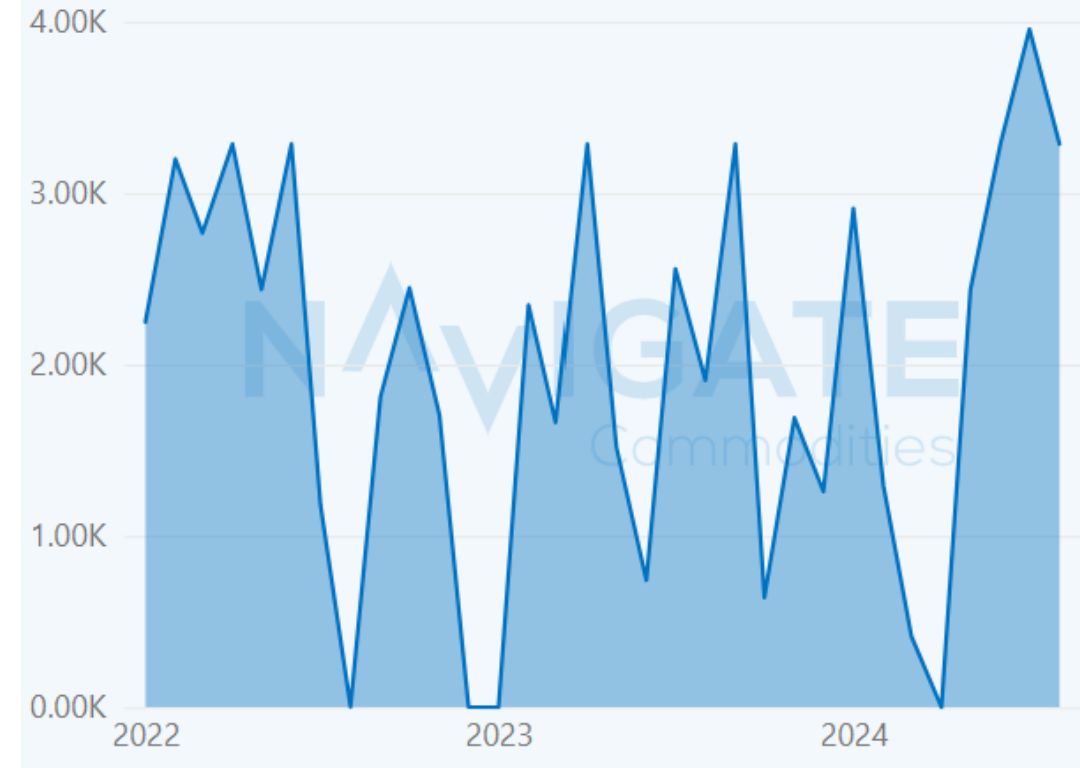
China Steel Corp Steel Output 30D MA (tonnes per day)



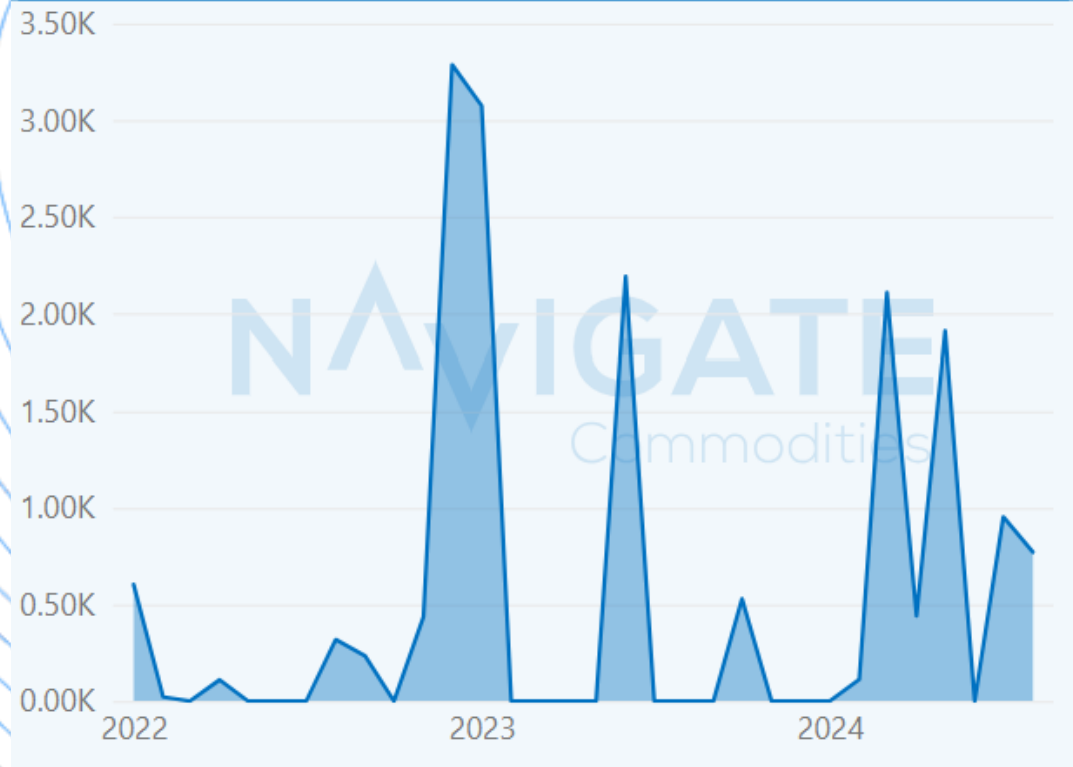
Dragon Steel Corp Steel Output 30D MA (tonnes per day)



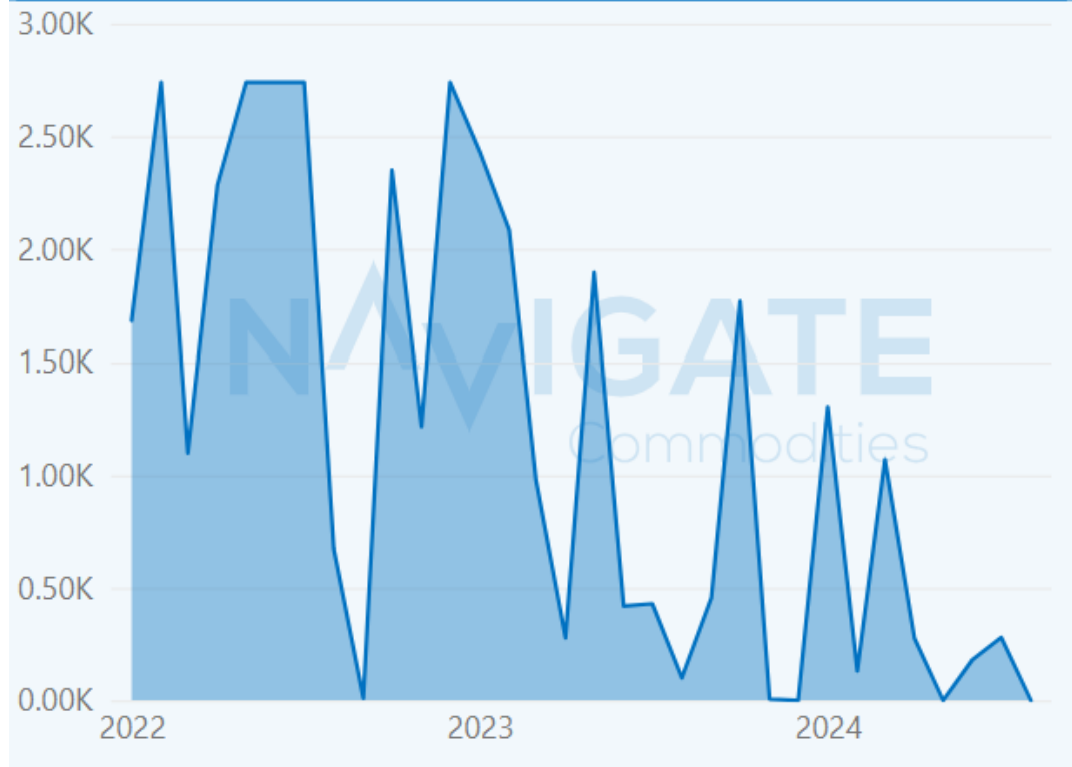
Feng Hsin Steel Output 30D MA (tonnes per day)



Tung Ho Steel Output 30D MA (tonnes per day)



Yieh United Steel Output 30D MA (tonnes per day)

