

**NAVIGATE**  
Commodities

# Steel Scrap Markets

## A Bird's Eye View

Commissioned by:



In Association With:



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# 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.

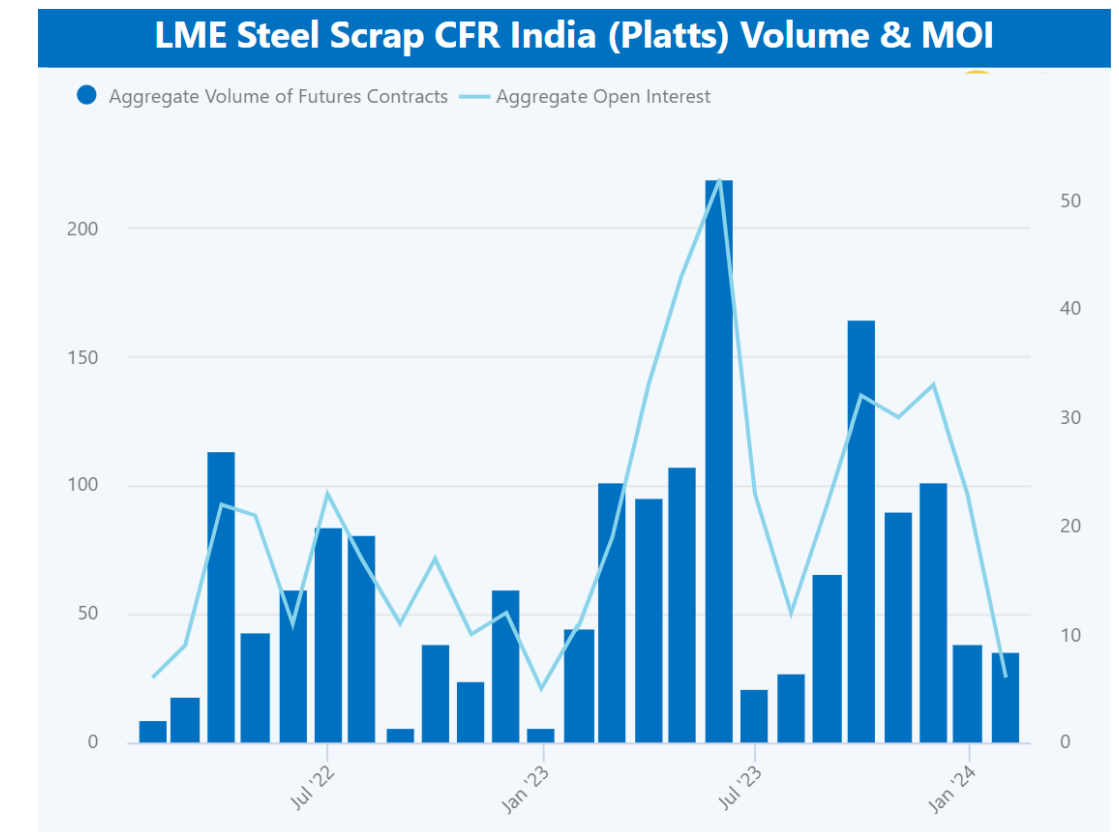
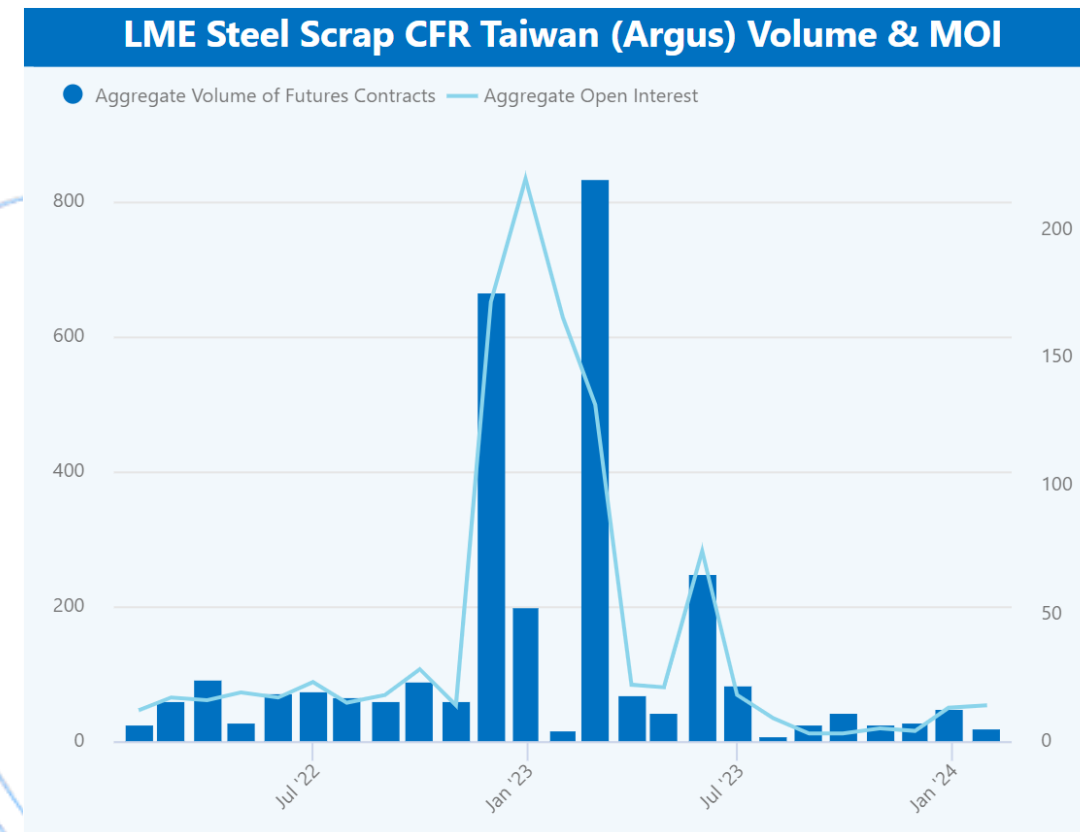
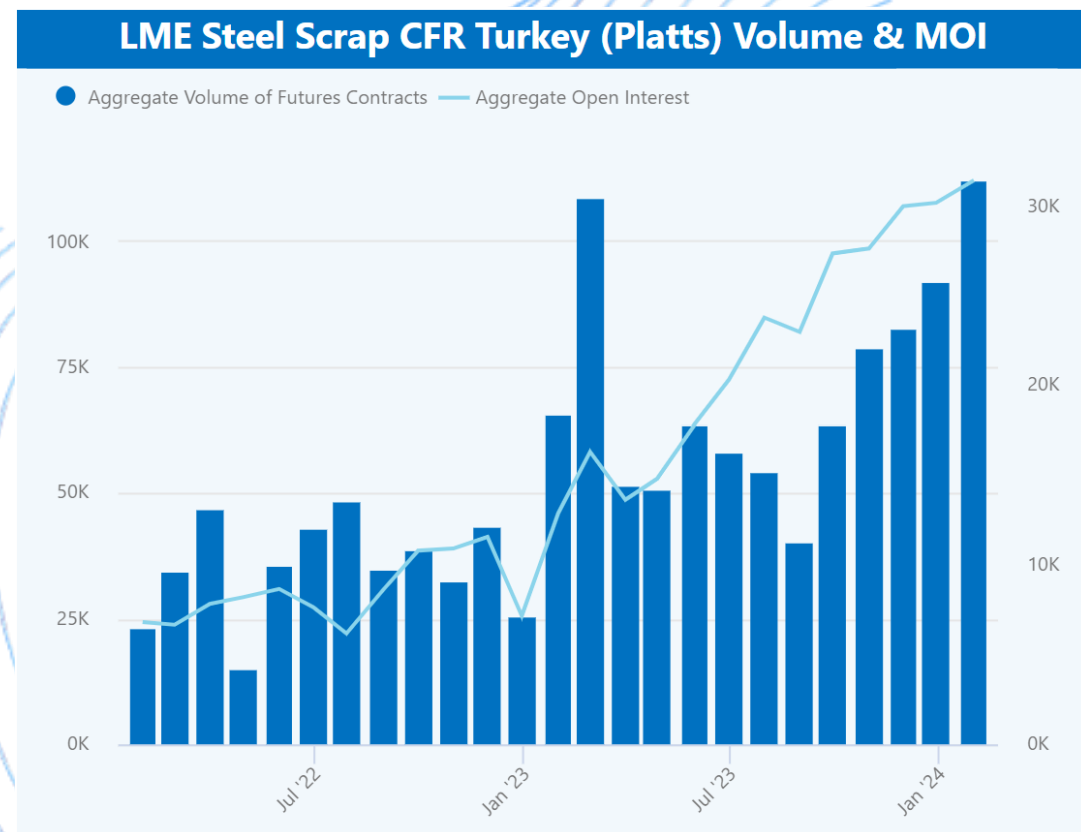
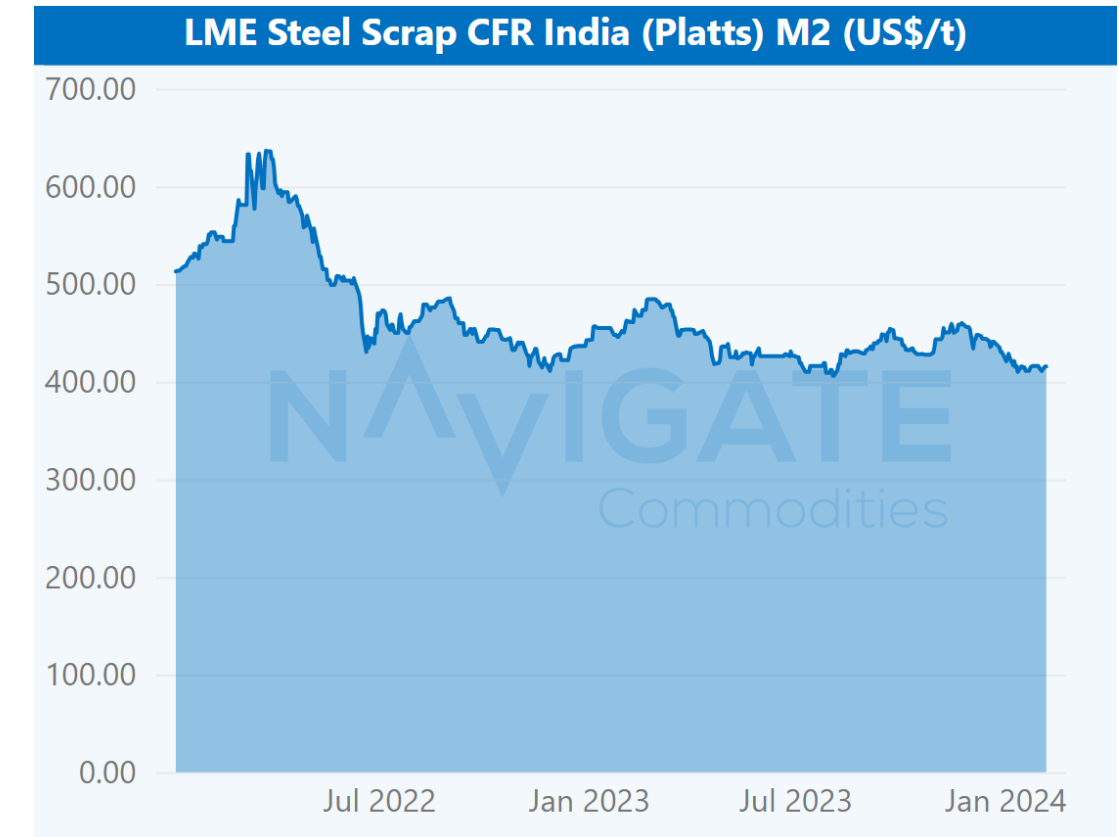
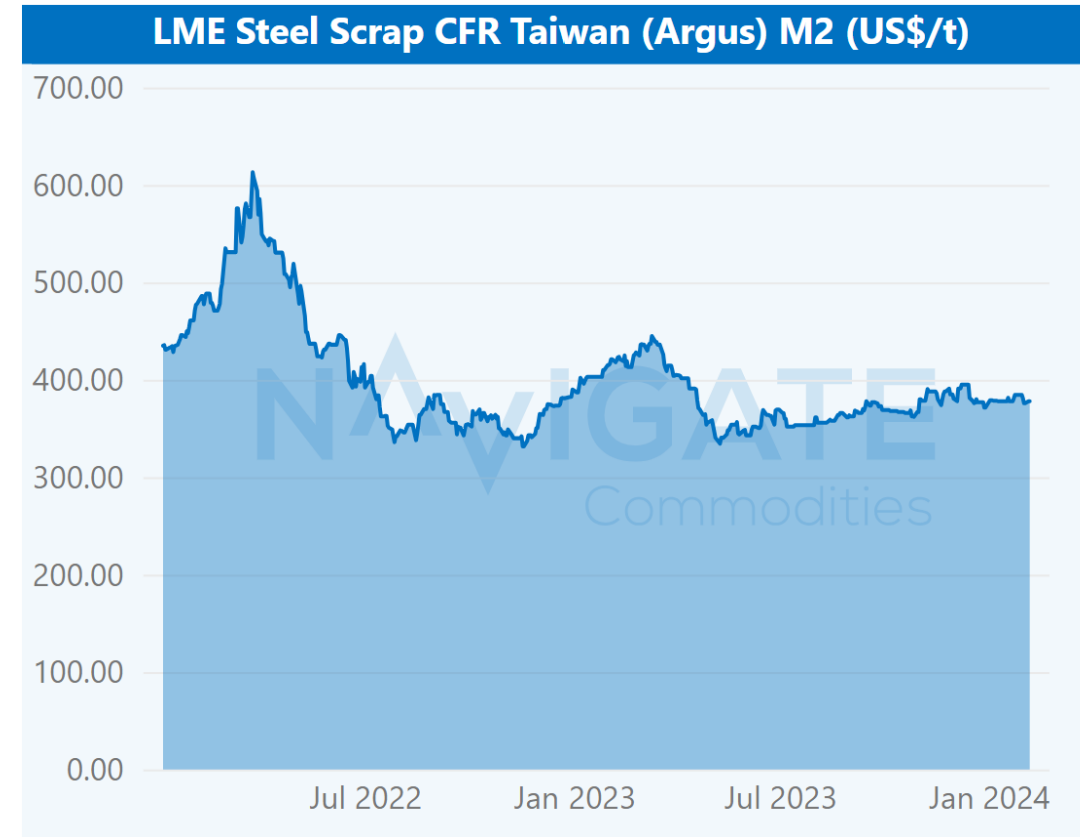
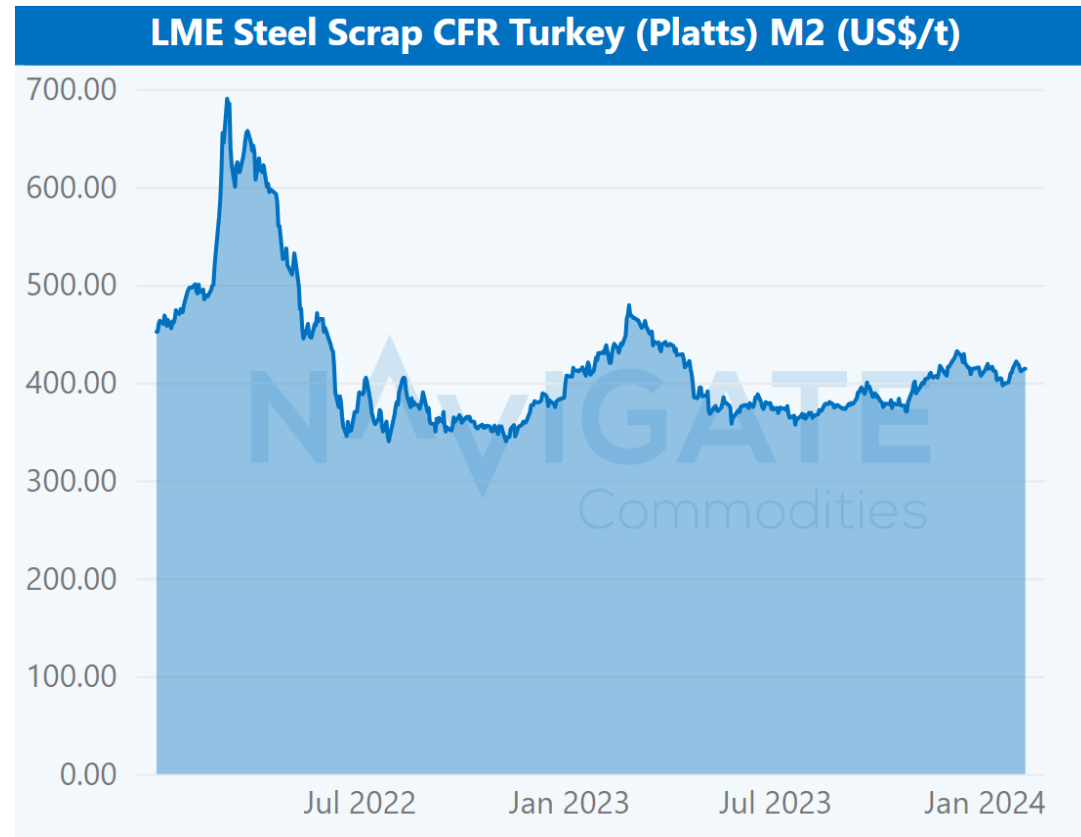
Authors Navigate Commodities and Earth-i use satellite imagery, AI and machine learning to monitor and assess data from steel mills, trade routes and ports to bring transparency to and insight on the world of steel scrap.



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# **LME Steel Scrap Futures**





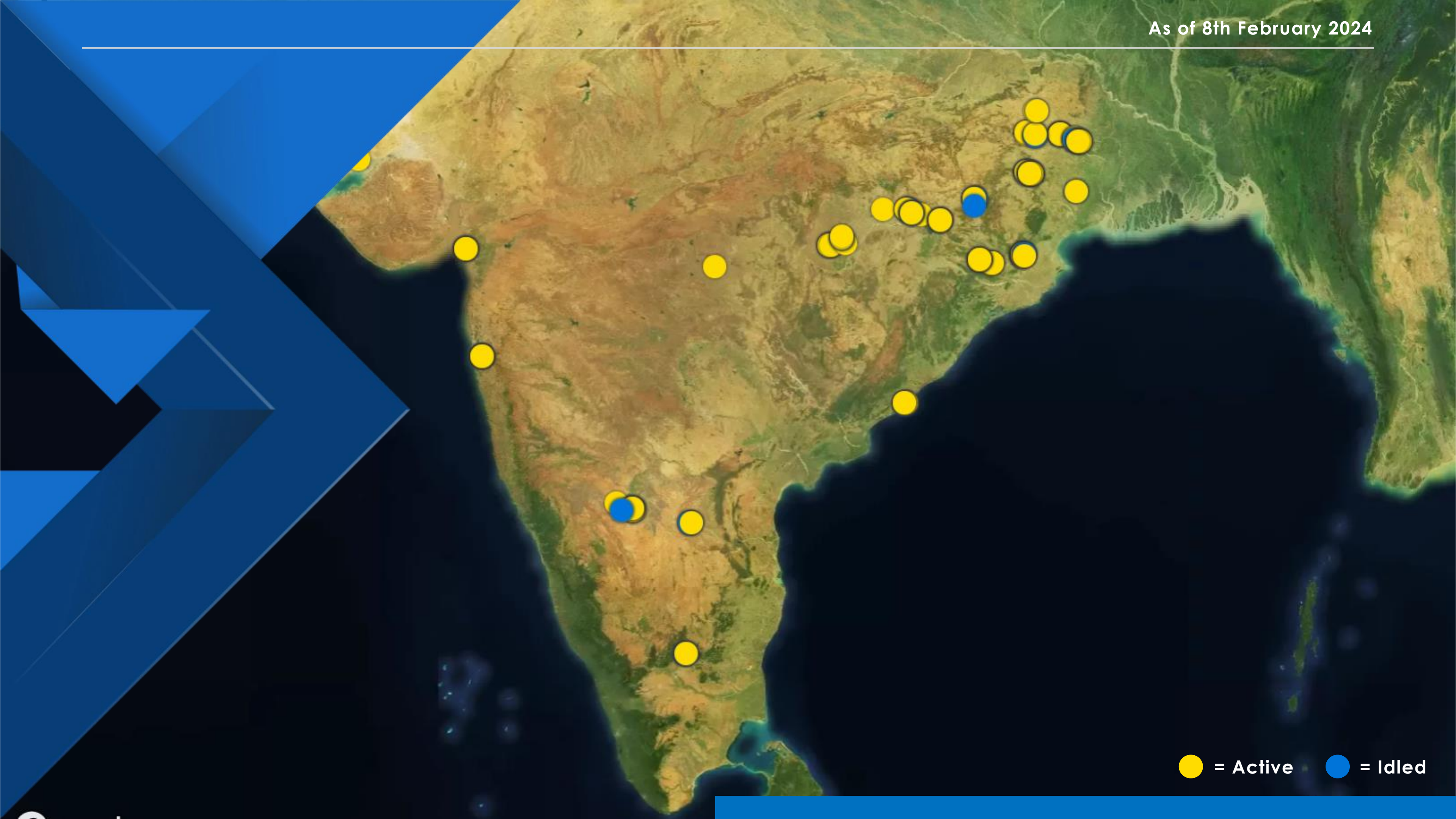


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# **India Steel Scrap Market Overview**



As of 8th February 2024



● = Active   ● = Idled

# India

Traditional premiums for India-bound containerized Shredded Ferrous Scrap over equivalent Turkish benchmarks have now flipped and inverted into a material discount of US\$31.50/t in early February.

