

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.

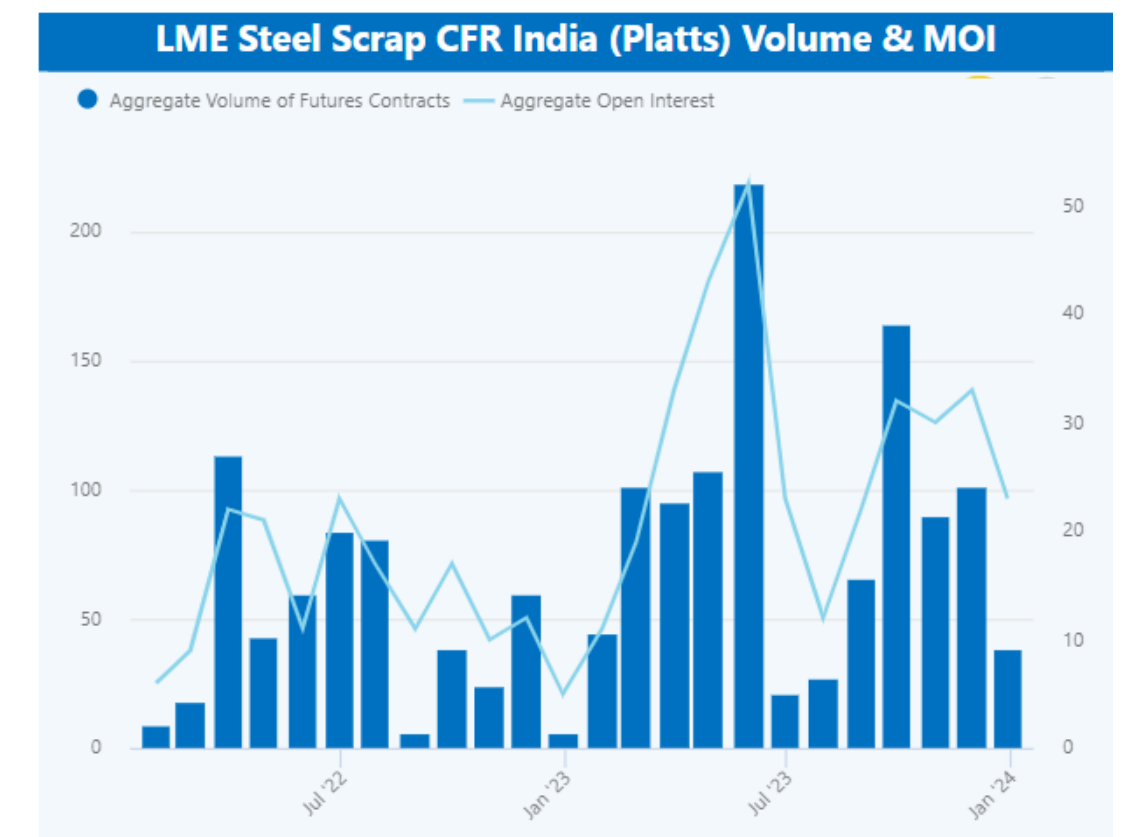
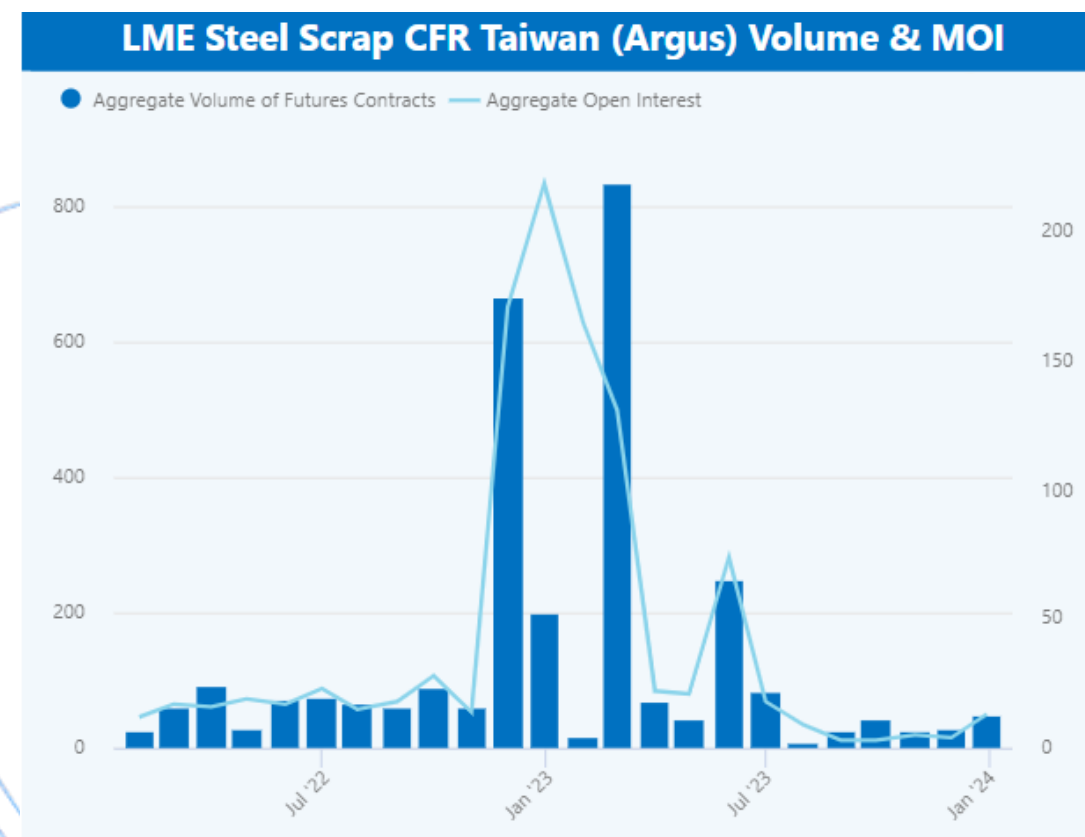
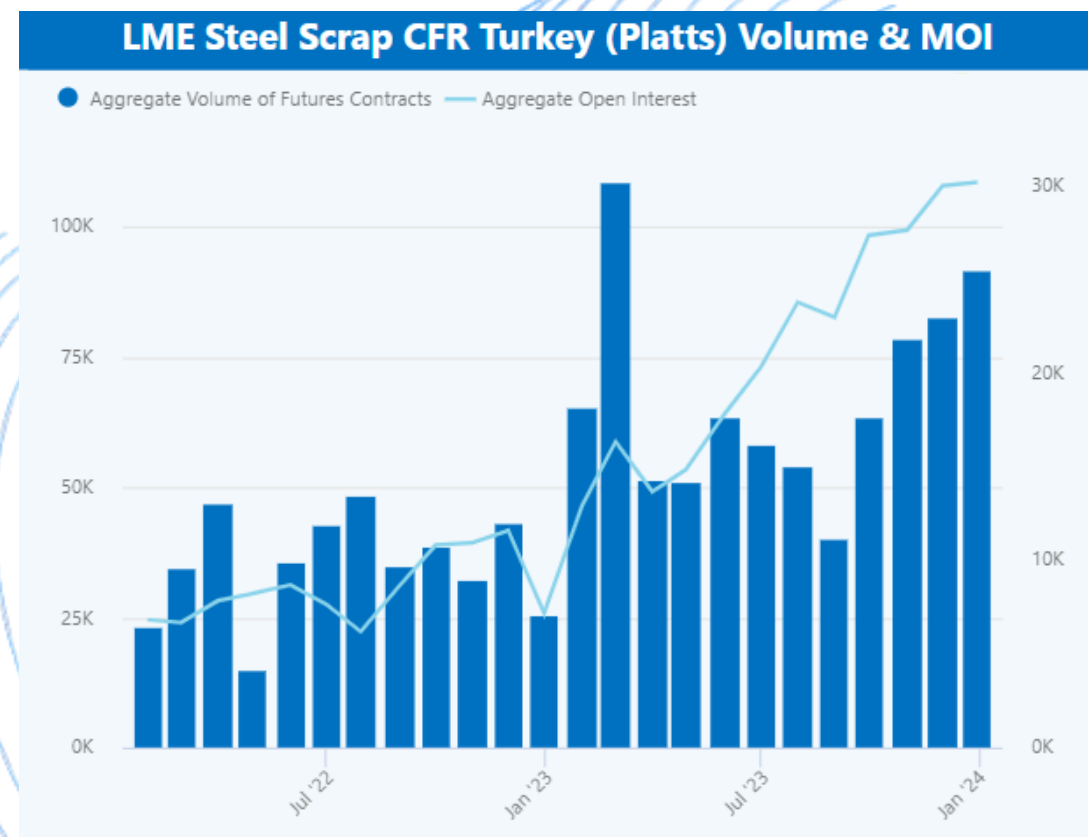
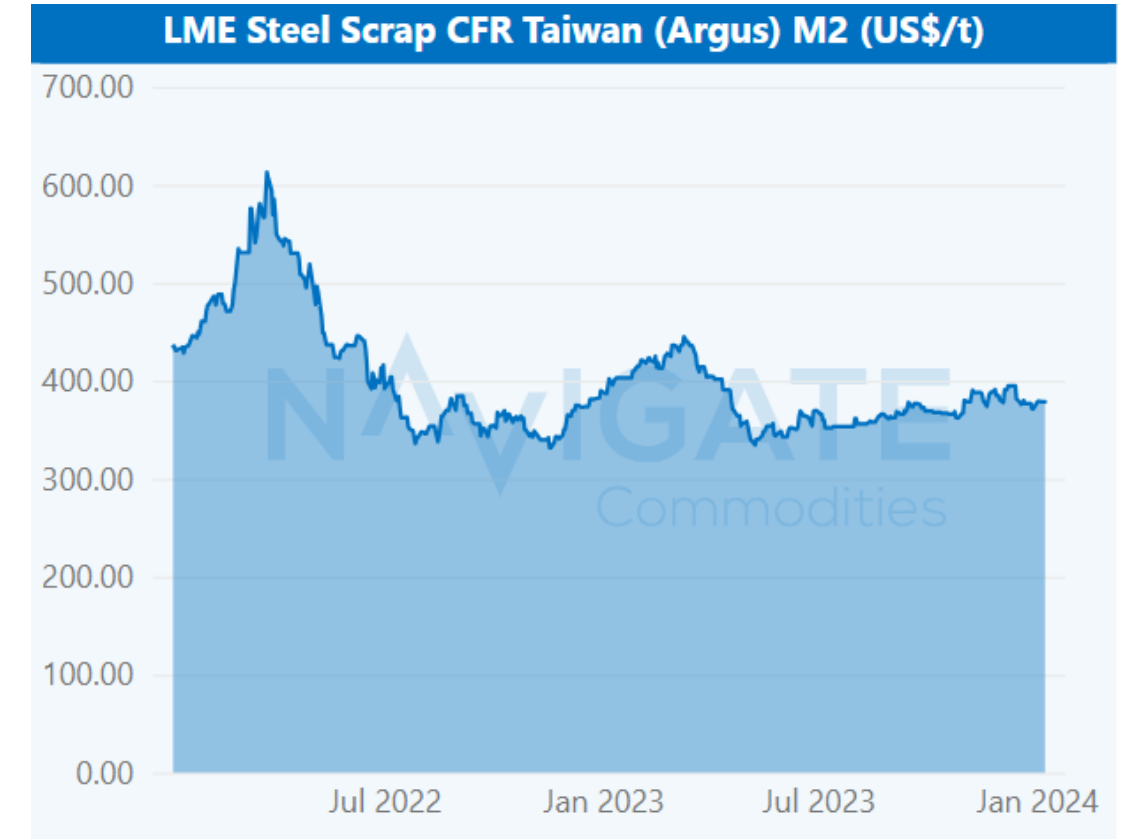
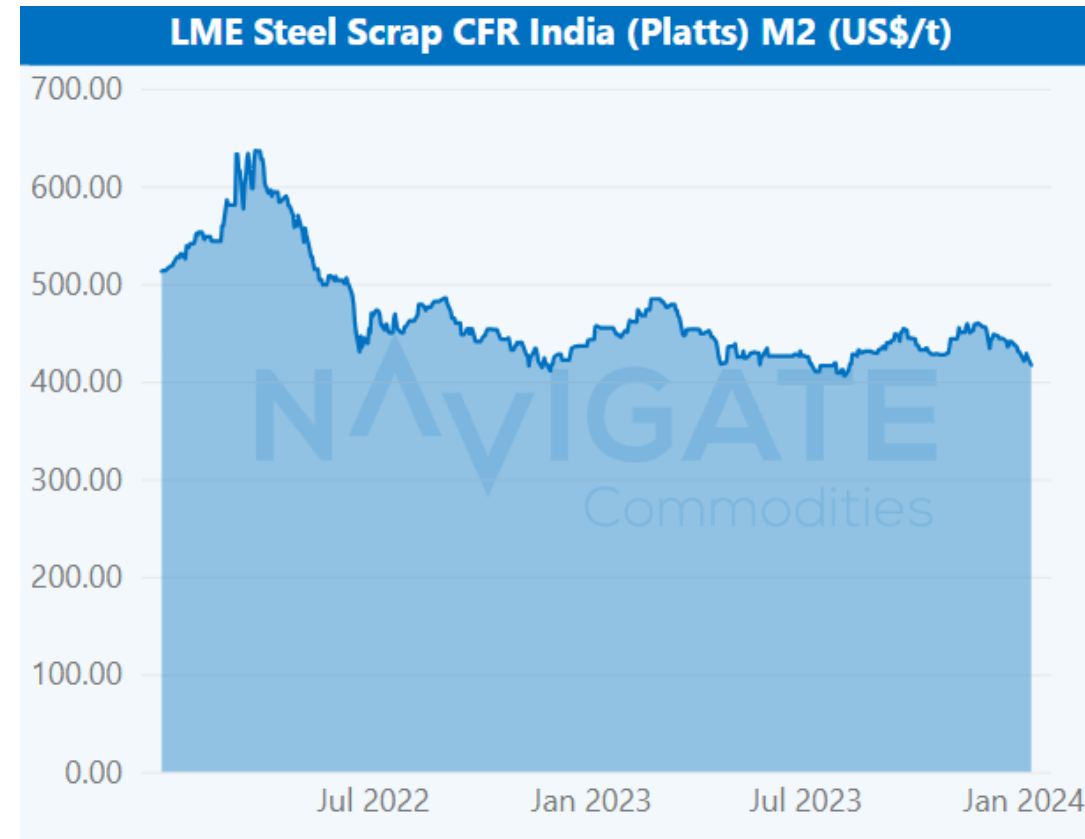
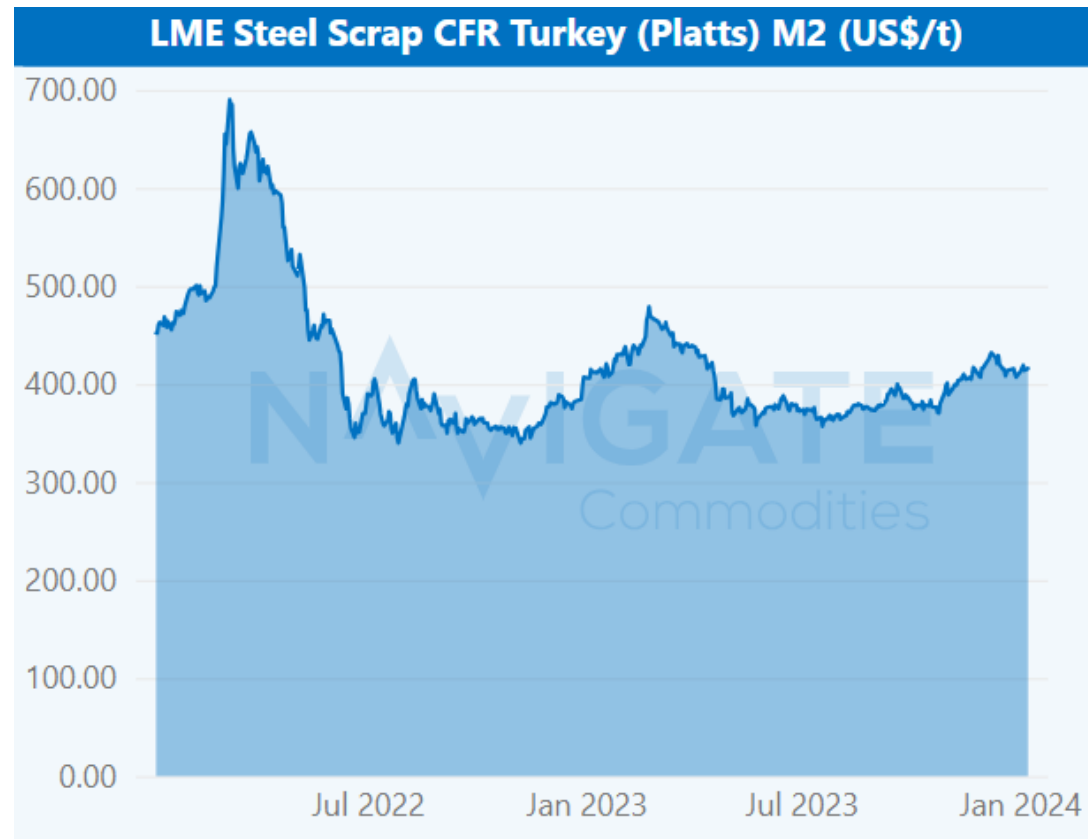
This report includes a wealth of data and provides commentary on supply chains from the key steel scrap markets of Turkey, India, and Taiwan.

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



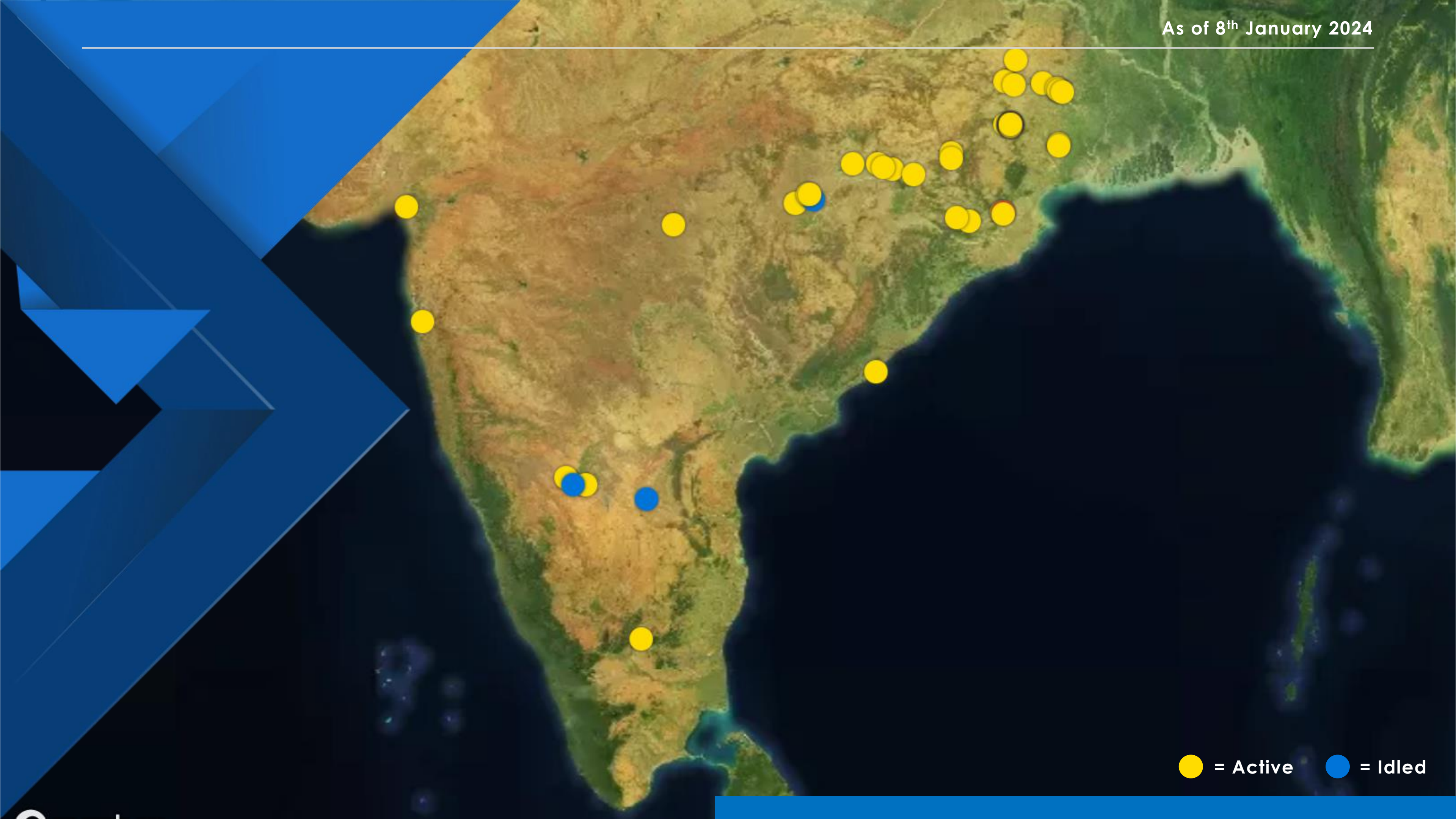




India Steel Scrap Market Overview



As of 8th January 2024



● = Active ● = Idled

India

The topic of conversation in South Asian Ferrous Scrap markets over the past month has centred primarily around the disruptions in containerized flows through the Red Sea and Suez Canal.

