

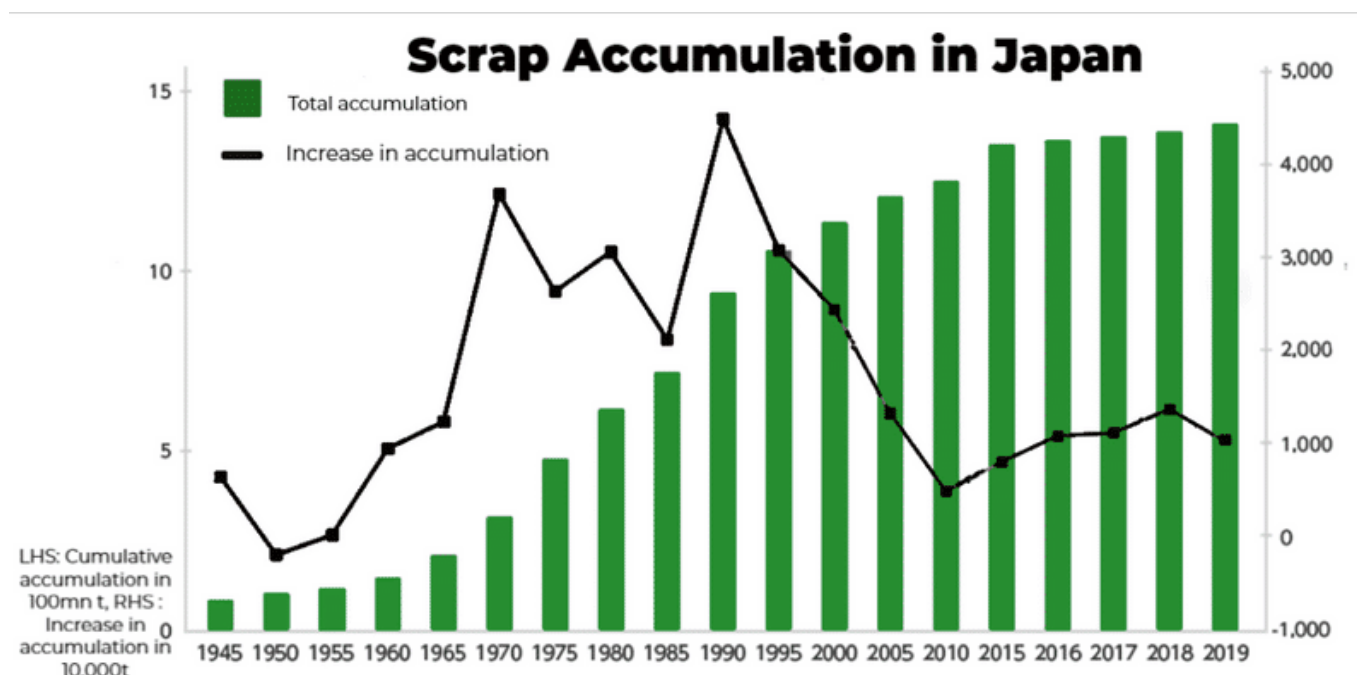
GLOBAL FERROUS SCRAP

MONTHLY REVIEW MARCH 2022

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Japan's scrap accumulation slowing down



Japan has over 1.4 billion tonne of scrap accumulation per annum, but the speed has slowed down. "We have plenty of scrap resources in Japan but, regrettably, resources are exported a lot," says Gaku Ito, General Manager, Sales, Tokyo Steel.

Japan is a leading scrap exporter in the world. In Asia, Japan is the largest supplier of steel scrap. Exports in 2020 were a record around 9 mnt.

Russia being a leading exporter, "we have to watch the impact of the invasion now," Ito informed.

Scrap export destinations: The scrap export destinations of Japanese scrap have changed. China disappeared from the imports market in 2019 after importing around 0.29 mnt in 2017-18. Korea's share decreased from almost 4 mnt in 2019 to 3 mnt in 2020, while Vietnam's rose from 2 mnt in 2019 to 3.4 mnt in 2020. Japan's total scrap exports comprised 7 mnt in 2021. However, Ito stressed that exports will shrink and domestic use will increase.

China's demand for high grade scrap: China imported mainly low-grade mixed metal before banning imports in 2018. In 2021, it re-opened imports, but only for good quality scrap, such as HS grade. The Chinese government aims to increase scrap utilisation by up to 30% by 2025. Working towards that goal, the government has committed imports of prime grade scrap in January last year.

So, Japanese scrap exporters expected China to import around 10 mnt of scrap. But, it disappointed by importing only 500,000 tonnes in 2021. Japanese scrap prices were too expensive for China. They brought semis, instead, from other countries.

On the other hand, globally, EAFs' share is expanding with many new investments happening, especially in the US (Nucor, SDI, BRS and US Steel). These mills need especially prime grade scraps for producing high quality flat products via the EAF route.

Higher EAF share need of hour

It is time for Japan to increase the share of its electric arc furnace (EAF) mills, being the third-largest steel-making company in the world. It is not just a local issue in Japan, but a global one, Ito stressed. Ito reminded that near-zero emission steel is the preferred choice in global markets and near-zero-emission production is targeted in every region by 2030 or earlier. Therefore, EAF share is globally expanding.

EAF-BF ratio

Dwelling on the global EAF-BF ratio, Ito said in 2020 this was at 26.3%-73.2%. In the US, it was at 29.4%-70.6% and in EU-28, at 42.4%-57.6%. In Japan, at 25.4%-74.6%. The US is the second-largest emitter of greenhouse gases after China but emission from its steel sector is only 0.6%.

On the other hand, in Japan, emission from the steel sector is 13%. Steel accounts for 40% of the total industrial sector. Why is it so different?

One of the factors is the EAF share, Ito stressed, adding "it is time for the Japanese electric furnace mills to expand that share because Japan is the third largest steel-making company in the world".

