

GLOBAL FERROUS SCRAP

MONTHLY REVIEW FEBRUARY 2022

Index

Page No.	Content
01	What factors edged up global seaborne ferrous scrap trade in 2021?
02	South Asian Market Overview (India, Pakistan, Bangladesh) Imported & domestic scrap prices Metallic prices (DRI, pig iron) price trends Semi-finished steel (billet) prices
03	India's domestic steel scrap index
04	Japan, South Korea and South East Asia (Vietnam) Japan domestic scrap & export market overview Japanese monthly scrap export tender results SE Asia imported scrap price trends (Vietnam)
05	China and Taiwan China: Domestic scrap & billet price trends Taiwan: Domestic & imported scrap prices Rebar price trends in Taiwan
06	Turkey, USA and Europe Imported scrap price movements & deep-sea cargo deals Turkey country-wise scrap imports
07	Ship-breaking (India, Bangladesh and Pakistan) Ship breaking prices Vessel import data
08	Imported scrap bookings

What factors edged up global seaborne ferrous scrap trade in 2021?

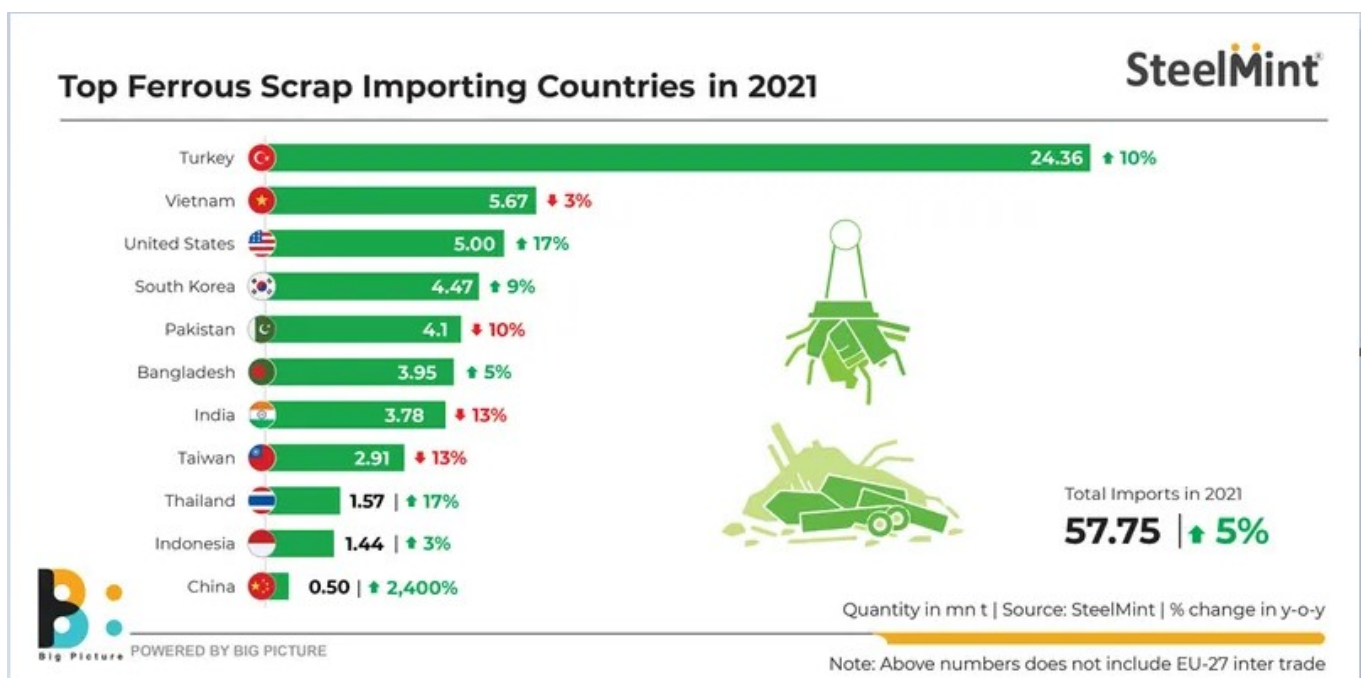
Global ferrous scrap seaborne trade rose by over 5% to 57.74 million tonnes (mnt) in 2021 against 55 mnt seen in the previous calendar, as per data maintained with SteelMint. However, it may be noted the figure does not include the inter-trade within the European Union countries, which may amount to an additional 25-30 mnt. The increased trade can be attributed to a few key reasons.

- **Pent-up demand:** The release of pent-up demand from 2020 — a year of lockdowns, post which economies swung into revival mode.
- **Energy inflation:** Runaway inflation in coking coal and iron ore prices spurred many steel-makers to shift to the electric arc furnace route, for better margins.
- **Crude steel output up:** Crude steel production grew y-o-y in most scrap-importing countries, except for China, where it dipped 3%. However, US's grew 18.3%, Japan's by 15%, and Turkey's by 13%. Russia saw a 6% rise, and South Korea, by 5.2%, amongst others.

The majority of countries, except Vietnam, Pakistan, India and Taiwan, showed a y-o-y increase in seaborne scrap imports. Turkey was the leading importer, followed by Vietnam and USA.

