

**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.

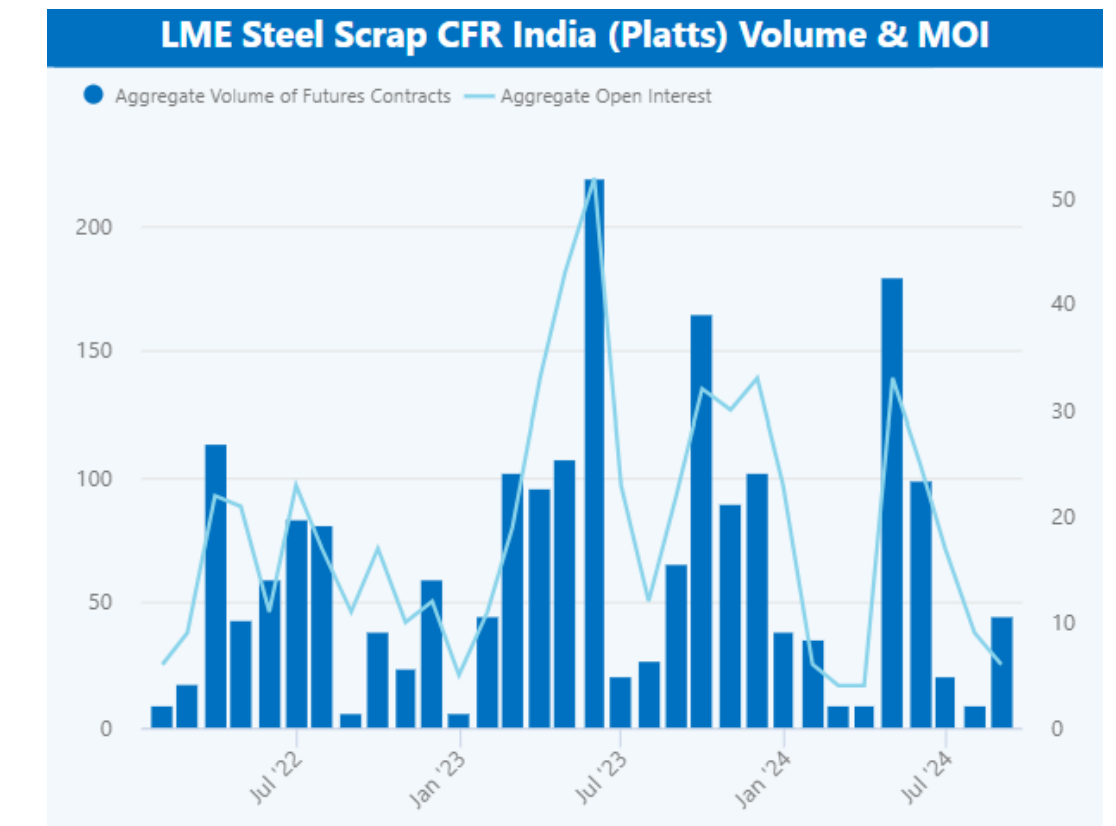
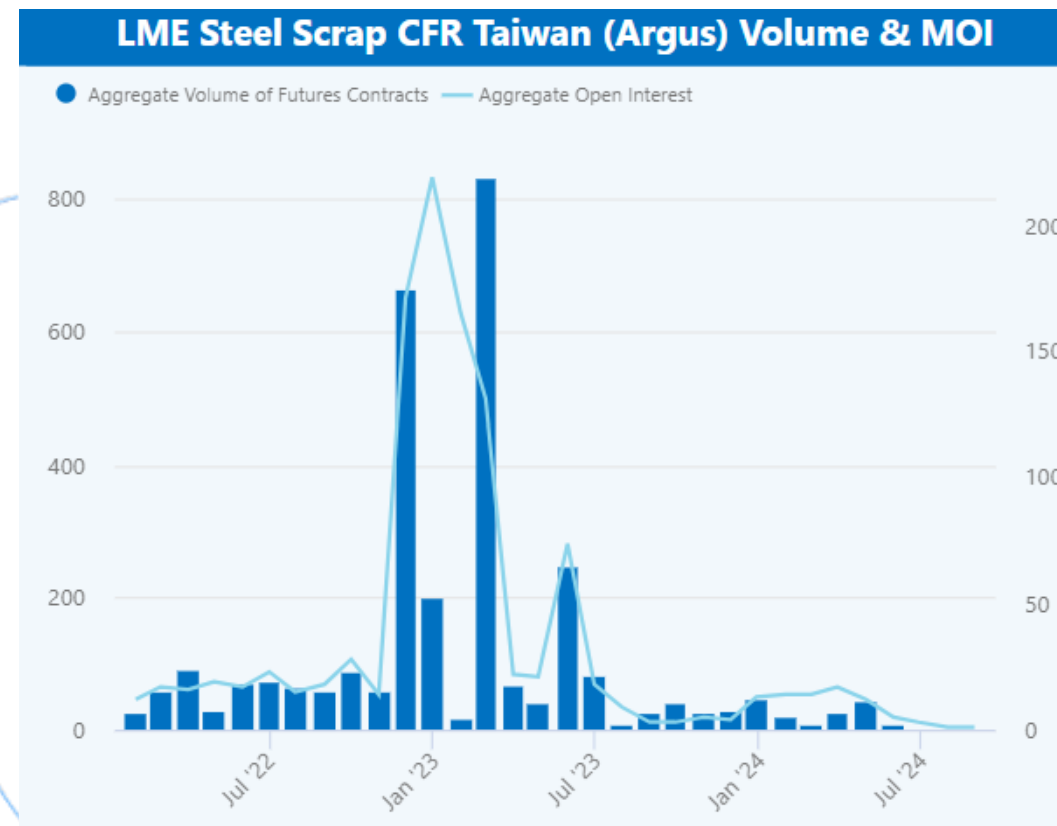
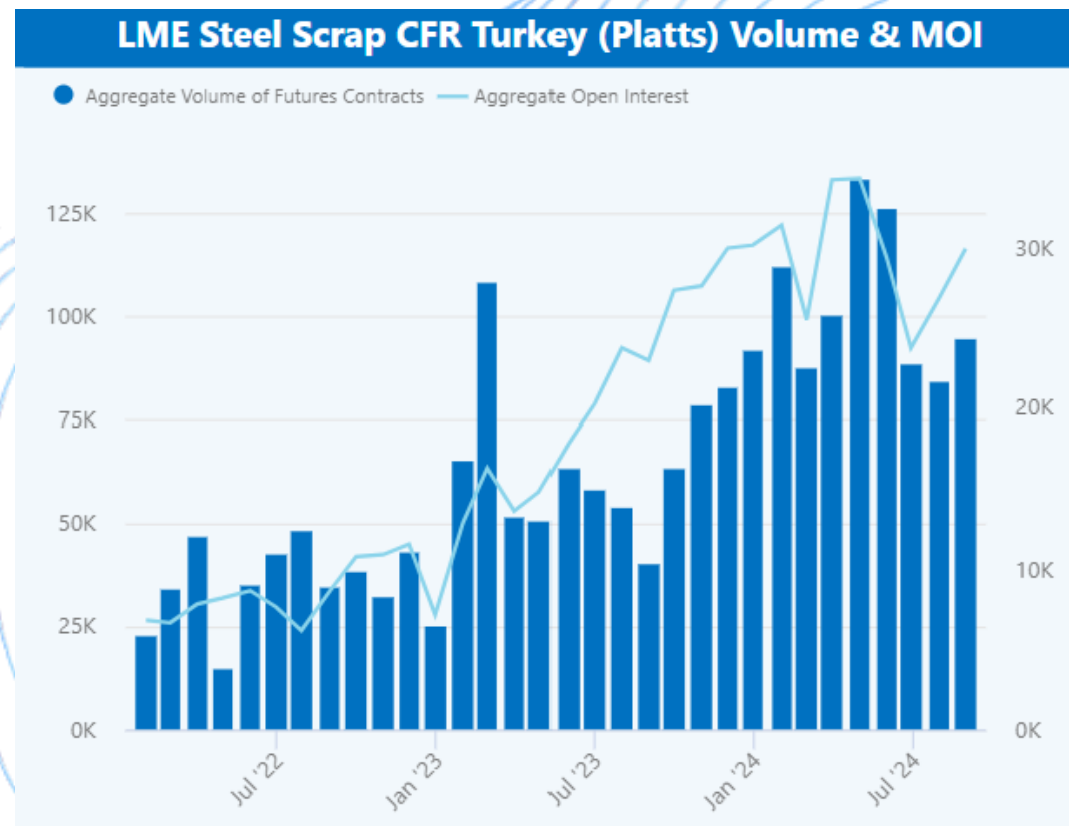
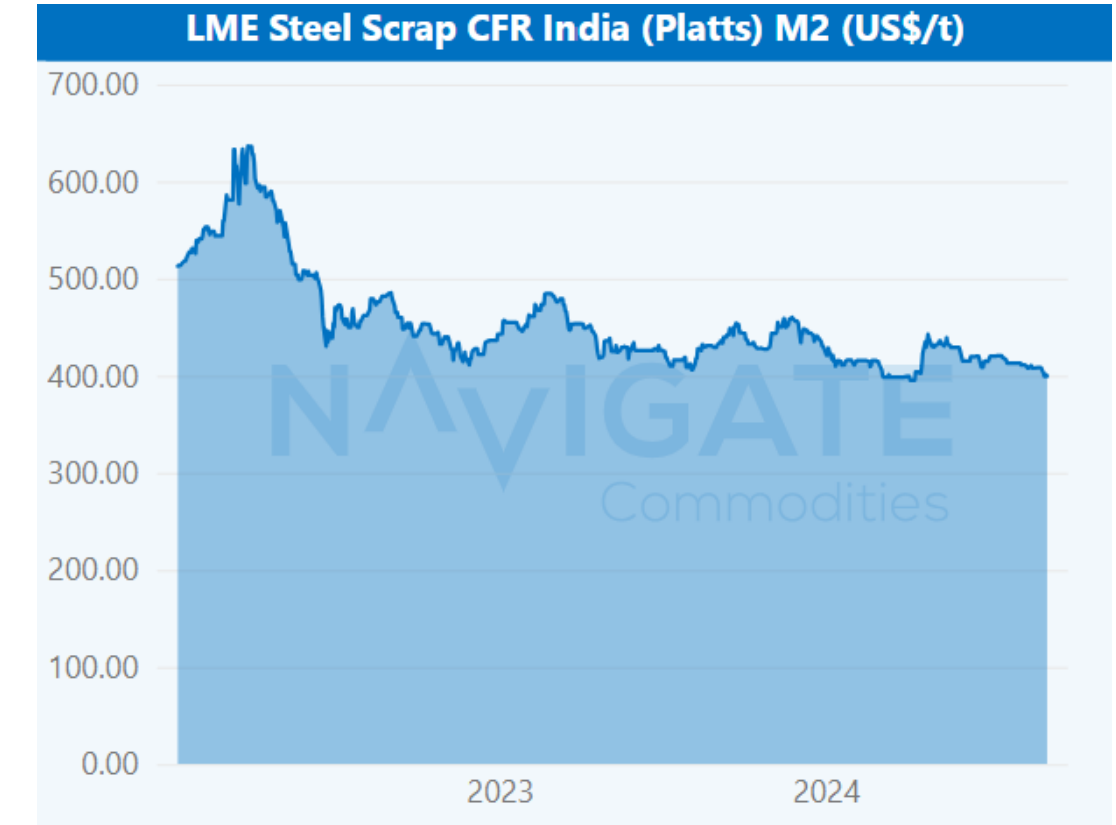
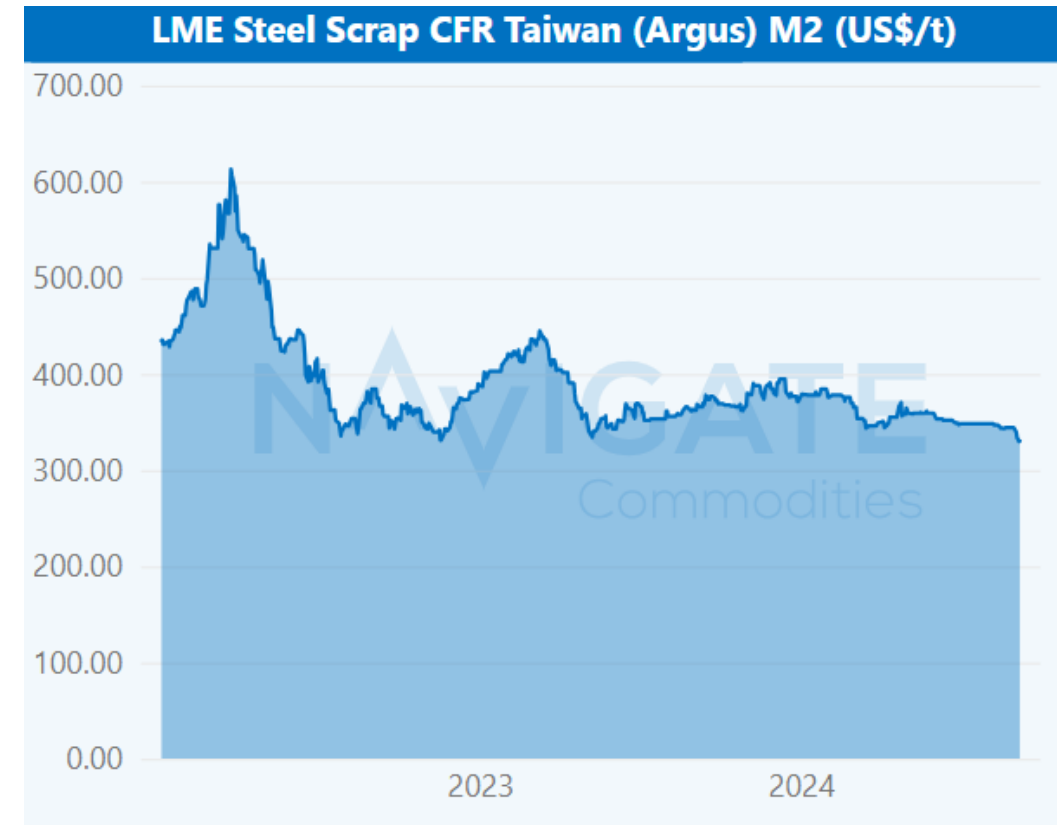
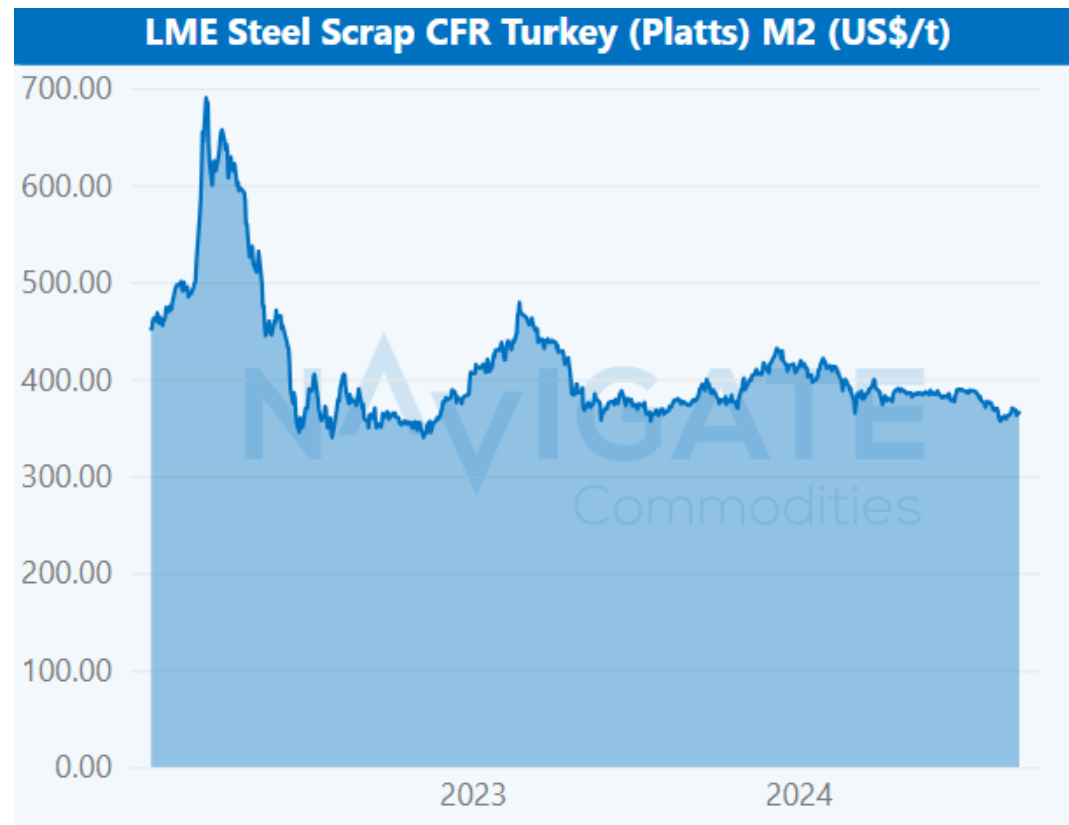
Authors Navigate Commodities and Earth-i use satellite imagery, AI and machine learning to monitor and assess data from steel mills, trade routes and ports to bring transparency to and insight on the world of steel scrap.



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# **LME Steel Scrap Futures**





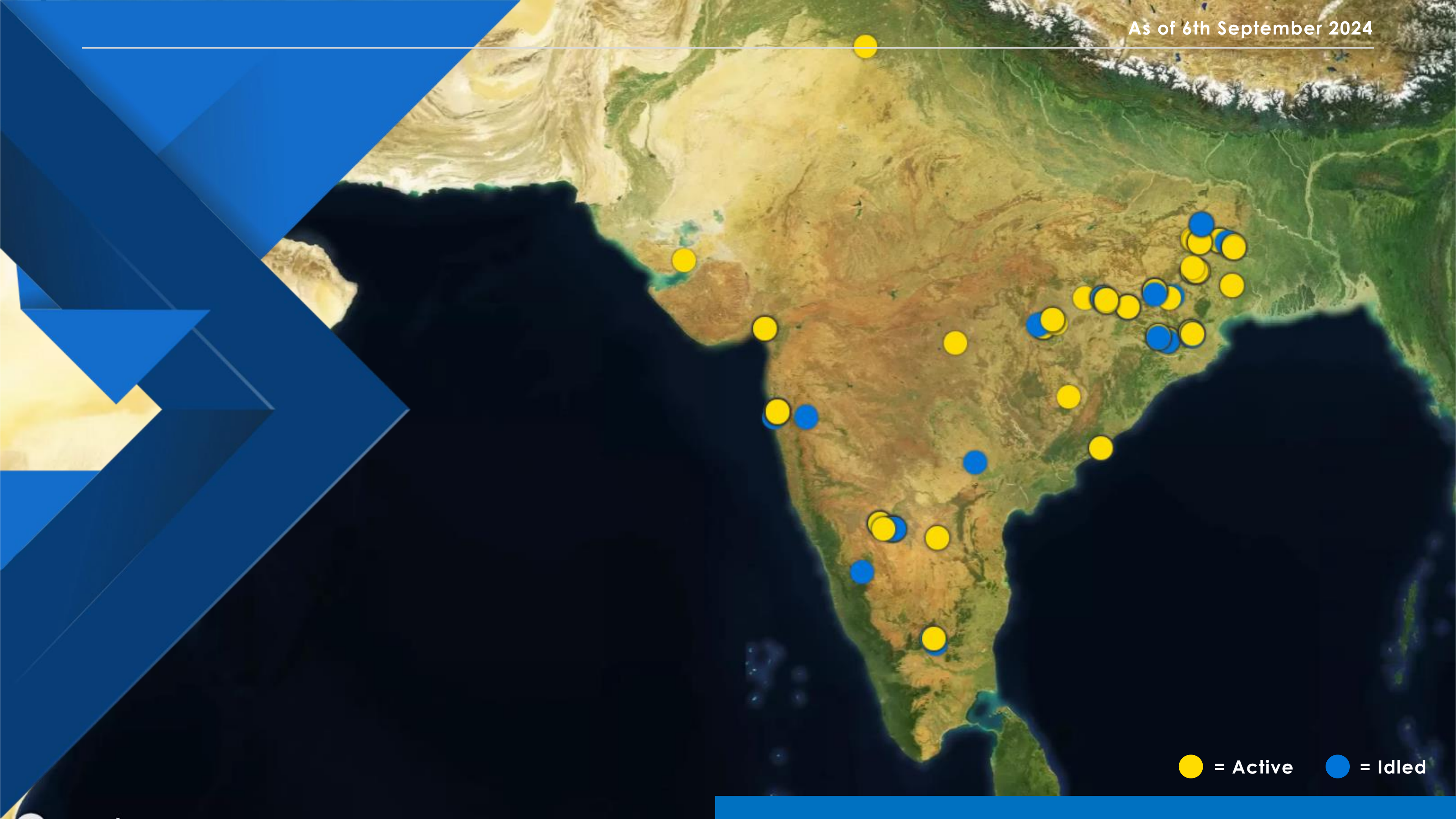


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# **India Steel Scrap Market Overview**



As of 6th September 2024



● = Active   ● = Idled

# India

India's highly anticipated post-general election and post-monsoon season Steel demand recovery has so far failed to eventuate over the past month, as seasonably heavy rains are expected to extend well into September.

According to India's Meteorological Department (IMD), India recorded around 16% excess rainfall in August, with above normal rains forecast in September, which should continue to impede construction activity and associated Steel demand.