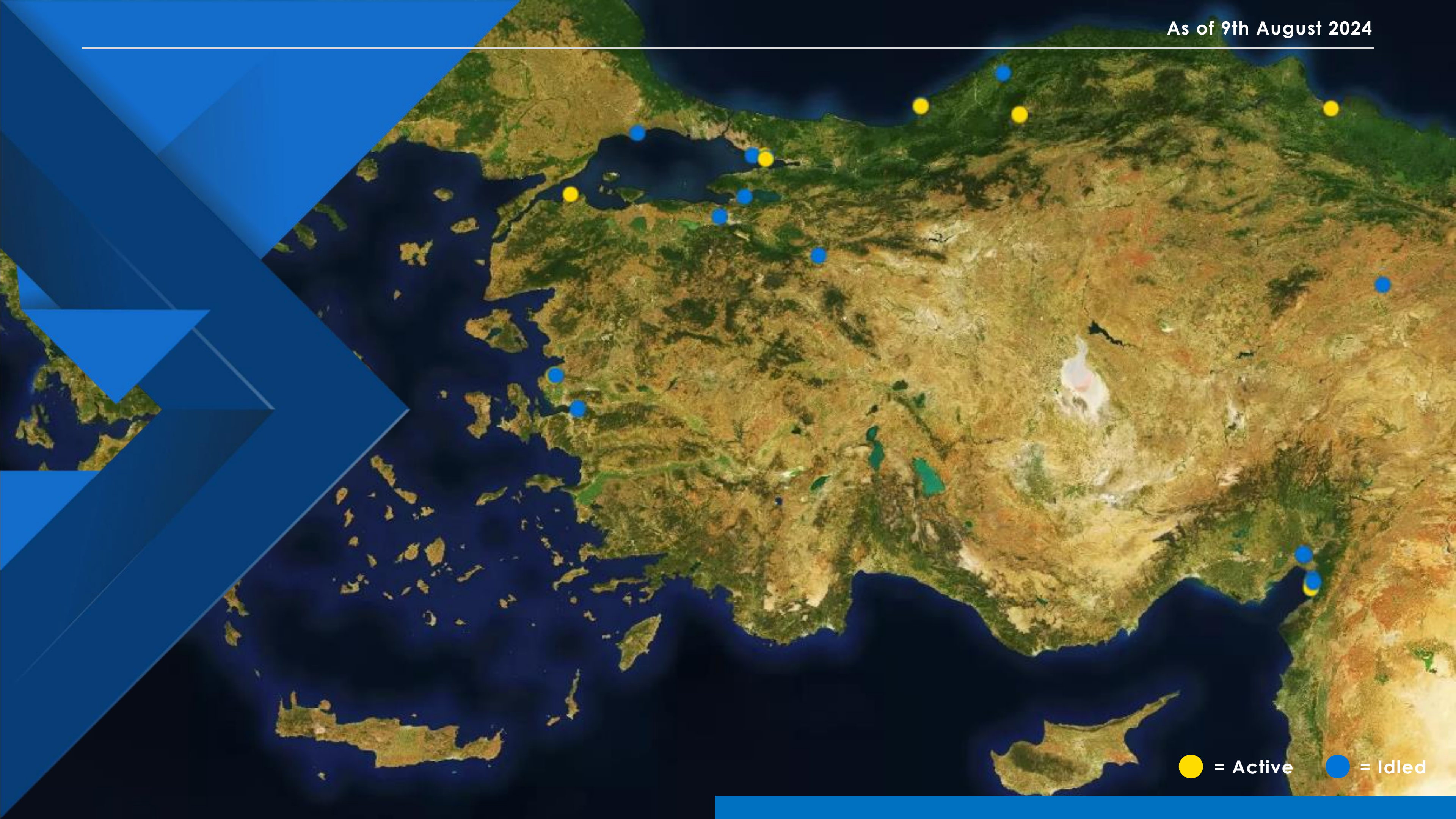




Türkiye Steel Scrap Market Overview



As of 9th August 2024



Türkiye

Turkish HMS 1&2 (80:20) prices commenced their long-anticipated mean reversion with a circa US\$10-12/t correction over the past week down to a five-month low of US\$376-378/t CFR Türkiye (TKY).

It now looks like the final "straw that broke the camel's back" was the availability of heavily discounted Chinese- and Malaysian-origin Billet, Bars, and Rods offered into Türkiye.

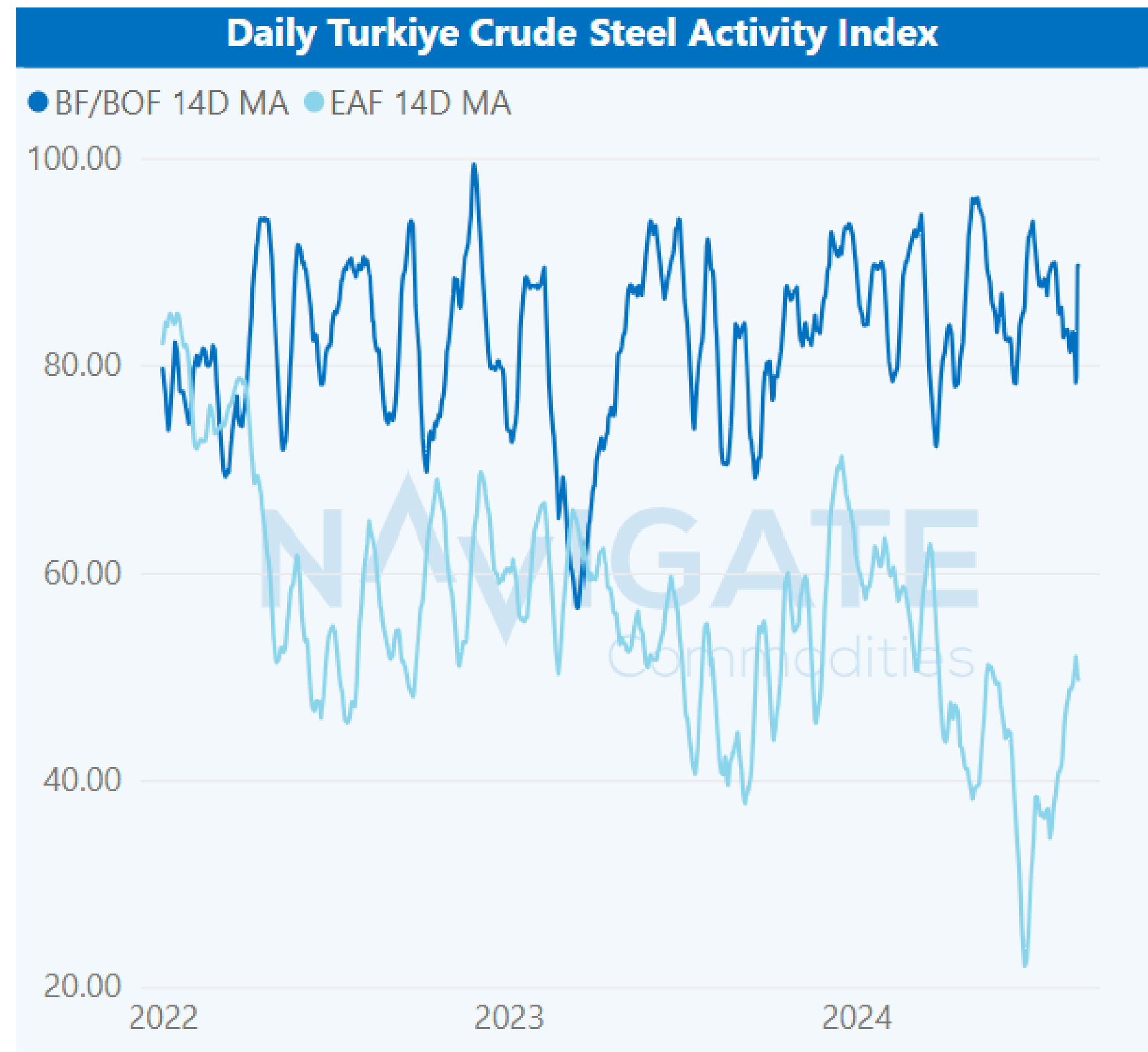
What's most surprising is that Turkish Ferrous Scrap import prices have fallen in a demand-positive environment, given that local Steel mills have now started ramping up output. For example, daily Turkish electric arc furnace (EAF) Steel melting activity has jumped to 50.10pts on 10th August 2024 from the most recent lows of 36.10pts on 29th July.

Elsewhere, it looks as though shortsea Ferrous Scrap markets have been rendered almost completely silent following the recent correction in deepsea prices.

