

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.

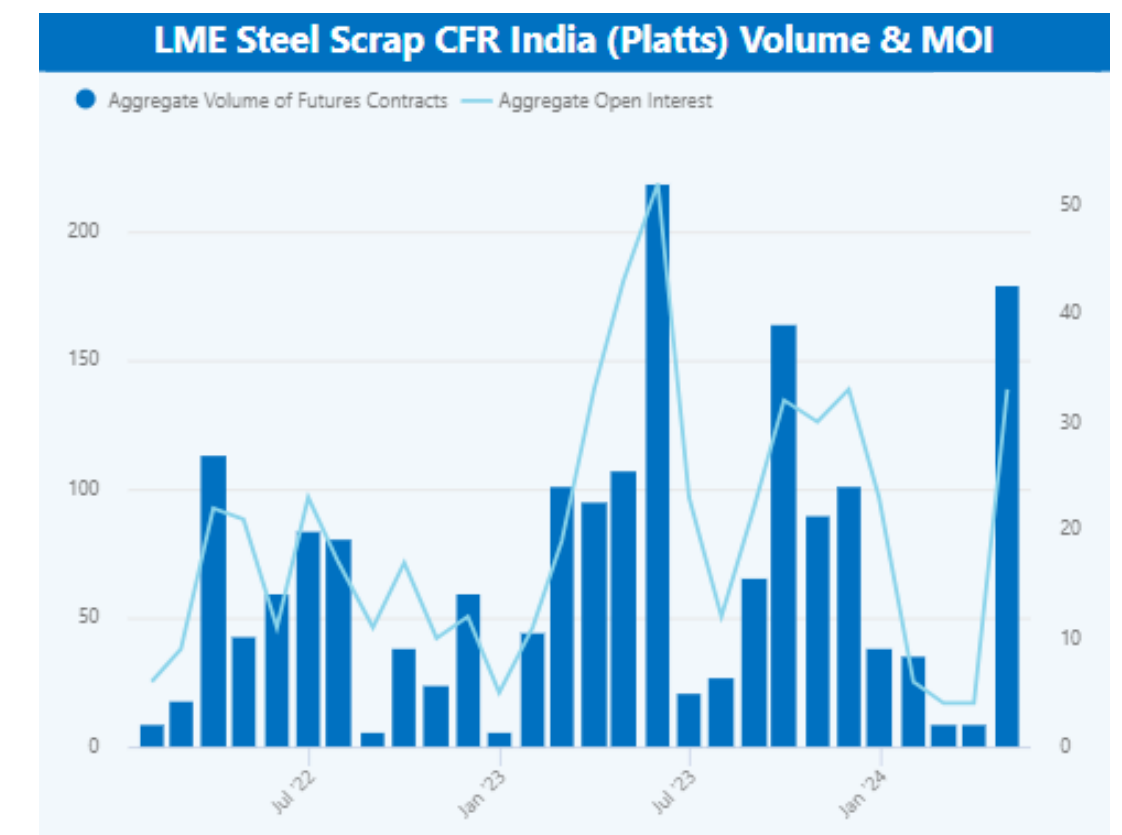
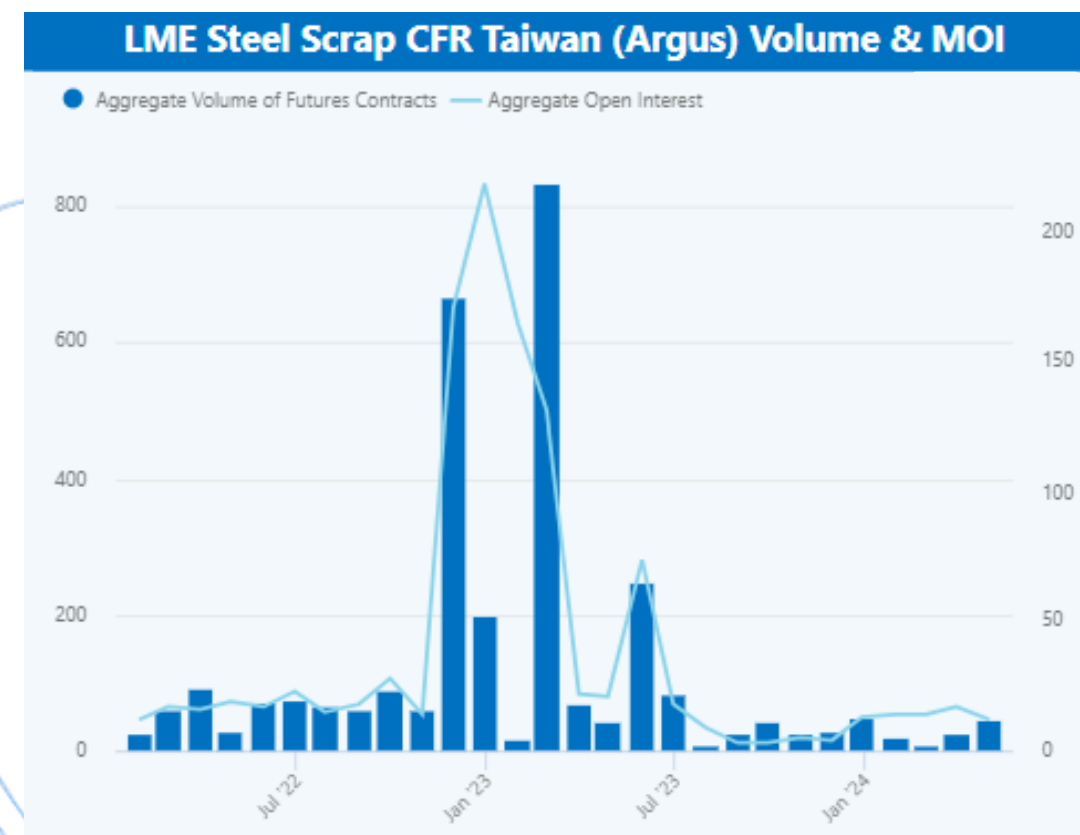
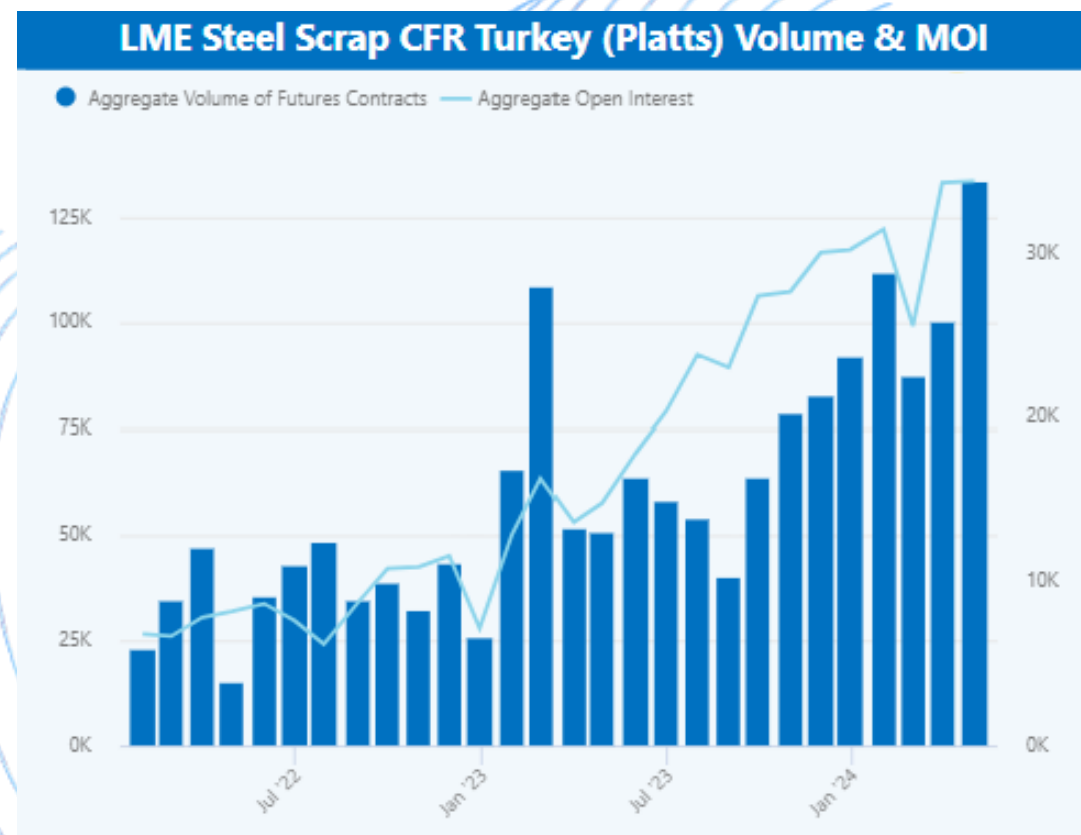
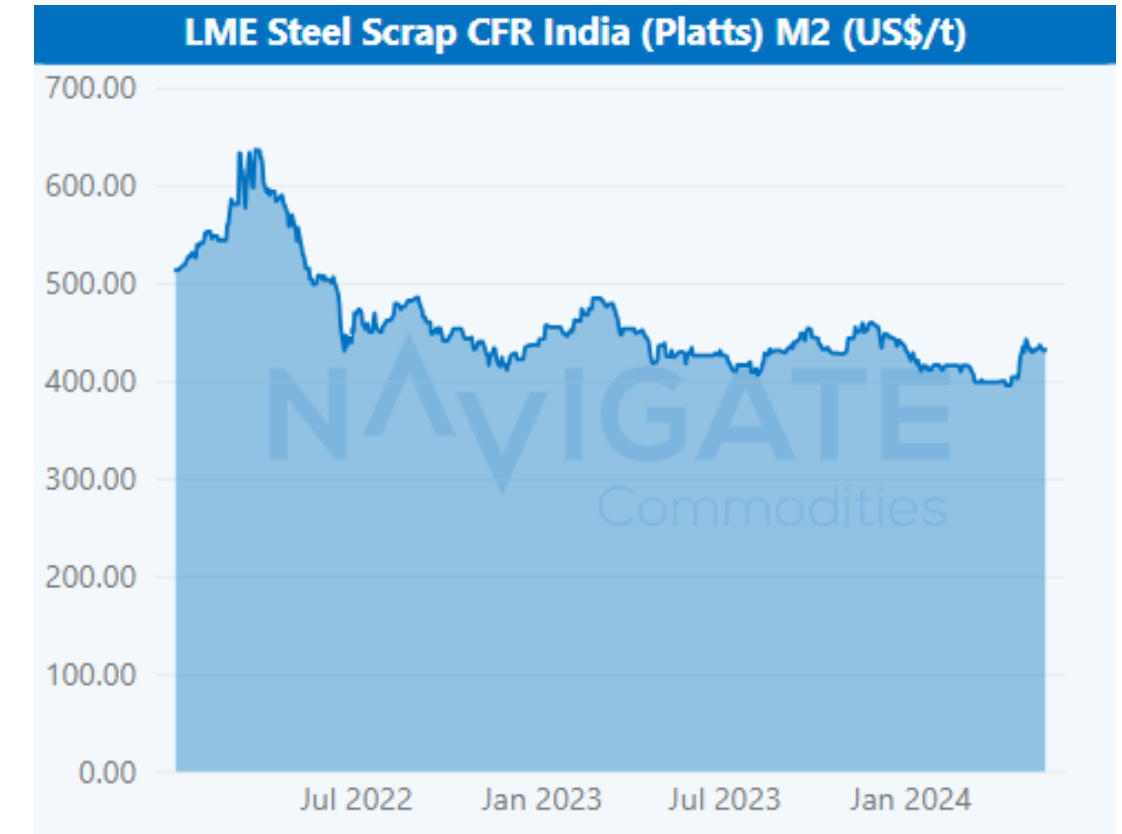
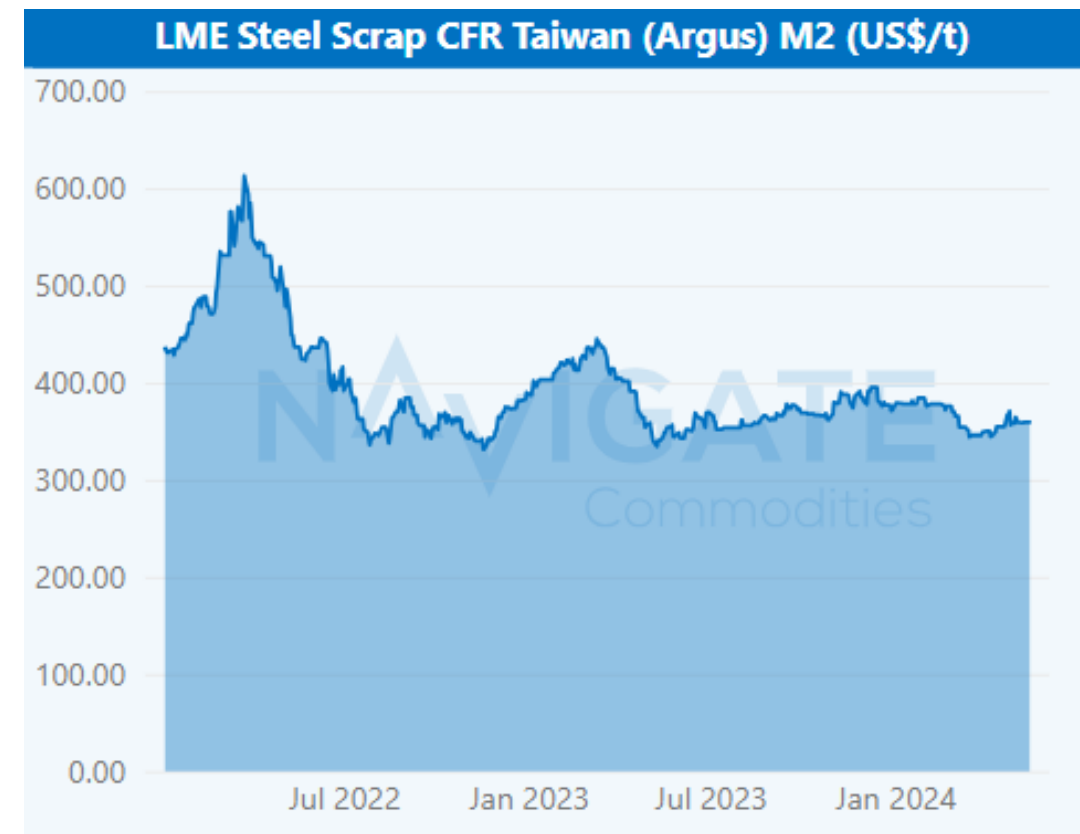
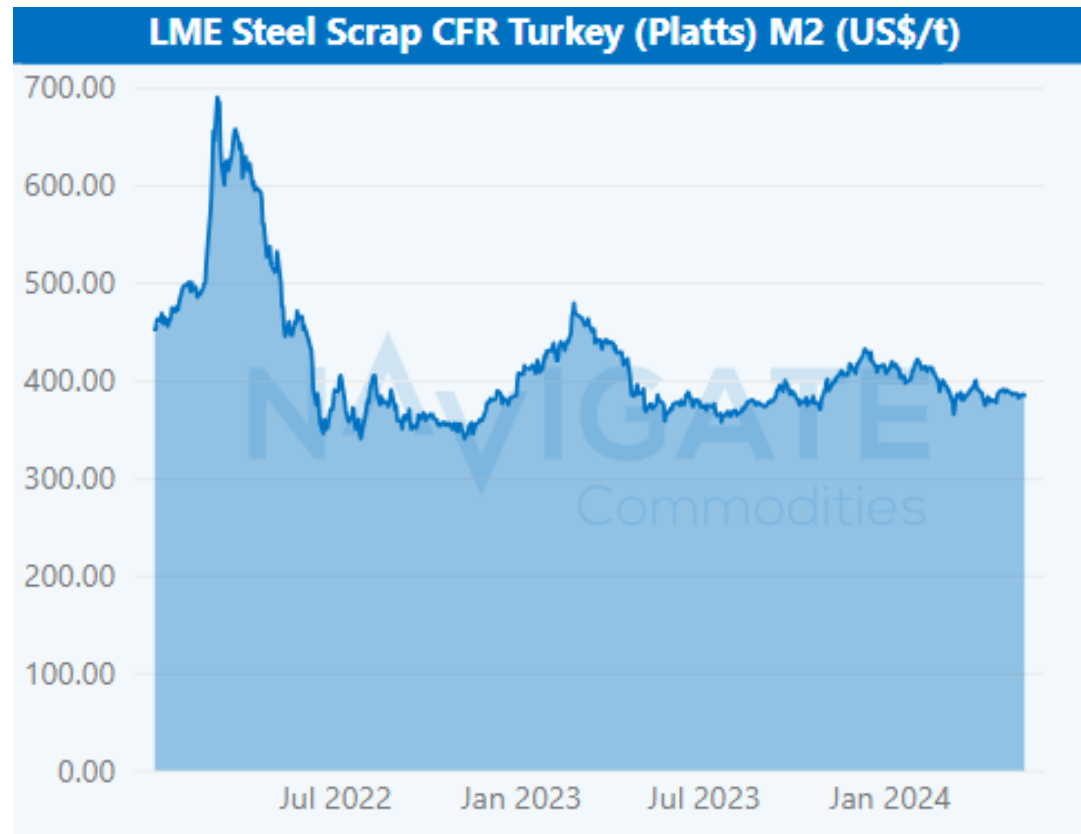
This report includes a wealth of data and provides commentary on supply chains from the key steel scrap markets of Turkey, India, and Taiwan.

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

Despite the advent of nationwide general elections, thermal readings from both integrated (BF/BOF) and electric arc furnace (EAF) Steel smelting activity have shown temporary phases of expansion over the past month.

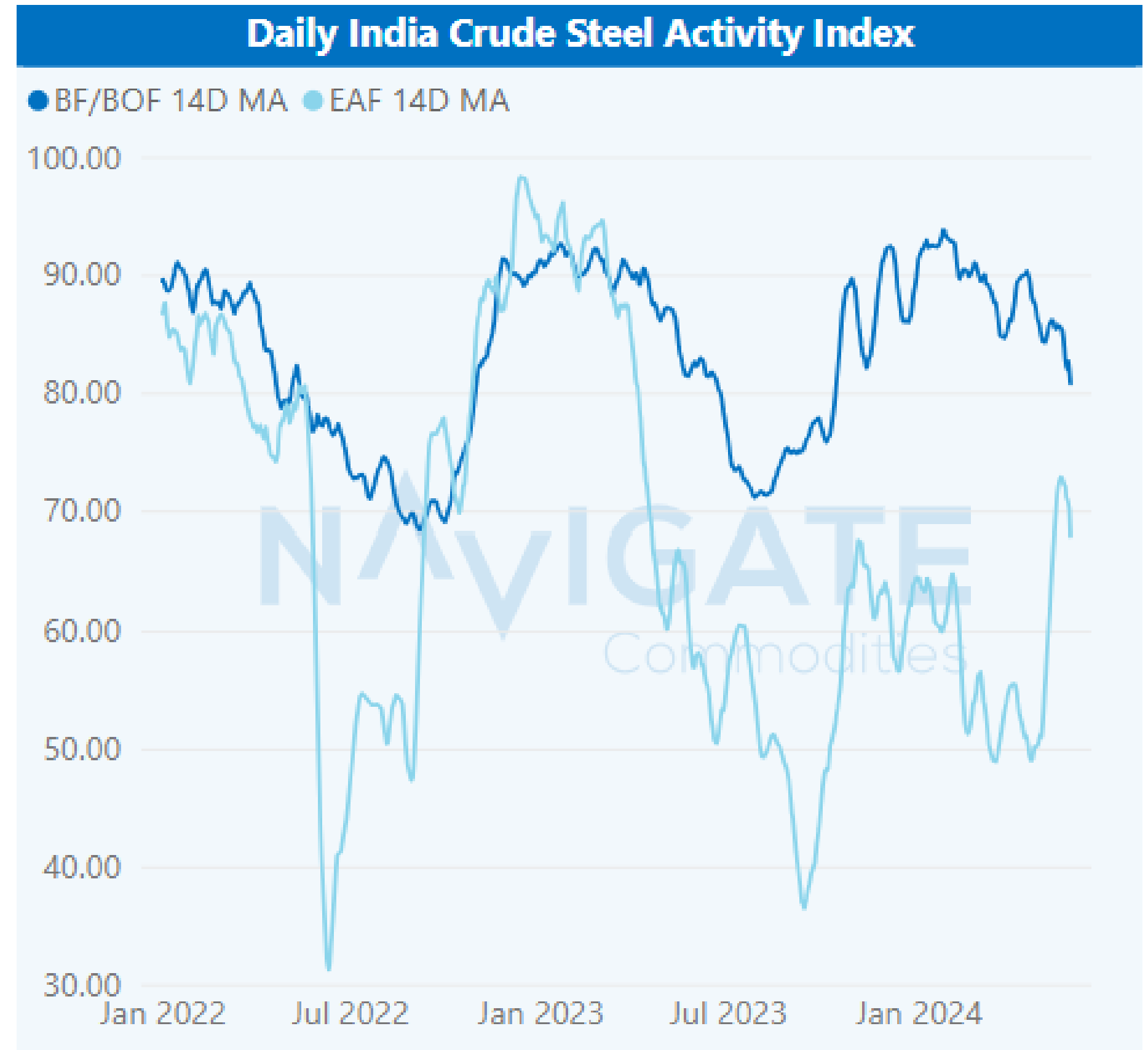
Unsurprisingly, this has directly and immediately translated into firmer containerized Ferrous Scrap demand from India; contributing to a widening in premiums for container prices.

For example, benchmarks for India-destined containerized shredded Ferrous Scrap have inflated to trade at a circa US\$20/t premium over equivalent Turkish grades by 10th May 2024 compared with a US\$12/t discount in late-March.