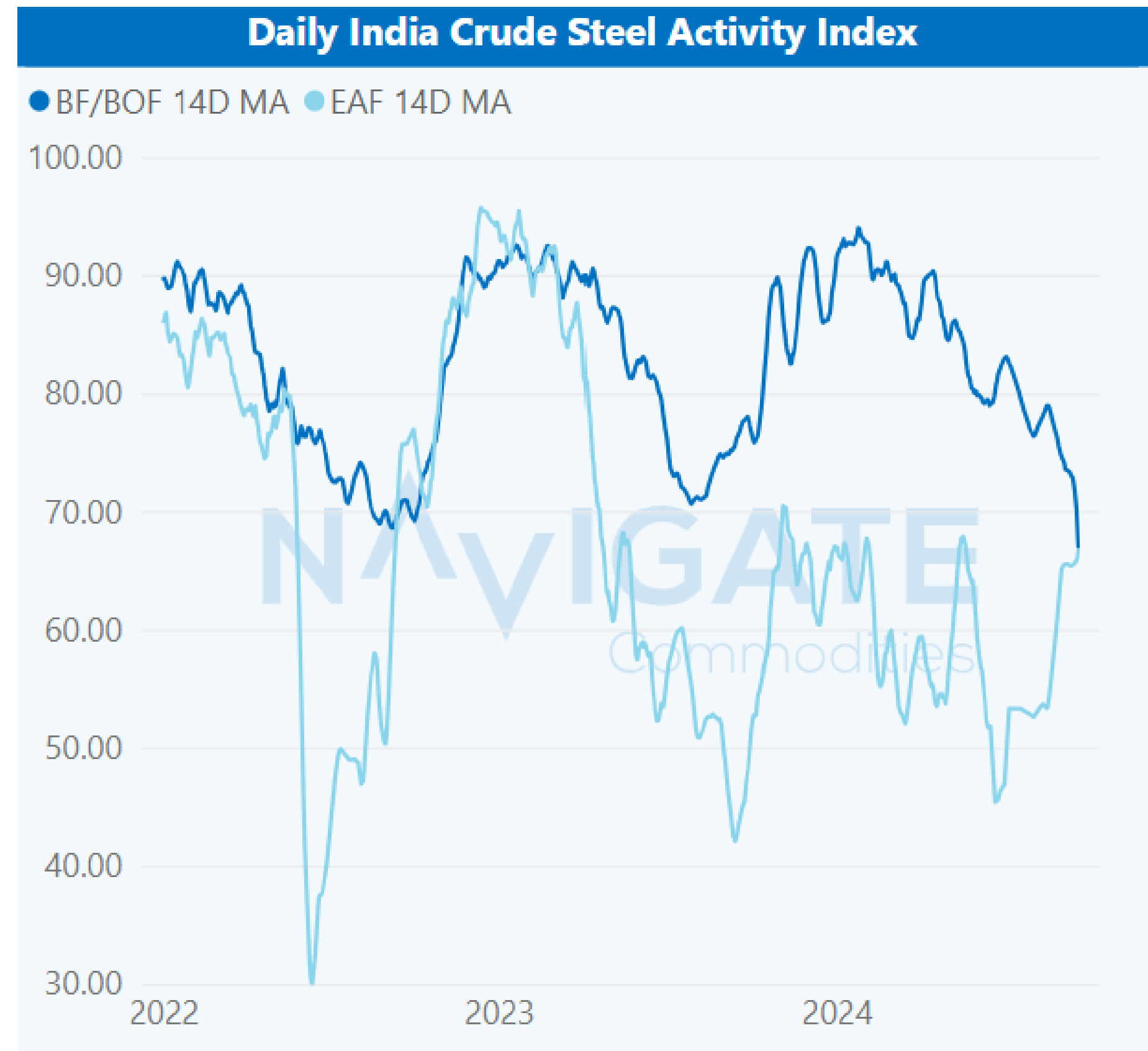
At the very same time, India's Steel supply-side has succumbed to the similar phenomena of import penetration of cheap East Asian-origin longs and flat-rolled Steel as witnessed in many other markets.

Moreover, the higher degree of import penetration has displaced a material proportion of domestic integrated Steel production and underlying raw materials consumption, namely Ferrous Scrap and Metallurgical Coal.

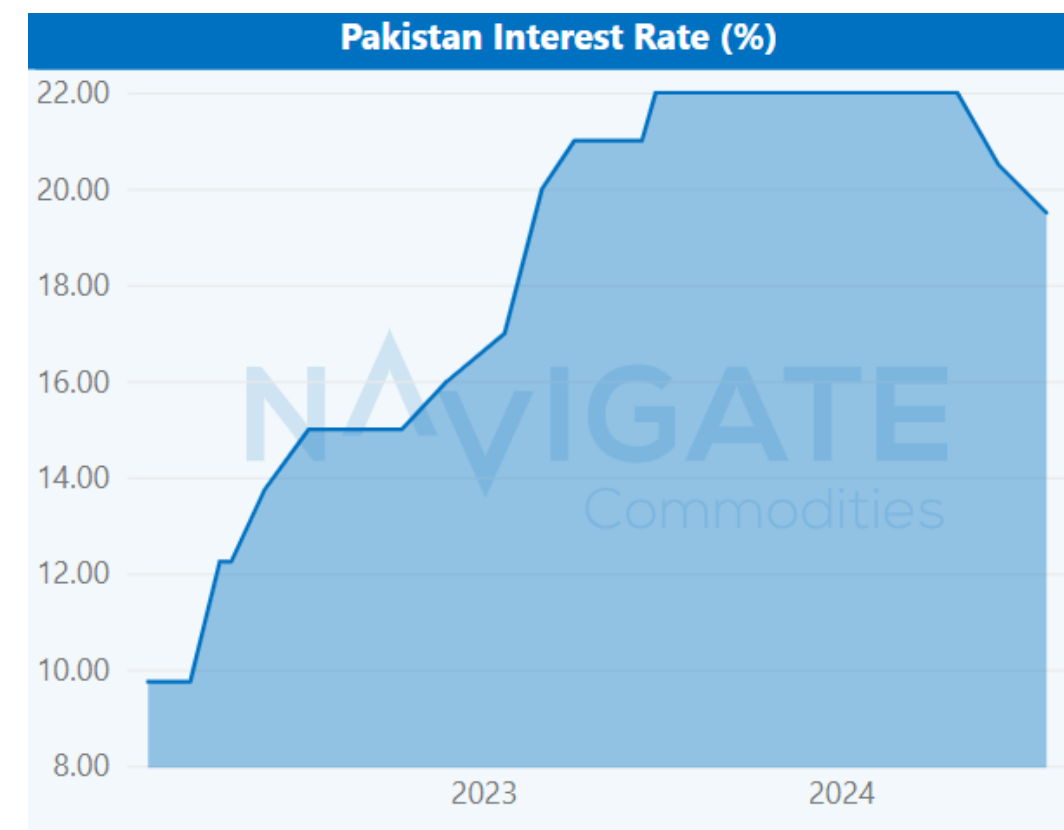
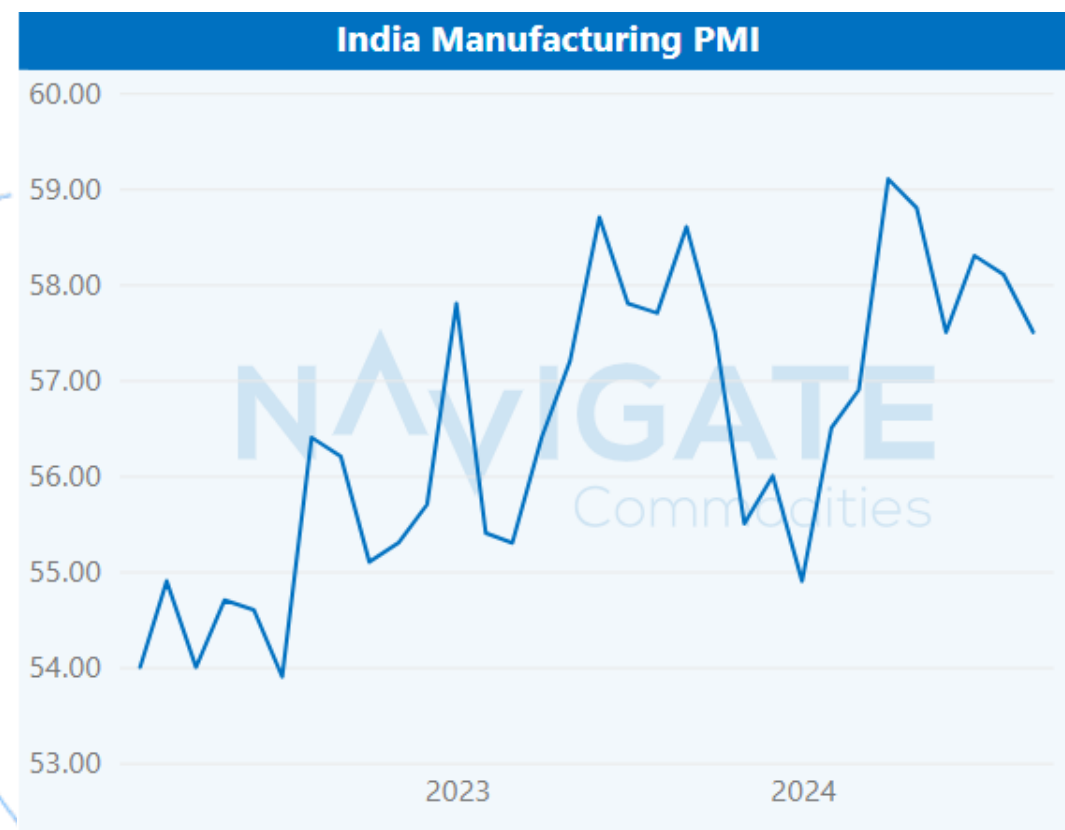
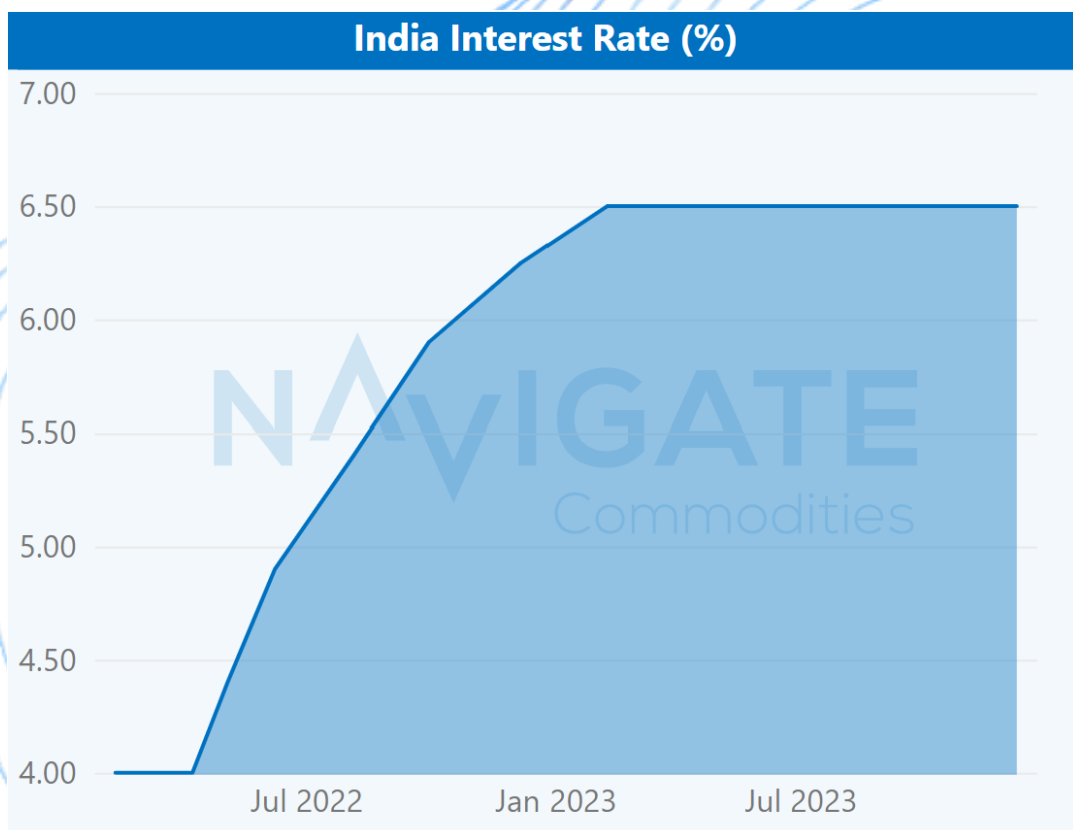
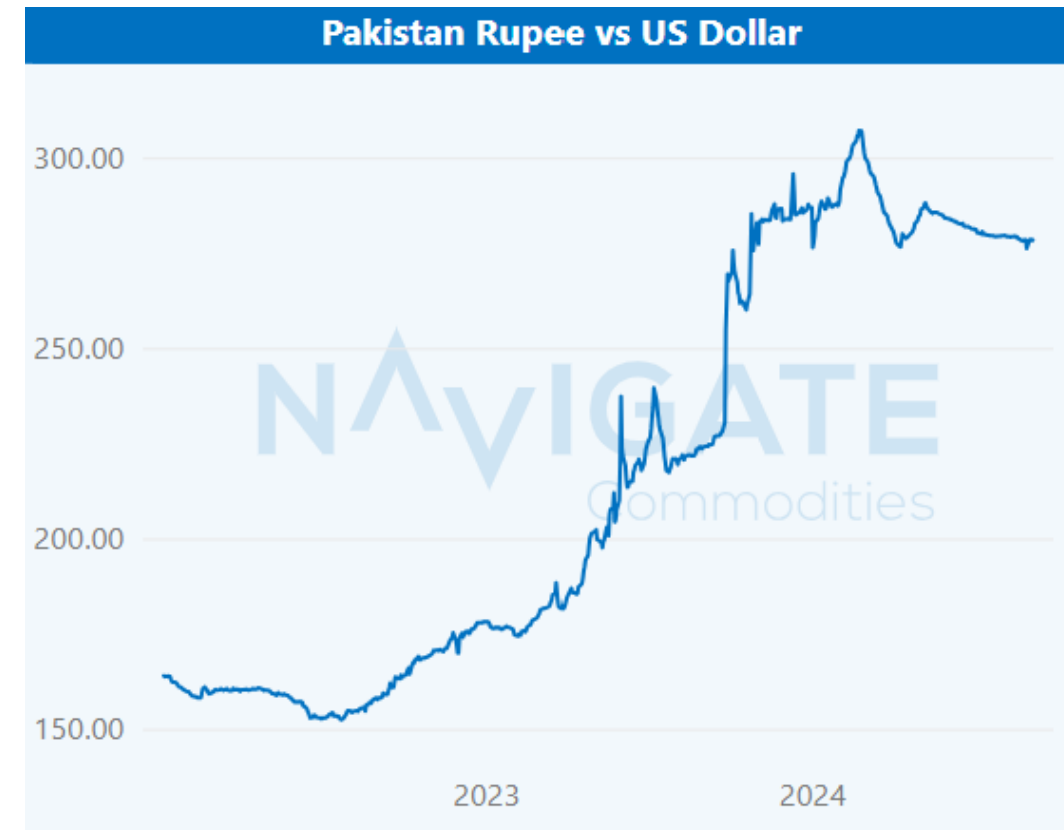
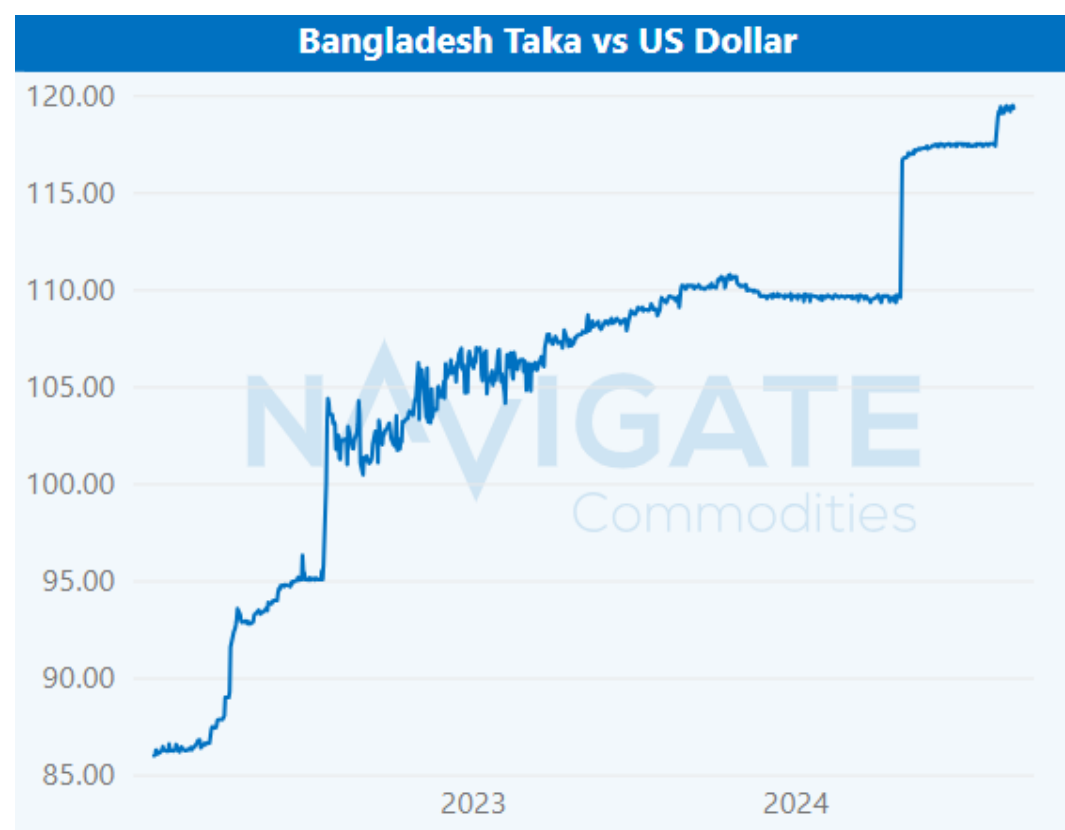
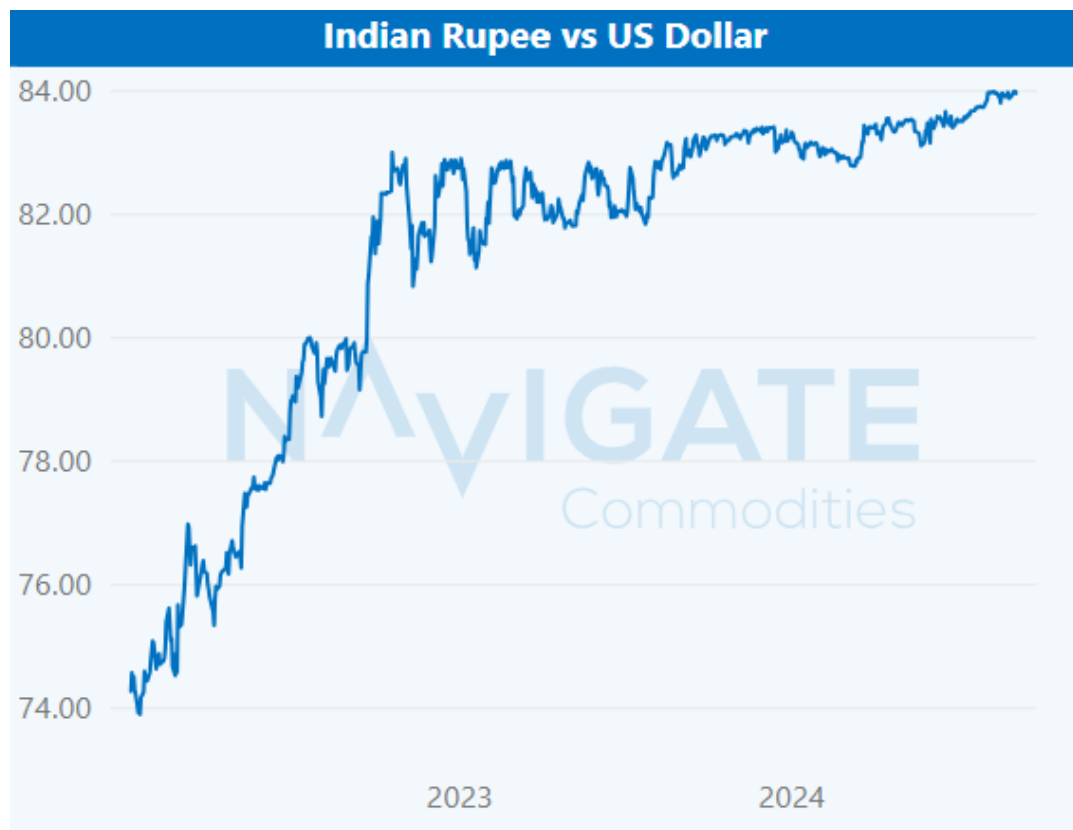
Unsurprisingly, Indian containerized Ferrous Scrap premiums over equivalent Turkish grades have neutralized to parity over the past month from recent peaks of US\$17.50/t on 21<sup>st</sup> August 2024.

Given the intramonth "volatility" (down, then up again) in Turkish Ferrous Scrap benchmarks, the compression in premiums largely reflect a US\$17.50/t softening in corresponding Indian containerized shredded benchmarks over this period.

