

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.

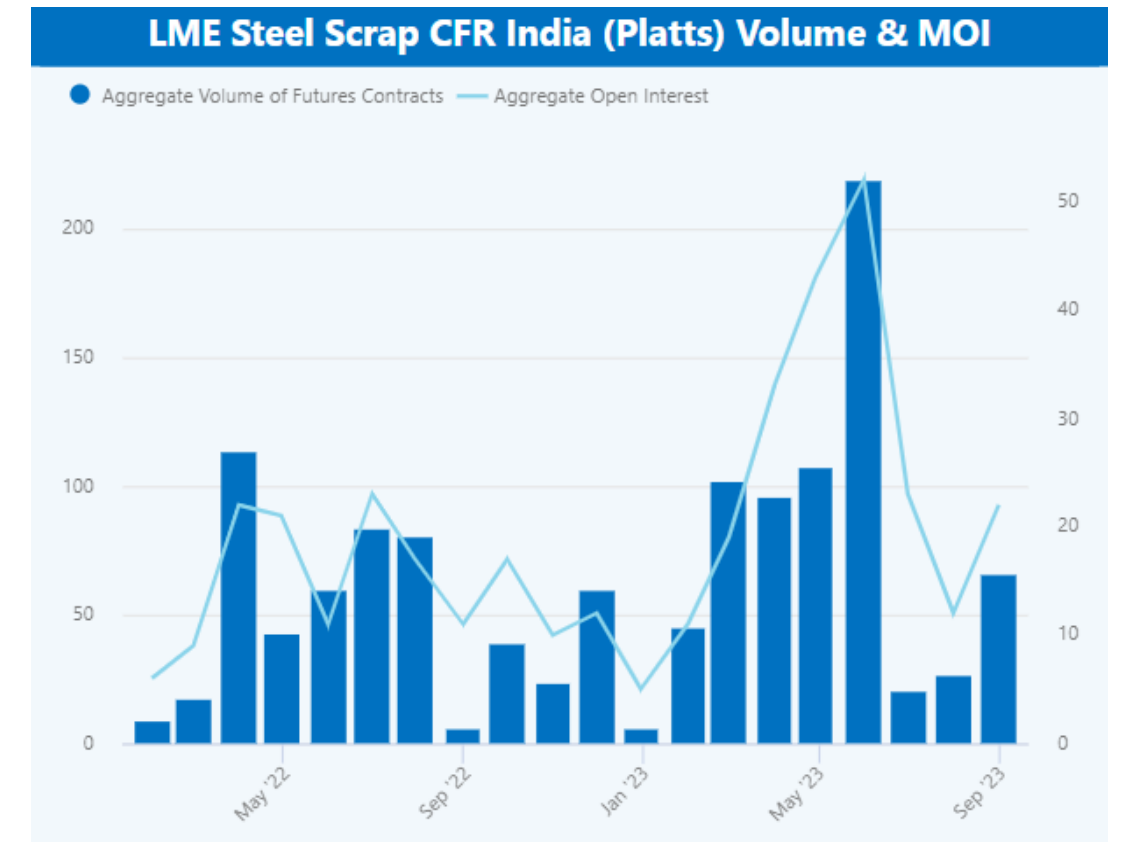
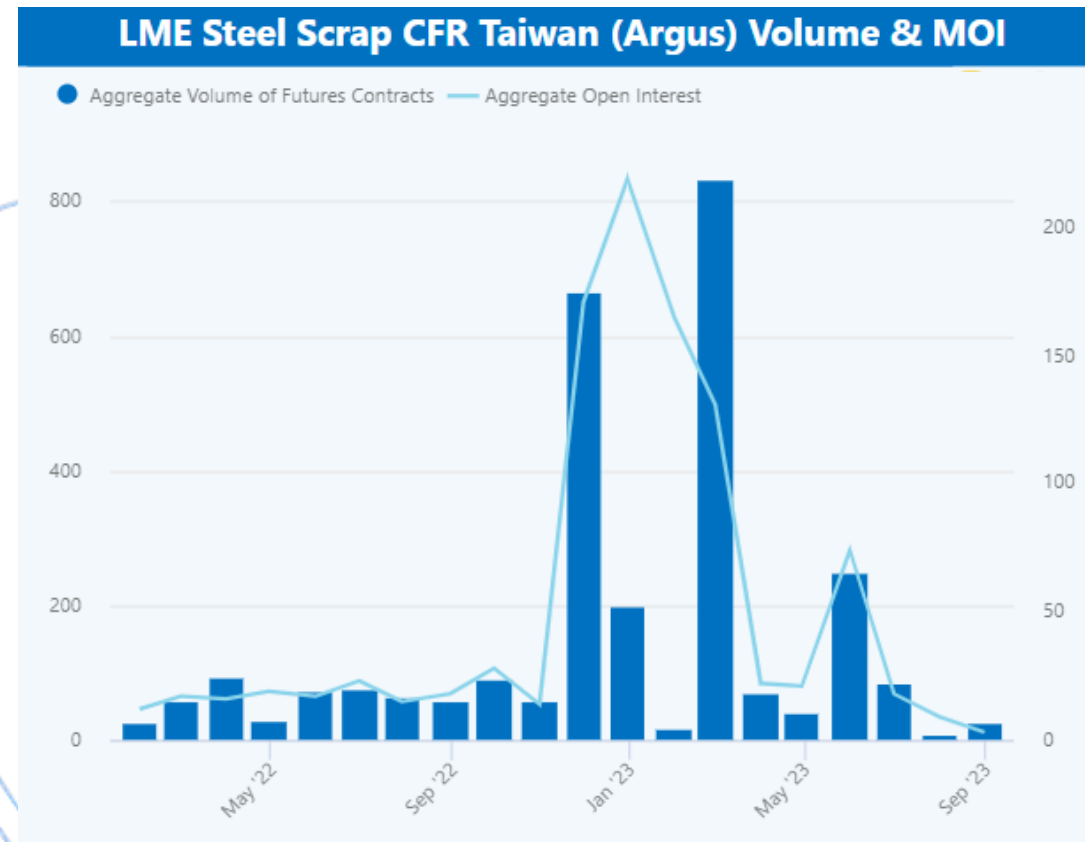
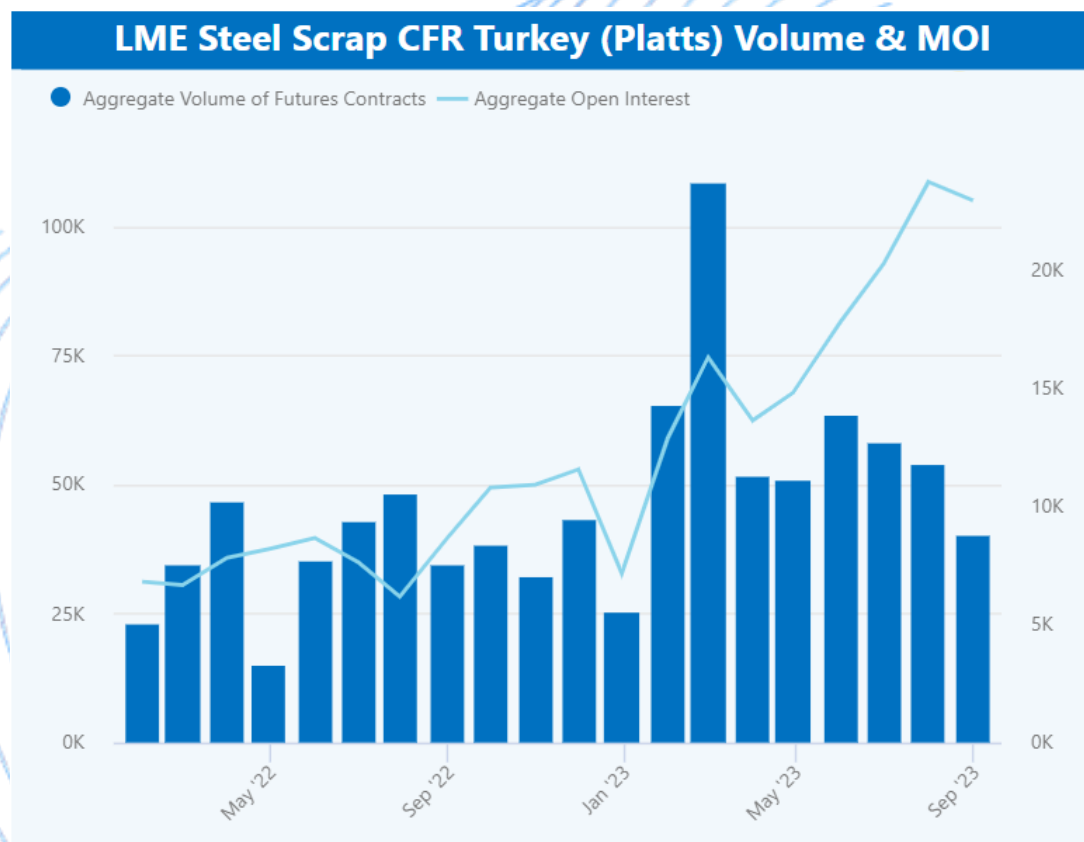
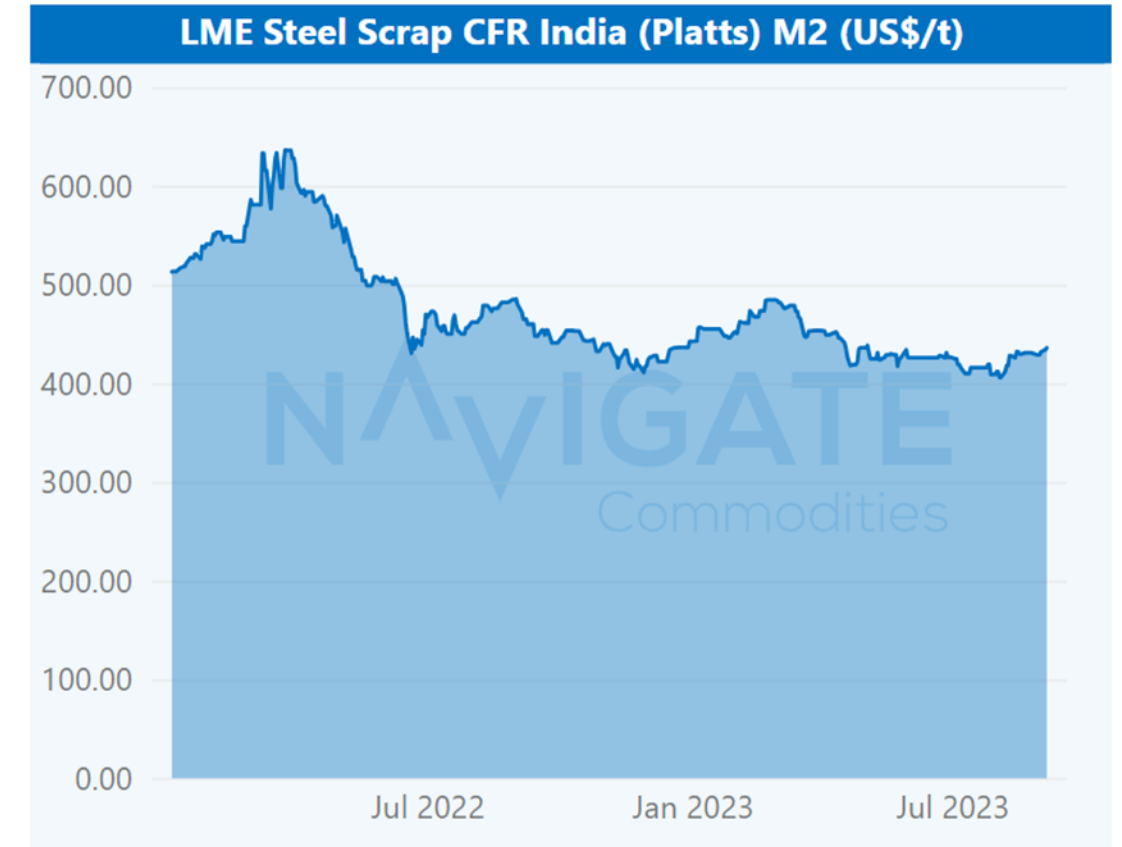
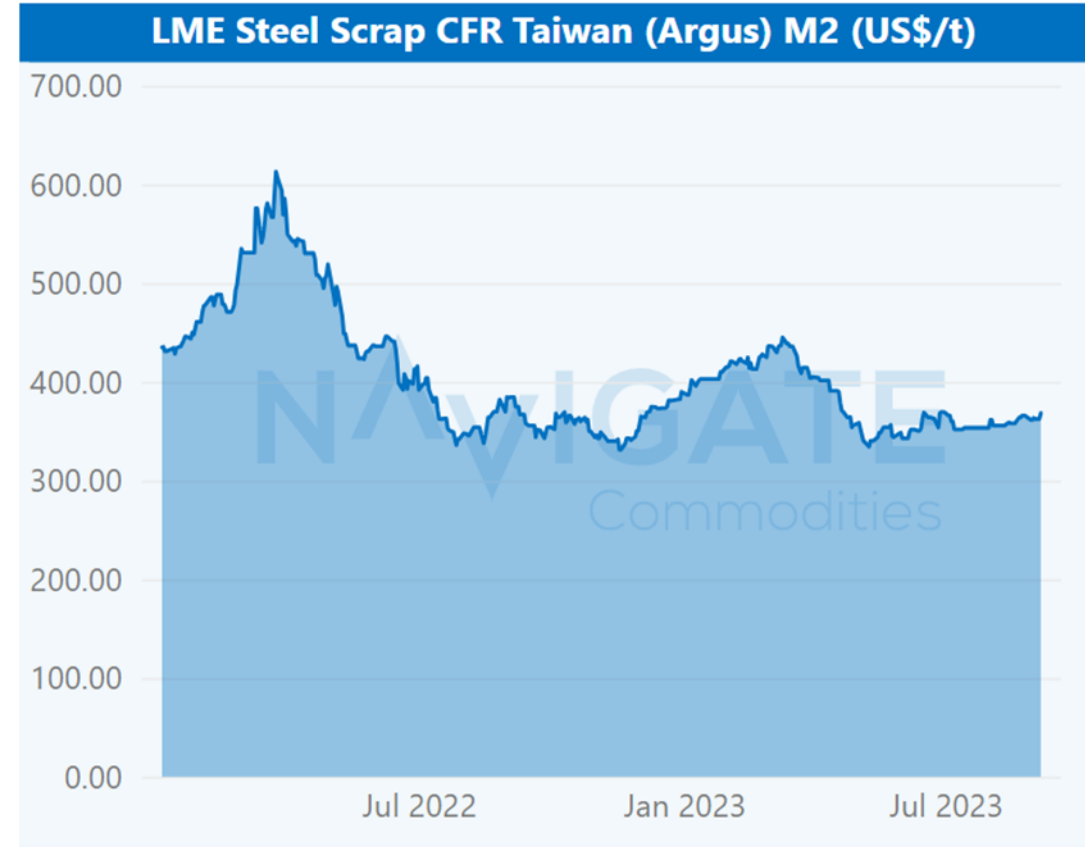
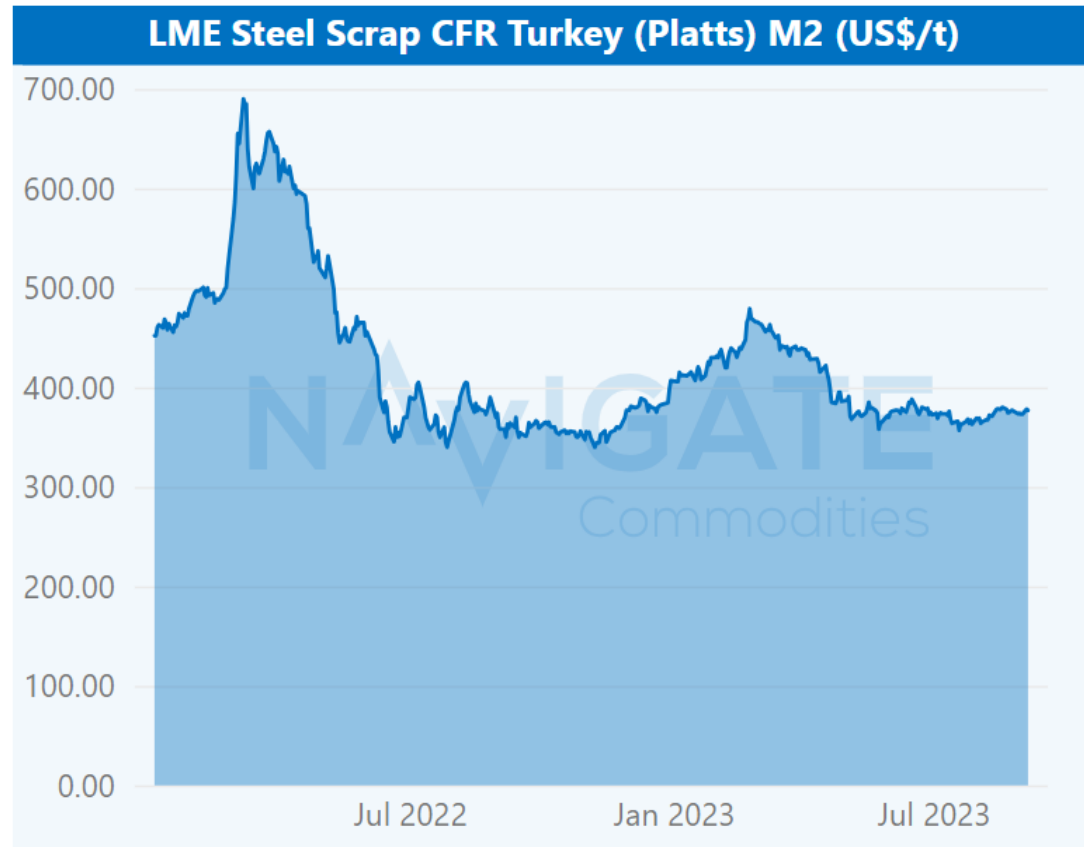
This report includes a wealth of data and provides commentary on supply chains from the key steel scrap markets of Turkey, India, and Taiwan.

