

**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.

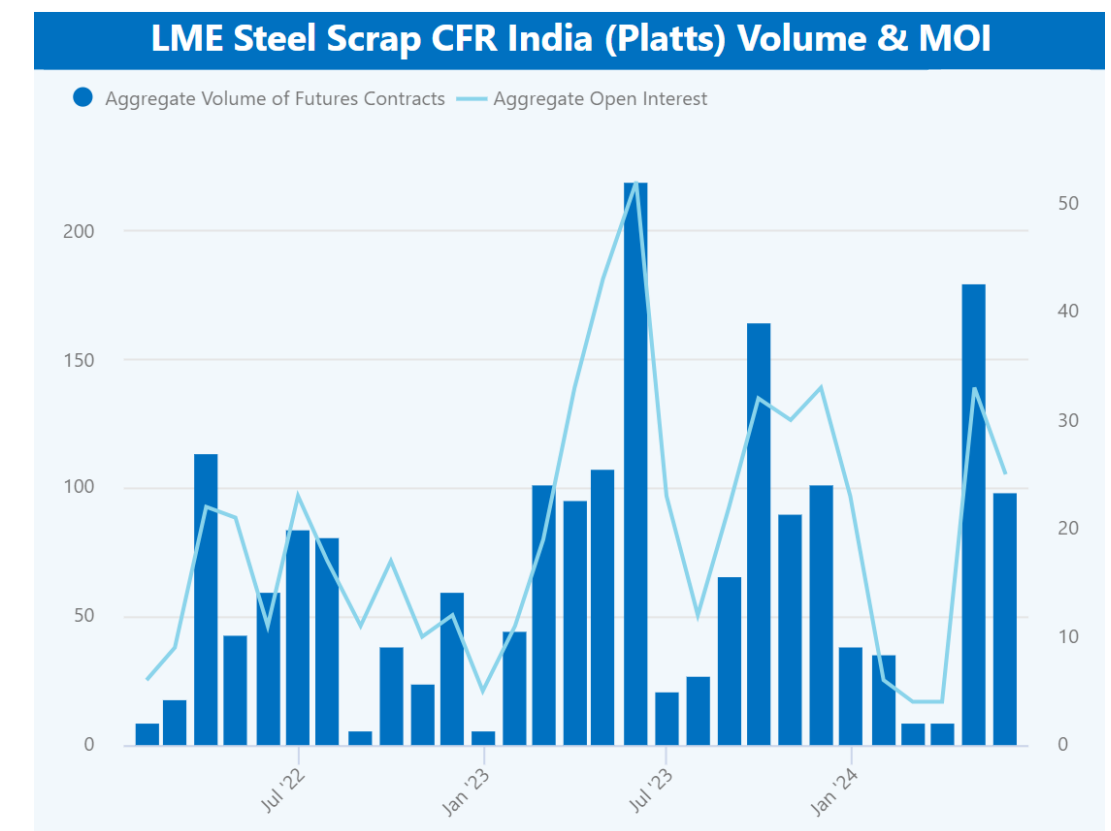
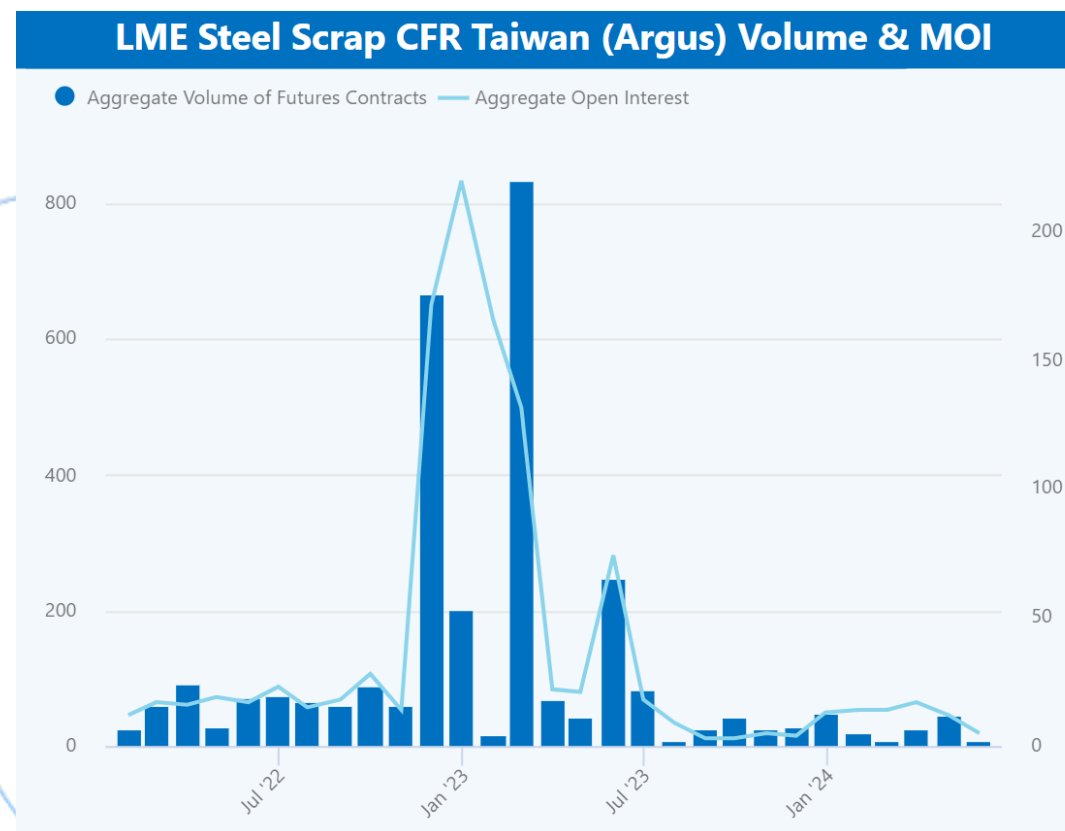
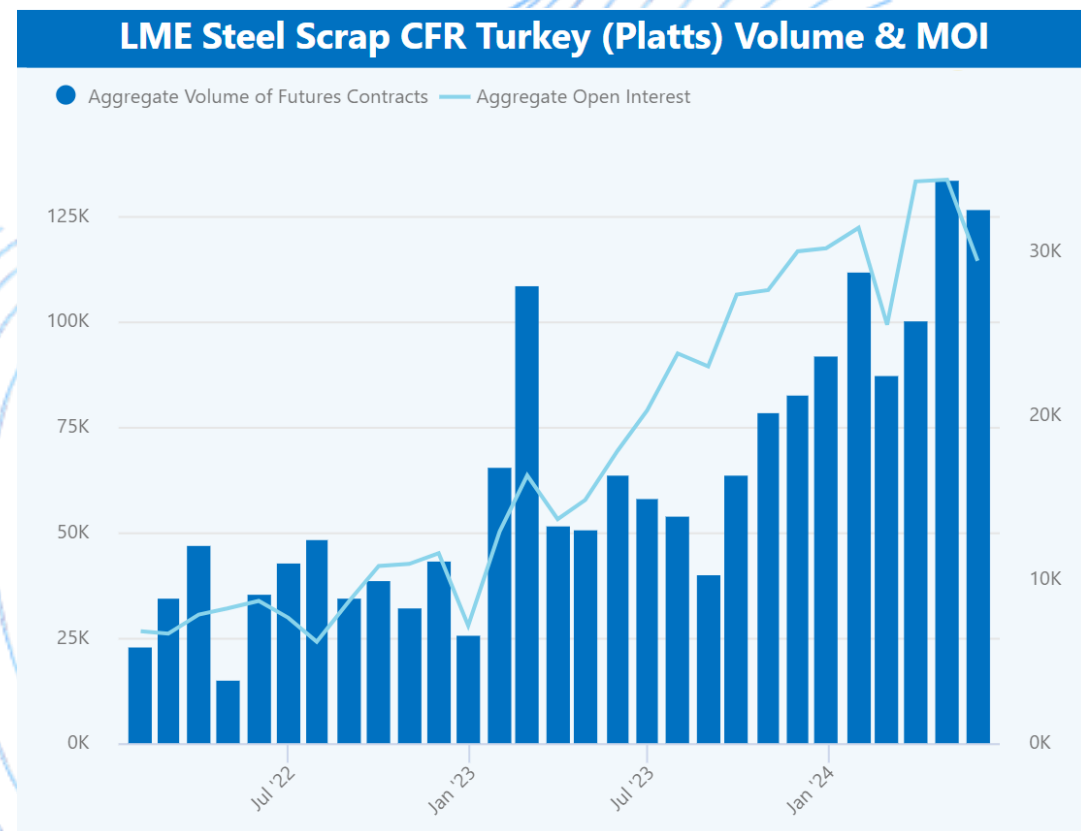
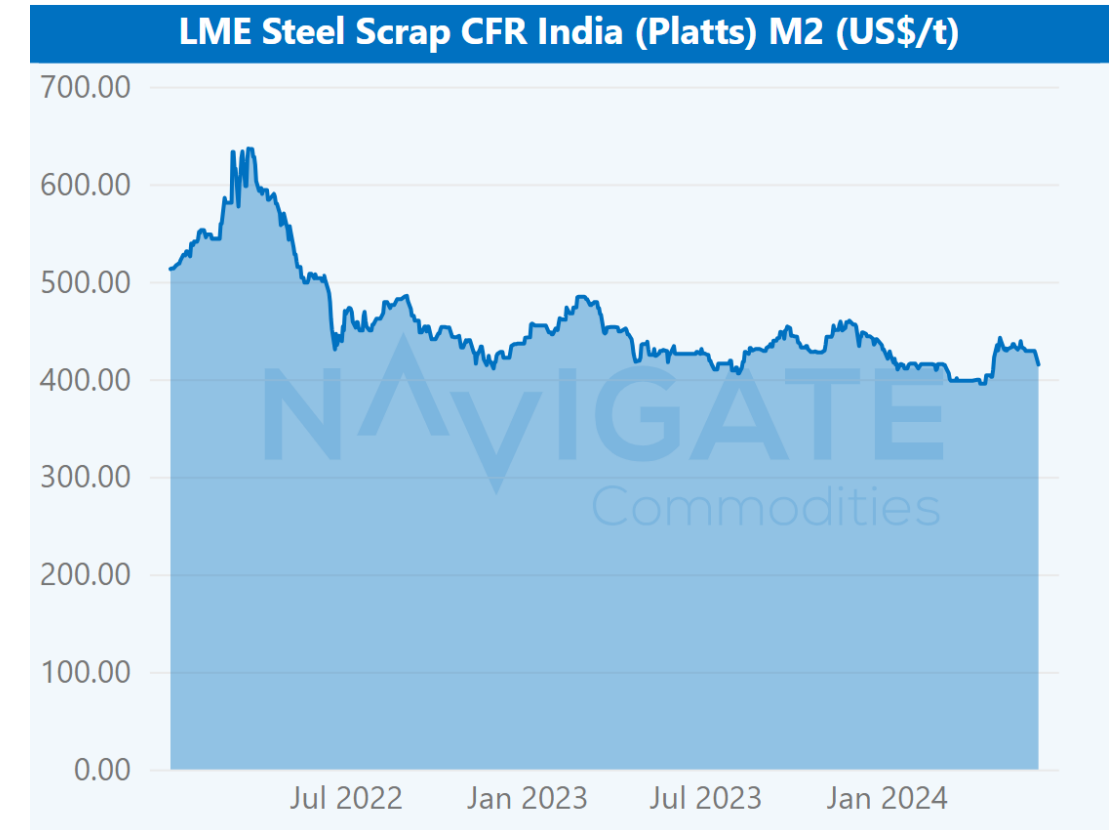
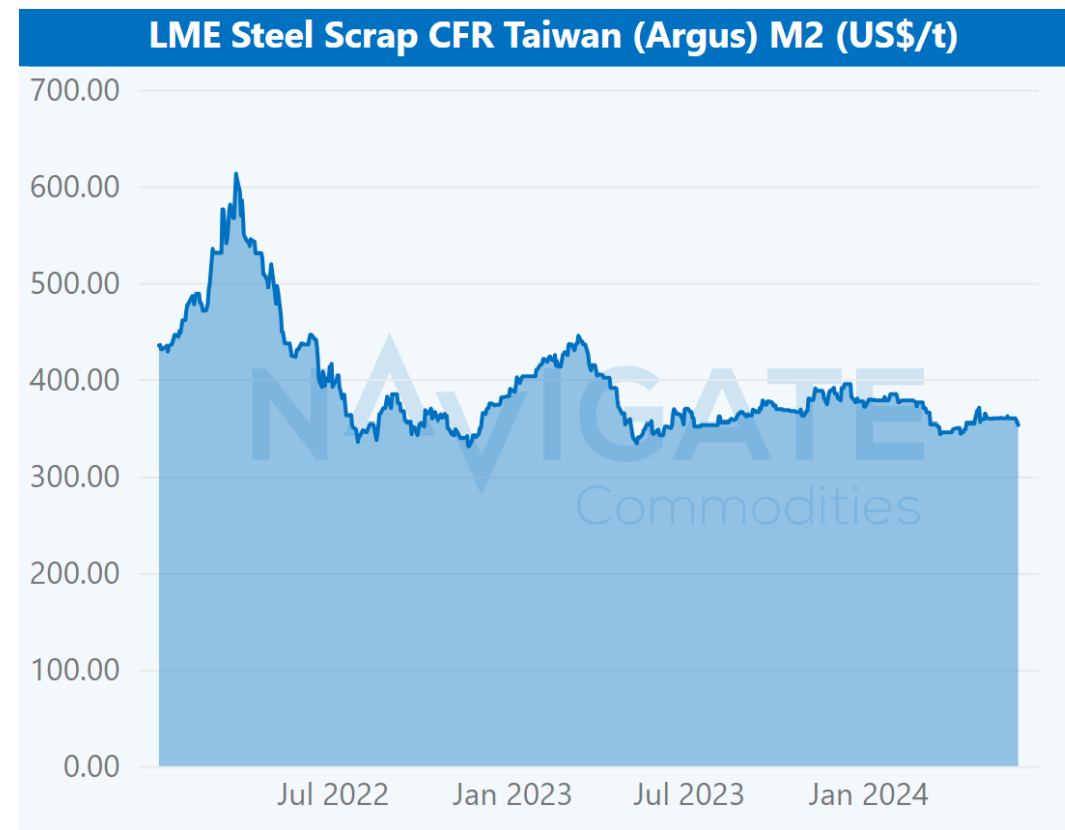
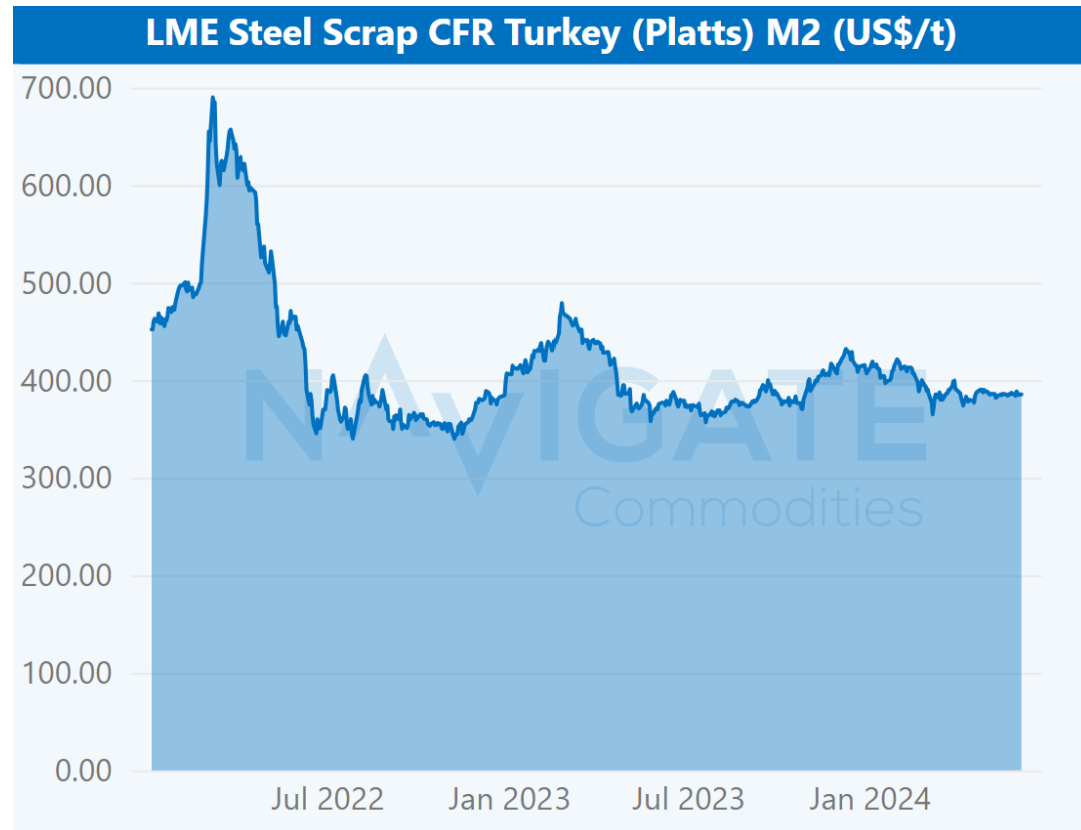
Authors Navigate Commodities and Earth-i use satellite imagery, AI and machine learning to monitor and assess data from steel mills, trade routes and ports to bring transparency to and insight on the world of steel scrap.



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# **LME Steel Scrap Futures**



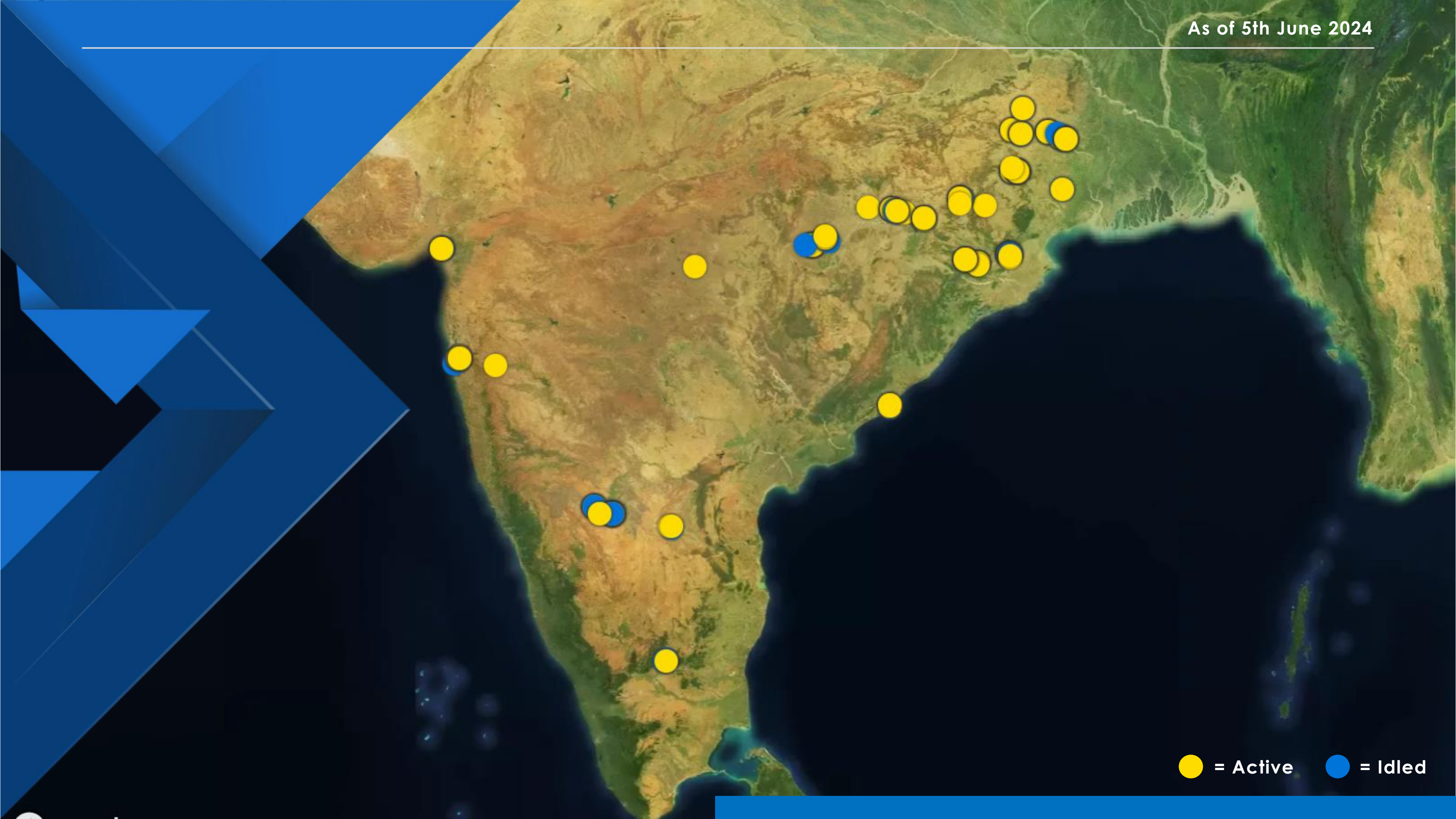




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# **India Steel Scrap Market Overview**





● = Active   ● = Idled

# India

The temporary phase of expansion in thermal readings from both Indian integrated (BF/BOF) and electric arc furnace (EAF) Steel smelting activity proved to be just that last month.

Steel smelting activity has since subsided as the nation and government departments awaited the highly-anticipated outcome of the country's general election, which the BJP appear to have won but without a clear majority.

