

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.

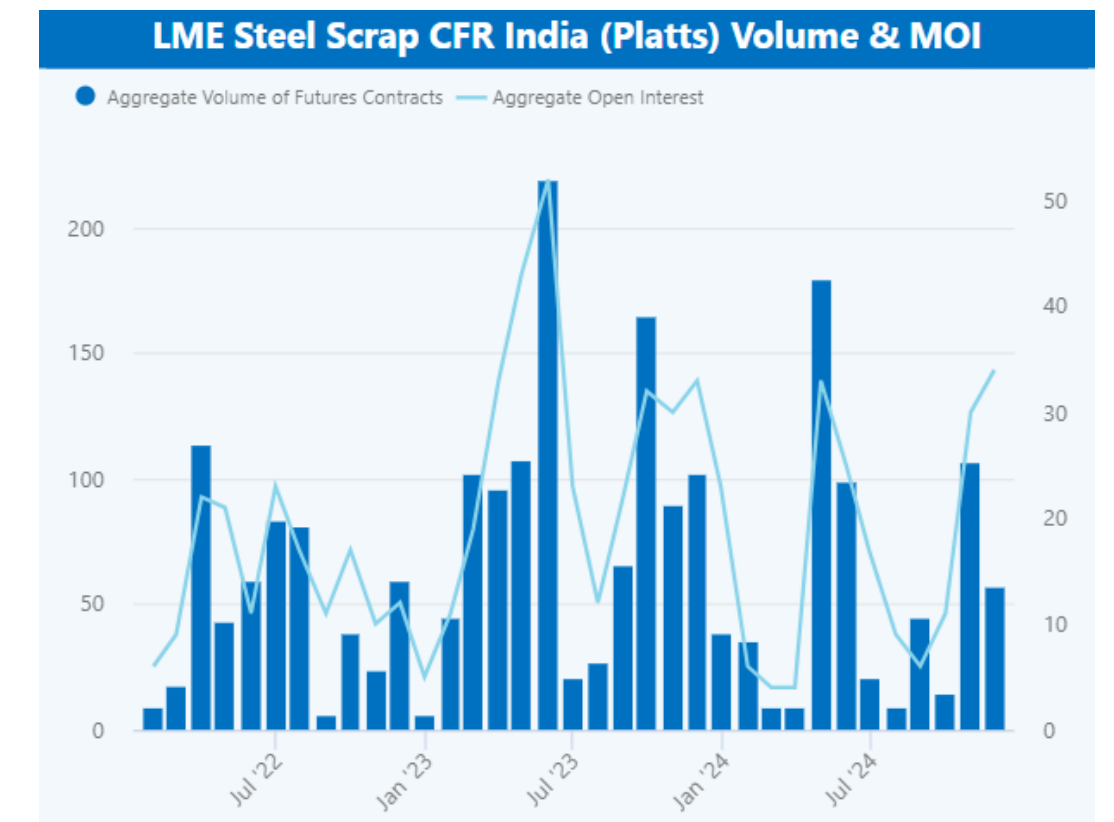
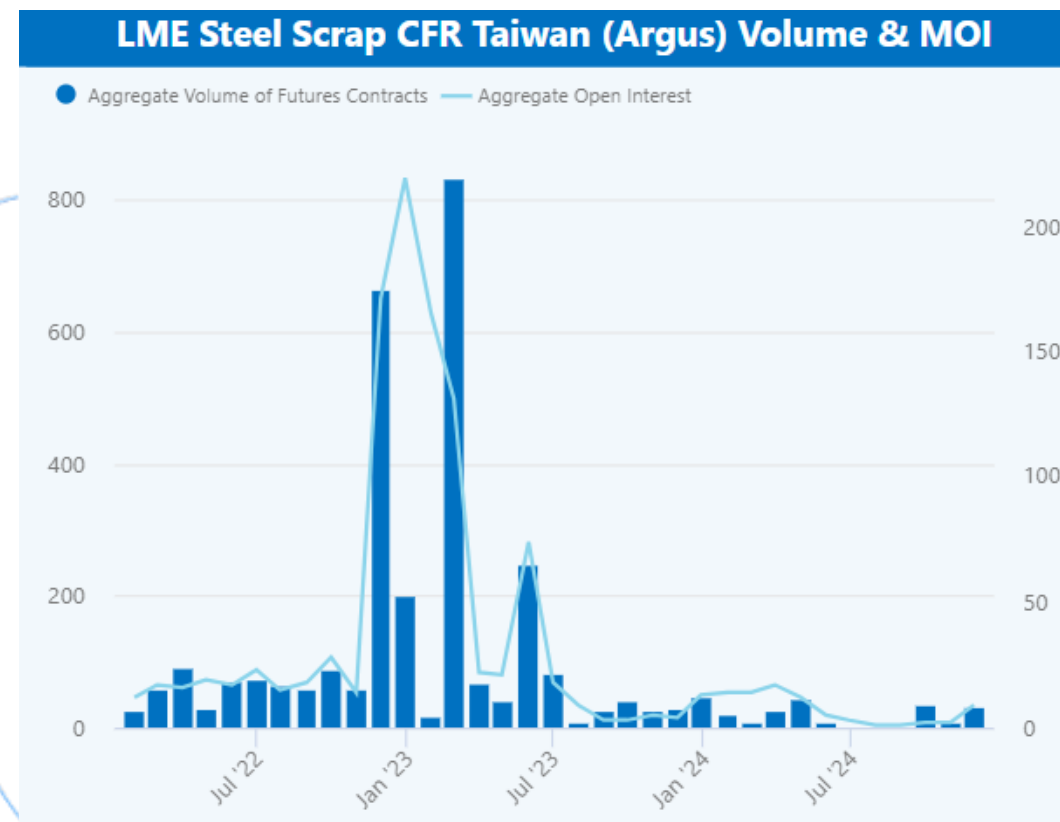
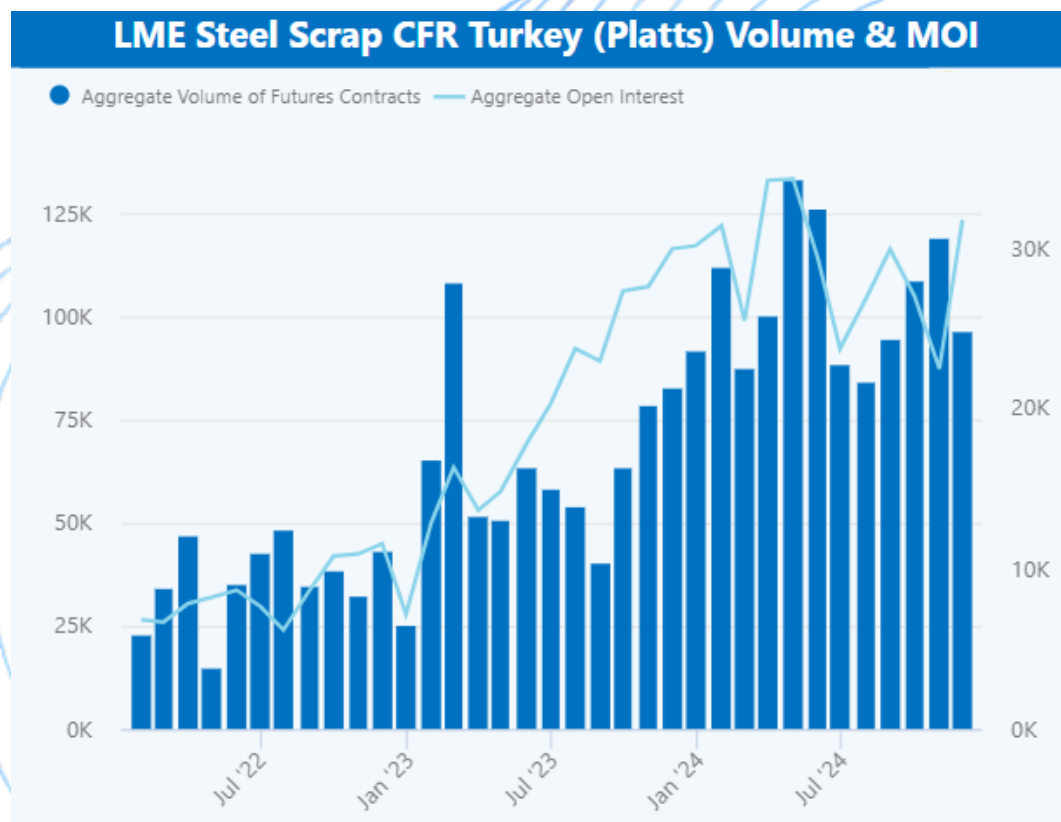
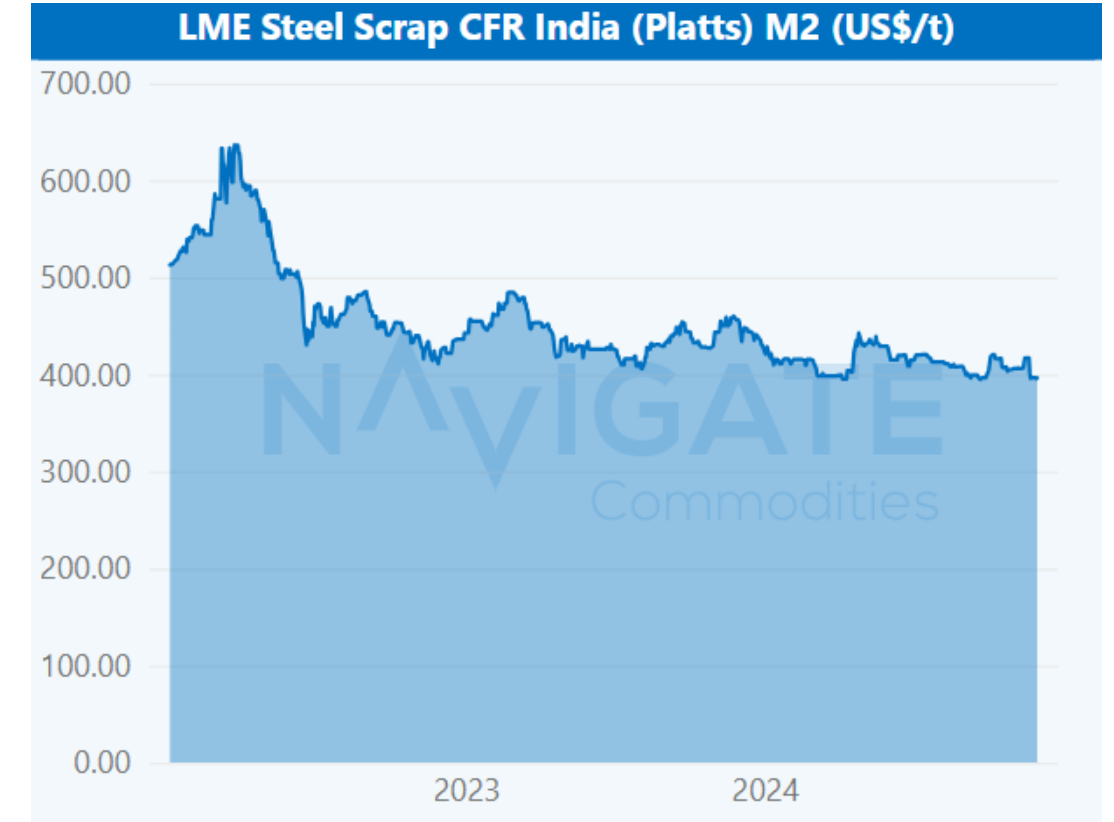
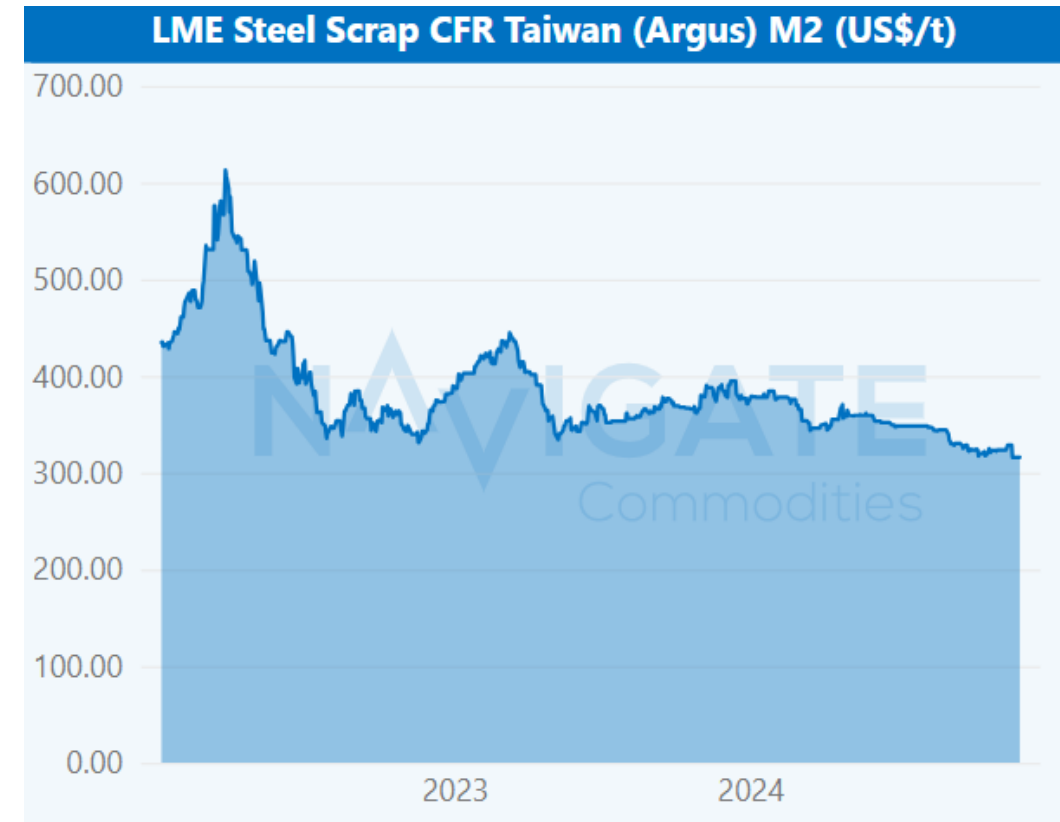
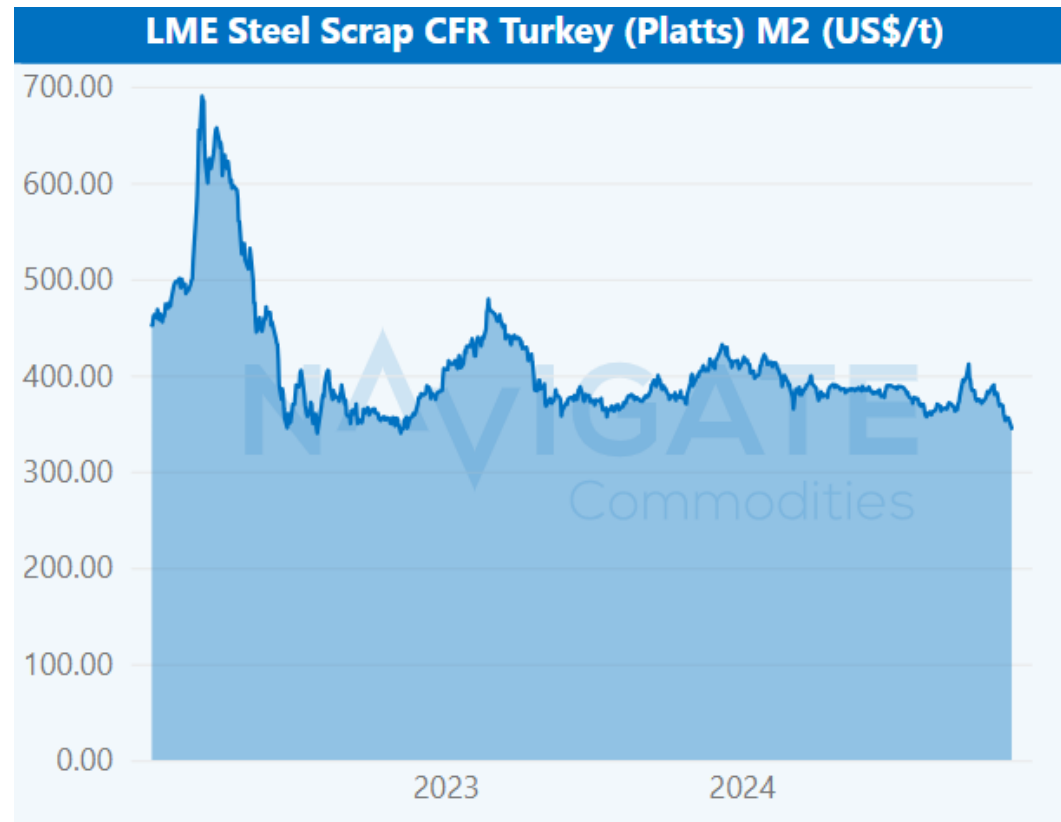
This report includes a wealth of data and provides commentary on supply chains from the key steel scrap markets of Turkey, India, and Taiwan.

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



India

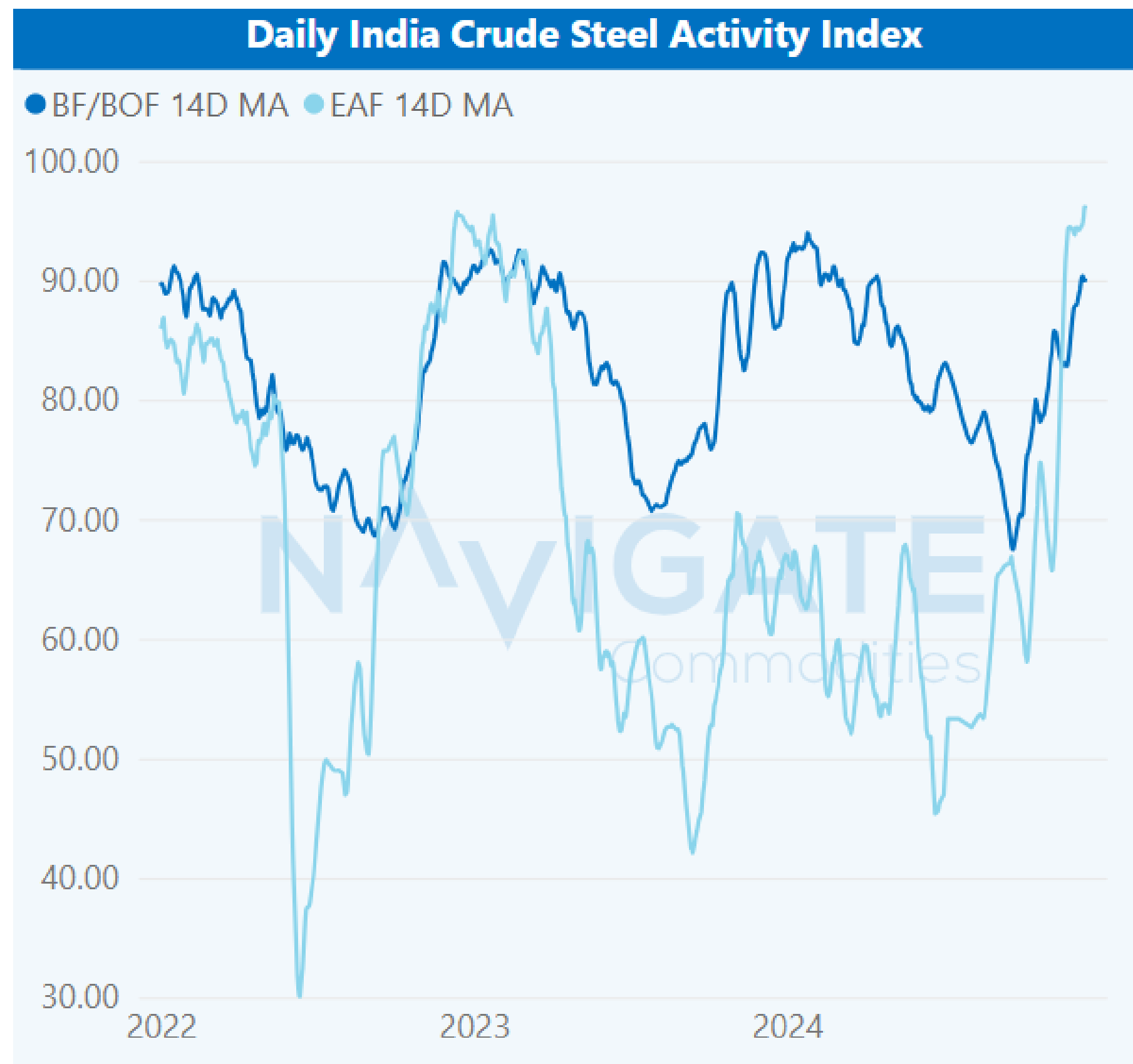
India's post-monsoon recovery in construction activity and associated Steel demand is now in full swing, with lagged infrastructure indicators showing an expansion of 3.10% year-on-year in October from a contraction of -1.80% in August.

We estimate that this trend has continued through November, given that local integrated blast furnace-basic oxygen furnace (BF/BOF) and electric arc furnace (EAF) smelters have ramped up output during this period.

