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Planner Sunday Journal

August 6th

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Editorial

Chinese domestic and export market fell sharply last week due to some announcements made by the authorities. This time, it was the review of the "Carbon Peak" policy which hinted the signal of easing production cuts in the second half of the year. Something the market did not expect. It seems that the policy has become a tool in the hands of Chinese government to achieve its goals, and what would be that goal? It is definitely not reducing carbon emissions as they pretend. The hidden goal behind their decisions going back and forth is to stabilize the steel and commodity prices to ensure the people's livelihood would not be affected. Whenever the prices are low and company's profitability is under pressure, they announce the steel production cuts to raise the steel and lower the raw material's prices. On the other hand, when prices rise sharply, they announce the review of the same policy, cancel the export tax rebate and shock the market downward. It remains to be seen how this swing of decisions would further affect the market in China and global scale.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	August 6th	Change % (MoM)
Iron Ore CFR China	204.45	178.3	171	-19.5
Scrap CFR Turkey	483.92	465.8	464	-7.5
Billet FOB CIS	640.27	635	635	0.8
Slab FOB CIS	870.37	841	835	-4.2
Rebar FOB Turkey	728.52	717	715	-1.8
HRC FOB CIS	965.83	920	920	-5.4
CRC FOB CIS	1252.8	1185	1140	-10.7

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Macro Economy

USD Index

The US dollar index extended its upward momentum to 0.57% and jumped above 92.5 on Friday after the US labor report showed non-farm payrolls grew by 943K, the most in 11 months and easily beating market expectations. In fact, it was the biggest daily gain since mid-July. A stronger-than-expected number could make the case for faster US policy tightening. Earlier in the week, Federal Reserve Vice Chair Richard Clarida suggested conditions for hiking interest rates might be met as soon as late 2022.

Crude Oil

Oil prices fell about 1% lower on Friday, posting to their steepest weekly losses in months, on worries that travel restrictions to curb the spread of the Delta variant of COVID-19 will derail the global recovery in energy demand. Crude futures also came under pressure as the dollar strengthened after monthly U.S. job growth came in higher than expected. A stronger dollar makes greenback-denominated oil more expensive for buyers in other currencies. Brent crude oil futures settled down 59 cents, or 0.8%, at $70.70, while U.S. West Texas Intermediate (WTI) crude futures fell 81, or 1.2%, to settle at $68.28 a barrel.

For the week, global benchmark Brent shed more than 6%, its largest week of losses in four months, and WTI tumbled nearly 7% in its biggest weekly decline in nine months.

Crypto Currencies

EOS

The sixth most valuable digital currency in the world and one of the most popular.

What is EOS and how did it come about?!

When we look at the well-known digital currencies, Bitcoin and Ethereum, there are some drawbacks. Although Bitcoin and Ethereum are the most precious, they cannot meet all our needs. Bitcoin is a good network that could not support smart contracts.

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Ethereum has established the ability to register and create smart contracts on its platform to be one step ahead of Bitcoin. However, the speed and volume of ETH transactions are low. In addition, Ethereum's high fees were another weakness of the network. The EOS network has created to solve all these problems. In the EOS shell, these problems have been fixed. We have to see if EOS can do this in practice or not!

The Electro-Optical System digital currency is an altcoin denoted by the EOS symbol. EOS Network is a low-fee and decentralized platform for smart contracts. In this as well as the following articles, we will become more familiar with smart contracts.

The speed of transactions on the EOS platform is very high. According to the creators of this network, EOS has the ability to perform 10,000 transactions per second! They plan to process millions of transactions per second. With this incredible speed, EOS can support millions of decentralized applications or so-called dApp

Given that there are fierce competitors on the way of EOS, the path to EOS' progress will be very difficult. Ethereum and Cardano are currently in a very good position in terms of smart contracts. EOS must work hard to become the first choice of users in this field. Although the EOS speed is very high and charges a small fee for transactions, these features have so far failed to bring it closer to the Ethereum. However, EOS can have a bright future and there is still a lot of room for improvement. By buying EOS and keeping it, you can use the potential profit of this currency in the coming years.

EOS Digital Currency Technical Analysis: By drawing a daily chart along with the relative strength of trades, you can see the flooring has done and we can expect a sharp growth to occur with the relative strength of trades entering the levels of trading excitement.

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Financial Markets

EUR / GBP (Euro / Pound)

The Euro is the second most traded currency in the world, issued by the European Central Bank.

• The common official currency of the 17 countries that make up the Eurozone in Europe

• The world's second largest reserve currency held by central banks, financial and private investment institutions

• A measure of the economic health of the euro area and its members

The British pound (GBP, "Sterling", "Cable") is the fourth most traded currency in the world. The Bank of England is the issuer of the currency.

• The main feature of GBP is its high value against major currencies

• Often used as foreign exchange reserves

Technical Analysis:

As can be seen in the daily time frame of the price chart, the price is in the range of 0.84 and at the support floor, it will most likely lose this support range due to the weakening of the relative trading power and will fall to the range of 0.83.