**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).

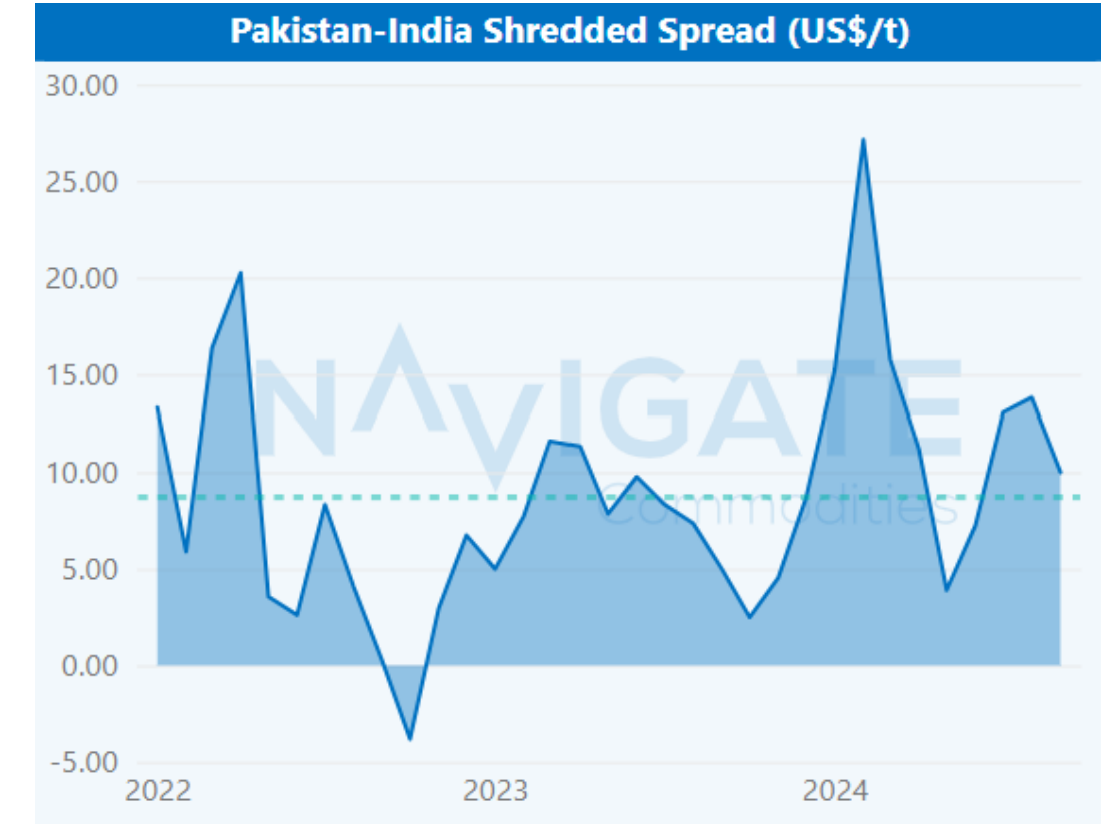
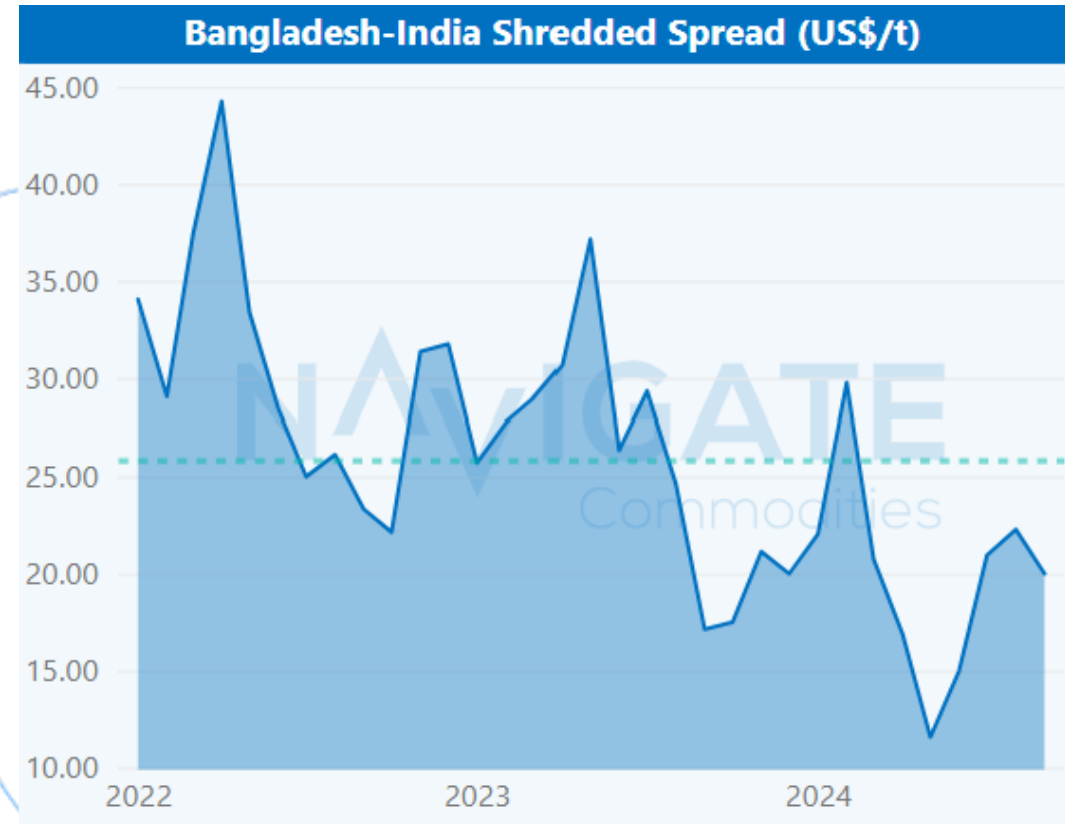
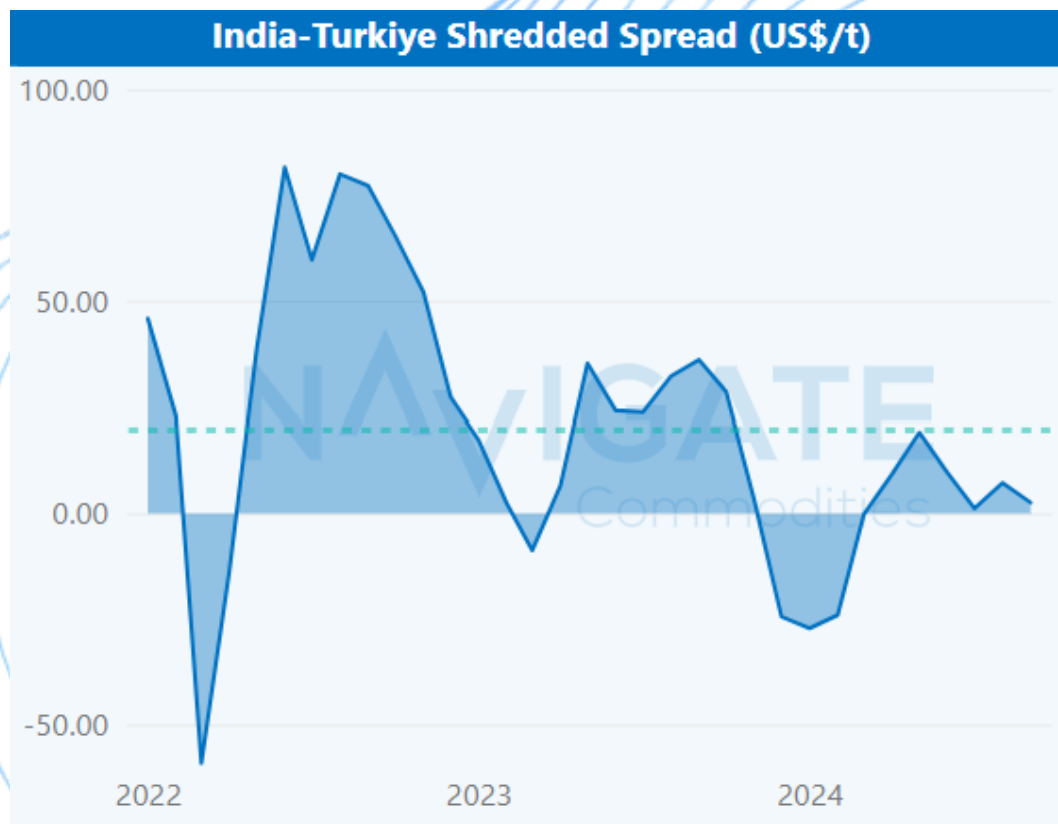
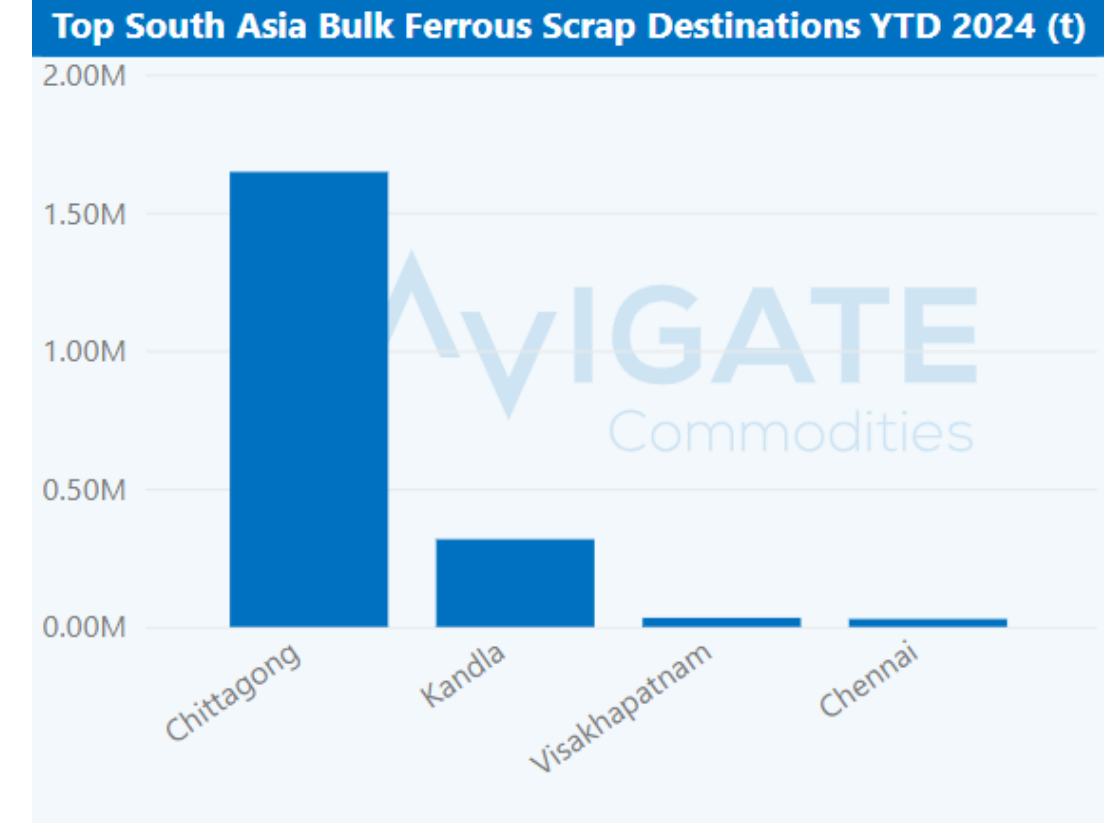
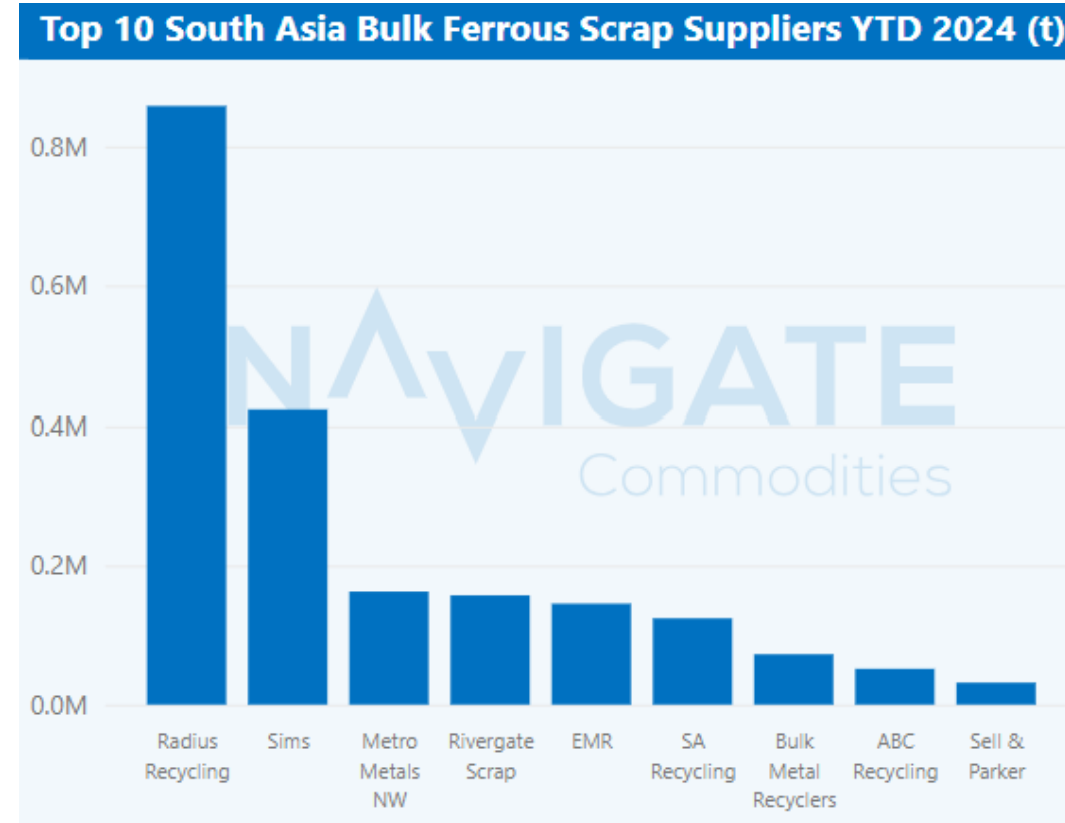
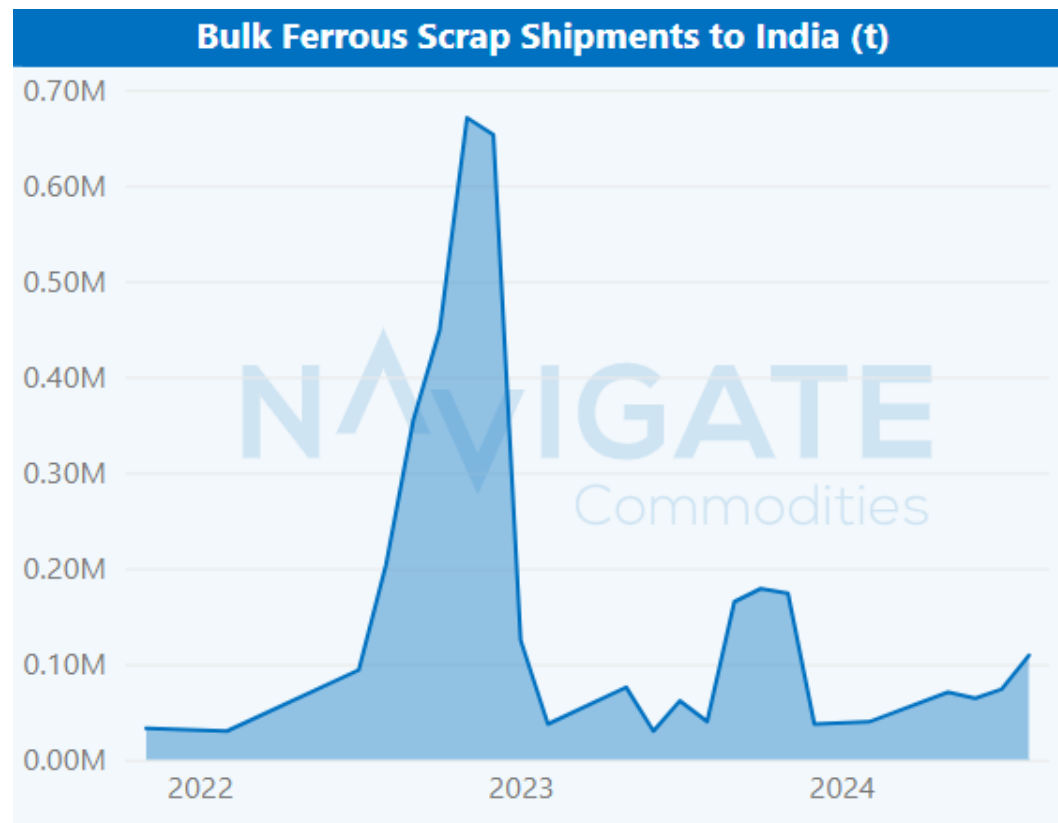


Source: Earth-i, Navigate Commodities

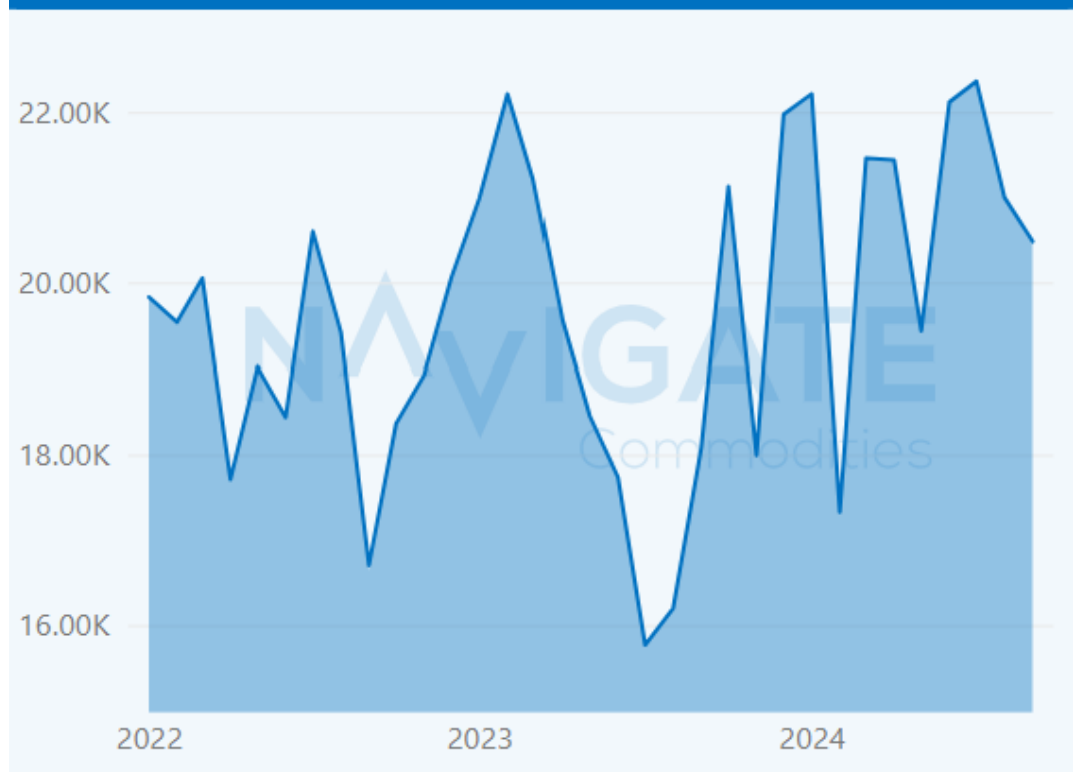


Source: Earth-i, Navigate Commodities, Bloomberg

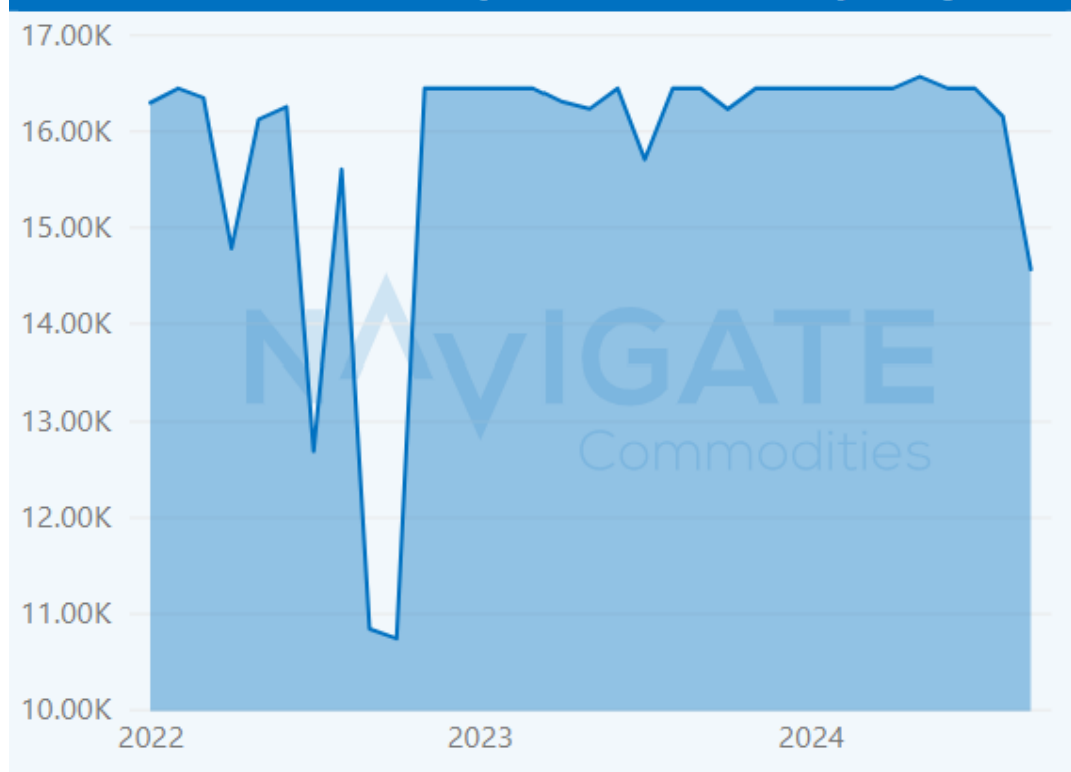




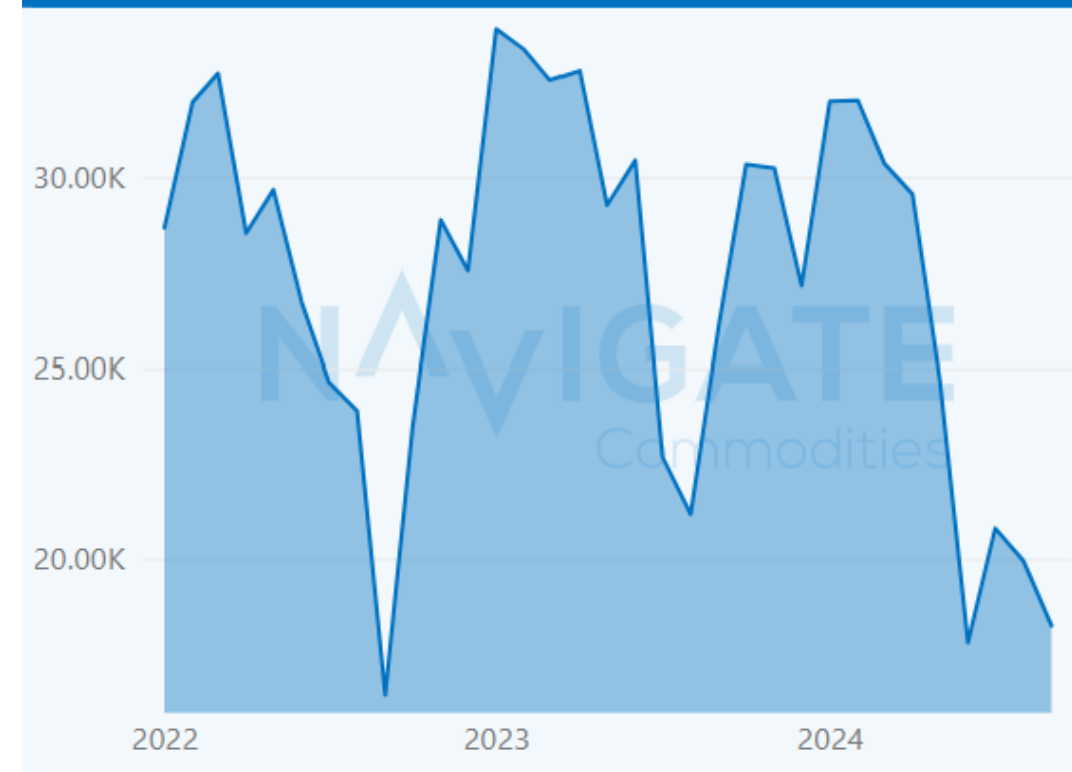
ArcelorMittal Nippon Steel Output 30D MA (tonnes per day)