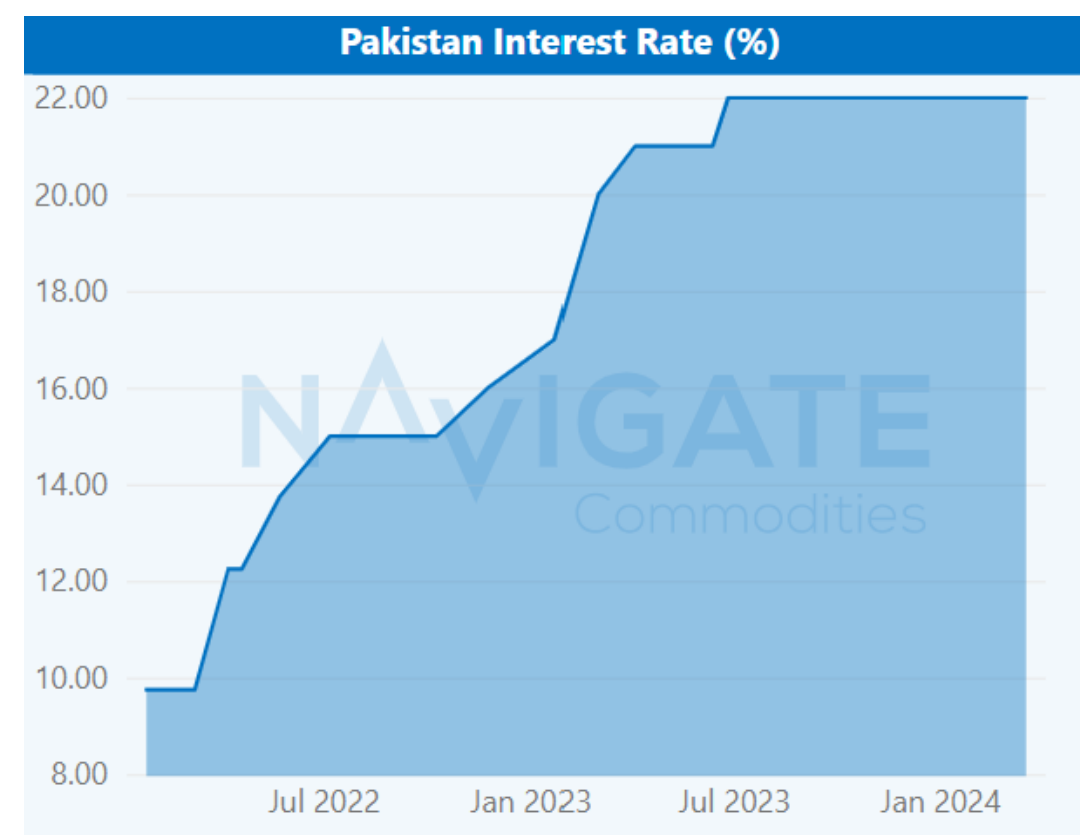
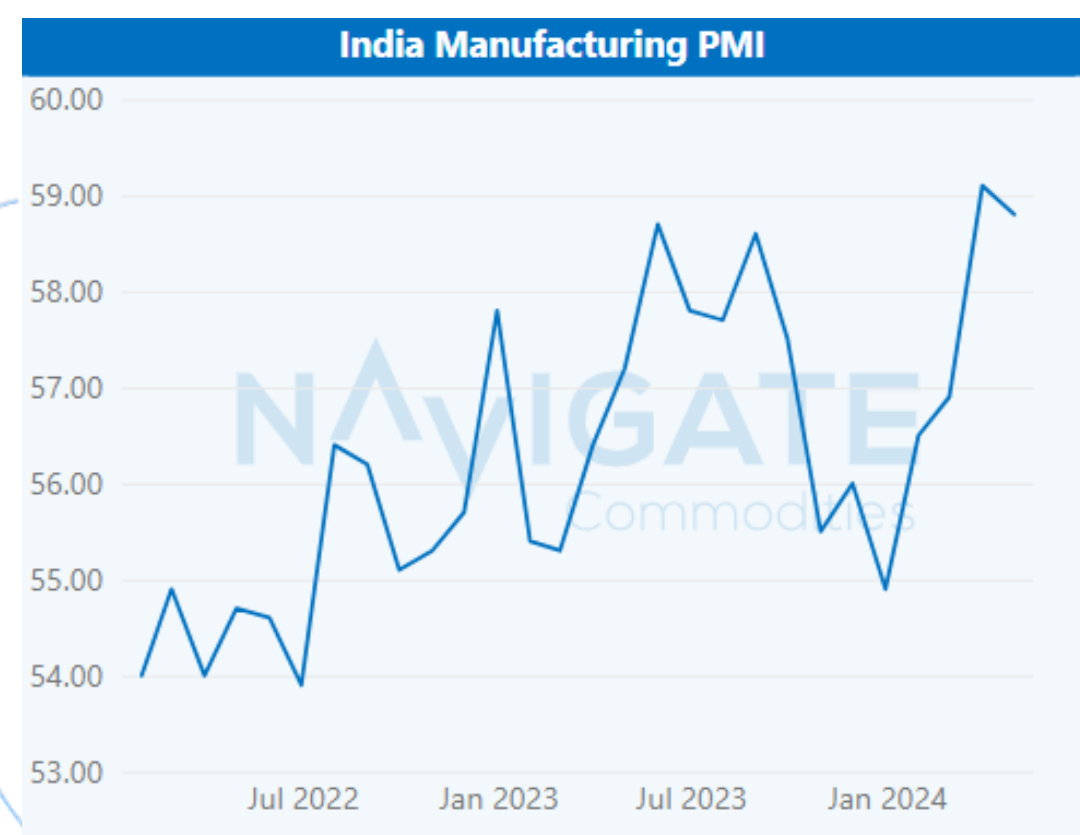
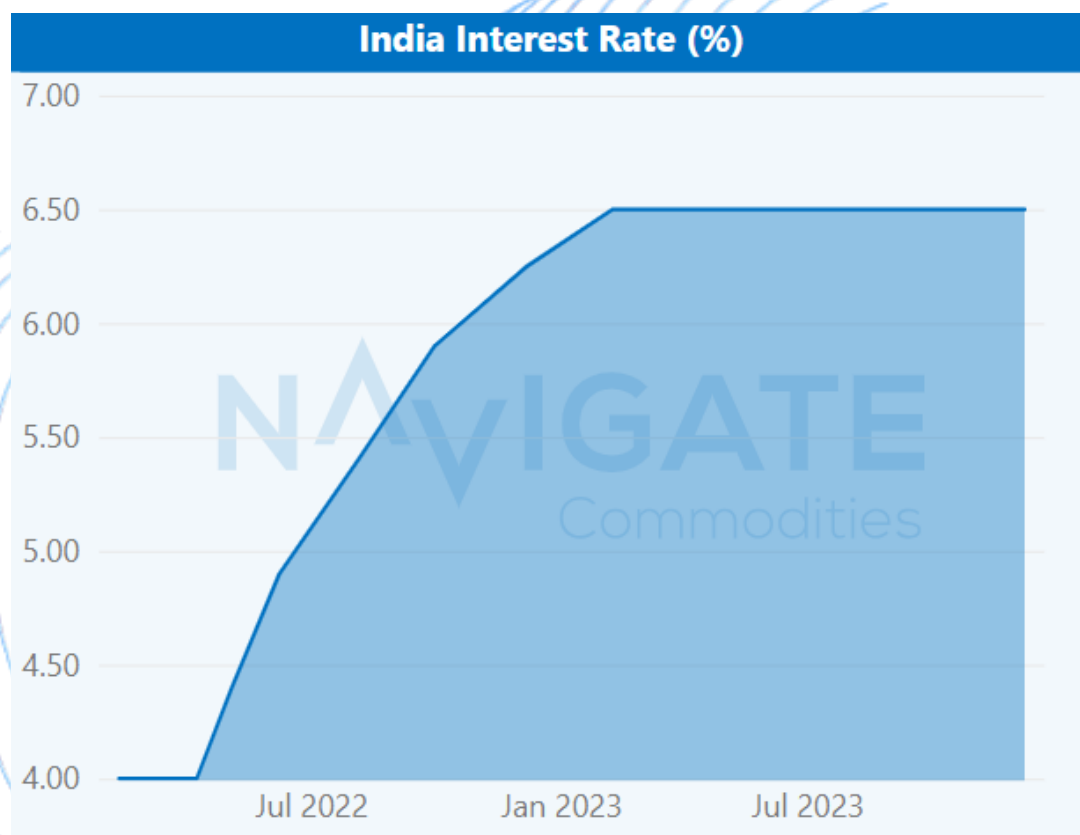
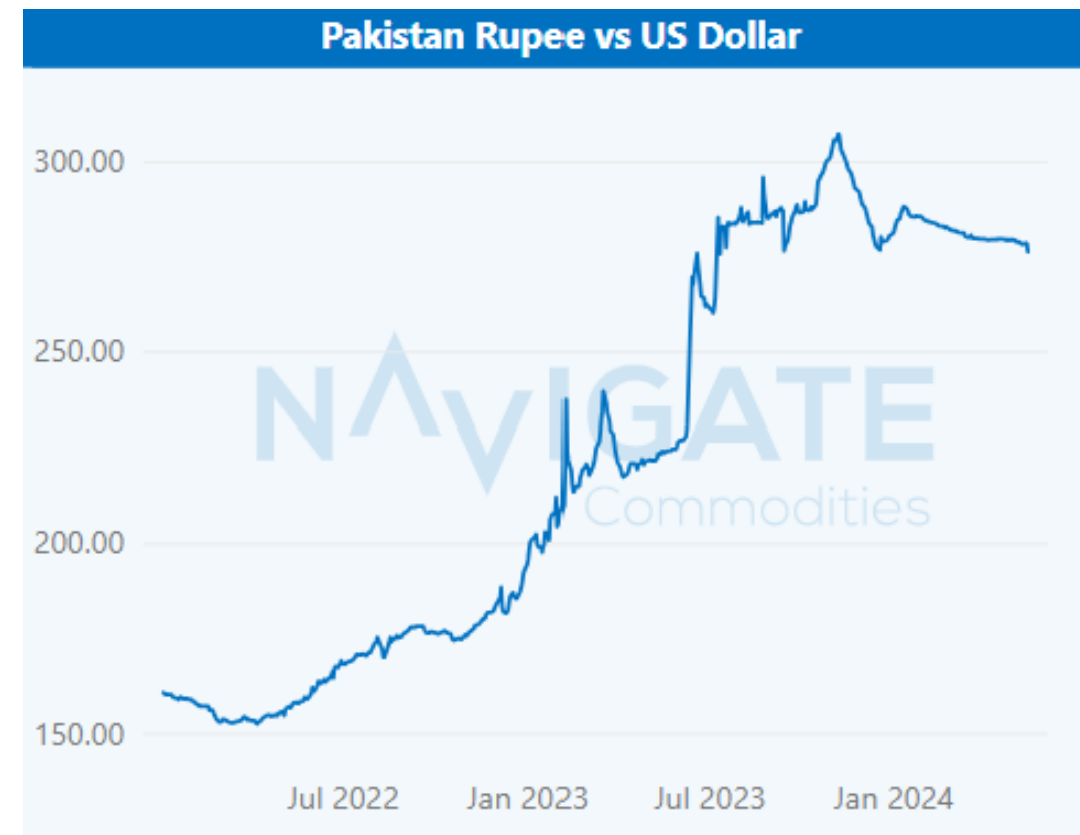
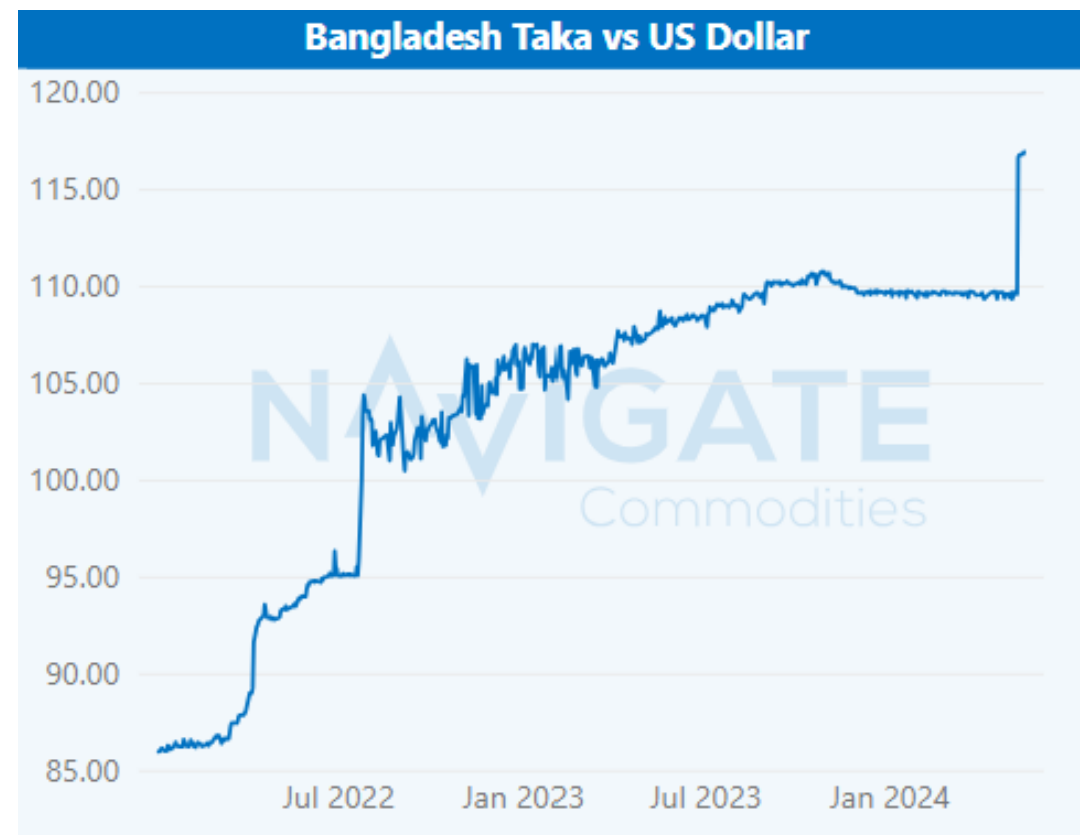
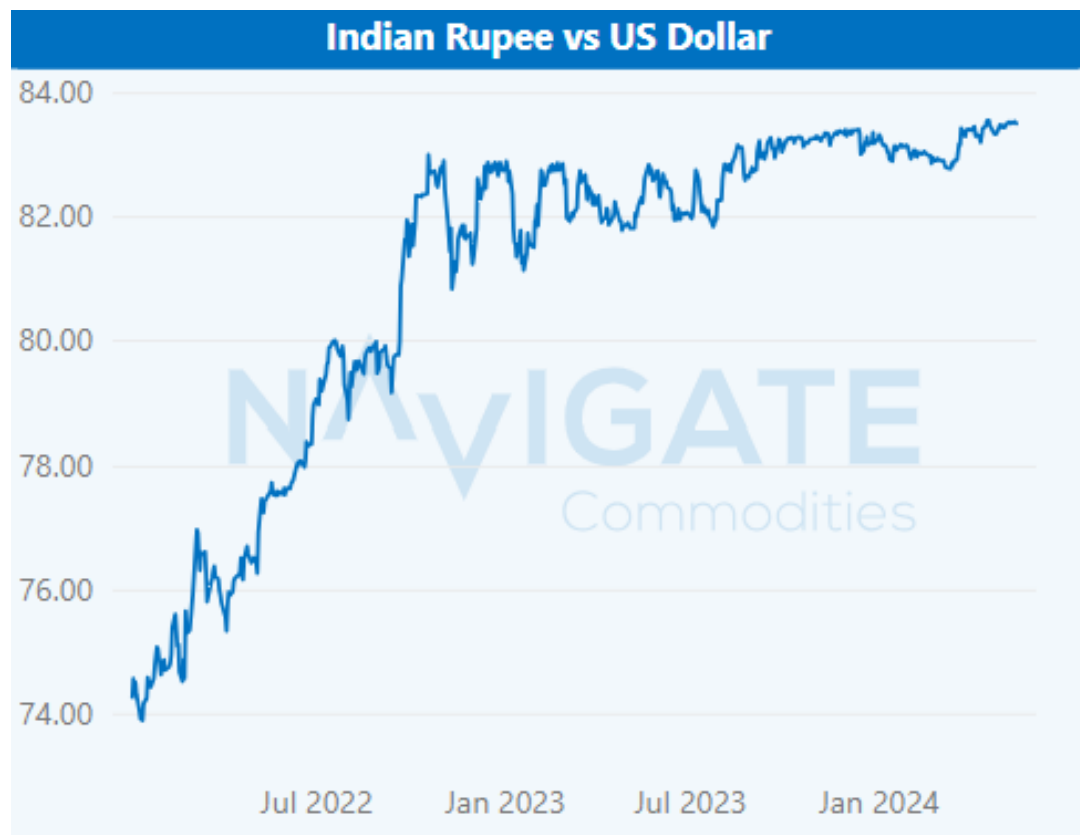
As a result, those Ferrous Scrap suppliers who can, have diverted more material away from their respective shortsea & deepsea operations and into loading containers to soak up this premia.