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

Indian Shredded Ferrous Scrap prices have surged US\$35-40/t over the past month to approximately US\$435-440/t CFR Nhava Sheva on 8th September 2023 in response to sustained robust demand.

For one, we believe that subdued activity from key trade routes to Türkiye are prompting more suppliers to focus their efforts on South Asian markets, particularly in India.

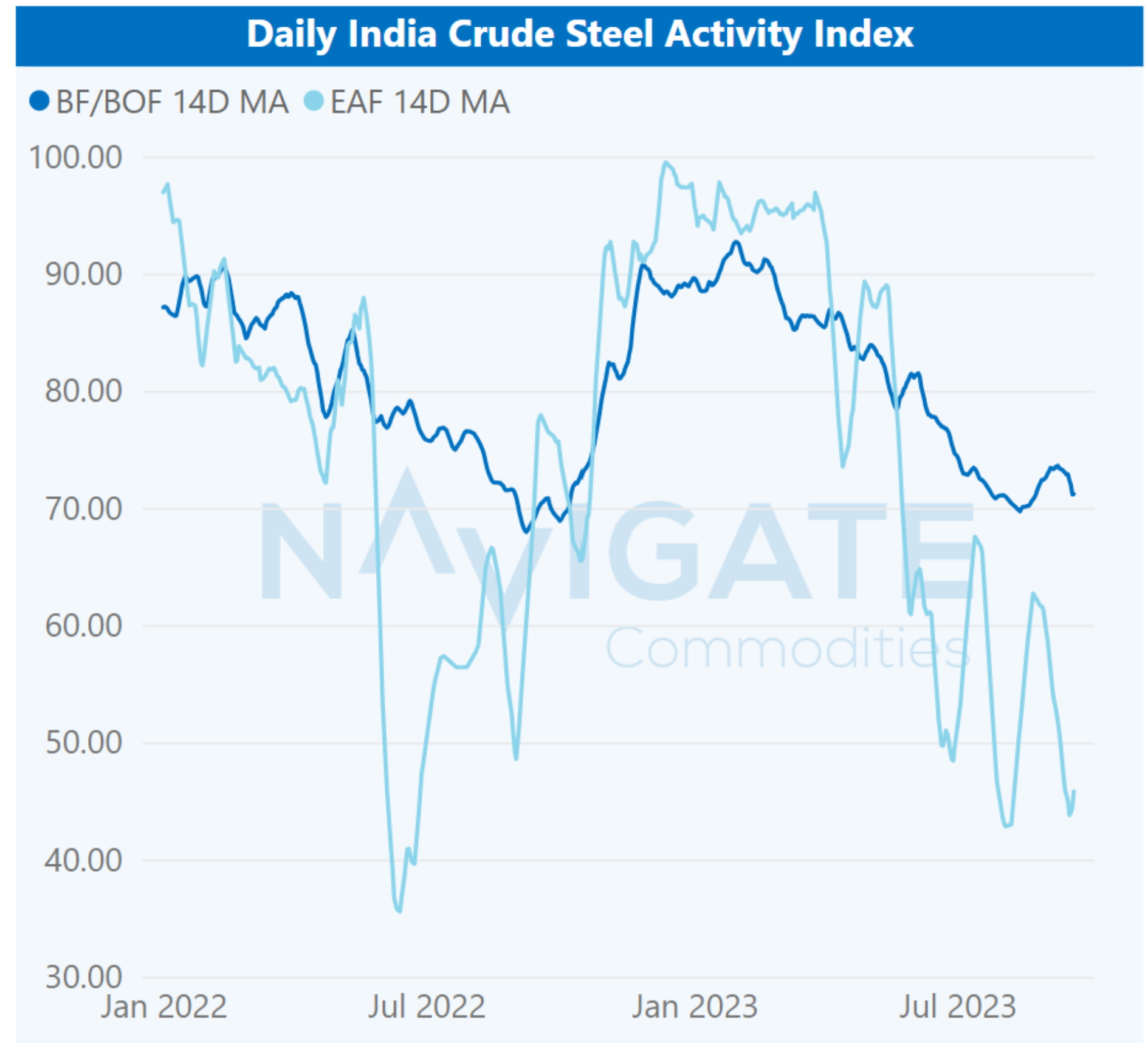
It's also clear that integrated plants are consuming larger volumes of Ferrous Scrap in response to the unreasonably high prices of Iron Ore and Metallurgical Coal making partially substitutable Hot Metal production costs untenable.

The major concern for us at the moment is the longevity of Ferrous Scrap demand for suppliers focusing on this "growth market", given that overall Steel production appears to be on an overall downward trend.

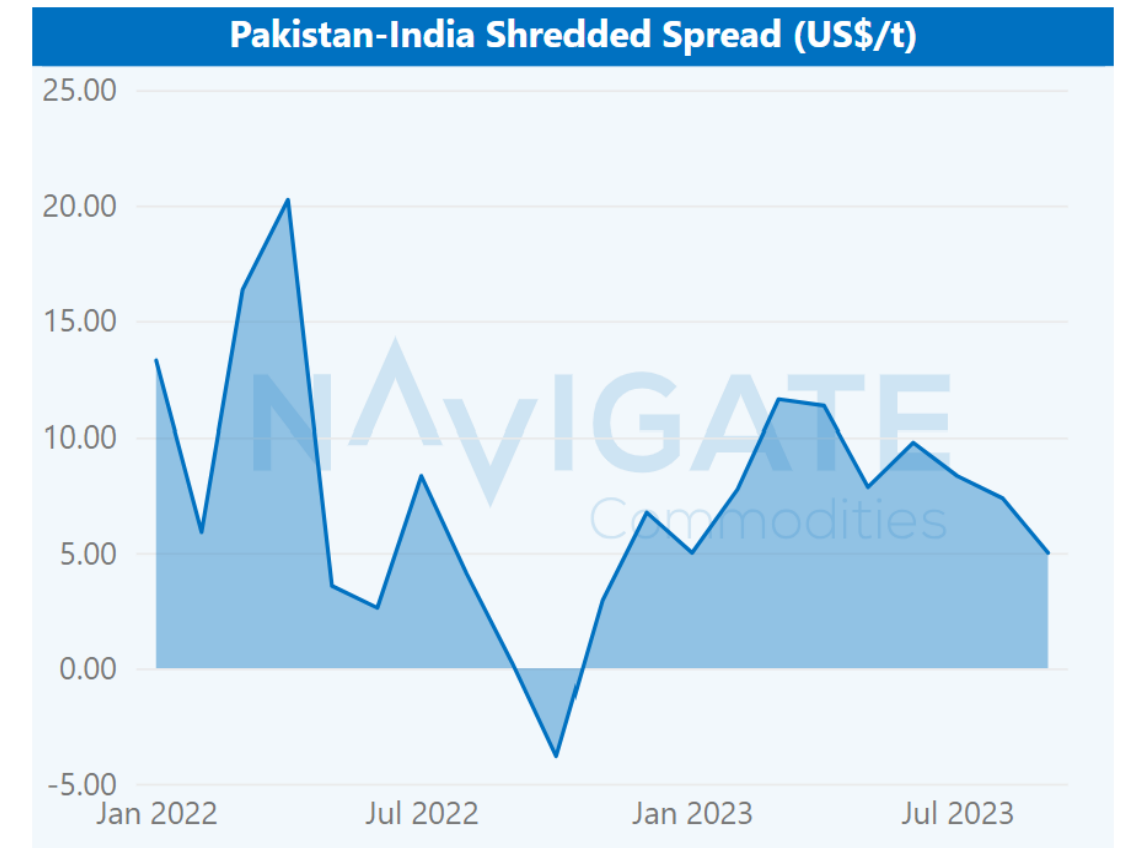
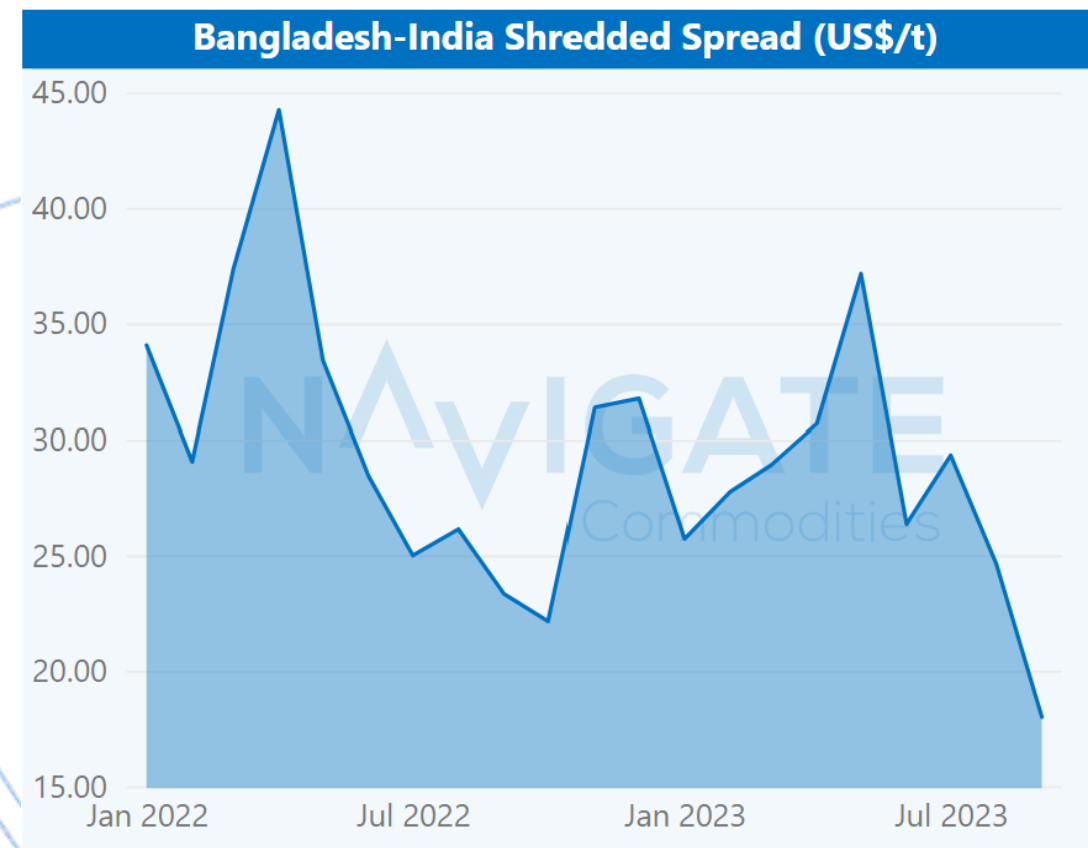
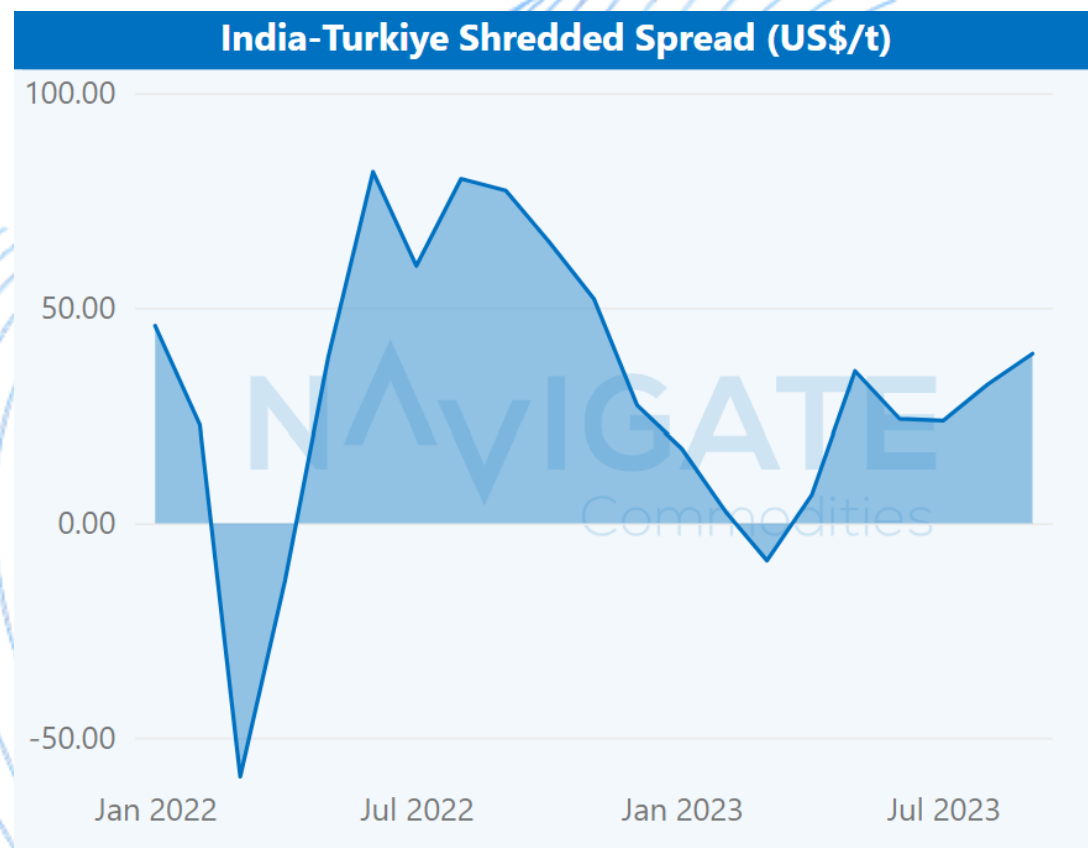
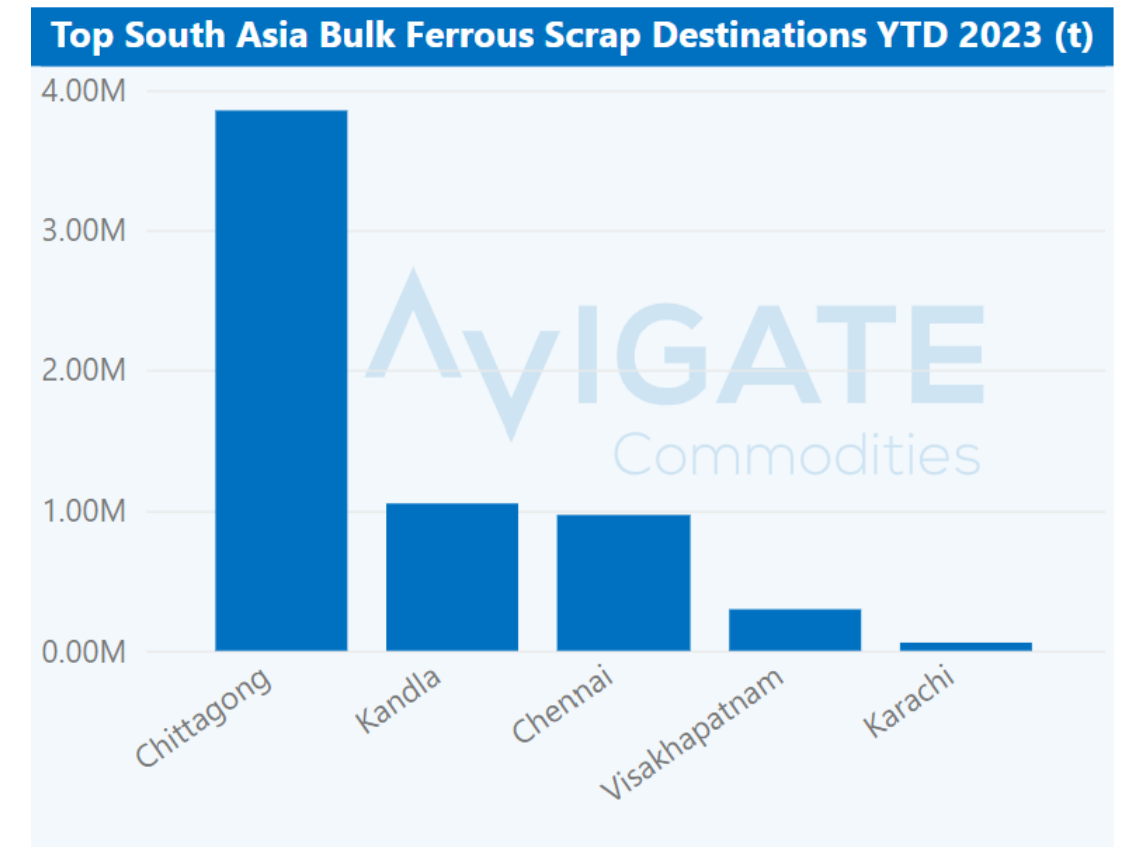
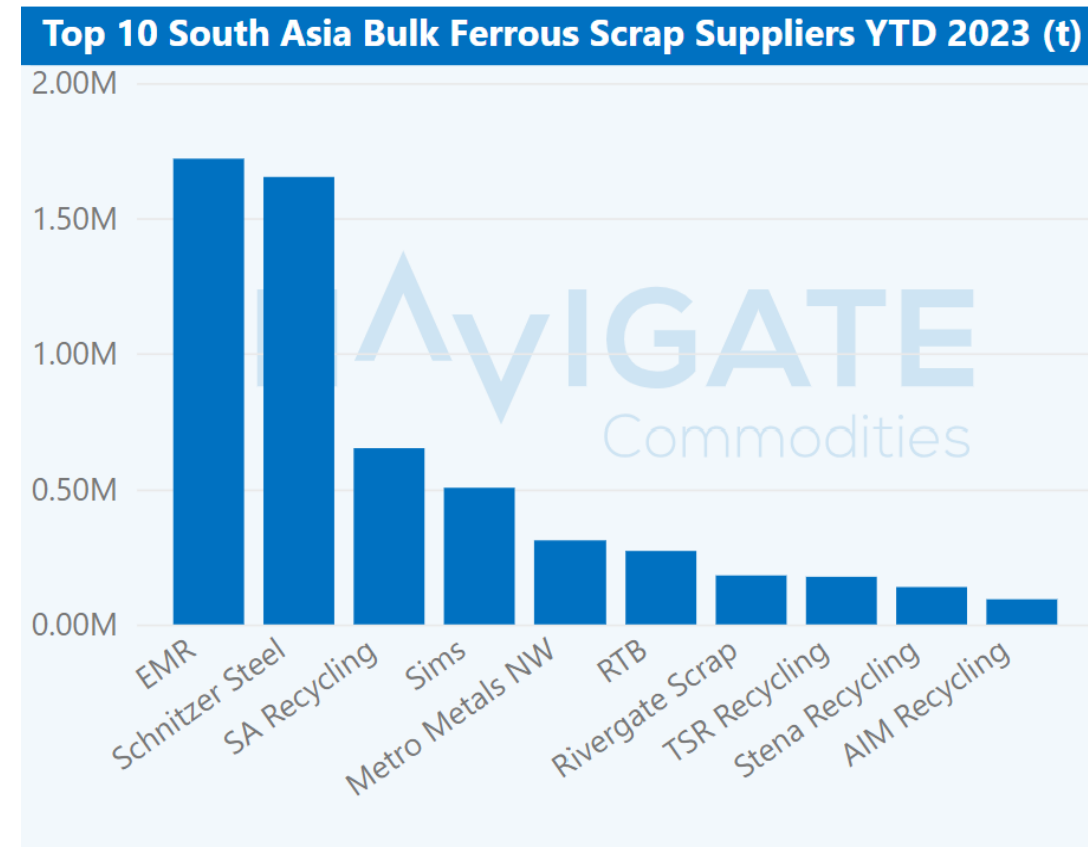
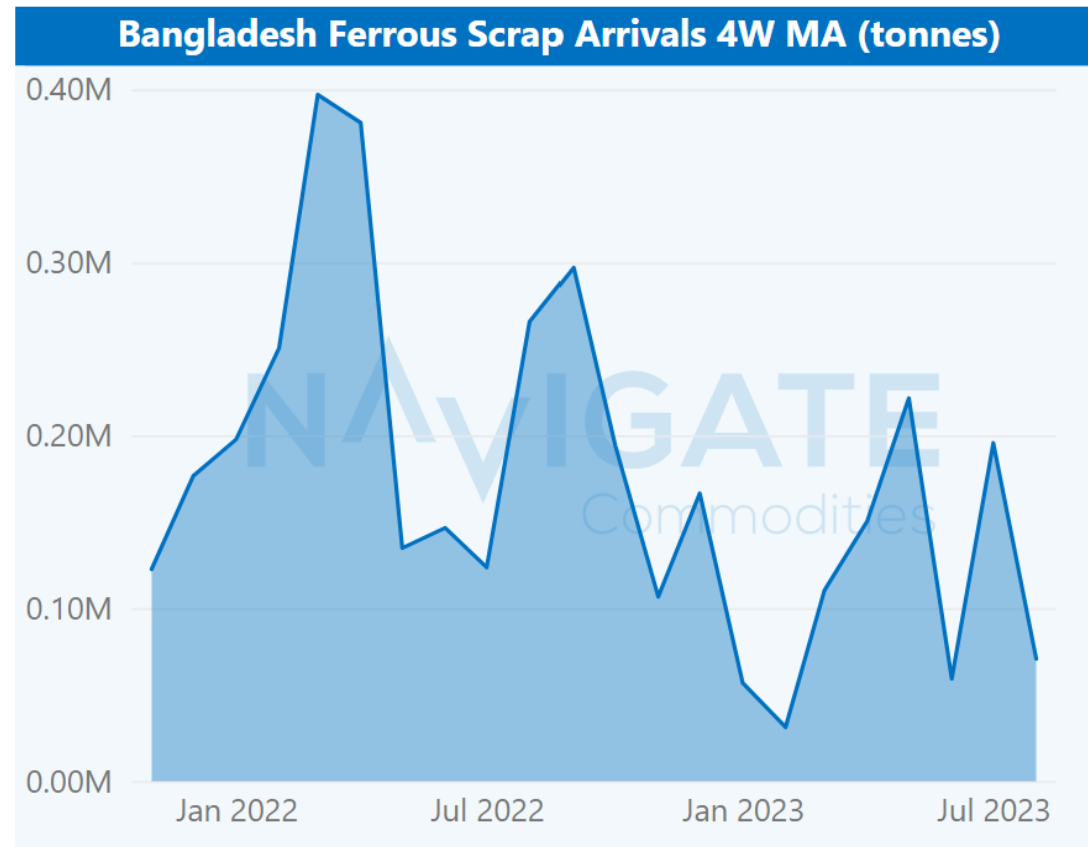
While short-term Ferrous Scrap demand looks healthy, it's reasonable to assume that consumption of containers and/or bulk from India will not remain robust unless there's a substantial improvement in downstream Steel demand soon.

