

**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.

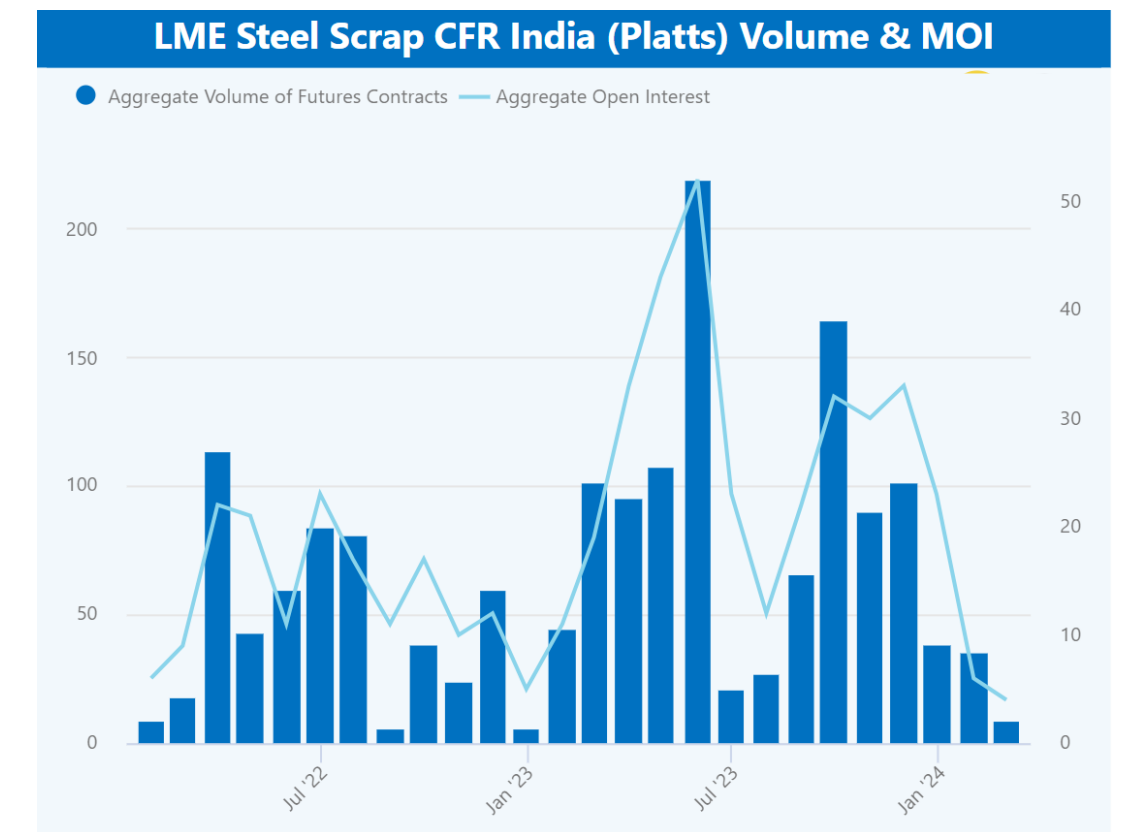
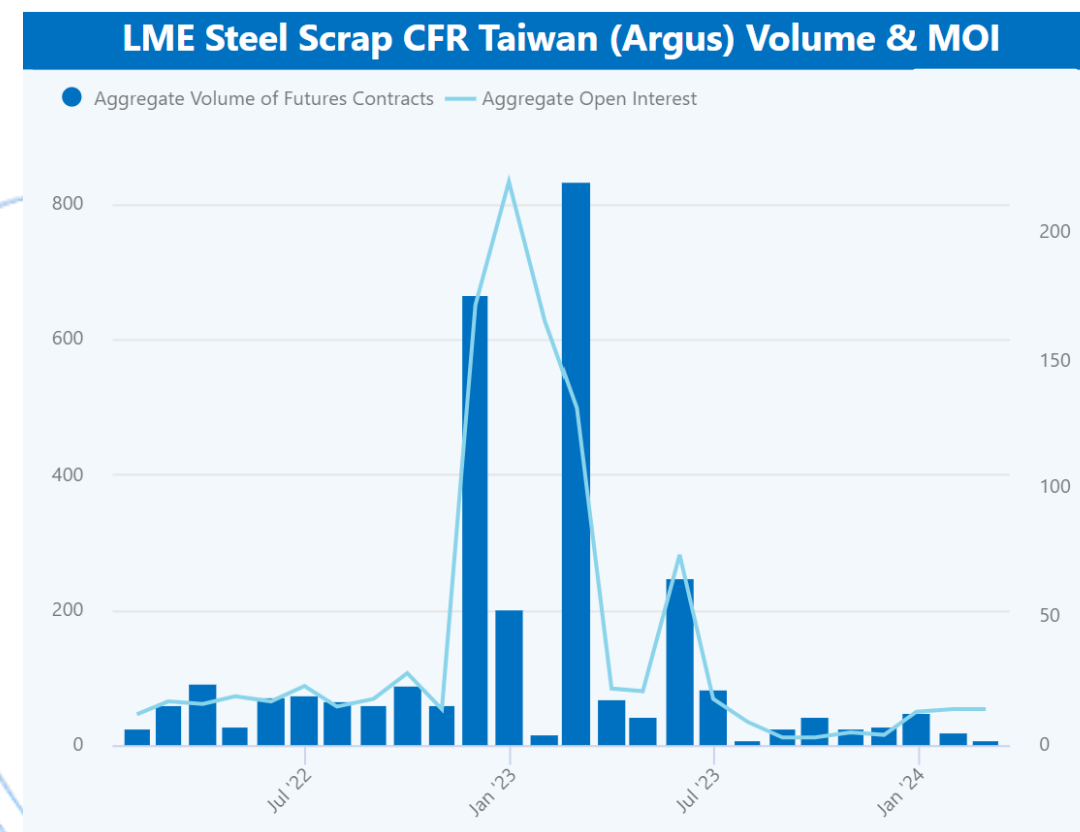
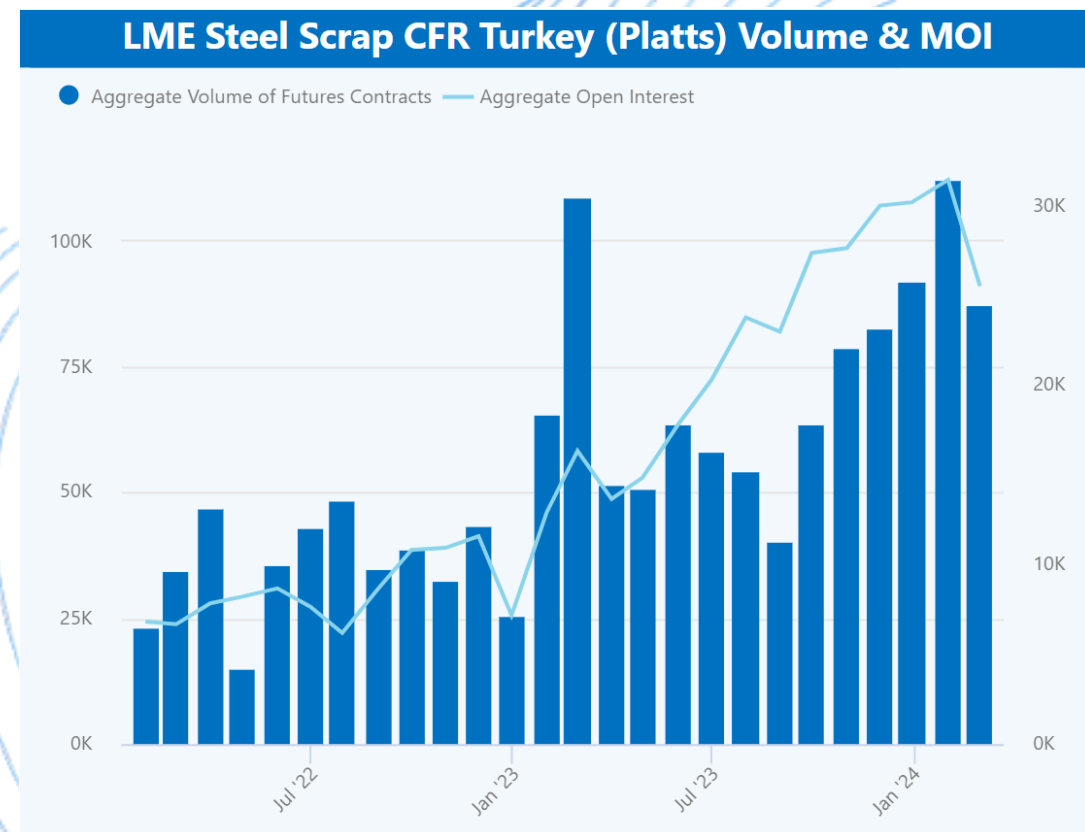
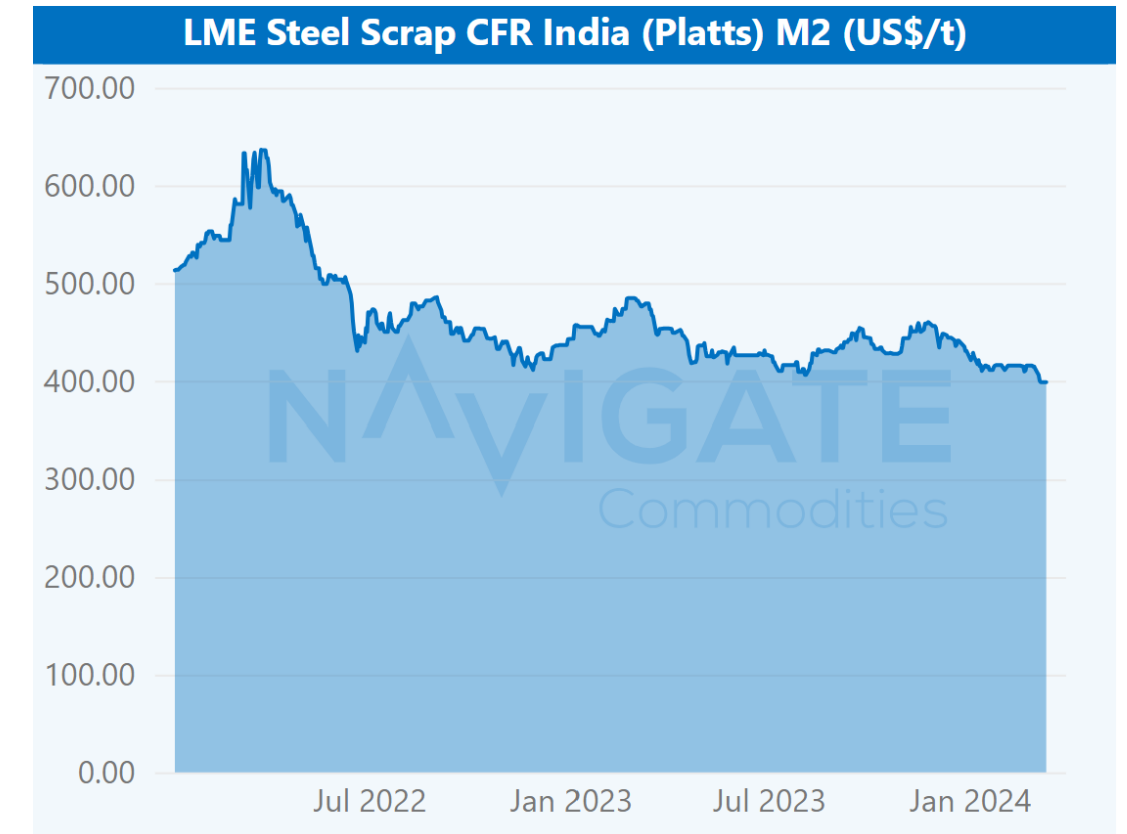
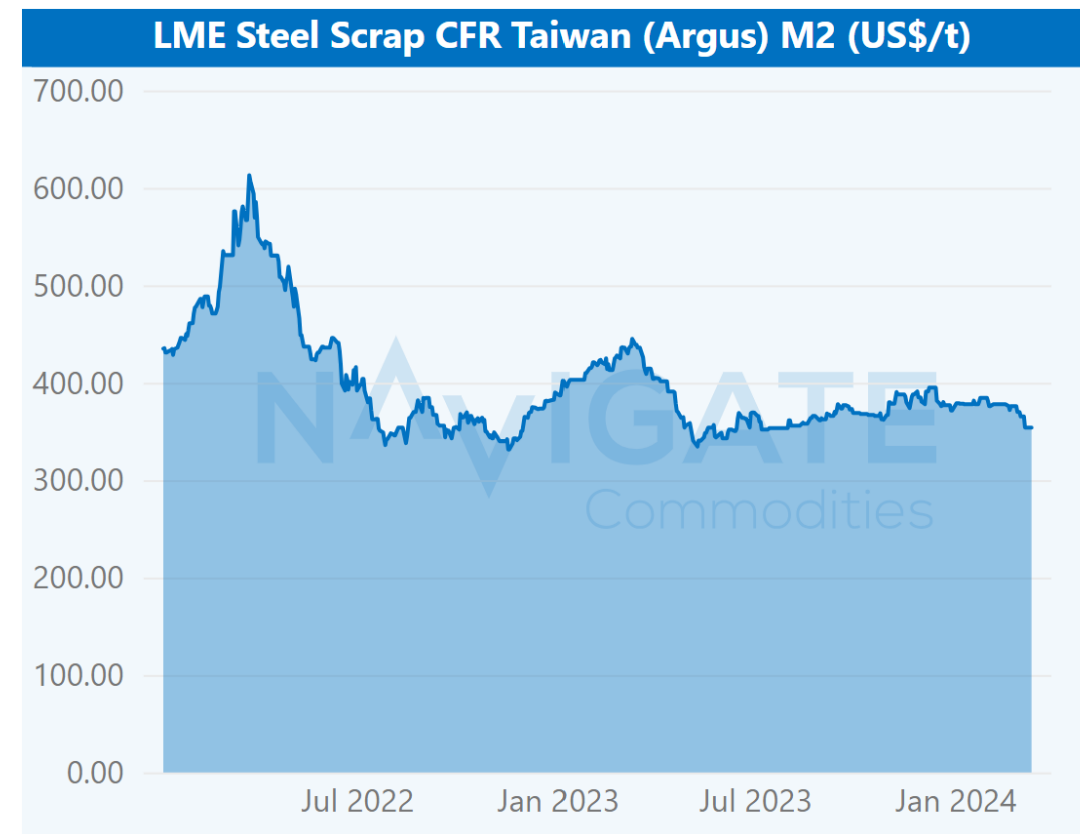
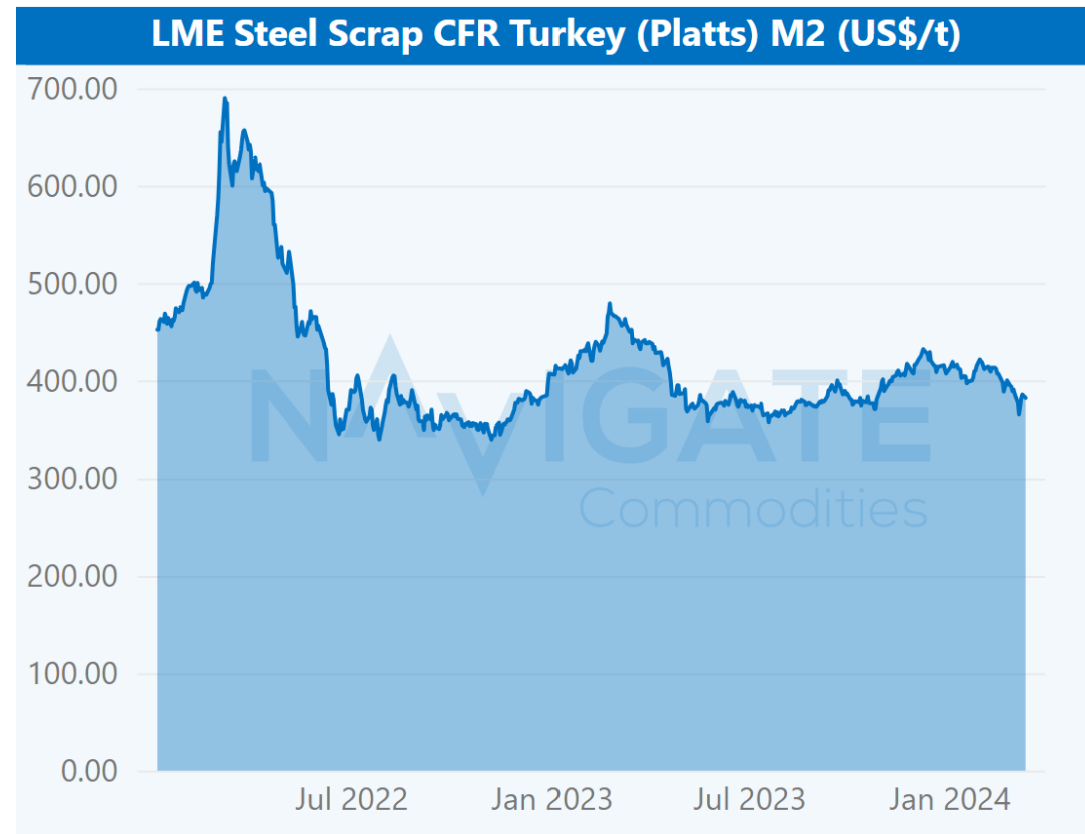
Authors Navigate Commodities and Earth-i use satellite imagery, AI and machine learning to monitor and assess data from steel mills, trade routes and ports to bring transparency to and insight on the world of steel scrap.



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# **LME Steel Scrap Futures**



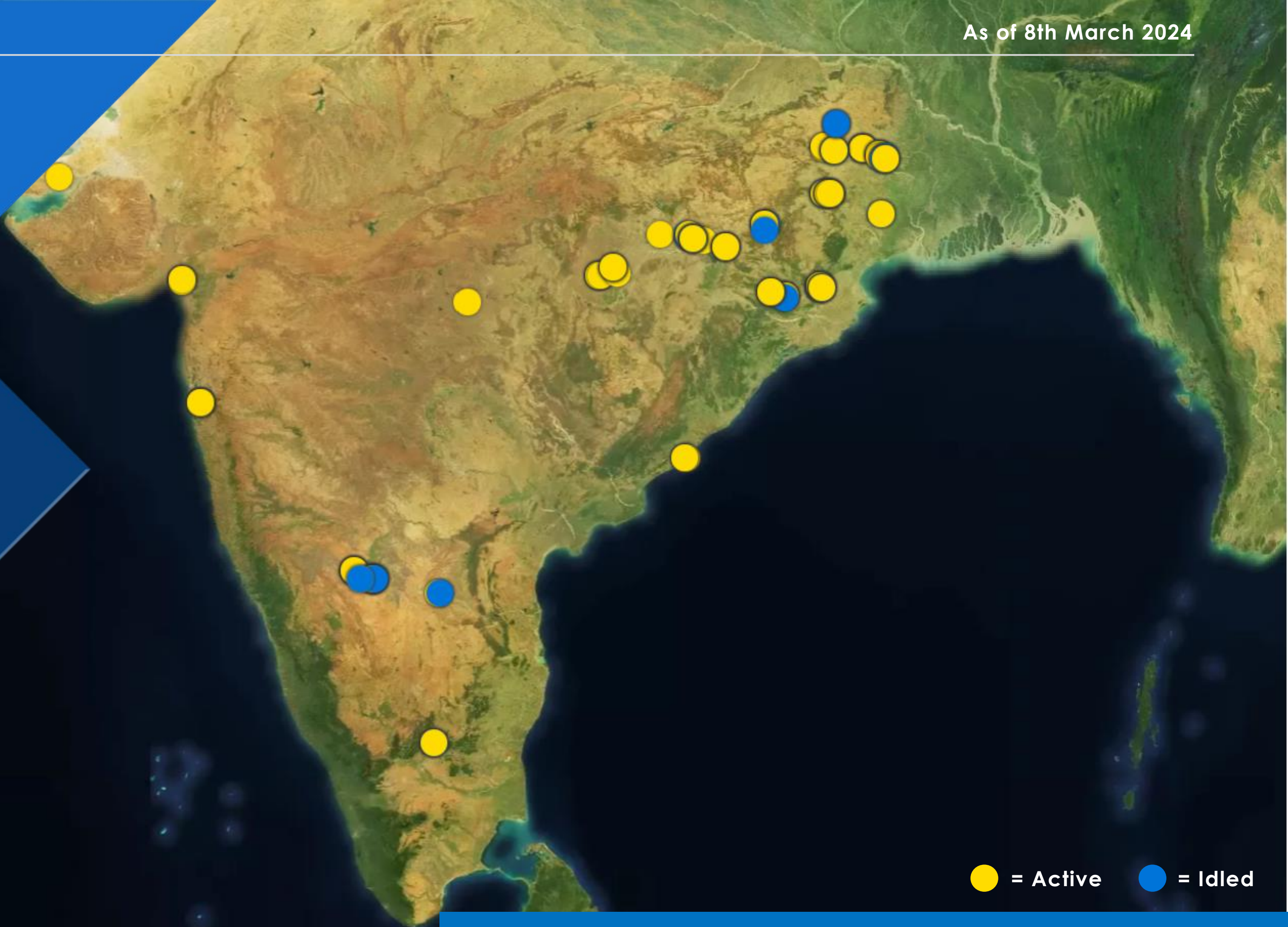




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# **India Steel Scrap Market Overview**





● = Active   ● = Idled

# India

The advent of Indian general elections around April-May 2024 has inadvertently slowed the pace of government-funded construction, infrastructure, and civil engineering projects, and associated Steel demand over the past month.