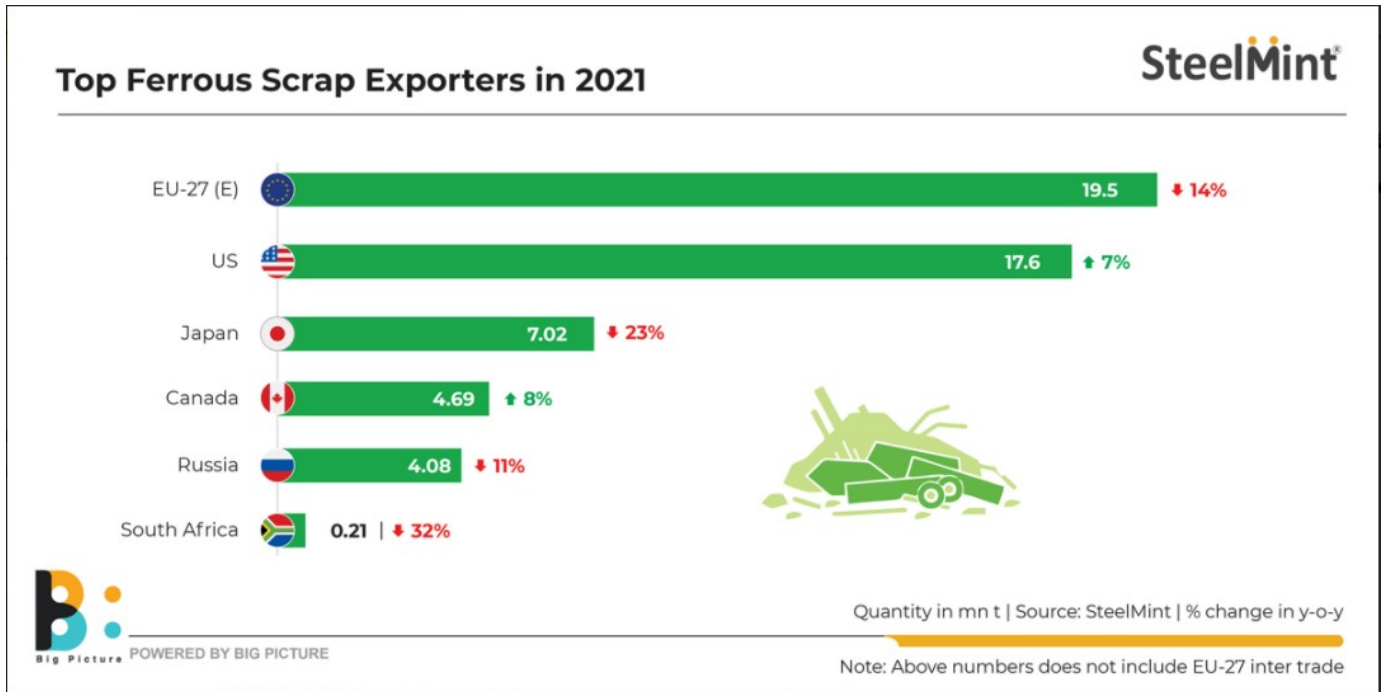
Key importing countries

- **Turkey:** This country, traditionally the highest consumer of scrap globally for steel-making, since it lacks iron ore mining resources domestically, was again the topper with a leading volume of 24.36 mnt in 2021 against 22.18 mnt in 2020, showing a y-o-y rise of almost 10%. The demand was whetted by Turkey's increased crude steel production, which rose 13% y-o-y in 2021 to 40 mnt. As a result, mills remained active in booking deep-sea cargoes throughout last year. Turkey's crude steel production increased to support its heightened finished steel exports. Being strategically located, Turkey took advantage of the 2020 production cuts in Europe on account of lockdowns, chip shortage and energy cost inflation.
- **Vietnam:** This South East Asian country, however, showed a marginal 3% drop y-o-y to 5.67 mnt in 2021 (5.85 mnt in 2020). Covid-related lockdowns kept steel demand low in Vietnam for long periods. Ho Chi Minh City was the worst impacted. Moreover, Japan is the largest supplier to Vietnam but its own domestic demand and lower busheling generation due to limited automotive production led to a 34% drop in supply.
- **USA:** Its imports were at 5 mnt, a rise of around 17% against 2020's 4.29 mnt. Domestic prices were very high which forced buyers to explore imports, bulk of which arrived from neighbouring Canada and Mexico.
- **South Korea:** This country stood 4th, with import volumes rising 9% y-o-y to 4.47 mnt (4.11 mnt). It too is attempting to increase scrap usage in a bid to limit carbon emissions. However, Korea's sourcing challenges lie in its dependence on Japan which is conserving its own scrap for domestic use while its automotive scrap generation, one of its key categories for exports, has been hit by the chip shortage.
- **South Asia:** India's imports dropped nearly 13% y-o-y to 3.78 mnt (4.33 mnt) as the steep global prices singed buyers, who preferred the more accessible domestic variety. Volumes tracked till the last five years show the sharpest drop in 2021. Dubai-origin HMS 1&2 (80:20) average prices in rupee terms, with freight etc added, were at over INR 35,000/t while domestic DAP Mumbai prices of HMS 80:20 averaged INR 33,500/t. Pakistan's imports declined 10% to 4.10 mnt (4.57 mnt). Covid lockdowns and challenging weather in winter impacted finished steel demand along with a weak currency. Bangladesh's volumes rose 5% to 3.95 mnt (3.76 mnt), with a slant towards bulk bookings from USA and UK as dependency on Japan dropped.
- **China:** The world's largest steel guzzler, surprisingly imported a mere 0.50 mnt against the expected 10-12 mnt. The high global ferrous scrap prices and quality concerns are impeding China's imports, apart from its production cuts last year



Supply-side –

- **EU countries:** The EU seaborne ferrous scrap exports are estimated to drop 14% to 19.5 mnt in 2021 from 22.6 mnt in 2020 on the back of the exports ban from November last year.
- **USA:** Exports from Uncle Sam’s country gained as Japanese scrap became more expensive and was characterised by bid-offer disparities. Exports were up 3% to over 17 mnt (16.50 mnt) on improved steel demand in buyer countries. However, USA’s benchmark HMS CFR prices to Turkey rose a steep \$168/t over Jan-Dec’21.
- **Japan:** Exports from Japan declined a sharp 23% y-o-y to 7 mnt in 2021 against 9.10 mnt in 2020. Japan’s crude steel production increased 15% to 96.3 mnt y-o-y last calendar which necessitated higher domestic scrap consumption and an export de-focus. Its average bid H2 scrap prices have risen from less than JPY 40,000/t FoB in Dec’20 to over JPY 55,000/t in Feb’22.

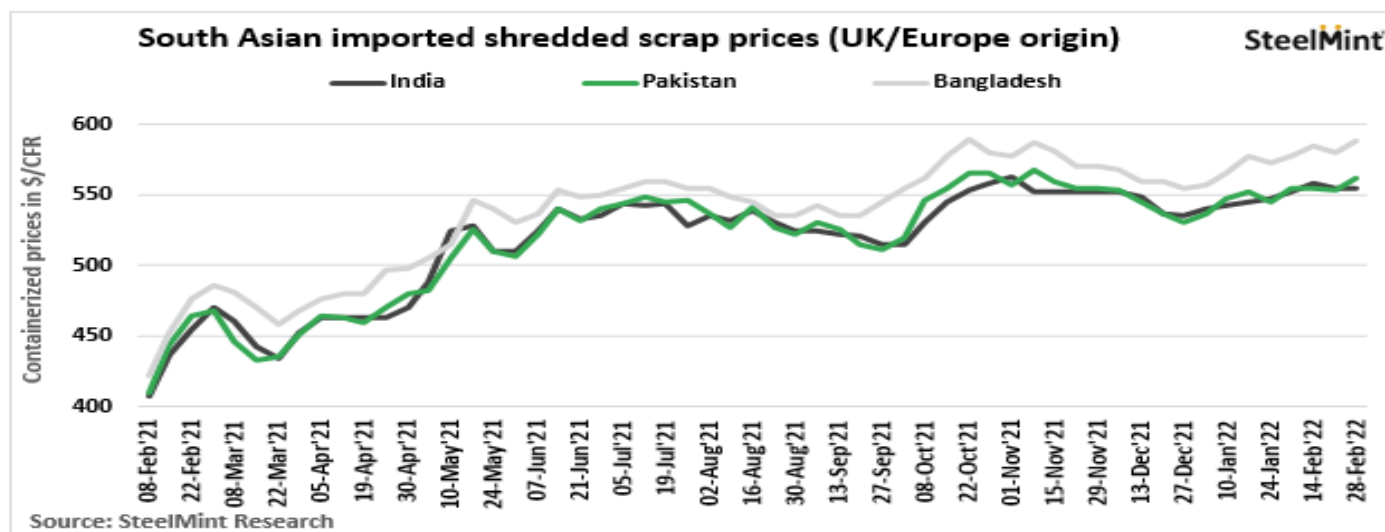


Outlook: With a pronounced global emphasis on green steel production for arriving at decarbonisation goals, countries are restricting exports of ferrous scrap. Most would now want to retain the scrap within their shores for domestic use. The European Commission imposed a blanket ban on ferrous and non-ferrous scrap exports late last year, while Russia also slapped a 5% but not less than Euro70/tonne duty on ferrous scrap exports. Ukraine, in December, 2021 raised the export duty on ferrous scrap to Euro180/t from the previous Euro58/t.