One word of caution we should mention is that we do not track smaller induction furnaces across India, given the smaller heat signatures of these smaller batch process operators.

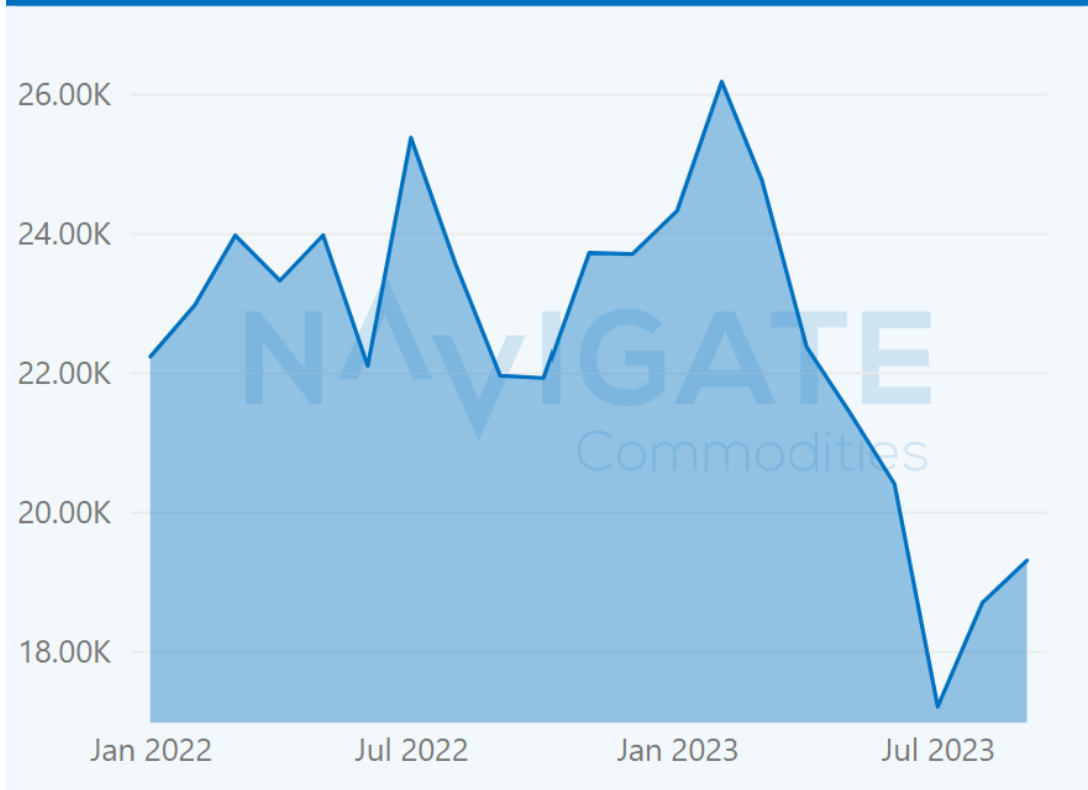
Methodology: The Daily Crude Steel Smelting Activity Index is calculated by detecting & monitoring heat signatures from unique plant-by-plant Areas of Interest (AOIs) using high-frequency Thermal Infrared Satellite Imagery (TIRS).



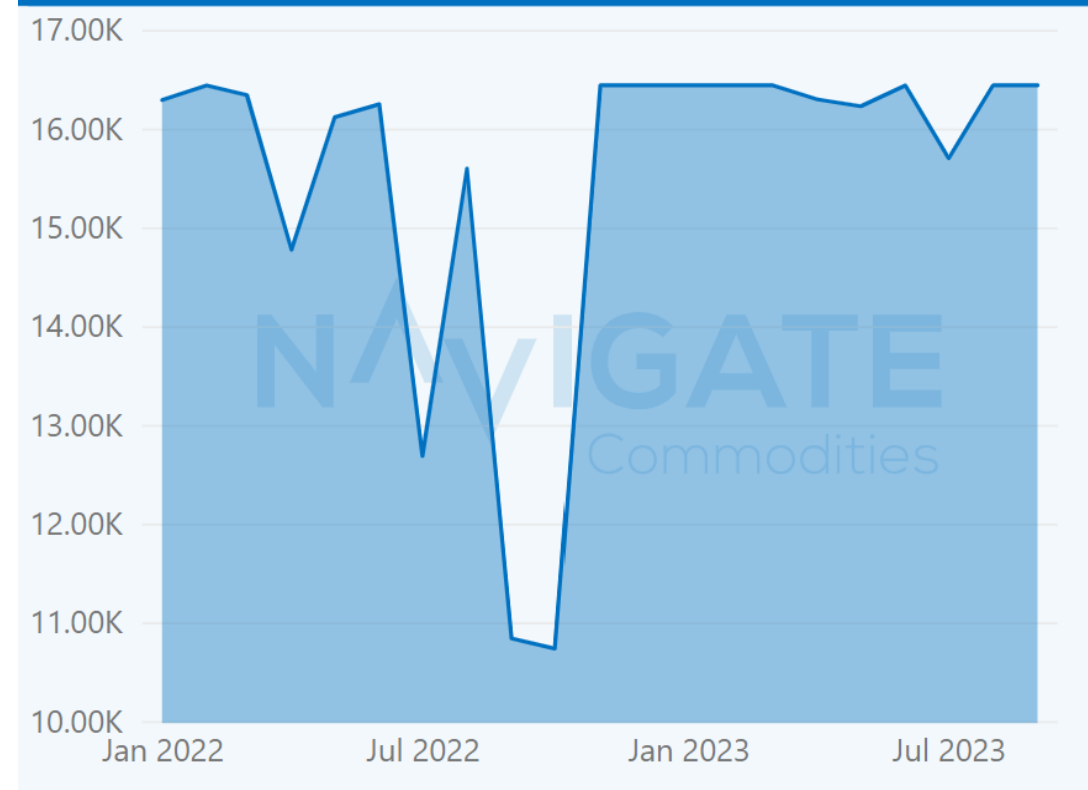
Source: Earth-i, Navigate Commodities



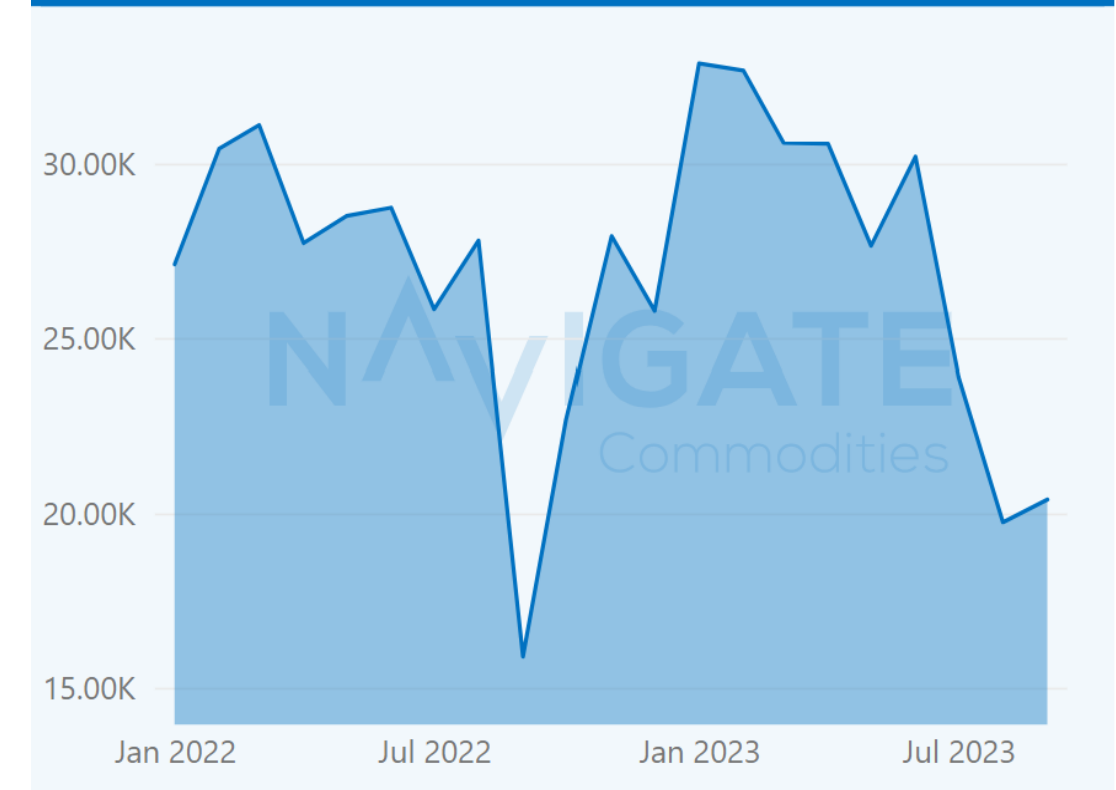
AcelorMittal Nippon Steel Output 30D MA (tonnes per day)



