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Planner Sunday Journal

September 19th

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Editorial

The Chinese Central Government's pressure on steelmakers finally paid off and the steel output of the country started to fall at the beginning of high demand season, which is not so business-like given the dreaming profit of over 1000 RMB/Mt. But, China is determined to keep its output to the levels reached in 2020 and not higher; albeit, they are steel far from reaching that goal. China needs to reduce its monthly output to around 83 million Mt from September to December to realize the target. The China we know is likely to prove the world that the globe needs Chinese steel; that if China does not produce enough steel, the world may face a shortage of the commodity. China's decision will erase more than 60 million Mt of steel from the global production. We shall get ready for that as soon as possible.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	September 17th	Change % (MoM)
Iron Ore CFR China	159.4	112.2	100	-59.4
Scrap CFR Turkey	459.9	440	440	-4.5
Billet FOB CIS	615.8	600	600	-2.6
Slab FOB CIS	807.6	748	720	-12.4
Rebar FOB Turkey	697.6	669	668	-4.4
HRC FOB CIS	909.7	864	860	-5.7
CRC FOB CIS	1113.7	995	975	-14.7

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Macro Economy

USD Index

The dollar scaled three-week peaks on Friday, supported by better-than-forecast U.S. retail sales data released on Thursday that backed expectations for a reduction of asset purchases by the Federal Reserve before the end of the year.

The dollar index, a gauge of the greenback's value against six major currencies, rose to 93.220, the highest since the third week of August. It was last up 0.4% at 93.207.

For the week, the dollar index gained 0.6%, its largest weekly percentage rise since mid-August.

Crude Oil

Oil prices fell on Friday as energy companies in the U.S. Gulf of Mexico restarted production after back-to-back hurricanes in the region shut output.

Brent crude futures fell 33 cents to settle at $75.34 a barrel. U.S. West Texas Intermediate (WTI) crude futures fell 64 cents to settle at $71.97 a barrel. For the week, Brent was up 3.3% and U.S. crude was up 3.2%, supported by tight supplies due to the hurricane outages.

Friday's slump followed five straight sessions of rises for Brent. On Wednesday, Brent hit its highest since late July, and U.S. crude hit its highest since early August.

"The reason oil prices reached such highs in the last few days was clearly supply disruptions and drawdowns in inventories, so now that U.S. oil production is returning, oil as expected trades lower," said Nishant Bhushan, Rystad Energy's oil markets analyst.

Crypto Currencies

What is the digital currency USD Coin?

The USDC digital currency is a relatively new stable coin pegged to the US dollar. This coin was released on September 26, 2018 in collaboration with Circle and Coinbase. This crypto currency is a Stable Coin; this means that the USDC price is always equal to one US dollar.

In short, USD Coin is a service to tokenize US dollars and facilitate their use via the Internet and public blockchain. In addition, USDC tokens can be converted to dollars at any time. The issuance and purchase of USDC tokens is guaranteed by smart contracts with ERC-20 standard.

Bringing US dollars to the block chain allows them to be moved anywhere in the world in minutes, and brings a lot of stability to digital currencies. The USDC also creates new opportunities for trading, lending, risk coverage and more.

USDC is a US dollar-denominated stable coin with a value of 1:1 in US dollars. For each unit of this currency code that enters the financial cycle, one US dollar is kept in reserve to support it. These reserves are secured in cash and US Treasury bonds on a short-term basis.

How does USD Coin work?

USD coin is not produced without a plan. Circle Company guarantees the security of each USDC token in US dollars. The process of converting US dollars to USDC tokens is known as tokenization.

Converting dollars to USDC is a three-step process:

- The user deposits dollars to the bank account of the token issuer
- The exporter uses the USDC smart contract to generate the equivalent of USDC.
- The newly generated USDC is delivered to the user, while the replaced dollars are kept in reserve.

Delivering USDC instead of the dollar is as easy as making a token, the process is just reverse:

- The user sends a request to the USDC issuer to pay the equivalent of USD for USDC tokens.
- The issuer sends a request to the USDC Smart Contract to exchange the tokens for dollars and withdraw the equivalent amount.
- The issuer sends the requested amount of dollars from its reserves to the user's bank account. The user receives the equivalent net amount in USDC tokens, with deducted costs incurred.

Unlike the market's most popular stable coin, Tether, USD Coin makers are required to provide full transparency and work with a wide range of financial institutions to maintain full Fiat-equivalent reserves. All USDC exporters are required to report their dollar sources on a regular basis, which will be later published by Grant Thornton LLP.

Who uses the USDC digital currency?

Almost anyone active in digital currencies can use the USDC to escape market fluctuations and reduce commodity-to-fiat conversion fees. But four important groups are the main customers of this digital currency:

1) Crypto currency traders

Traders always need a reliable stable coin to use during market fluctuations and not have to convert their currencies to other currencies or Fiat currencies.