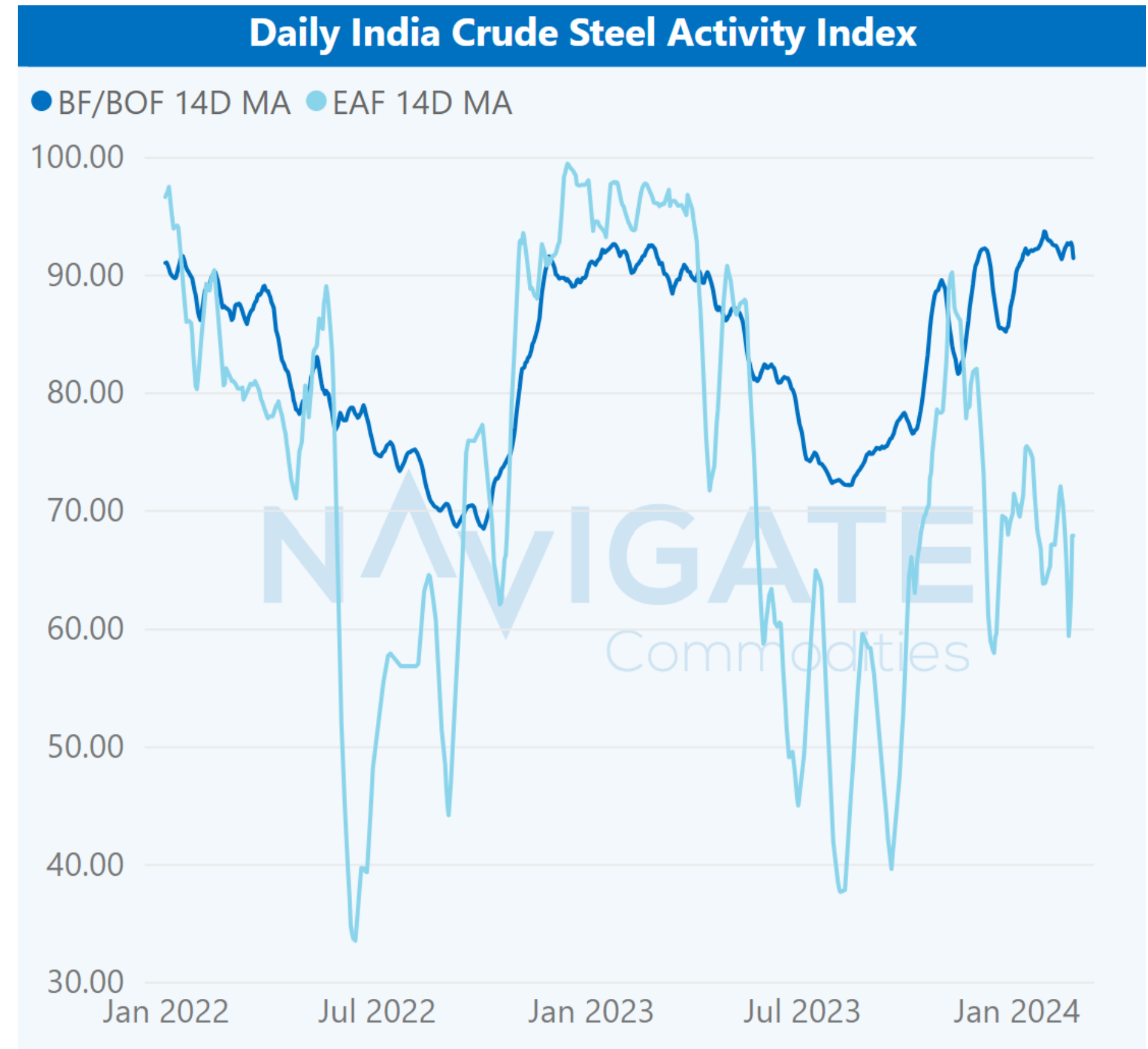
We believe this acutely accentuates the supply disruptions created by the troubles around Red Sea/Suez Canal region, which has made traversing the route almost impossible for containerized Ferrous Scrap.

While only one deepsea Ferrous Scrap-laden vessel has departed for India from Radius Recycling over the past week, we are monitoring a further two deepsea vessels under "Live Loading" conditions from Radius Recycling and Metro Metals. This likely confirms that some Indian buyers and traders have switched to procuring more US and Canadian West Coast-origin deepsea Ferrous Scrap cargoes to placate their needs.

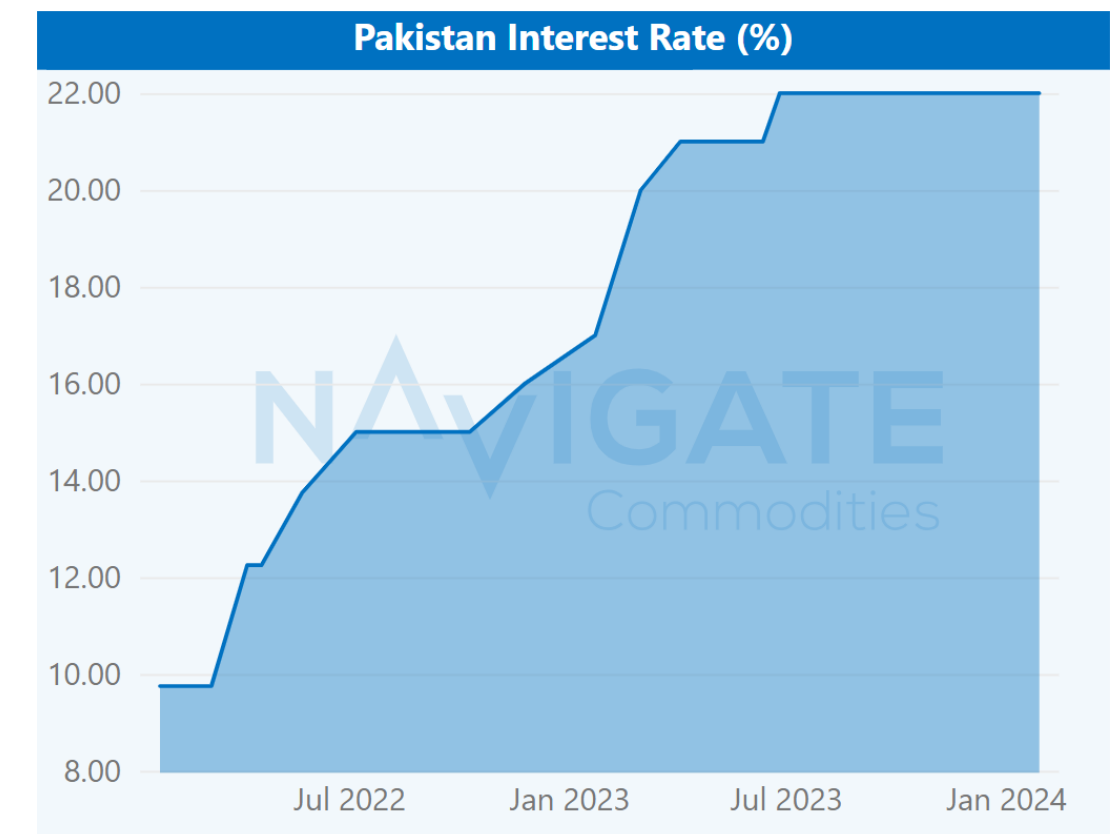
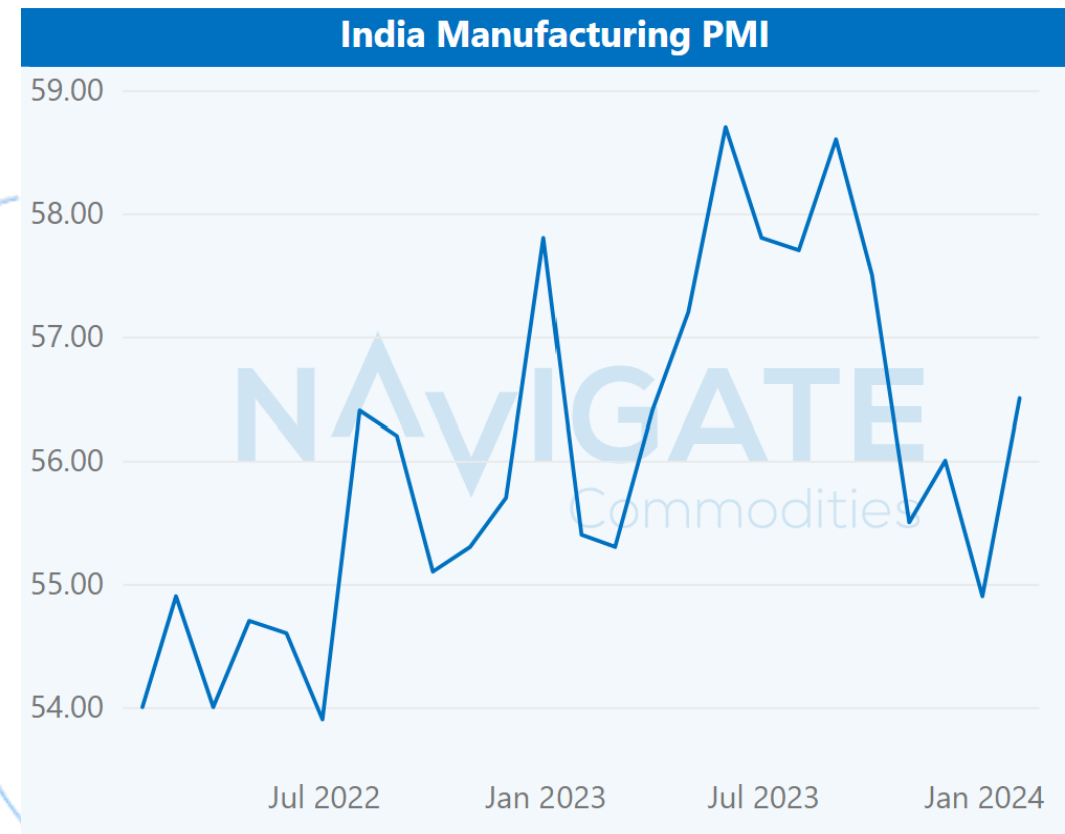
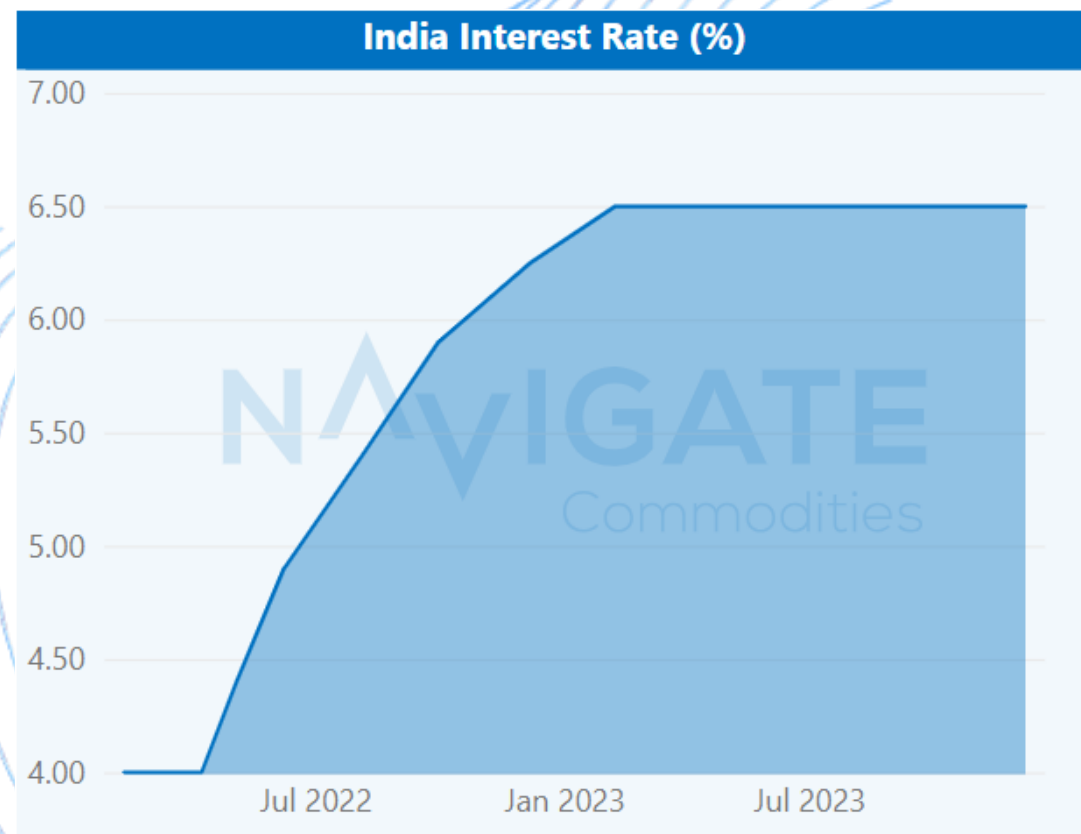
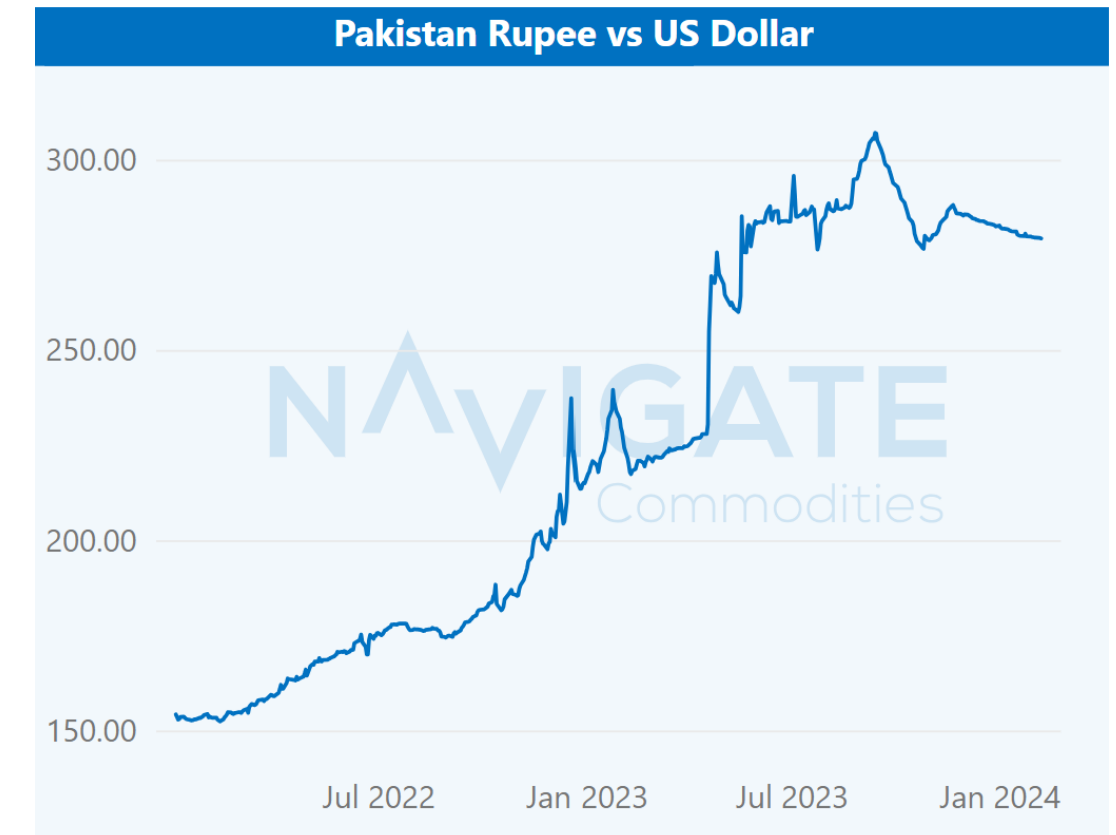
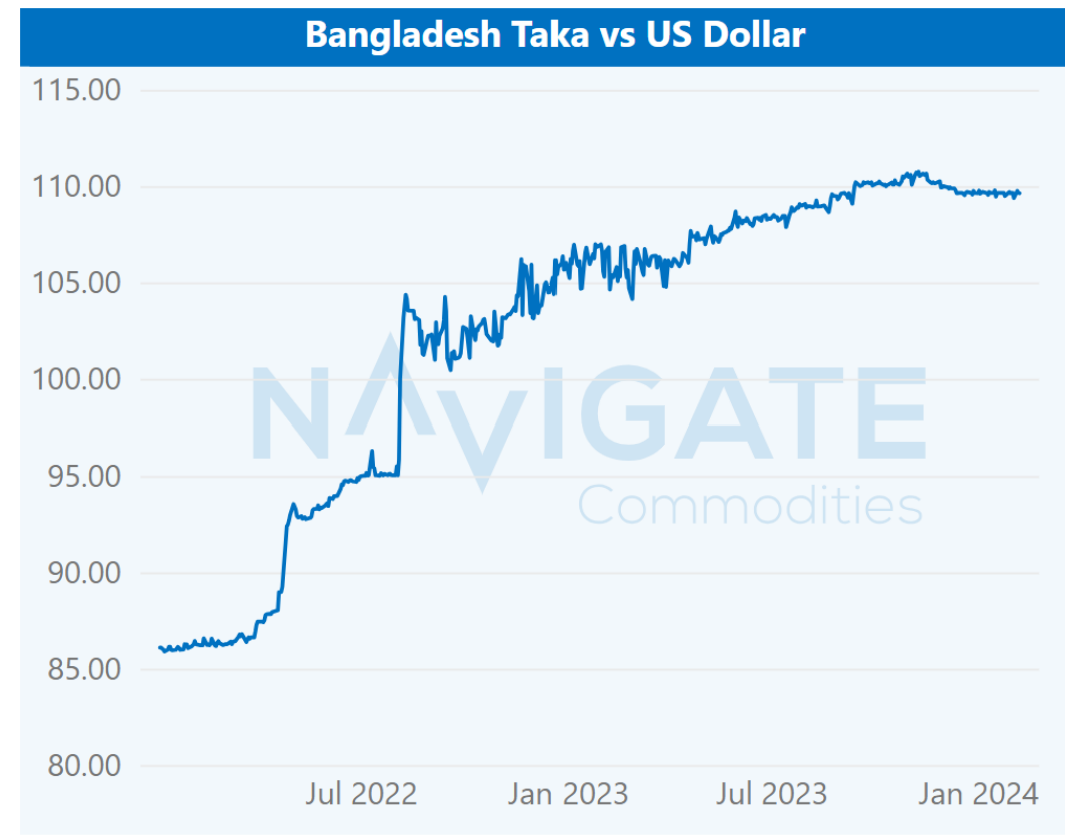
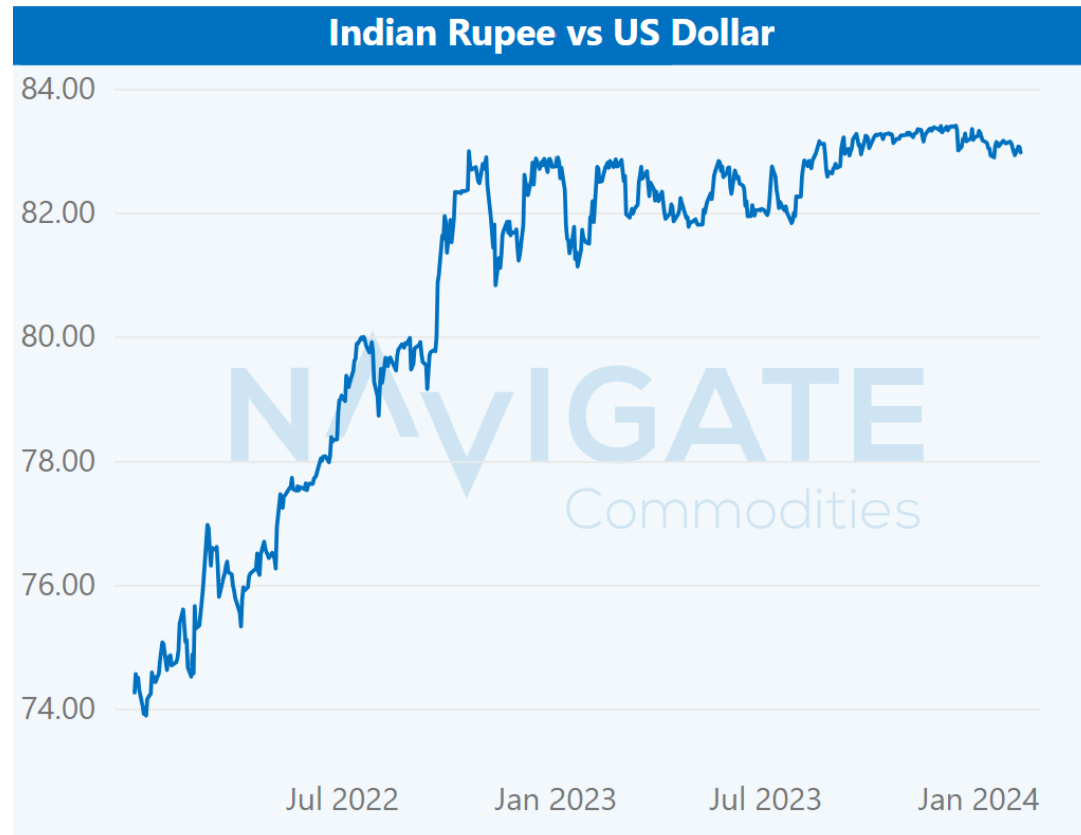
All the meanwhile, daily Indian blast furnace/basic oxygen furnace Steel production has sustained relatively high run rates to feed ravenous domestic downstream consumption.

That said, Indian general elections around April and May 2024 may inadvertently slowed the pace of domestic government-funded construction, infrastructure, and civil engineering projects.