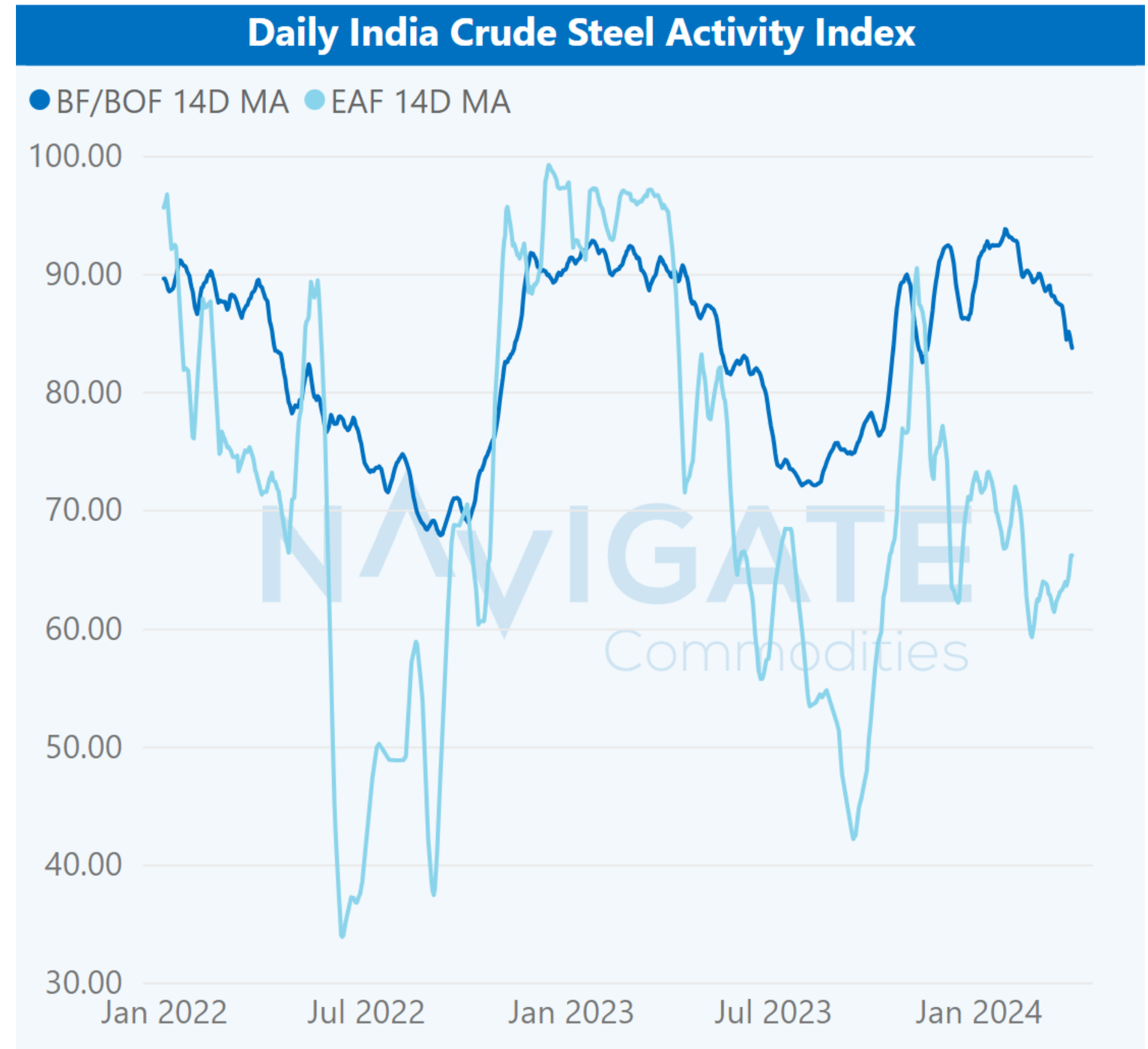
Thermal heat signatures detected from the 33x Indian integrated blast furnace-basic oxygen furnace Steel operations monitored have continued to cool since their peak in late-January 2024.

This corroborates our view that many domestic mills have scaled back output in response to cooling local Steel consumption as a result of the pre-election slowdown in government-funded Steel-intensive projects.

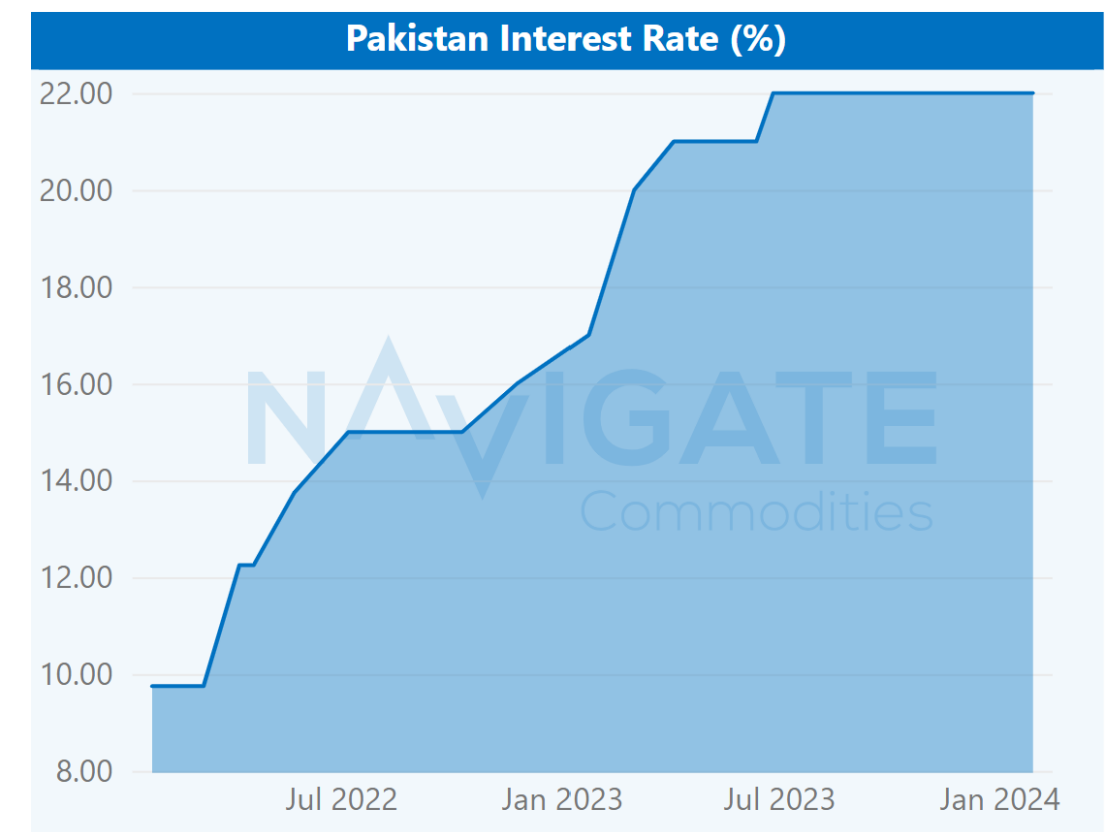
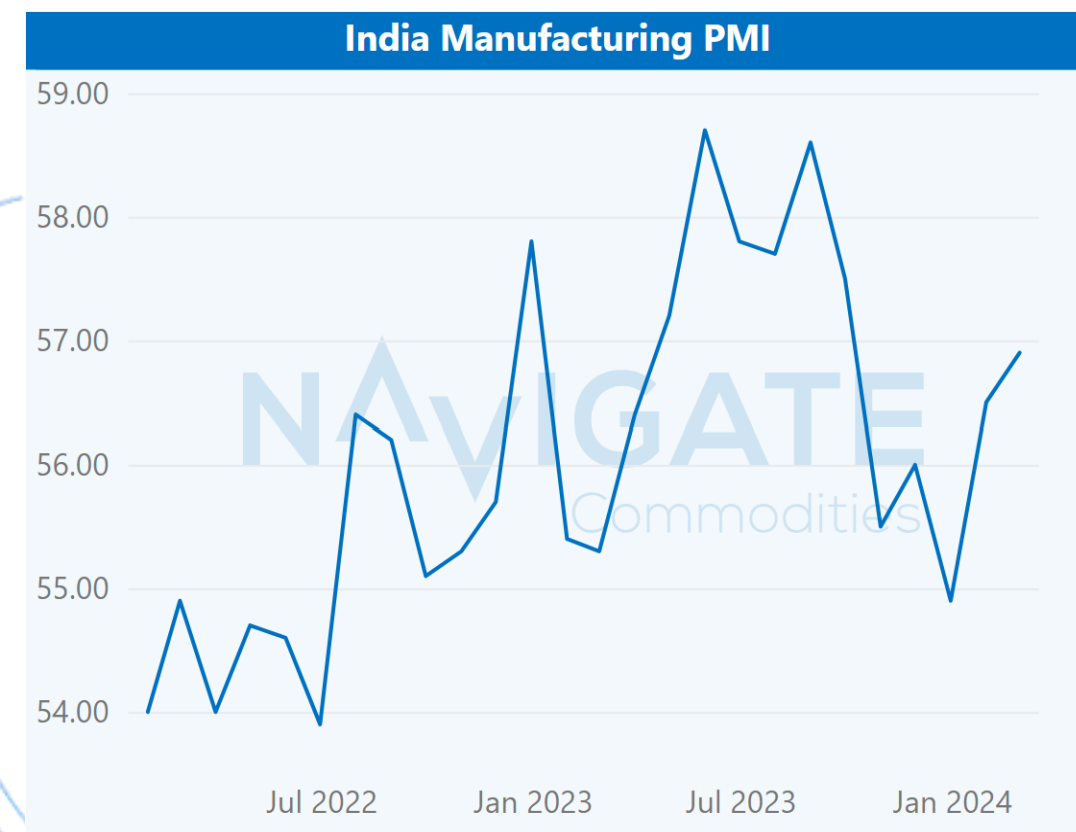
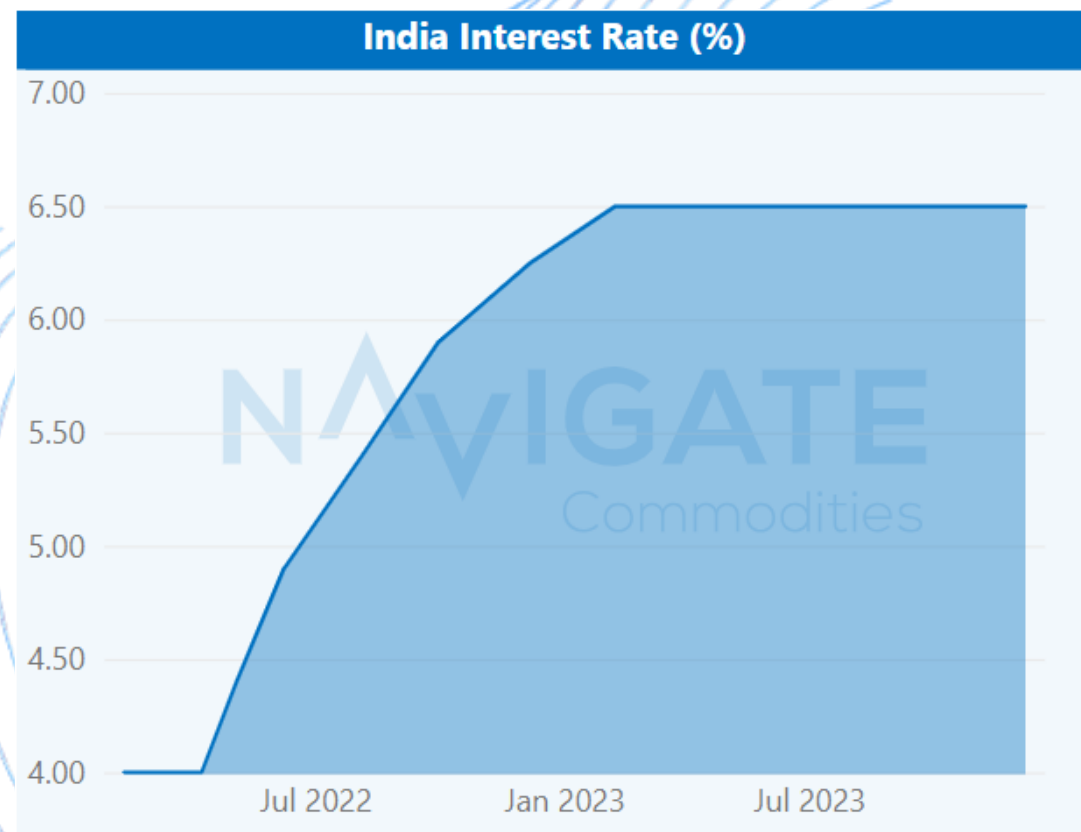
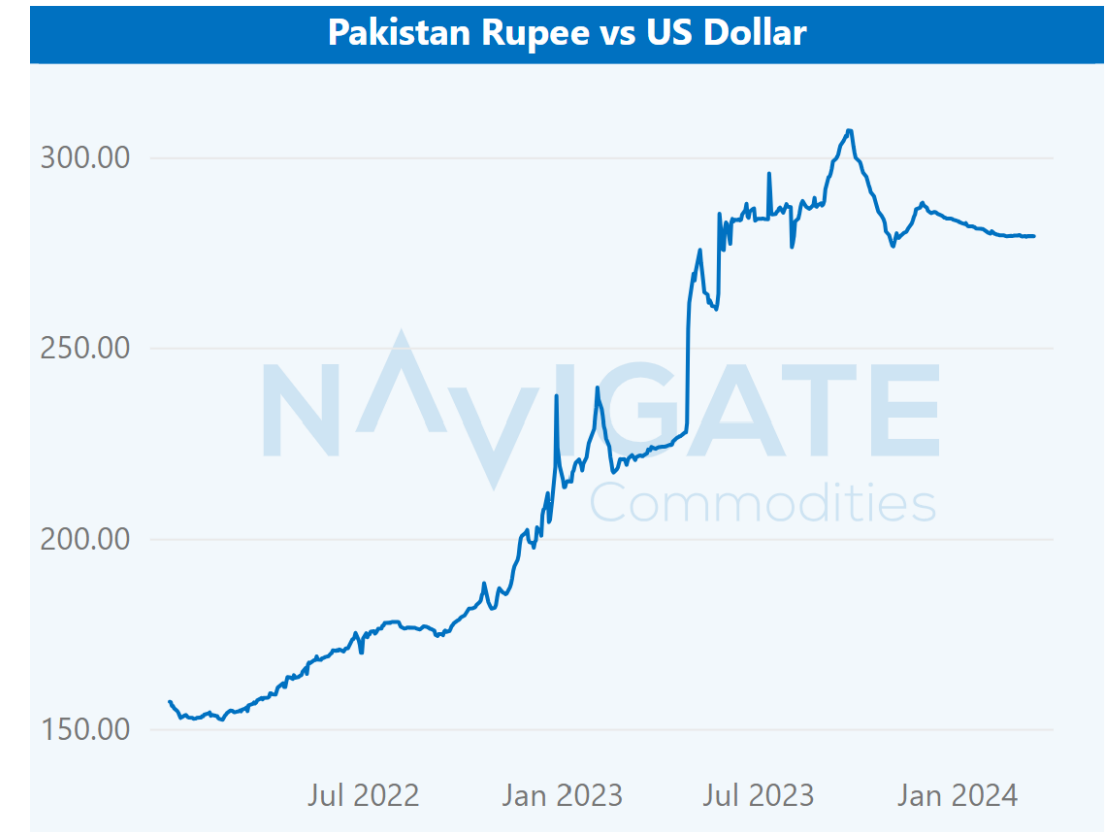
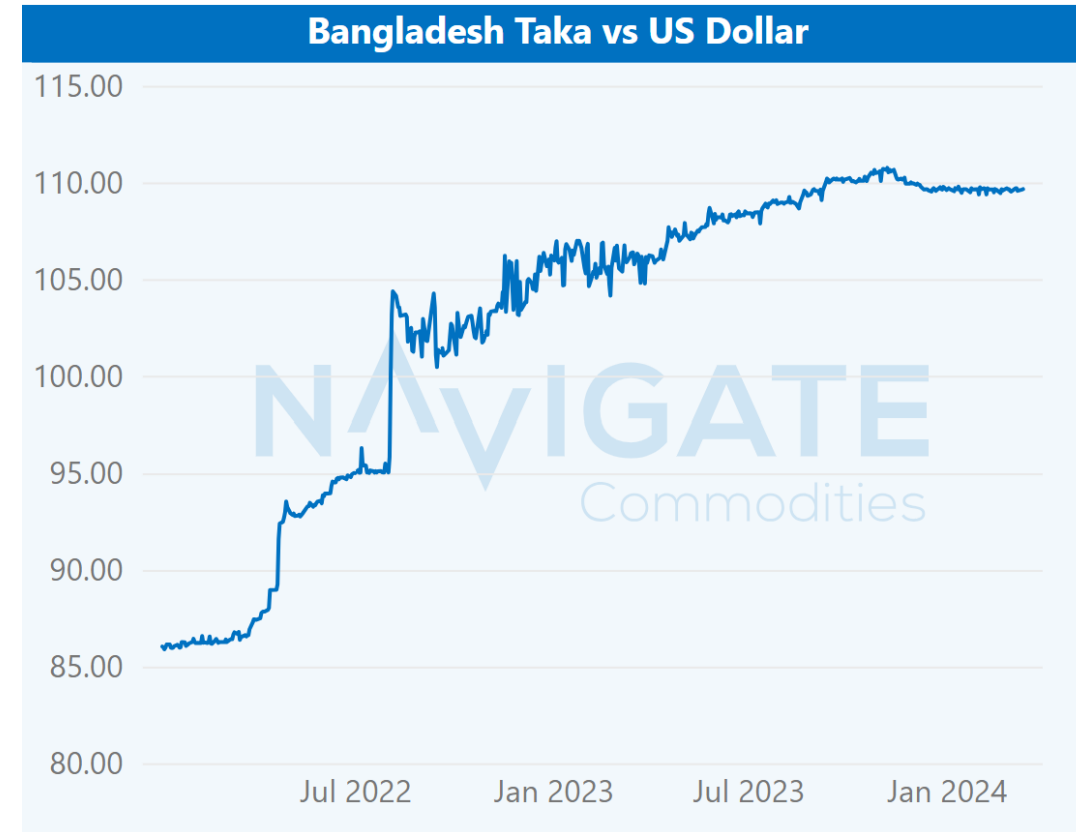
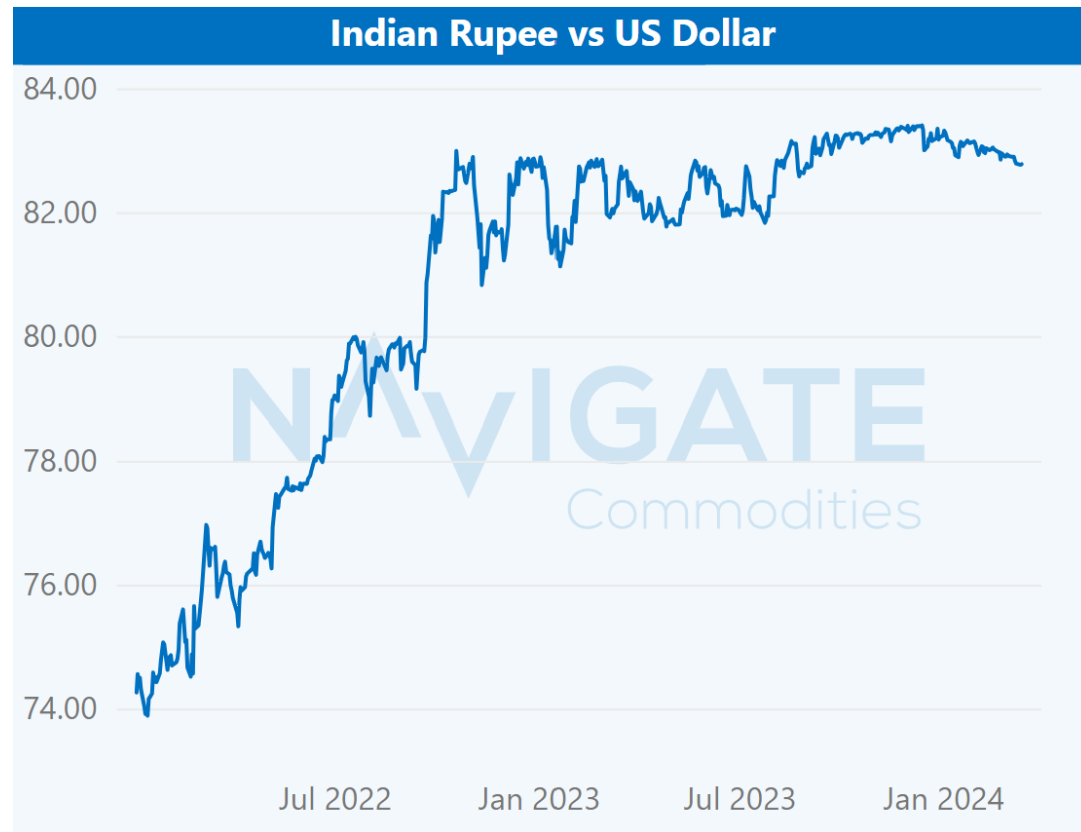
At the same time, Indian containerized Shredded Ferrous Scrap spreads over equivalent Turkish grades have reverted back into premia territory of approximately US\$5-6/t in early March 2024.

However, we estimate that this is more of a function of the speed of declines in Turkish Ferrous Scrap benchmarks rather than the relative strength of respective Indian markets.