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Steel

- **Semi-Finished Products**

The Chinese authorities tried to turn the heat down on the steel market last week. Late Friday, on July 30th, the Chinese Central Committee announced that they are going to review the "carbon peak" which scared the market participants, as they thought the reduction in steel output would not be as much as what they have considered in their calculations, and we witnessed a selloff in Chinese futures market on Monday. They denied the news soon, but the players have lost faith in the policy. Domestic billet price also lost 190 RMB last week to reach 5080 RMB/Mt on Friday, August 6th. Tangshan billet inventory rose to 534 thousand Mt, which showed a slowdown in the rate of accumulation. In import market, Chinese are not willing to consider anything above 690 USD/Mt CFR and the trade activity is quite low since there are still many uncertainties in the market.

In CIS, the activity is very poor since the idea of buyers and sellers cannot match. While the offers from CIS suppliers come around 650-660 USD/Mt CFR, Turkish buyers are insisting on 645-650 USD/Mt CFR. A sharp drop in import scrap prices to Turkey, has made billet buyers to withdraw from their earlier position and ask for discount from the sellers. In the meantime, some activities have taken place in North Africa at levels more suitable for CIS suppliers.

Iran export billet market is still in lull as domestic demand is high due to shortage of billet during the past couple of weeks. Last week, more than 107k Mt billet was offered at IME and was sold with competition among the buyers. Plus, mills still have previous commitments to fulfill and do not desire to make new ones since they do not know when they can get back to normal production. They are only allowed to produce at night shifts, which could raise the cost of production, so they have decided not to produce until the power supply gets back to normal.

In slab segment, Iranian mills have concluded some deals to Asia last week, with major producer of the country sold a batch of special grade at 740 USD/Mt FOB. Chinese buyers are not willing to pay more than 750 USD/Mt CFR for slab as the price of HRC went down sharply last week. CIS suppliers decreased their offers by 15 USD/Mt to 835 USD/Mt, which of course is not workable in China or Southeast Asia.