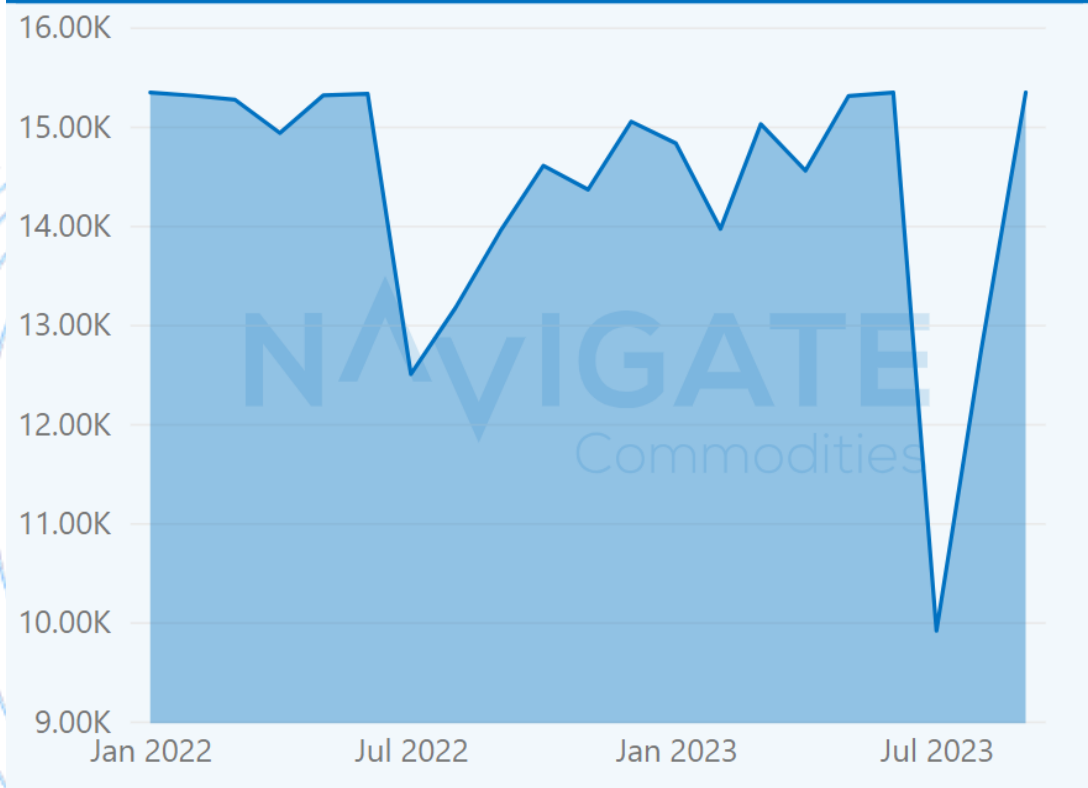
JSPL Odisha Steel Output 30D MA (tonnes per day)



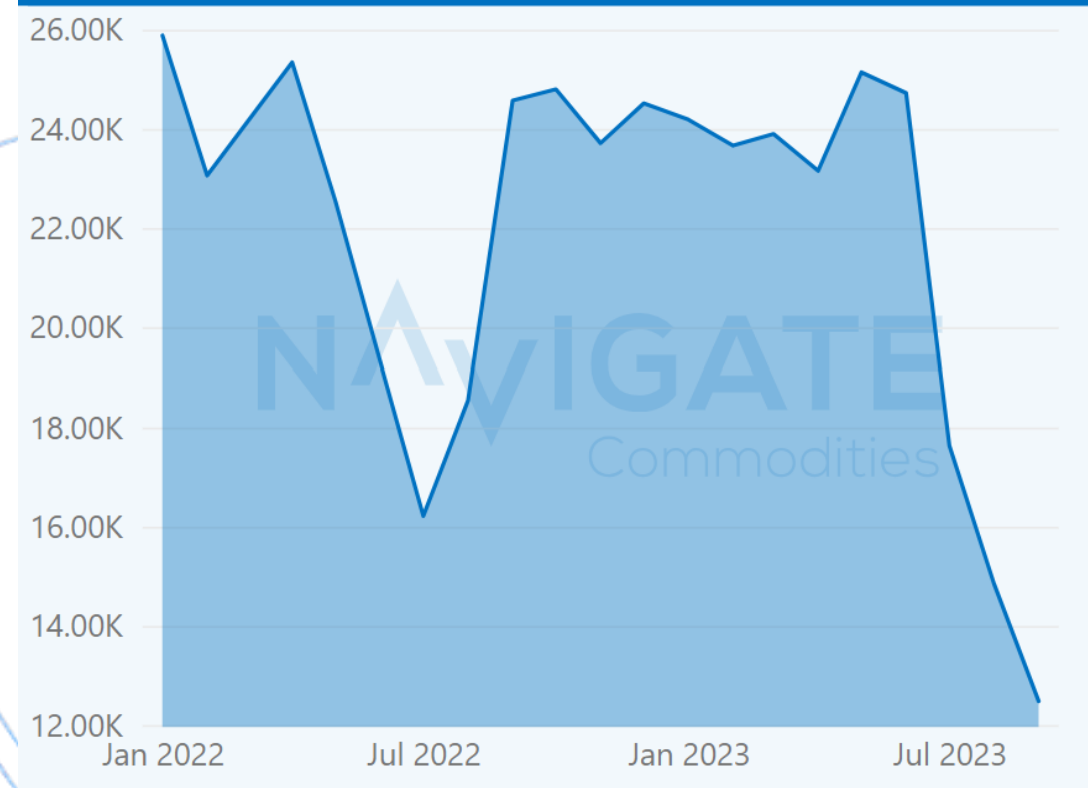
JSW Vijayanagar Steel Output 30D MA (tonnes per day)



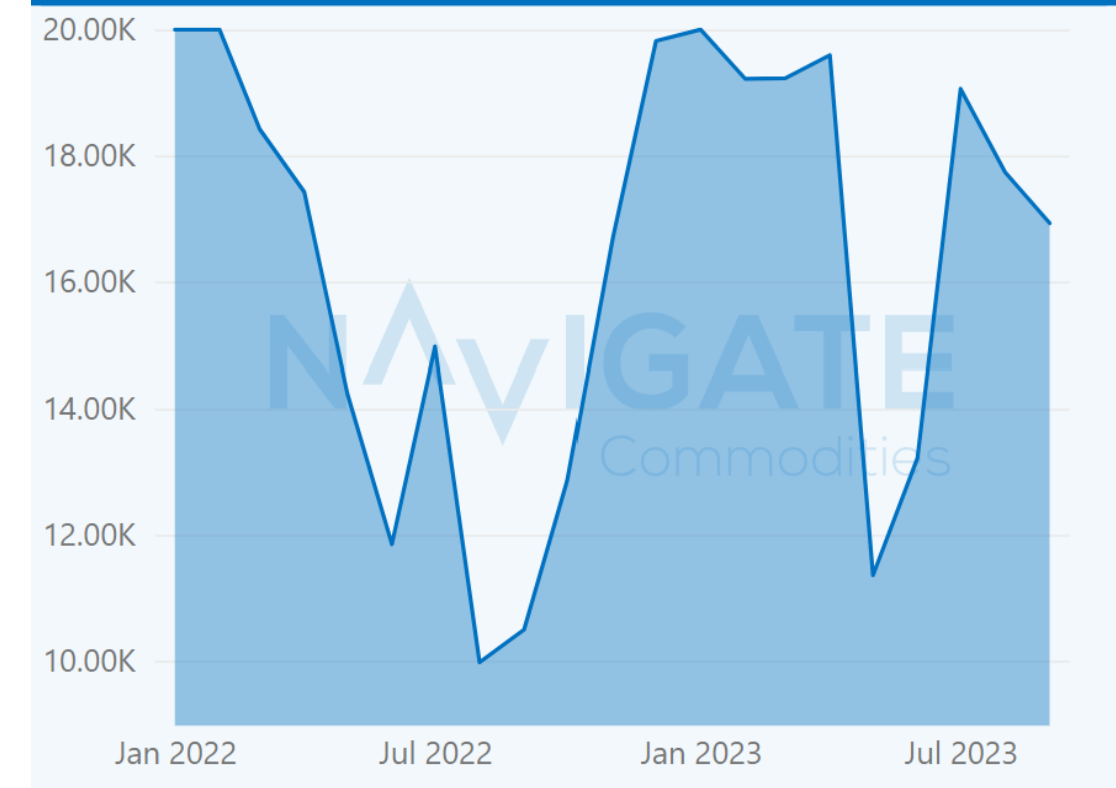
Tata Steel BSL Steel Output 30D MA (tonnes per day)



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



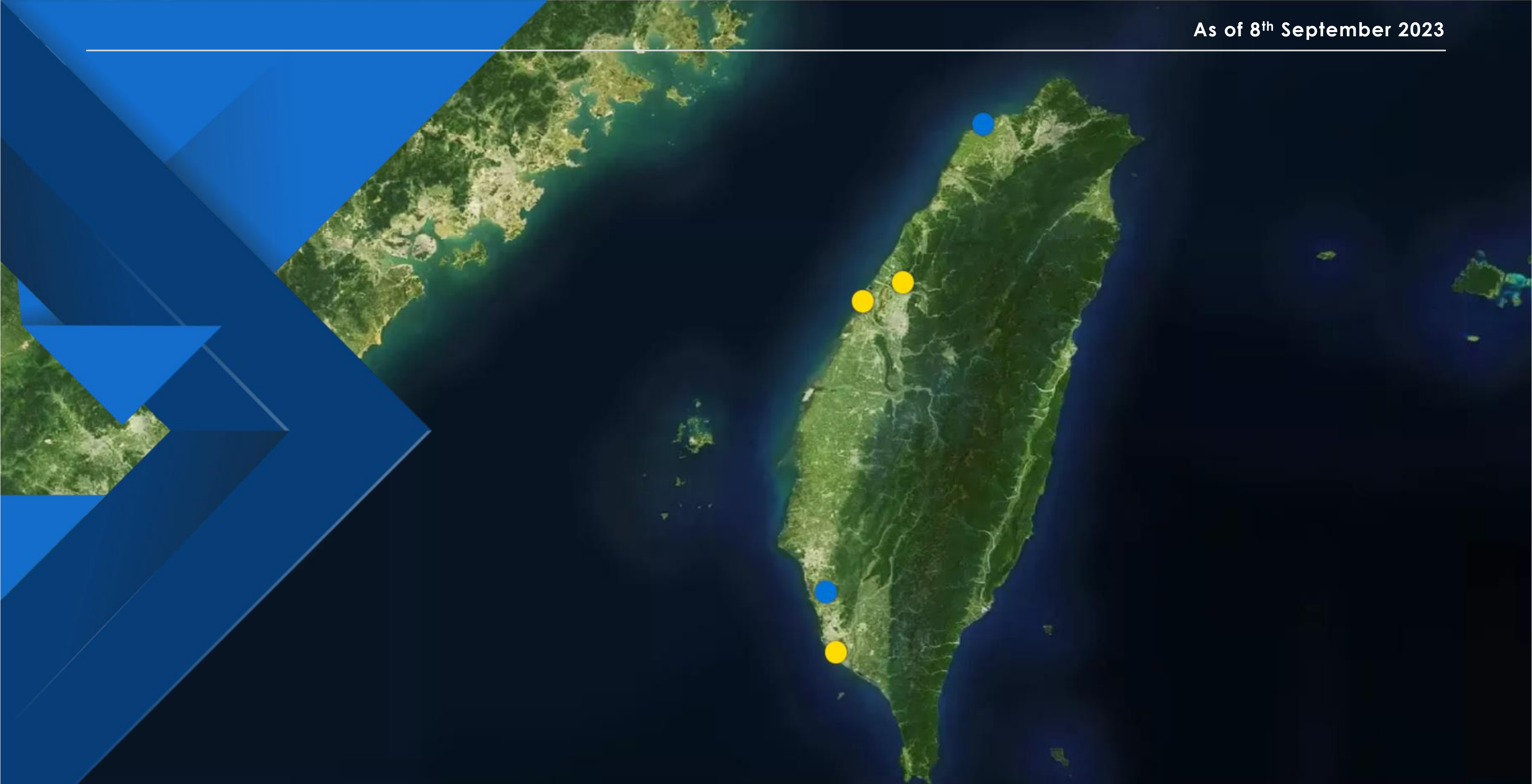
Vizag Steel Output 30D MA (tonnes per day)





Taiwan Steel Scrap Market Overview





● = Active ● = Idled

Taiwan

Taiwan HMS 1&2 containerized benchmarks only rose US\$12/t over the past month to circa US\$370/t CFR on 8th September, as deteriorating Steel smelting activity has undermined demand for supplies of containerized Ferrous Scrap.

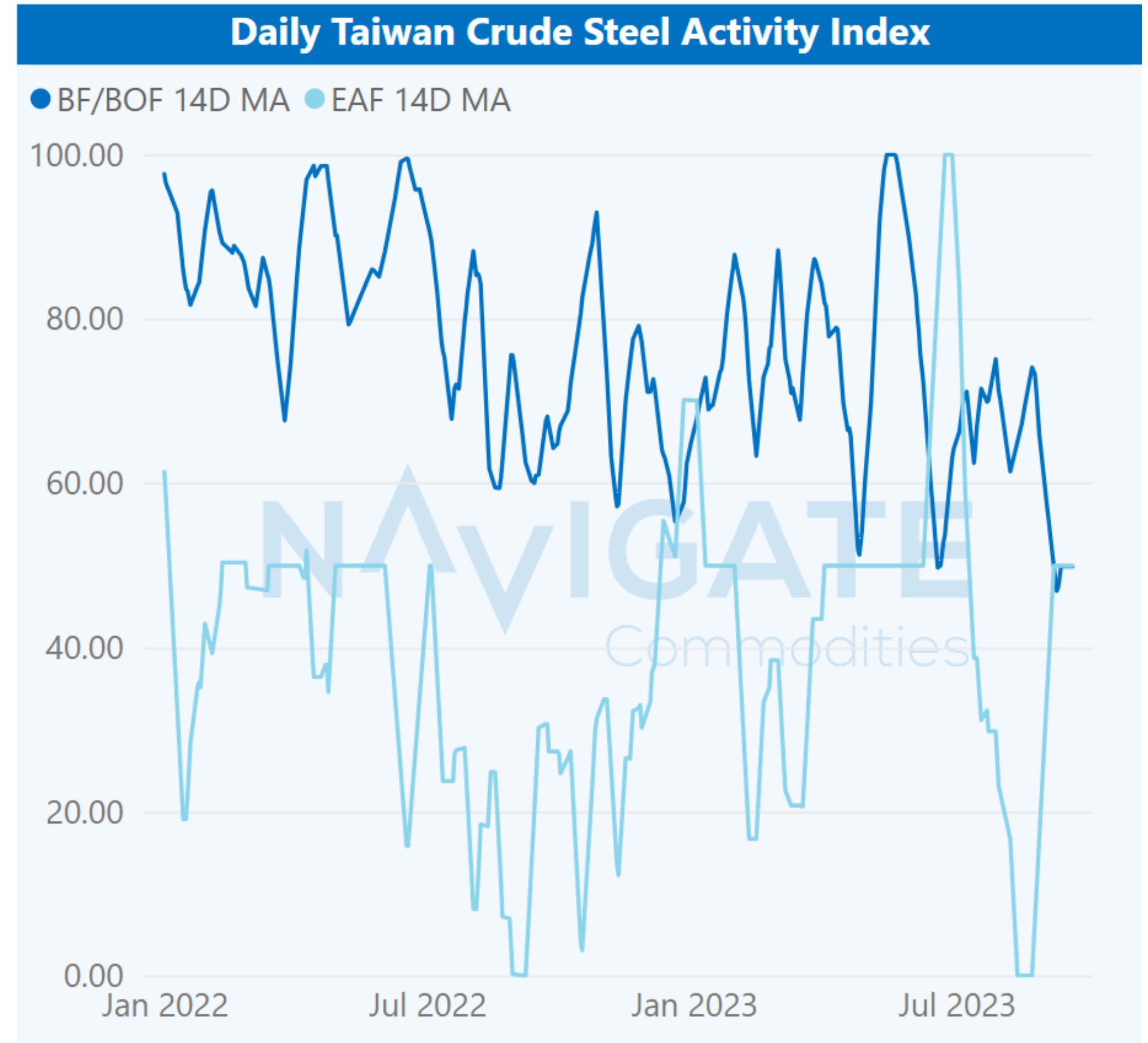
Given Taiwan's proclivity for BF-BOF Steel-making, the recent downward trend in thermal infrared activity at local Steel mills through August & September infers Crude Steel output and associated Ferrous Scrap demand has declined.

While domestic electric arc furnace (EAF) Steel smelting activity has rebounded over the same period, the relative size of domestic capacity and presently idled plants limits the scope of a substantial increase in Ferrous Scrap consumption. Navigate-Earth-i's real-time data has been corroborated by anecdotal evidence published by various Price Reporting Agencies (PRAs), who have reported fewer transactions with Taiwanese buyers.