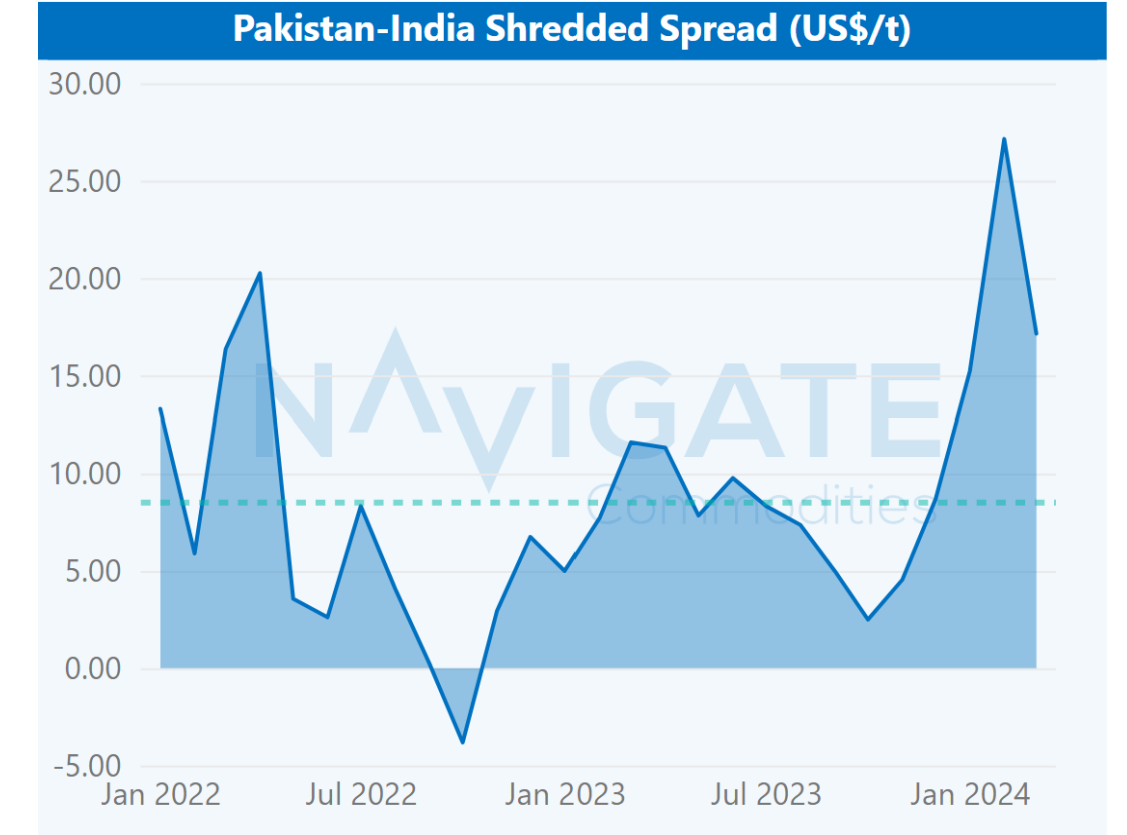
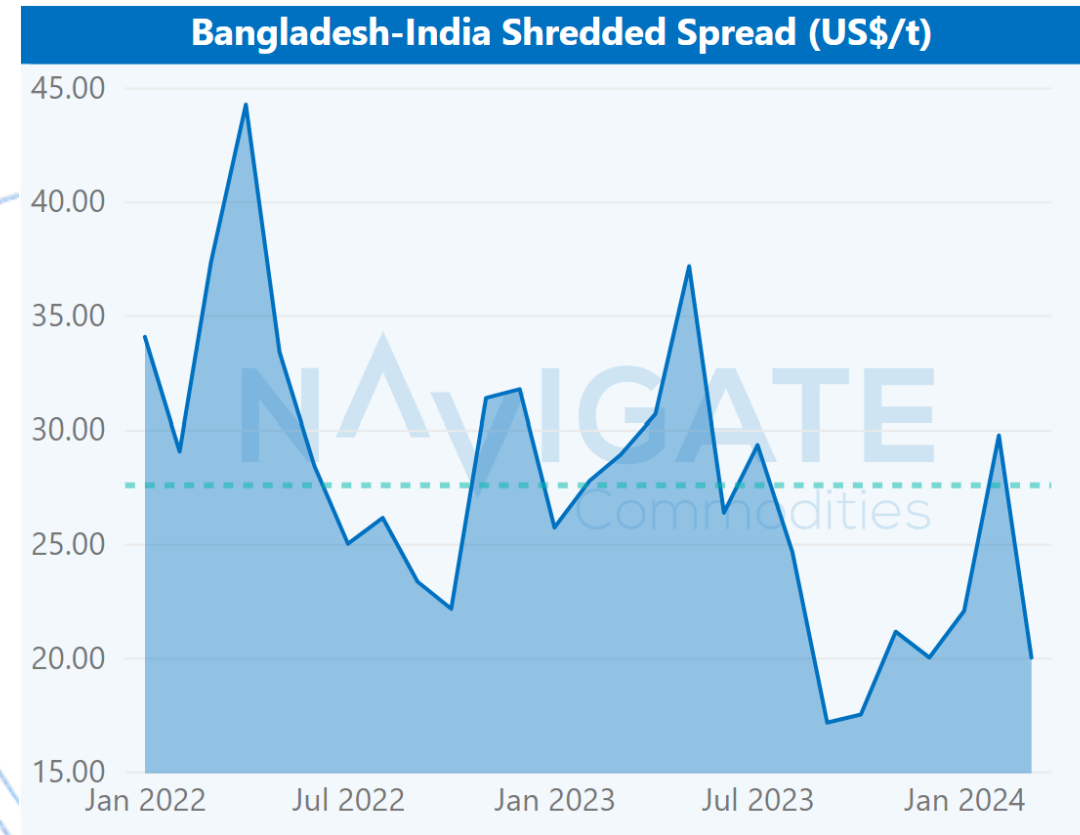
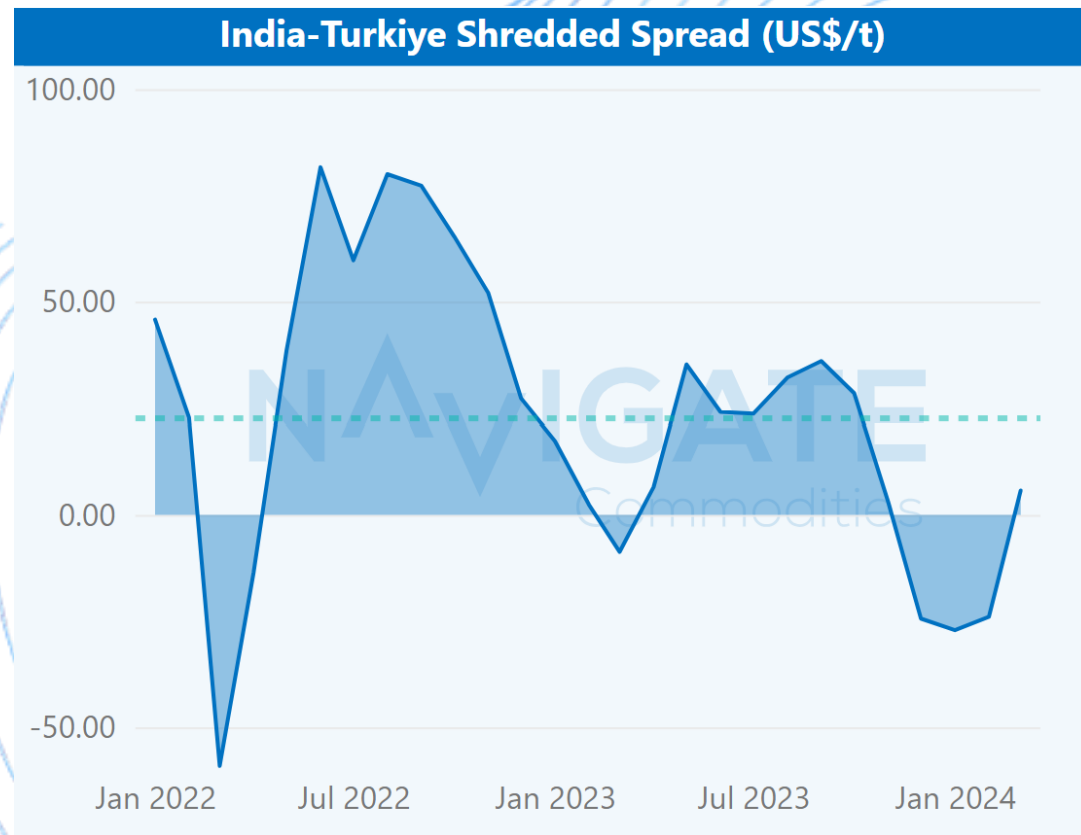
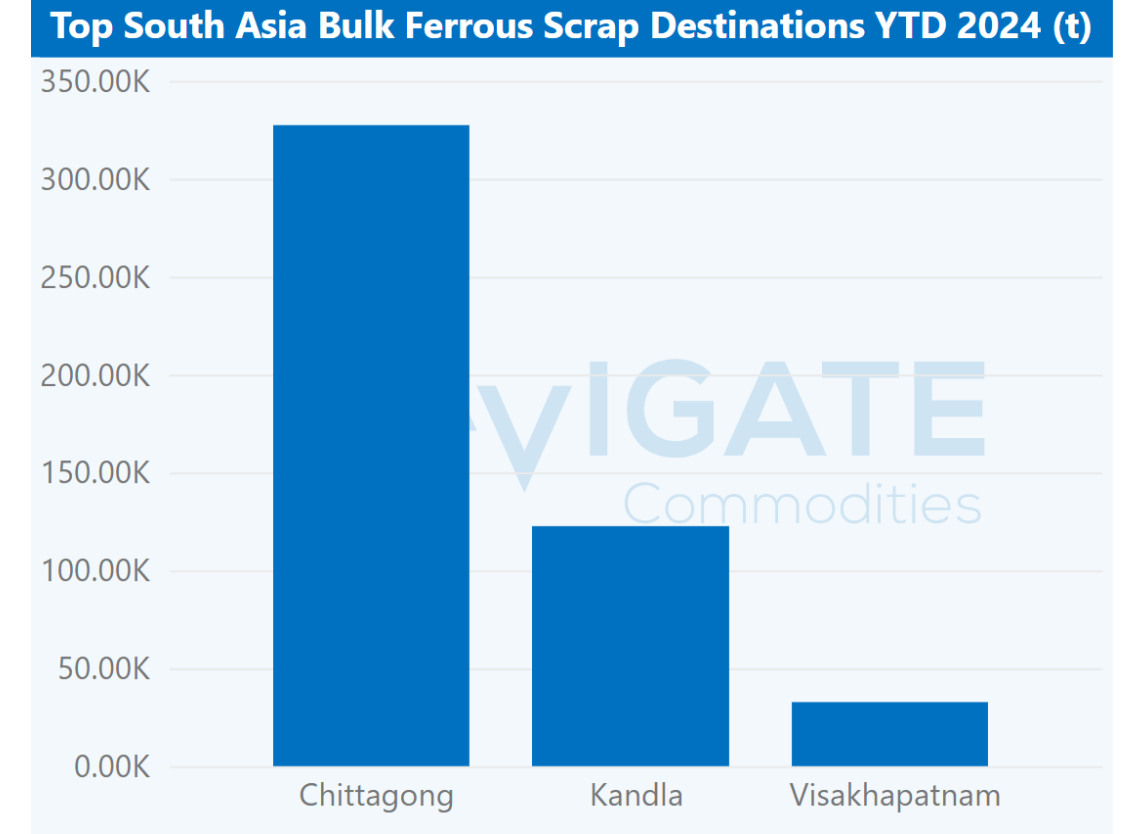
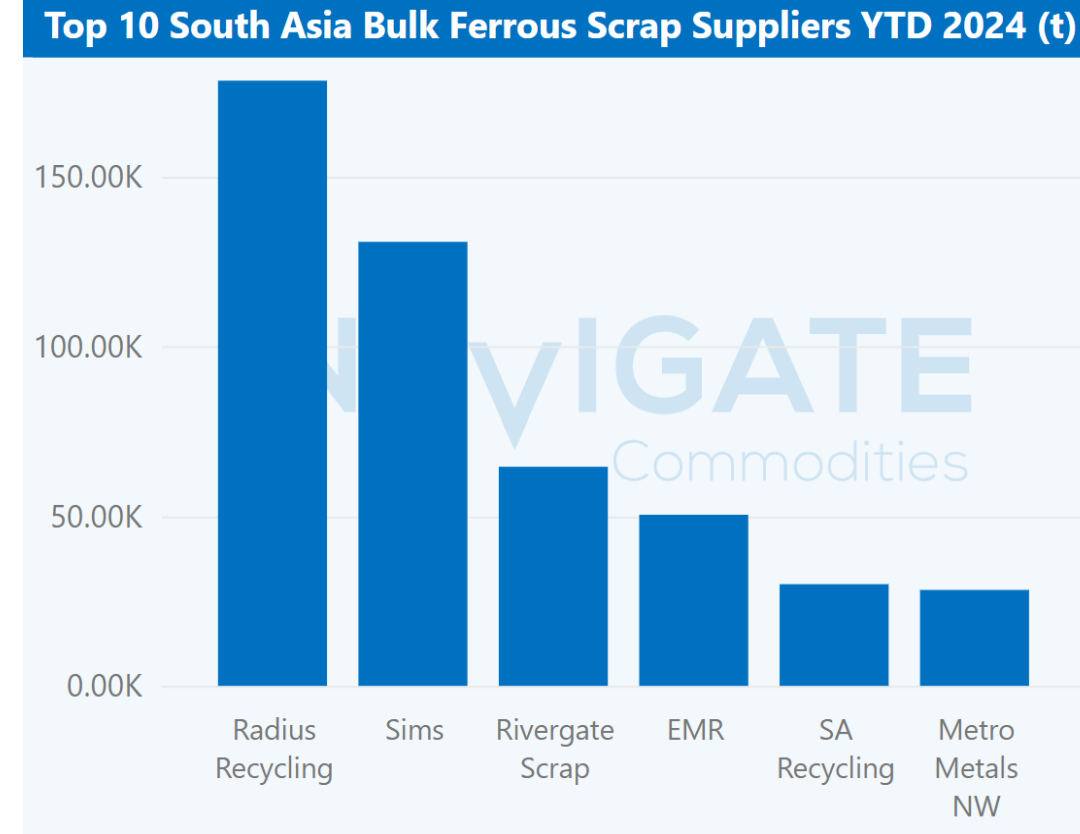
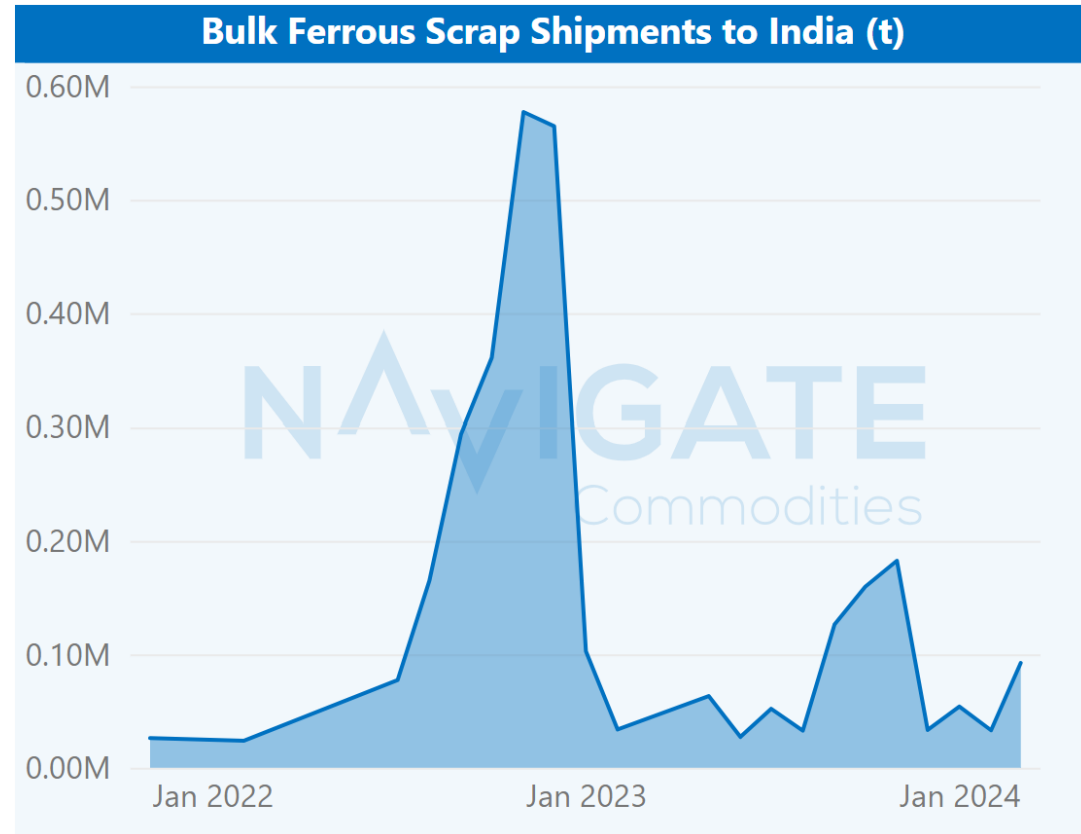
**Methodology:** The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



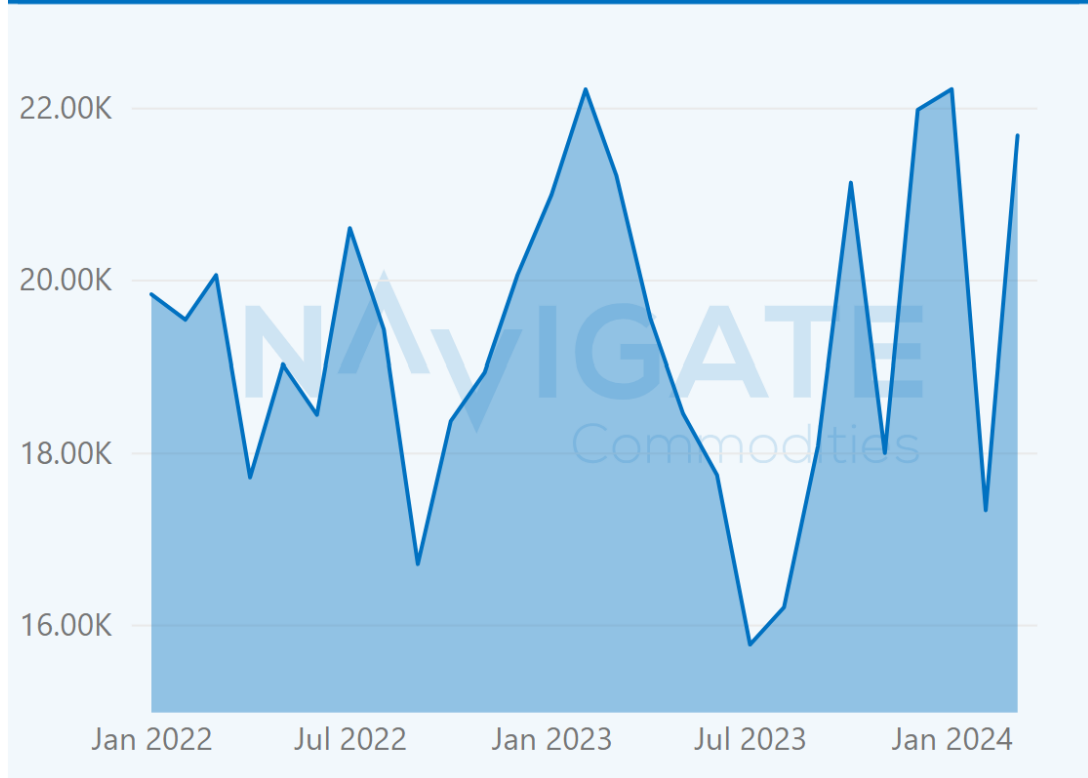
Source: Earth-i, Navigate Commodities



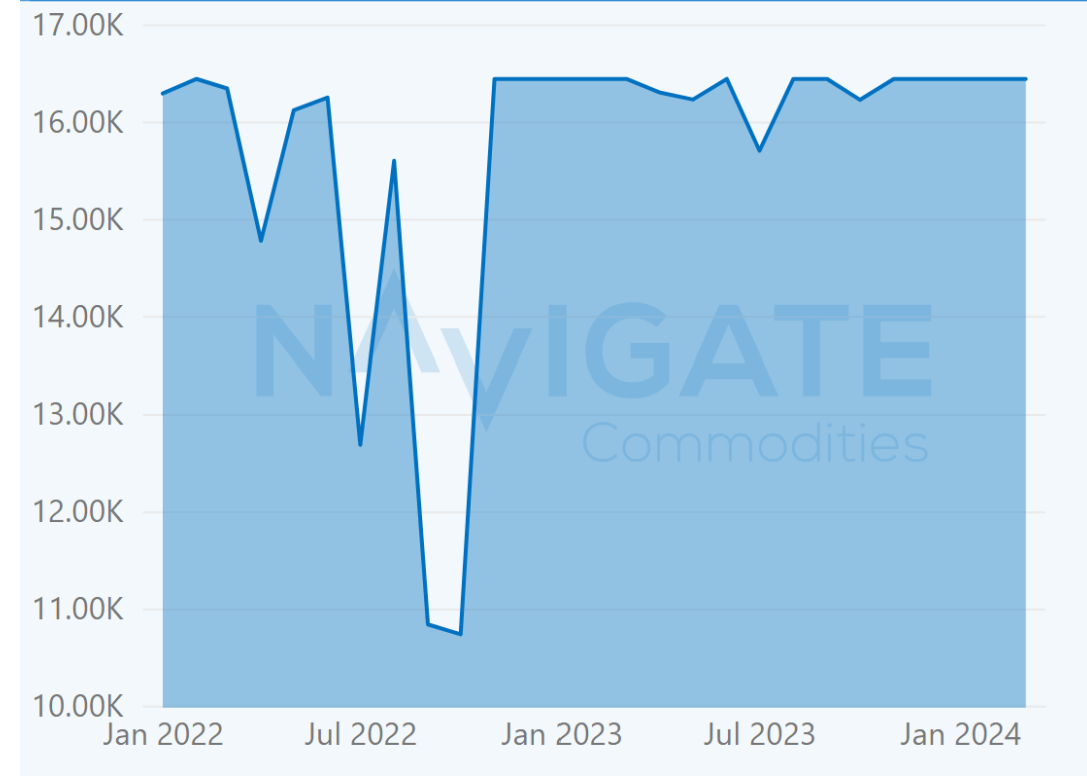




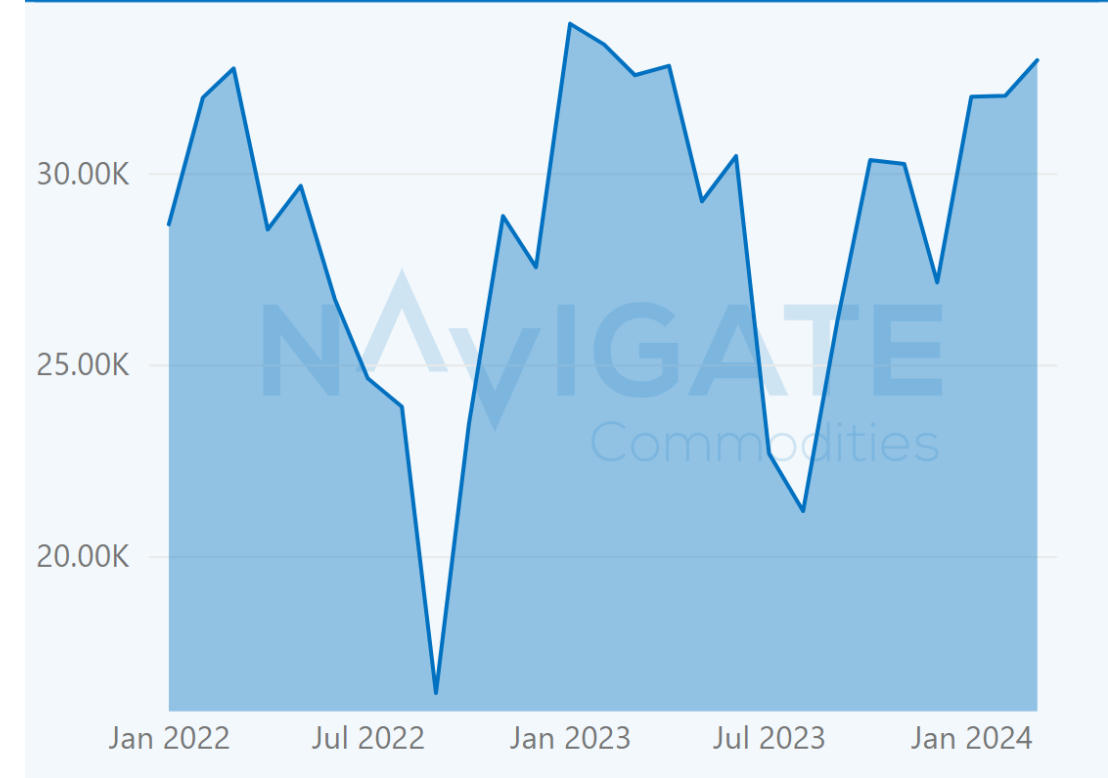
AcelorMittal Nippon Steel Output 30D MA (tonnes per day)