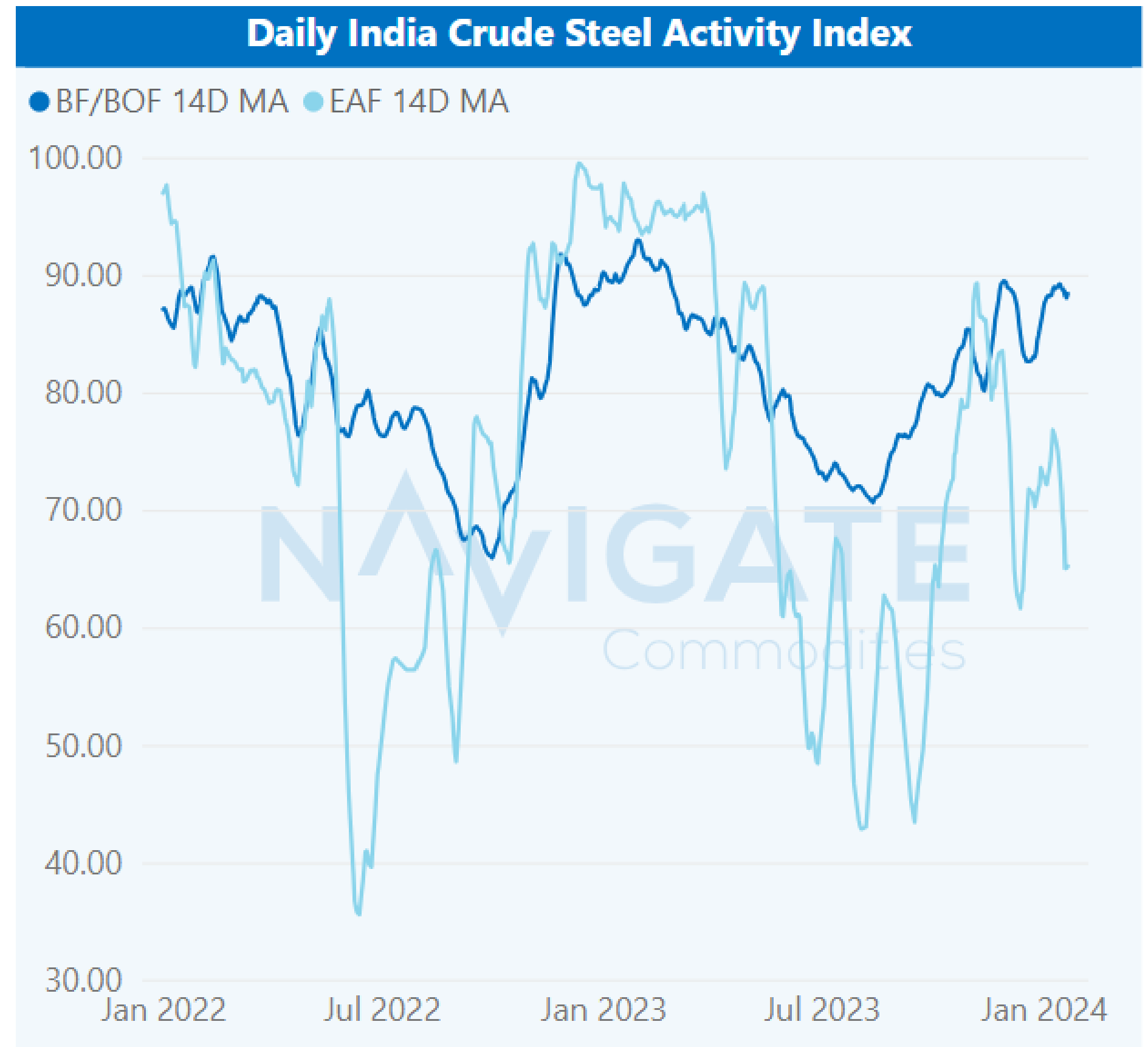
As a result, spreads between Turkish and Indian Shredded Ferrous Scrap benchmarks narrowed to as low as just US\$10/t; partially highlighting the perceived supply tightness to India.

It's also worth noting that the comparative elevation in Indian containerized Ferrous Scrap Shredded prices represents the parabolic increase in container rates over the same period.

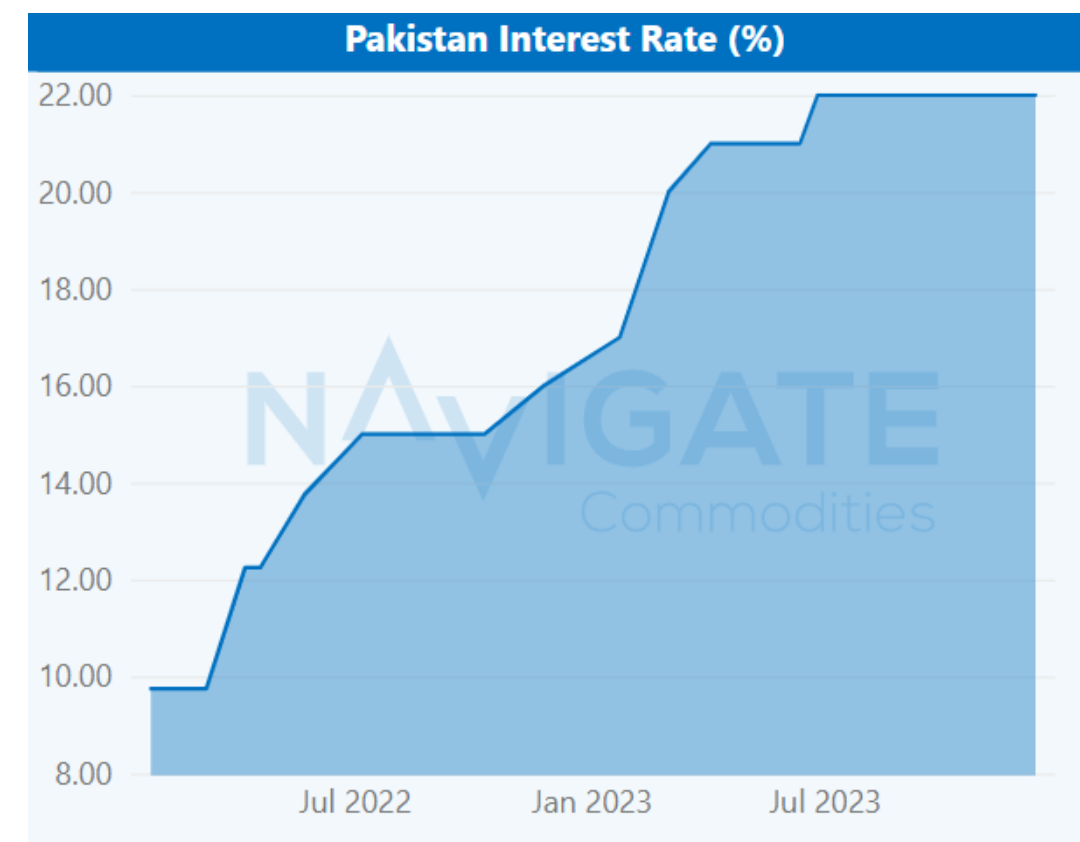
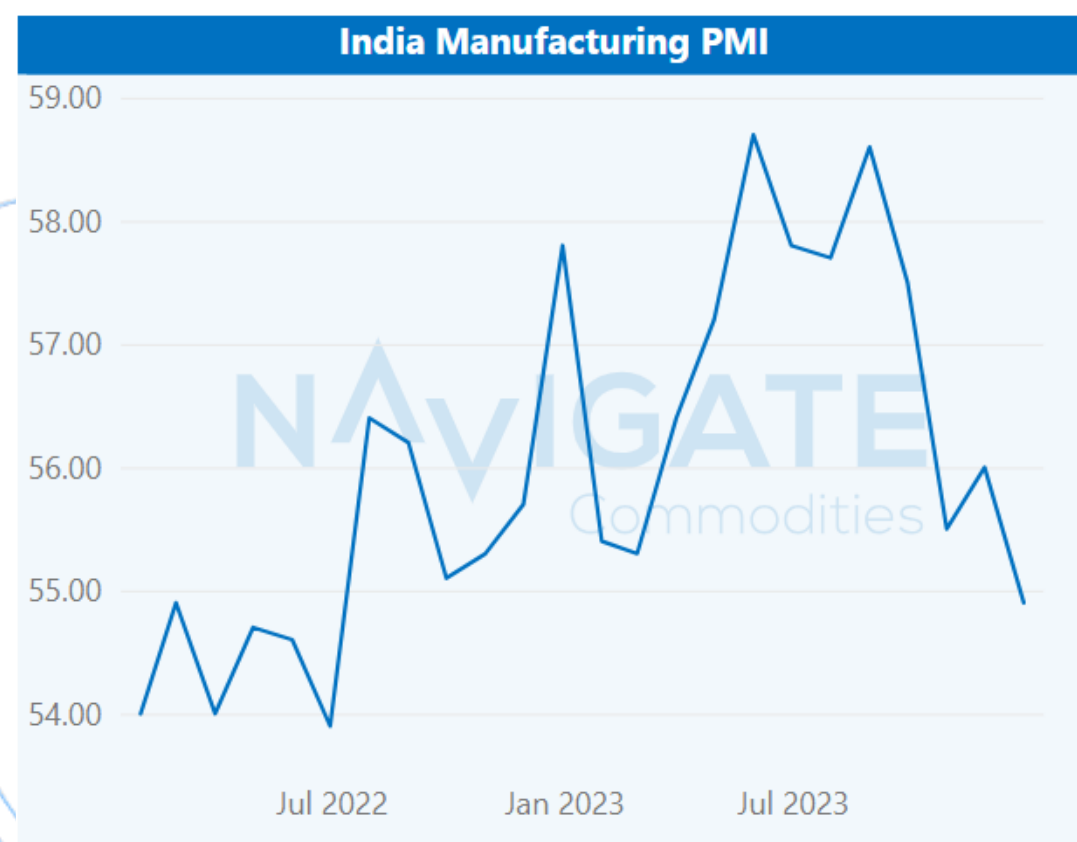
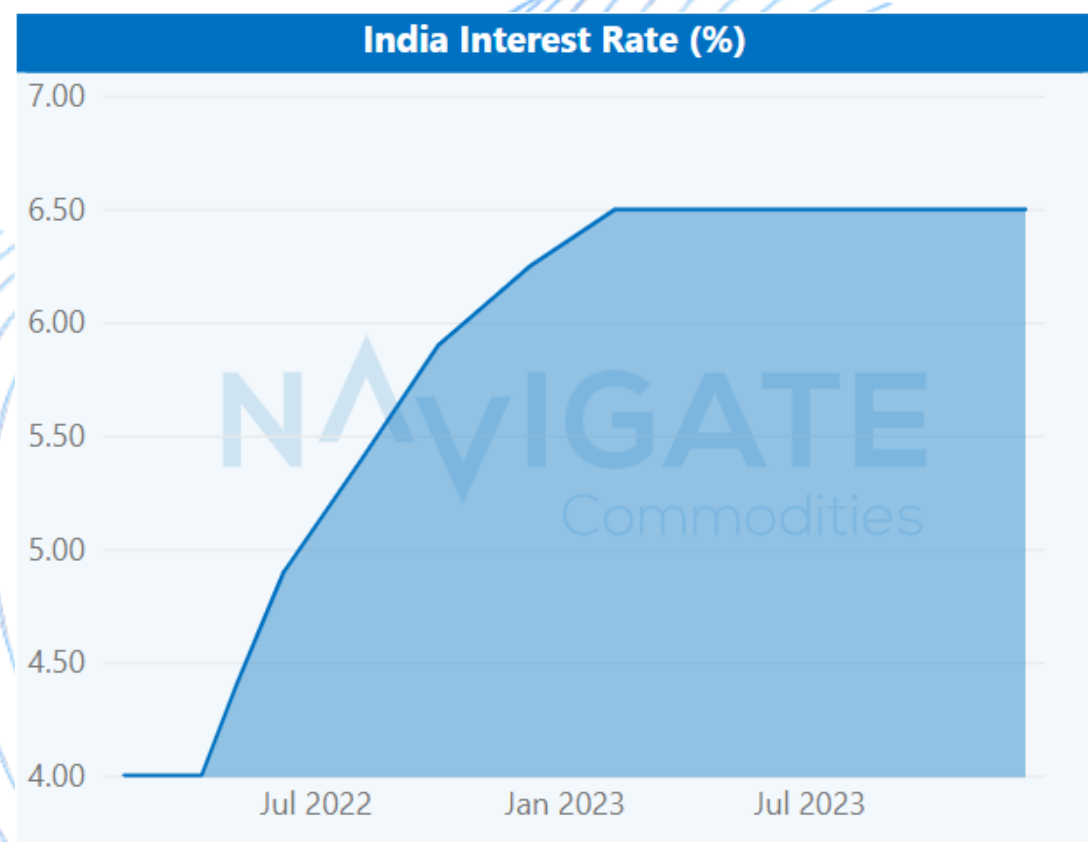
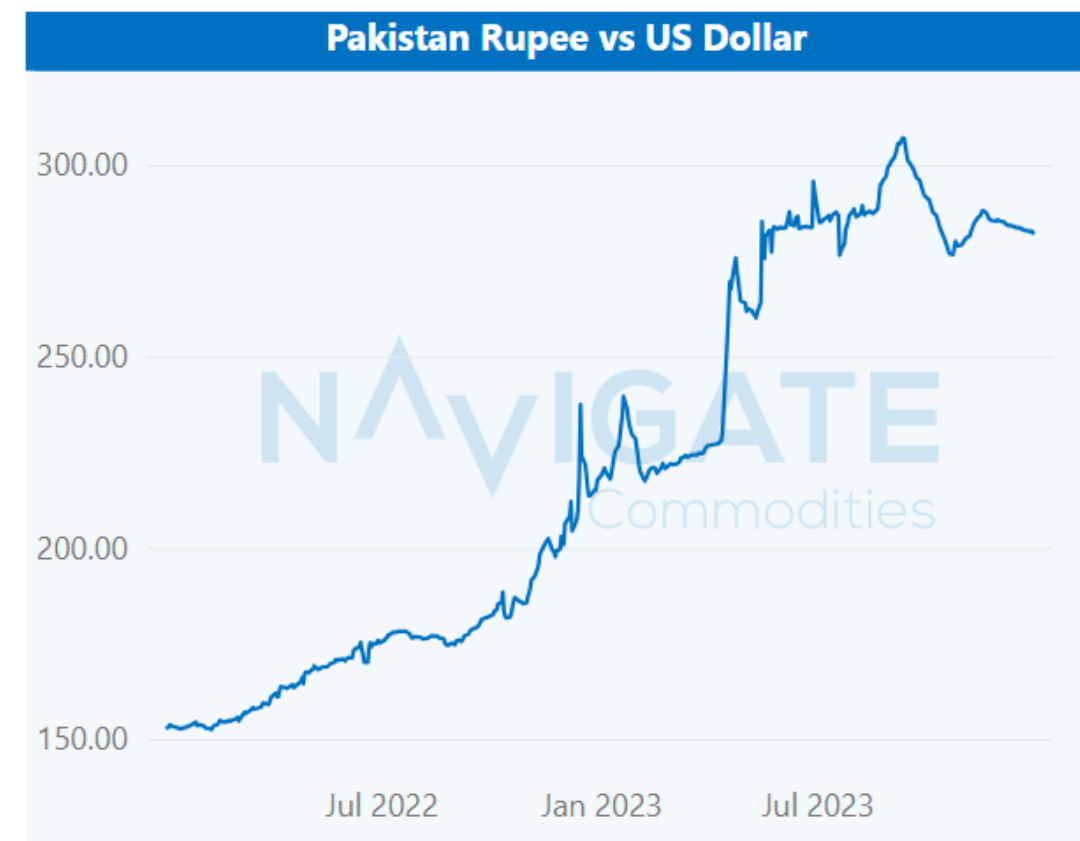
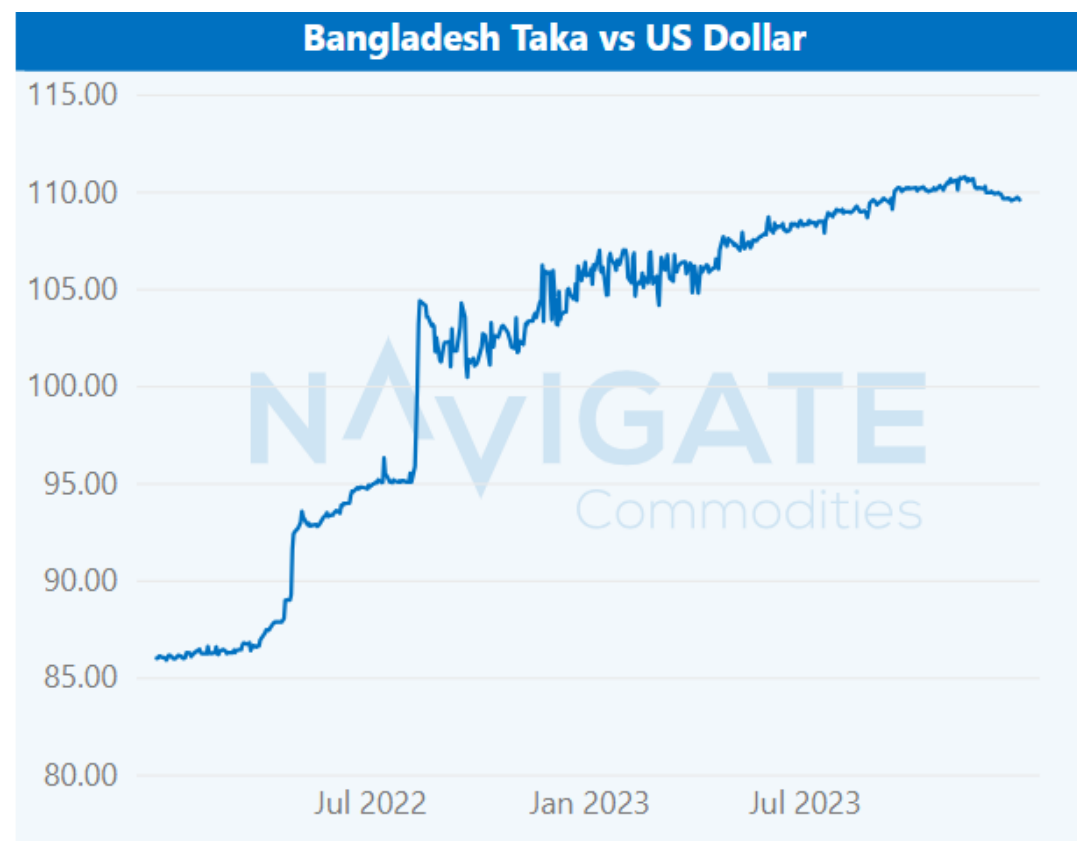
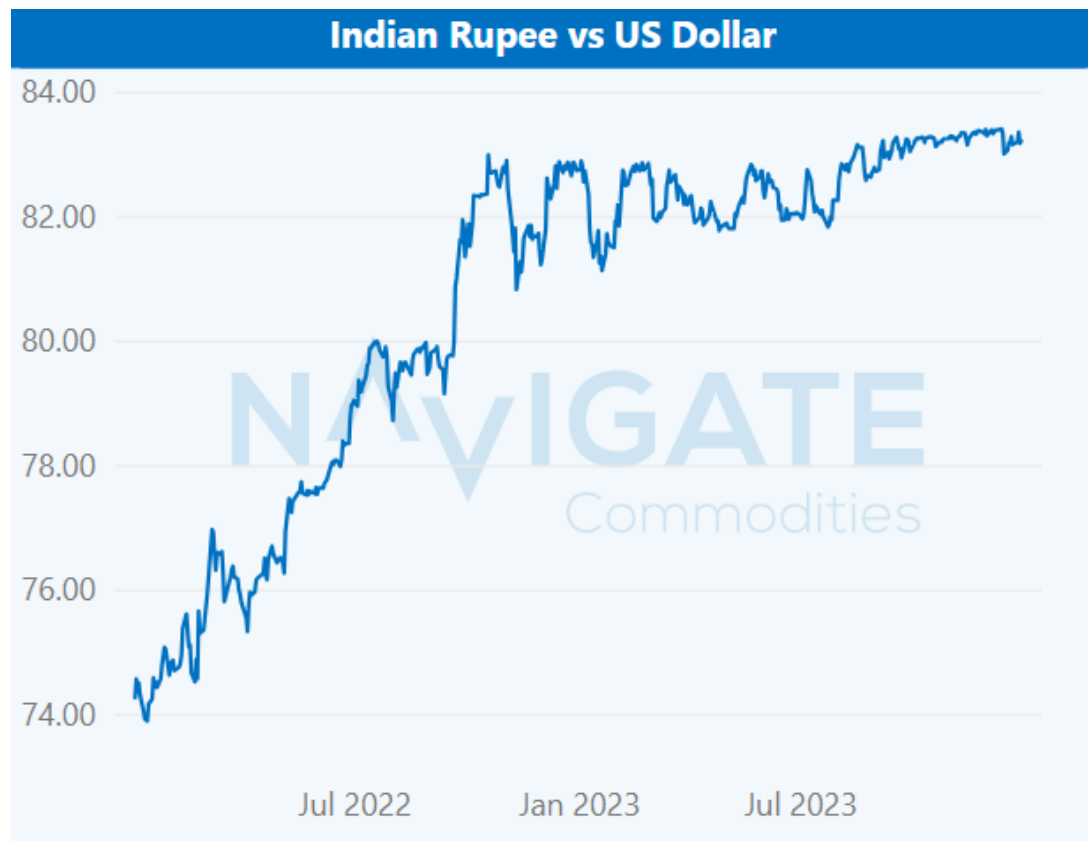
With respect to Ferrous Scrap demand-side fundamentals, daily Indian blast furnace/basic oxygen furnace Steel smelting activity (dark blue line) has resumed its medium-term upward trajectory.