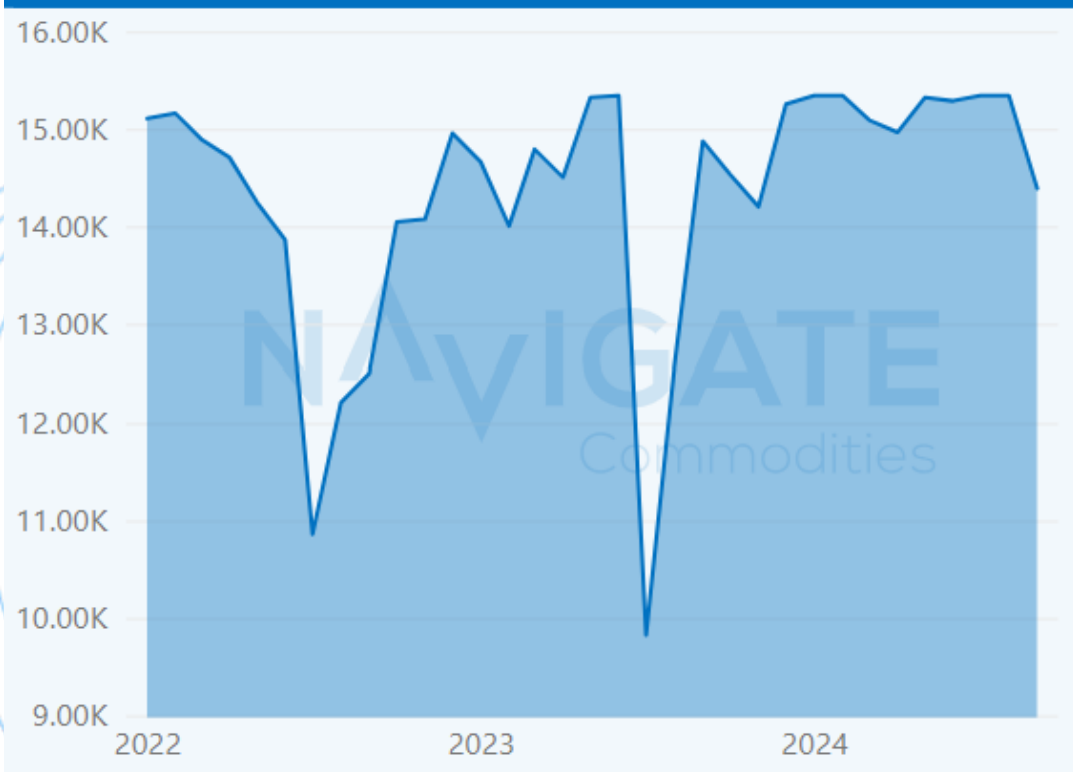
JSPL Odisha Steel Output 30D MA (tonnes per day)



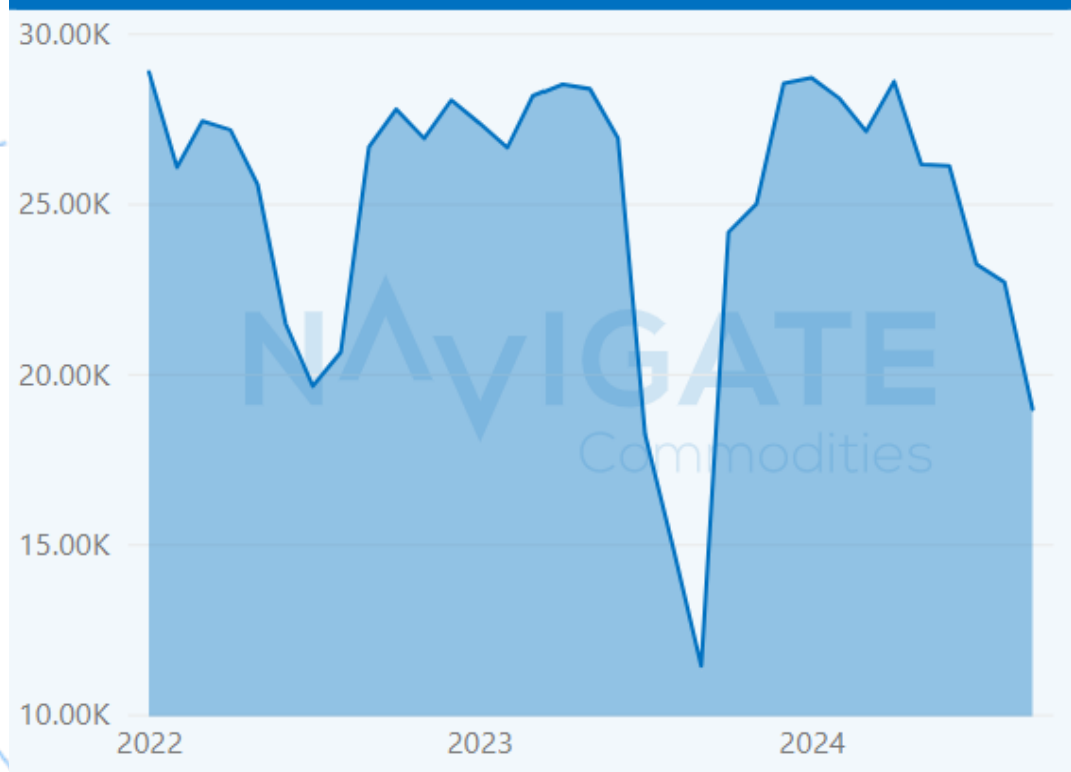
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



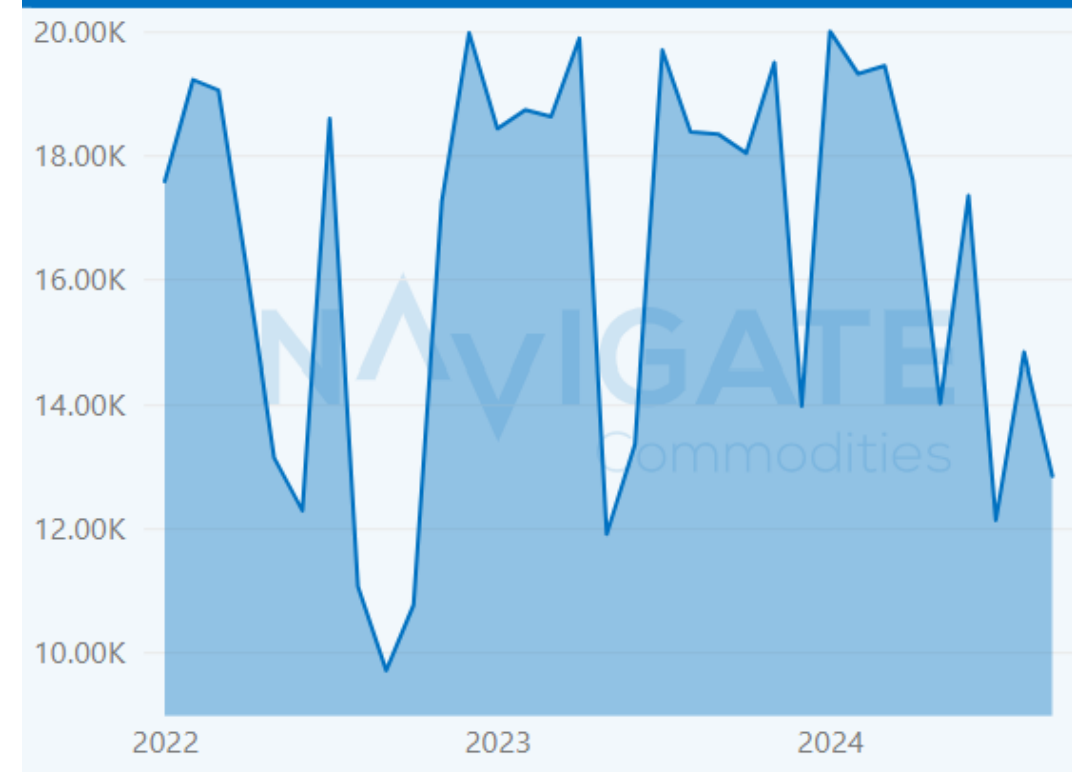
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



Vizag Steel Output 30D MA (tonnes per day)

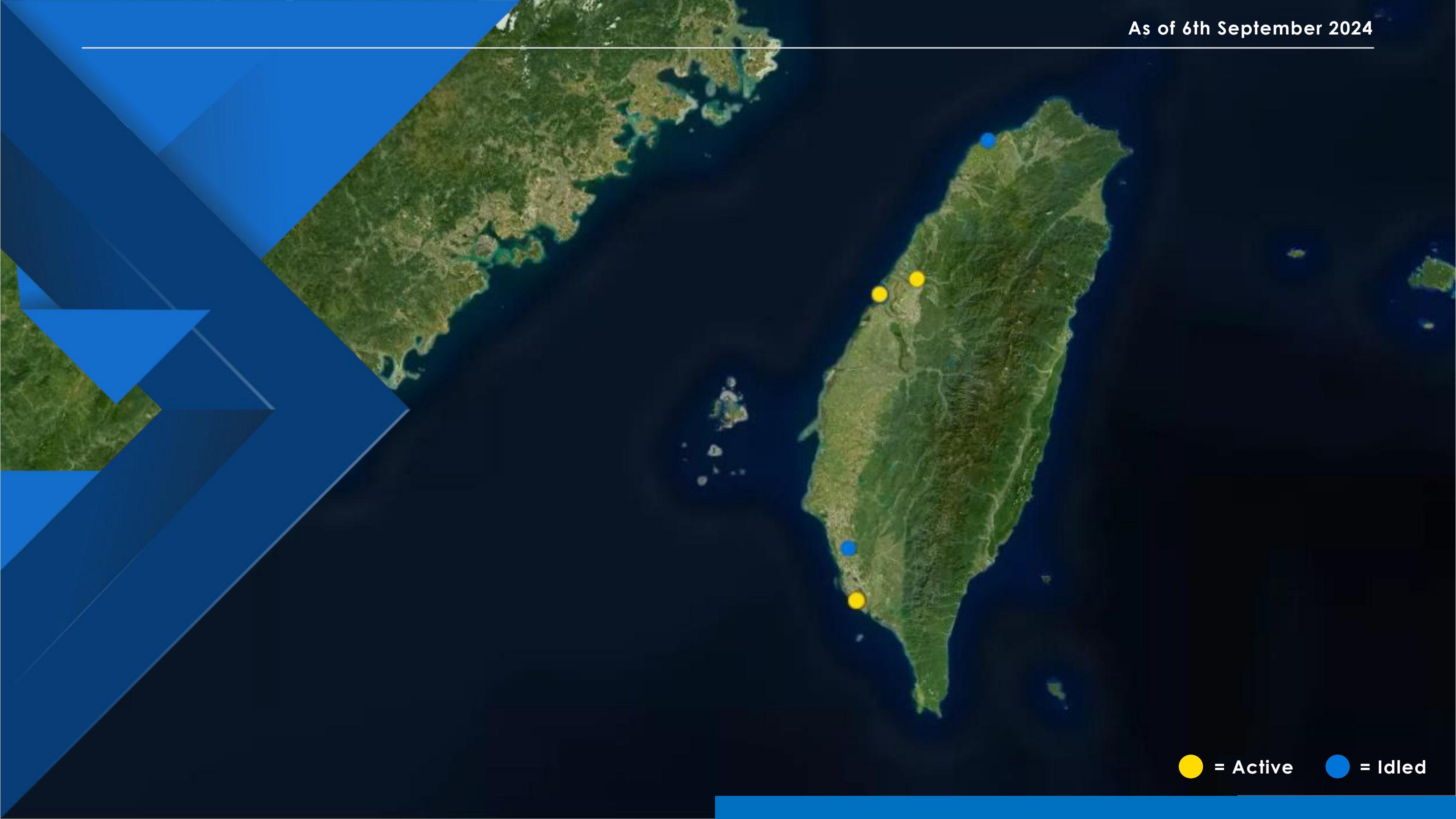




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# Taiwan Steel Scrap Market Overview





● = Active   ● = Idled

# Taiwan

Despite relatively high levels of output from Taiwan's integrated and electric arc furnace Steel production processes through August and early September, output has softened from July and August's respective peaks.

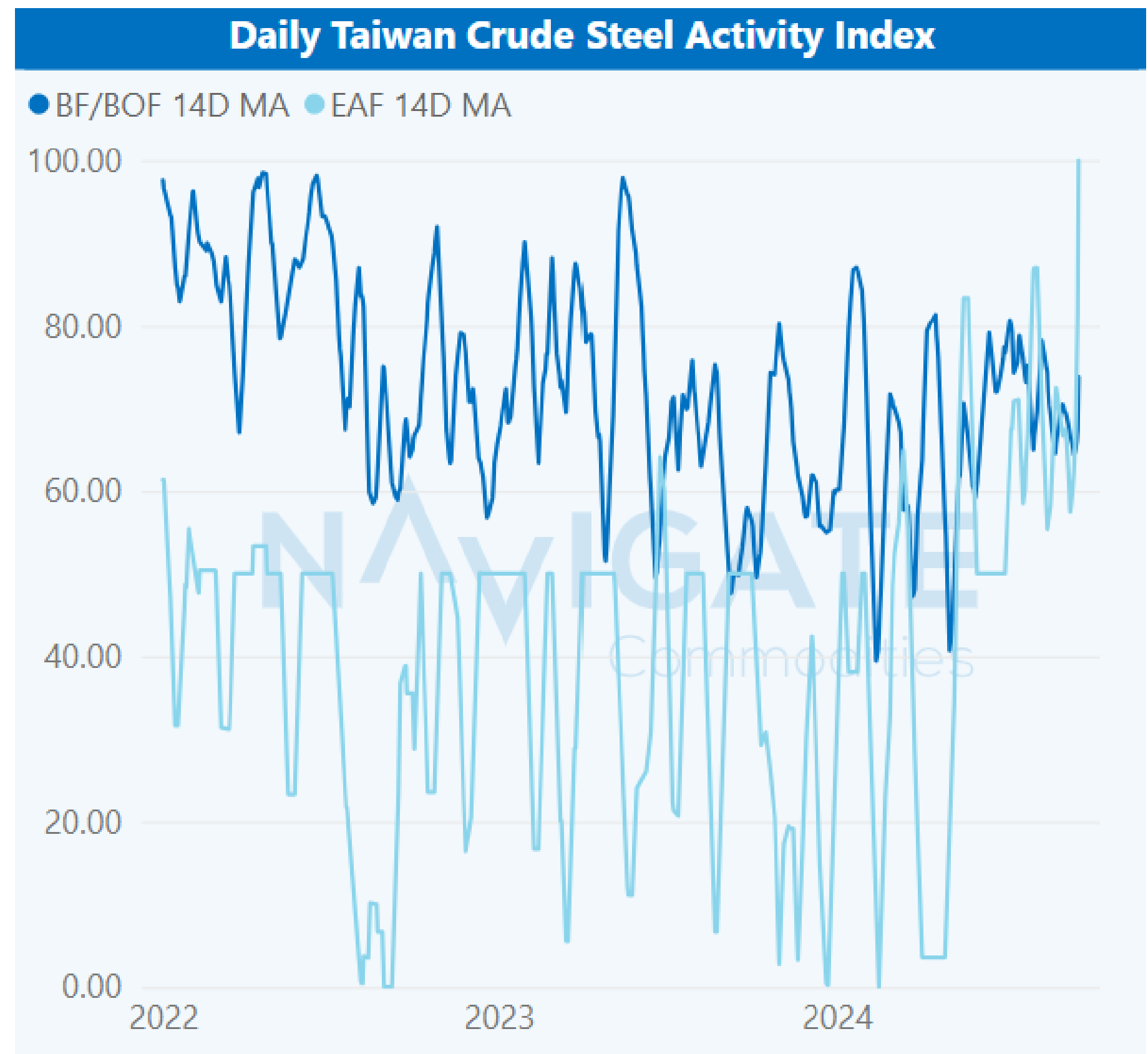
We believe it's highly plausible that Taiwan's Steel industry has experienced the exact same phenomena as witnessed in other neighbouring markets in the region – import penetration of large volumes of Chinese-origin Billet, Bars, & Rods.

As has been well documented by now, Chinese authorities have introduced more stringent quality standards on production and use of local Bars & Rods – which are scheduled to take effect from 25<sup>th</sup> September 2024.