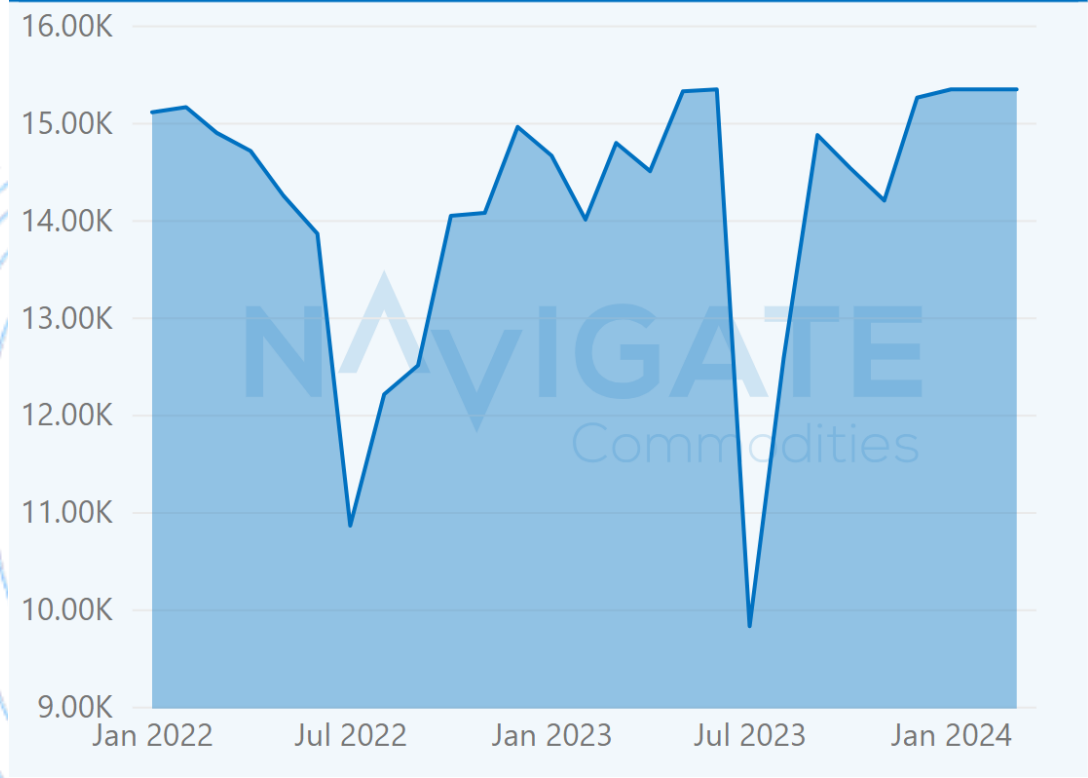
JSPL Odisha Steel Output 30D MA (tonnes per day)



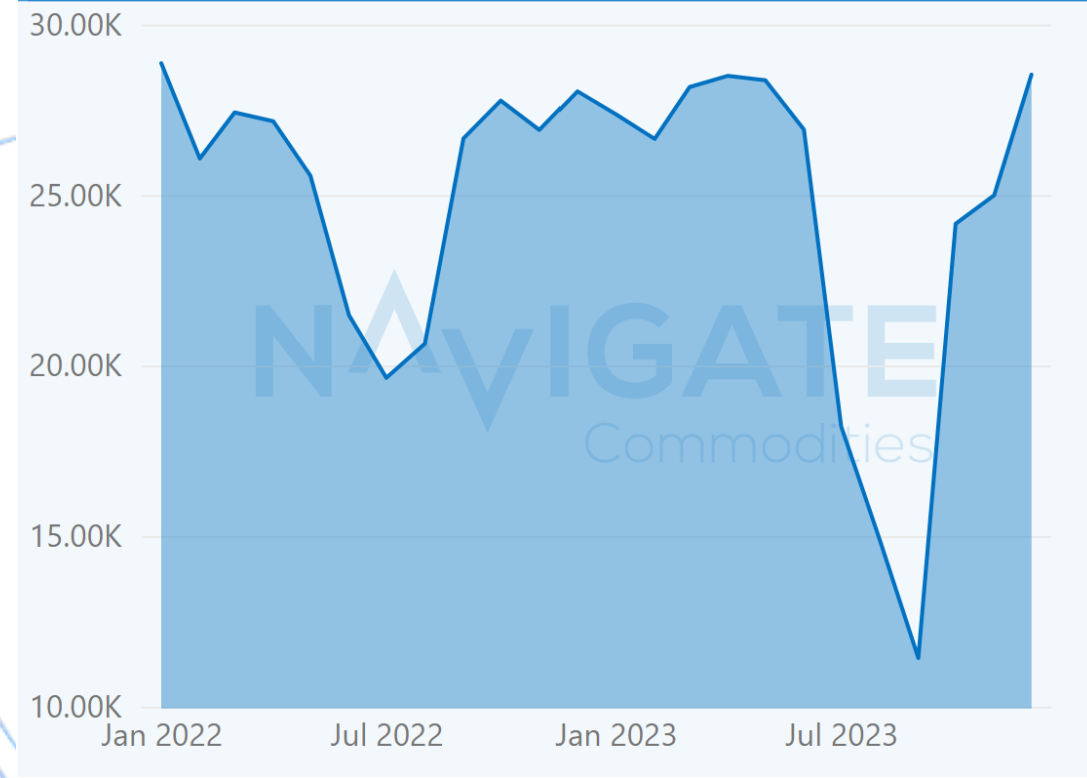
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



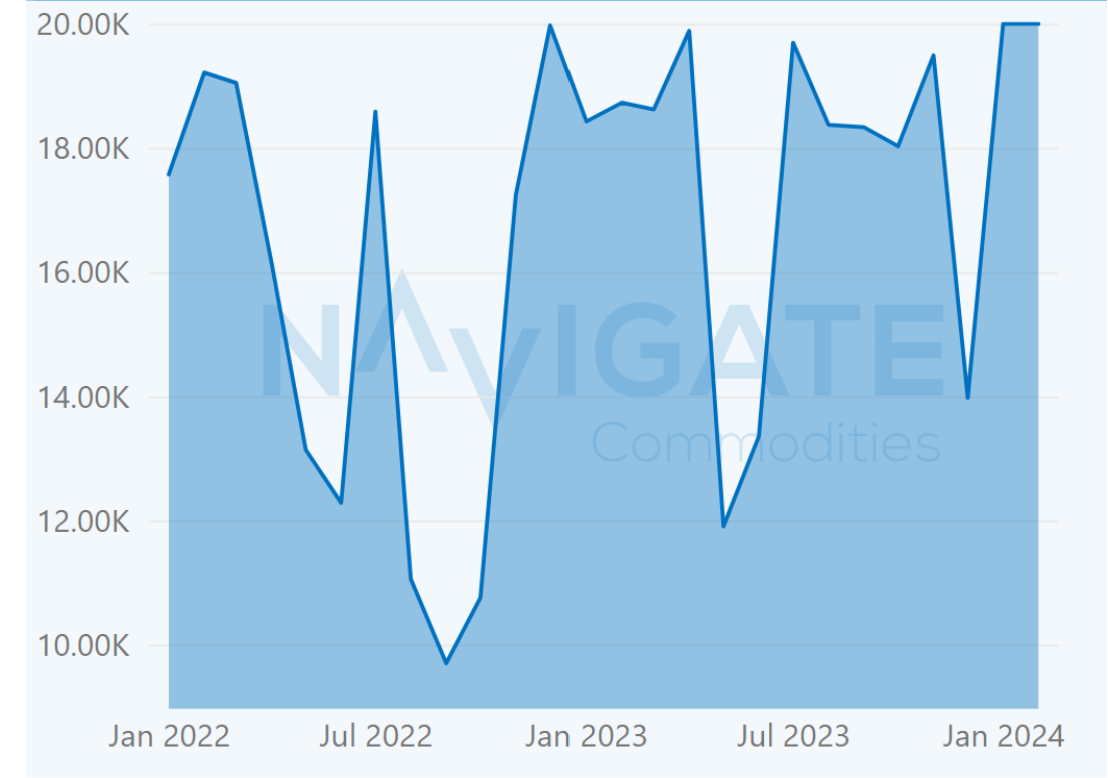
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



Vizag Steel Output 30D MA (tonnes per day)

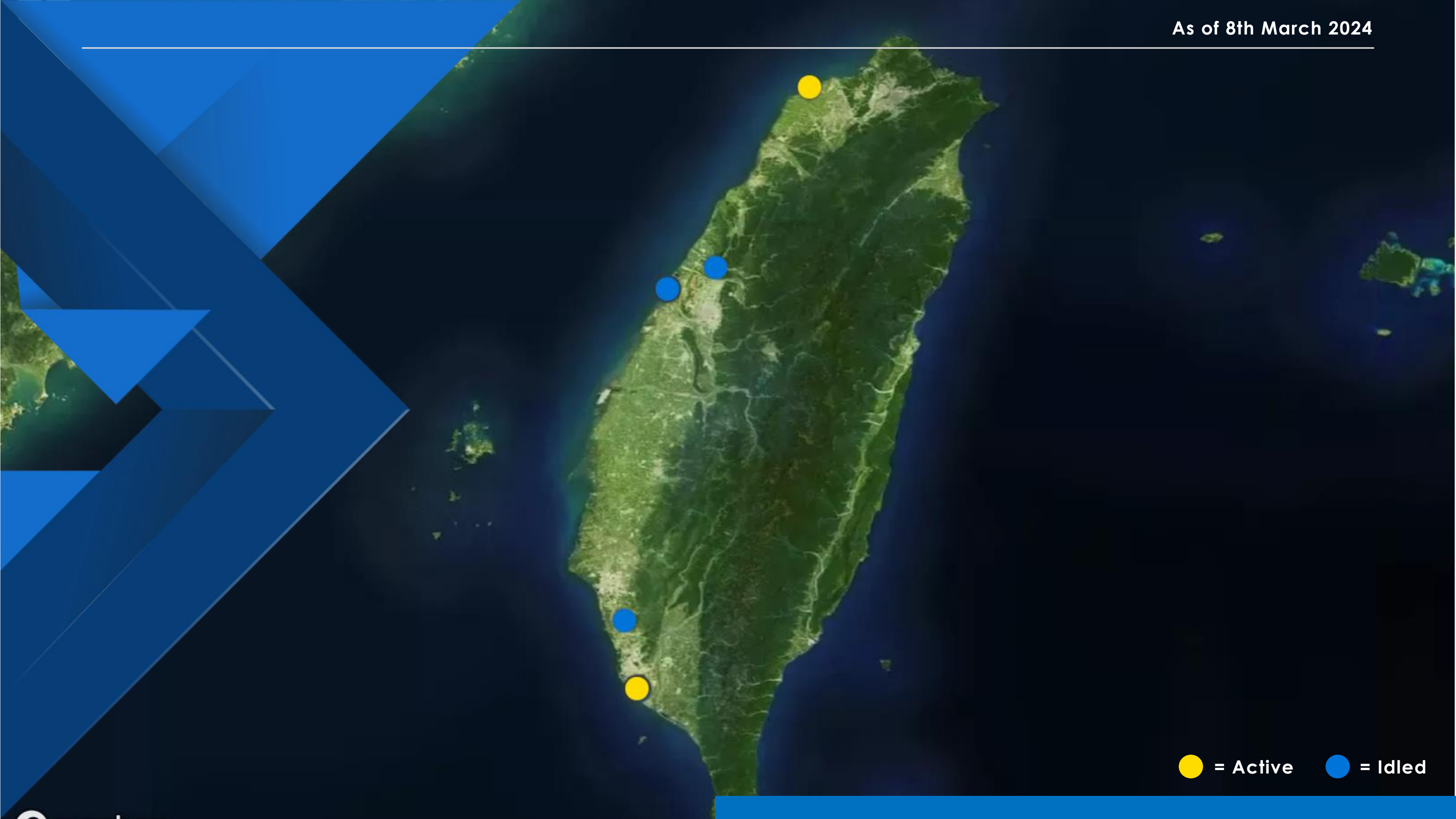




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# Taiwan Steel Scrap Market Overview





● = Active    ● = Idled

# Taiwan

Very little has changed or improved with respect to downstream Steel consumption in Taiwan, given the pace of industrial, manufacturing, and construction activity has continued to disappoint over the past month.

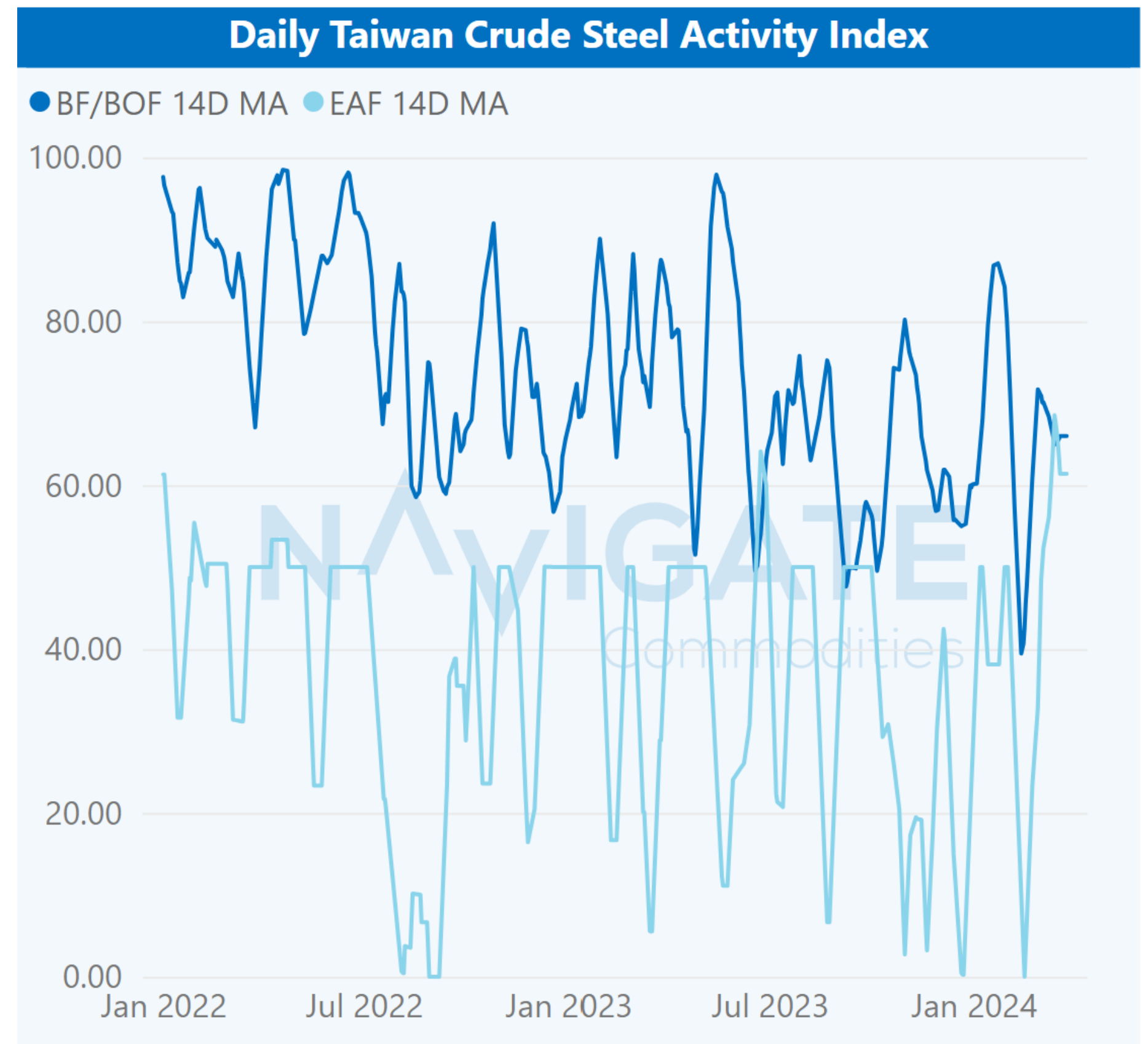
As such, thermal heat activity detected from expansive Taiwanese integrated blast furnace–basic oxygen furnace Steel production facilities has cooled over the same period; extending a long-term downward trend since 2022.

Domestic cement production, a good barometer for local construction activity given its short shelf life, has continued to decline; implying the need for Steel, such as Rebar, Merchant Bars, and Beams has also deteriorated.

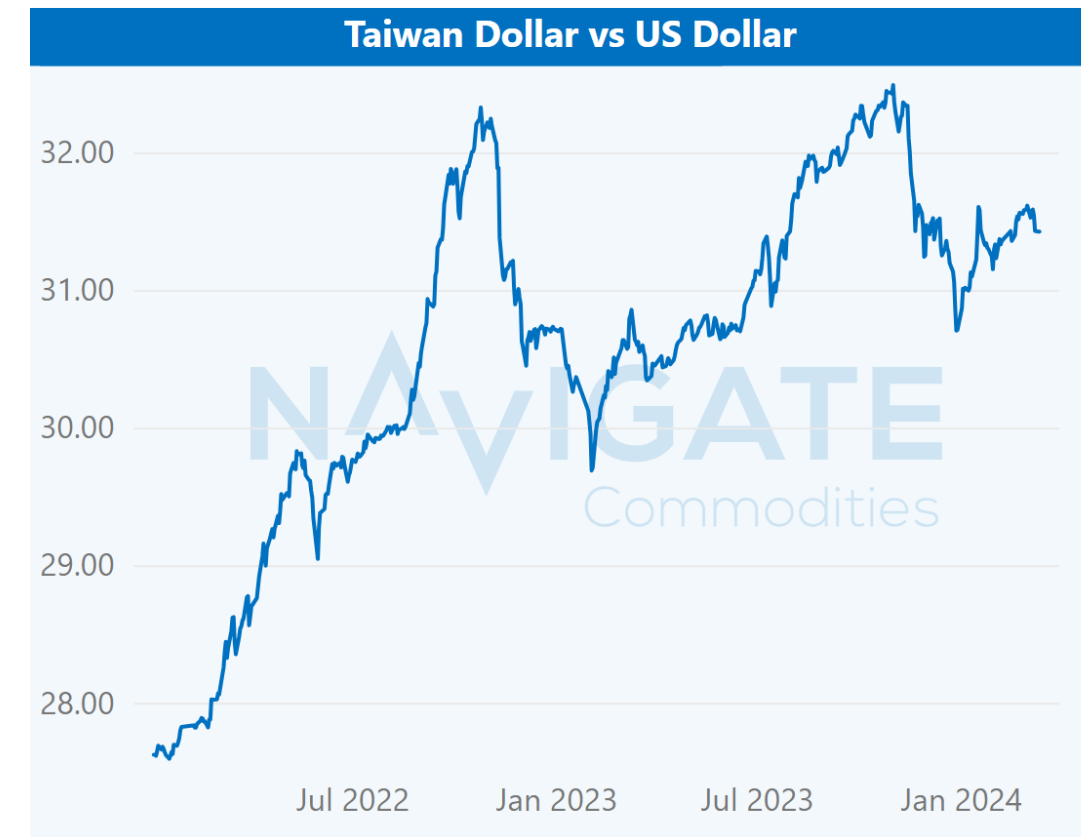
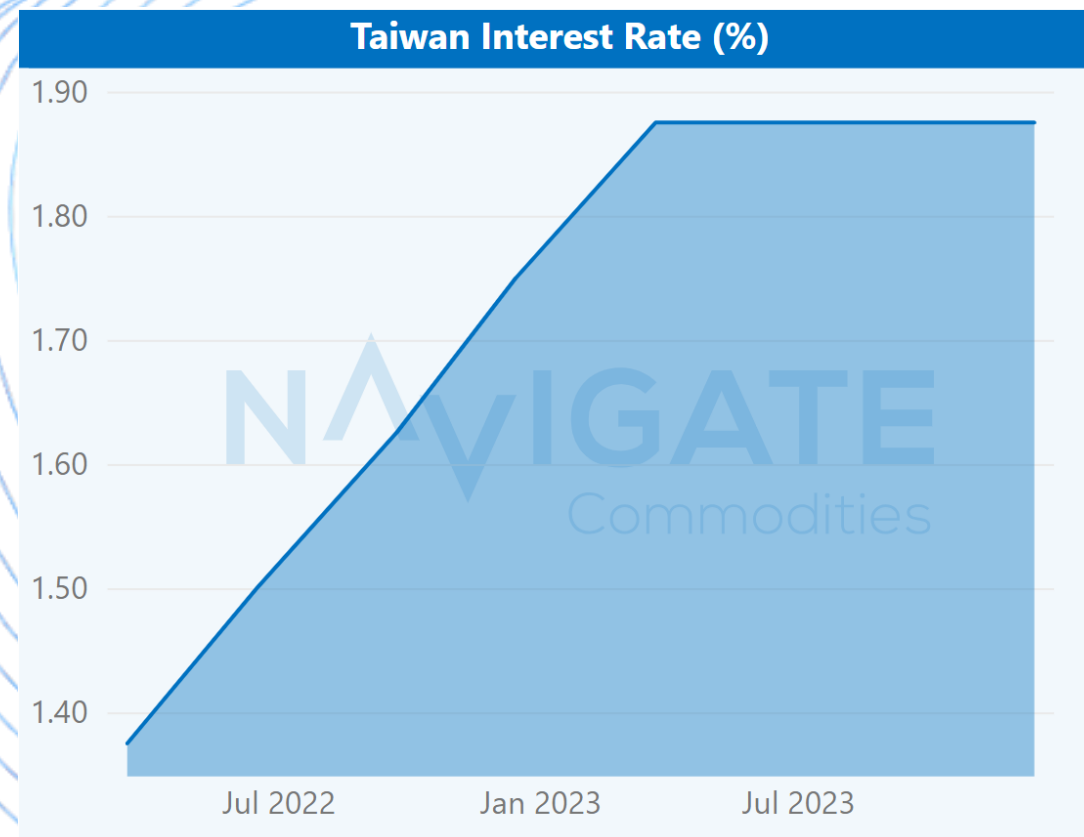
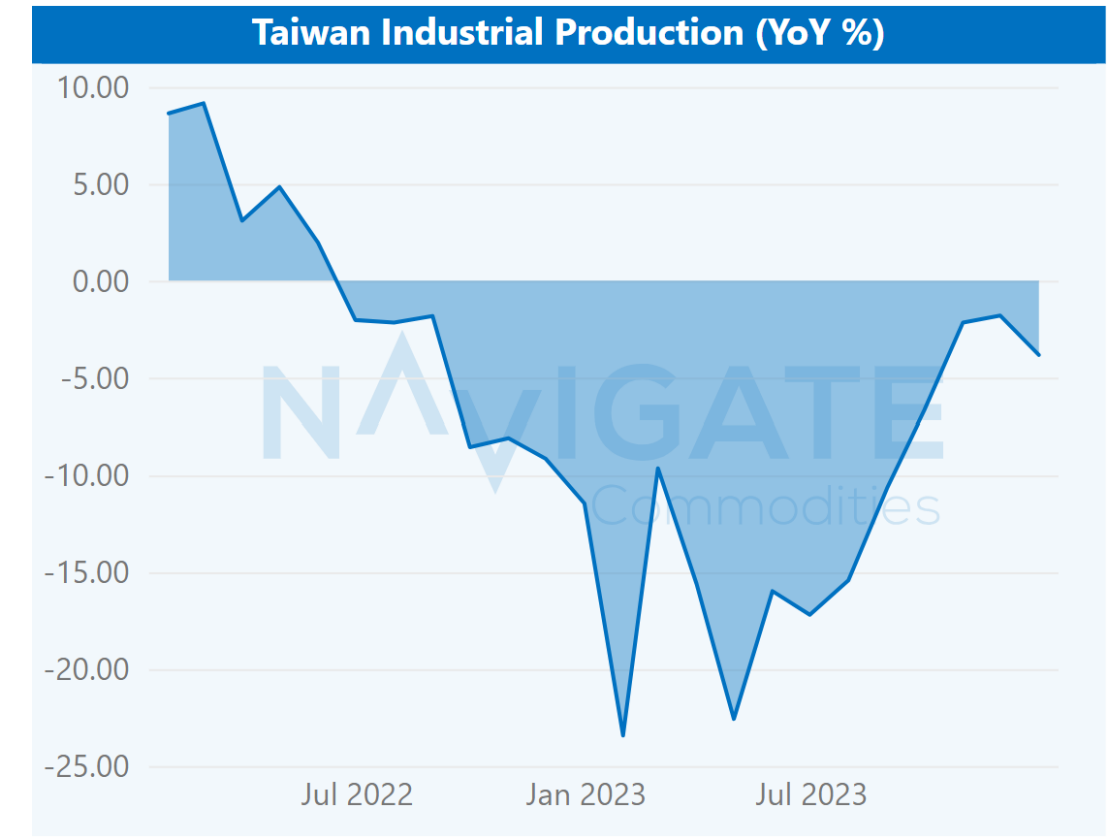
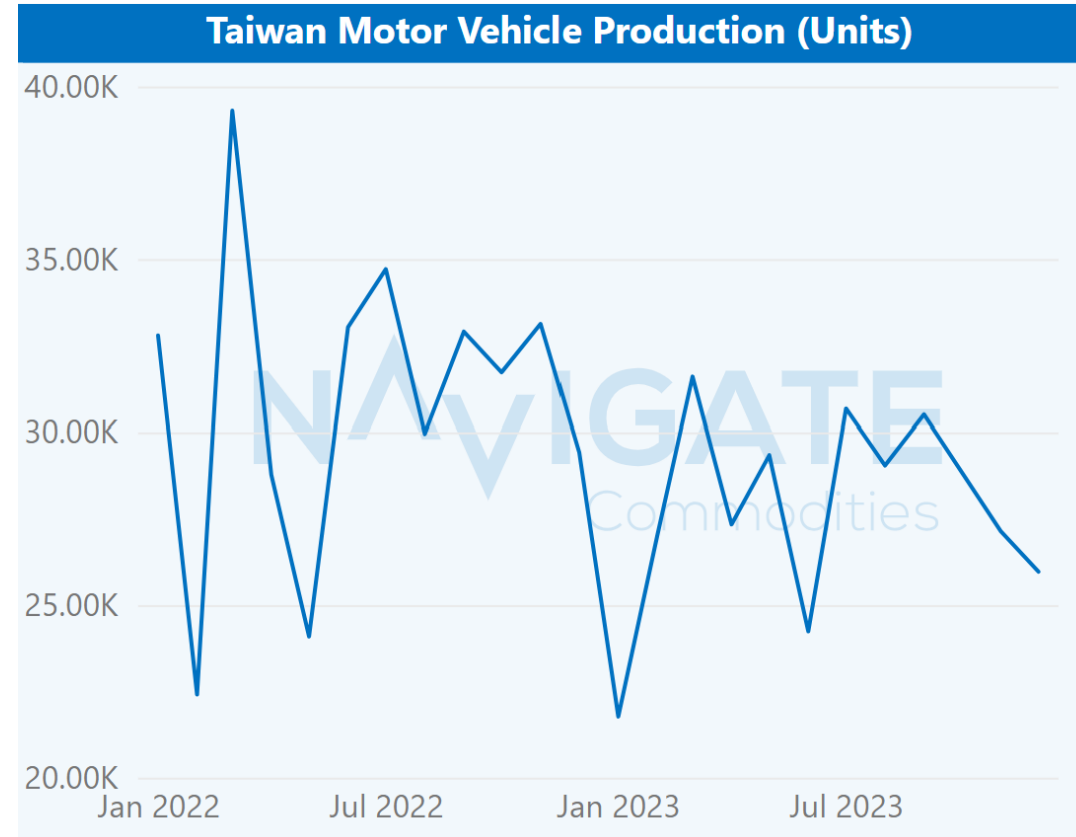
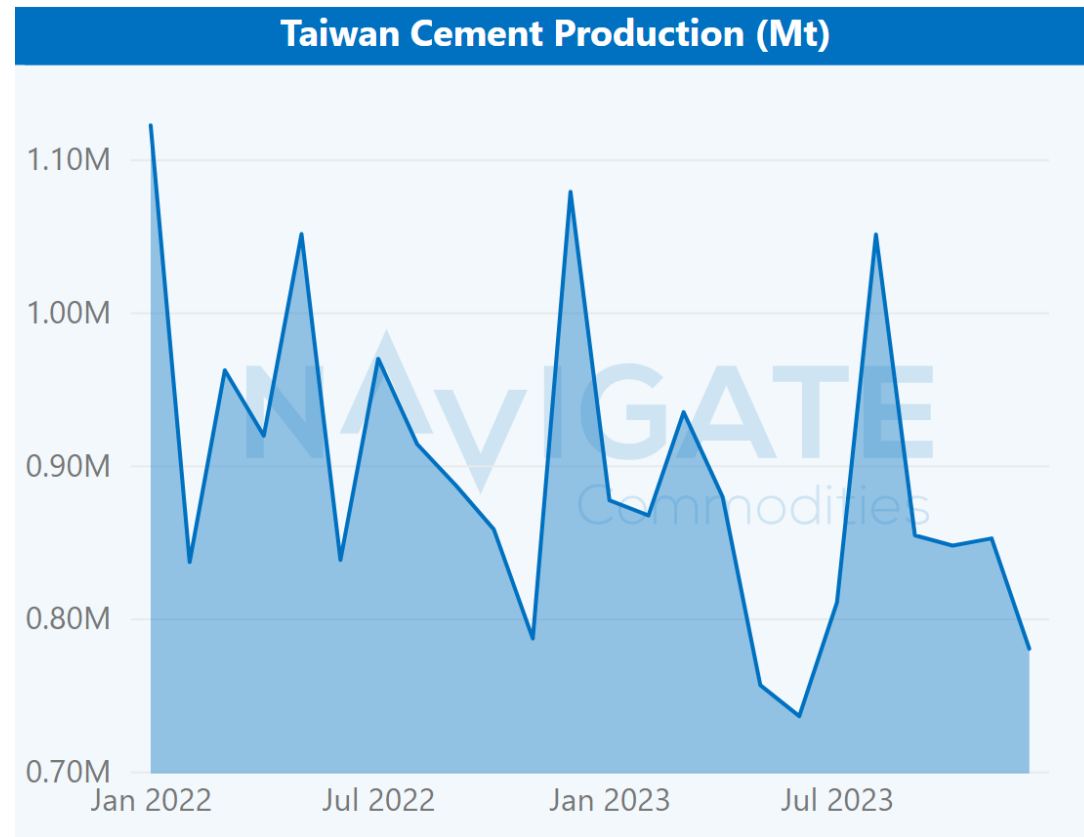
While Taiwan–Turkish HMS 1&2 Ferrous Scrap discounts have narrowed to US\$28/t in early March, we estimate that this is more of a function of the depth & breadth of declines witnessed in respective Turkish markets over the same period.