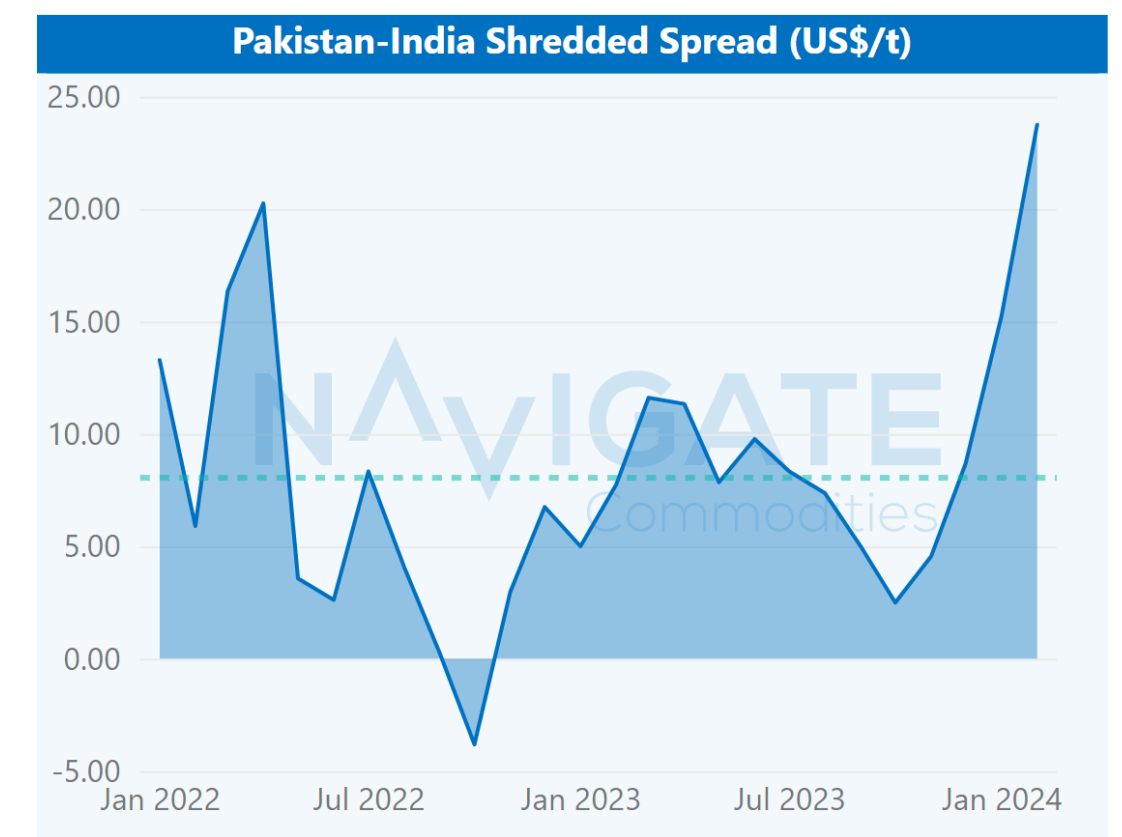
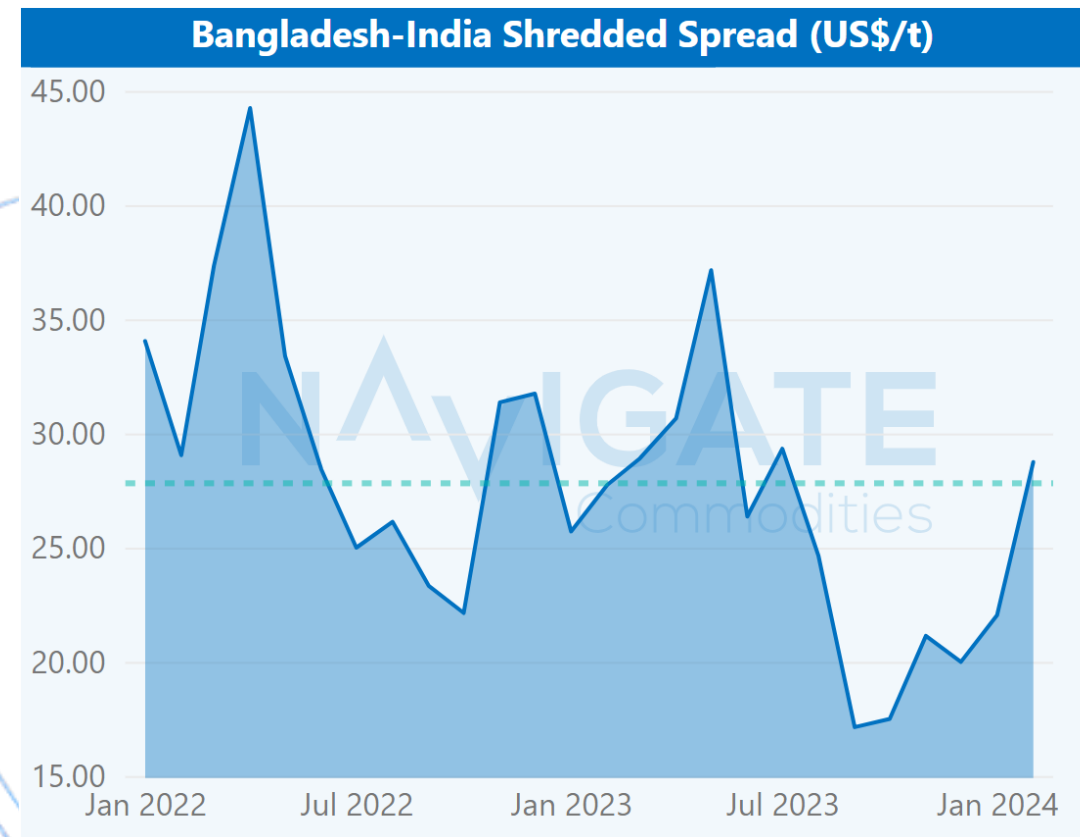
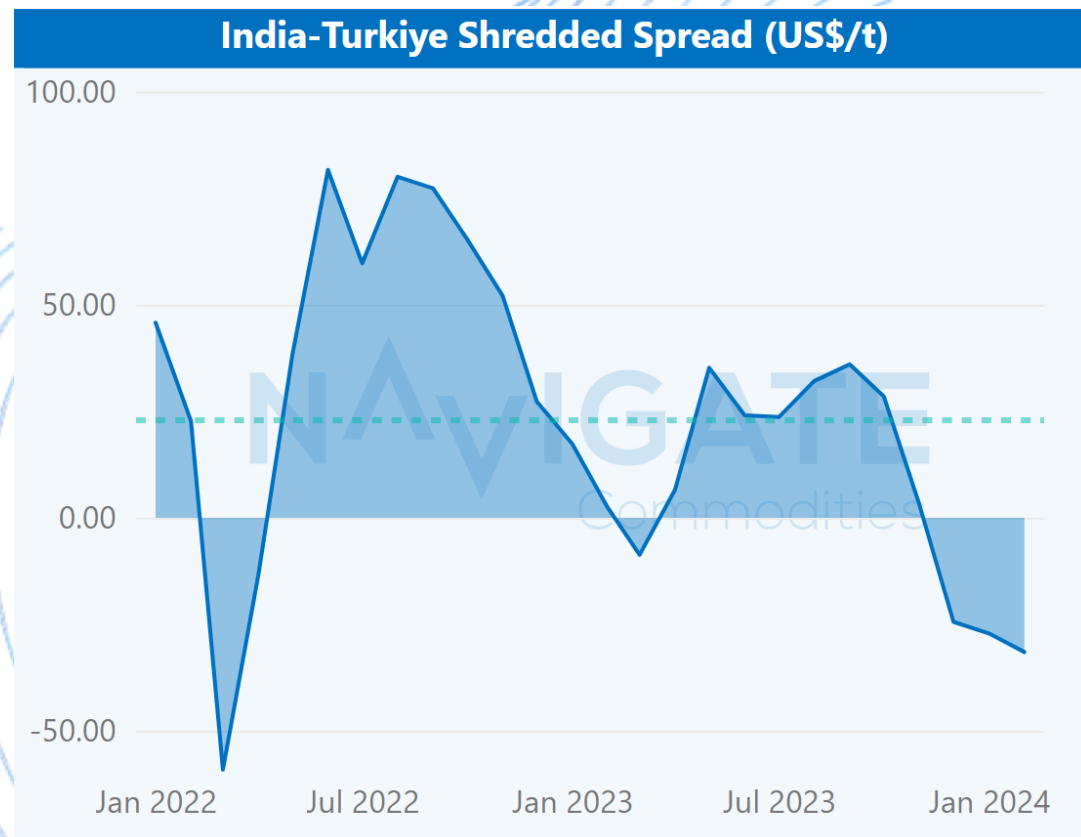
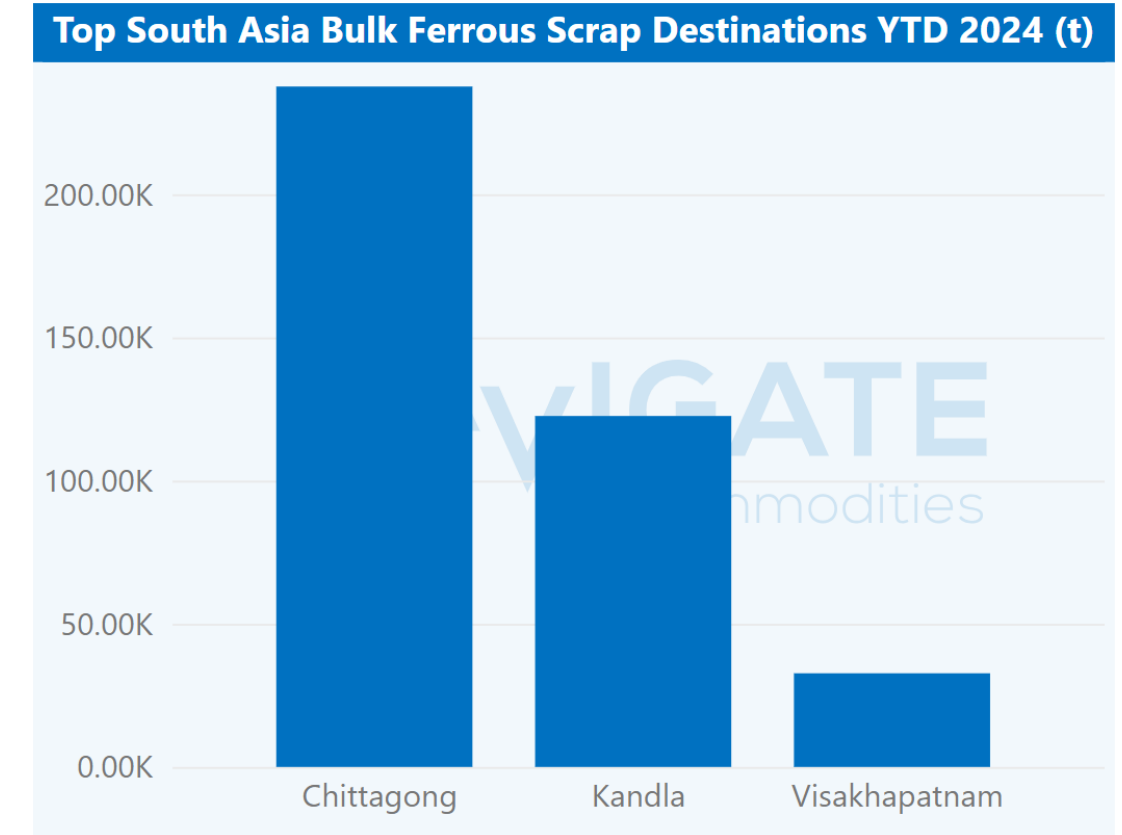
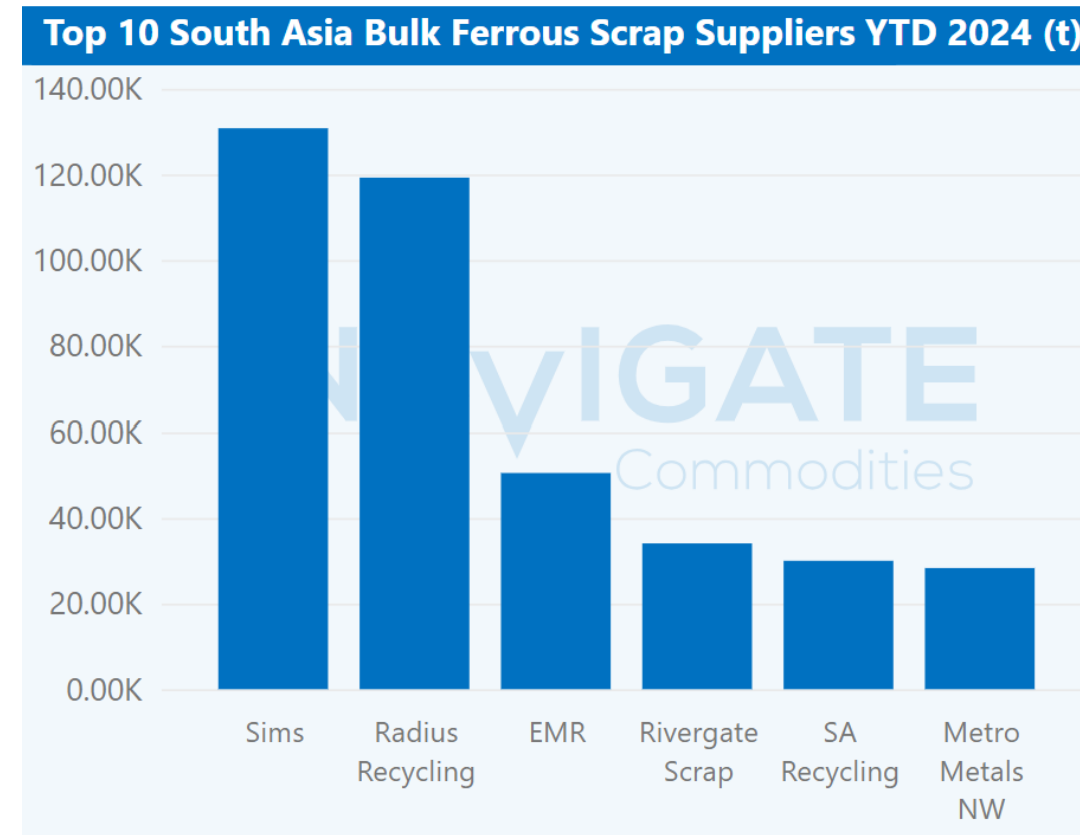
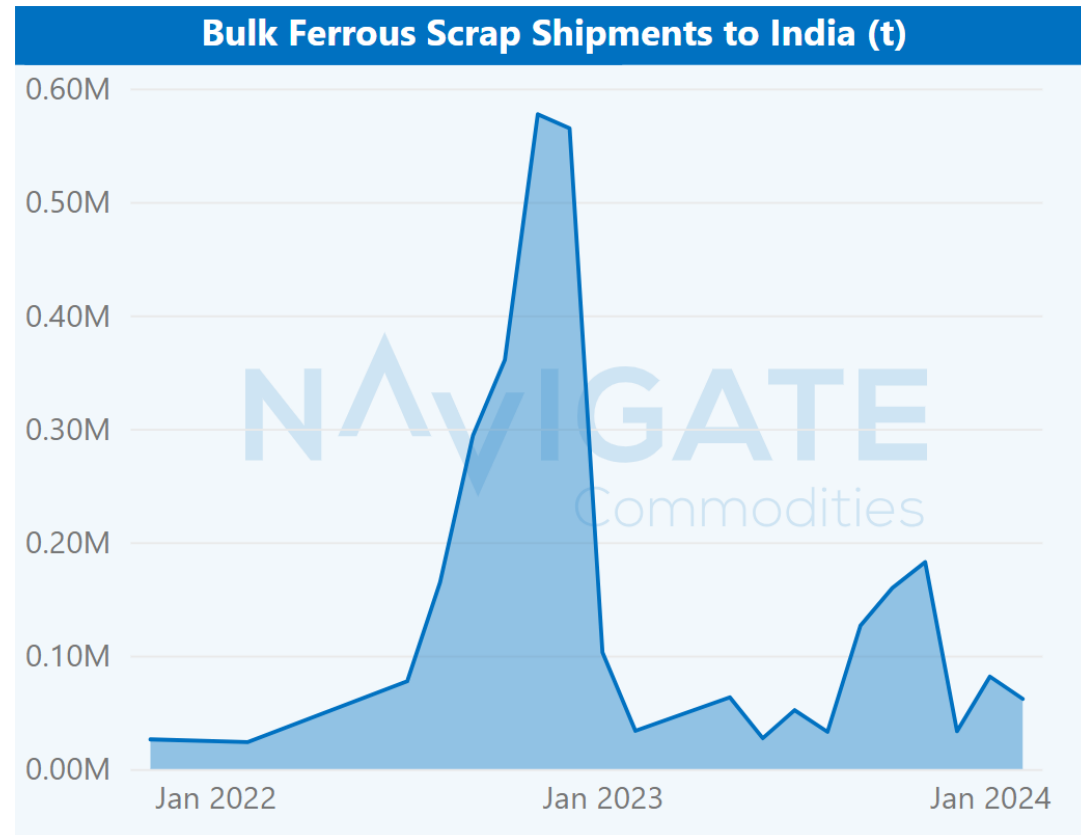
**Methodology:** The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



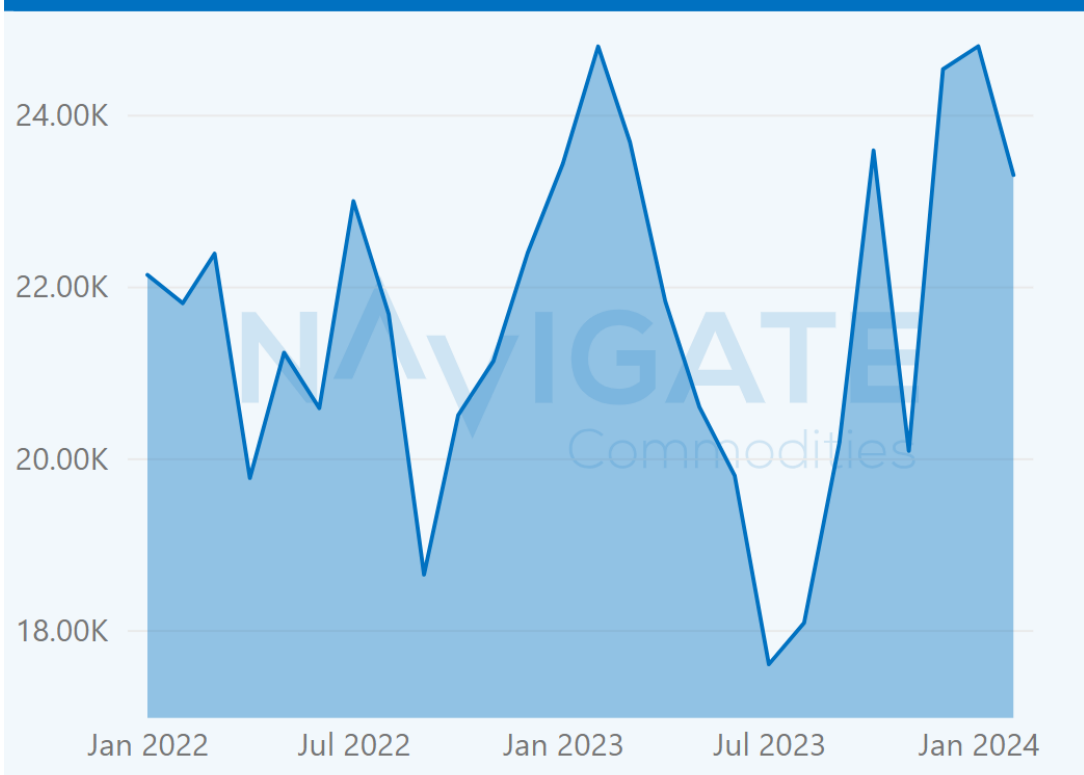
Source: Earth-i, Navigate Commodities



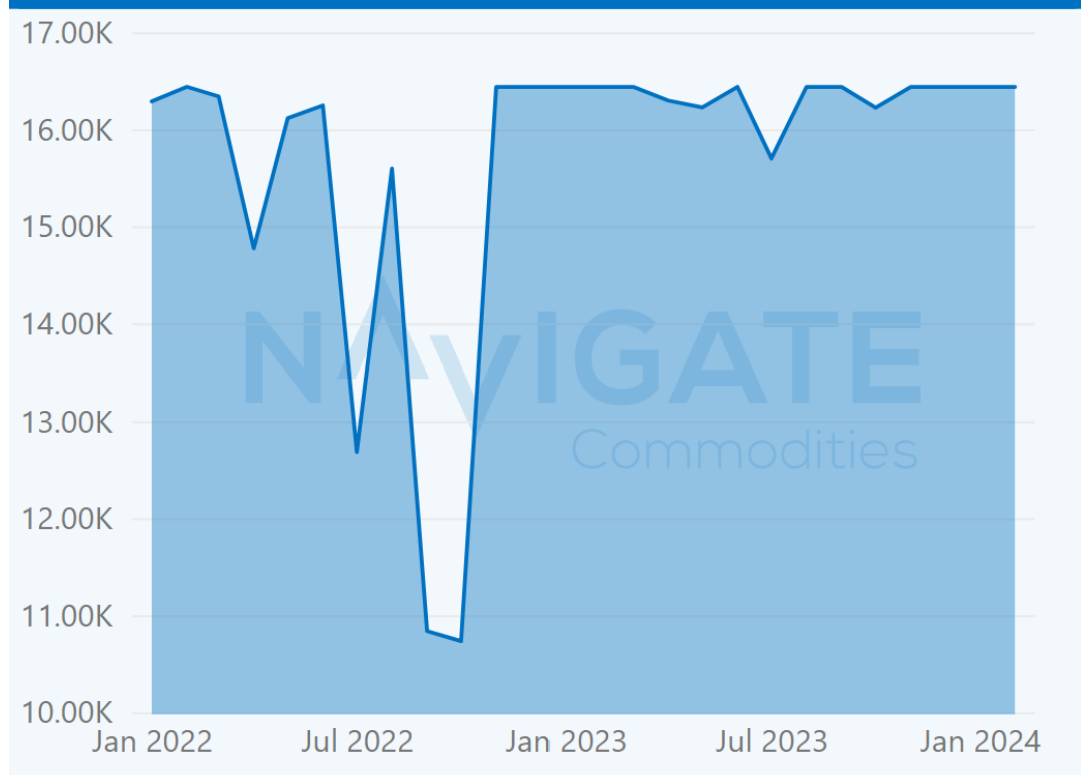




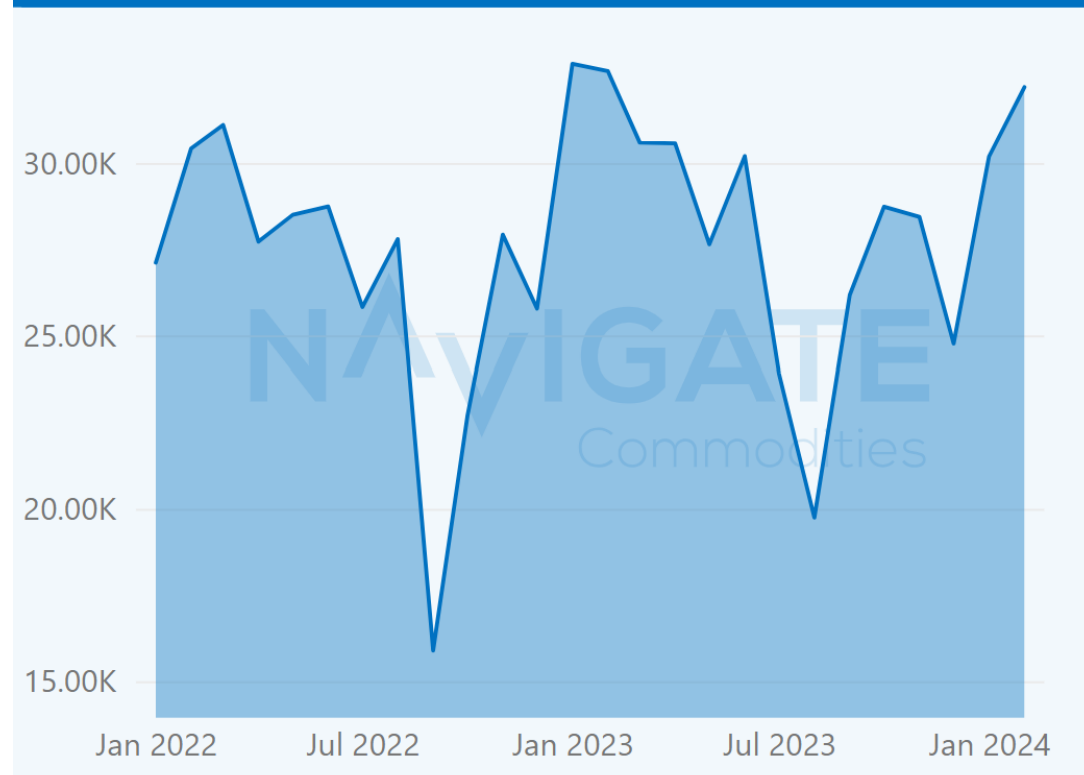
AcelorMittal Nippon Steel Output 30D MA (tonnes per day)