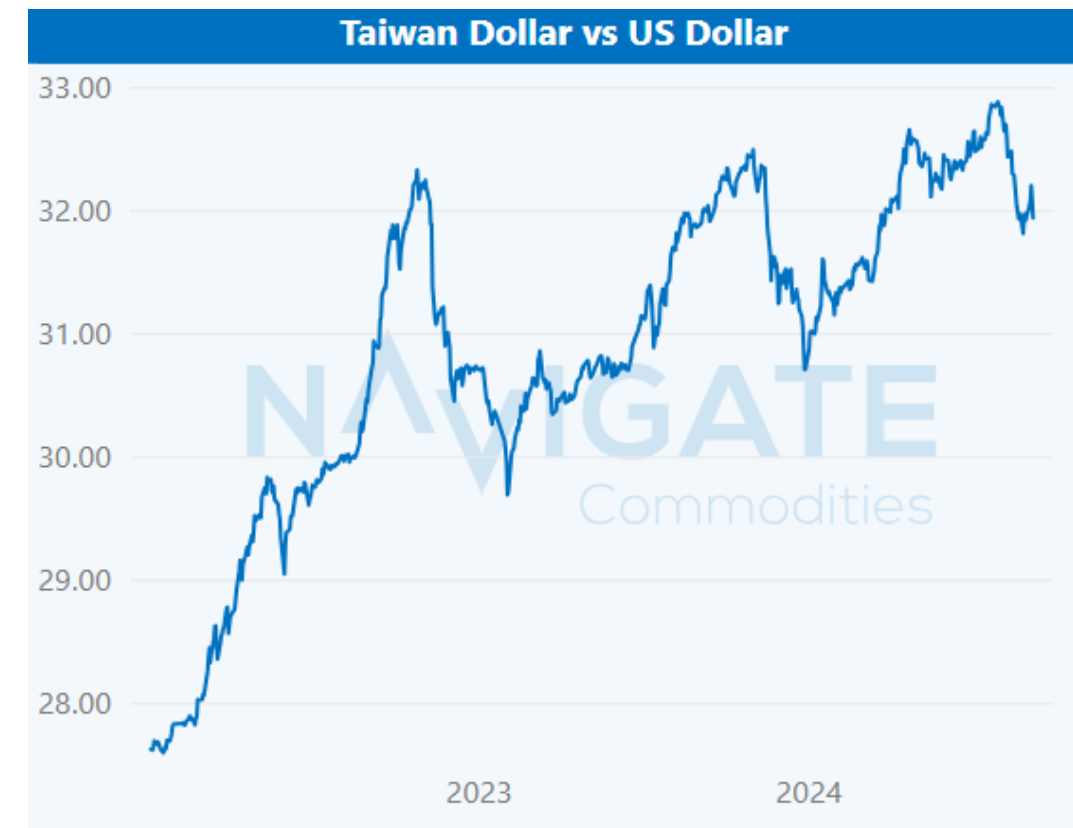
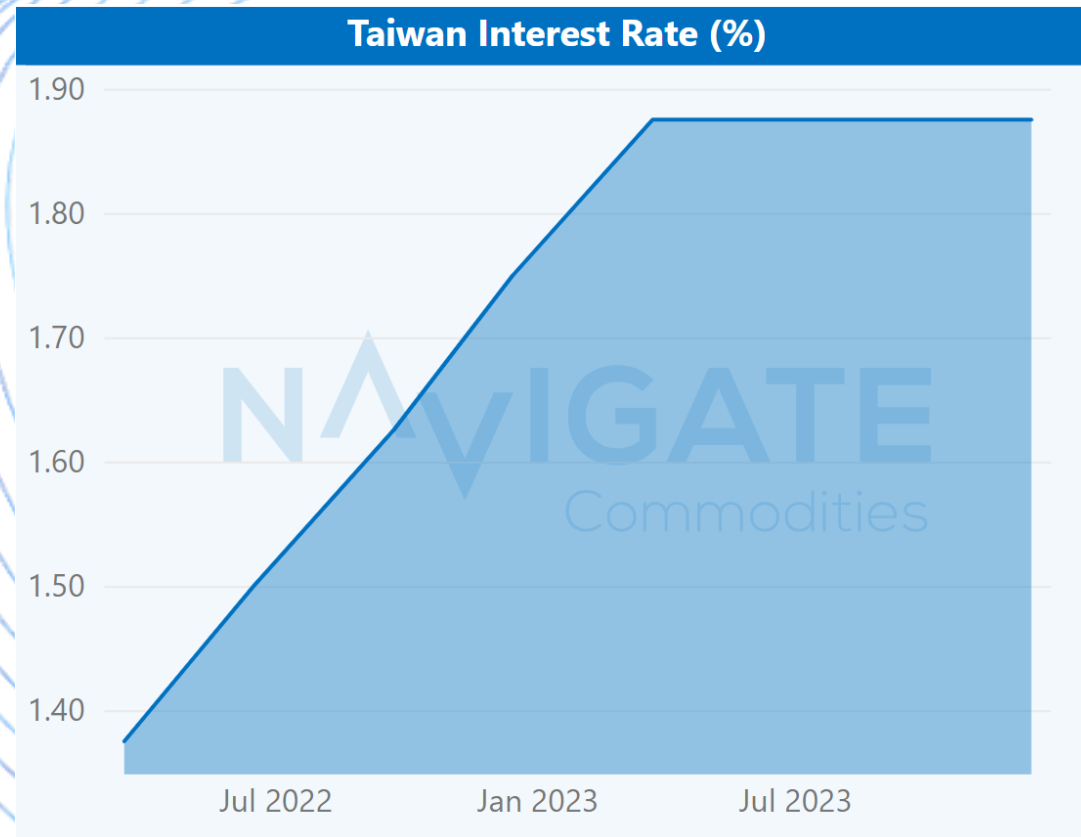
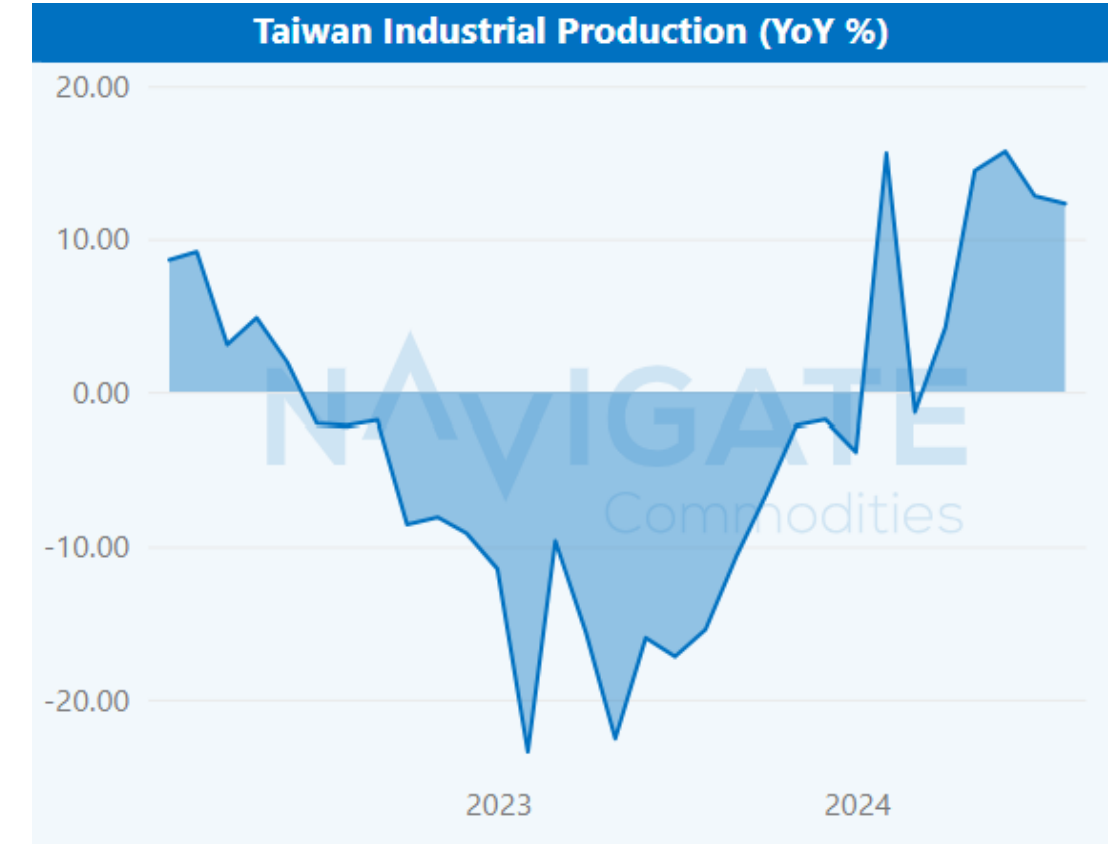
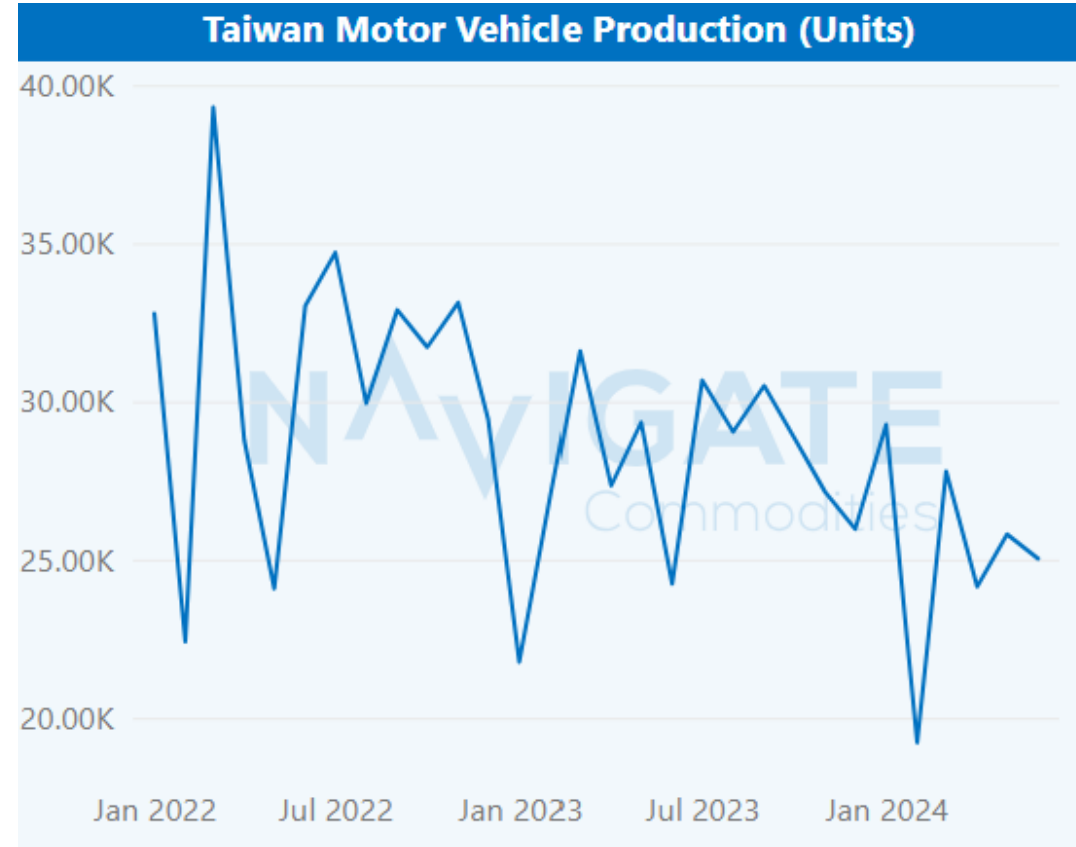
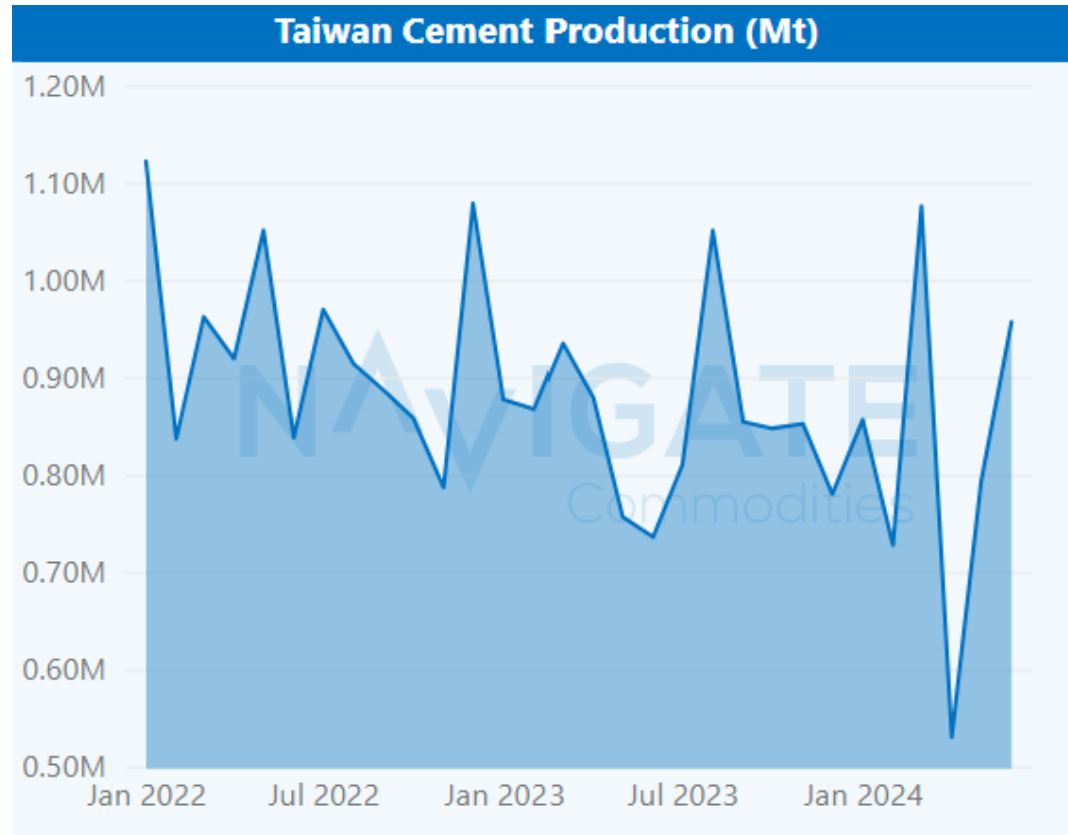
Domestic stockists and warehouse owners in China have been liquidating their inventories of "old specification" material en masse into local and export markets, so that they're not left holding worthless material which might be deemed Scrap. As such, higher import penetration of cheap Chinese-origin material into Taiwan has no doubt displaced a degree of domestic Steel production and underlying Ferrous Scrap consumption.

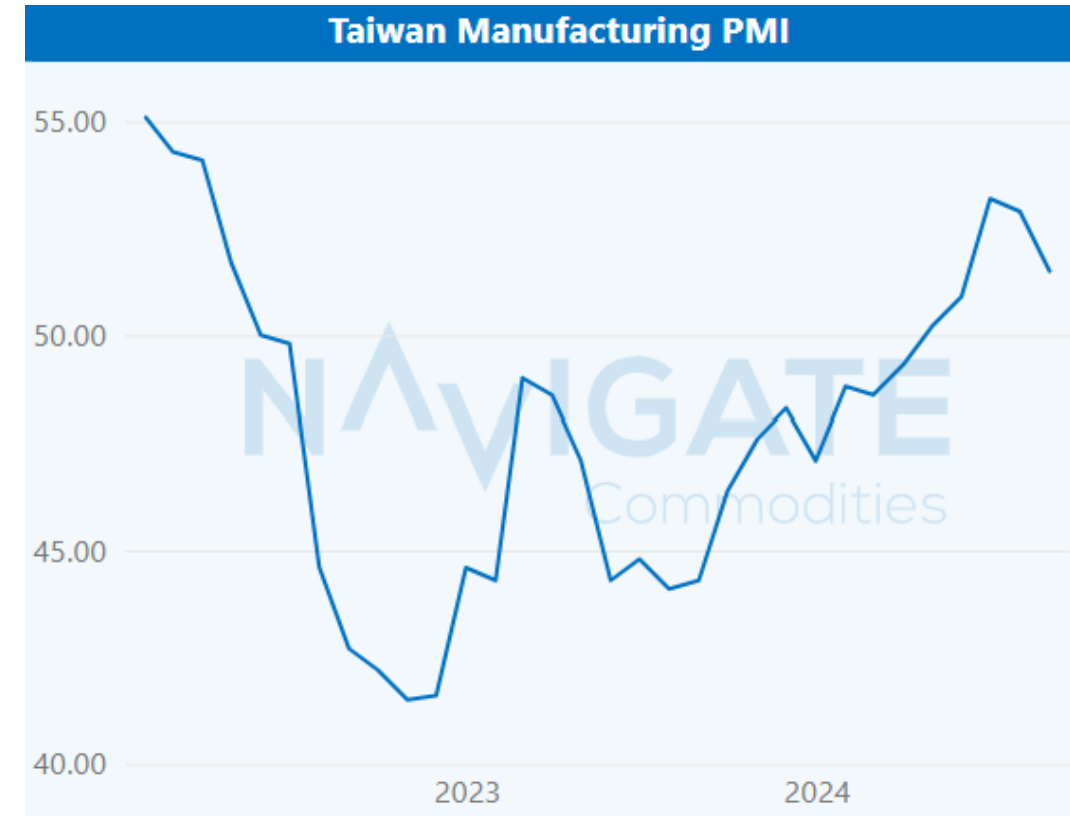
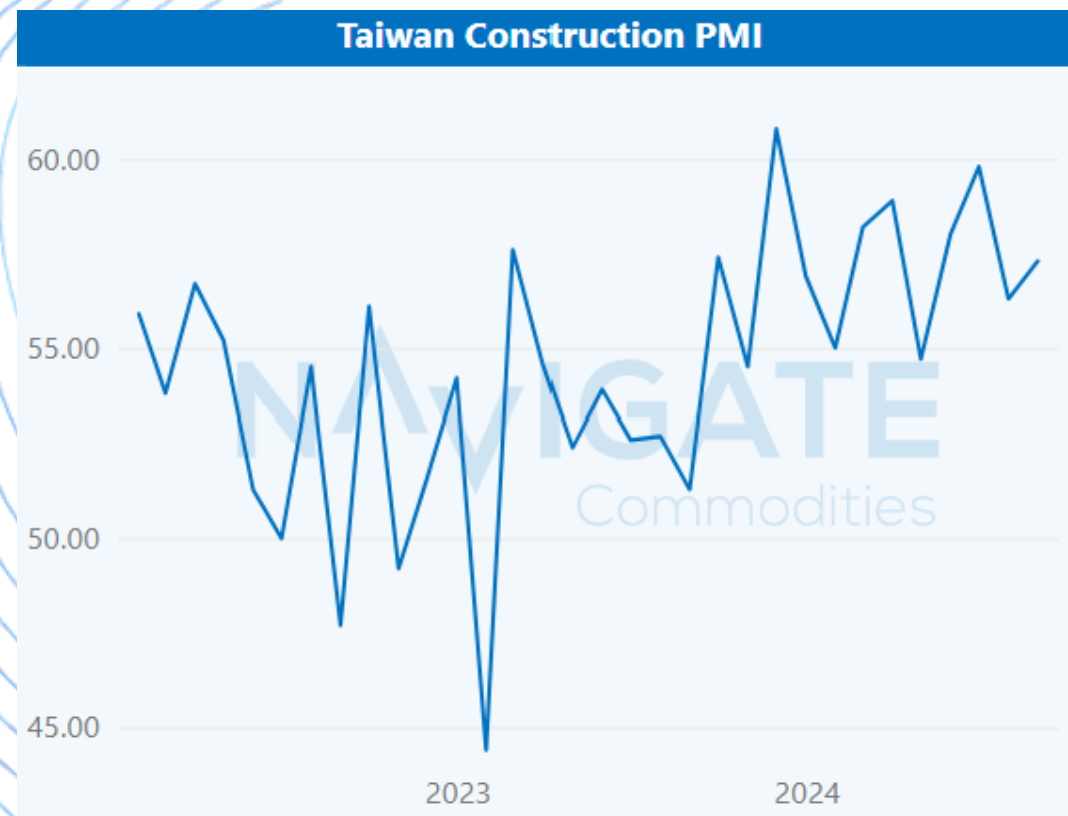
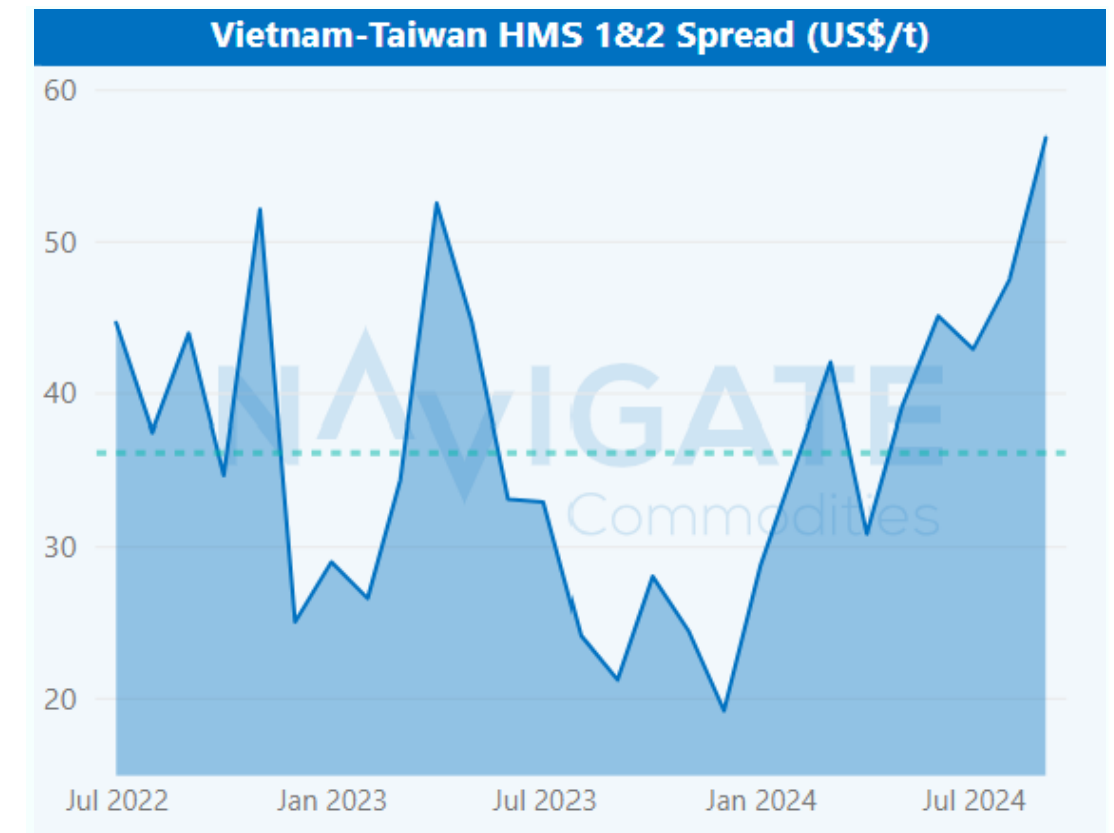
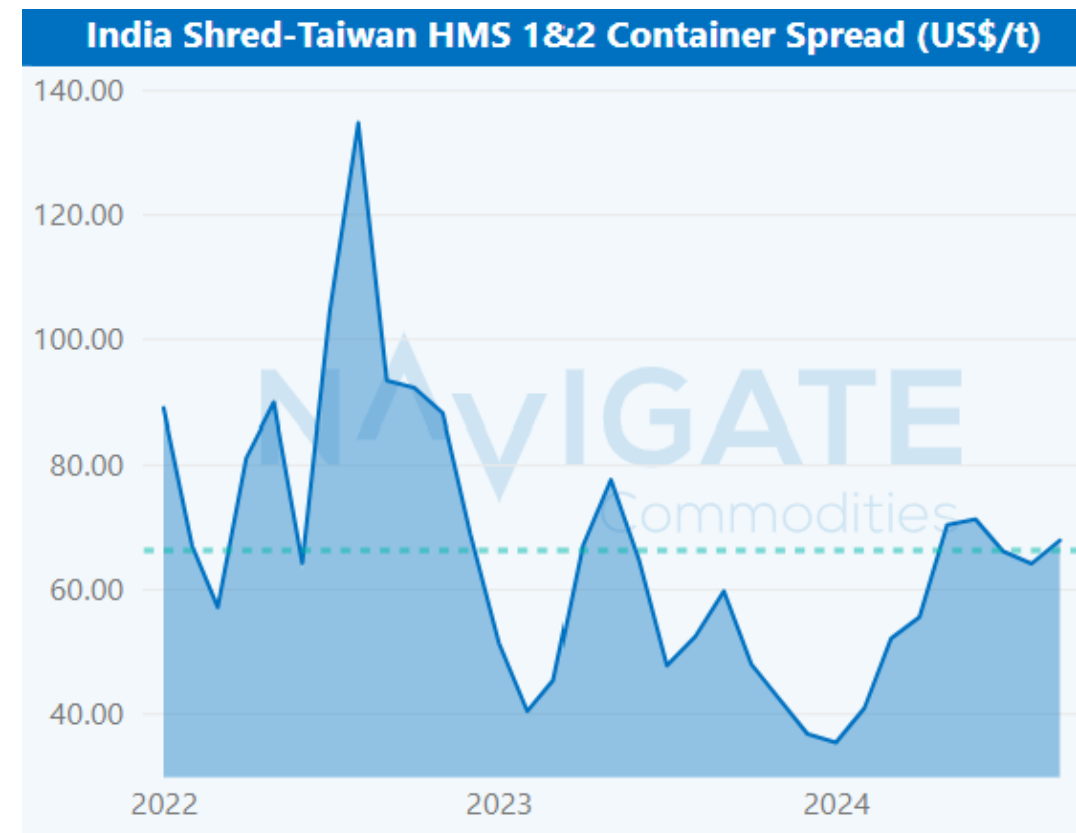
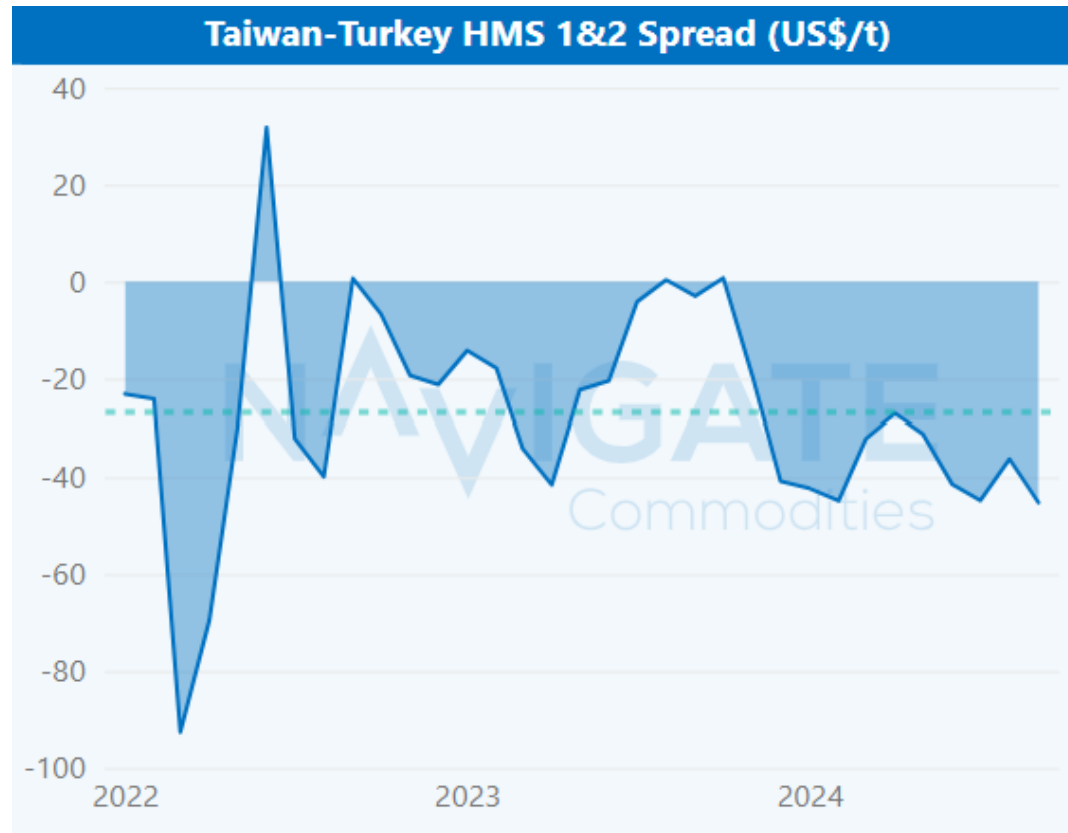
Unsurprisingly, Taiwanese HMS 1&2 (80:20) containerized discounts compared with equivalent Indian and Turkish Ferrous Scrap grades have deepened to –US\$70/t and –US\$50/t, respectively, over the past month.