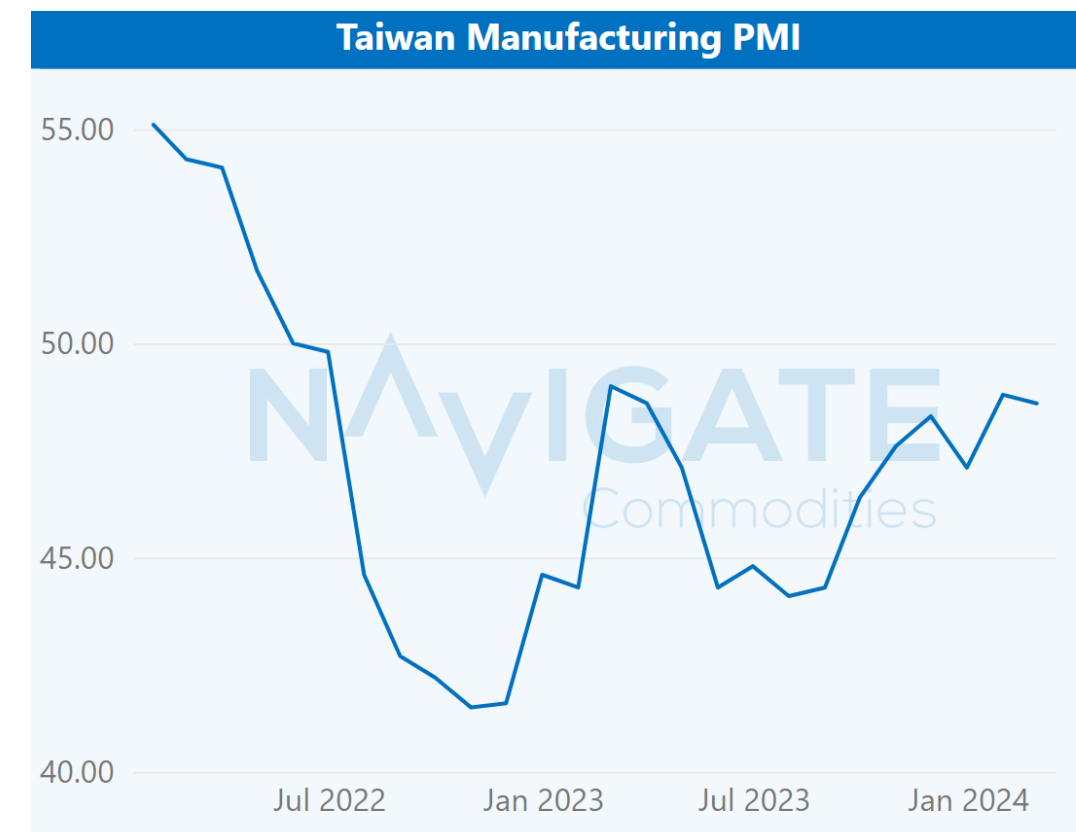
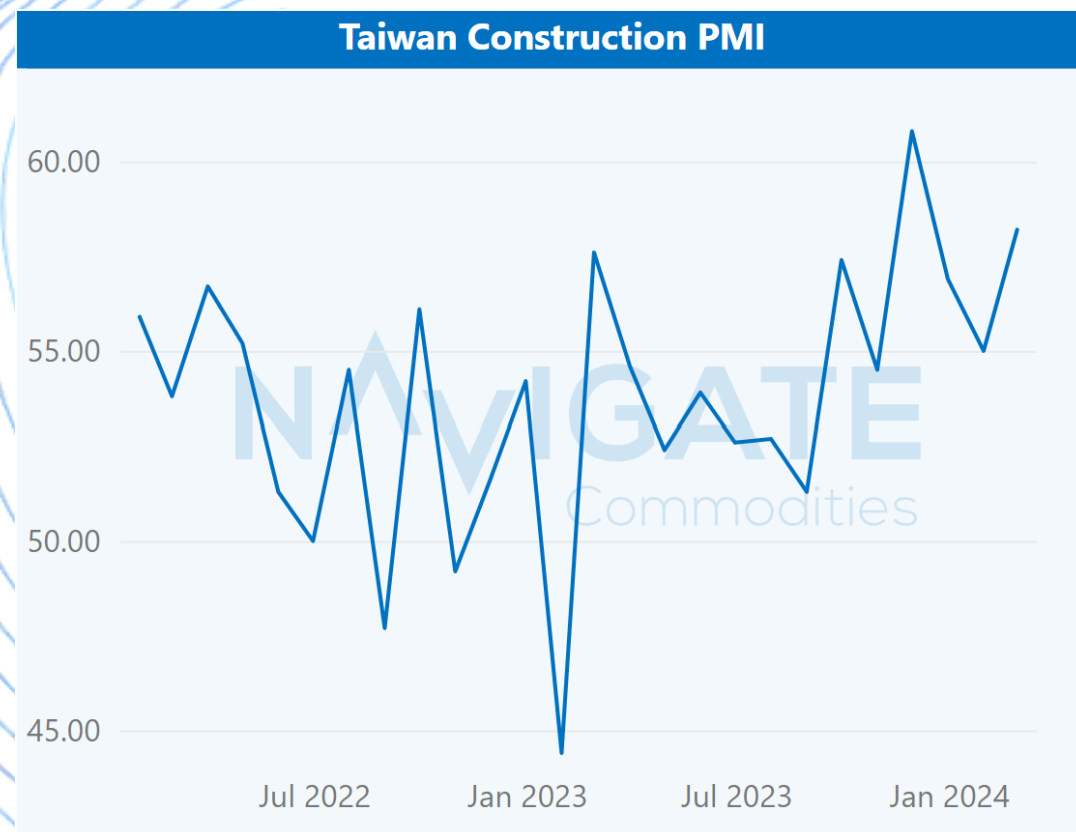
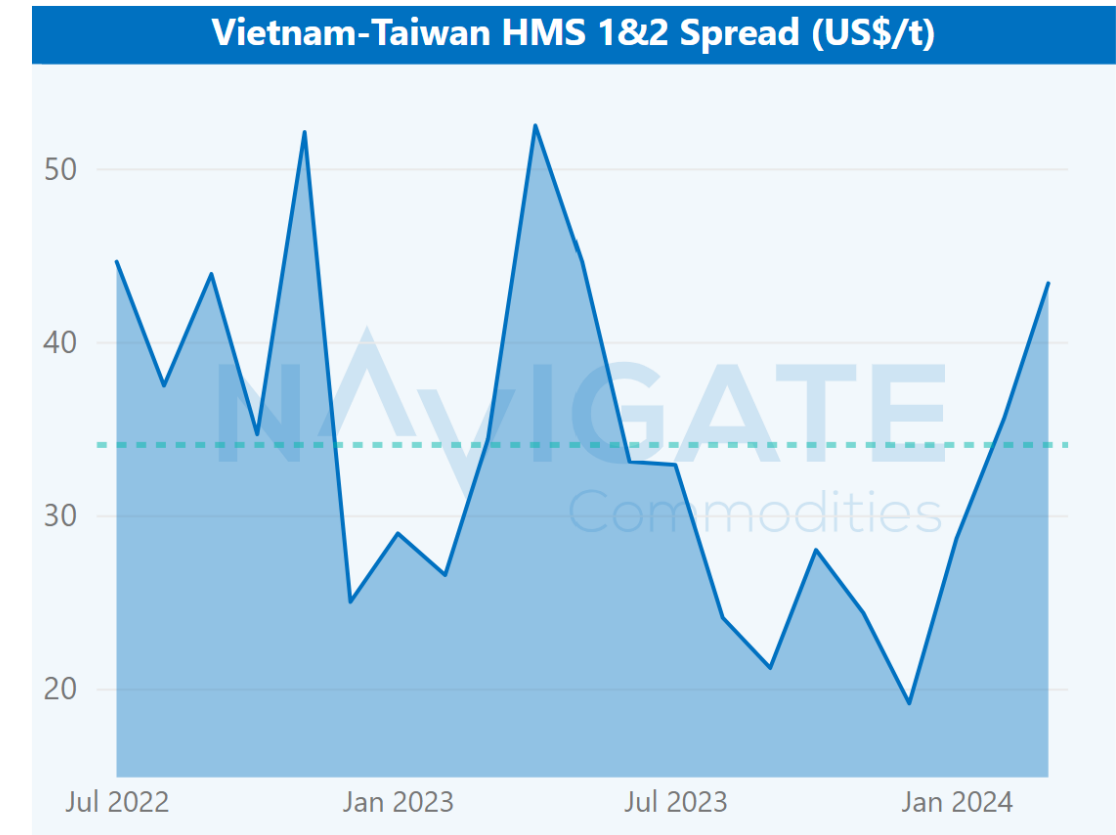
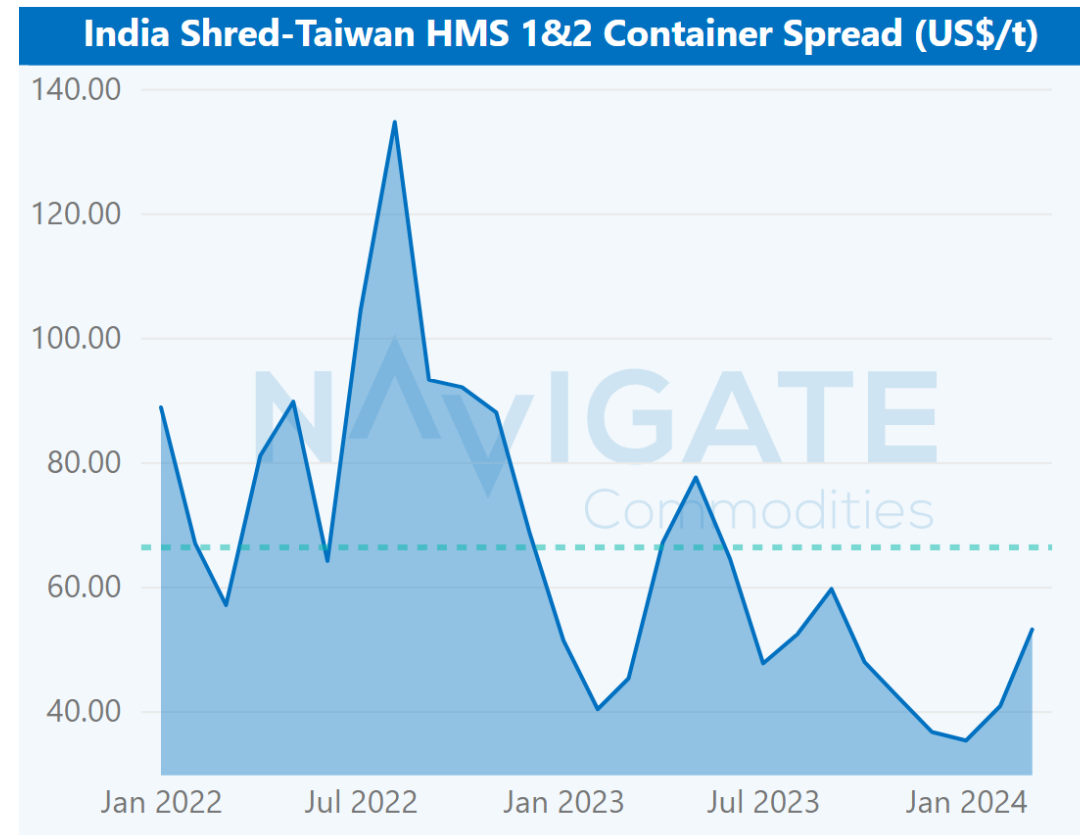
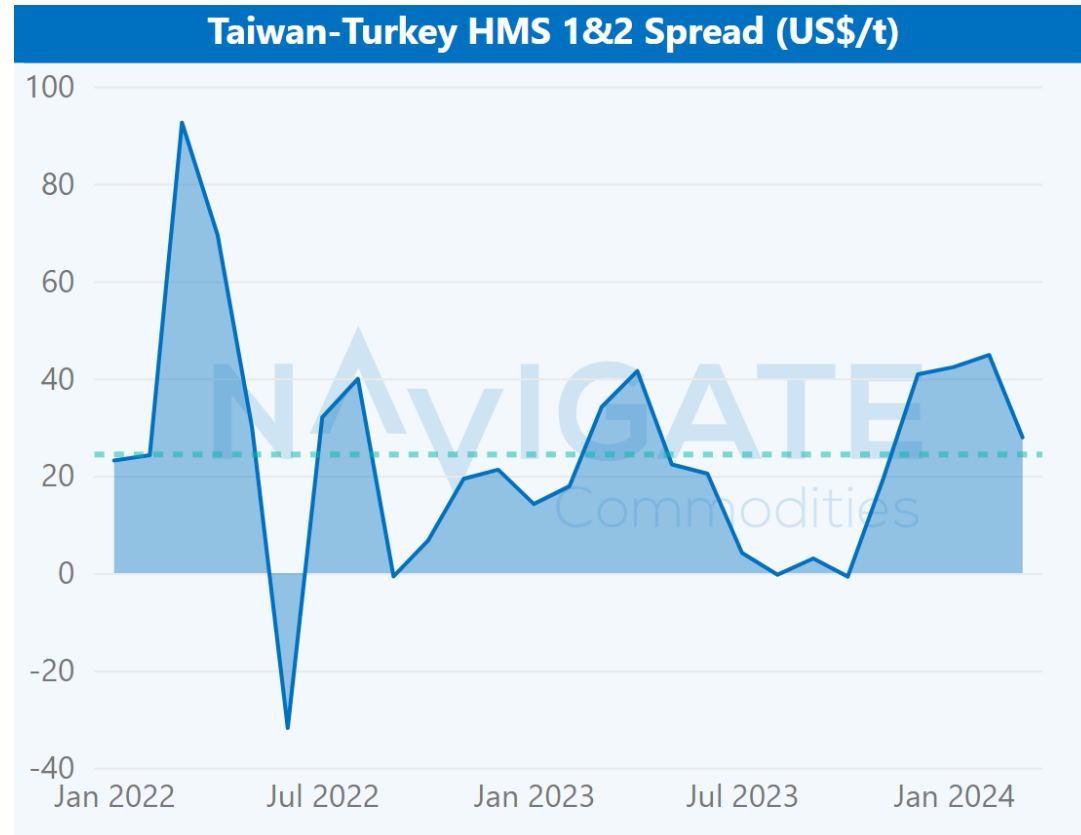
That said, it's also plausible that traditionally Taiwanese-bound containerized Ferrous Scrap cargoes continue to experience healthy competition from South Asia-based buyers – given the ongoing Red Sea/Suez Canal supply disruptions.