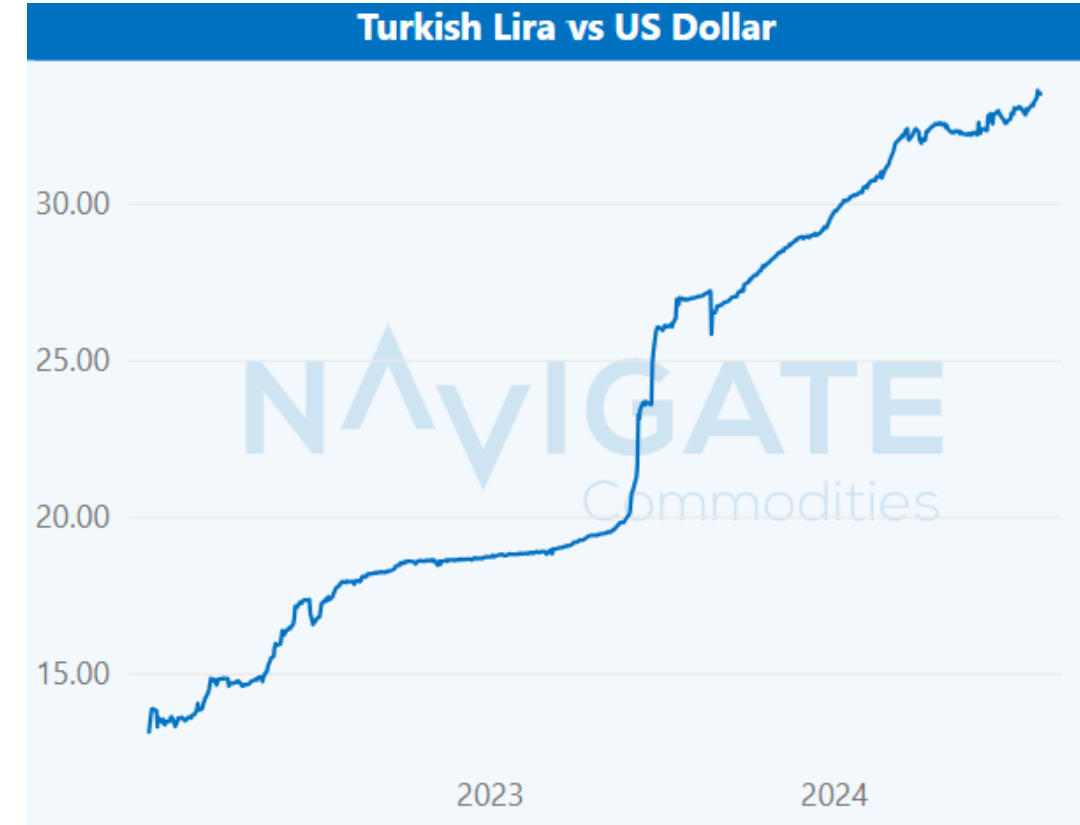
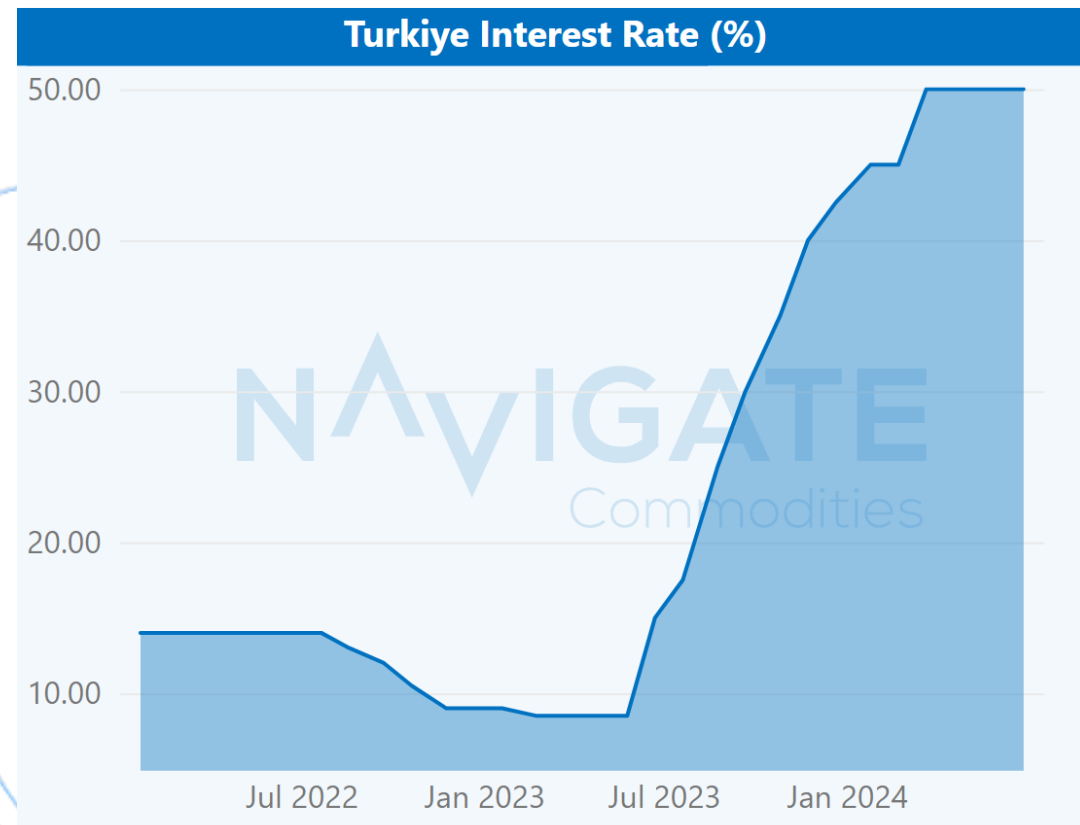
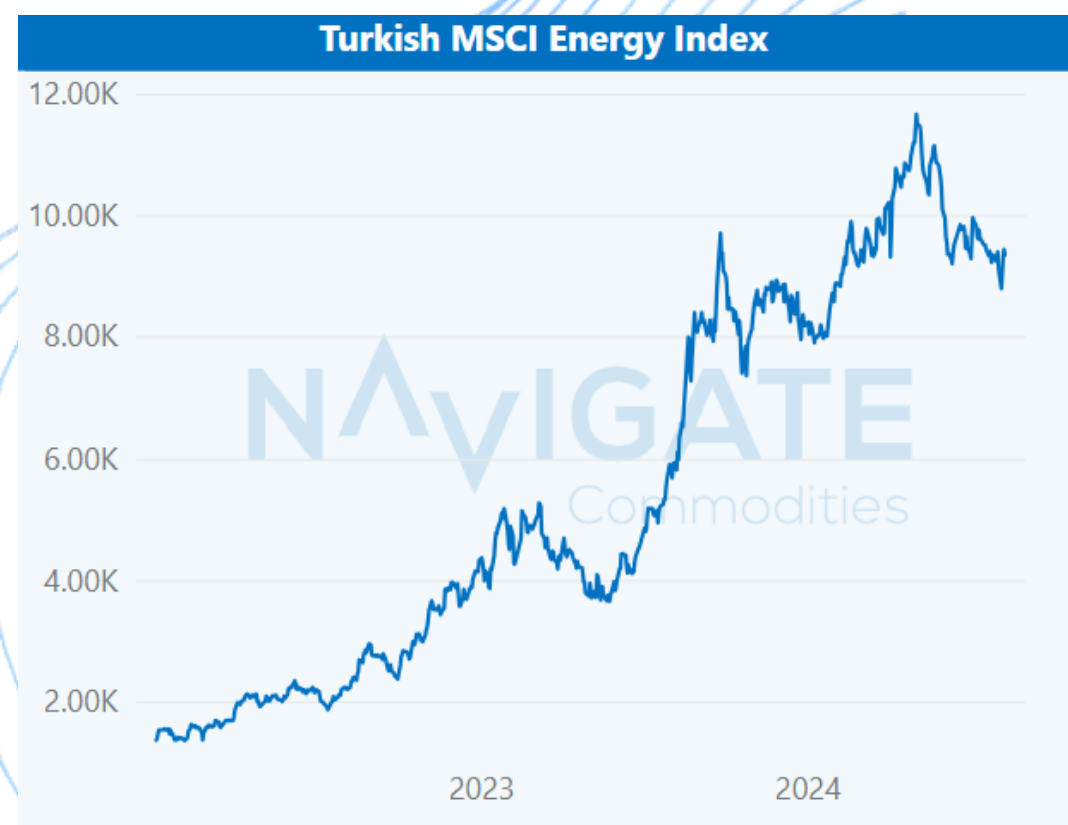
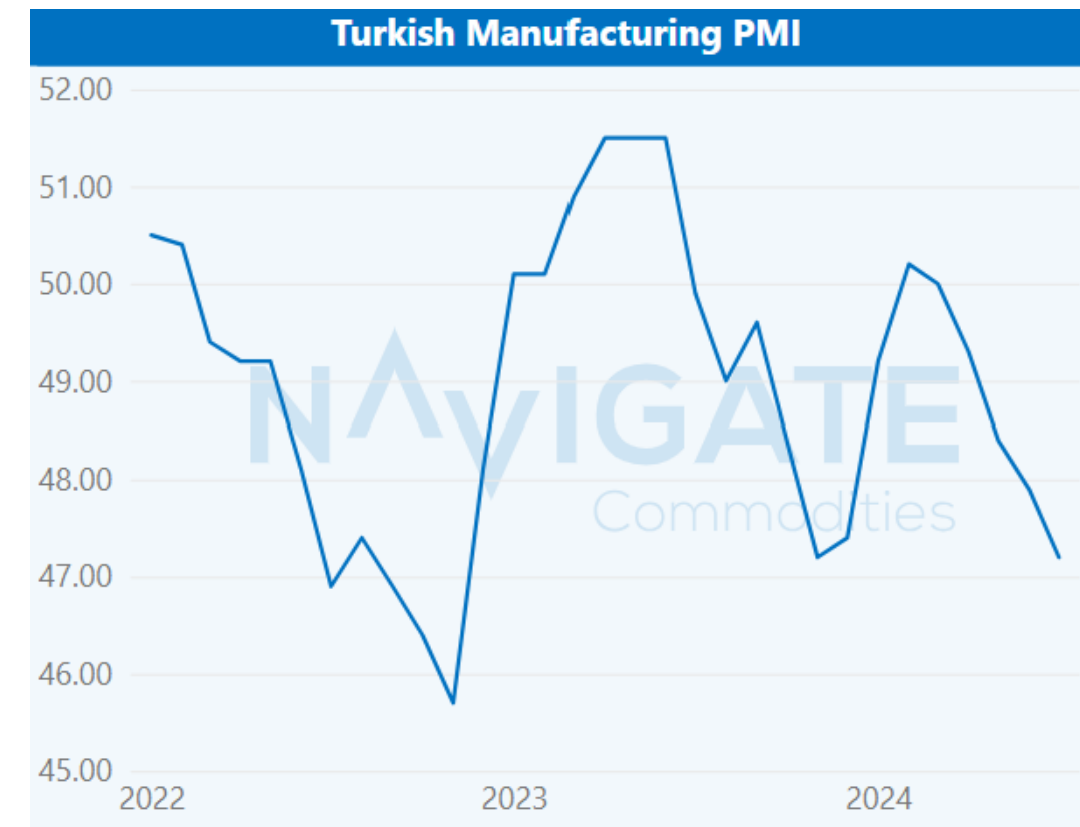
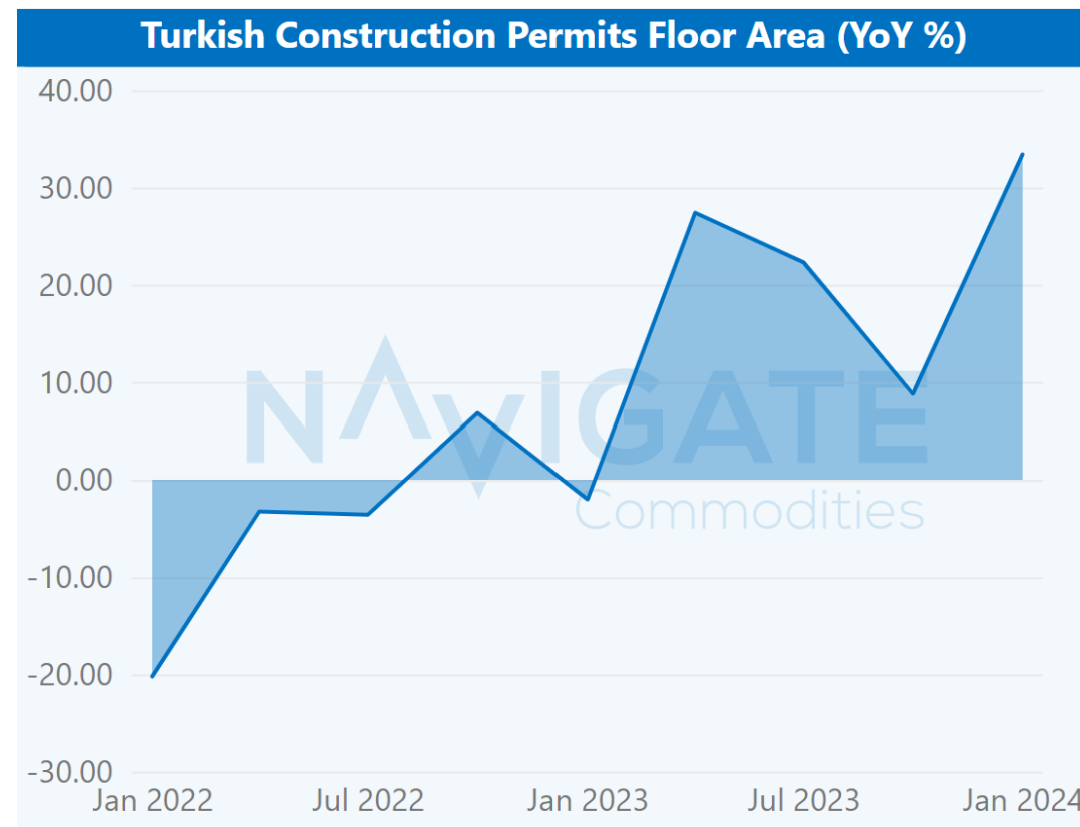