2) Mainstream trade

Different businesses and people can enjoy the benefits of digital currencies (faster trading speed and global access) without bitcoin fluctuations. You can now pay with it, borrow, or buy coffee with a digital currency and enable a new economy of crypto currency financial programs.

3) Developing economies

Some emerging markets are increasingly relying on digital currencies to trade. Using the USDC digital currency can be a great option for these types of markets.

4) Financial institutions

Financial companies that want to enter the world of cryptography can easily use a fully legal stable coin for large investments.

Conclusion

The USDC digital currency can be considered one of the best stable currencies in the crypto market. The reserves that USD Coin has to support its currency code are completely legal and transparent, and you can be very comfortable about that.

Of course, you should know that USDC is a centralized stable coin that can freeze your capital due to the possibility of tracking its tokens, and one of the most important drawbacks of Tether and USDC or any other centralized stable coin is that they have to proceed according to international rules. So working with them can have limitations, one of which is authentication, which is a bit of a problem compared to decentralized coins that do not have this limitation.

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USD Coin Technical Analysis

Looking at the price chart along with the relative strength of trades, we can clearly see a divergence that is expected to correct the price to the specified range.

Financial Markets

Technical analysis of the Euro/Pound pair

Drawing a price chart next to the Ichimoku indicator, it can be seen that that the price has done a good job of flooring and is no longer an idea for correction. As approaching the upper and lower trading thresholds and the compaction of Bollinger Band, the pair is prone to ascent. The longer this range is, the sharper climb is expected to be.

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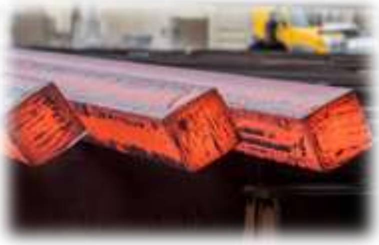
Steel

- **Semi-Finished Products**



Billet prices in Chinese domestic market advanced at the beginning of the week but scaled back throughout the end as raw materials prices lost momentum. Tangshan billet closed at 5210 RMB/Mt EXW on Friday, September 17th, only 10 RMB higher than last week level. Despite the raw materials, steel billet price did not fell sharply since the Chinese government is tightening the production further. The National Development and Reform Commission announced that some provinces will have to decrease power consumption in the second half of the year as their consumption has been high during January-August. This means steel companies have to curtail power usage in order to comply with the rules. On the import market, Chinese traders make the firm bid of 705-715 USD/Mt CFR depending on the grade and delivery time, although buying appetite fade away by the end of the week.

CIS market also revived to some extent as Turkish import scrap prices increased a touch. Sellers started to voice levels above 600 USD/Mt FOB, which is 5-10 USD higher than last week. Demand is still weak in main consuming markets like Turkey, MENA region and Europe and the only buying destination is China, which cannot absorb the huge supply from the sellers.

Iranian suppliers have been quite active during past 2 weeks, with levels shocking to the market. One mill was able to achieve 640 USD/Mt FOB for 20k billet October shipment, while another main supplier says to pull out 650 USD/Mt FOB for 30k billet End-October shipment. The deal is believed to be a barter trade for the price is so high regarding the current condition of the market. An induction furnace producer is likely to sell 10k at 627 USD/Mt FOB for October shipment.