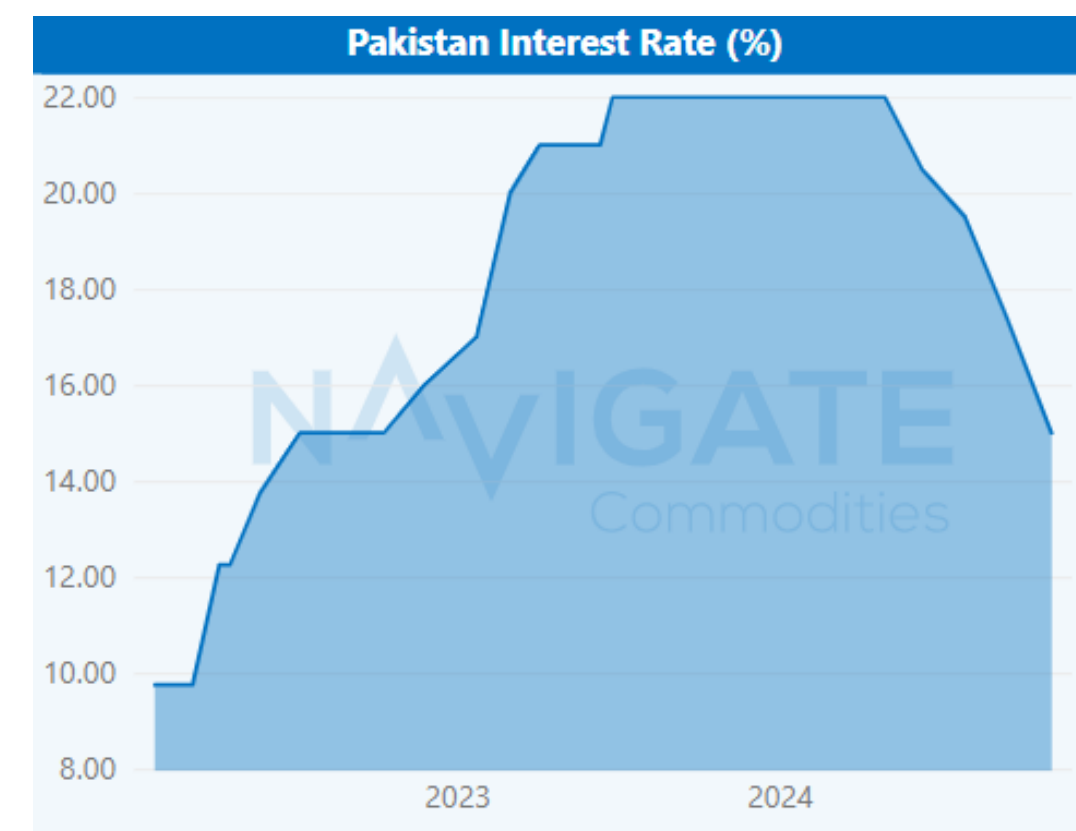
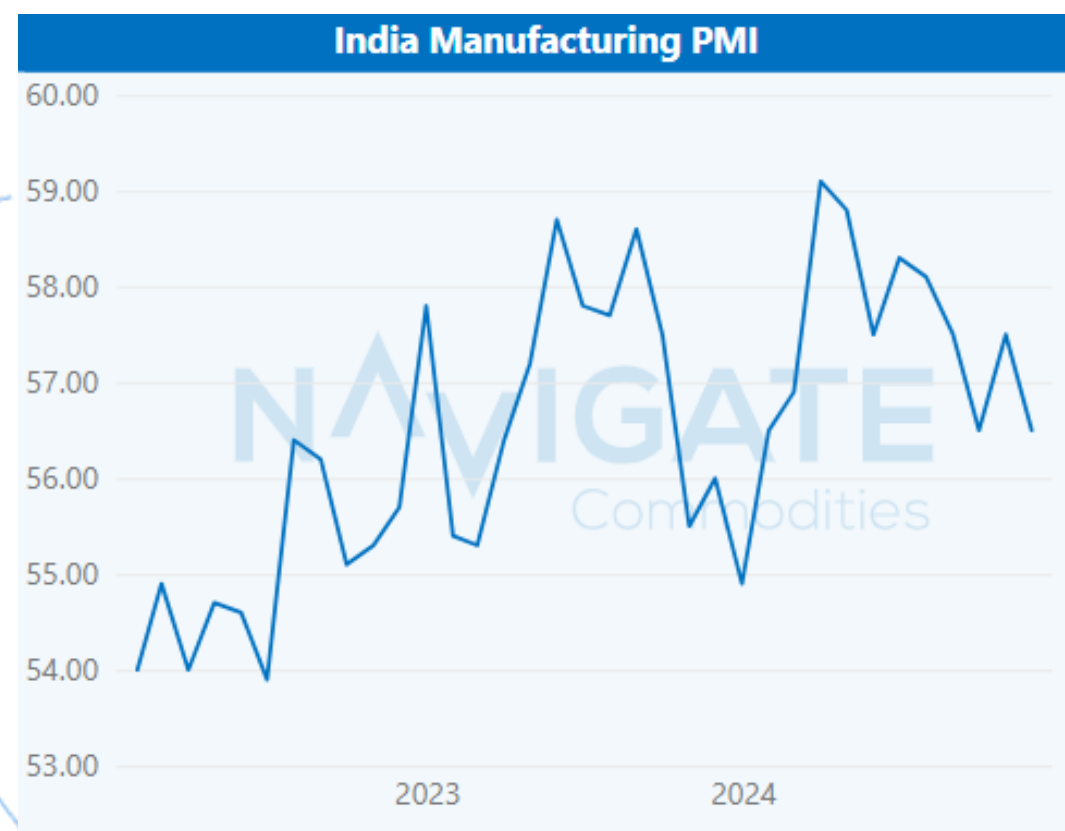
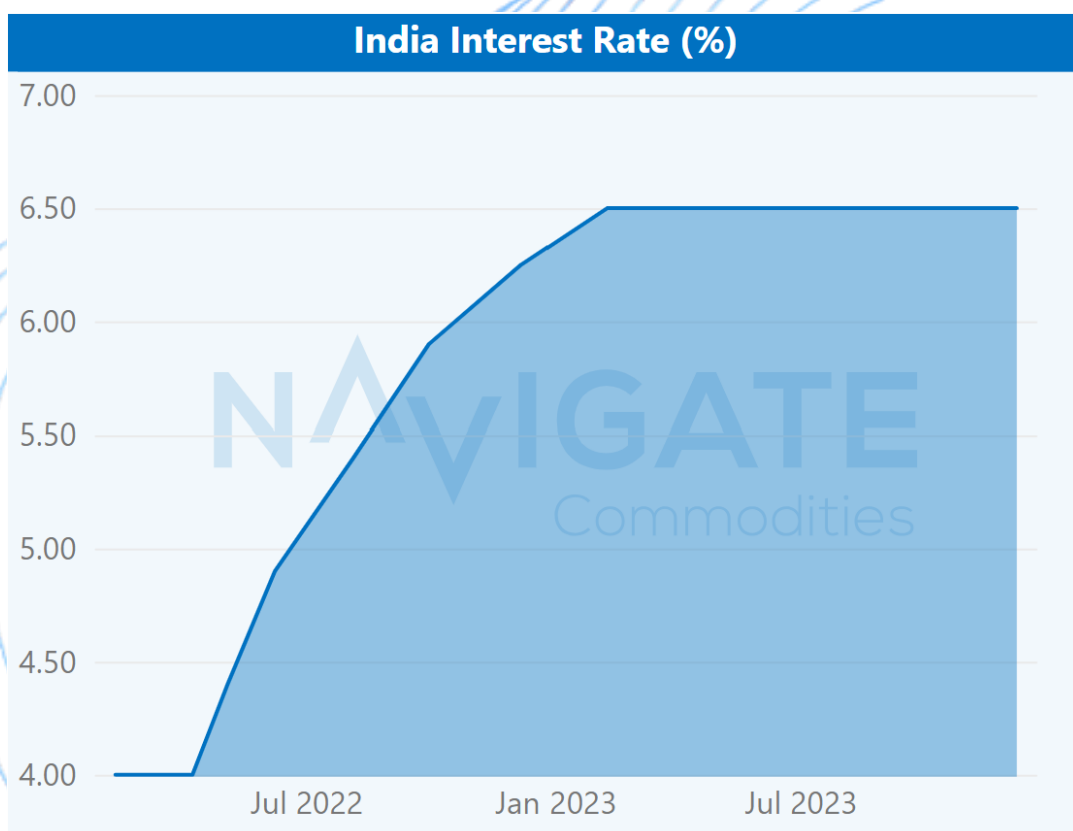
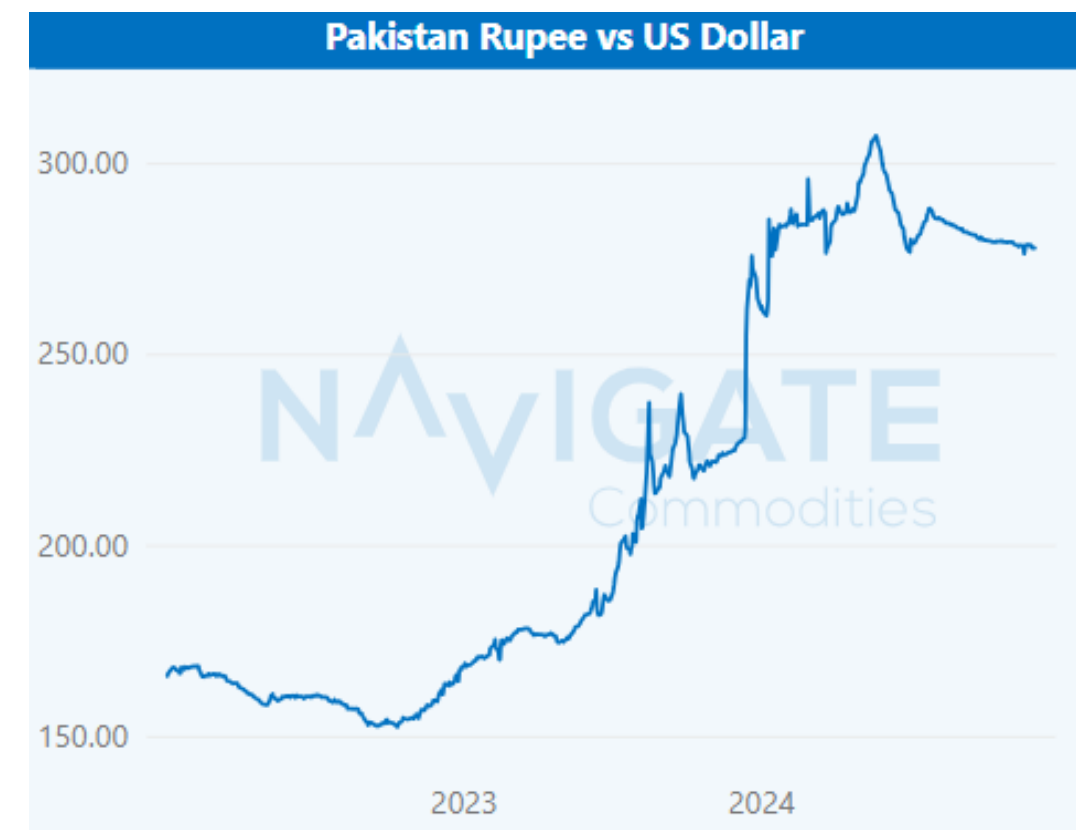
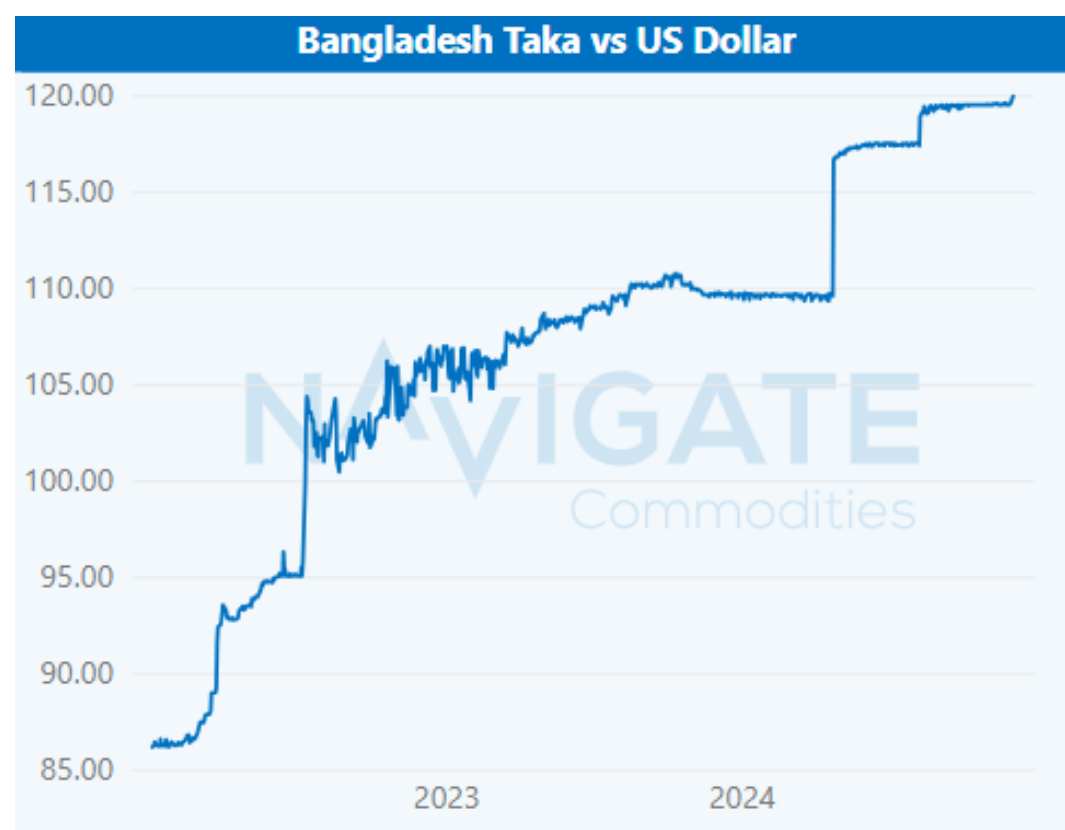
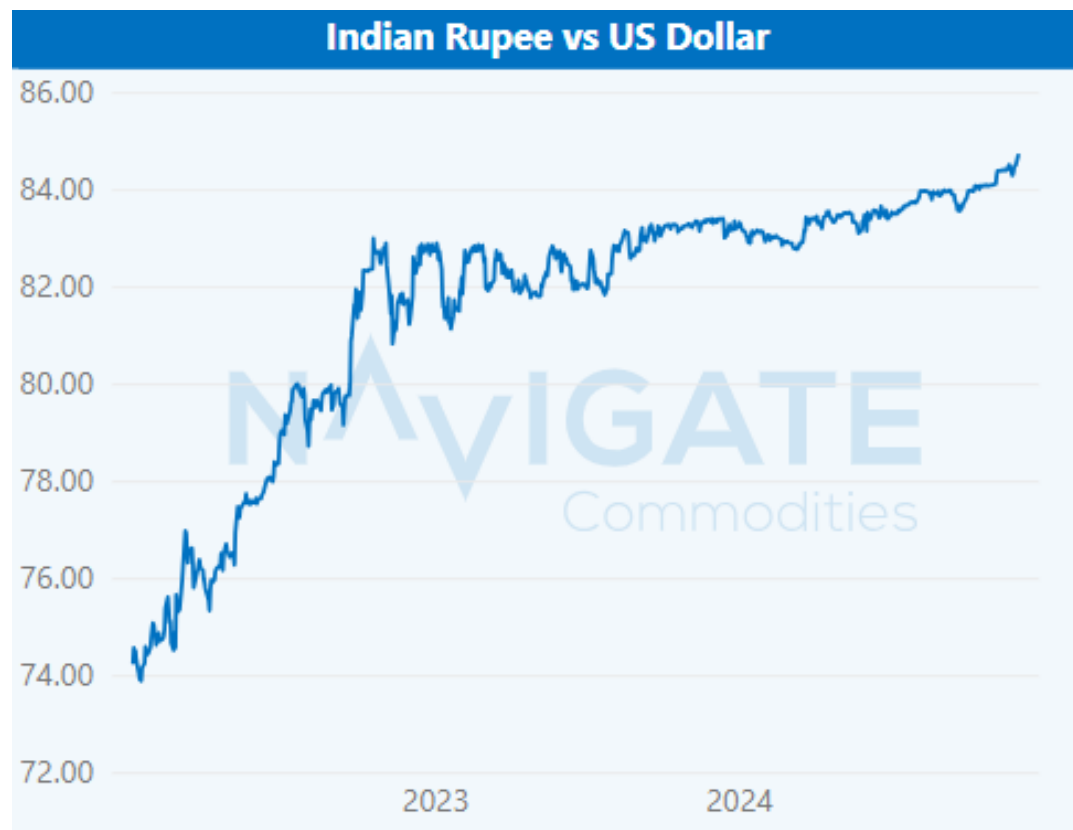
Most indicative of this recovery in domestic Steel production has been the progressive expansion in Indian containerized Shredded Ferrous Scrap premiums over equivalent Turkish grades to a 13-month high of US\$27.50/t in late-November. This marks a significant turnaround for Indian benchmarks that were trading at a heavily depressed discount of US\$17.50/t to corresponding Turkish cargoes as recently as early-October.