**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).

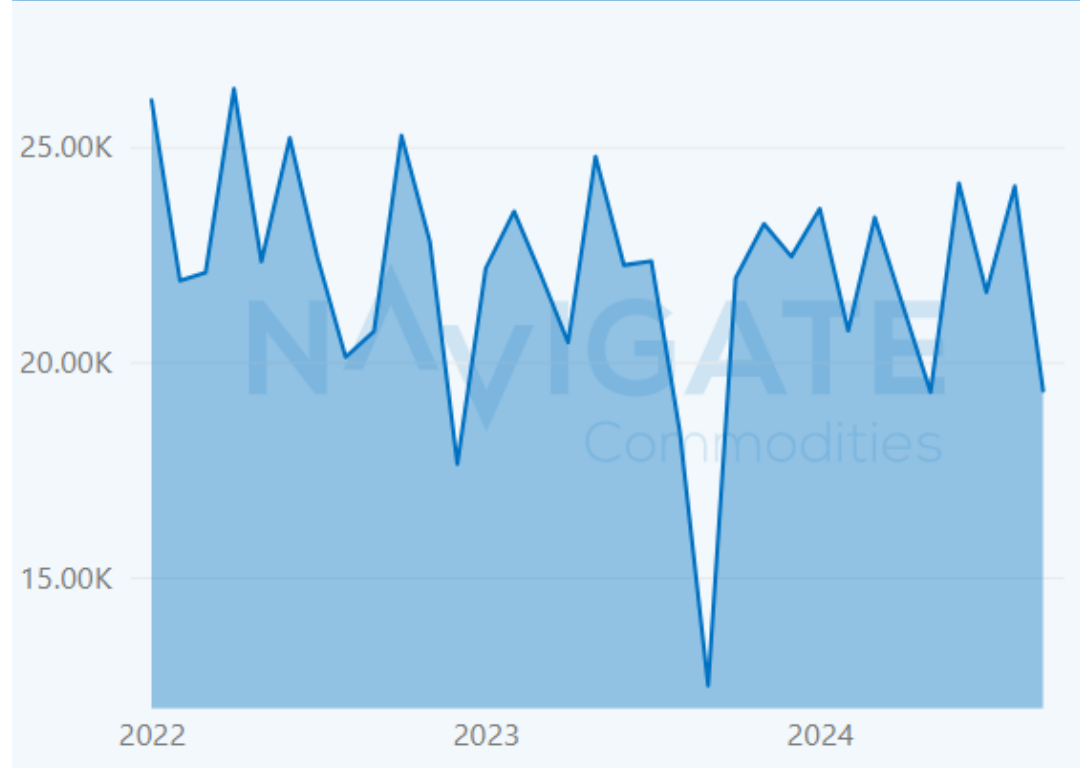


Source: Earth-i, Navigate Commodities

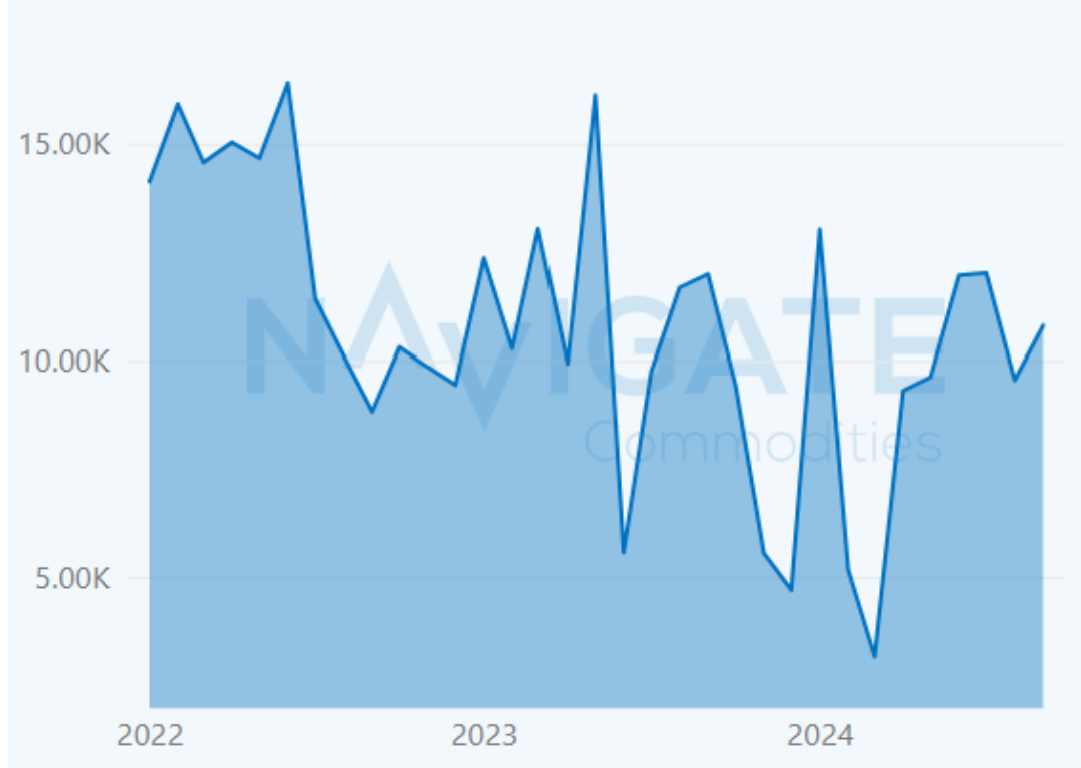




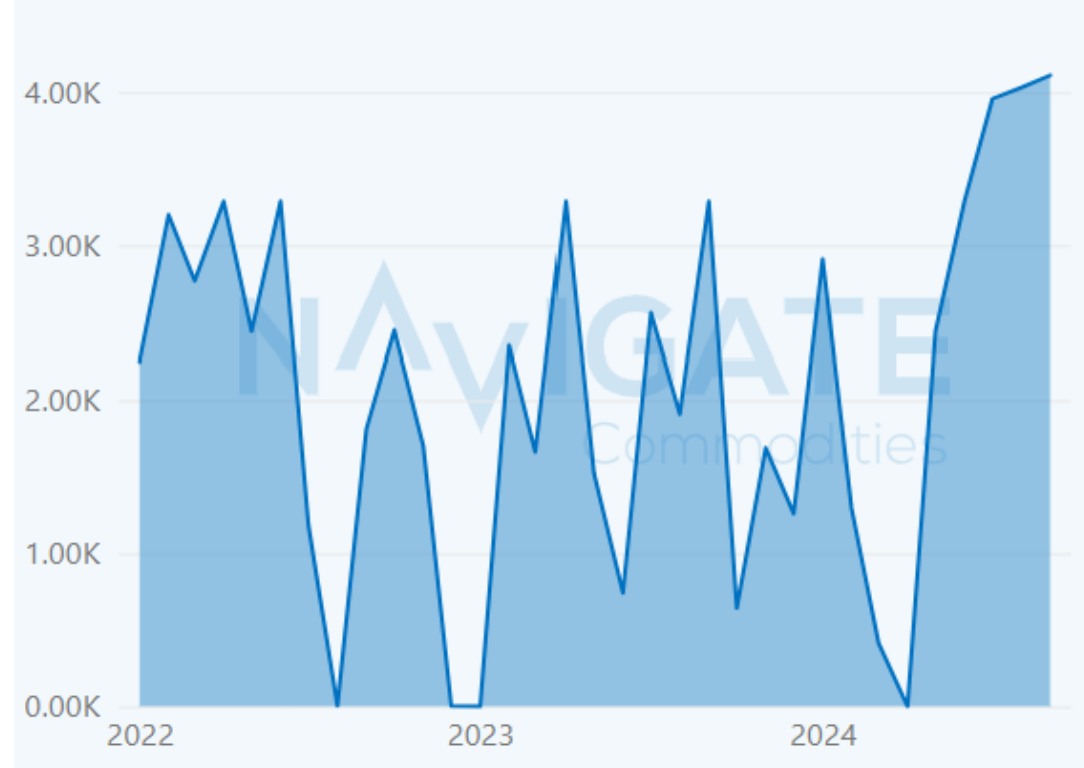
China Steel Corp Steel Output 30D MA (tonnes per day)



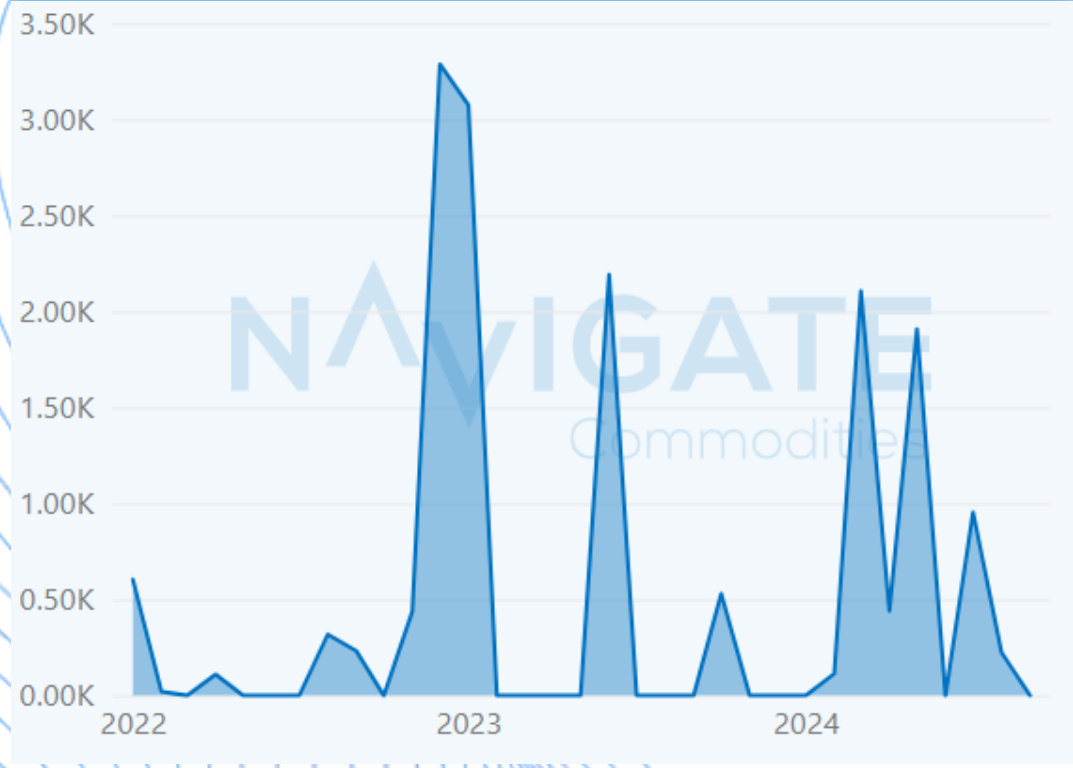
Dragon Steel Corp Steel Output 30D MA (tonnes per day)



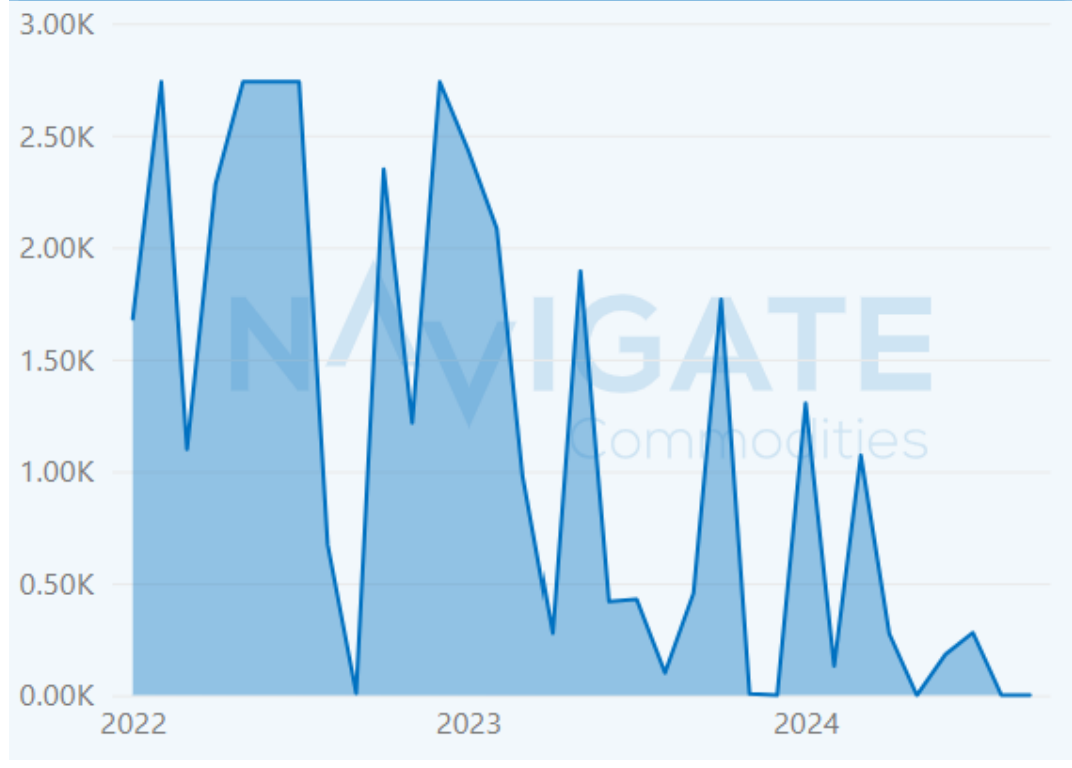
Feng Hsin Steel Output 30D MA (tonnes per day)



Tung Ho Steel Output 30D MA (tonnes per day)



Yieh United Steel Output 30D MA (tonnes per day)







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# **Türkiye Steel Scrap Market Overview**





# Türkiye

Turkish HMS 1&2 (80:20) prices recorded fresh ten-month lows of US\$360/t CFR

Türkiye (TKY) on 21<sup>st</sup> August 2024, as stubbornly elevated Ferrous Scrap eventually came under heavy pressure from cheaper East Asian Billets, Bars & Rods.

In fact, some Chinese suppliers were heard offering aggressively discounted material into the seaborne market, as they liquidated inventories ahead of a change in national quality standards & specifications come 25<sup>th</sup> September 2024.

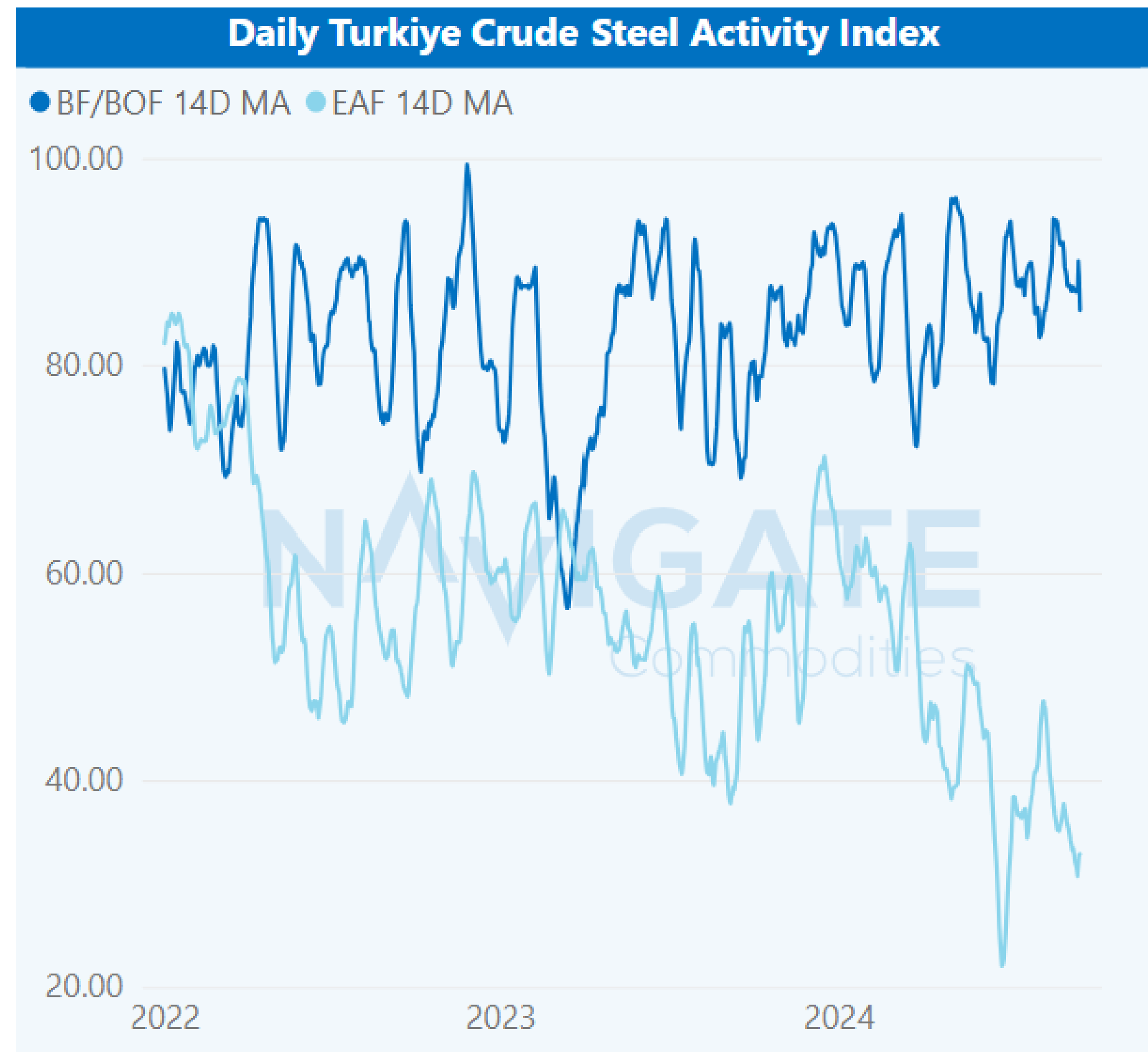
As a result, this enabled some Turkish Steel producers with reheating furnaces and/or re-rollers to procure cheaper semis to displace underlying consumption of Ferrous Scrap or locally-sourced Billets.

More recently, a modest but short-lived rally in East Asian Steel benchmarks prematurely prompted those Turkish Steel mills and re-rollers in question to cancel orders of large volumes of Chinese-origin Billets.