Outlook

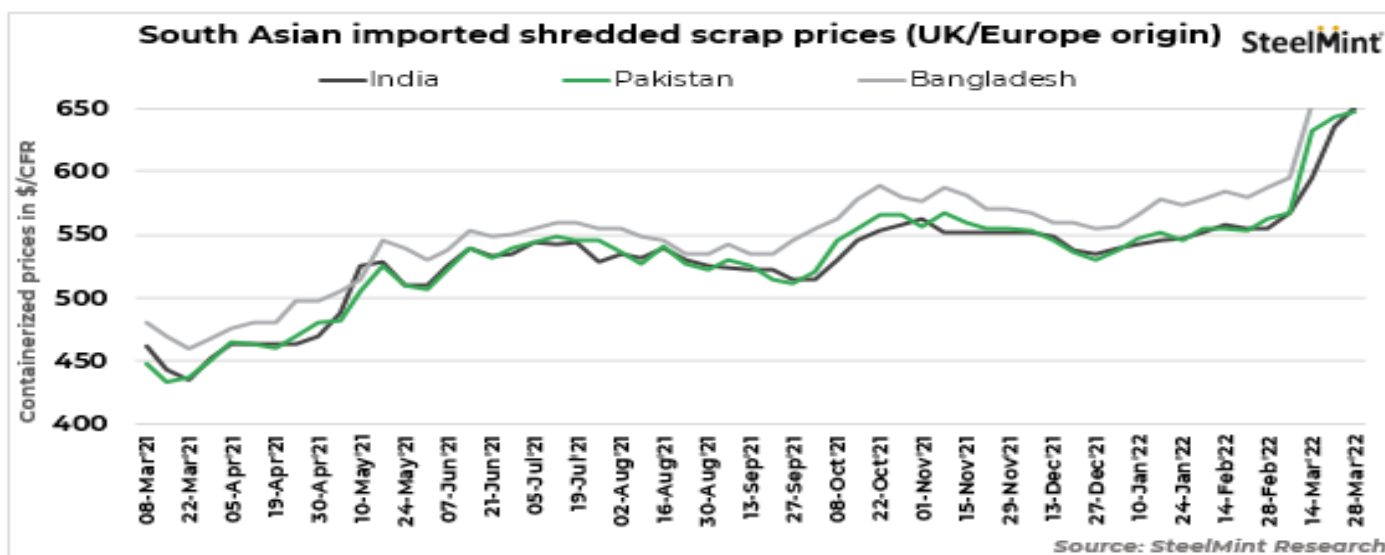
Dwelling on the future global scrap flow, Ito said, investments in EAF will continue globally for achieving the goal of carbon neutrality. Exports of scraps from the US and Japan will decrease. New scrap generation from the automotive sector will decrease because the latter will shrink due to the shift to electric vehicles.

China will need prime scrap for which it will import from Japan. So, the supply-demand balance of prime grade scrap will become tighter. But, obsolete scrap will be in excess because of slow construction activity in Japan which will make EAF mills, which produce only construction steel, decrease their production.

Tokyo Steel will "upcycle" obsolete scrap to achieve goals of its EcoVision by 2050.

South Asia (India, Bangladesh and Pakistan)

Assessment	Mar'22 Avg	Lowest Price in Mar'22	Highest Price in Mar'22	Feb'22 Avg	% Change (m-o-m)	Mar'21 Avg
India						
India imported scrap (\$/t)						
Shredded, CNF Nhava Sheva	610	567 (7th Mar)	650 (28th Mar)	555	10%	450
HMS 1&2 (80:20), ex UK, CNF Nhava	580	535 (8th Mar)	620(11th Mar)	512	13%	420
India Domestic scrap (₹/t)						
HMS (80:20) EXW Mandi	46,855	42,000 (15th Mar)	51,500 (9th Mar)	41,305	13%	32,263
HMS (80:20) EXW Mumbai	44,000	41,500 (15th Mar)	47,500 (9th Mar)	38,580	14%	29,670
Alang Ship yard melting scrap	46,955	43,000(15th Mar)	48,500 (10th Mar)	41,320	14%	30,936
Indian Metallics (₹/t)						
C-DRI exw Raipur	42,200	39,400 (31st Mar)	45,300 (9th Mar)	36,725	15%	28,304
P-DRI exw Raipur	40,896	37,400 (31st Mar)	44,100 (9th Mar)	34,795	18%	27,344
Pig Iron (Steel Grd) Exw Durgapur	58,675	51,200 (1st Mar)	62,800 (22nd Mar)	47,345	24%	35,560
Indian Domestic Billet (₹/t)						
Billet (DAP Mumbai)	58,900	55,500 (15th Mar)	62,400 (9th Mar)	51,000	15%	40,800
Billet (DAP Chennai)	59,880	54,000 (1st Mar)	62,000 (9th Mar)	50,075	20%	41,244
Bangladesh						
Bangladesh imported scrap (\$/t)						
Shredded, CNF Chittagong	655	595 (1st Mar)	680 (25th Mar)	580	13%	470
HMS 1&2 (80:20), CNF Chittagong	625	563 (2nd Mar)	655 (29th Mar)	545	15%	450
Japanese H2 Bulk, CNF Chittagong	675	585 (2nd Mar)	703 (23rd Mar)	570	18%	465
Bangladesh Domestic Scrap (₳/t)						
Chittagong Ship yard melting scrap	60,900	59,000 (1st Mar)	63,500 (16th Mar)	55,750	9%	44,063
Bangladesh imported DRI (\$/t)						
DRI ex India, CNF Chittagong	570	555 (17th Mar)	595 (9th Mar)	535	7%	413
Pakistan						
Pakistan imported scrap (\$/t)						
Shredded 211, CNF Qasim	630	567 (1st Mar)	647 (28th Mar)	560	13%	445
Pakistan Domestic Scrap (PKR/t)						
Local Scrap Eq. to Shred, Exw Punjab	125,000	115,000 (1st Mar)	128,500 (29th Mar)	120,075	4%	88,840
Pakistan Domestic prices (PKR/t)						
CC Billet, Grade 60 Exw Punjab	170,700	158,000 (1st Mar)	176,000 (15th Mar)	159,500	7%	112,100
CC Rebar, Grade 60 Exw Punjab	197,600	184,000 (1st Mar)	208,000 (29th Mar)	185,500	7%	129,600



Source: SteelMint Research

Indian buyers prefer imported scrap on price parity: Increased domestic scrap prices in India hit an all-time high on bullish sentiments in iron ore which made scrap imports favorable earlier in the month, especially for HMS cargoes.

Later the domestic market slowed down amidst the festive mood during Holi. India's imported scrap market remained quiet towards the month-end as market players opted to wait and watch amid volatility and disparity in bids and offers.

