

SBB Daily Briefing

July 12, 2024

Price snapshot

	Symbol	Unit	Price	Change	% change	Date assessed
Daily prices						
Platts TSI North European CRC EXW Ruhr	STRRE00	Eur/mt	720.00	+5.00	+0.70	12-Jul
Platts TSI North European HRC EXW Ruhr	STHRE00	Eur/mt	625.00	0.00	0.00	12-Jul
HRC EXW Italy	SB01152	Eur/mt	625.00	0.00	0.00	12-Jul
Steel Rebar FOB Turkey	STCBM00	\$/mt	577.50	0.00	0.00	12-Jul
HRC Ex-stock Shanghai VAT-inclusive	SB01260	Yuan/mt	3690.00	+10.00	+0.27	12-Jul
HRC CFR Southeast Asia	SB01142	\$/mt	511.00	0.00	0.00	12-Jul
Platts TSI US CRC EXW Indiana	STRRI00	\$/st	960.00	0.00	0.00	12-Jul
Platts TSI US HRC EXW Indiana	STHRI00	\$/st	650.00	-5.00	-0.76	12-Jul
Platts TSI Steel Plate Delivered US Midwest	STPRI00	\$/st	1040.00	0.00	0.00	12-Jul
Weekly prices						
Steel Hot Rolled Coil (HRC) FOB Black Sea	STHRB00	\$/mt	540.00	0.00	0.00	10-Jul

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Asia

Flat Products

WEEKLY WRAP: Asian HRC dips on dim outlook; uncertainty lingers

- Tax investigation adding to market uncertainty
- Most offers at \$506/mt FOB China and above

Asian hot-rolled coil prices failed to sustain the previous uptrend fueled by Chinese policies in the week to July 12, as downstream demand was expected to remain sluggish and uncertainty lingers amid the ongoing tax investigation in China.

Platts assessed SS400 HRC of 3 mm thickness down \$7/mt on the week at \$502/mt FOB China on July 12. The same grade of coil was down \$12/mt at \$511/mt CFR Southeast Asia over the same period.

There were some export sales earlier in the week at \$504-\$505/mt FOB China, but as Chinese futures dropped on the back of less-than-desirable spot demand, offers sank in tandem.

Most offers were heard at \$506/mt and above FOB China July 12, with some deals heard done at slightly above \$500/mt FOB China to Pakistan.

It was heard in the market that there were even some short-positioned cargoes offered at \$500/mt FOB China, but this was believed to be in limited quantities as many traders were reluctant to offer so low yet, given the price difference with costs and uncertainties over the subsequent price trends.

"Cost-wise, it will have to be \$506/mt FOB and above, so it's quite a gap to work with," an eastern Chinese trader said.

"Personally I don't want to offer that low, because there are quite a bit of risks, with a lot of uncertainties over tax investigation in China. With the ongoing investigation, exports will for sure slow down," a northern Chinese trader said.

Similarly, a major northern Chinese mill source also observed that shipments tended to delay by at least half to a month due to the investigation and top-up of the evaded value added tax.

Platts assessed the spot price of Q235B 5.75 mm HRC at Yuan 3,690/mt (\$509/mt) ex-stock Shanghai on July 12, including VAT, down Yuan 40/mt on the week.

In Vietnam, Q235B offers were heard at \$518-\$520/mt CFR, mainly due to THE strengthening of Chinese yuan against US dollars, but buying remained sluggish still.

Stockists in Vietnam would also like to wait and see the way tax investigations fold out before purchasing again, as some of their previously booked orders had delays in shipment.

For the SAE1006 grade market, import activities were scarce during the week, as rerollers were mainly negotiating business with Formosa Ha Tinh Steel, who brought forward its offer updates due to slow sales situation.

FHS offers were slightly lower on the month at \$560-\$572/mt CIF Vietnam, but it was believed to be too high and some expected that discounts would be given during one-on-one negotiations.

Platts assessed SAE1006 HRC down \$7/mt on the week at \$522/mt FOB China on July 12. The same grade of coil was assessed down \$6/mt over the same period at \$523/mt CFR Southeast Asia.

In terms of price trends, many market participants believed it would be mostly rangebound with limited changes expected, mainly due to weak demand and raw material support.

Platts is part of S&P Global Commodity Insights.

— Joanne Ju

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Contact Client Services:
E-mail: ci.support@spglobal.com; Americas: +1-800-752-8878; Europe & Middle East: +44-20-7176-6111;
Asia Pacific: +65-6530-6430

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Indian HRC, rebar prices unchanged amid slower trading activity

- Market participants await national budget
- Rebar offers extend decline

Indian hot-rolled coil and rebar prices were unchanged on the session July 12 amid slower trading activity ahead of the national budget later in the month.