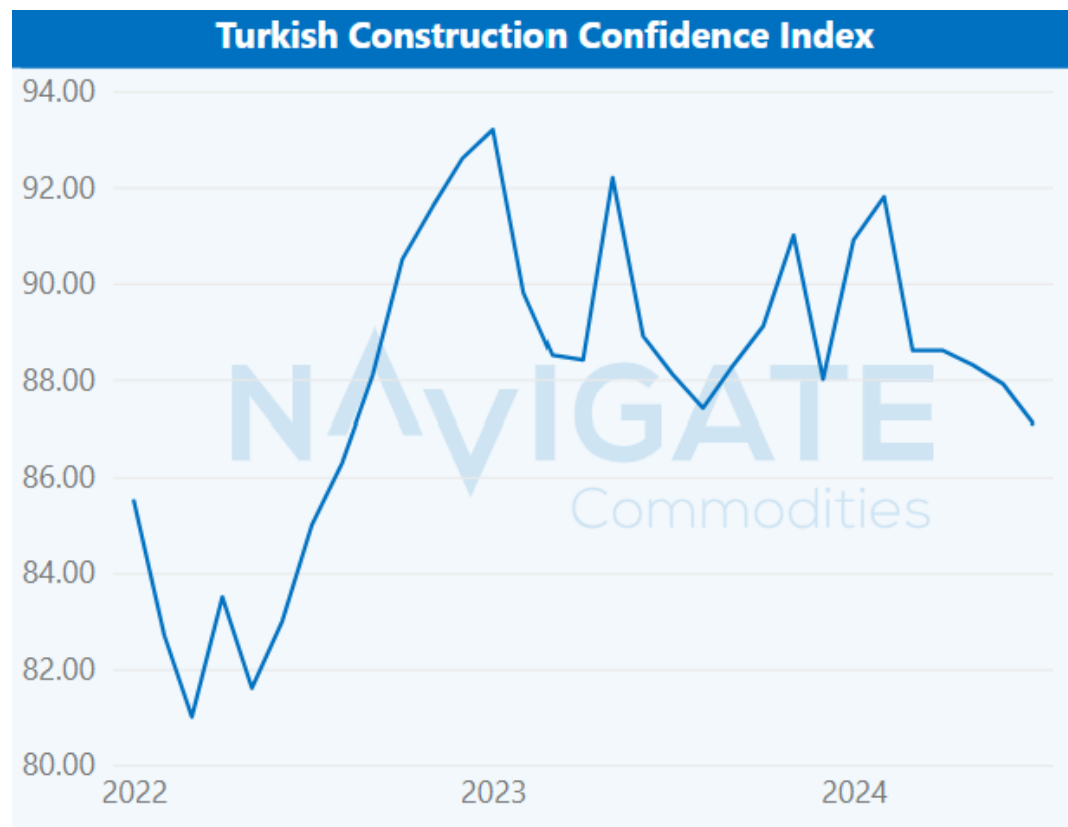
As a result, Turkish shortsea-deepsea Ferrous Scrap arbs plunged to a 3.5-year low of US\$6/t last week; meaning shortsea suppliers must slash rates to regain competitiveness.