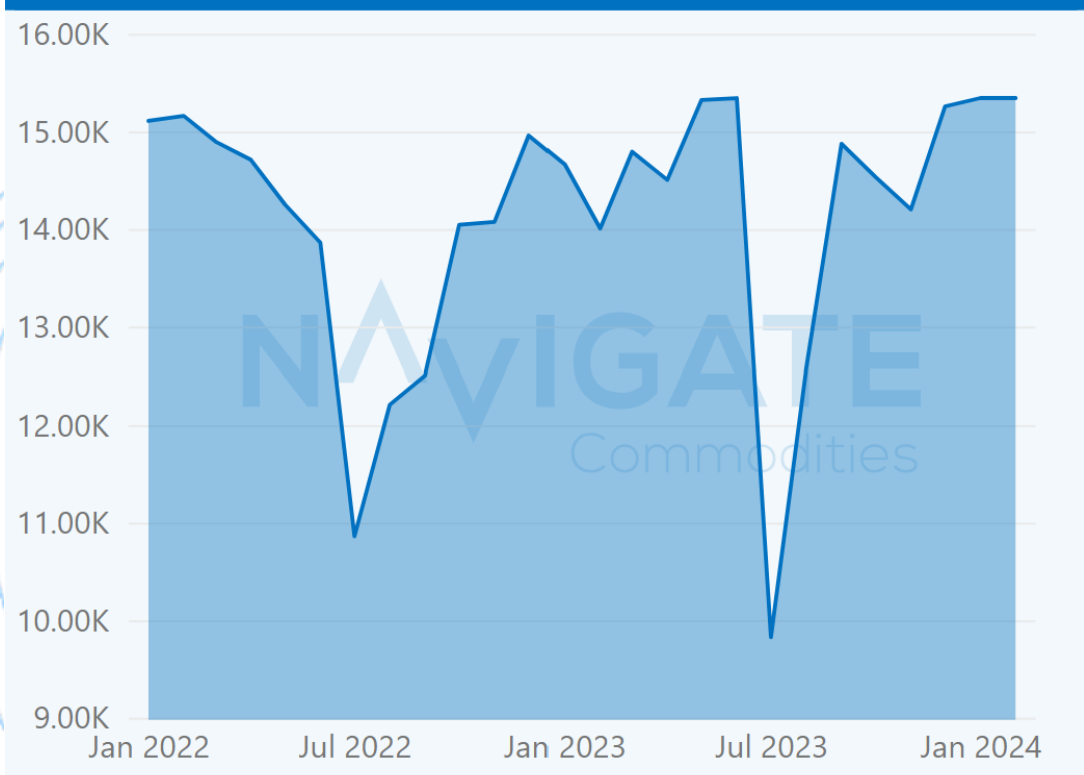
JSPL Odisha Steel Output 30D MA (tonnes per day)



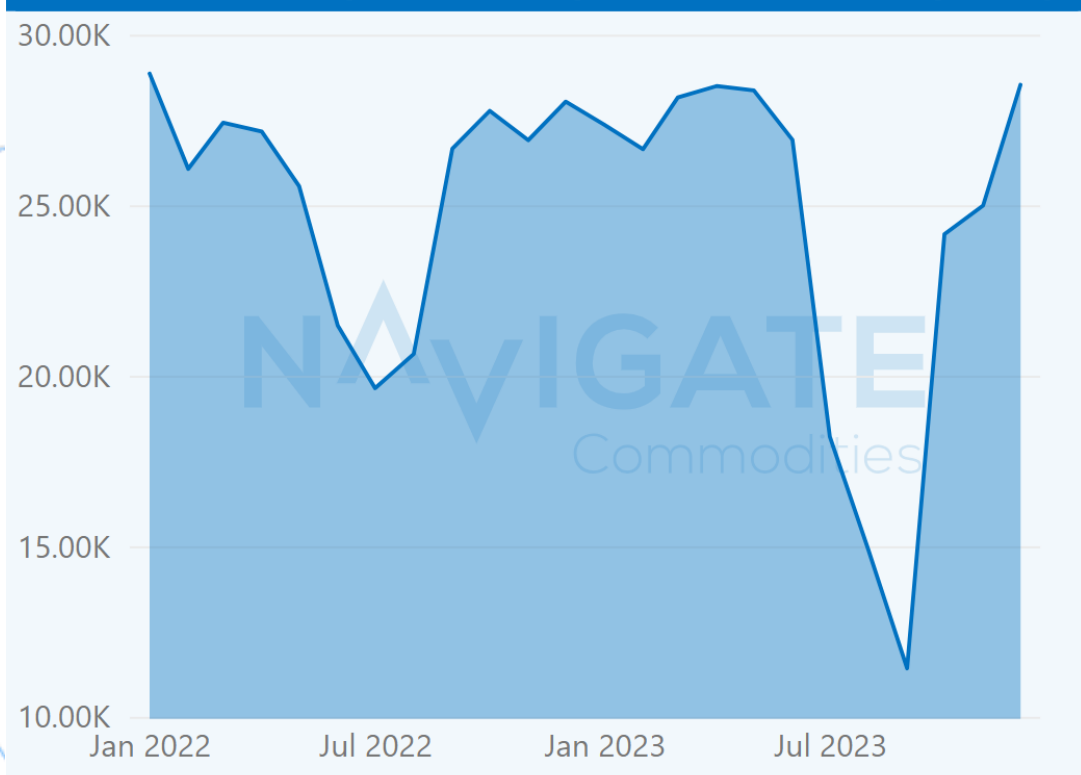
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



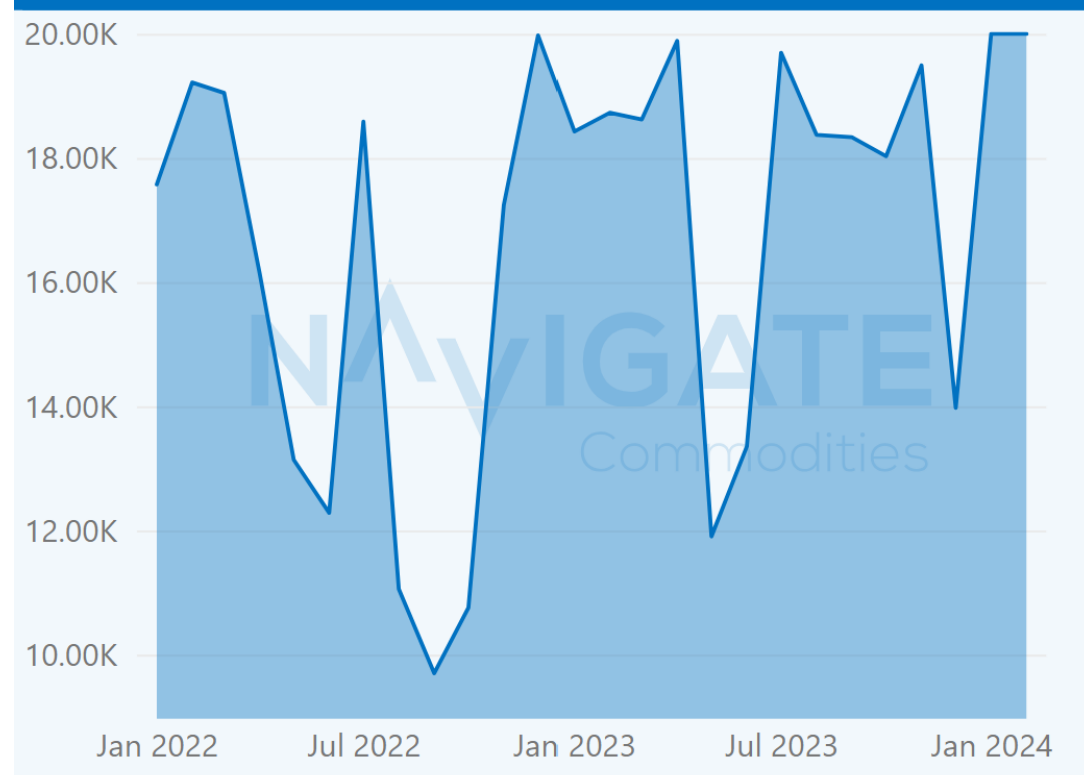
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



Vizag Steel Output 30D MA (tonnes per day)

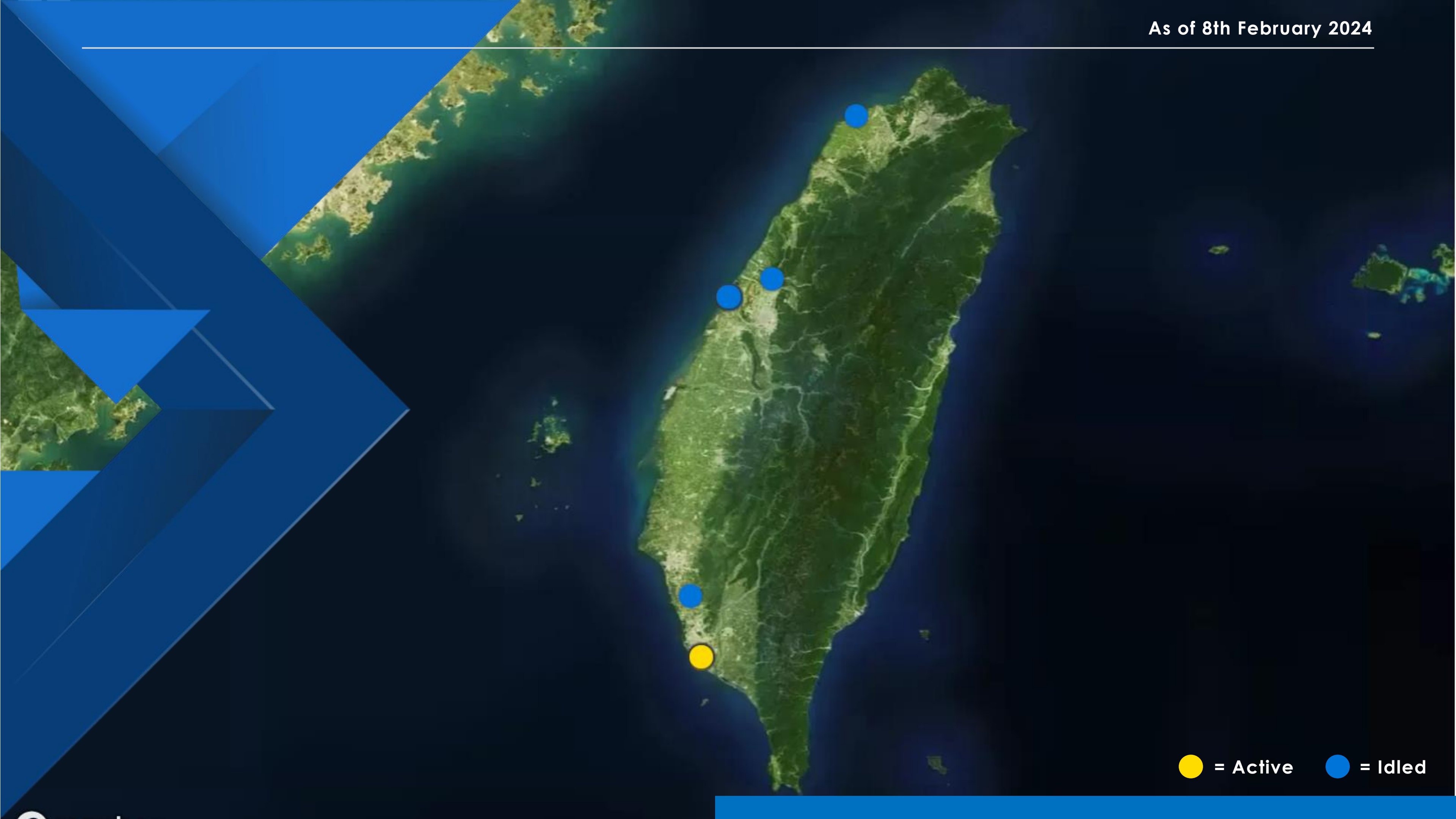




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# Taiwan Steel Scrap Market Overview





● = Active    ● = Idled

# Taiwan

Taiwan-Turkiye HMS 1&2 (80:20) Ferrous Scrap spreads have blown out to as much as US\$40/t in early February, as the Northeast and Southeast Asia container market continues to be afflicted by supply chain disruptions further afield.

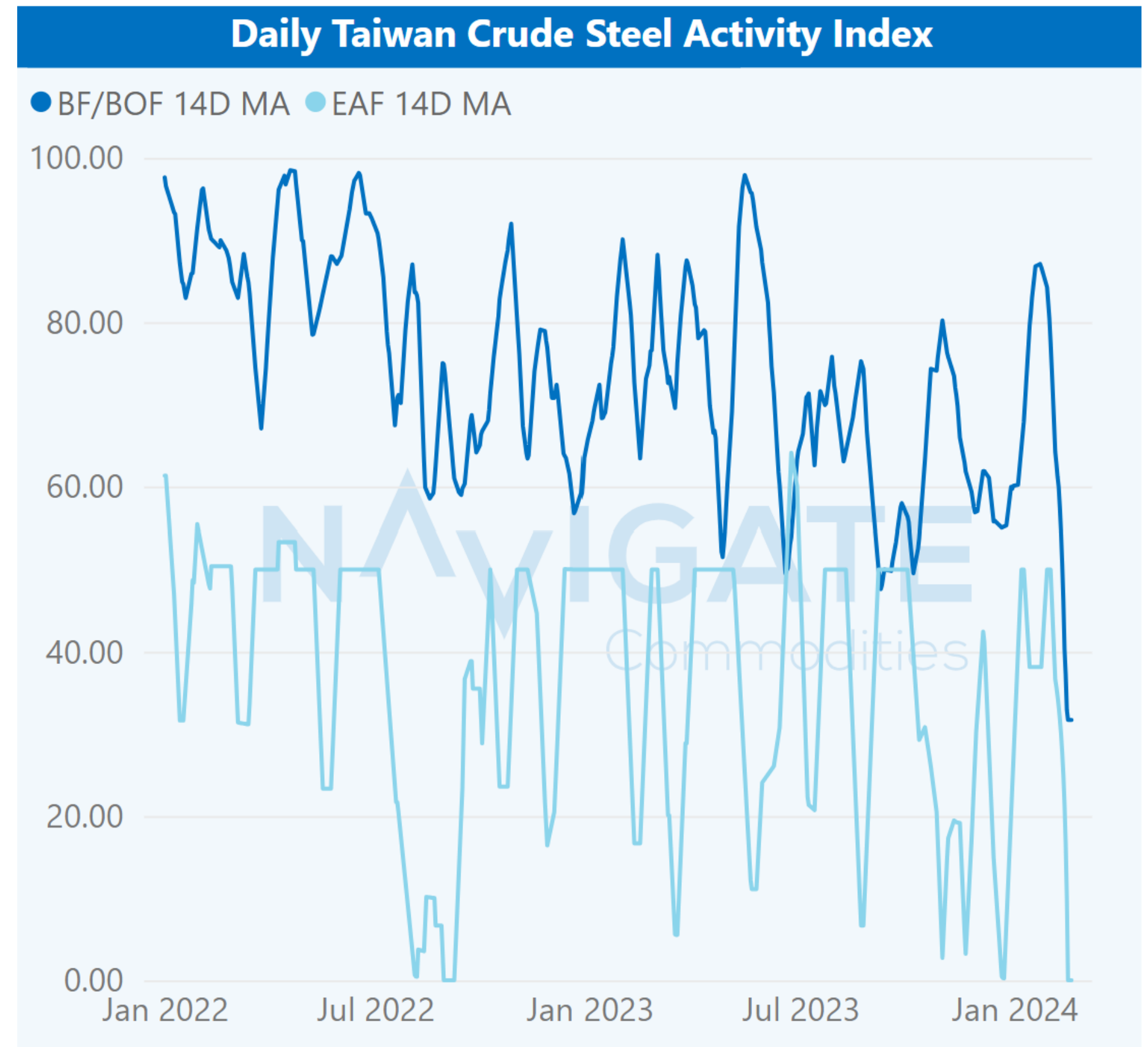
Heavily encumbered containerized Ferrous Scrap flows to South Asian countries, due to the Red Sea/Suez Canal disruptions, has now created more competition for Taiwanese trade routes.

Moreover, we continue to witness more competition for traditionally Taiwan-destined material sourced from Japan, Australia, and the US West Coast from buyers in India, Pakistan, and Bangladesh.

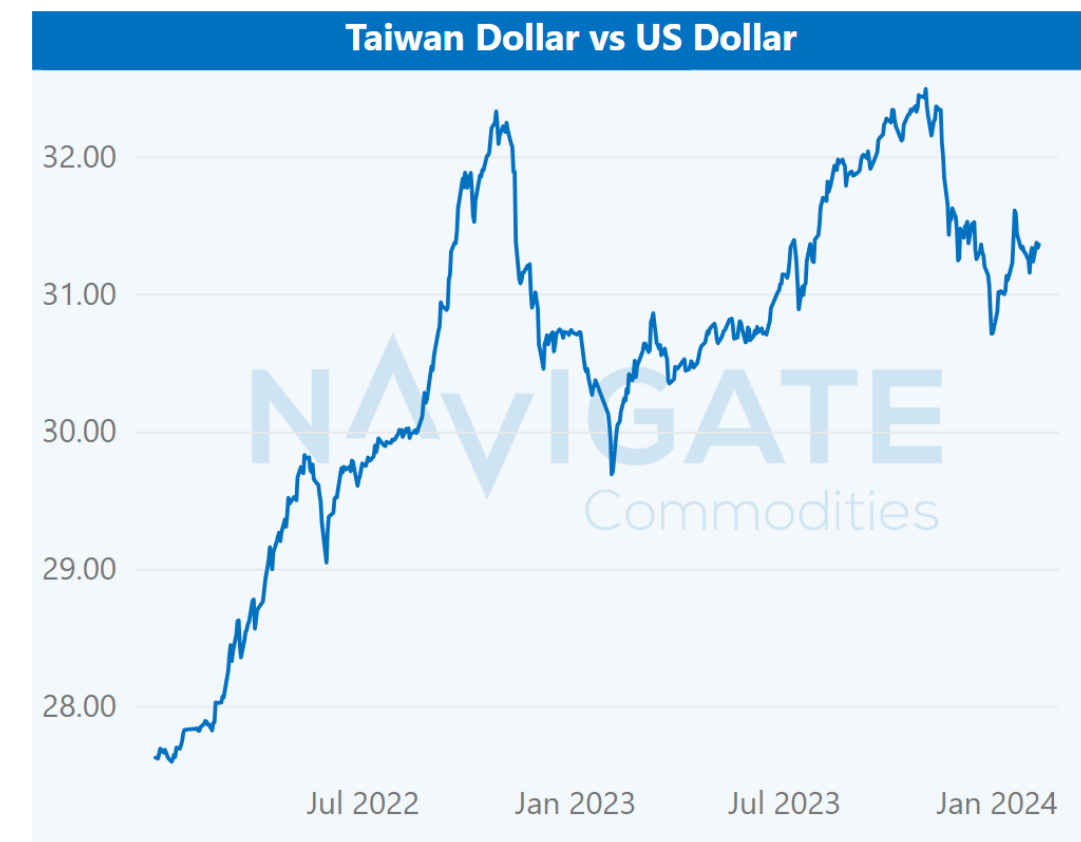
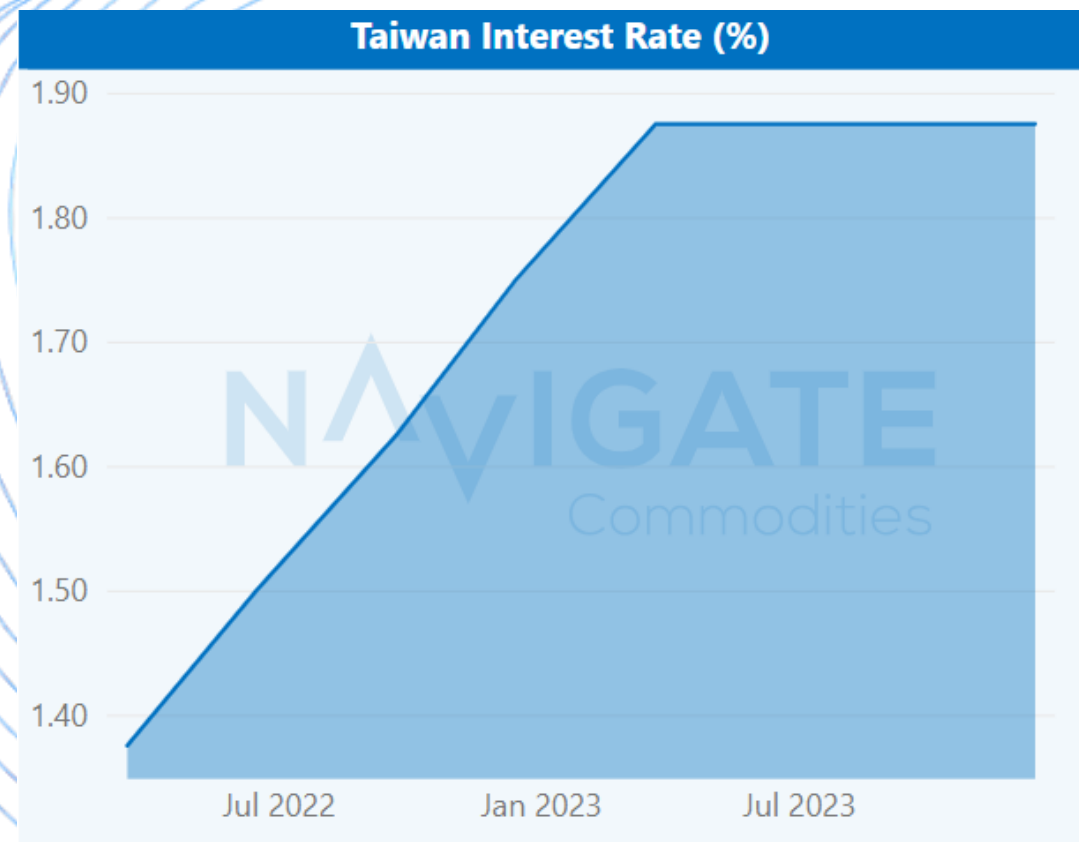
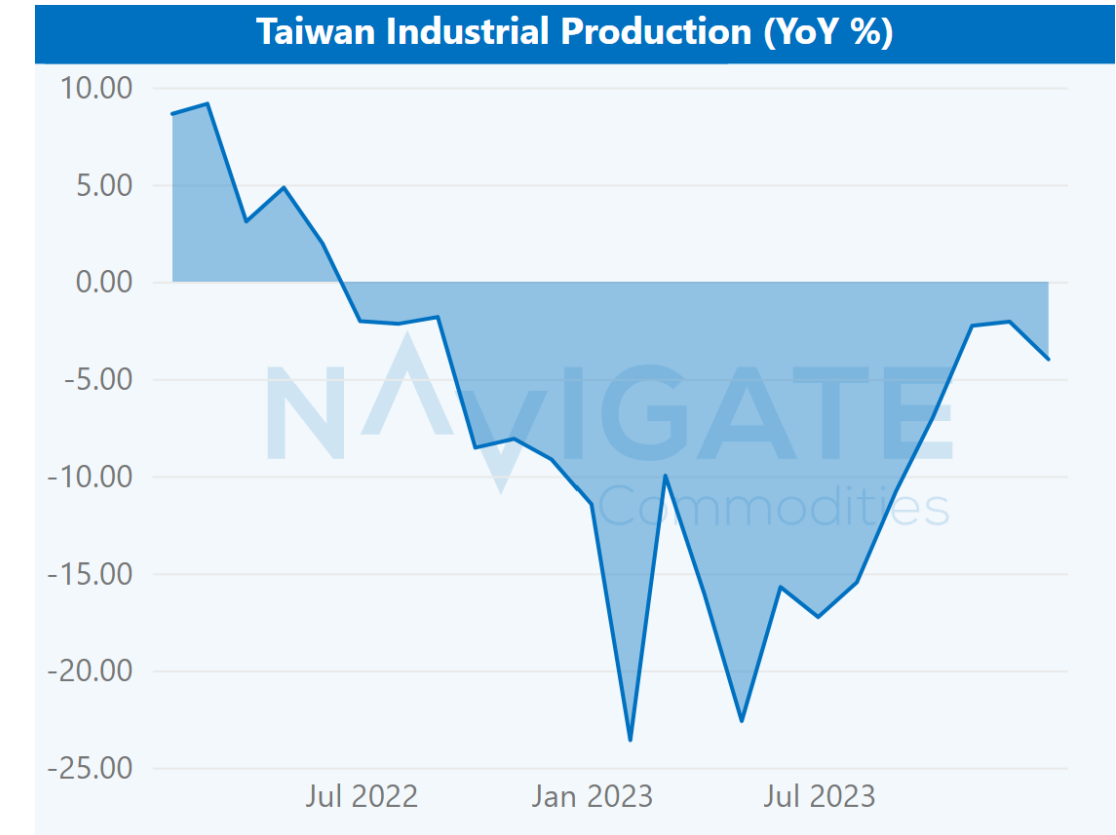
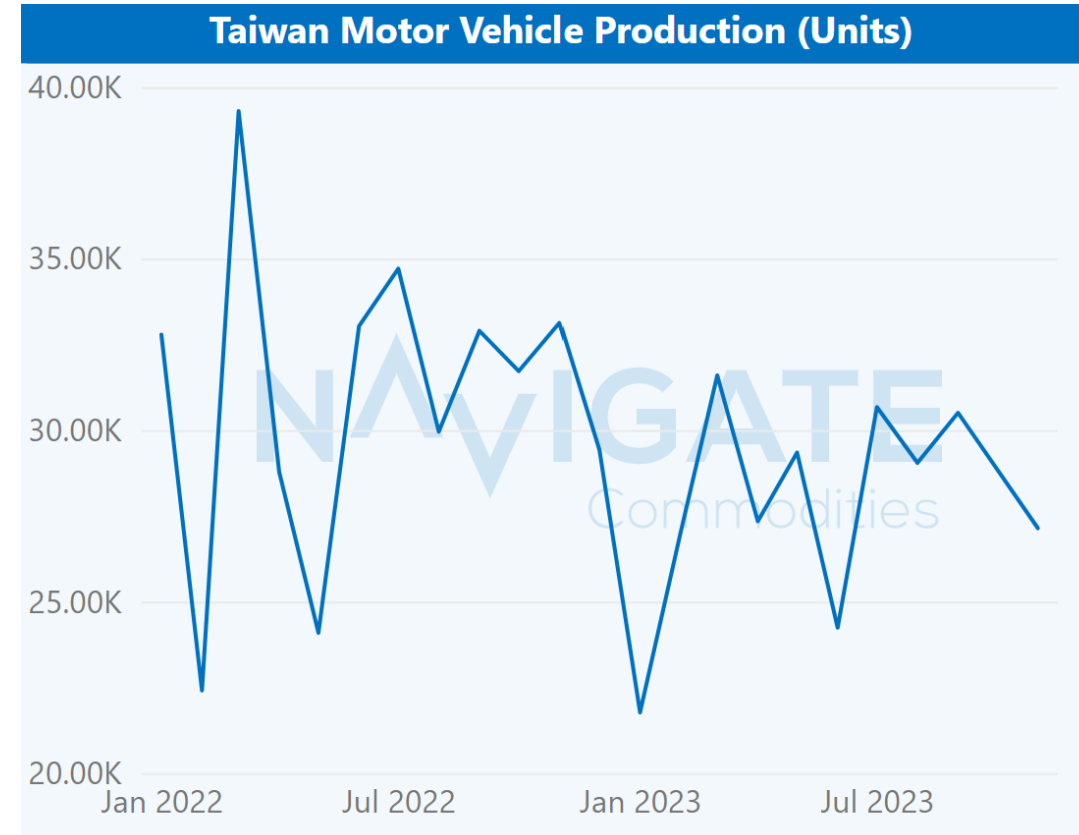
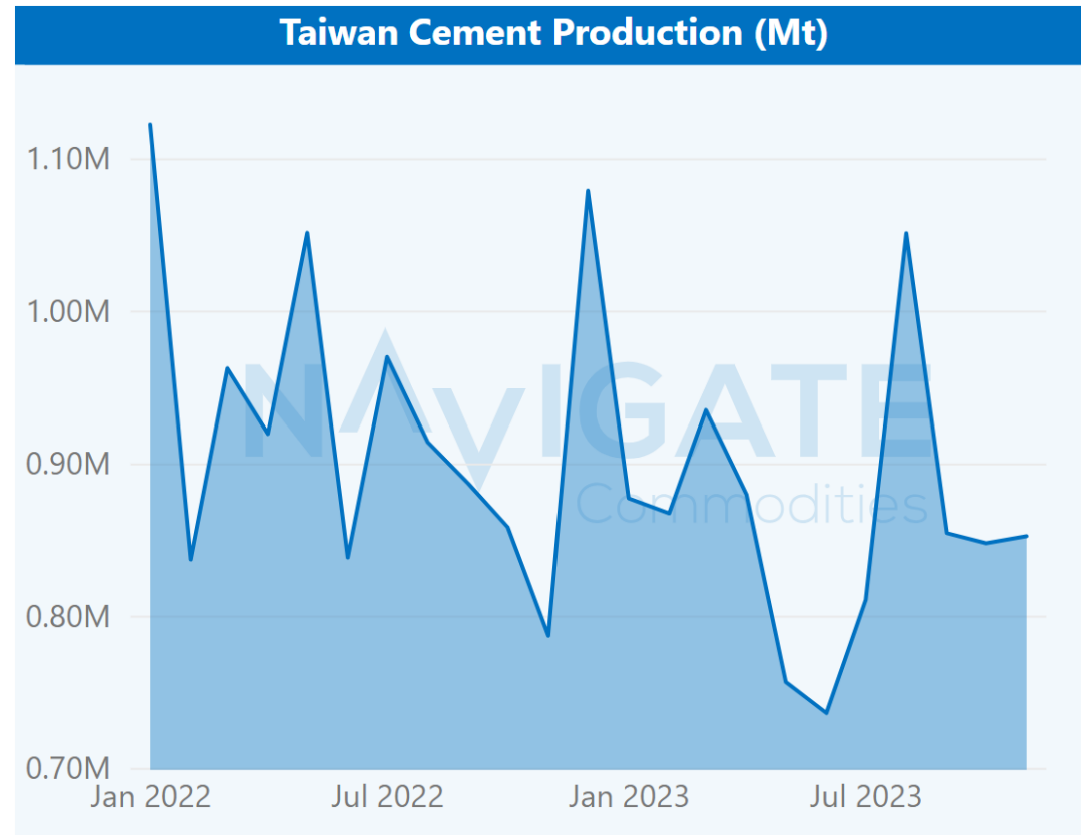
Meanwhile, daily Taiwanese blast furnace/basic oxygen furnace production has resumed its overall long-term downward trend, with activity plunging 52.70pts over the past week alone to a record low of 32.60pts on 7<sup>th</sup> February.