Thus, prospects of a rise in the volume of seaborne trade in ferrous scrap will be limited alongside the increase in scrap consumption.

South Asia (India, Bangladesh and Pakistan)

Assessment	Feb'22 Avg	Lowest Price in Feb'22	Highest Price in Feb'22	Jan'22 Avg	% Change (m-o-m)	Feb'21 Avg
India						
India imported scrap (\$/t)						
Shredded, CNF Nhava Sheva	555	552 (4th Feb)	558 (11th Feb)	545	2%	438
HMS 1&2 (80:20), ex UK, CNF Nhava	512	508 (4th Feb)	520(25th Feb)	490	4%	390
India Domestic scrap (₹/t)						
HMS (80:20) EXW Mandi	41,305	39,800 (15th Feb)	43,300 (28th Feb)	38,435	7%	29,915
HMS (80:20) EXW Mumbai	38,580	37,500 (12th Feb)	41,500 (28th Feb)	37,130	4%	22,976
Alang Ship yard melting scrap	41,320	40,100(1st Feb)	44,000 (28th Feb)	38,300	8%	28,360
Indian Metallics (₹/t)						
C-DRI exw Raipur	36,725	35,500 (12th Feb)	38,500 (28th Feb)	34,480	7%	25,340
P-DRI exw Raipur	34,795	33,550 (12th Feb)	37,500 (28th Feb)	32,552	7%	24,414
Pig Iron (Steel Grd) Exw Durgapur	47,345	46,200 (1st Feb)	50,000 (28th Feb)	43,010	10%	32,990
Indian Domestic Billet (₹/t)						
Billet (DAP Mumbai)	51,000	49,300 (12th Feb)	54,200 (28th Feb)	47,630	7%	37,835
Billet (DAP Chennai)	50,075	48,500 (14th Feb)	54,000 (28th Feb)	46,530	8%	37,340
Bangladesh						
Bangladesh imported scrap (\$/t)						
Shredded, CNF Chittagong	580	578 (2nd Feb)	595 (28th Feb)	570	2%	445
HMS 1&2 (80:20), CNF Chittagong	545	540 (2nd Feb)	550 (28th Feb)	525	4%	420
Japanese H2 Bulk, CNF Chittagong	570	548 (2nd Feb)	585 (23rd Feb)	550	4%	430
Bangladesh Domestic Scrap (₳/t)						
Chittagong Ship yard melting scrap	55,750	54,000 (9th Feb)	57,000 (23rd Feb)	54,000	3%	40,300
Bangladesh imported DRI (\$/t)						
DRI ex India, CNF Chittagong	535	530 (10th Feb)	540 (24th Feb)	510	5%	390
Pakistan						
Pakistan imported scrap (\$/t)						
Shredded 211, CNF Qasim	560	552 (1st Feb)	562 (8th Feb)	545	3%	430
Pakistan Domestic Scrap (PKR/t)						
Local Scrap Eq. to Shred, Exw Punjab	120,075	118,000 (22nd Feb)	122,000 (8th Feb)	122,880	2%	82,200
Pakistan Domestic prices (PKR/t)						
CC Billet, Grade 60 Exw Punjab	159,500	159,000 (22nd Feb)	160,000 (8th Feb)	159,875	0%	110,000
CC Rebar, Grade 60 Exw Punjab	185,500	184,000 (22nd Feb)	186,500 (1st Feb)	187,750	1%	127,250



India's imported scrap prices on par with domestic prices: The price gap between domestic and imported scrap narrowed down. Indian buyers were active in the imported market as HMS offers were at par with domestic prices.

India's imported scrap market remained active with trade activities picking up despite a hike in offers. The price rally in sponge iron and billets lent support to imported scrap inquiries in India.

Pakistan imported scrap prices rebound to four-month high: Imported scrap prices into Pakistan bounced back to four-month highs to \$570/t CFR amidst the trade tensions between Russia and Ukraine towards the month end. Subdued finished steel demand kept imported scrap trade volumes under pressure.

Pakistan's domestic rebar prices did not see any sharp

changes as government construction projects remained slow, keeping inquiries from end-users subdued.