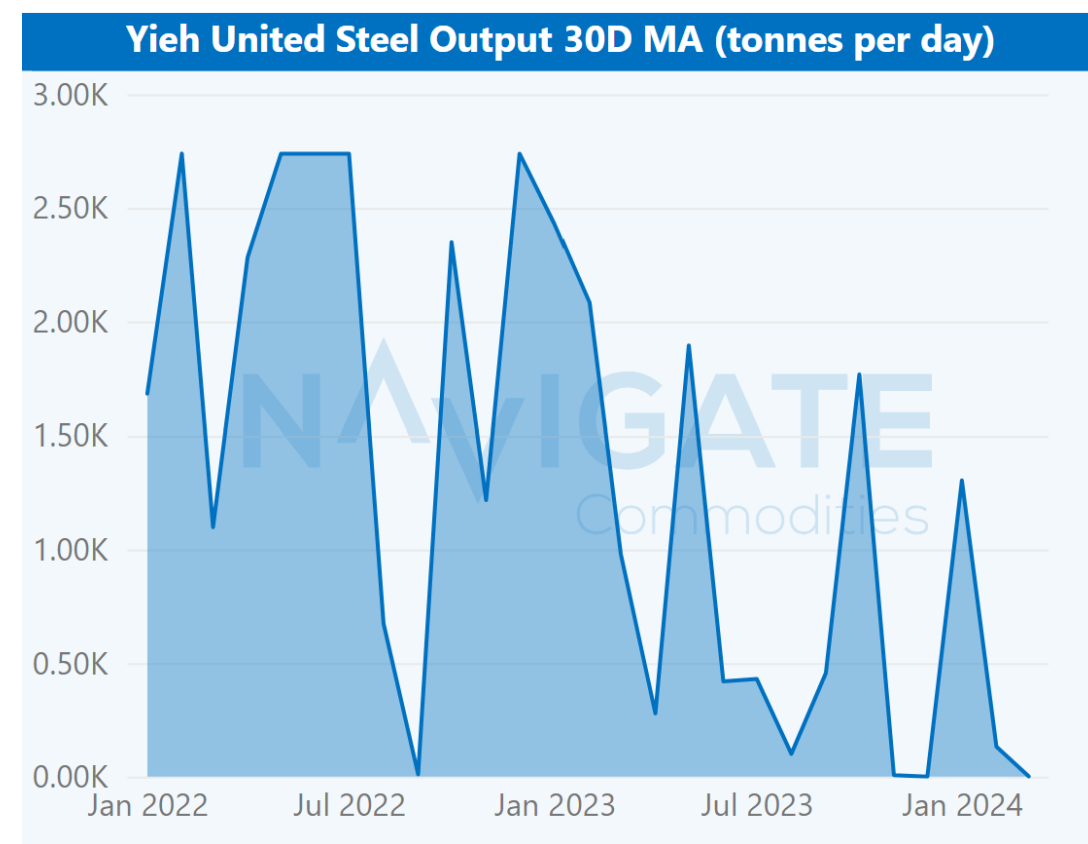
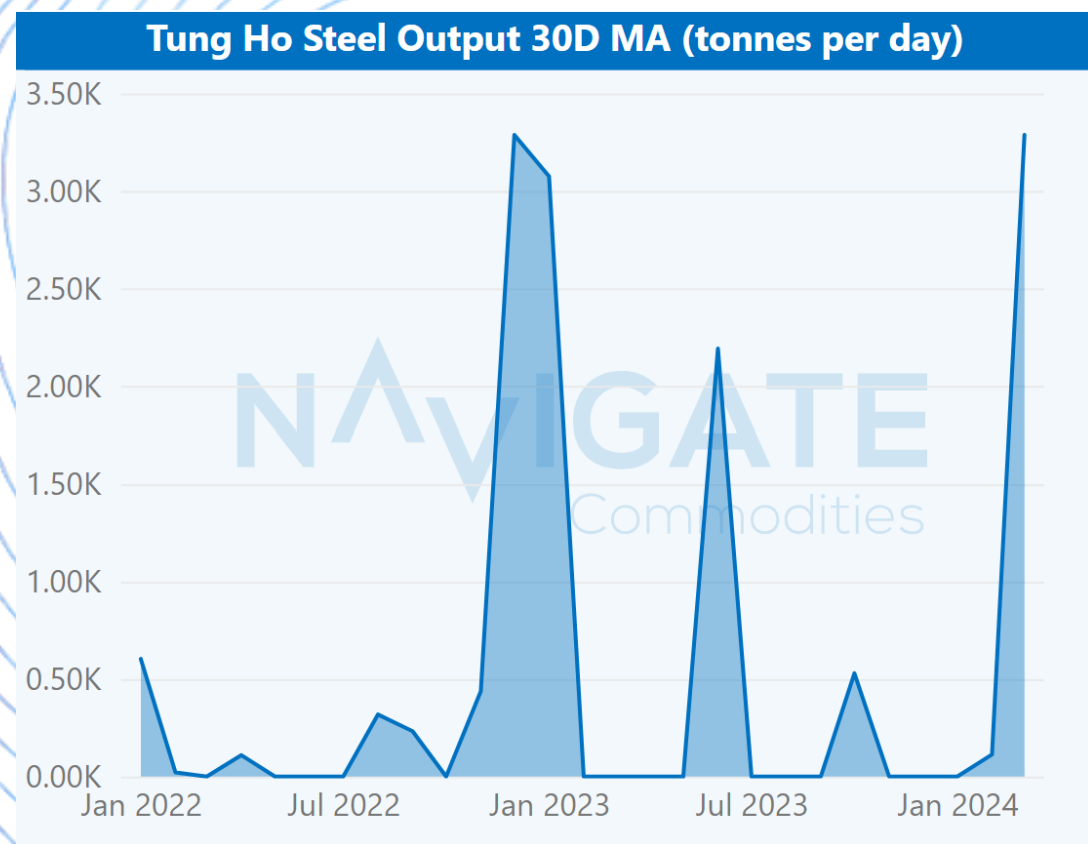
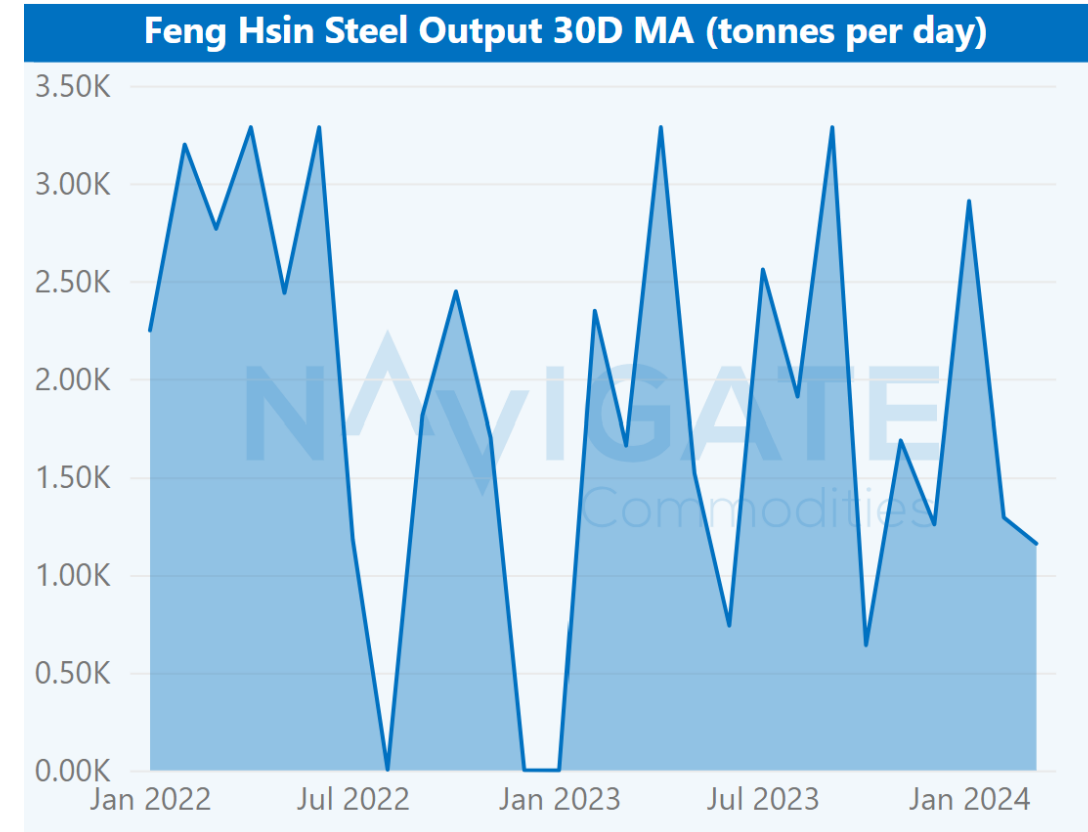
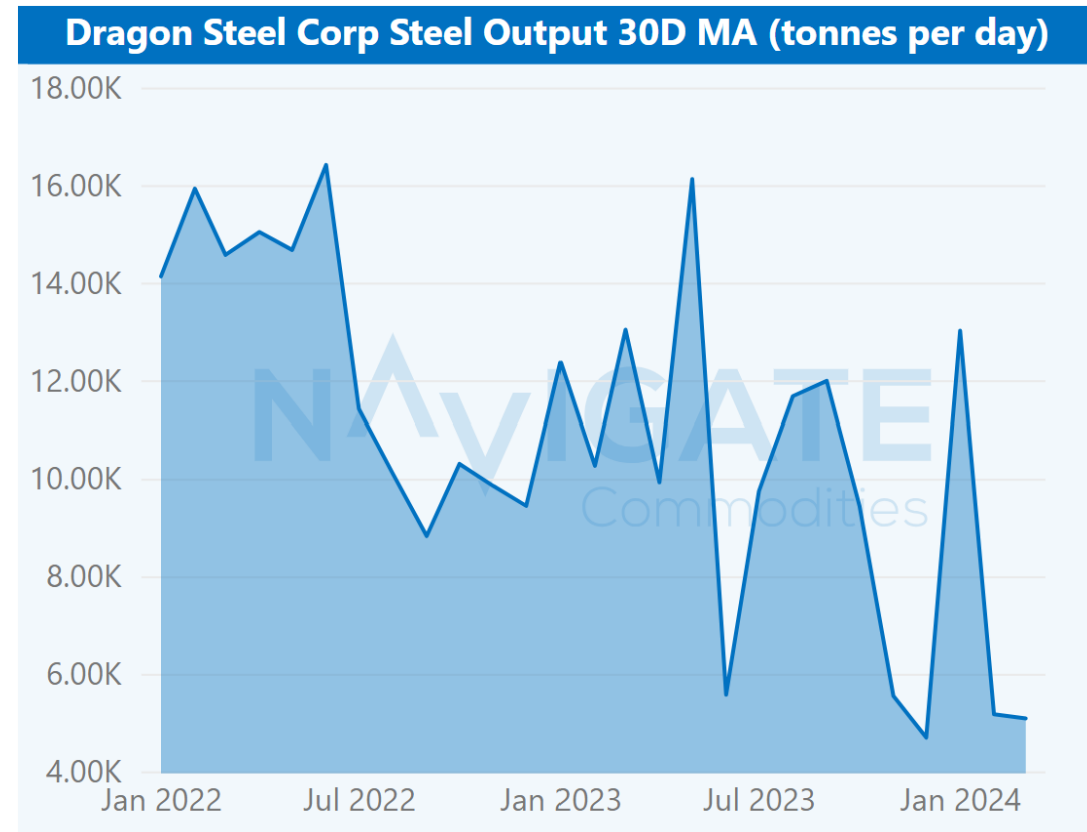
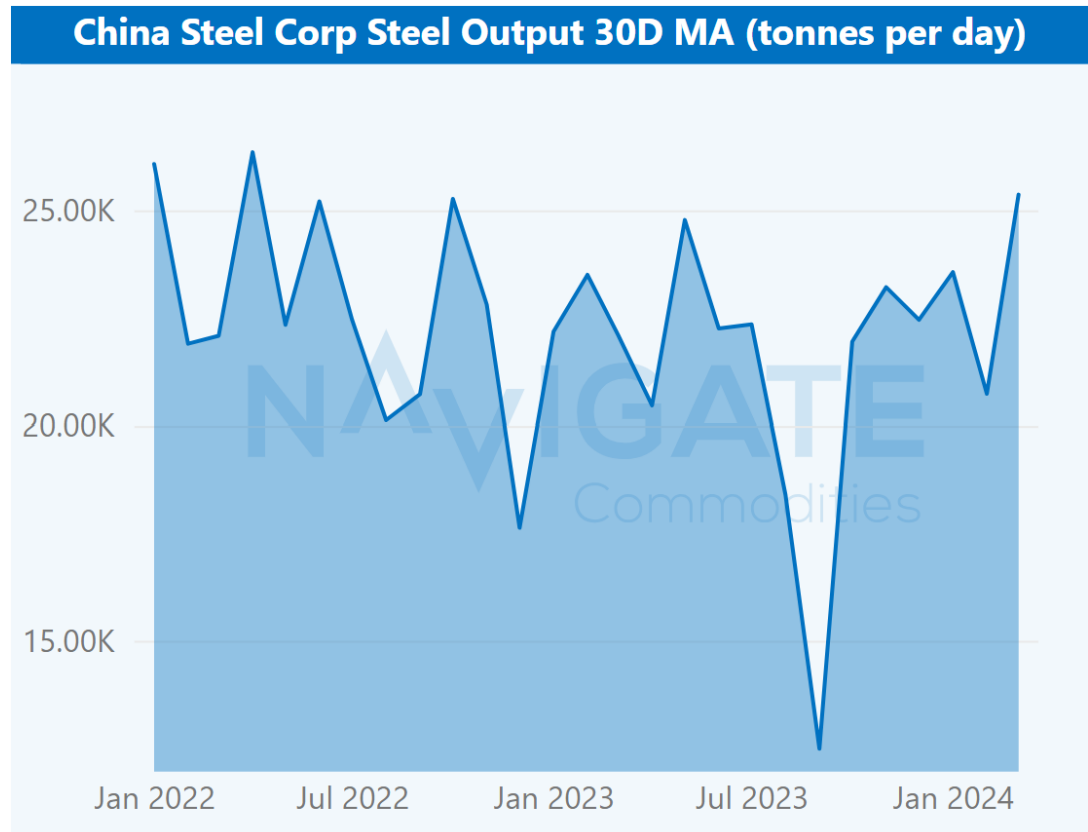
**Methodology:** The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities











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# **Türkiye Steel Scrap Market Overview**





● = Active    ● = Idled

# Türkiye

Turkish HMS 1&2 (80:20) import prices plunged approximately US\$42.50/t over the past month to a four-month low of US\$378/t CFR Türkiye, as they eventually harmonized with Hot Metal production costs and Fe Normalization versus Iron Ore. China's return from Lunar New Year holidays and subsequent National People's Congress' Two Sessions spread major disappointment through its industrial metals markets at the lack of "bazooka"-style stimulus.

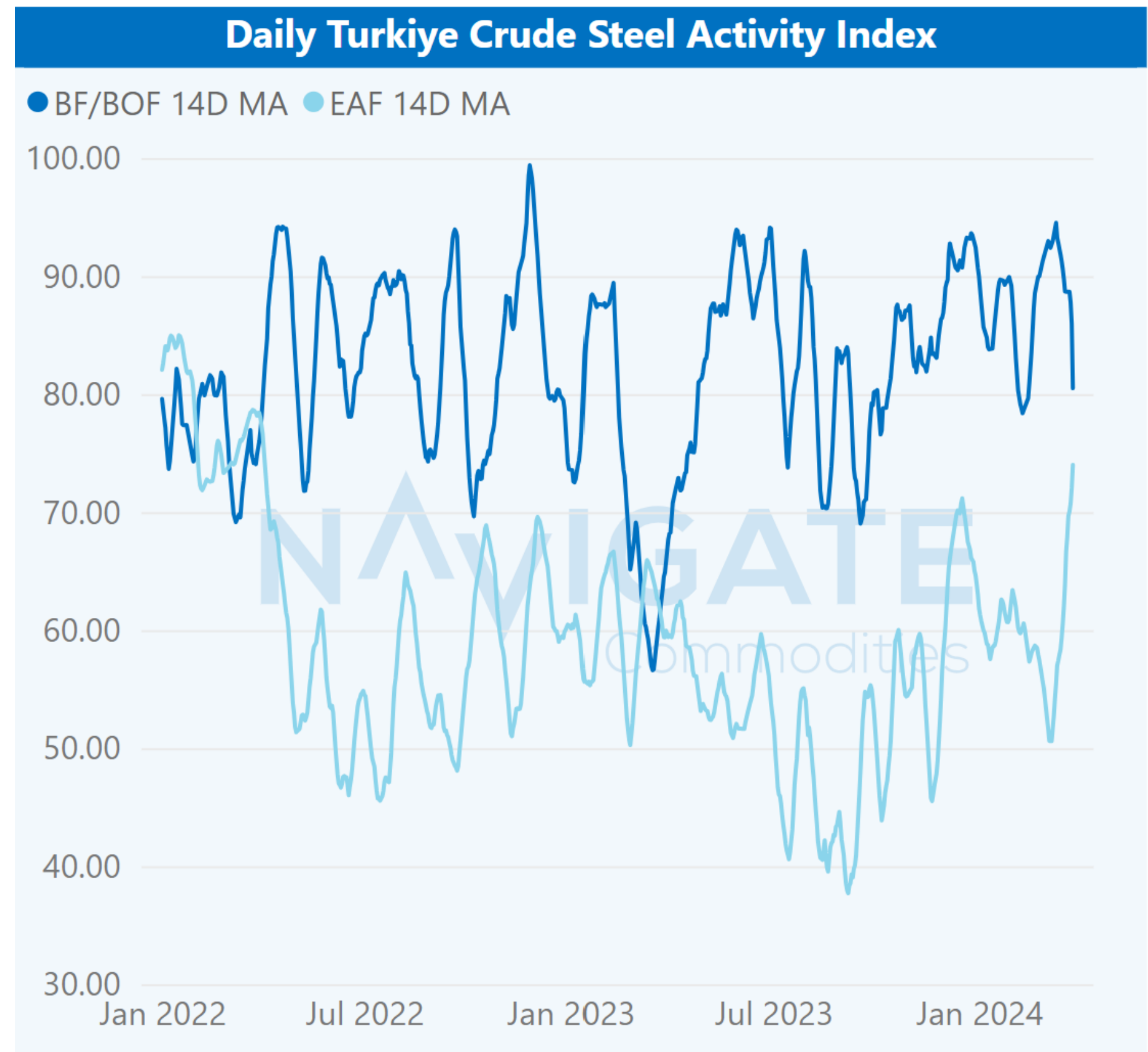
Moreover, through the medium of Iron Ore, this disappointment has permeated many ancillary Ferrous industries further afield that have very little direct business with Chinese markets.

With respect to Iron & Steel fundamentals in Türkiye, daily Turkish electric arc furnace (EAF) Steel smelting activity has petered out through January into February from December 2023's recent highs.