Pakistan's domestic rebar prices rise on scrap prices uptrend: Pakistan's major mills like Amreli Steel, Mughal Steel, Agha Steel, Faizan Steel, etc raised rebar offers by around PKR 25,000/t m-o-m. Domestic rebar offers for G-60 (10-12mm) grade were at PKR 216,000/t exw-Punjab (\$1,184/t), including taxes, towards the month-end. However, workable prices were low.

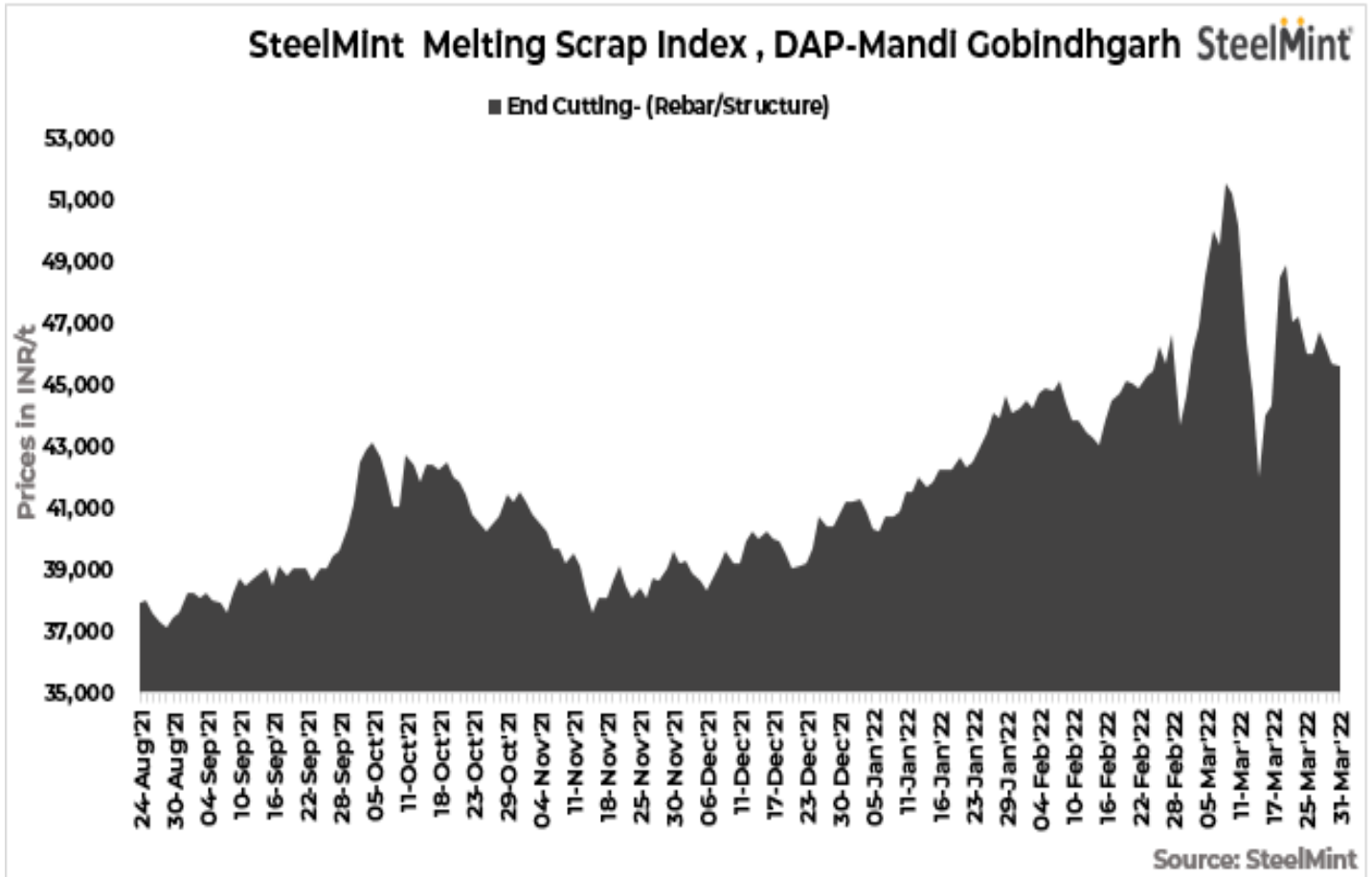
The country's imported scrap prices set a new high. Considering the high offers, scrap buyers and steelmakers stepped back from booking fresh cargoes. Additionally, the national currency continued to set new record lows against the dollar. The PKR traded at 182.49 against the dollar towards the month-end.

Bangladesh's imported scrap trade slows down: Japanese suppliers were less interested in the Bangladesh market, as they looked for higher bids from other potential buyers like Vietnam and South Korea. The imported scrap trade slowed down in Bangladesh, with only one bulk cargo being booked from US suppliers at \$710/t CFR levels.

Meanwhile, the domestic market remained unsupportive. Yet, mills like BSRM, GPH, KSRM etc raised their rebar offers to BDT 88,000-90,000/t (\$1,160-1,187/t) exw.

India's domestic scrap index

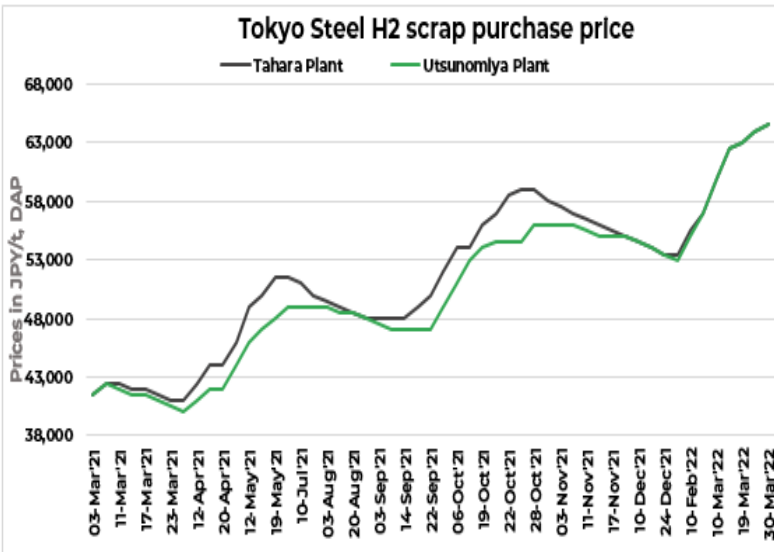
- ◆ The scrap market remained bearish amidst persistent dull sentiments in the semi-finished and finished steel markets. While buyers adopted a wait-and-watch policy, sellers were not ready to make deals at prices lower than their offer levels.
- ◆ There was a surge in billet prices due to increased input costs. This impacted demand for rebars marginally, as retailers refrained from booking in large volumes considering the high prices.
- ◆ Scrap traders held on to material in anticipation of a price rise in the first week of April. Prices went down because of a marginal correction in semi-finished steel prices-led by weak finished steel movements.