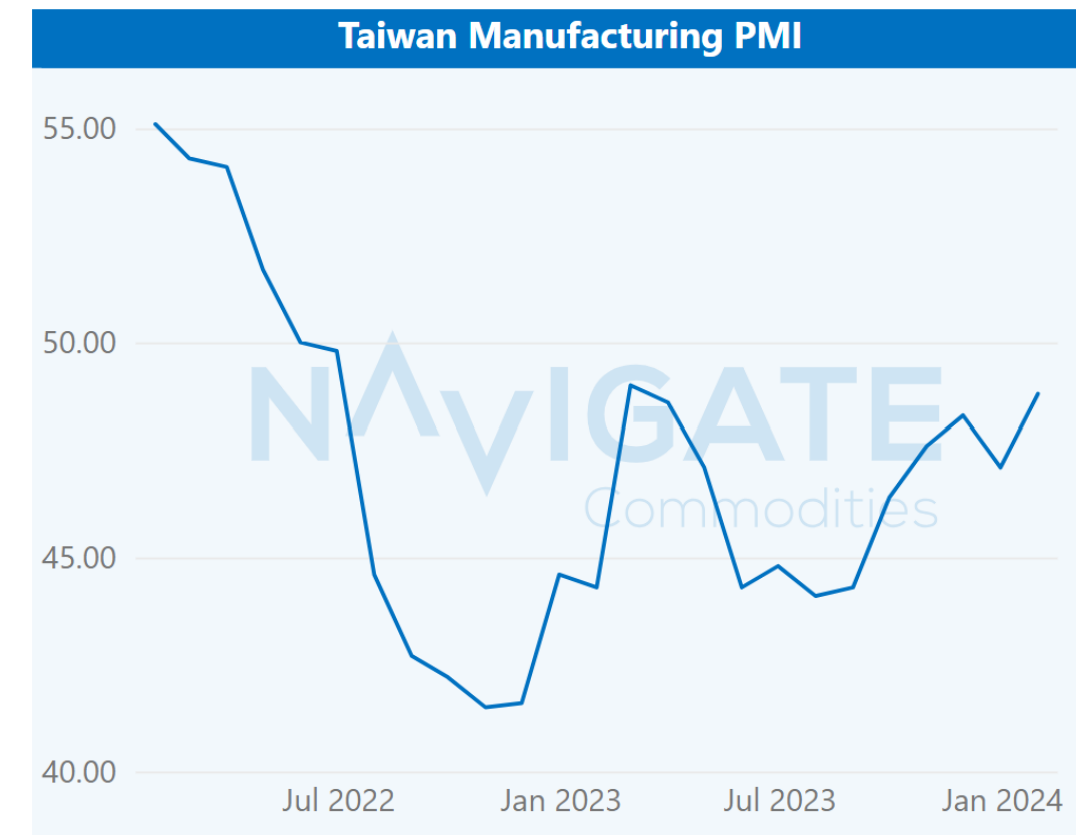
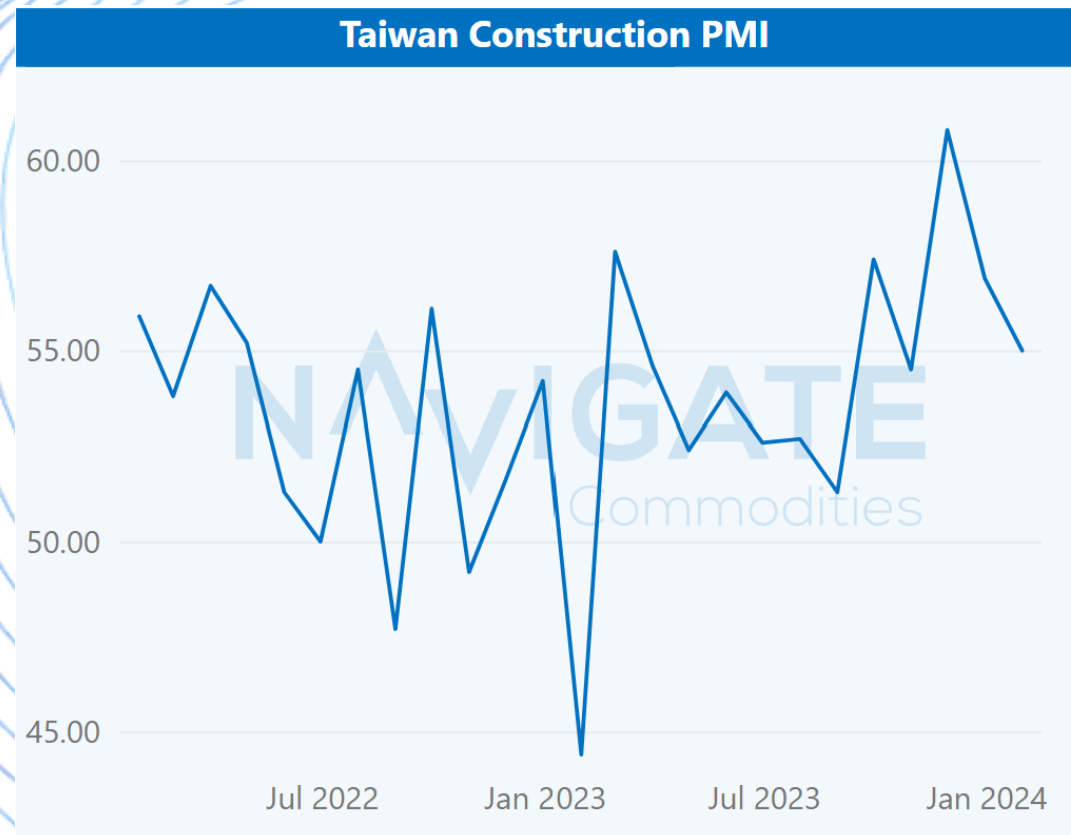
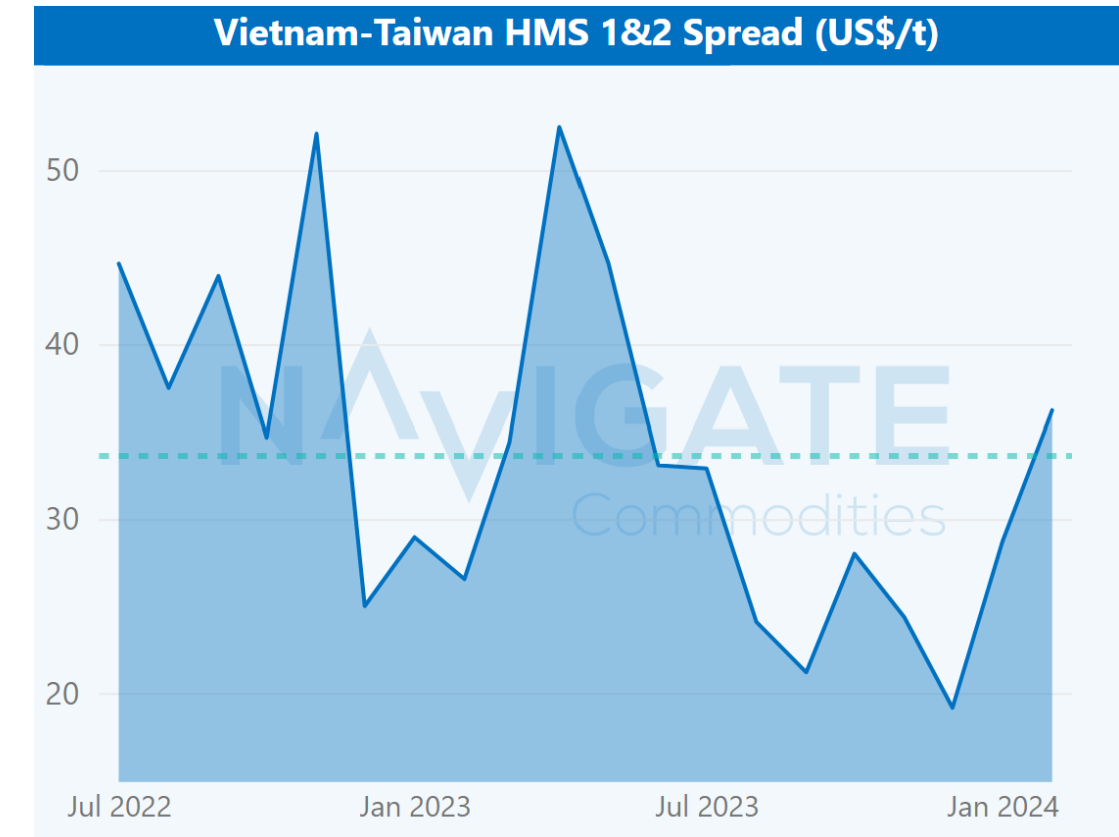
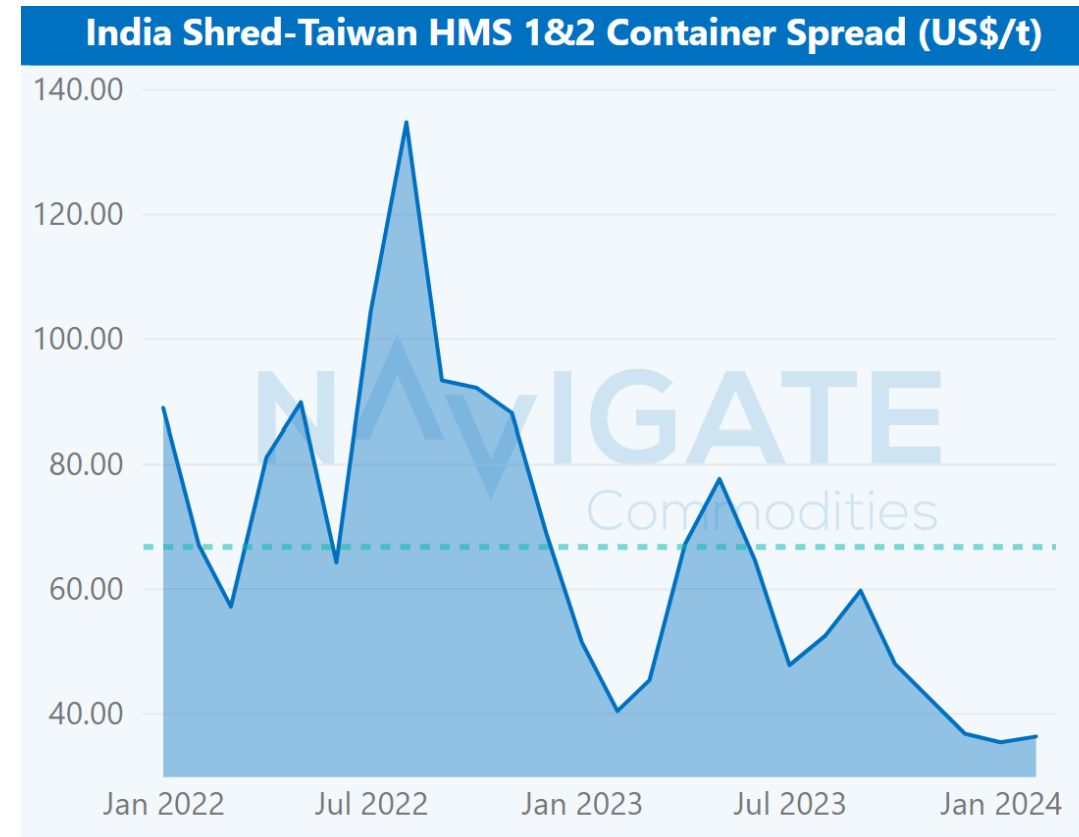
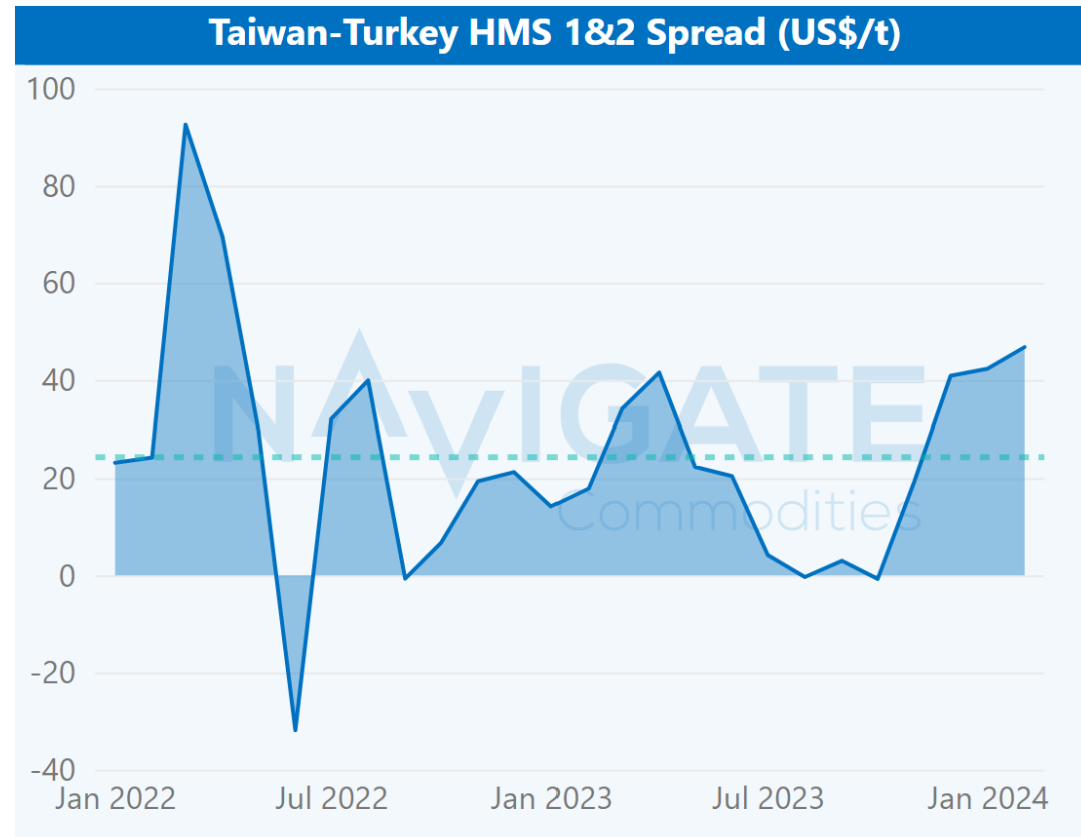
We believe it's highly likely that excessive cost competitive onshore Chinese Steel production has been increasingly finding its way into and penetrating neighbouring markets with lower economies of scale.