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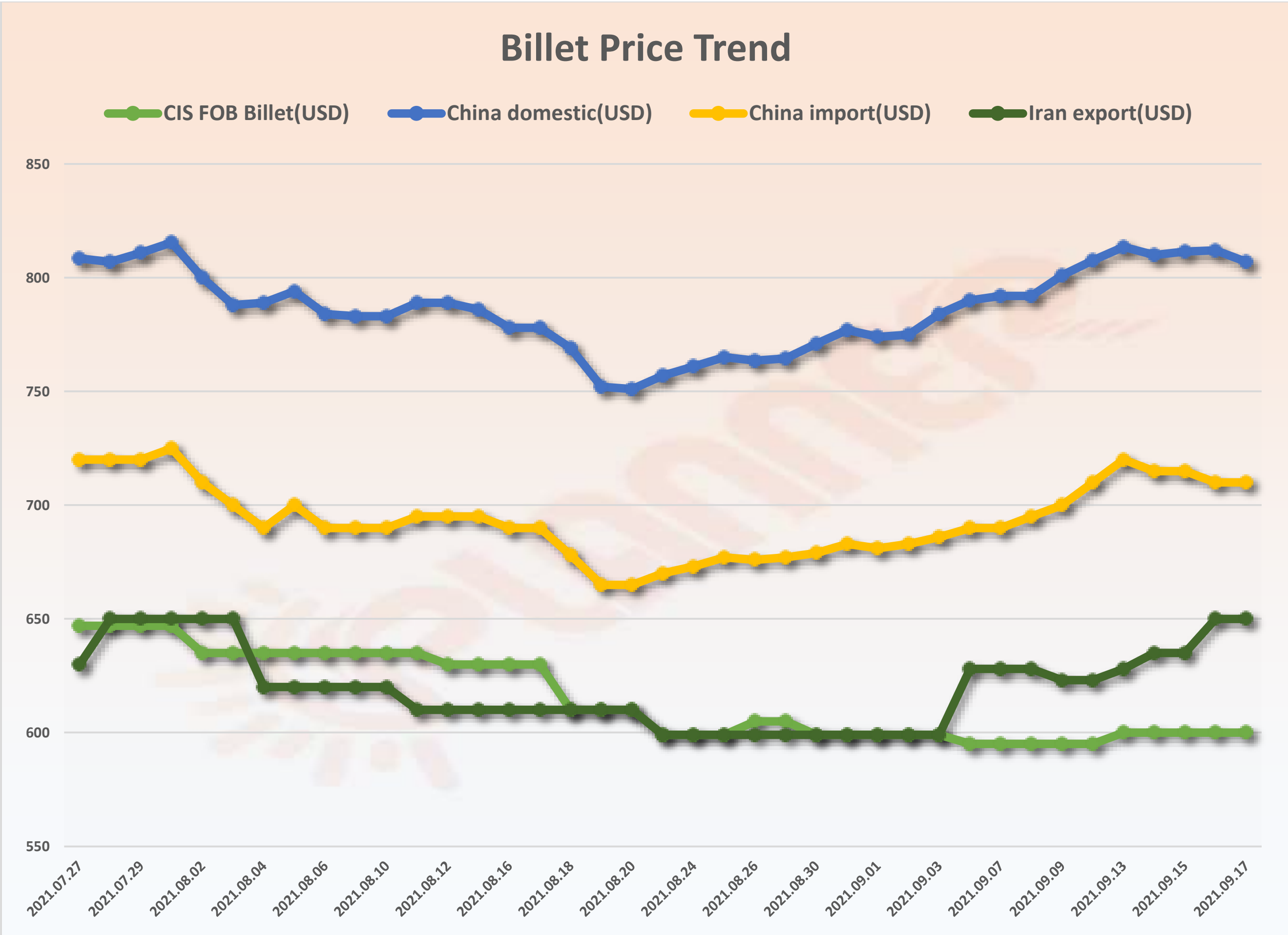


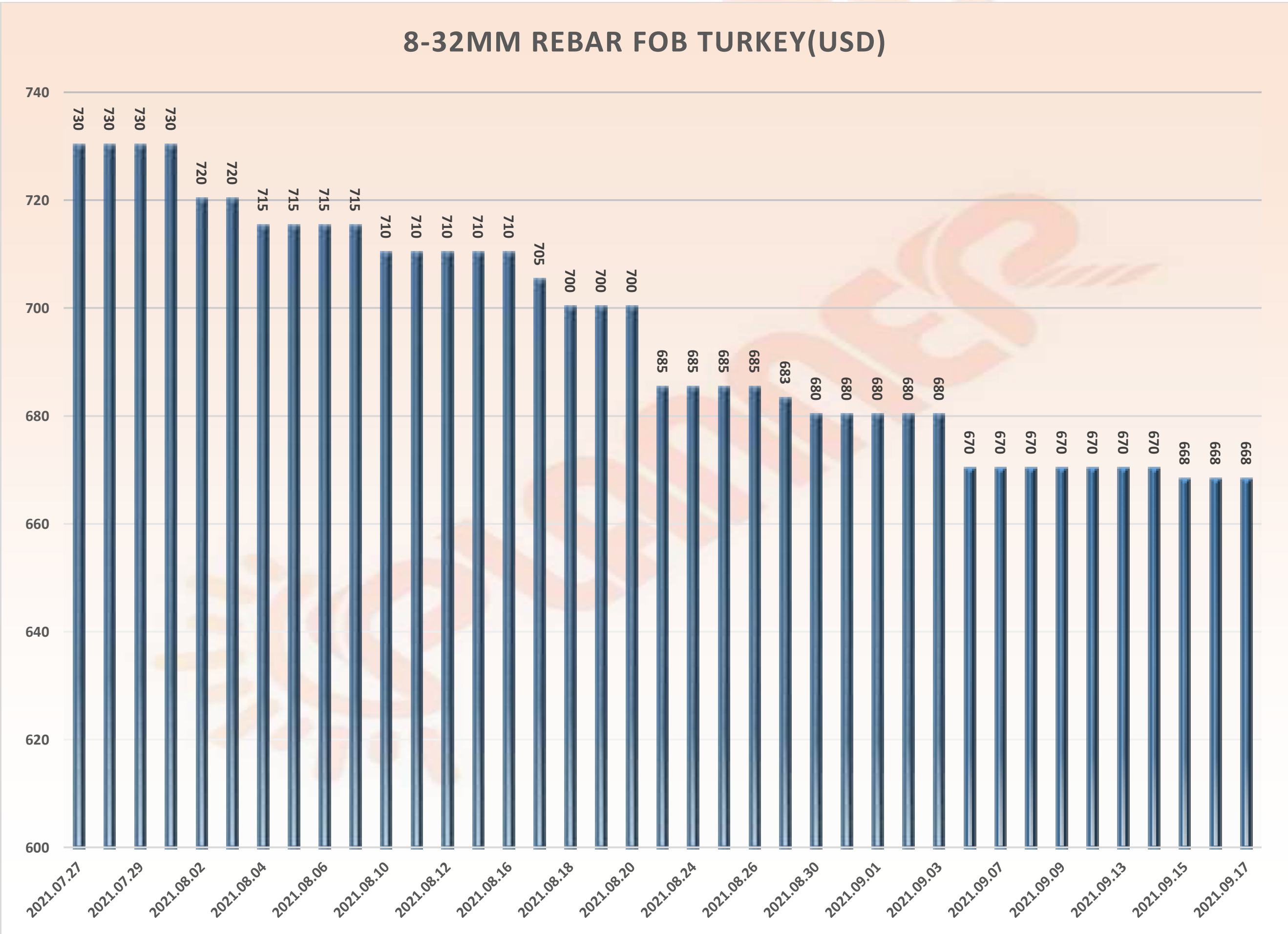
In slab segment, sellers had to adjust their prices with Indians in order to sell some tonnages. CIS offers come around 720 USD/Mt FOB, 40-50 USD lower than last week. A deal for 30k Iranian origin slab for November shipment has been concluded at 678 USD/Mt FOB, which corresponds to 740 USD/Mt CFR China.