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

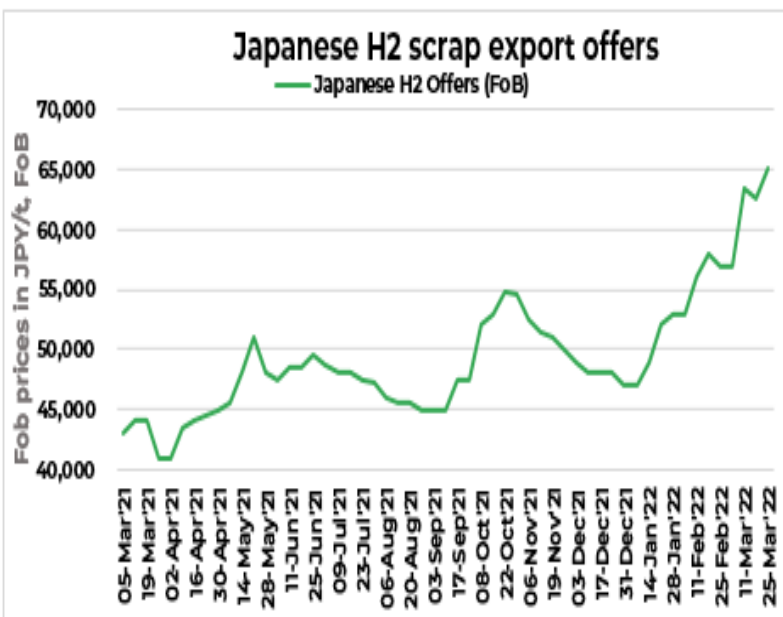
Japan, South Korea and South East Asia

Assessment	Mar'22 Avg	Lowest Price in Mar'22	Highest Price in Mar'22	Feb'22 Avg	% Change	Mar'21 Avg
Japan						
Tokyo Steel						
Tahara Plant (JPY/t, DAP)	62,800	60,000 (1st Mar)	64,500 (29th Mar)	56,250	12%	41,750
Utsunomiya Plant (JPY/t, DAP)	62,800	60,000 (1st Mar)	64,500 (29th Mar)	56,000	12%	41,315
Kanto Tetsugan Tender (JPY/t, FoB)	63,510	63,510 (9th Mar)	63,510 (9th Mar)	55,845	14%	42,976
South Korea						
Bulk Japanese H2 Offers (JPY/t FoB)Japan)	62,000	57,000 (4th Mar)	65,000 (25th Mar)	56,000	11%	42,685
Vietnam						
Bulk Japanese H2 (CFR \$/t)	615	590 (7th Mar)	630 (21st Mar)	560	10%	450
Bulk USA HMS 1&2 (80:20) (CFR \$/t)	660	600 (7th Mar)	690(16th Mar)	560	18%	455



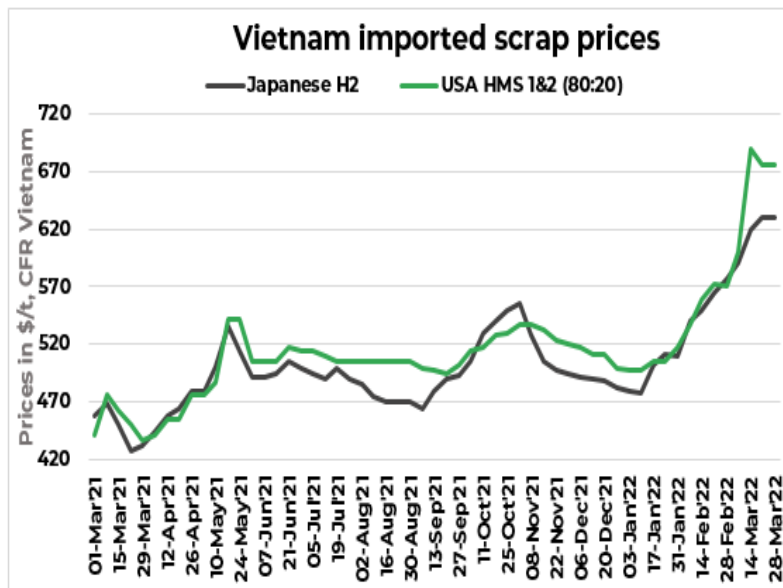
Japan's Tokyo Steel follows global prices: Japan's Tokyo Steel raised scrap purchase prices four times in March, 2021. The company increased bids by JPY 8,000/t (\$65/t) m-o-m for the Utsunomiya plant in the Kanto region. The gap between exports and domestic prices in the Kanto region narrowed down.

Japan's Tokyo Steel raised scrap buying prices after a gap of one month to a peak since 2017. The currency depreciation led to a rise in the bid prices for scrap purchases.



Japan export offers surge to all time high: A total of 10,000 t of scrap was awarded and the average price for H2 scrap stood at around JPY 63,510/t (\$548/t) FAS, higher by JPY 7,665/t (\$66/t) m-o-m. Japan's winning bid price increased significantly as scrap prices have risen globally due to the Russia-Ukraine war.

Buyers such as Taiwan, South Korea and Vietnam showed interest as the Japanese yen depreciated against the dollar. Despite the weak currency, scrap export offers were at high levels. The JPY hit a six-year low and traded at 121.5 levels against the dollar towards the month-end.



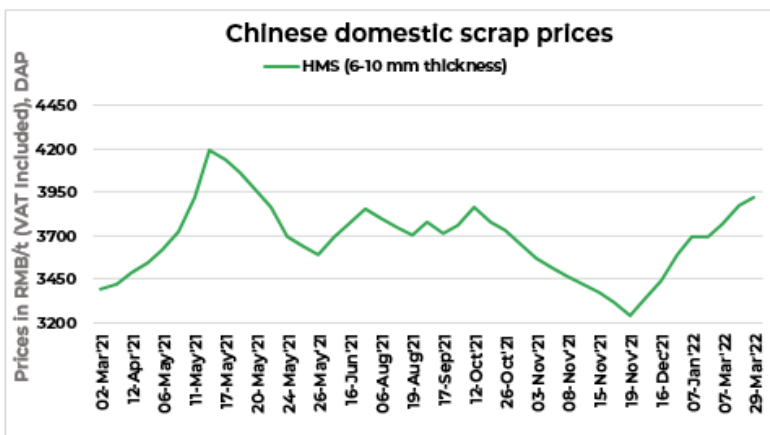
Vietnamese buyers quiet in Mar'22: Vietnam's scrap buyers and steelmakers opted to wait and watch, while a few buyers booked fresh cargoes as per requirement.

