

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.

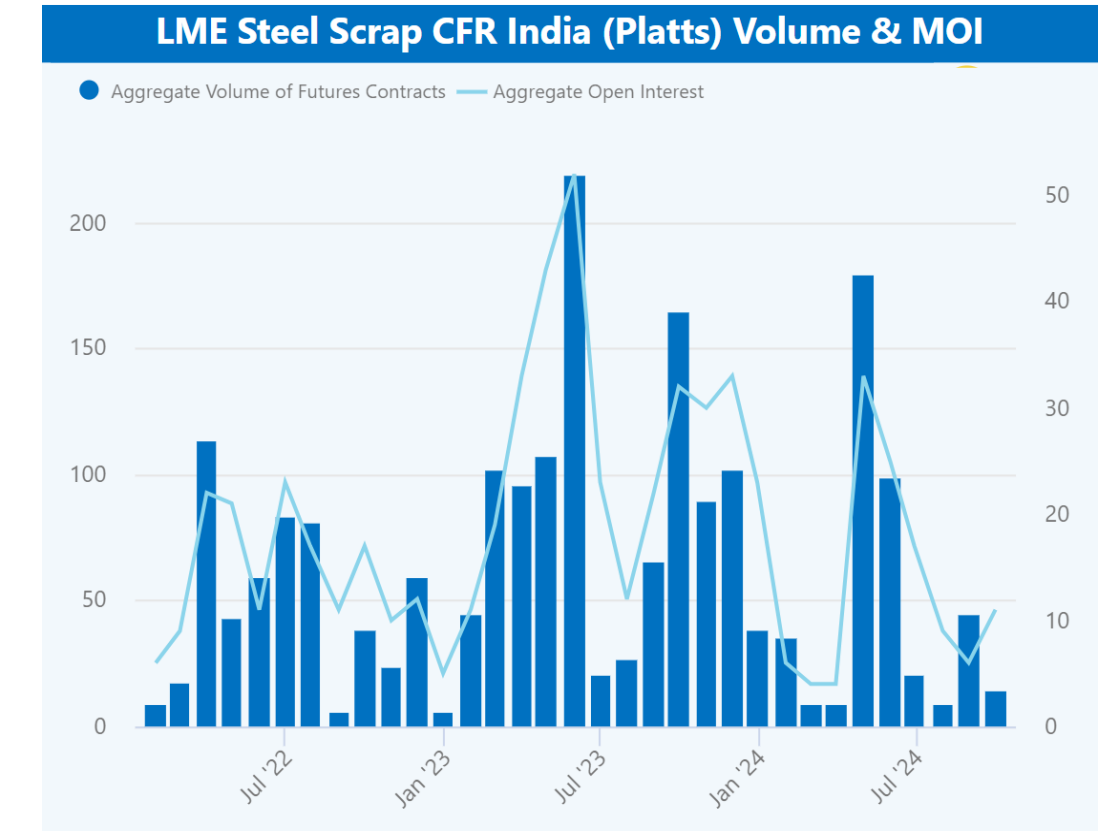
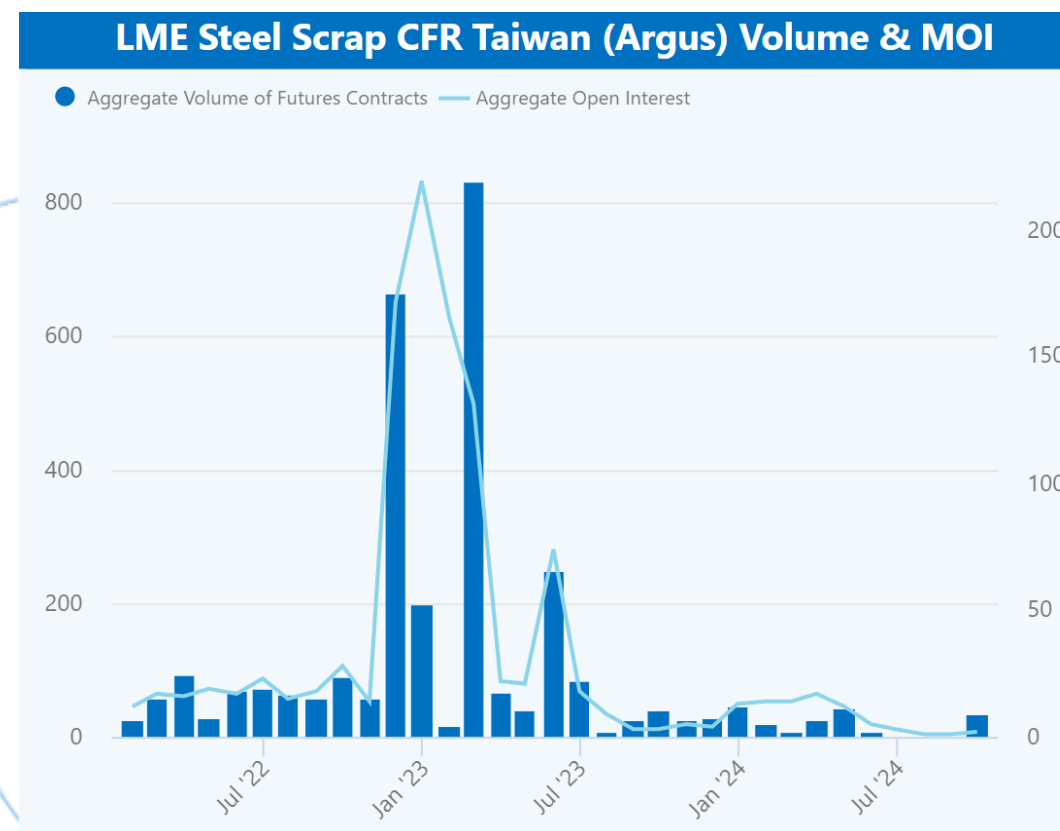
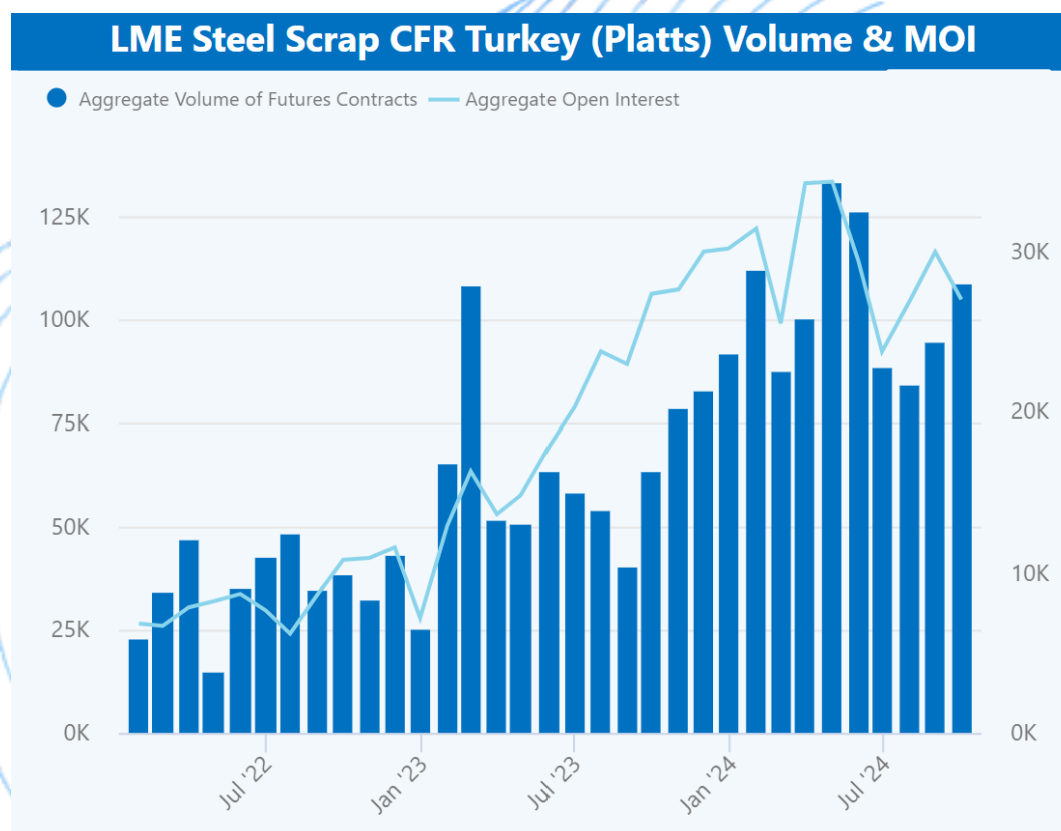
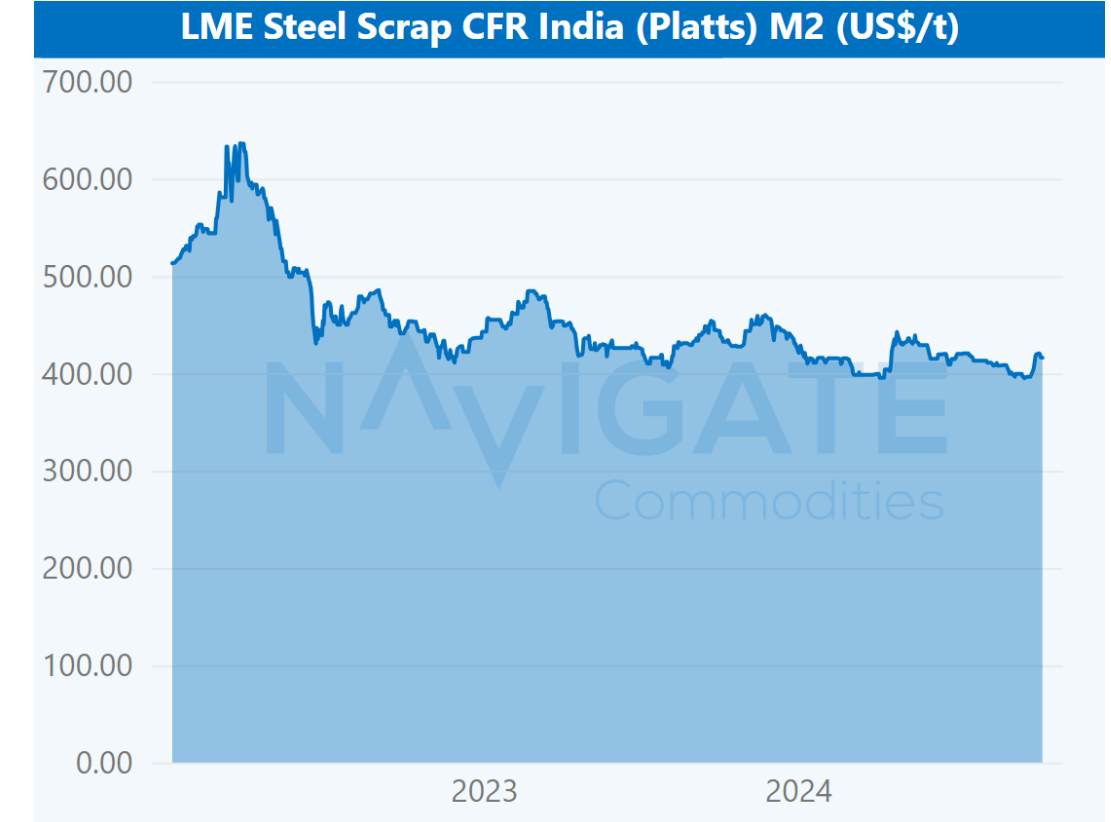
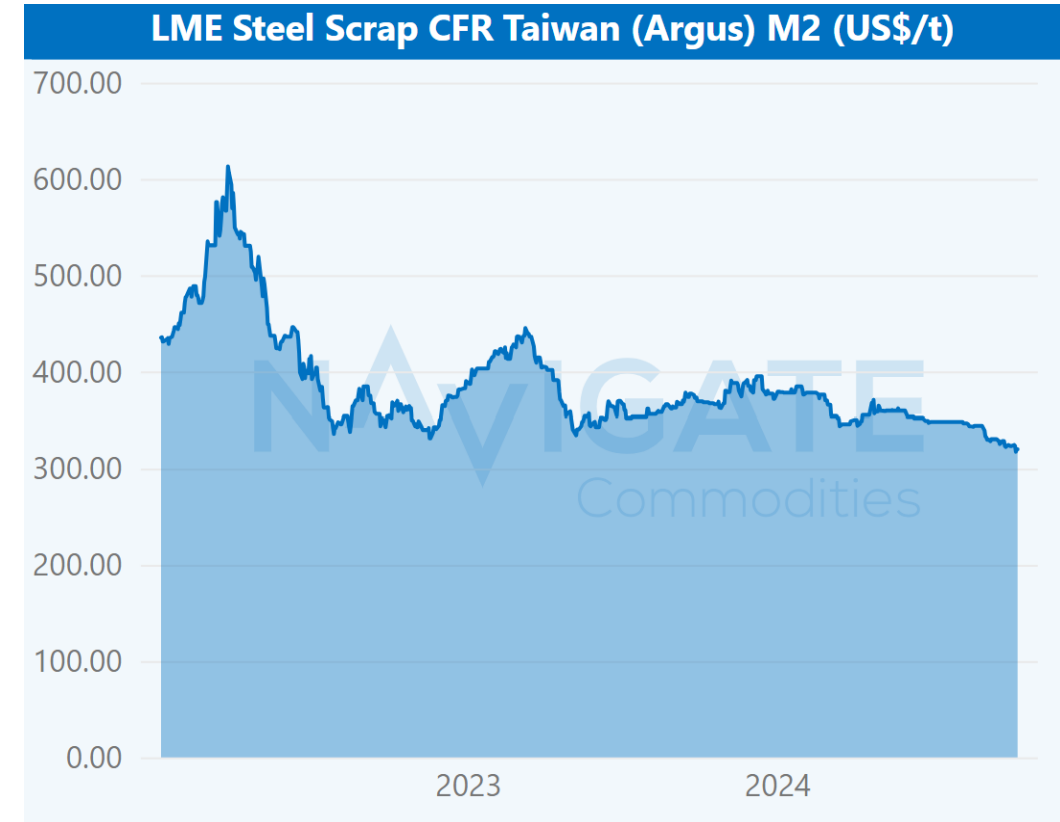
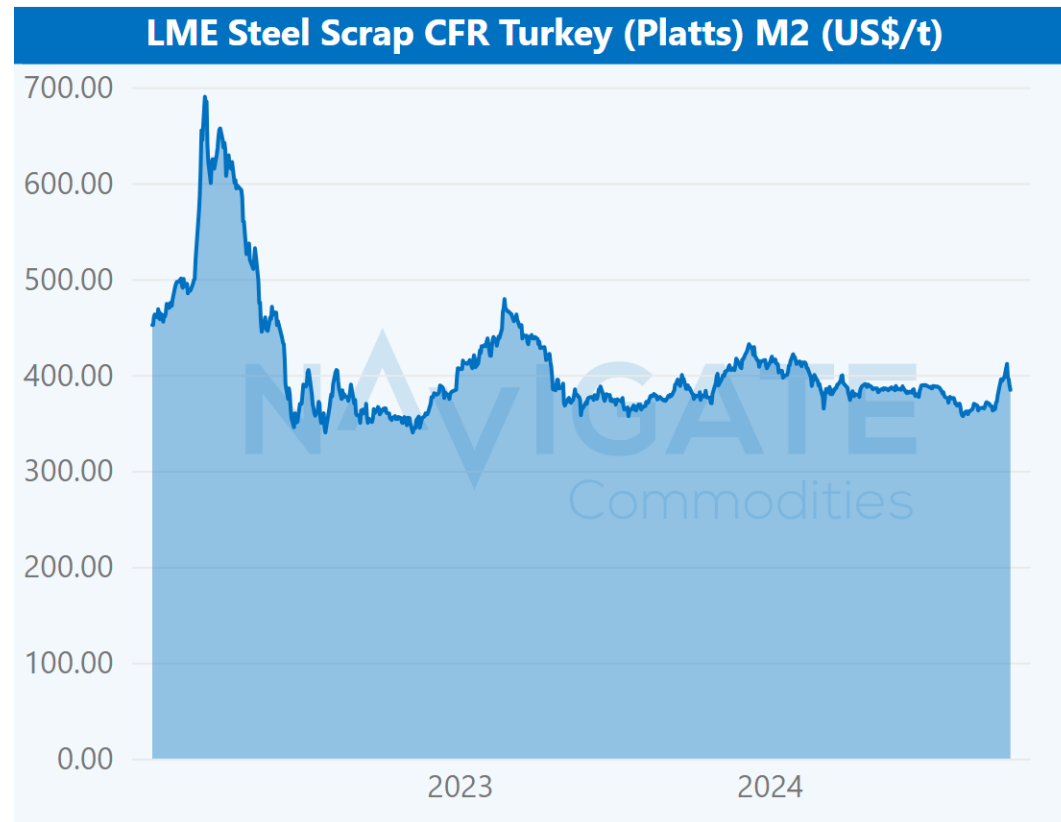
This report includes a wealth of data and provides commentary on supply chains from the key steel scrap markets of Turkey, India, and Taiwan.

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



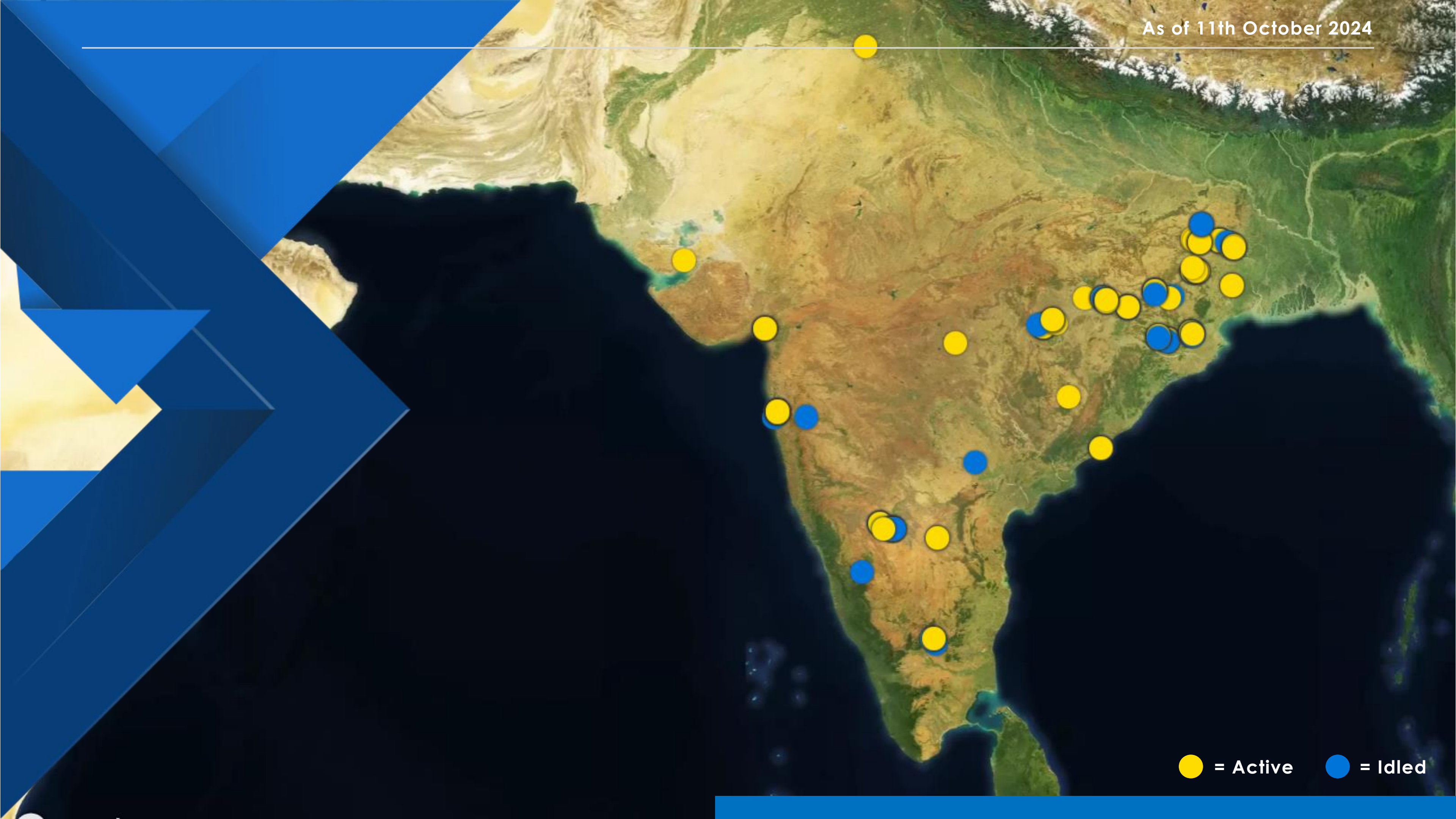




India Steel Scrap Market Overview



As of 11th October 2024



● = Active ● = Idled

India

Finally, the long-anticipated end to India's monsoon season has reached its (heavily delayed) natural conclusion over the past month, with rains eventually receding across much of the country.