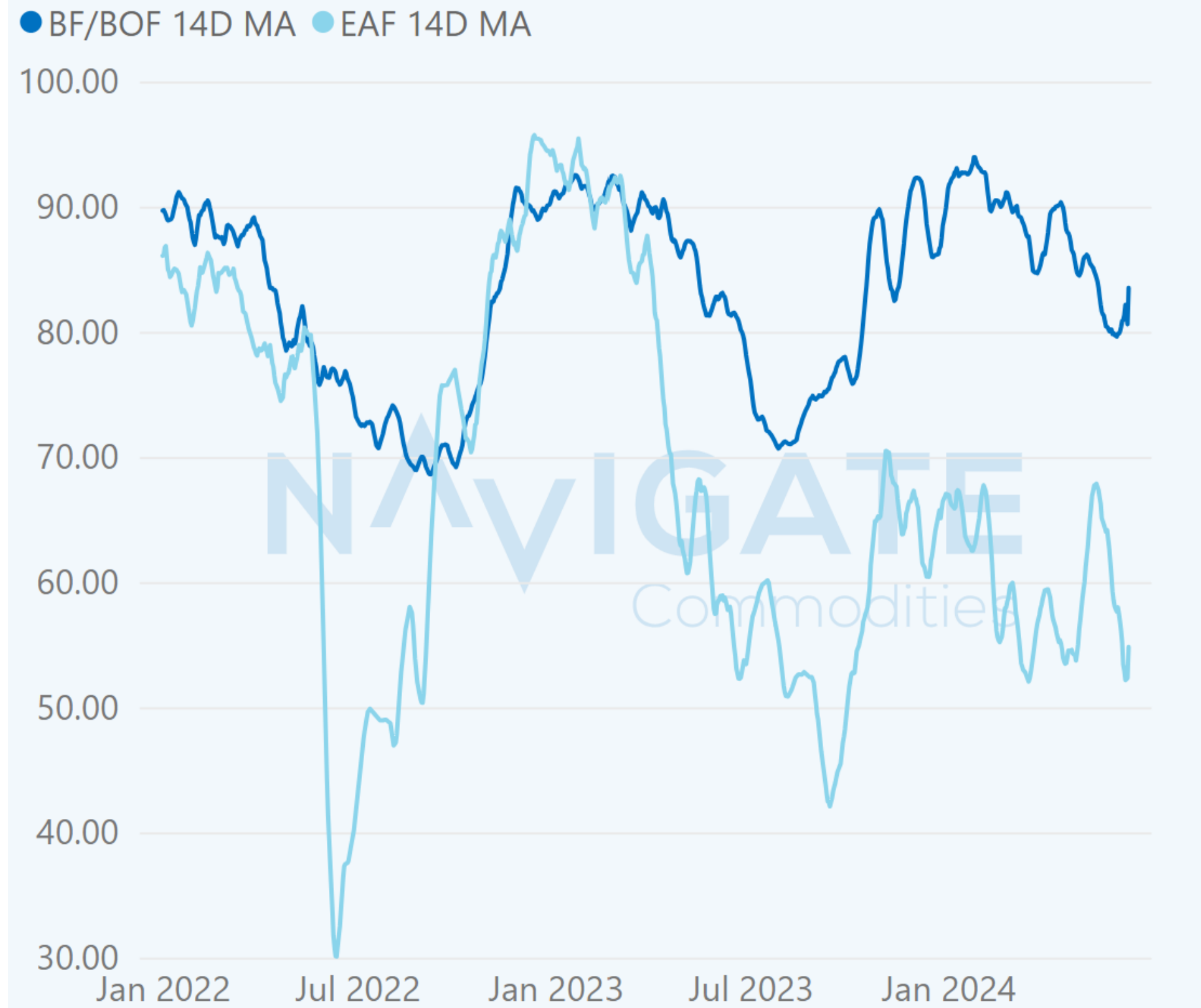
While the outcome of the general election is positive for the status quo and government-funded infrastructure projects, South Asia's monsoon season (Jun-Sept) will bring fresh delays to construction activity and associated Steel demand. Unsurprisingly, premiums for India-destined containerized Shredded cargoes over equivalent Turkish grades have subsided, from recent peaks of US\$23/t on 13<sup>th</sup> May 2024 to US\$15/t on 3<sup>rd</sup> June, with softening Ferrous Scrap consumption.

Traditionally, narrower India-Turkiye Shredded premiums should result in reduced or slower flows of containerized cargoes, particularly from the USA, UK, and EU, into India in the coming weeks.

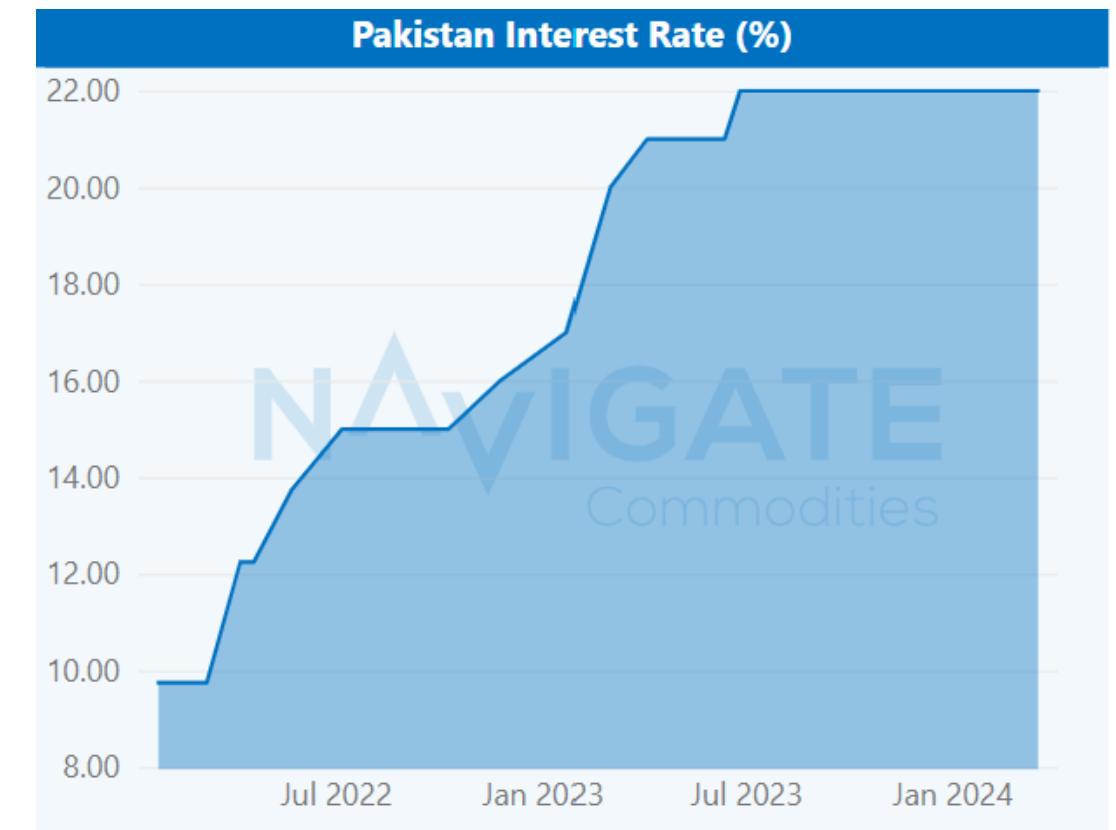
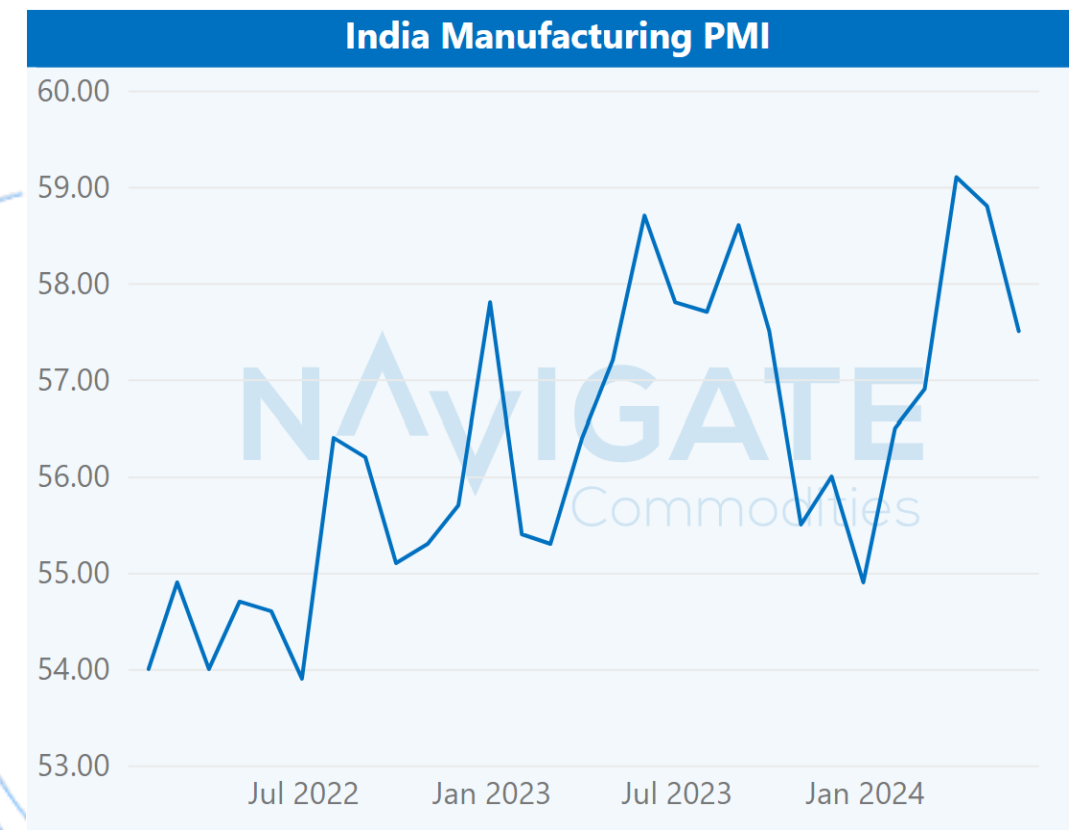
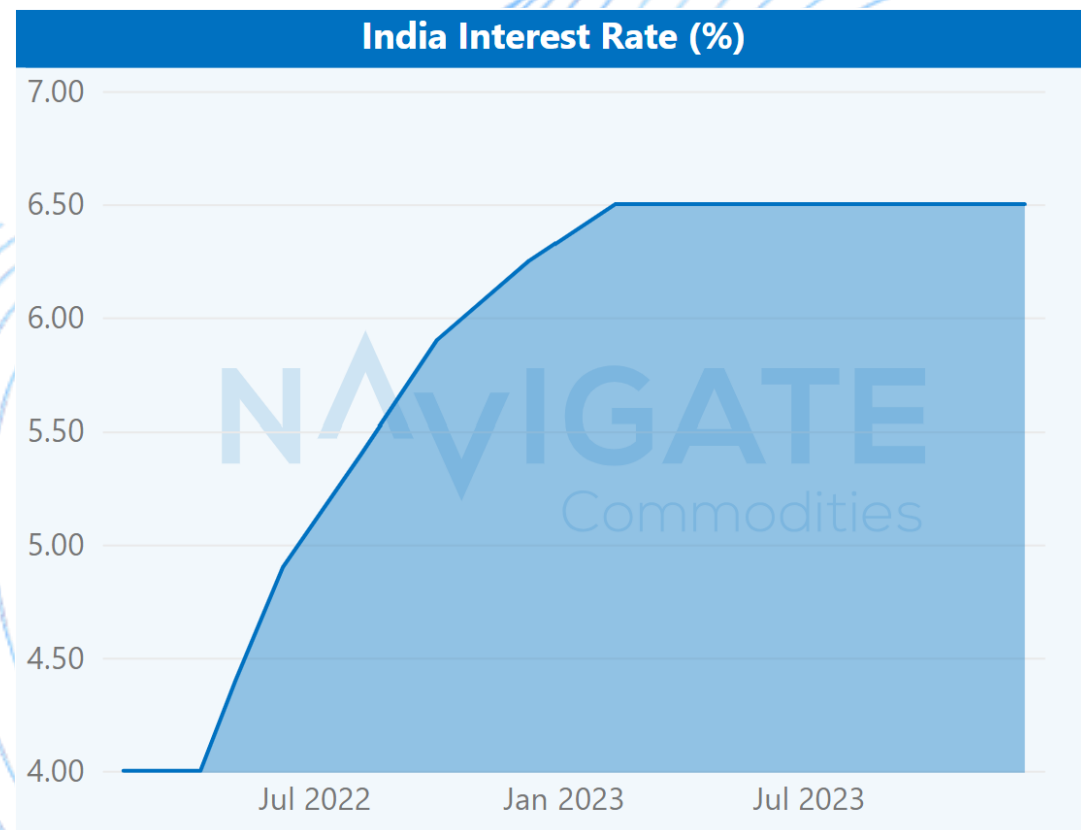
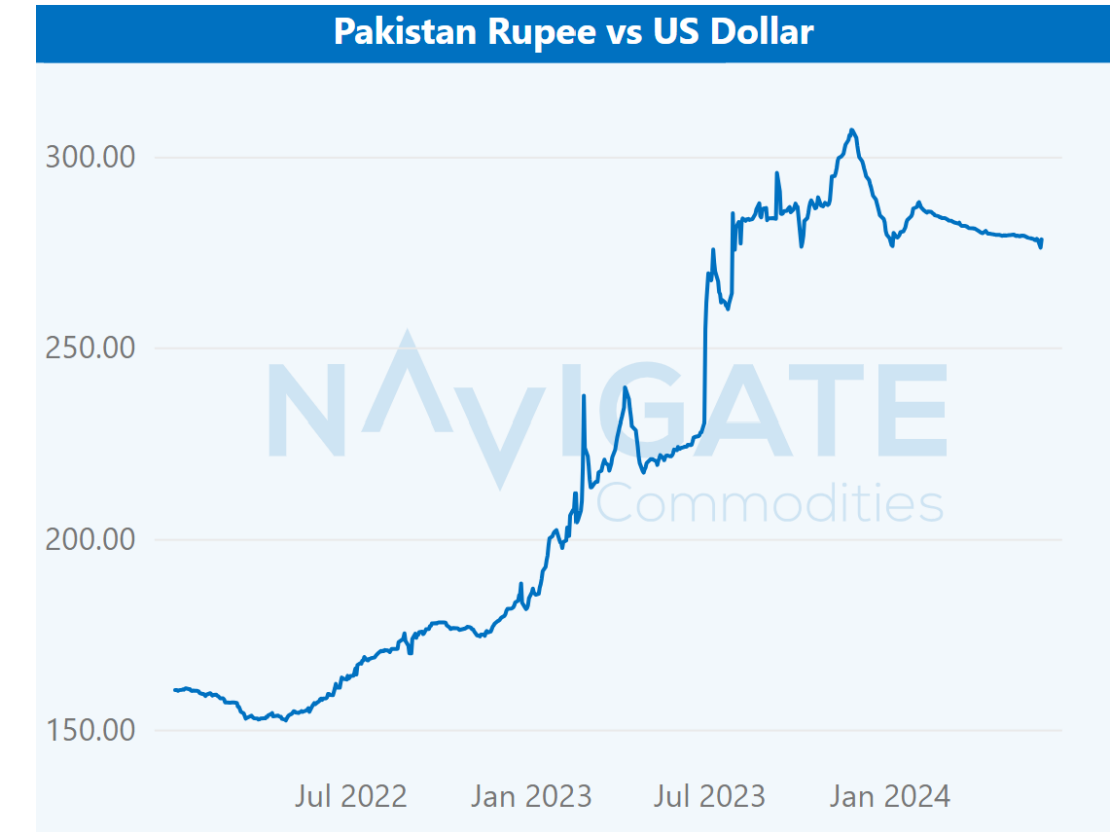
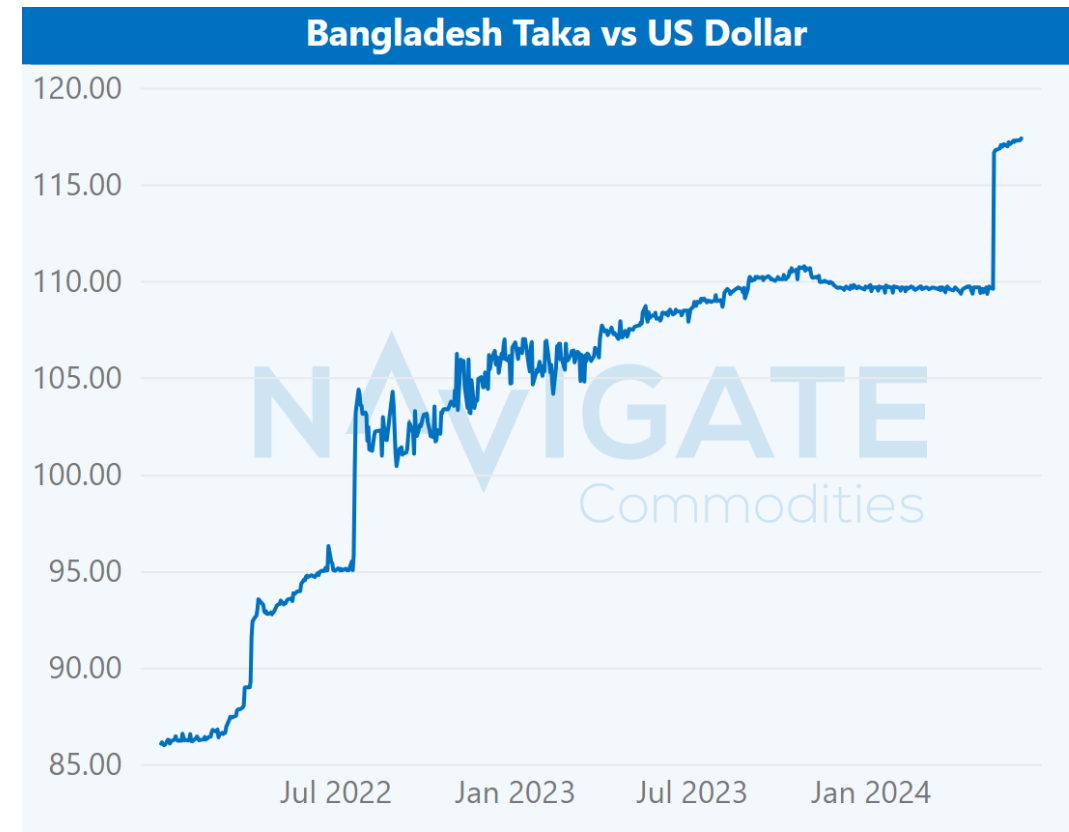
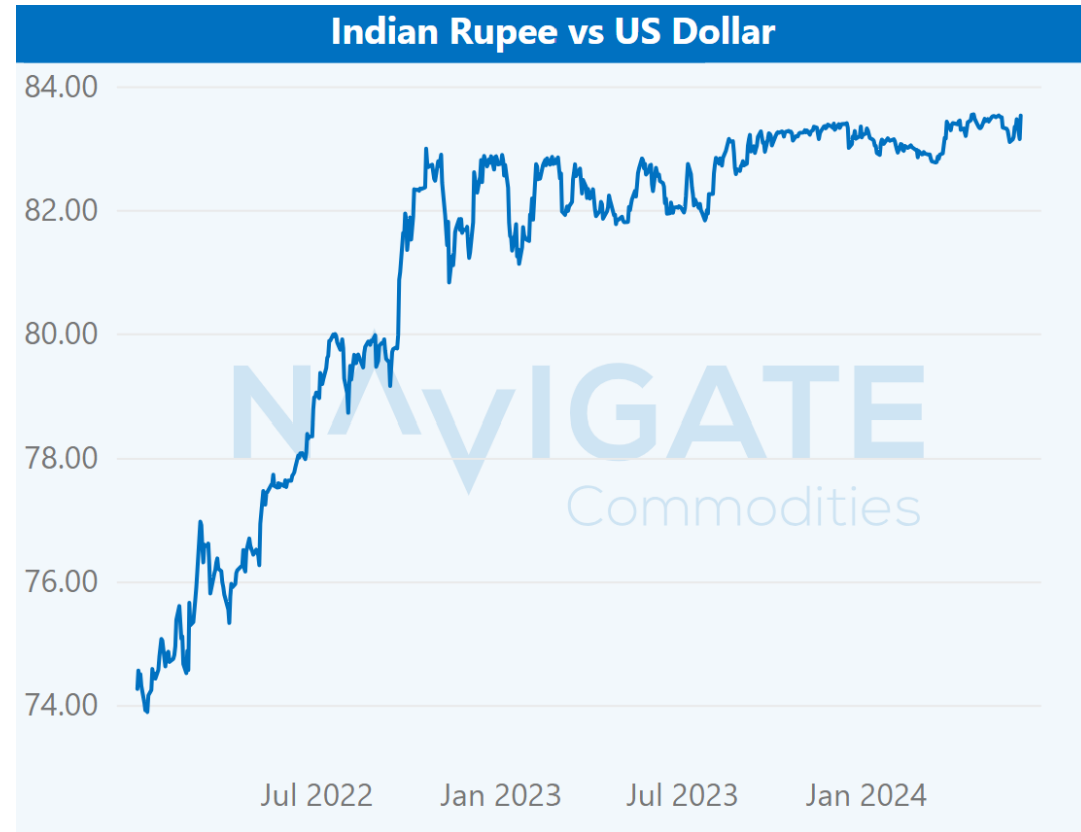
More recently, Navigate Marine is now monitoring eight (8) US West Coast-origin Ferrous Scrap-laden deepsea cargoes at sea destined for the South Asia peninsular via Singapore.