Platts assessed the spot price of IS2062, 2.5-10 mm thick HRC, excluding 18% goods and services tax, stable at Rupee 51,700/mt (\$619/mt) ex-works Mumbai.

Traders were offering at Rupee 52,000/mt ex-works, steady on the day. An imported cargo was heard sold at Rupee 51,500/mt ex-stock.

The market was slow ahead of the release of the budget.

"The impetus on infrastructure is still going to be there no matter the budget accounts for it or not. The real reason [for weak demand] is the temporary oversupply, especially after imports arrived," a trader said.

Platts assessed IS1786 Fe500D/Fe550D 12-25 mm diameter rebar, excluding 18% GST, stable on the day at Rupee 45,500/mt ex-works Raipur.

A deal was heard concluded at Rupee 45,500/mt earlier in the day, but a mill offered lower.

Offers for Fe550D 12-25 mm diameter rebar were down Rupee 200/mt on the day at Rupee 45,800/mt.

Some market participants said that traders had started buying the dip as offers extended decline, but it was difficult for mills to collect orders.

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— Shuocheng Ni

Long Products

Asian billet falls on lower offers, muted demand

- Market participants look out for stimulus support from China's Third Plenum
- Domestic Chinese billet inches up

Asian billet prices fell on more competitive offer levels and lower bidding indications amid quiet market activity on July 12, while domestic Chinese billet prices edged up on higher futures.

5SP 130 mm billet offers were heard at \$500-\$506/mt CFR Manila, while bid levels were heard at \$495/mt CFR Manila. A Vietnam-based mill was heard offering 3SP 150 mm billet at \$480/mt FOB Vietnam. Tradable values for 5SP 130 mm billet were heard between \$495-\$498/mt CFR Manila.

Downstream, demand was heard remaining muted as buyers were on the sidelines for further price clarity amid recent futures volatility, although some market participants anticipated further restocking activity to occur in the near term.

"Despite inviting bids [at lower levels], no interest was seen from the customers' side, with buyers expecting a further drop in

prices," a Philippines-based trader said.

Looking ahead, some market sources expressed continued bearishness in spot price sentiments in the near term.

"Confidence level in the market was still low [and] given the monsoon season in many parts of Asia and weather concerns regionally, it doesn't seem like there was much positive news," a second Philippines-based trader said.

Market participants noted that recent non-VAT investigations have resulted in a virtual absence of non-VAT material offers in the seaborne market as of late, with Manila market participants continuing to monitor the upcoming weeks to assess the impact on local markets.

Platts assessed 5SP 130 mm billet on a CFR Southeast Asia basis at \$497/mt, down \$5/mt day on day, and Chinese import 3SP 150 mm spot billet at \$400/mt CFR China, up \$2/mt on the day.

In the Chinese domestic billet market, spot prices moved up slightly amid rising futures. Deal and tradable levels were heard at Yuan 3,370/mt ex-stock Tangshan on moderate demand and muted transaction activity heard on July 12.

Platts assessed domestic billet at Yuan 3,370/mt on a Tangshan ex-stock basis for Q235 billet material, up Yuan 10/mt on the day.

In the domestic Chinese rebar landscape, spot prices moved sideways amid quiet market activity and recent futures fluctuations, with the mainstream rebar deal and tradable levels heard aligning at Yuan 3,520/mt ex-stock Beijing.

"In the short term, mills might not undergo production cuts considering recent improvements in macroeconomic factors," a China-based trader said.

After a recent rebound in domestic futures, market participants continued to look out for prospective indications of economic stimulus from the upcoming China's Third Plenum.

Mixed outlooks were heard from market participants, with some anticipating positive policy support to the property market and spot pricing sentiments, while others expressed that conflicting developmental goals might see limited impact.

Platts assessed domestic Beijing HRB400 18-25 mm rebar spot prices at Yuan 3,520/mt ex-stock in theoretical weight, unchanged day on day.

In the seaborne rebar market, prices rose on the back of higher offer levels, while some buyers were heard continuing to monitor from the sidelines amid a persistent bid-offer gap.

A Malaysian-origin indicative offer was heard above \$520/mt DAP Singapore, while a Chinese-origin offer was heard at \$525/mt CFR Singapore. A Vietnam-based mill was heard offering rebar at \$520/mt FOB Vietnam in actual weight. A recent deal was heard concluded at \$518/mt DAP Singapore in the seaborne market.

Platts assessed 16-32 mm BS4449 grade 500 rebar at \$517/mt CFR Southeast Asia, up \$4/mt day on day, and Chinese export 16-40 mm diameter BS500B grade rebar at \$507/mt FOB, \$4/mt higher day on day.

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— Jia hui Tan