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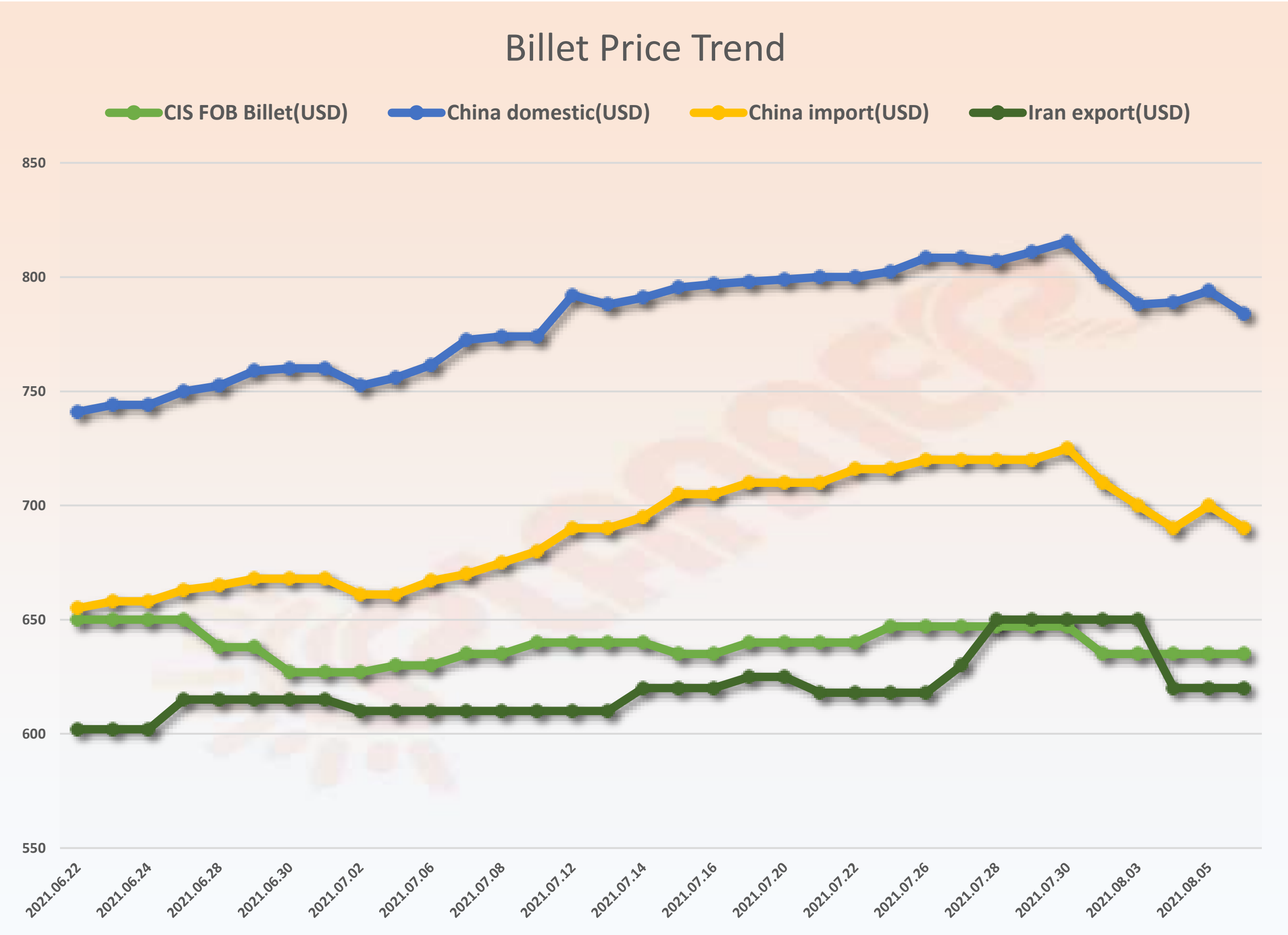
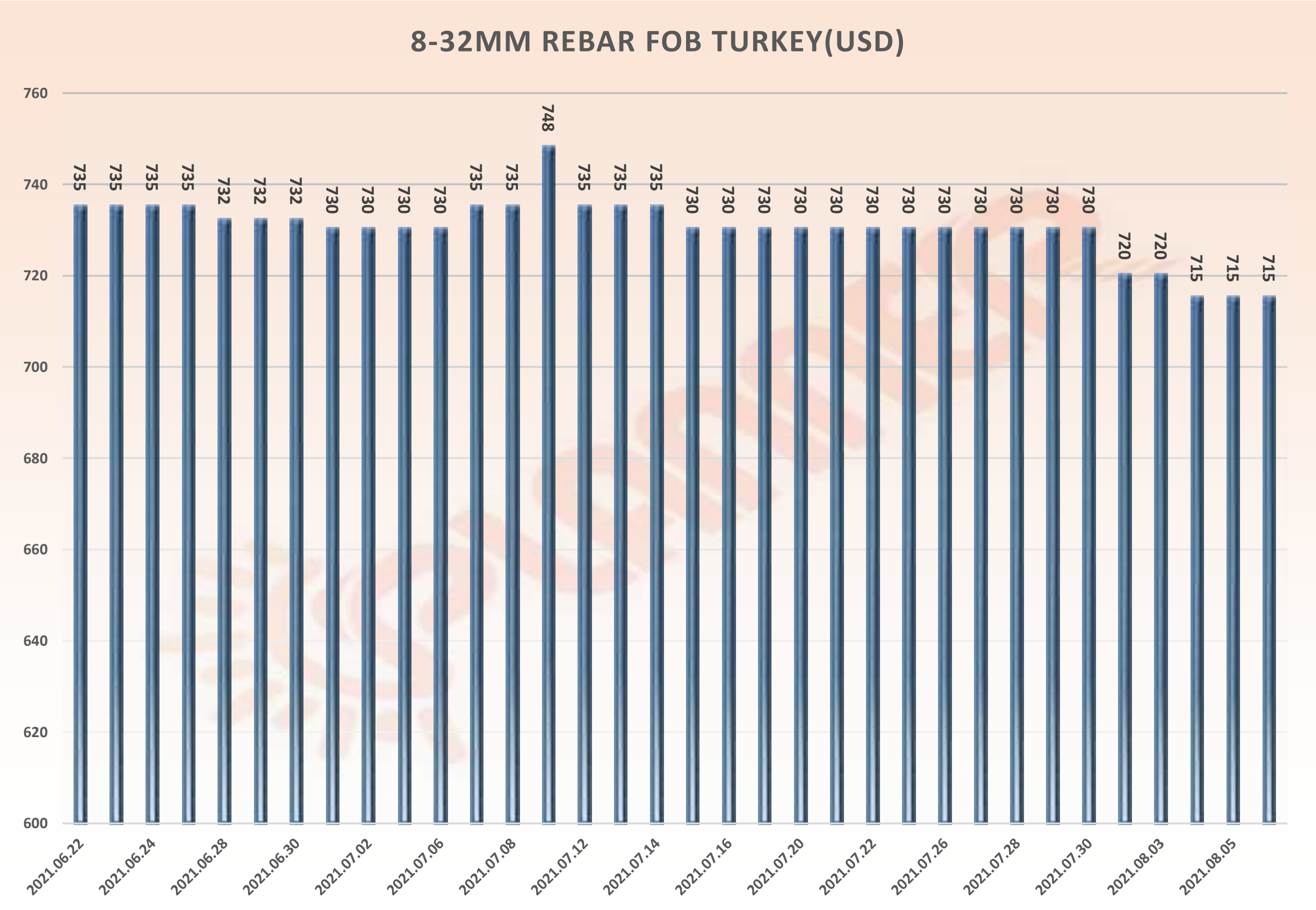
Market Outlook: the fundamentals of Chinese steel market turned last week, from very bullish to almost bearish. The participants are worried that the production cuts will not be as high as the government claimed earlier this month. So, they are very much cautious about their trade. The steel prices also lost raw materials' support as iron ore dipped last week. It is believed that the prices of semis may fluctuate and correct downward next week.