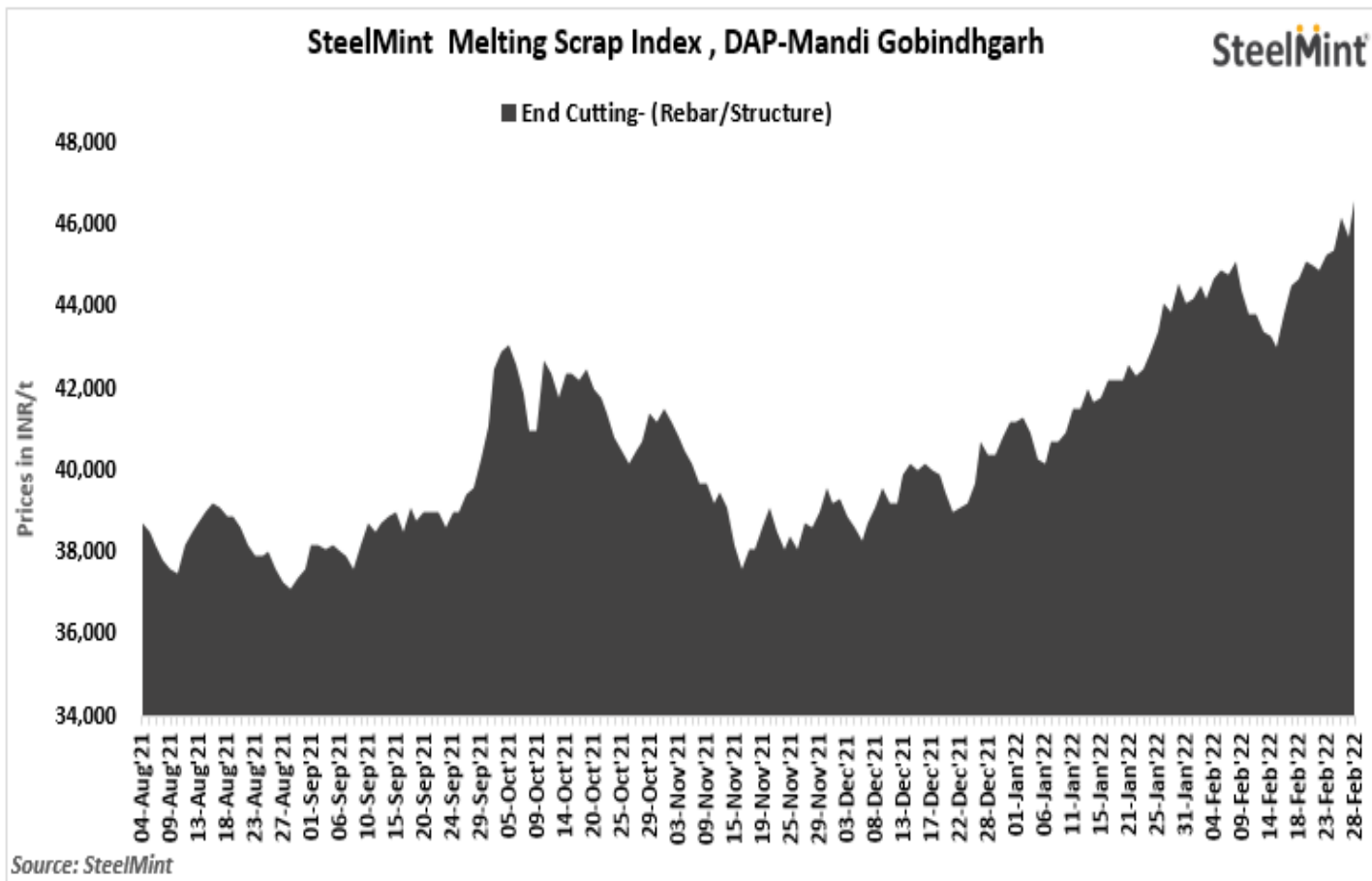
Bangladeshi mills actively restock container scrap cargoes: Fresh offers for UK-origin shredded were quoted at \$595-600/t CFR levels, towards the month end. Notably, prices hit an all-time high since Aug'16, as per data maintained with SteelMint.

A major mill was heard to have booked a US-origin bulk scrap cargo, comprising 30,000 t of HMS 1&2 (80:20) and shredded. The cargo was booked at \$565-575/t CFR Chittagong levels.

Rebar offers hit an all-time high on rising scrap prices. Major players in the Chittagong market raised rebar prices at BDT 83,000-84,000/t (\$966-977/t) exw.

India's domestic steel scrap index

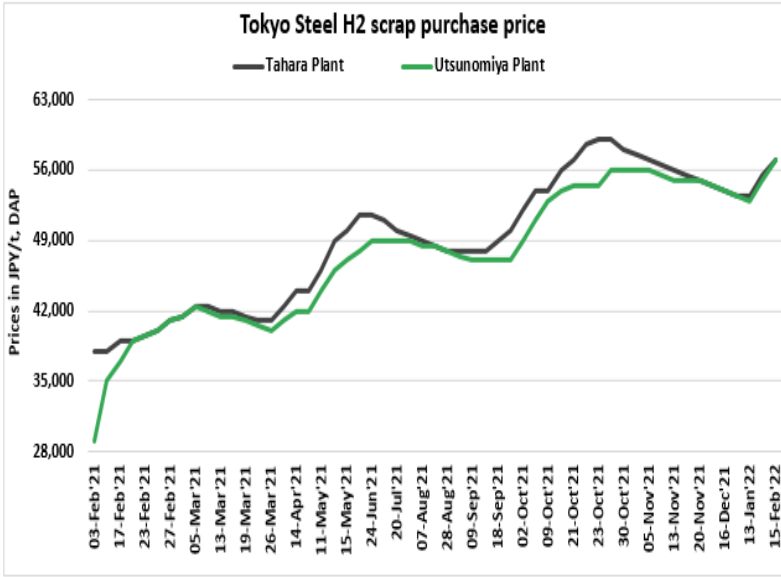
- ◆ There were plenty of offers in the market but buyers kept to the sidelines in hopes of a correction in prices. On the other hand, the availability of scrap in the market was tight.
- ◆ Slow finished steel movement and poor future bookings despite lower capacity utilisation dragged down its prices, which resulted in the downward correction in scrap prices towards the month end.
- ◆ Due to moderate finished steel sales, re-rollers purchased raw material (ingots/billets) in smaller quantities to meet their requirements.



Particulars	Specifications
Index	India Domestic Steel Scrap Price Index(End Cutting), DAP Gobindgarh Mandl. Punjab
Other Assessments	Old Scrap, HMS (80:20) Selected, CR Sheet Cutting
Dimensions	Length up to 3 Ft.
Packing	Loose
Quantity	50 MT - 100 t
Delivery Terms	Delivered at plant (DAP), (Induction Furnace) site located in Mandl Gobindgarh, Dist. Fatehgarh (Punjab)
Payment Terms	Immediate after delivery
Delivery Period	Within 3-5 days
Assessment Frequency	Daily
Data Submission (IST)	11.00 AM to 4.30 PM
Publication (IST)	1.00 PM & 5.00 PM

Japan, South Korea and South East Asia

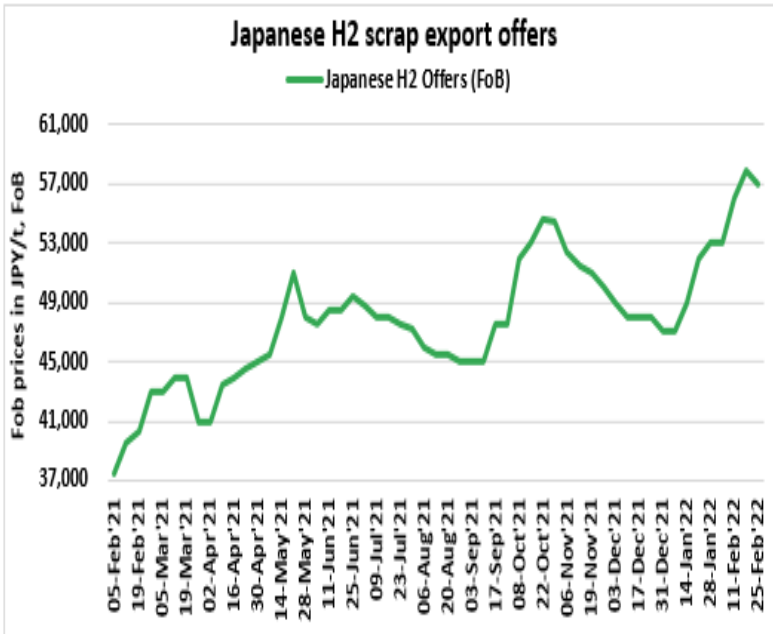
Assessment	Feb'22 Avg	Lowest Price in Feb'22	Highest Price in Feb'22	Jan'22 Avg	% Change (m-o-m)	Feb'21 Avg
Japan						
Tokyo Steel						
Tahara Plant (JPY/t, DAP)	56,250	55,500 (10th Feb)	57,000 (15th Feb)	53,500	5%	39,215
Utsunomiya Plant (JPY/t, DAP)	56,000	55,000 (10th Feb)	57,000 (15th Feb)	53,000	6%	37,215
Kanto Tetsugan Tender (JPY/t, FoB)	55,845	55,845(9th Feb)	55,845 (9th Feb)	50,983	9%	39,271
South Korea						
Bulk Japanese H2 Offers (JPY/t FoB)	56,000	53,000 (4th Feb)	58,000 (18th Feb)	50,250	11%	40,075
Vietnam						
Bulk Japanese H2 (CFR \$/t)	560	540 (7th Feb)	577(28th Feb)	490	14%	412
Bulk USA HMS 1&2 (80:20) (CFR \$/t)	560	537 (7th Feb)	573(21th Feb)	505	11%	422