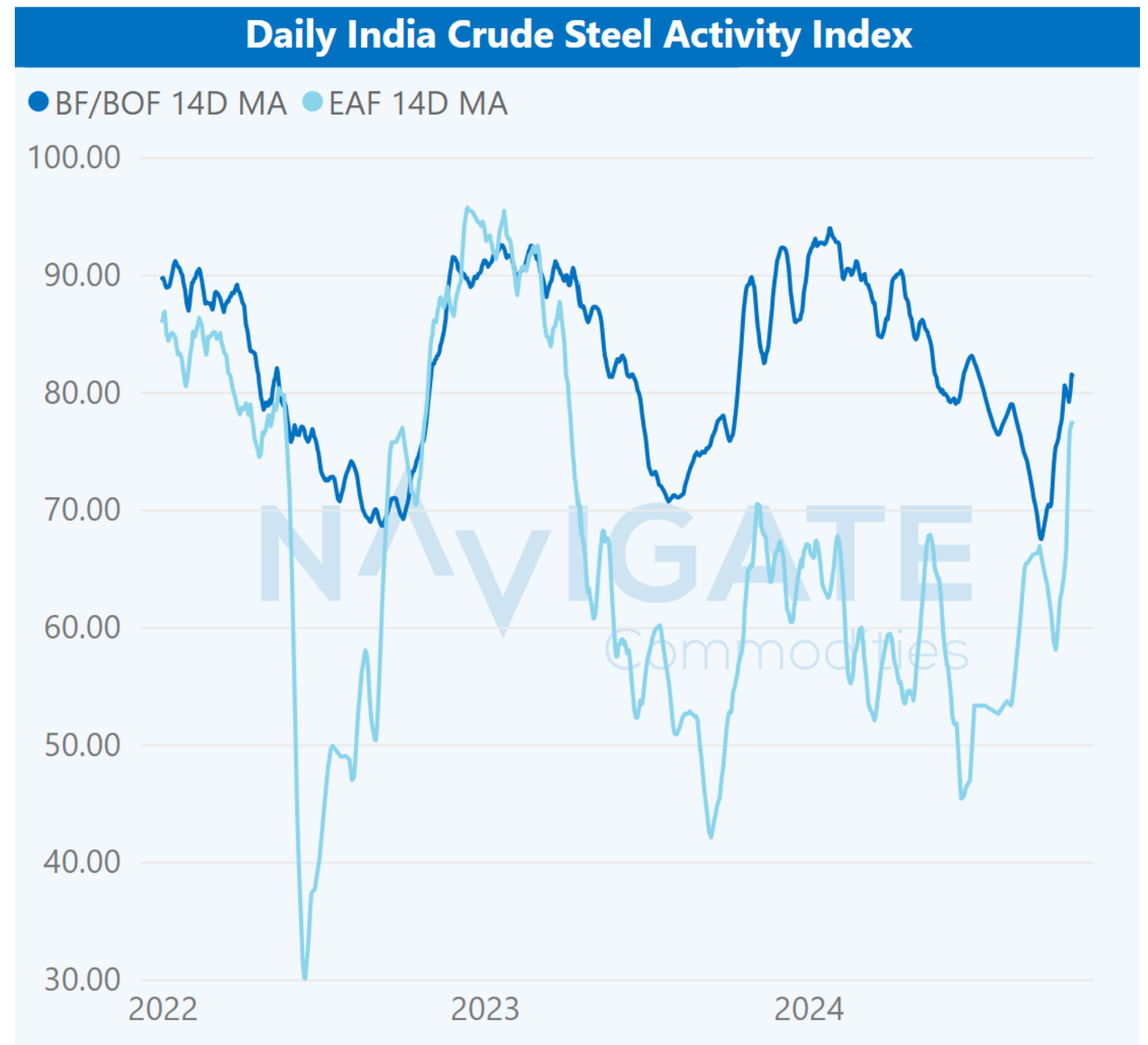
While monsoonal rains brought four-year high precipitation to India, which will bolster crop output and yields, it has had the exact opposite impact on domestic construction activity and associated Steel consumption.

Following the withdrawal of inclement weather, daily integrated (BF/BOF) smelting and electric arc furnace (EAF) melting activity across India has since rebounded in resurgent fashion (see chart).

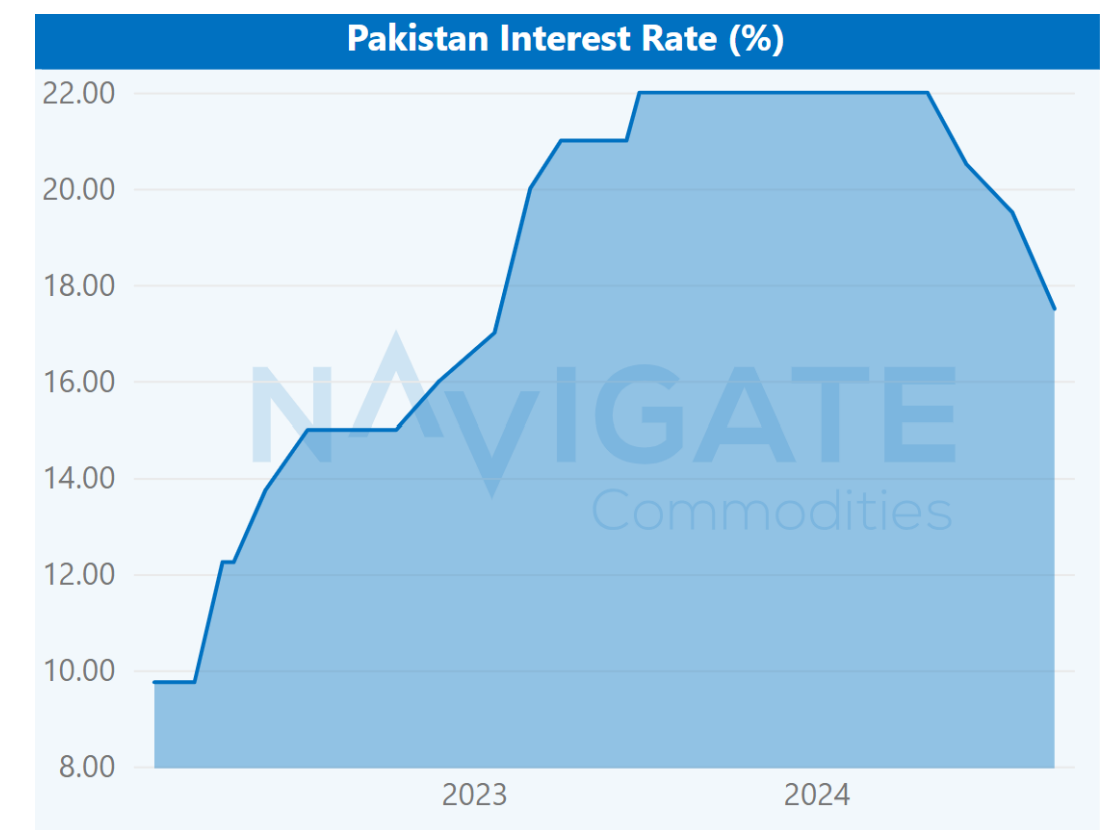
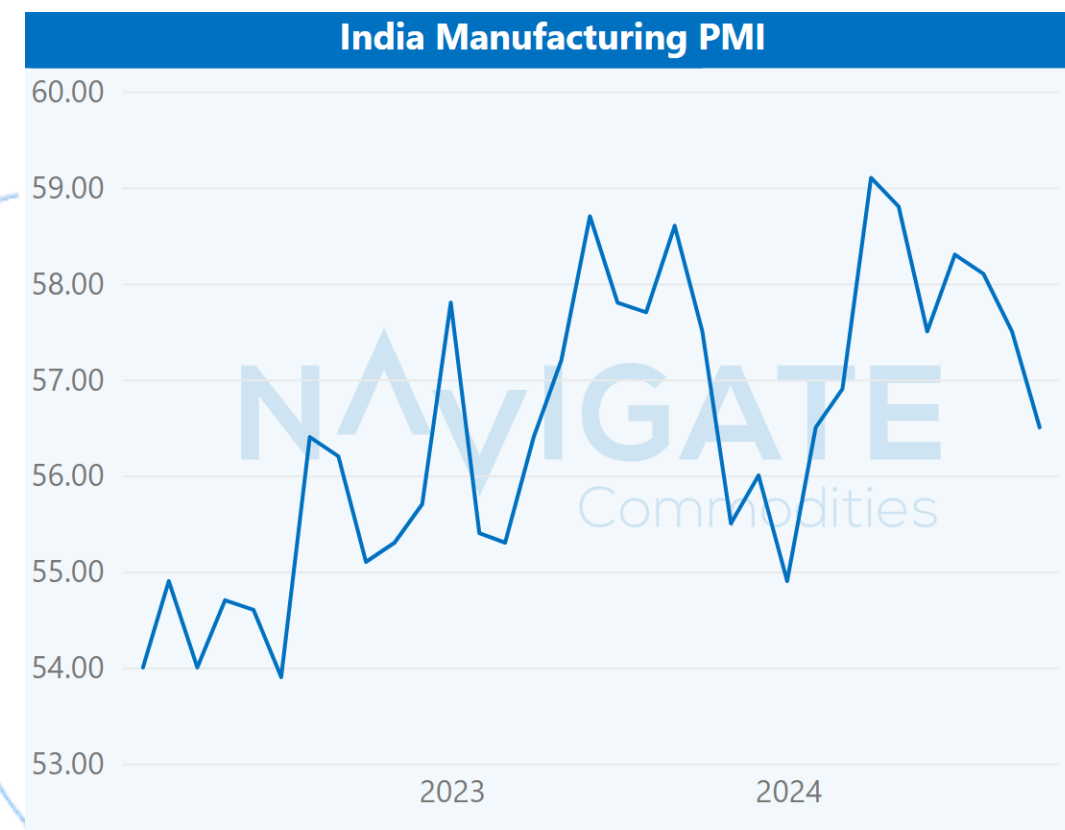
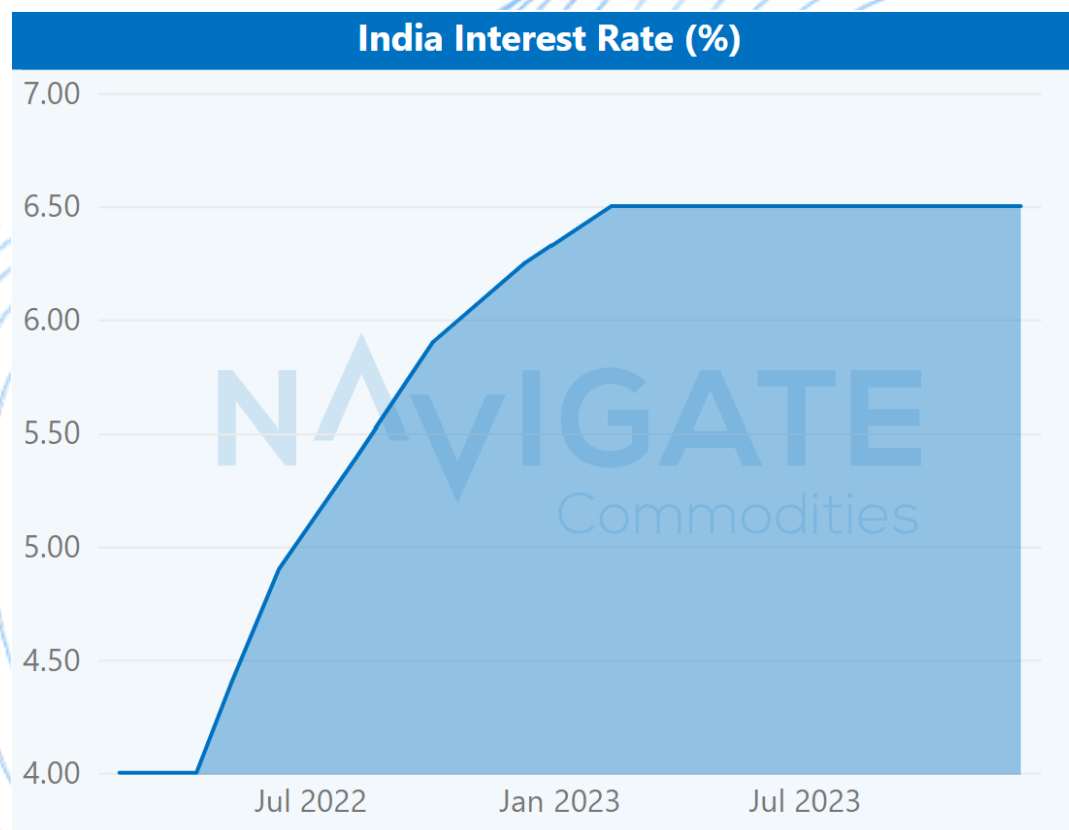
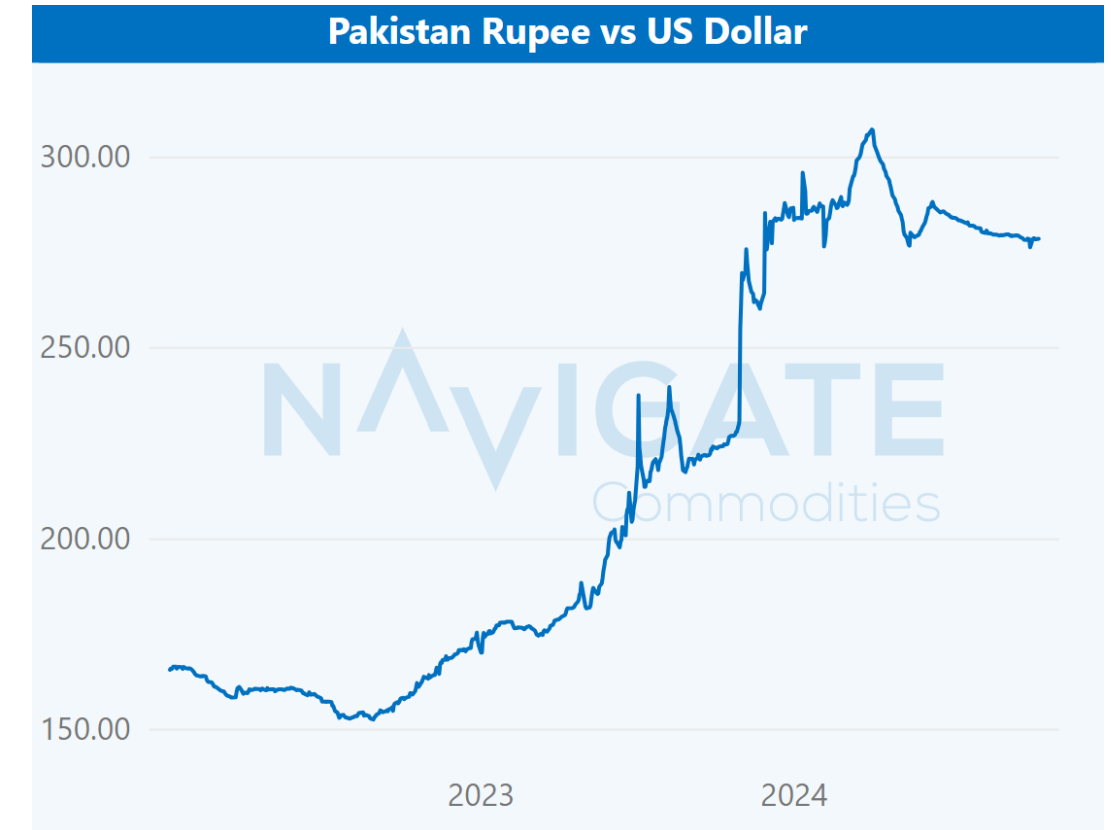
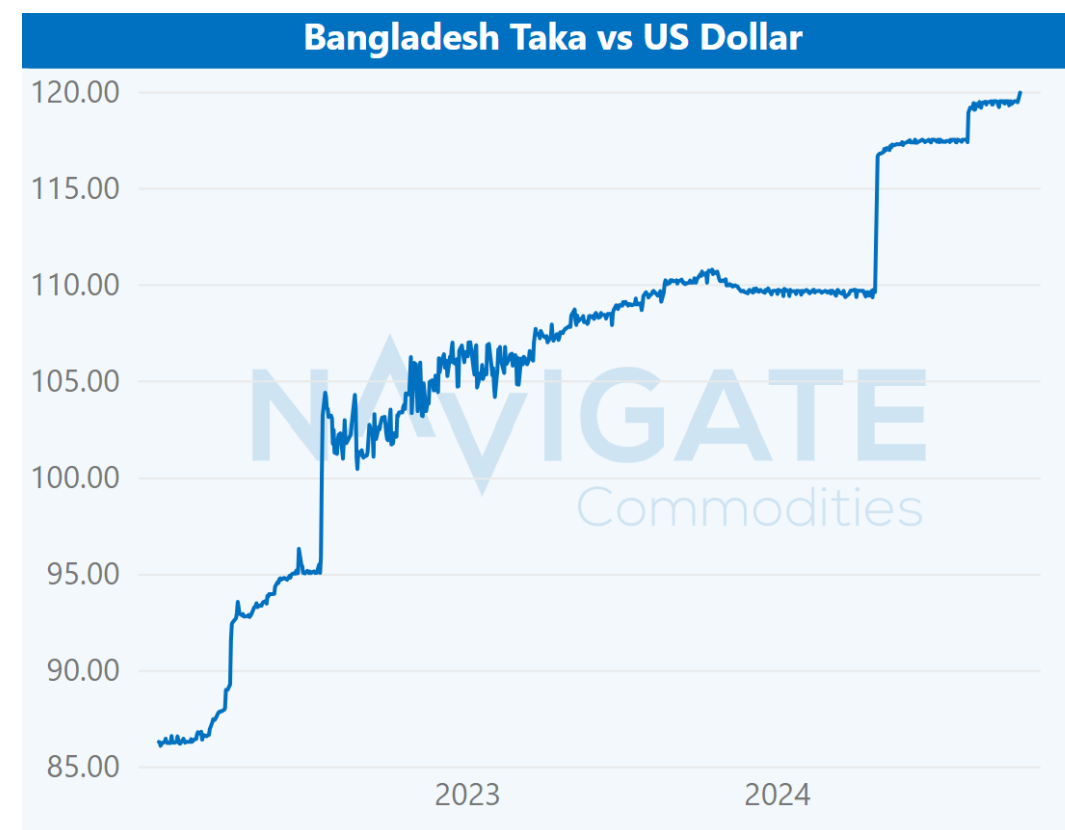
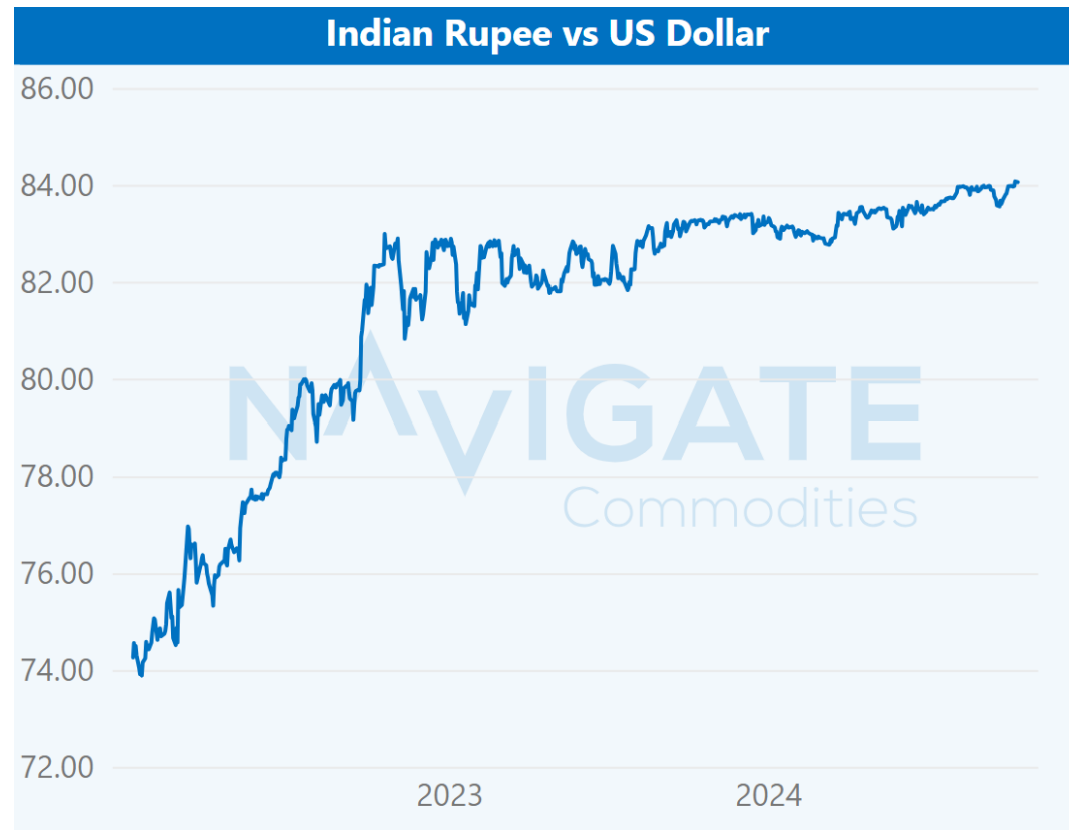
As such, there has been a modest improvement in Indian spot demand for containerized shredded Ferrous Scrap cargoes over the past two weeks with discounts returning back to parity.

For example, Indian containerized shredded Ferrous Scrap cargoes have gone from trading at a US\$8.00/t discount in early October, compared with equivalent Turkish grades, to trading back to parity by the middle of the month.