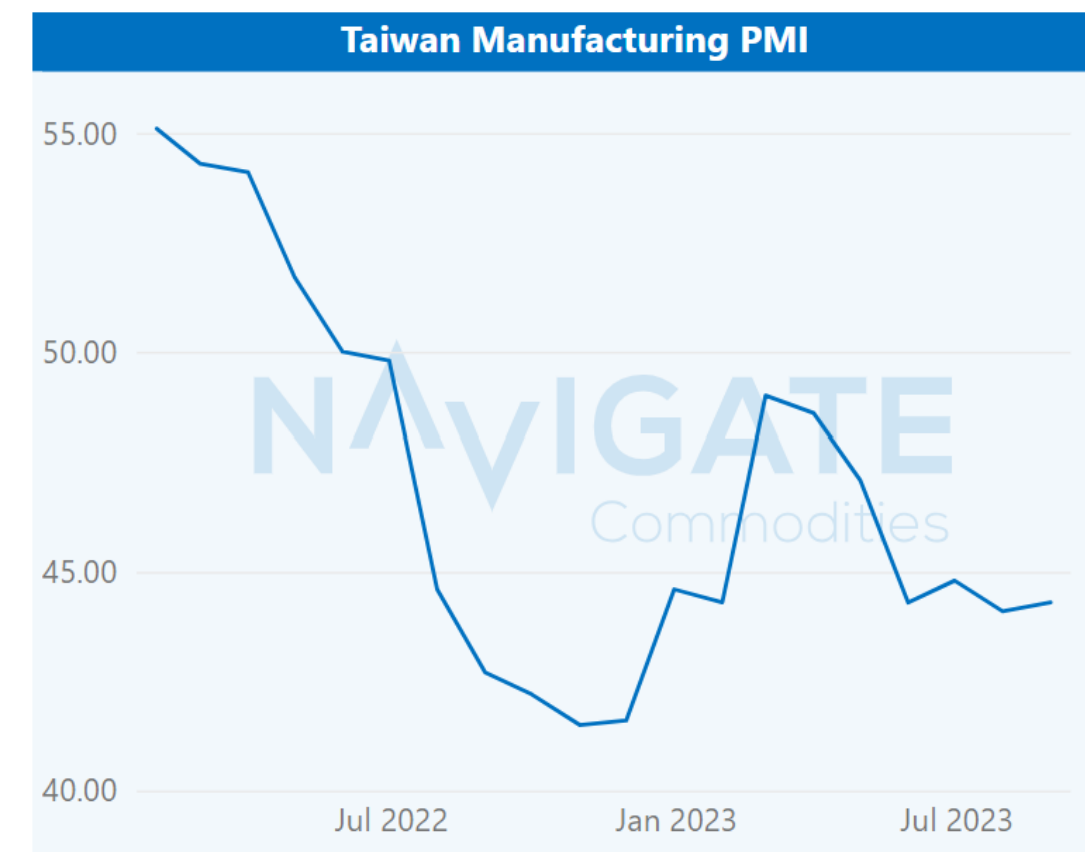
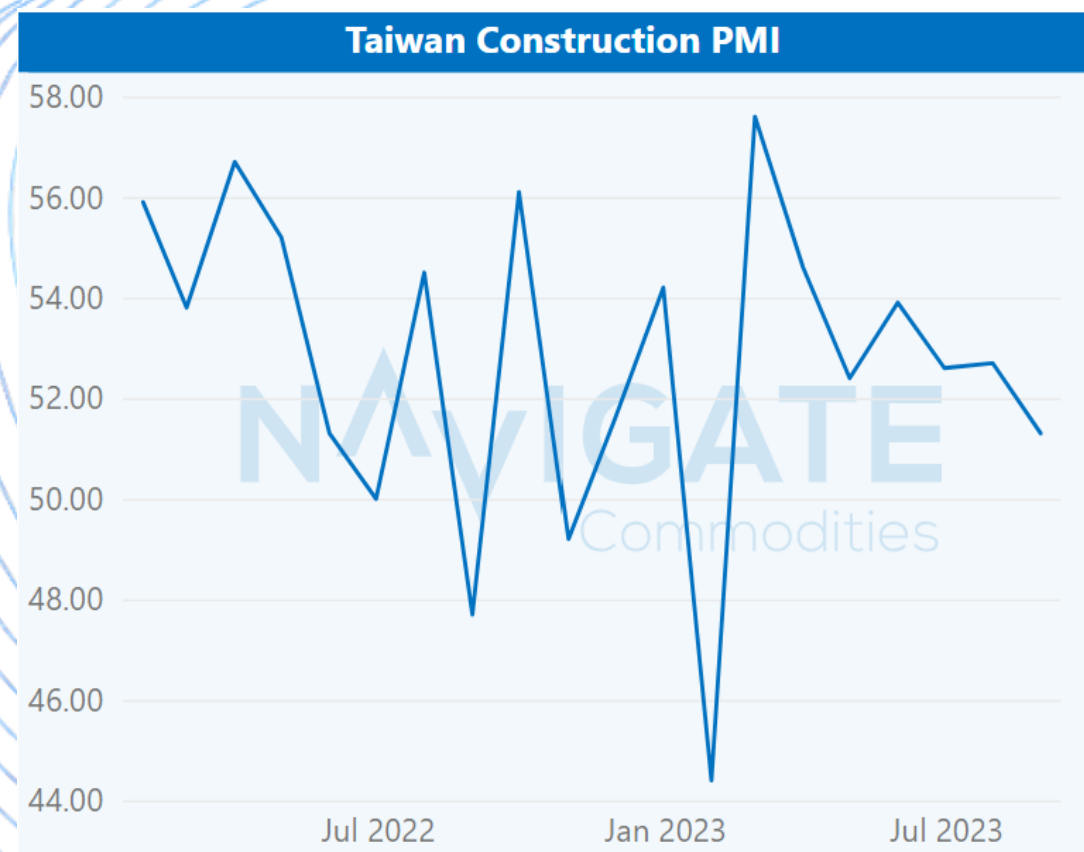
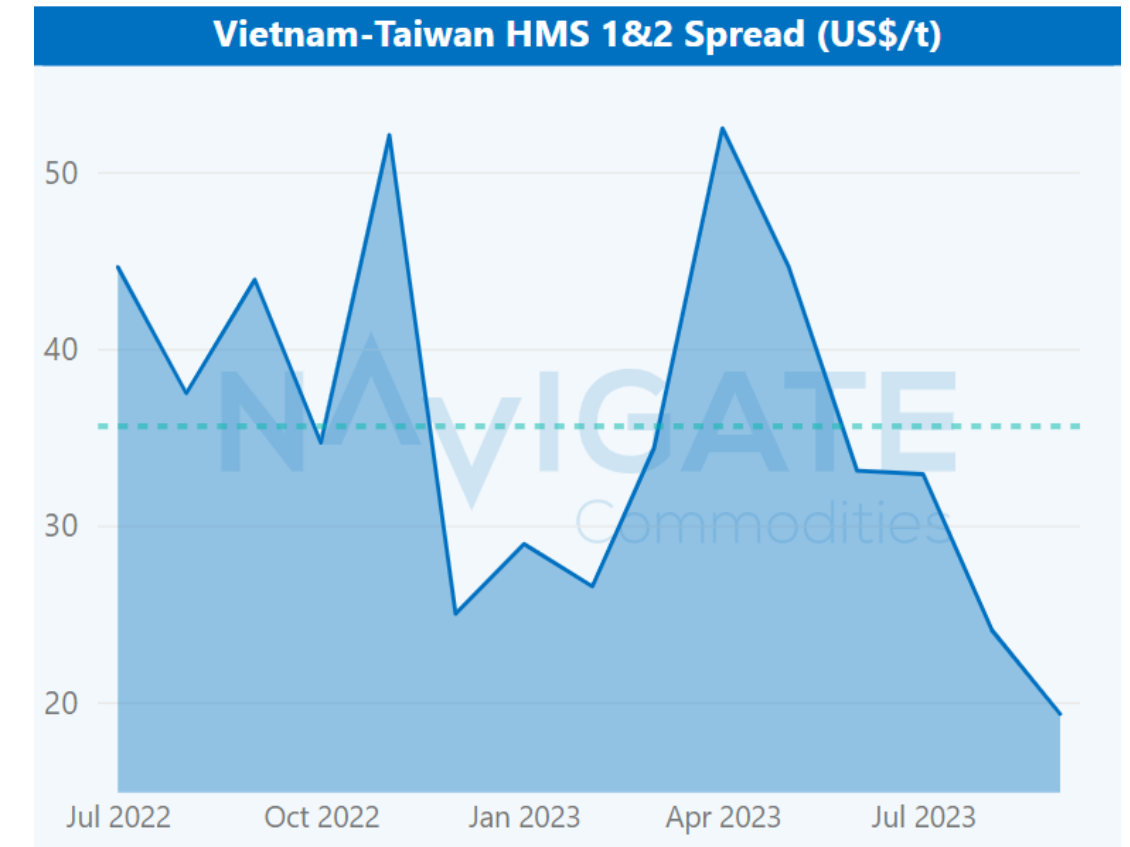
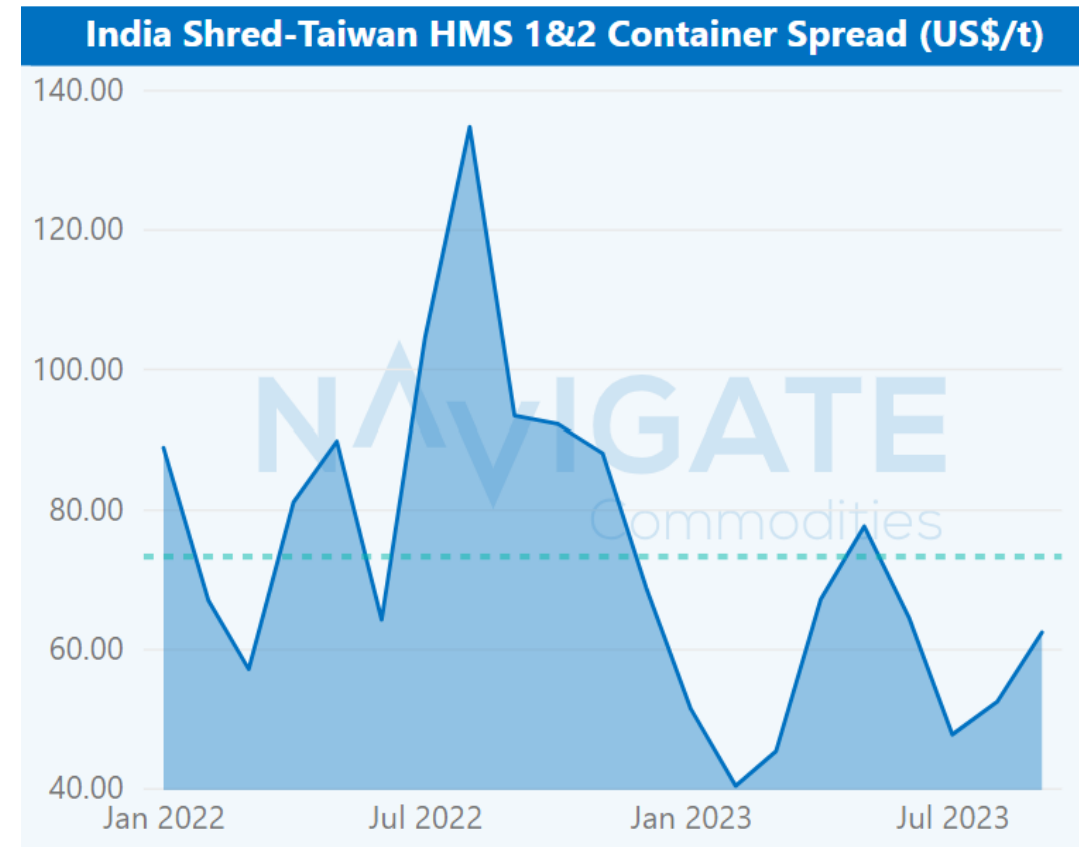
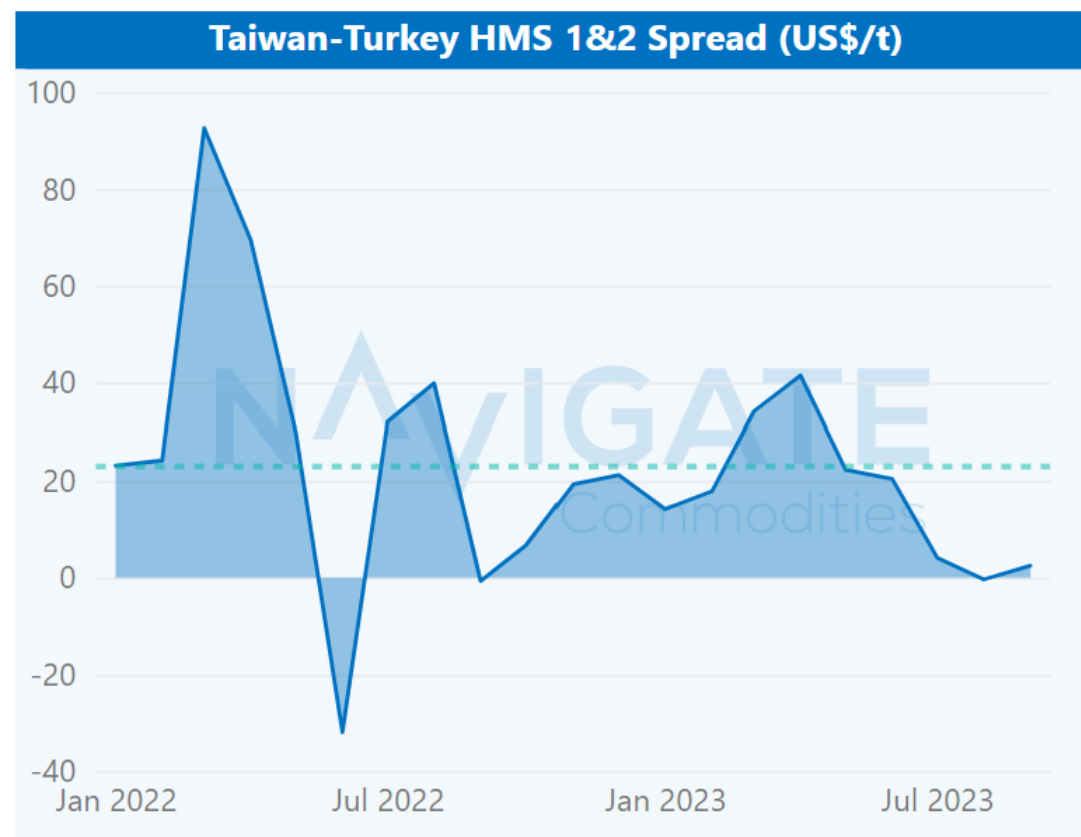
At present, the majority of the world's containerized Ferrous Scrap suppliers are focusing on more "profitable" trade routes to South Asia, such as Bangladesh, India, and Pakistan.