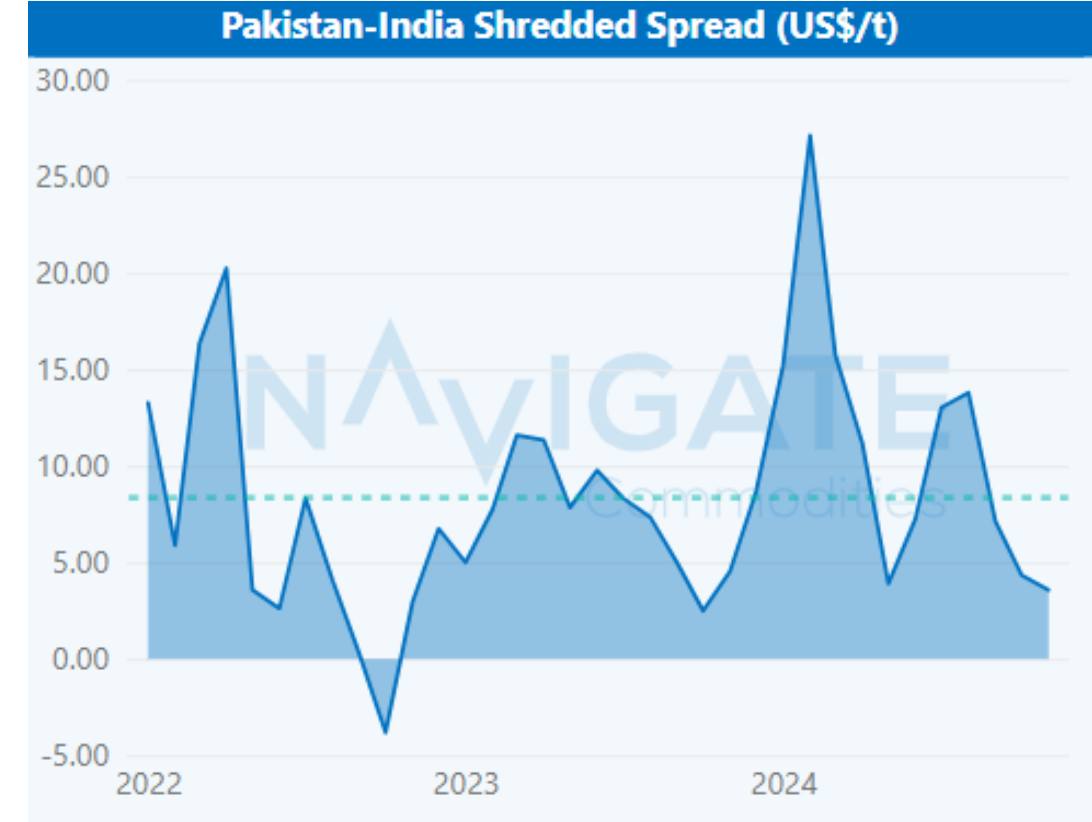
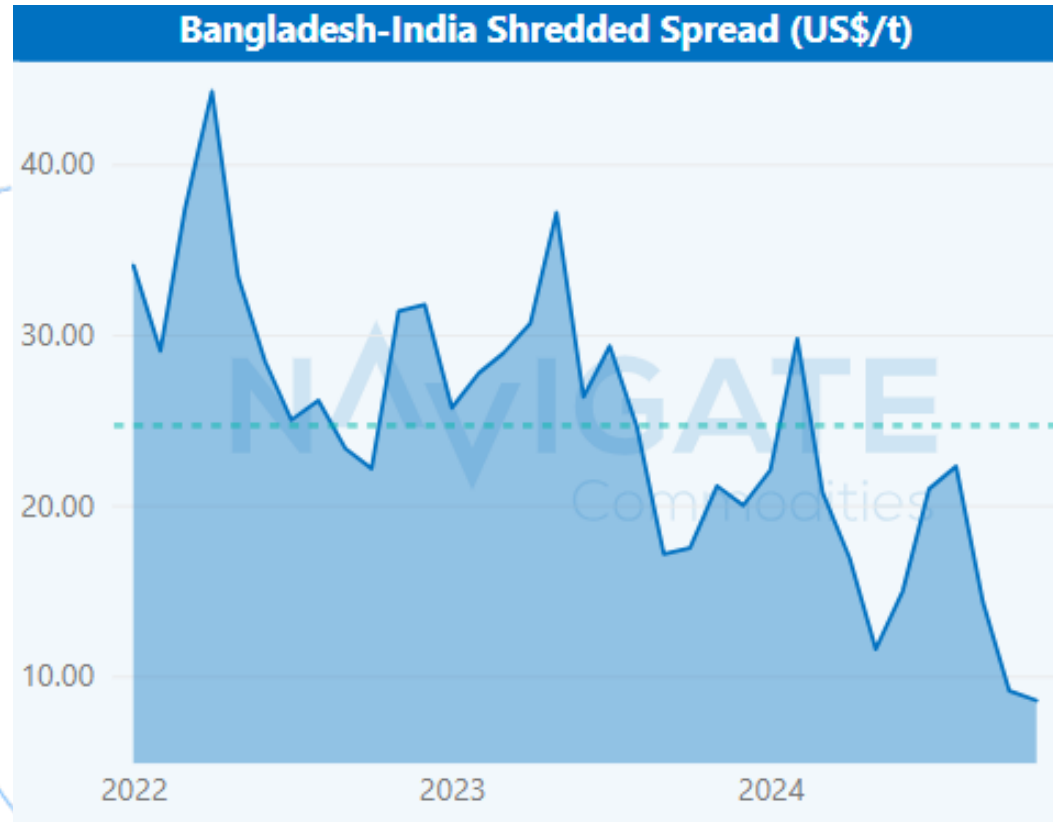
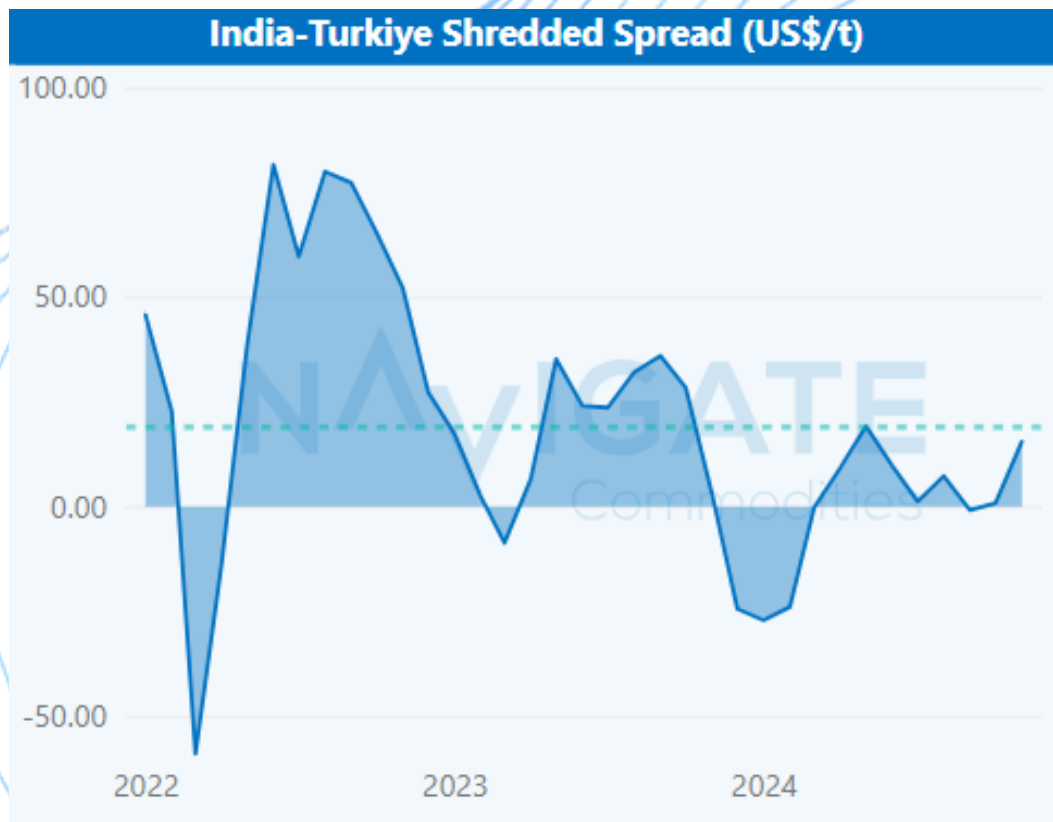
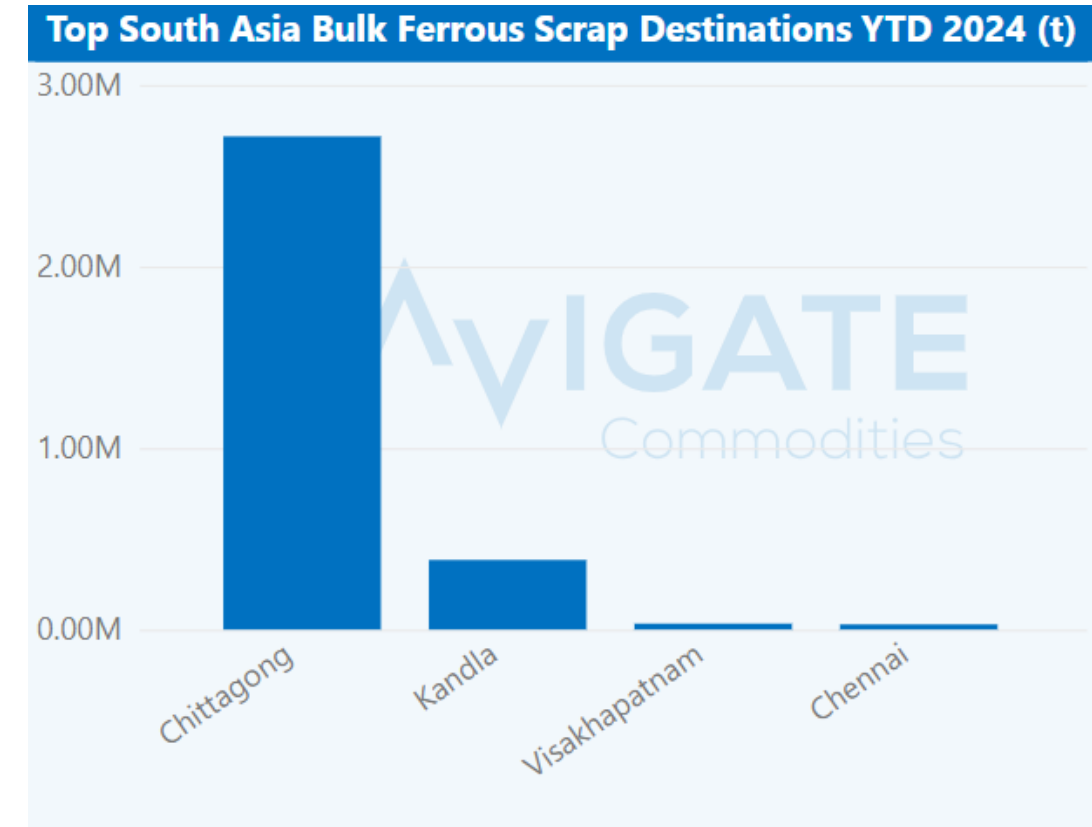
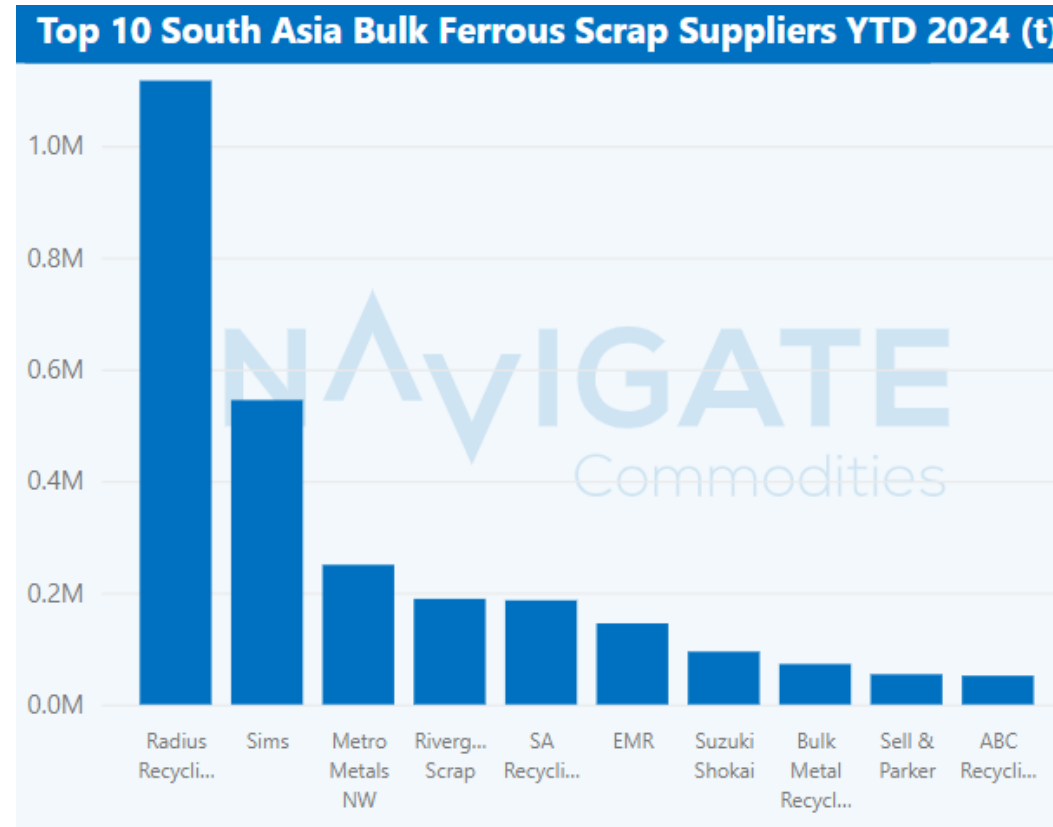
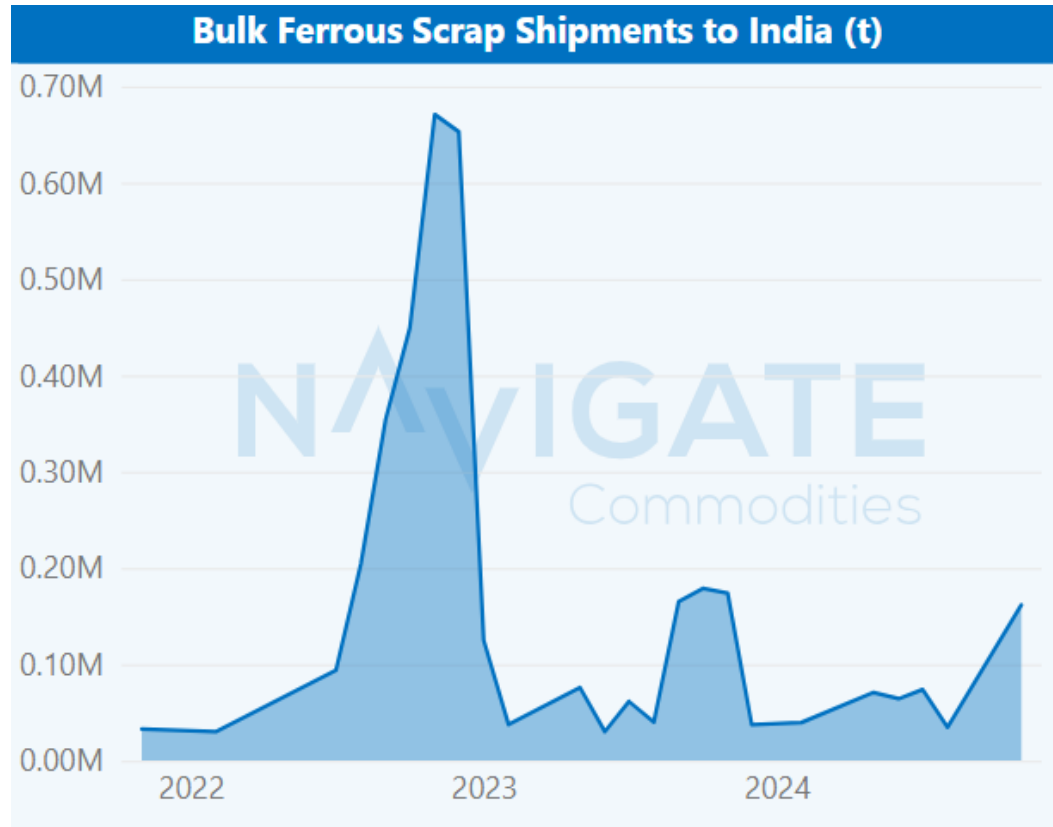
Furthermore, it appears that most Indian smelters appear to be weathering the tsunami of relatively cheaper Chinese Steel exports which have flooded South and Southeast Asia in recent months.

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).

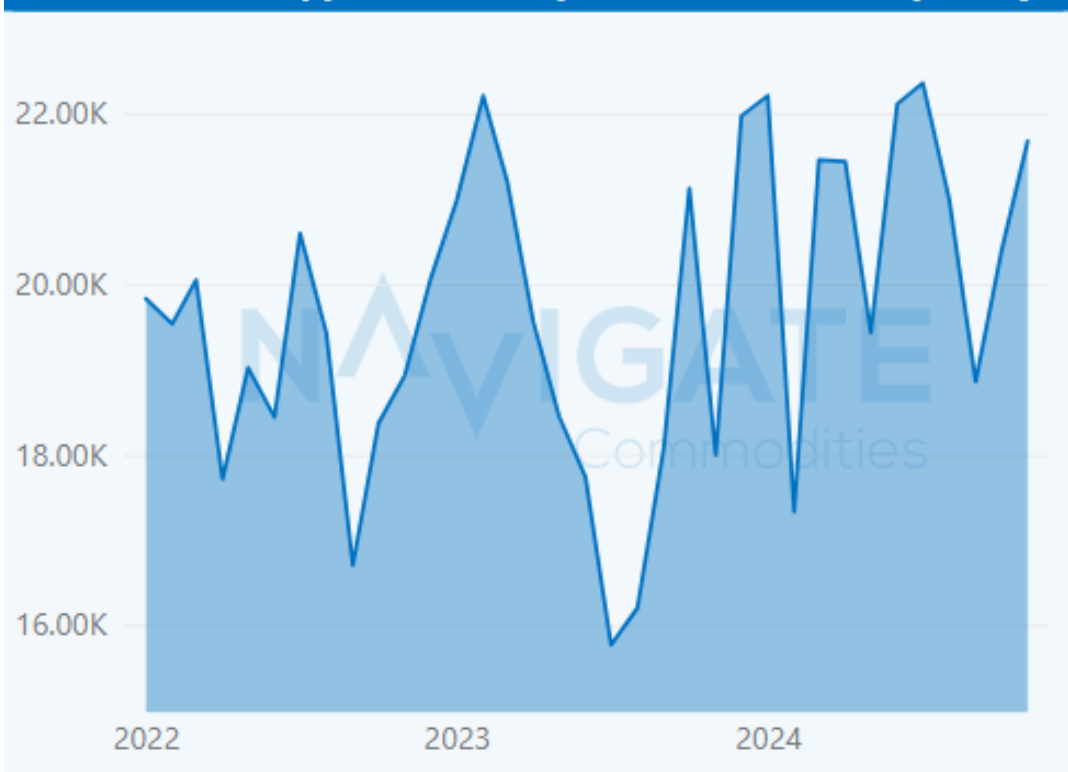


Source: Earth-i, Navigate Commodities

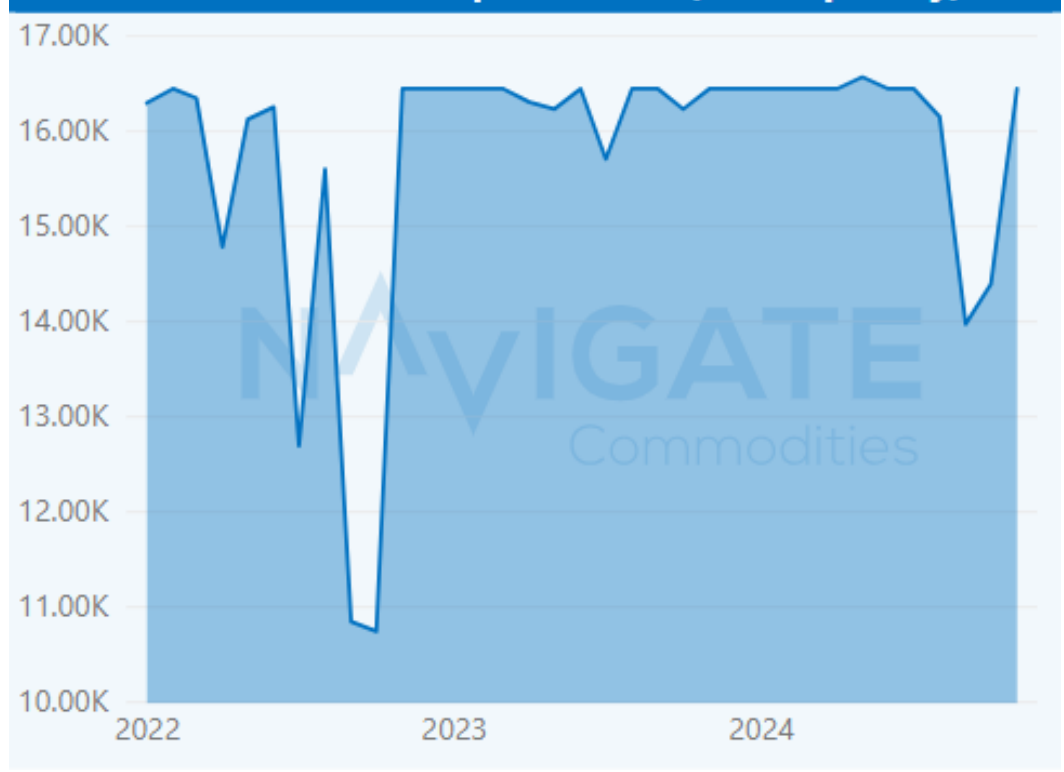




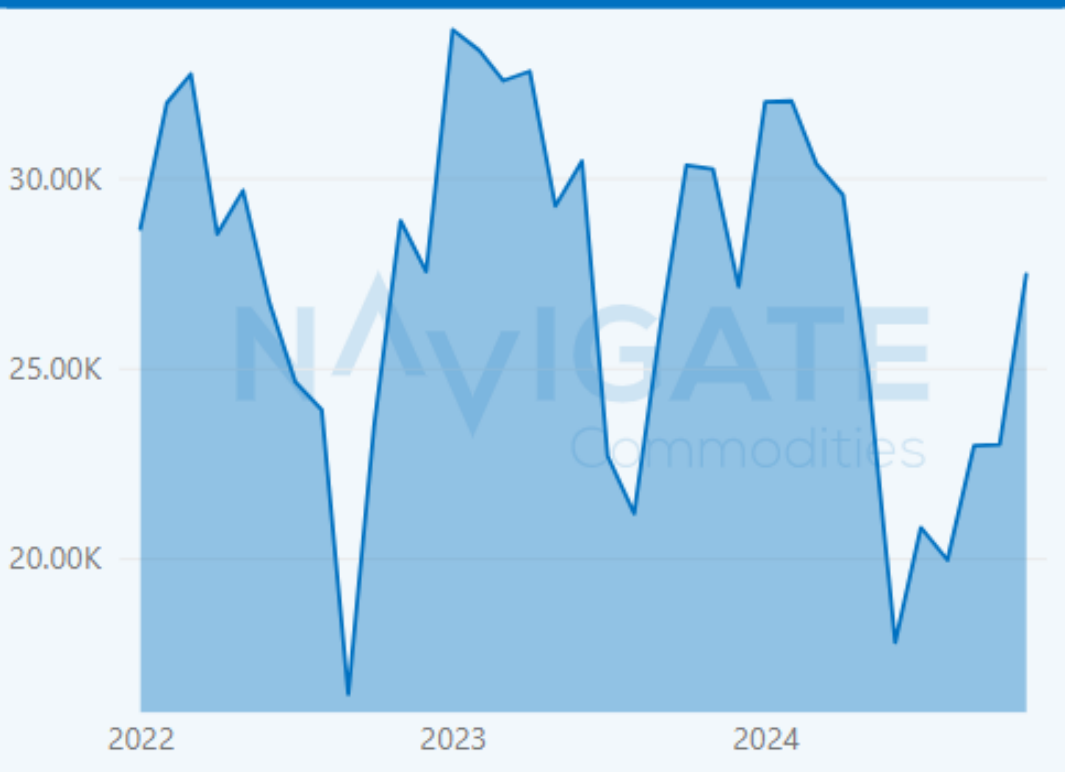
ArcelorMittal Nippon Steel Output 30D MA (tonnes per day)



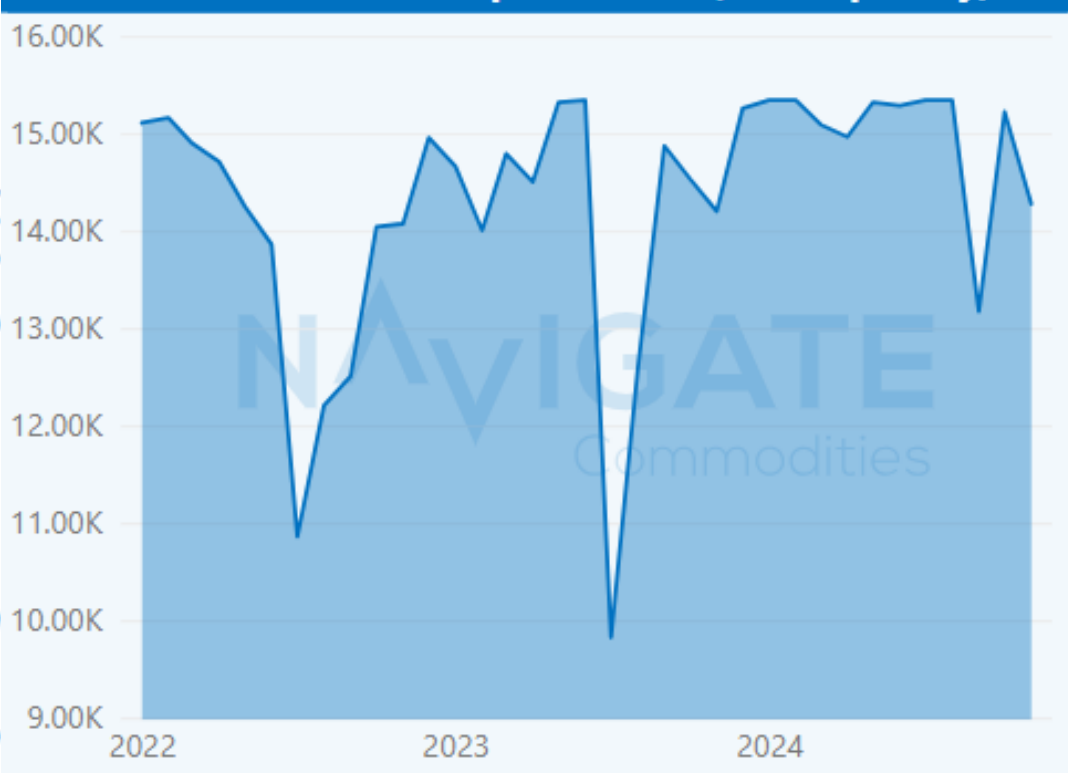
JSPL Odisha Steel Output 30D MA (tonnes per day)