**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).

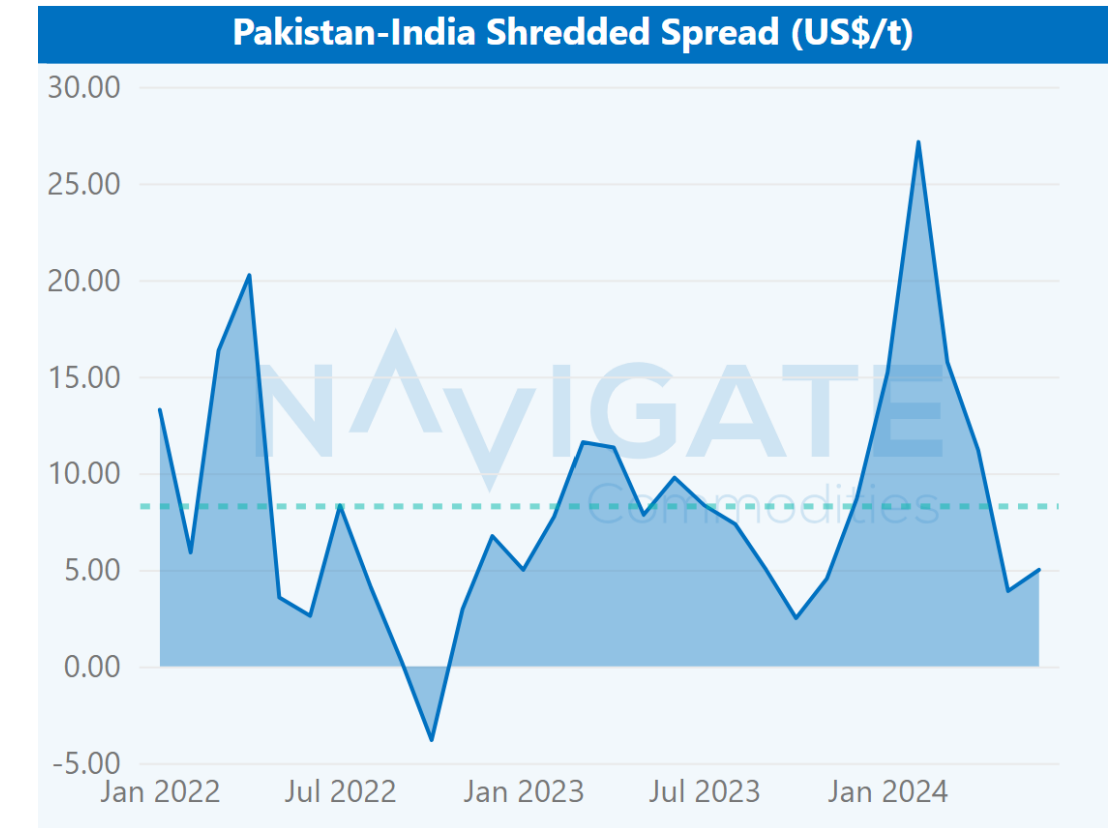
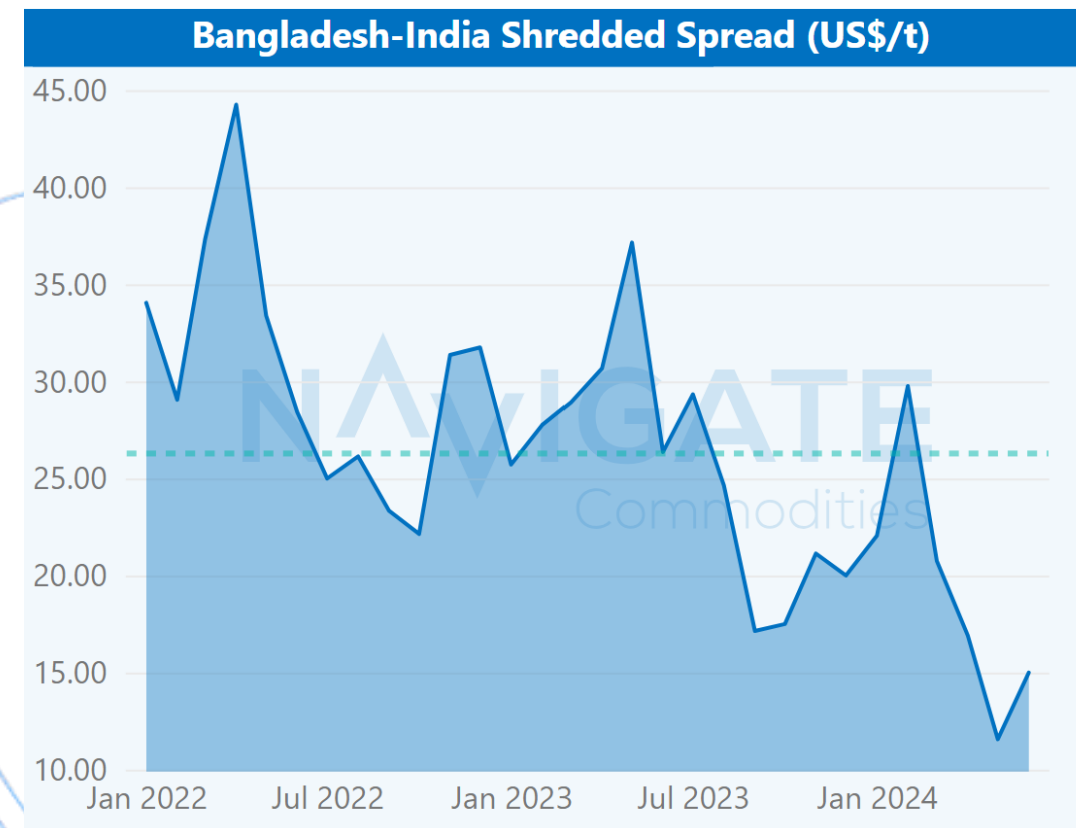
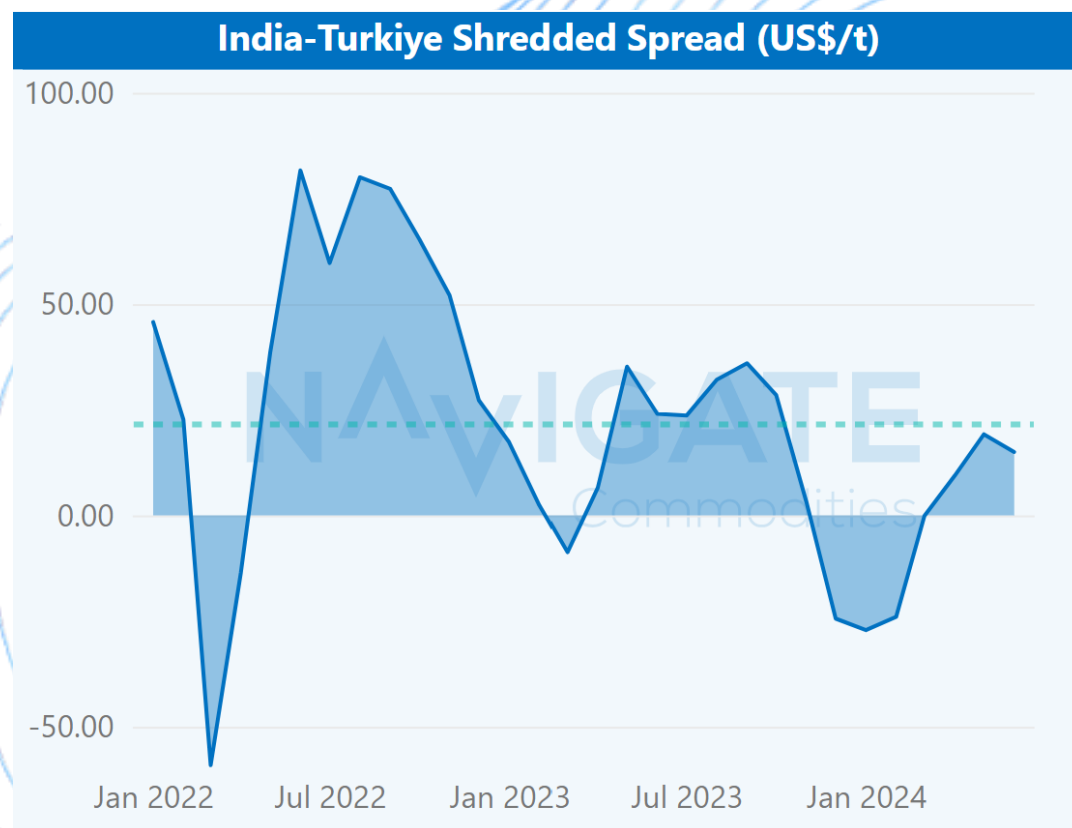
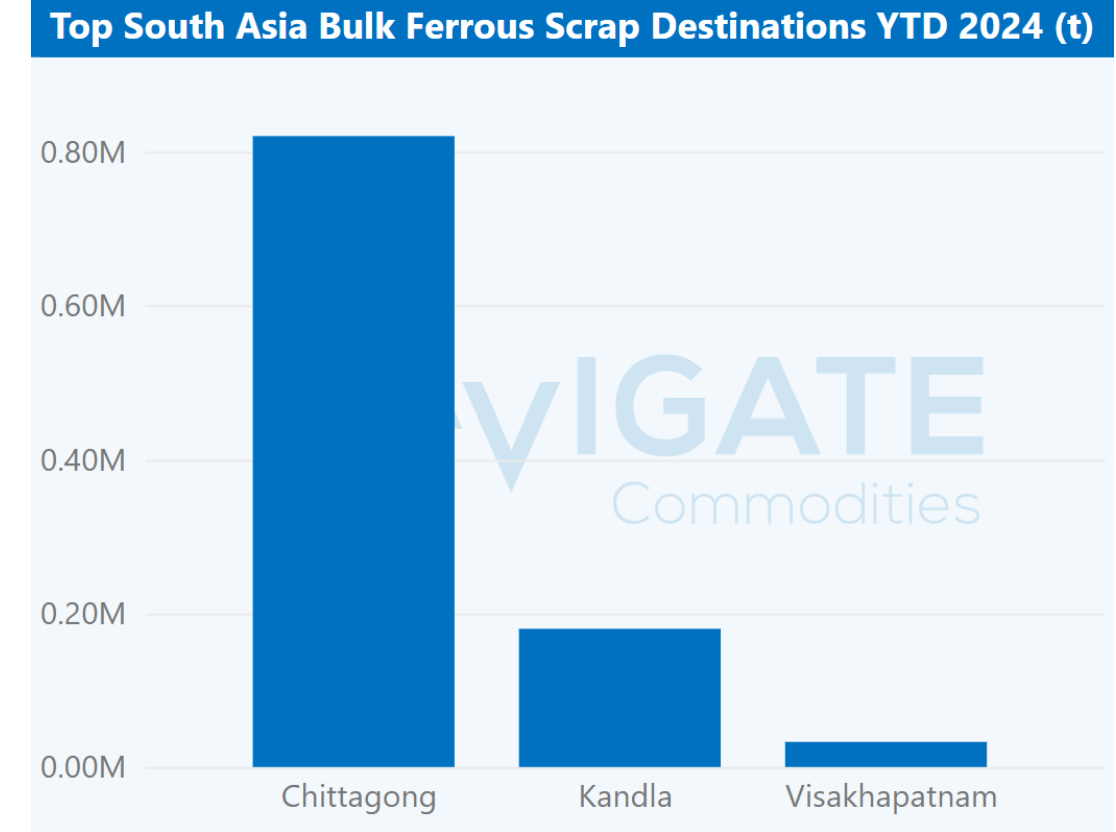
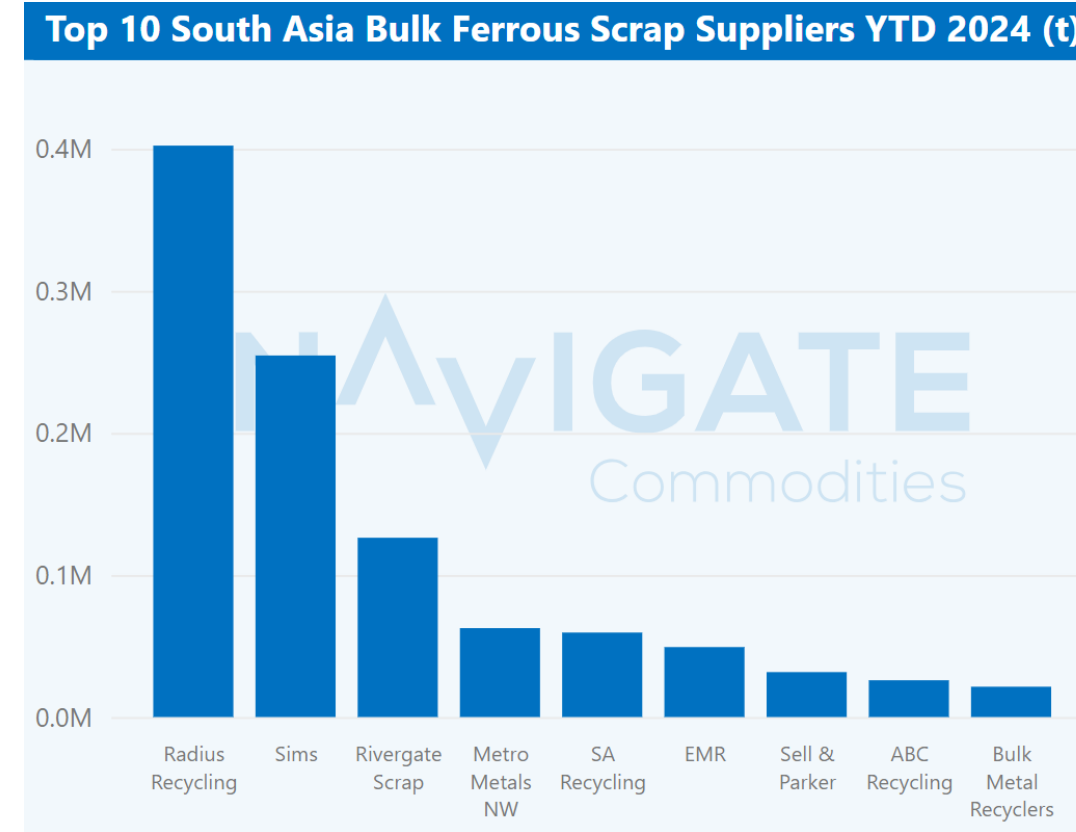
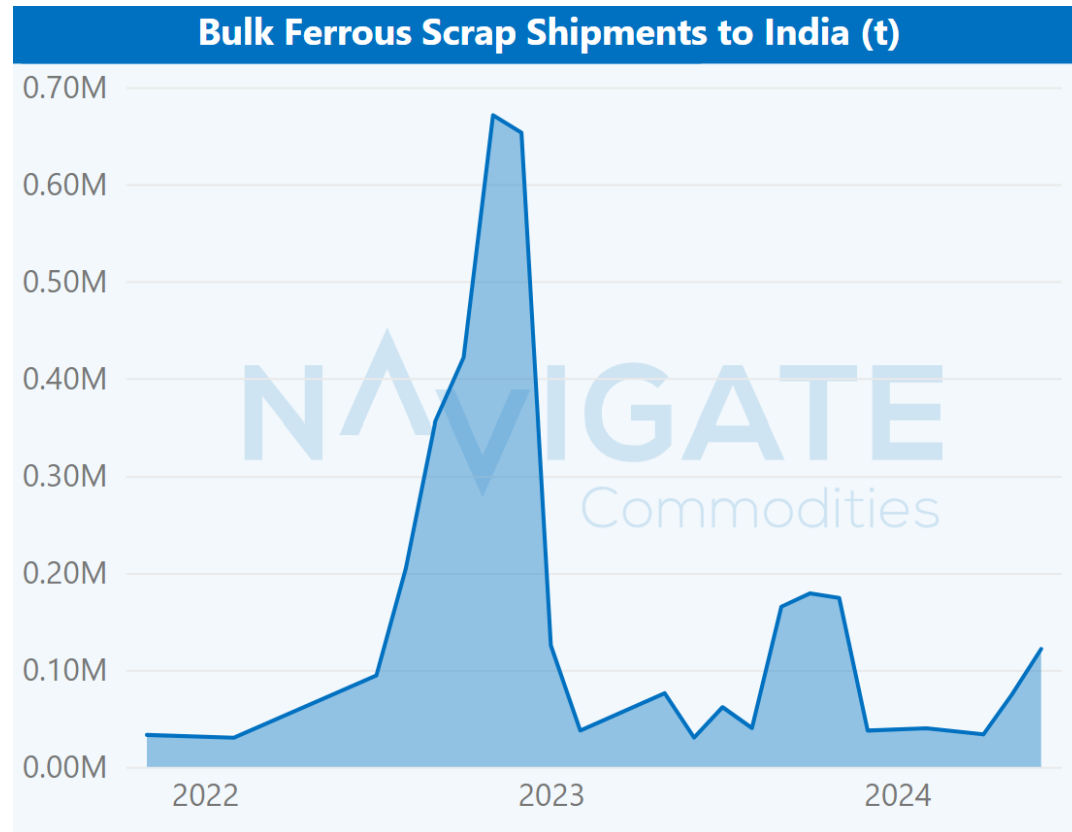
## Daily India Crude Steel Activity Index



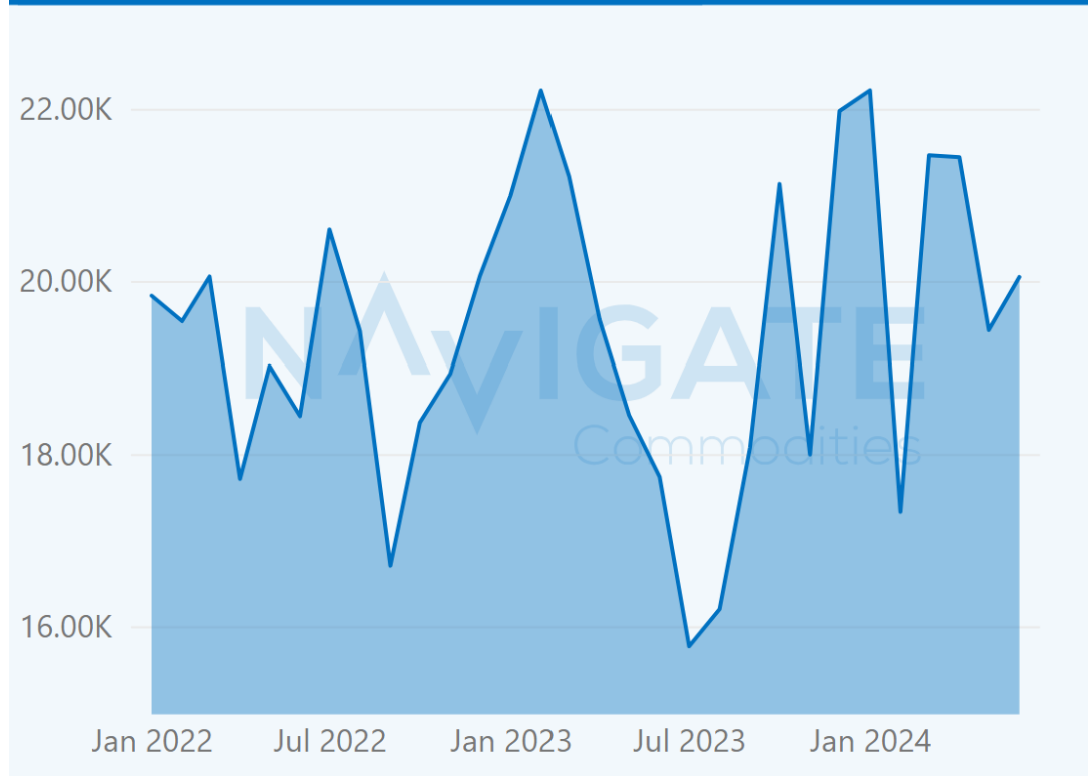
Source: Earth-i, Navigate Commodities



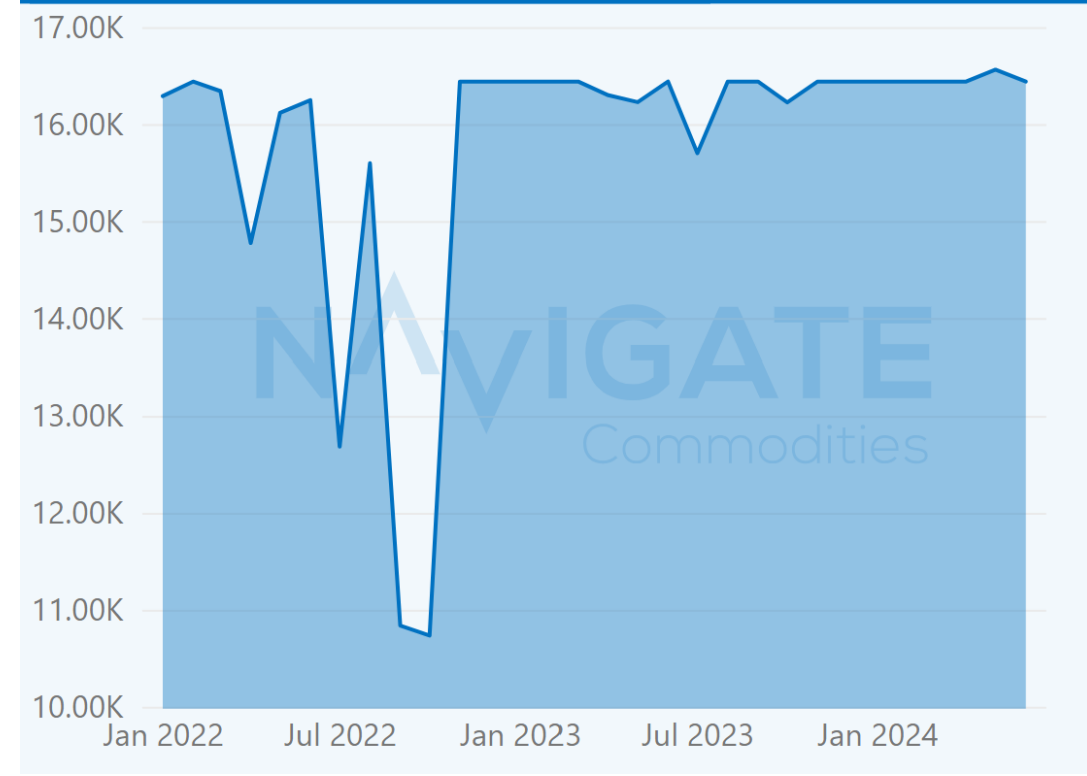




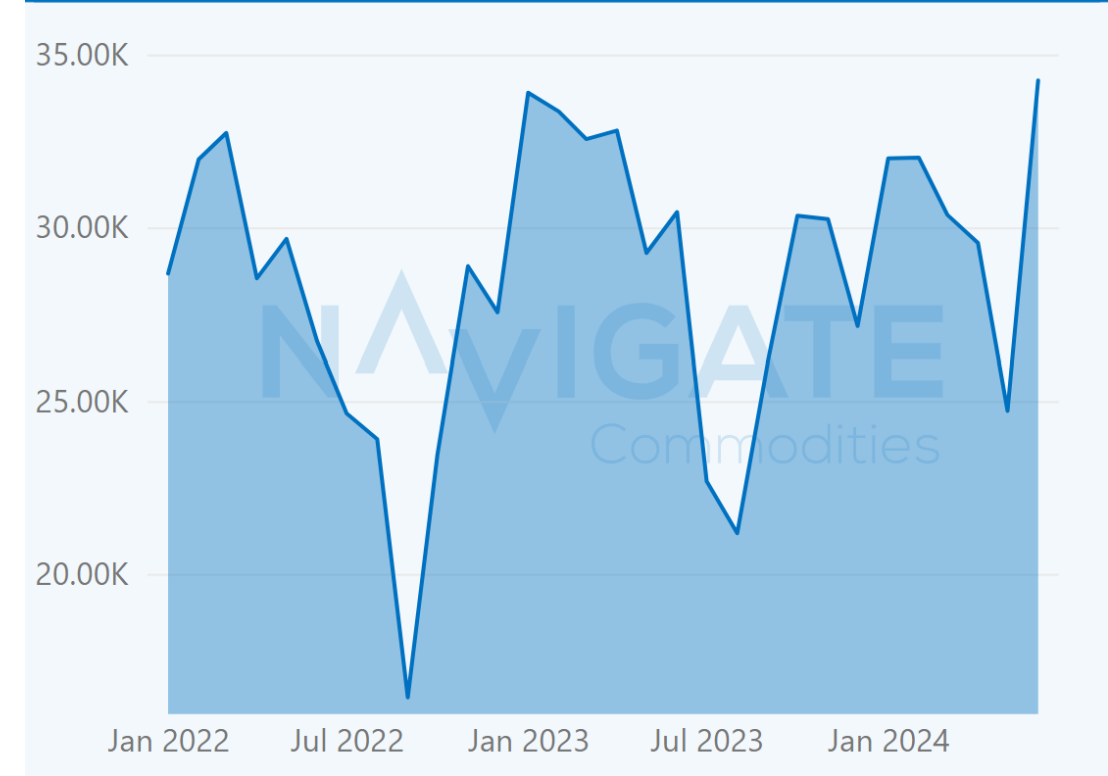
**AcelorMittal Nippon Steel Output 30D MA (tonnes per day)**