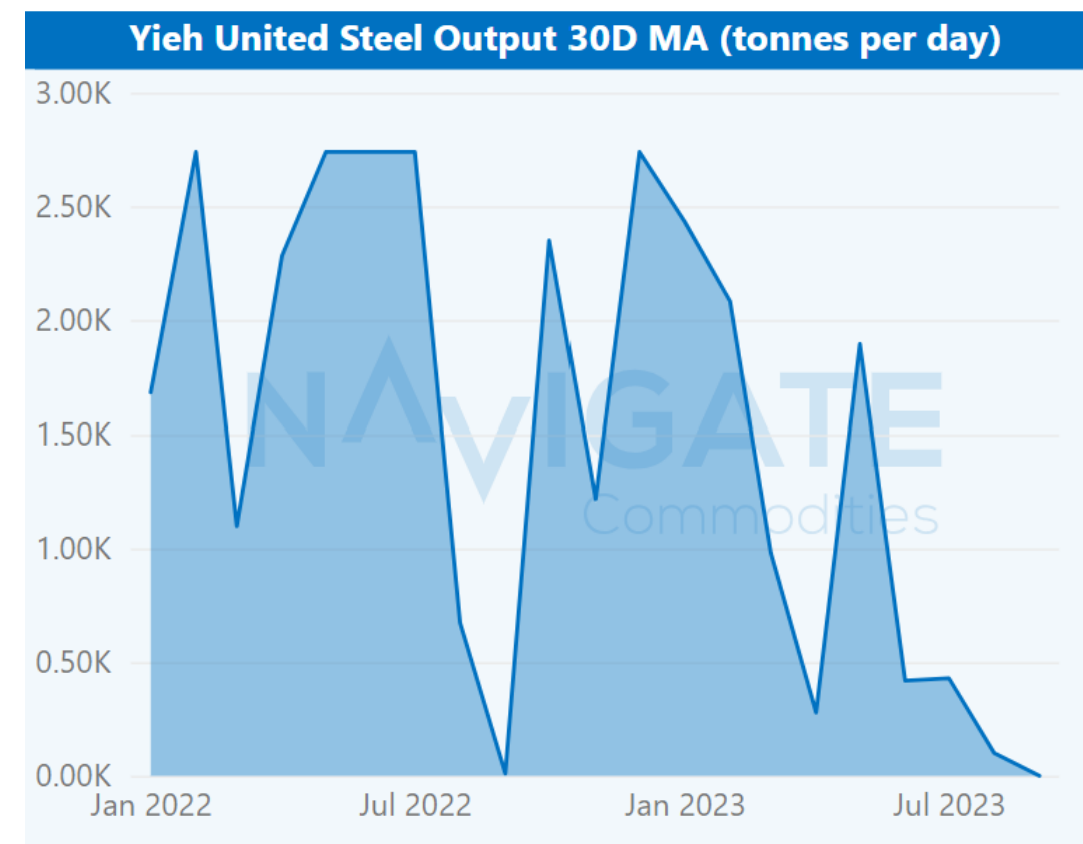
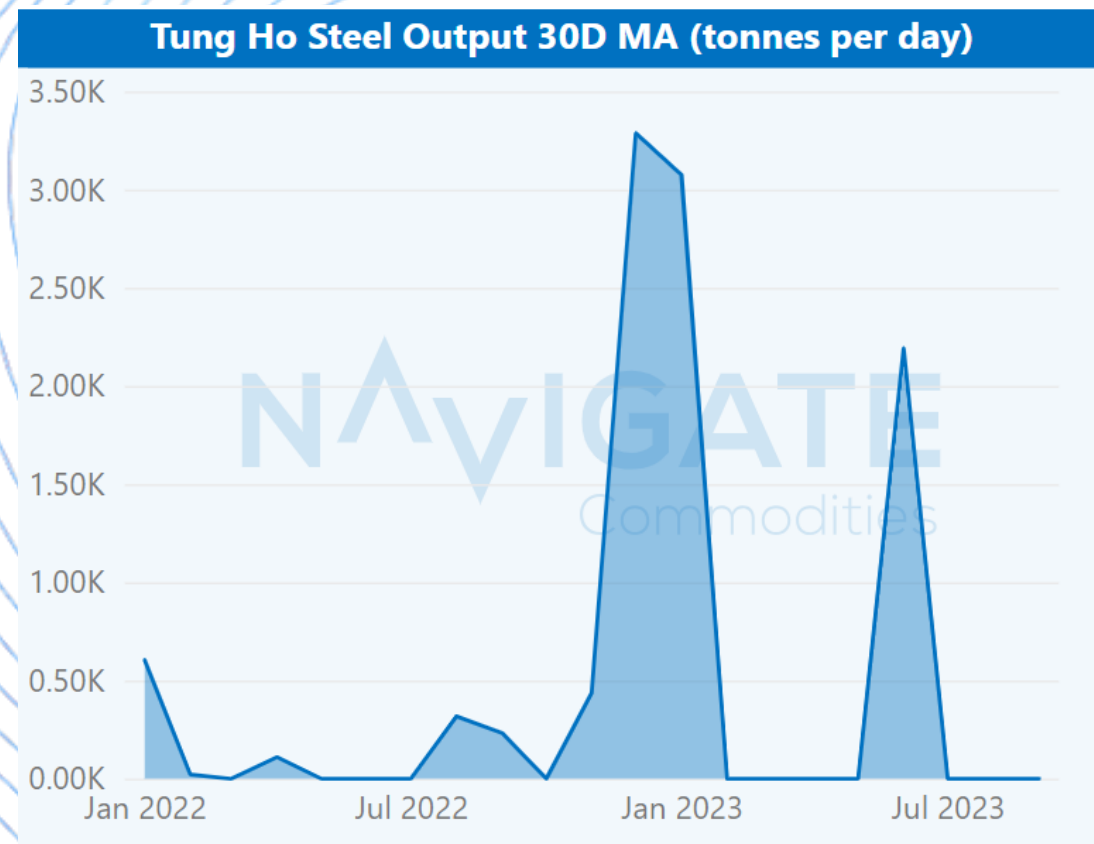
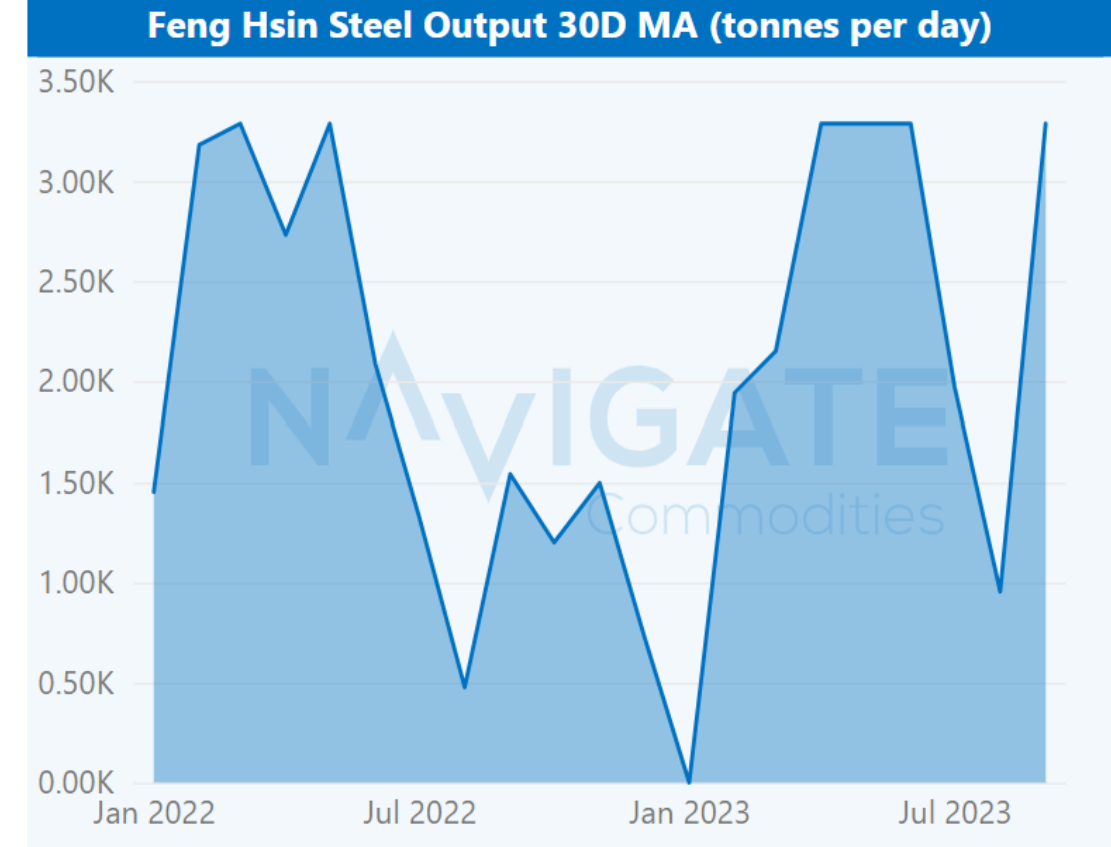
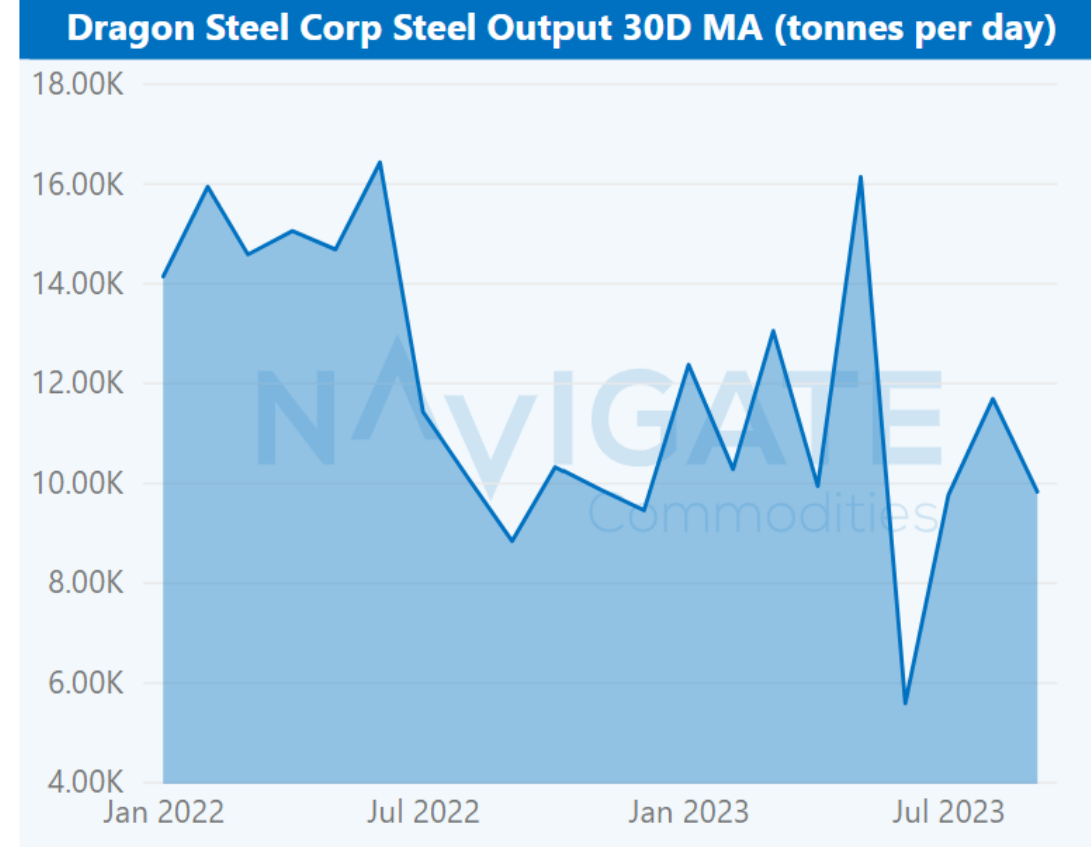
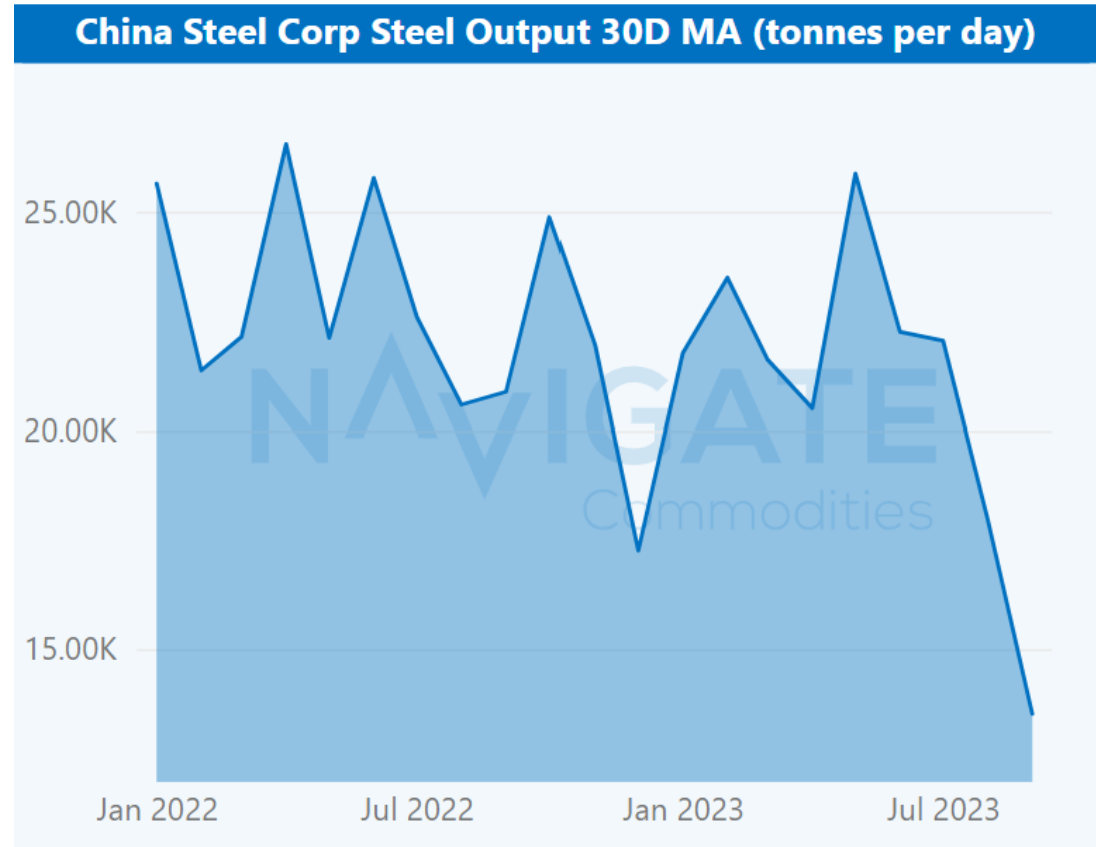
In fact, India appears to currently be a hot spot of activity for the containerized market, given that containers, particularly for shredded material, are commanding healthy premiums compared with this Northeast Asian destination.

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

While Turkish HMS 1&2 (80:20) Ferrous Scrap import prices climbed US\$25/t in the middle of August, they have since plateaued over the last three weeks in range of US\$372-377/t CFR Türkiye (TKY).

The reemergence of fresh physical deals has once again coincided with yet another intermittent Steel production spurt from some Turkish EAFs.

Daily Turkish EAF Steel Smelting Activity Index has clawed its way back to 49.3pts on 8th September after bottoming out at 3-year low of 28.4pts on 4th September.

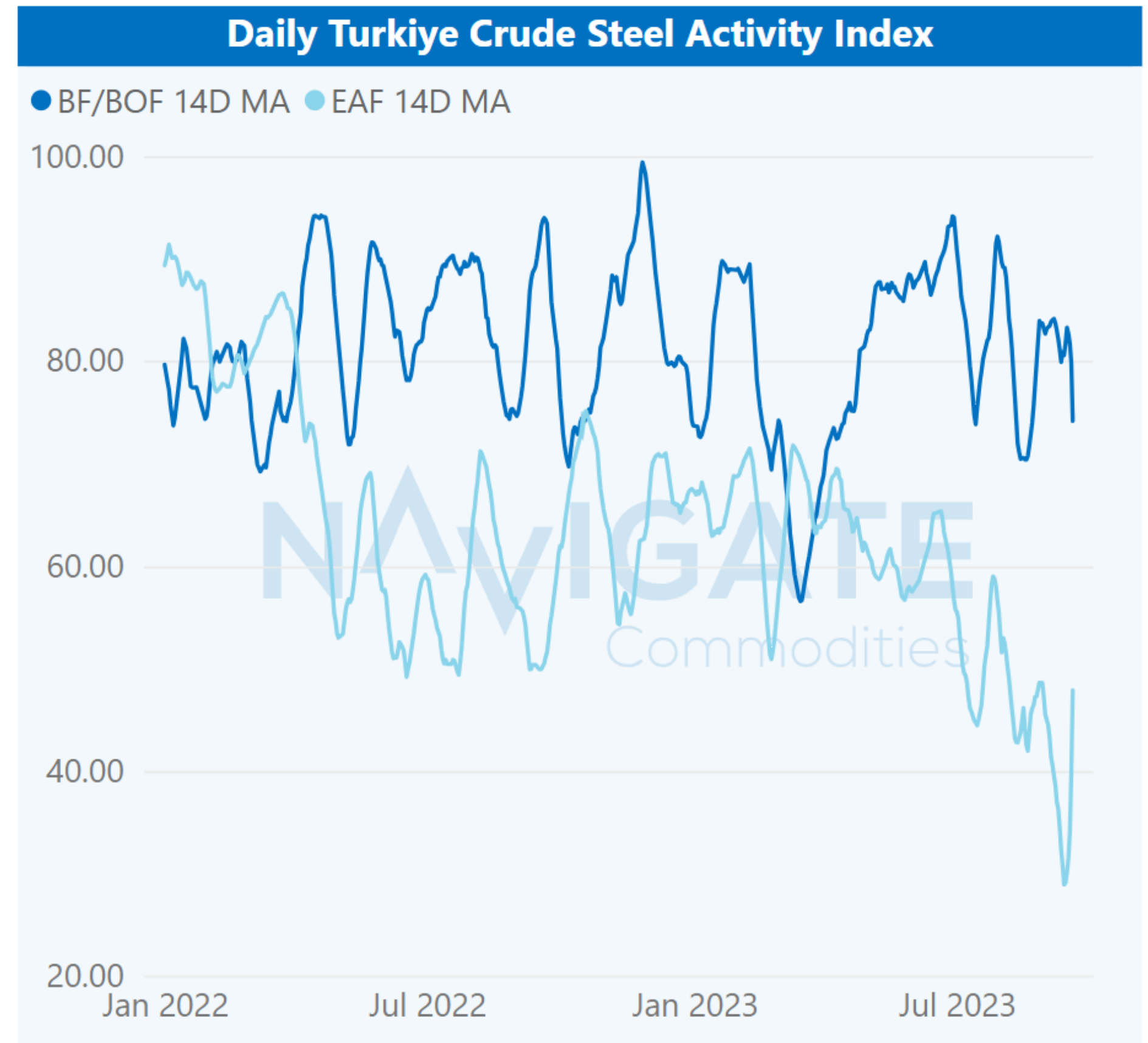
This continues the trend we've monitored over the past 18 months, with most Turkish mills only responding to infrequent downstream Steel consumption when ramping up output.