Increasing domestic rebar prices slowed down construction activities as owners faced losses.

Vietnam returned to the Japanese market after staying away for almost a month, owing to the disparity in bids and offers. Few deals were reported for Japanese H2, while offers were firm at \$630/t CFR Vietnam.

China & Taiwan

Assessment	Mar'22 Avg	Lowest Price in Mar'22	Highest Price in Mar'22	Feb'22 Avg	% Change (m-o-m)	Mar'21 Avg
China						
Shagang 6-10 mm price DAP Jiangsu	3,850	3,770 (7th Mar)	3920 (29th Mar)	-	NA	3,390
Billet Exw Tangshan (RMB/t)	4,730	4,600 (1st Mar)	4,830 (28th Mar)	4,645	2%	4,458
Taiwan						
Domestic (HMS 80:20) (TWD/t)	14,120	12,800 (4th Mar)	15,000 (23rd Mar)	12,650	12%	10,480
Domestic Rebar (13 mm) (TWD/t)	23,980	23,000 (9th Mar)	25,100 (23rd Mar)	22,100	9%	19,280
USA HMS 1&2 (80:20) (\$/t)	540	490 (4th Mar)	580 (30th Mar)	480	13%	415
Japanese H2 (\$/t)	575	534 (4th Mar)	610 (16th Mar)	520	11%	430



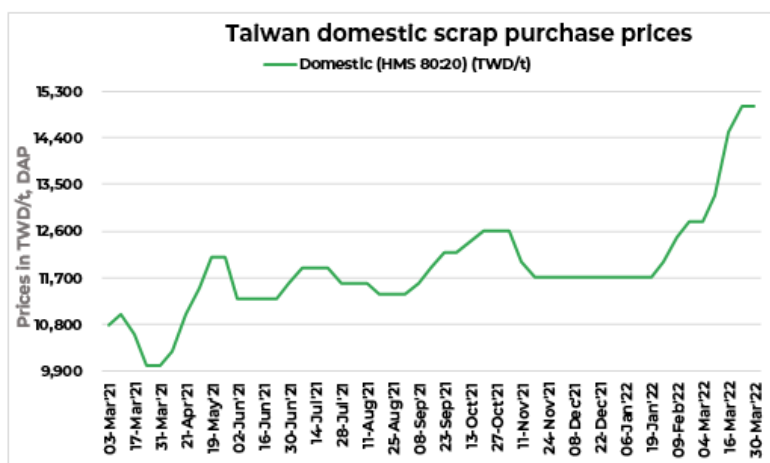
China's Shagang Steel active in procuring stock: Apart from disruption in logistics caused by the Russia-Ukraine war, a few scrap recycling and processing units were also halted due to the rising Covid-19 cases in the country.

Scrap traders declined deliveries to mills. Hence, mills raised their bid prices to secure scrap deliveries.



Chinese domestic billet prices remain supported in Mar'22: Domestic billet prices in China rose by RMB 27/t (\$4/t) on 31 Mar'22. Prices of the commonly traded Q235 billet (150 mm) were reported at RMB 5,061/t (\$795/t) in Tangshan, including 13% VAT.

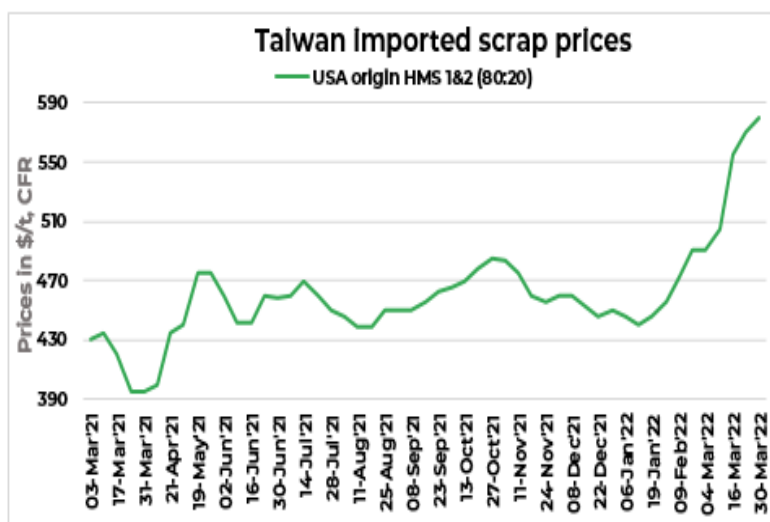
According to SteelMint, China's domestic steel billets prices remained supported despite volatility in Chinese SHFE rebar futures over the month and geopolitical conflict between Russia and Ukraine.



Taiwan domestic scrap prices up: Feng Hsin Steel, Taiwan's largest rebar producer headquartered in Taichung, central Taiwan, decided to hike procurement prices for locally-sourced scrap due to the firmness in global scrap prices and steady demand from local buyers.

The company's purchase price for local HMS 1&2 (80:20) scrap also climbed by TWD 2,200/t m-o-m to TWD 15,000/t towards the month-end.

Meanwhile, firm demand from end-users also gave local mini-mills some confidence to raise their rebar prices as



Taiwan imported scrap prices hit record high: The prices of ferrous scrap imported into Taiwan increased over by over \$80/t m-o-m to \$580/t CFR levels during month-end.