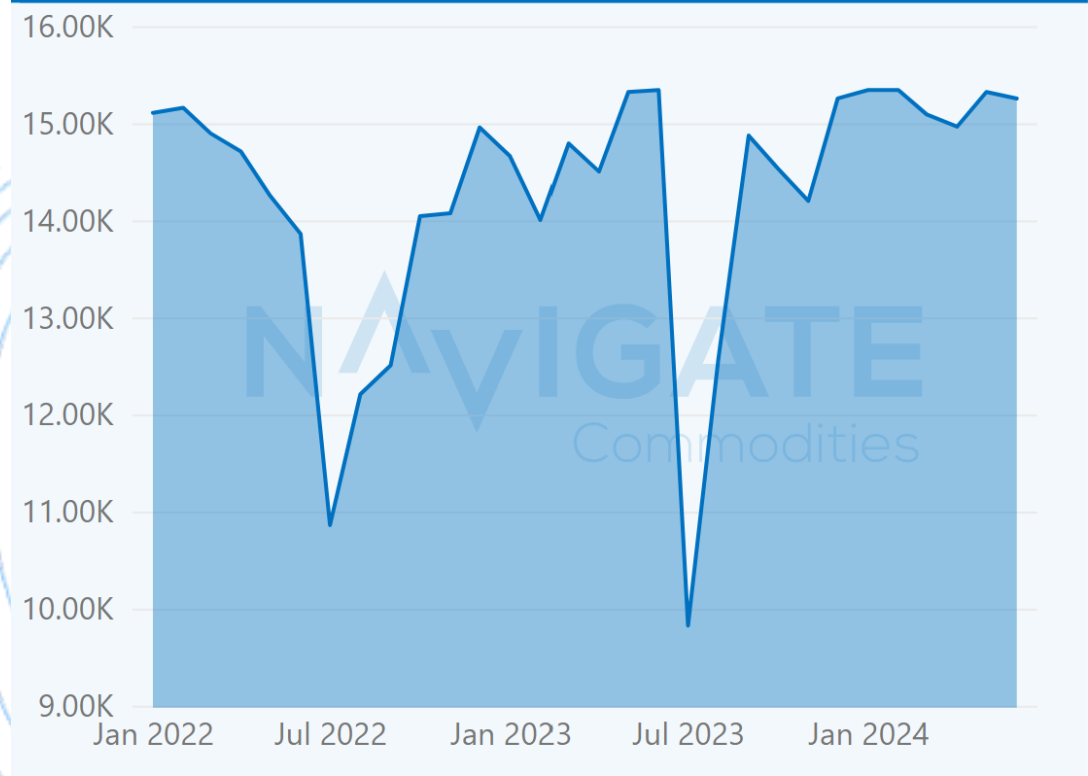
**JSPL Odisha Steel Output 30D MA (tonnes per day)**



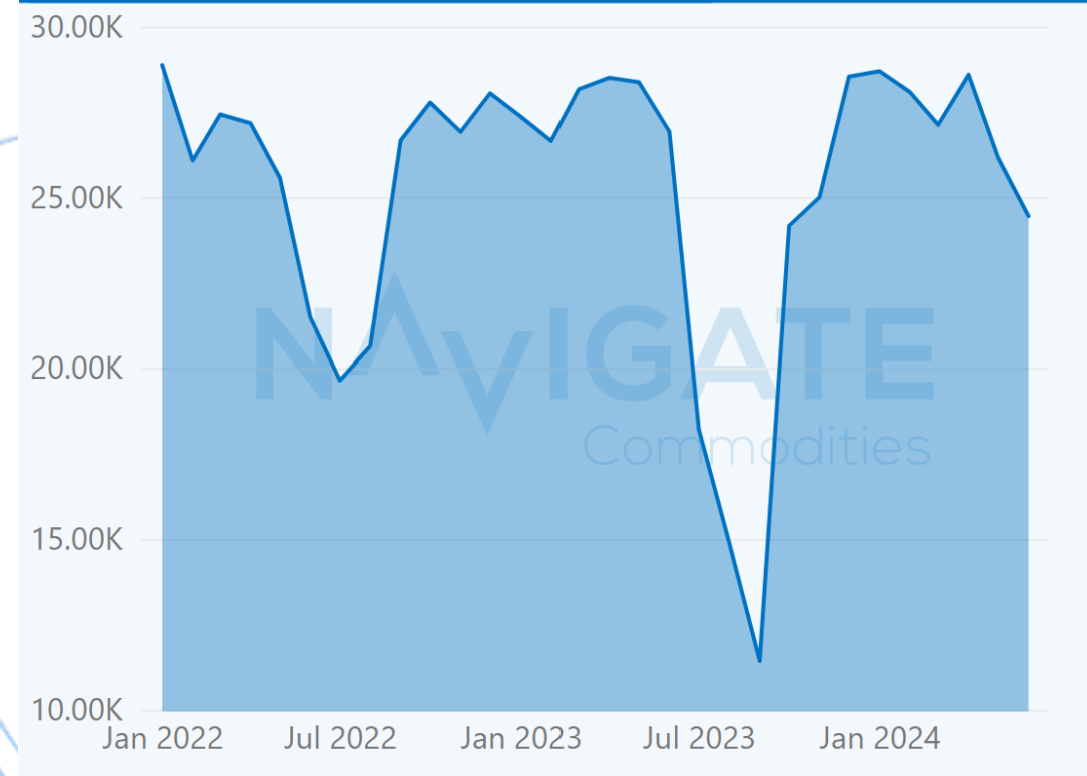
**JSW Vijayanagar Steel Output 30D MA (tonnes per day)**



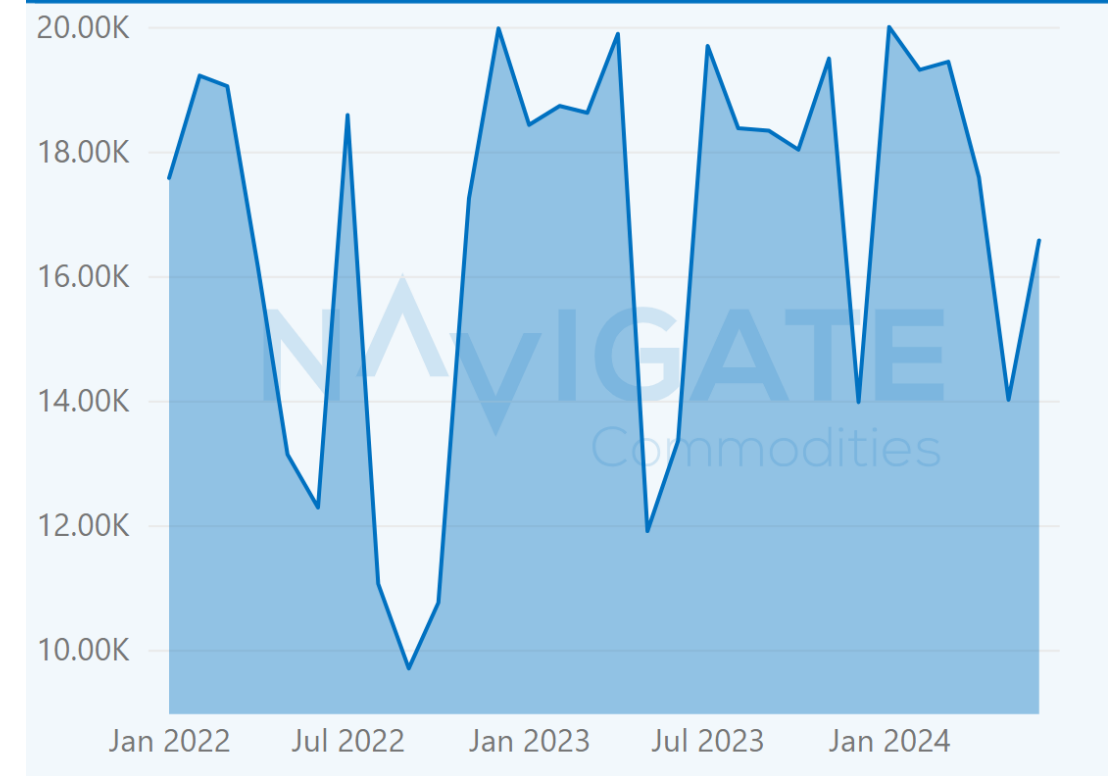
**Tata Steel BSL Steel Output 30D MA (tonnes per day)**



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



**Vizag Steel Output 30D MA (tonnes per day)**

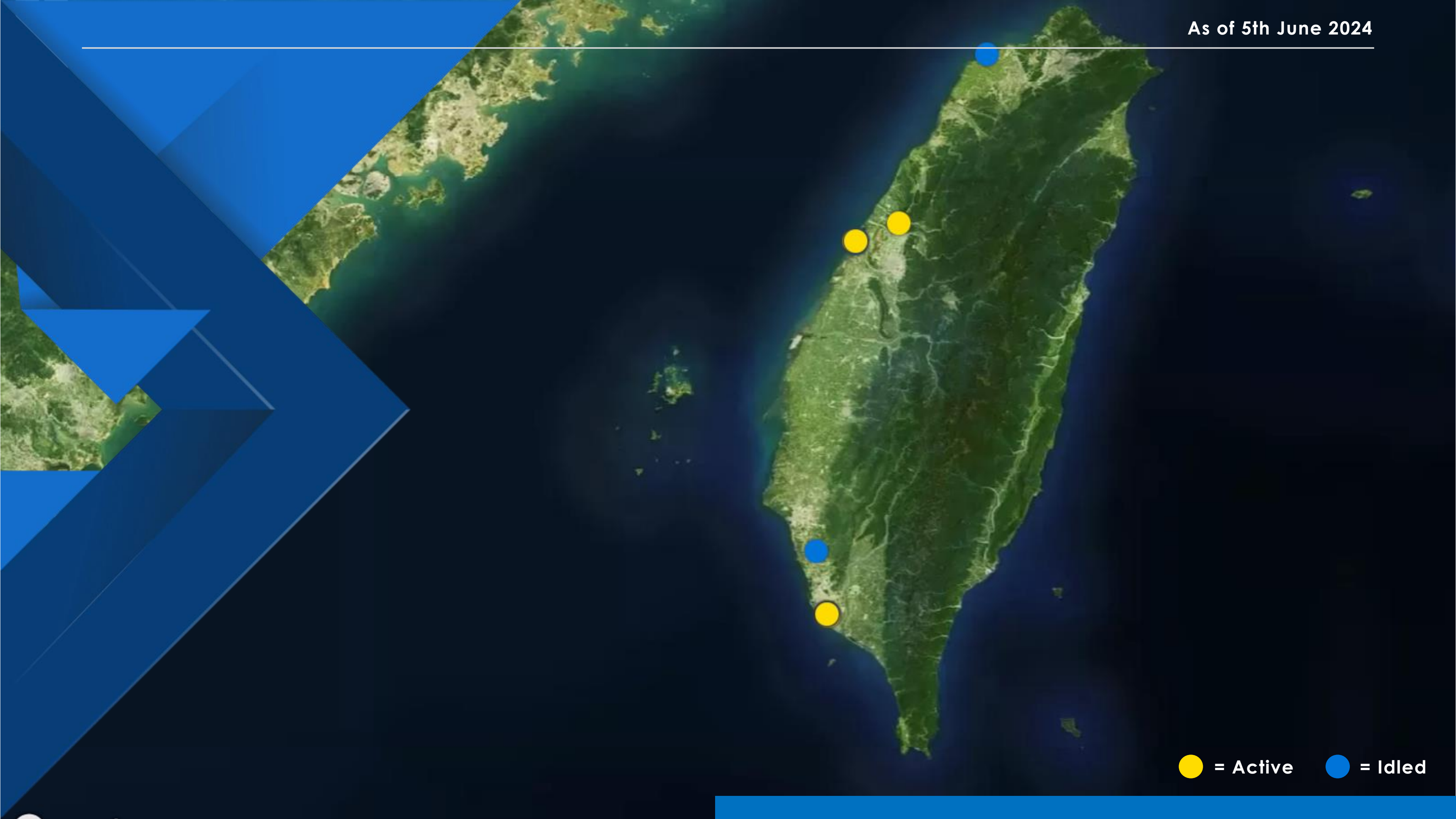




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# **Taiwan Steel Scrap Market Overview**





● = Active    ● = Idled

# Taiwan

Despite a recent rebound in daily integrated (BF/BOF) and electric arc furnace (EAF) smelting activity over the past month, Taiwan's industrial economy remains highly exposed to the import penetration of cost competitive Steel from China.

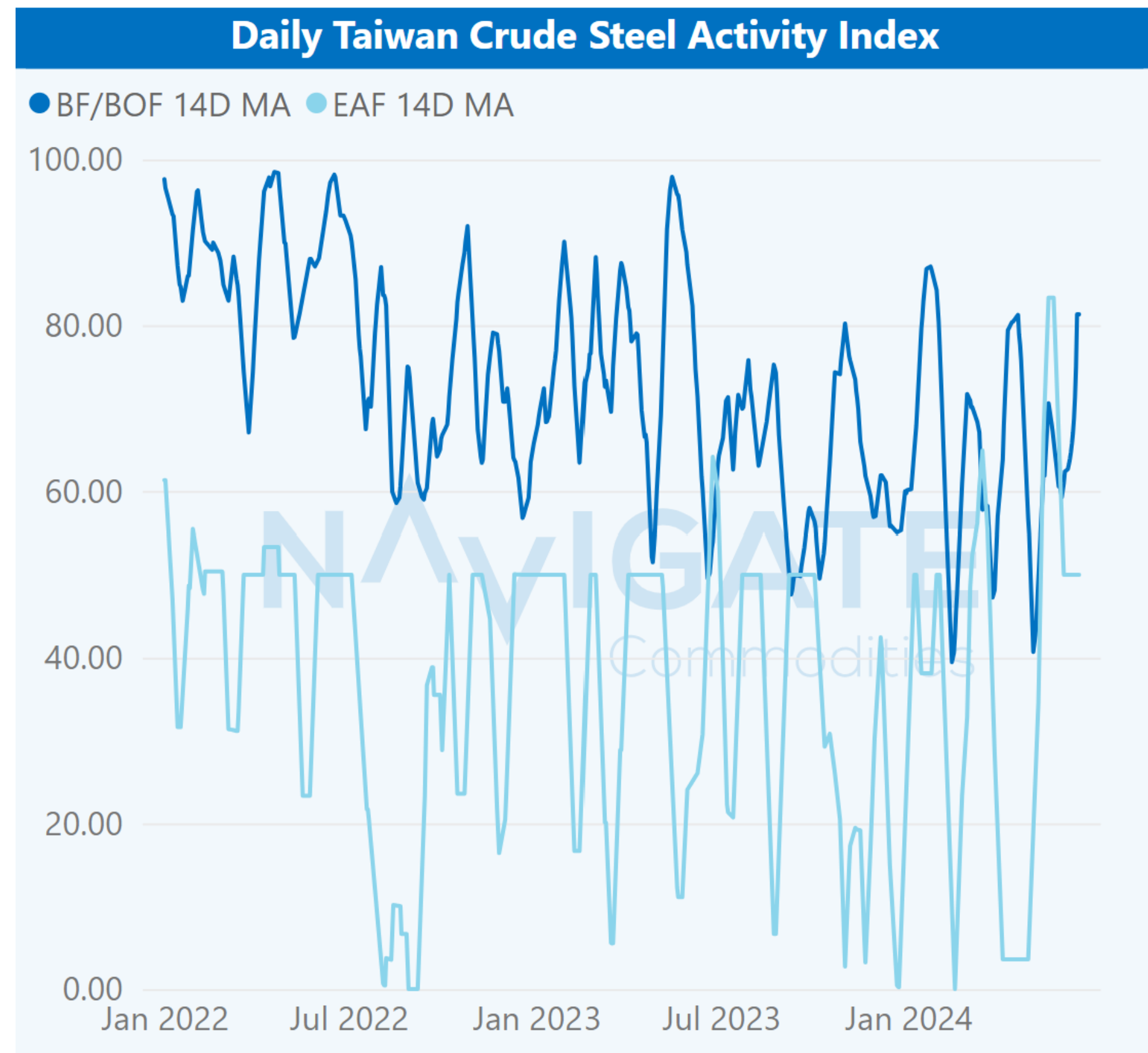
As a result, this continues to cramp Taiwan's ability to exercise and utilize its installed Steel production capacity and prospective Ferrous Scrap consumption to the fullest extent.

As such, Taiwanese HMS 1&2 (80:20) containerized cargoes continued to trade at a material discount of -US\$67/t and -US\$32/t to equivalent Indian and Turkish Ferrous Scrap grades, respectively.