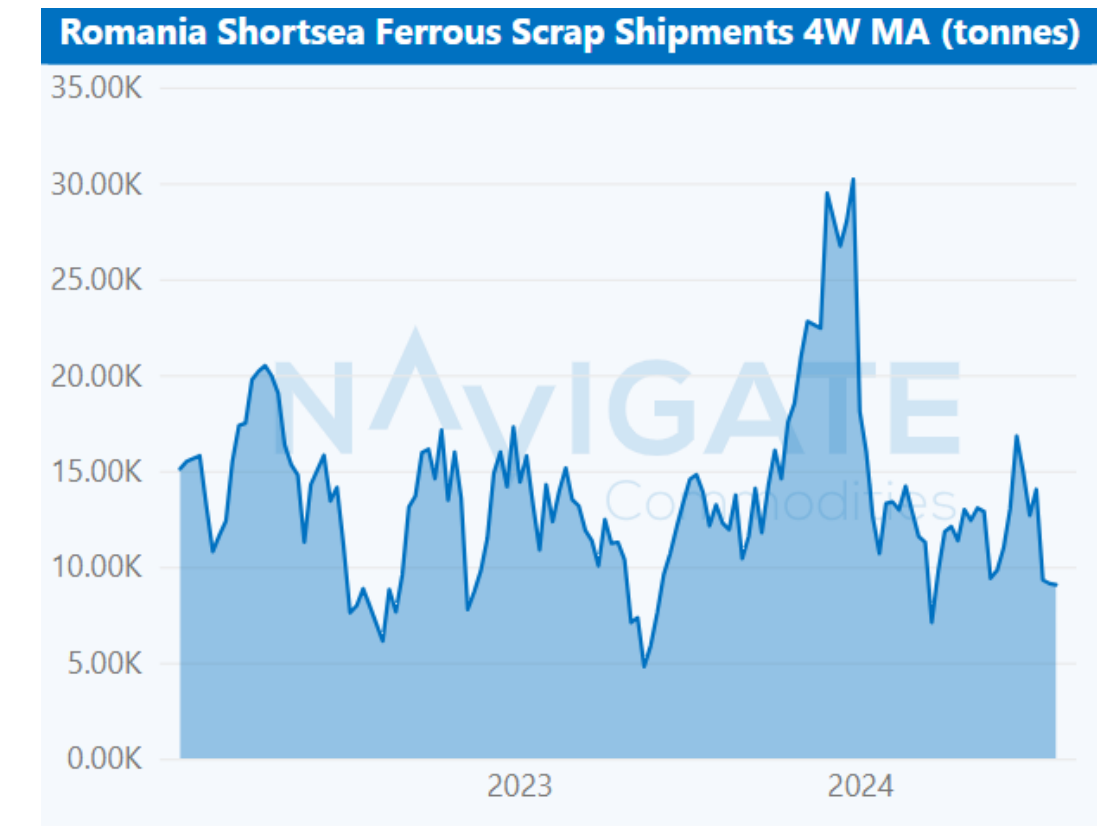
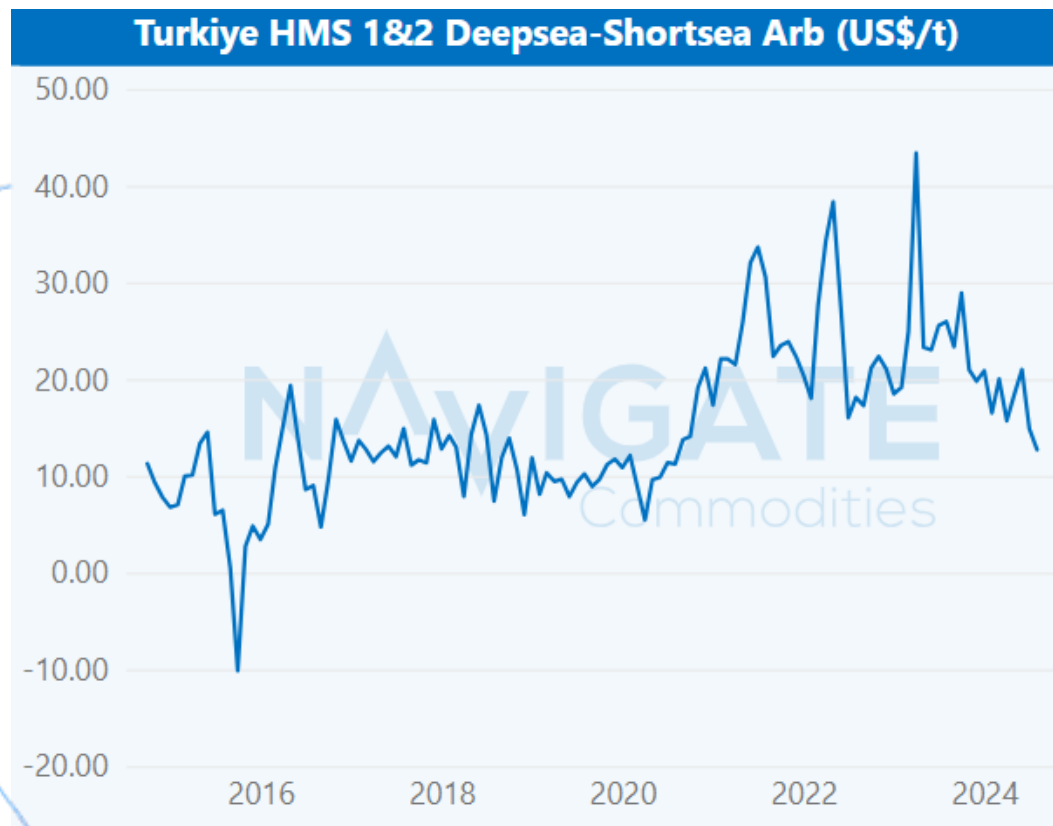
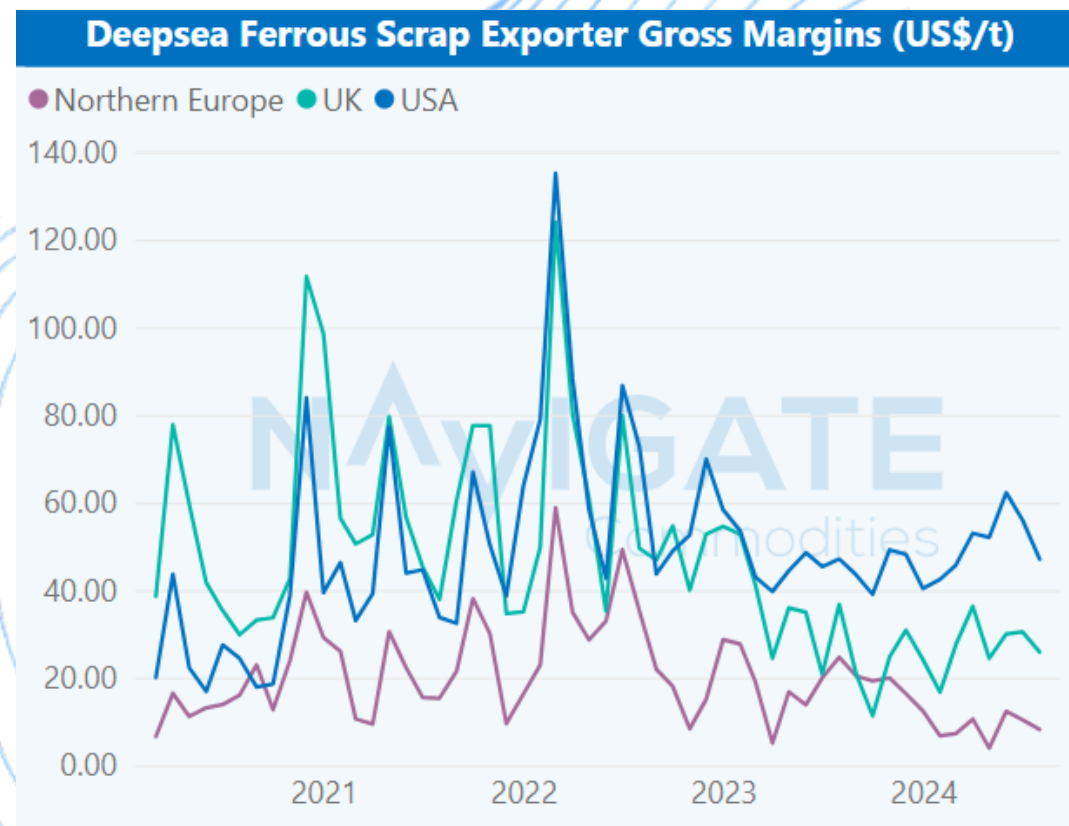
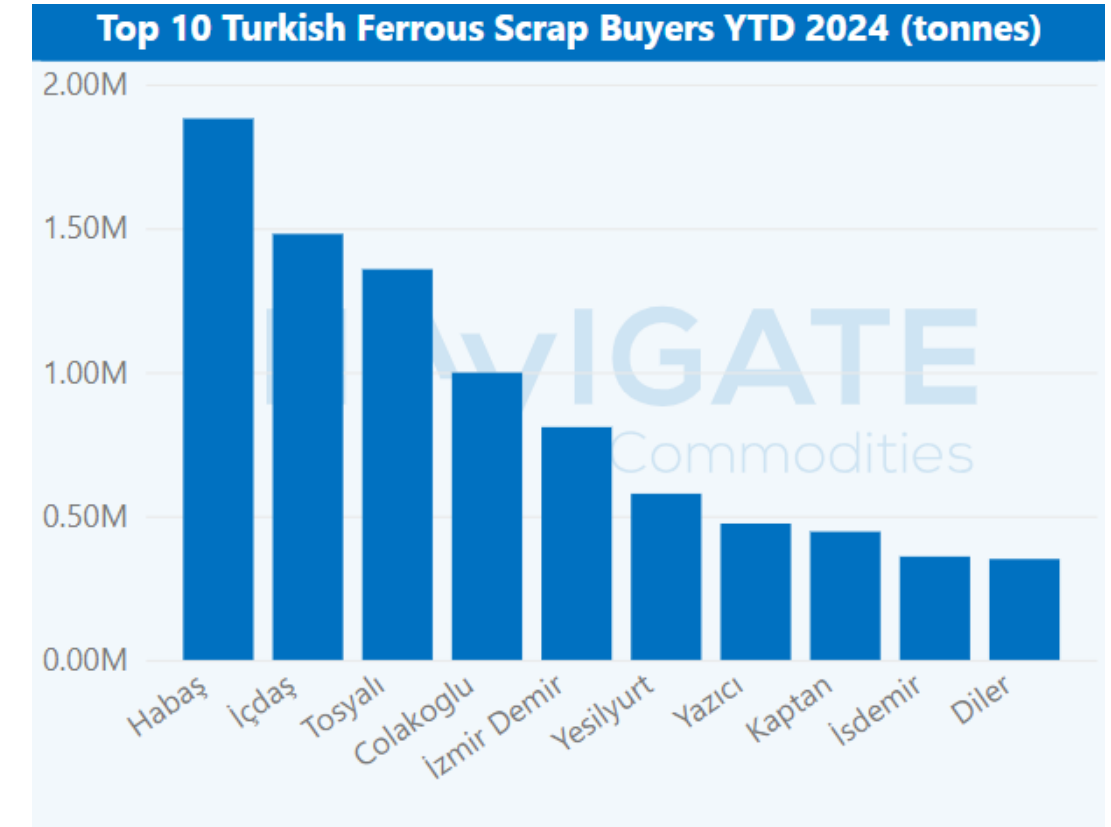
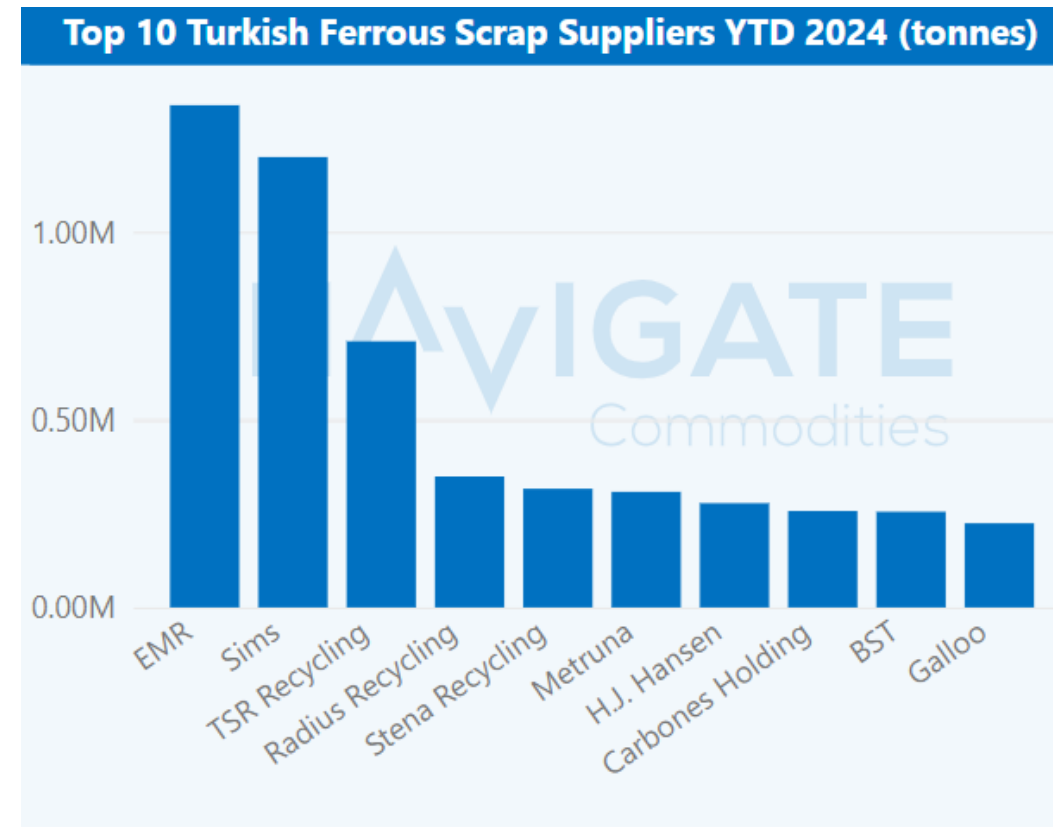