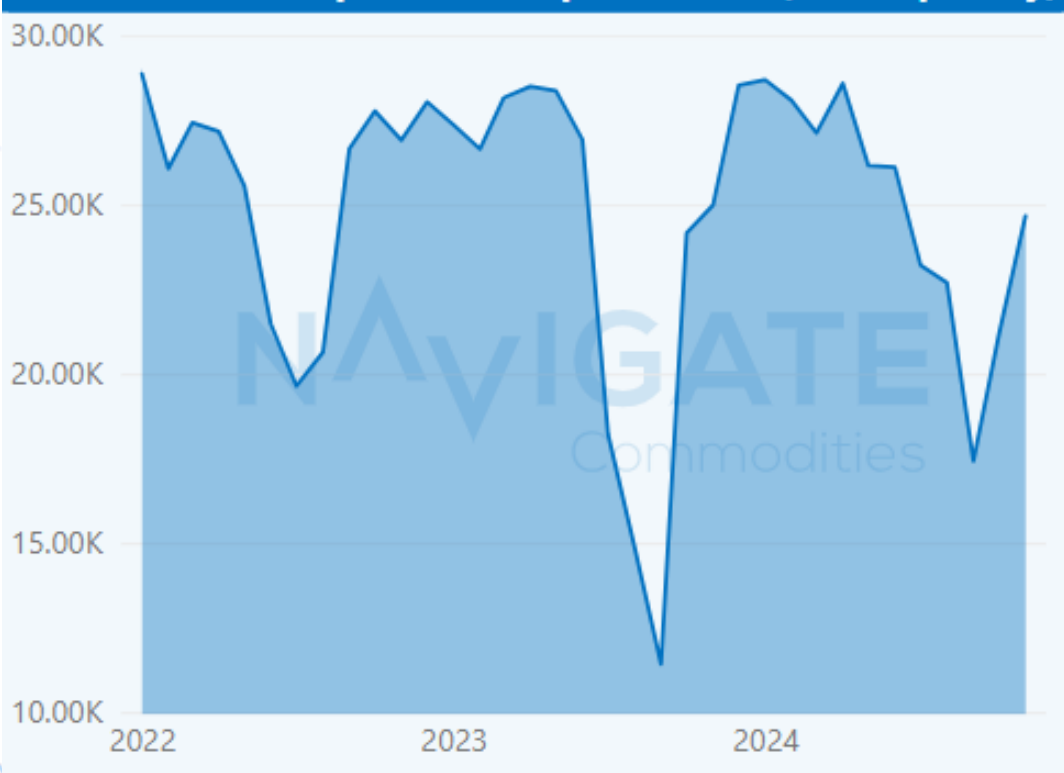
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



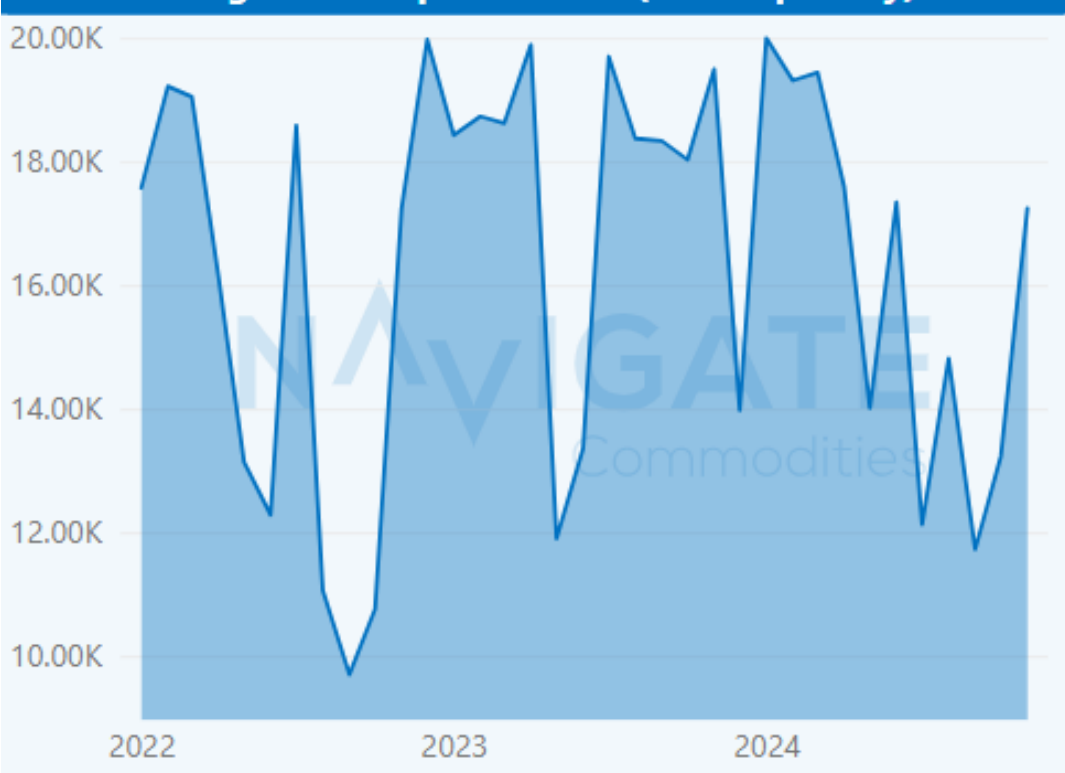
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



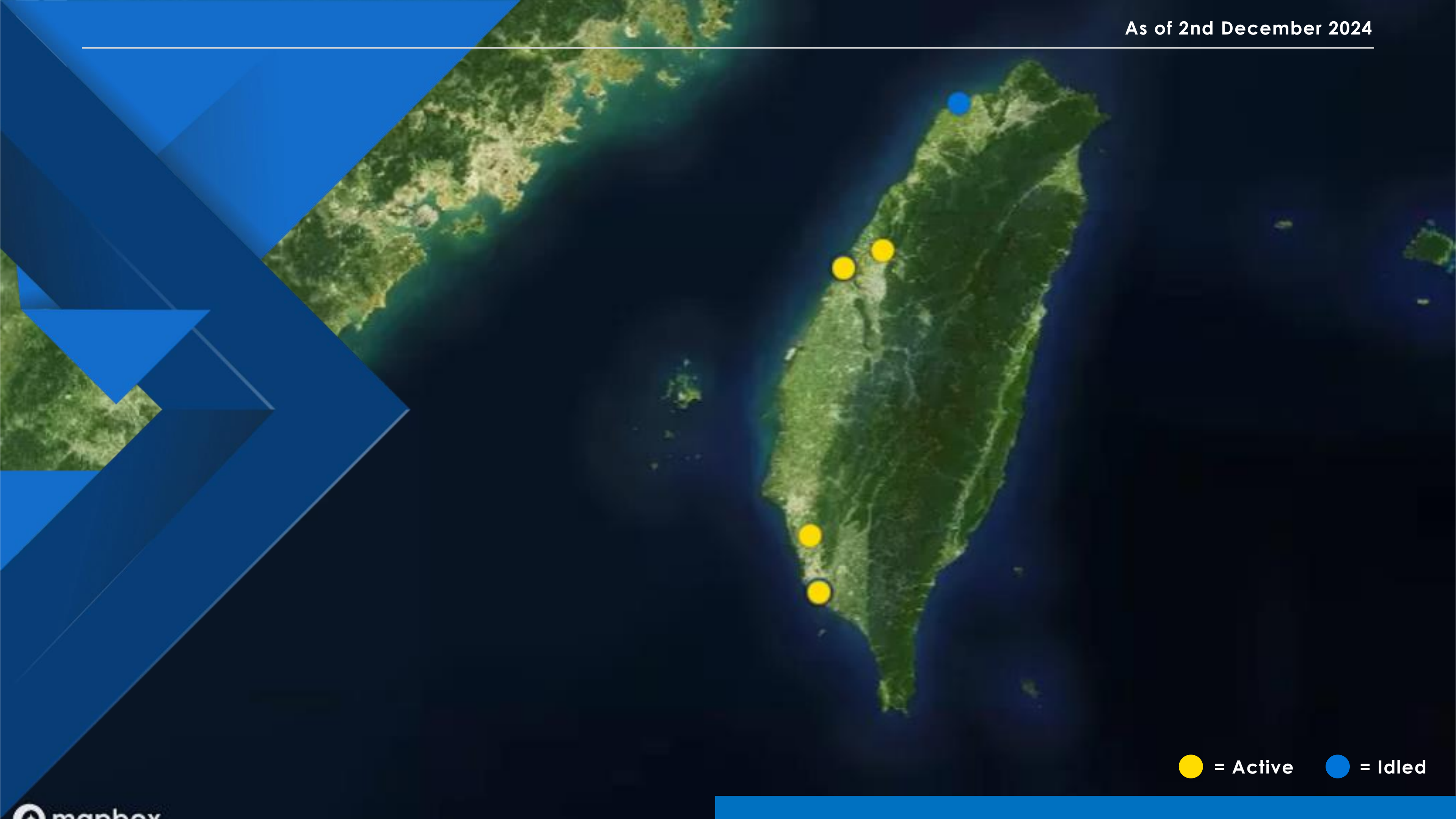
Vizag Steel Output 30D MA (tonnes per day)





Taiwan Steel Scrap Market Overview





● = Active ● = Idled

Taiwan

Taiwanese HMS 1&2 (80:20) containerized Ferrous Scrap benchmarks slumped as much as US\$30/t over the past eight weeks to US\$300/t CFR Taiwan in late-November.

Despite the drop in outright Taiwanese Ferrous Scrap benchmarks, discounts to equivalent Turkish grades narrowed to approximately US\$40/t in late-November following a sharp contraction in Turkish markets.

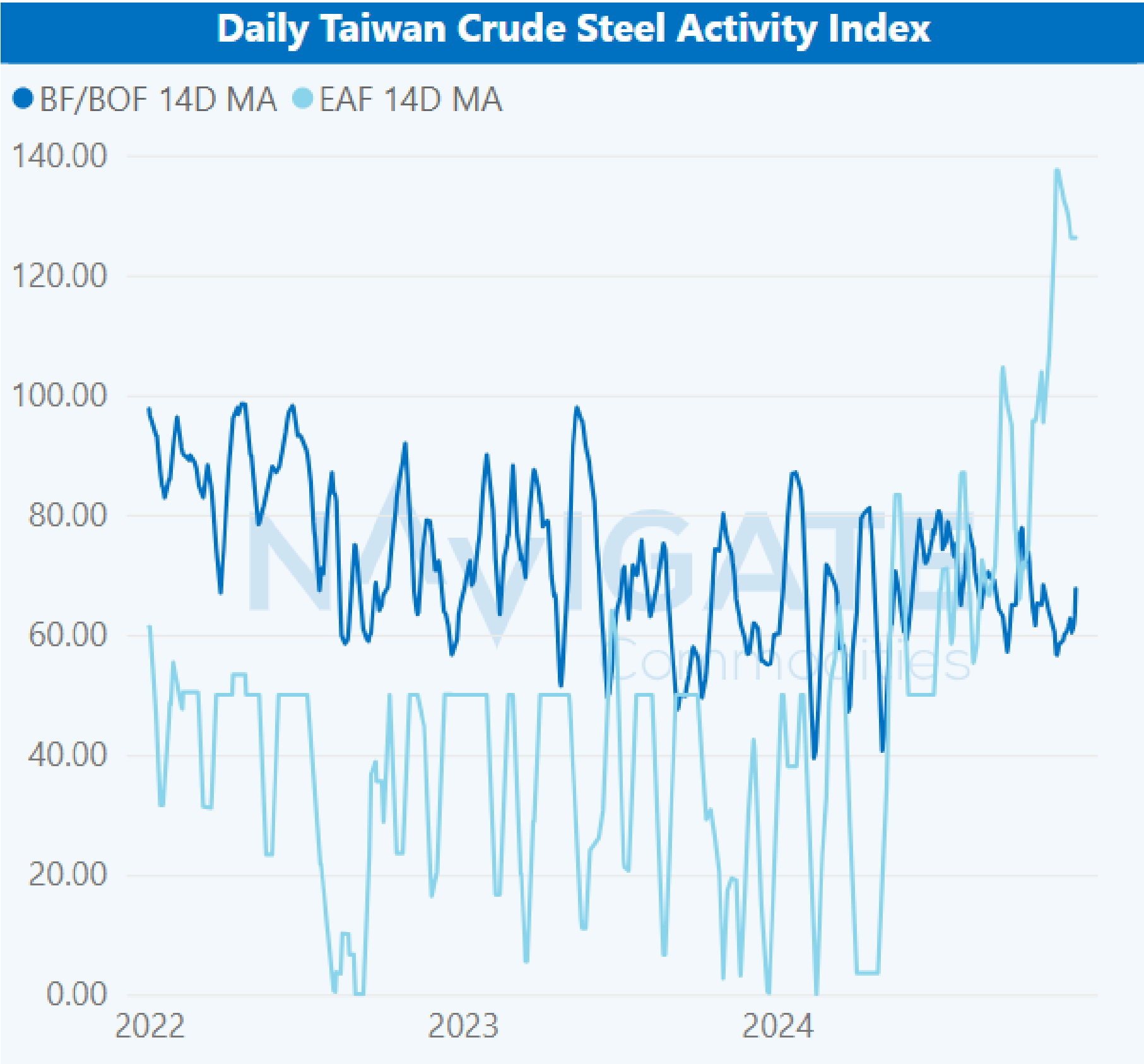
This infers that Taiwanese Ferrous Scrap consumption and prices have reestablished their baseline through November compared with the sharp deviation witnessed in October.

While integrated blast furnace-basic oxygen furnace Steel (BF/BOF) smelting activity remains relatively subdued, there has been a marked recovery in domestic electric arc furnace (EAF) melting activity.

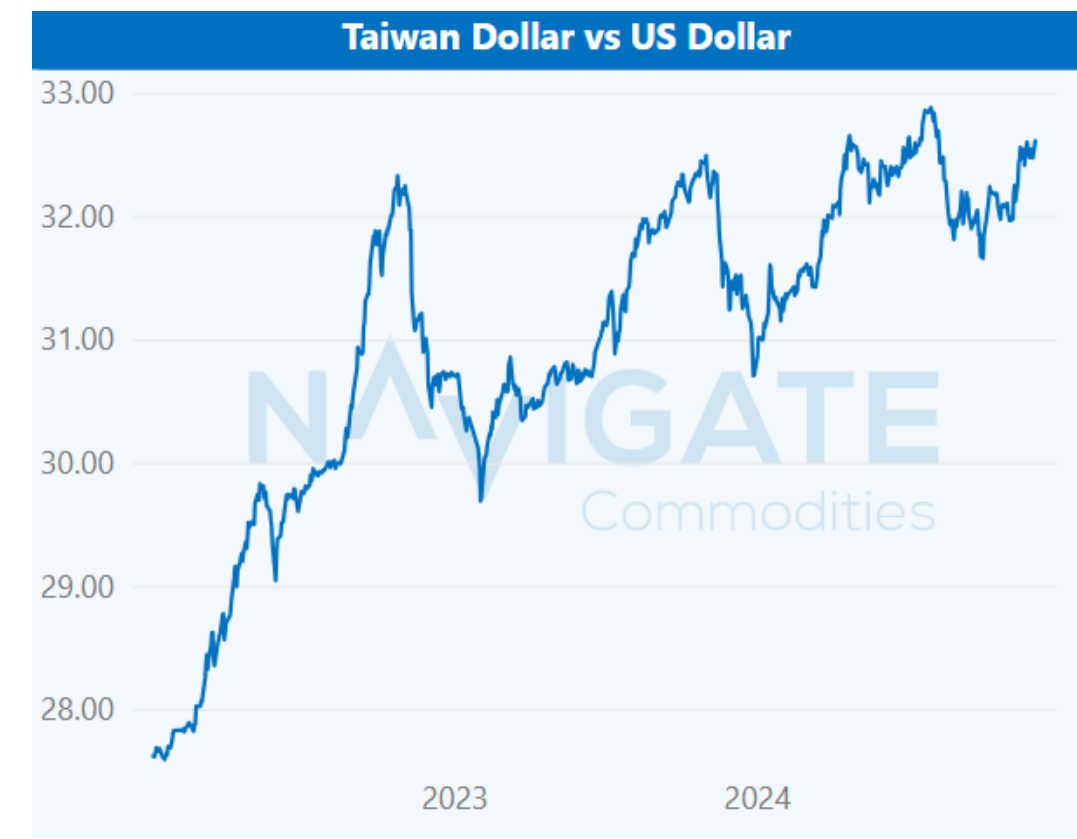
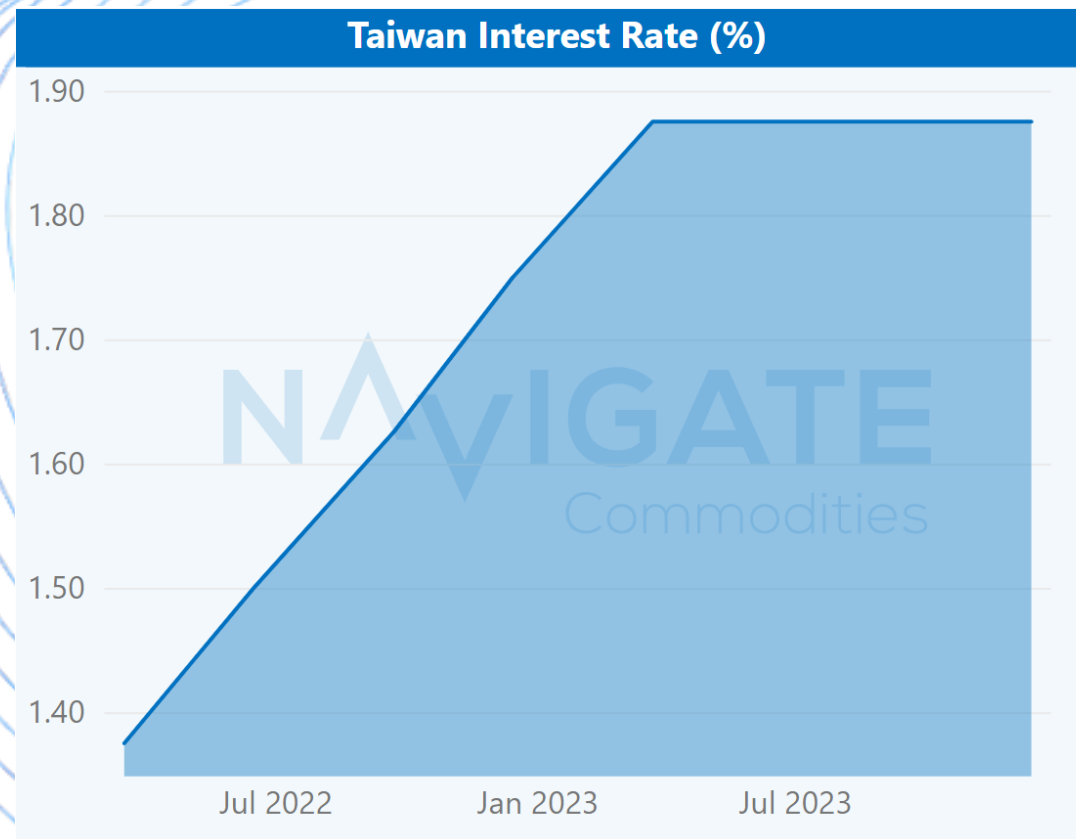
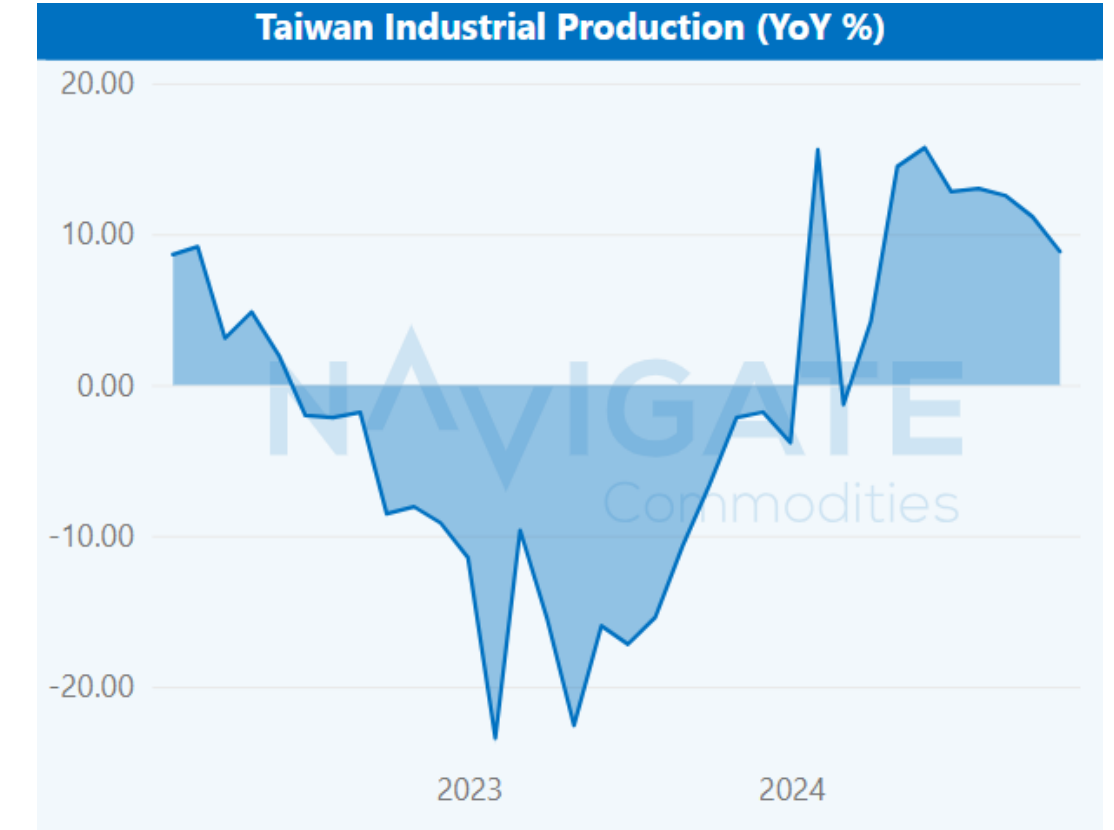
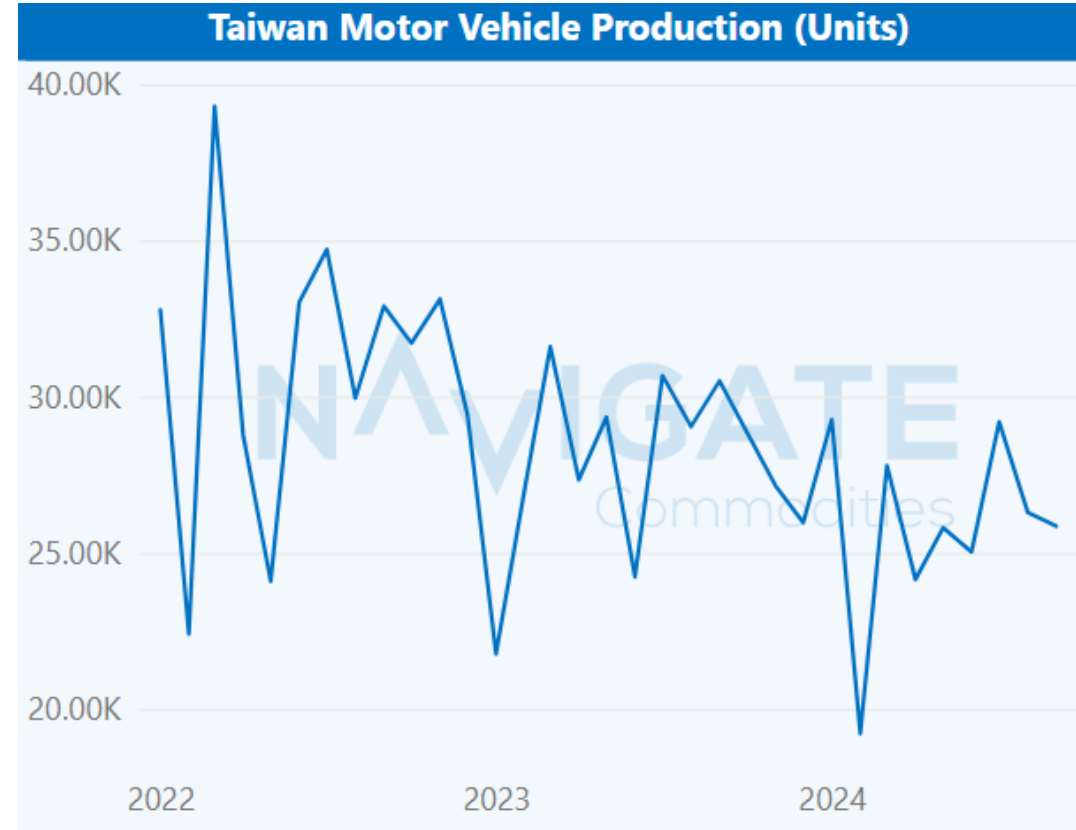
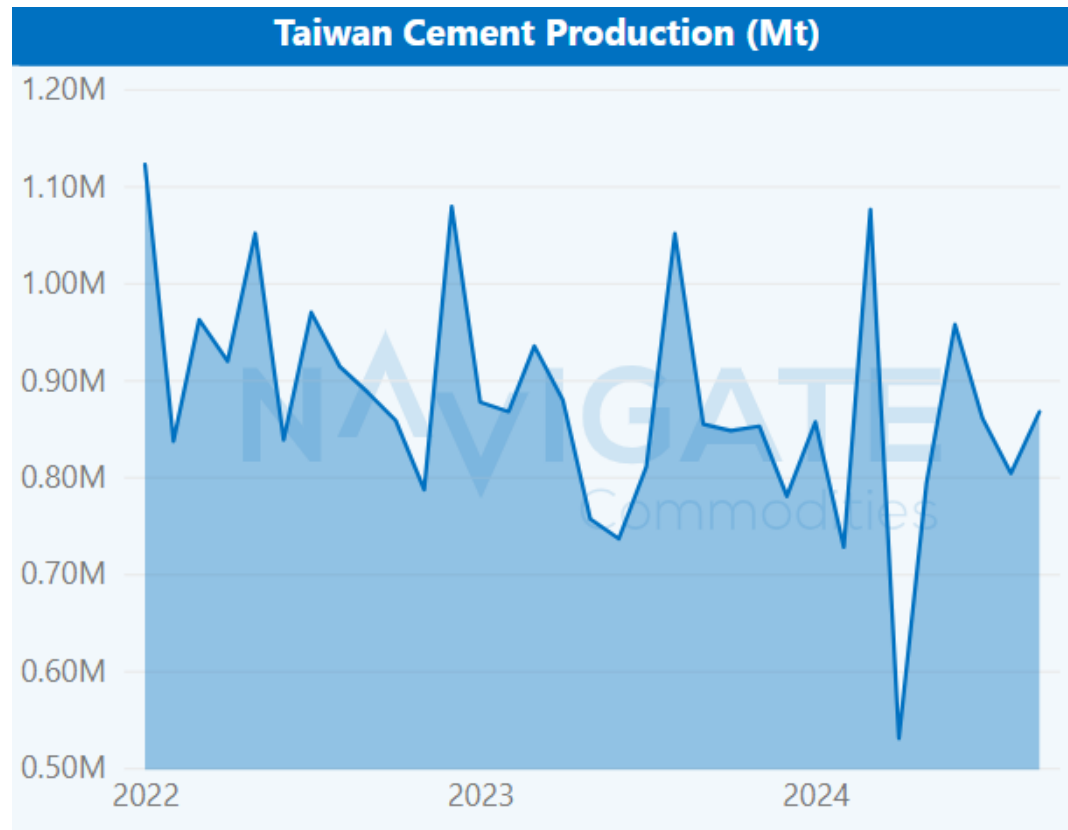
We believe this phenomena has largely been driven by a mild improvement in local construction activity and associated EAF-produced Steel consumption, as corroborated by elevated levels of construction PMIs and cement output.