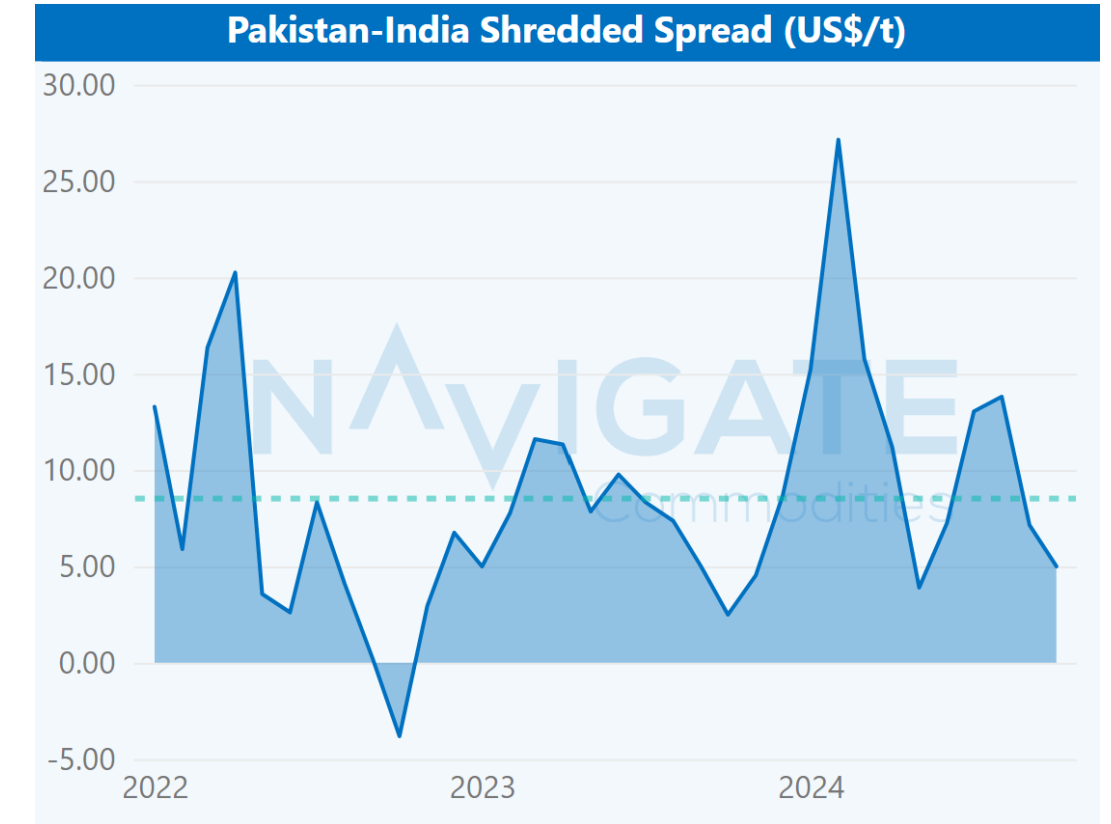
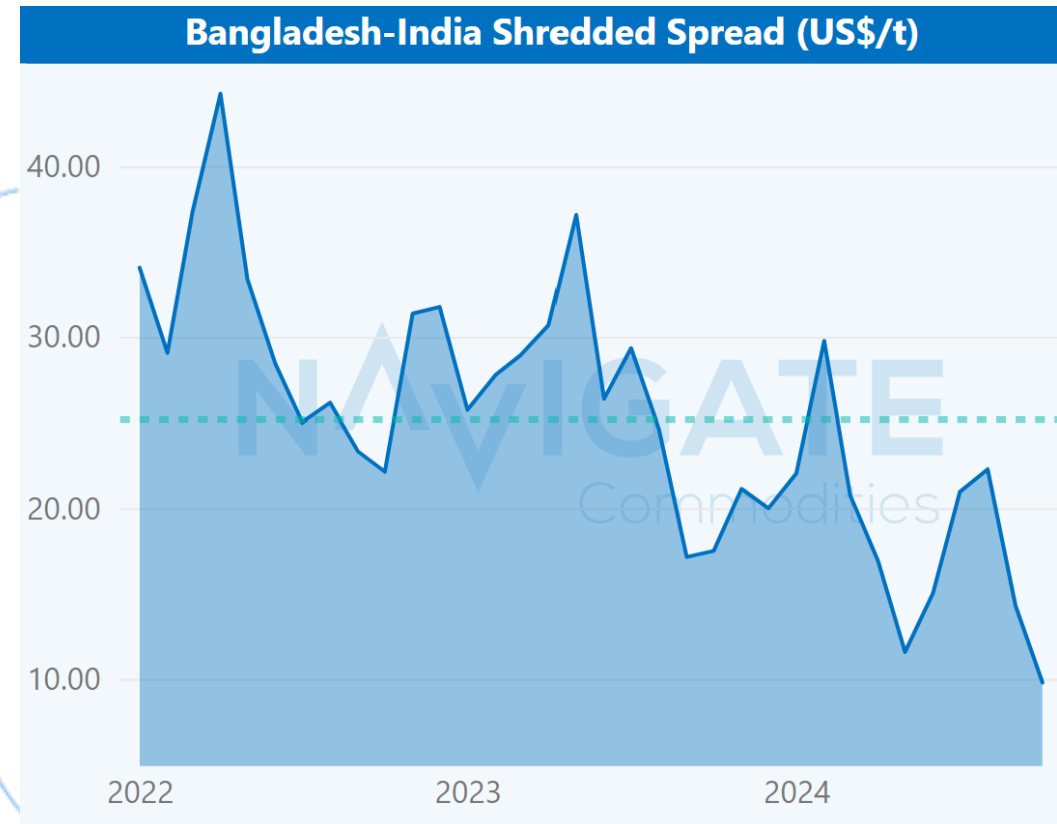
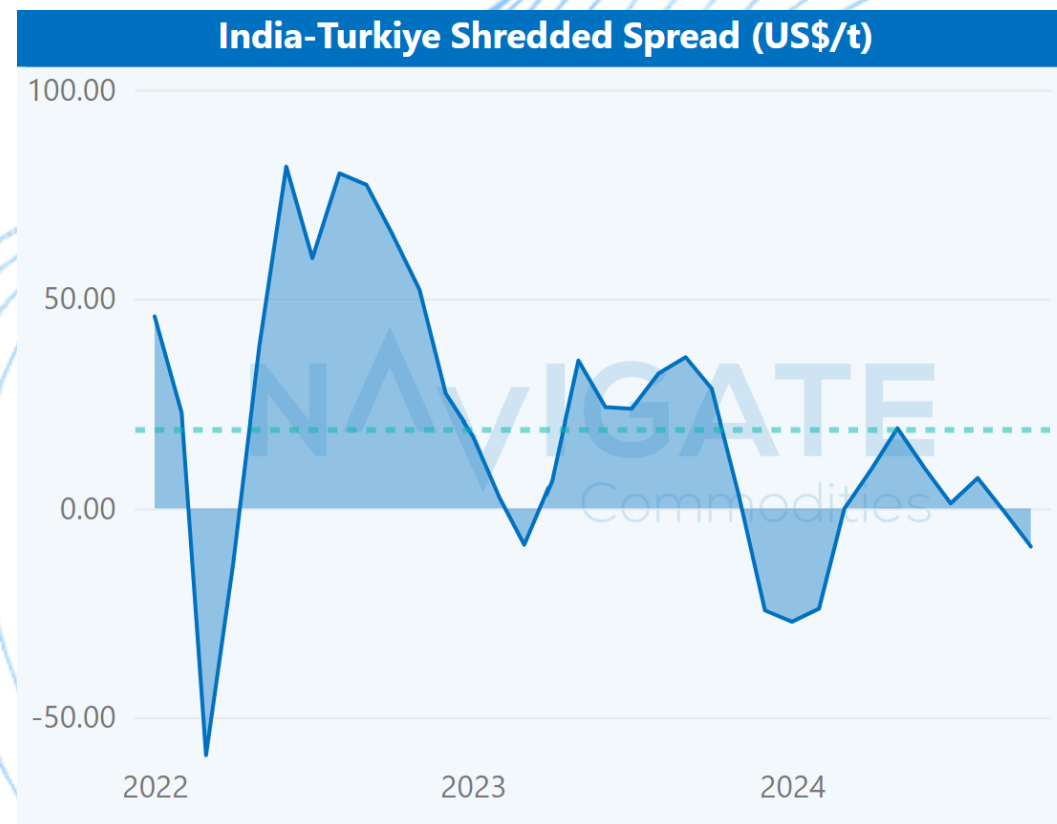
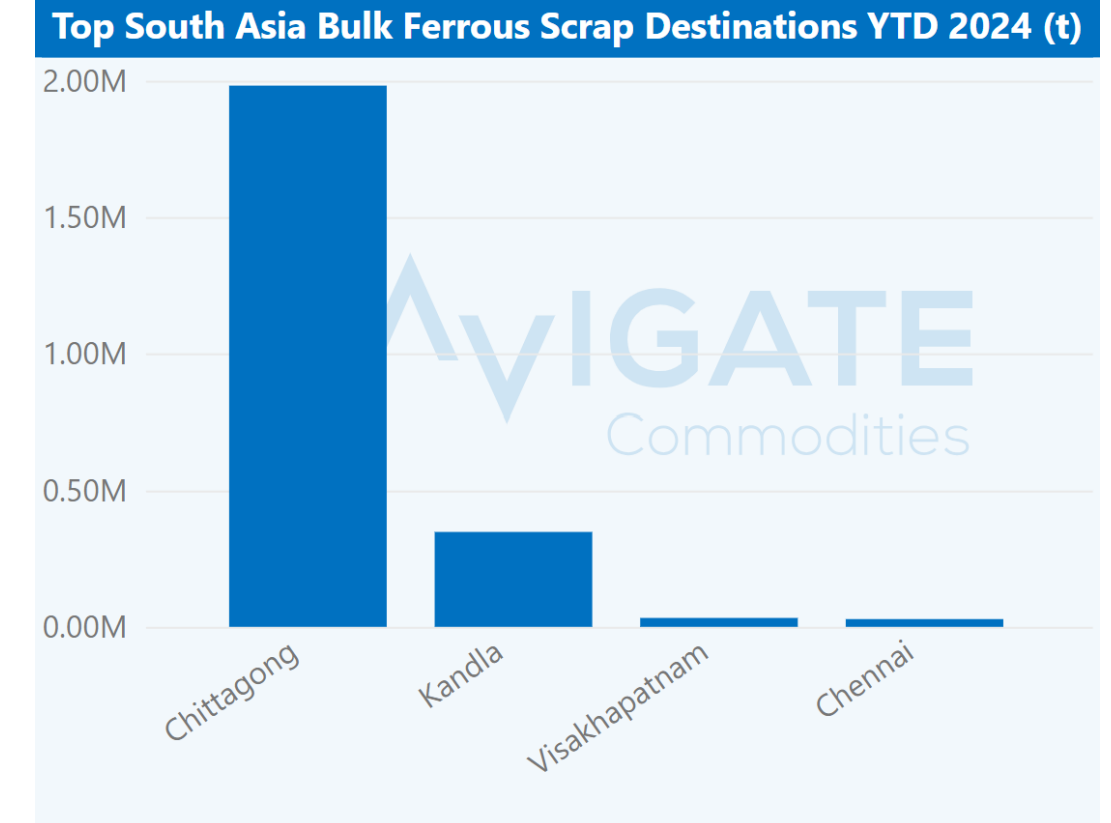
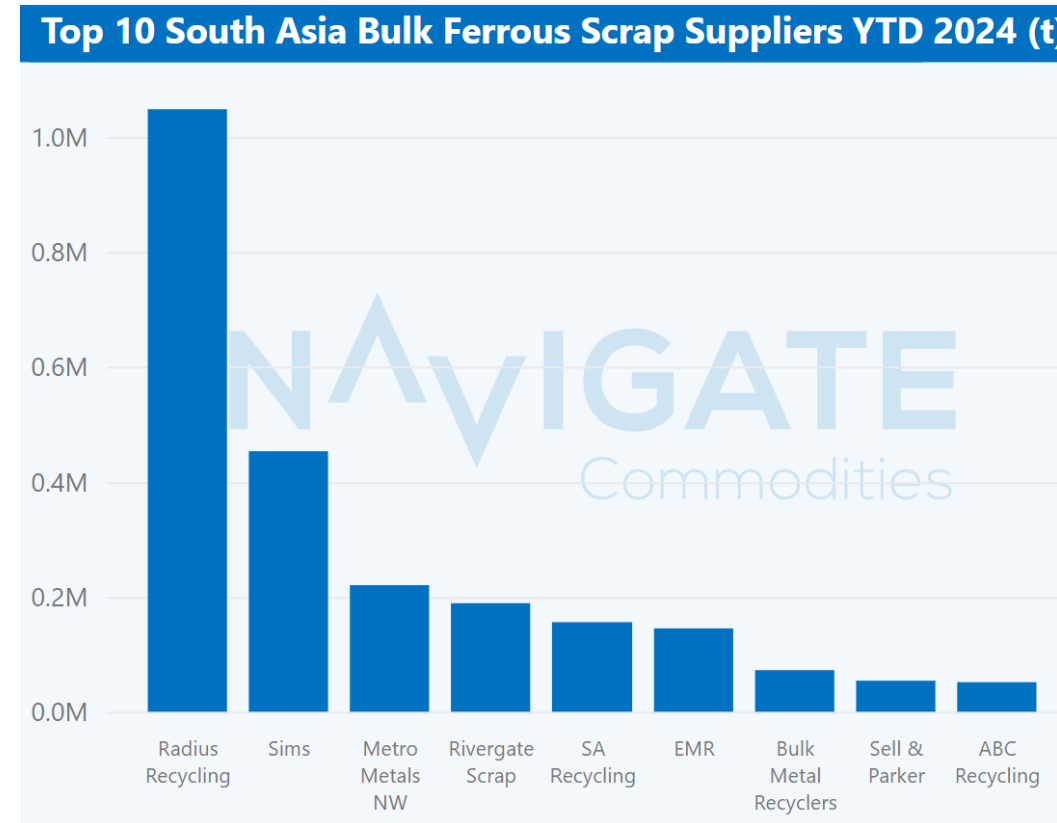
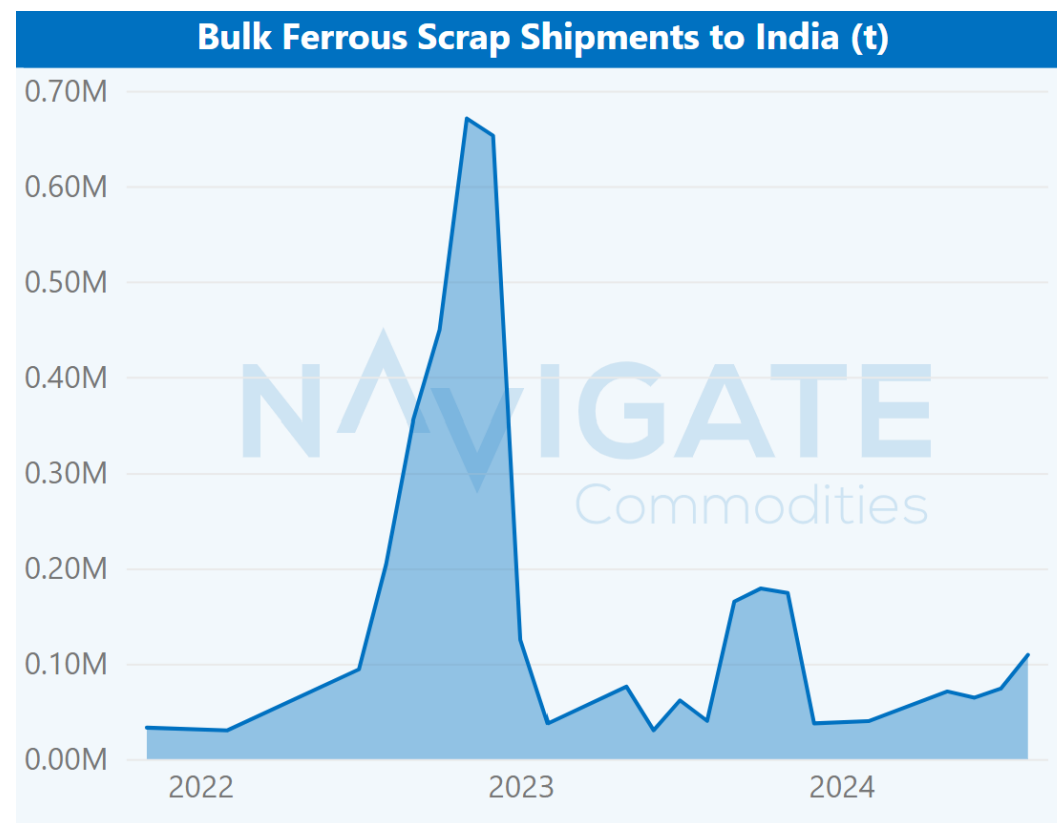
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



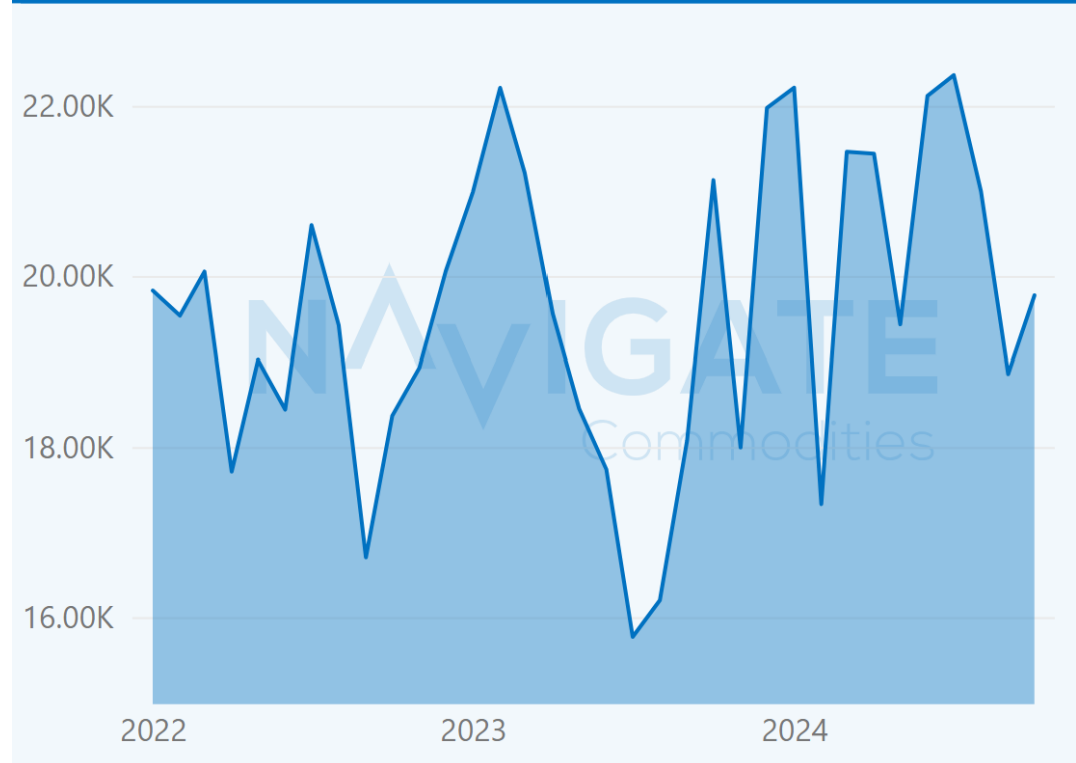
Source: Earth-i, Navigate Commodities



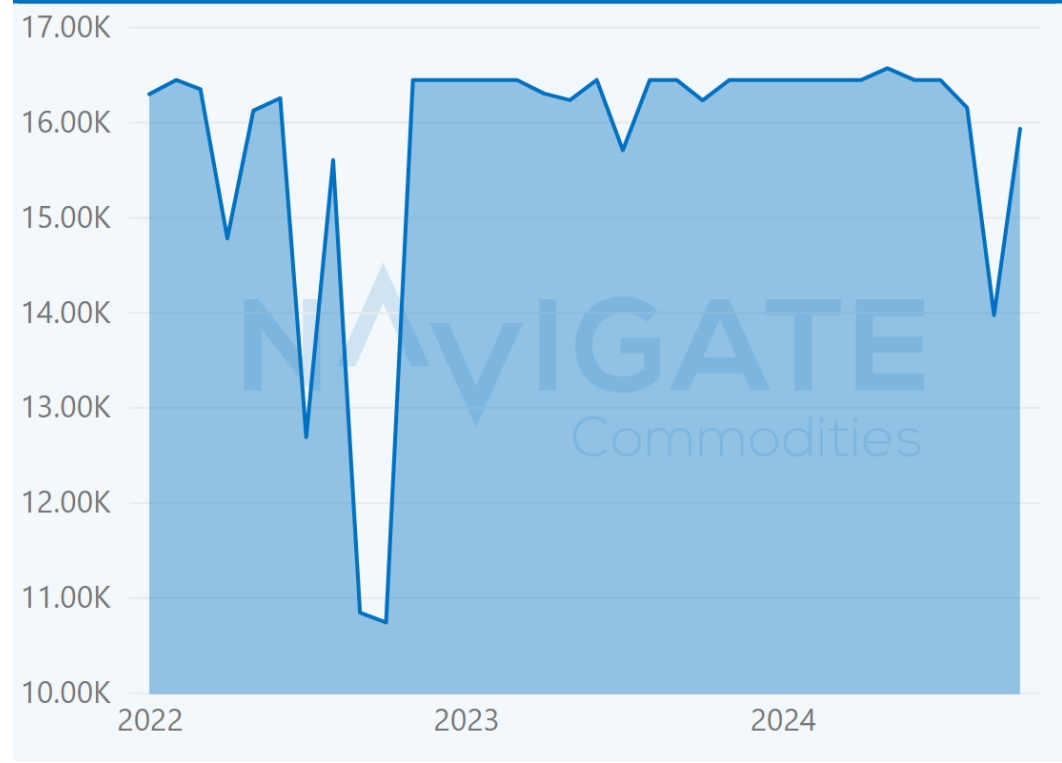
Source: Earth-i, Navigate Commodities, Bloomberg



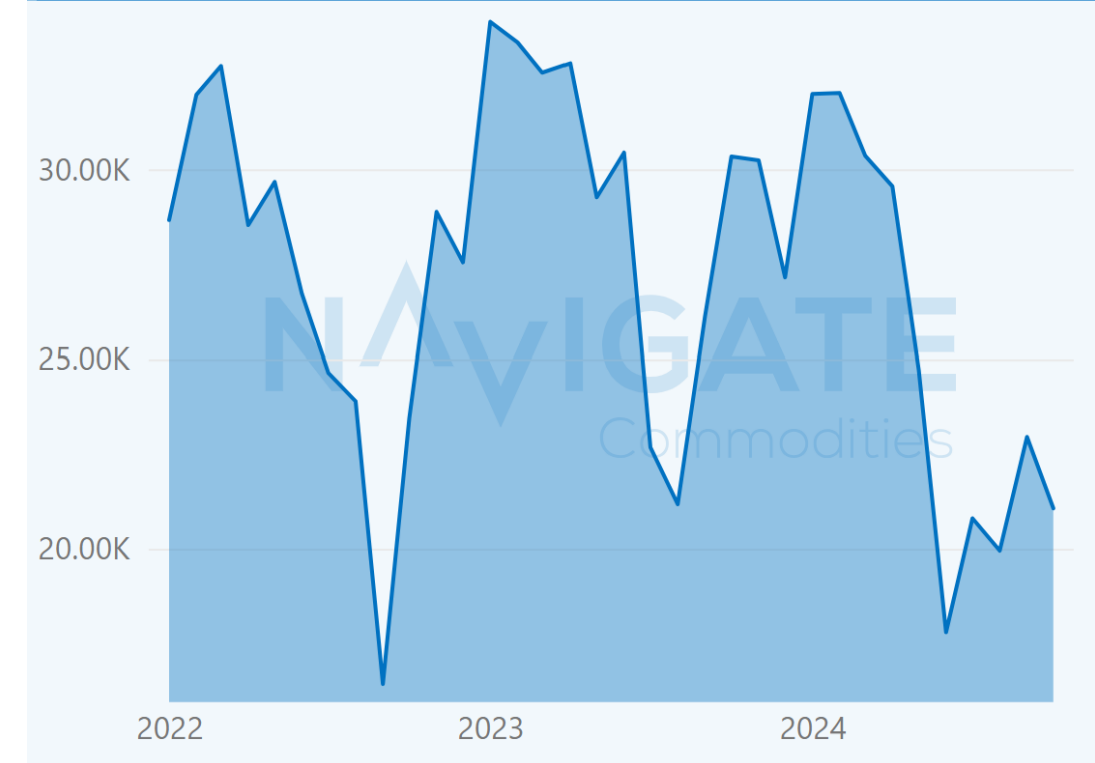
ArcelorMittal Nippon Steel Output 30D MA (tonnes per day)