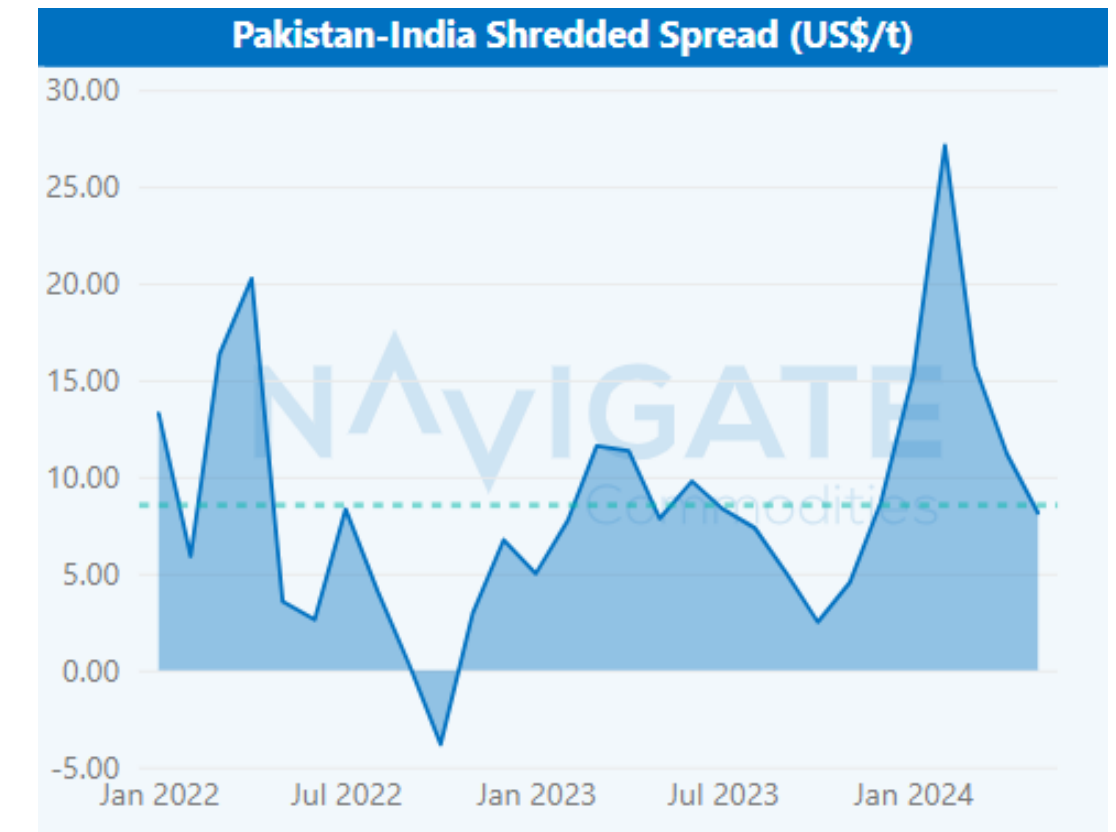
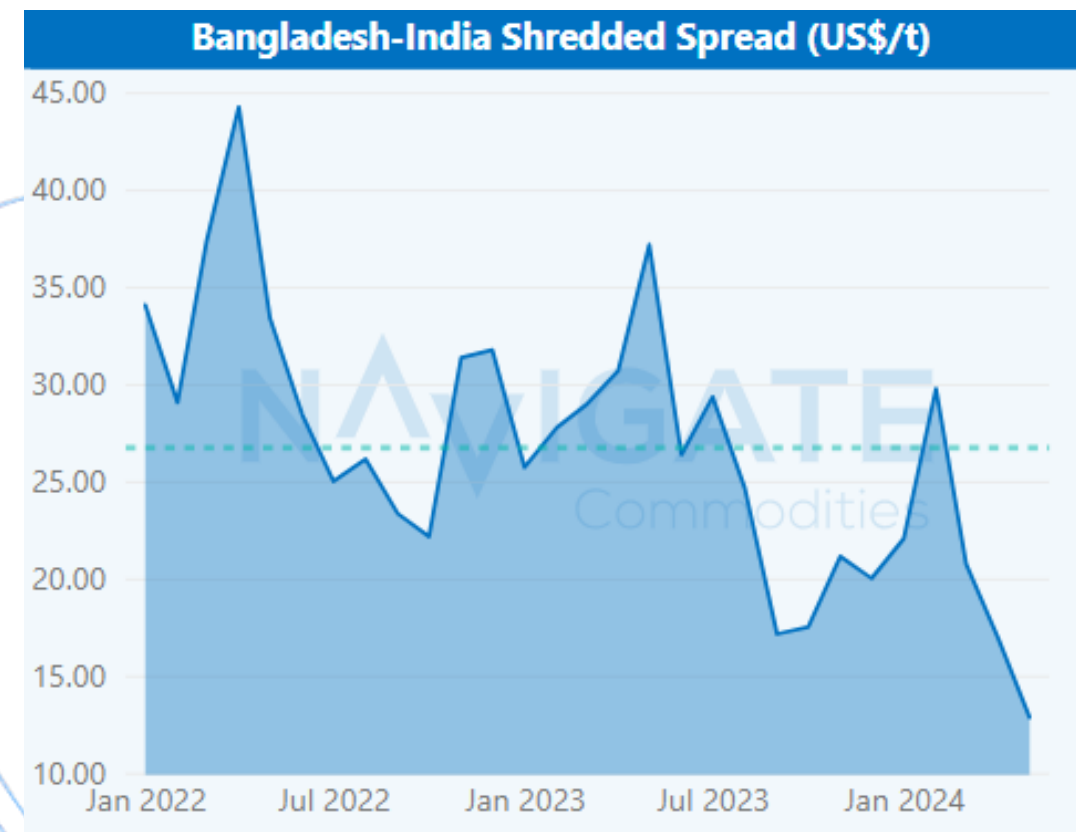
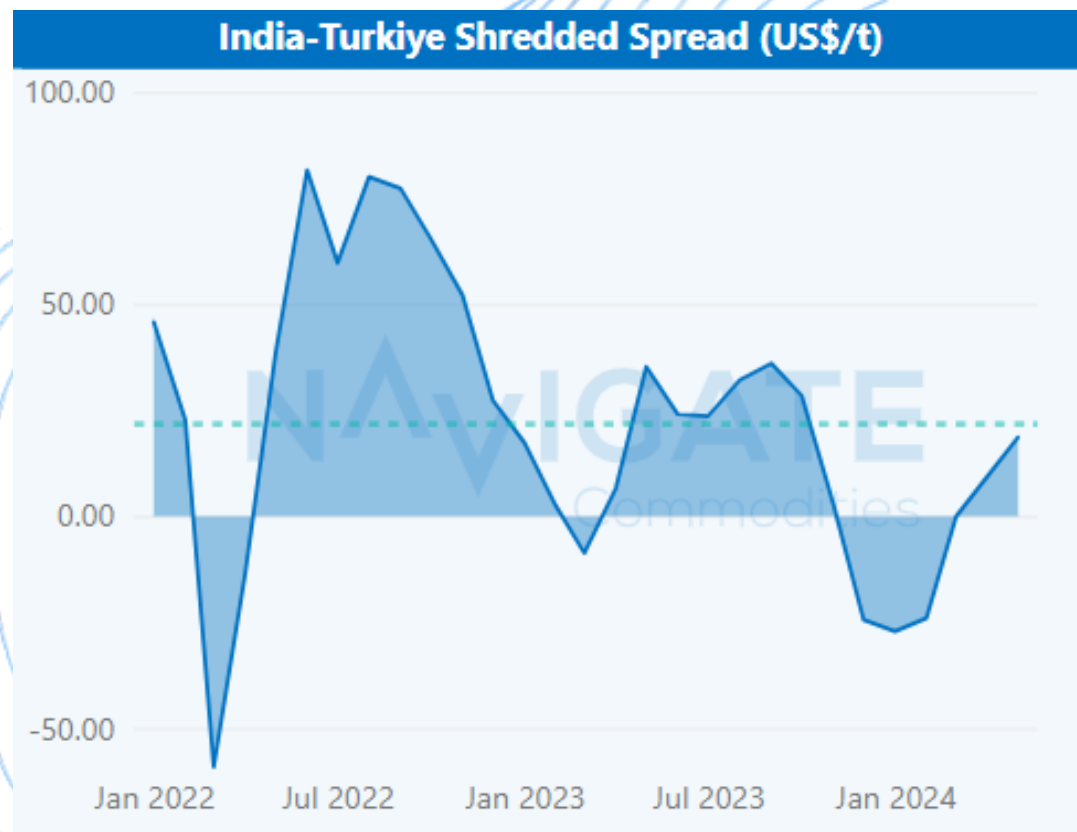
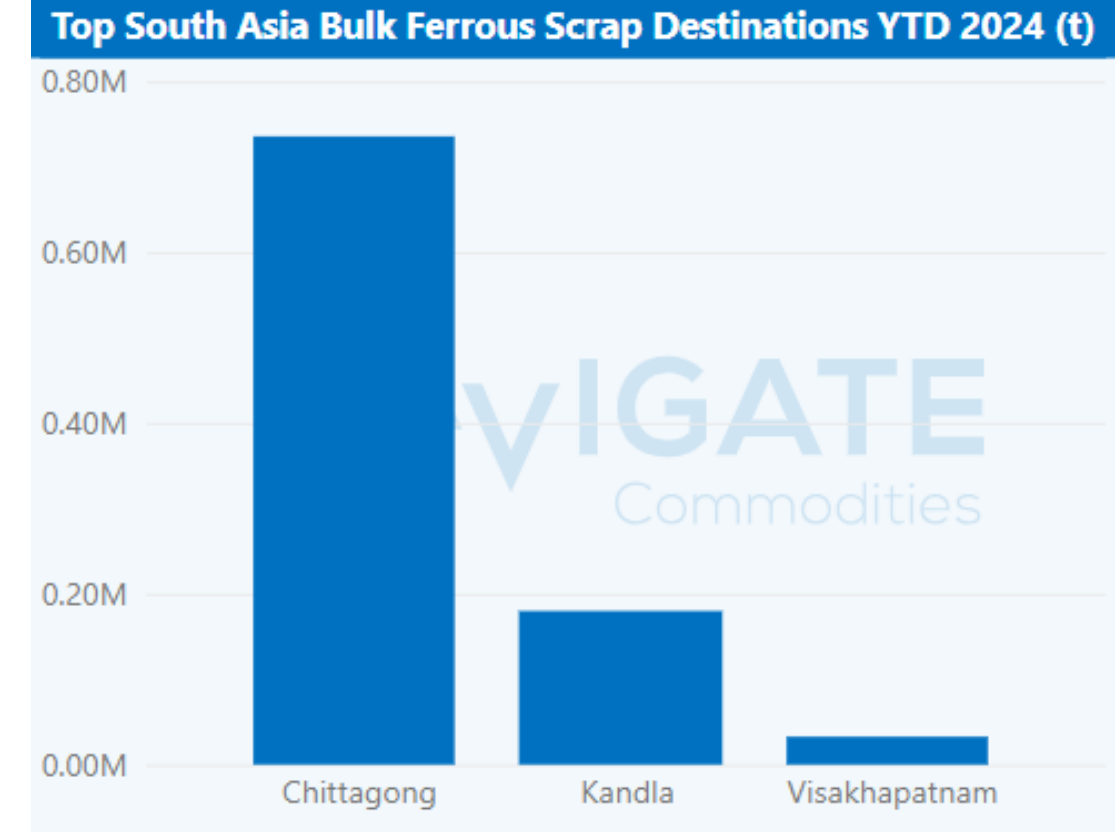
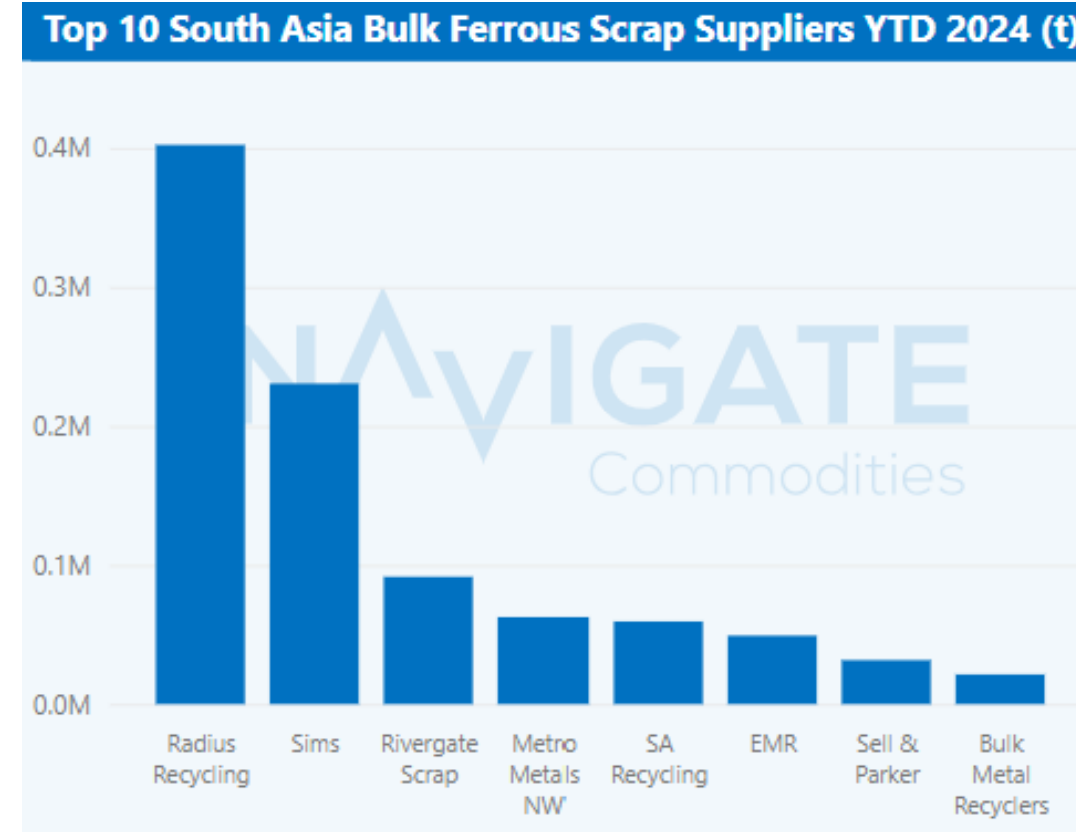
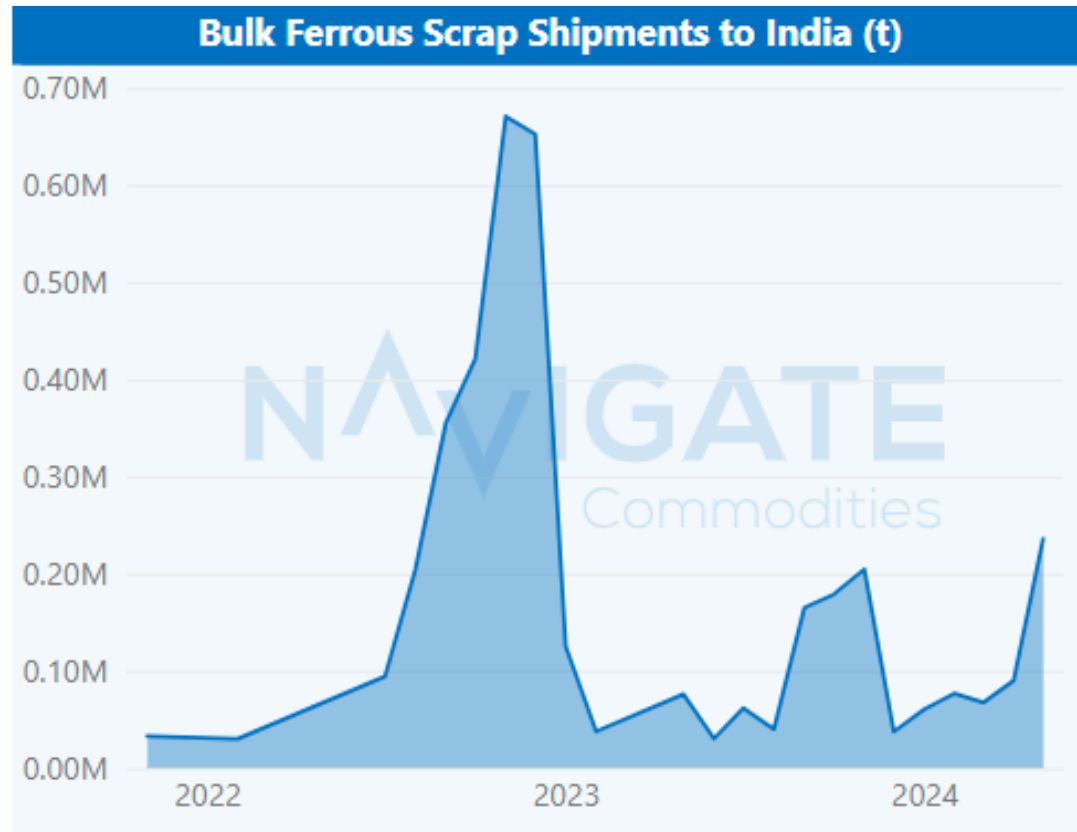
At the same time, however, Navigate Marine is monitoring at least five US West Coast-origin deepsea Ferrous Scrap-laden cargoes heading for the more lucrative South Asian peninsular via Singapore.

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).

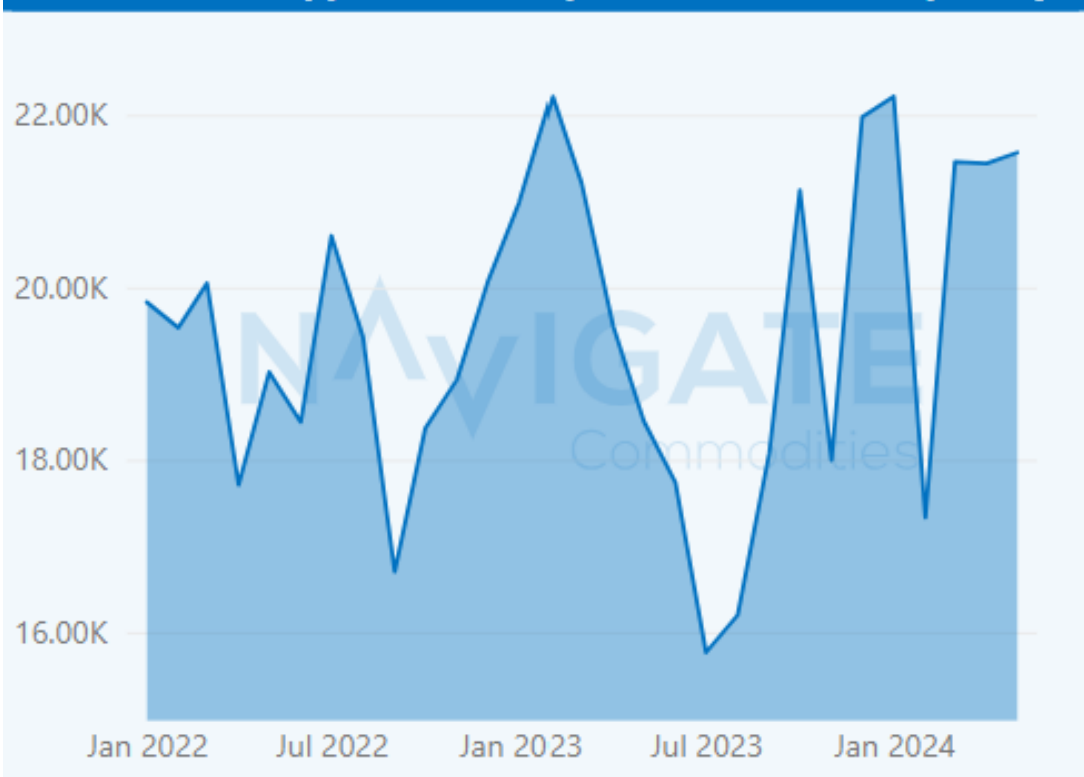


Source: Earth-i, Navigate Commodities

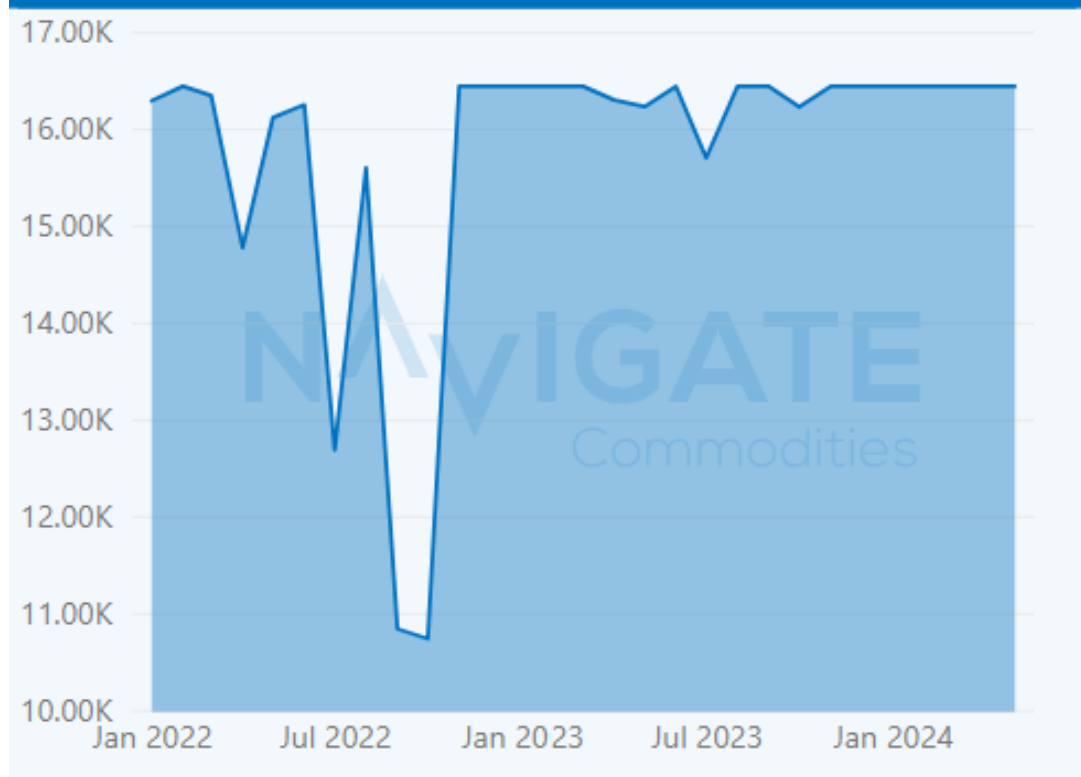




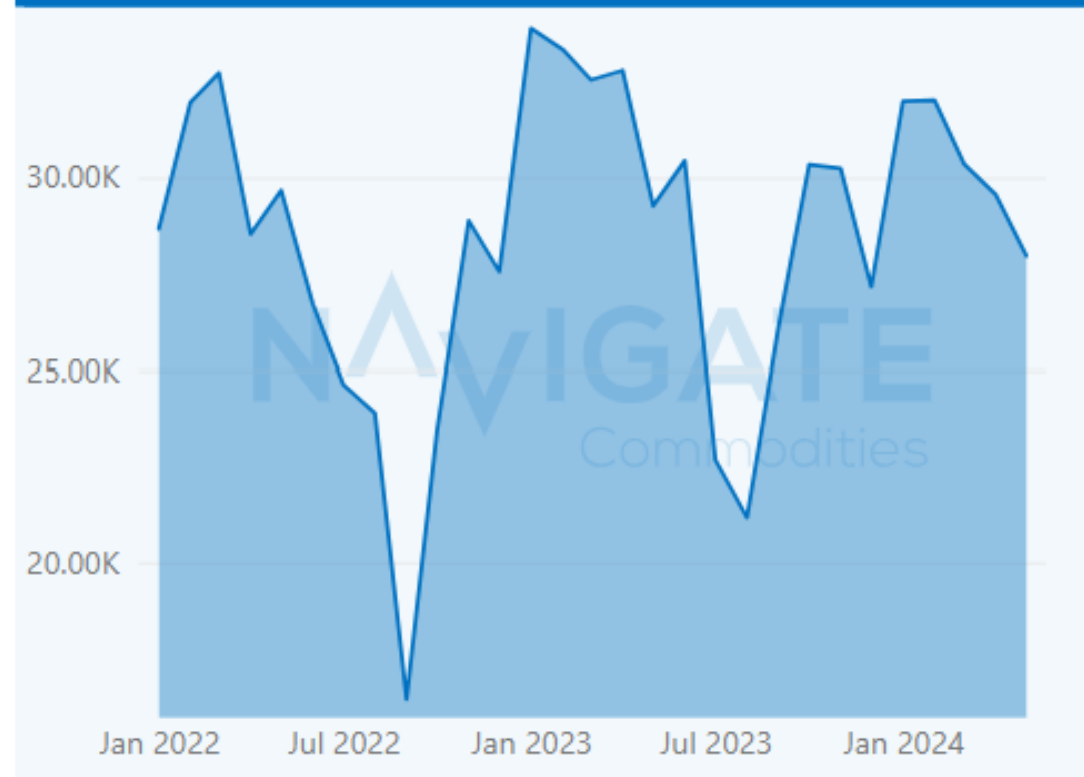
AcelorMittal Nippon Steel Output 30D MA (tonnes per day)