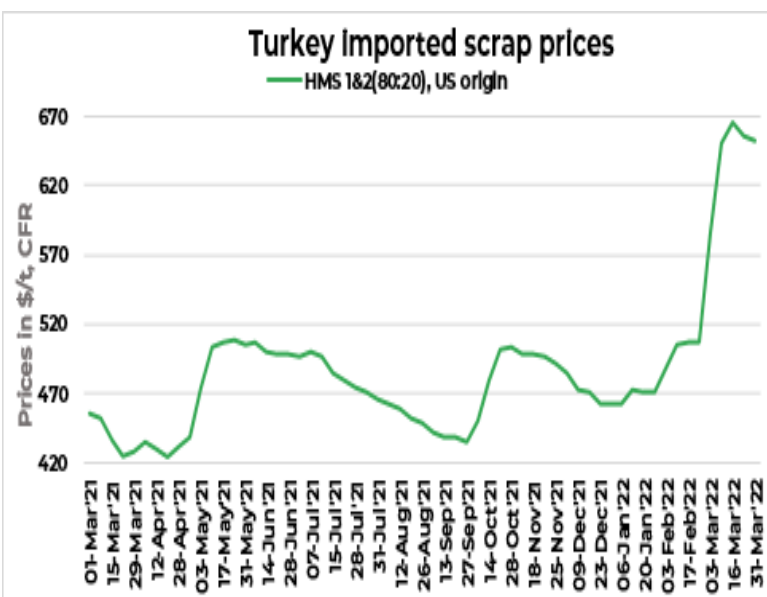
Demand from end-users remained robust. Mini-mills in Taiwan opted to hold firm their rebar prices as local end-users needed time to accept the substantial hike the mills tabled over the previous weeks.

Source: SteelMint Research

Turkey, USA & Europe

Assessment	Mar'22 Avg	Lowest Price in Mar'22	Highest Price in Mar'22	Feb'22 Avg	% Change (m-o-m)	Mar'21 Avg
Turkey						
Bulk USA HMS, CNF Turkey (\$/t)	640	585 (3rd Mar)	655 (16th Mar)	500	28%	440
Billet CNF Iskenderun (\$/t)	854	845 (28th Mar)	863 (21st Mar)	695	24%	593

Turkey country-wise ferrous scrap imports (in mn t)					
	Feb'22	Jan'22	Dec'21	Nov'21	Mar'21-Feb'22
Total Turkey Imports	1.87	2.46	2.49	2.04	24.77
USA	0.29	0.31	0.35	0.38	4
Netherlands	0.3	-	0.4	0.31	3.3
Russia	0.01	0.22	0.08	0.13	2.23
UK	0.15	0.17	0.24	0.14	2.32
Others	1.43	1.76	1.42	1.07	12.92

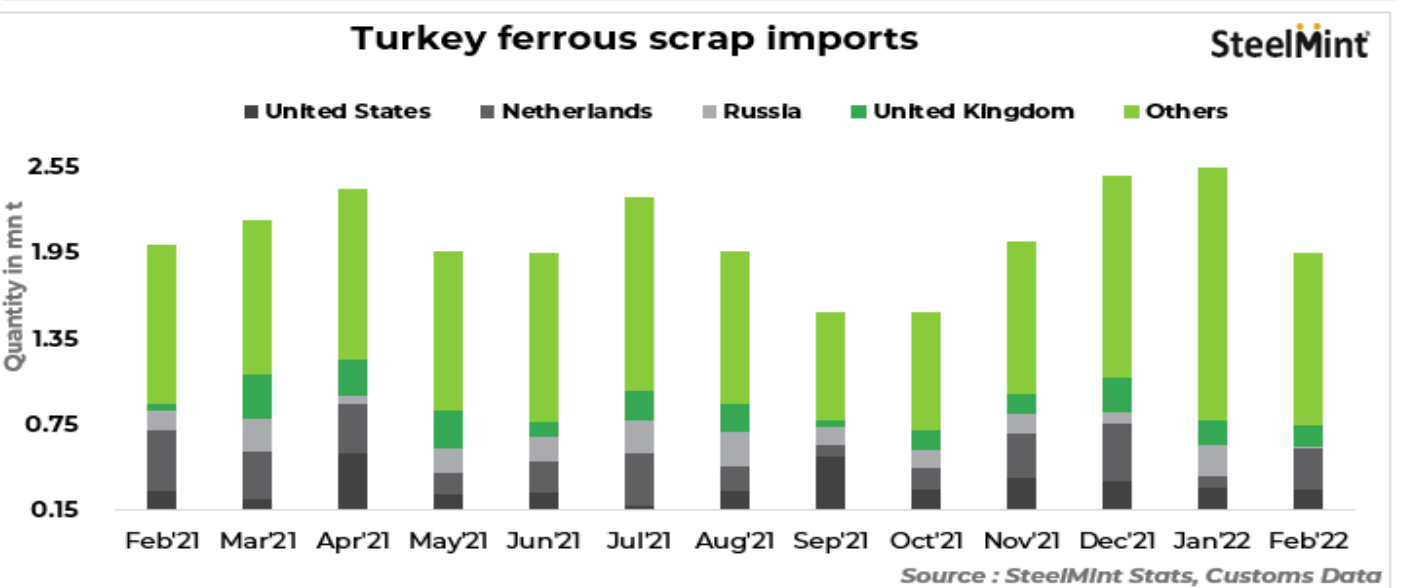
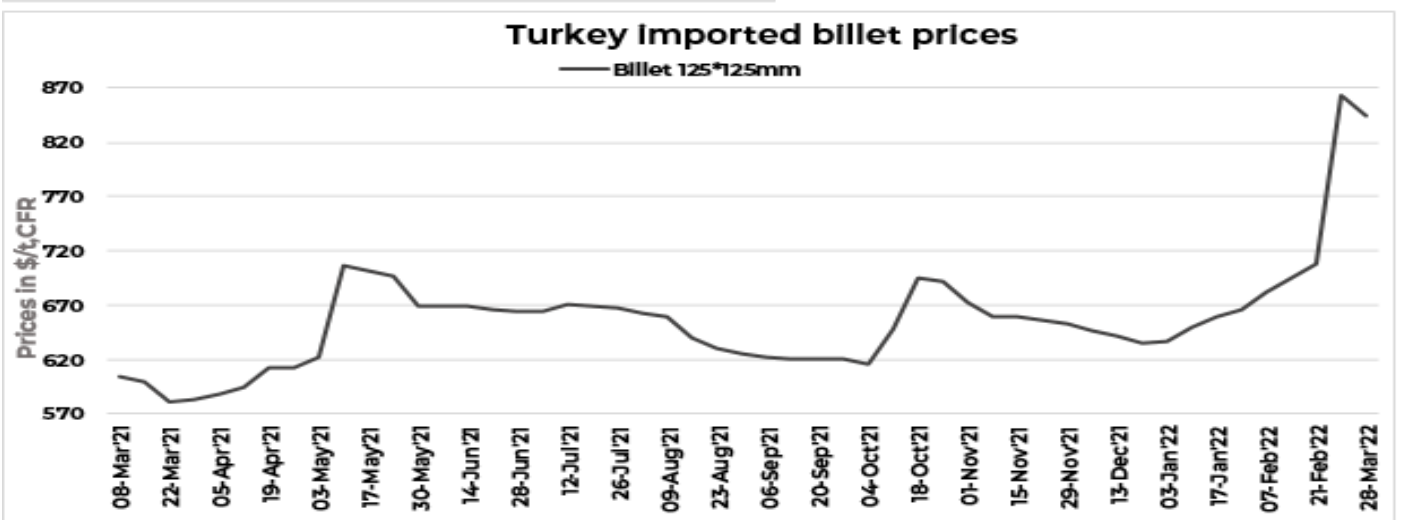