- **Finished long products**

Not a good week for Chinese finished products market as they plunged heavily because of the rumors in the market. The average spot price of rebar in main cities plummeted by 130 RMB/Mt compared with last week to reach 5349 on Friday, August 6th. In futures market, the main rebar contract closed at 5341 RMB/Mt down 396 RMB/Mt compared to last week, which shows market mentality in long term is darker than spot market. The demand has not picked up yet, since the Covid-19 cases are spreading through Chinese cities and traders stay clear of accumulating their inventories.

As import scrap plunged sharply, Turkish rebar sellers cut their offers in line with Planner forecast to markets in order to sell some tonnages. New offers from Turkey are heard about 710-720 USD/Mt FOB, which is almost 15 USD lower from last week levels. Buyers expect further correction in scrap and postpone their purchases to buy at lower prices.



In the Turkish rebar domestic market was offered by various steelmakers between $ 690-715/mt EXW with $10-20/mt increase compared to previous week, while in the Turkish export markets the quoted were reduced to about $715/mt FOB and contracts in this price range was finalized with Africa, Asia as well as Singapore. However, due to the lower rebar prices of Indian exporters, Turkish suppliers need to reduce rebar price to around $ 740 /mt CFR Singapore ($ 680-690/mt FOB) to maintain their presence in the Southeast Asian market. For this reason, Turkish factories are likely to continue their efforts to lower the price of scrap.

In wire rod market, Turkish mills had to revise their offers from 840-850 USD/Mt FOB to 820-830 USD/Mt FOB since buyers expect them to do so. Trade activity did not improve much and participants are waiting for further developments.

Market Outlook: the longs market does not have the momentum right now as raw materials prices are falling both in China and Turkey. It is believed that further correction expects the market in the short term.

- **Finished flat products**

The Chinese market not only lost all the gains from previous week for HRC, but went further down. The average price of HRC spot market in main cities of China reached 5780 RMB/Mt, down 153 RMB from last week. In futures market, the main HRC contract fell by 434 RMB/Mt, which stopped the participants from making new deals on the platform. The market mentality is weak on the one hand and the low prices may entice the buyers to buy. Next week, the prices may fluctuate at high levels and the demand might pick up a bit. Chinese hesitate to offer anything for export since it is possible for the government to impose export tax on HRC from September.

In CIS, prices could not hold their levels and went further down to 910-920 USD/Mt, albeit to the EU market, while their offers to Southeast Asia are far lower at 910-920 USD/Mt CFR (850-860 USD/MT FOB). The Russians are still able to offer export material covering 15% export duty, since they have high margins.

Lower availability of CRC in Chinese export market due to cancellation of export tax rebate pushed up the prices by 5-10 USD to 1145-1150 USD/MT FOB, while domestic market prices also rose, as mills continuously lowered production.

Market Outlook: Planner still believes that the correction wave has come to an end and with new developments, we might see a new round of price increase in global markets, though Chinese market is still a mystery.

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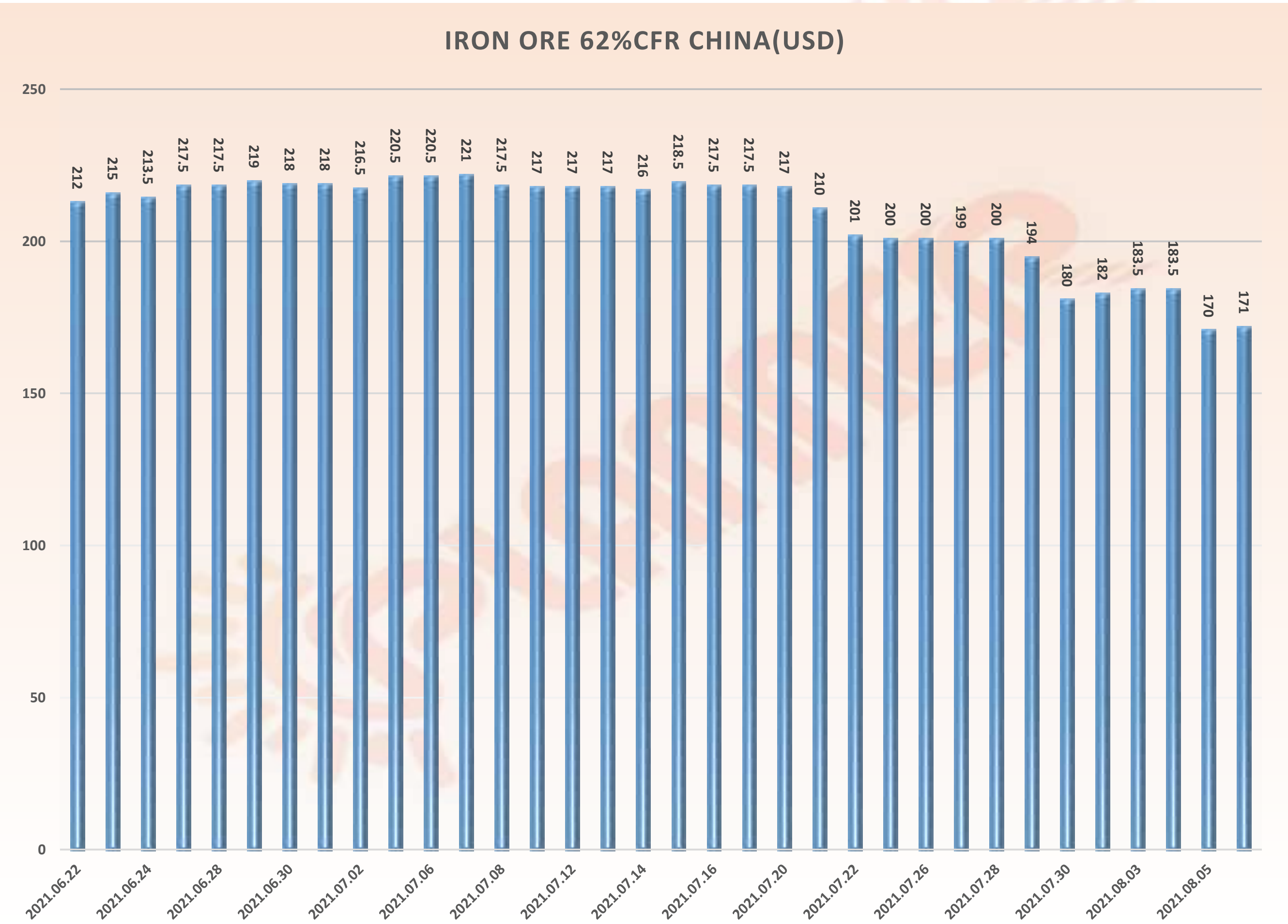
Raw Materials