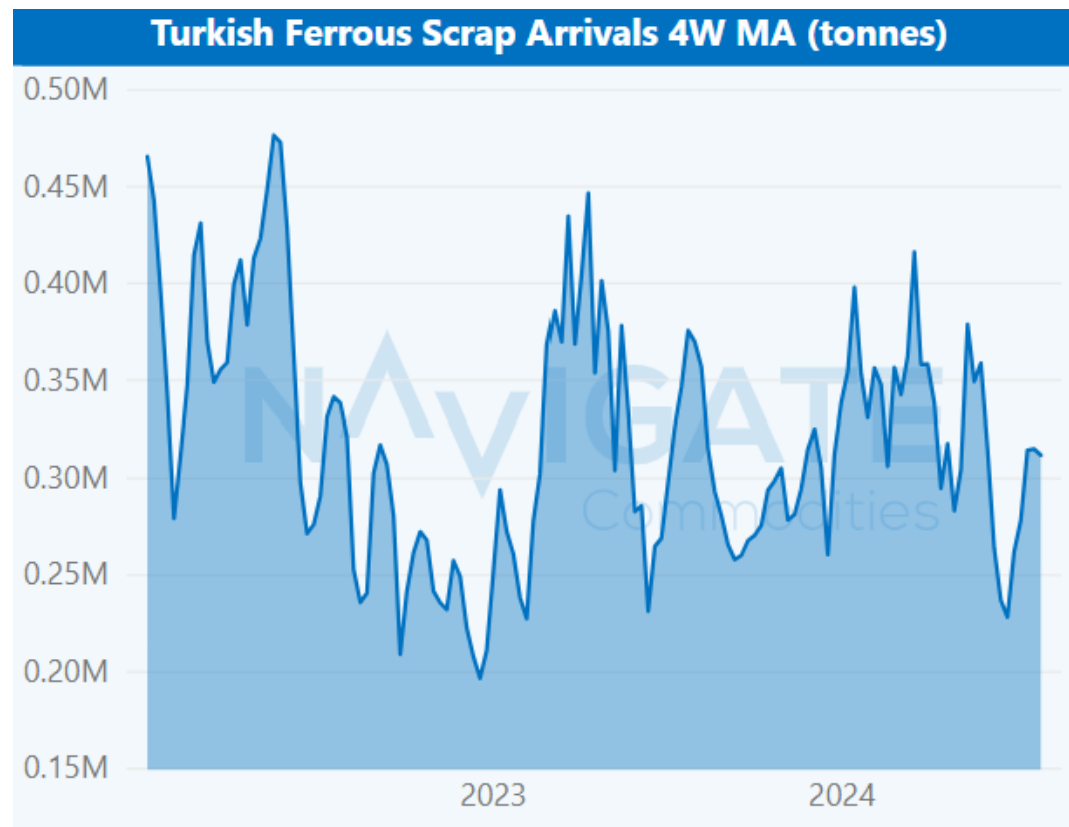
Navigate Marine has independently validated this inference, as it is not currently detecting any shortsea vessels actively en route (in-transit) to Türkiye from Bulgaria, Croatia, and/or Romania.