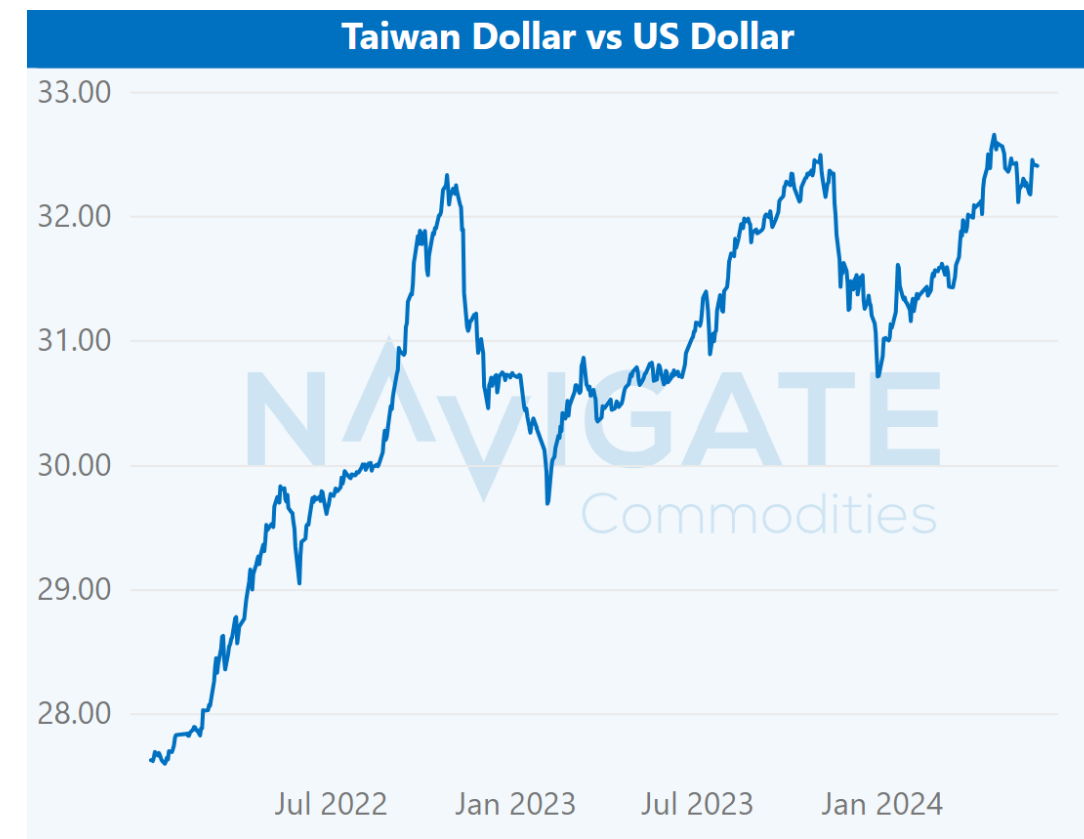
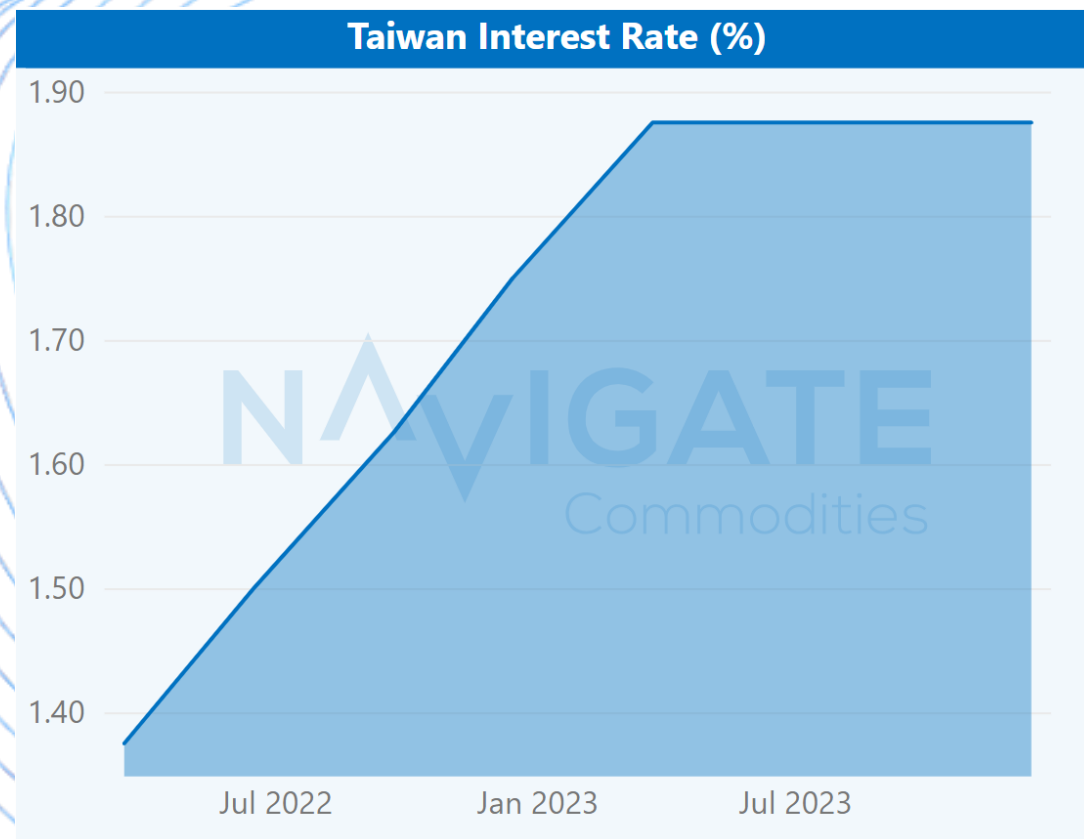
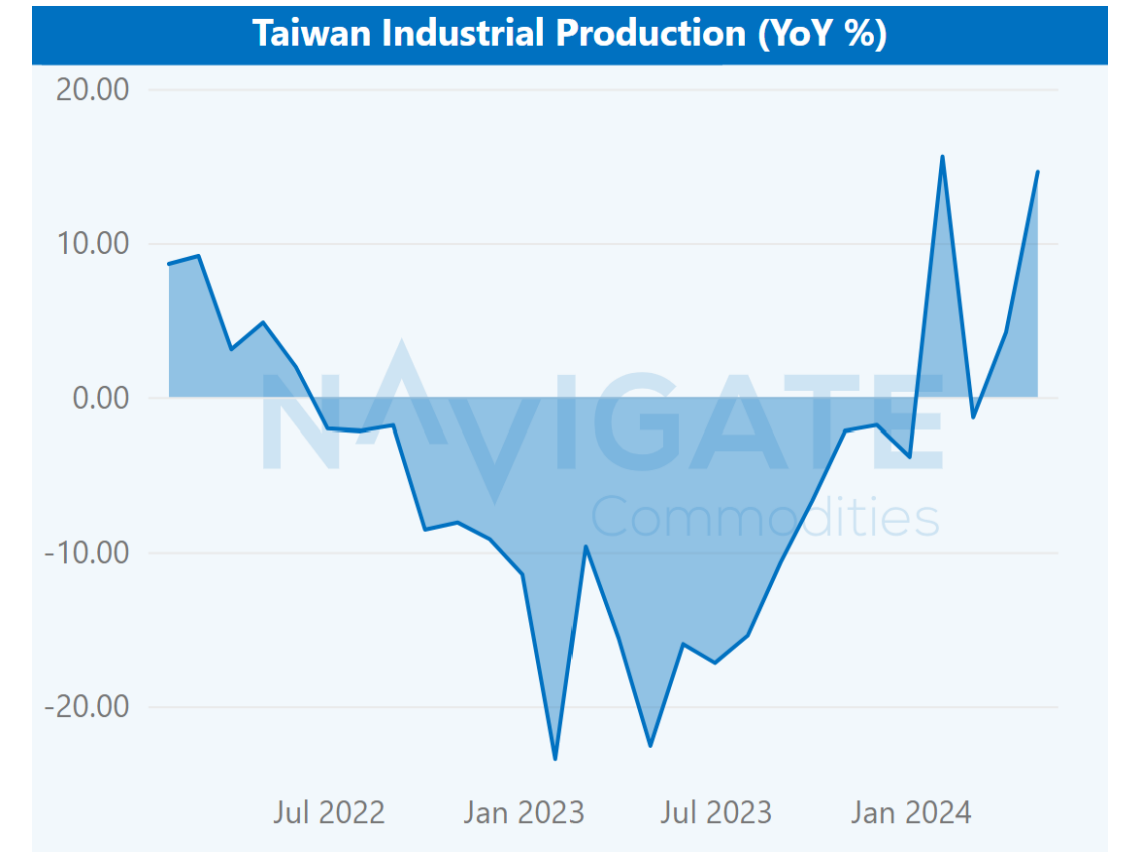
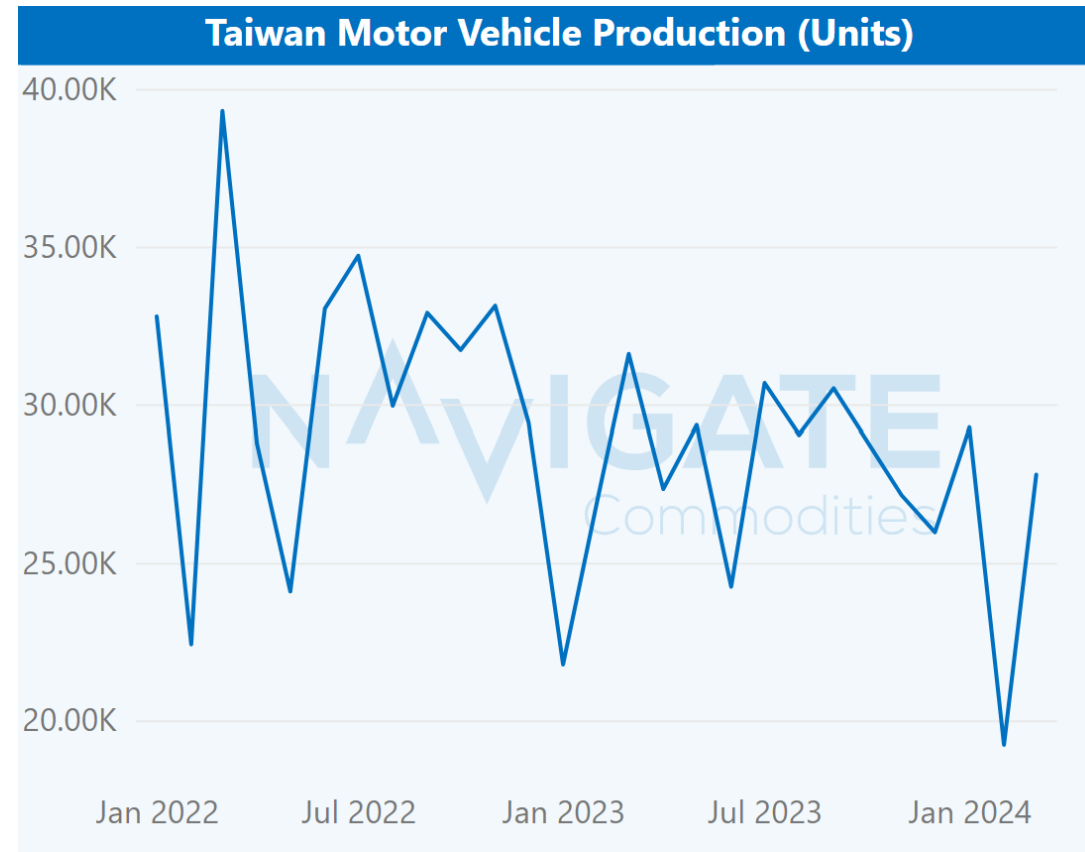
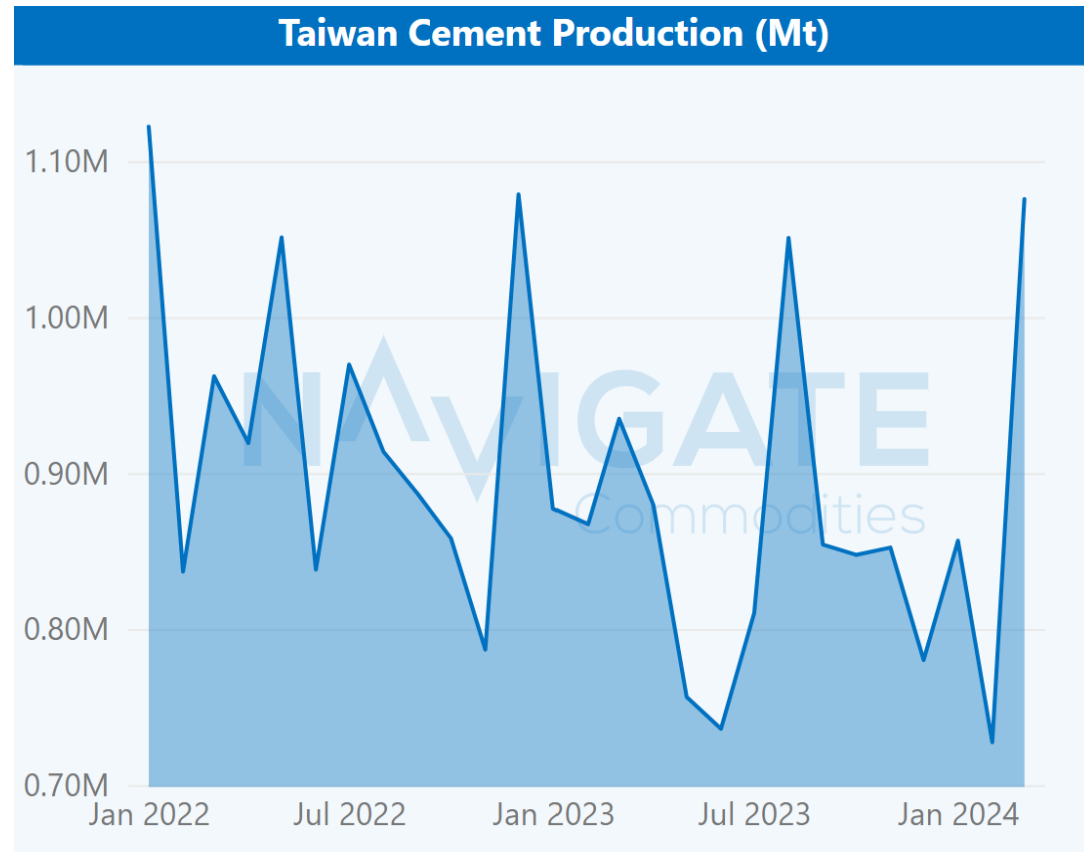
That said, domestic cement production in Taiwan showed some green shoots of growth as it expanded 47.88% MoM and 15.08% YoY to 1.08 million metric tonnes in March 2024.

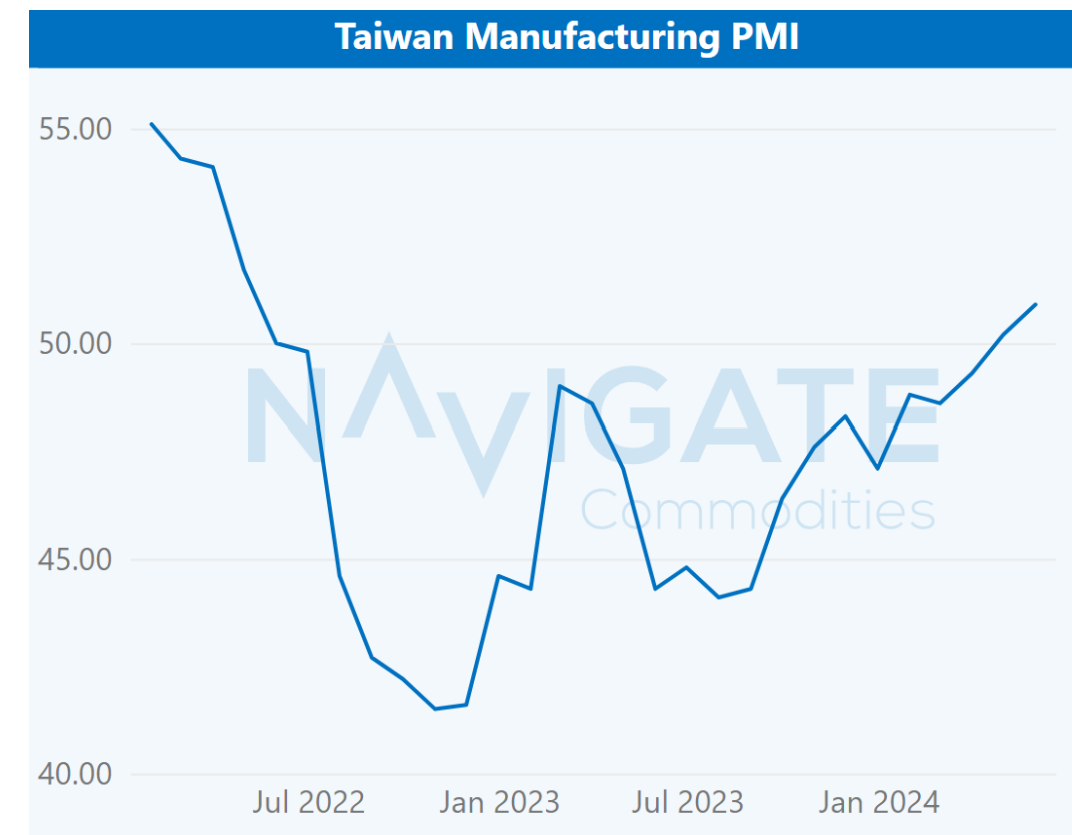
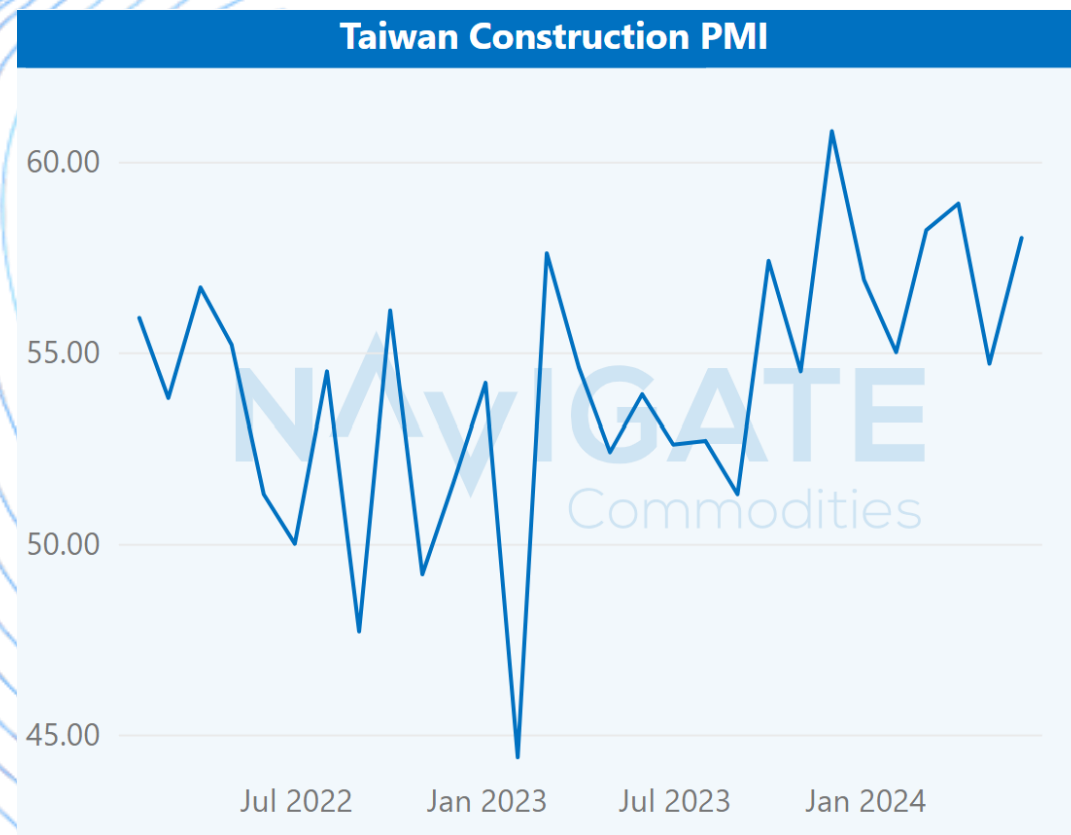
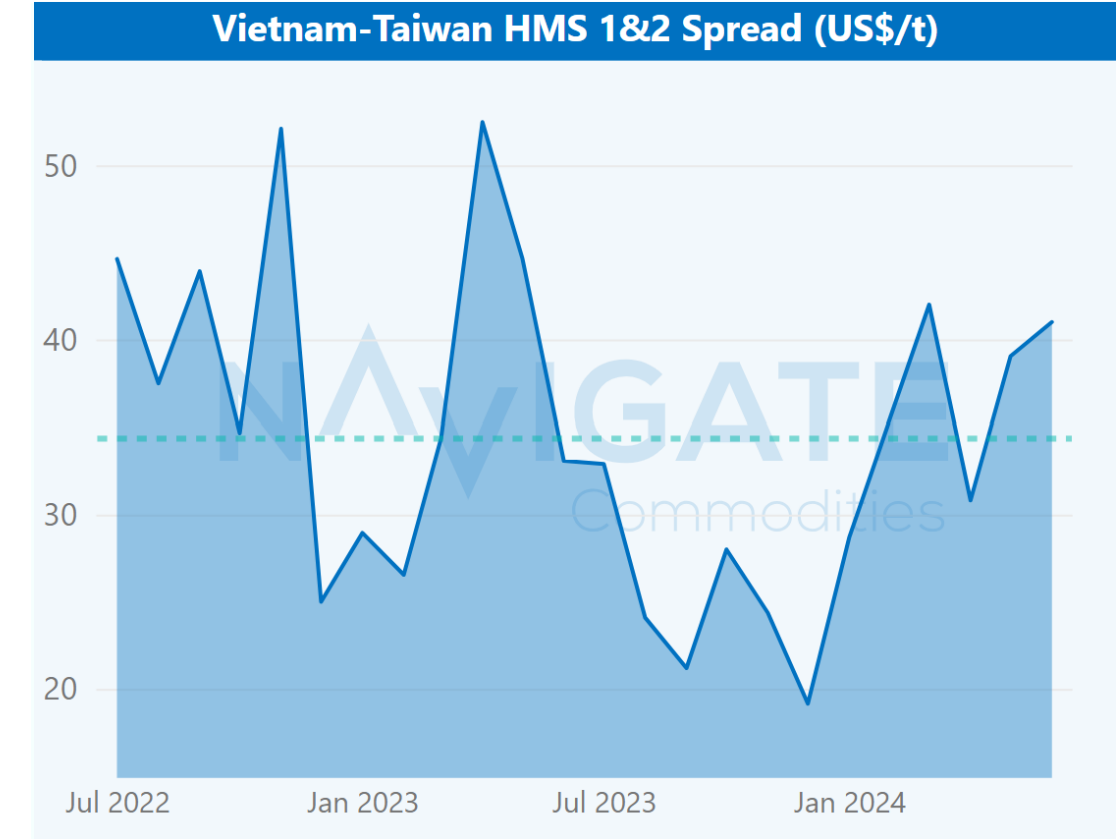
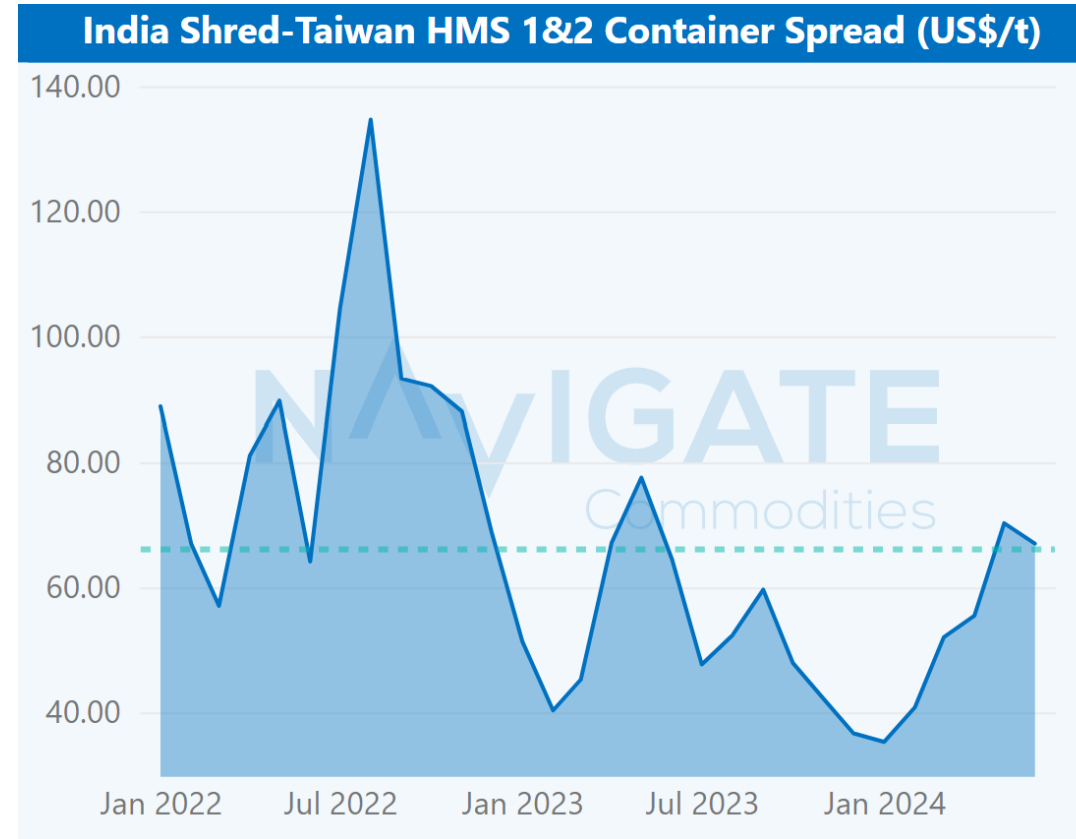
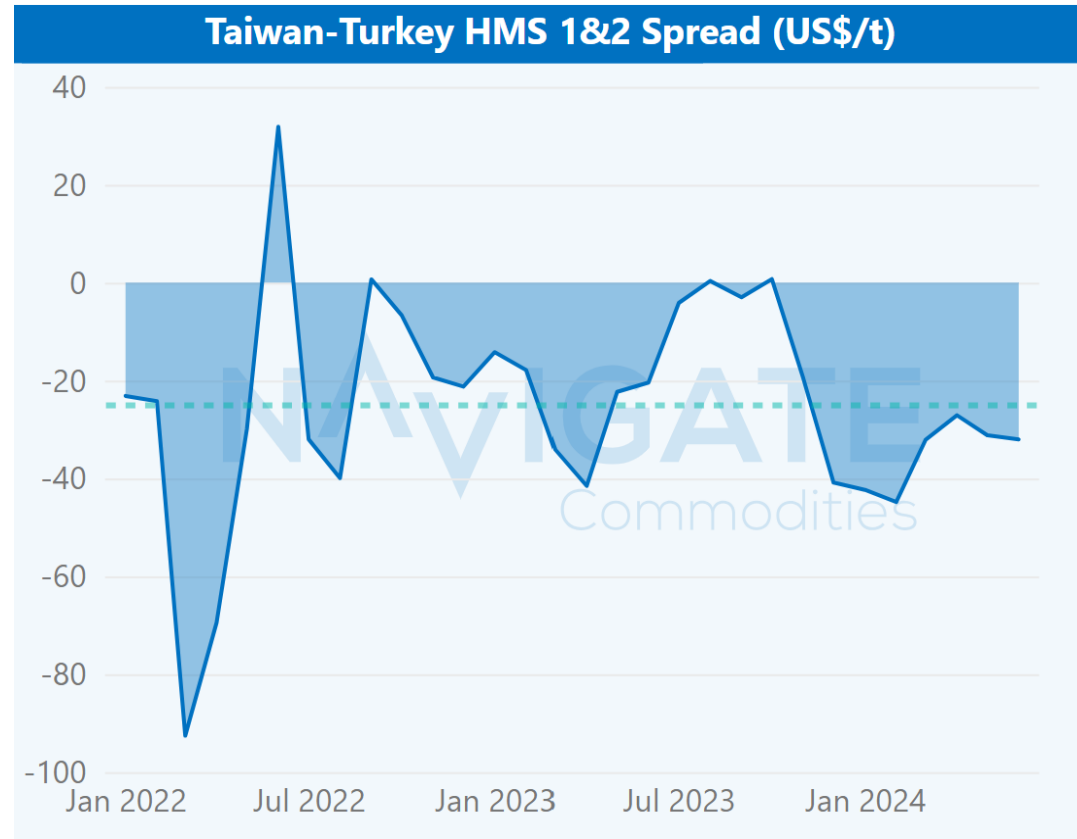
While this indicator is heavily lagged in comparison to the real-time data we're accustomed to analysing, cement is a lead indicator of construction activity given it has a shelf life of approximately six (6) months.