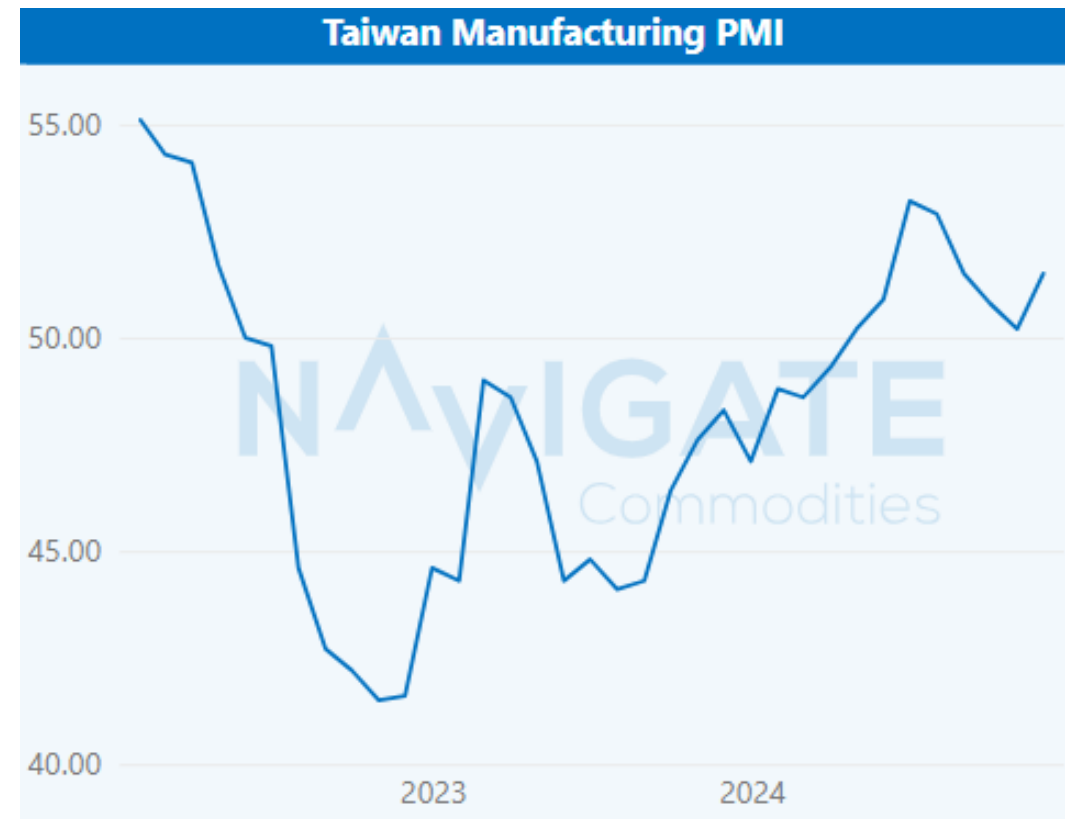
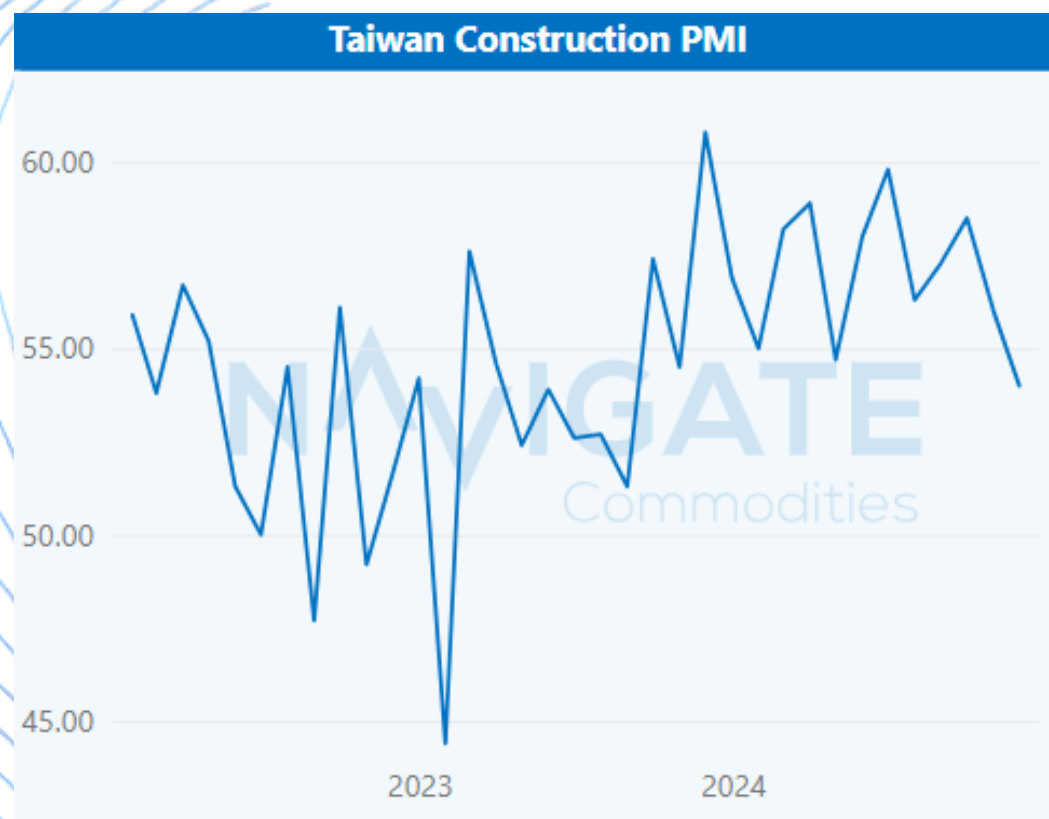
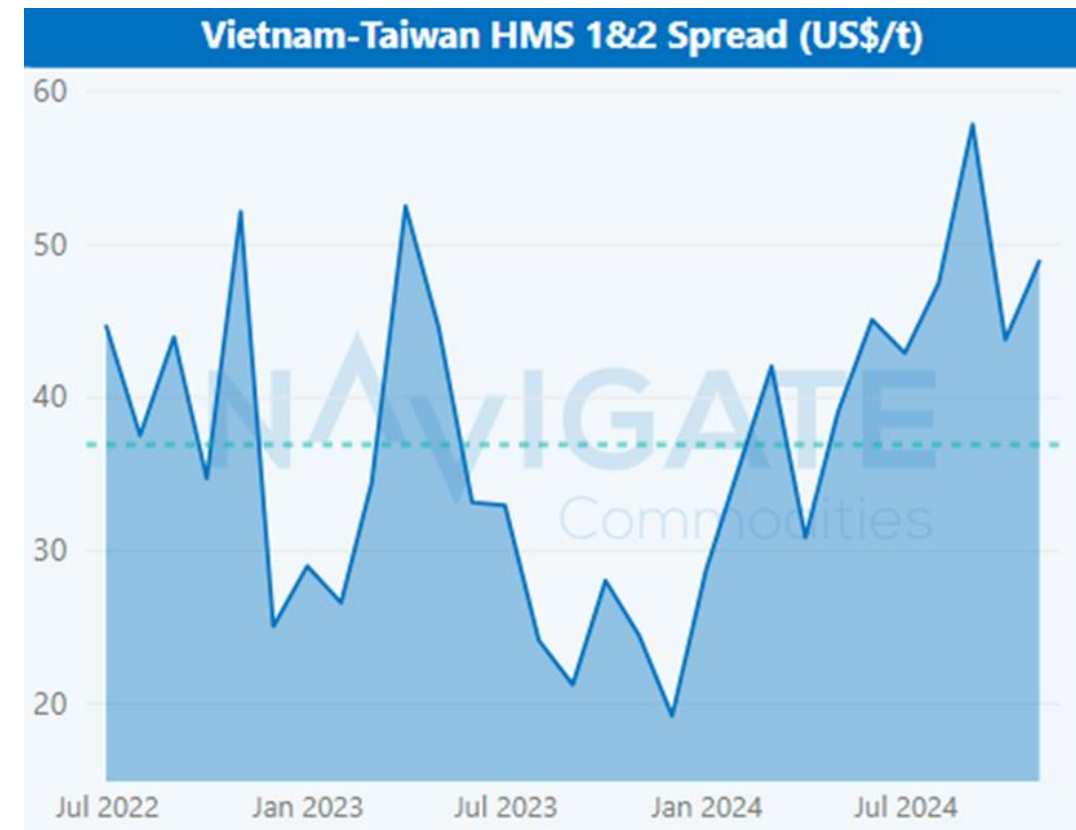
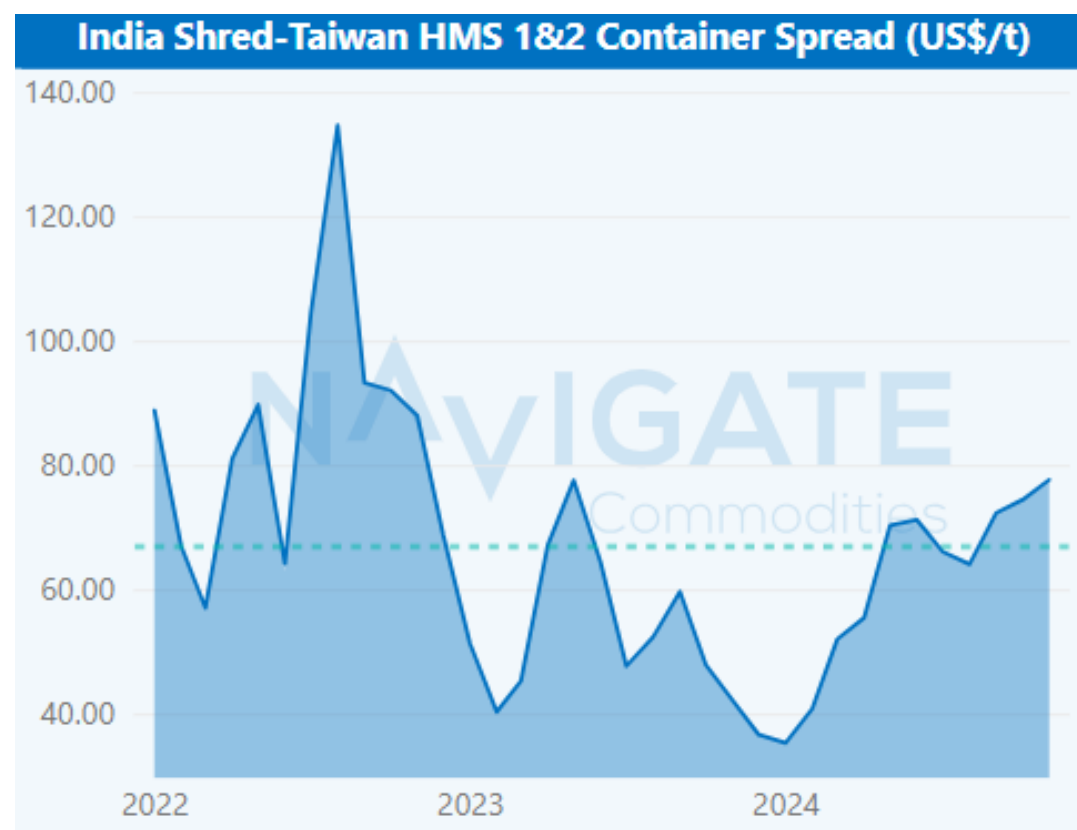
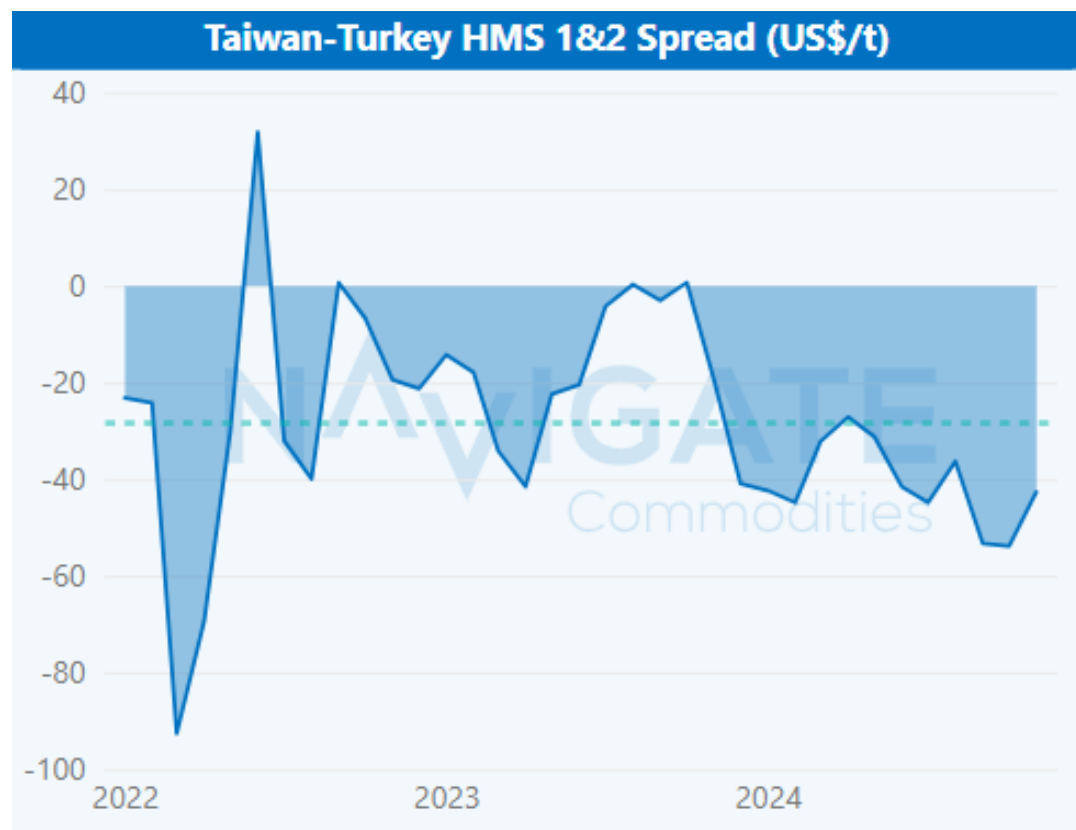
That said, we estimate prospective upside in domestic Steel production and Ferrous Scrap consumption has been capped by the import penetration of cost competitive Chinese-origin Steel.