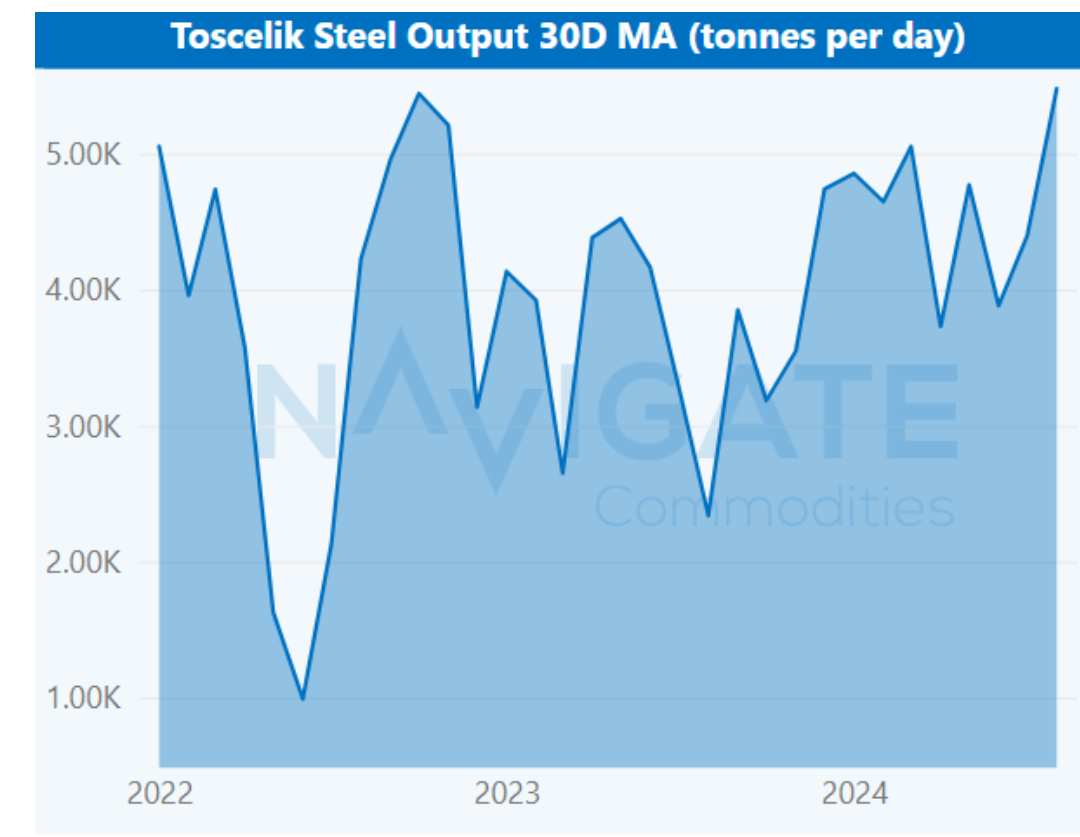
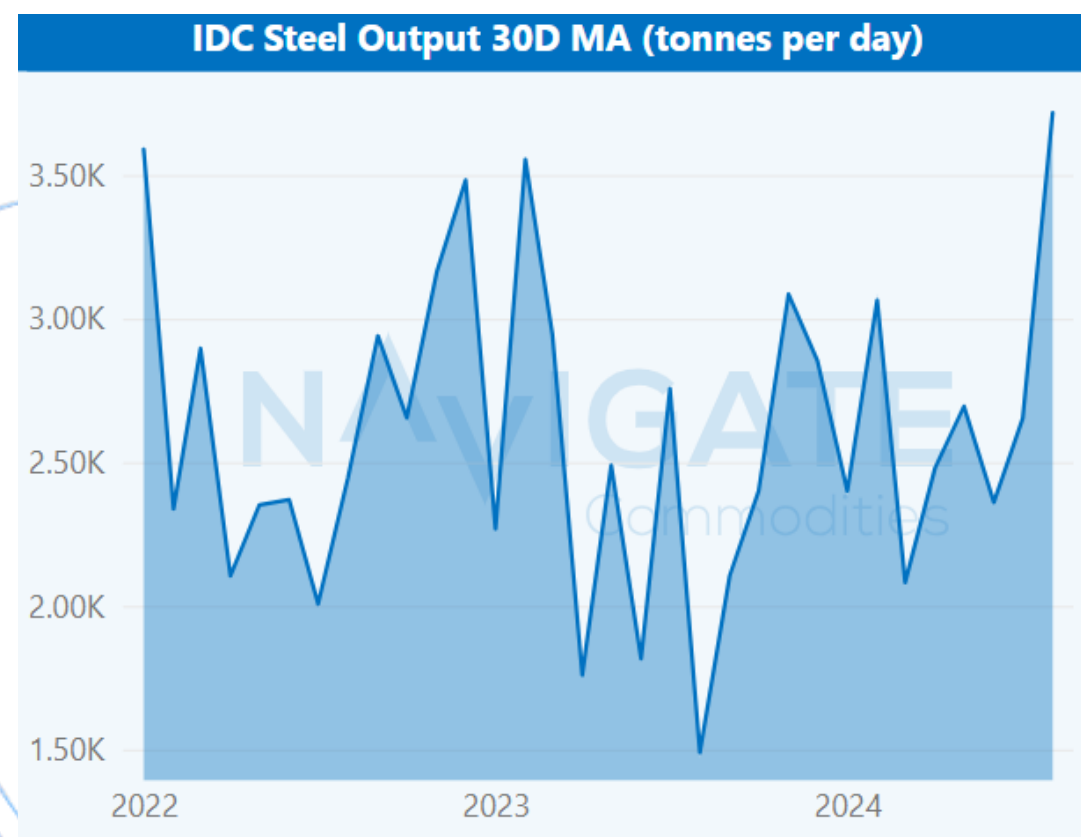
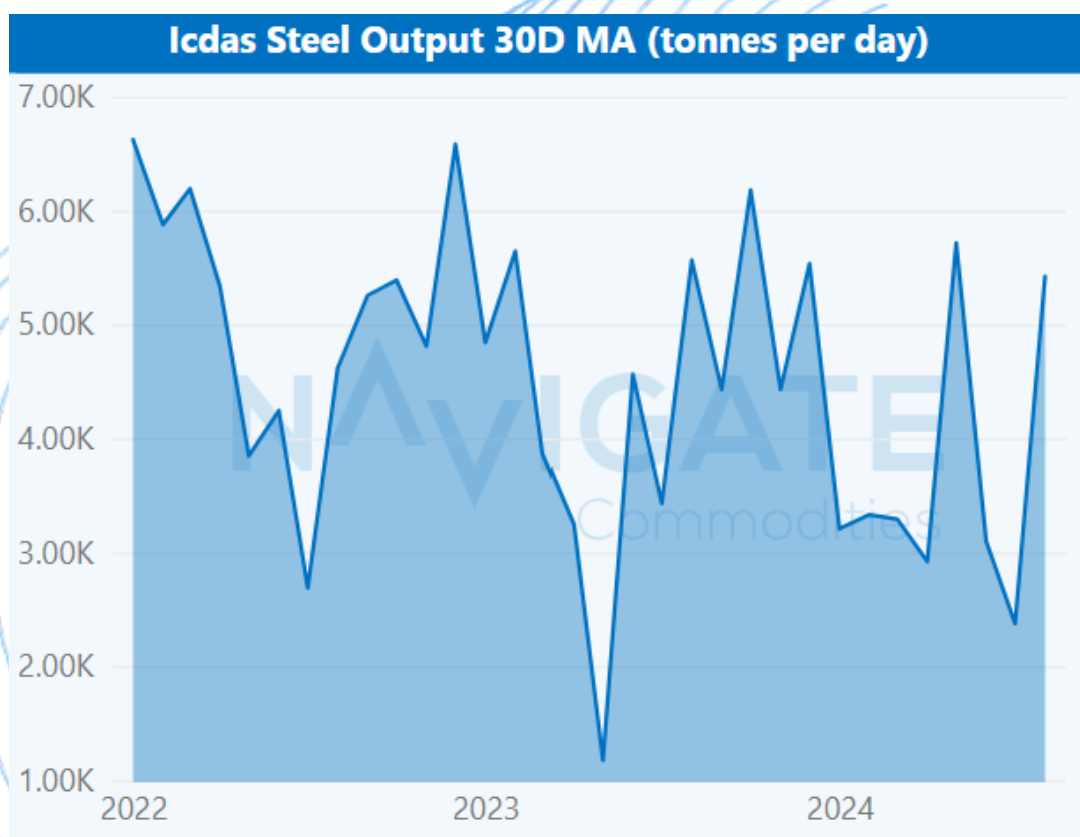
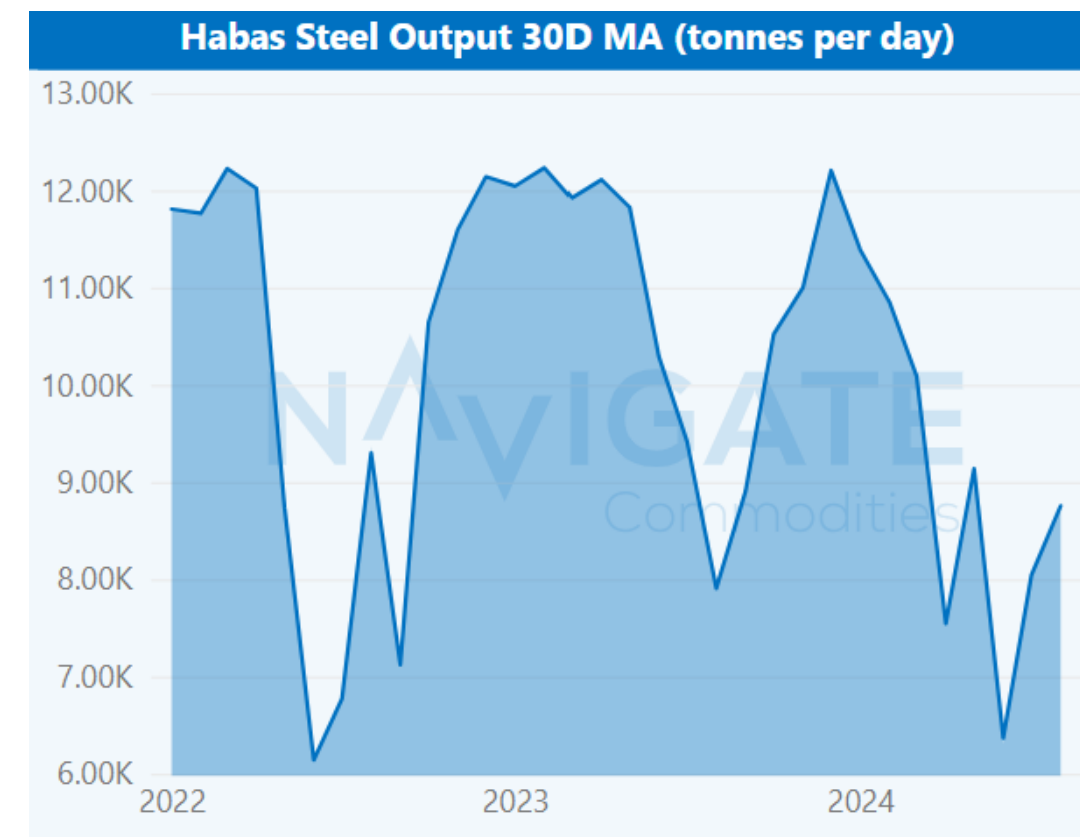
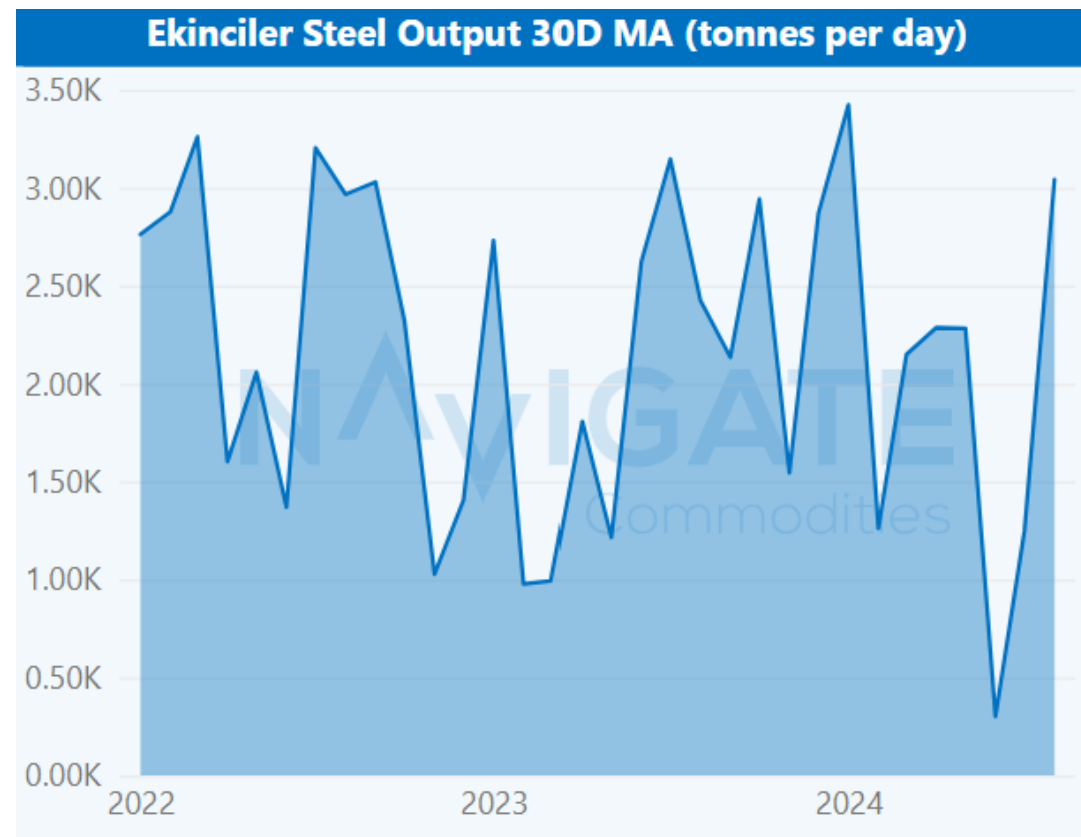