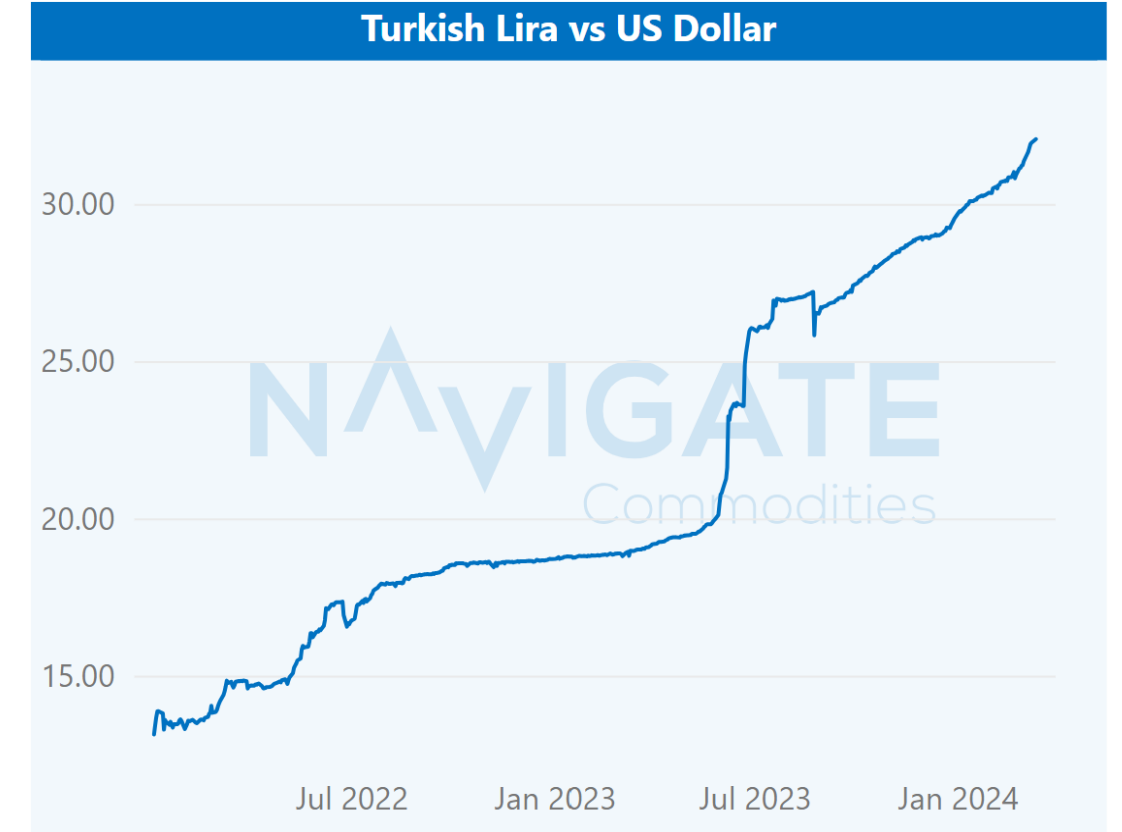
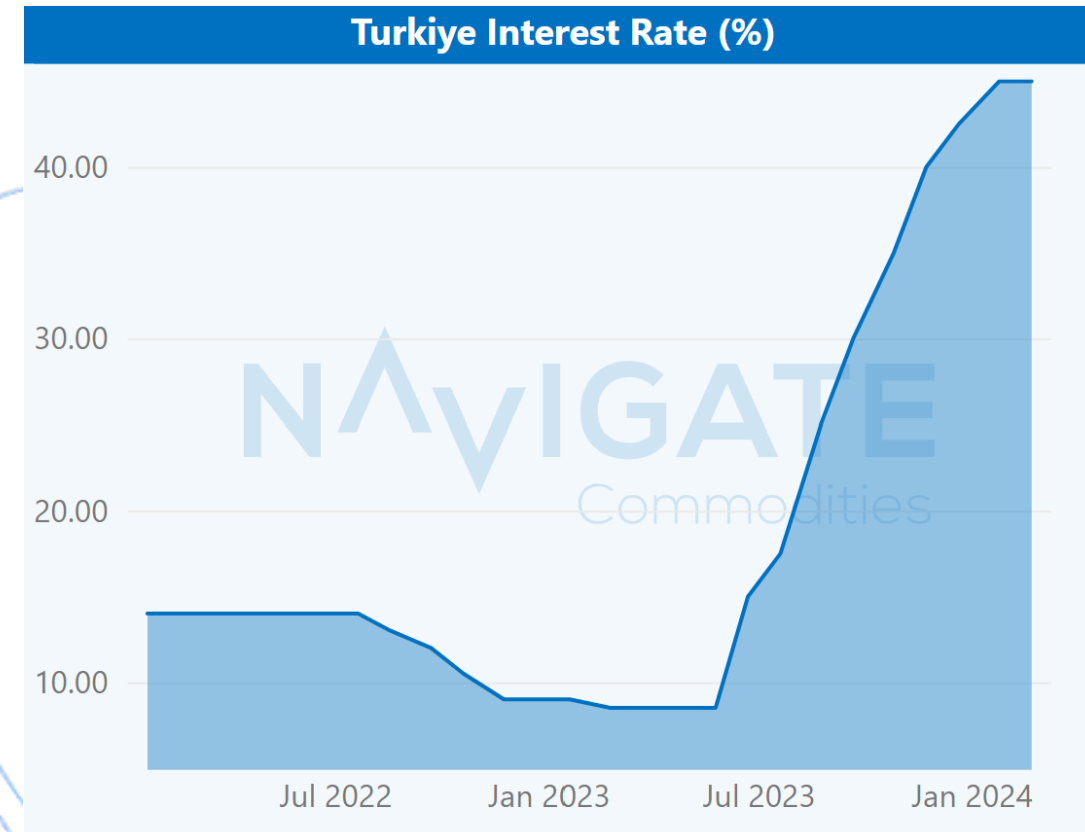
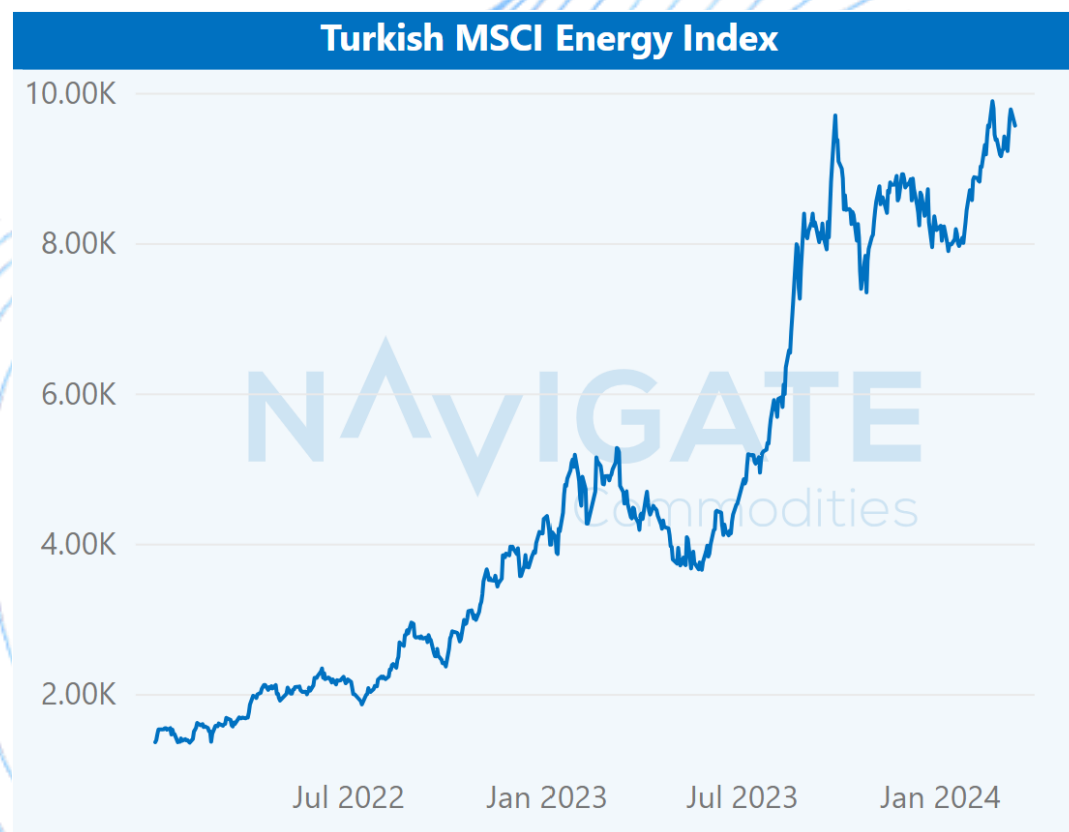
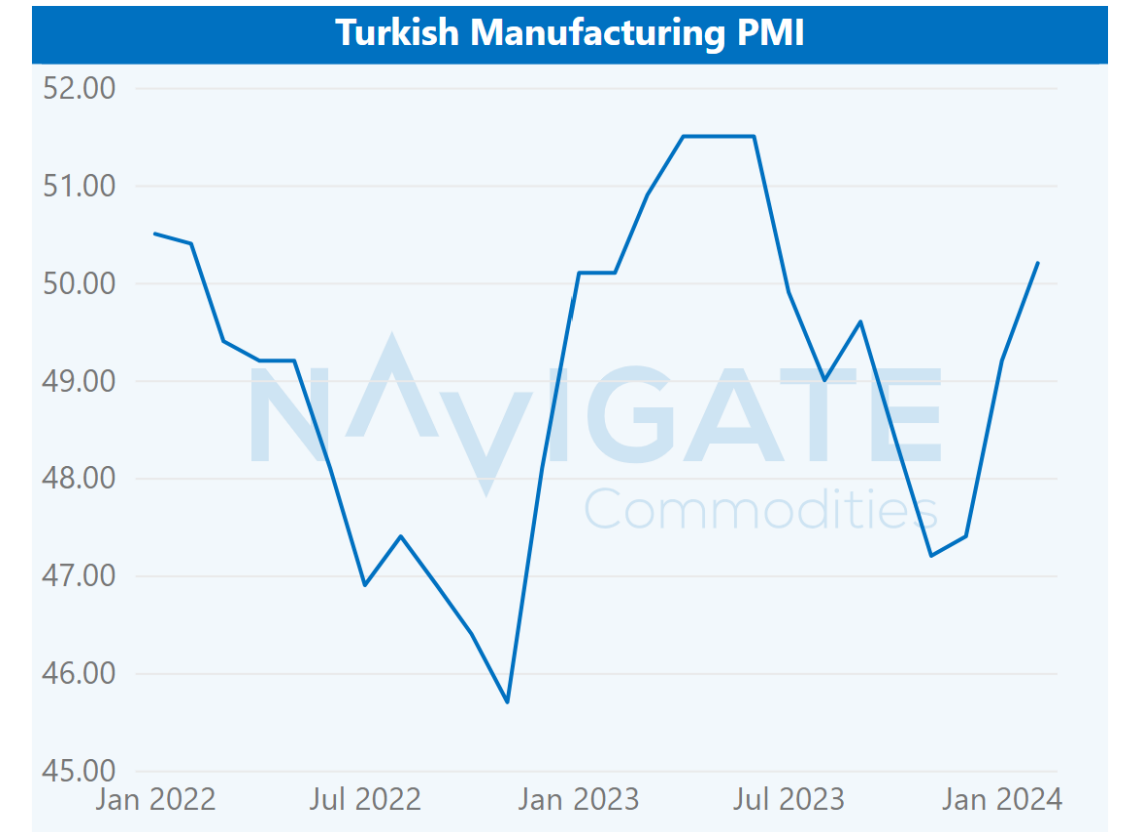
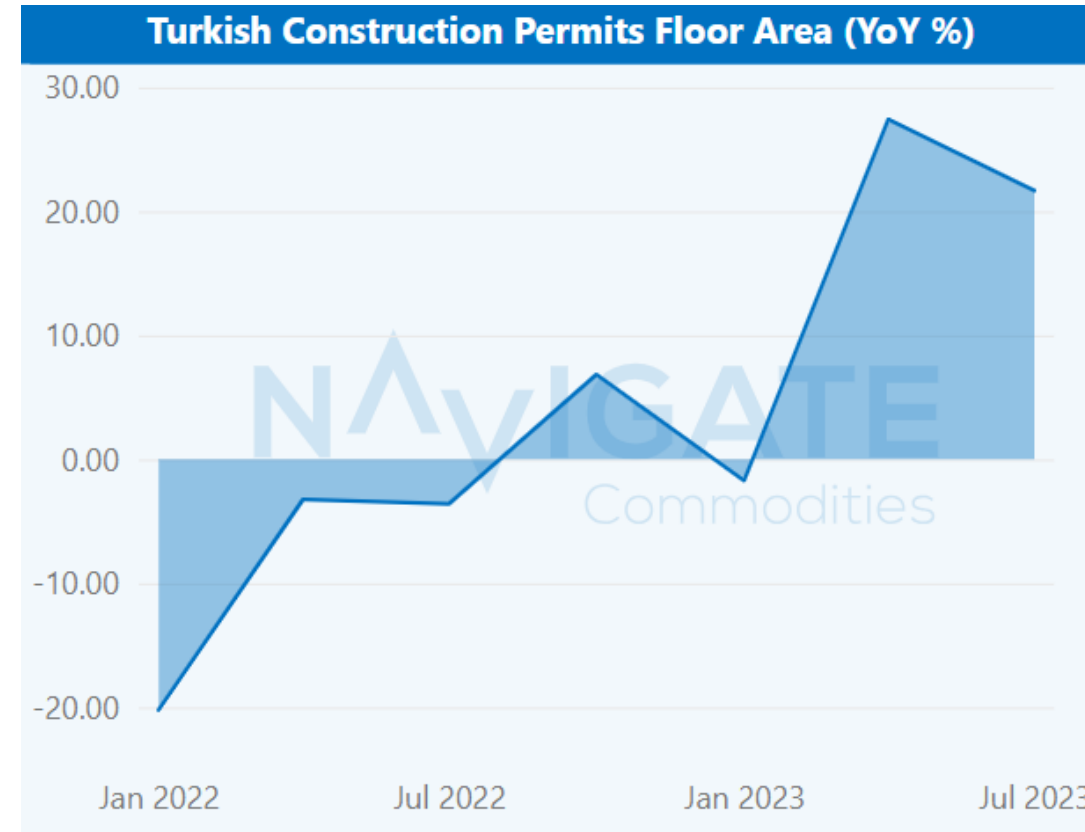
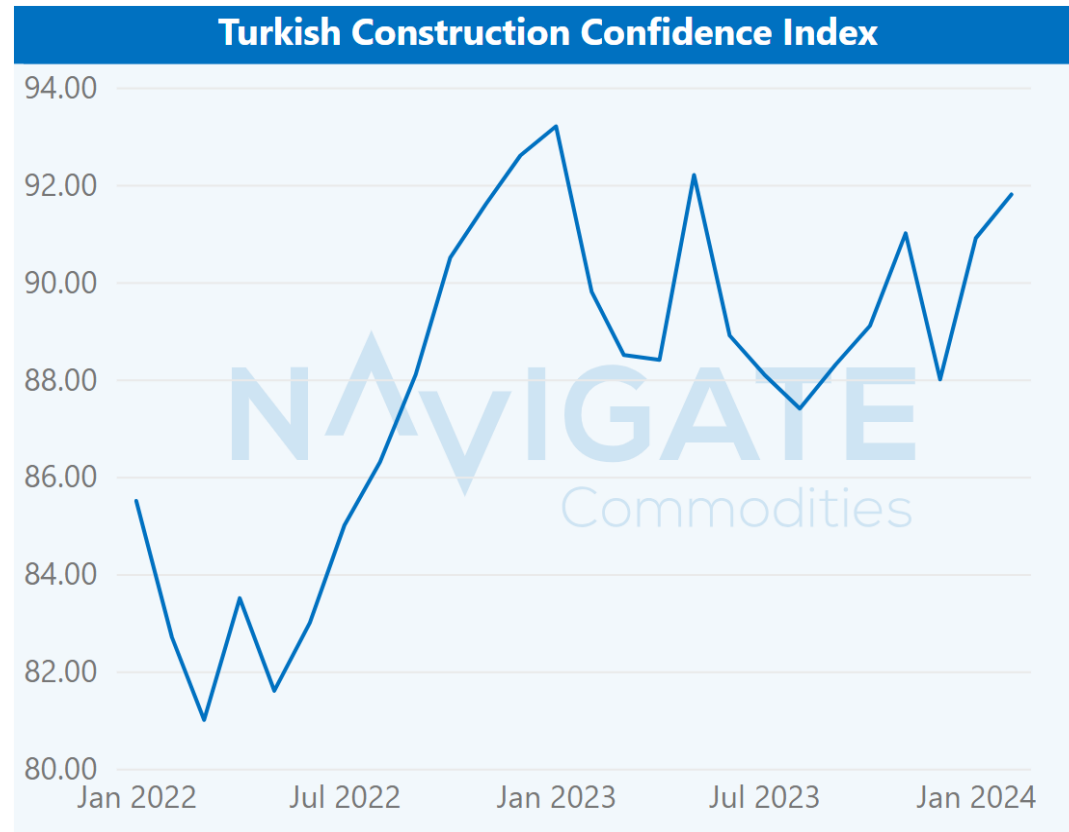
In fact, Turkish EAF Steel production traditionally follows a seasonal trend lower from January to April almost every year based on seven (7) years' worth of daily thermal satellite imagery.

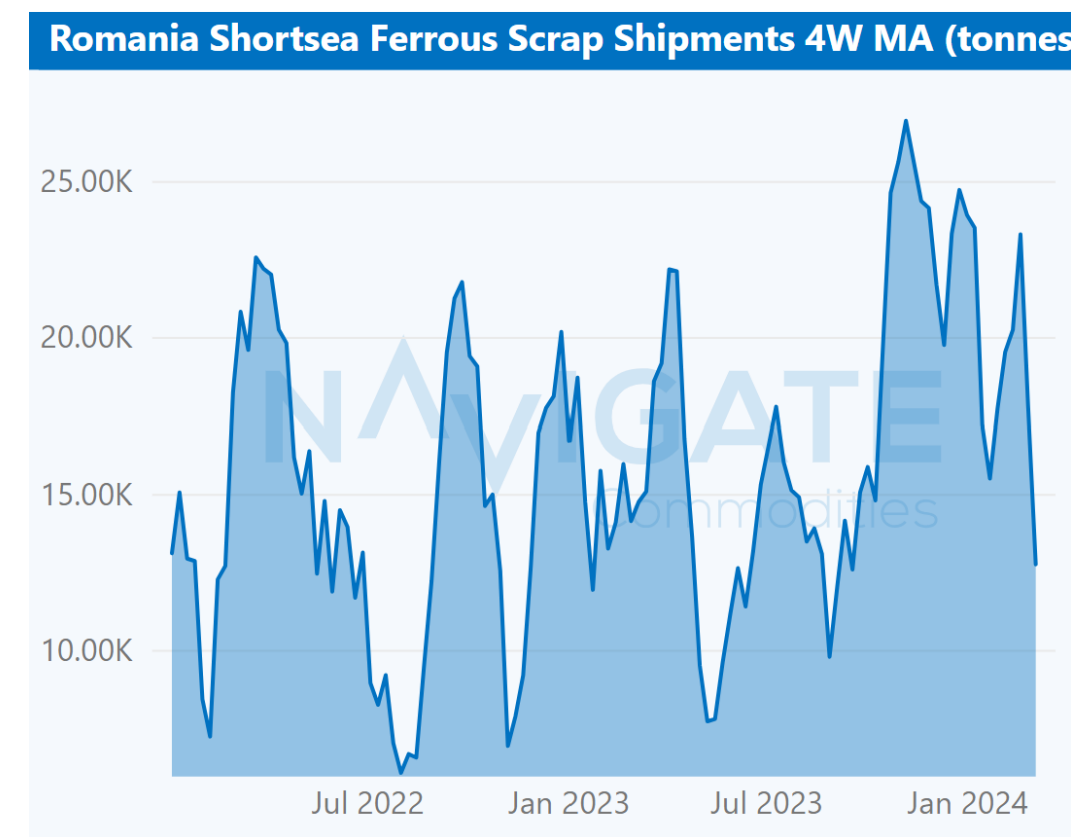
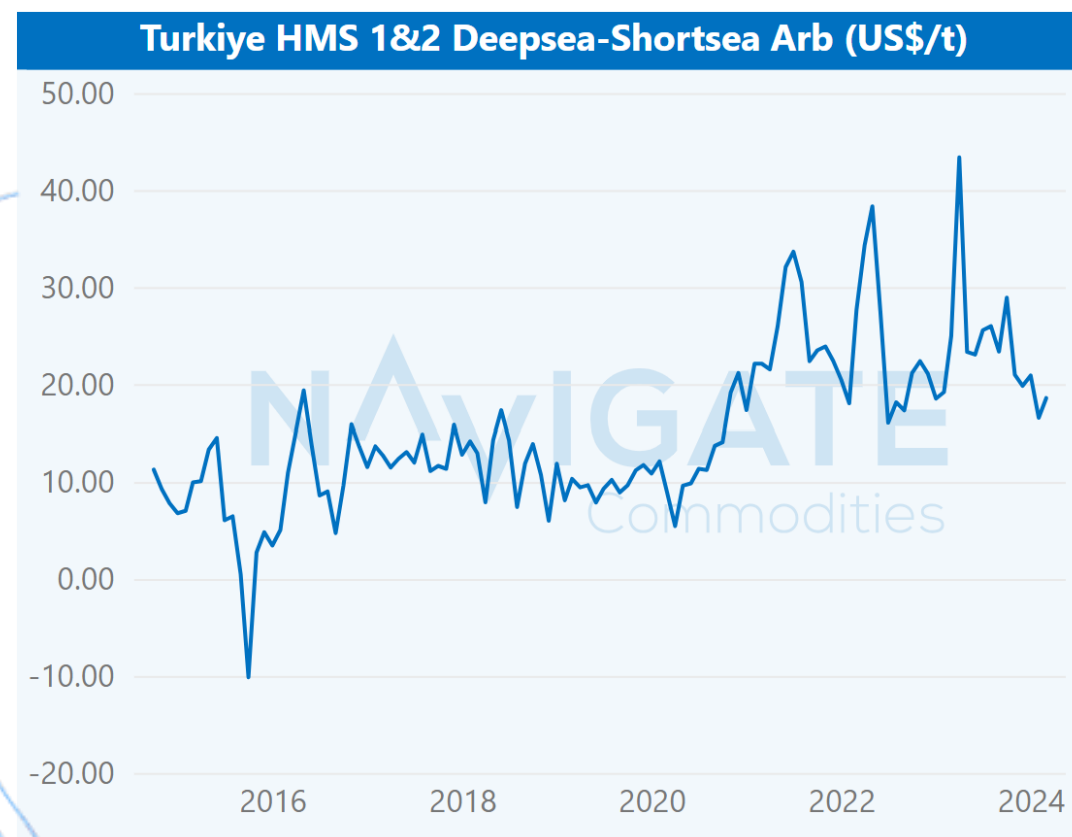
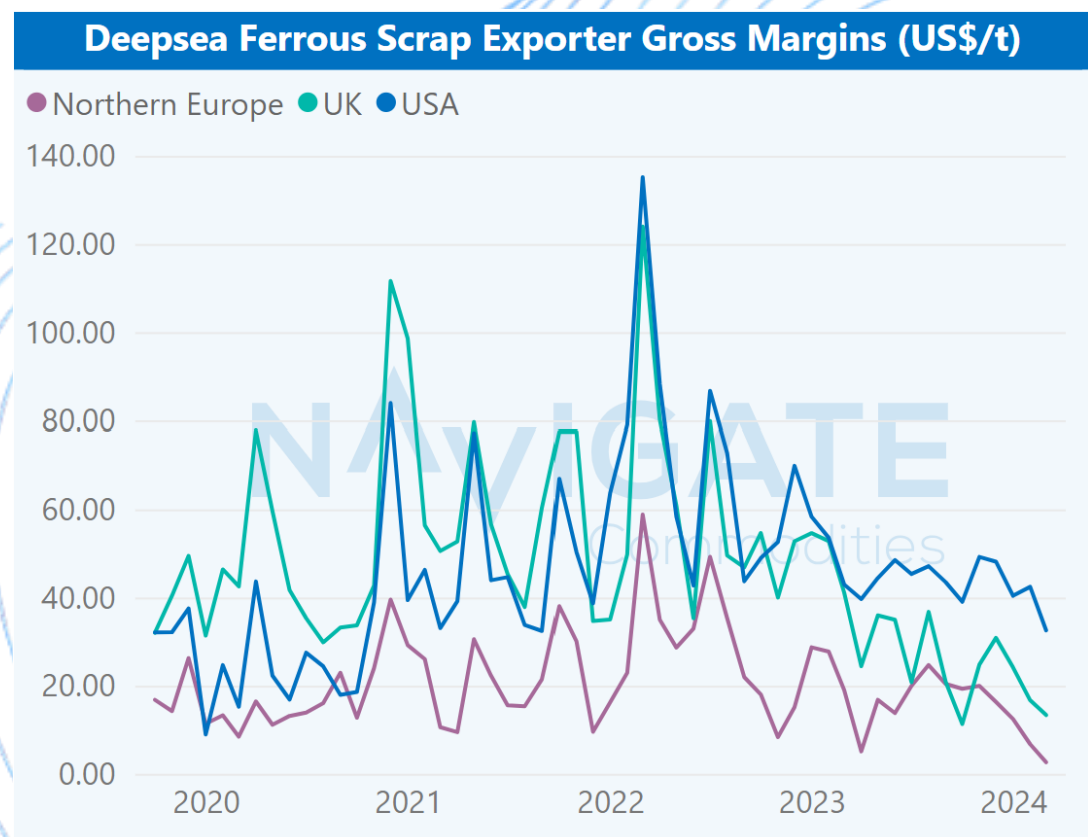
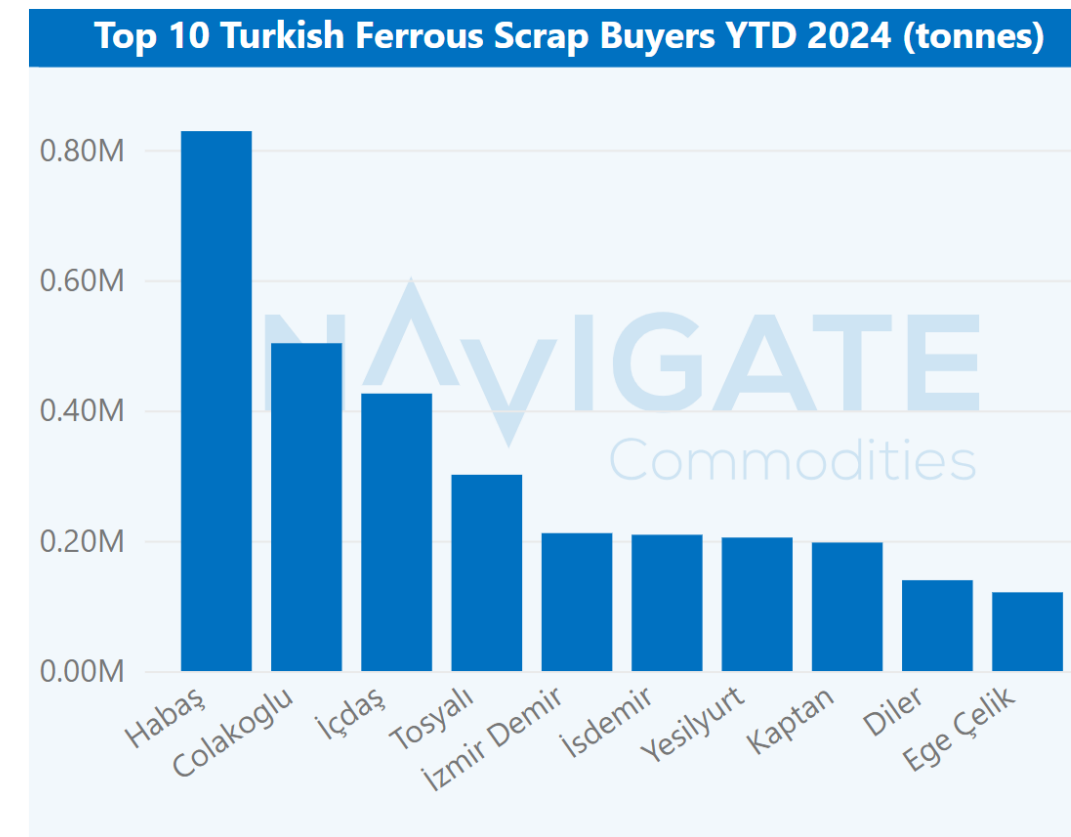
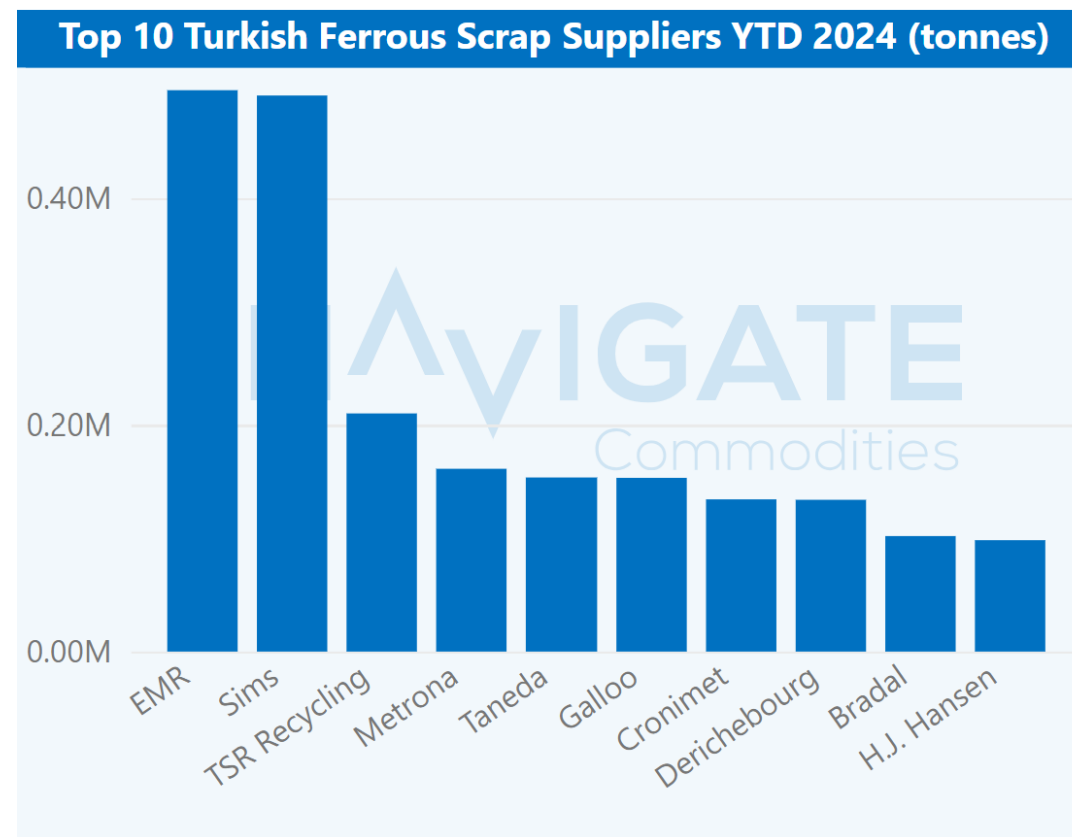
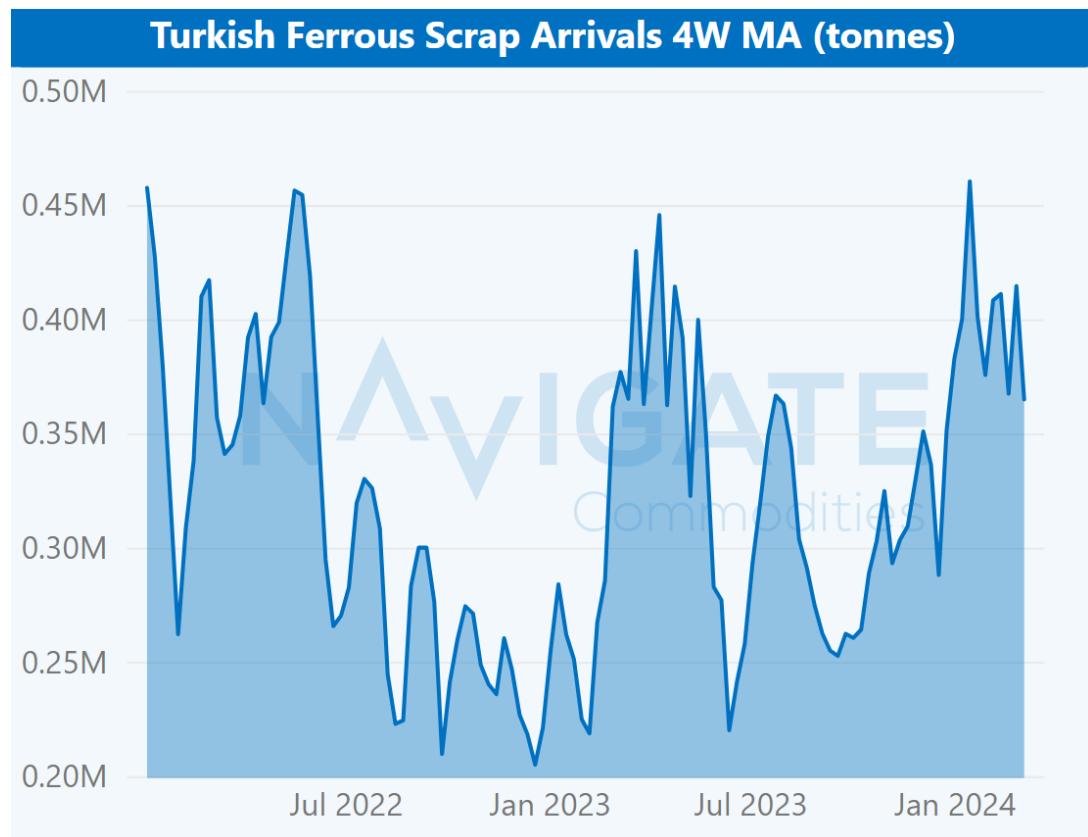
Therefore, it's unsurprising we've not witnessed any sustainable demand-side shocks over the past weeks and months, especially with the macro environment in Türkiye taking time to "mean revert" (normalize).