Japanese domestic scrap prices continue to rise: Tokyo Steel raised scrap buying prices by JPY 4,000/t (\$34/t), twice last month.

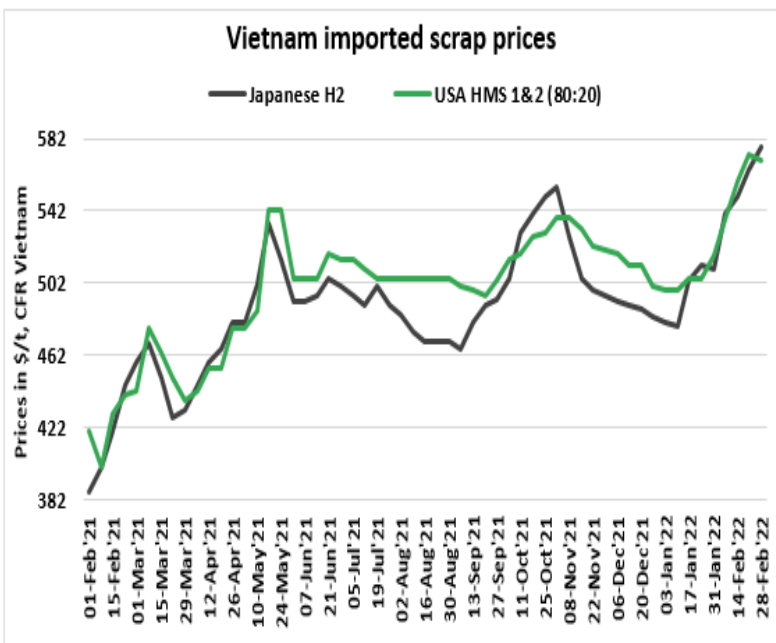
The main reason behind the surge is bids in Kanto scrap export tender pushed up domestic offers of scrap.

The gap between the domestic and export prices in Kanto region narrowed down.



Japan export offers hit new high: Japan's monthly Kanto scrap export tender for Feb'22 was concluded on active buying interest for the second successive month. Notably, two Vietnamese buyers remained the winners. The cargoes were booked in two slots of 5,000 t each at JPY 55,850/t (\$483/t) and JPY 55,846/t (\$483/t) on FAS basis.

Japanese scrap export offers witnessed a new all-time high. Prices surged owing to limited scrap availability in Japan and improved demand. SteelMint's assessment for Japanese H2 scrap export prices stood at JPY 58,000/t FOB levels.



Vietnam imported scrap trade slows down: The South East Asian market had been quiet earlier in the month amidst the Tet holidays, while the market saw a slow start post-the holidays. A total of 10,000 tonnes (t) of H2 scrap were awarded to two Vietnamese buyers at an average price at around JPY 55,845/t (\$483/t) FAS, moving up significantly by JPY 4,862 (\$42/t) m-o-m, SteelMint learnt from sources.

The Covid-19-induced global supply chain crisis already put huge pressure on shipping routes. The ongoing Russia-Ukraine war further added to the uncertainties, a source said.

Source: SteelMint Research

China & Taiwan

Assessment	Feb'22 Avg	Lowest Price in Feb'22	Highest Price in Feb'22	Jan'22 Avg	% Change (m-o-m)	Feb'21 Avg
China						
Shagang 6-10 mm price DAP Jiangsu	-	-	-	3,690	NA	3,290
Billet Exw Tangshan (RMB/t)	4,645	4,530 (25th Feb)	4,740 (11th Feb)	4,402	6%	4,030
Taiwan						
Domestic (HMS 80:20) (TWD/t)	12,650	12,500 (9th Feb)	12,800 (23rd Feb)	11,775	7%	9,675
Domestic Rebar (13 mm) (TWD/t)	22,100	21,900 (9th Feb)	22,300 (23rd Feb)	21,275	4%	18,575
USA HMS 1&2 (80:20) (\$/t)	480	472 (9th Feb)	490 (23rd Feb)	450	7%	383
Japanese H2 (\$/t)	520	510 (9th Feb)	534 (23rd Feb)	490	6%	393



China domestic scrap purchase prices unchanged for Feb: Shagang Jiangsu Steel kept its scrap procurement prices unchanged for Feb'22. The last hike in prices was announced in Jan'22 wherein the steel producer raised prices by RMB 100/t (\$16/t) for all grades.

After that revision, prices of HMS (6-10mm) stood at RMB 3,690/t (\$579/t) delivered to head-quarters, including 13% VAT.



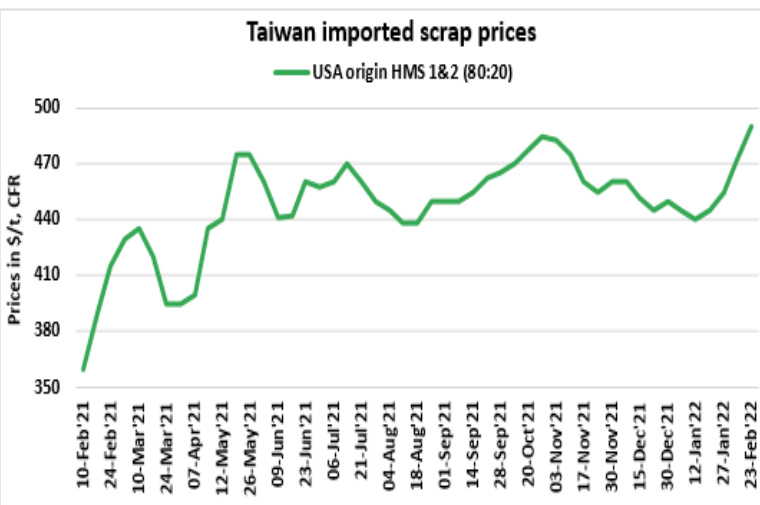
Chinese domestic billet prices remain supported despite volatile rebar futures: Domestic billet prices in China rose by RMB 20/t (\$3/t) on 28 Feb'22. Prices of the commonly traded Q235 billet (150 mm) were reported at RMB 4,550/t (\$720/t) in Tangshan, including 13% VAT.