With respect to downstream Rebar demand, the latest round of US\$5-10/t price cuts are a cause for concern, particularly in an environment when mills have slashed or are maintaining low output.

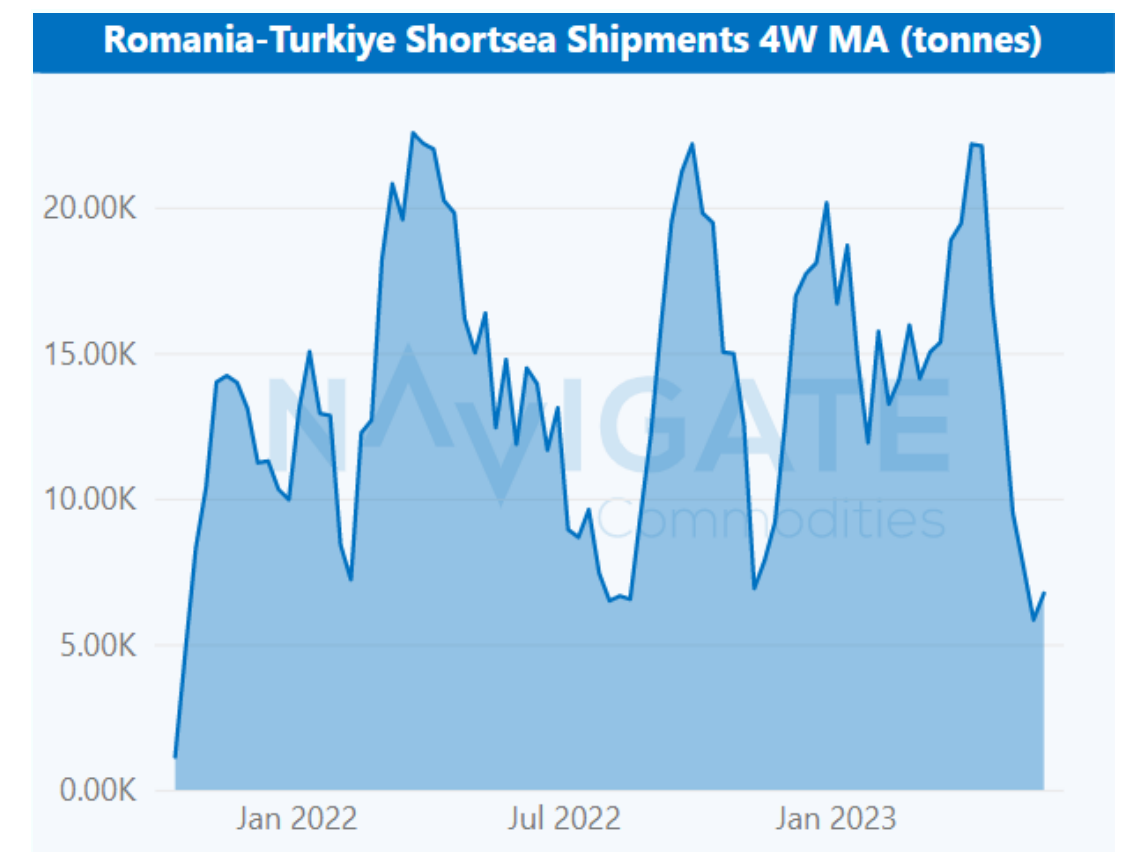
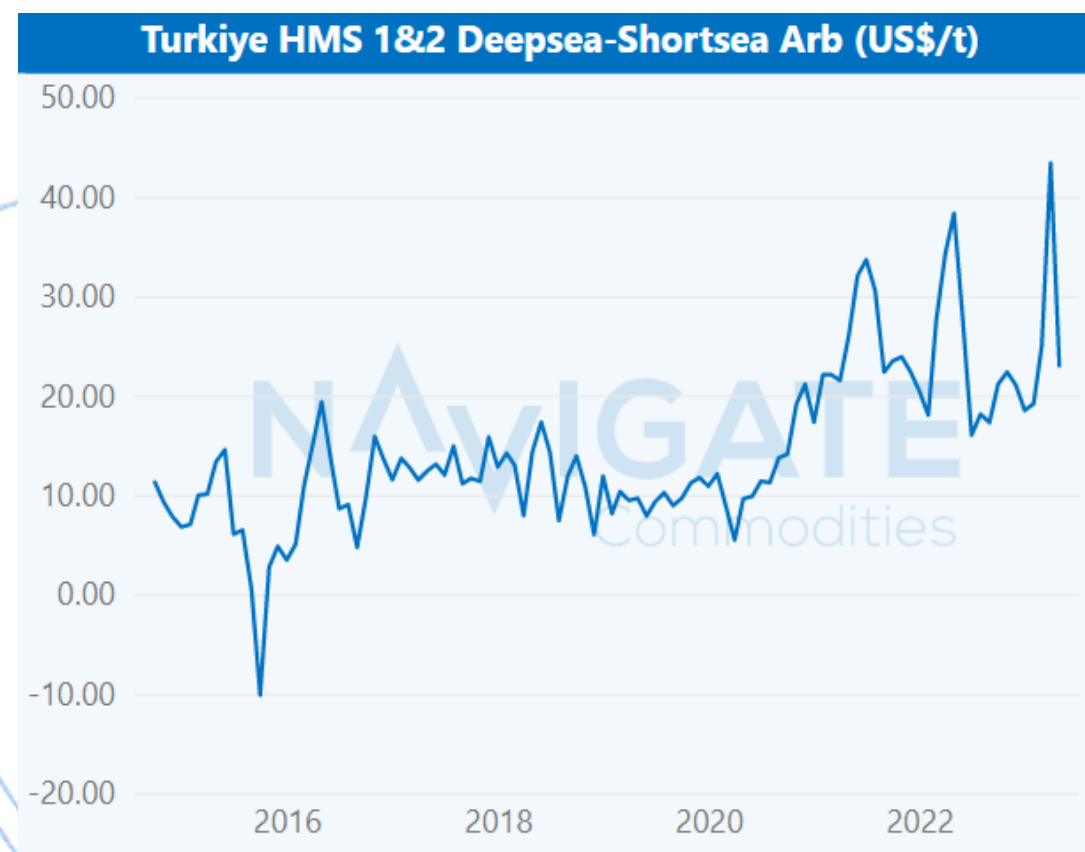
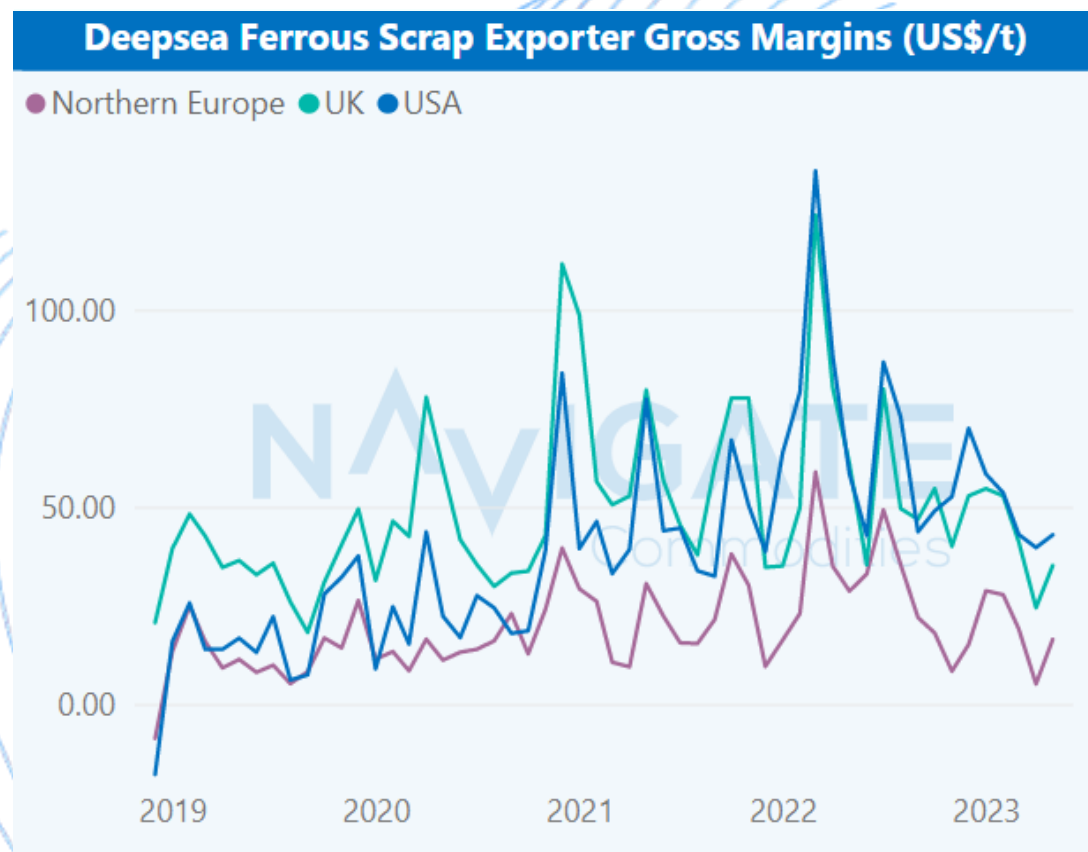
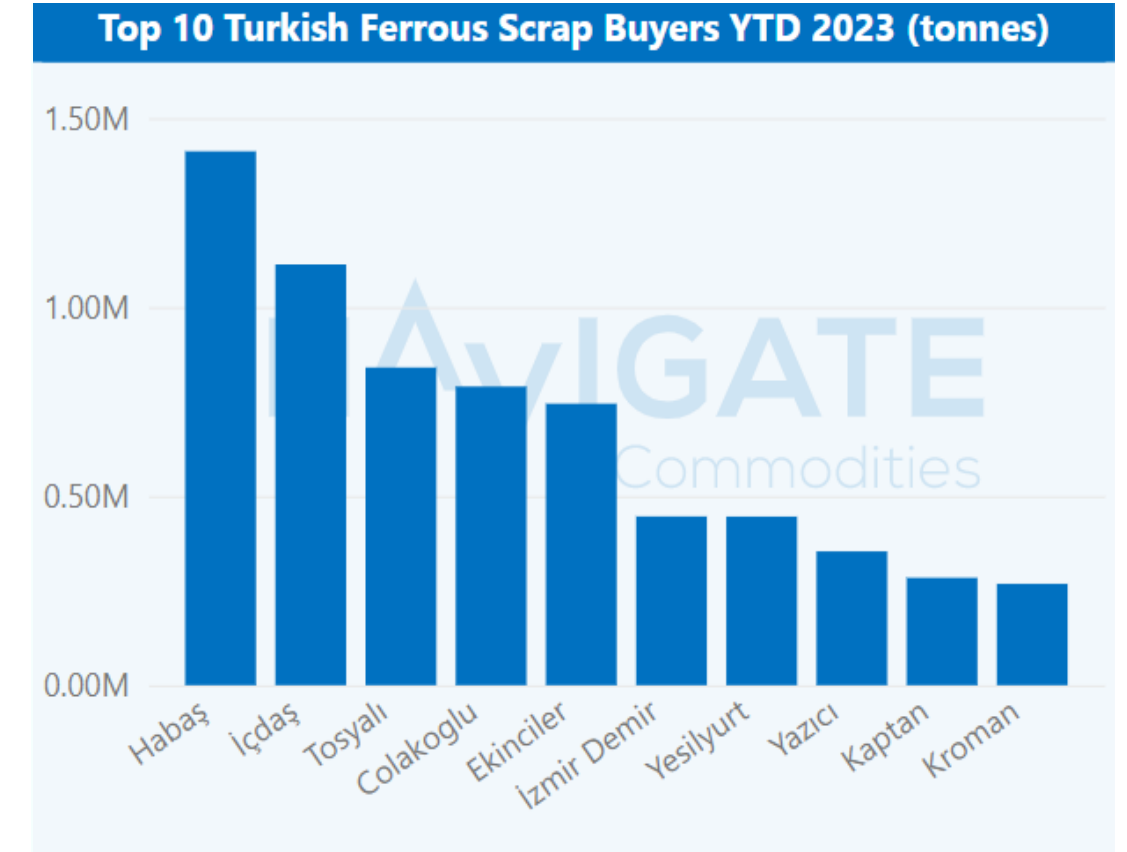
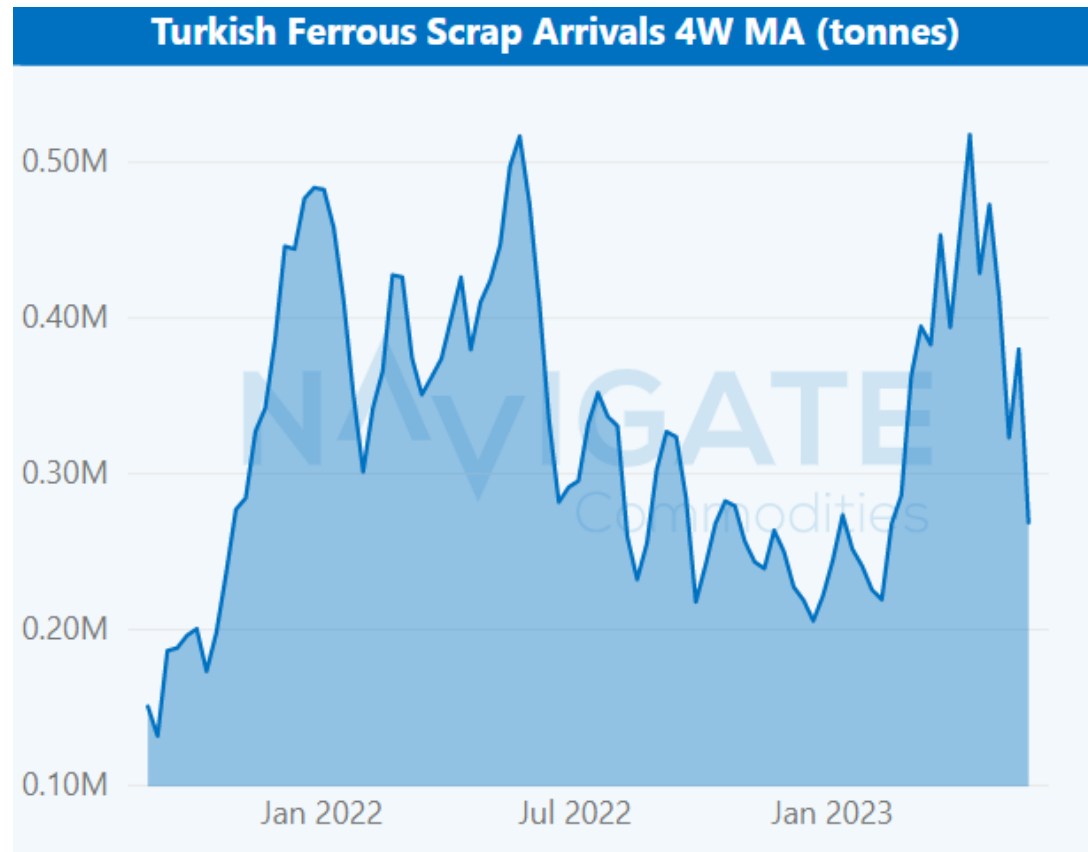
As a result, the spasmodic nature of Turkish EAF operating rates has partially contributed to capping much of the prospective upside in Ferrous Scrap benchmarks in recent months.