- **Iron Ore**:

Another dreadful week passed by for iron ore and price plummeted by 10 USD/Mt compared to last Friday to touch 170 USD/Mt. Continuous supply from the sellers and the market hope for implementing production cuts as expected, put more pressure on iron ore price and hold buyers from new purchases. Mills are declaring overhaul plans on after the other, but it remains to be seen if actual production will fall since mills enjoy high margin at the moment.



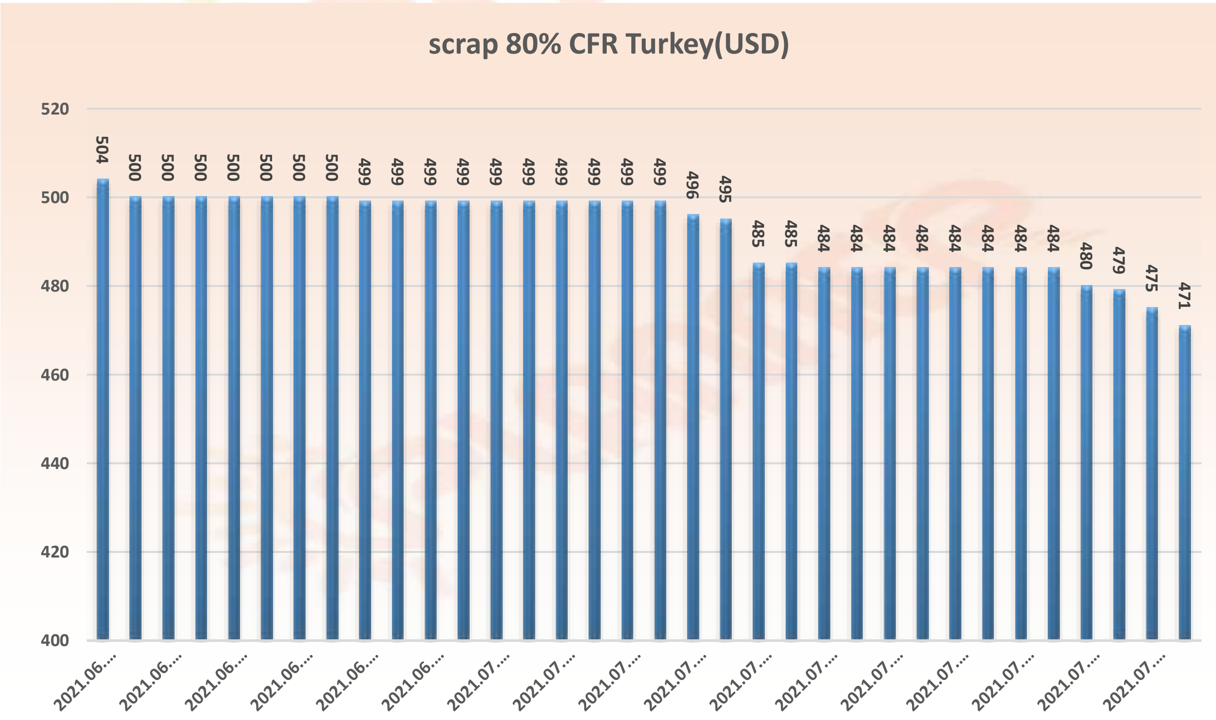
- **Scrap**

During the week, the price of scrap in the world's largest importer of this raw material, Turkey, continued to decline from $ 469/mt CFR to $ 463/mt CFR for HMS 1/2 80:20 from US origin, continuing the downward trend of the past few weeks. Mills in