According to SteelMint, China's domestic steel billets prices remained supported despite volatility in Chinese SHFE rebar futures post Chinese New Year holidays.



Taiwan domestic scrap purchase prices unchanged: Feng Hsin Steel, Taiwan's largest rebar producer headquartered in Taichung, central Taiwan, decided to roll over its rebar list prices and procurement prices for locally-sourced scrap for transactions.

Feng Hsin's decision to maintain its rebar sales prices was mainly the reflection of the price trends in the global scrap market, though steel demand from local end-users had resumed after the Chinese New Year holiday ended on February 6.



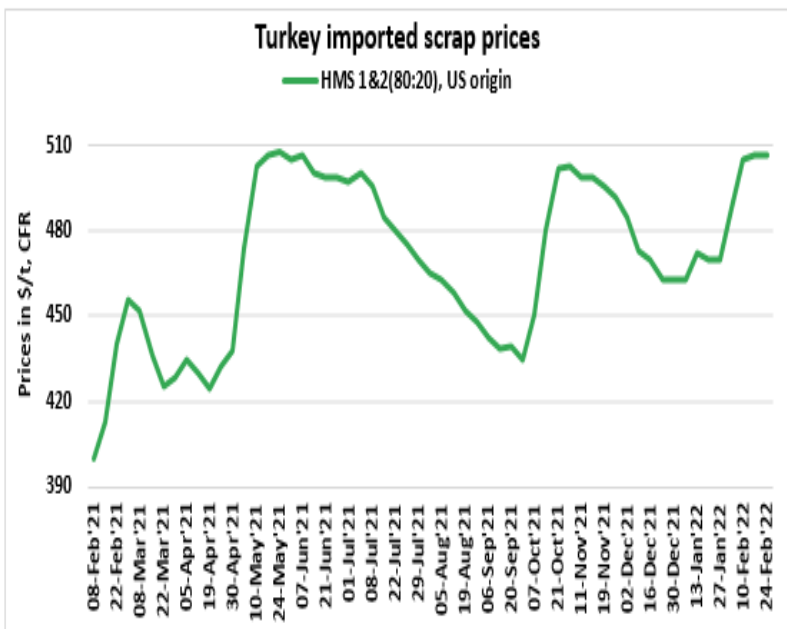
Taiwan imported scrap prices surge: Prices of US-sourced HMS 1&2 80:20 scrap surged to \$490/t CFR Taiwan, increasing by \$50/t m-o-m, while prices of Japan-origin H2 scrap was at \$534/t CFR Taiwan towards month end.

Source: SteelMint Research

Turkey, USA & Europe

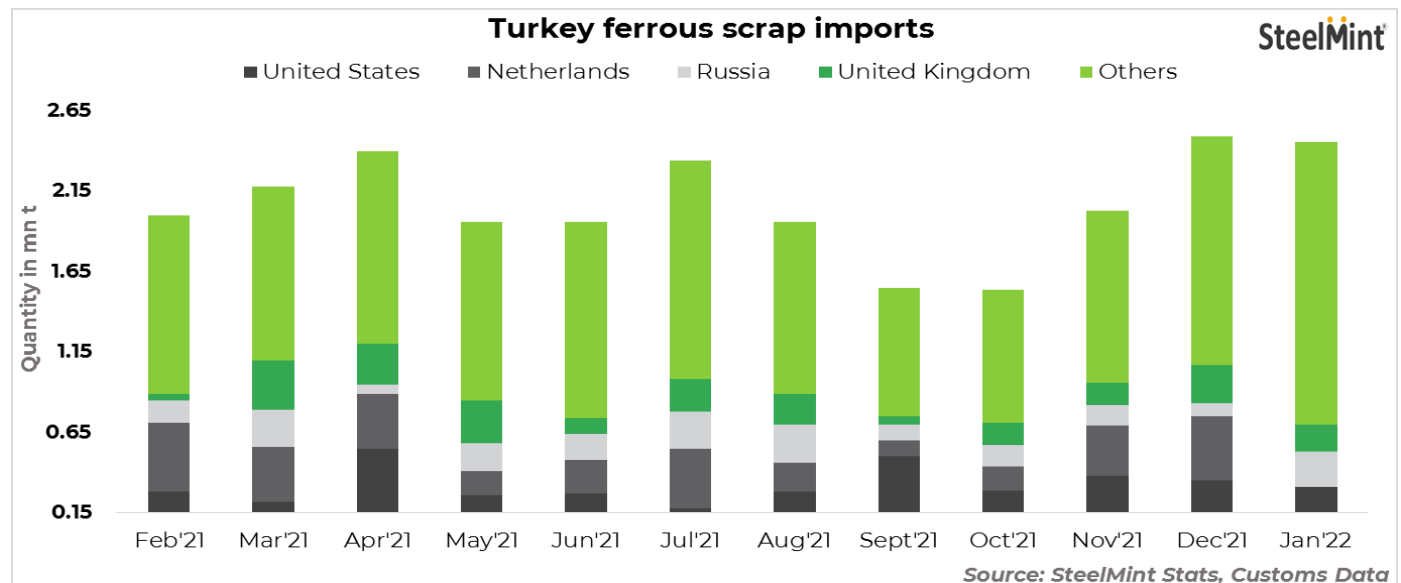
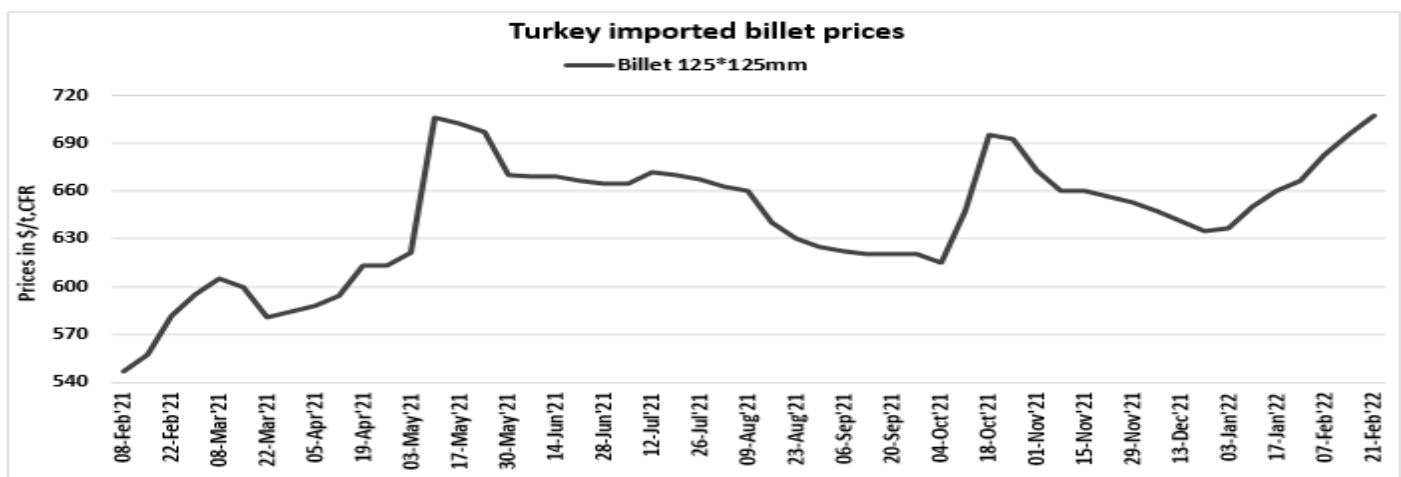
Assessment	Feb'22 Avg	Lowest Price in Feb'22	Highest Price in Feb'22	Jan'22 Avg	% Change (m-o-m)	Feb'21 Avg
Turkey						
Bulk USA HMS, CNF Turkey (\$/t)	500	488 (3rd Feb)	507 (17th Feb)	468	7%	413
Billet CNF Iskenderun (\$/t)	695	683 (7th Feb)	709 (21st Feb)	653	6%	563