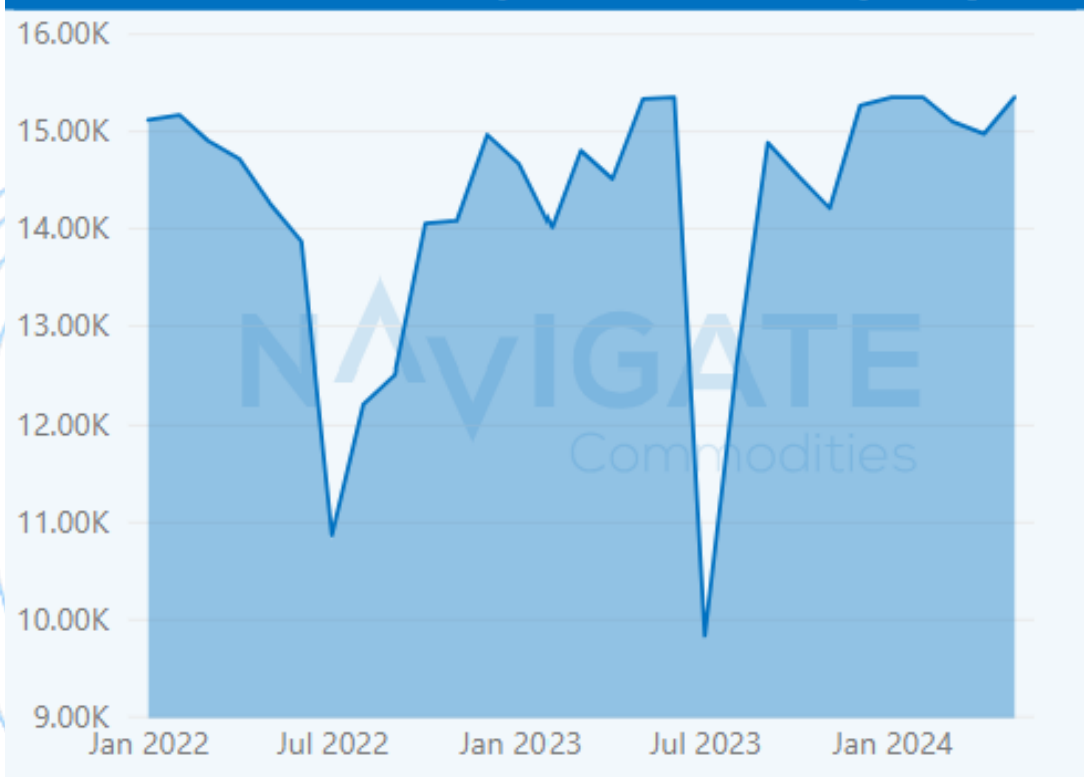
JSPL Odisha Steel Output 30D MA (tonnes per day)



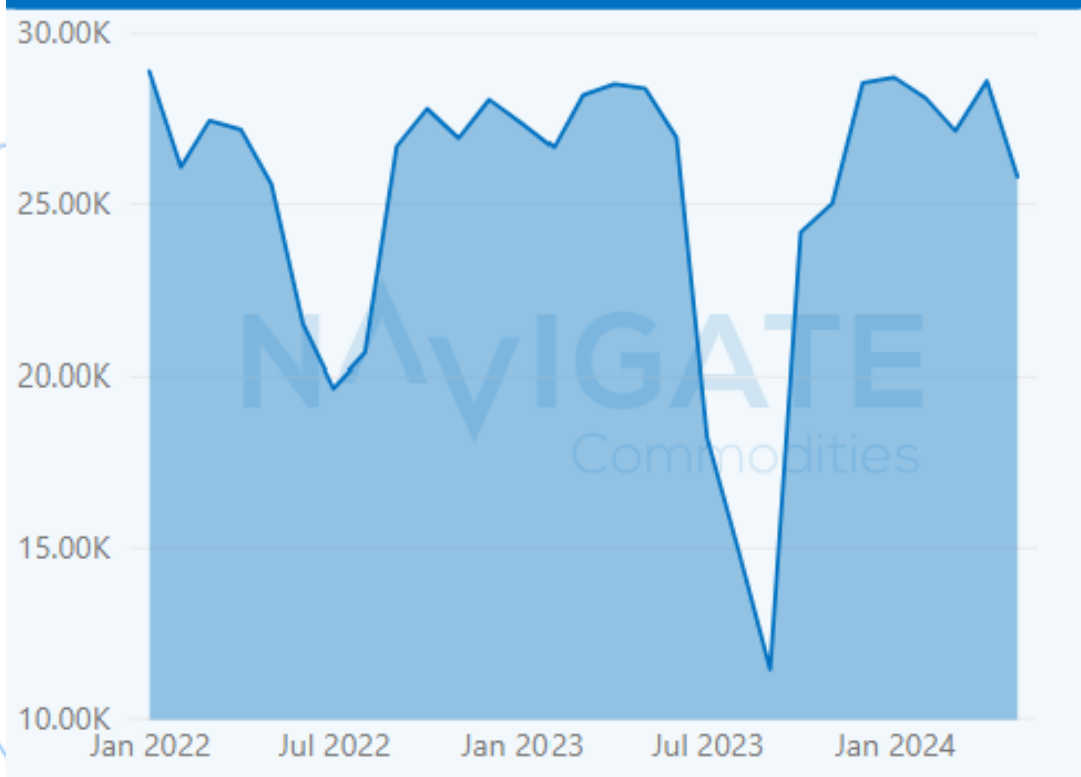
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



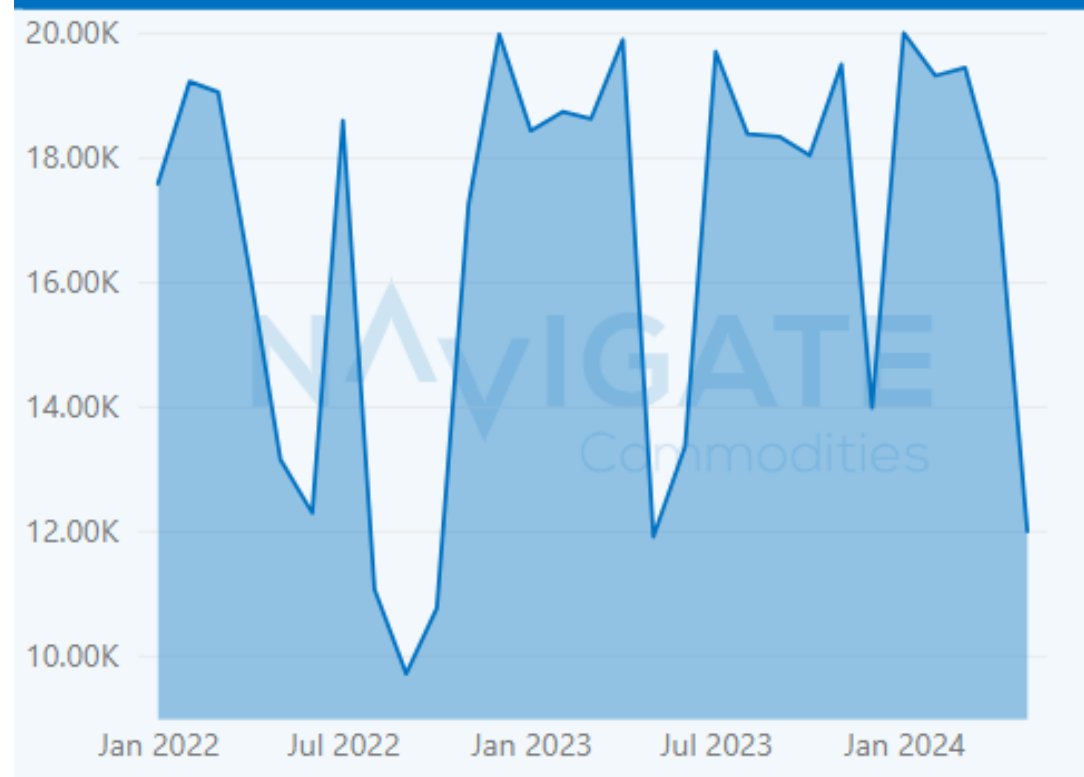
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



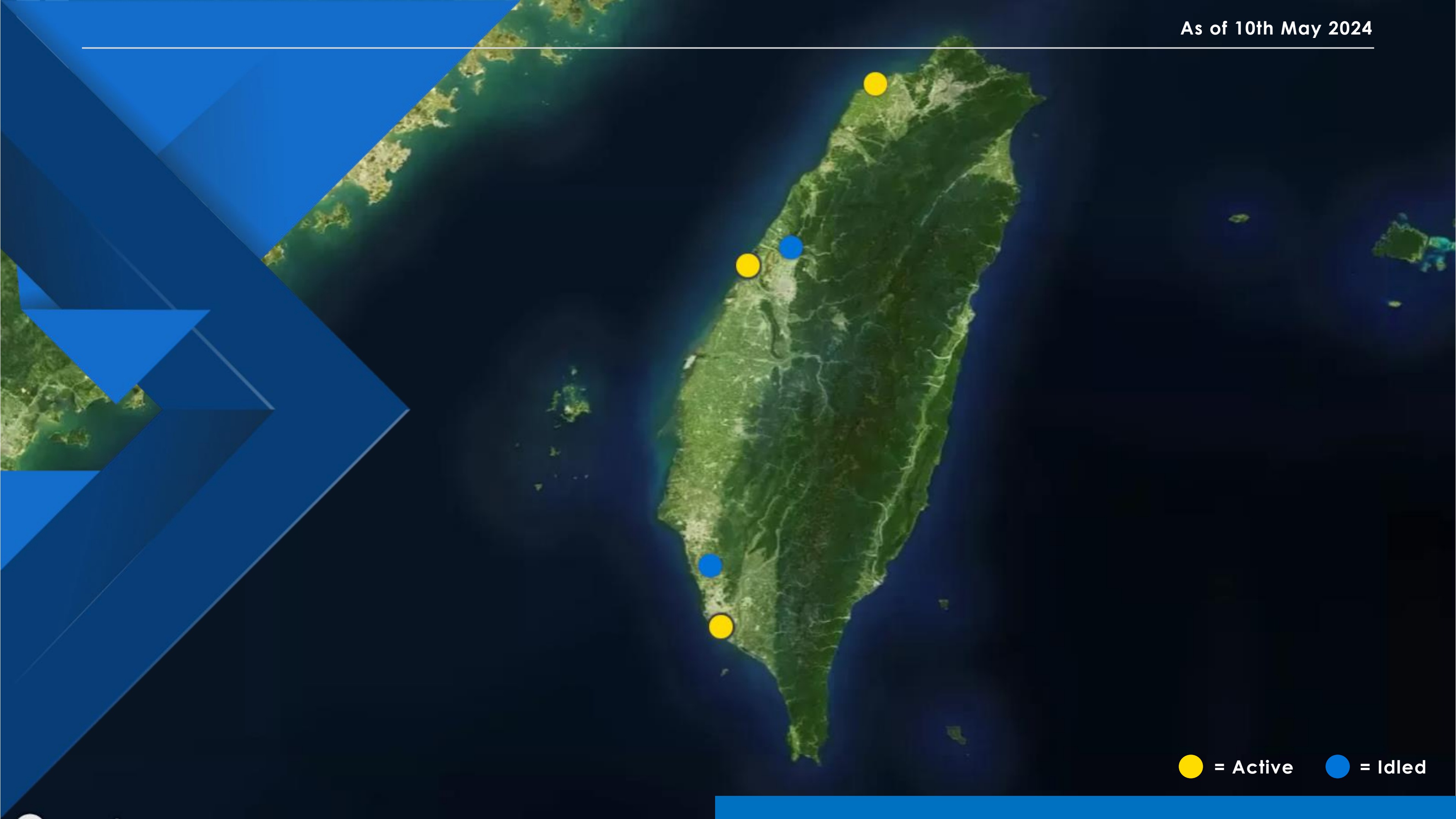
Vizag Steel Output 30D MA (tonnes per day)





Taiwan Steel Scrap Market Overview





● = Active ● = Idled

Taiwan

Taiwan's Steel smelting activity has continued to be plagued by high import penetration, which has only worsened in recent months with the increasing availability of cost competitive supplies from China and Russia.

As a result, domestic Steel output, irrespective of production process, has been marginalized by the swathes of excess volumes being exported by Chinese suppliers looking for a release valve.

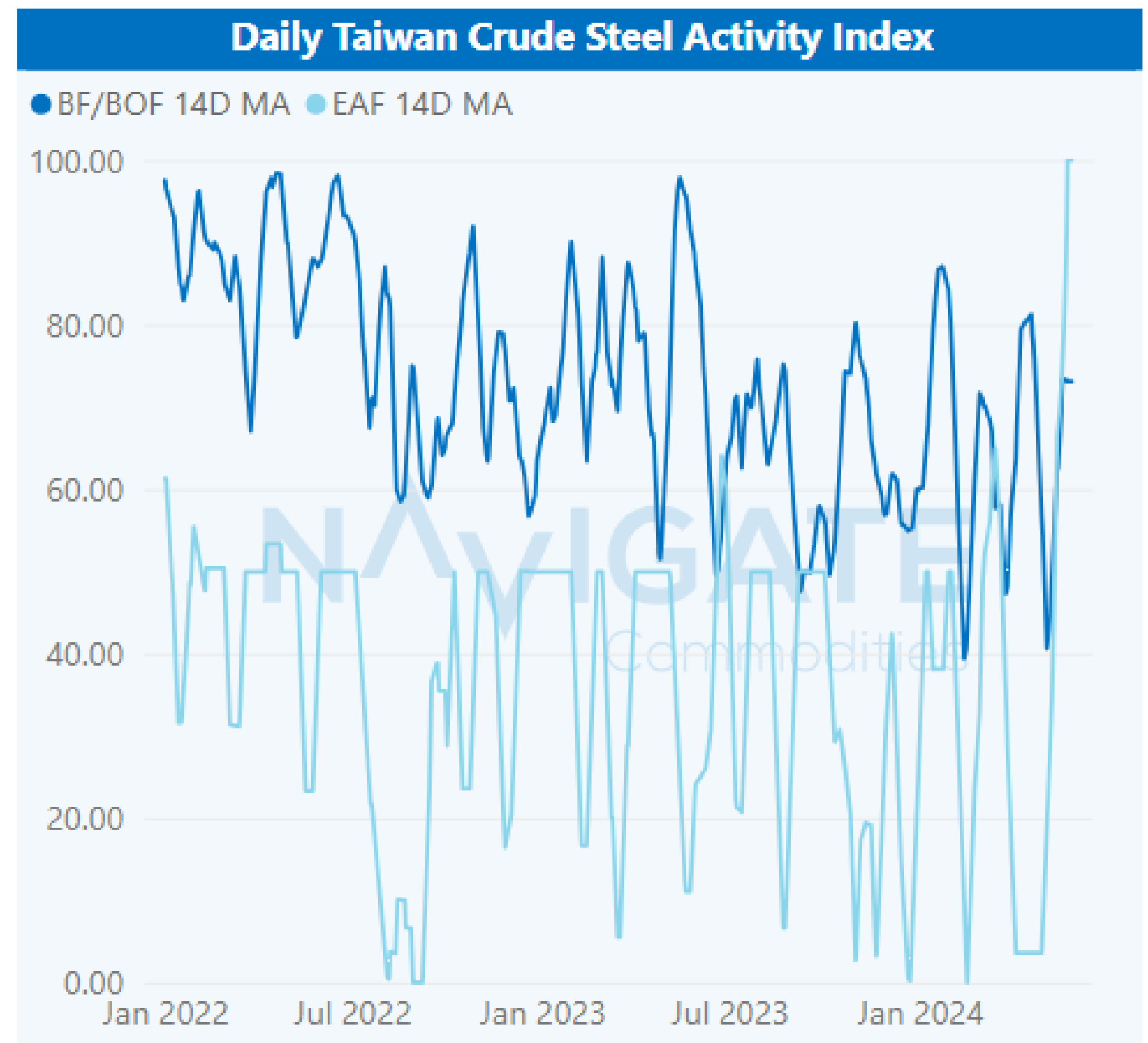
In fact, Chinese Steel exports to Taiwan jumped 74% month-on-month to 239,040 metric tonnes in March 2024 after total Chinese Steel exports surged to their highest level (9.899 million metric tonnes) since July 2016.

This phenomena is more than likely to have been drawn-out through April and May 2024, given that China once again exported 9.22 million metric tonnes of Steel products last month.