Turkey completed raw materials needed in August and part of September by purchasing about 20 shipments of scrap from the United States, Europe, the Baltics, Scandinavia, Romania and Russia. At the same time, offers are still being heard from Romania, Bulgaria, Canada, Venezuela. In the meantime, freight from the United States to Turkey rose about $10 /mt this week as demand for bulk vessels in northern Brazil raised, pushing collecting side scrap price further in the United States, but has no ascending effect export prices.

In other major scrap importers in the world, including India, Vietnam, South Korea and Taiwan, scrap imports declined in the first half of 2021, following a sharp increase in freight rates and the spread of pandemics in general and these countries focused more on supplying scrap from domestic sources. By the way, during this week, in line with falling prices in Turkey, US exporters reduced their offers up to $10/mt to $ 440/mt CFR Taiwane and to $505/mt CFR Vietnamese for the HMS 1/2 grade 80:20. Japanese suppliers also reduced their price by $15 for different grades for cargoes destined to South Korea.

Market Outlook: Planner expects a short term rebound for iron ore after the heavy fall during the past couple of weeks and the scrap price index to fall below $ 460/mt CFR and even to $450/mt CFR, based on a declining trend in the price of steel products in global markets, as well as the continued oversupply of scrap by various short- and deep-sea suppliers in the near future.



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2021/08/06					
	Commodity	Origin	Currency, Delivery term	Price	Daily change
planner-group.com	Iron Ore, 62%	Australia	$/t, CFR China	171	+1
	Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	464	0
	Coking coal	Australia	$/t, FOB	219	+2
	Coking coal	-	$/t, CFR China	335	+5
	Billet Q235	China	CNY/t, EXW	5,080	-50
	Billet Q235	China	$/t, EXW	784	-10
	Slab	China	CNY/t, EXW	5400	0
t.me/plannerinfo	Slab	China	$/t, EXW	834	-1.5
	BOF/3SP 150mm Imported Billet	-	CFR China	690	-10
	Billet	CIS	$/t, FOB	635	0
	Slab	CIS	$/t, FOB	835	0
	HRC	CIS	$/t, FOB	920	0
	Rebar	Turkey	$/t, FOB	715	0
	Billet	Iran	$/t, FOB	620	0
	Slab	Iran	$/t, FOB	740	0
	Rebar	Iran	$/t, EXW	670	0

Shipping Market

Capesize

The Capesize market strengthened this week as Pacific routes were affected by weather incidents pushing the 5TC up $3,244 week on week to settle at $35,713. China endured typhoon In-Fa throughout the week as it closed ports and disrupted tonnage flows along the eastern seaboard. The Transpacific C10 added a whopping $4,238 on Friday alone to close out the week at $45,413 as the effects translated through to the charter rates. The Backhaul C16 also turned up the heat on Friday, rising $4,460 to $11,895 as stronger fixtures had been heard in the latter part of the week. Owners reluctant to lock in for the discounted route now demand more for their vessel’s valuable time.

The other Capesize routes couldn’t help but be influenced by the changing sentiment yet were less volatile in their movements. The Atlantic basin continues to suffer from a lack of cargo, yet the market seems eager for the region to spark into life. At $31,690 the Transatlantic C8 is a far cry from the Pacific levels. Moving into the new week, effects from the typhoon are expected to lessen as order begins to be restored. Whether that lowers market volatility remains to be seen.

Panamax

A tepid week for the Panamaxes with limited activity, resulting in softer rates overall as weaker sentiment kicked in. The Atlantic witnessed the largest falls, with activity primarily led by grain trading ex North France and the Black Sea as the season continued in full flow. But this demand alone was insufficient to stem the losses as nearby tonnage continued to build against slender demand. An 80,000-dwt achieved $49,500 delivery Aps North France for a grain trip to China. EC South America was largely subdued as first half August arrivals were forced to discount in order to fix. This in turn failed to rally an ailing Pacific market lacking in momentum aside from the short Indonesia coal trips which remained fluid on the week, route P5 averaging $29,400 overall this week with limited movement. Period activity was restrained but did include an 86,000-dwt delivery China fixing $31,650 for three to five months' employment.

Ultramax/Supramax

Overall a week of positive gains as sentiment remained strong in many areas although it was a gentler push, some brokers commented. Period activity was seen with a 56,000-dwt open West Africa fixing for four to six months trading redelivery Atlantic at $33,500. Elsewhere a 63,000-dwt open Arabian Gulf fixing a similar period at close to $40,000. Demand from the Mediterranean kept rates solid. An Ultramax was heard fixed basis delivery Canakkale via Black Sea redelivery west Africa including Nigeria at $50,000.