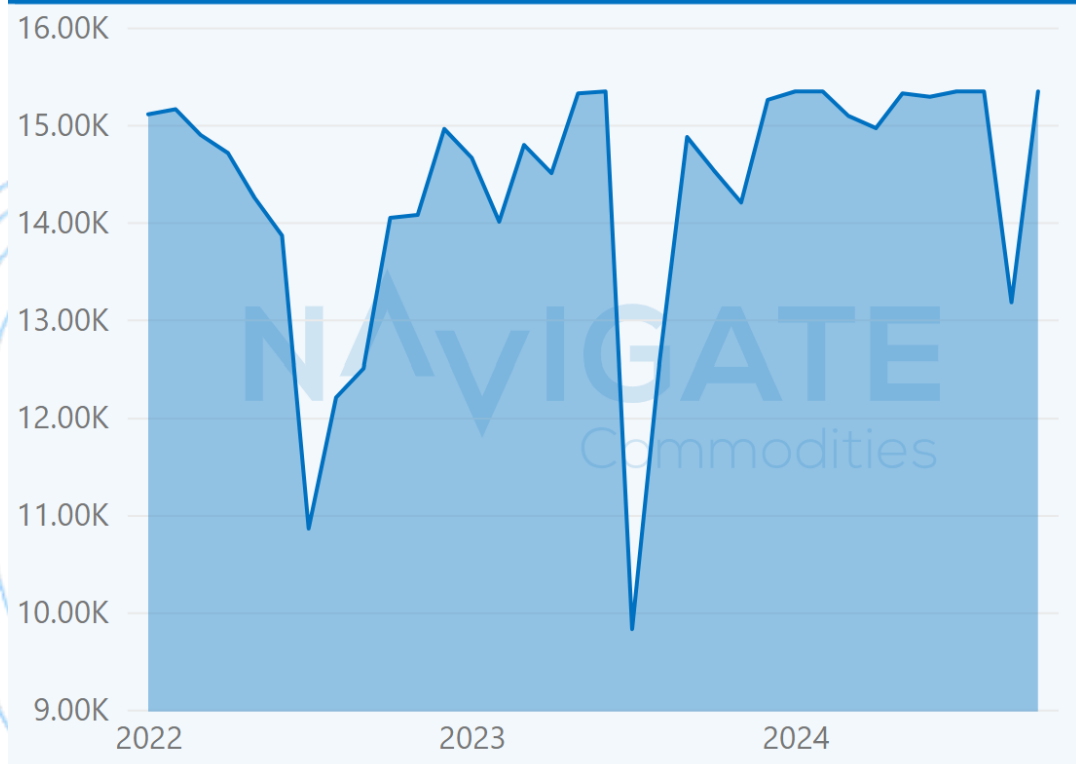
JSPL Odisha Steel Output 30D MA (tonnes per day)



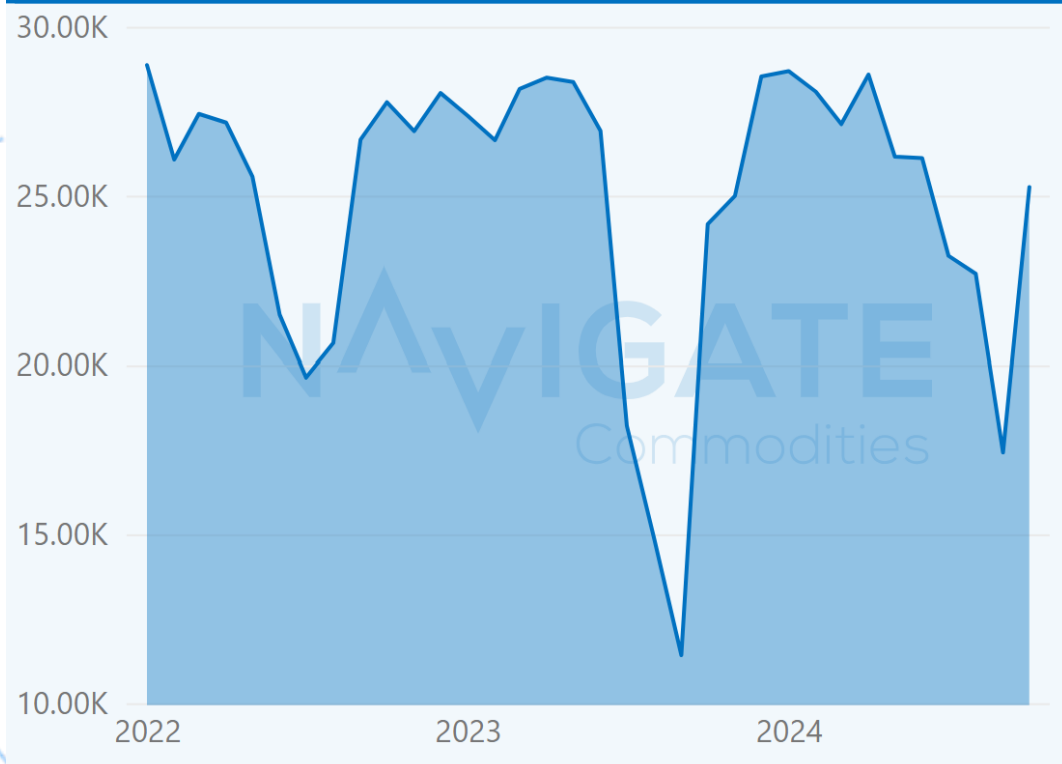
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



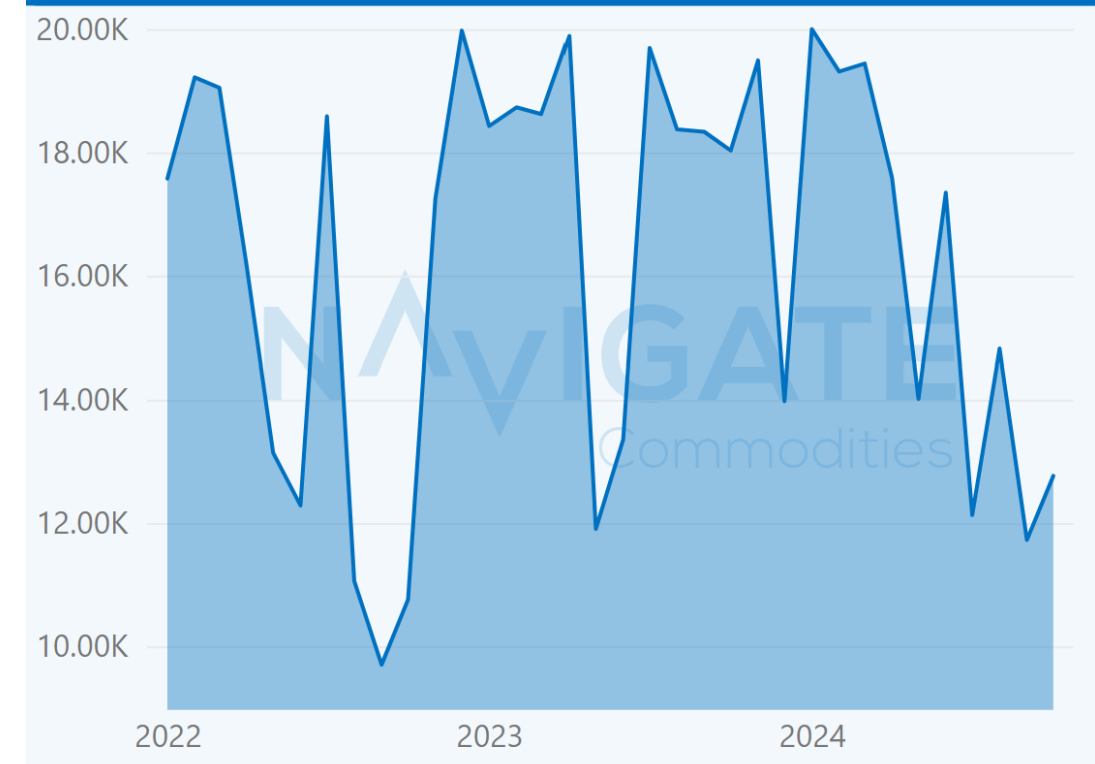
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



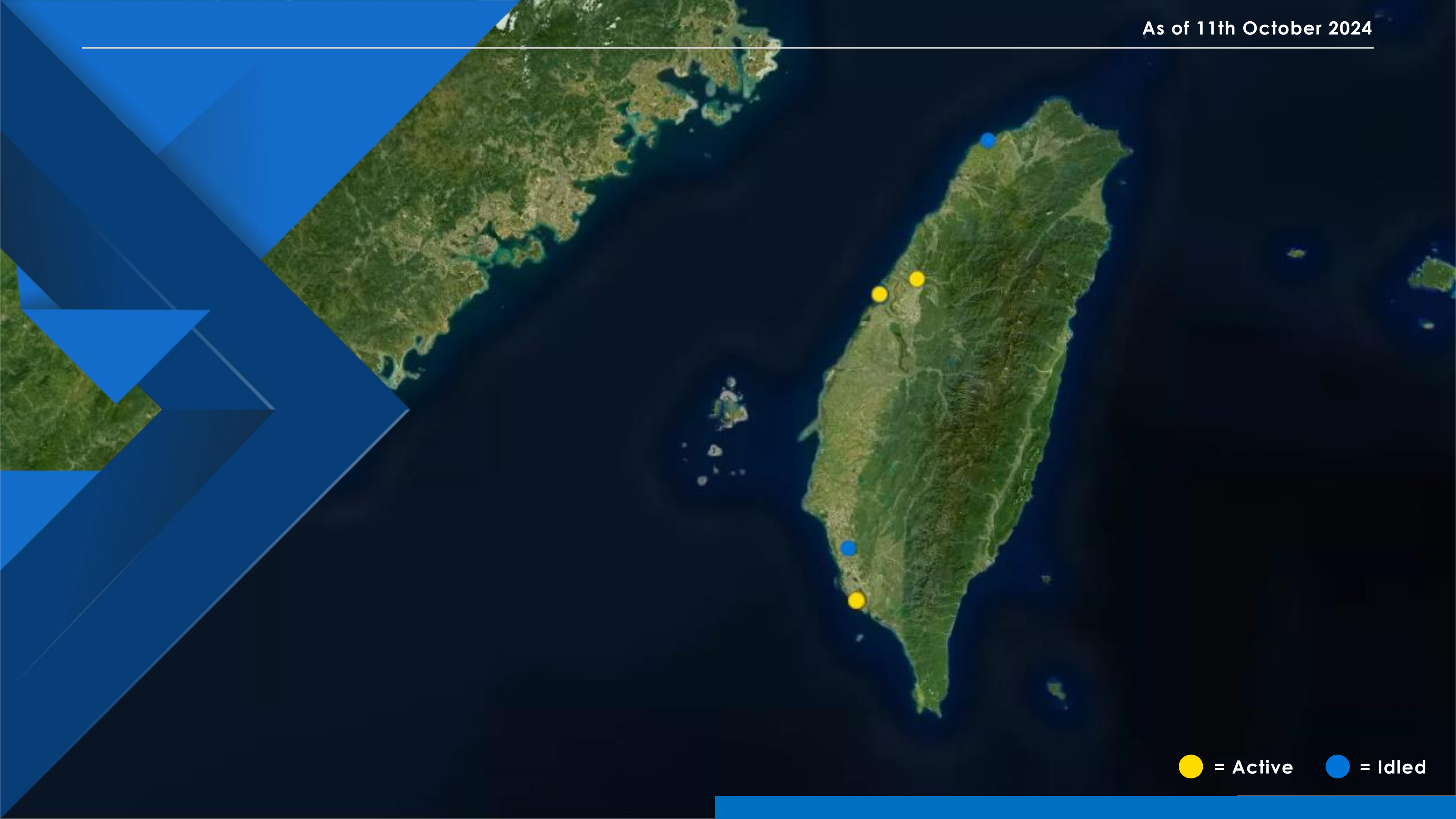
Vizag Steel Output 30D MA (tonnes per day)





Taiwan Steel Scrap Market Overview





● = Active ● = Idled

Taiwan

Taiwanese HMS 1&2 (80:20) containerized Ferrous Scrap benchmarks climbed US\$15/t to US\$320/t CFR on 9th October 2024 from the recent lows of US\$305/t recorded 26th September.

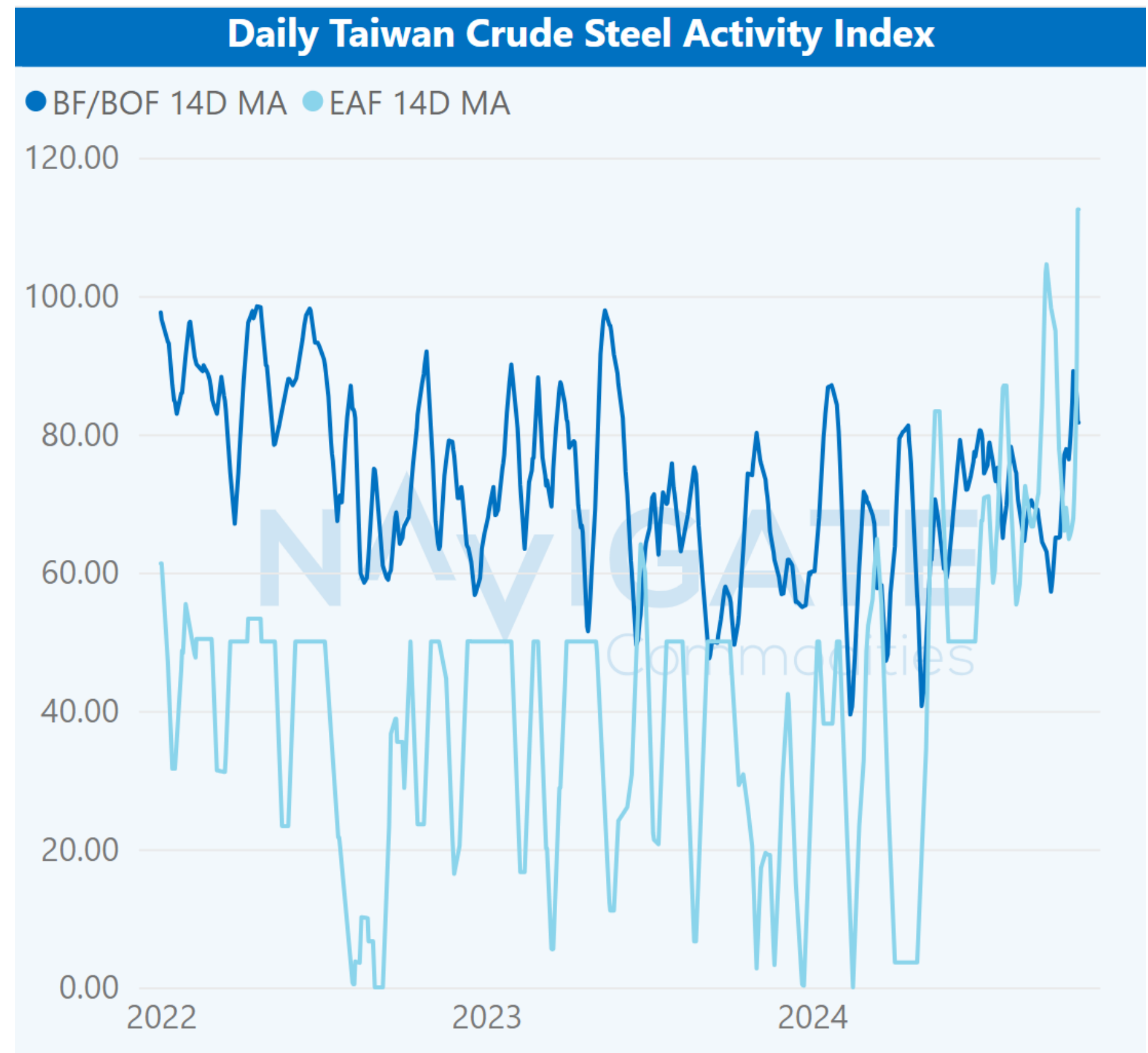
While a rebound in integrated (BF/BOF) and electric arc furnace (EAF) smelting over the past month has contributed to improved Ferrous Scrap demand, it's also likely basing effects from other regions have played a supporting role too.

At the same time, sentiment-driven rallies in Chinese Steel markets have likely made Chinese-origin export offers of Billets, Bars & Rods significantly less attractive to Taiwanese buyers.