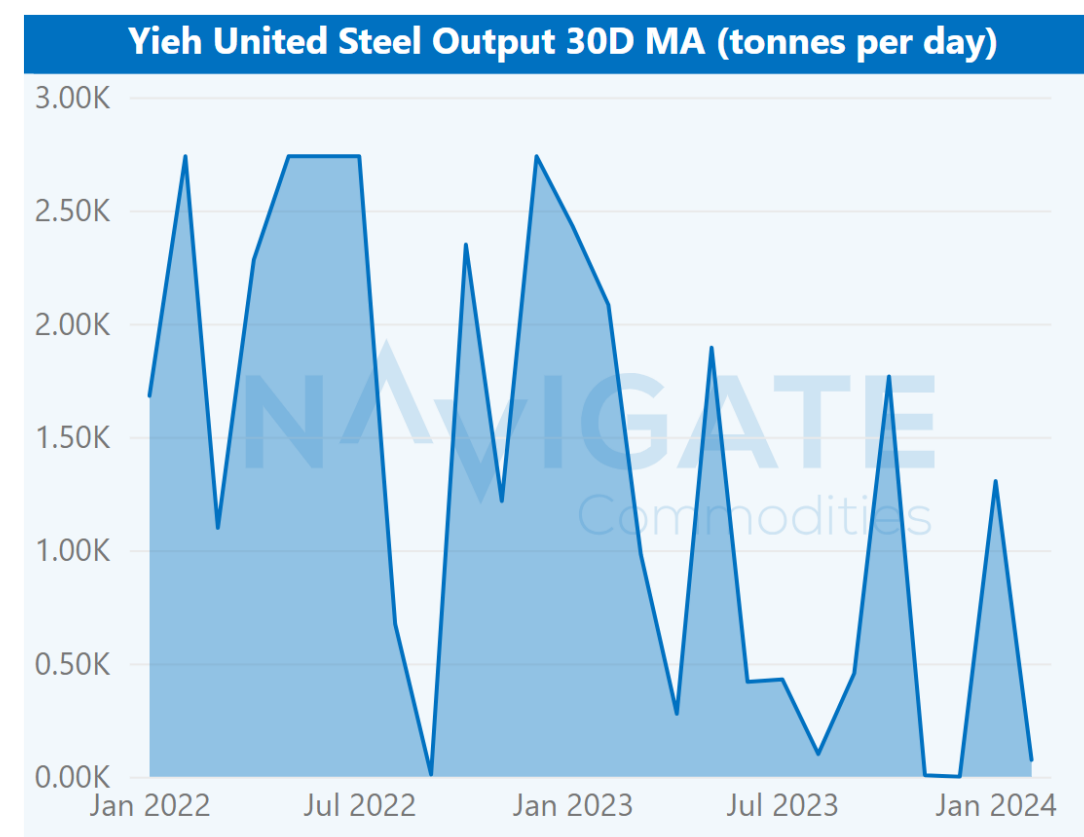
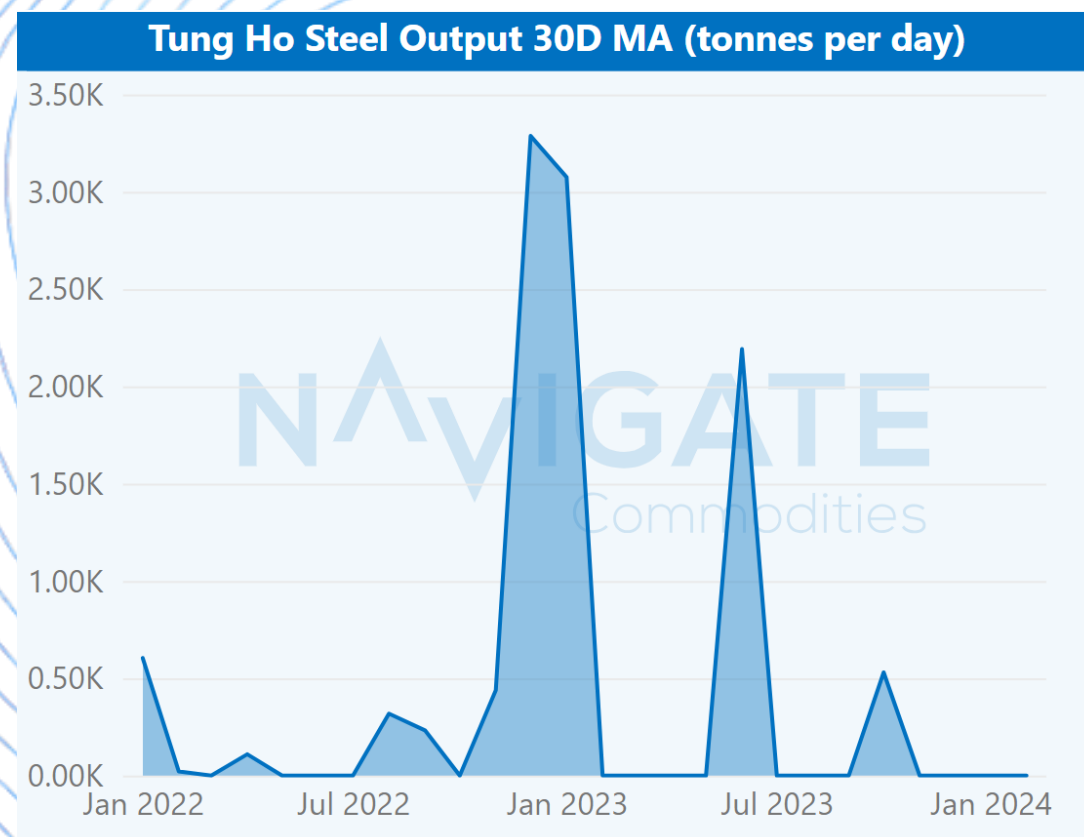
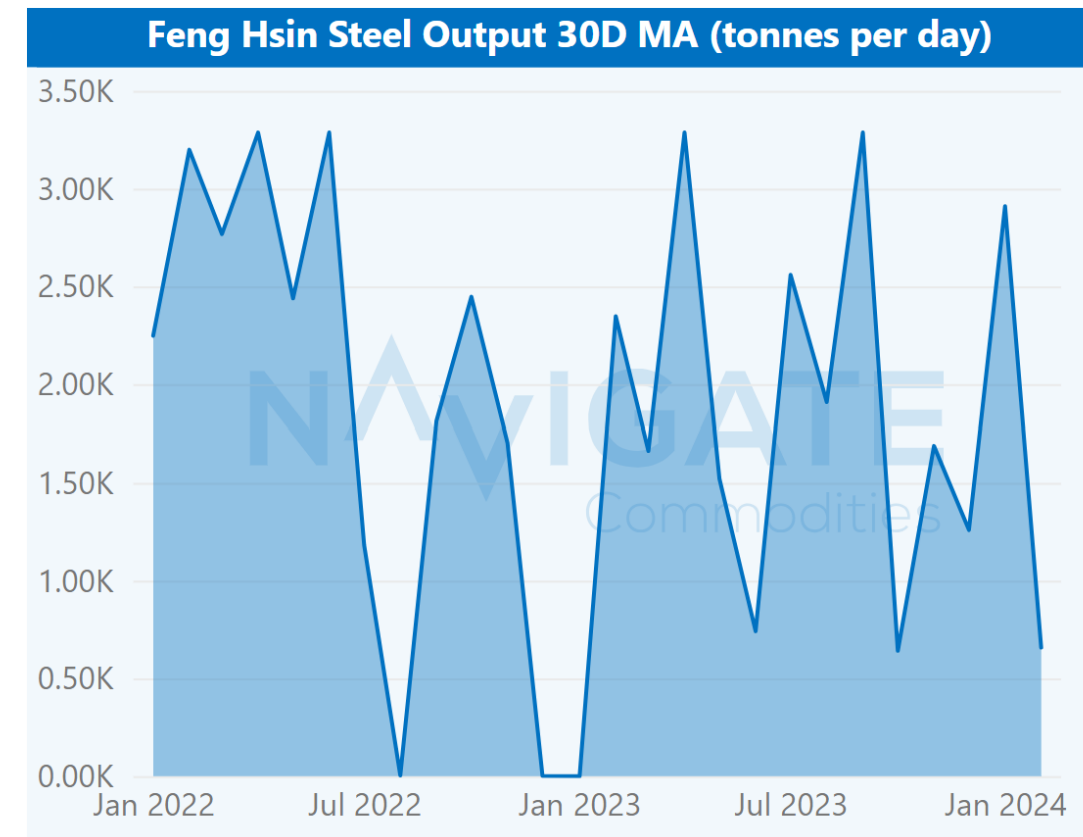
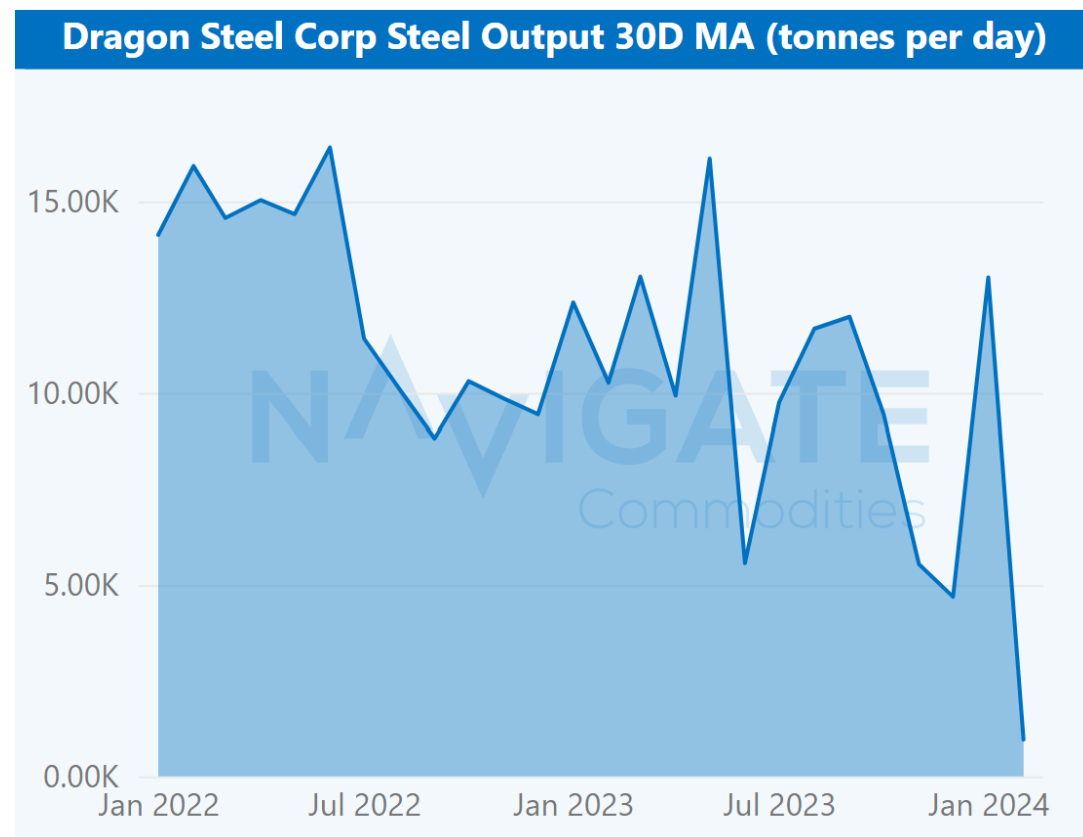
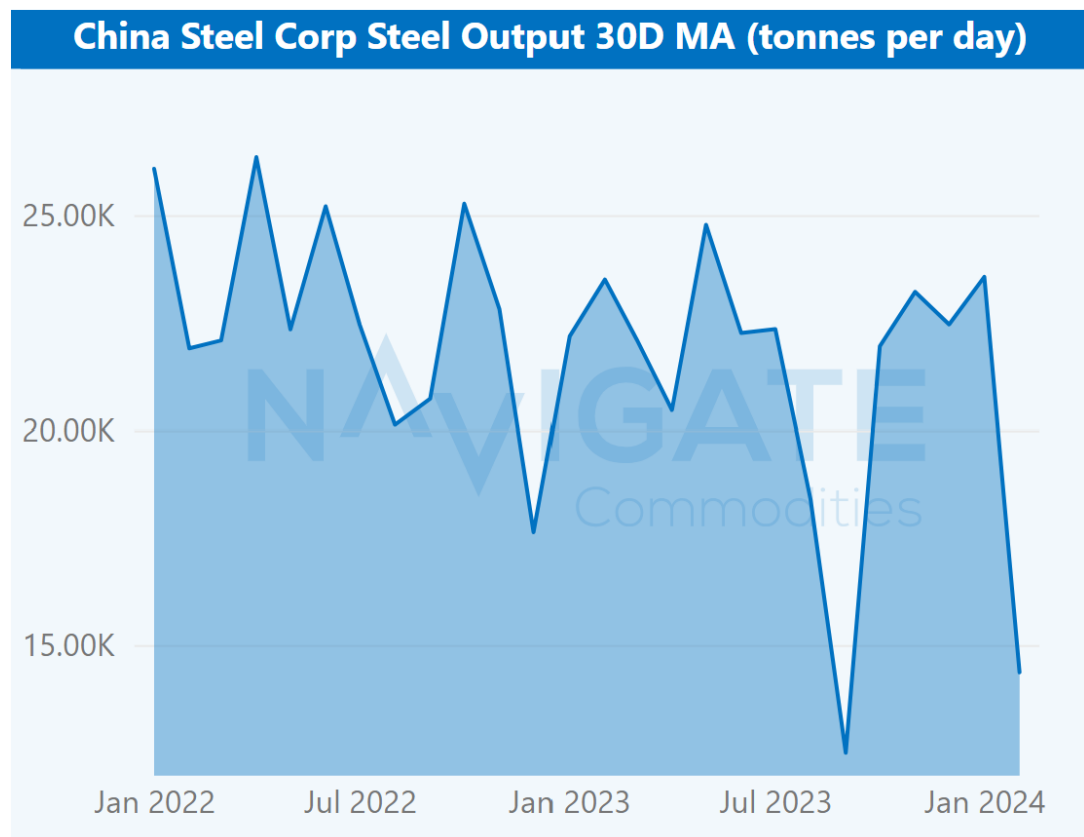
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Source: Earth-i, Navigate Commodities











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# **Türkiye Steel Scrap Market Overview**





● = Active    ● = Idled

# Türkiye

Turkish HMS 1&2 (80:20) import prices traded within a relatively narrow US\$9/t range of US\$418-428/t CFR Türkiye over the past month, losing momentum as they trudged closer to our estimation of minimum fair value.

It hasn't helped that while Ferrous Scrap was painfully slogging higher, a capitulation was underway in China-centric Iron Ore markets; very likely limiting the upside for the former.

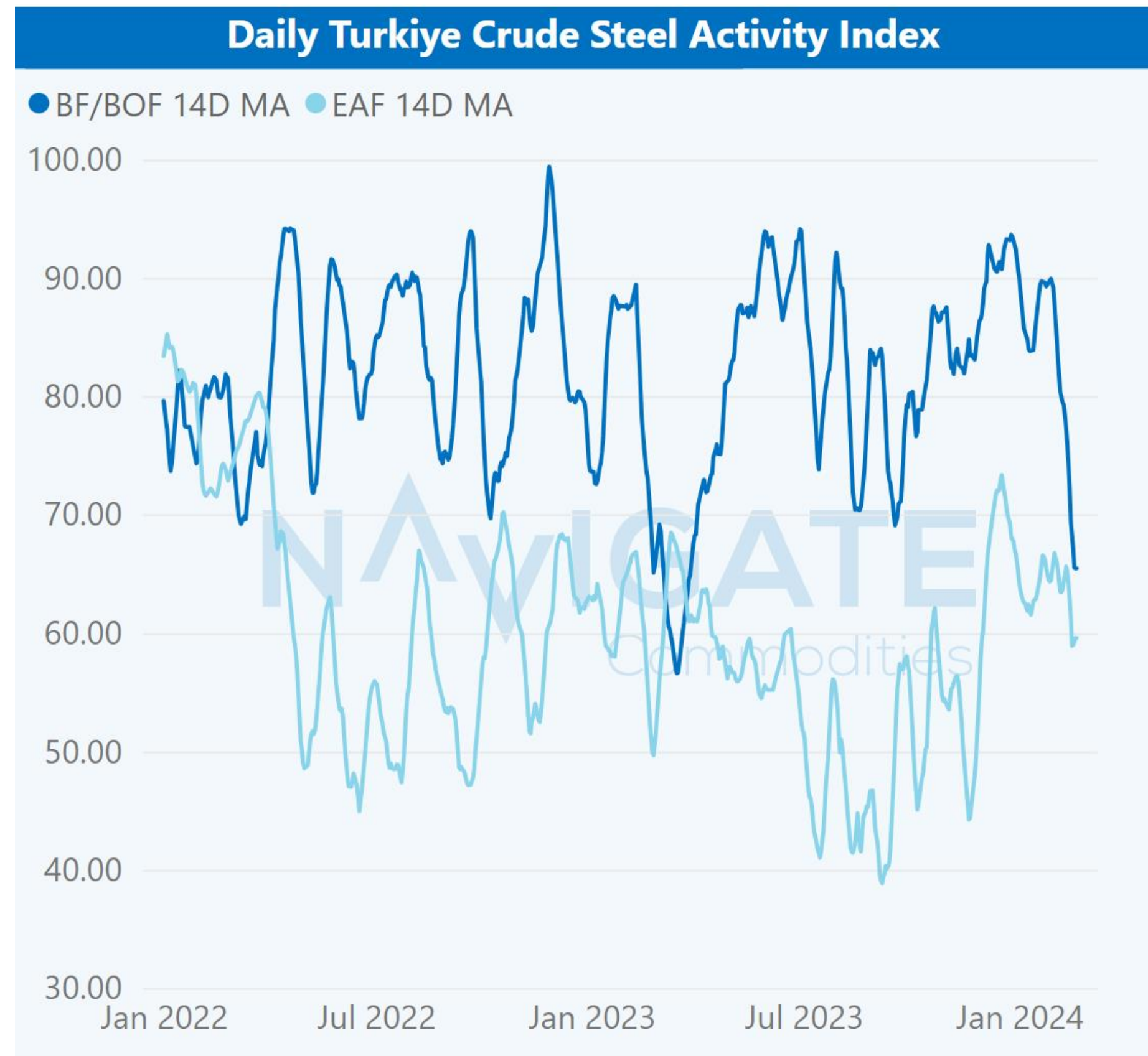
Despite buoyancy in the Turkish downstream flat Steel segment and corresponding Ferrous Scrap consumption, deepsea prices for the latter had plateaued by early February.

Revisiting the original point on Iron Ore, it appears that Iron Ore bulls have finally lost their patience in waiting for an eventual recovery in China's economic growth and performance.