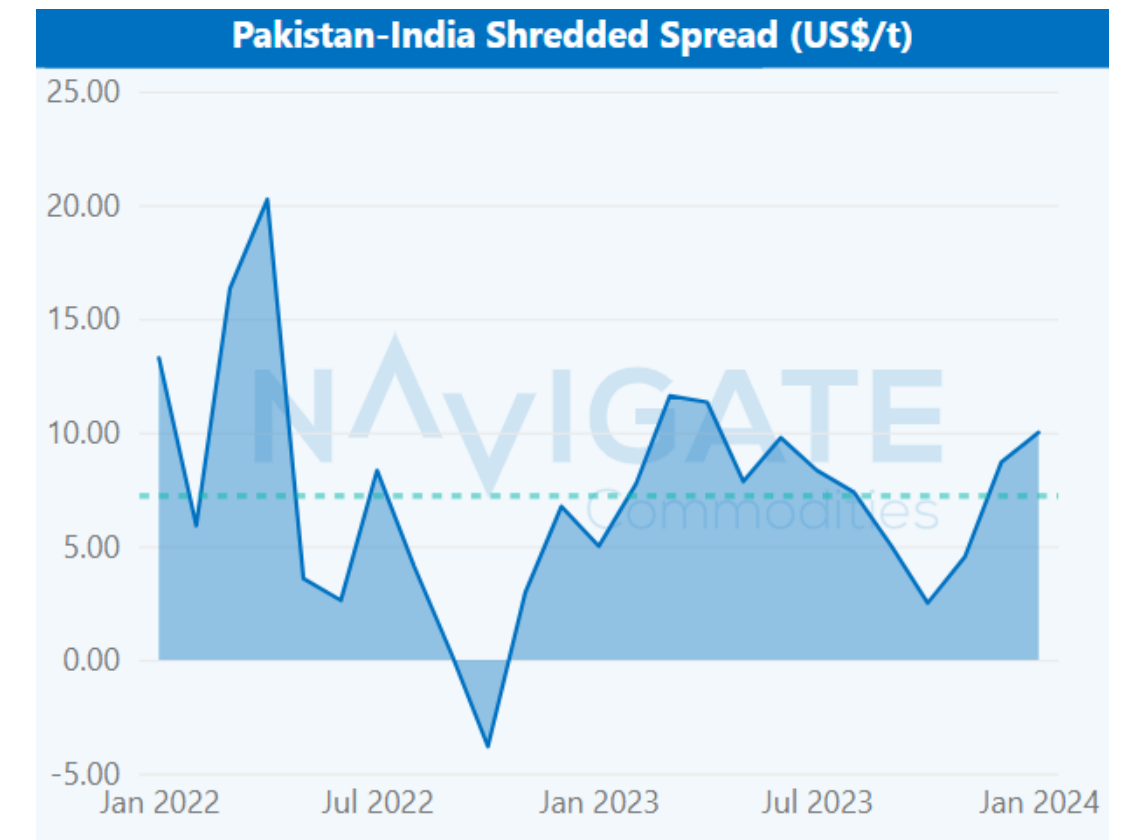
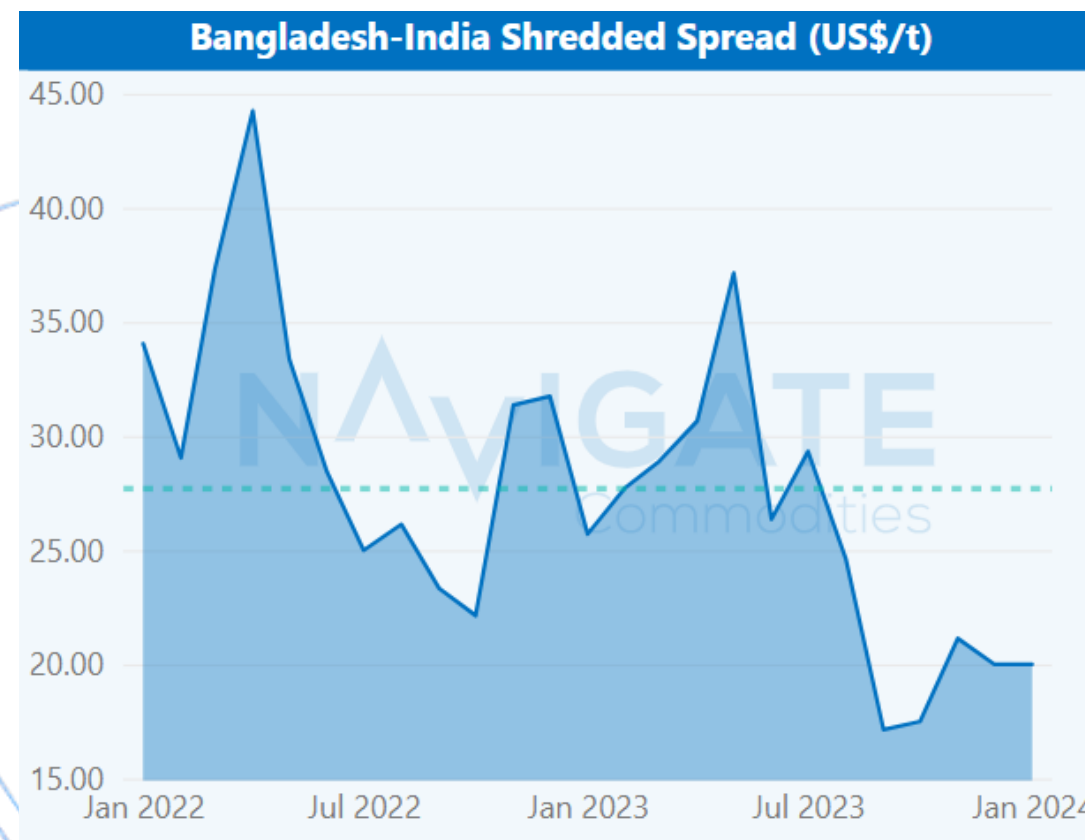
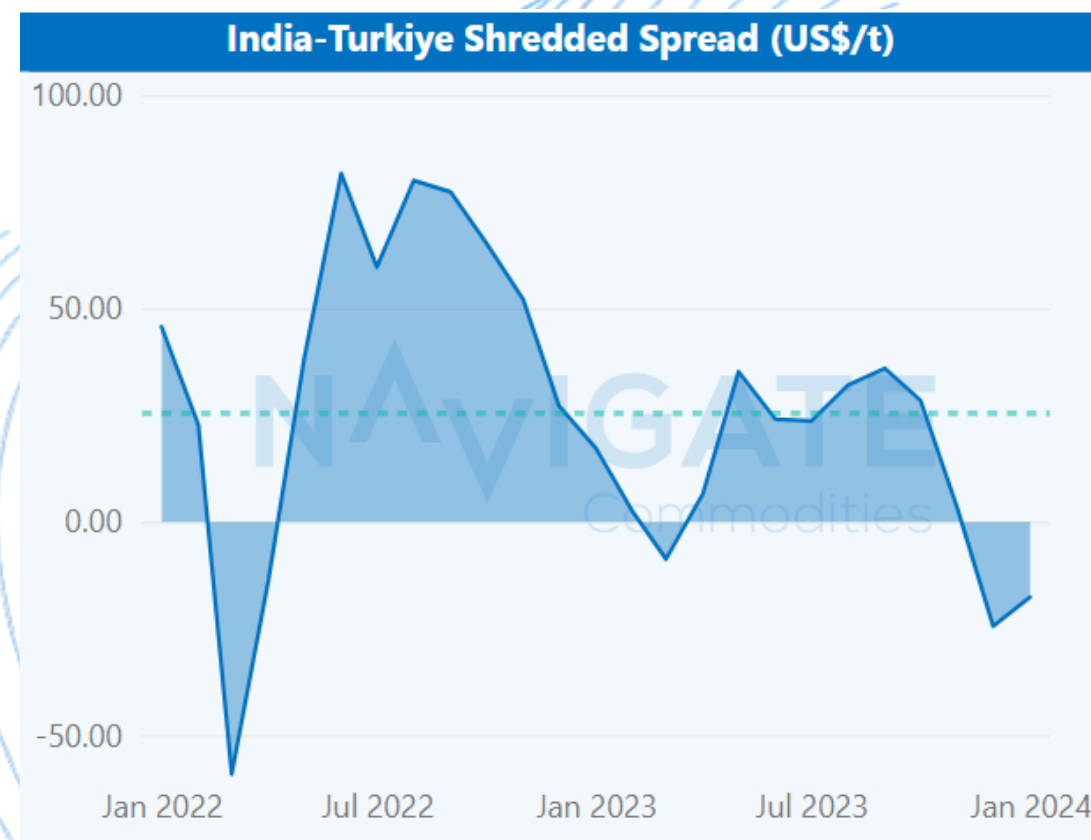
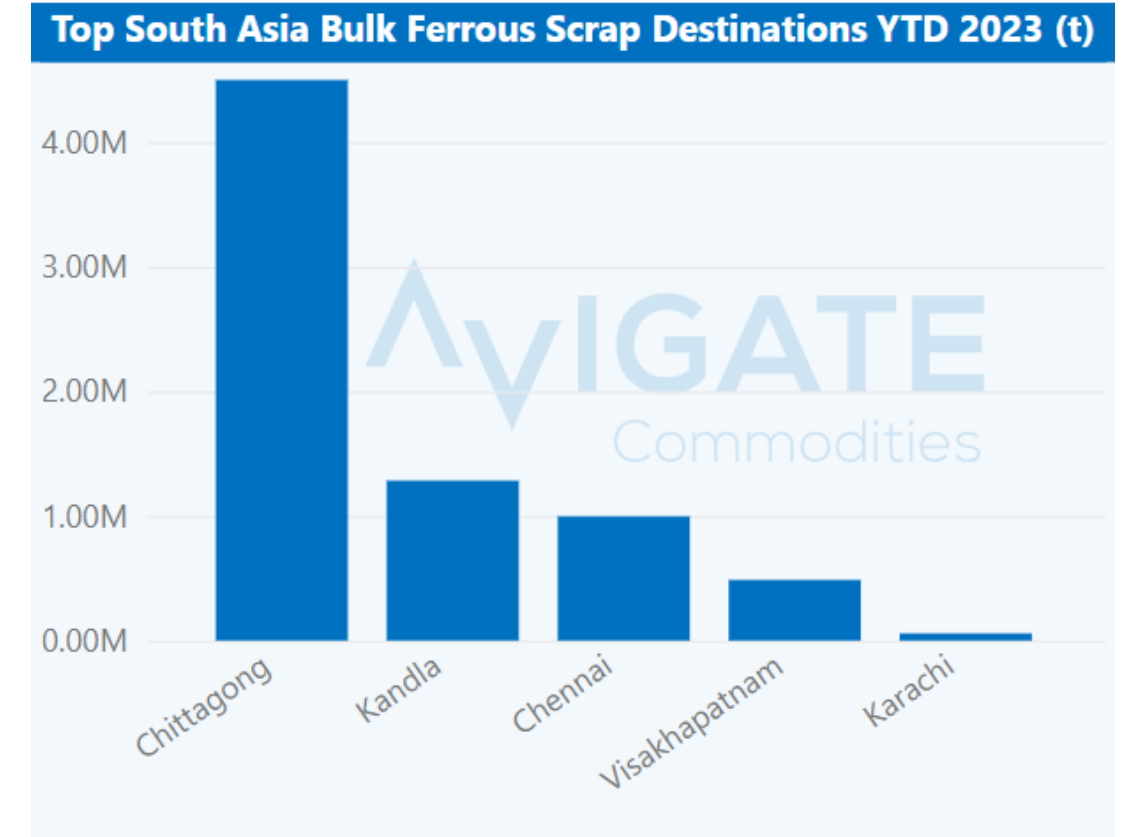
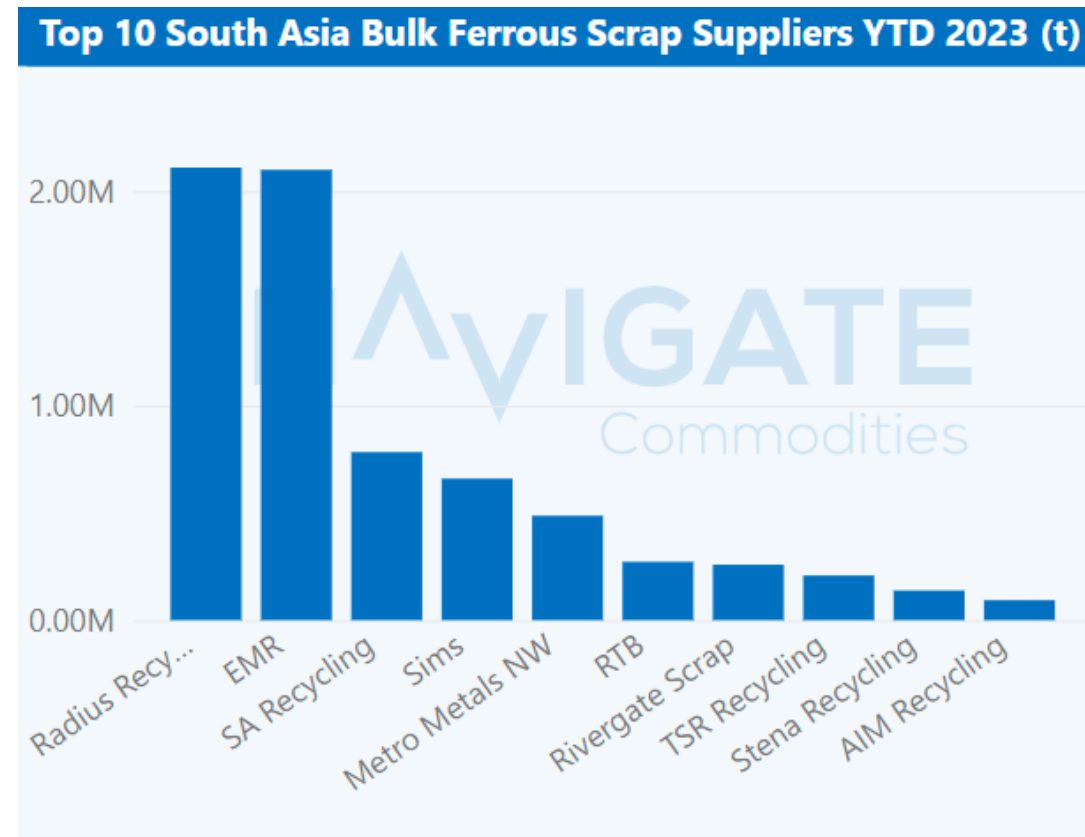
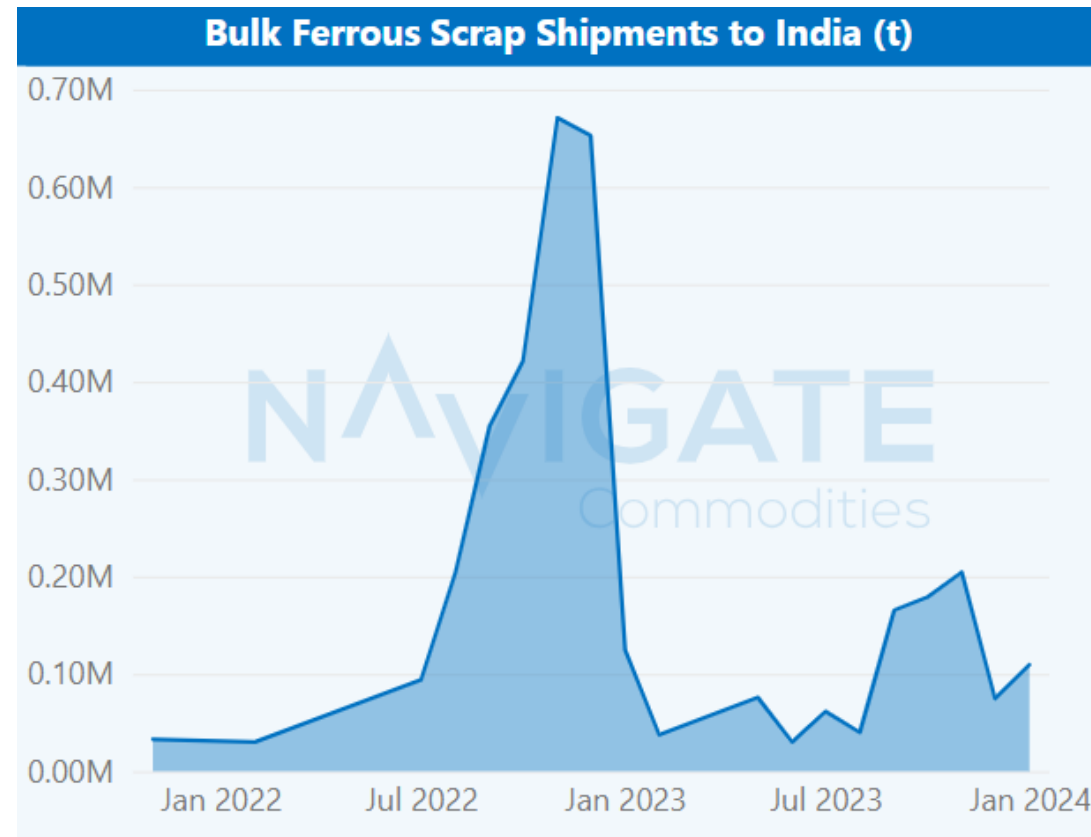
This is all relatively unsurprising given that the Indian economy is booming from increased government capital expenditure of INR13.7T (US\$170B) in last year's budget, which has fueled Steel-intensive railway & housing projects.

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).

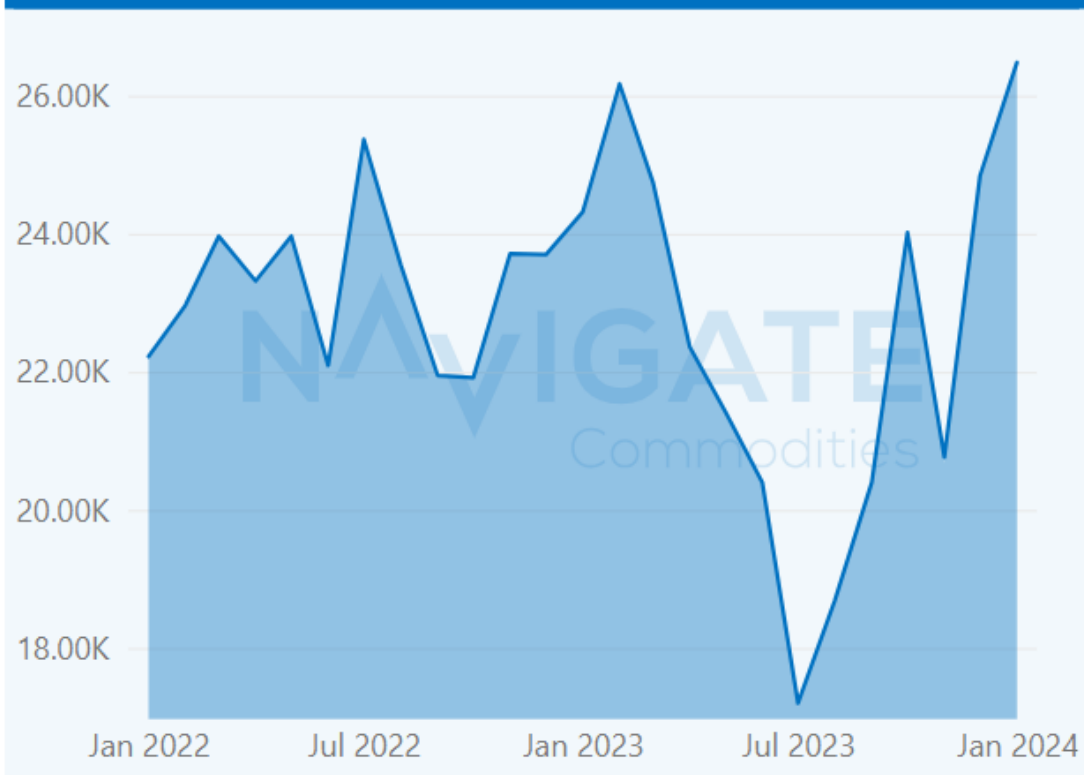


Source: Earth-i, Navigate Commodities

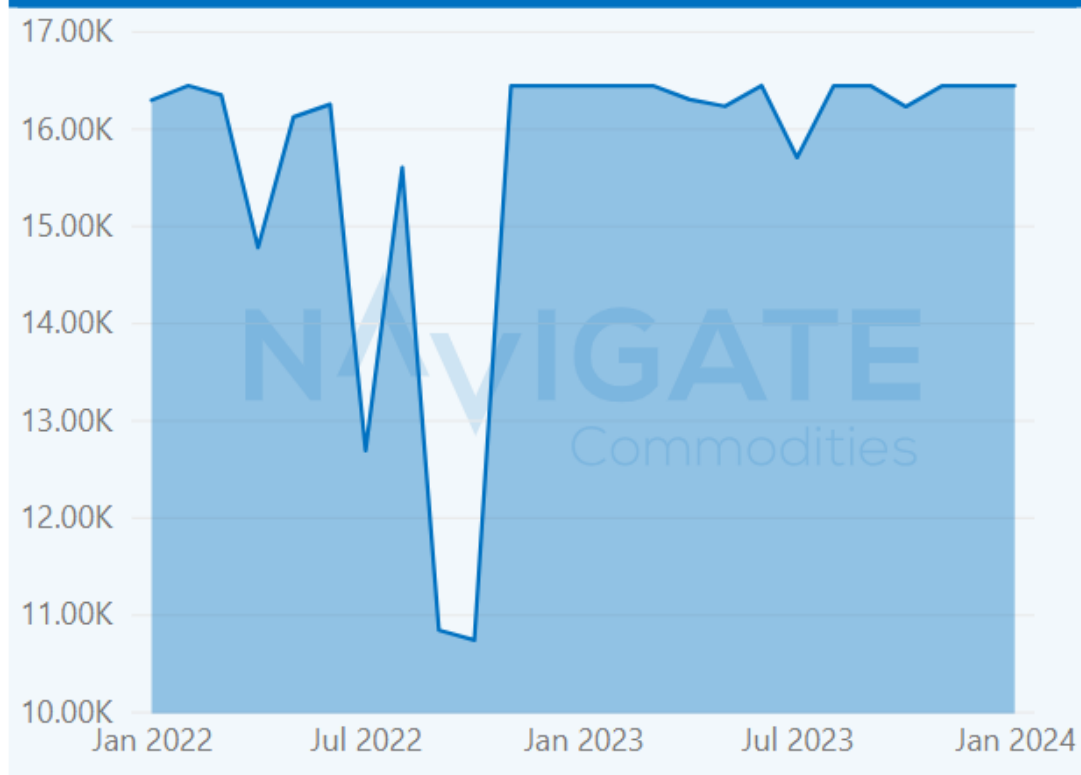




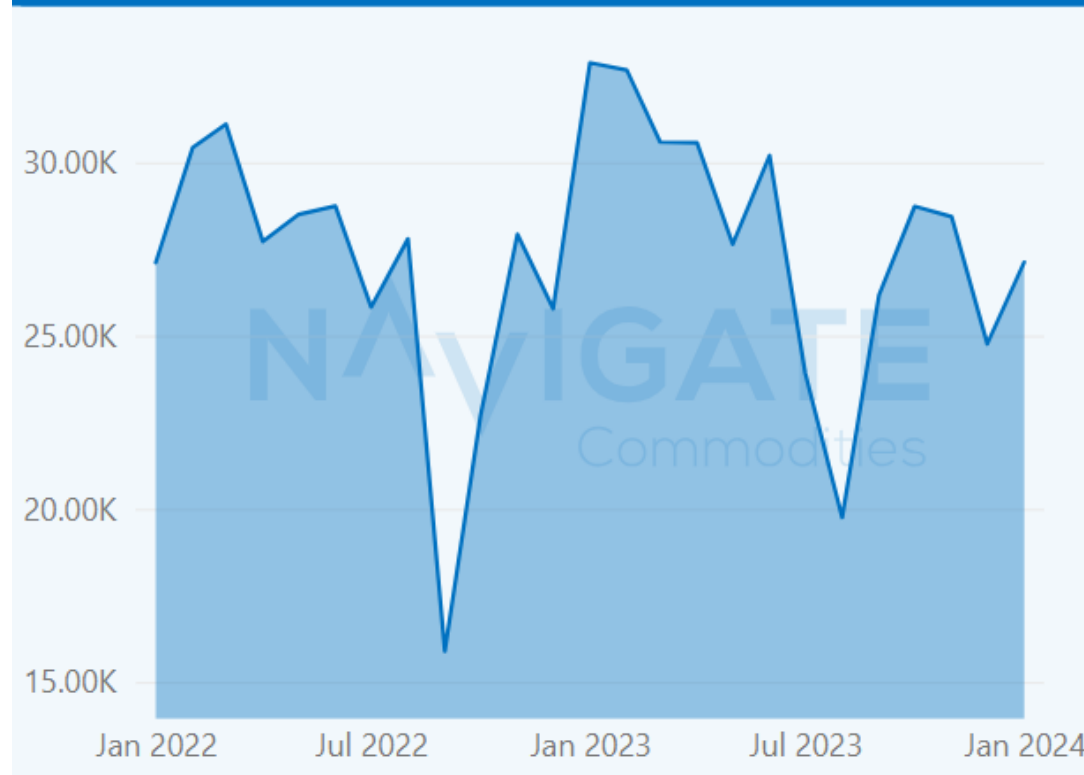
AcelorMittal Nippon Steel Output 30D MA (tonnes per day)