Activity levels tempered from east coast South America, but for trips from West Africa to China a 57,000-dwt was heard fixed in the mid $40,000s. Asian activity saw a 52,000-dwt fixing an Indonesia to China run at $38,000, however limited fresh North Pacific activity was seen. The Indian Ocean was firm, with a 52,000-dwt open Paradip fixing via South Africa redelivery east India at $32,500. Whilst from South Africa for direction China Ultramax size were seeing around $30,000 plus $1 million ballast bonus.

Handysize

The continuation of positivity remains this week despite some negative moves in East Coast South America, where a lack of activity was attributed to the change in outlook. However, a 38,000-dwt was fixed for a trip from Recalada to west coast South America at $53,500. The Black Sea grains season is fully underway and a 39,000-dwt fixed from Egypt to the Caribbean at $39,000.

A 32,000-dwt open Italy was fixed via the Black Sea to the US Gulf at $32,000. The US Gulf has been active also with a 32,000-dwt open east coast Mexico via the Mississippi River to west coast south Central America at $35,000. In Asia, a 38,000-dwt open in CJK was fixed via Japan to Southeast Asia at $29,000 with steels. A 37,000-dwt open China fixed for one-year redelivery worldwide at $25,000 and a 32,000-dwt Eastern Mediterranean was fixed for three to five months with redelivery Atlantic at $32,000.

Steel industry admired producers

6) **POSCO**

POSCO (formerly Pohang Iron and Steel Co., Ltd) is a South Korean steel-making company headquartered in Pohang, South Korea. The CEO of POSCO is Mr. Cheong Woo Choi. In 2012, it was named as the 146th world's largest corporations by the Fortune Global 500. This Korean steel maker has offices in North and South America, Asia, Europe, Africa and Oceania. It works in different fields such as automotive, construction, Energy, Home Appliance and shipbuilding and is producing all kinds of coils, wire road and titanium. In 2020, the company had revenue of 26,510 South Korean won and a gross profit of about 2,187 won. It has about 30.000 employee and according the latest information that released by WSA, POSCO produced 43.12 M/t crud steel in 2019 and its production fell to 40.58 M/t in 2021. Based on the newest information that published by WSA POSCO was the sixth big steel maker in the world in 2020 while it was ranked fifth.

POSCO is laying the foundation to discover new growth businesses to ensure 100 years for the company by building the POSCO Venture Platform, which consists of the Venture Valley and investments by the Venture Fund. We are engaging in tackling problems faced by society, exploring and practicing our role at the corporate level to make society a better place, and working hard to become a company that everyone wants to be with. It is good to know that the shares of POSCO are traded on the London Stock Exchange, the Korea Stock Exchange, the Tokyo Stock Exchange and the New York Stock Exchange too.