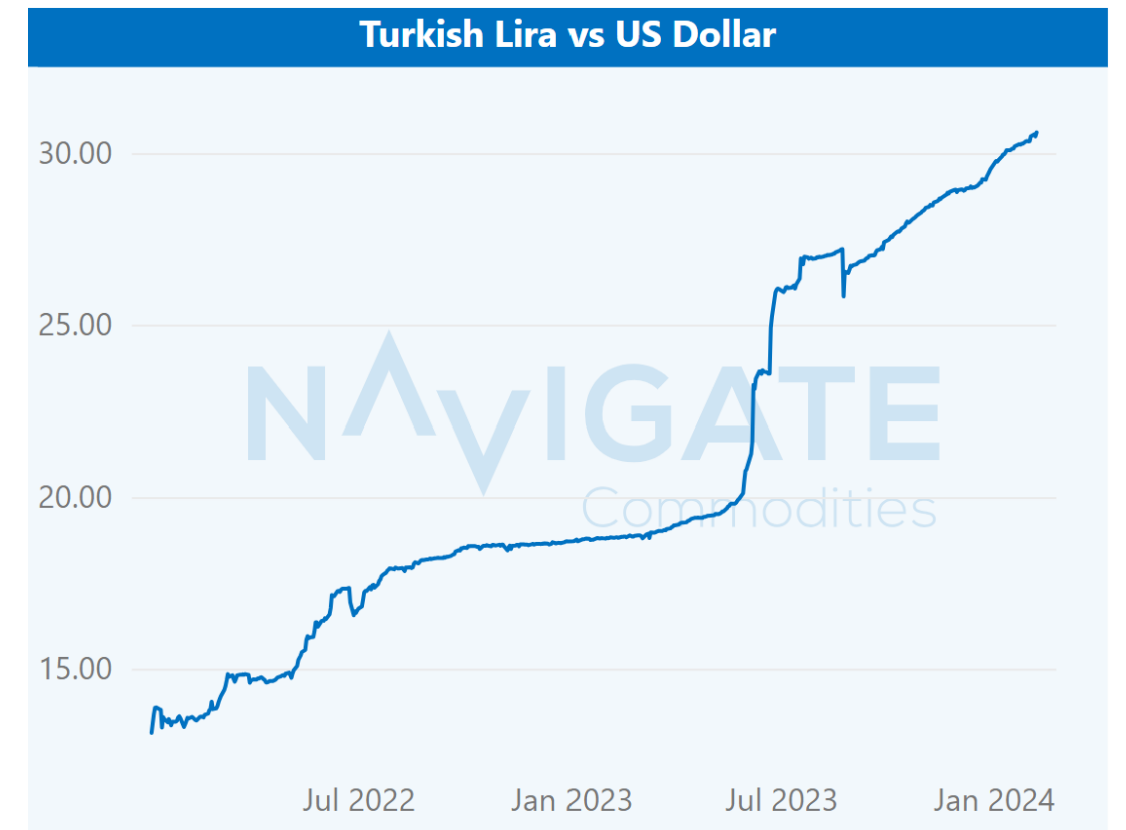
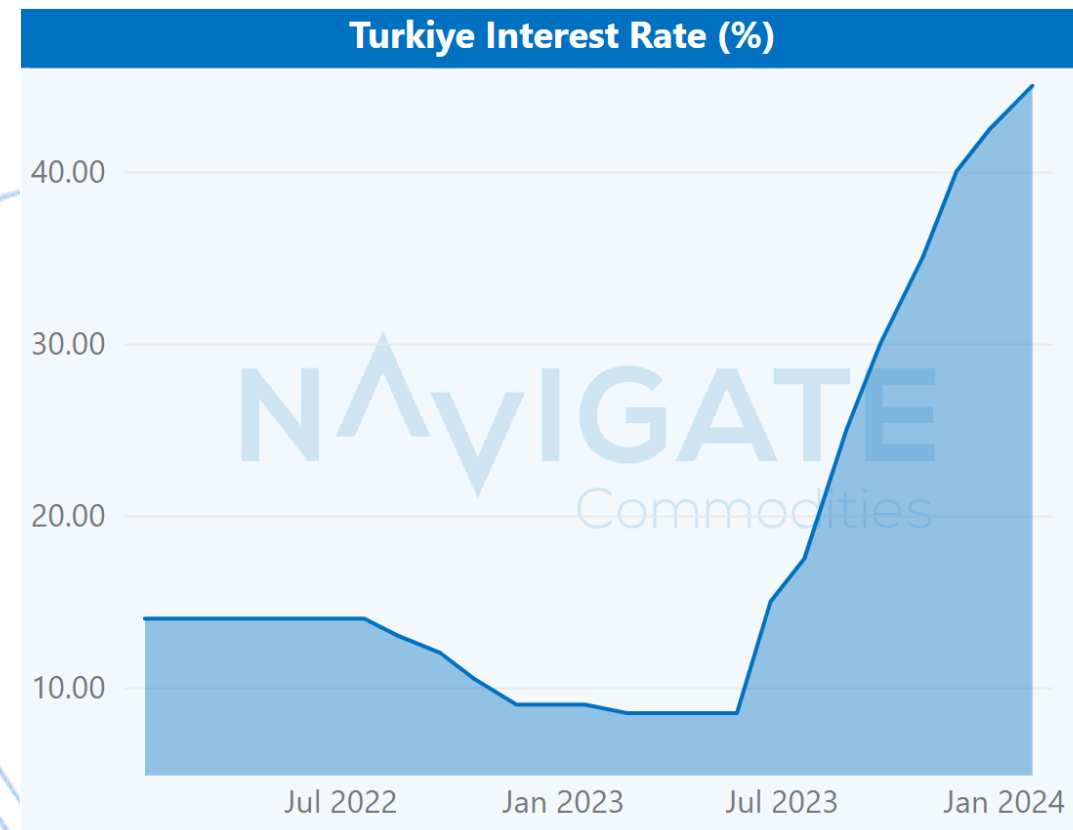
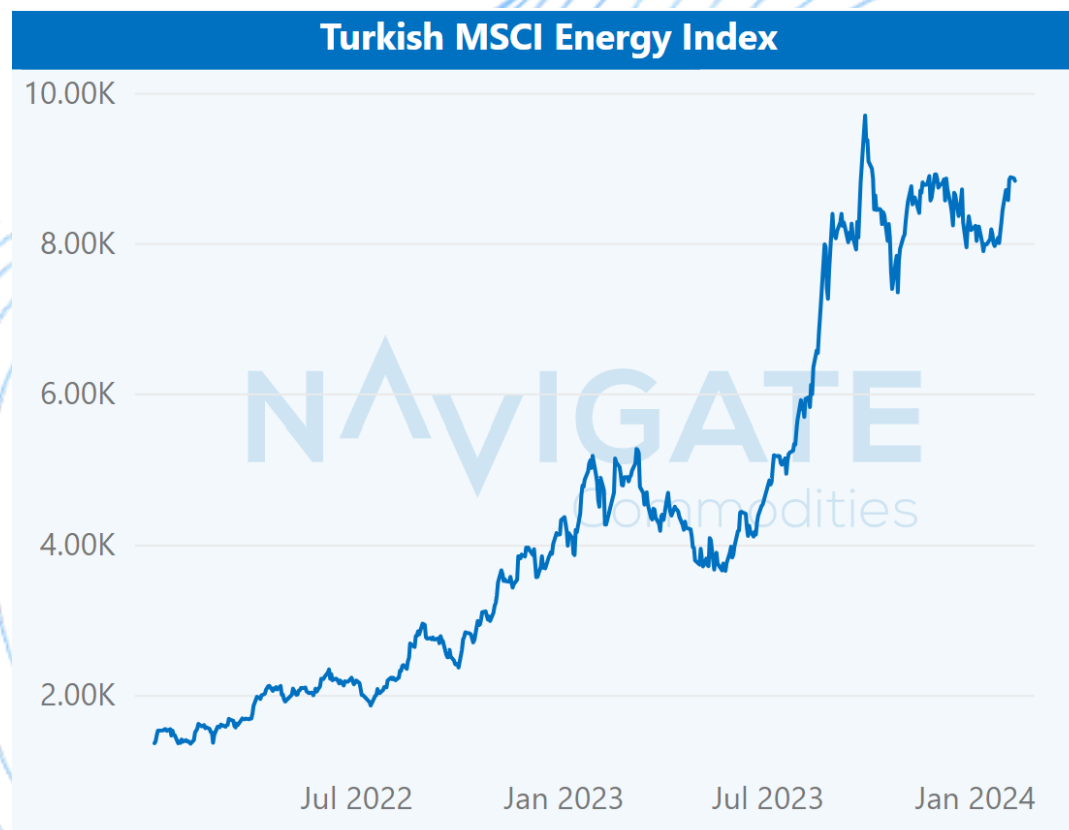
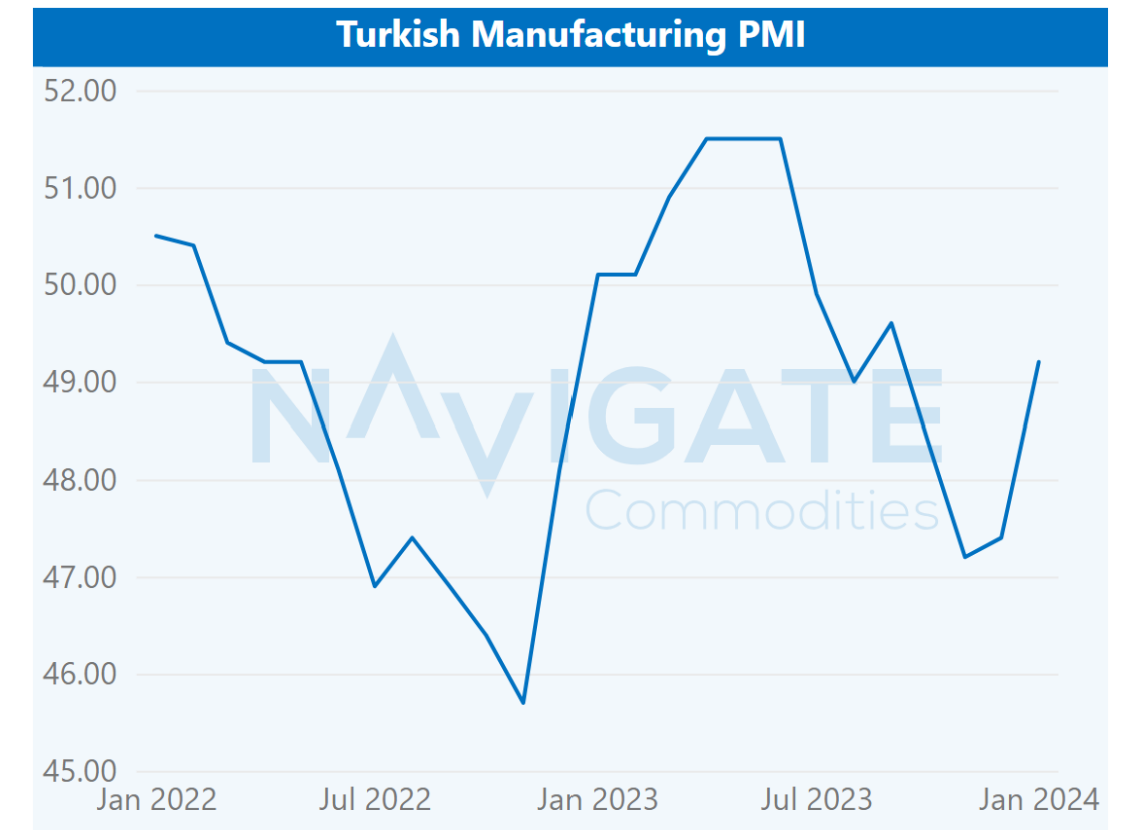
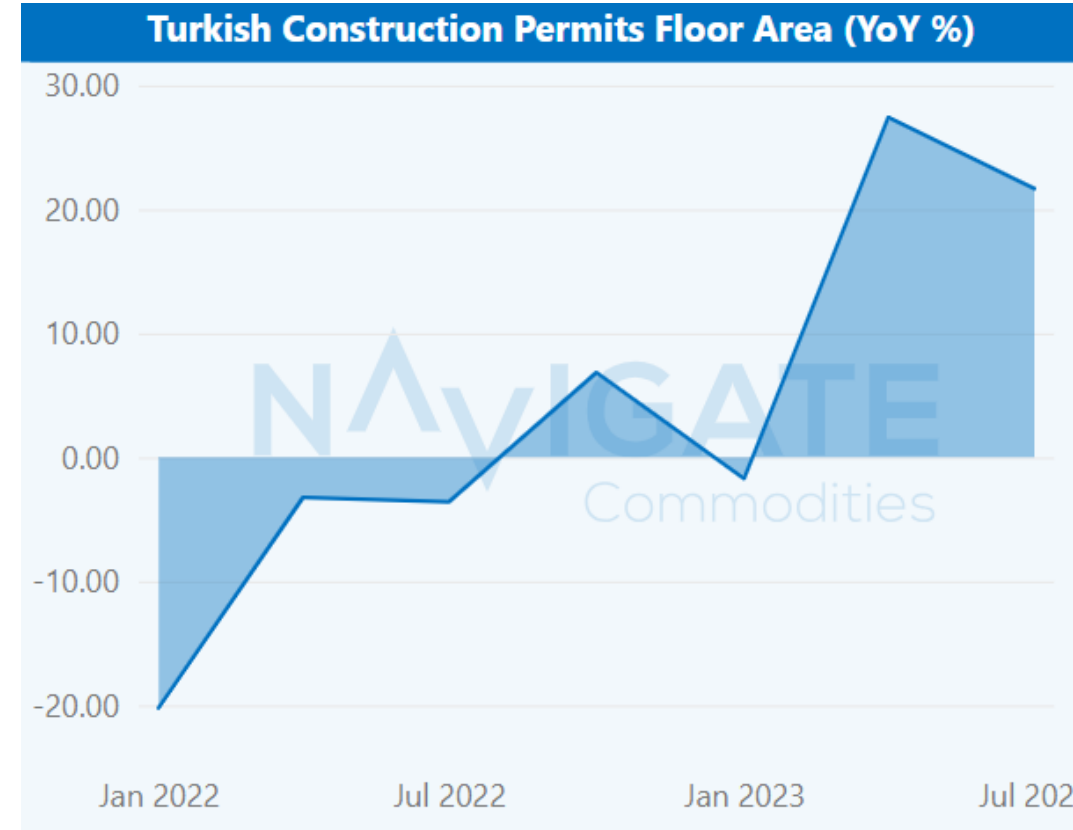
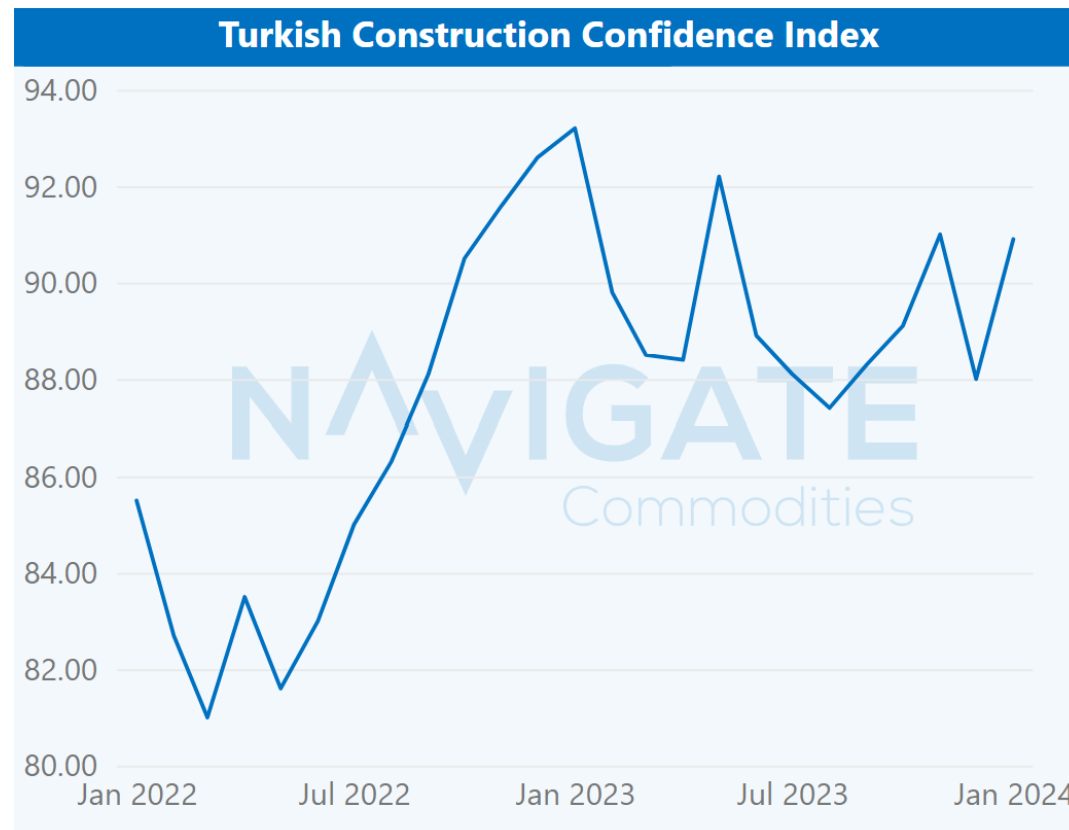
That said, it's hardly surprising China's macro rebound has not been forthcoming, given that it typically takes two to three quarters for monetary & fiscal stimulus to impact real demand.

Needless to say, financial markets have demanded instant gratification on sentiment-driven rallies but been left heavily disappointed as reality has failed to match up to expectations.