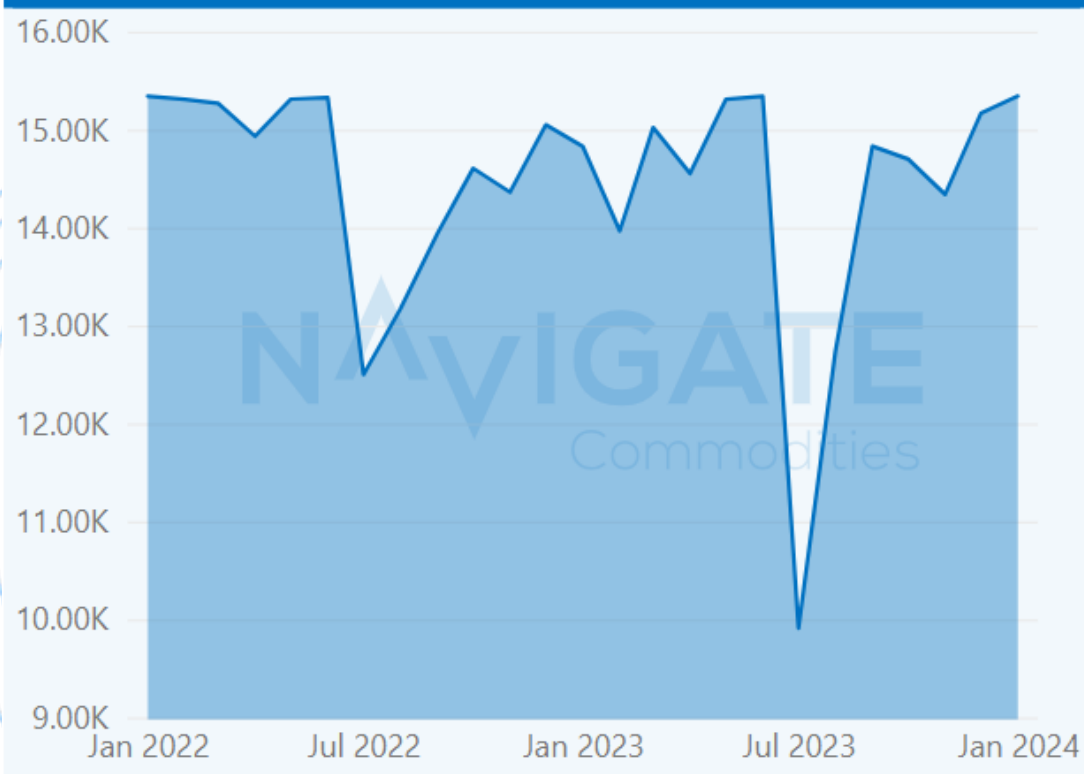
JSPL Odisha Steel Output 30D MA (tonnes per day)



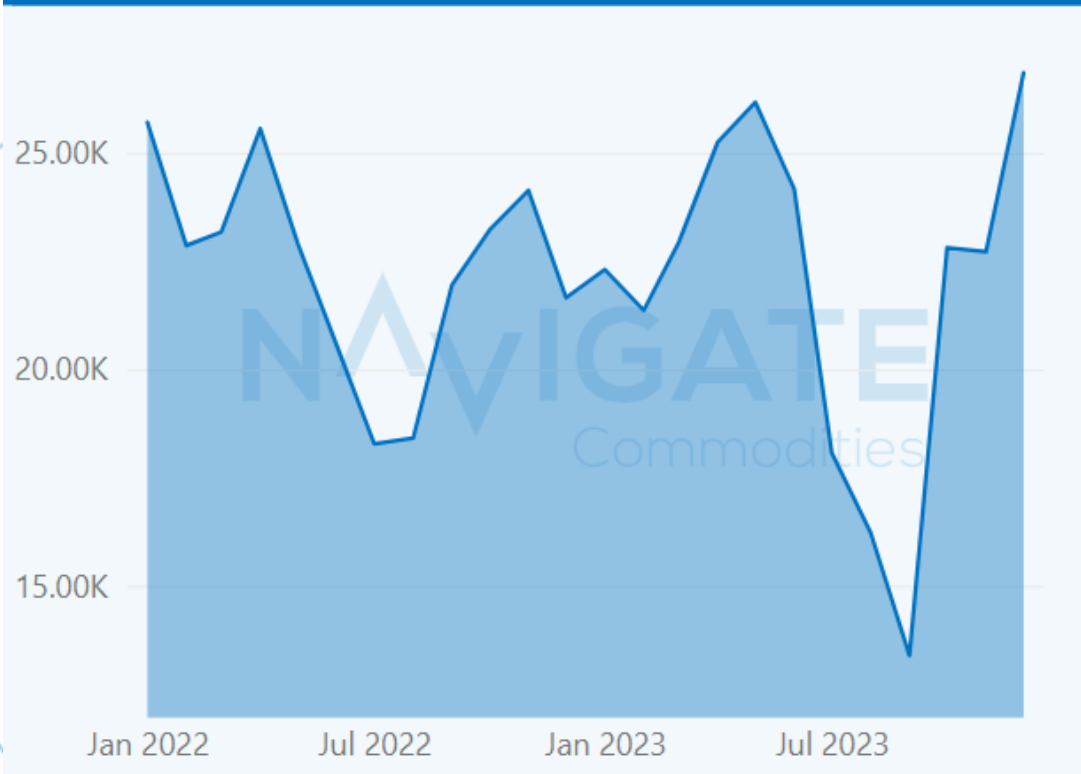
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



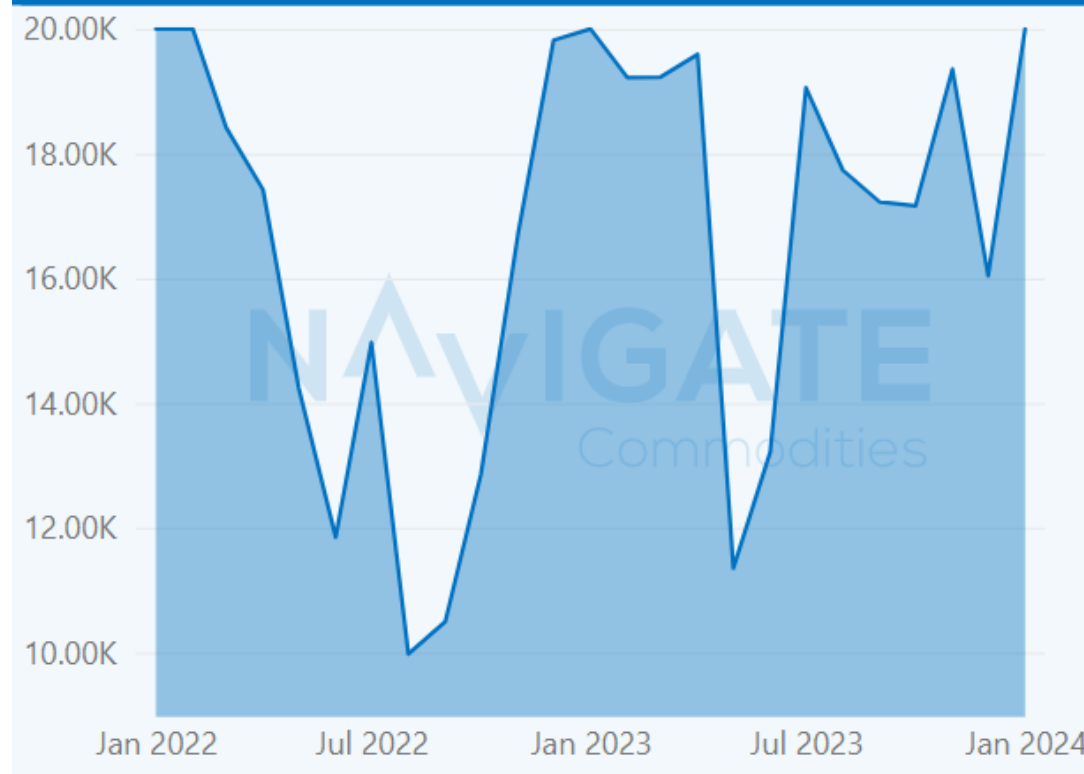
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



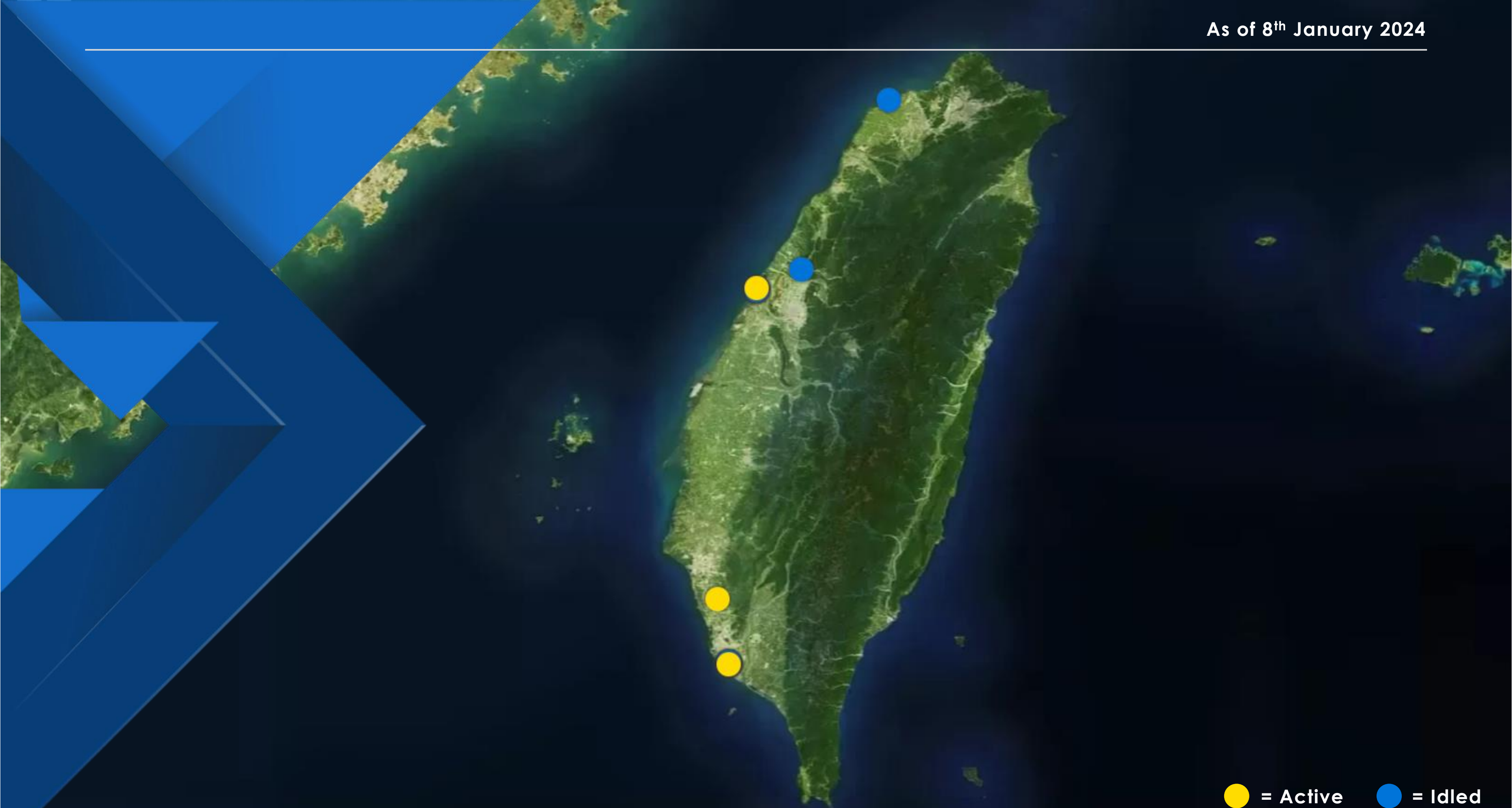
Vizag Steel Output 30D MA (tonnes per day)





Taiwan Steel Scrap Market Overview





● = Active ● = Idled

Taiwan

Taiwanese containerized Ferrous Scrap flows have been indirectly affected by the fallout from disruptions along Red Sea and Suez Canal trade routes, which have constricted supply chains in Northeast and Southeast Asia.

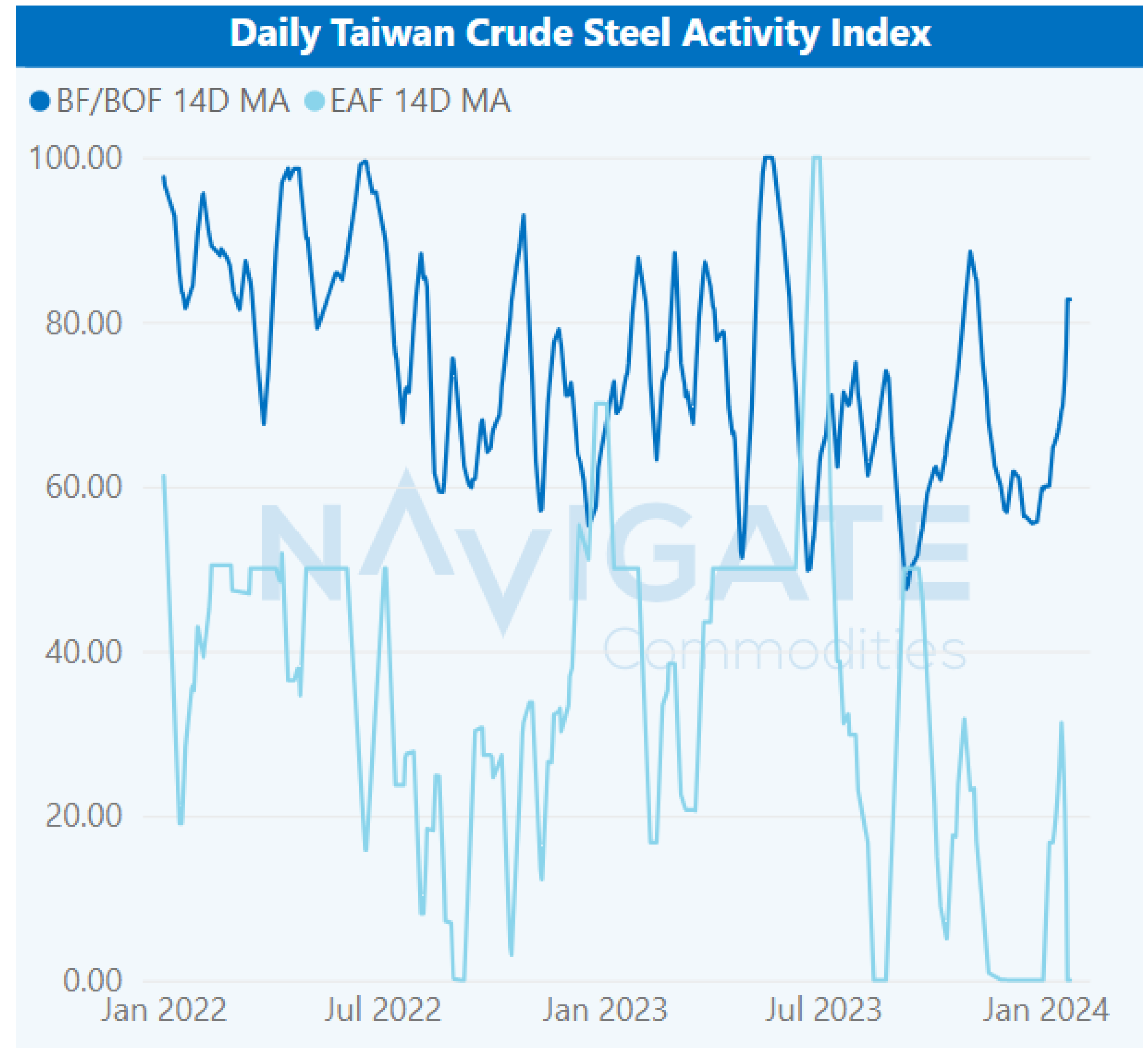
While direct containerized Ferrous Scrap volumes to this region from the UK and Europe are comparatively negligible, restricted flows to South Asian countries has now created more competition within Taiwanese trade routes.

For example, we have witnessed more competition for traditionally Taiwan-destined material sourced from Japan, Australia, and the US West Coast from buyers in India, Pakistan, and Bangladesh.

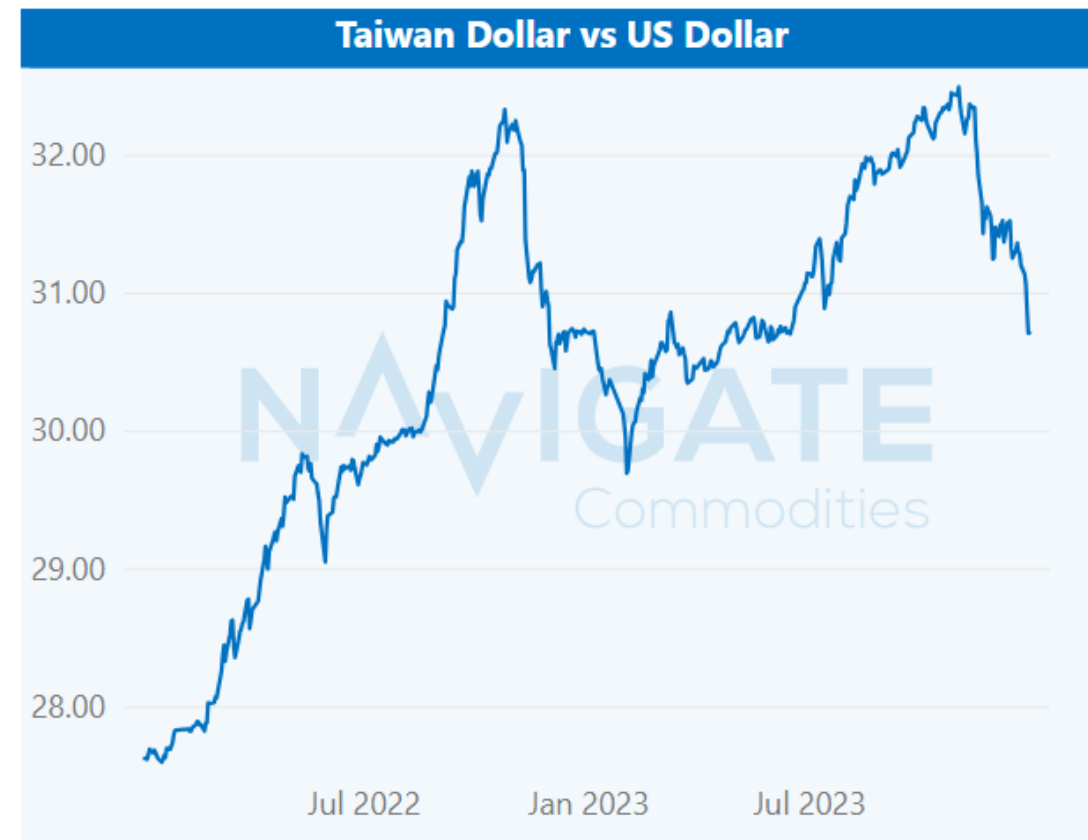
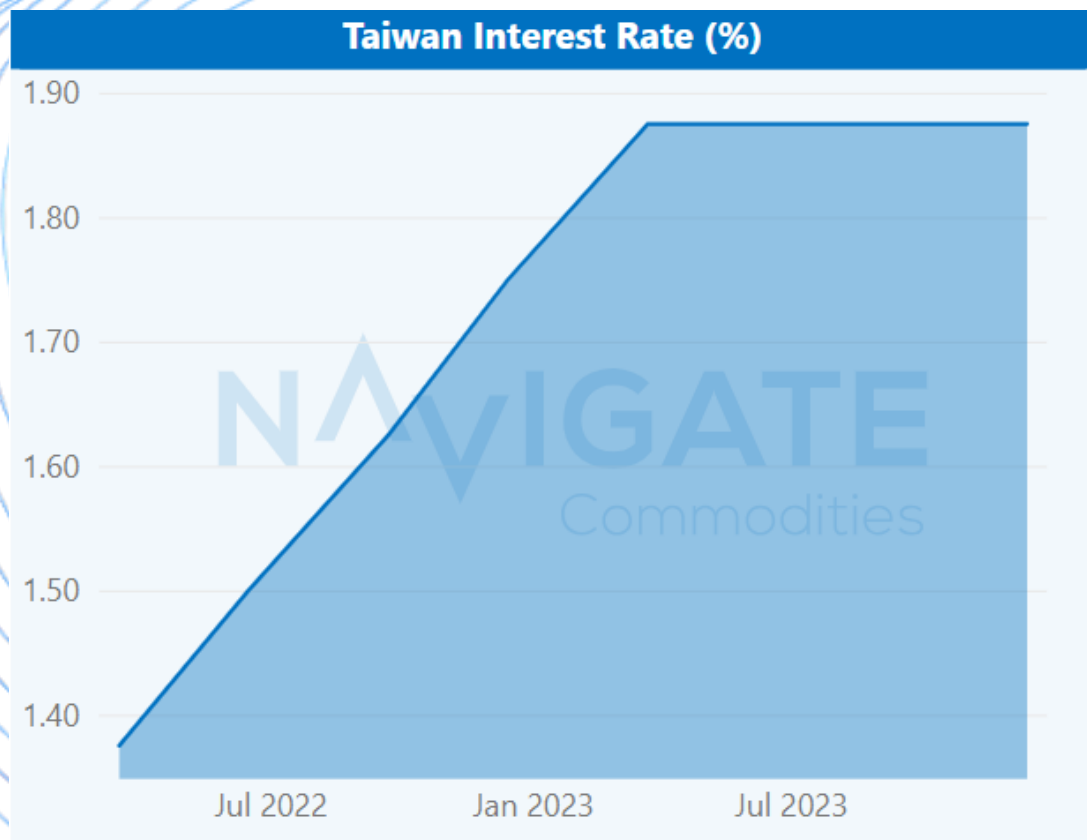
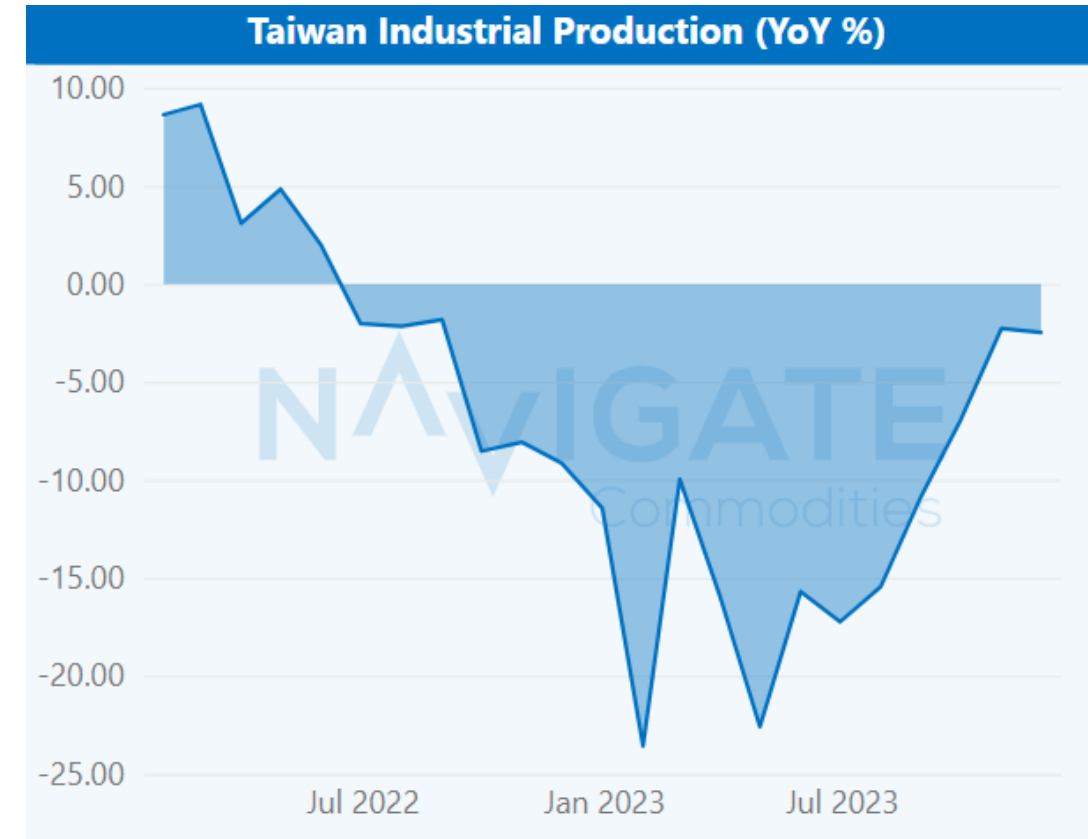
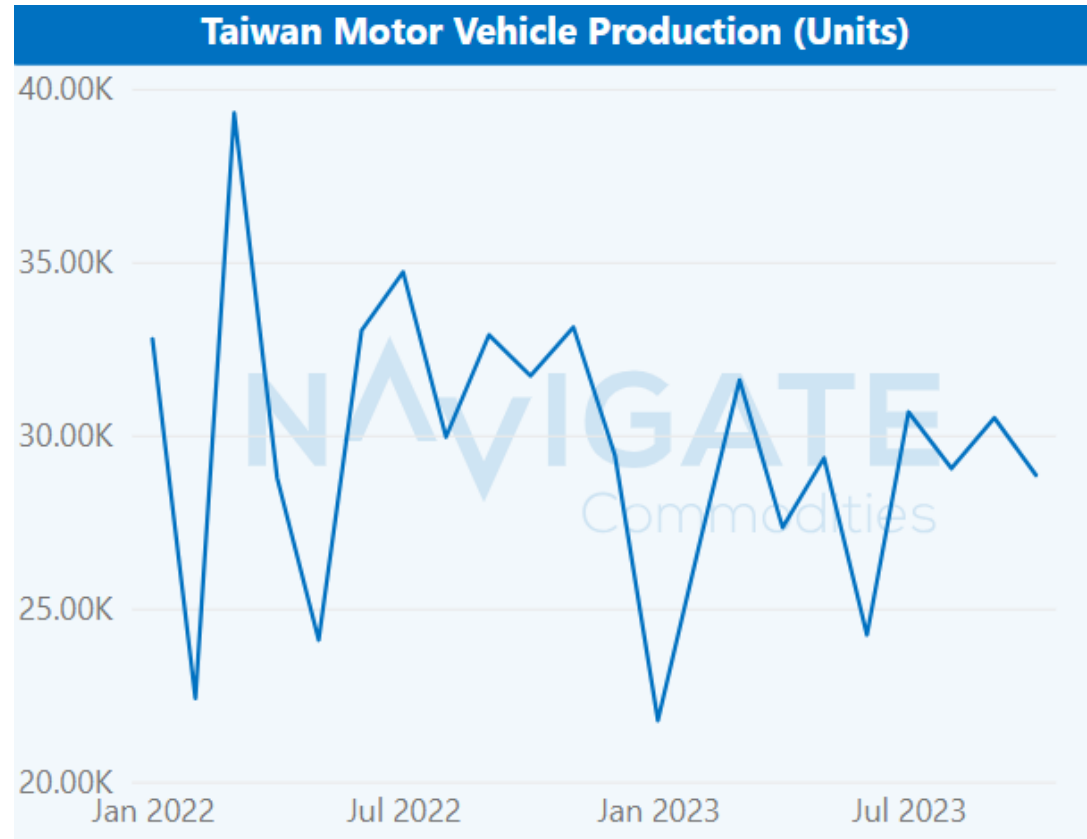
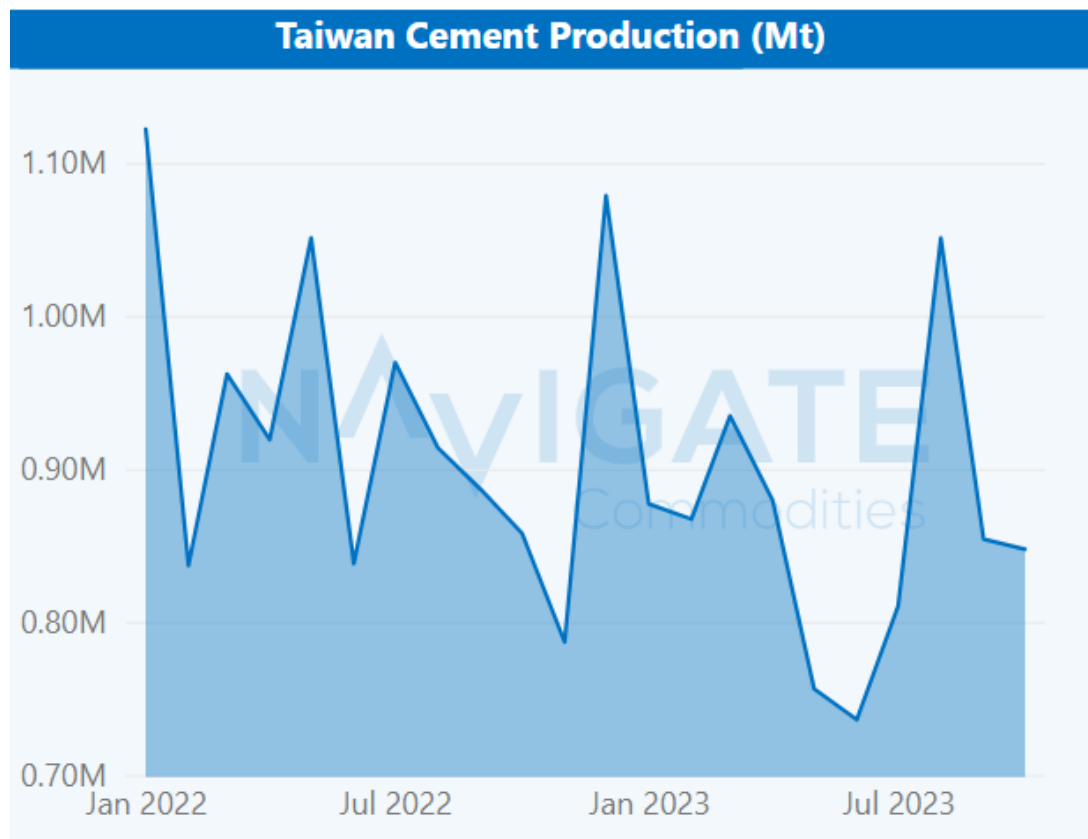
We estimate this has contributed to relatively elevated Taiwanese containerized HMS 1&2 (80:20) benchmarks, which have oscillated within a tight US\$10/t range between US\$375-385/t CFR over the same period.