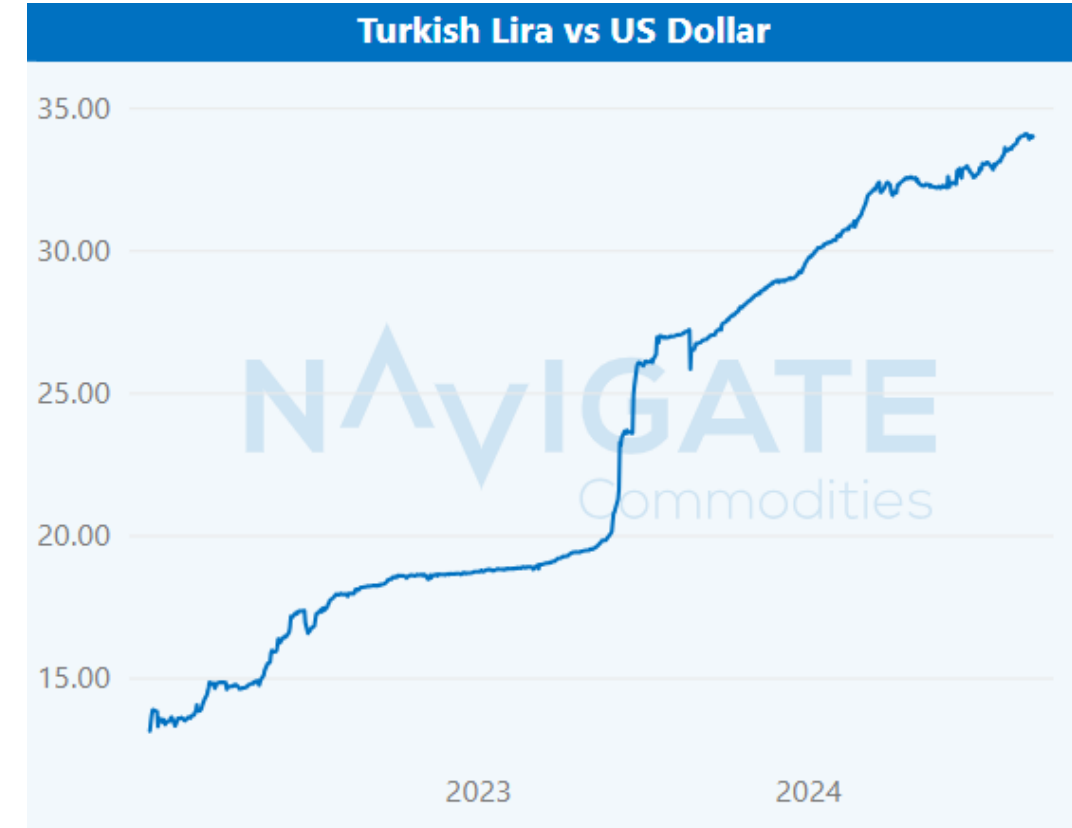
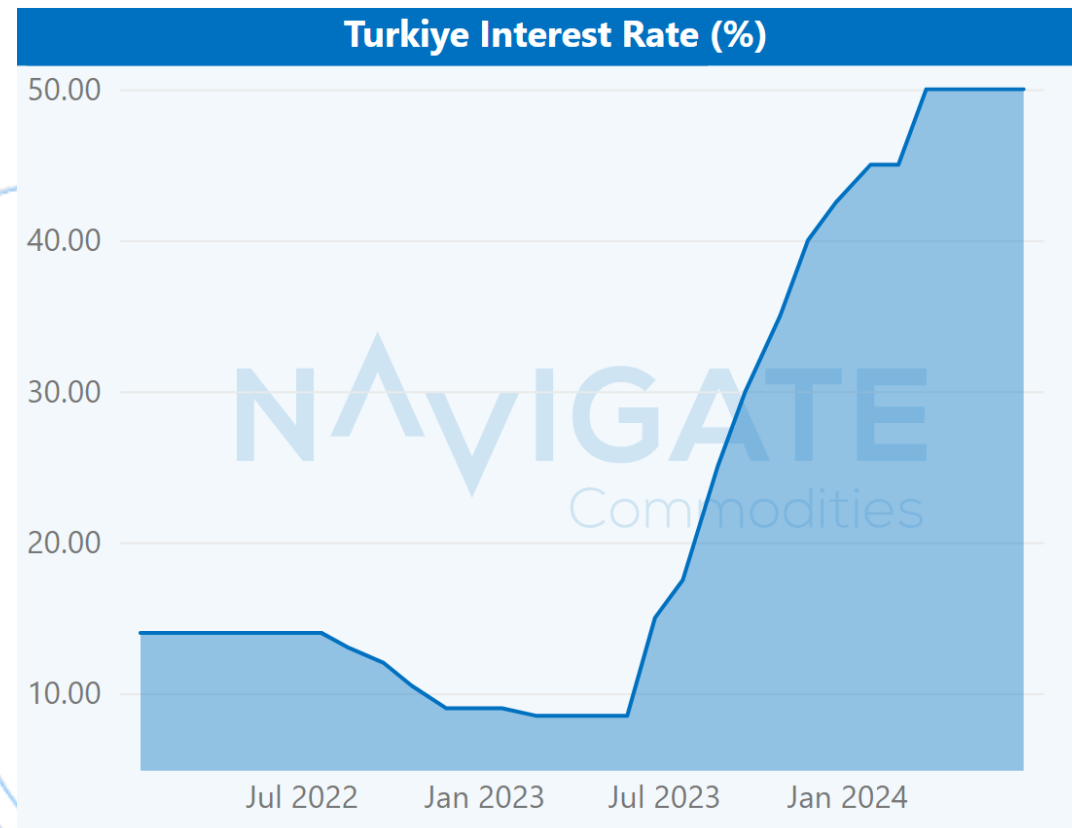
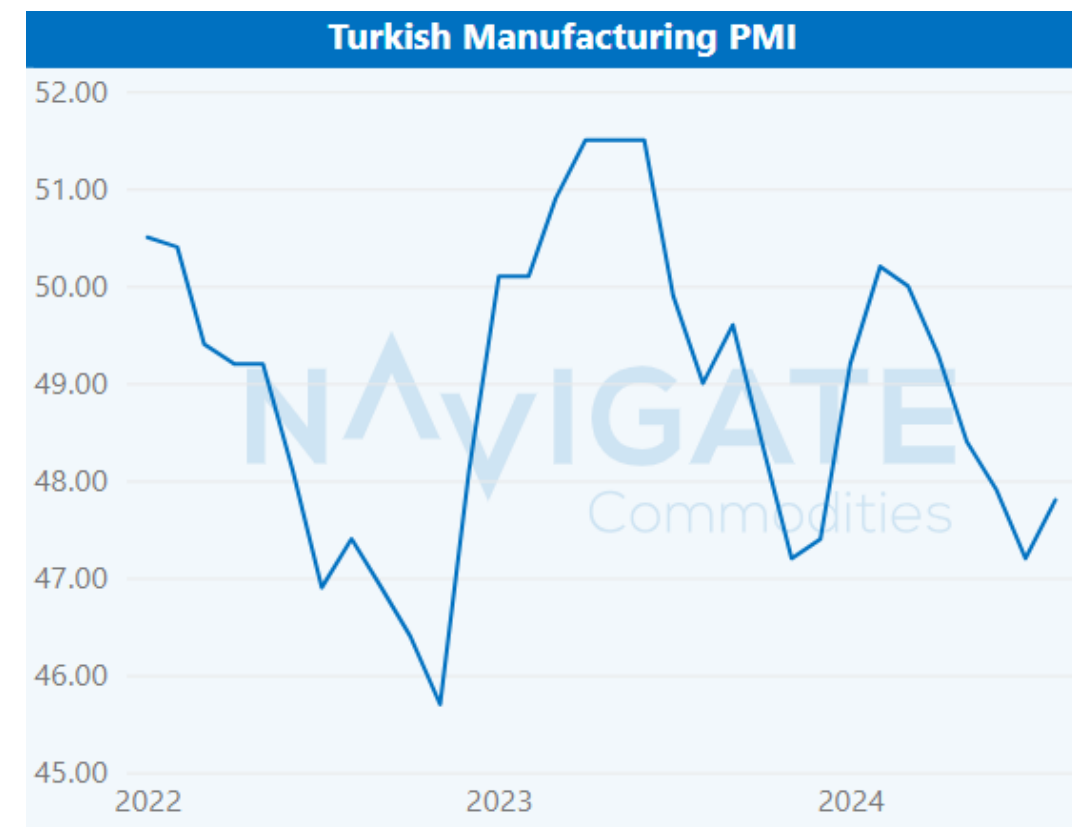
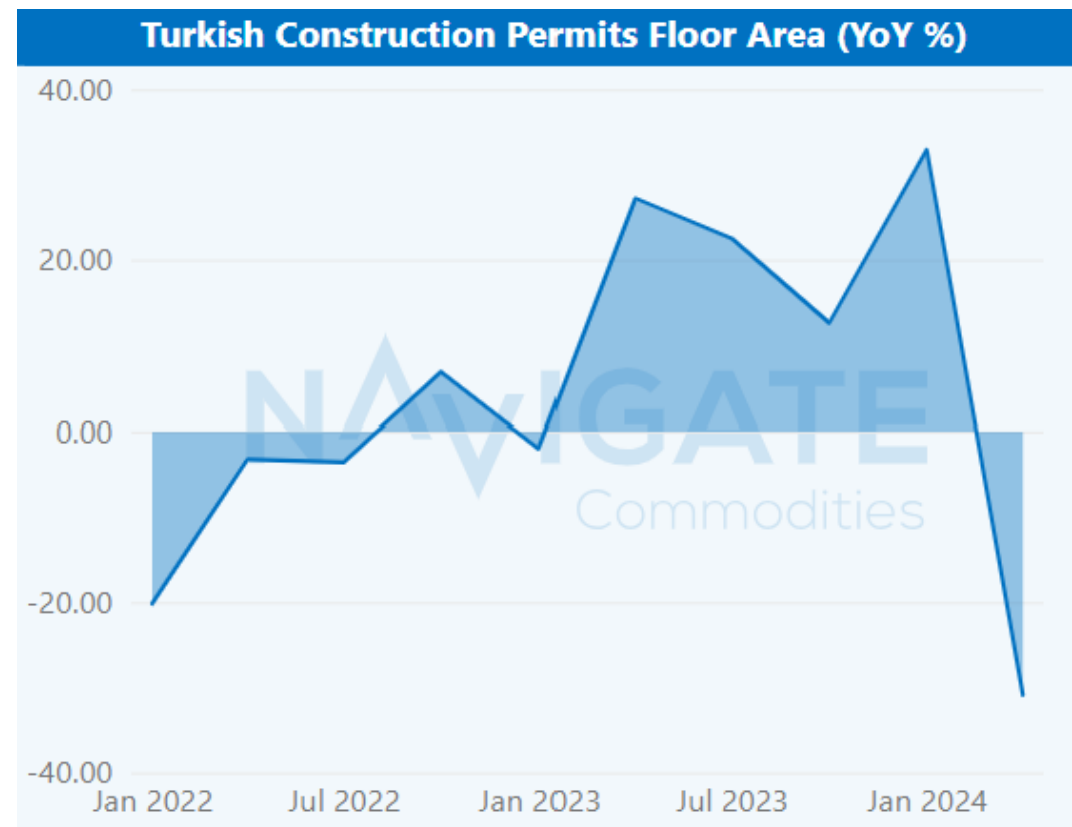
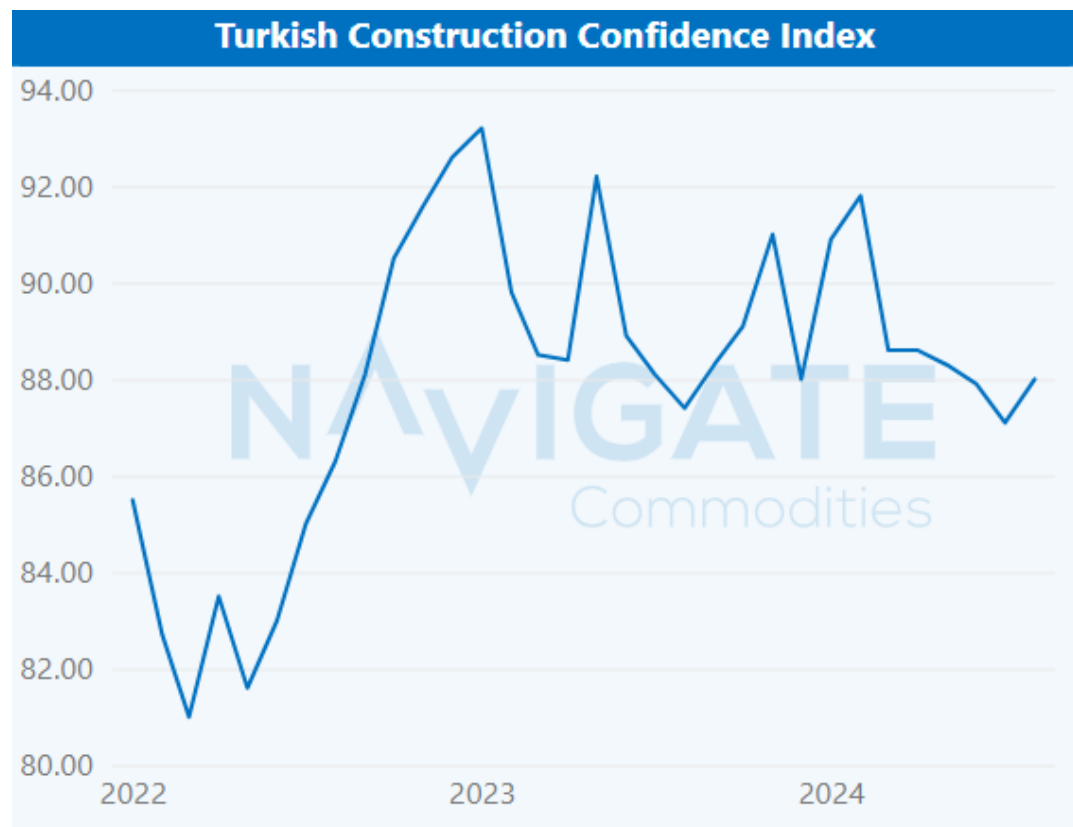
While this resulted in a rebound in Turkish HMS 1&2 (80:20) prices back to US\$370/t CFR TKY by 5<sup>th</sup> September, we are now witnessing the cycle repeat itself with Chinese Billet, Bar & Rod prices collapsing to record fresh seven- (7) year lows.

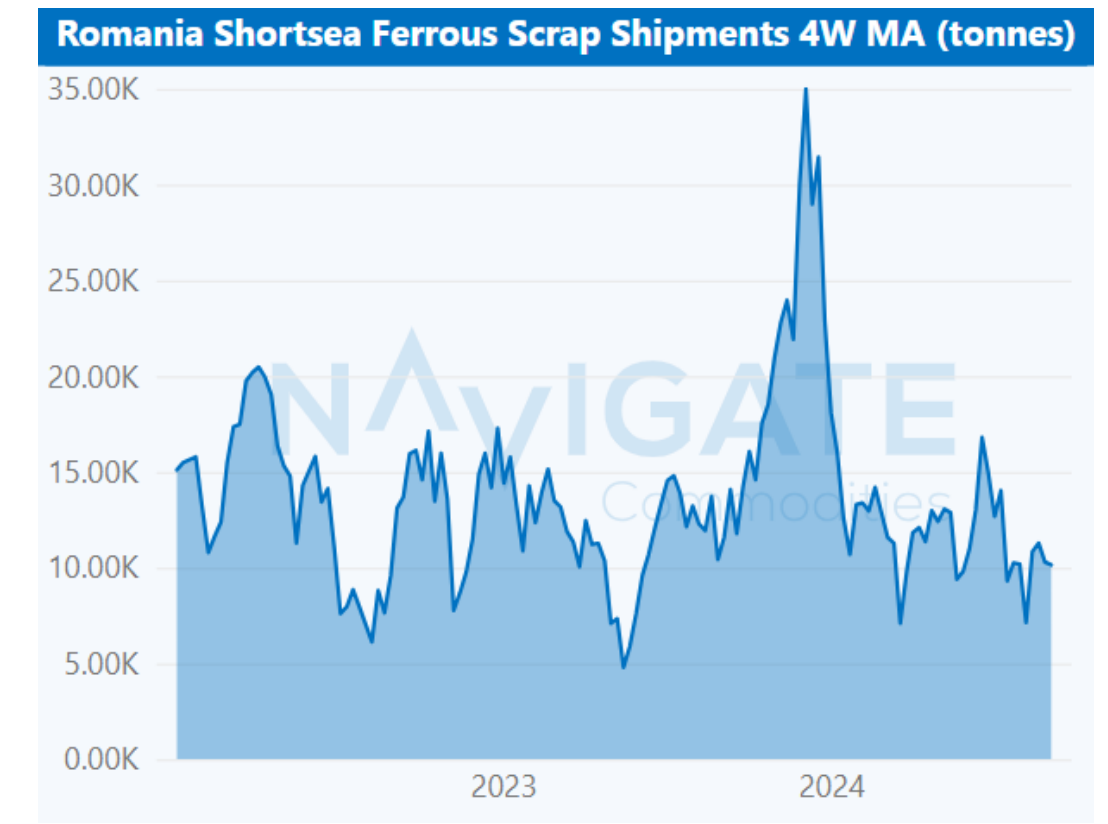
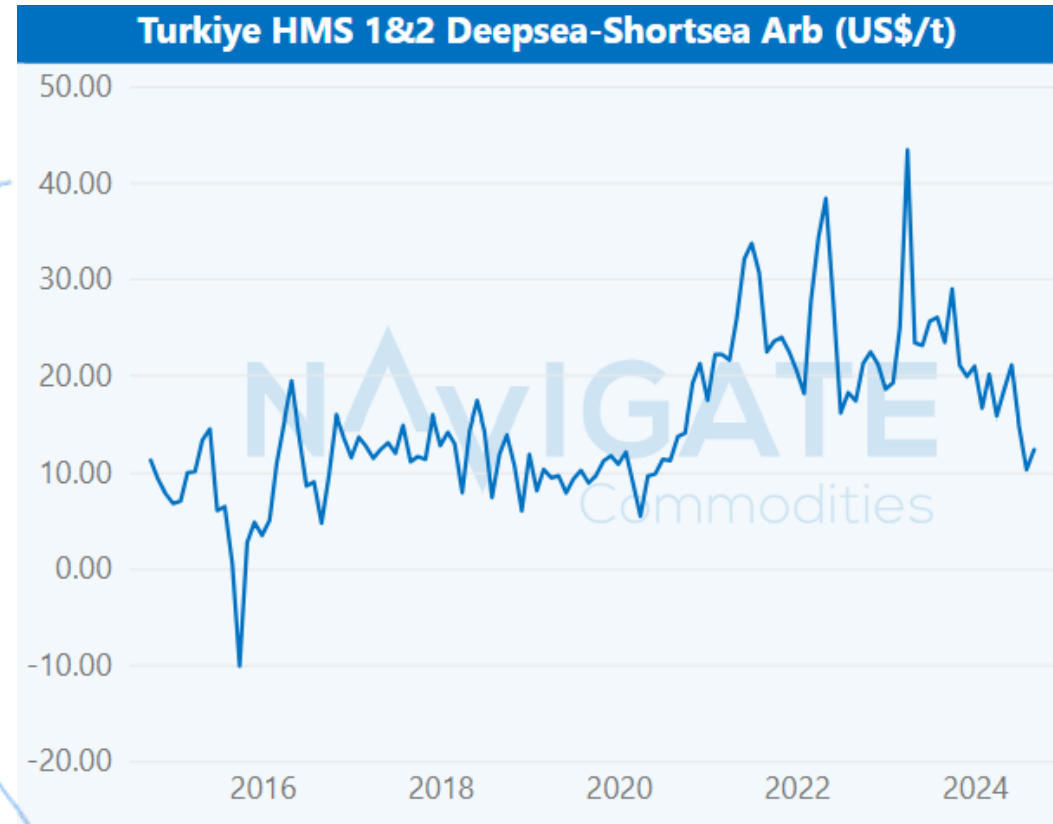
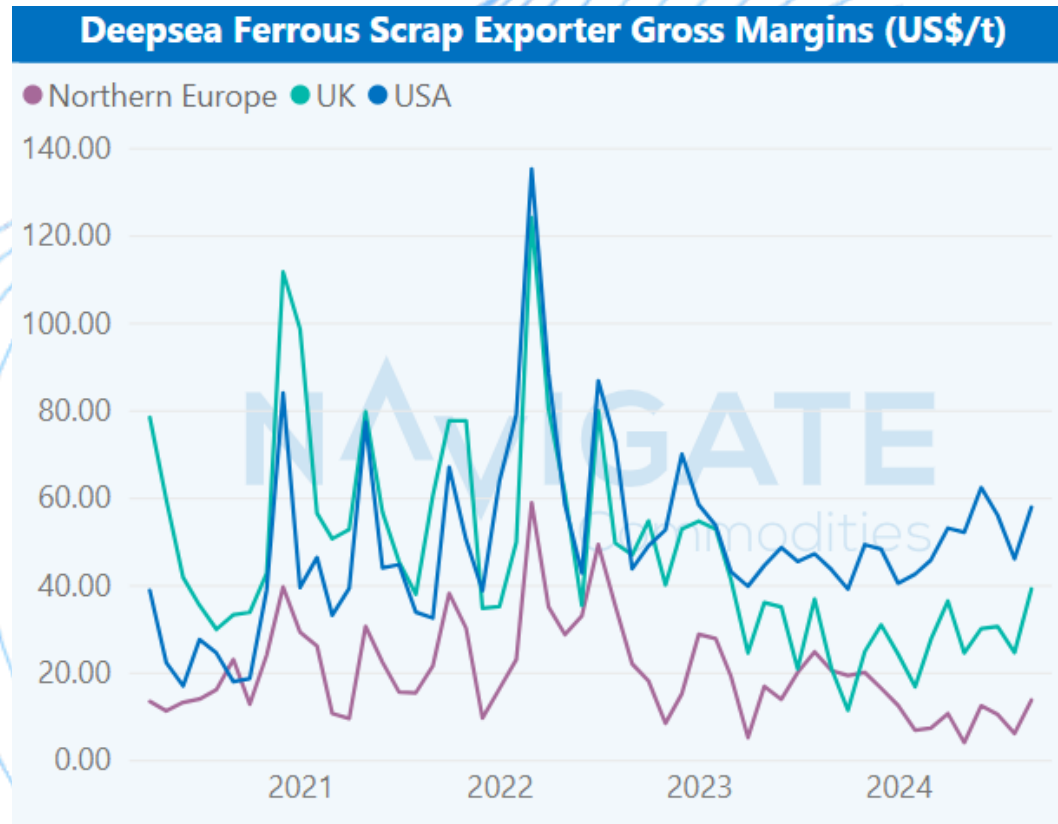
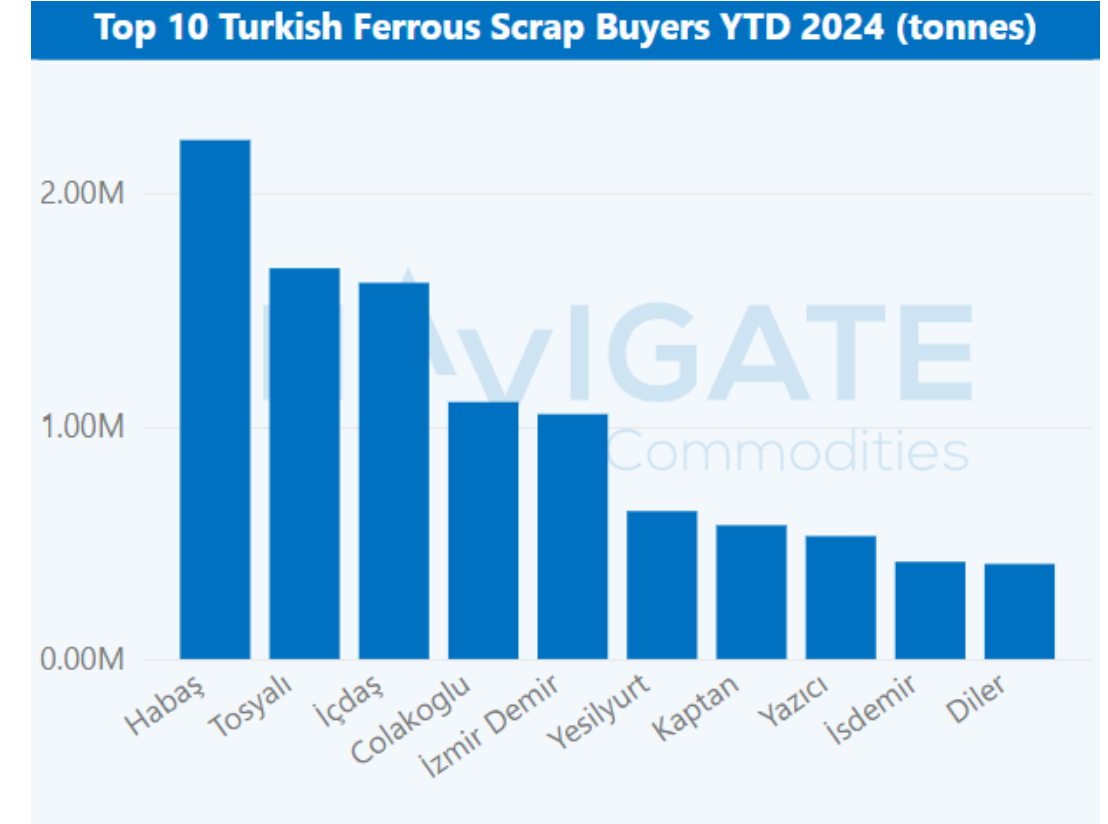
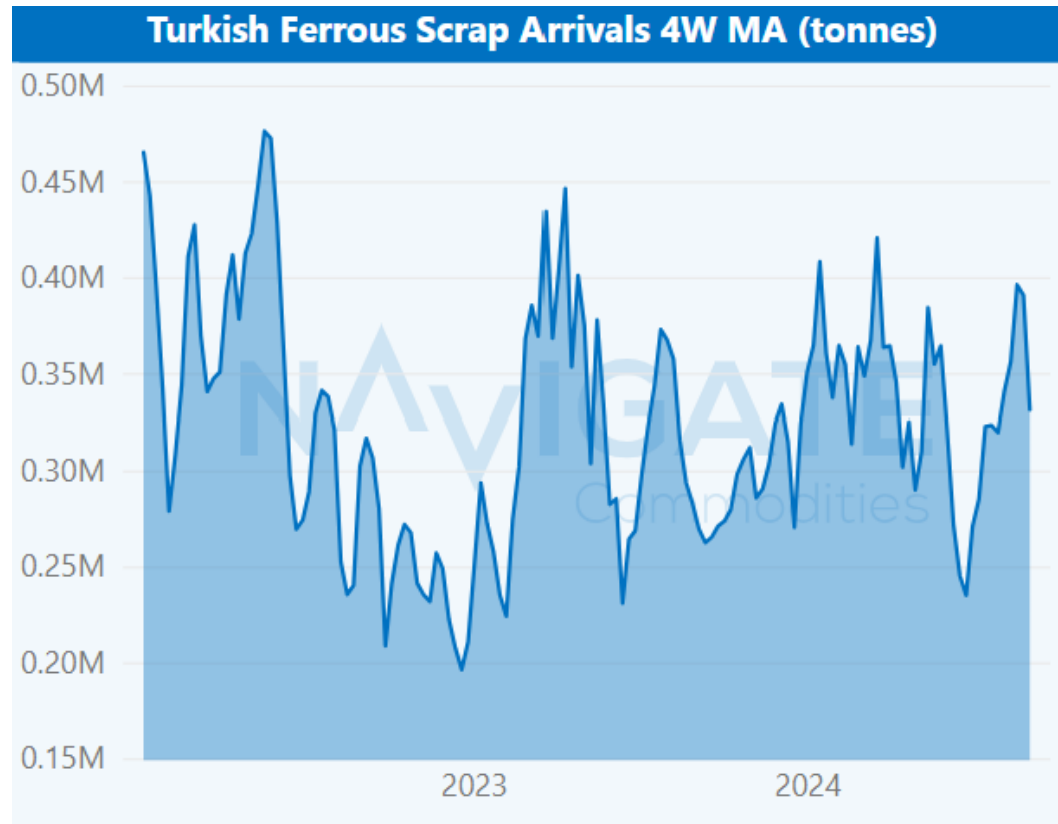
All the meanwhile, daily Turkish electric arc furnace (EAF) Steel melting activity has continued to extend its long-term downward trend since the turn of the year as inflation-busting interest rates suppress downstream Steel demand.