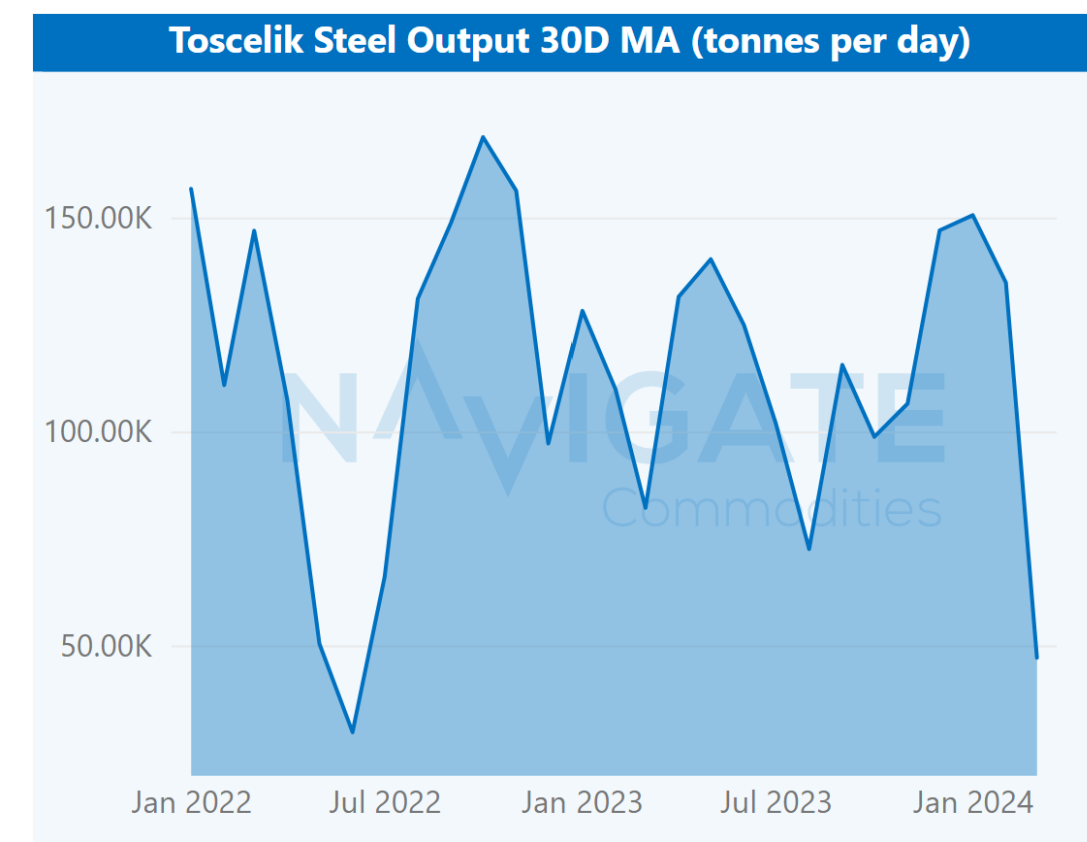
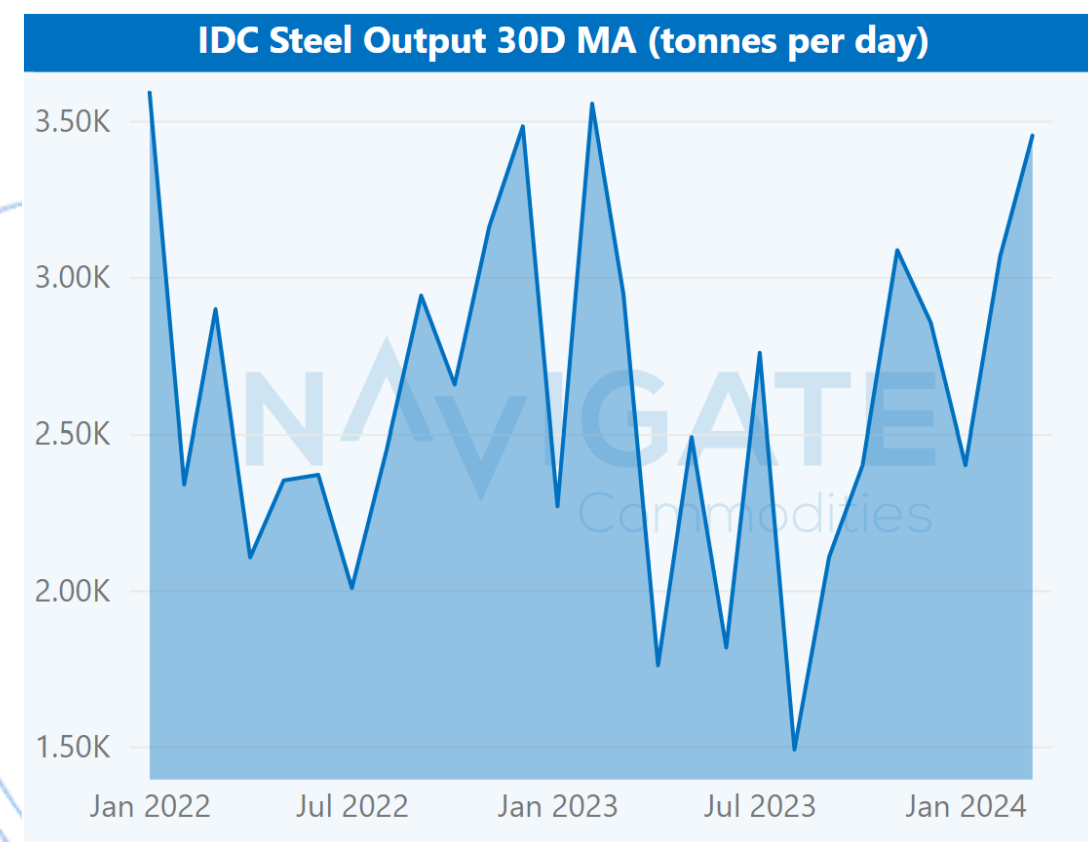
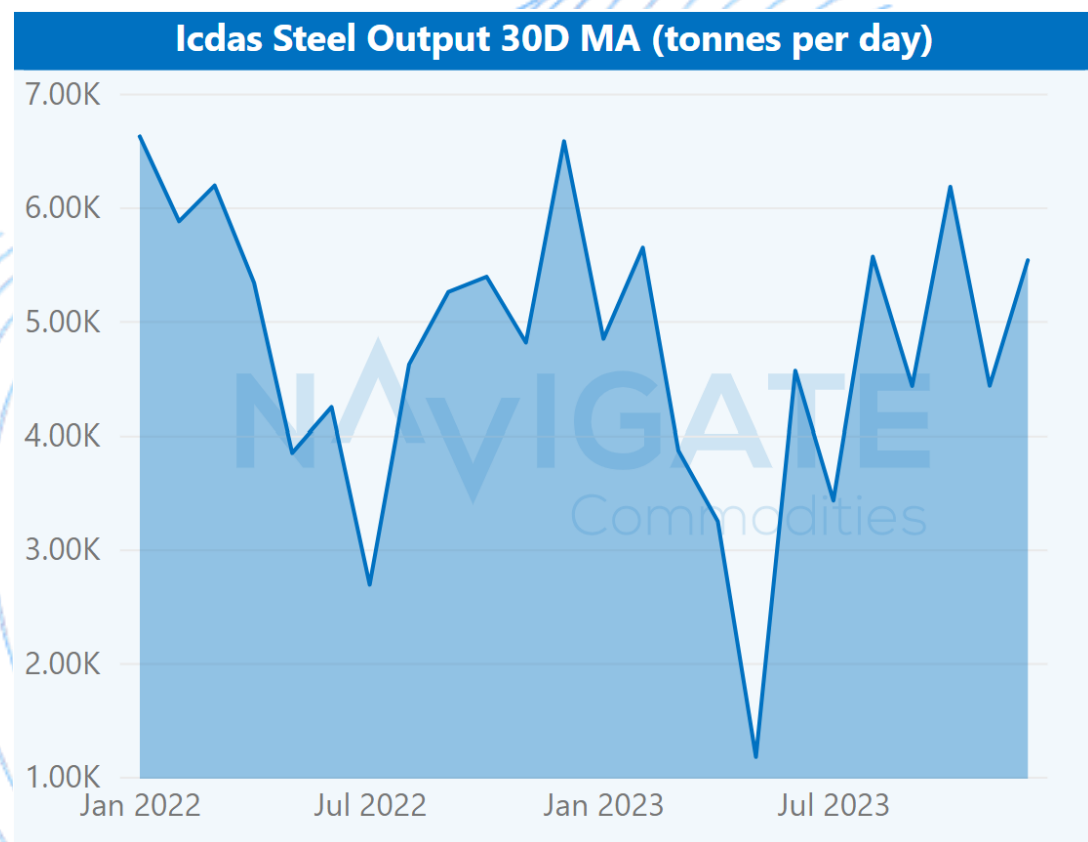
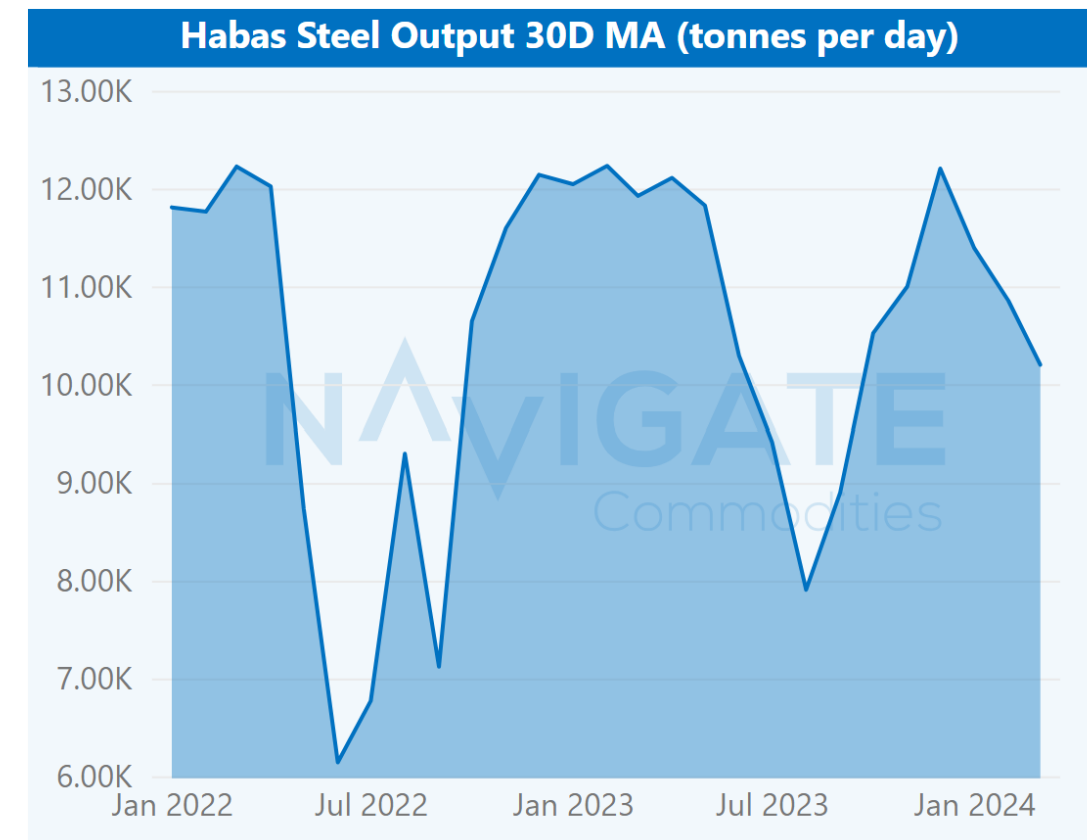
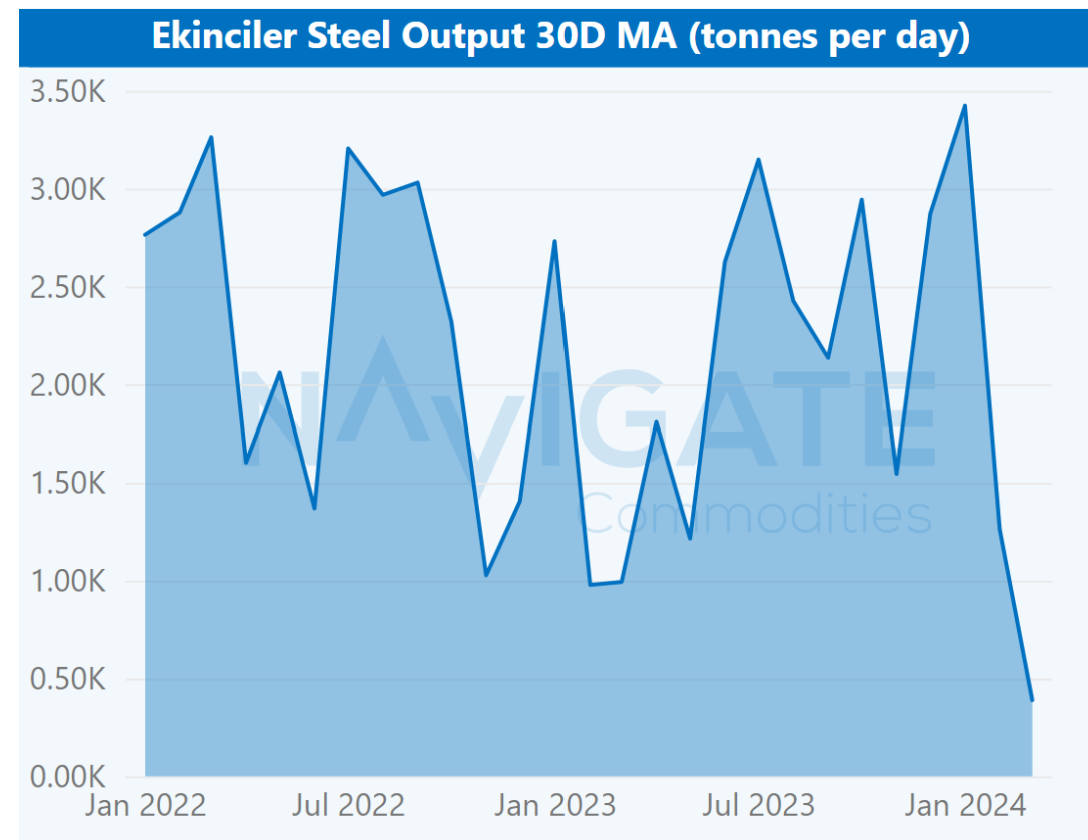
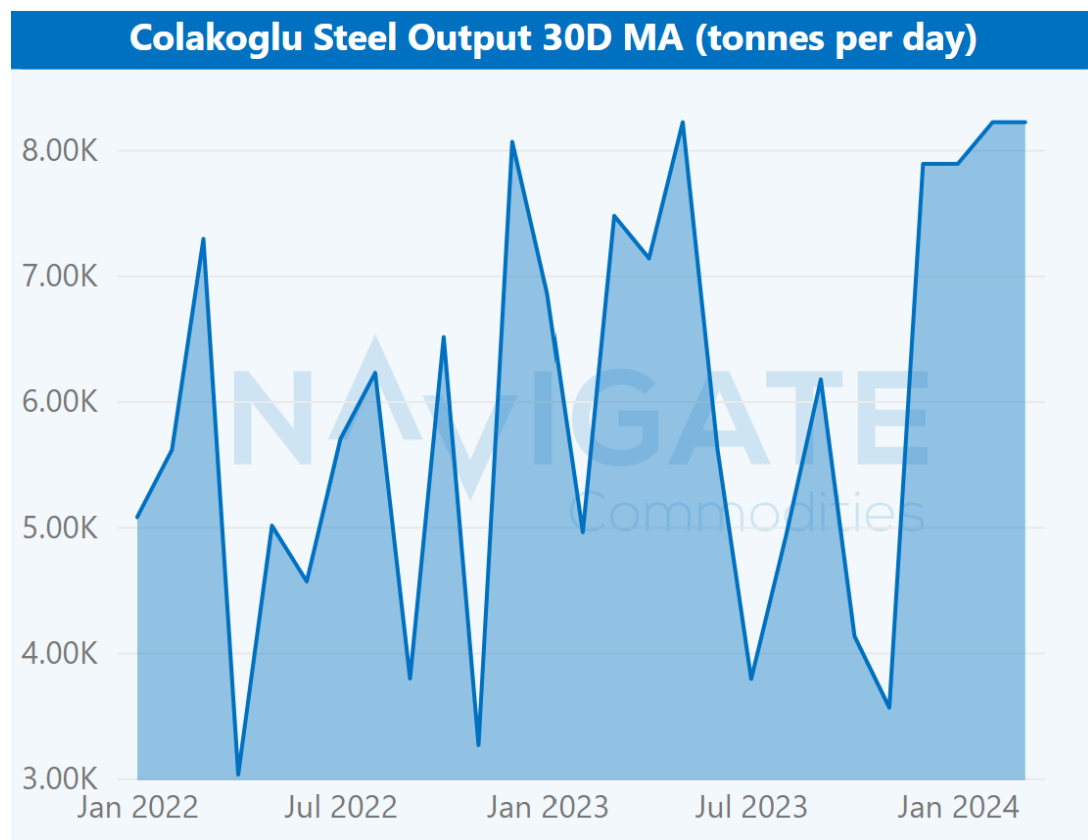
**Methodology:** The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities









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