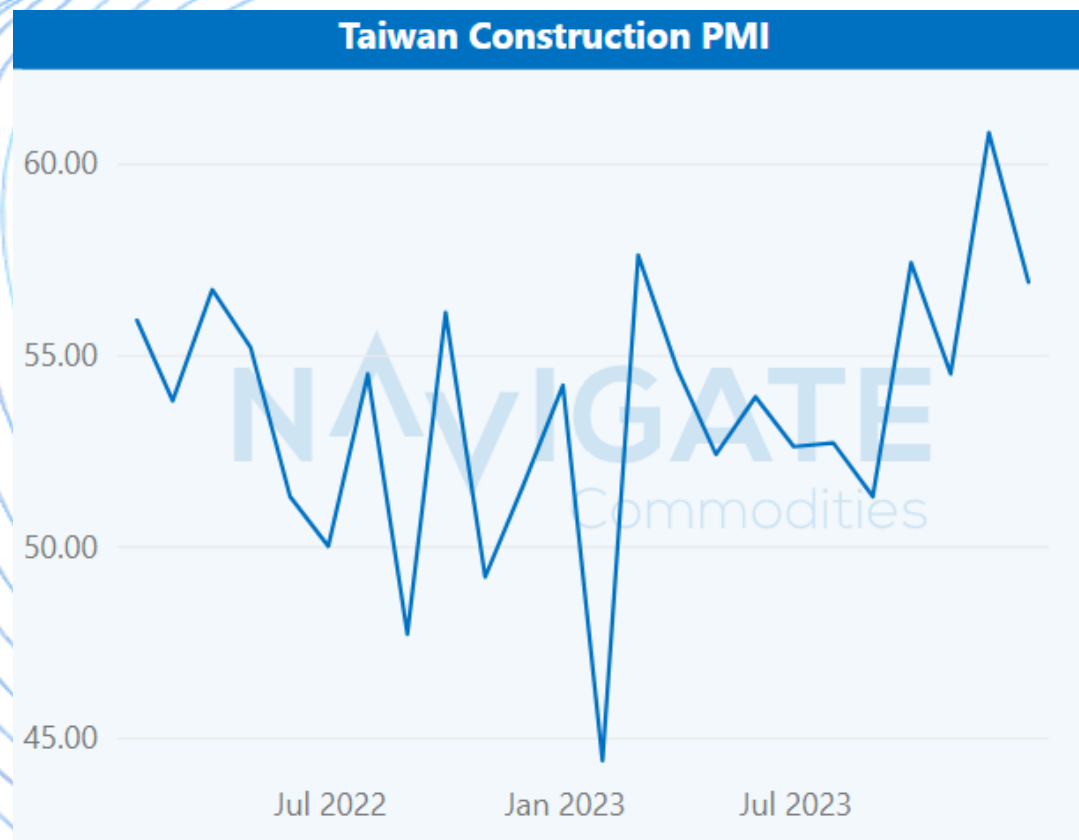
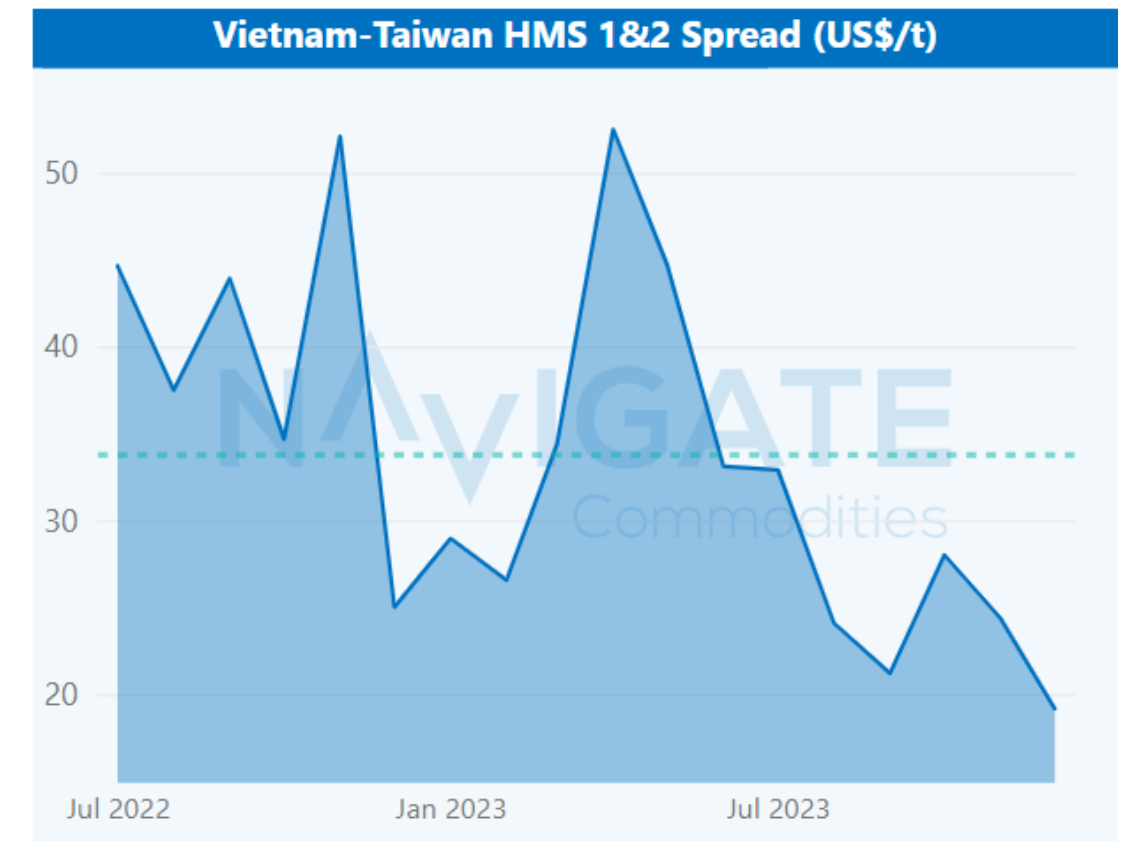
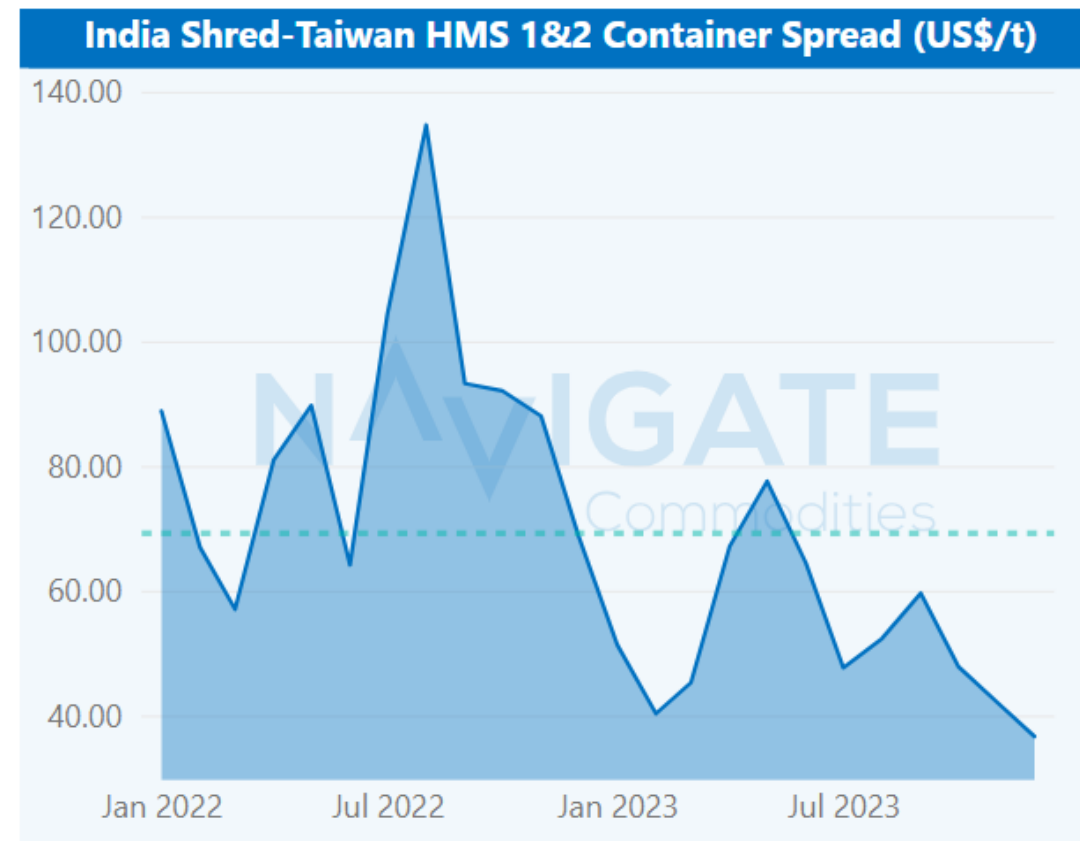
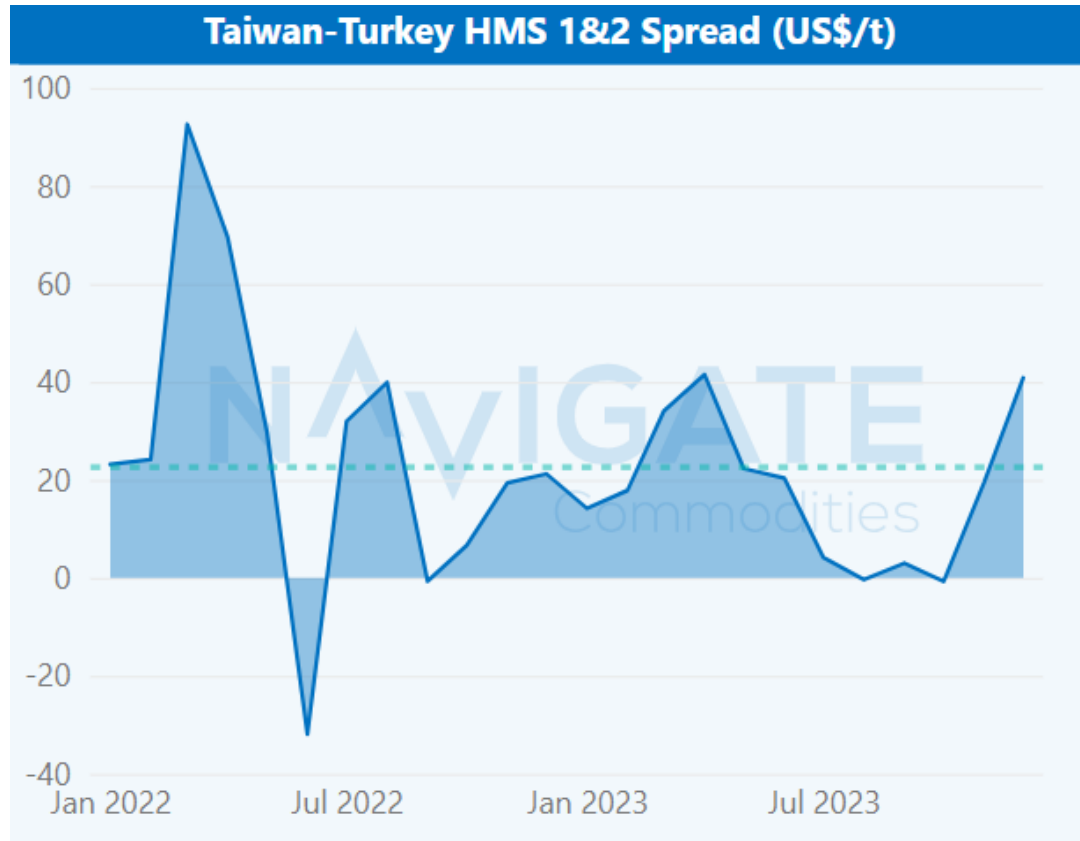
With respect to demand-side fundamentals, we've recorded a material improvement in daily Taiwanese blast furnace-basic oxygen furnace Steel smelting activity to a two-month high of 82.7pts on 5th January 2024.