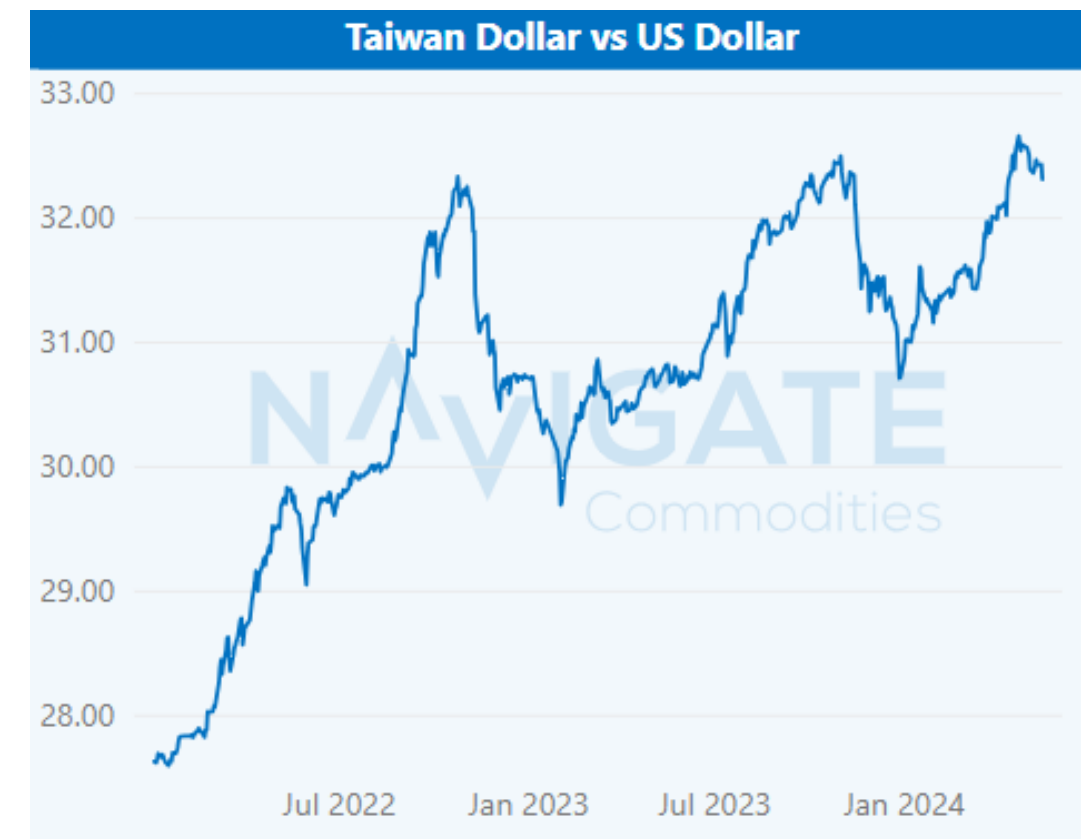
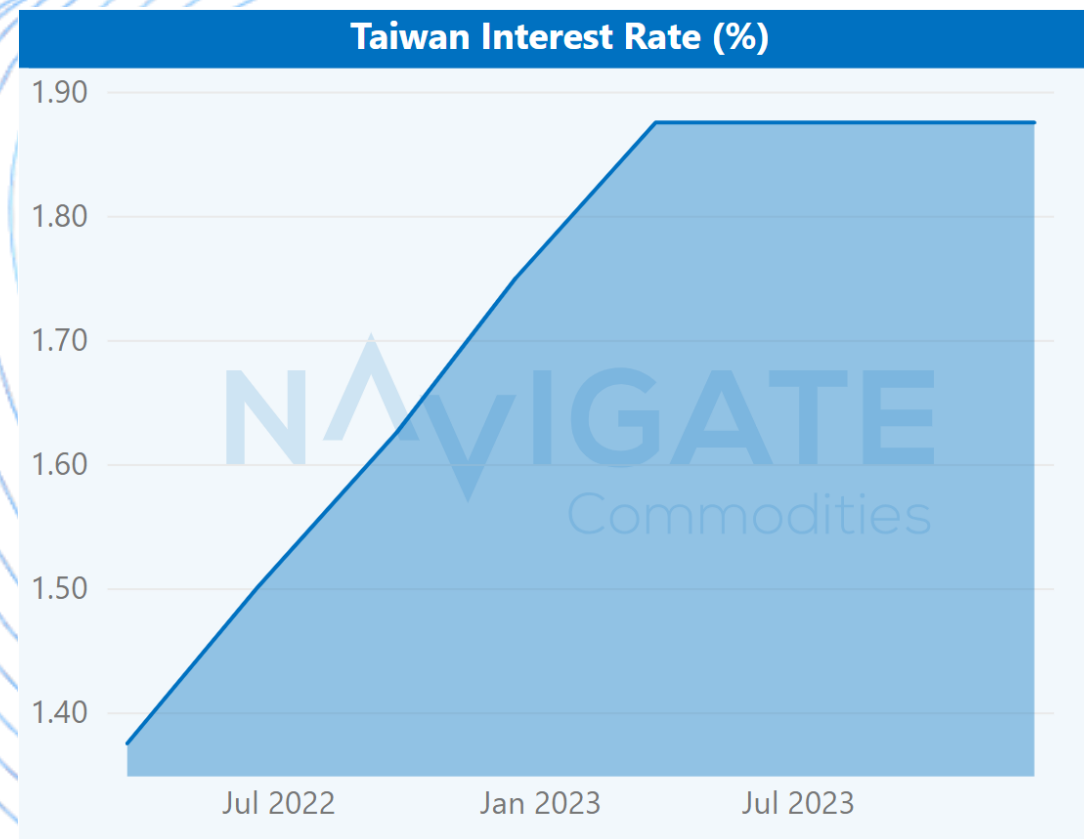
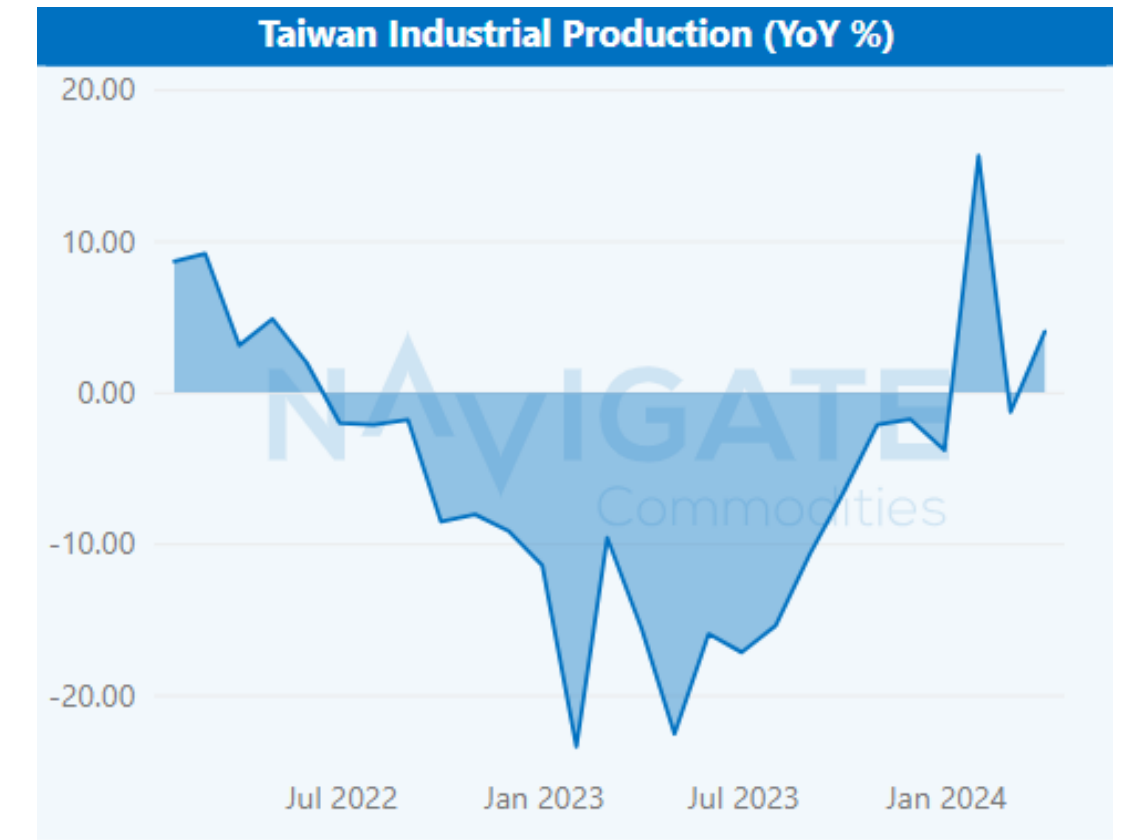
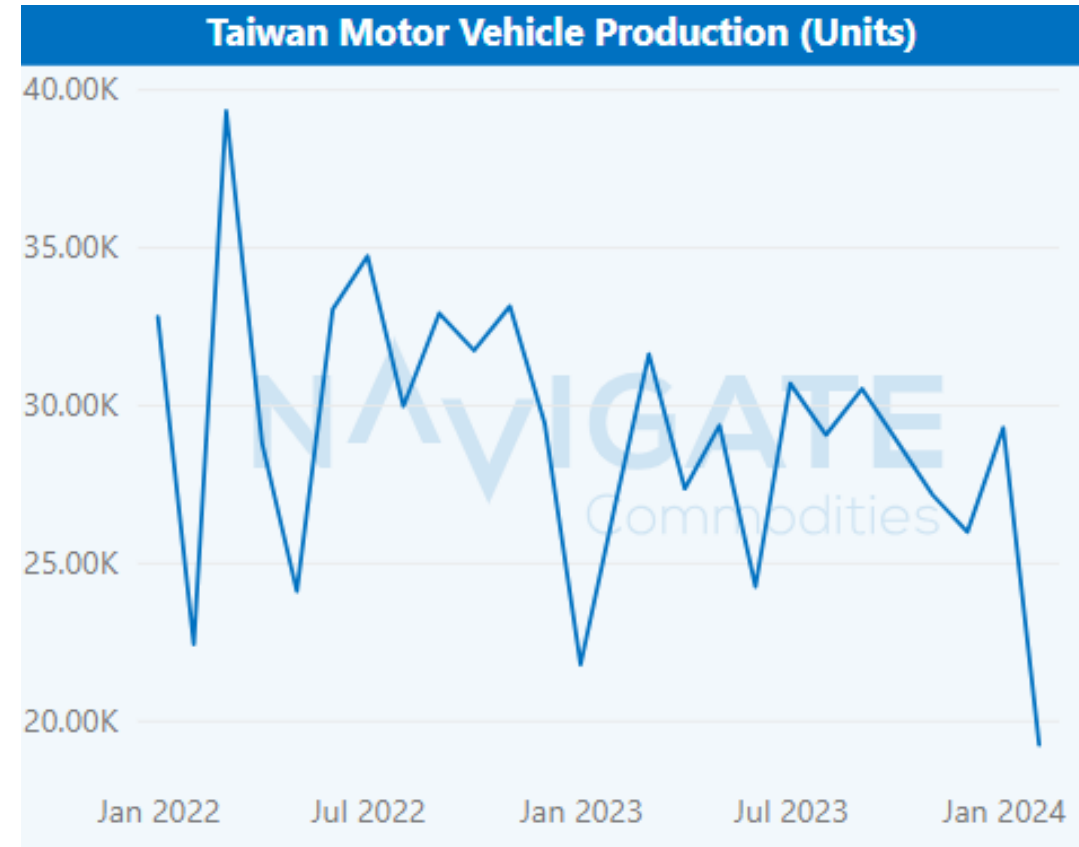
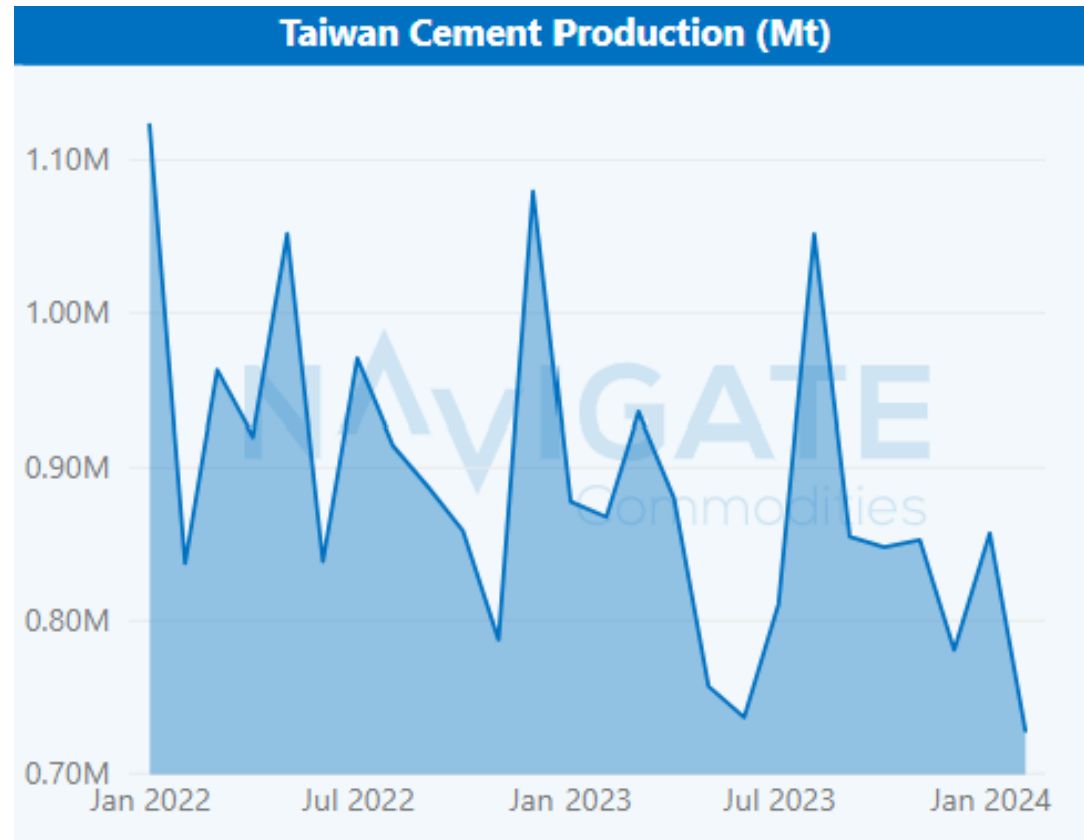
Unsurprisingly, Taiwan's demand for containerized Ferrous Scrap cargoes has remained subdued, relatively speaking, at around 220,000-270,000 metric tonnes per month.

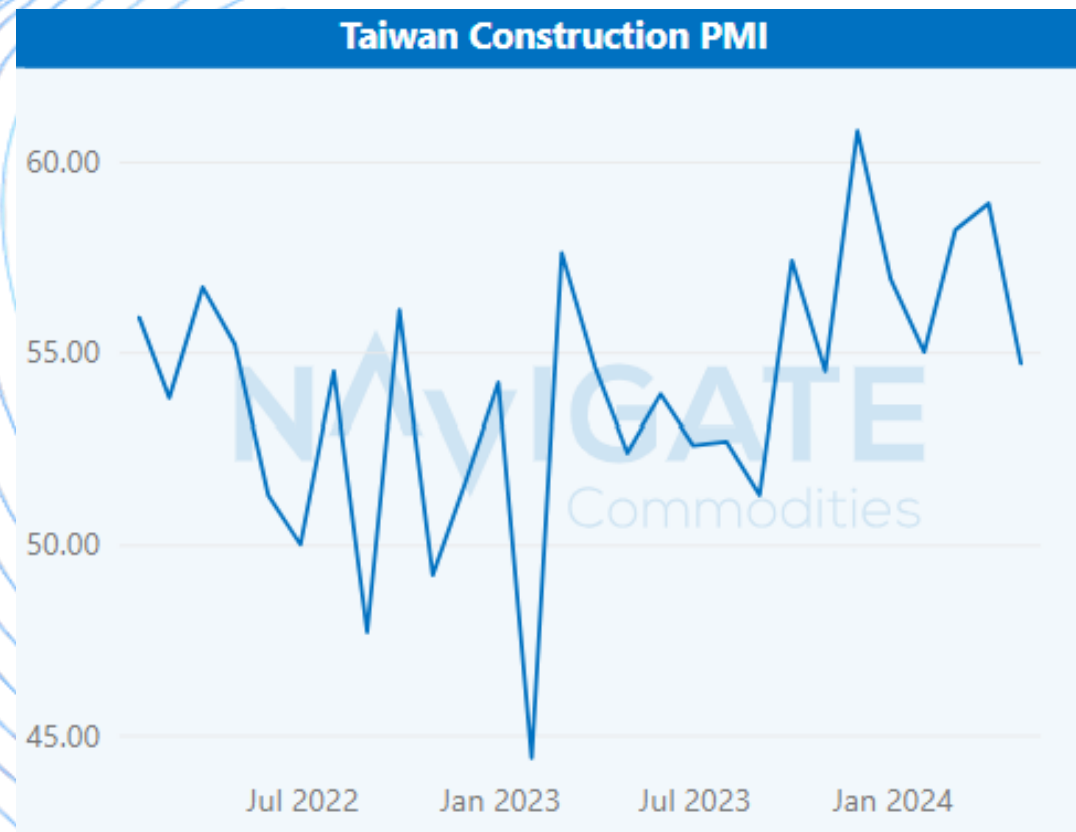
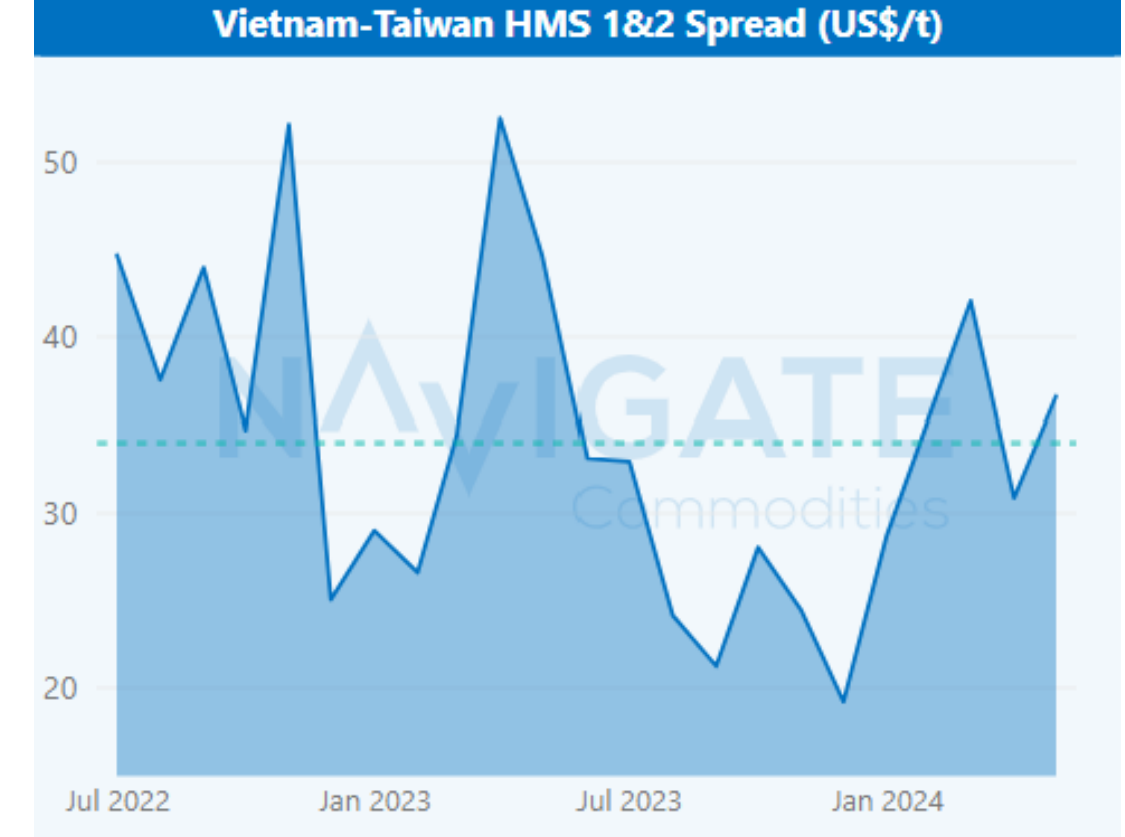
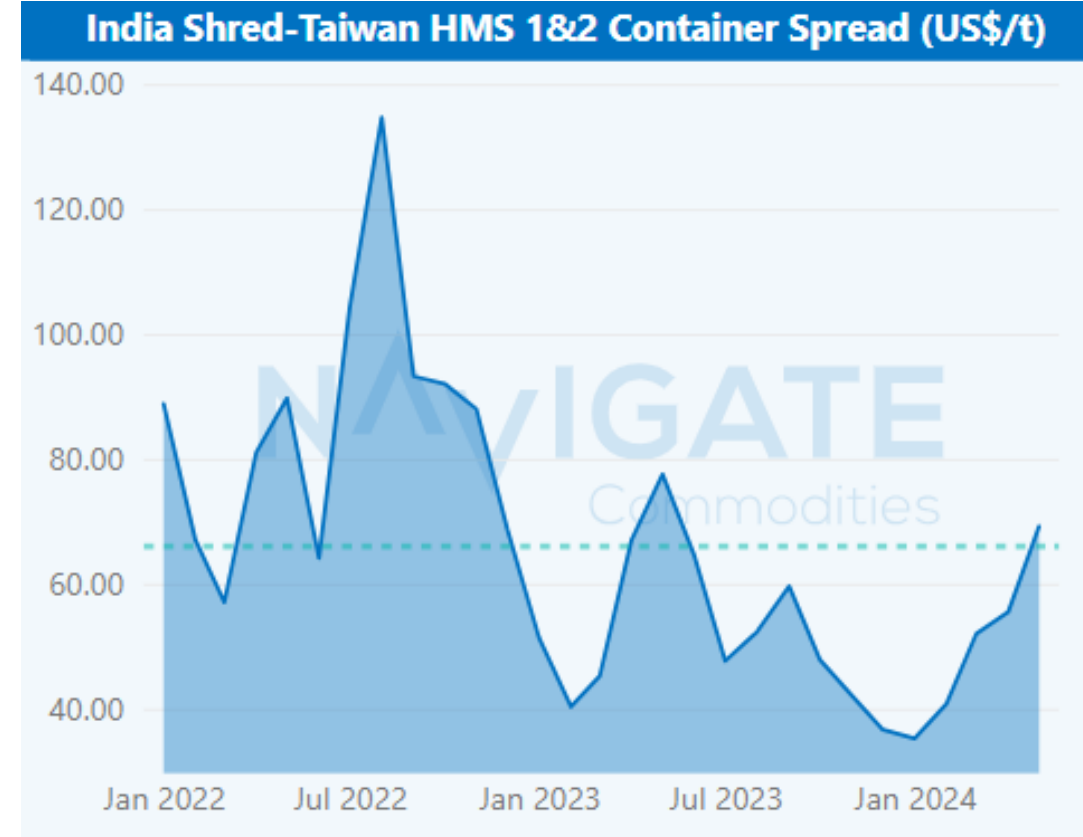
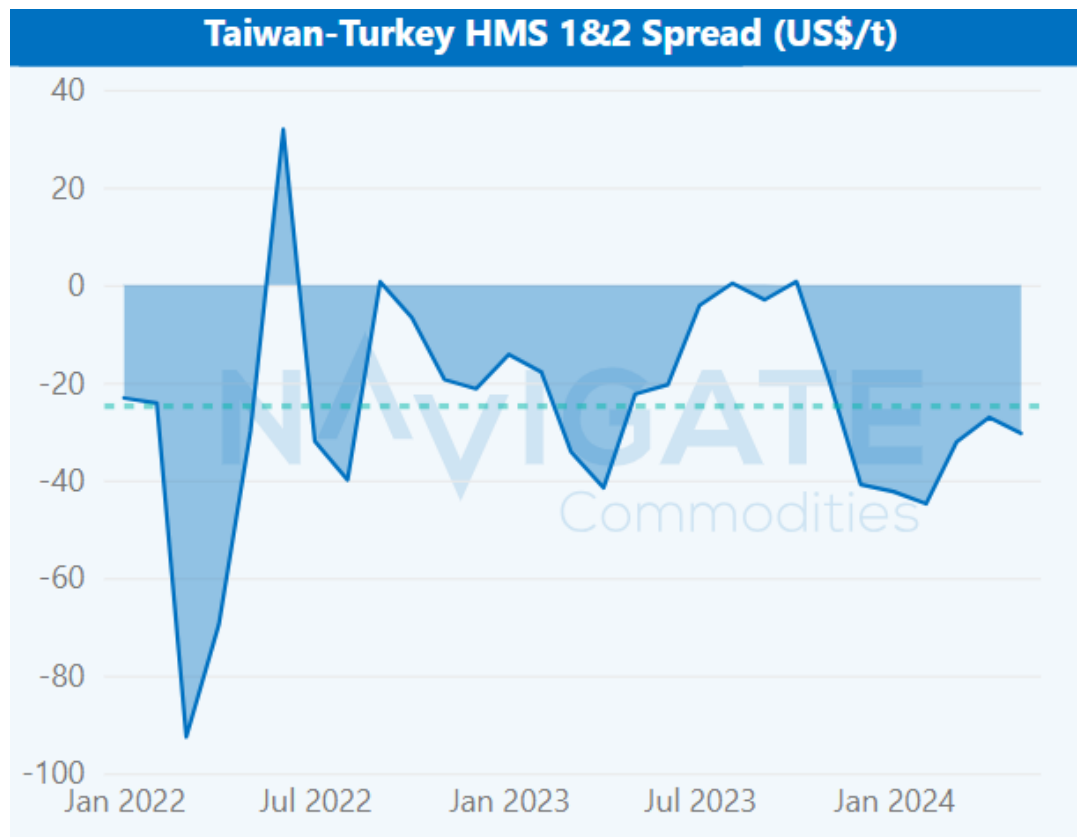
Moreover, this has directly translated into Taiwanese HMS 1&2 (80:20) container prices sustaining discounts of approximately US\$33/t compared with equivalent Turkish grades in early-May.