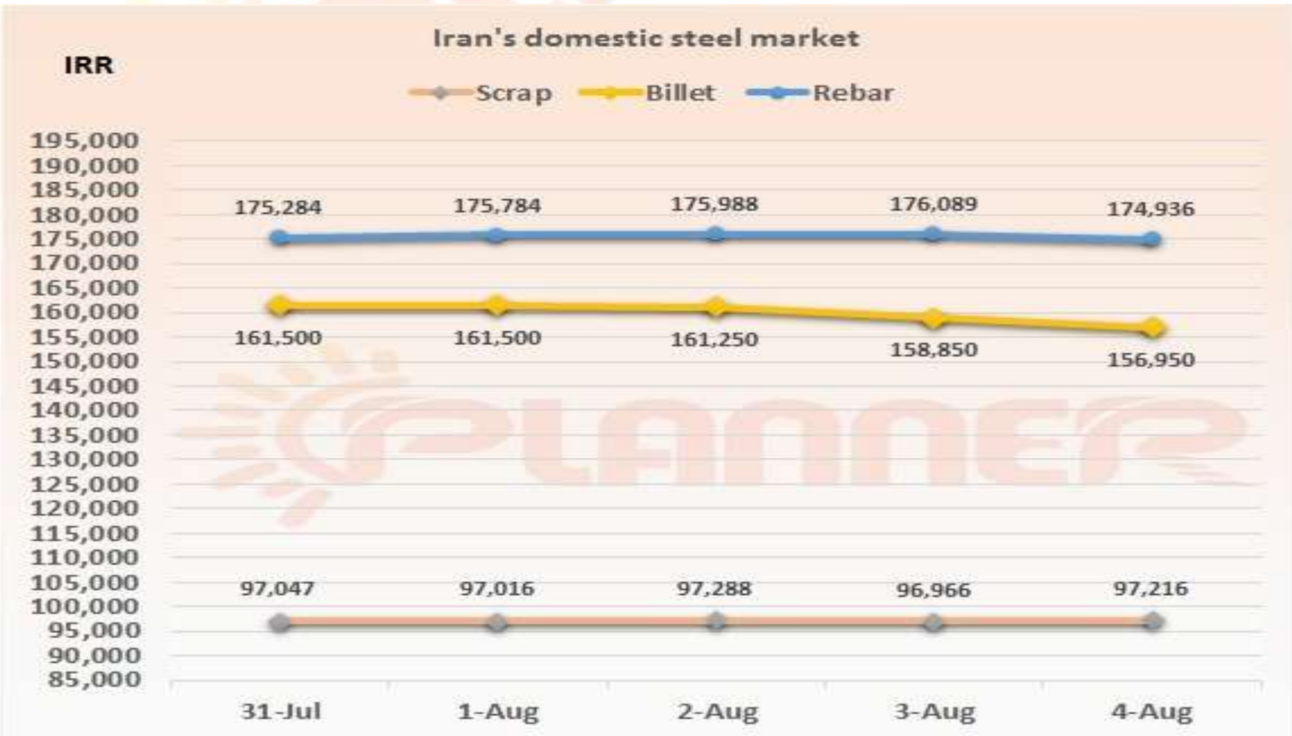
Weekly Review of Iran Domestic Market

During the last week, there was a continues growth of steel prices in different segments, along with the increase in the dollar exchange rate. "Prices have doubled since last year", president of the Iron and Steel Traders' Union, said. He believes, the lack of coordination between production, distribution and consumption chains has led to the shortages and unrealistic prices.

At the billet segment, after 3 consecutive weeks of having no supply, in IME market, finally on Tuesday, 107,500-ton billet were offered and 87,000 tons were traded at a competitive average weighted rate of 150,900 Rial, which was 6,000 Rial higher than the average rate of the last trading occurred one month ago.

Two announcements by the Iranian Ministry of Industry, Mines and Trade regarding some changes on export and import duties for some steel products and raw materials on the current year, were the controversial news of the last week. based on the announcement, export duties on products such as concentrate, pellets, DRI and flat sections will be increased by 70%, 45% - 10 to 35% and 10%, respectively. Needless to mention, due to the current shortage of electricity, steelmakers will face certain problems in trading metals and semi-finished products If the law of increasing export duties is implemented.

In the field of imports, the government's decision to reduce import duties on some flat steel products, including HRC and CRC, surprised market participants, regarding the imposed sanctions in the country. Currently, there is a shortage of HRC of less than 3 mm thickness in Iran, but in other segments, production meets all domestic demand. Considering the implementation of the new presidential decree and some positive promises by the new president, the domestic market is in the state of wait and see attitude.



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Top Experts View

This week guest of planner Sunday journal is Mr. Mehdi Sarlak, one of steel and raw materials top analyst in the field. Following, you may read the second part of this interview.

PSJ: What is your point of view about global steel and raw materials forecast?

Mr. Sarlak:

In 2020 we have been observing huge demand and new usage for steel and mills demand for raw materials piled up which is more focused in flats and present price gap between long products and flat products is mainly because an unbalance investment in production of each kind that has led to shortage of flat products especially in North America and Europe. In other parts of the world, it also caused almost 300 USD price difference for HRC and Rebar which is slowly coming back but still above 100 USD difference is in the market.

For raw material it is another story and particularly Iron ore price was doubled based on political issues between China and Australia. Plus, with new demands for this commodity, we also experienced a good jump in scrap and alloys. For coming months, I do believe Iron ore prices most probably will be coming down as most of international analysts have foreseen it. Scrap and alloys may lose some of present value but not as big as Iron ore.

China as the main player of this industry has no other way to control pollution, not only for international regulation but also for domestic pollution problems that steel production is the main reason and I think China will be the main import destination of semis for a long time.

The other issue is about re-rollers that especially Turkish mills will stay the winner as other competitors are much behind Turkish in obtaining the needed certificates and also marketing, so if any country has a glance on this part they have to learn a lot from turkey.

As a result of above points, I think production cost is higher compare to 2019 or before that and we will logically have prices around 600 USD/FOB for billet and 700 to 750 USD/FOB for slab.

PSJ: What is your idea about Iranian steel producers' role in global market in future?

Mr. Sarlak:

Iran steel industry had a great leap during the last few years and we produce over 30 million tons of steel now. I think our past route had some weaknesses that should be considered by policy makers and help this industry especially for raw material supply and marketing of finished products. We are known now as one of key semis suppliers of semi steel and although there are some limitations for finished products export, but if we consider enhancing job creation in steel industry and as we already have a high capacity of re-rolling, we can work on different markets and our competitive prices will be interesting for many countries in the world, If we meet their needed standards. Infrastructures are not supportive and if government invests in needed field plus effective and wise policies, Iran will be more successful in export.

PSJ: Your last words that want to share with our audiences?

Mr. Sarlak:

First I do appreciate this opportunity and the good information that your valuable group provide for steel and raw material industry. I think it is needed for all the part of our steel and mining chain to be very serious about marketing and good teams in marketing for each company has to be prepared by training both in domestic and international markets. It seems to be lots of opportunities that Iranian companies will enjoy if new marketing methods be utilized by powerful groups. Iranian producers have to make plans and have different destinations if they want to live and rise at the same time.

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