Turkey: Imported scrap prices increased by around \$100/t over the last one month and continued to remain high. Suppliers continued to quote higher offers, while the majority of the steel mills stepped back amid lower finished steel demand in exports and domestic sectors.

Suppliers are looking for opportunities to keep raising their offers, as Turkey mostly imports scrap from the US and Baltic region.

Additionally, the ongoing war between Russia and Ukraine affected the Turkish steel sector while domestic prices moved up significantly on lower availability.

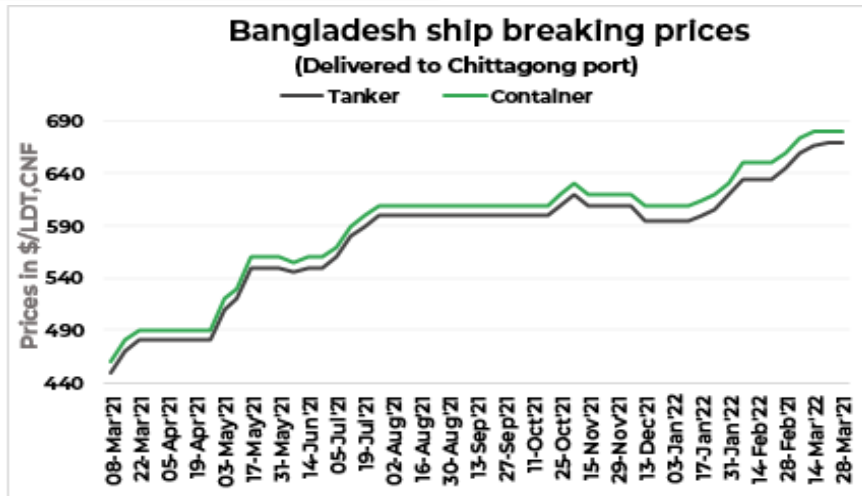
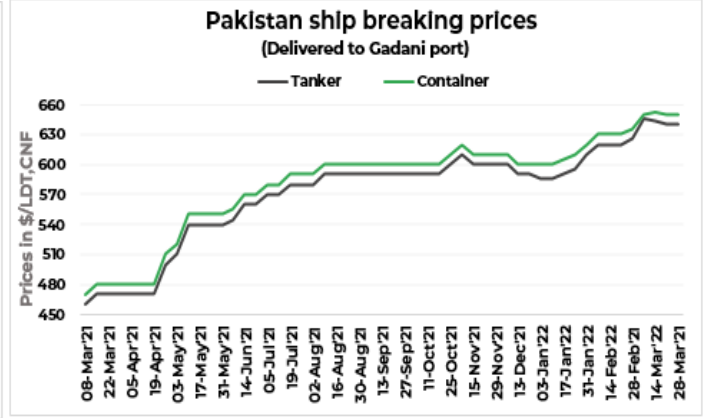
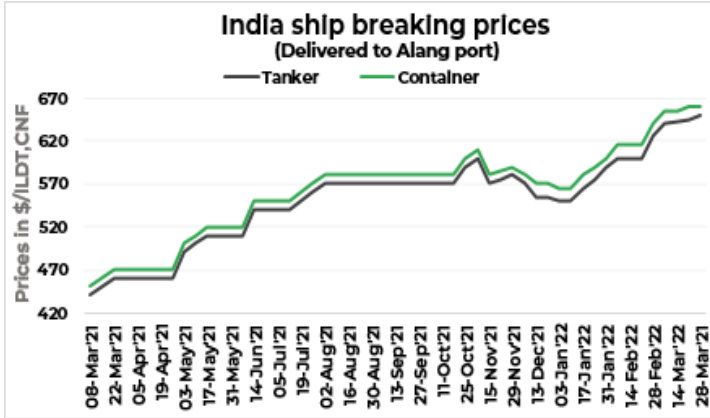
Turkey is hosting the talks between the two warring parties. The Turkish lira gained value slightly in currency trading towards month-end.



Turkey stats: Turkey's ferrous scrap imports fell by 24% to 1.87 mnt in February, 2022 vis-a-vis 2.46 mnt in January, as per SteelMint's data. The US was the top exporter at 0.29 mnt in February, followed by Venezuela and the UK at 0.17 mnt and 0.15 mnt, respectively. On a yearly basis, scrap imports decreased by 7% compared with 2 mnt in February, 2021.

Ship Breaking

Assessment	Mar'22	Lowest Price in	Lowest Price in	Feb'22	% Change	Mar'21
India						
Tanker (\$/LDT)	645	640 (7th Mar)	645 (21st Mar)	610	6%	448
Container (\$/LDT)	657	655 (7th Mar)	660 (21st Mar)	625	5%	458
Pakistan						
Tanker (\$/LDT)	643	640 (21st Mar)	645 (7th Mar)	623	3%	466
Container (\$/LDT)	651	650 (7th Mar)	653 (14th Mar)	633	3%	476
Bangladesh						
Tanker (\$/LDT)	665	660 (7th Mar)	670(21th Mar)	640	4%	465
Container (\$/LDT)	678	675(7th Mar)	680 (14th Mar)	655	4%	475