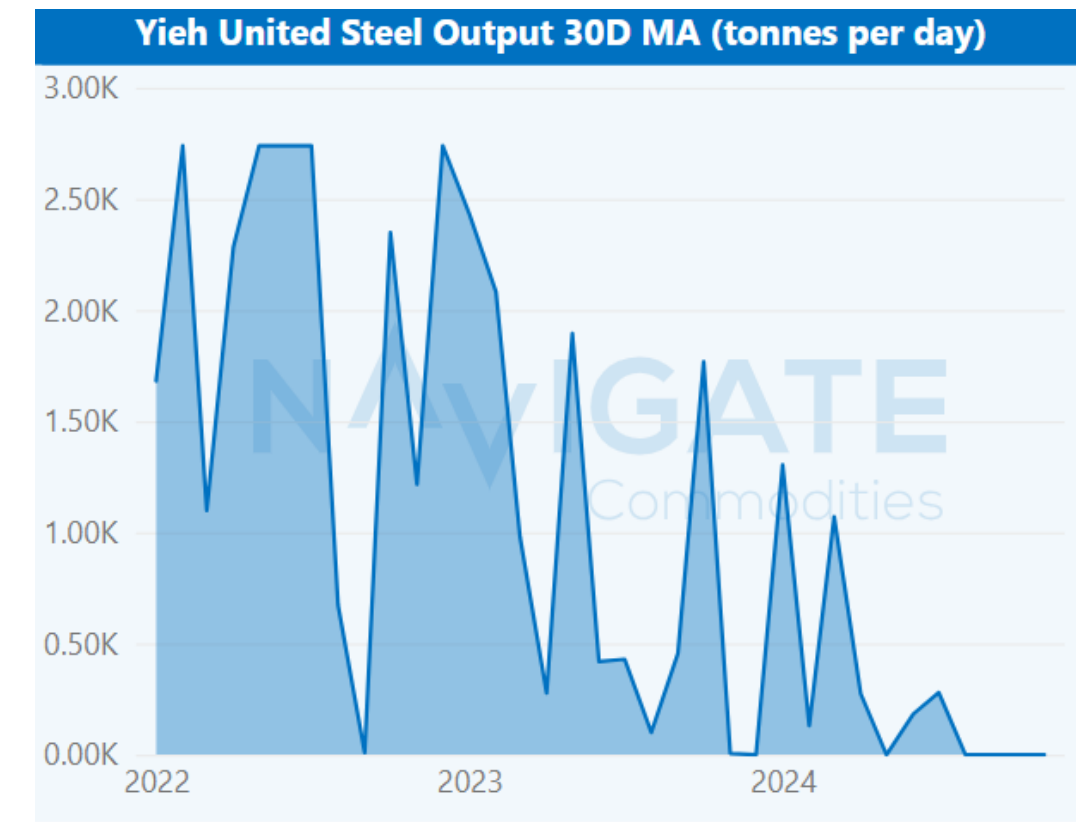
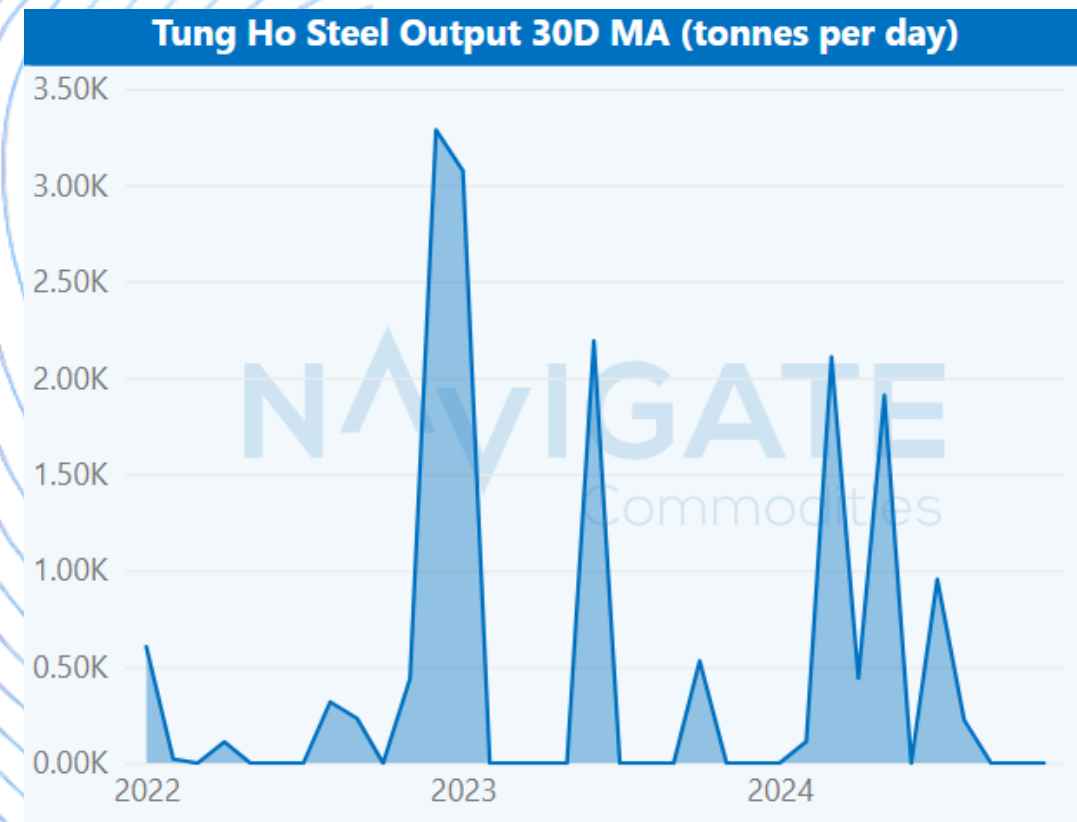
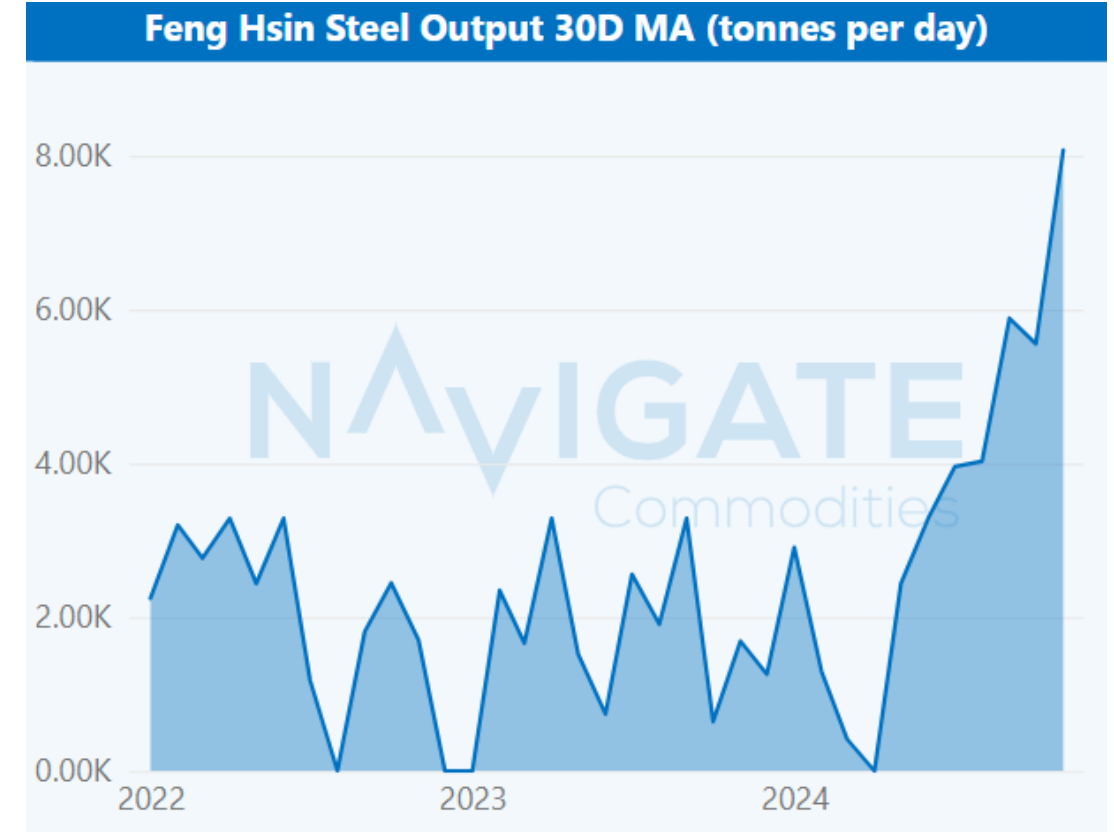
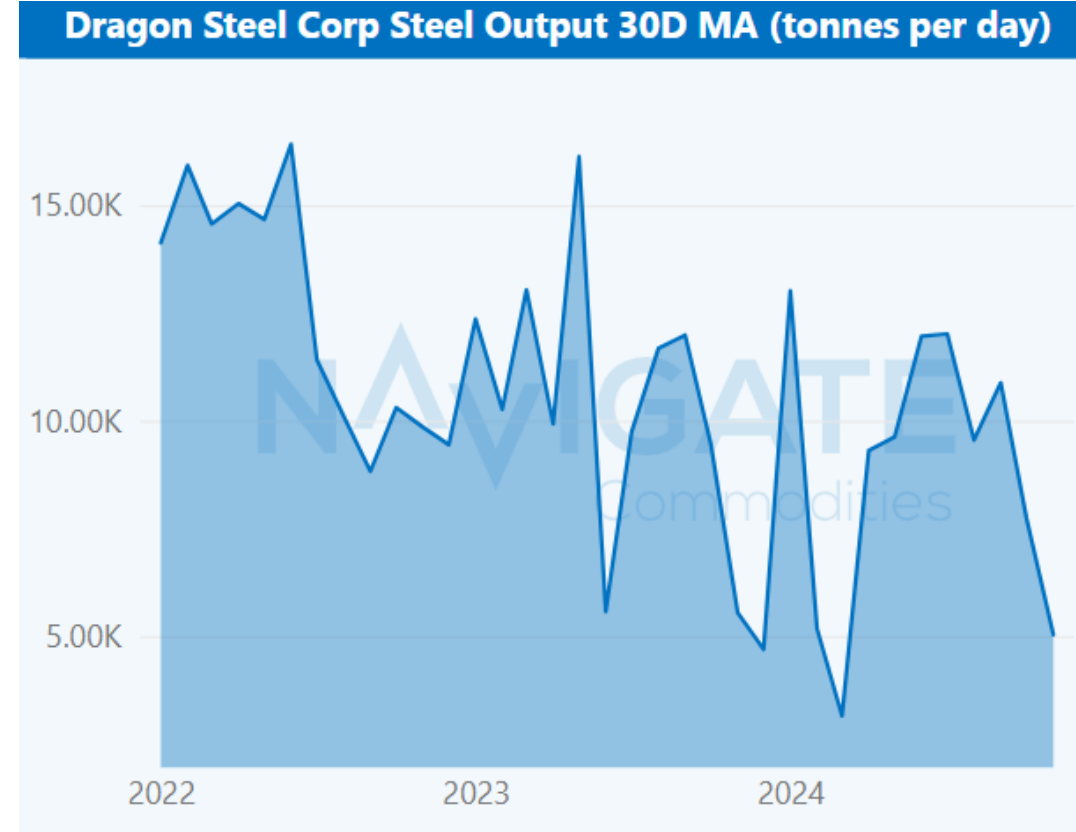
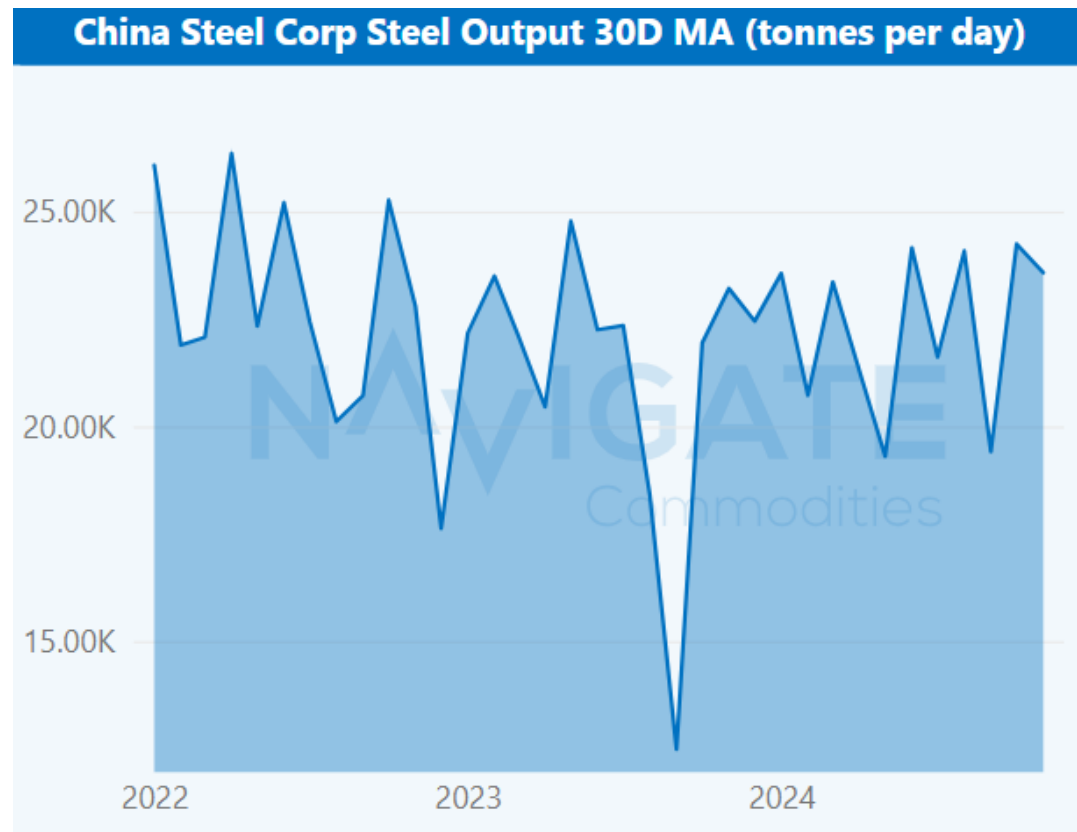
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities





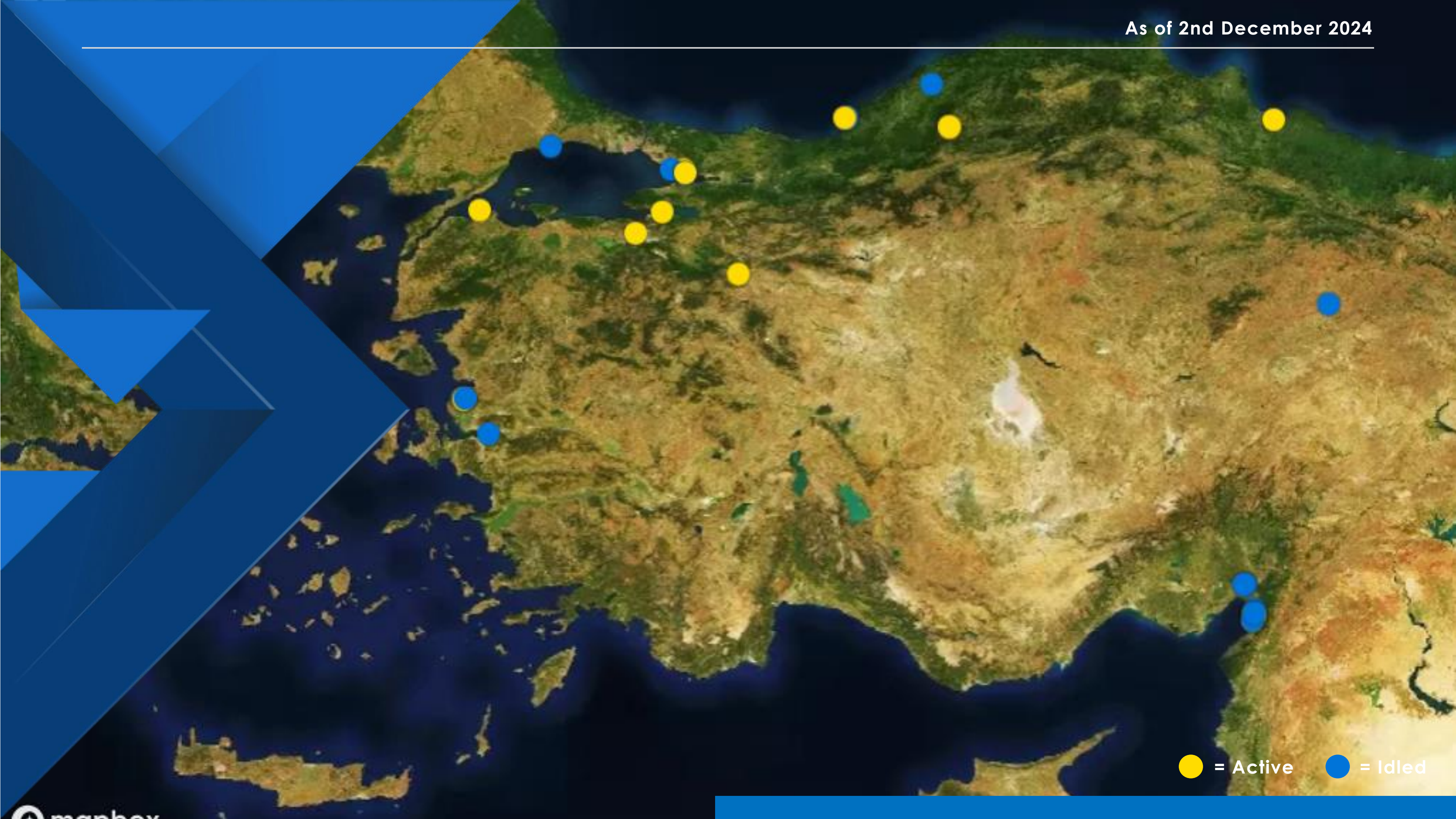




Türkiye Steel Scrap Market Overview



As of 2nd December 2024



● = Active ● = Idled

Türkiye

Turkish HMS 1&2 (80:20) benchmarks plunged approximately US\$50/t over the past eight weeks to US\$338/t CFR Türkiye (TKY) on 29th November 2024, as the availability of north European deepsea cargoes far exceeded bookings.

In fact, we hypothesize that a material 66.14% year-on-year growth in Ferrous Scrap-laden barge flows across northern Europe in September 2024 has largely undermined seaborne markets.

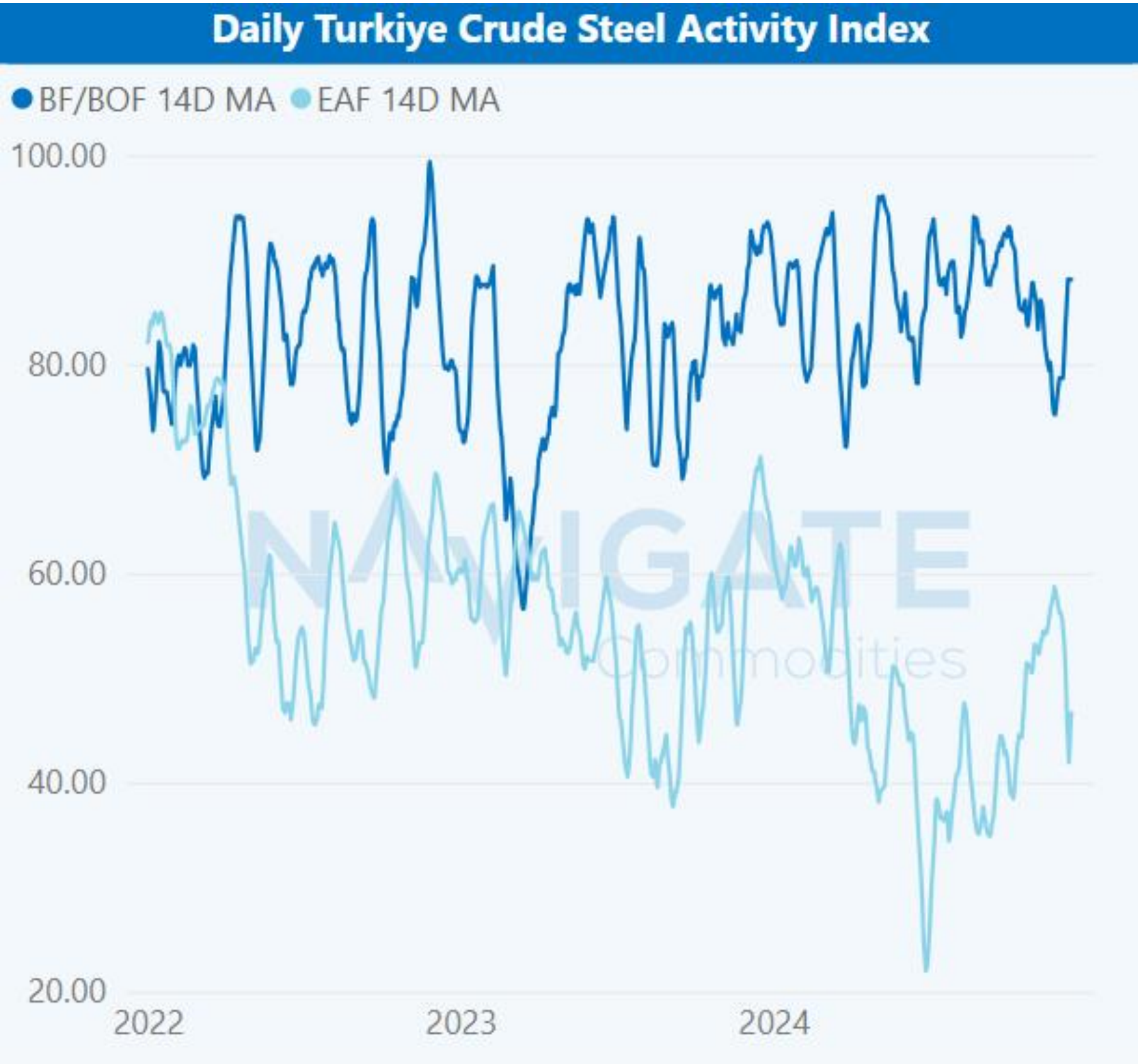
For example, increased north European river barge flows in a soft market enabled deepsea suppliers to maintain a buffer for narrowing gross margins in the event of further declines in Turkish sales prices.

Unsurprisingly, UK, EU, and US East Coast bulk exporters responded to weaker Turkish Ferrous Scrap sales prices by cutting dockside purchase prices US\$25-35/t over the past eight weeks to create a buffer for further deepsea discounts.