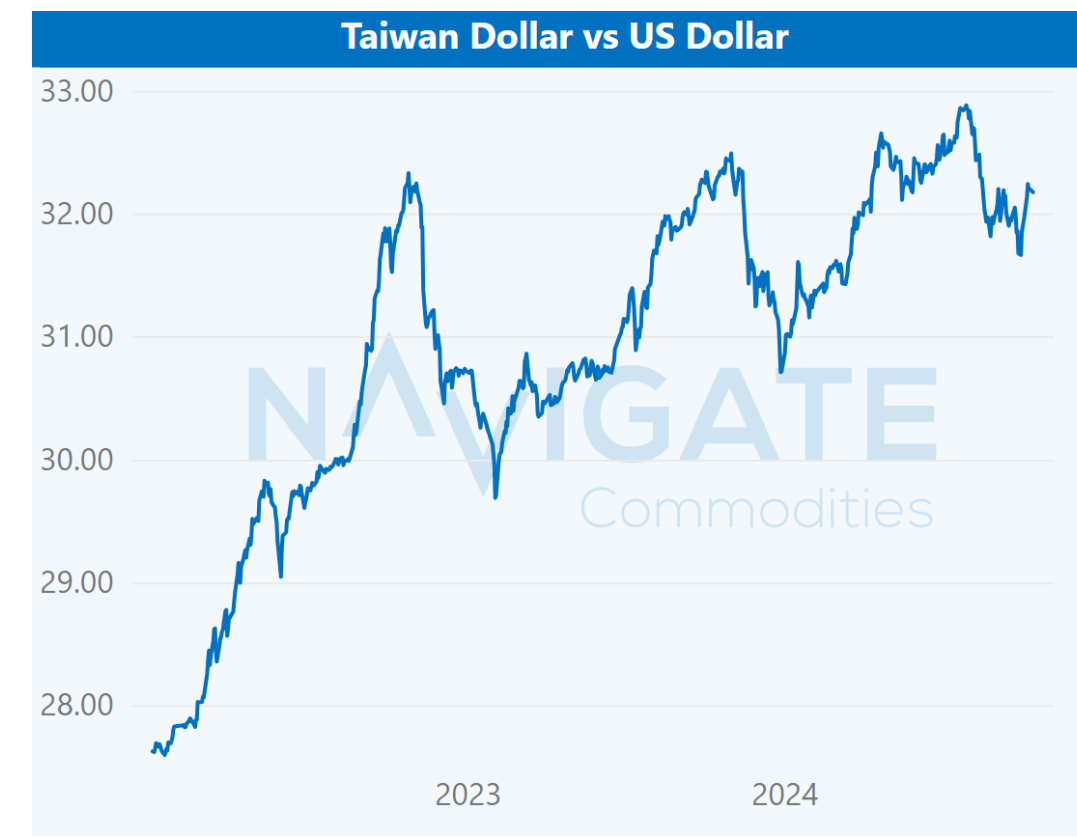
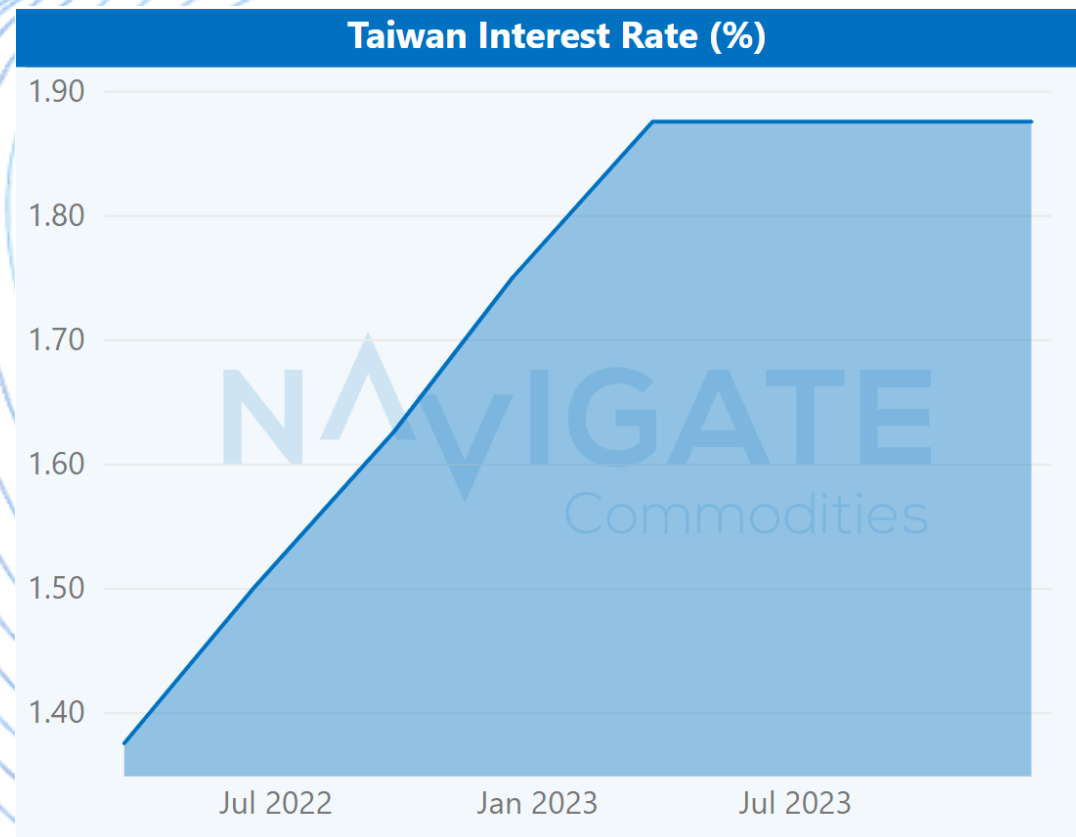
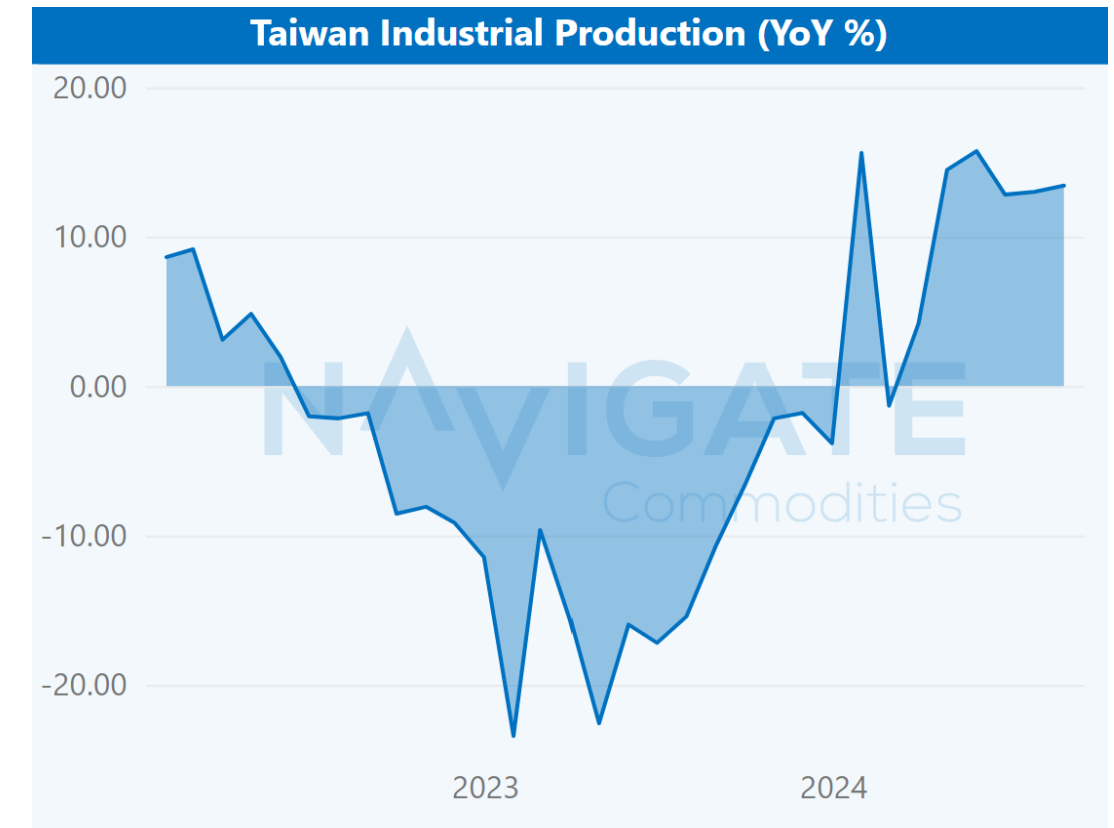
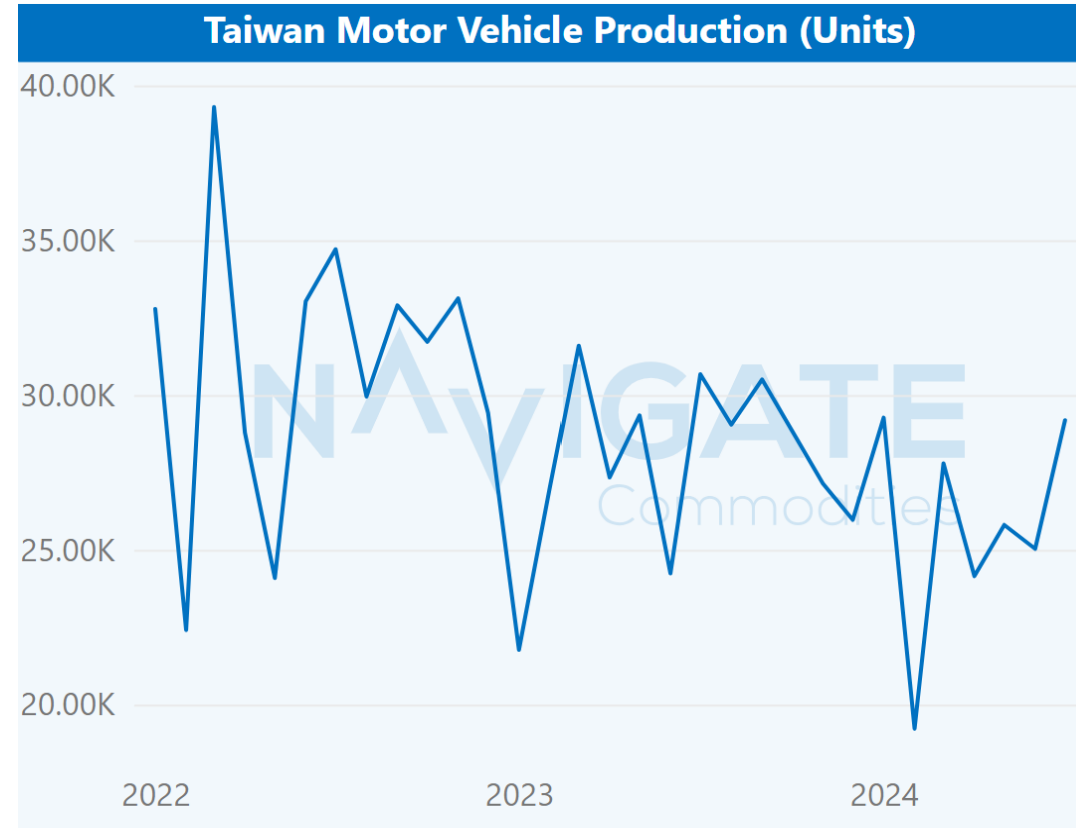
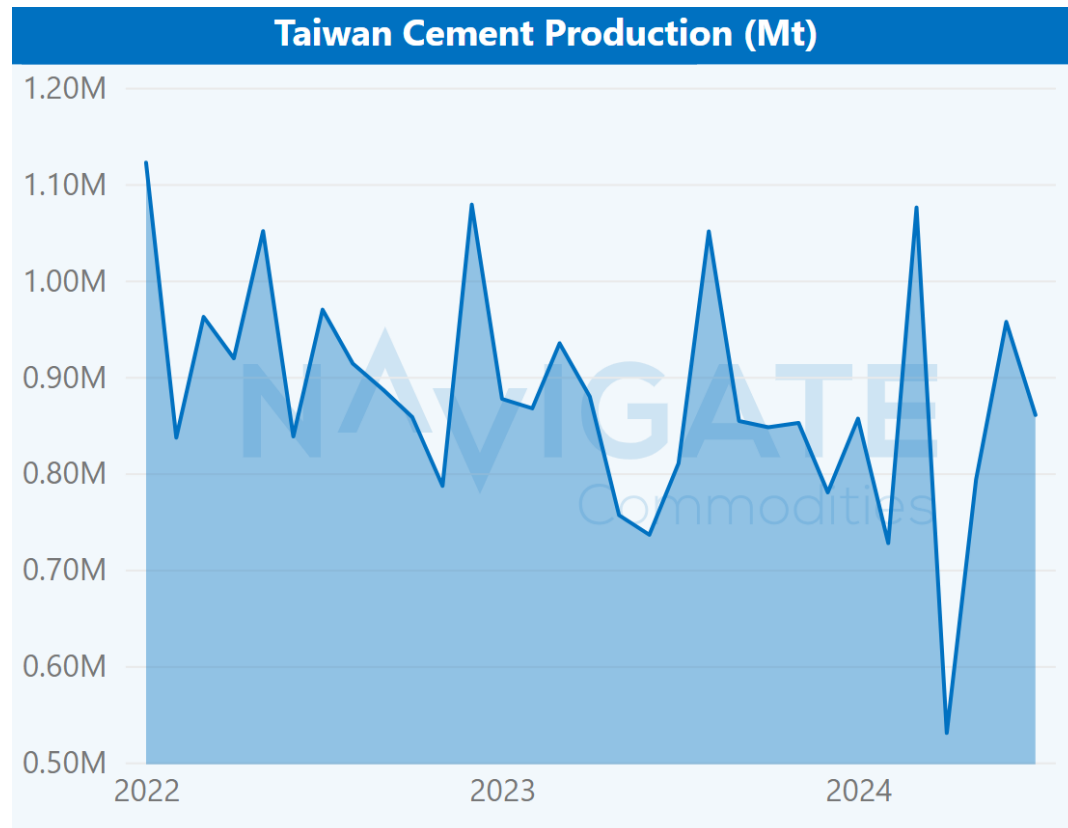
For example, Shanghai Rebar futures surged as much as US\$98.07/t to five-month highs of US\$535.37/t on 8th October – though they have settled back from stimulus-fueled highs at around US\$490/t in the days since.

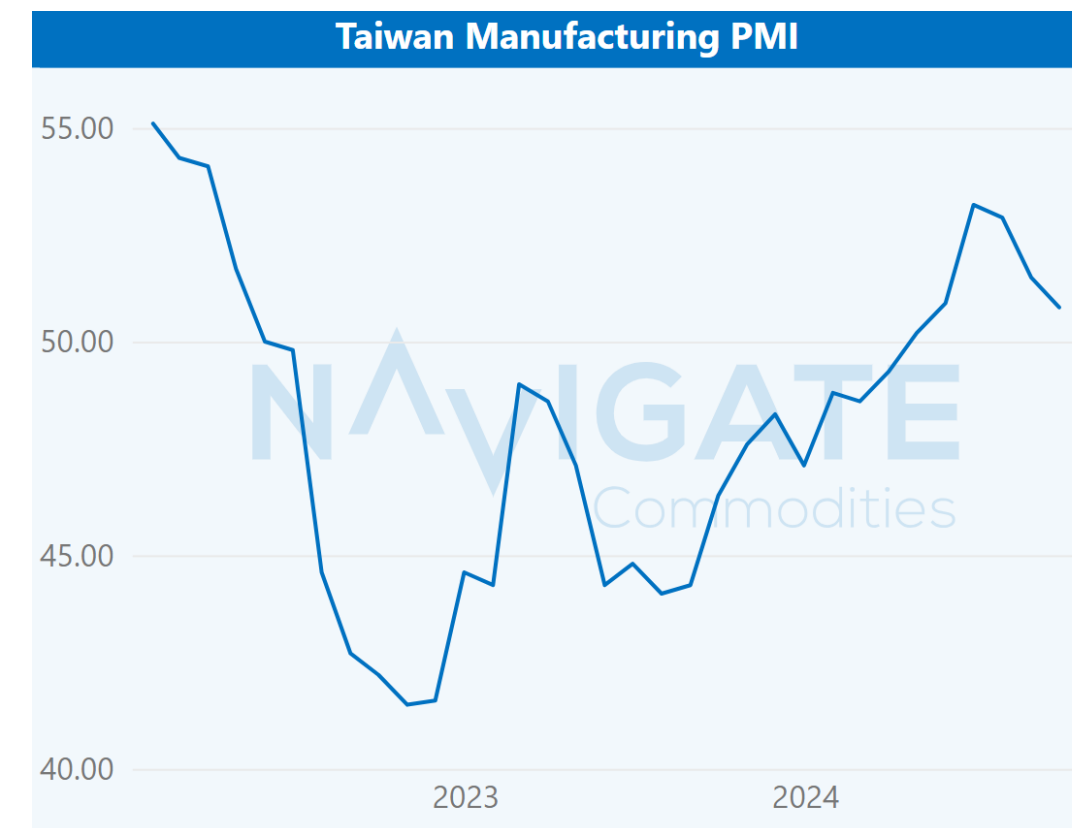
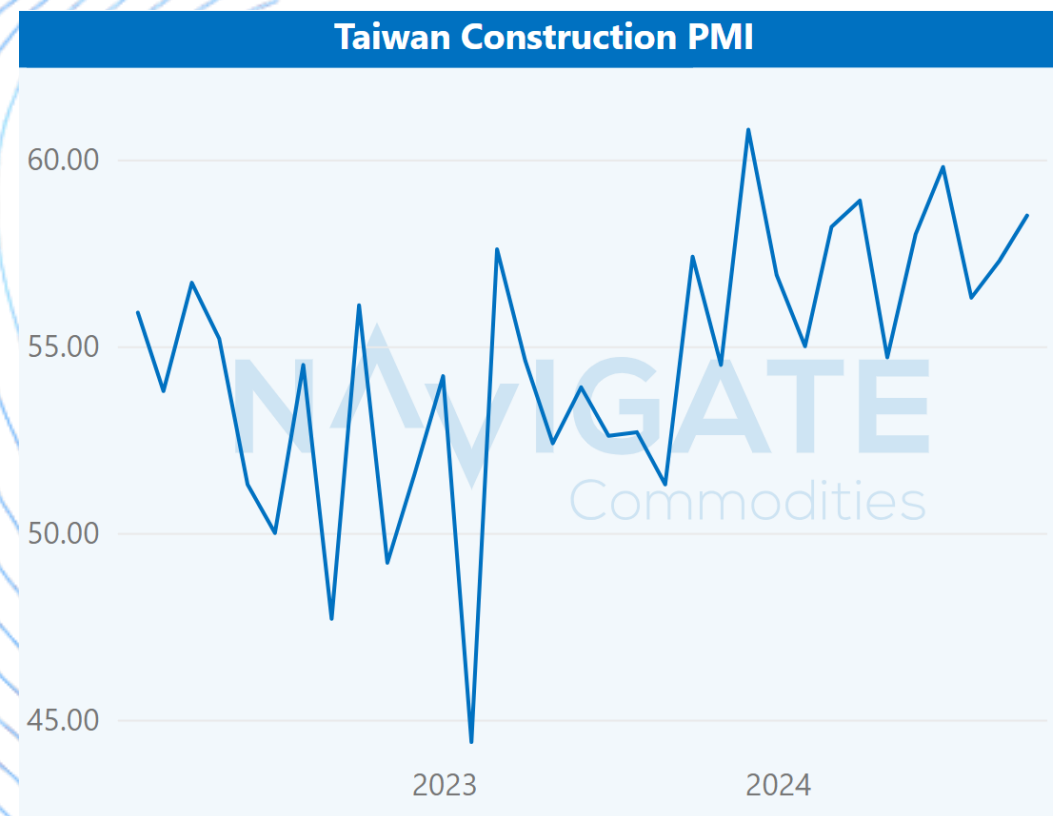
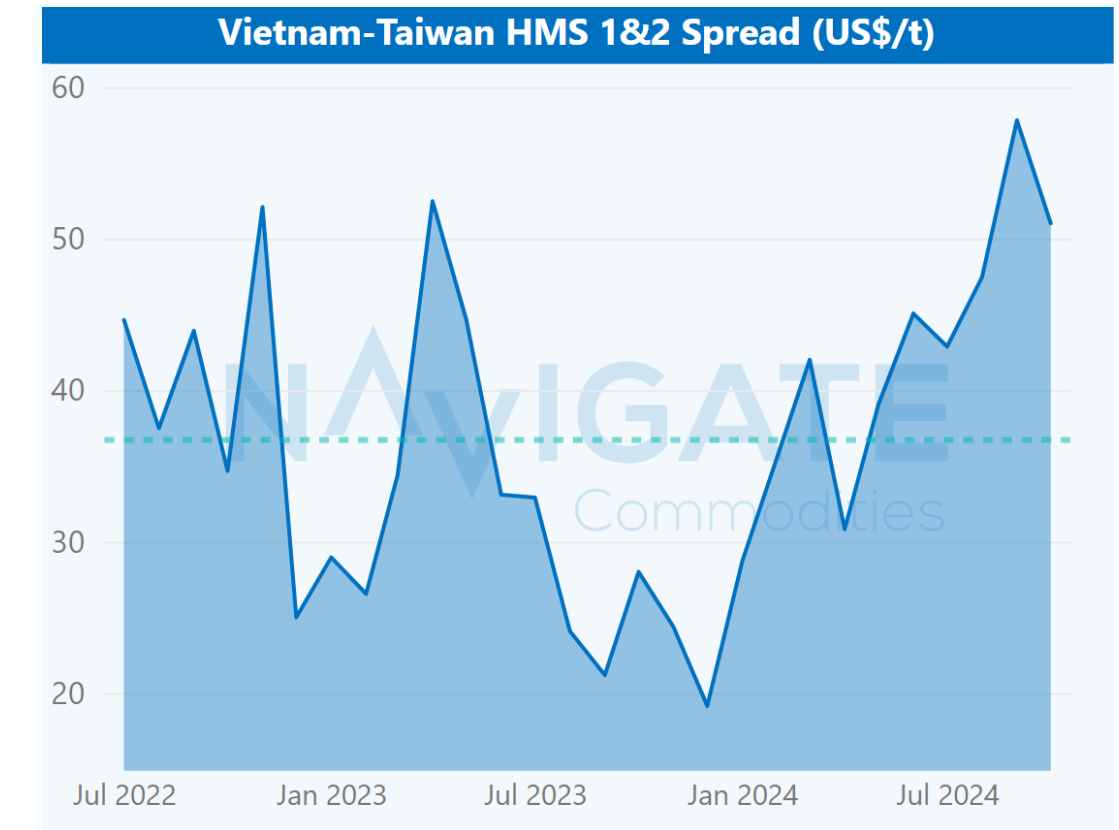
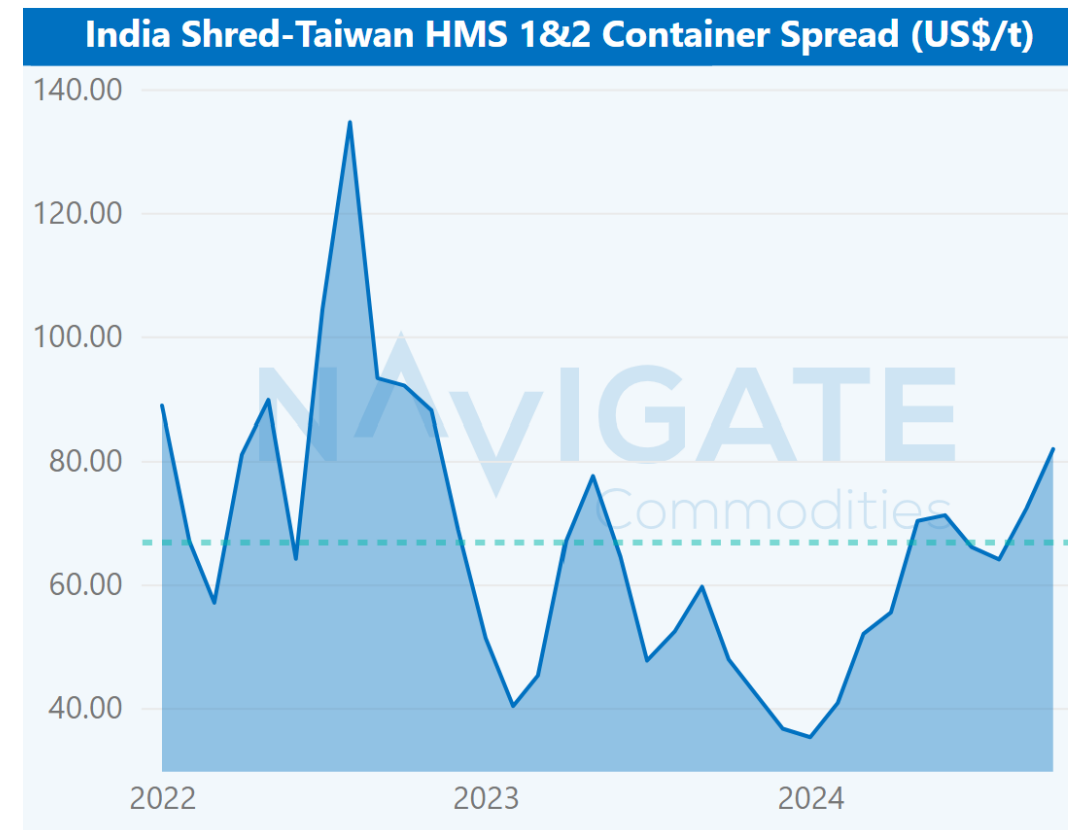
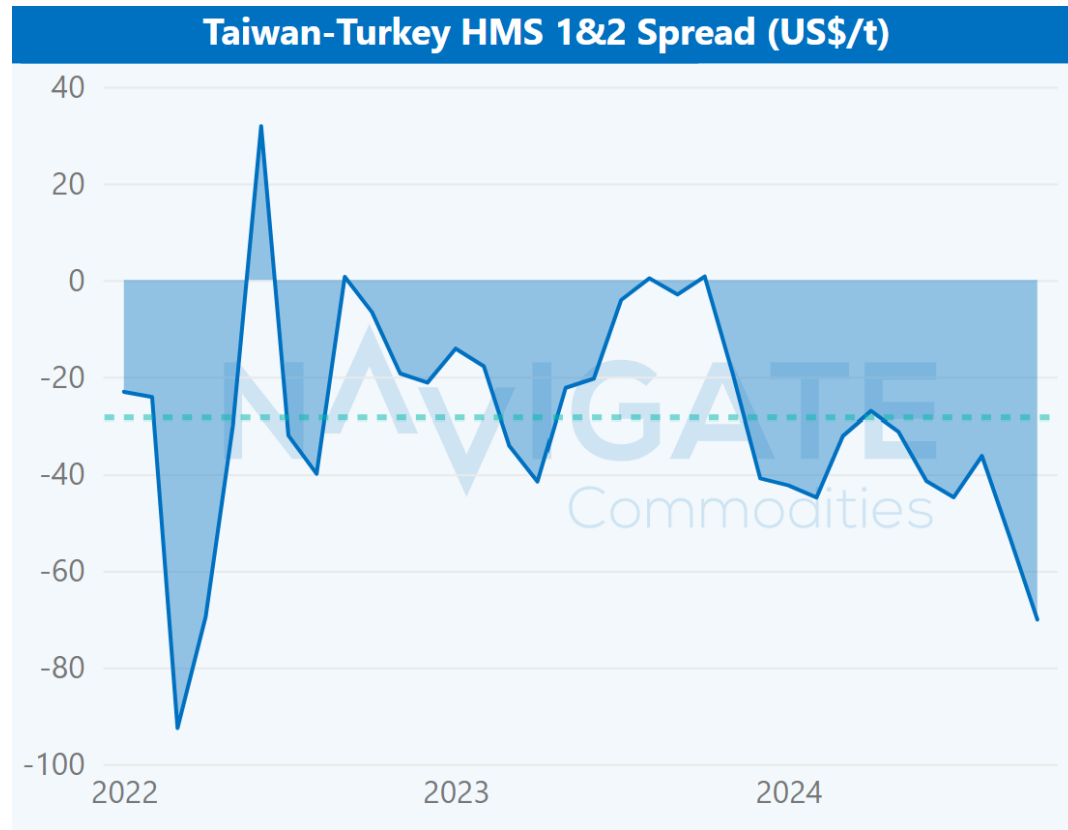
As a result, we believe some opportunistic Taiwanese Steel smelters have likely responded by raising output to take advantage of their renewed competitiveness in their own back yards.