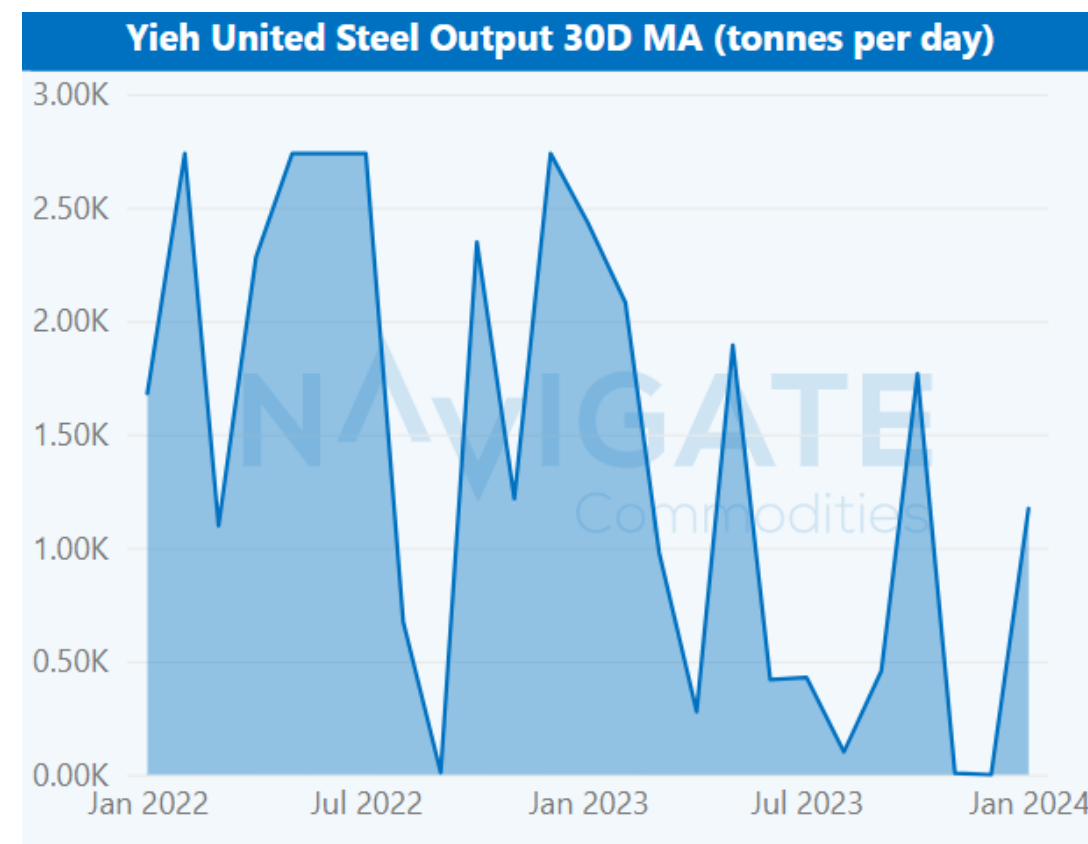
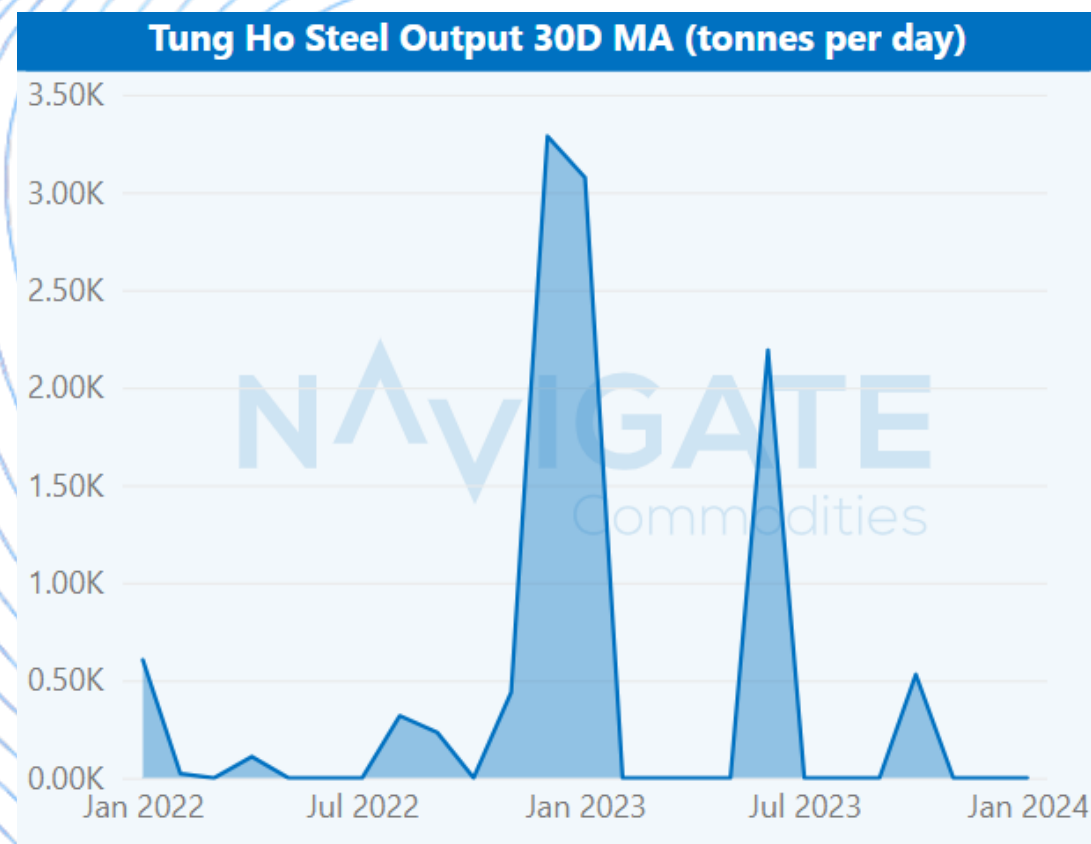
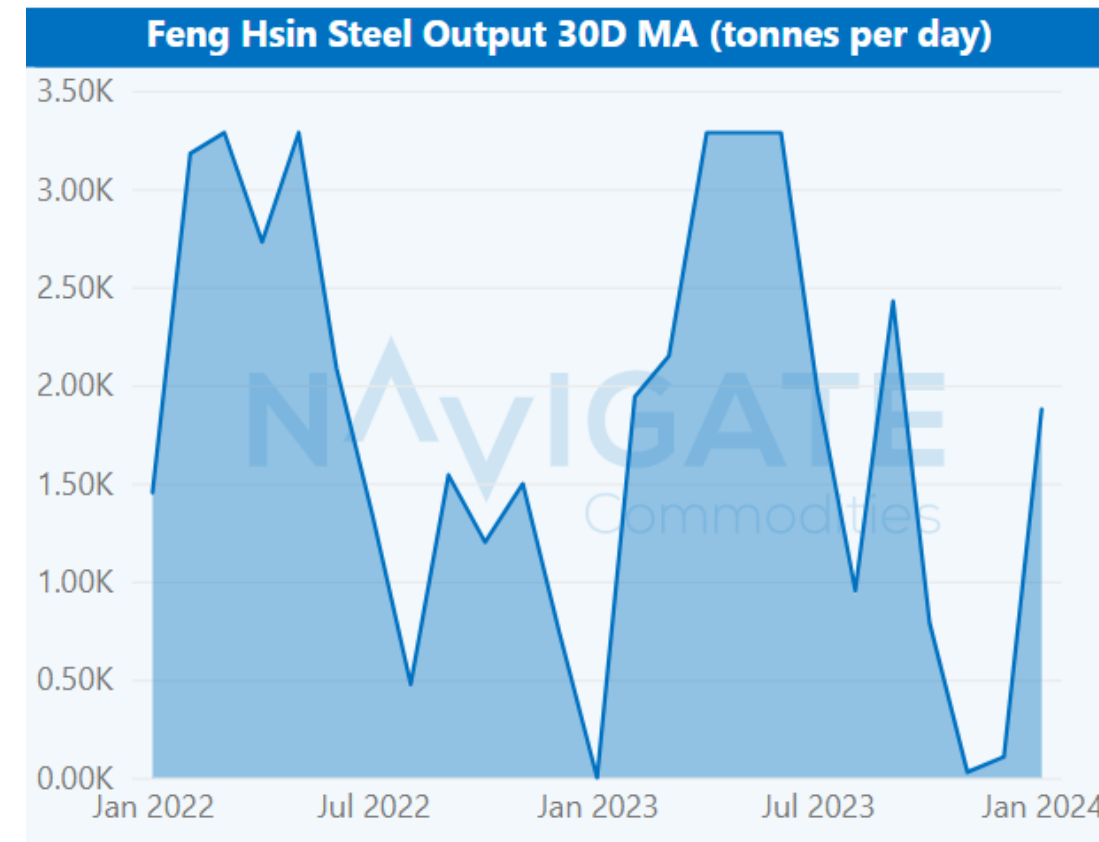
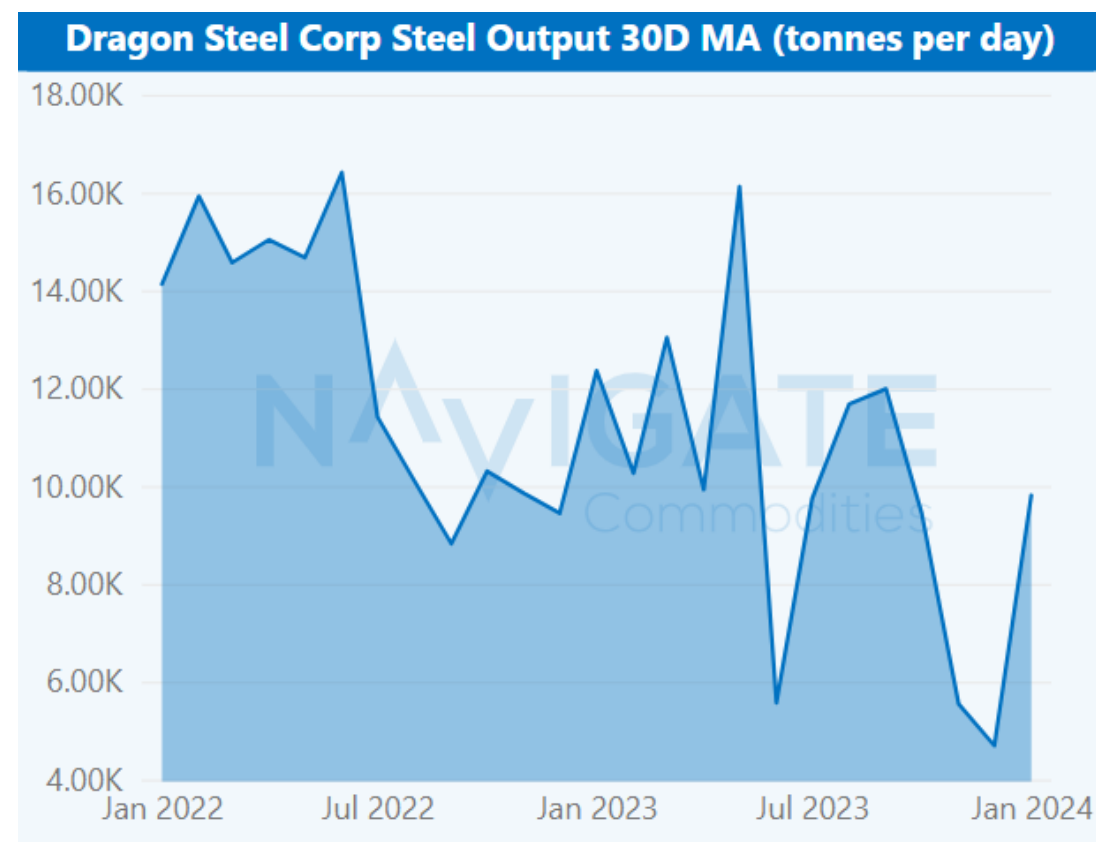
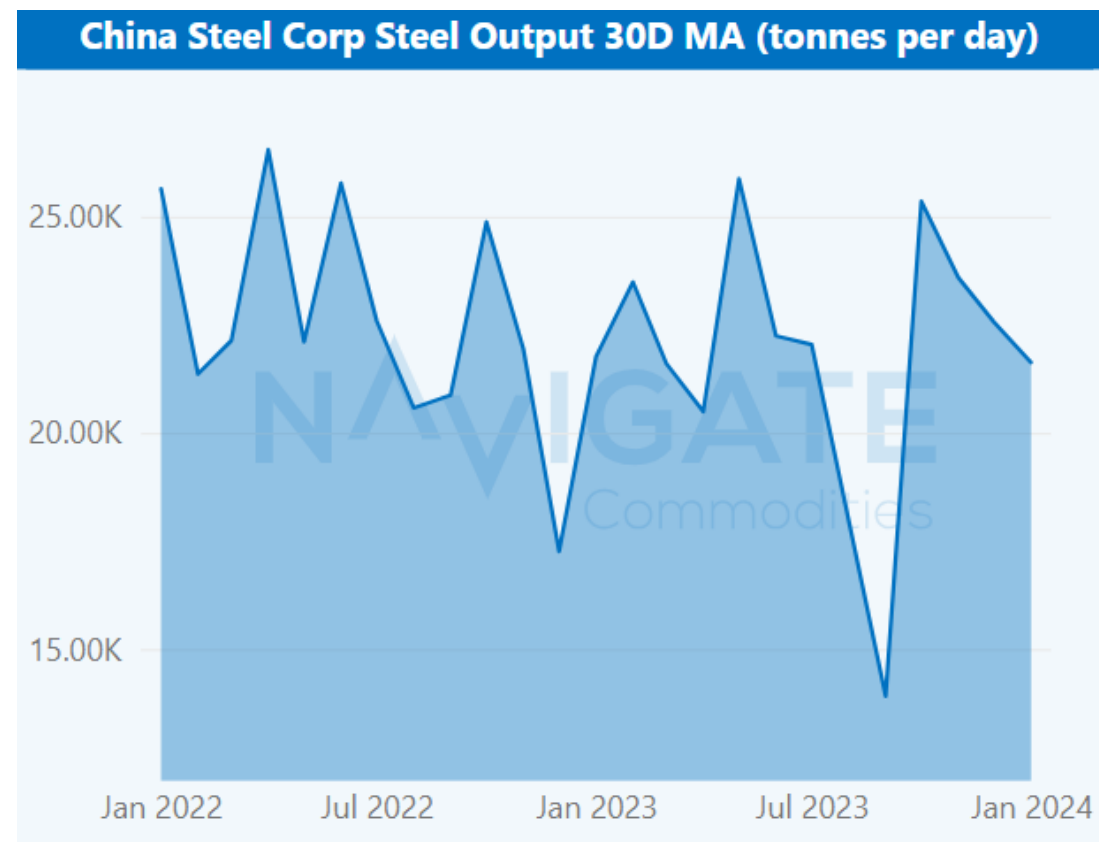
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities





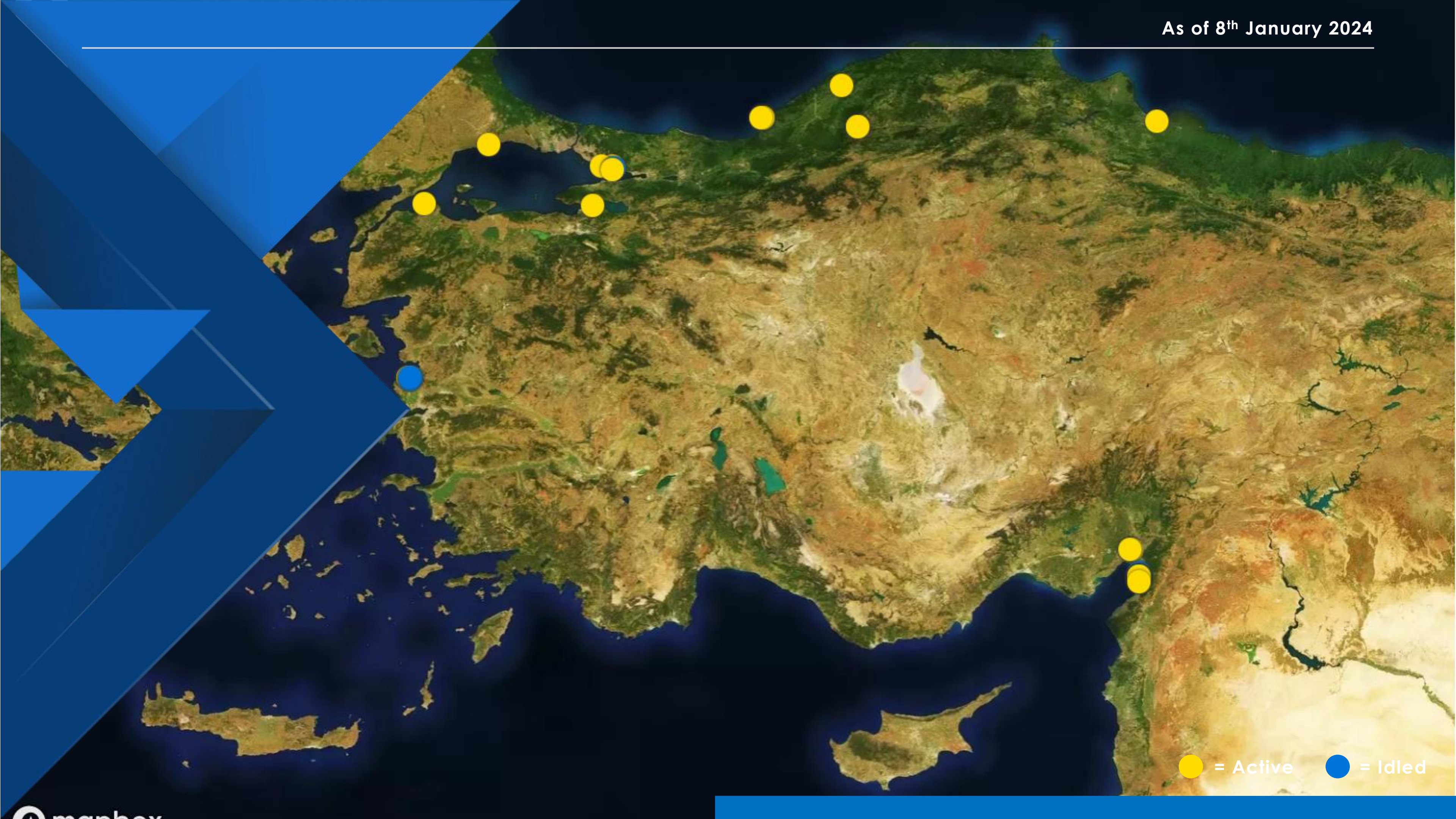




Türkiye Steel Scrap Market Overview



As of 8th January 2024



● = Active ● = Idled

Türkiye

Turkish HMS 1&2 (80:20) import benchmarks oscillated between US\$425-410/t and back up to US\$425/t CFR Türkiye (TKY) over the past 4 weeks.

We believe the downside was amplified by an outlier of a trade concluded between Javelin Commodities (UK) and Tosçelik below market value.

Unsurprisingly, it didn't take long for benchmarks to "bounce back" given that little to no other offers were available down at those discounted levels.

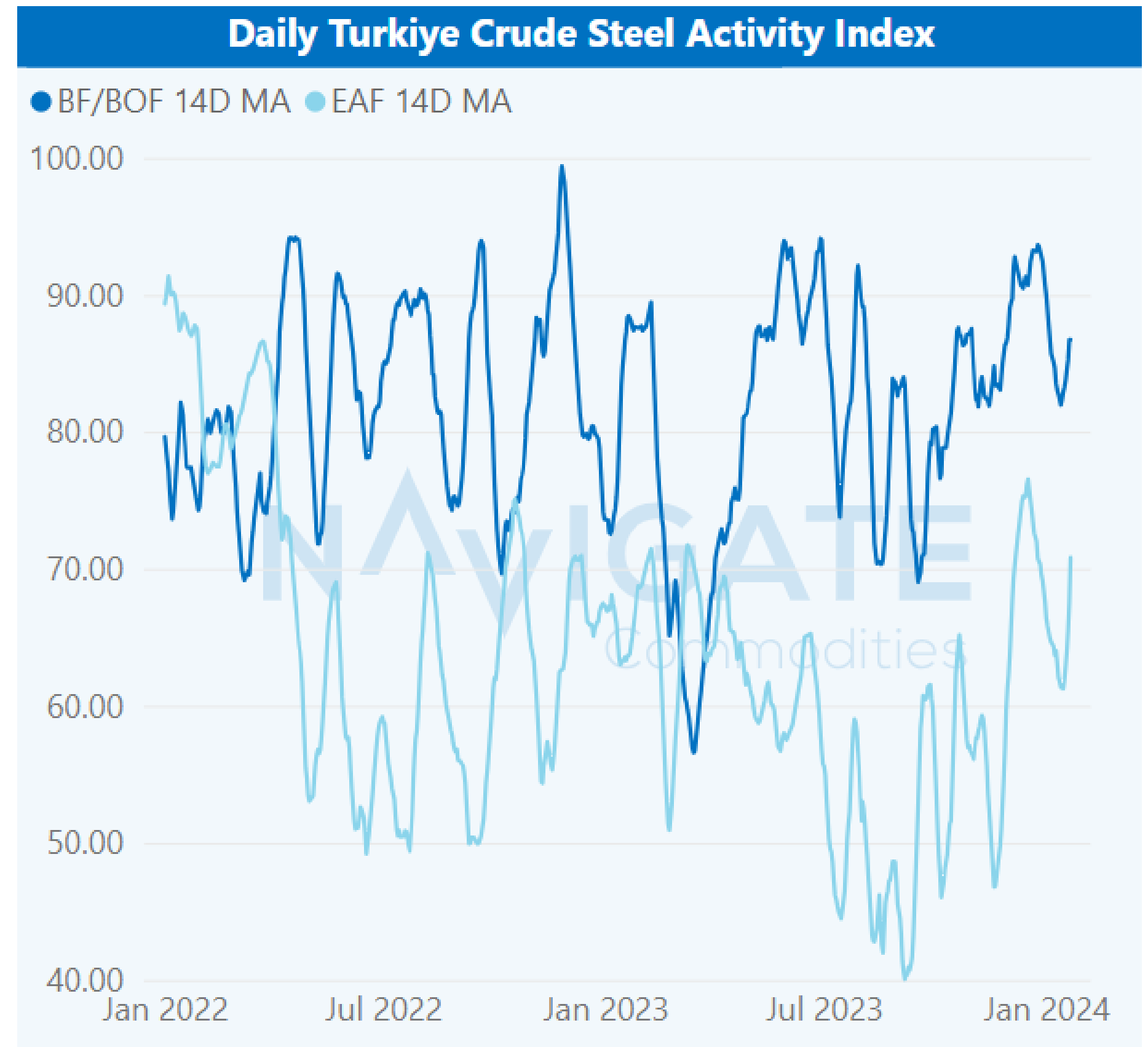
With Iron Ore prices breaking US\$140/t, our Hot Metal proxy climbed above US\$440/t while the Fe normalization vs. Ferrous Scrap indicated the latter should be trading closer to US\$450/t.

Elsewhere, Romanian-origin small bulk shortsea Ferrous Scrap shipments to Türkiye jumped to 32,098 tonnes and 34,901 tonnes in weeks commencing 18th and 25th December, respectively. While shortsea-deepsea arbs held steady at a relatively unattractive US\$20/t over this period, it's plausible some Romanian suppliers preferred to liquidate inventories before the year end.