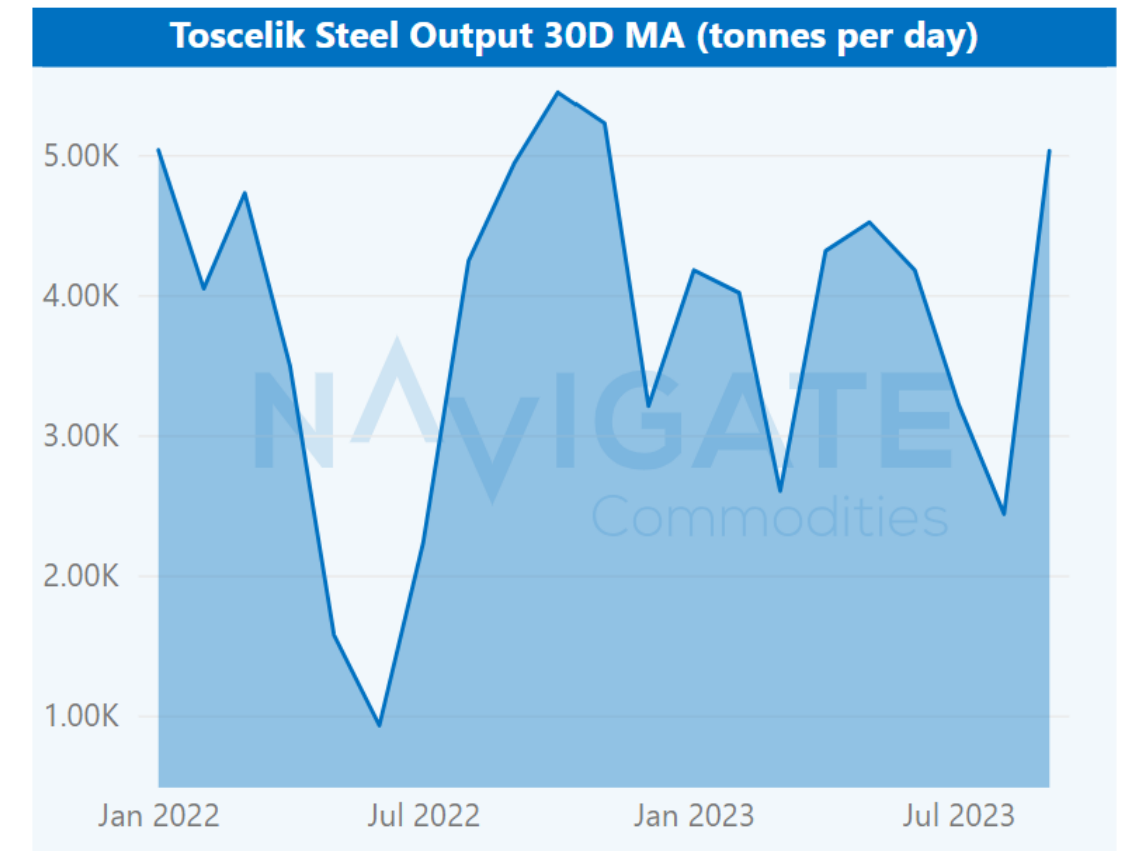
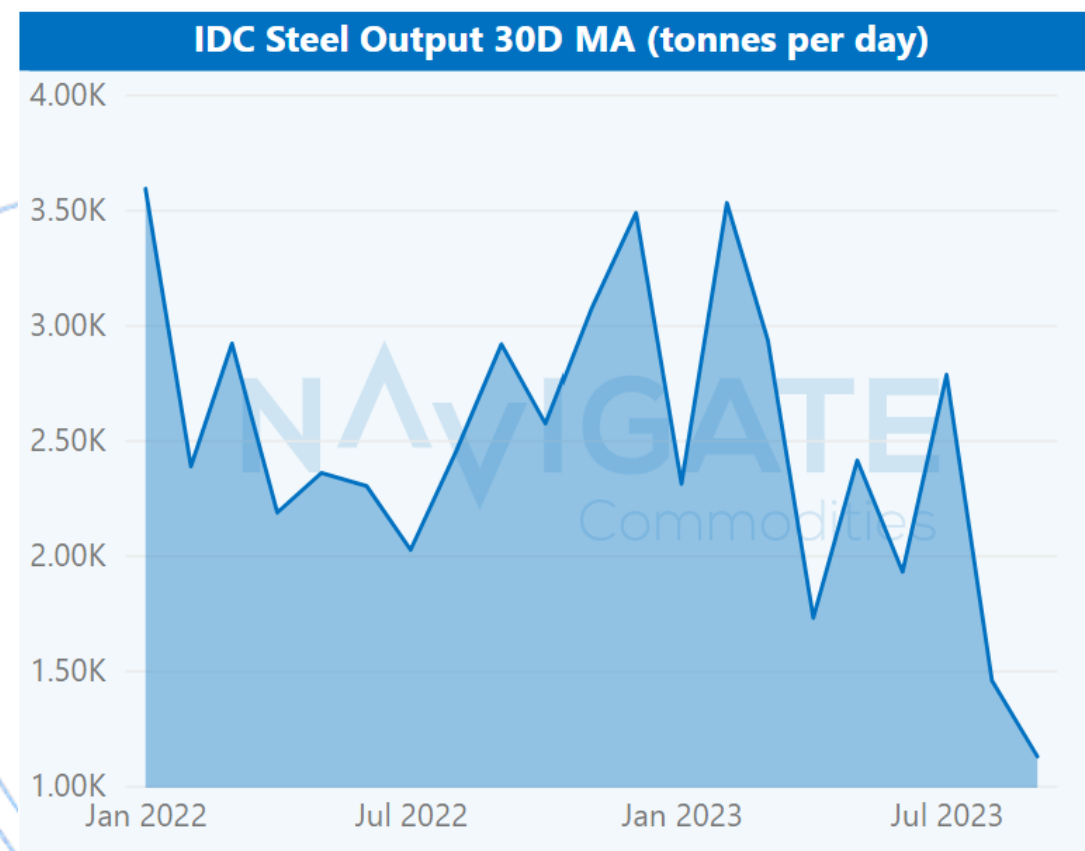
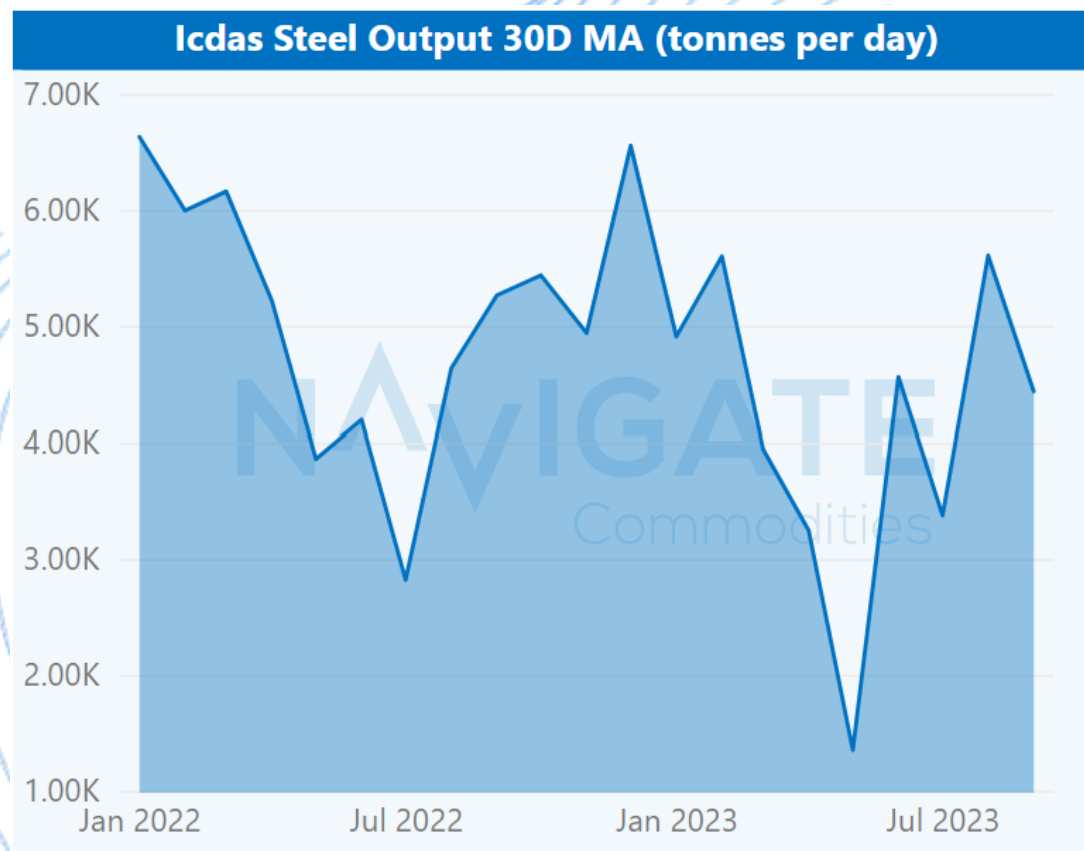
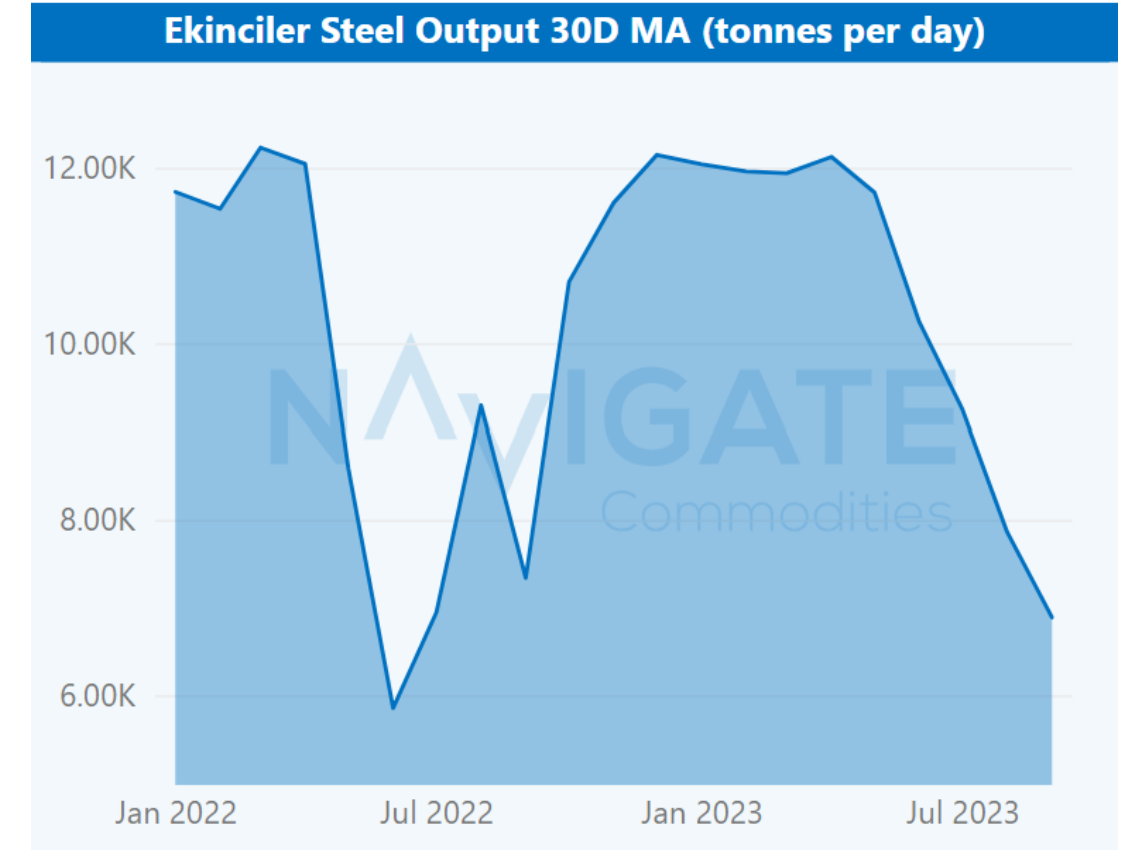
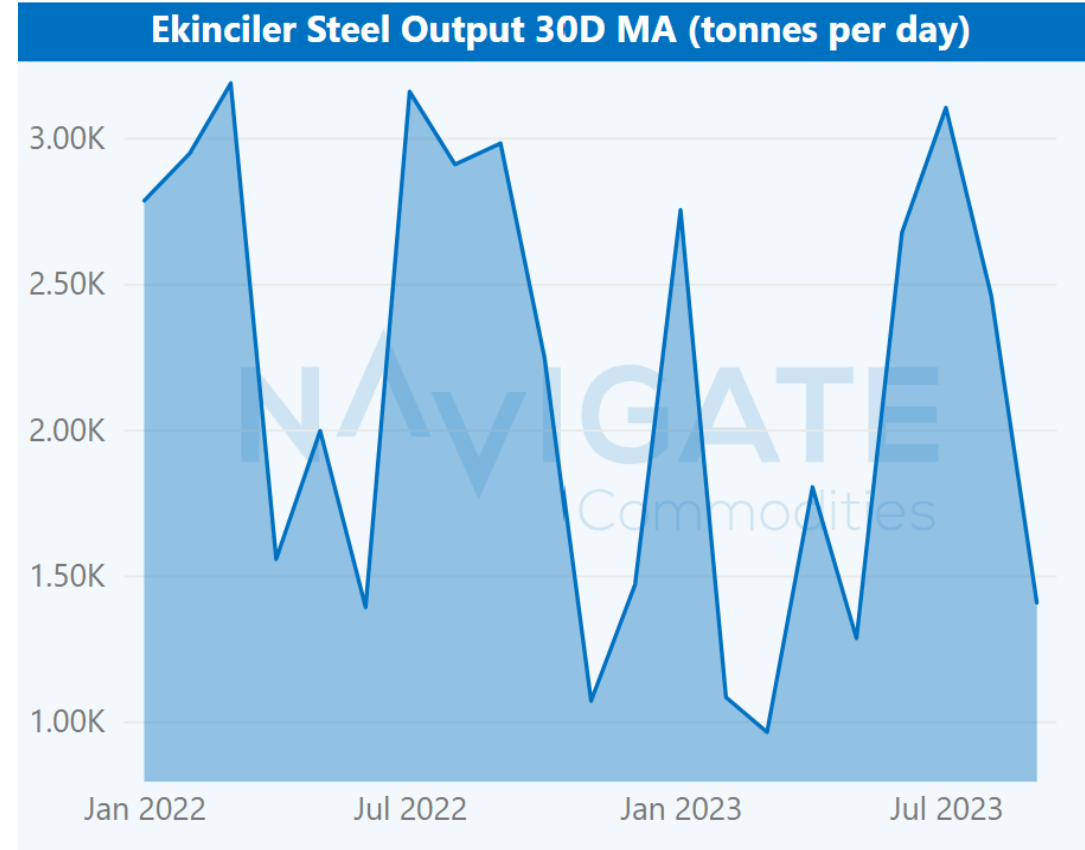
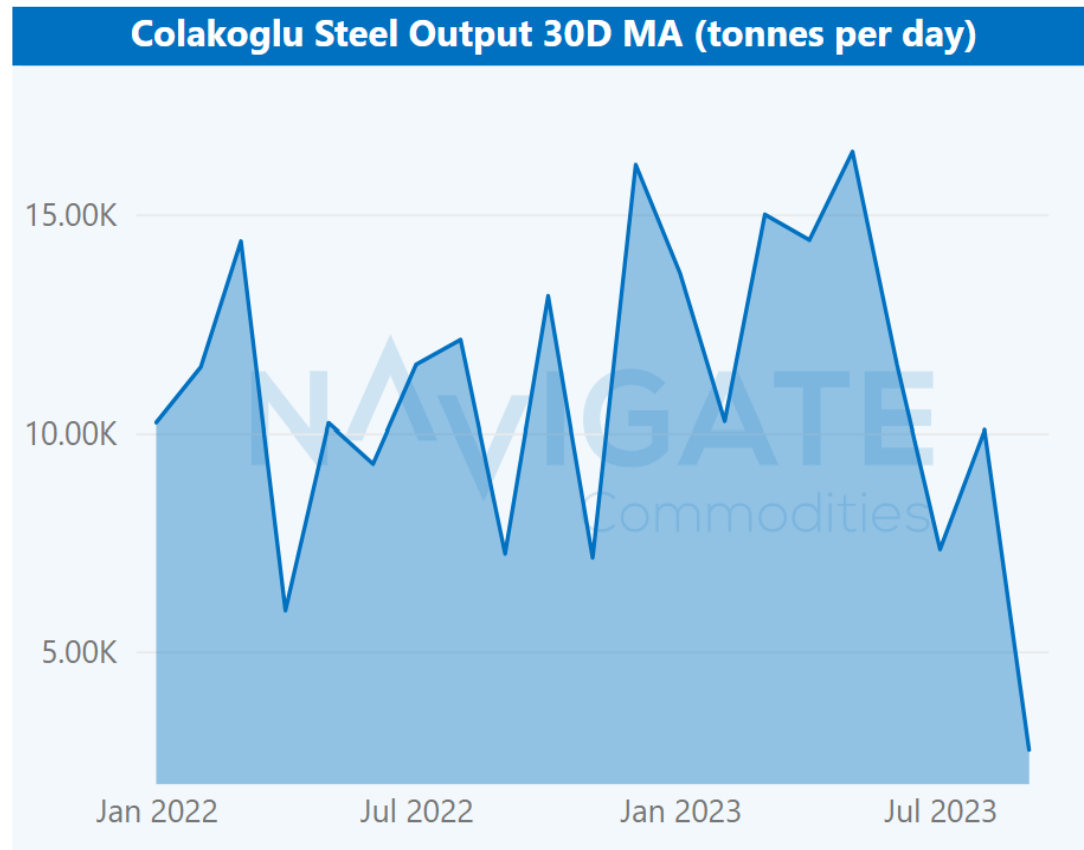
On the flipside, however, elevated Iron Ore prices and, by proxy, Hot Metal production costs have served to raise the pricing floor for partially substitutable Ferrous Scrap feedstock to US\$360/t.

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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