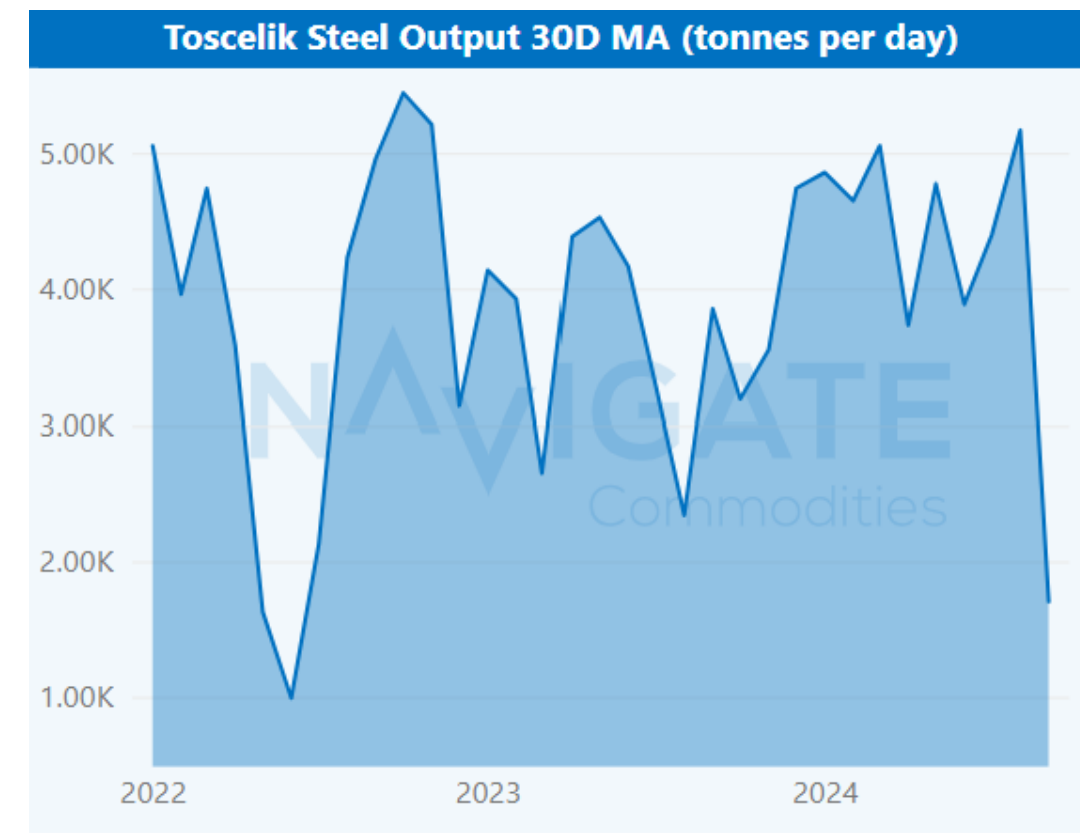
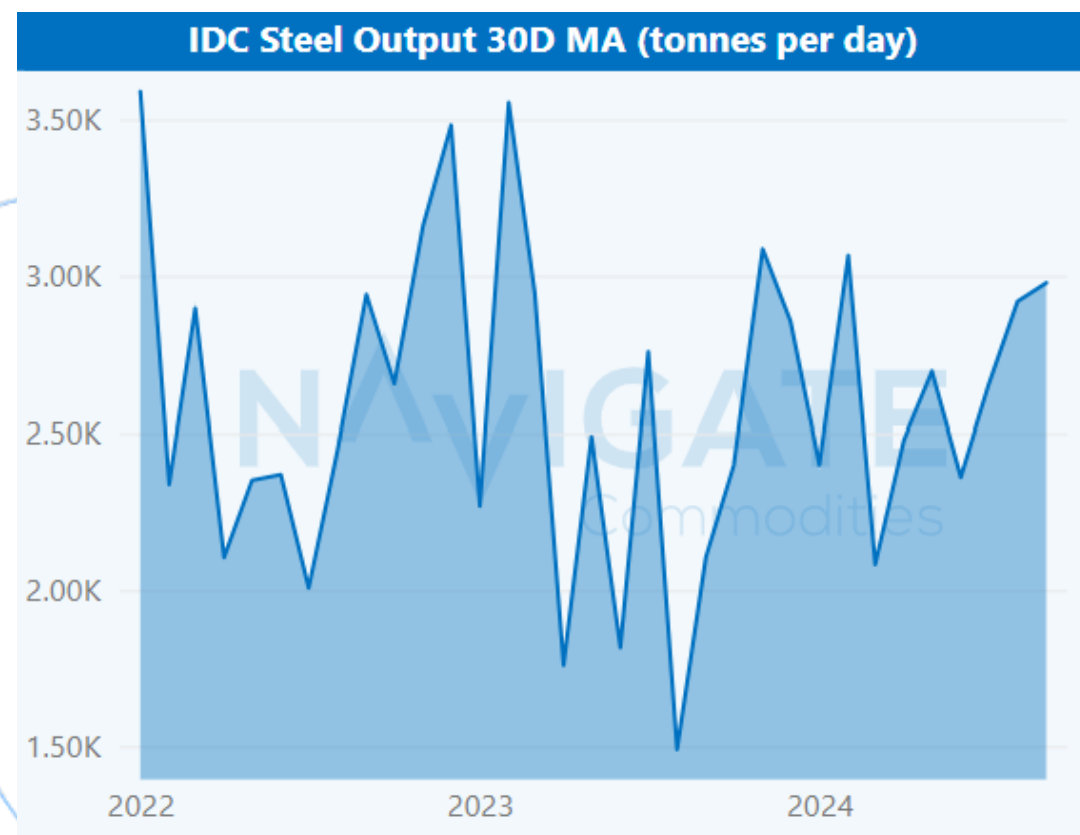
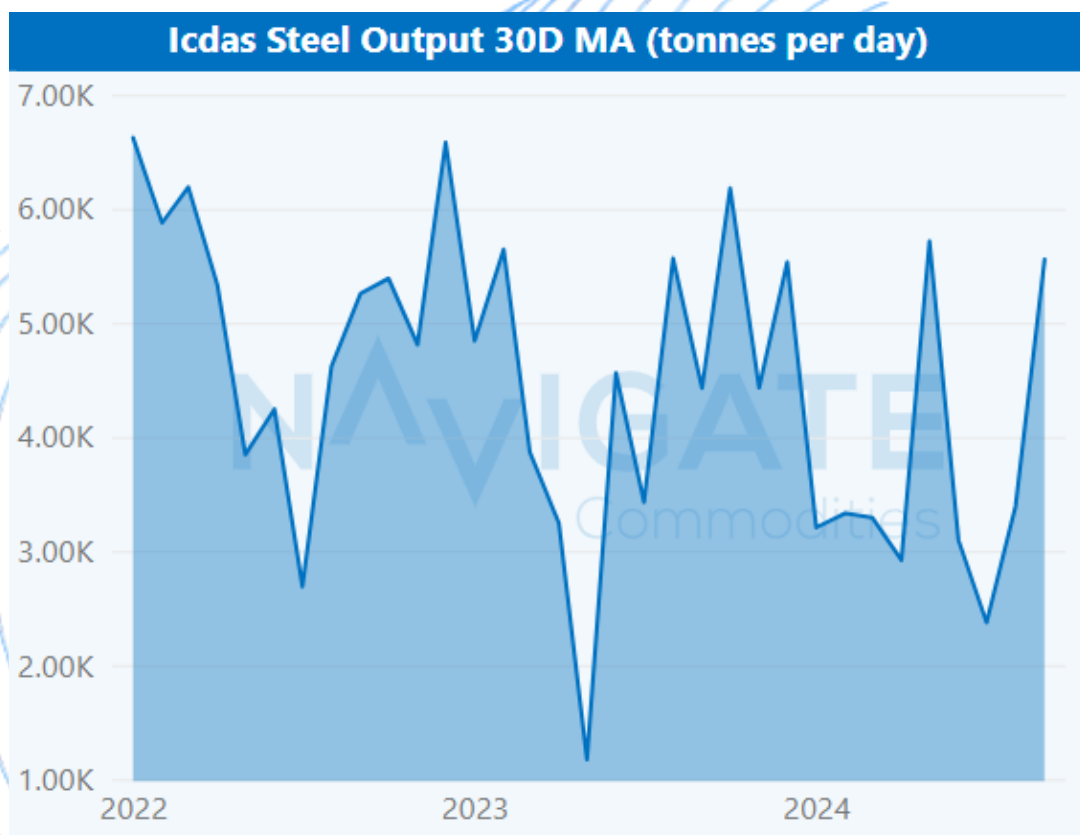
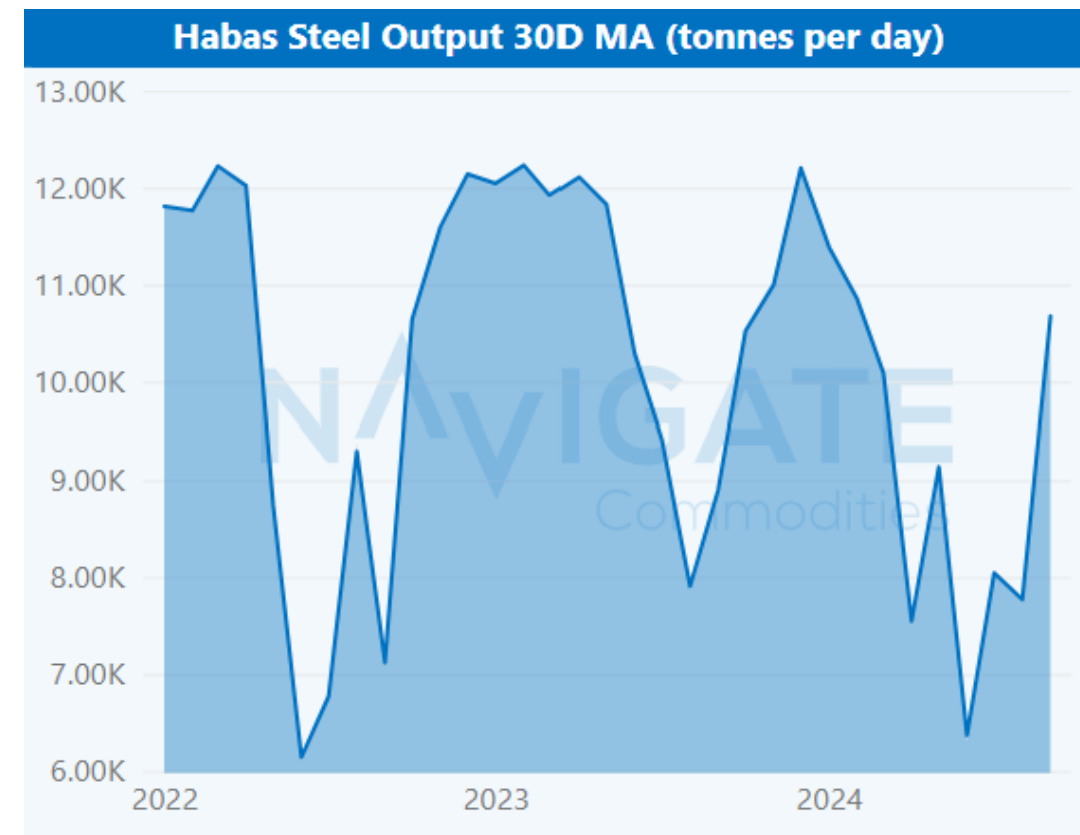
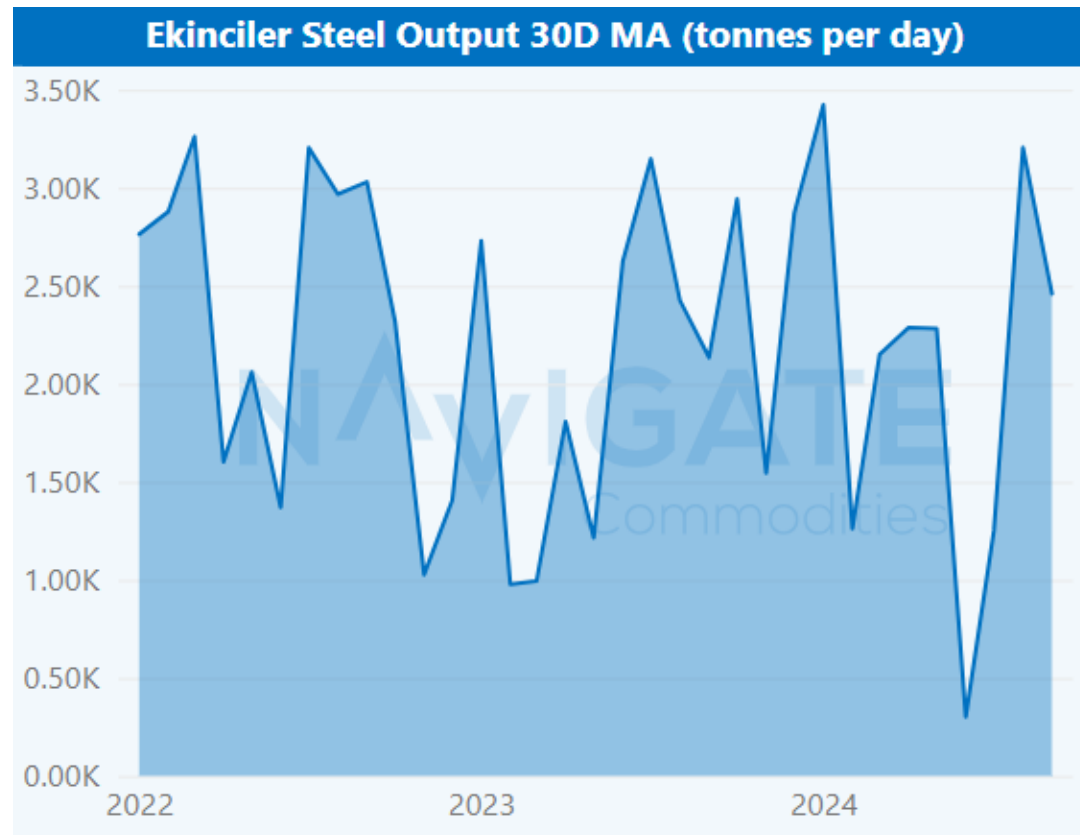
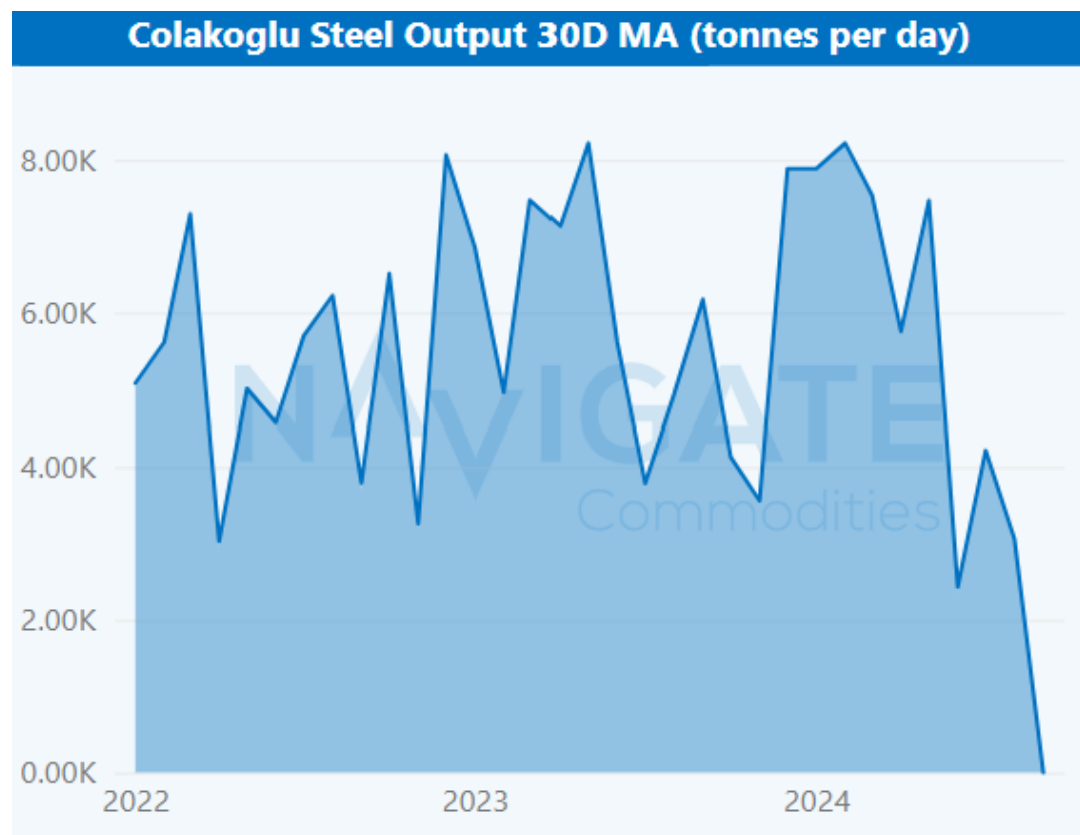
**Methodology:** The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



Source: Earth-i, Navigate Commodities









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