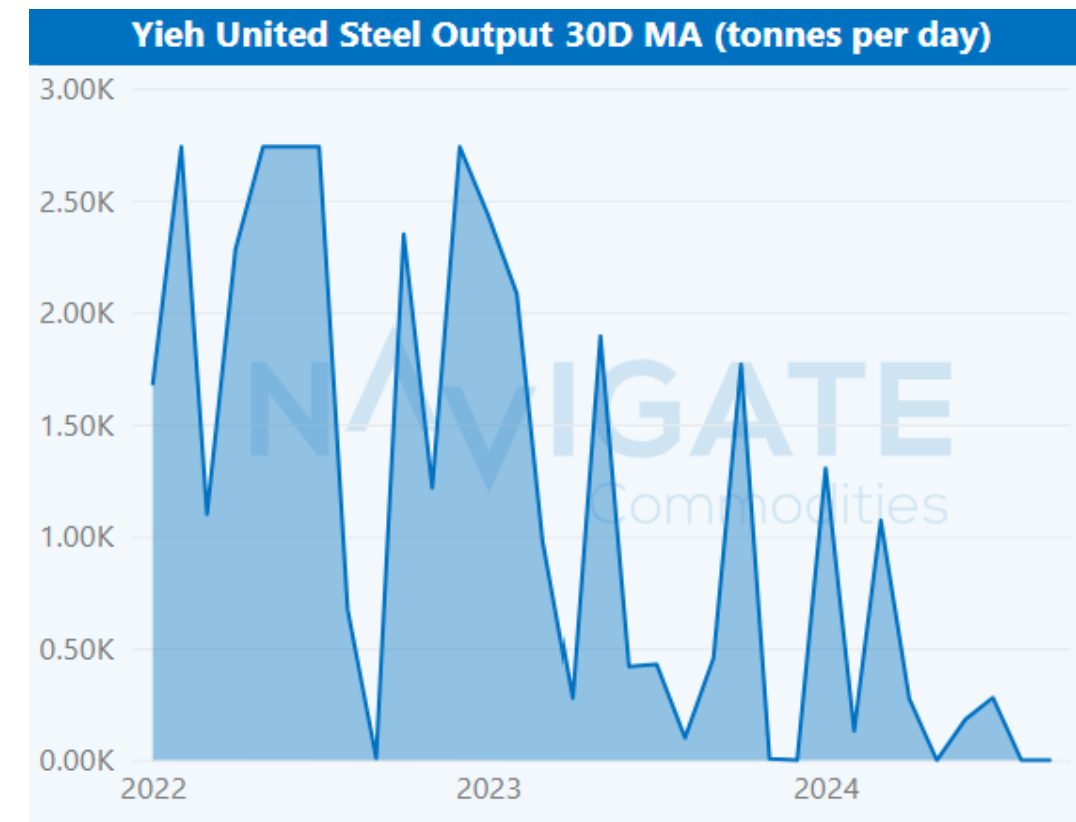
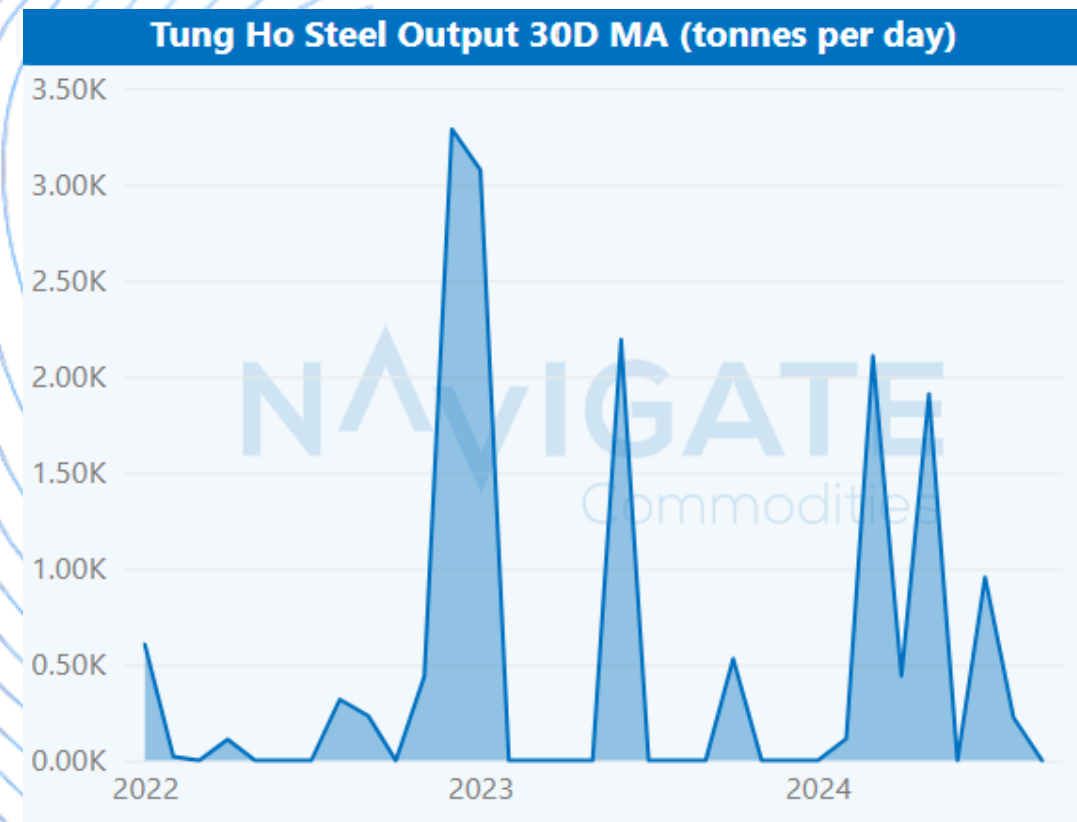
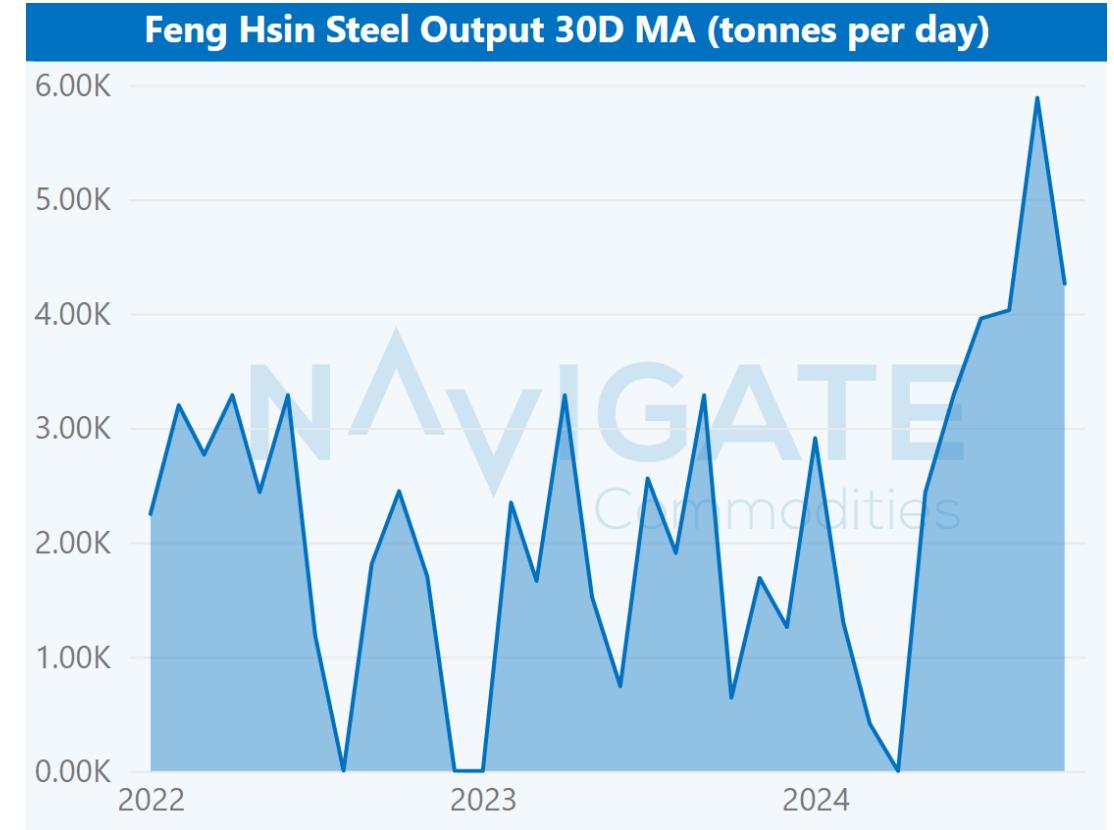
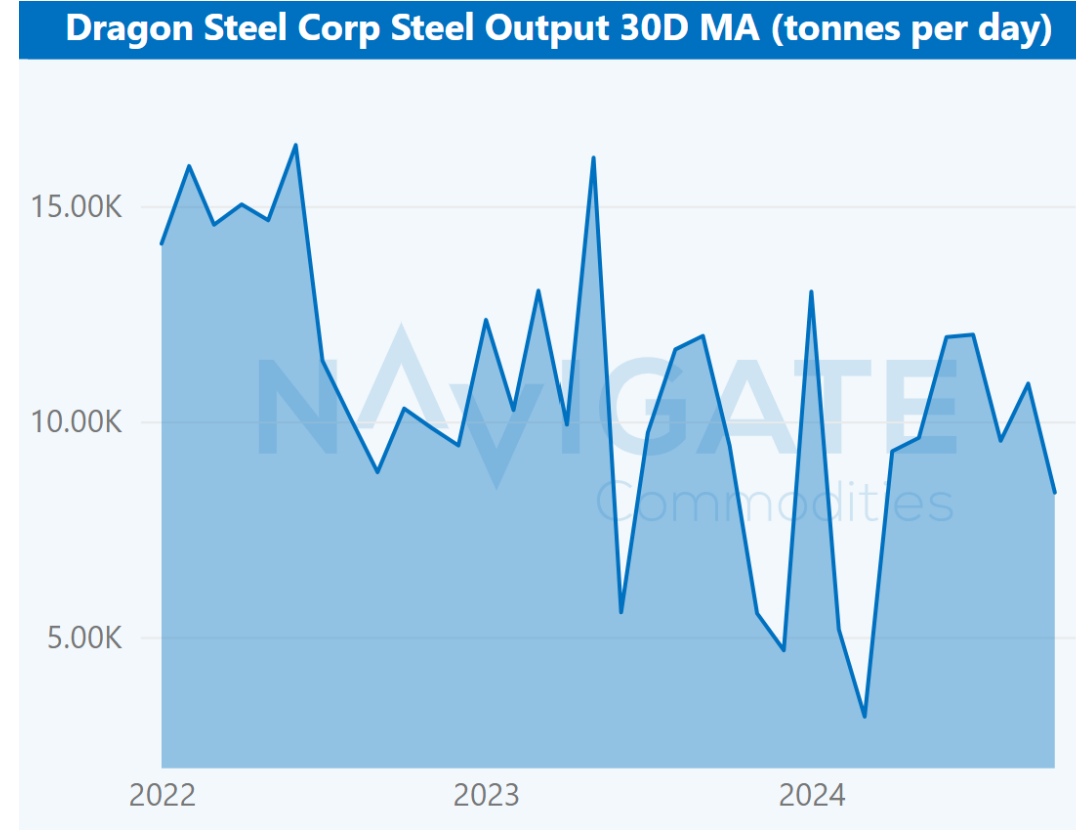
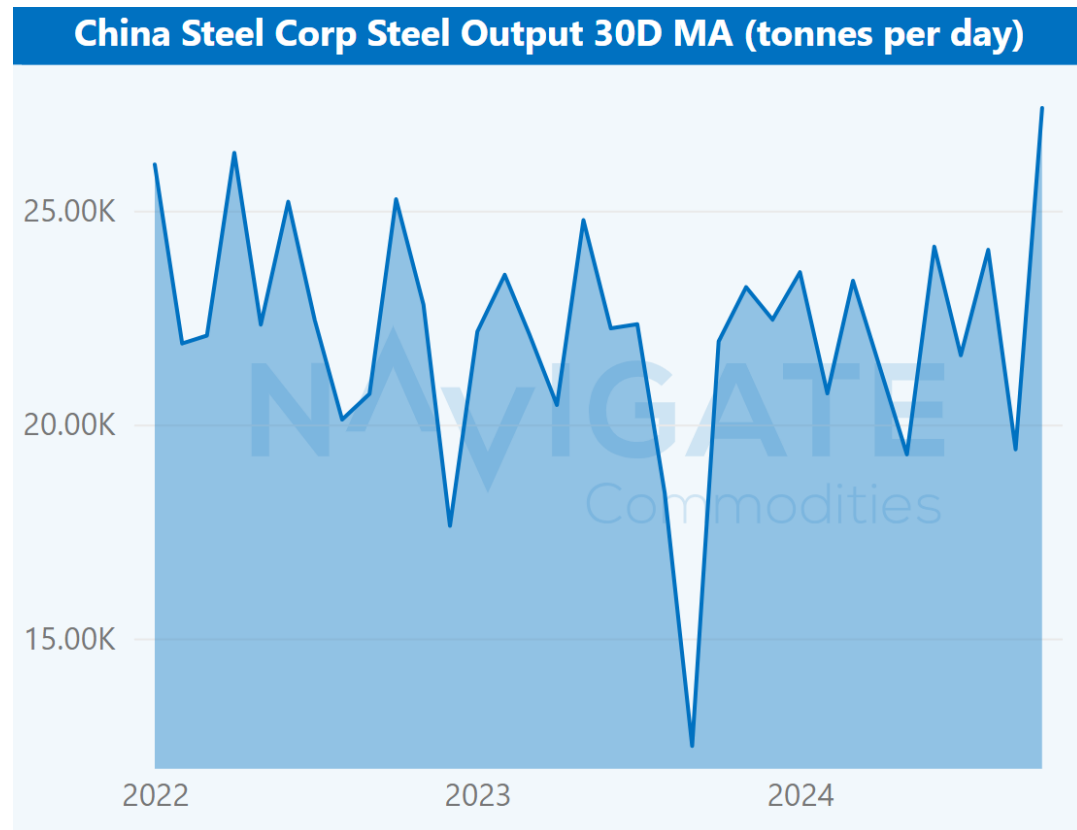
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities









Türkiye Steel Scrap Market Overview



As of 11th October 2024



Türkiye

Turkish HMS 1&2 (80:20) benchmarks jumped as much as US\$18-21/t over the past week to US\$386-388/t CFR Türkiye (TKY) on 4th October 2024 influenced largely by more volatile Chinese industrial metals markets i.e. Iron Ore, Billets, and Rebar.

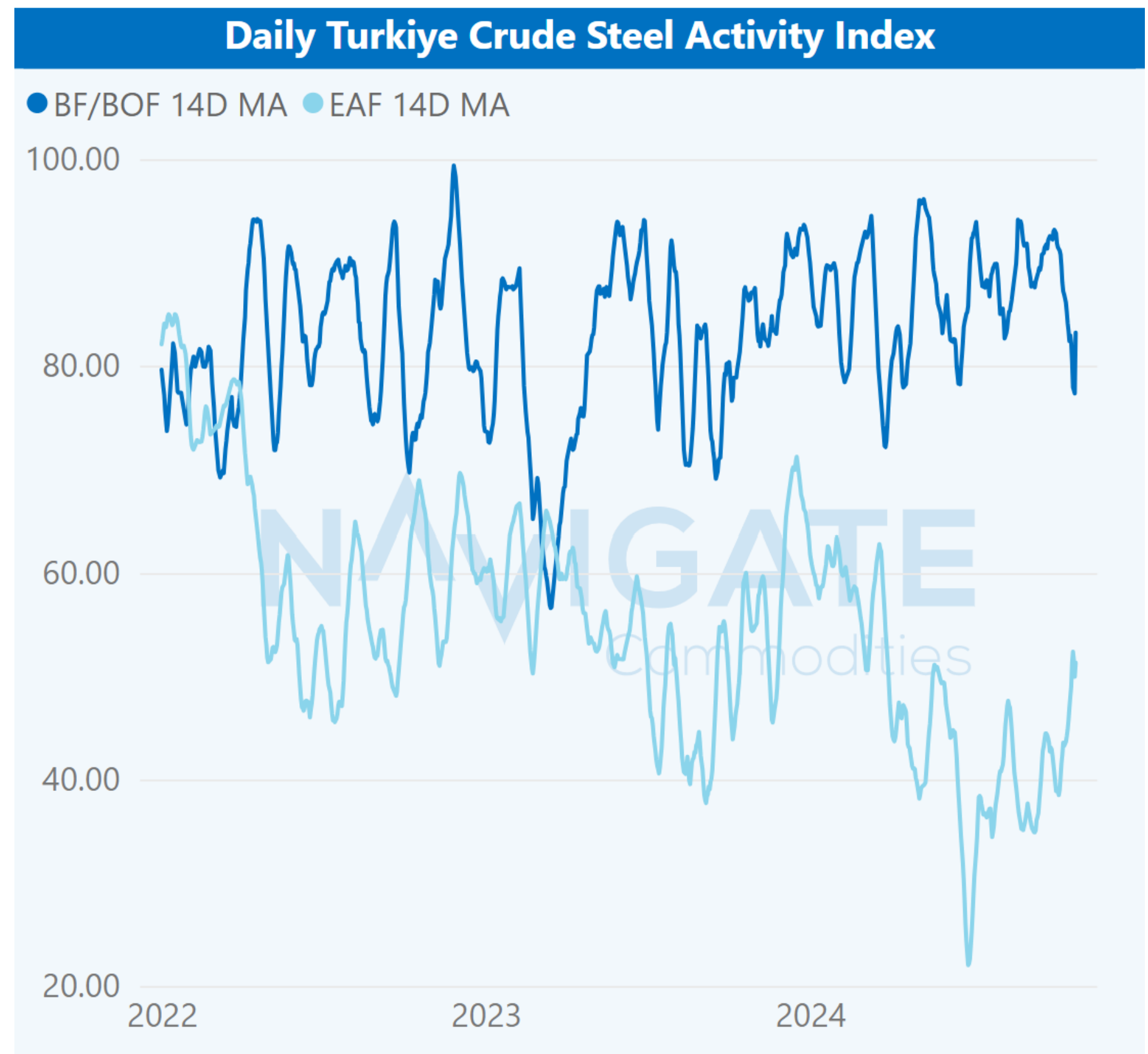
Sentiment rallies in Chinese futures markets were almost immediately transmitted to corresponding physical prices, with low-valued deals cancelled and re-offered at much higher levels.

Ex-China financial & physical markets have now had at least a week to digest the various stimulus packages introduced by authorities and it appears most are now coming to the correct conclusion.