Turkey country-wise ferrous scrap imports (in mn t)						
	Jan'22	Dec'21	Nov'21	Oct'21	Feb'21-Jan'22	
Total Turkey Imports	2.46	2.49	2.04	1.55	23.87	
USA	0.31	0.35	0.38	0.29	2.87	
Netherlands	-	0.4	0.31	0.15	2.98	
Russia	0.22	0.08	0.13	0.13	1.89	
UK	0.17	0.24	0.14	0.14	2.10	
Others	1.76	1.42	1.07	0.83	14.03	



Imported scrap prices to Turkey climb to 3-month high: Negotiations for the April shipment bookings slowed down as both buyers and suppliers were waiting for a clear market direction. Yet imported scrap prices hit three months high by Mediterranean region-based steel mill. Market players expected imported scrap prices to increase as mills need a few more cargoes for the first April shipments. Meanwhile, a few others believe that Turkey had booked sufficient cargoes for March delivery and hence, slowed down procurement.

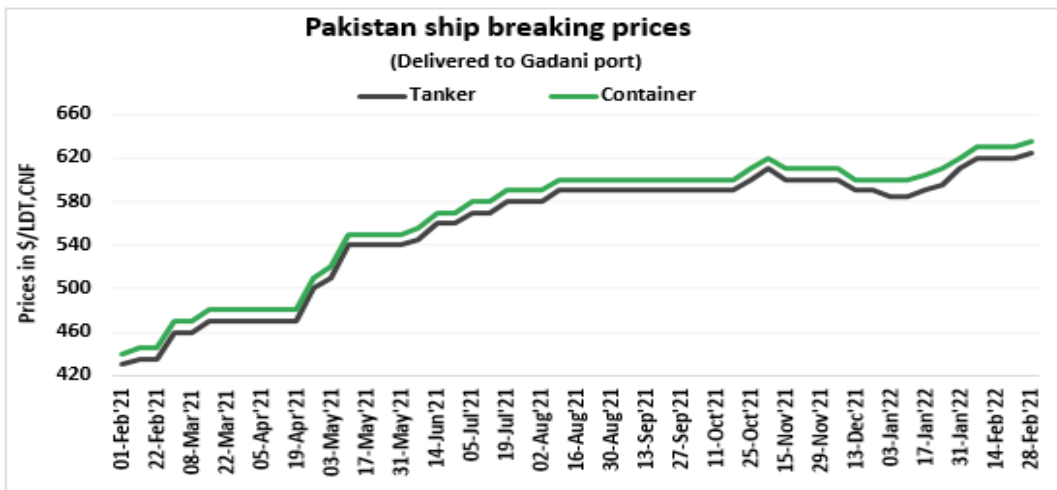
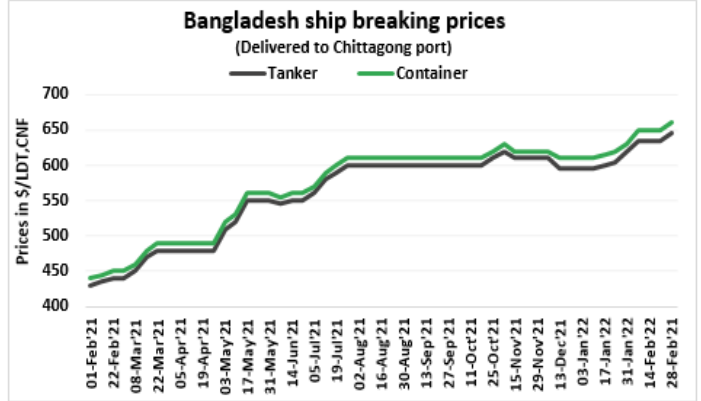
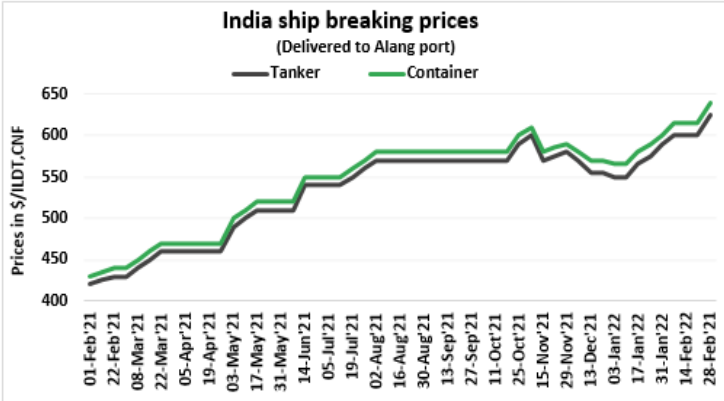
The Turkish lira depreciated further to a new 6-week low from 13 to 14.2. The Ukraine crisis added to Turkey's economic woes which, in turn, resulted in currency depreciation which had remained stable since Jan'22.



Turkey scrap imports flat: Turkey's ferrous scrap imports remained largely stable 2.46 mnt in Jan'22 vis-a-vis 2.49 mnt in Dec'21, as per SteelMint data. Ukraine was the top exporter to Turkey with 0.34 mnt in Jan, followed by the USA and the Russia with 0.31 mnt and 0.22 mnt, respectively. On a yearly basis, scrap imports saw a rise of 27% as against 1.93 mnt in Jan'21.