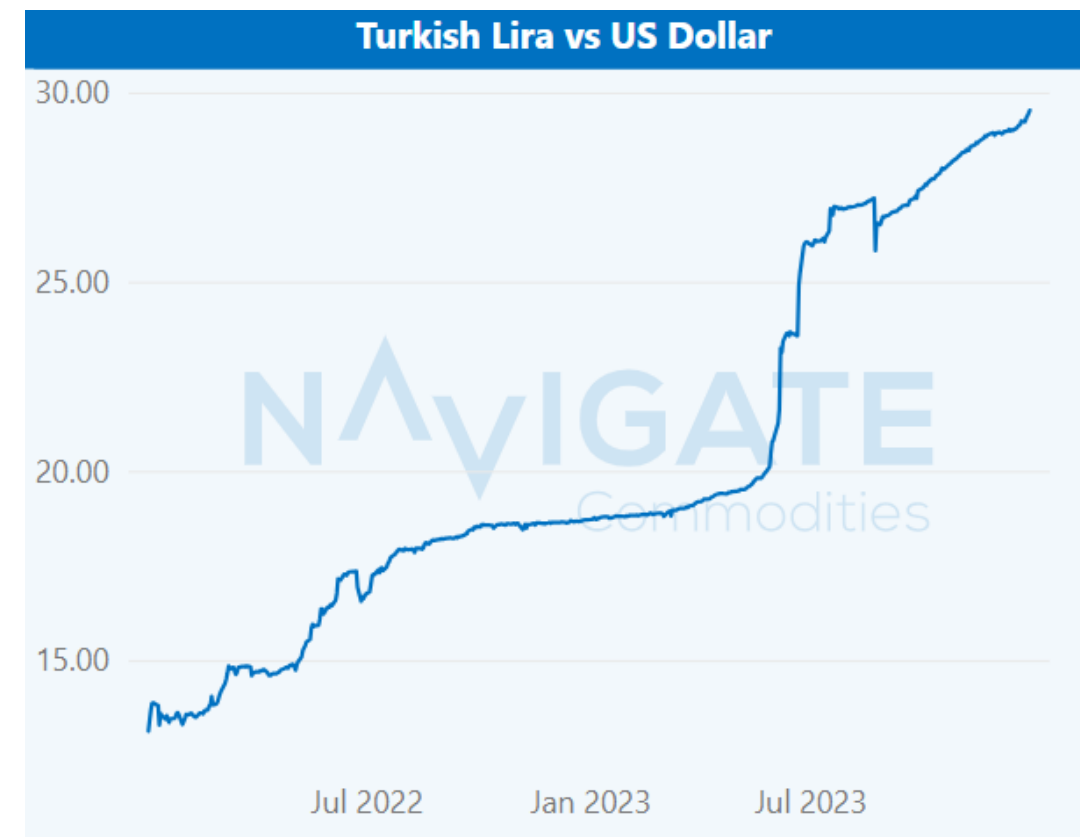
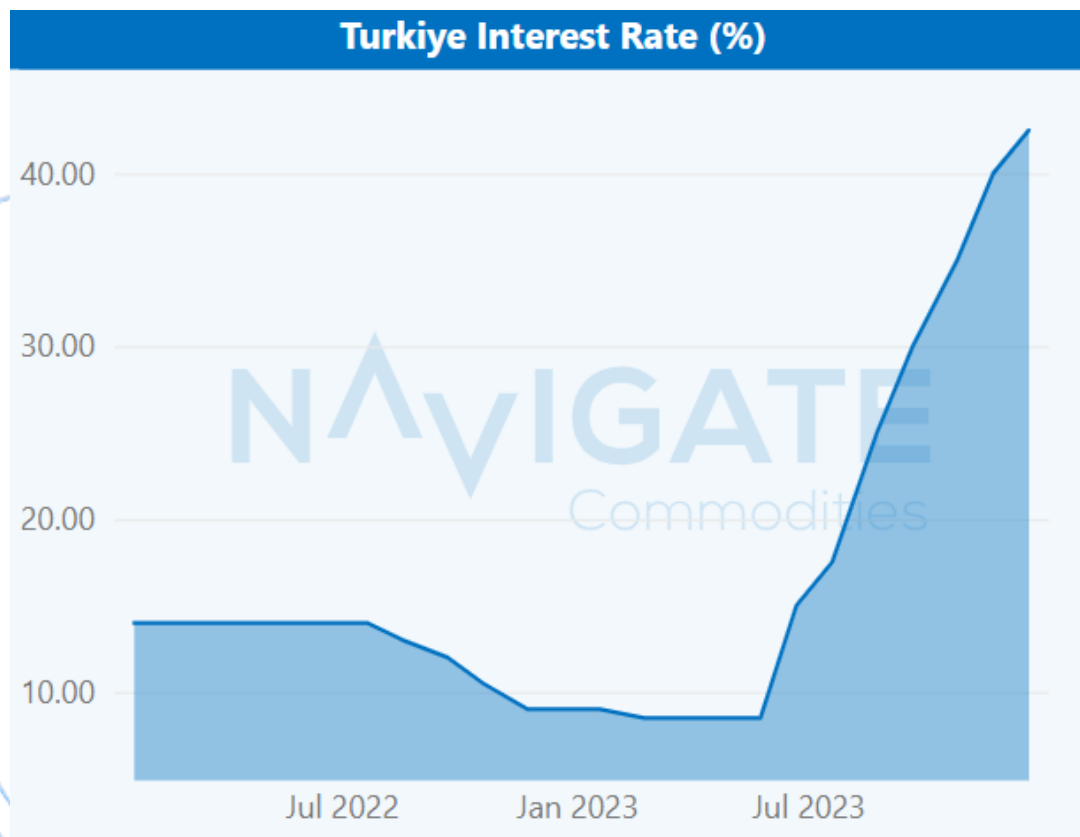
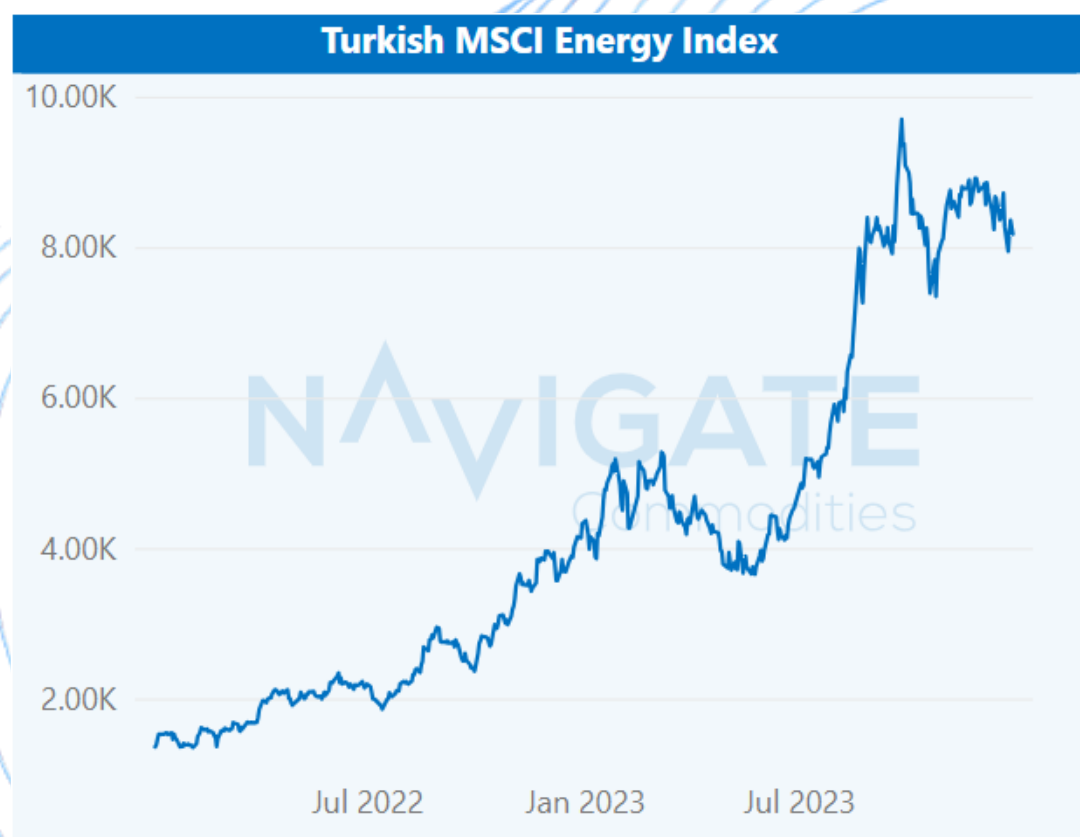
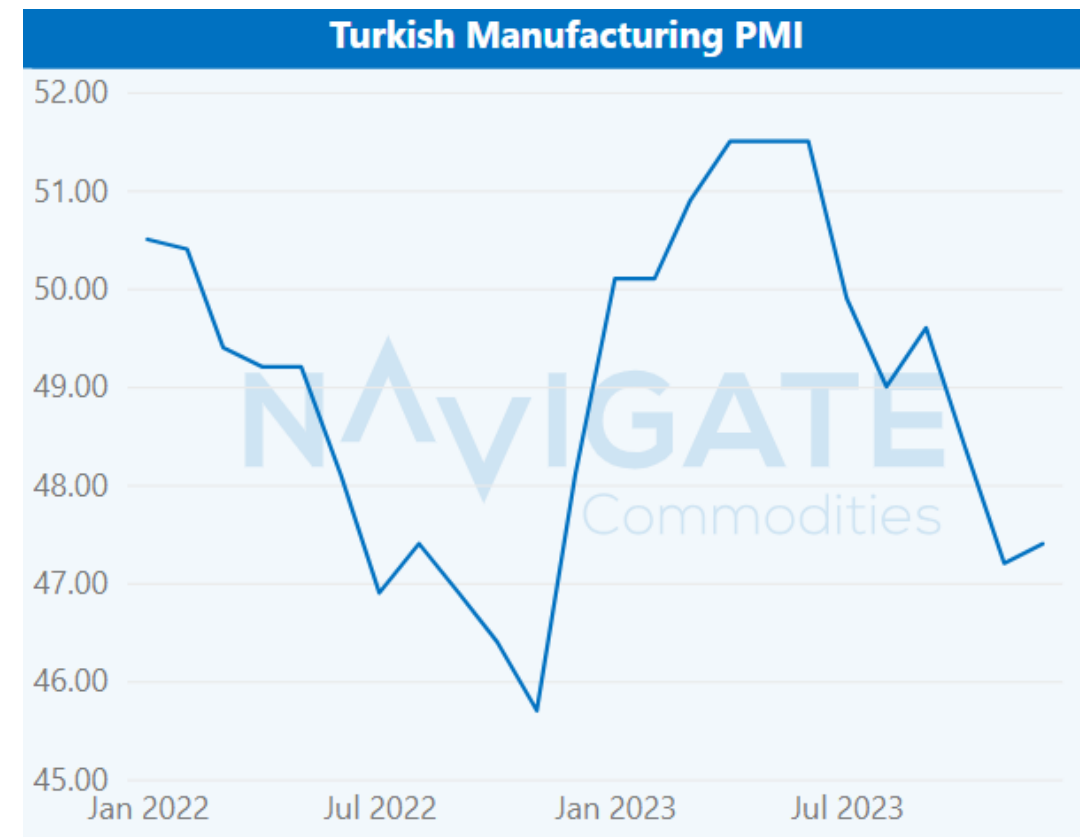
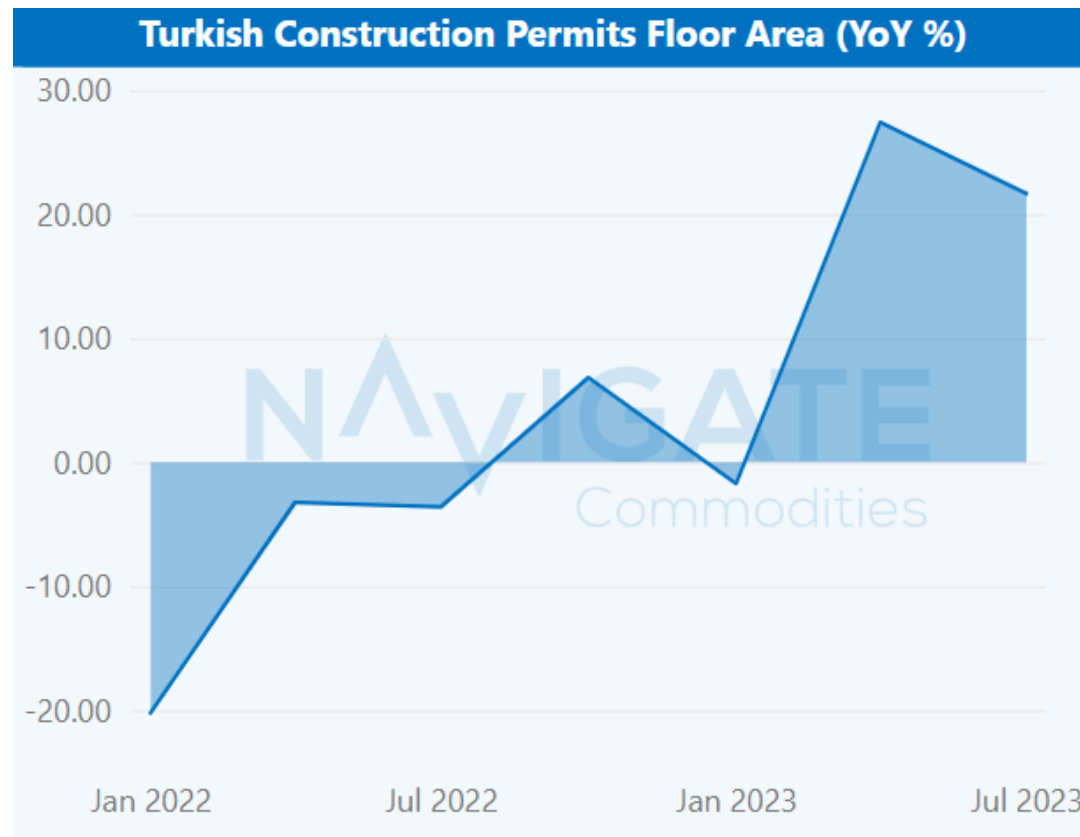
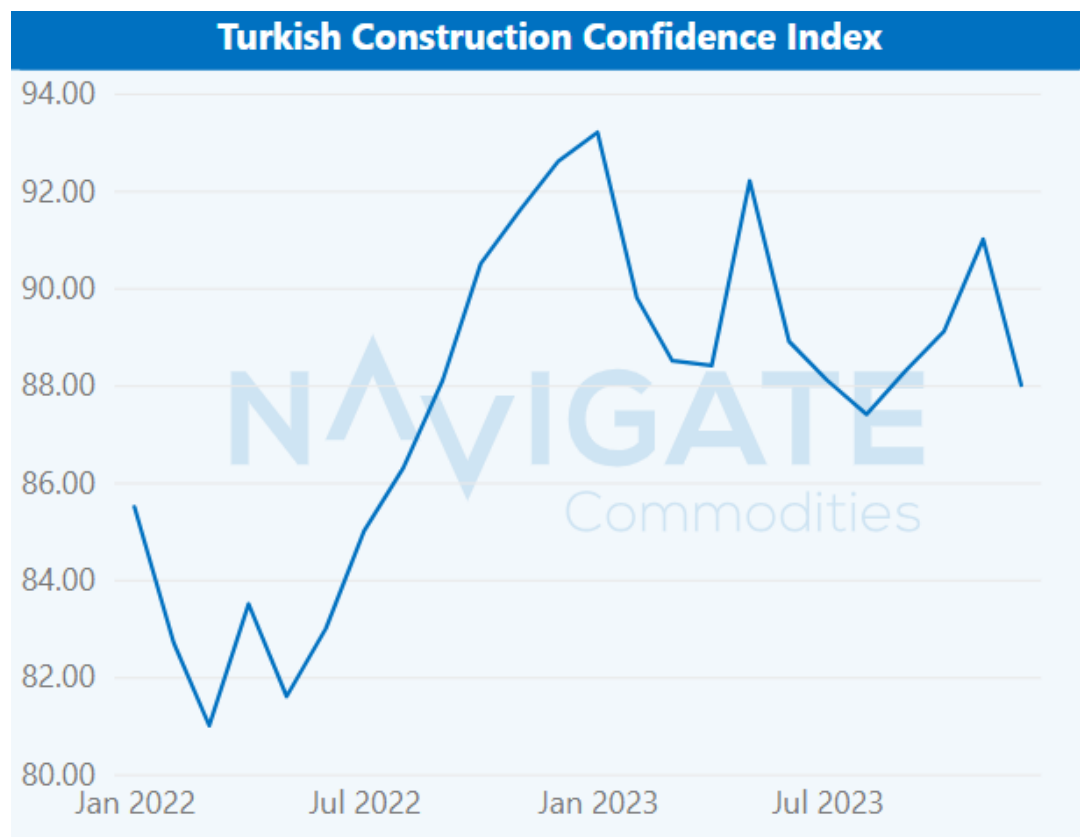
Meanwhile, recent Ferrous Scrap price volatility has also coincided with a material decline in daily Turkish electric arc furnace (EAF) Steel smelting activity over the same period.

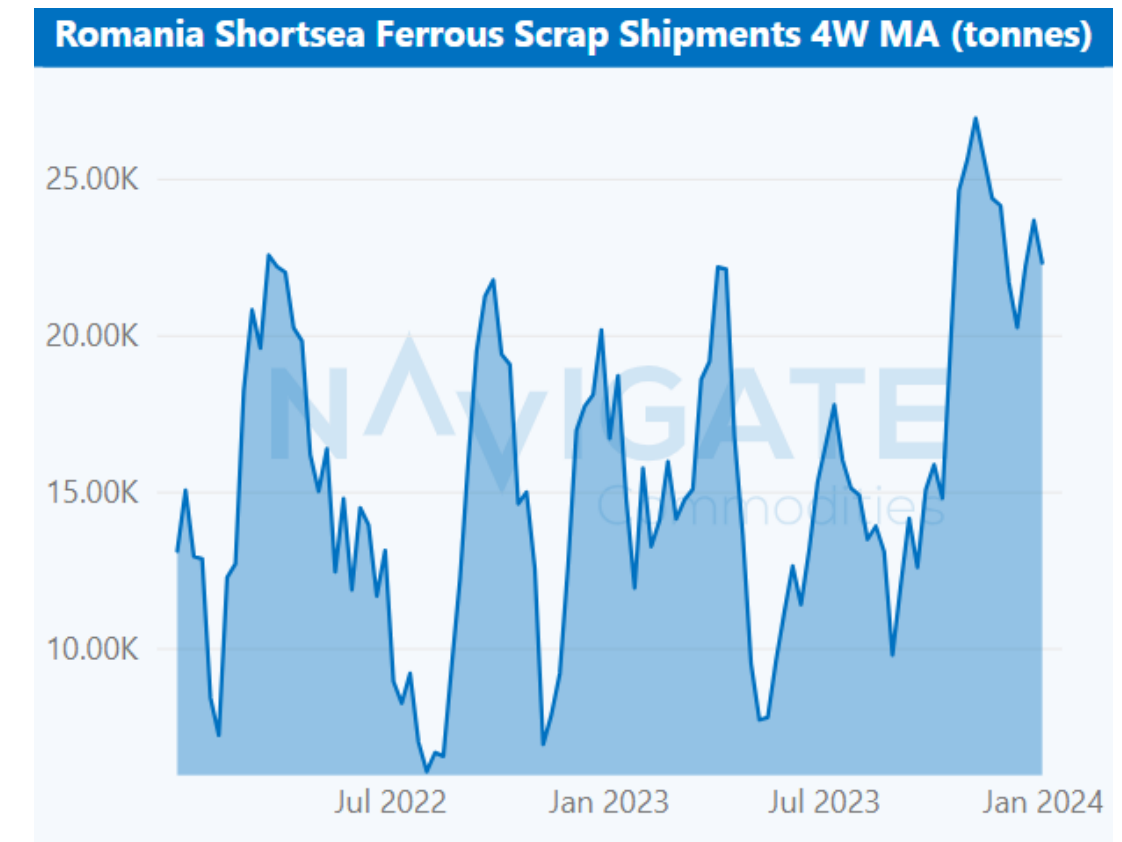
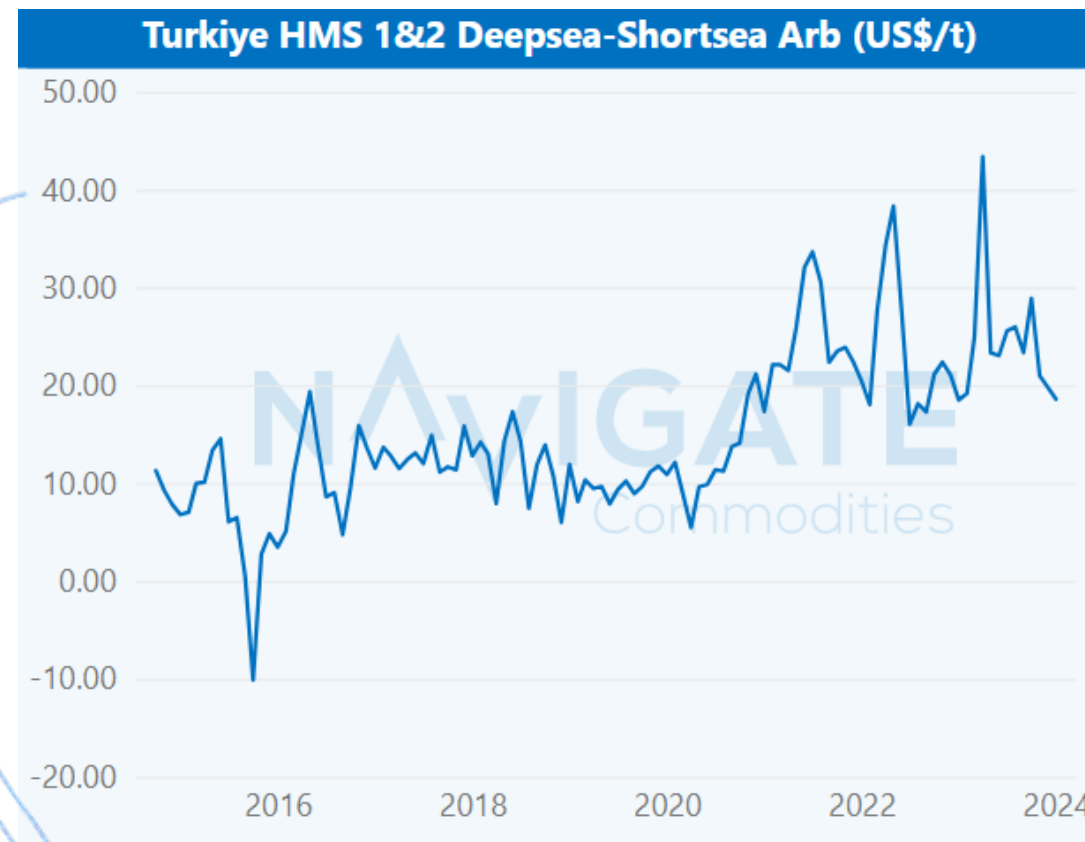
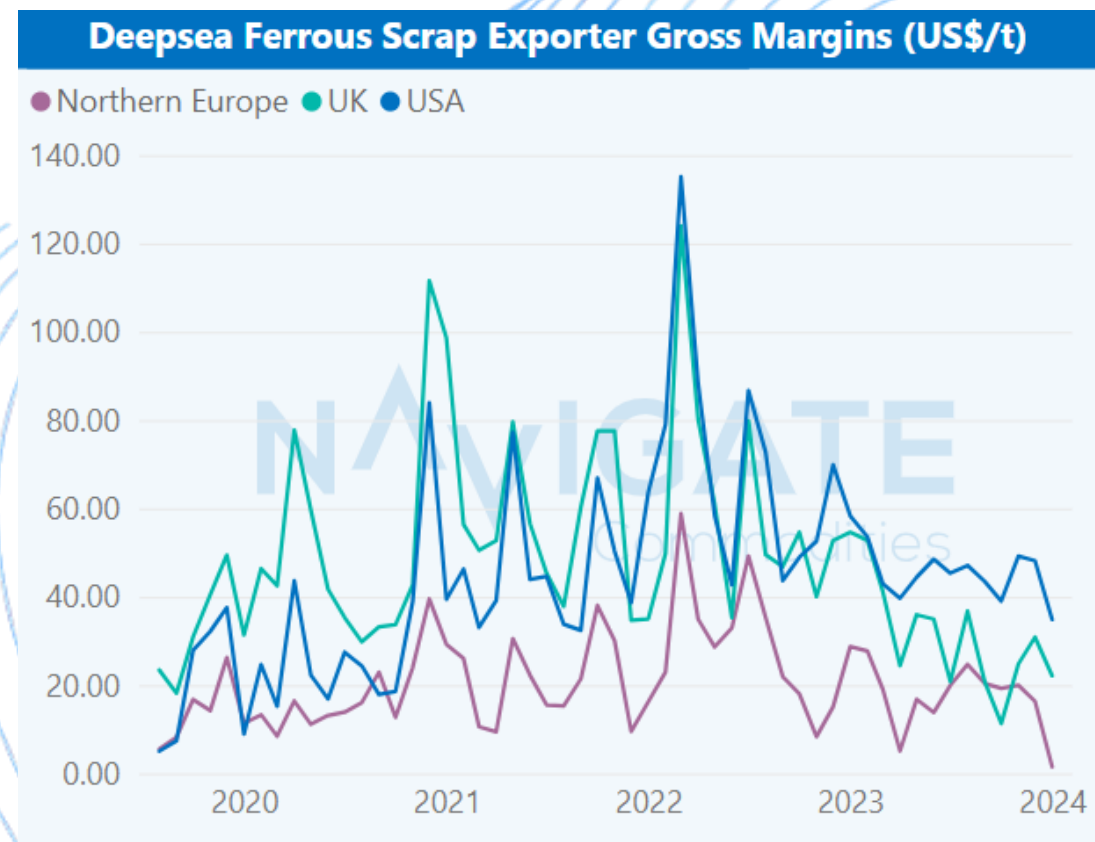
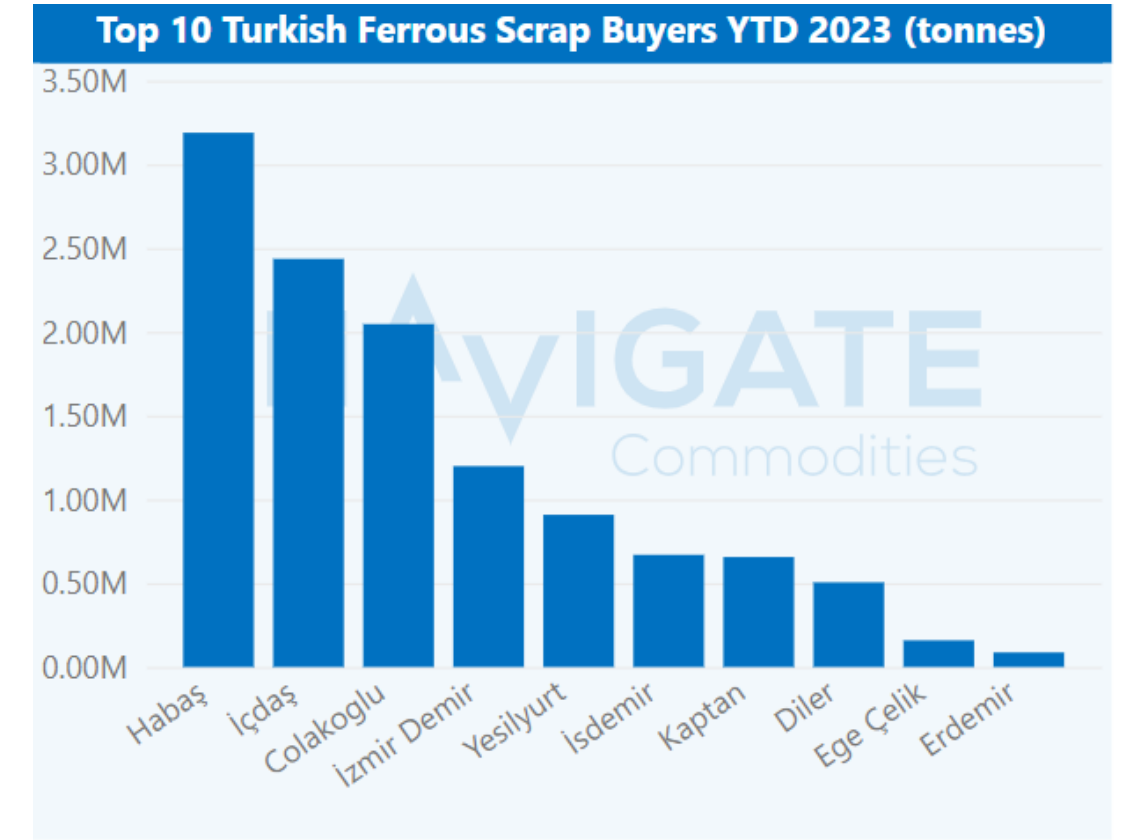
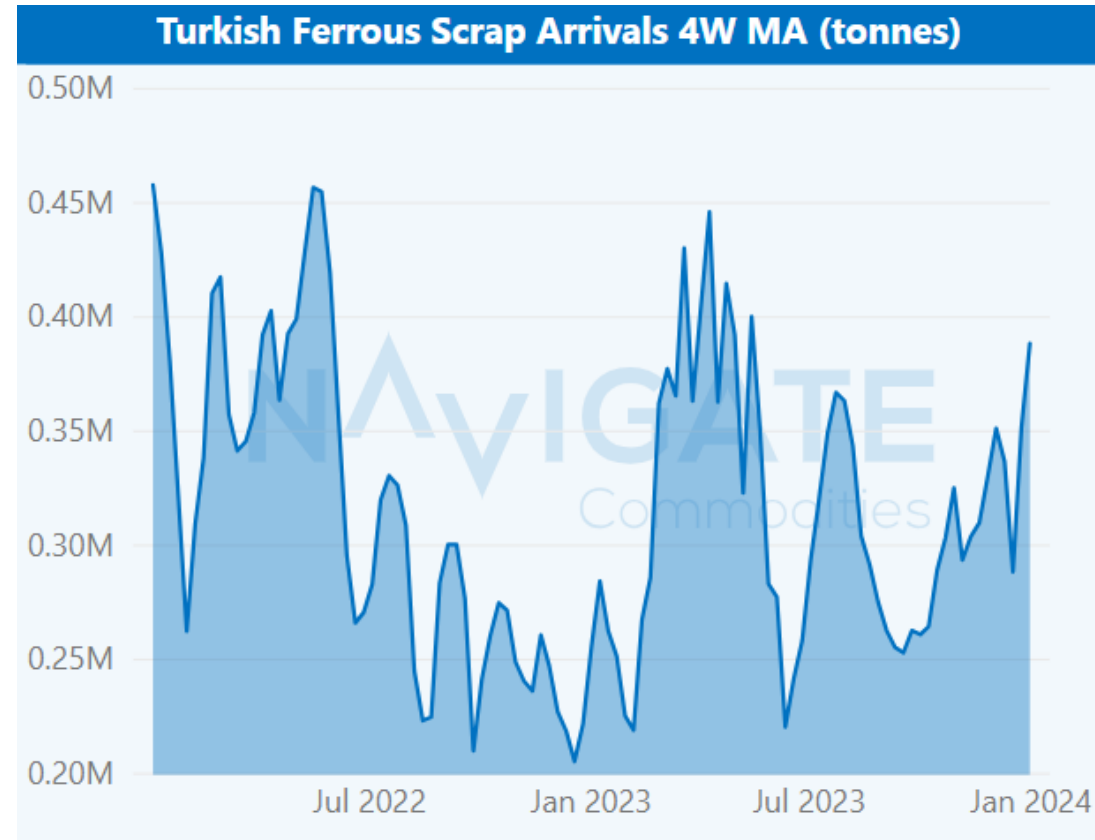
For example, the daily Turkish EAF Steel smelting index dropped 18.6pts to 59.6pts on 5th January 2024 from a 12-month high of 78.2pts on 12th December 2023.