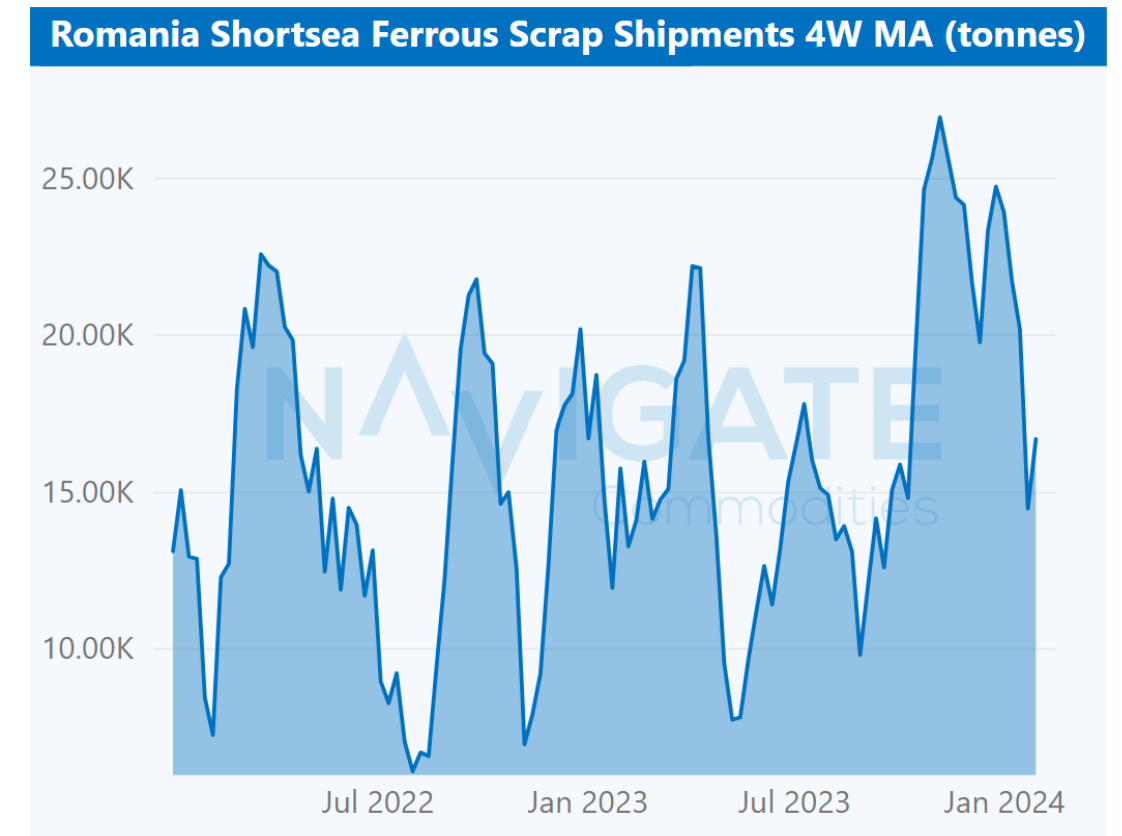
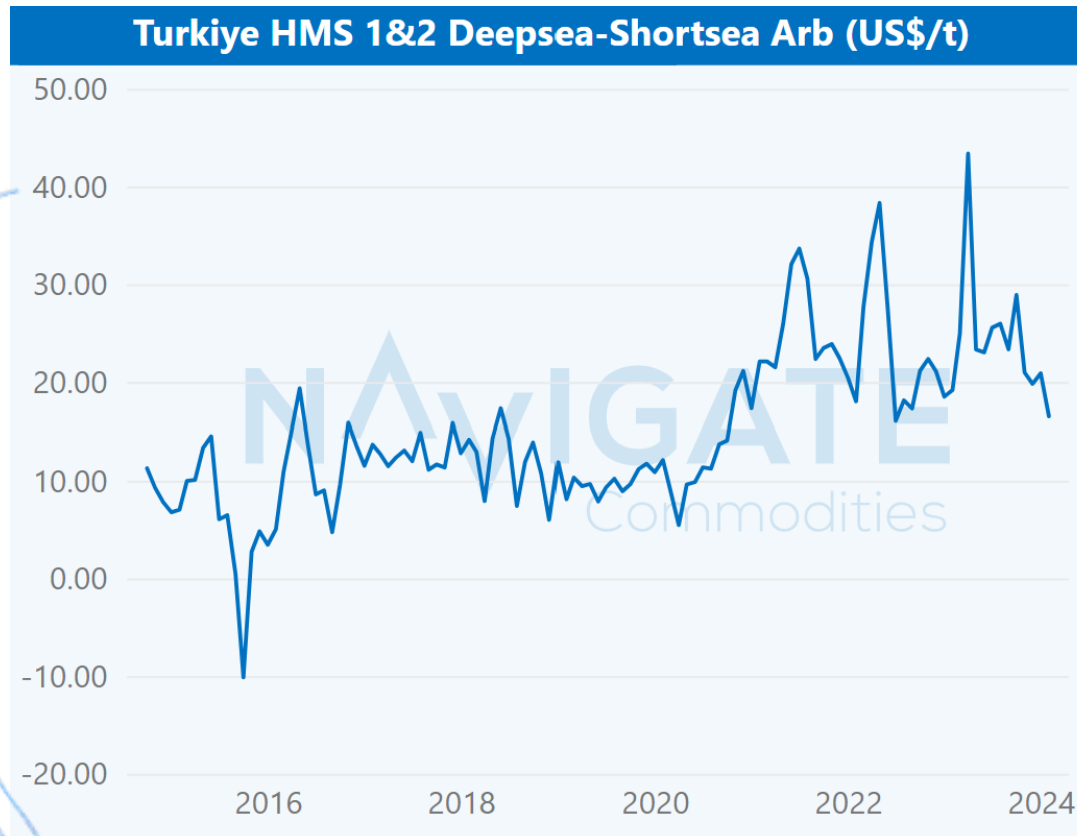
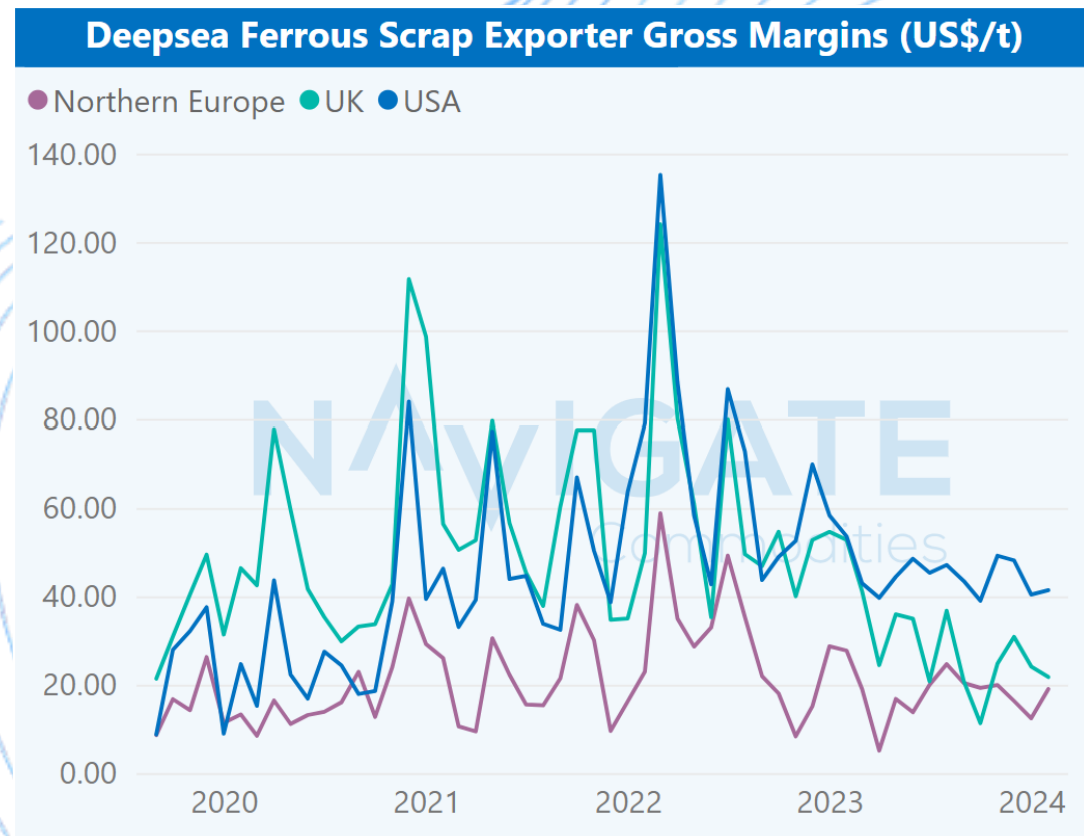
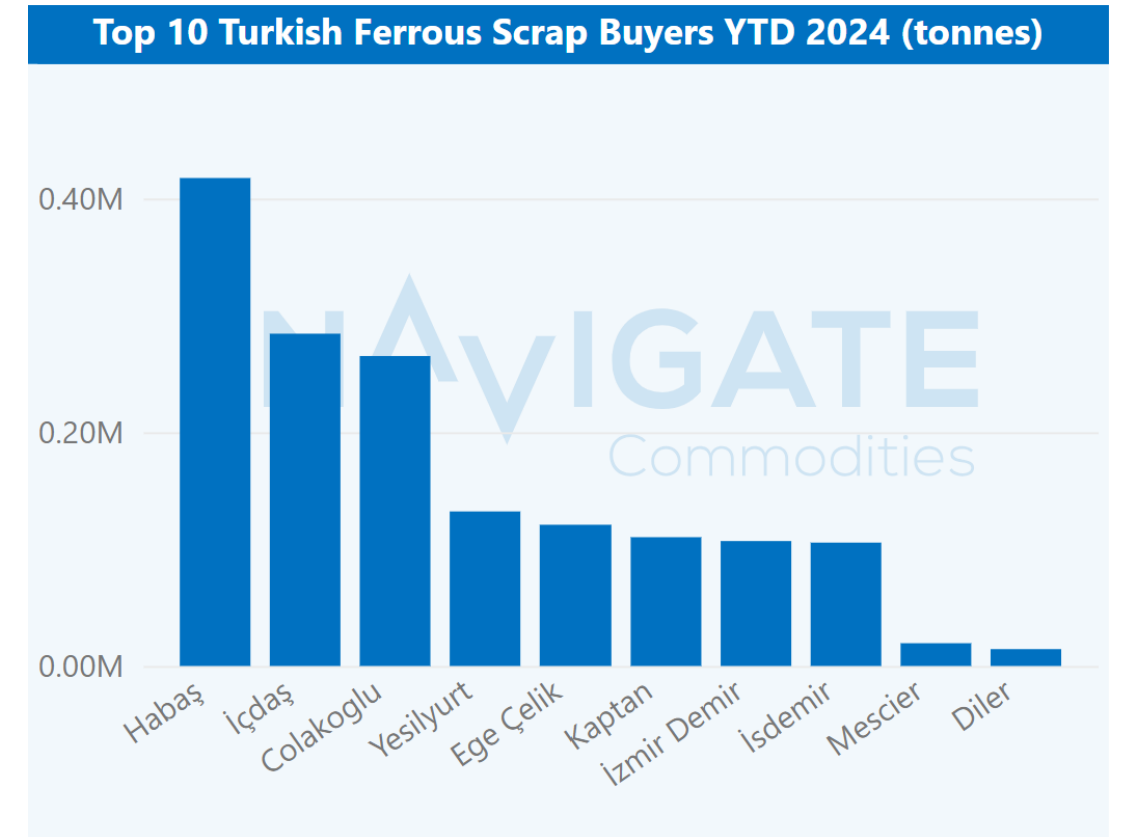
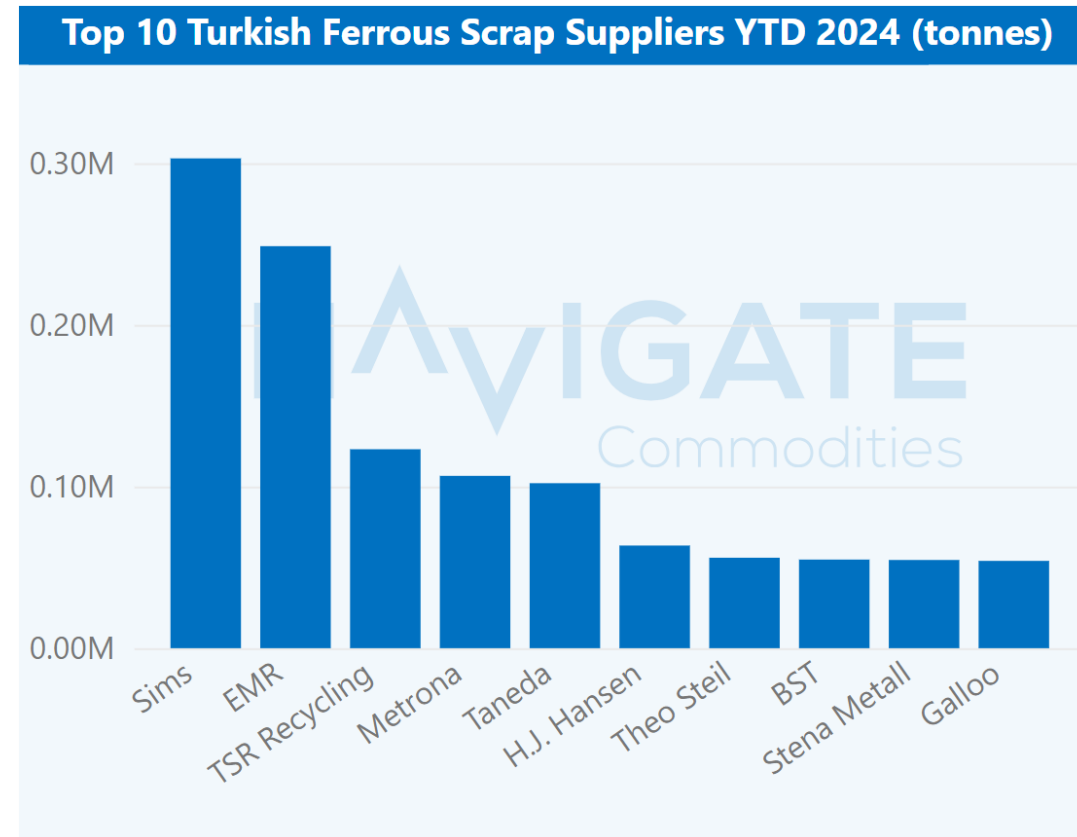
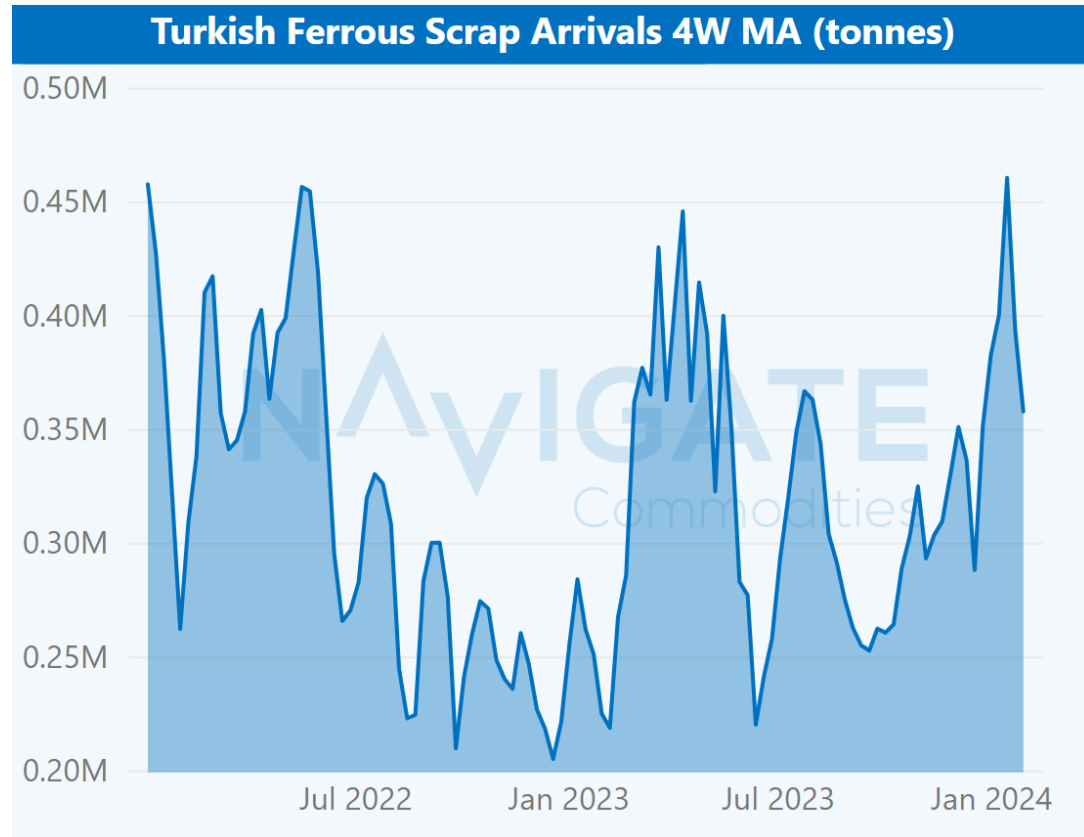
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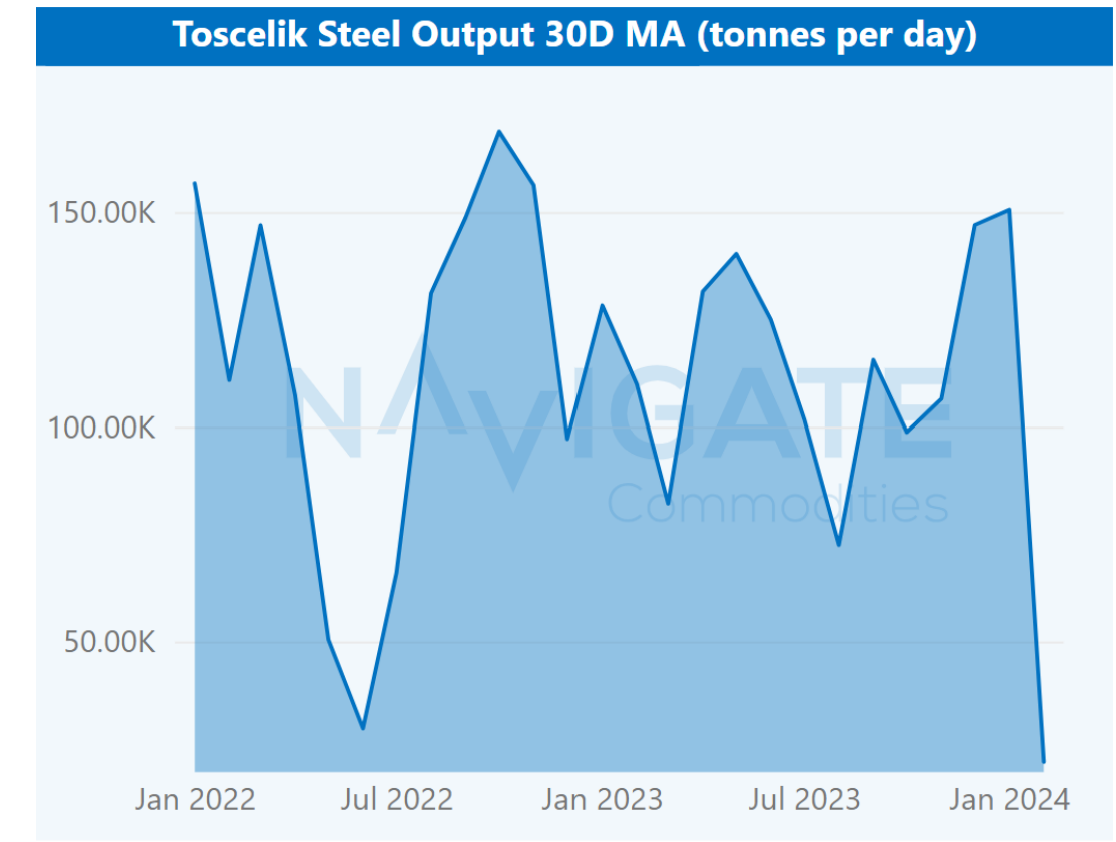
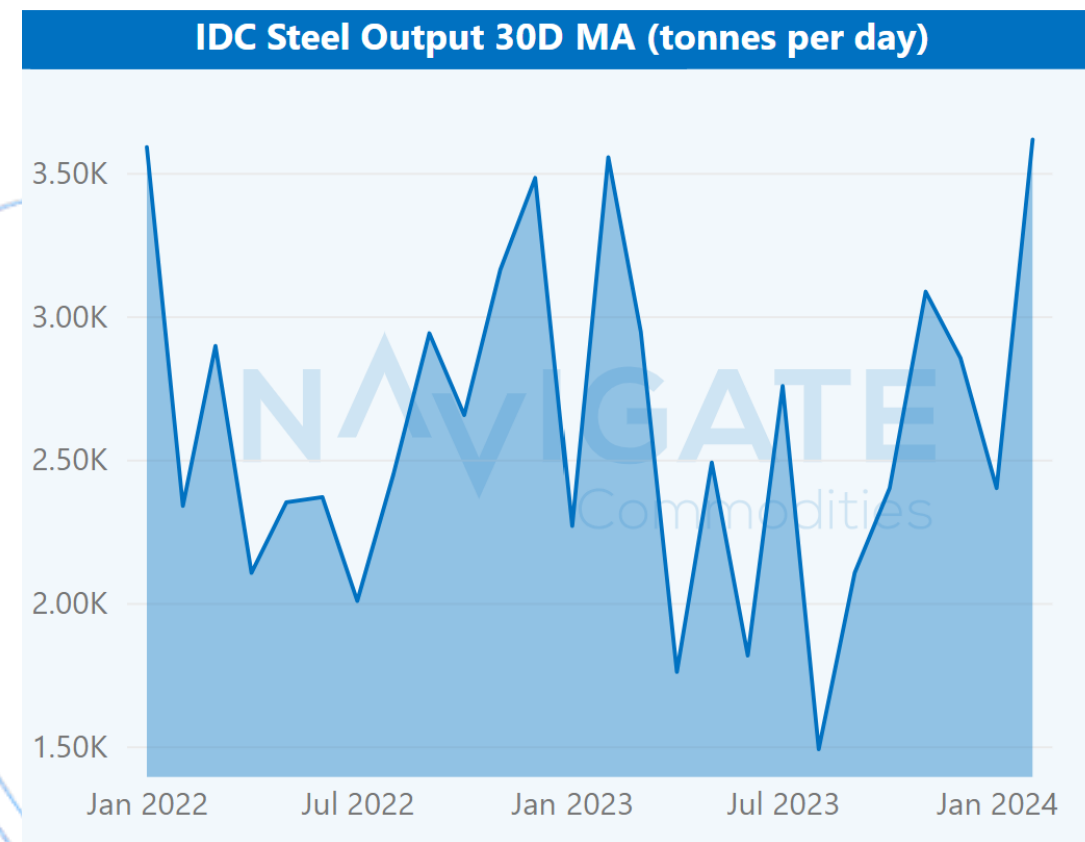
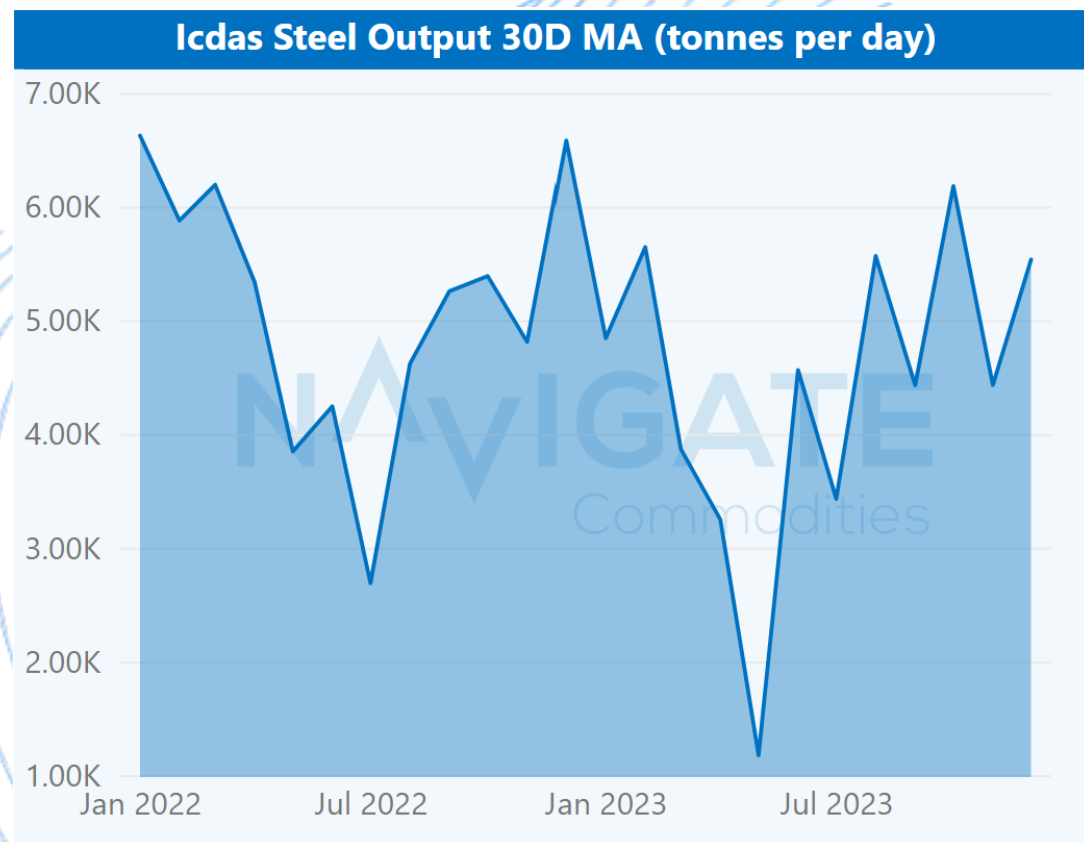
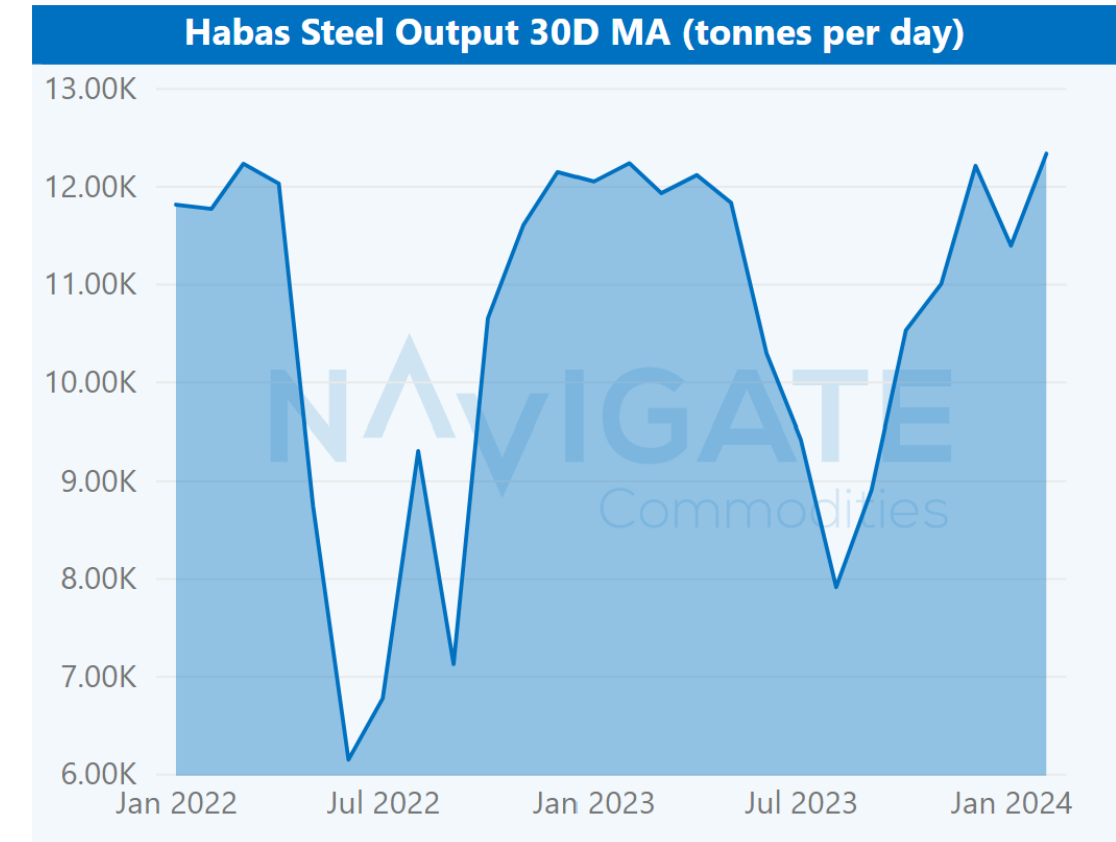
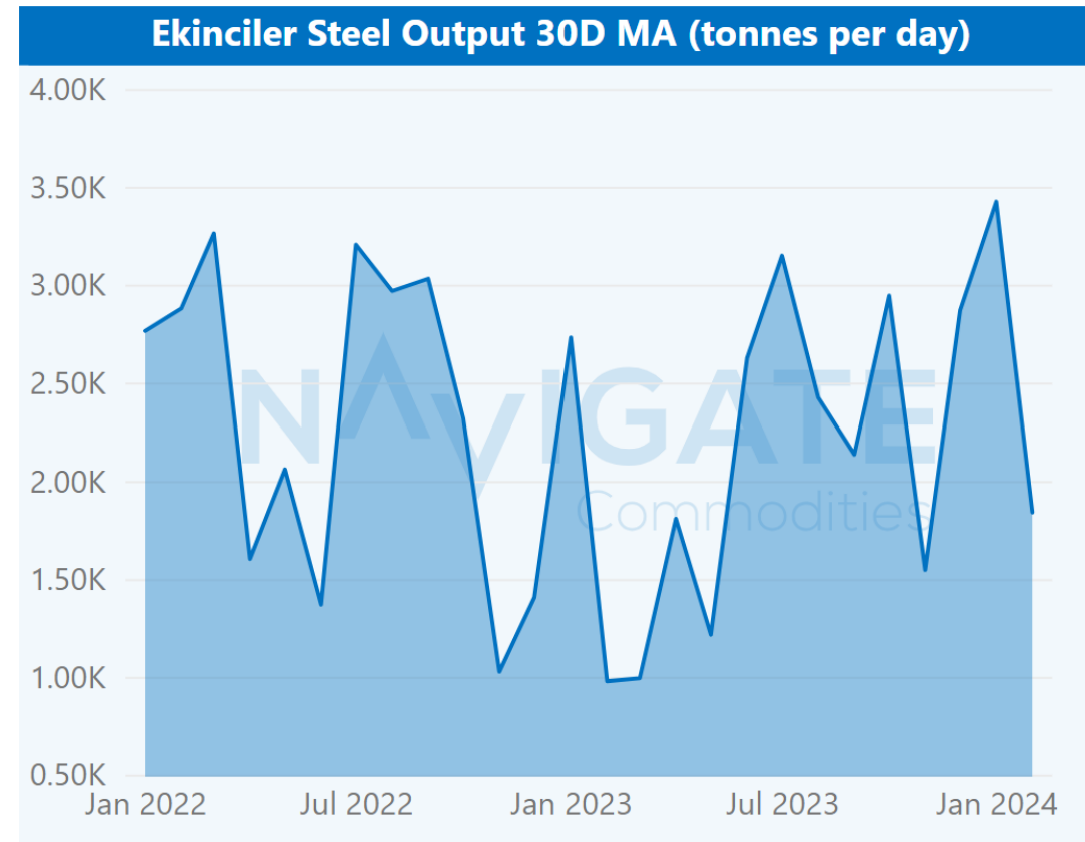
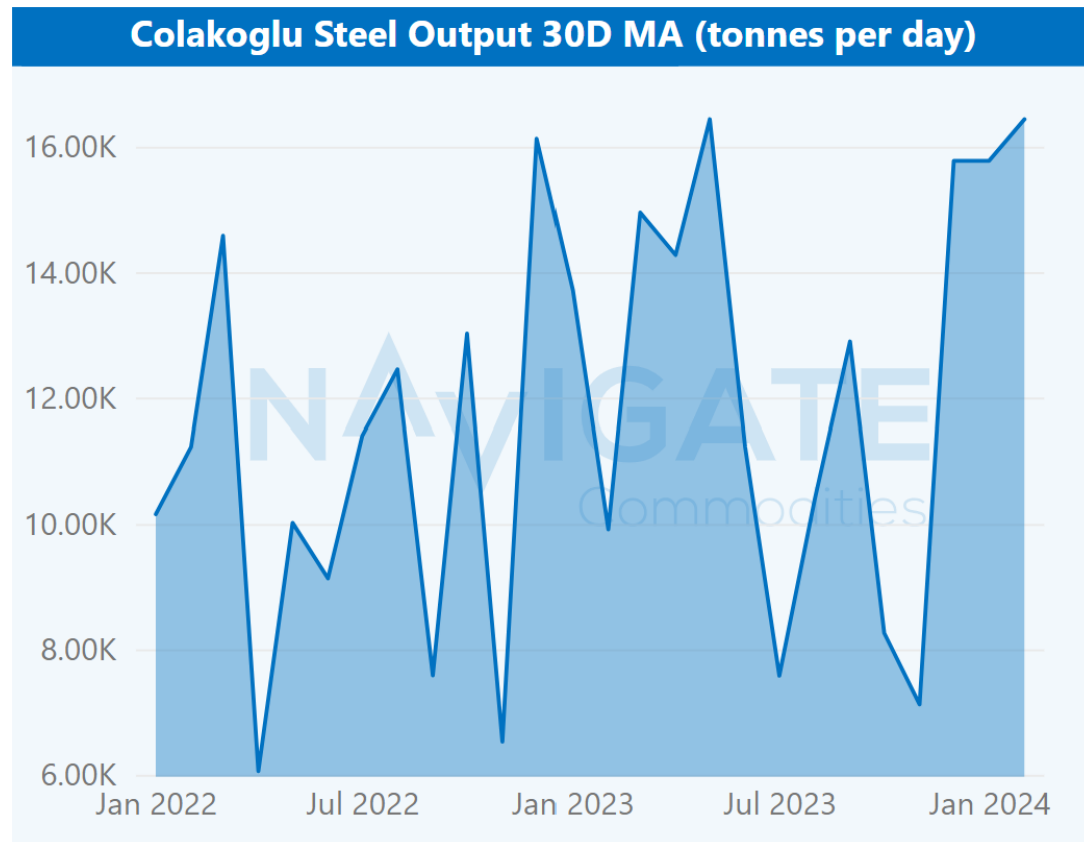


Source: Earth-i, Navigate Commodities



Source: Earth-i, Navigate Commodities, Bloomberg







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