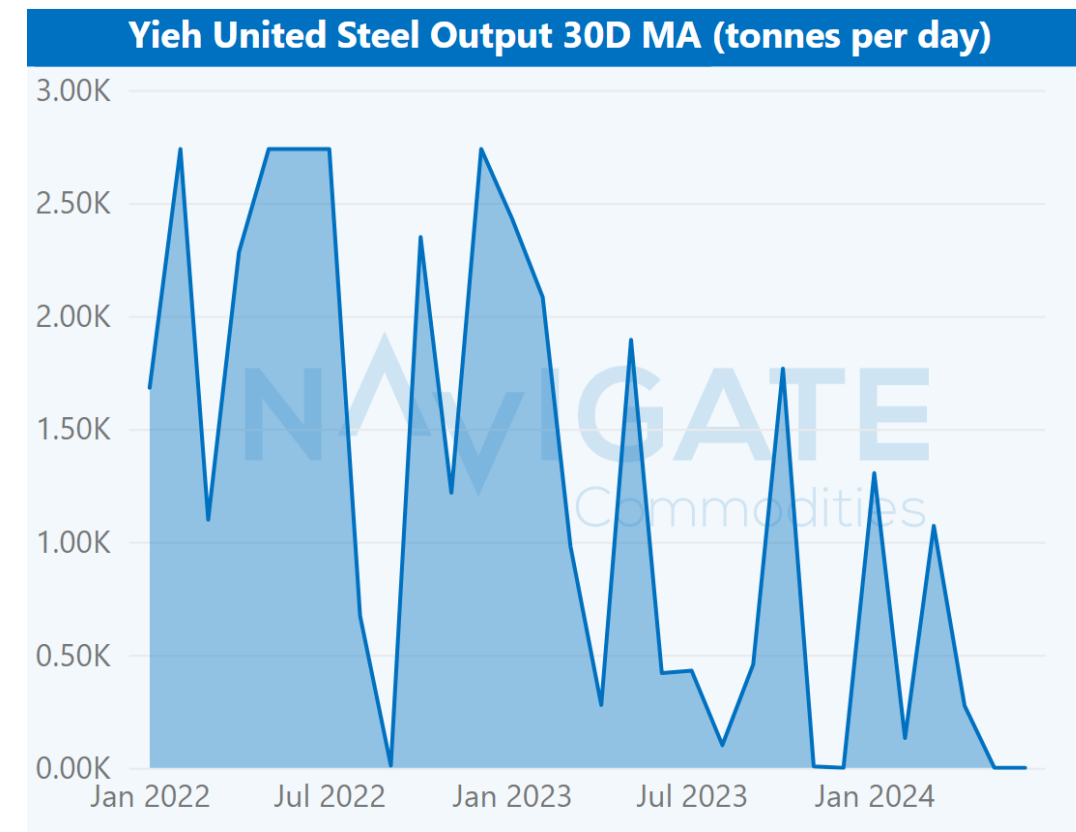
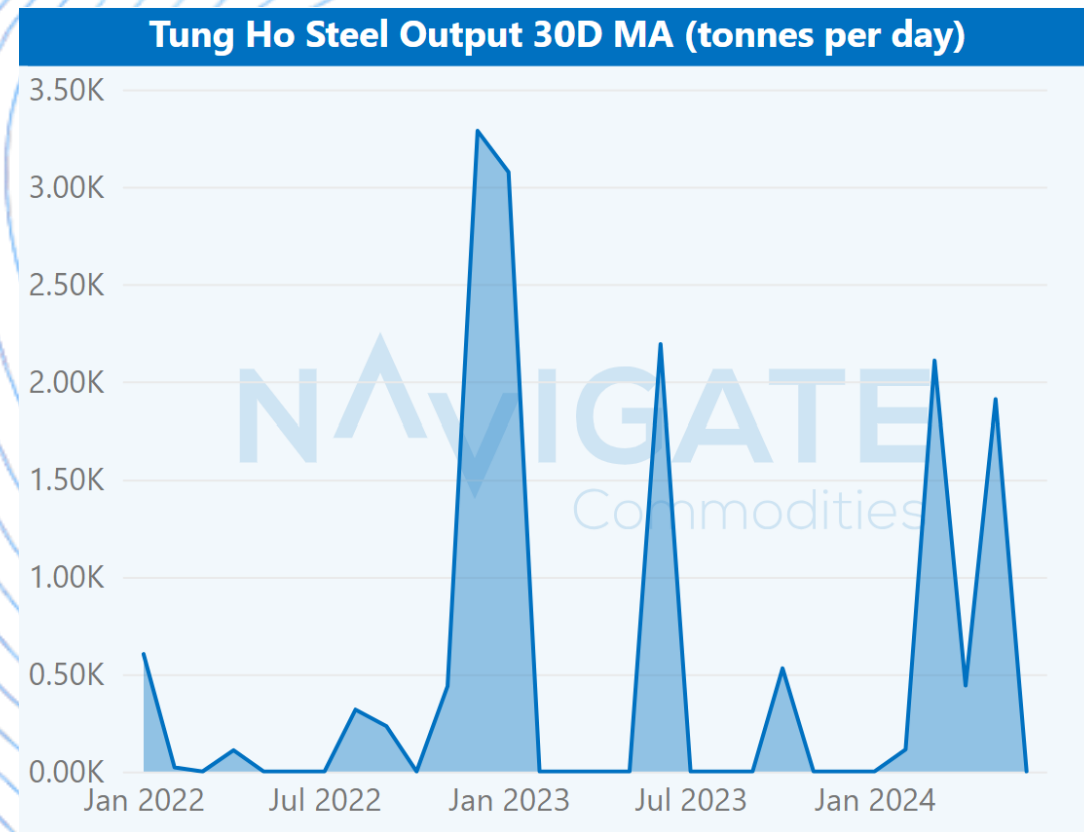
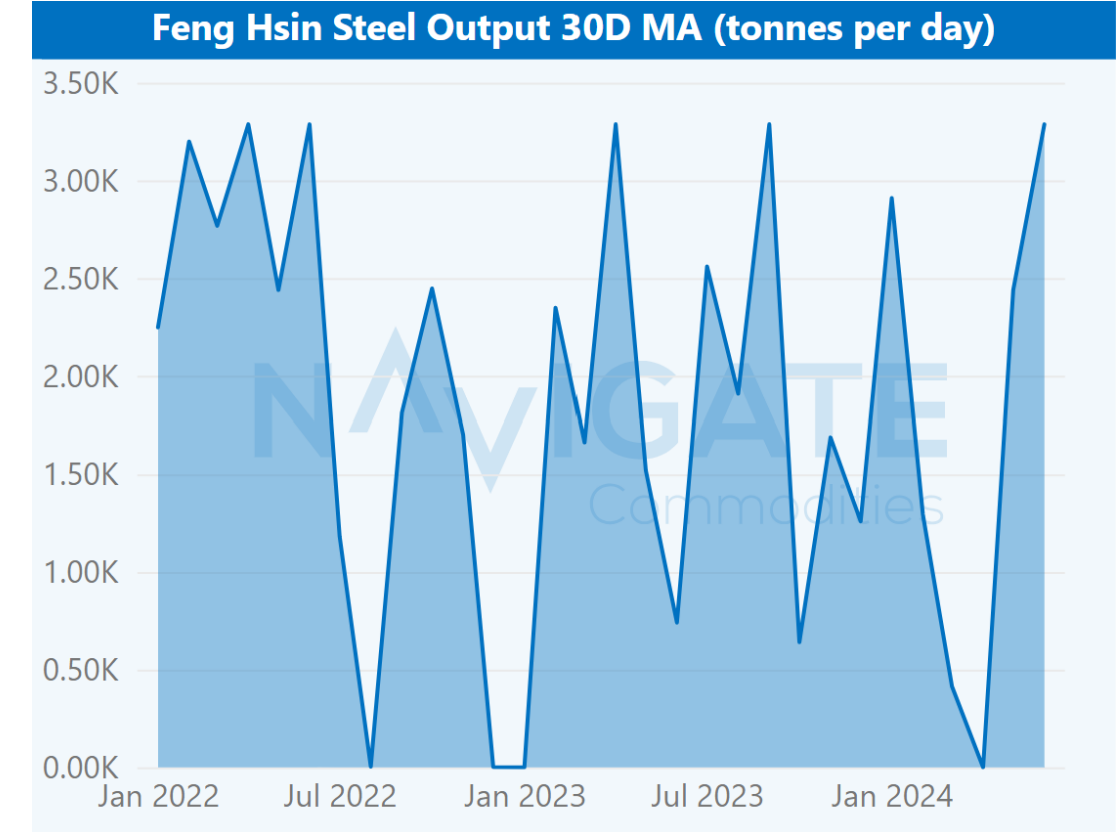
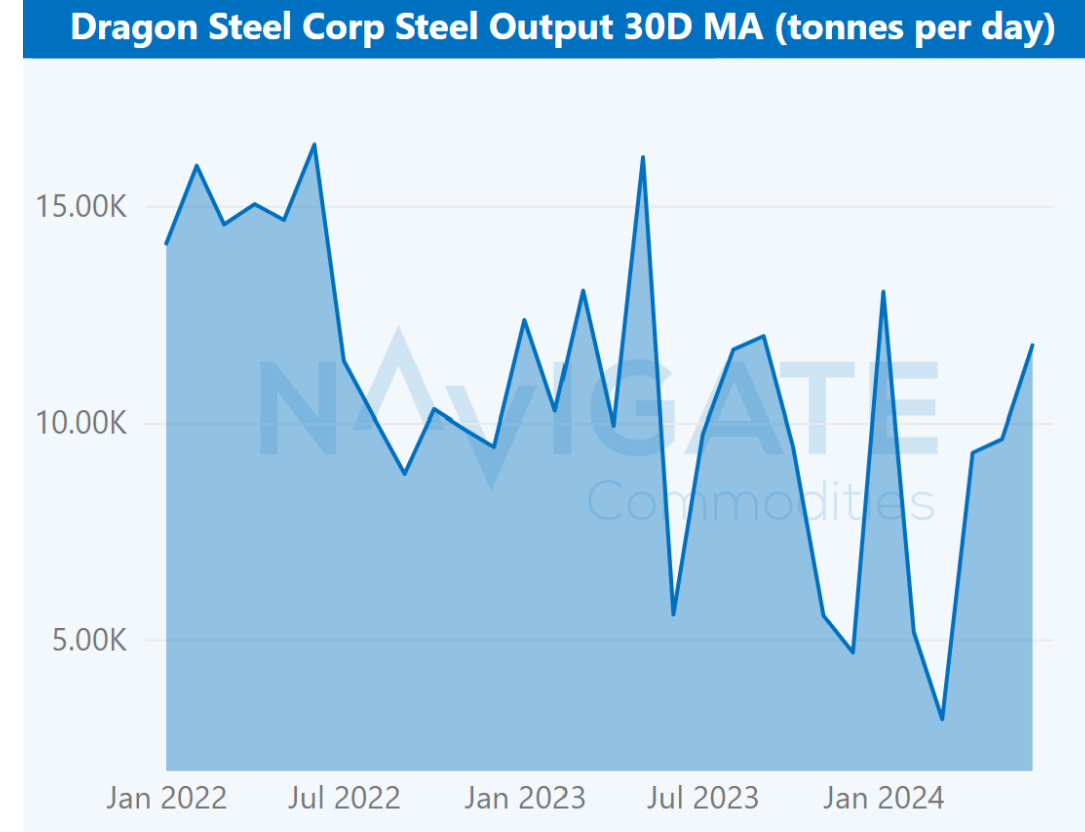
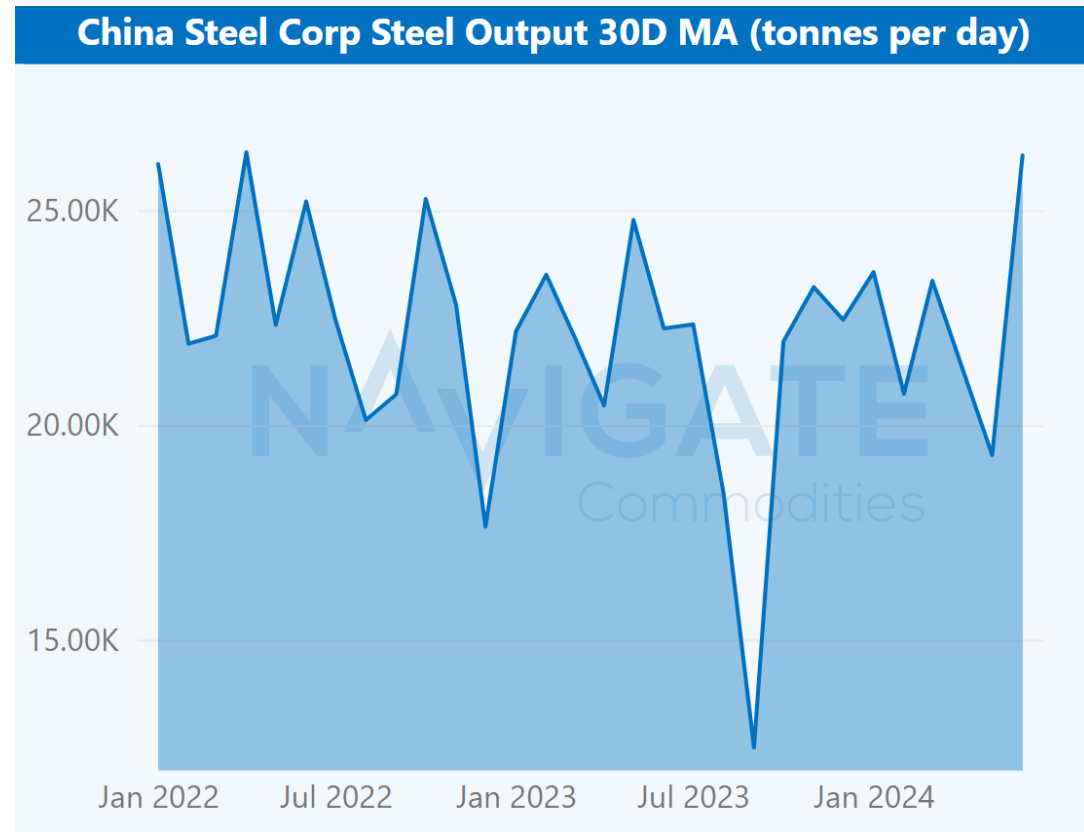
**Methodology:** The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities











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# **Türkiye Steel Scrap Market Overview**





# Türkiye

Turkish HMS 1&2 (80:20) benchmarks continued to display attritional warfare over the past month, with the US-origin Index equivalent briefly flirting with US\$377/t CFR Türkiye before expanding back up to US\$380/t on the same basis.

In our (humble) opinion, increased volatility to the upside in major seaborne Iron Ore markets has created a high degree of confusion for some Turkish Steel mills as to where fair value lies for Ferrous Scrap benchmarks.

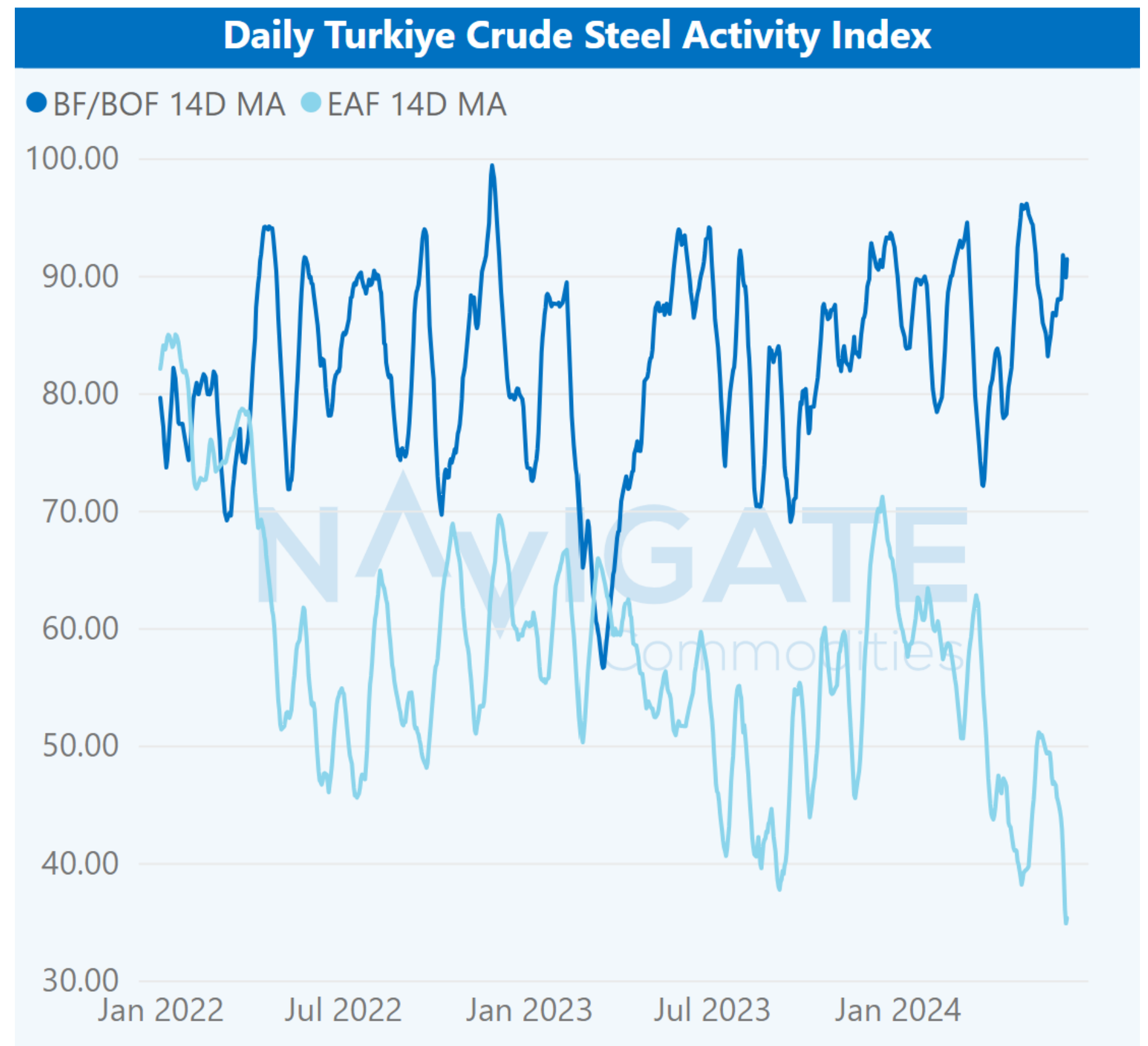
At the very same time, however, local Rebar benchmarks appear to have stabilized, for now, and have even found some support from prolonged domestic Steel production cuts through April & May.

We believe it's also plausible that local inventories of Rebar have either been run down or are running at incredibly low levels - if only we had a way to monitor these stockpiles...