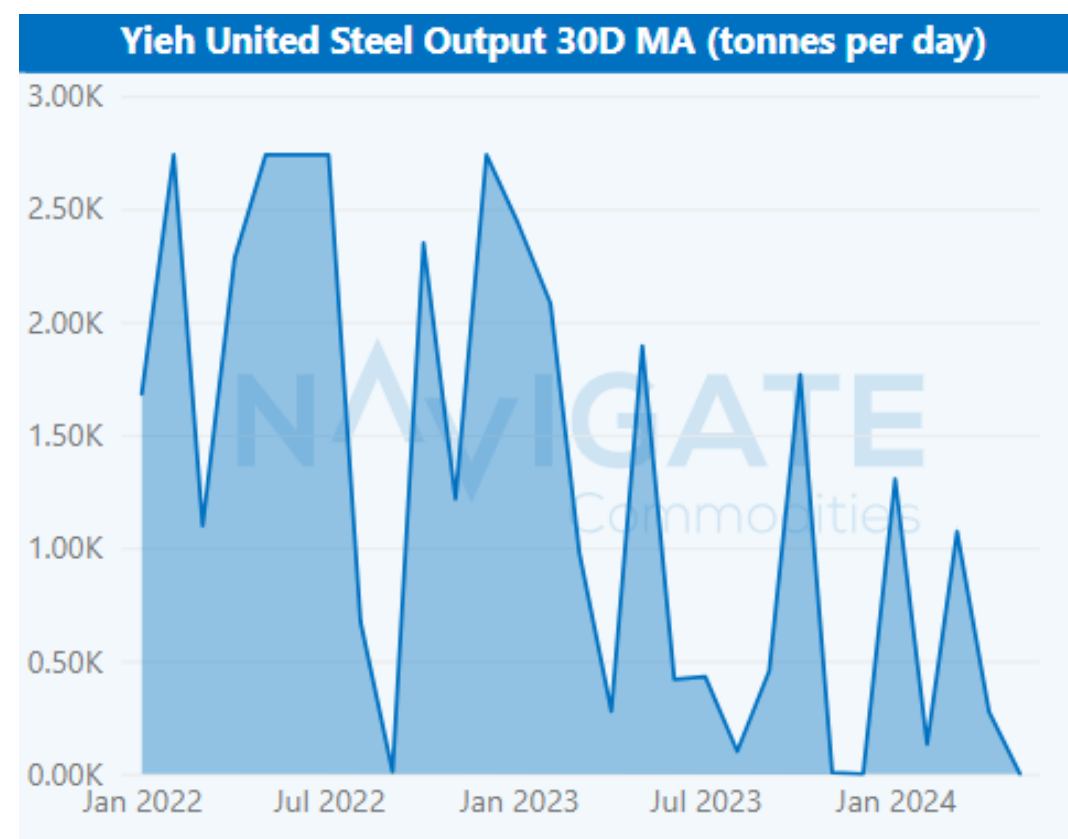
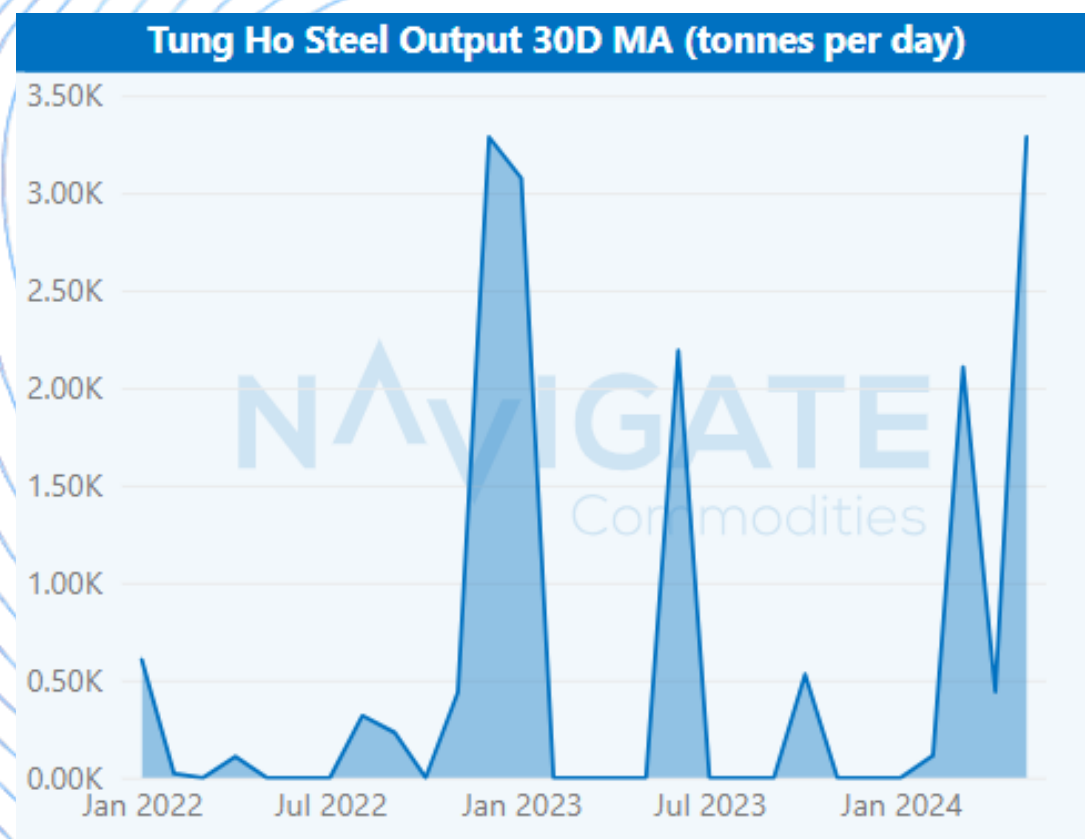
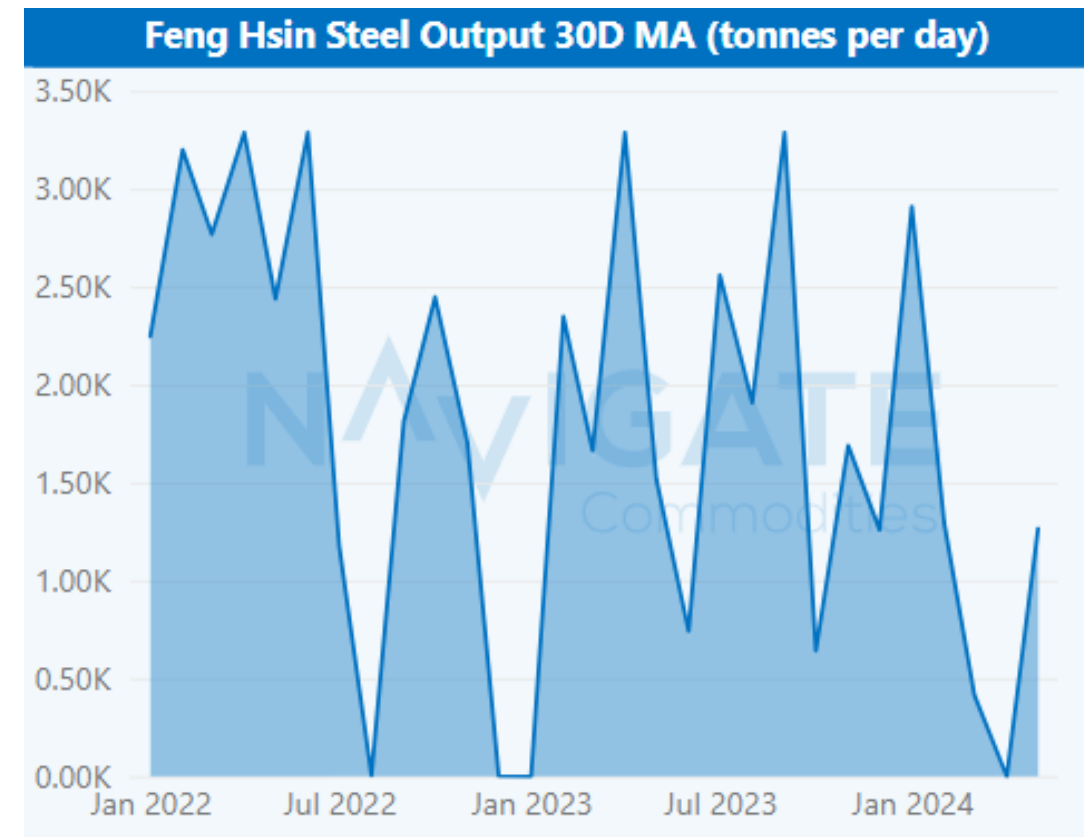
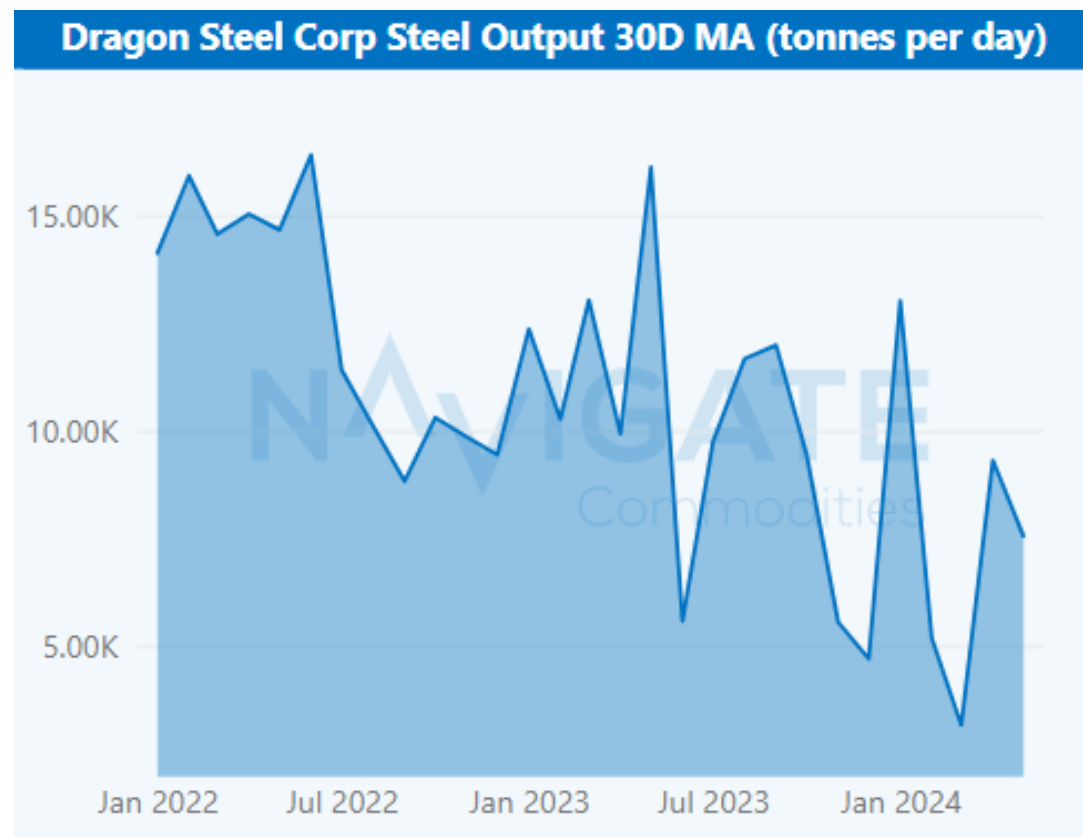
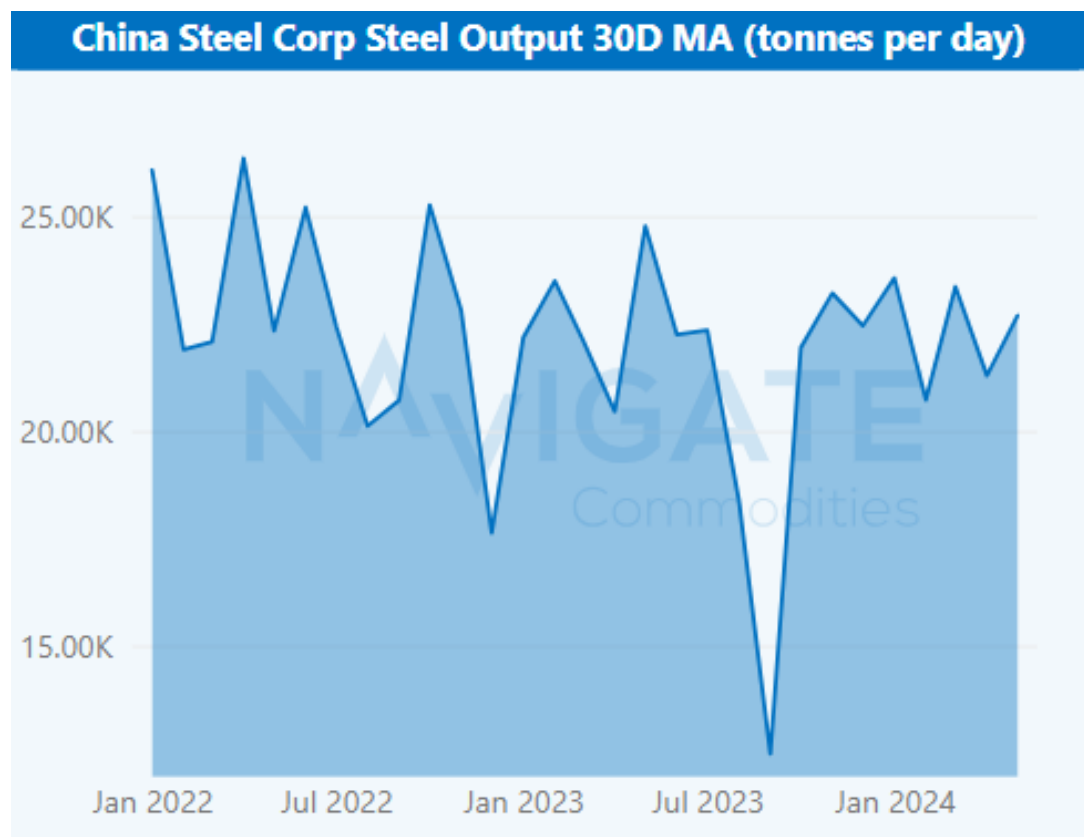
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities









Türkiye Steel Scrap Market Overview



Türkiye

It was a case of “Same Same, but Different” for Turkish markets over the past month, as HMS 1&2 (80:20) prices once again reinflated to intramonth highs of US\$387/t CFR Türkiye before deflating to fresh lows of US\$380/t by 10th May.

Mood among most Turkish electric arc furnace (EAF) Steel producers has been relatively miserable, as there are few options & strategies on how to get away from a high cost-base and weak downstream demand.

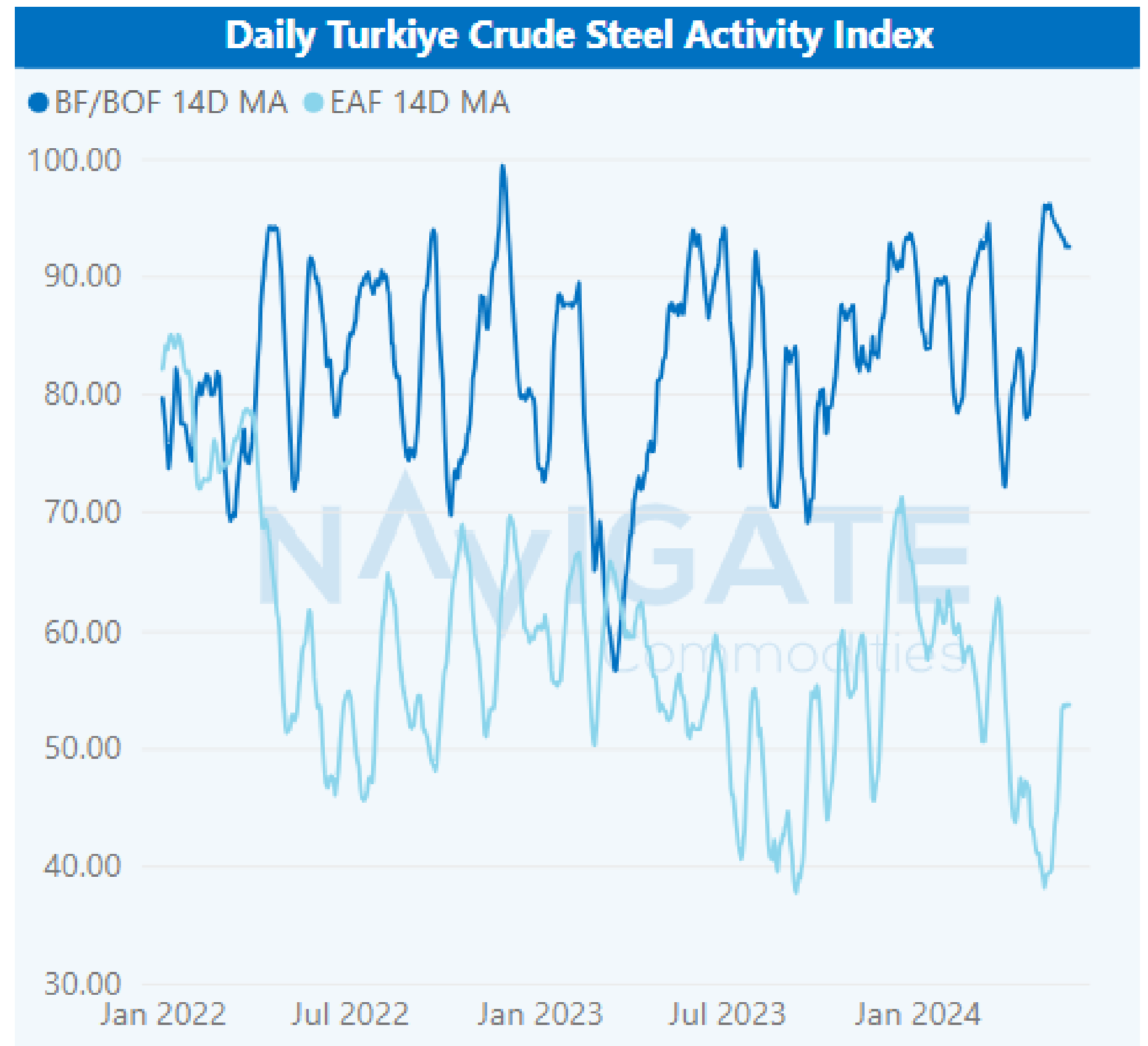
Based on the latest thermal readings, it looks like the answer has been to keep on cutting output to counterbalance artificially (monetary/fiscal) and naturally (inflation) suppressed Steel consumption.

For example, daily Turkish electric arc furnace (EAF) Steel smelting activity plunged to an 8-month low of 32.30pts on 3rd May 2024 before staging a mini-recovery back to a more respectable 50.70pts on 10th May.