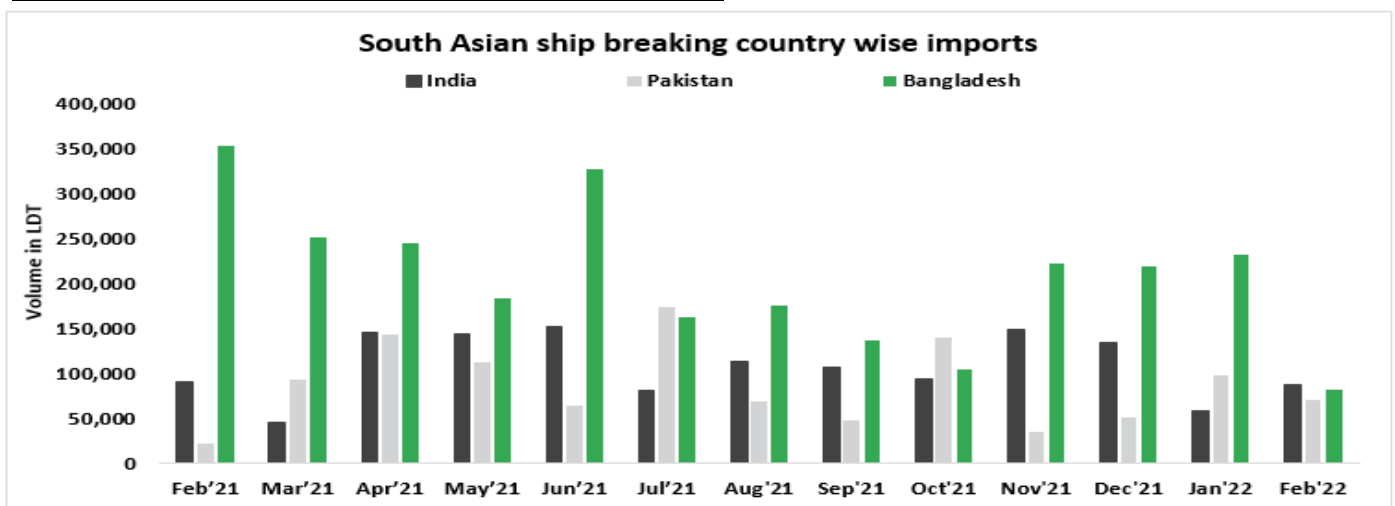
Ship Breaking country wise import			
	India	Pakistan	Bangladesh
Mar'21	45,918	92,834	251,393
Apr'21	146,003	143,793	244,186
May'21	144,049	113,033	182,743
Jun'21	152,308	63,505	327,243
Jul'21	80,426	174,053	162,758
Aug'21	113,315	69,435	175,459
Sep'21	106,744	47,333	136,078
Oct'21	94,475	140,031	103,930
Nov'21	148,115	34,427	223,000
Dec'21	134,499	51,514	219,519
Jan'22	57,907	97,121	231,495
Feb'22	86,719	69,875	81,916

Shipbreaking: The high volatility in prices amidst the ongoing war put pressure on end-buyers and restrained them from taking positions. Despite elevated price levels, buyers placed competitive bids owing to the shortage of units in the global ship recycling market.

The Indian market was buoyant in the last week of the month too. End-buyers bid aggressively to secure tonnage as there were very few vessels available in the recycling market while interest in the domestic and export markets remained strong.

Buying sentiments were weak in Bangladesh compared to the neighboring recycling destinations, Pakistan and India. Buyers waited for a clear price direction. Although Bangladeshi recyclers led the price chart, buying enquiries reduced slightly.

There is a great deal of uncertainty and confusion in the market owing to multiple factors, such as the devaluation of the Pakistani rupee and the correction in steel prices.



Source: SteelMint Research

Imported scrap bookings in Mar'22

The below table highlights the bulk scrap bookings recorded by SteelMint, which were booked in Mar'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	2-Mar-22	USA	HMS (80:20)	-	520
2	4-Mar-22	Europe	HMS (80:20)+ Mix	18,000	604
3	5-Mar-22	Baltic	HMS (80:20)	-	623
4	5-Mar-22	Europe	HMS (80:20)+ Mix	30,000	625
5	8-Mar-22	NA	HMS (80:20)+ Mix	30,000	639
6	8-Mar-22	UK	HMS (80:20)+ Mix	16,000	646
7	8-Mar-22	USA	HMS (80:20)+ Mix	14,000	653
8	11-Mar-22	UK	HMS (80:20)+ Mix	-	665
9	11-Mar-22	Europe	HMS (80:20)	-	640
10	11-Mar-22	UK	HMS (80:20)+ Mix	-	665
11	15-Mar-22	Europe	HMS (80:20)+ Mix	37,000	645
12	15-Mar-22	UK	HMS (80:20)+ Mix	50,000	684
13	17-Mar-22	USA	HMS (80:20)+ Mix	-	670
14	18-Mar-22	UK	HMS (80:20)+ Mix	-	661
15	22-Mar-22	UK	HMS (80:20)+ Mix	-	666
16	22-Mar-22	USA	HMS (80:20)+ Mix	-	667
17	29-Mar-22	Europe	HMS (80:20)	-	645
Bangladesh					
1	4-Mar-22	Brazil	HMS1	2,000	580
2	4-Mar-22	Africa	HMS (90:10)	1,000	570-575
3	7-Mar-22	UK	HMS (80:20)+ Mix	3,000	620
4	16-Mar-22	UK	HMS (80:20)	2,000	655-660
5	23-Mar-22	USA	HMS (80:20)+ Mix (Bulk)	32,000	710-715
6	23-Mar-22	South Africa	HMS1	4,000	630
7	23-Mar-22	Brazil	HMS (80:20)	2,000	620
8	23-Mar-22	Malaysia	Busheling	2,000	655
9	23-Mar-22	Malaysia	PNS	4,000	660
10	30-Mar-22	UK	HMS (80:20)	3,000	650-655
Pakistan					
1	1-Mar-22	UK	Shredded	4,000	565
2	3-Mar-22	UK	Shredded	4,500	575-580
3	9-Mar-22	UK	Shredded	5,500	620-625
4	15-Mar-22	UK	Shredded	1,500	645
5	15-Mar-22	USA	Shredded	2,000	630-635
6	21-Mar-22	UK	Shredded	500	638-640
7	22-Mar-22	UK	Shredded	2,000	635-640
8	29-Mar-22	UK	Shredded	2,000	640-645
9	31-Mar-22	UK	Shredded	2,000	650
India					
1	2-Mar-22	UAE	HMS1	1,000	540
2	2-Mar-22	UAE	HMS1	500	535
3	11-Mar-22	UK	Shredded	500	625
4	11-Mar-22	West Africa	HMS (80:20)	1,000	590

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

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