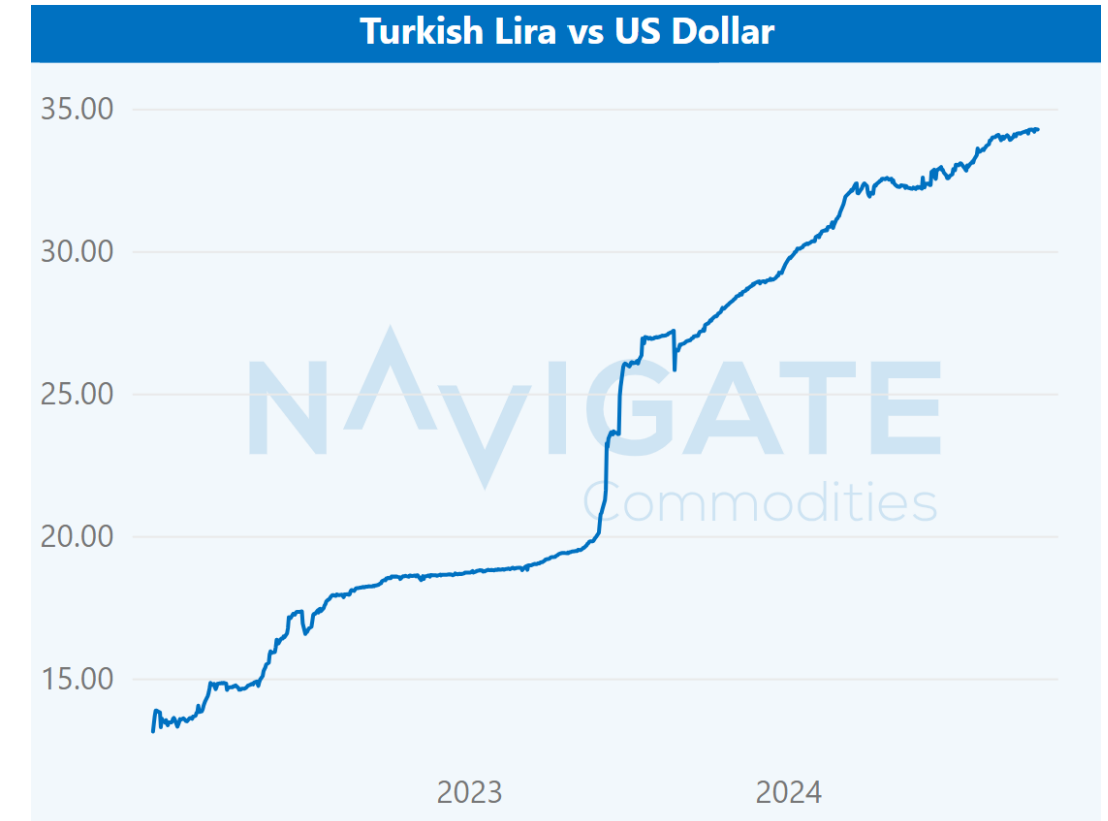
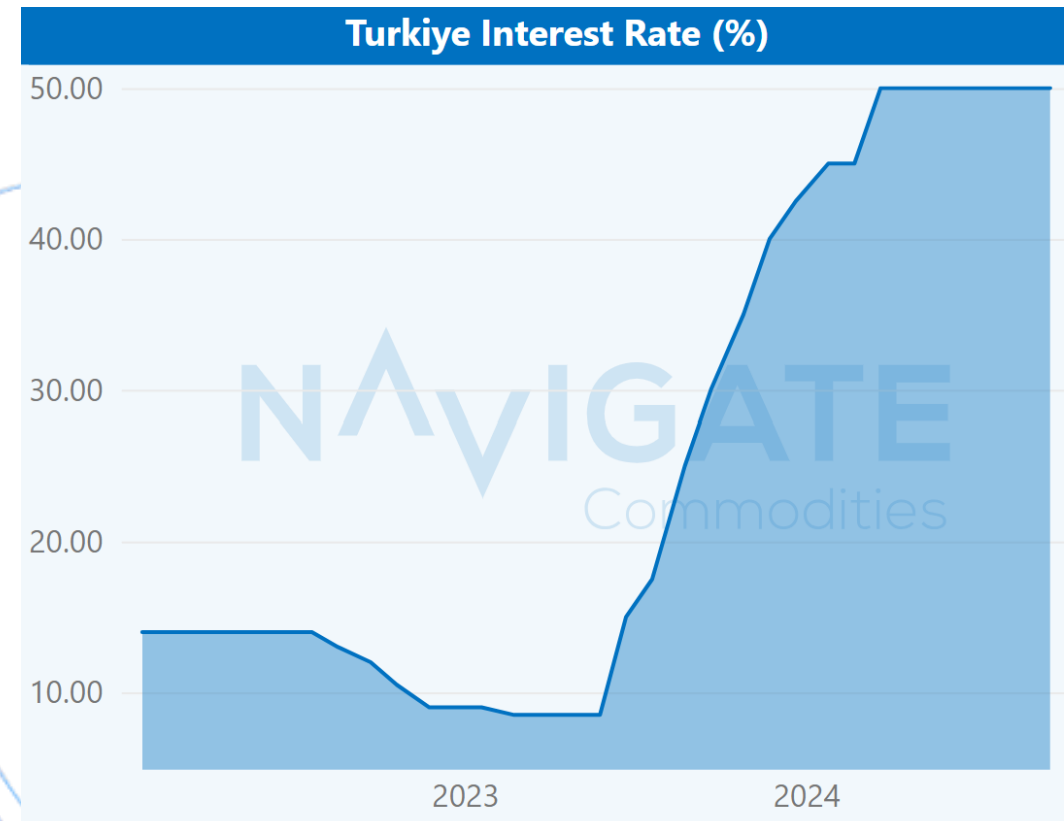
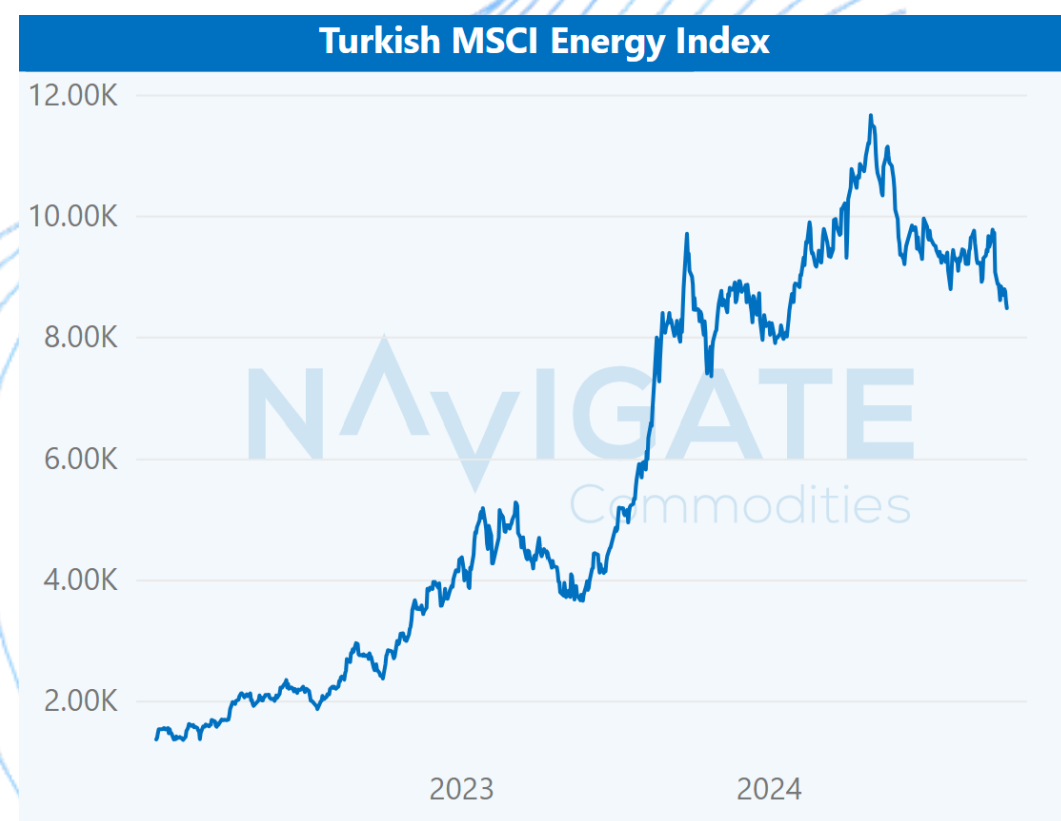
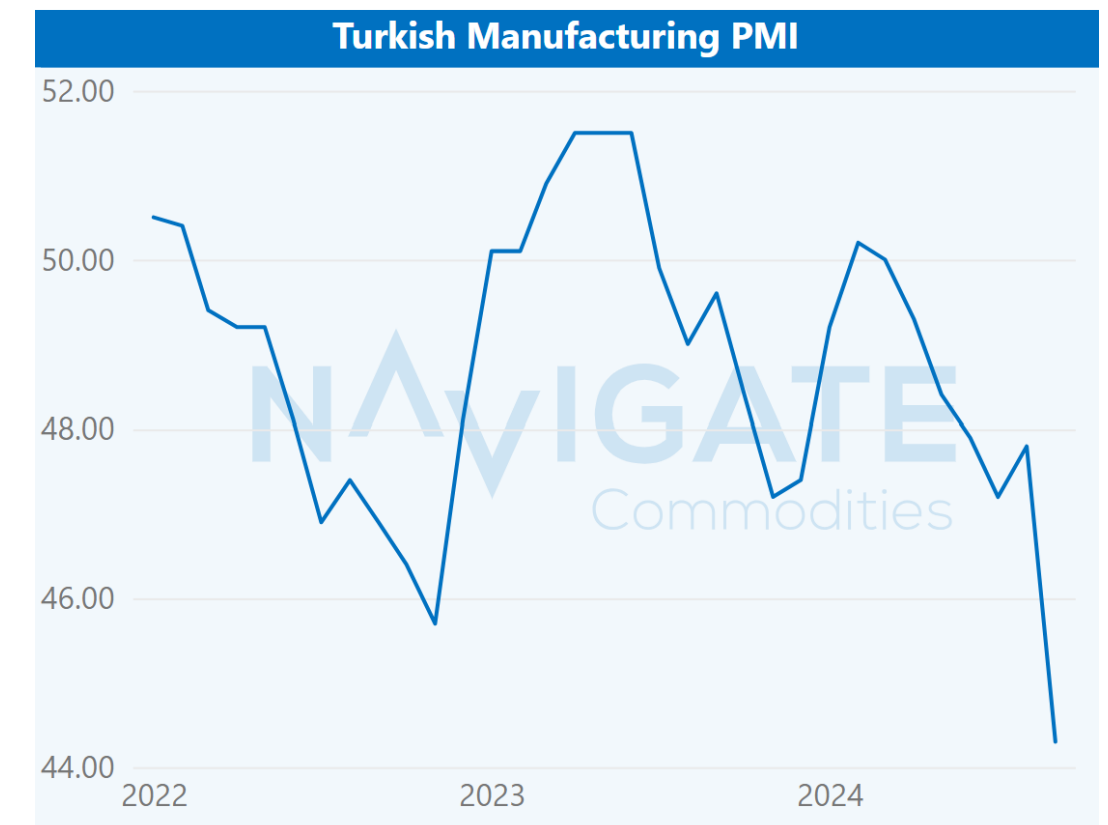
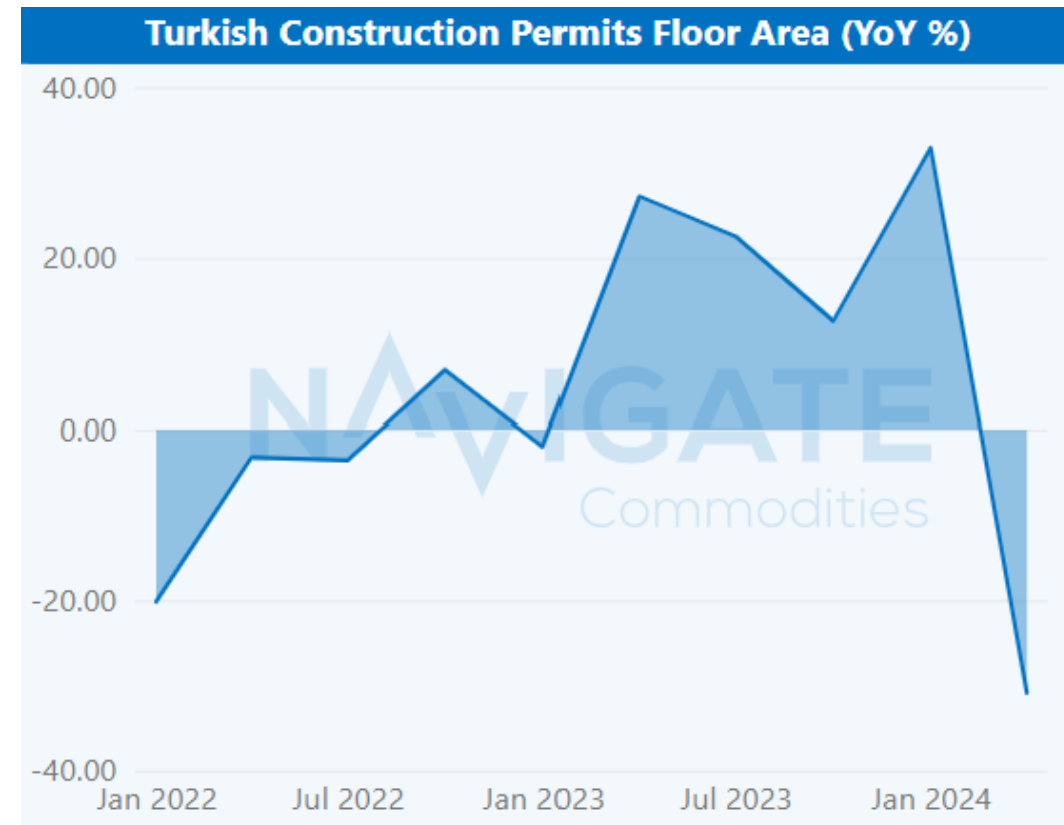
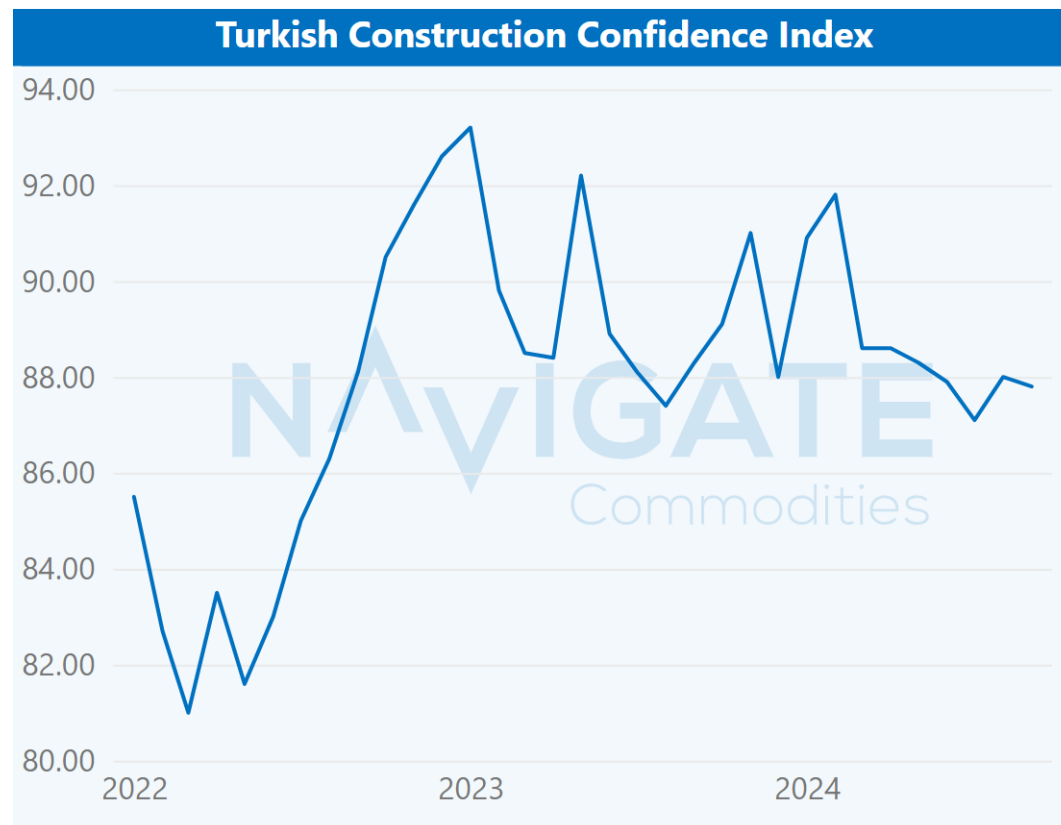
To the contrary, China's Politburo has openly declared that construction of any new housing projects would be suspended or terminated as not to exacerbate the current oversupply of housing.

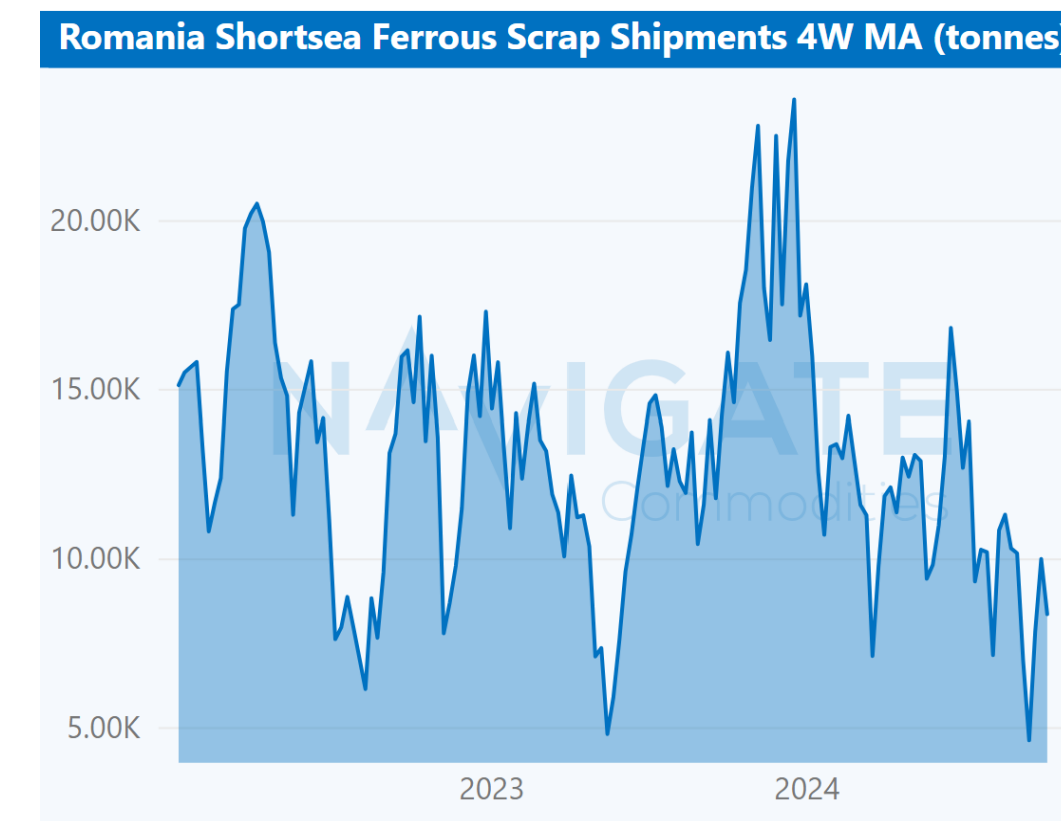
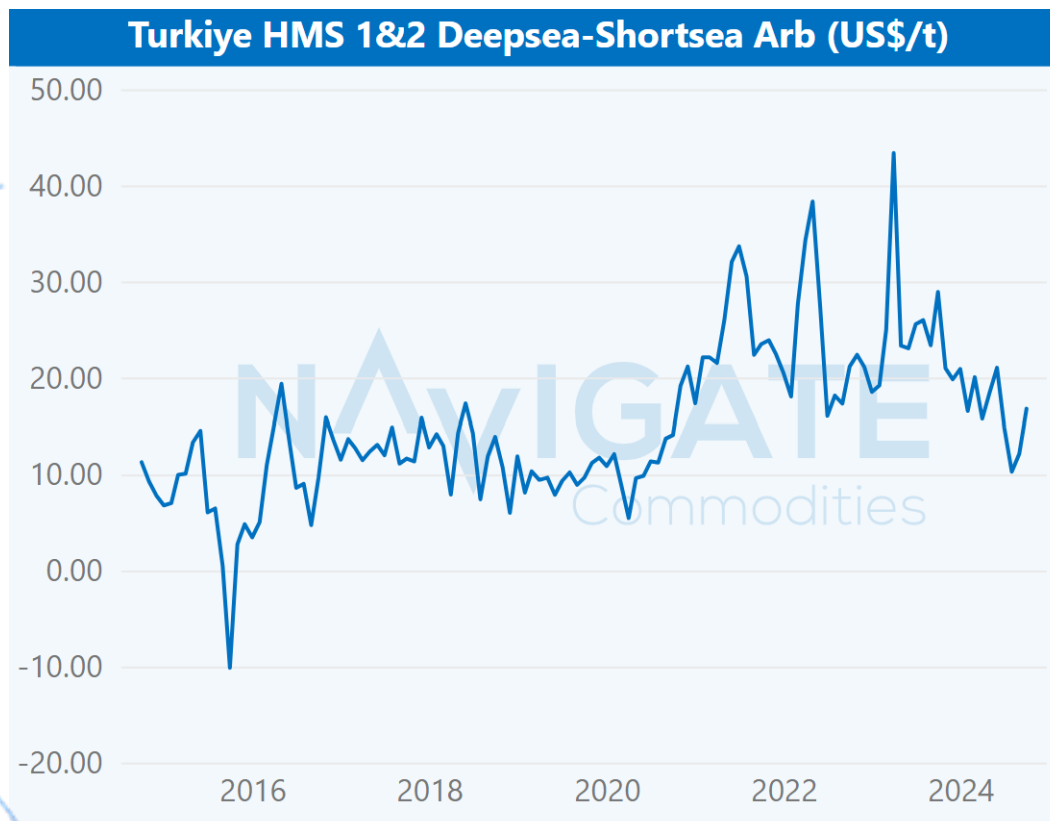
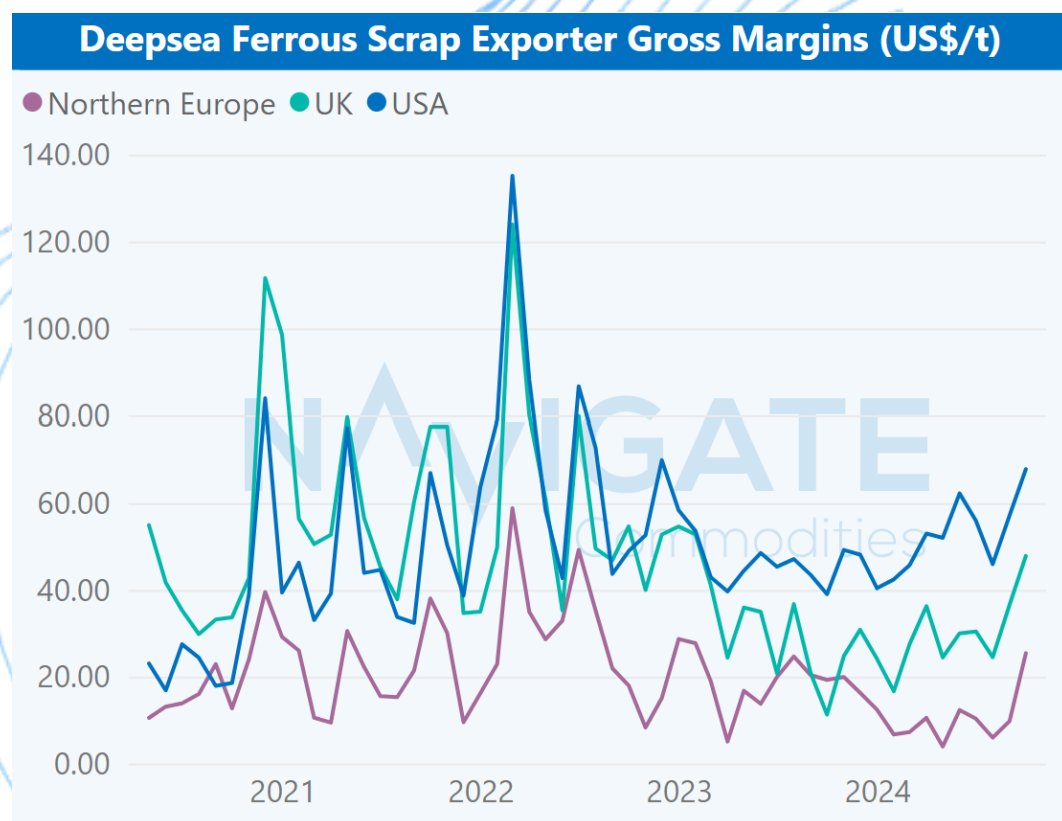
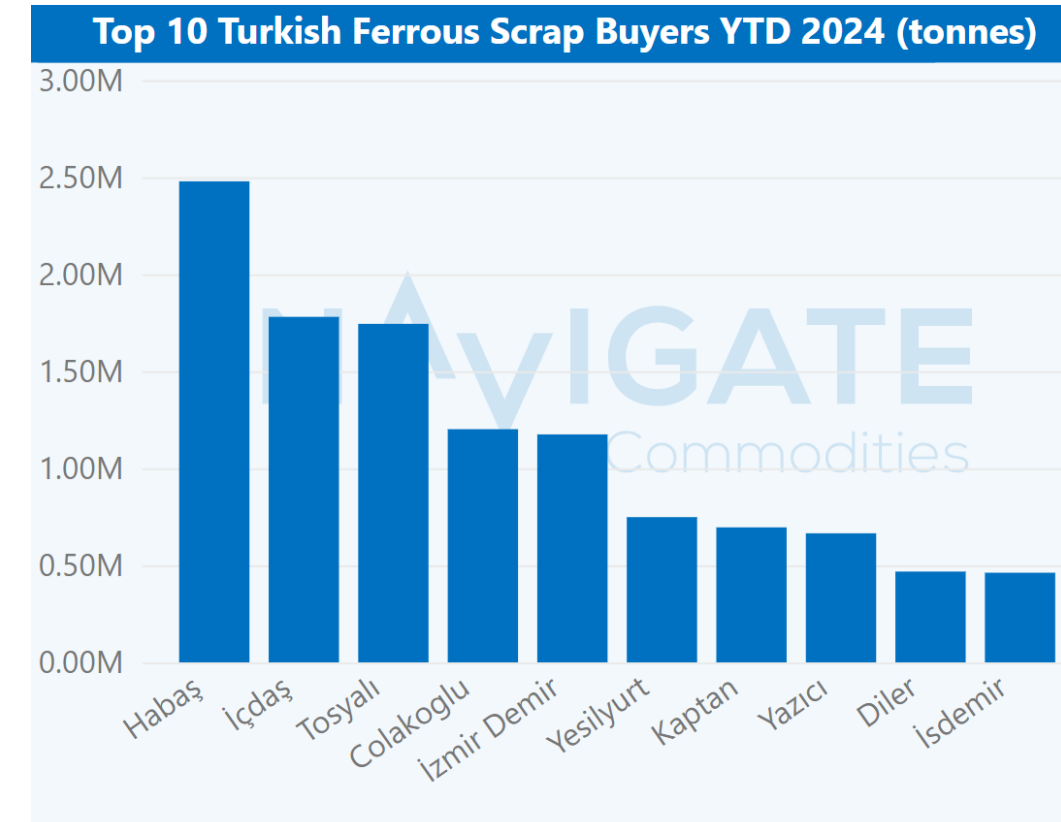
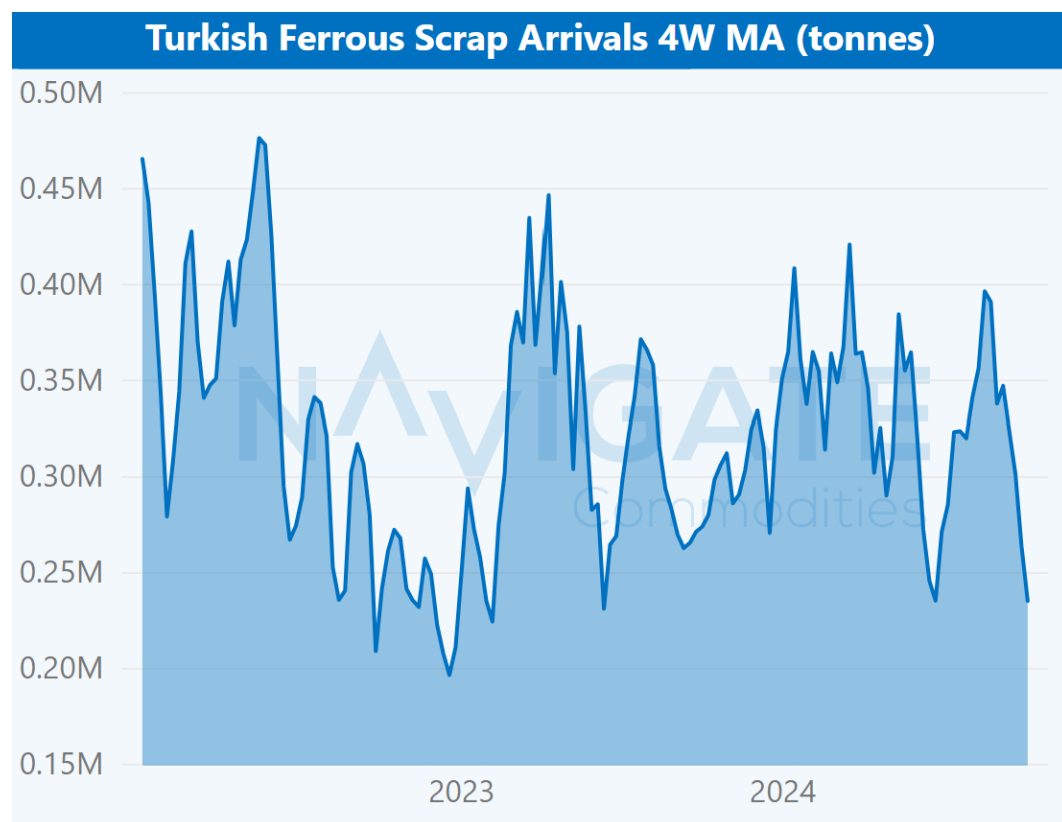
We remind clients that measures aimed at propping up the housing market i.e. clearing excess inventory & supporting property prices, are very different to those aimed at promoting construction activity and associated Steel demand.