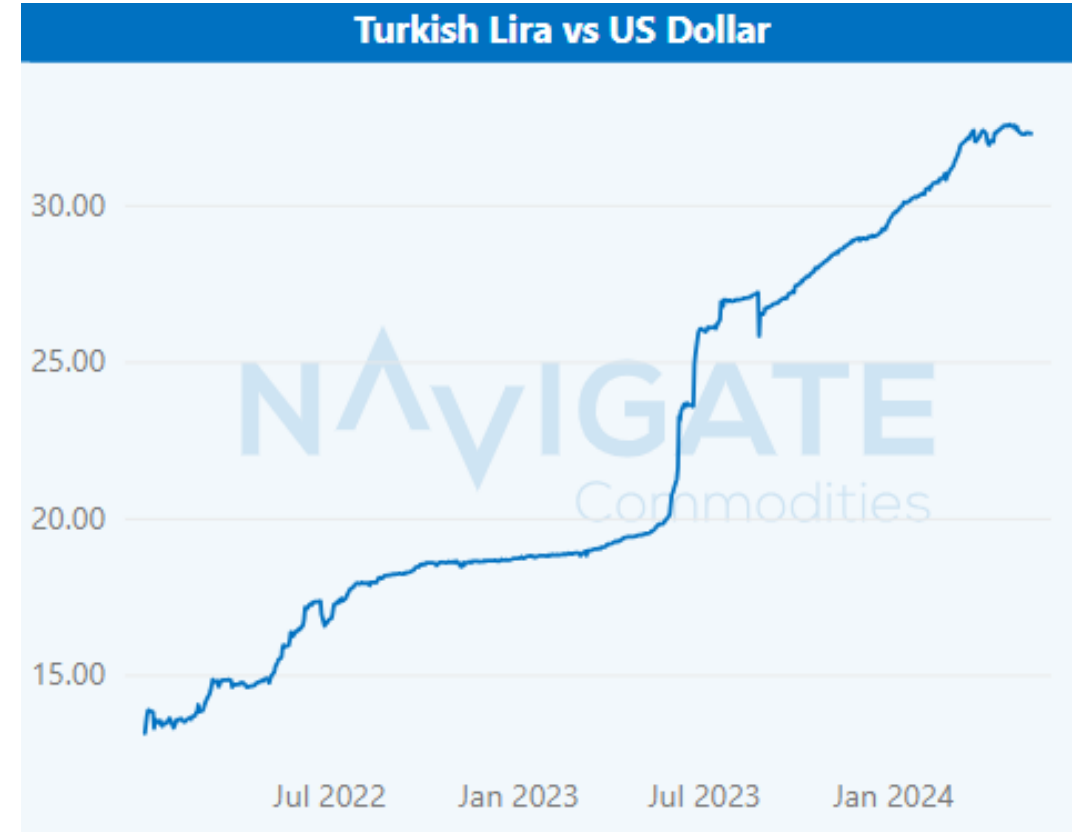
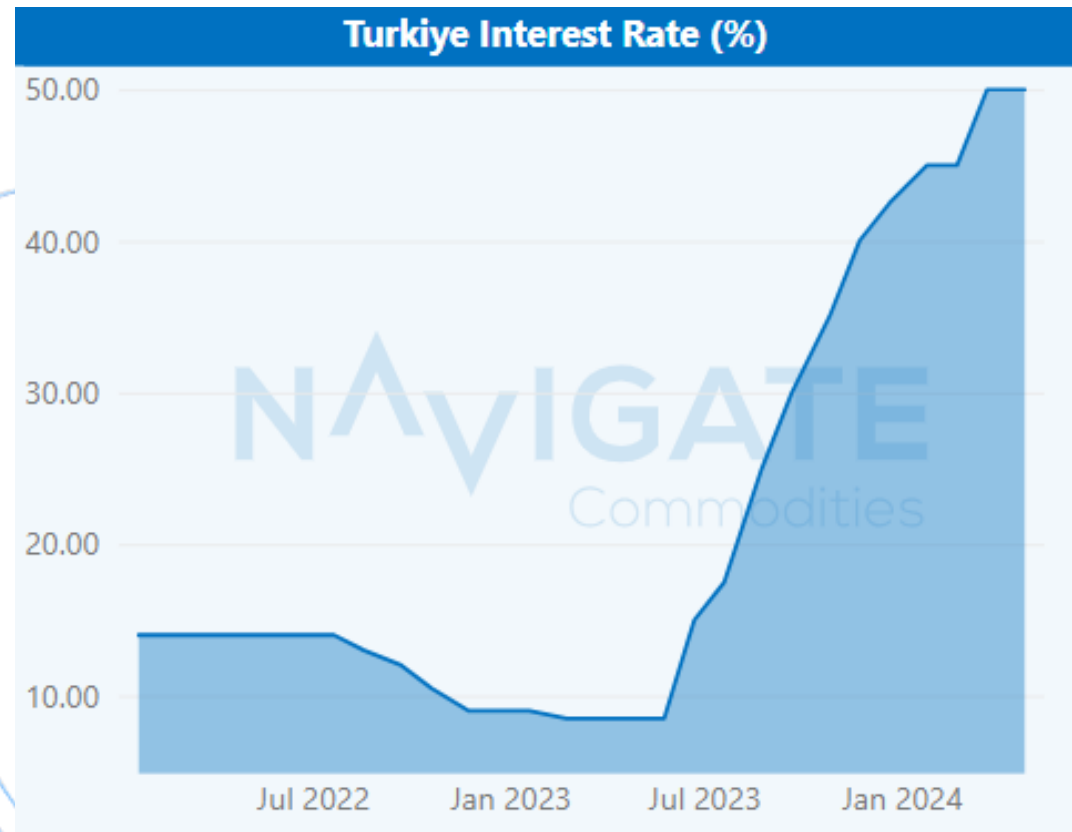
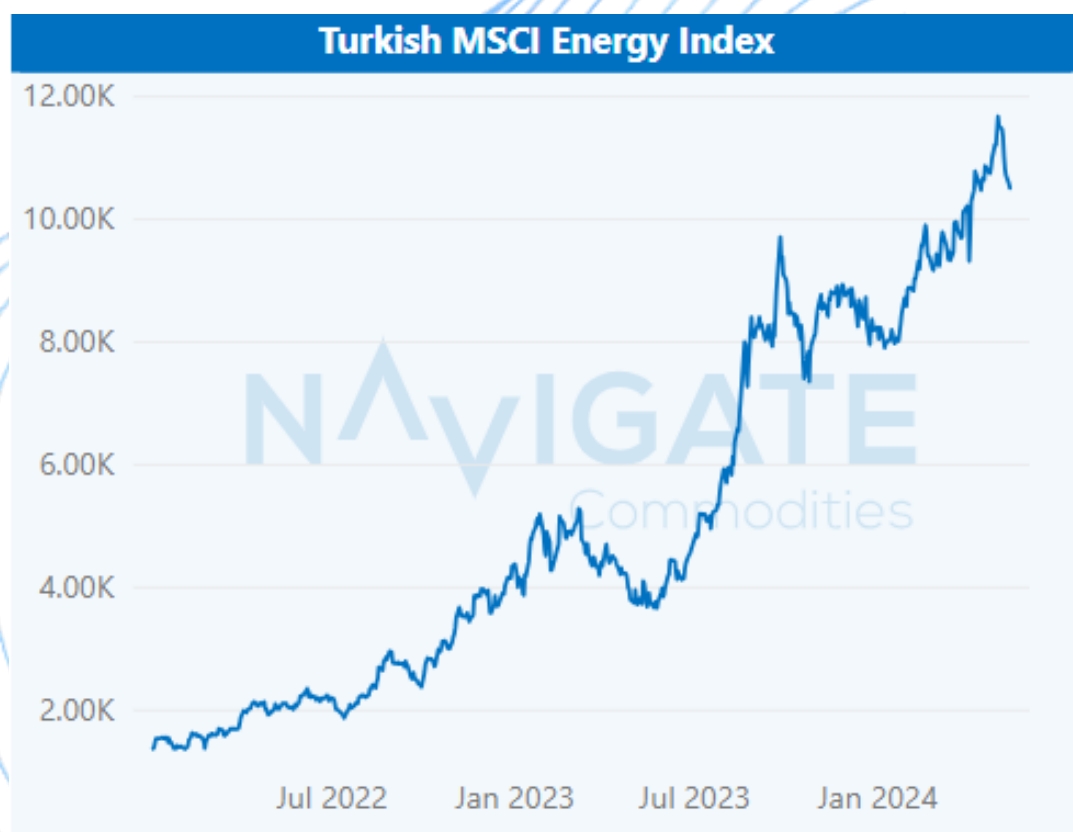
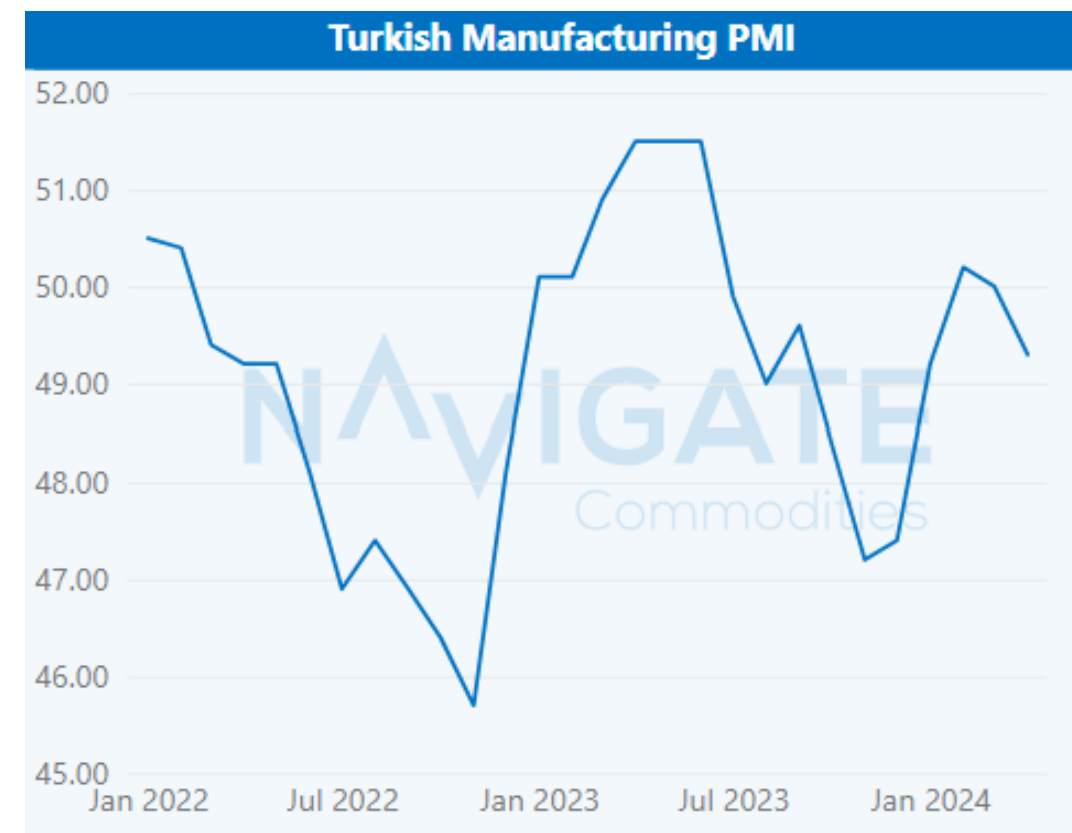
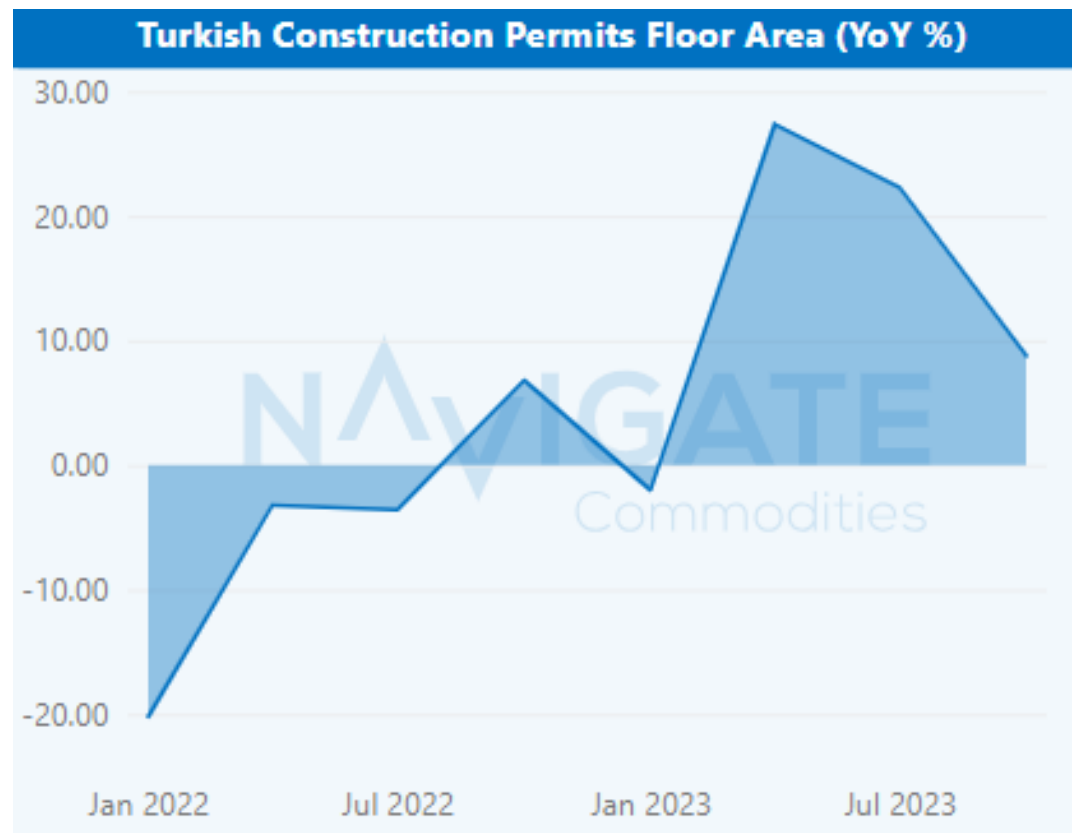
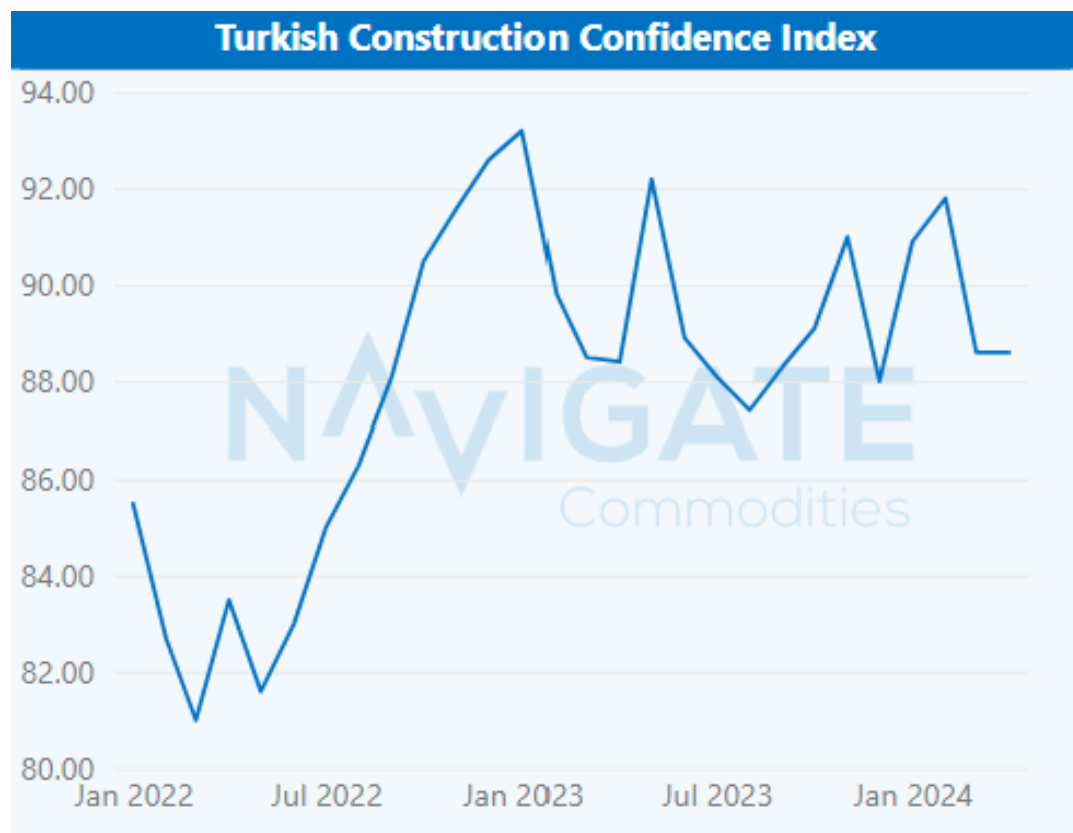
In other words, early-May readings inferred that more than two thirds of Turkish EAF Steel capacity had been idled or switched off and were more than likely to be operating on an ad hoc basis.

This is hardly surprising given that domestic Rebar prices continue to soften in a lower production environment, accentuating just how fragile & weak downstream construction Steel demand is in Türkiye right now.