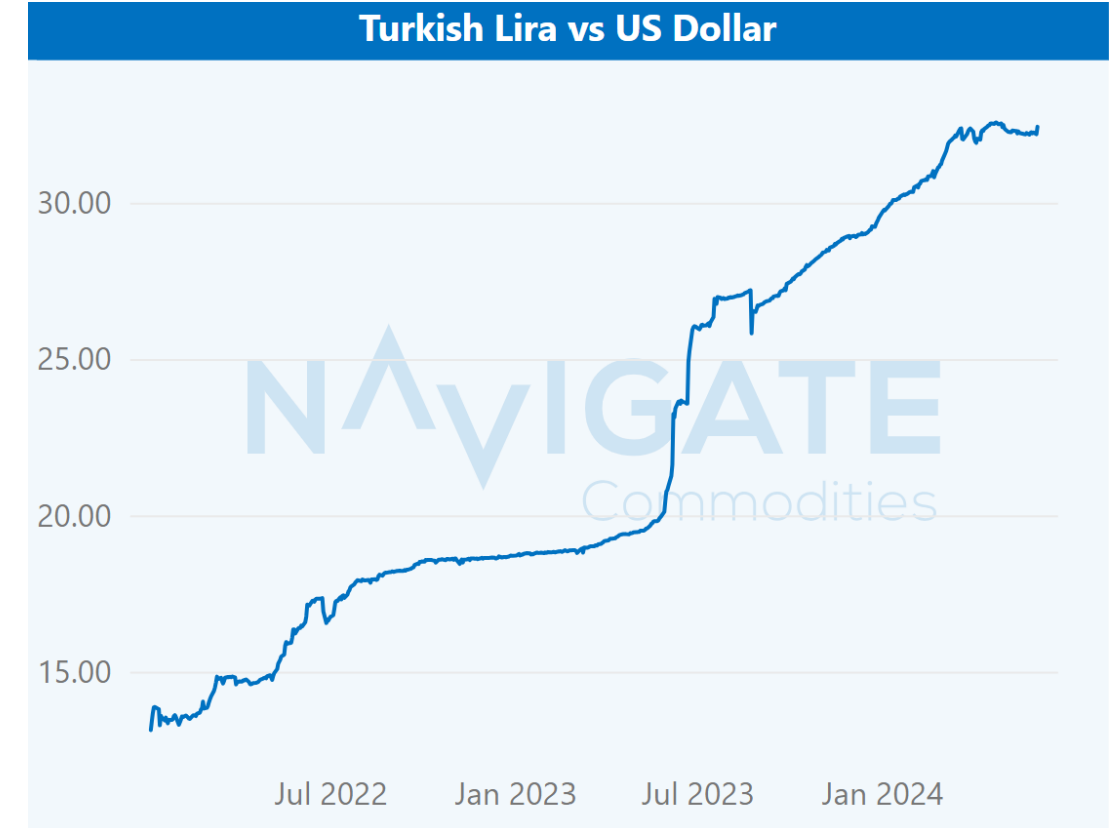
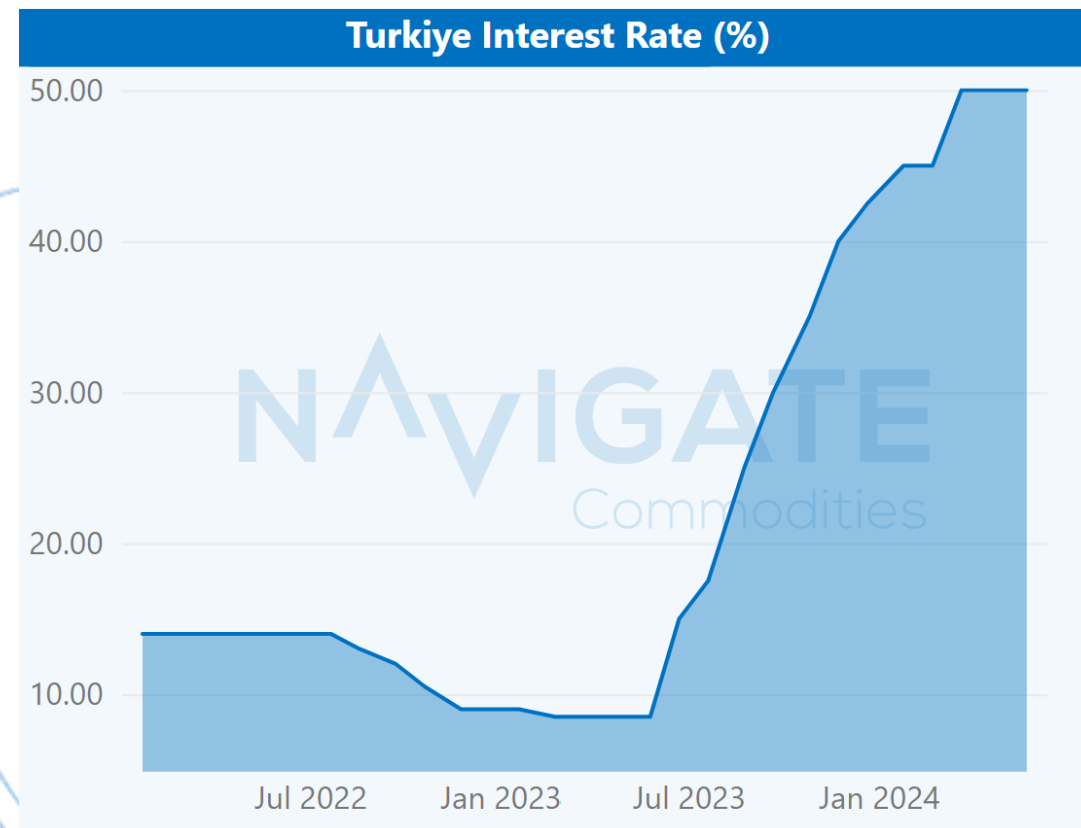
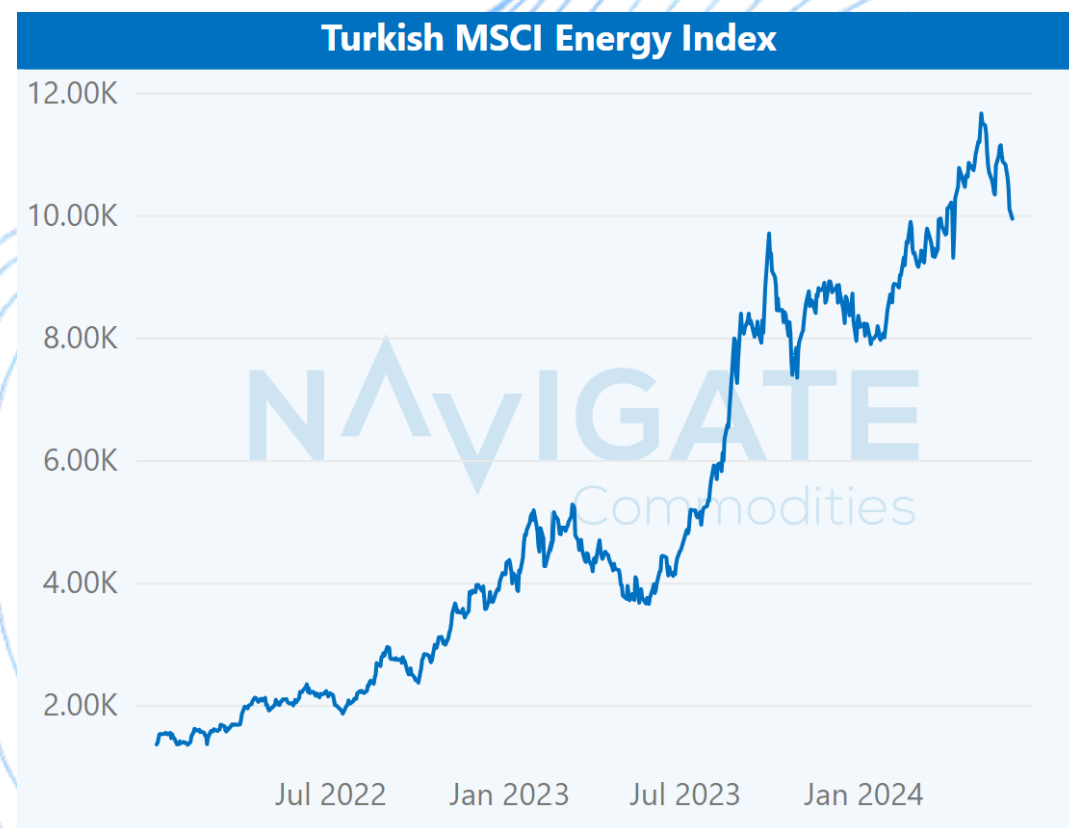
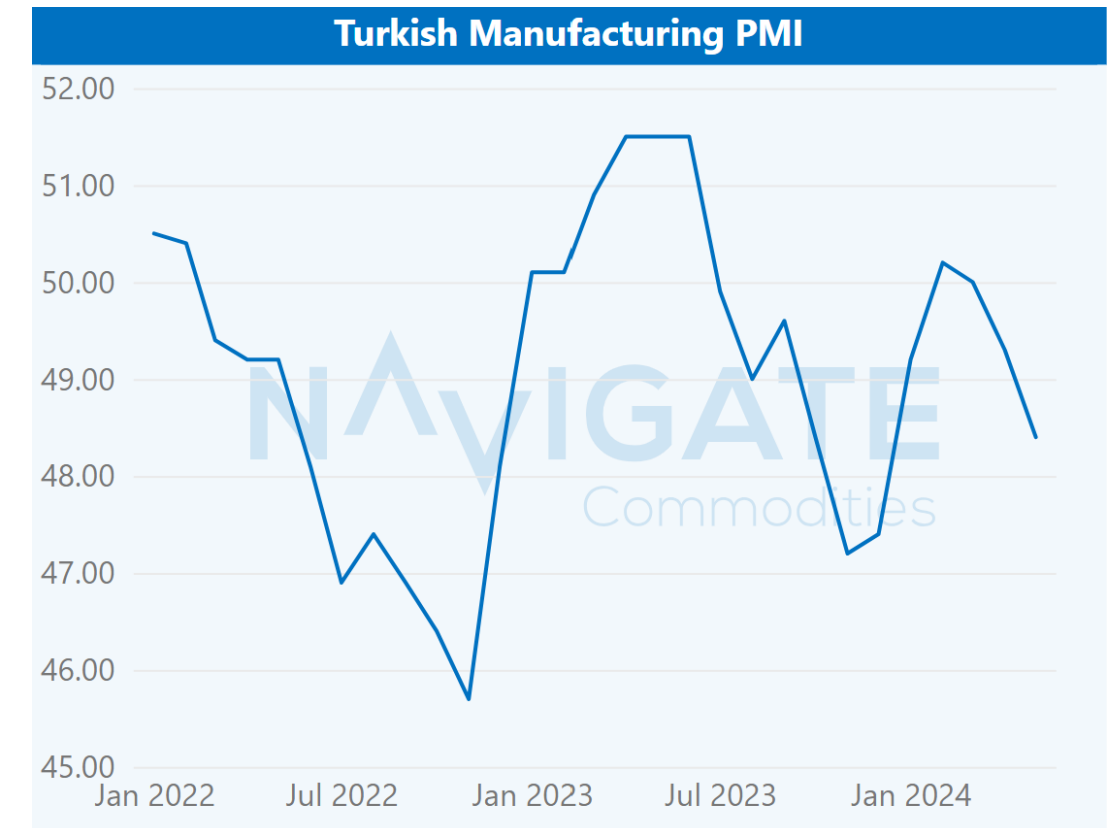
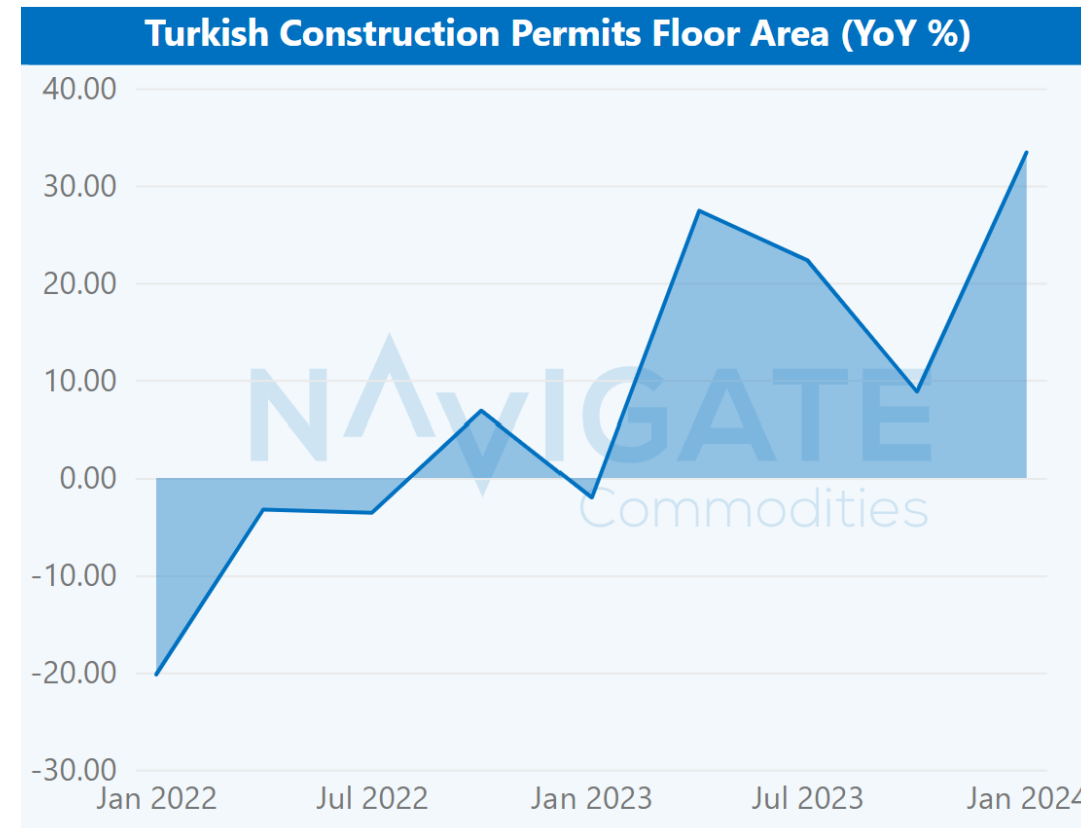
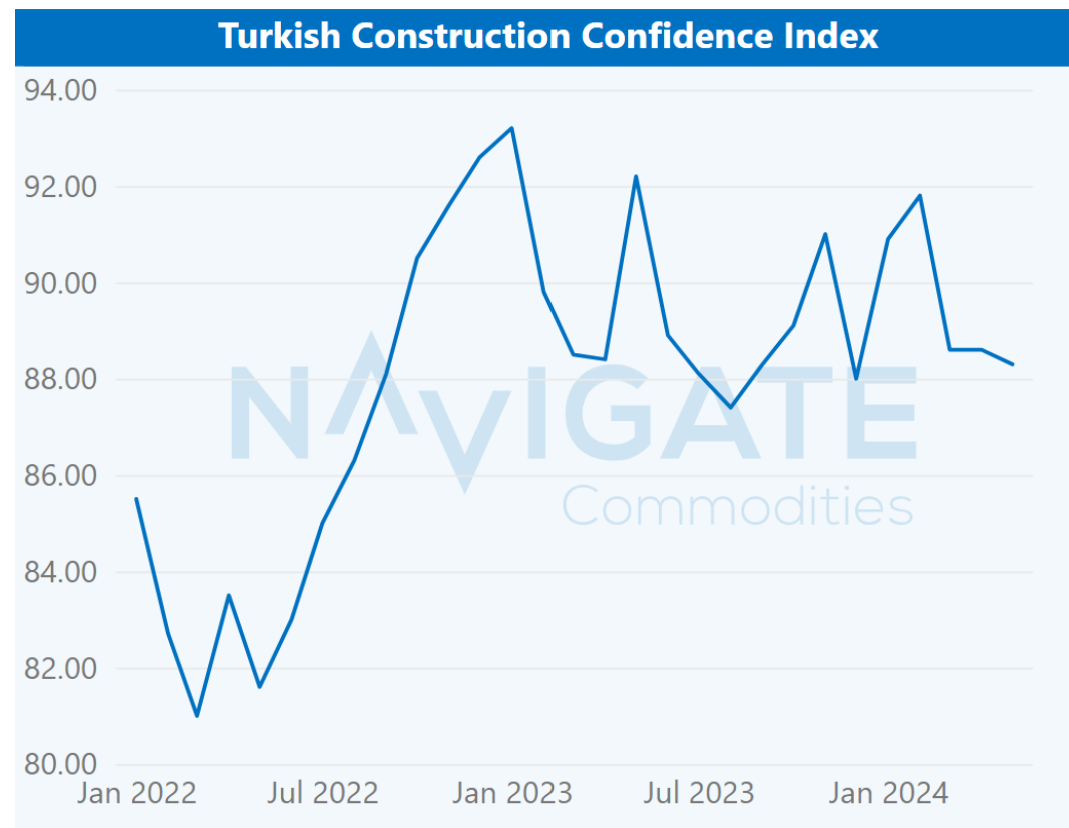
For the moment, daily Turkish electric arc furnace Steel smelting activity has stabilized around 50.00pts for the past two weeks as local mills have entered a short-term "holding pattern".

More recently, 62% Iron Ore prices capitulated US\$16/t over the past two weeks to one-month lows of US\$106.05/t CFR China on 5<sup>th</sup> June 2024, which has negative connotations for Hot Metal production costs and Ferrous Scrap benchmarks.