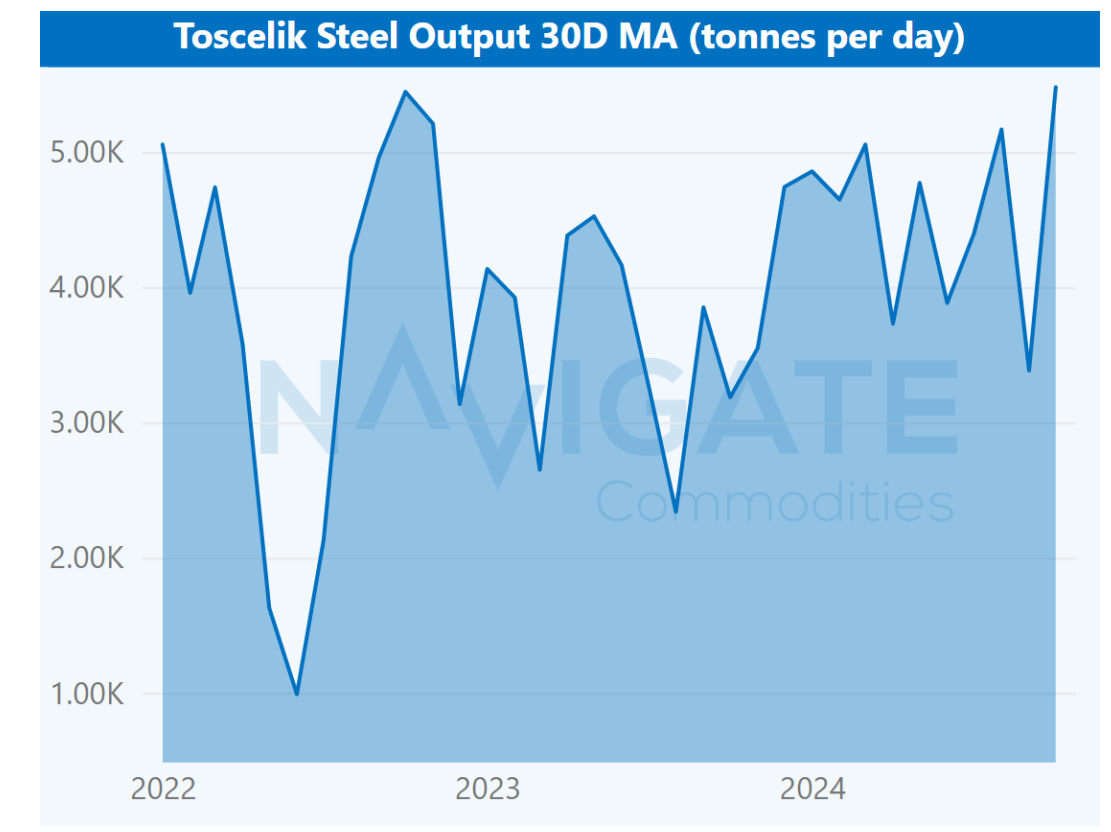
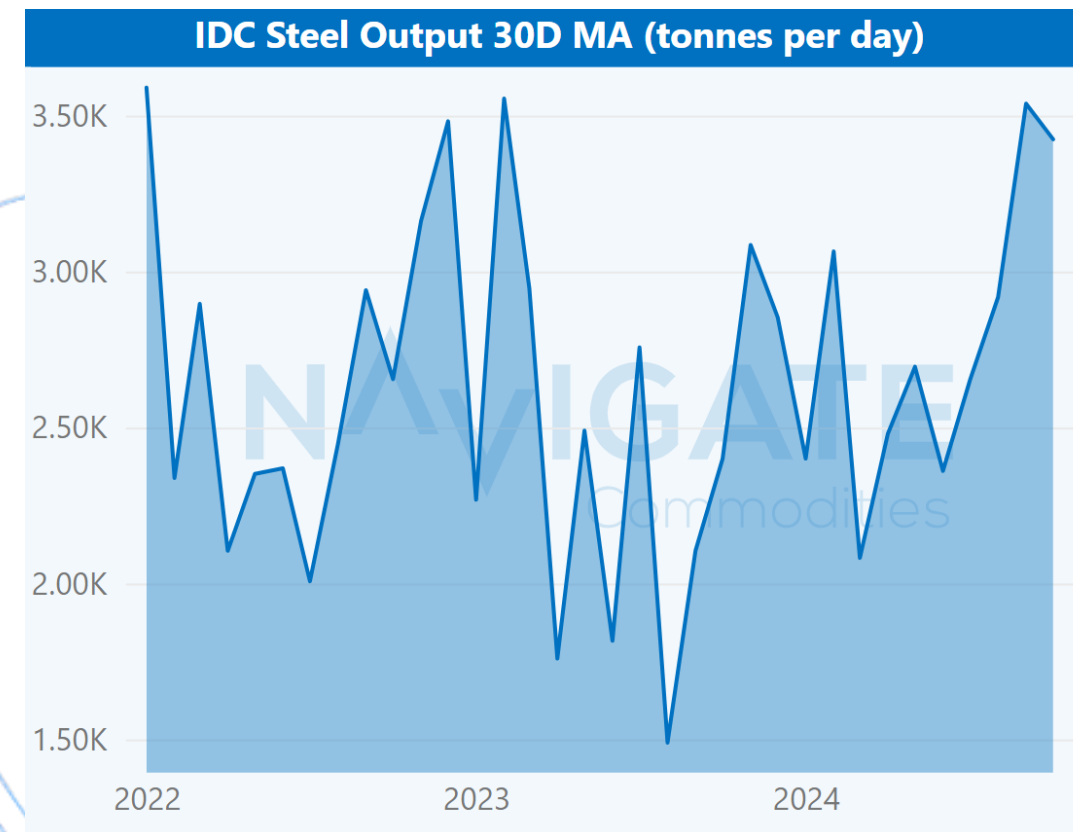
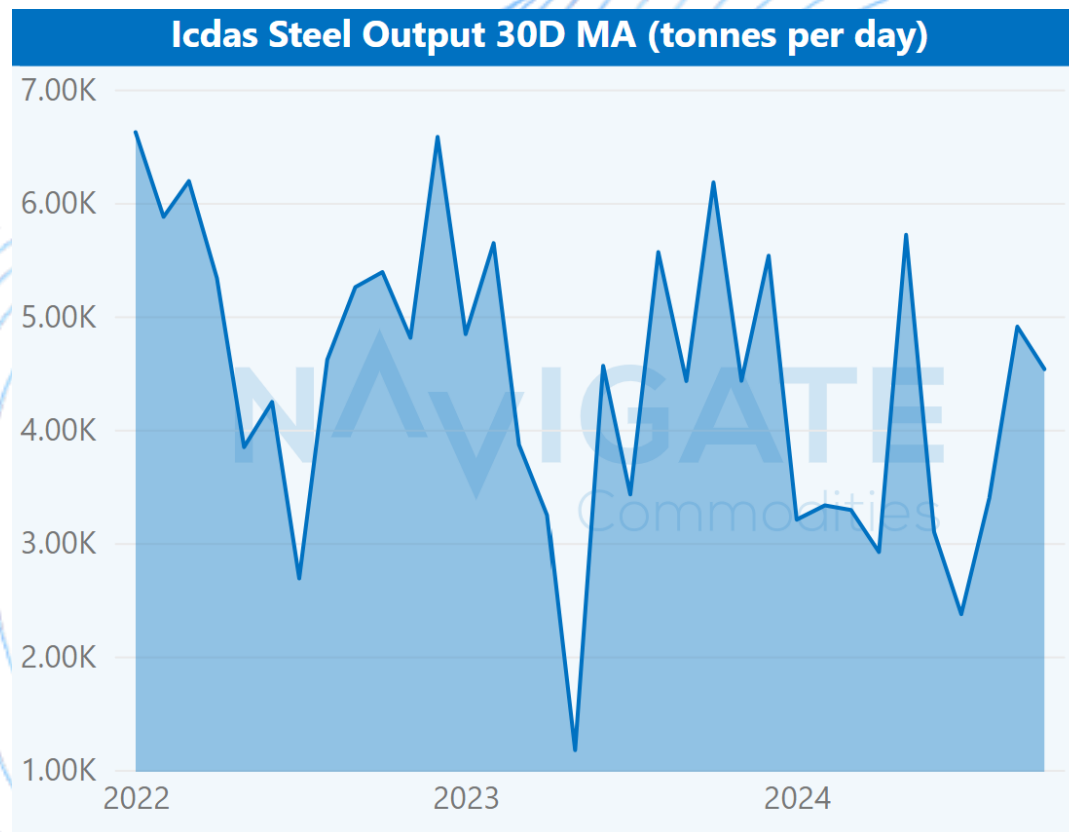
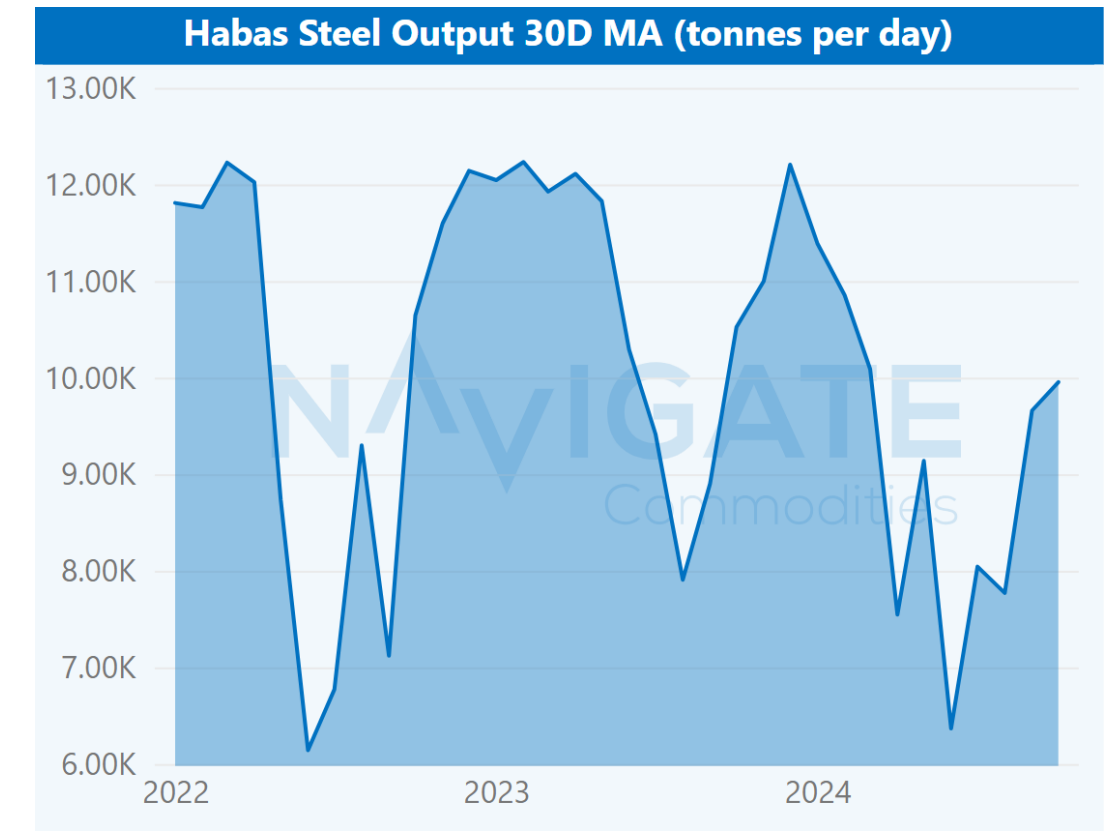
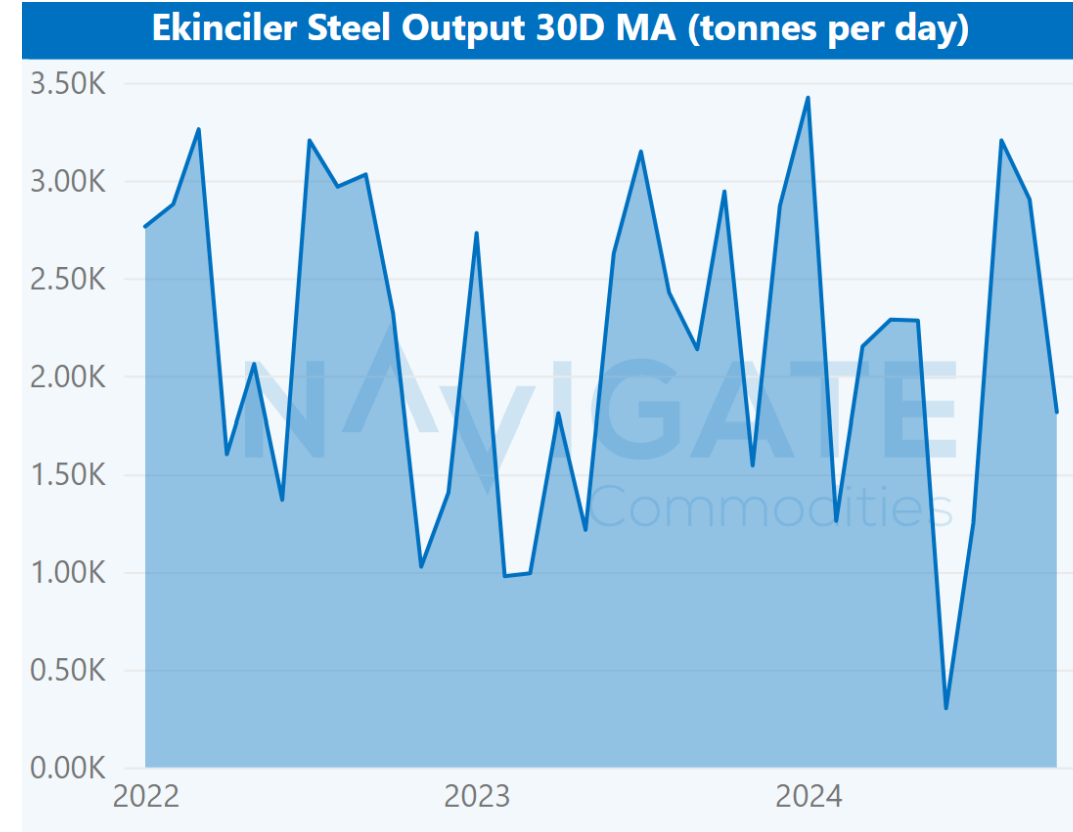
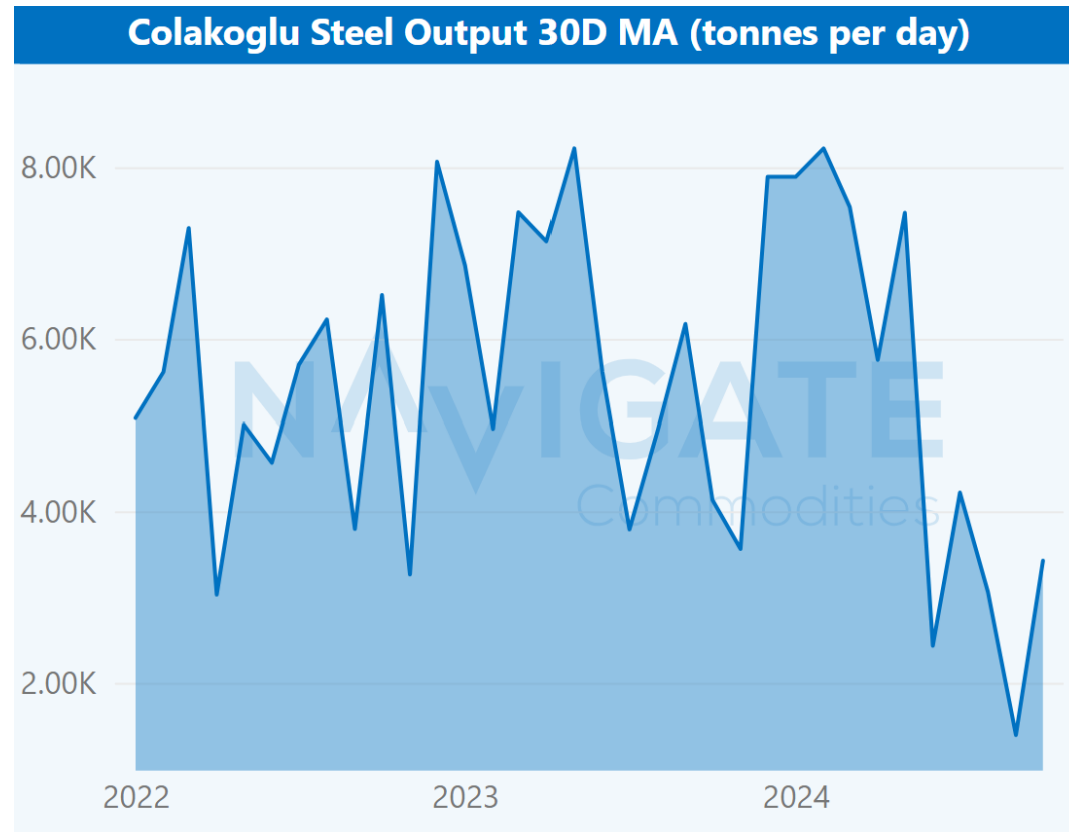
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Source: Earth-i, Navigate Commodities









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