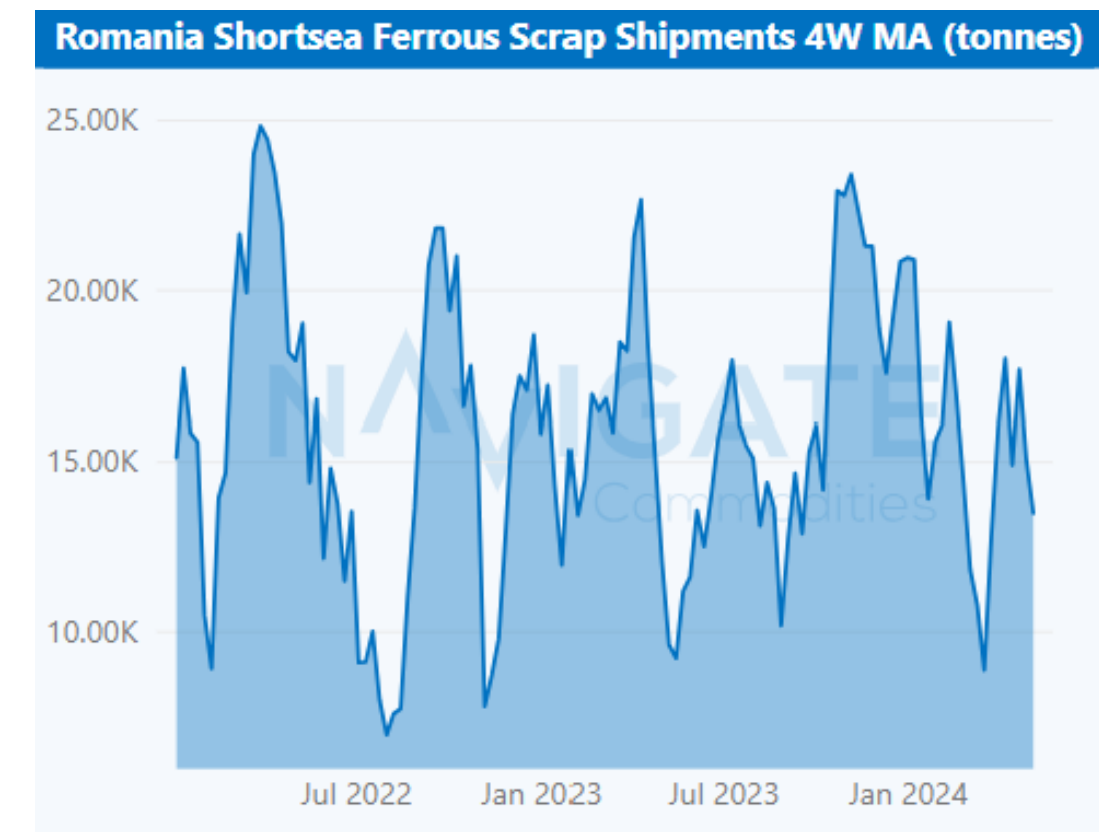
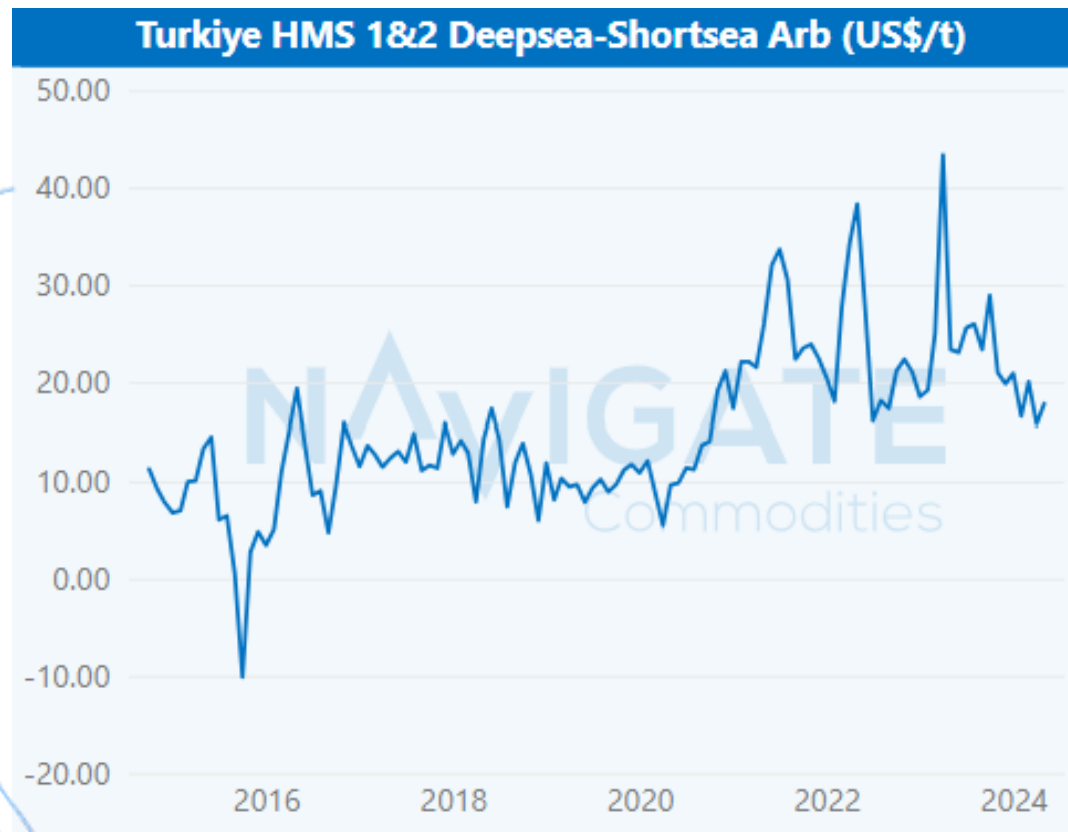
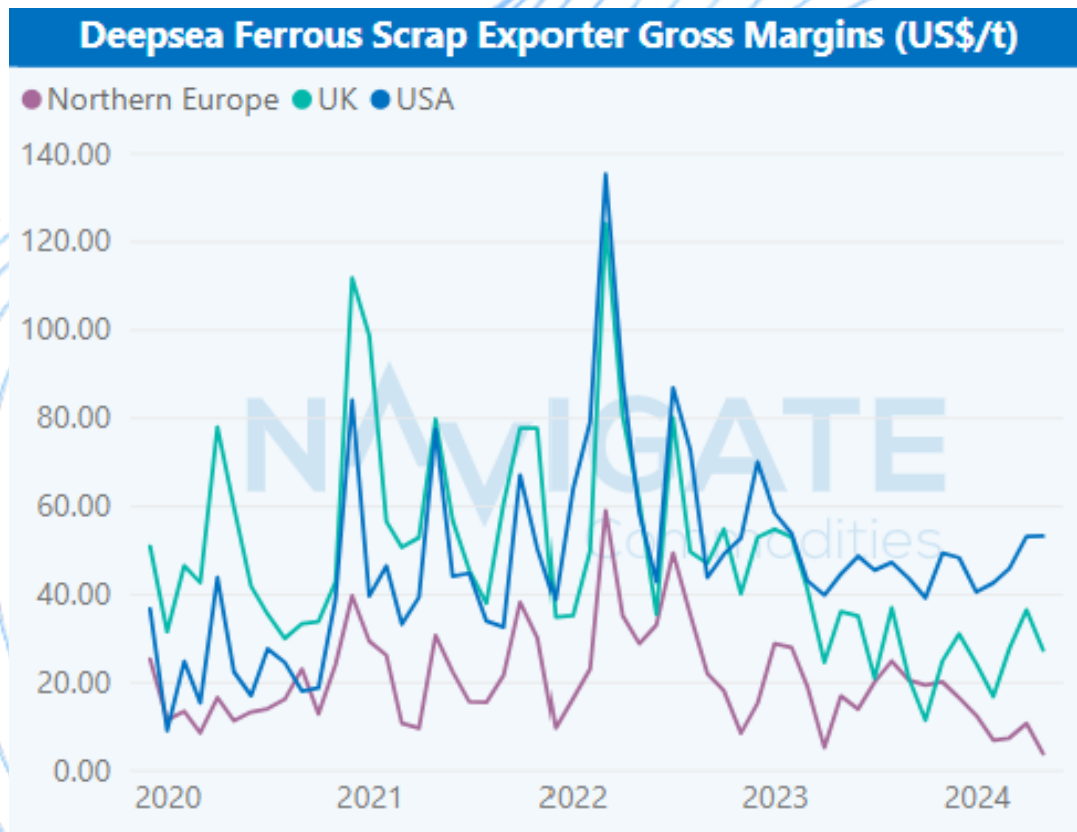
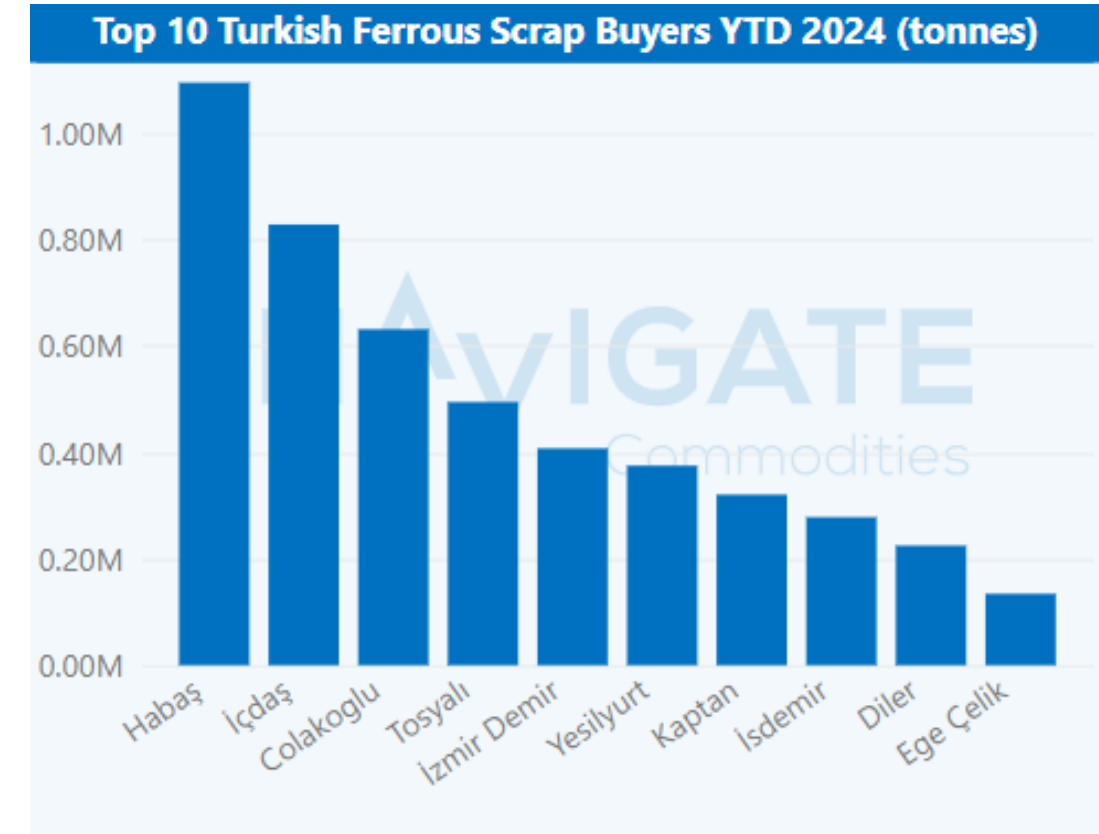
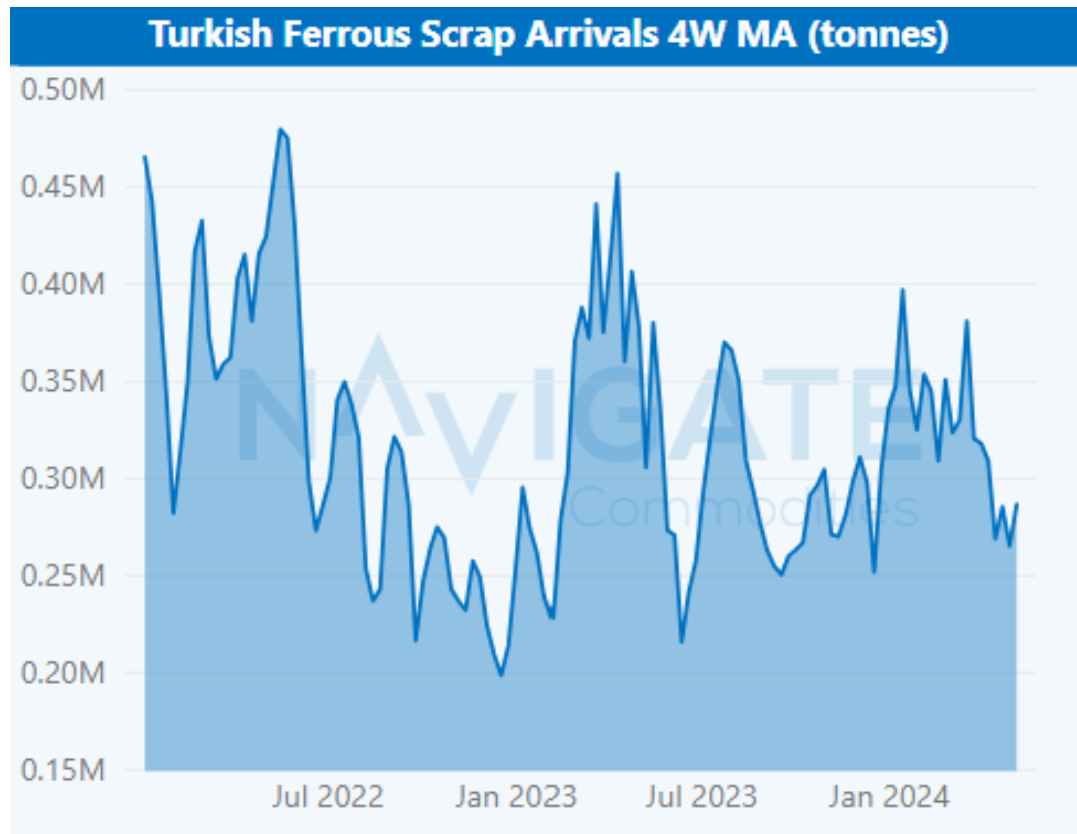
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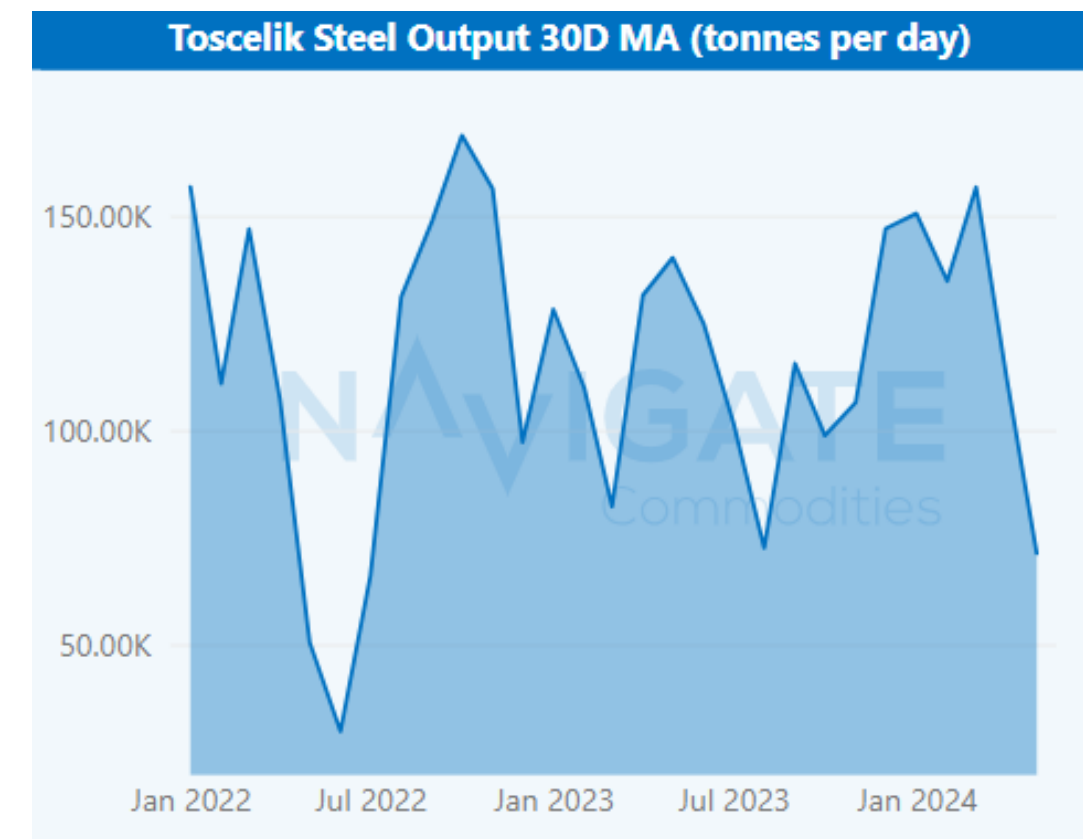
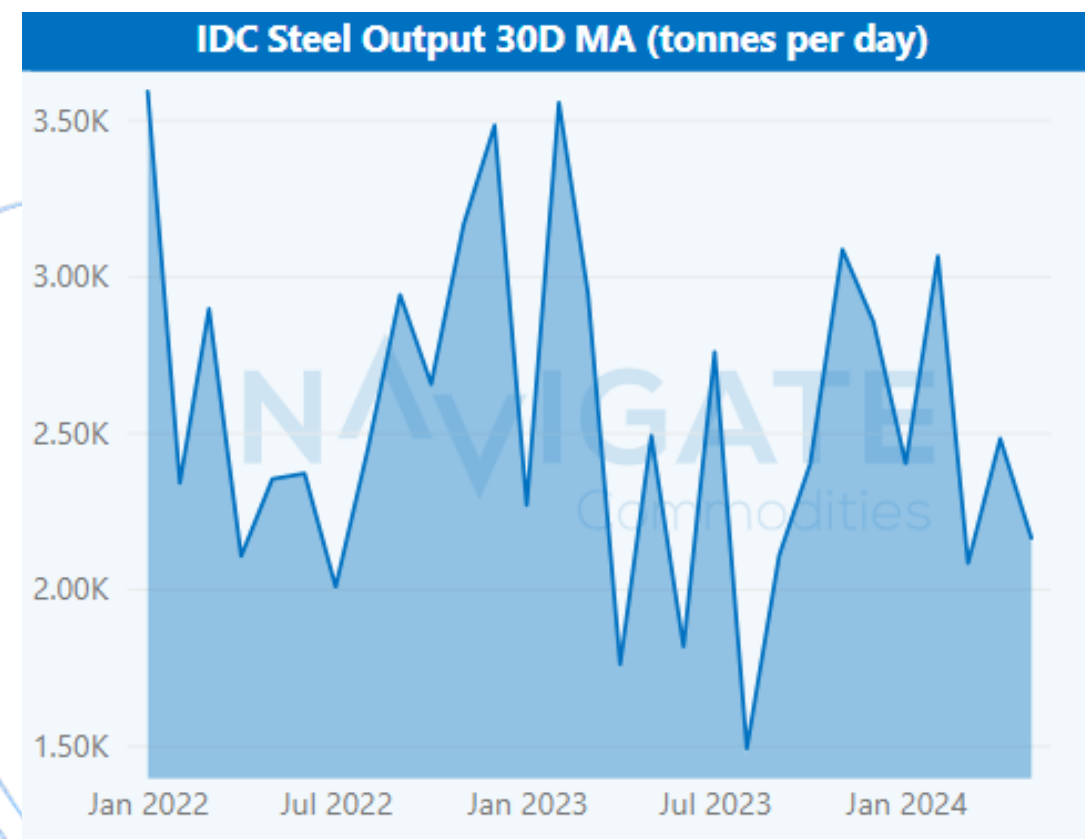
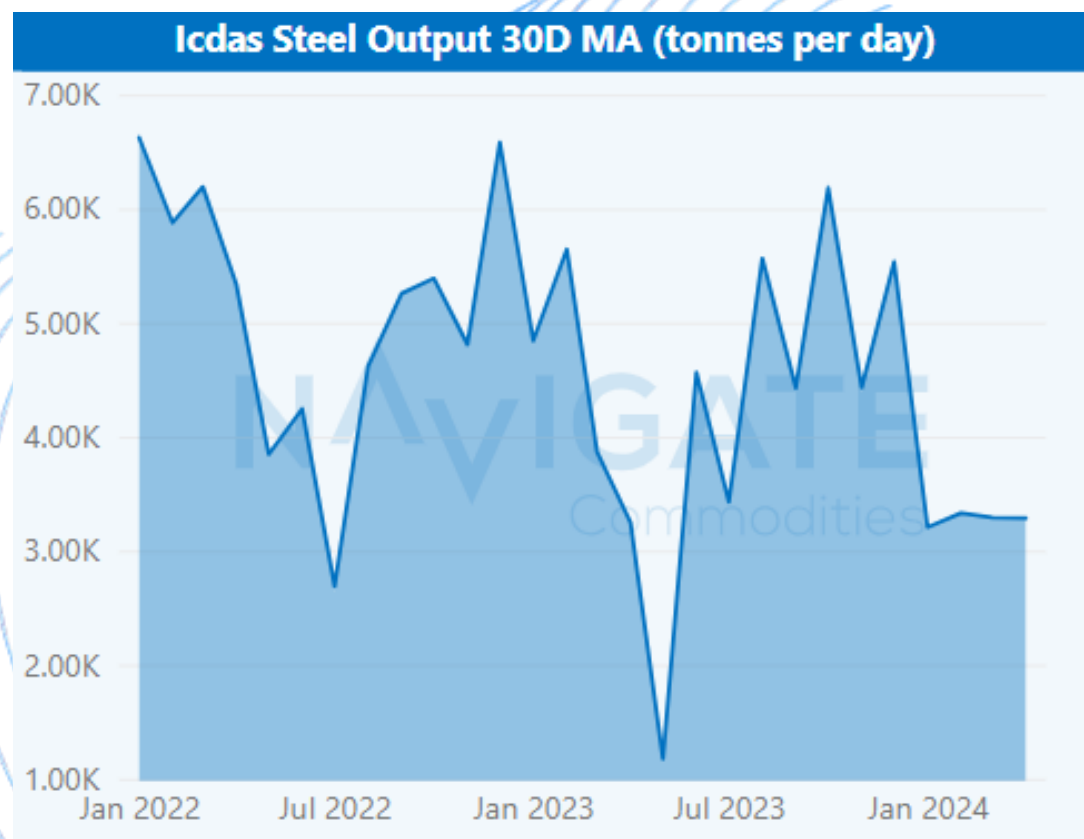
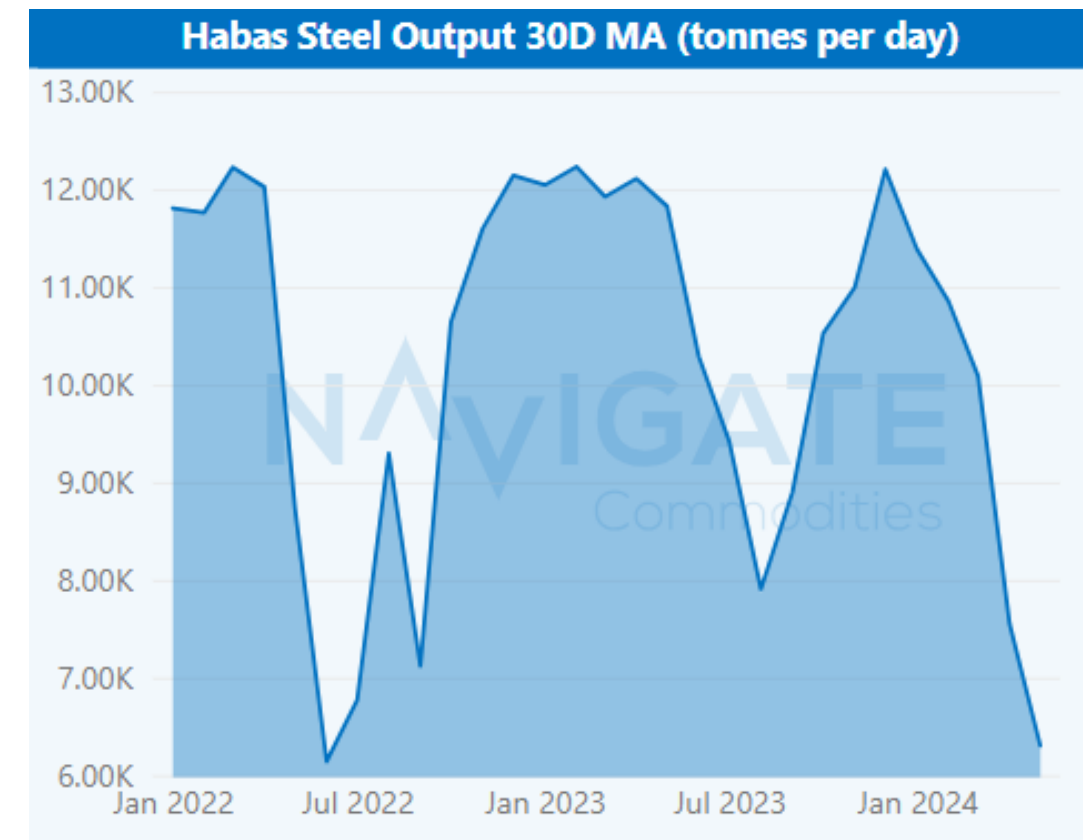
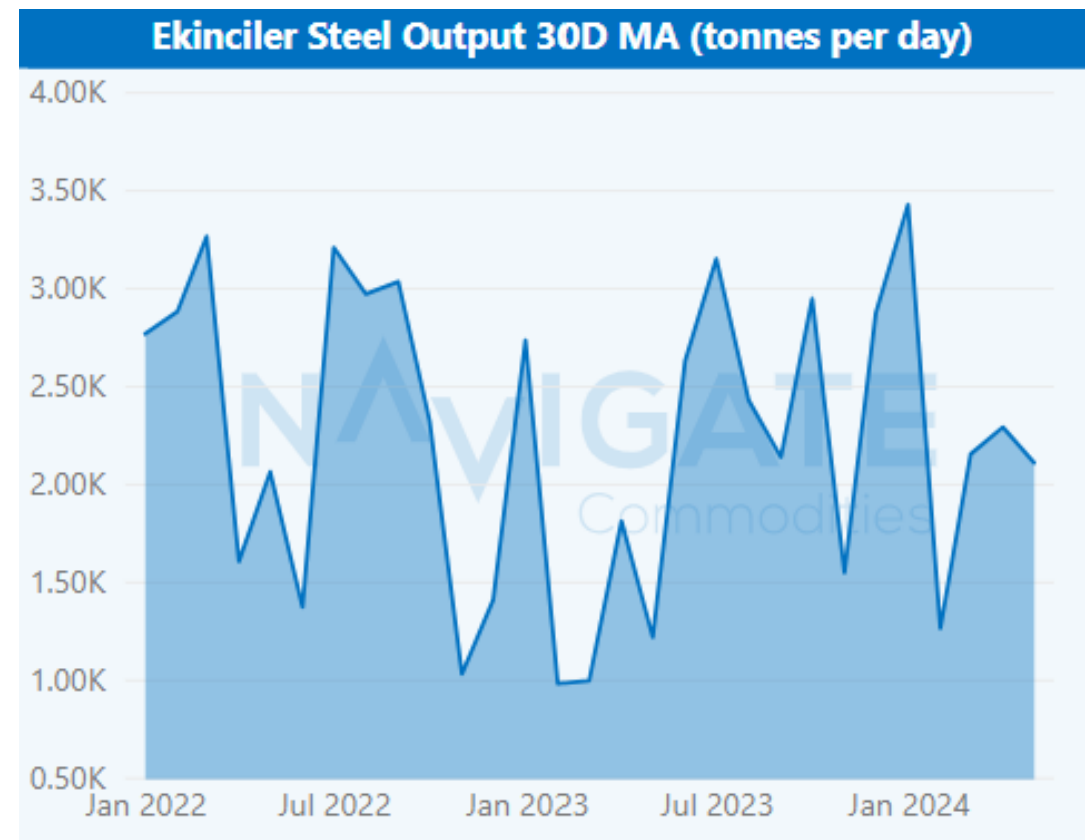
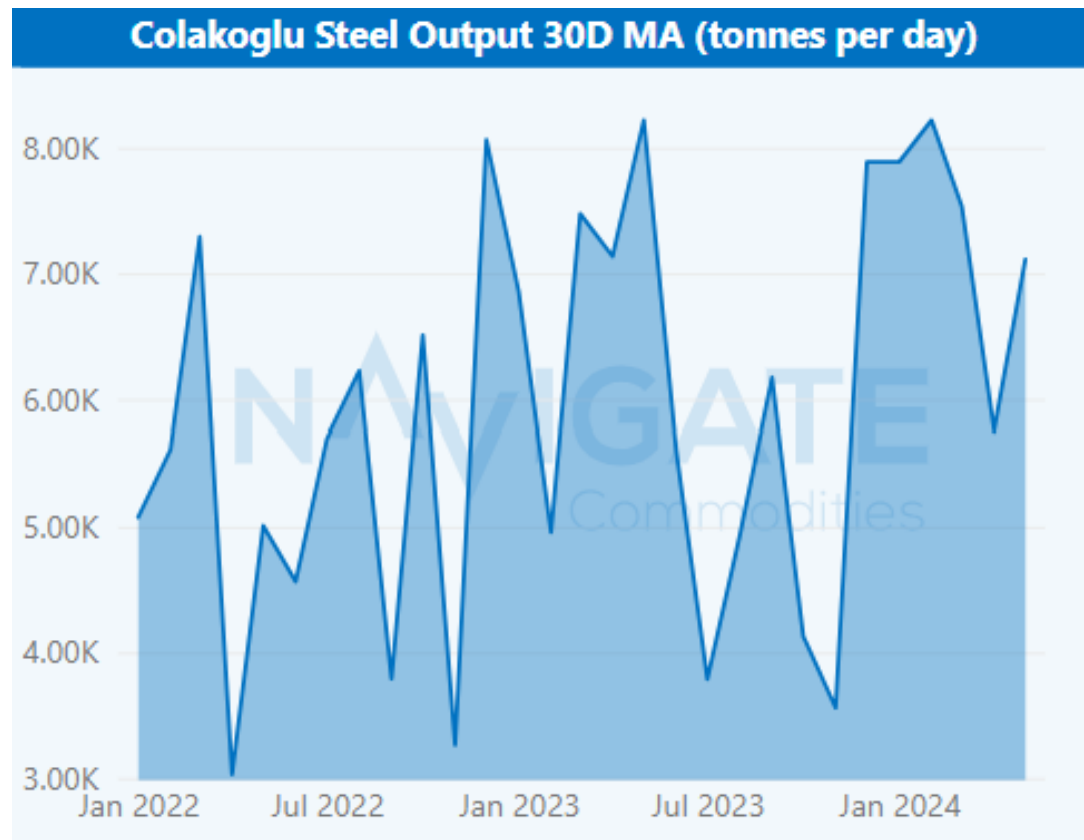


Source: Earth-i, Navigate Commodities



Source: Earth-i, Navigate Commodities, Bloomberg







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