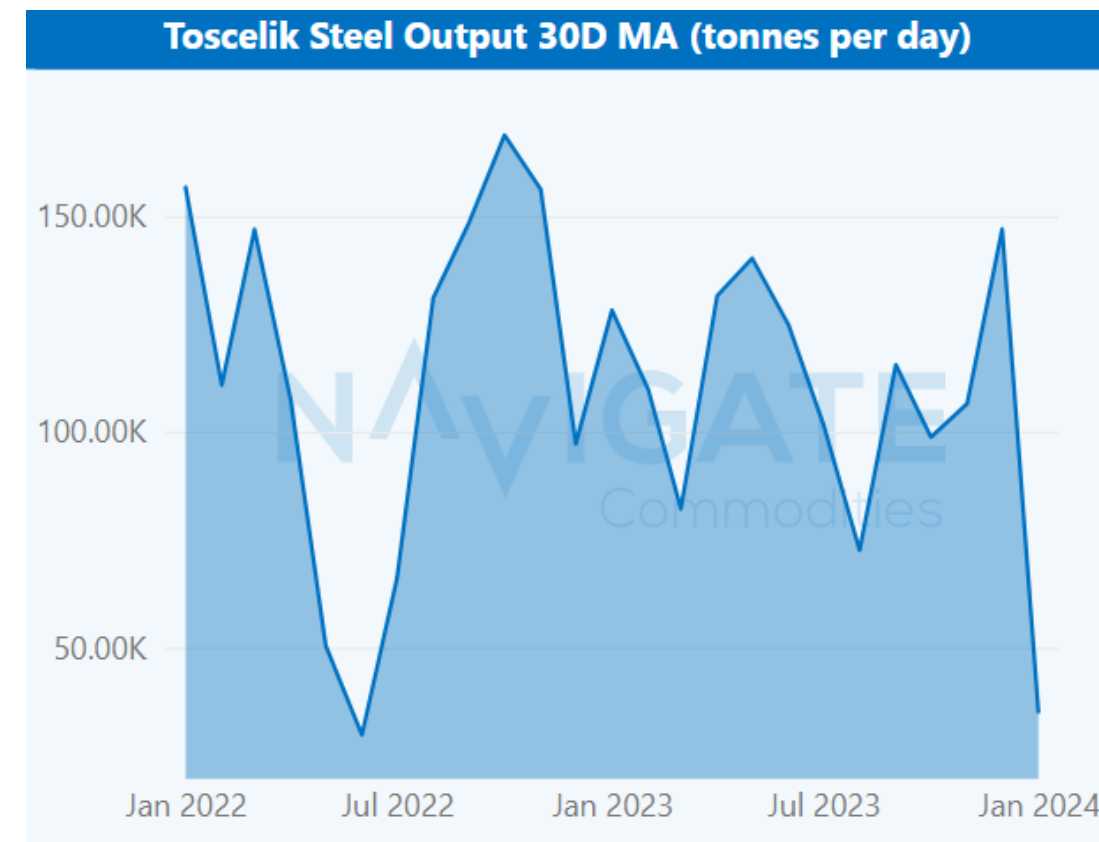
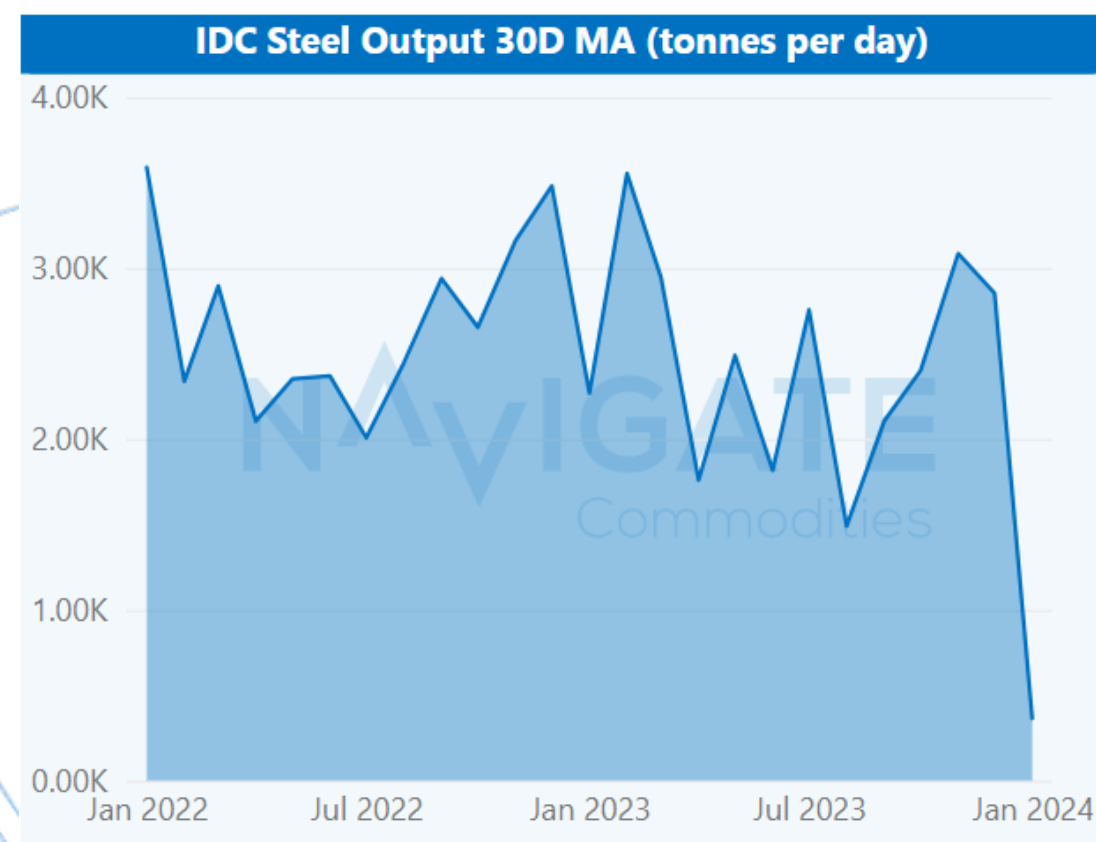
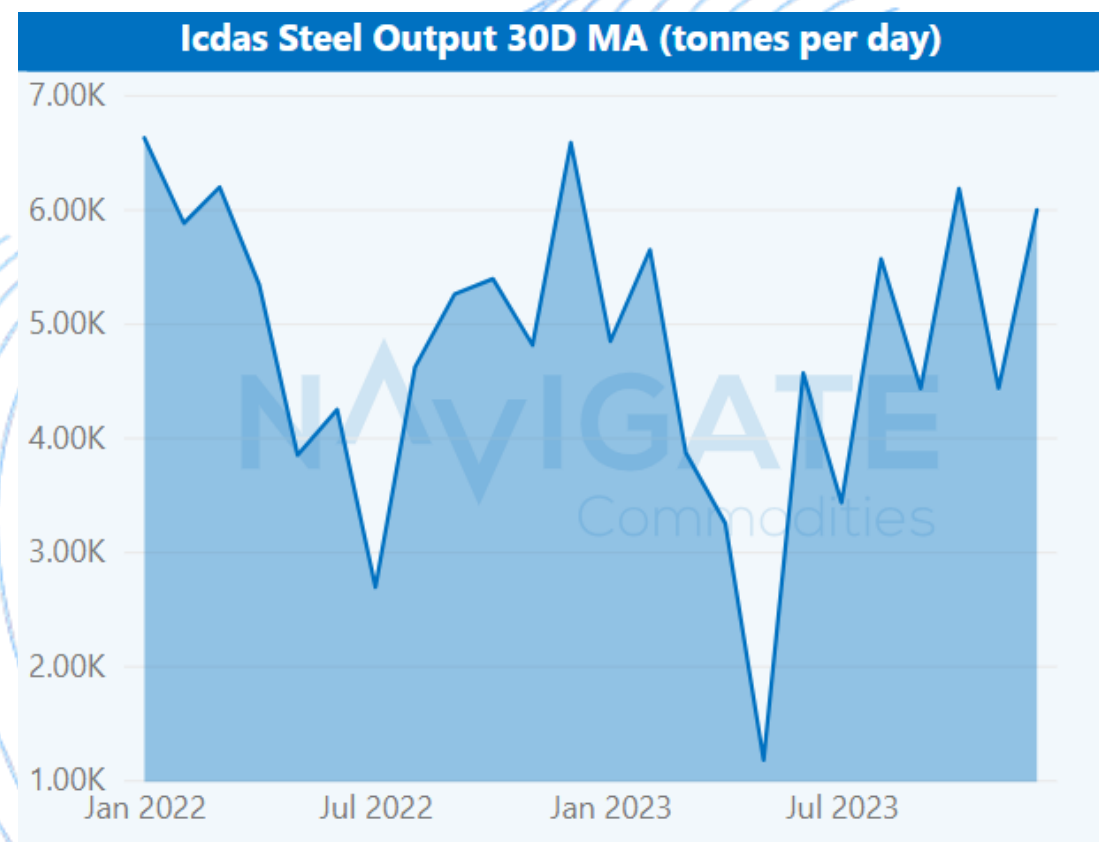
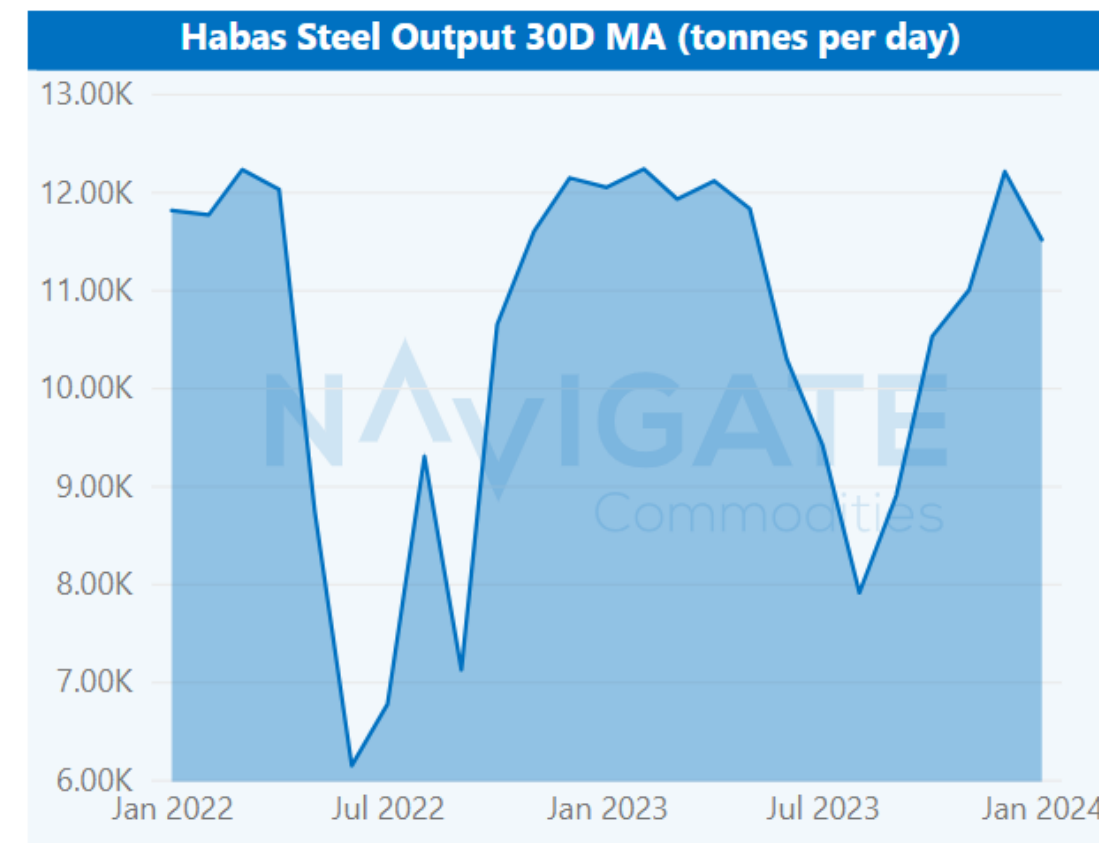
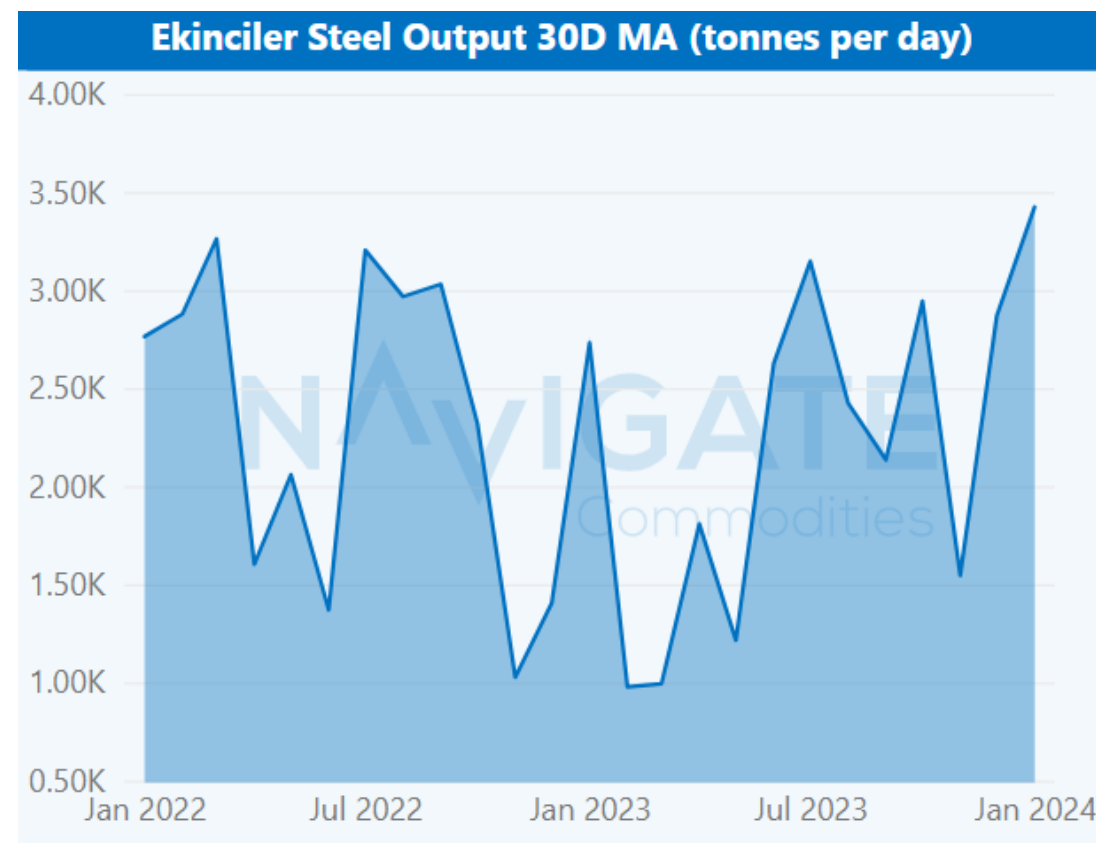
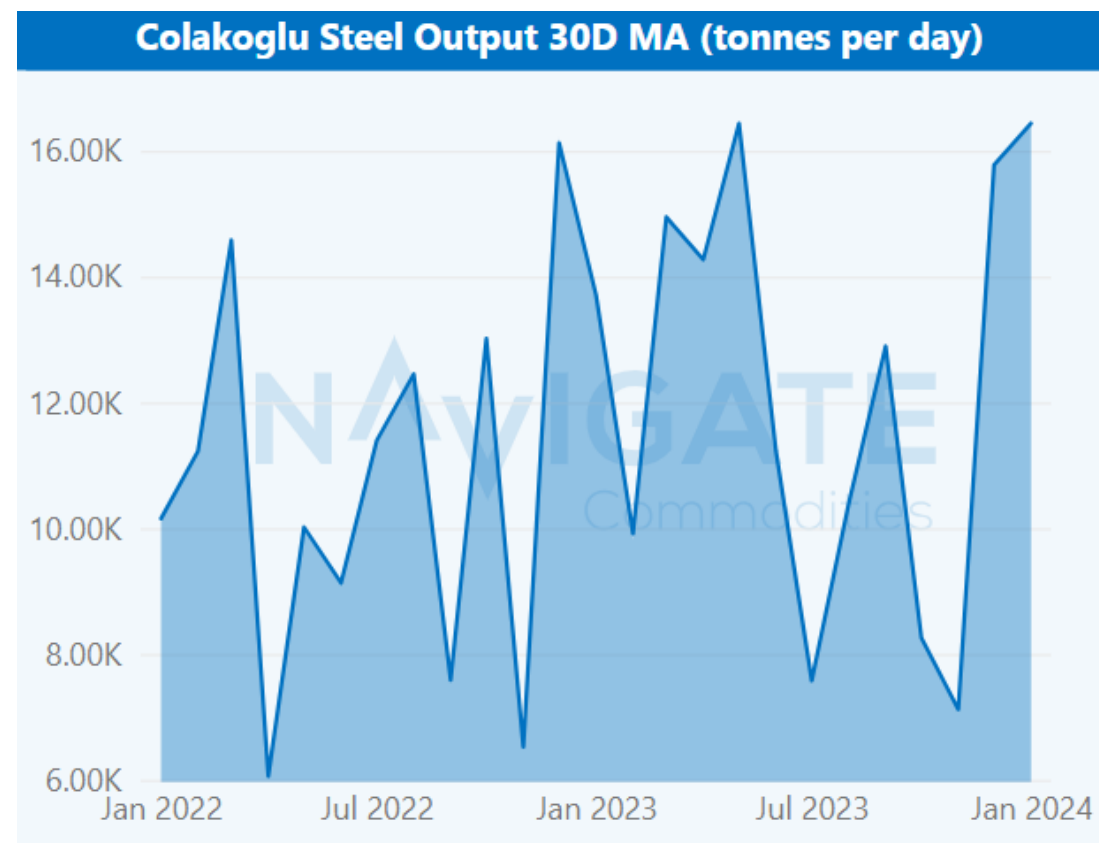
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities









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