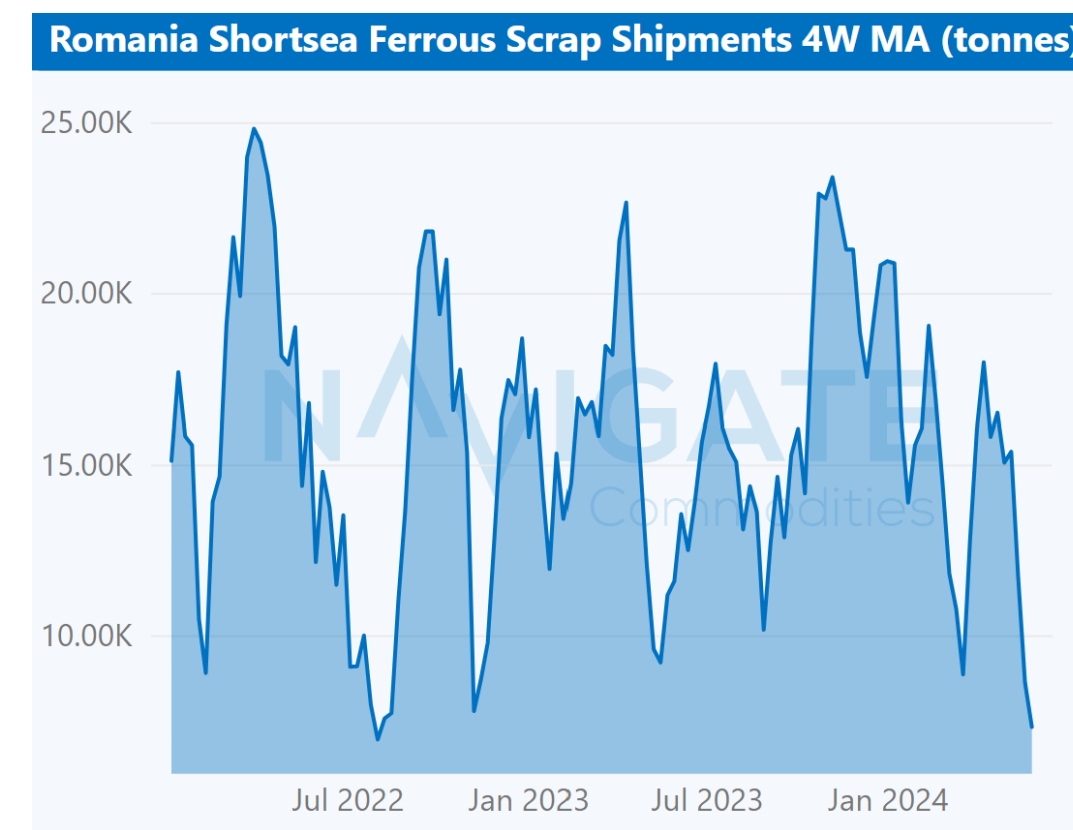
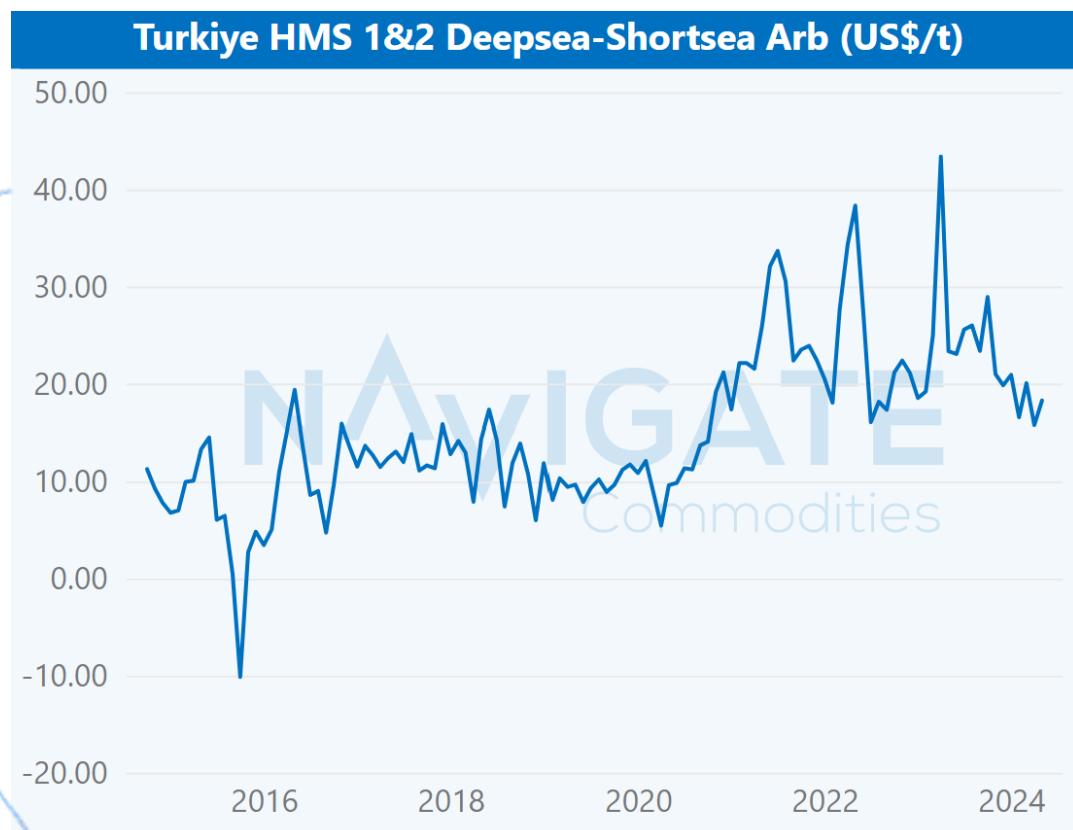
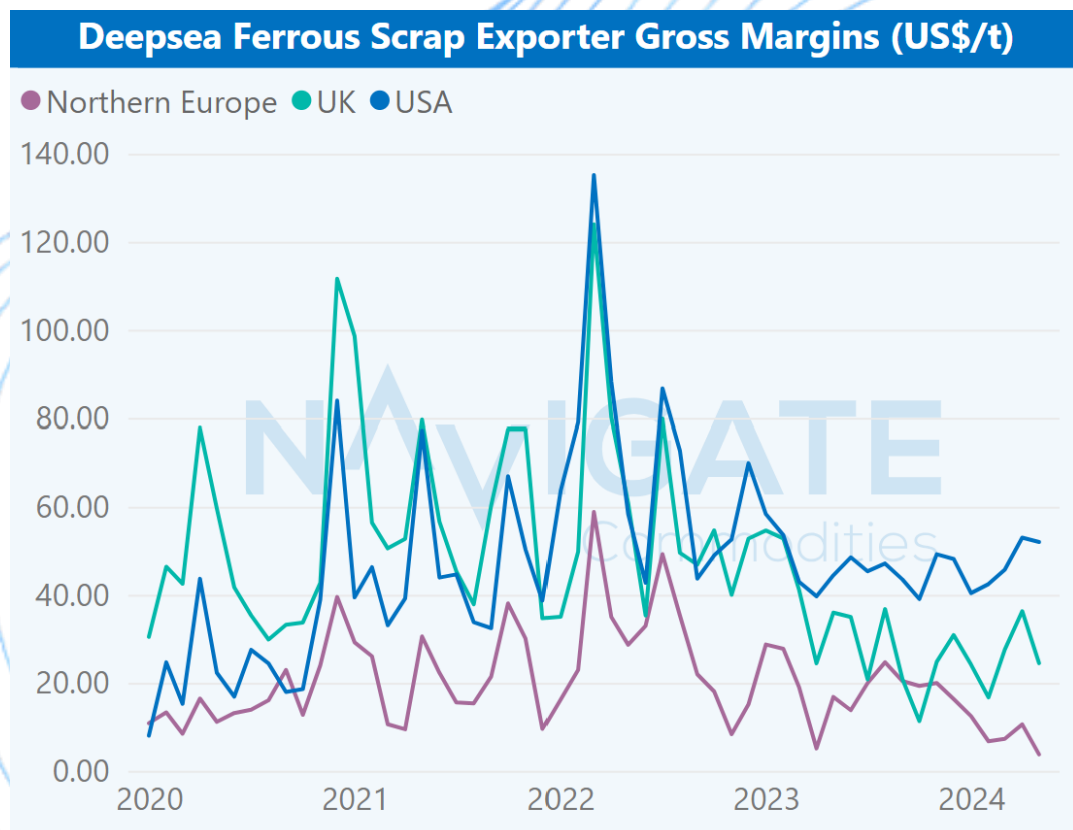
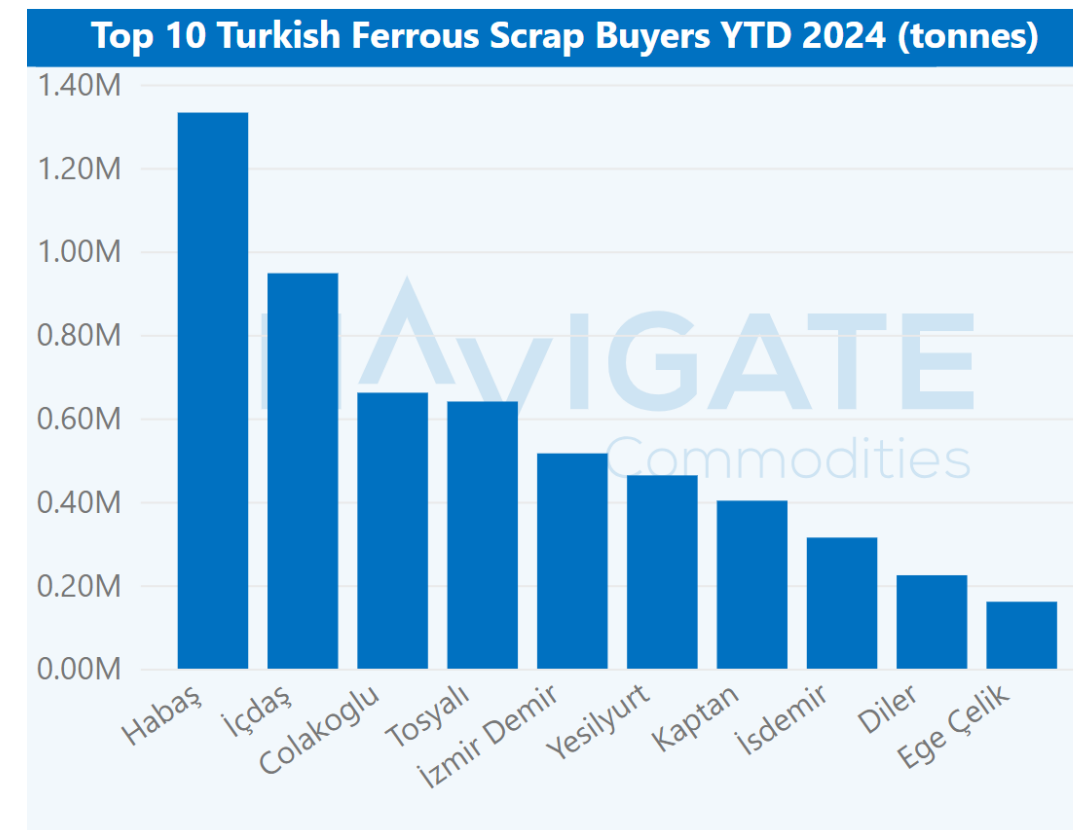
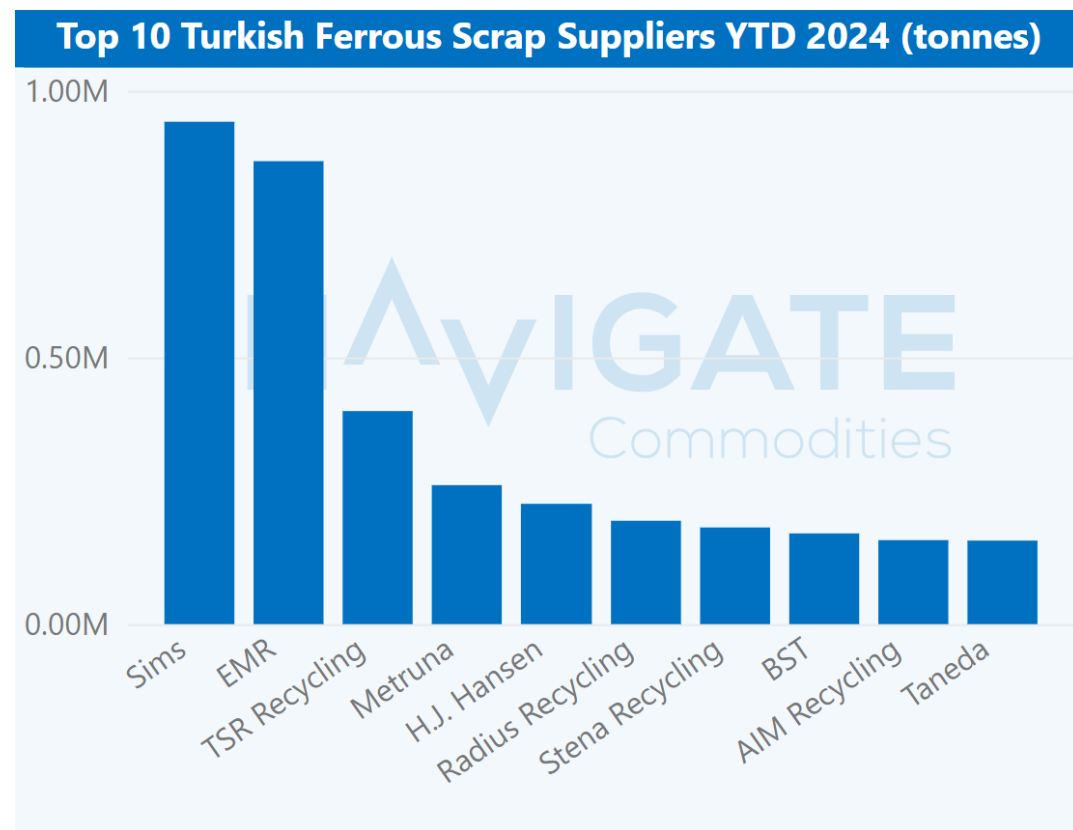
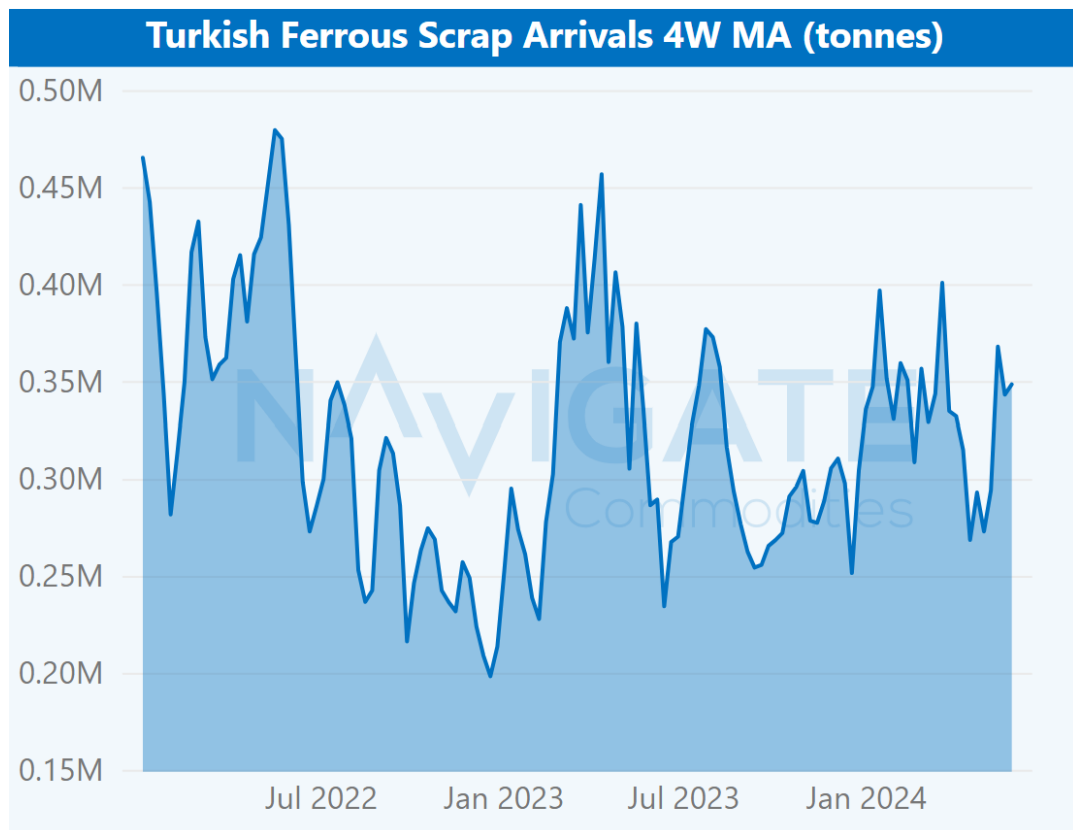
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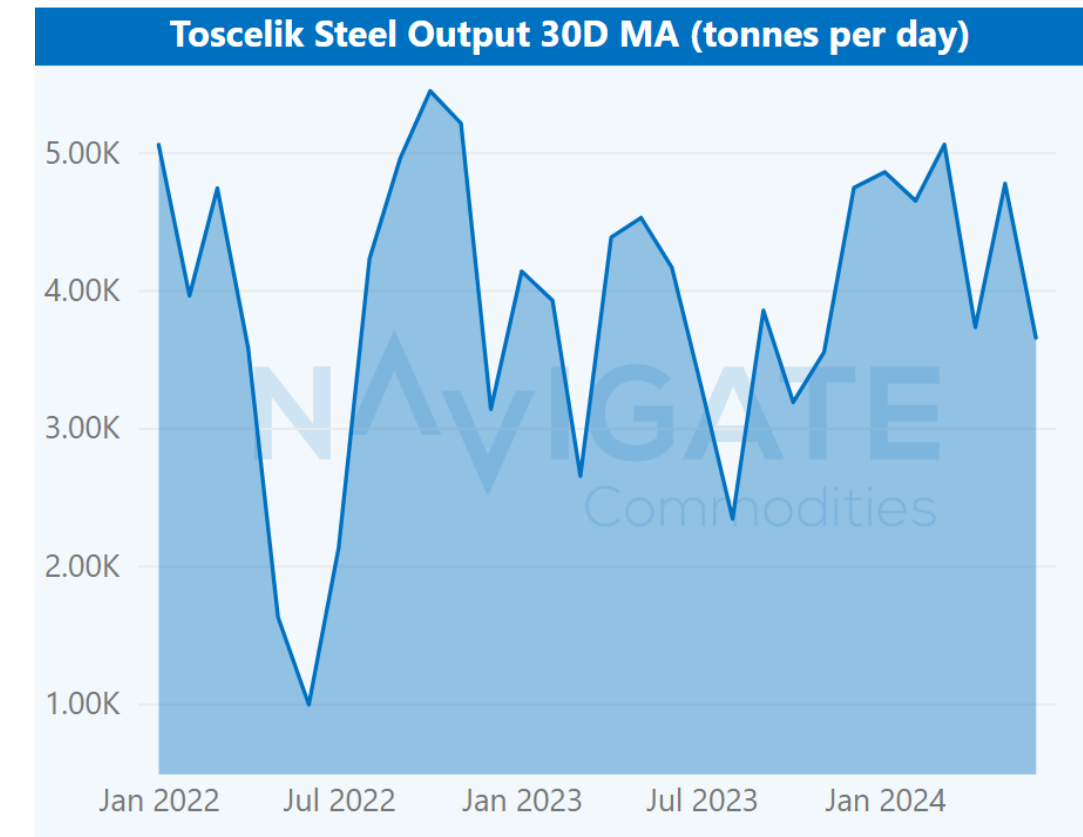
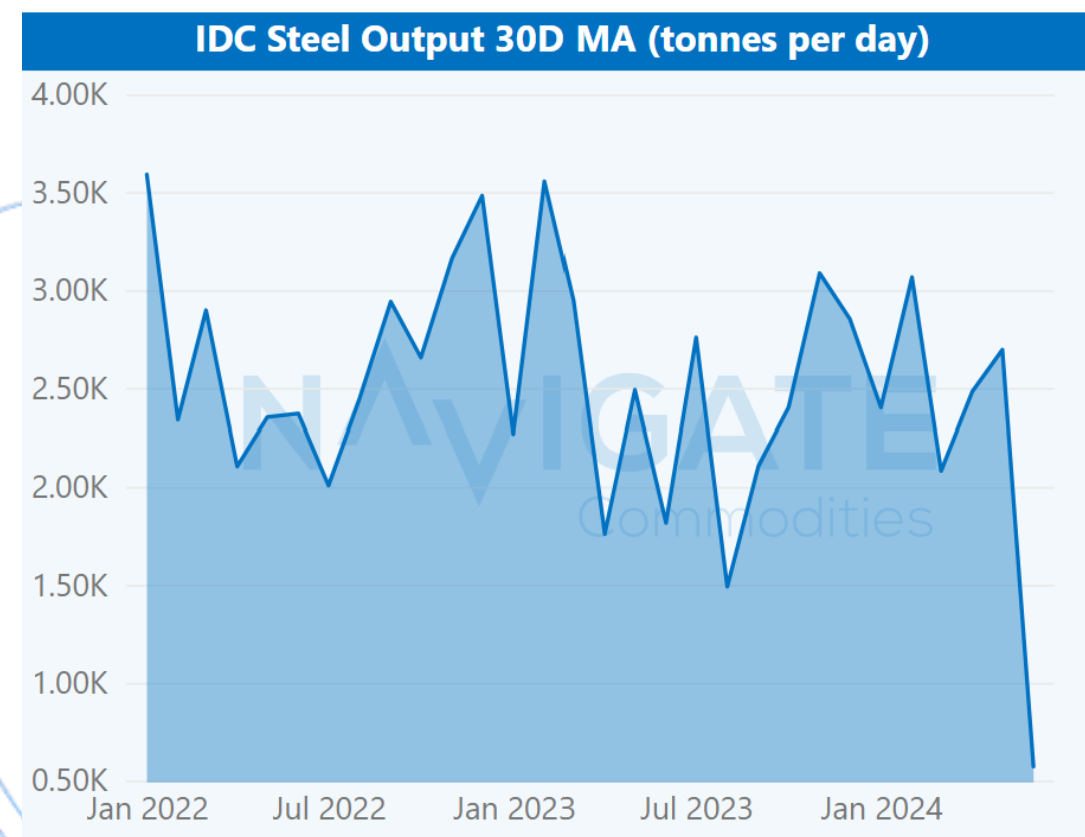
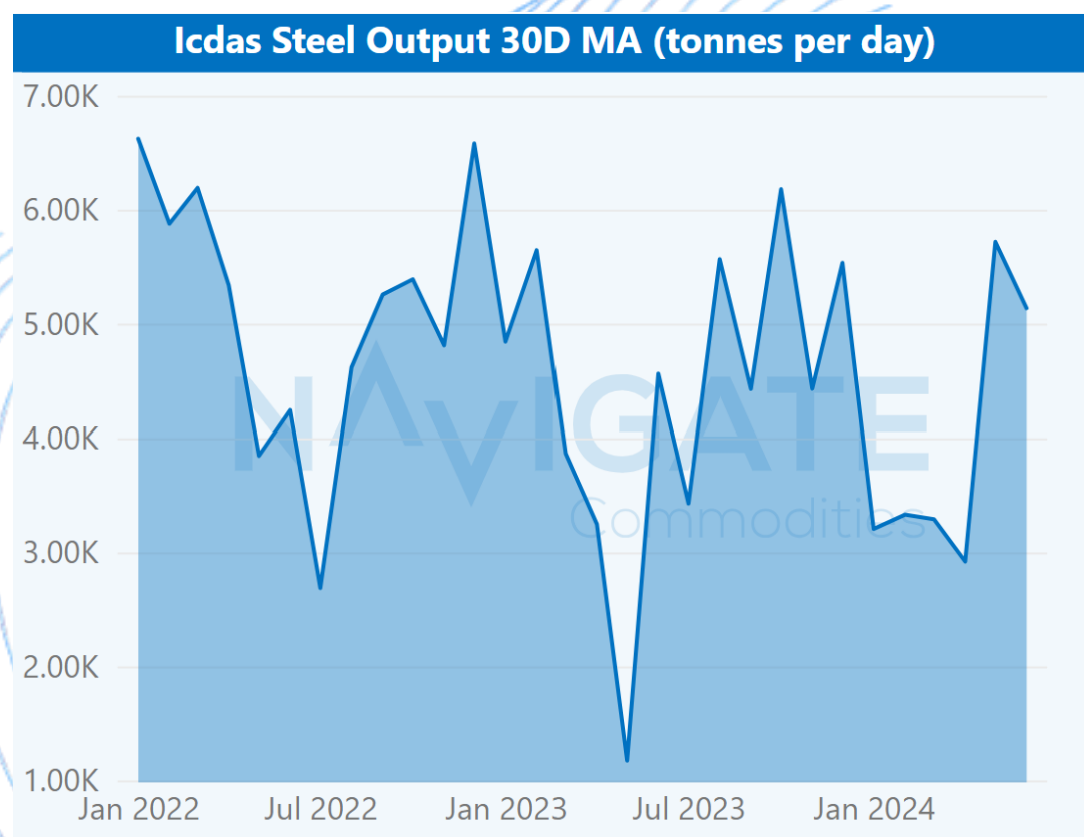
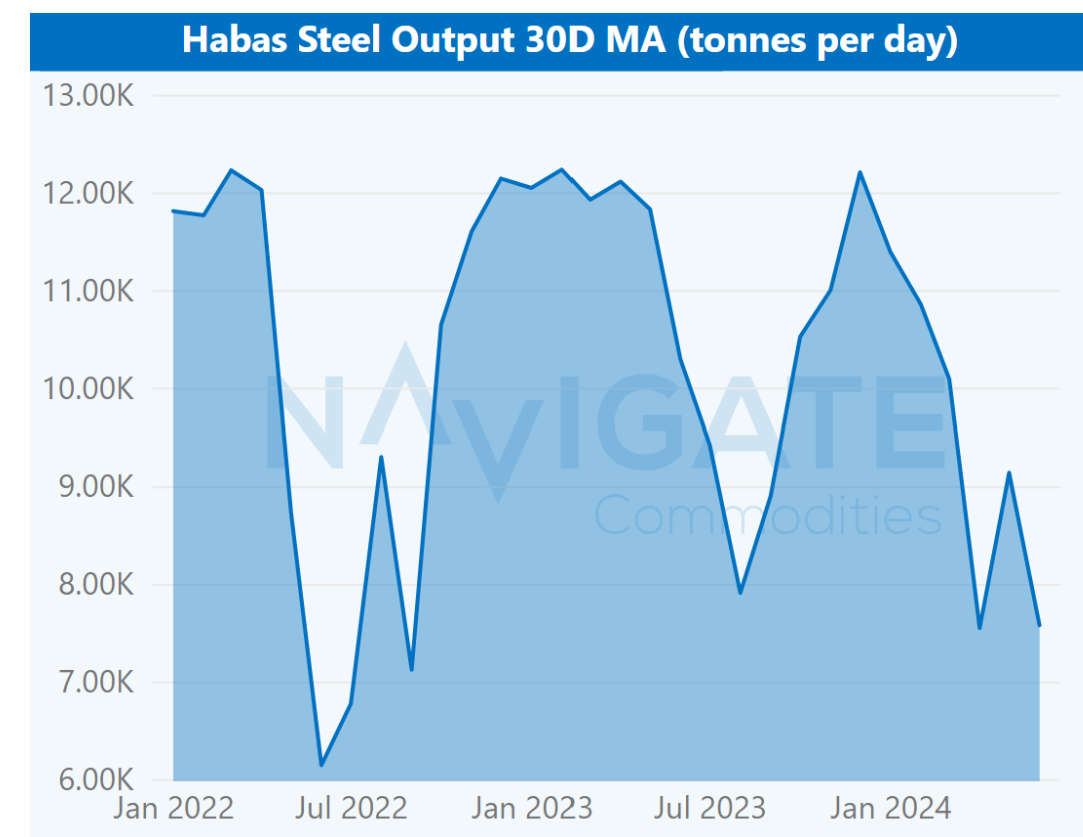
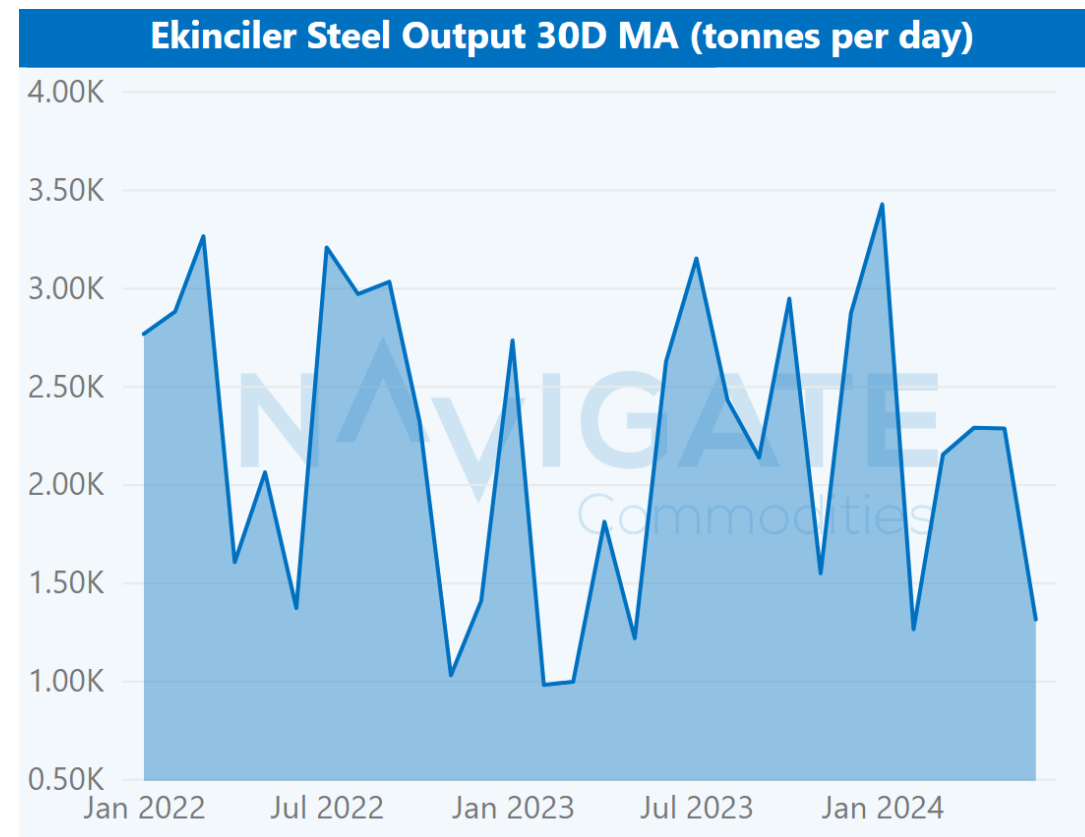
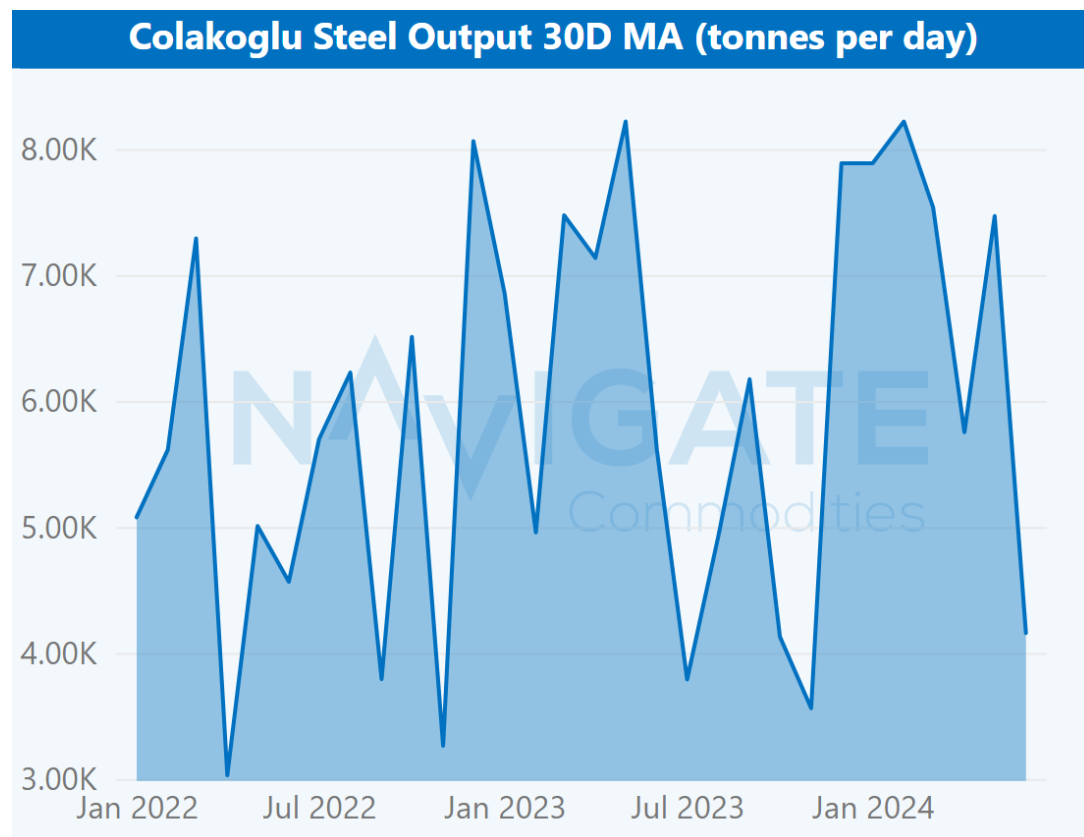
Source: Earth-i, Navigate Commodities



Source: Earth-i, Navigate Commodities, Bloomberg



Source: Earth-i, Navigate Commodities, Bloomberg





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