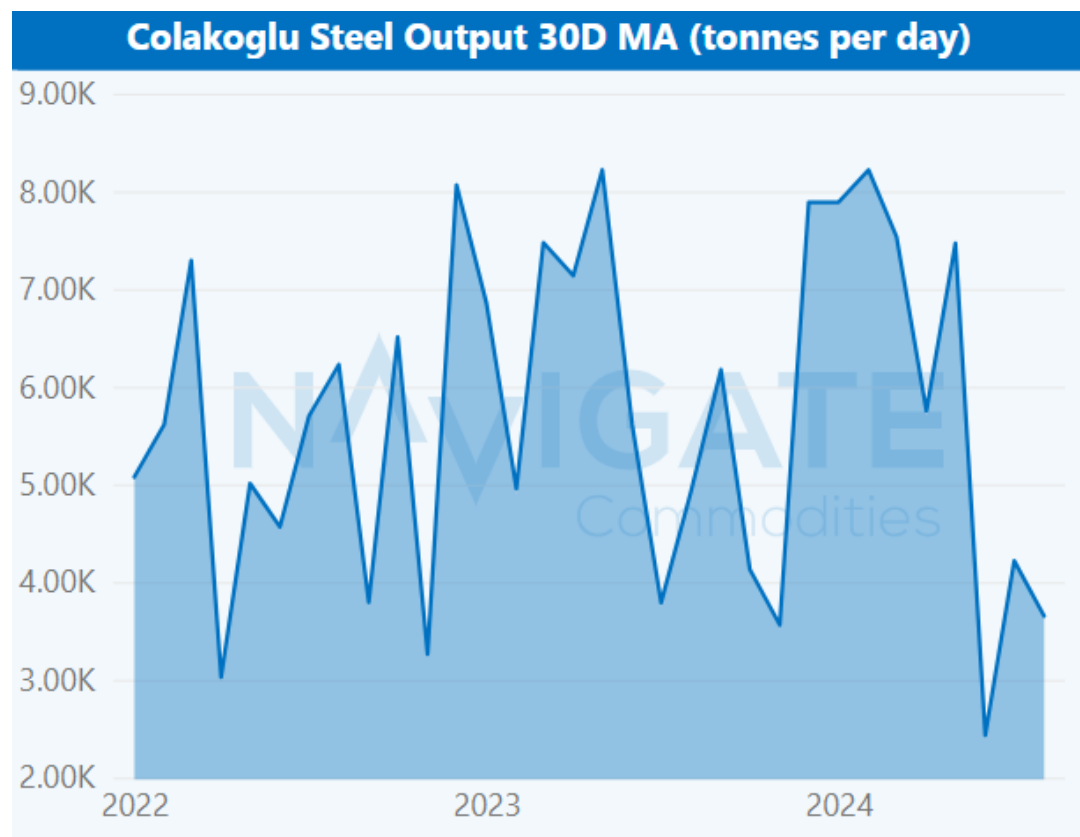
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Source: Earth-i, Navigate Commodities









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