Ship Breaking

Assessment	Feb'22 Avg	Lowest Price in Feb'22	Lowest Price in Feb'22	Jan'22 Avg	% Change (m-o-m)	Feb'21 Avg
India						
Tanker (\$/LDT)	610	600 (7th Feb)	625 (28th Feb)	560	9%	425
Container (\$/LDT)	625	615 (7th Feb)	640 (28th Feb)	575	9%	435
Pakistan						
Tanker (\$/LDT)	623	620 (7th Feb)	625 (28th Feb)	590	6%	433
Container (\$/LDT)	633	630 (7th Feb)	635 (28th Feb)	605	5%	443
Bangladesh						
Tanker (\$/LDT)	640	635 (7th Feb)	645 (28th Feb)	600	9%	435
Container (\$/LDT)	655	650 (7th Feb)	660 (28th Feb)	615	4%	445

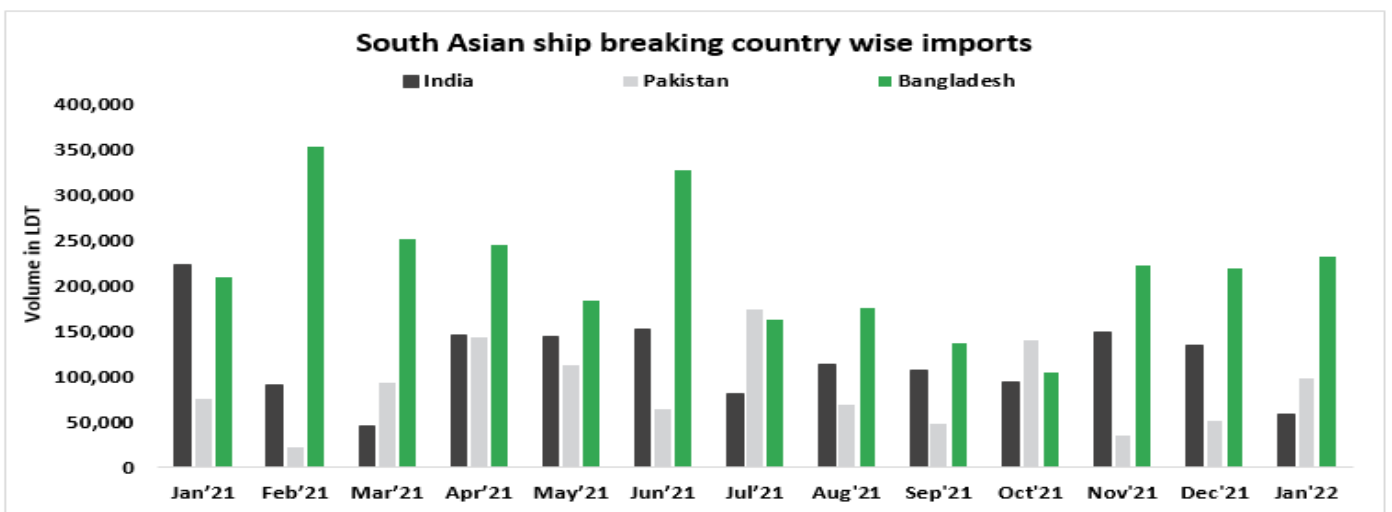


Ship Breaking country wise import			
	India	Pakistan	Bangladesh
Feb'21	91,221	22,192	352,302
Mar'21	45,918	92,834	251,393
Apr'21	146,003	143,793	244,186
May'21	144,049	113,033	182,743
Jun'21	152,308	63,505	327,243
Jul'21	80,426	174,053	162,758
Aug'21	113,315	69,435	175,459
Sep'21	106,744	47,333	136,078
Oct'21	94,475	140,031	103,930
Nov'21	148,115	34,427	223,000
Dec'21	134,499	51,514	219,519
Jan'22	57,907	97,121	231,495

Shipbreaking: Bangladesh led the price chart in terms of vessels' offers compared to other markets. India's domestic steel prices remained volatile last week but saw an upward trend at the end of the week. Although demand was there, most buyers were hesitant to finalise deals at high price levels in fear of any further decline.

The market sustained its momentum with growing demand for steel and ferrous scrap. With very few units available in the market, prices are expected to remain steady as inventories in yards need to be restocked to meet rising demand.

Gadani recyclers decided to remain silent this week. As a result, most of the vessels were diverted to a resurgent India or Bangladesh.



Source: SteelMint Research

Imported scrap bookings in Feb'22

The below table highlights the bulk scrap bookings recorded by SteelMint, which were booked in Feb'22 by Turkey. Deals indicated under Pakistan and India are those of containerized scrap bookings, while Bangladesh deals includes both.

Turkey					
S.no	Date	Origin	Grade	Quantity in (t)	Avg Price in (\$/t), CNF
1	5-Feb'22	USA	HMS (80:20)	NA	497
2	9-Feb'22	Europe	HMS (80:20)	NA	493.5
3	9-Feb'22	USA	HMS (80:20)	NA	502
4	10-Feb'22	Europe	HMS (80:20) + Mix	NA	517
5	11-Feb'22	Europe	HMS (80:20) + Mix	30,000	506
6	11-Feb'22	Baltic	HMS (80:20) + Mix	NA	514
7	17-Feb'22	USA	HMS (80:20) + Mix	NA	517
Pakistan					
1	01-Feb'22	UK	Shredded	8,000	448
2	03-Feb'22	UK/EU	Shredded	10,500	553
3	3-Feb'22	UK/EU	Shredded	8,000	548
4	08-Feb'22	UK	Shredded	12,000	558
5	24-Feb'22	UK/EU	Shredded	4,500	555
6	25-Feb'22	UK	Shredded	2,000	553
Bangladesh					
1	02-Feb'22	UK	Shredded	500	570
2	02-Feb'22	South-Africa	HMS	2,000	532
3	07-Feb'22	Australia	PNS (Bulk)	12,000	565
4	09-Feb'22	US	HMS (Bulk)	30,000-35,000	565
5	18-Feb'22	UK/EU	Shredded	2,000	590
6	23-Feb'22	USA	HMS (Bulk)	NA	570
7	23-Feb'22	UK/EU	Shredded	3,000	585
8	25-Feb'22	UK/EU	Shredded +Mix	5,000	560
India					
1	11-Feb'22	West Africa	HMS	NA	500
2	18-Feb'22	South-Africa	HMS	NA	505
3	25-Feb'22	UAE	HMS	1,000	510
4	25-Feb'22	UAE	HMS	2,000	500

CONTRIBUTORS

NA=Not Available, The deal tables includes only those deals which are recorded by SteelMint

Ms. Reena Nishad
(Sr. Research Associate)
Email: reena@steelmint.com

Ms. Deepika Singh
(Research Associate)
Email: deepika.singh@steelmintgroup.com

Disclaimer

SteelMint has taken due care and caution in compilation of content. Information is just for reference not intended for trading purpose or to address your particular requirement. The content includes facts, views, and opinions are of individuals and not that of the SteelMint management. We and our content licensors do not guarantee or warrant the accuracy, completeness or timeliness of, or otherwise endorse these views, and opinions. SteelMint and its affiliates, or their employees, directors or agents shall not be liable or responsible for any loss or costs or any action whatsoever arising out of use or relying on the spot prices disseminated.