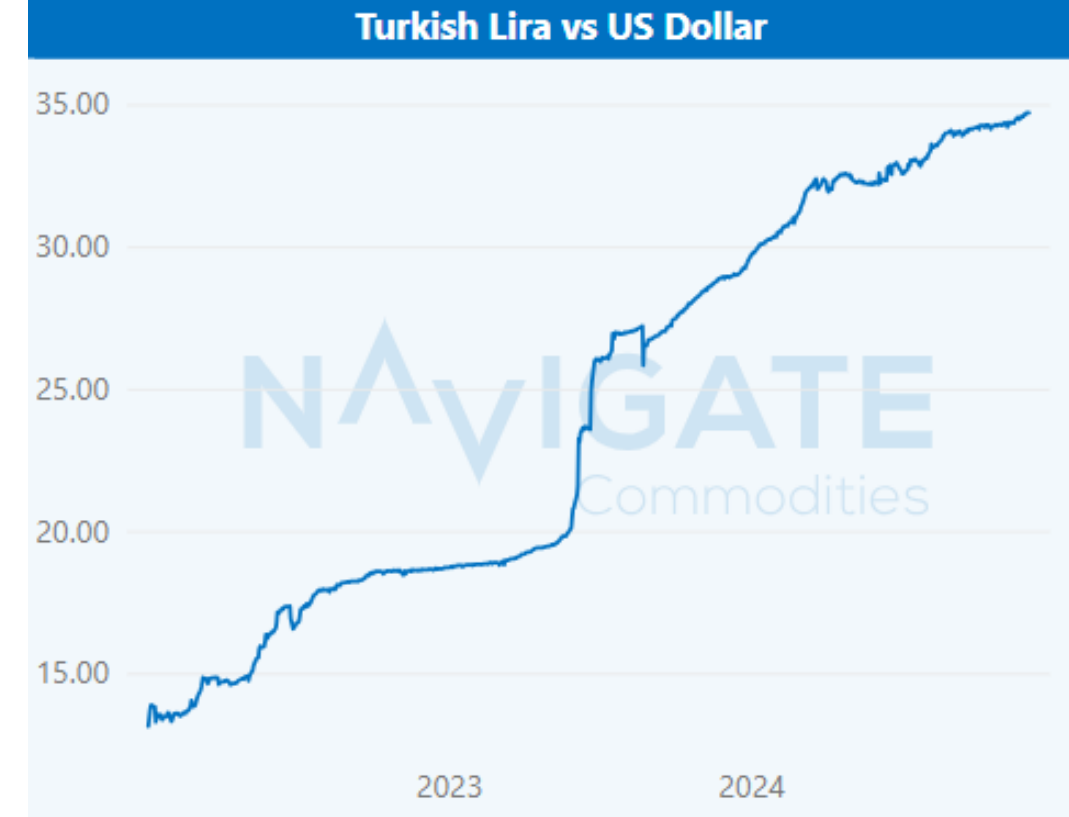
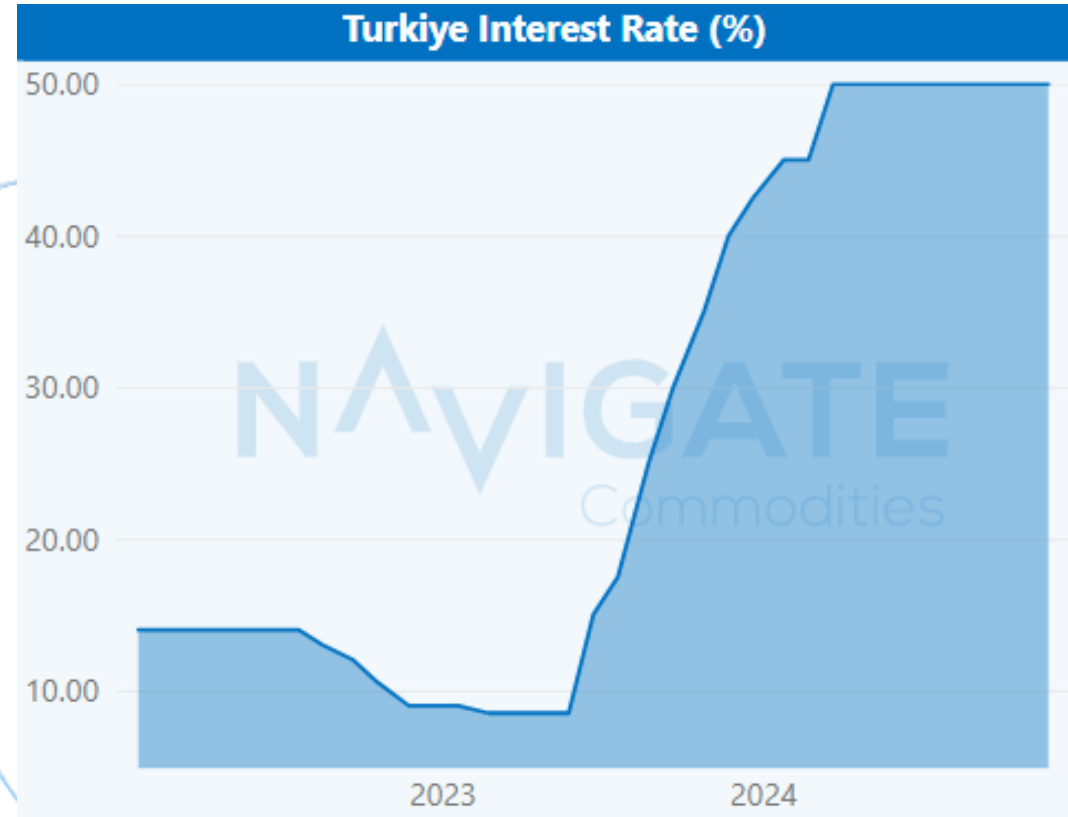
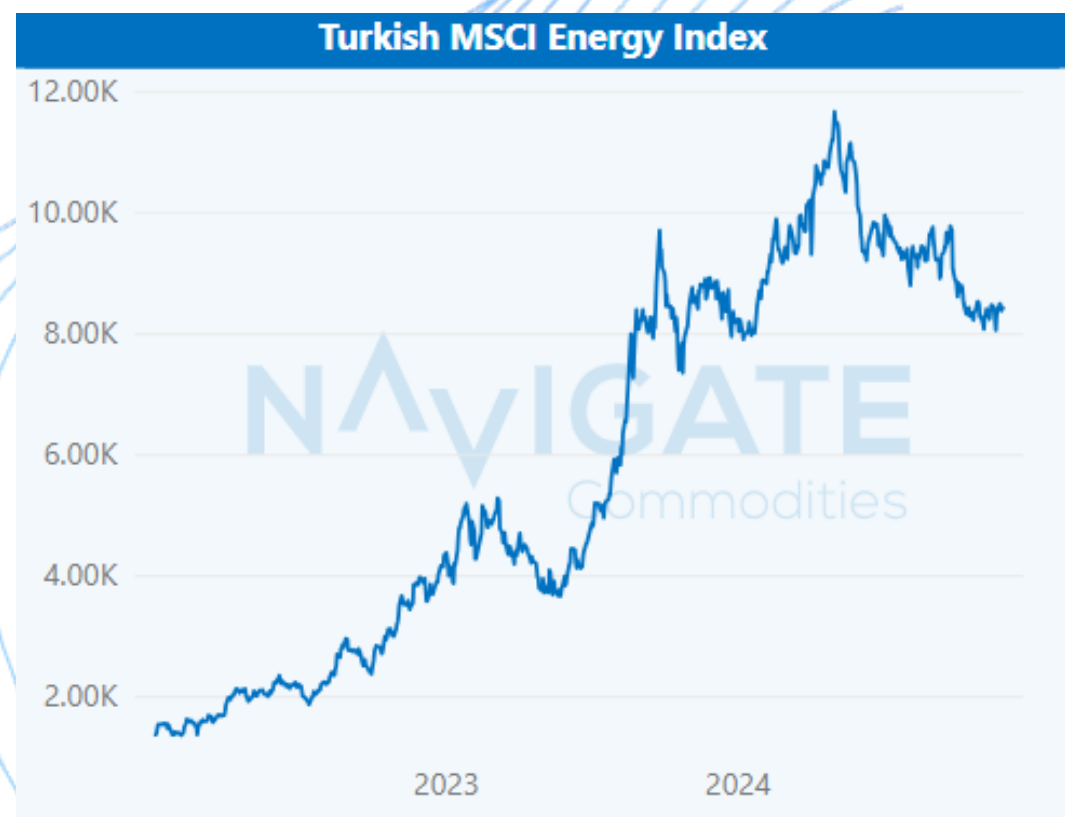
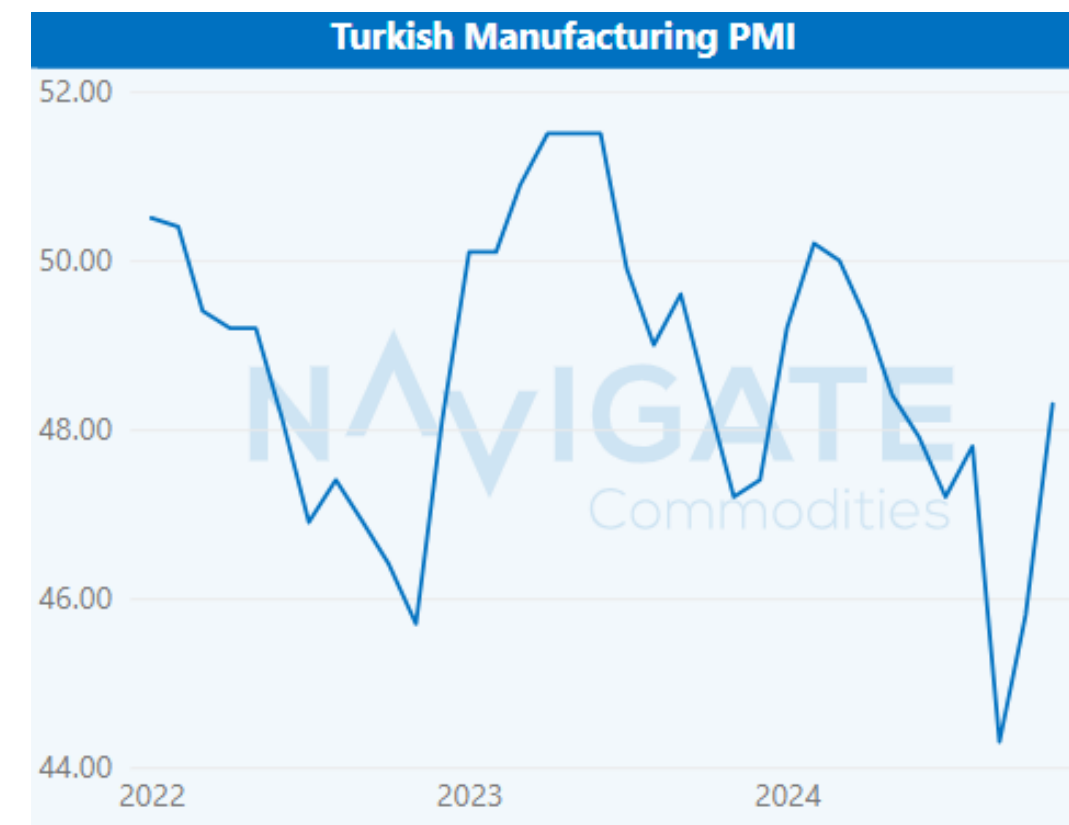
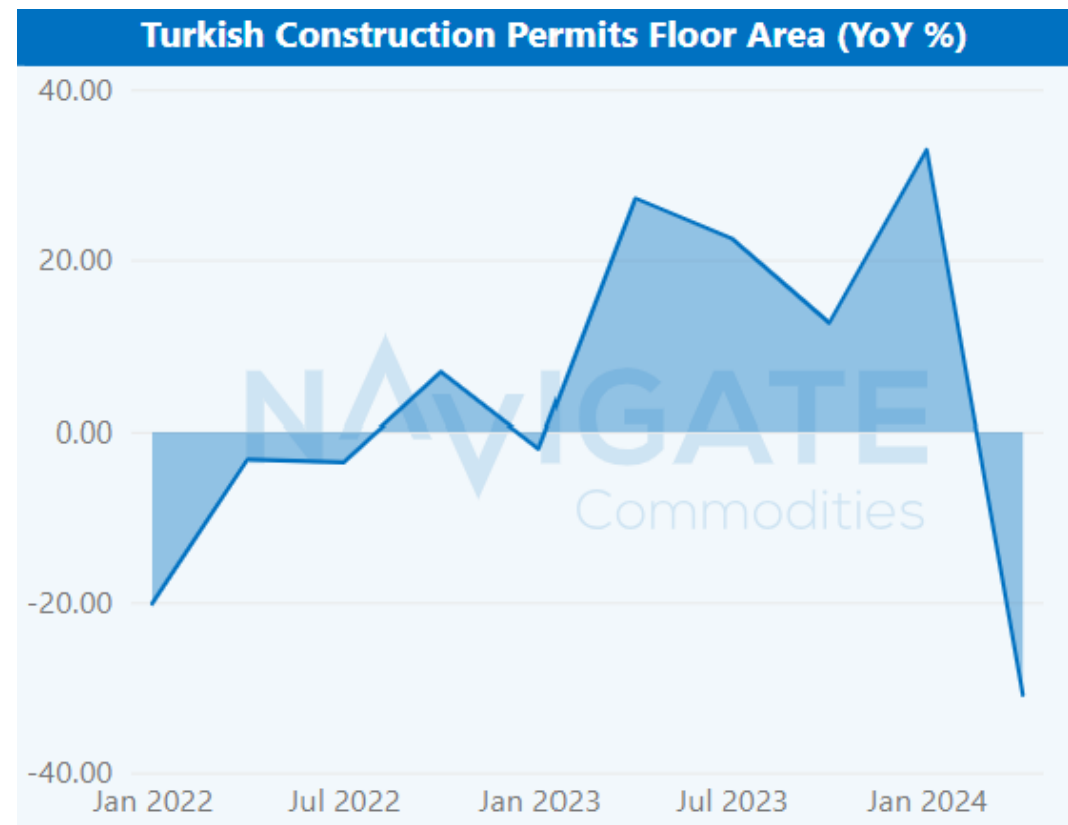
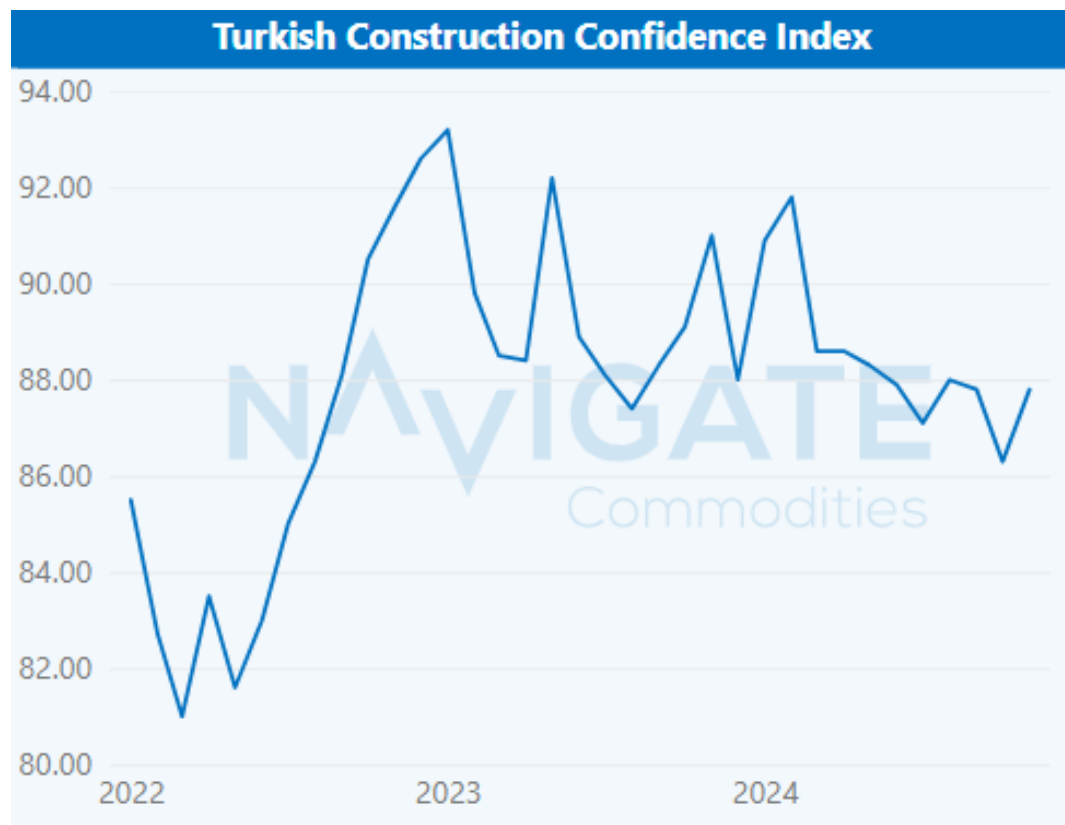
At the very same time, the continued availability of relatively cheaper export offers of Chinese-origin Billets has largely undermined the use of elevated Ferrous Scrap input costs.

While Turkish mills with re-rolling facilities do not necessarily need to import Billets in large volumes, the mere availability of a cost competitive offer has been sufficient to destabilize Ferrous Scrap prices.

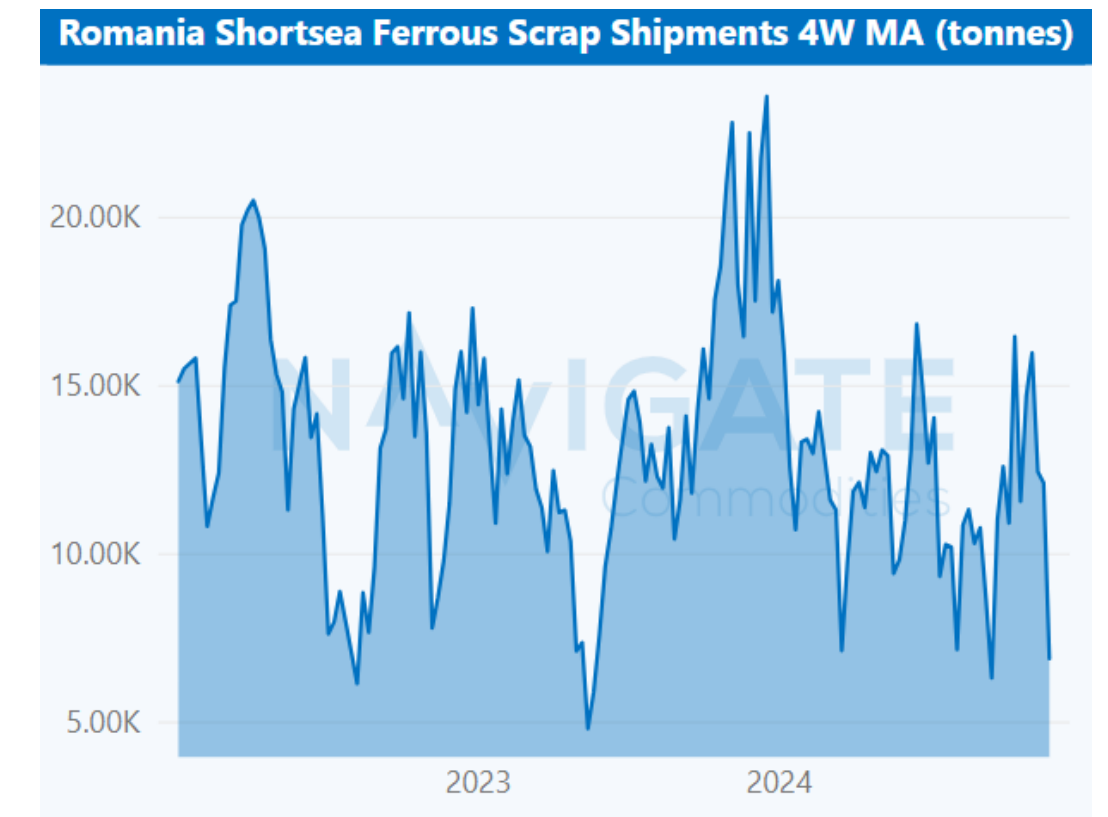
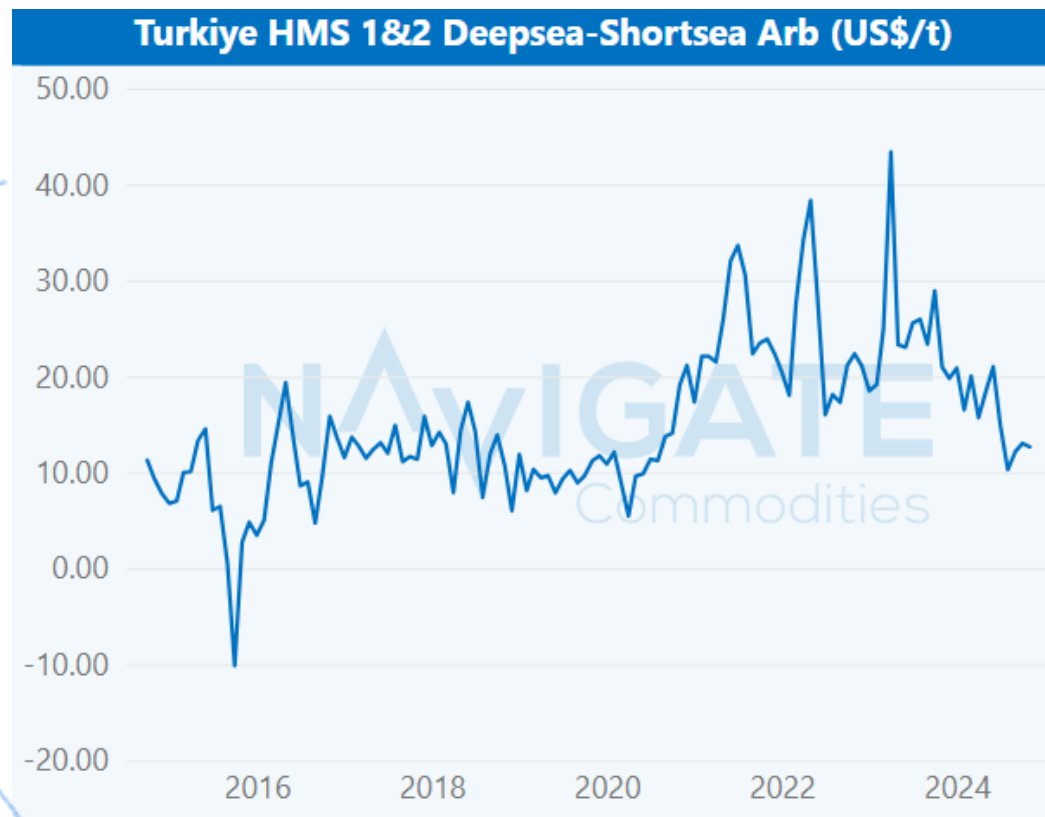
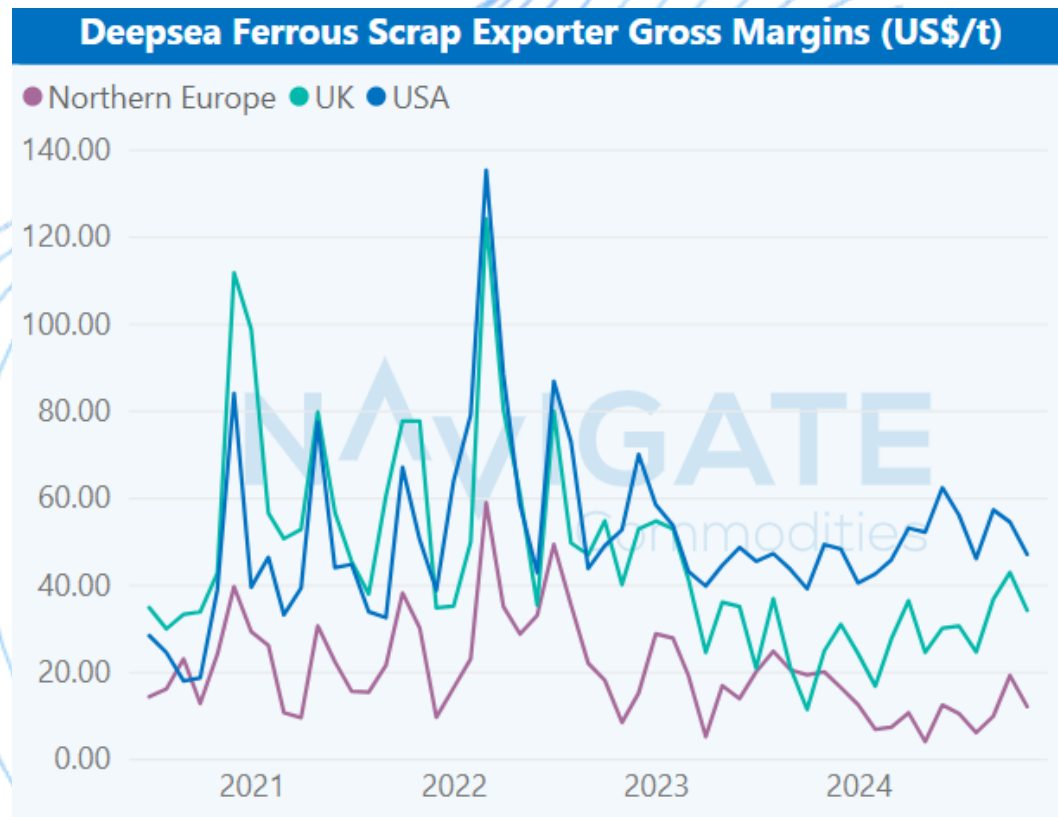
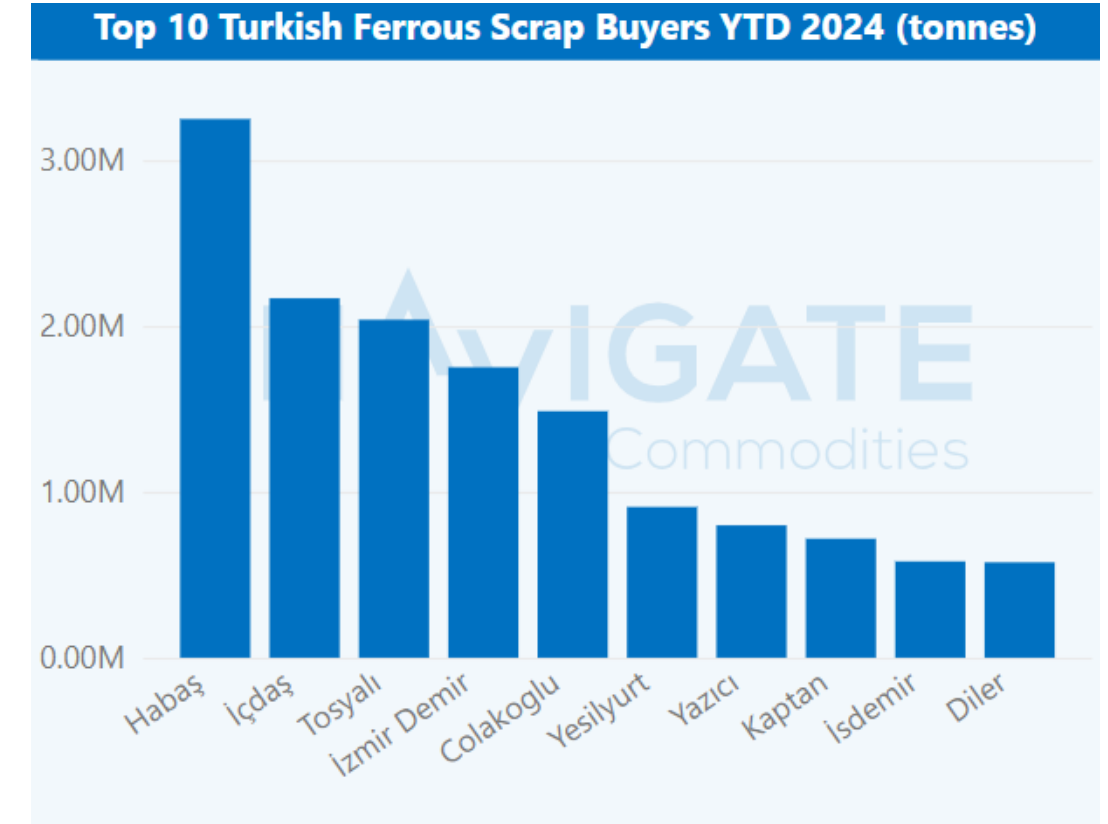
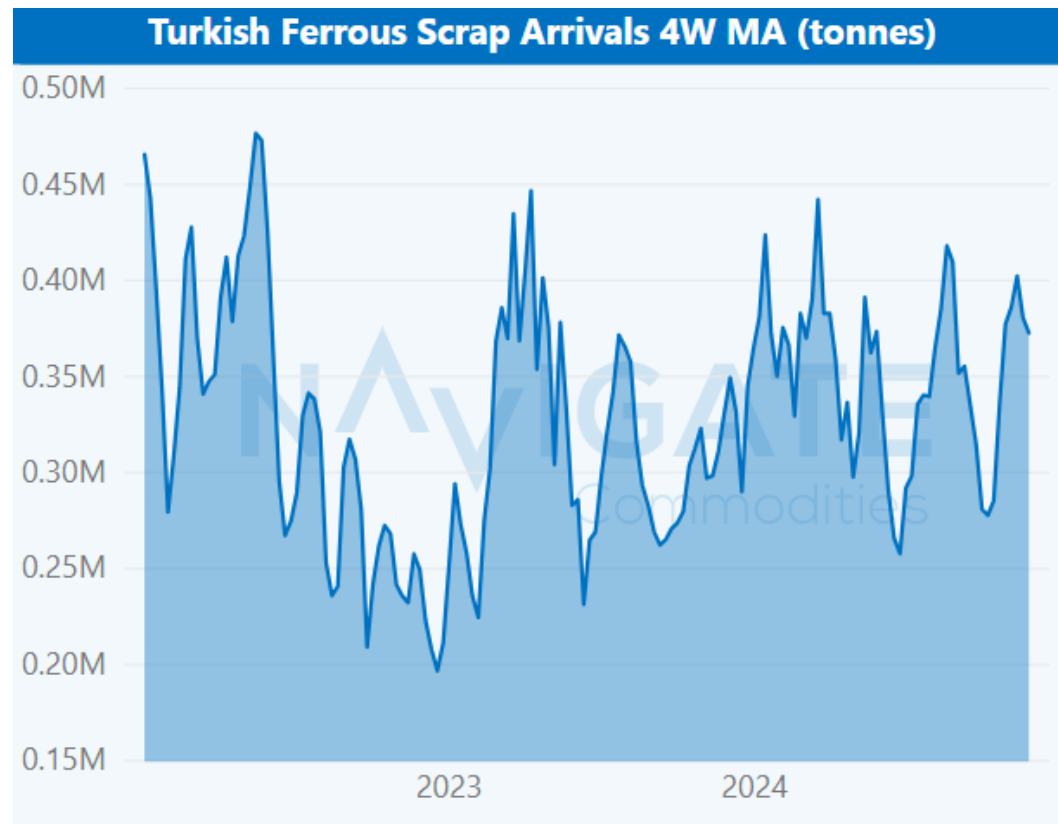
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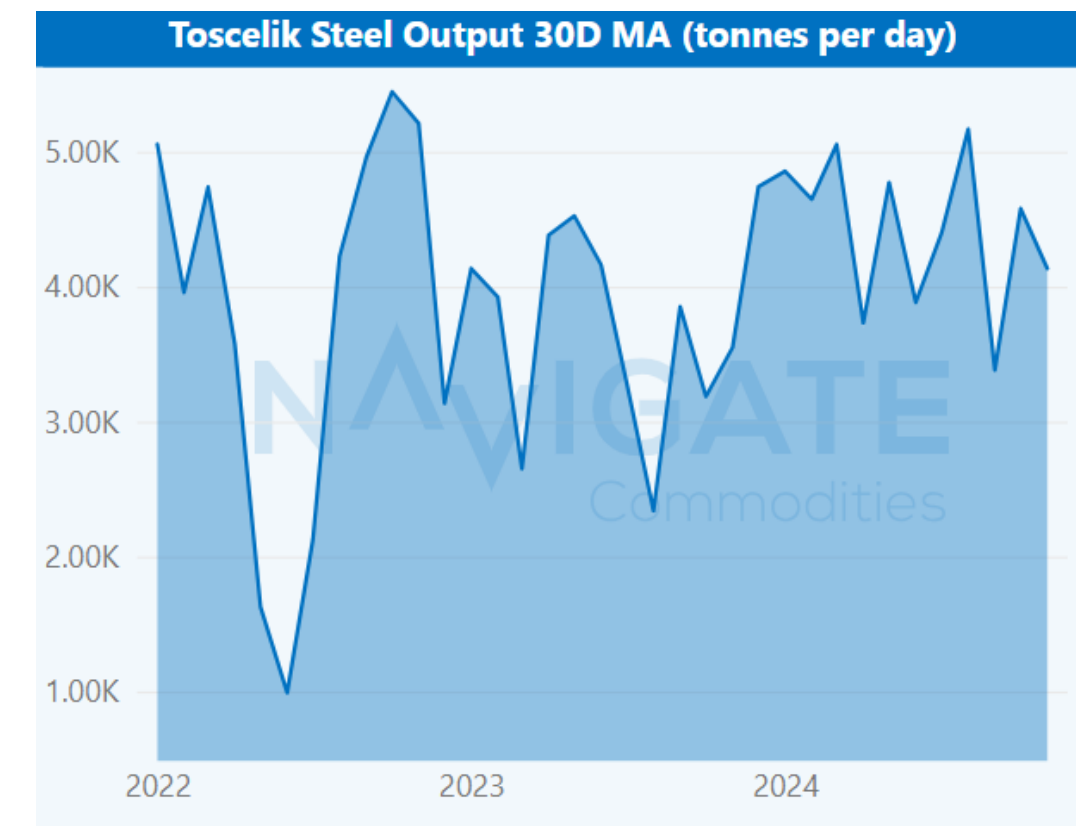
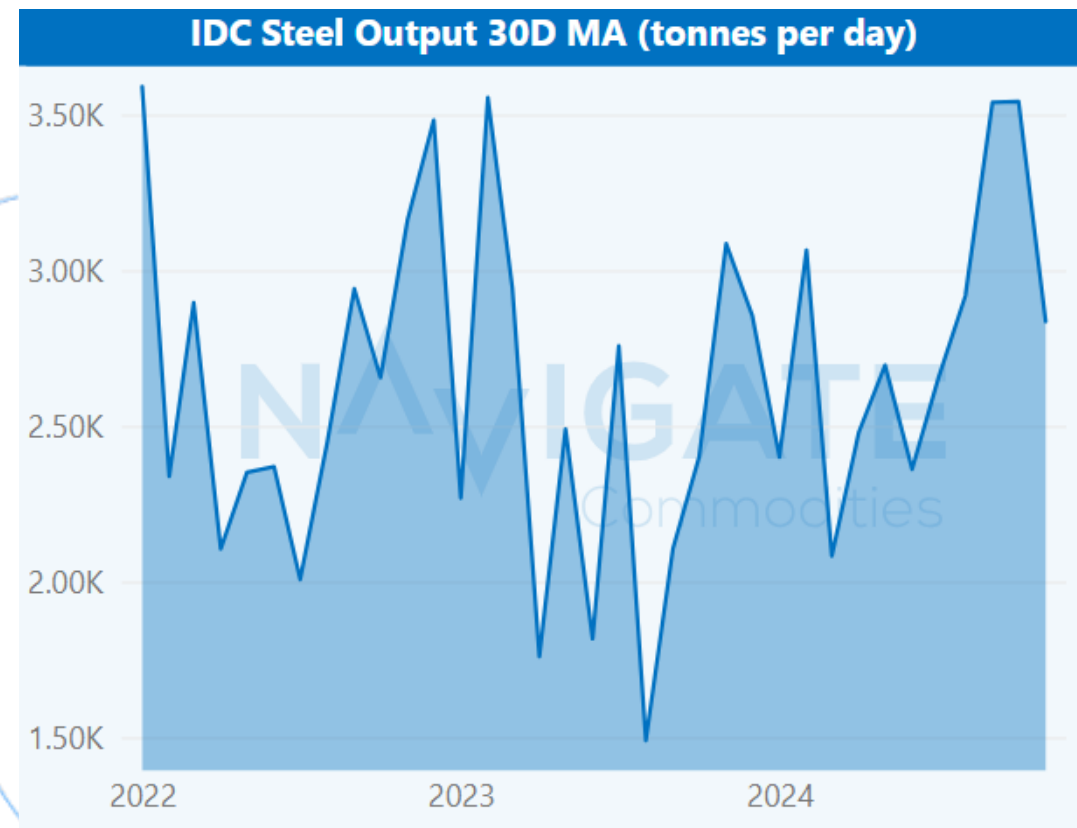
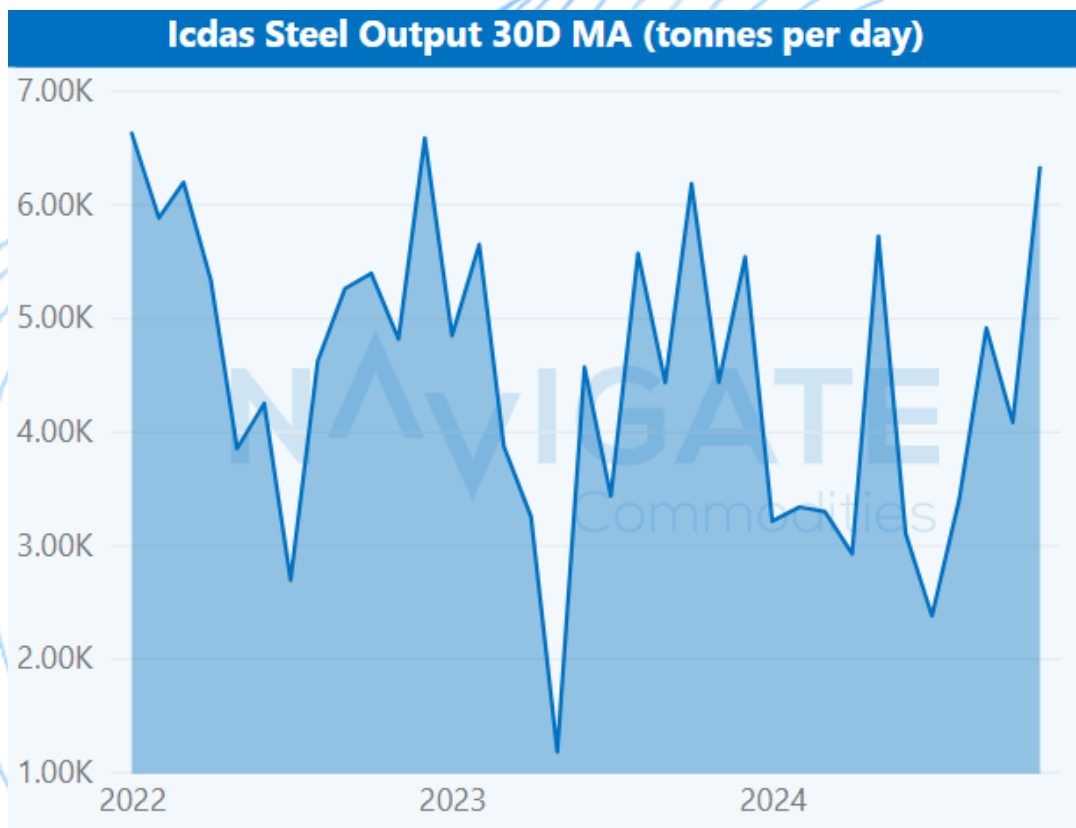
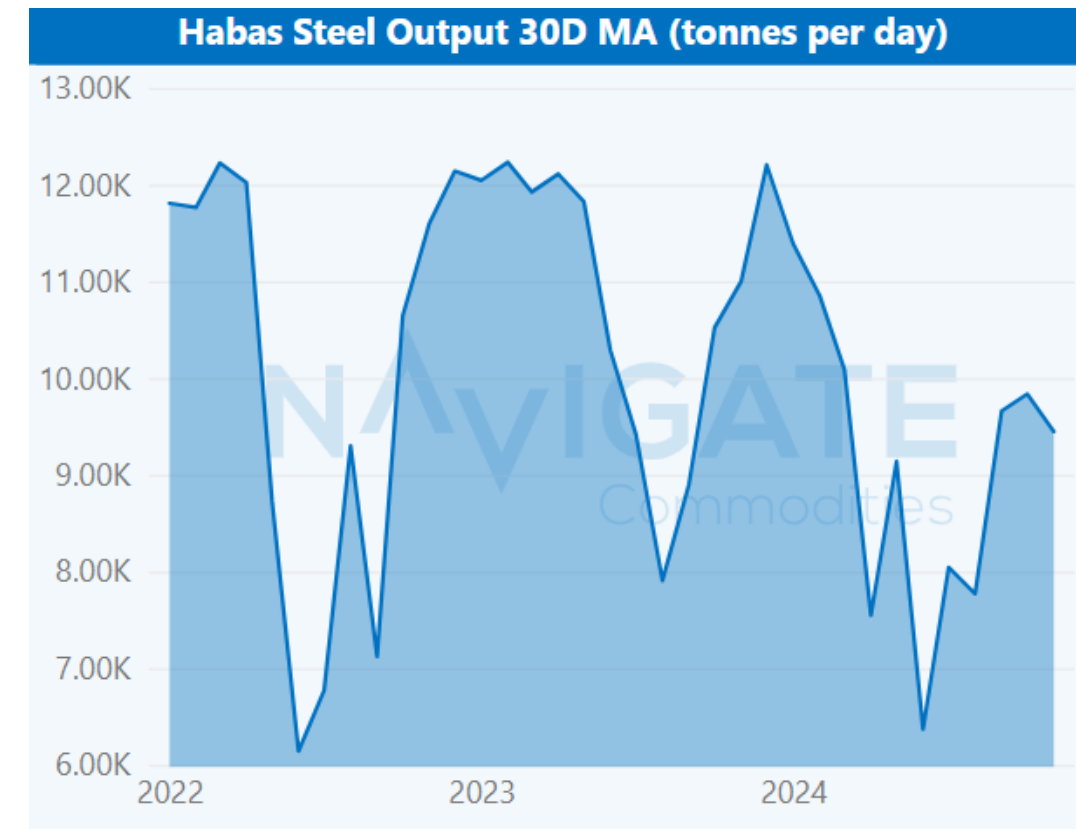
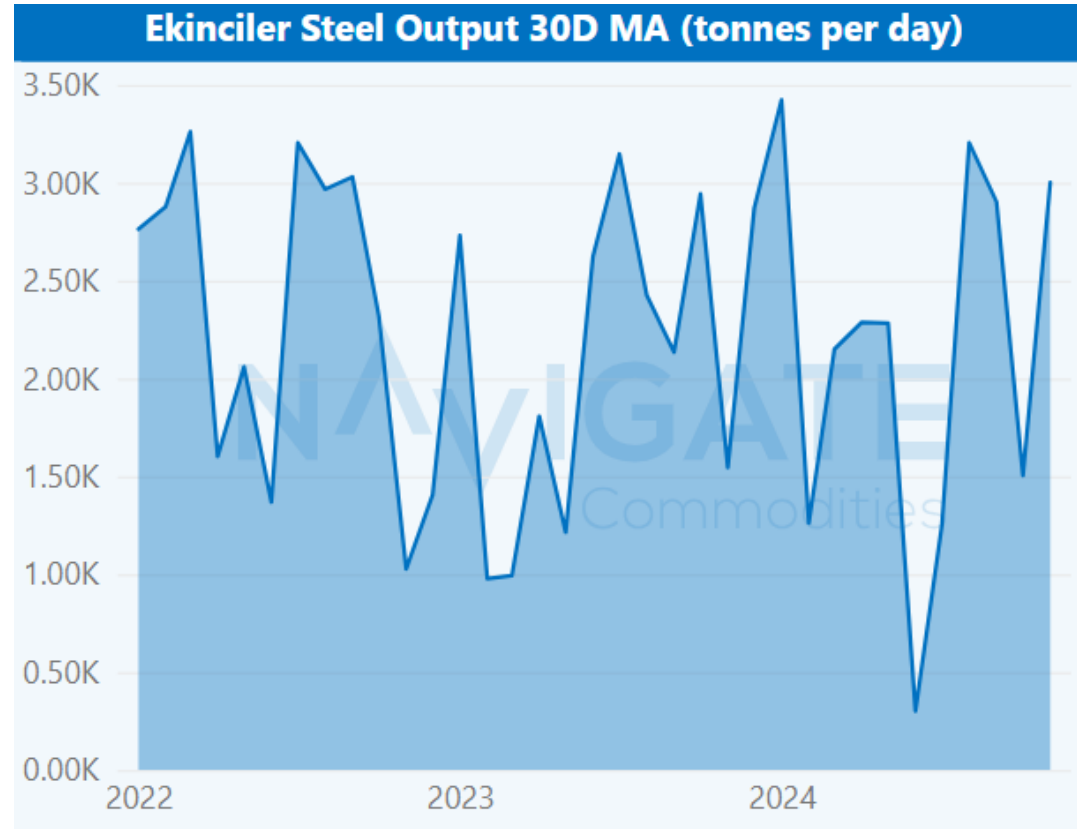
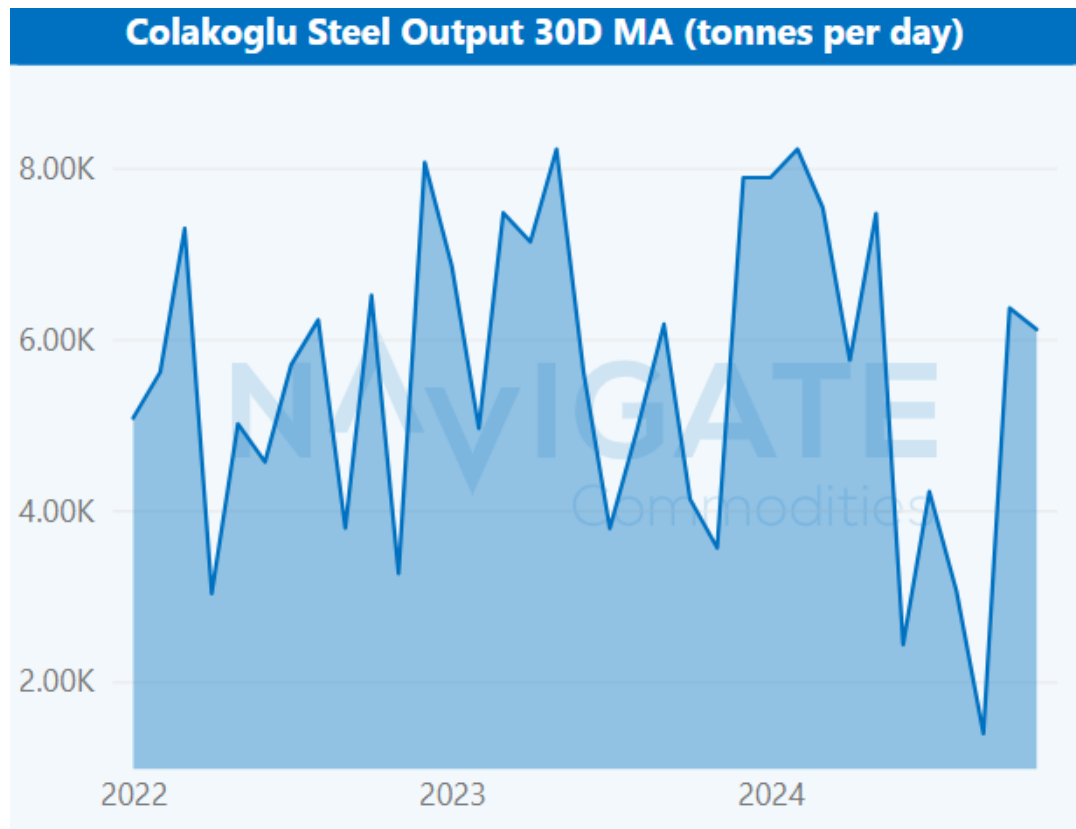


Source: Earth-i, Navigate Commodities



Source: Earth-i, Navigate Commodities, Bloomberg





Source: Earth-i, Navigate Commodities, Bloomberg



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