Market Outlook: As predicted by Planner, the billet price continued to correct upwards, while slab fell in line with flat products. It is believed that billet still has room for increase in the next week.

- **Finished long products**

Another week passed with an increase in Chinese longs prices. The average price of rebar in spot market hiked by 81 RMB, while the main contract price in futures market fell 180 RMB to 5478 RMB/Mt. The spread between futures and physical market is getting wide and buyers purchase mostly on demand. As the supply is getting tighter, so is the demand. The typhoon and epidemic are among the factors suppressing the demand. Hence, buyers are not so optimistic that steel prices increase sharply in the future. That is why futures prices corrected downward this week.

In recent days, rebar of Turkish producer priced in the domestic market at $655-675/mt EXW and in export markets between $ 660-680/mt FOB, with workable level in the range of $665-670/mt FOB. In neighboring countries, Israel, Yemen and Lebanon, Turkish rebar was traded for $670/mt FOB, and with the rebar export index to Southeast Asia around $730-735/mt CFR, Turkish exporters' prices have become closer to the prices of Indian competitors, they could have a better chance. However, exporting demand is still insufficient and sellers are likely to make more discounts to finalize deals. Considering the high production cost and elevated freight cost there is little possibility of a sharp drop in prices, Planner anticipate maintaining the current level or a slight correction in the price of Turkish rebar in the coming week.



In wire rod market, CIS offers mostly remained unchanged from a week ago. The offers come at 750-790 USD/Mt FOB and both supply and demand side are waiting for a clearer picture next week.

Market Outlook: Prices in longs market as predicted have little space to correct more and we might see a bounce from this point.

- **Finished flat products**

Flat prices corrected downward in Chinese domestic market as production restrictions mostly affected long steel producers. Average HRC price in Chinese domestic market was 5799 RMB/Mt on Friday, down 58 RMB from last week. The main HRC contract also went down sharply by 185 RMB to reach 5677 RMB/Mt on the last trading day of the week. The production of HRC is at its lowest level in 4 years, which is a support factor for the flat products. But, the sharp drop pf raw materials prices are the driving force behind the falling flat prices at the moment.

Likewise, CIS suppliers also had to make concessions in order to be present in the market. Offers from CIS are heard around 840-860 USD/Mt FOB, while buyers are insisting on lower levels.

In CRC market, buyers are hesitant to enter the deals given the unclear situation of flat market. The offers are heard around 940-1020 USD/Mt FOB based on the delivery time, but no deals have been heard by Planner at such levels.

Market Outlook: As stated, September may still hold negative sentiments for flat products. With current condition, reviving the demand in October and November also might be slow as well.

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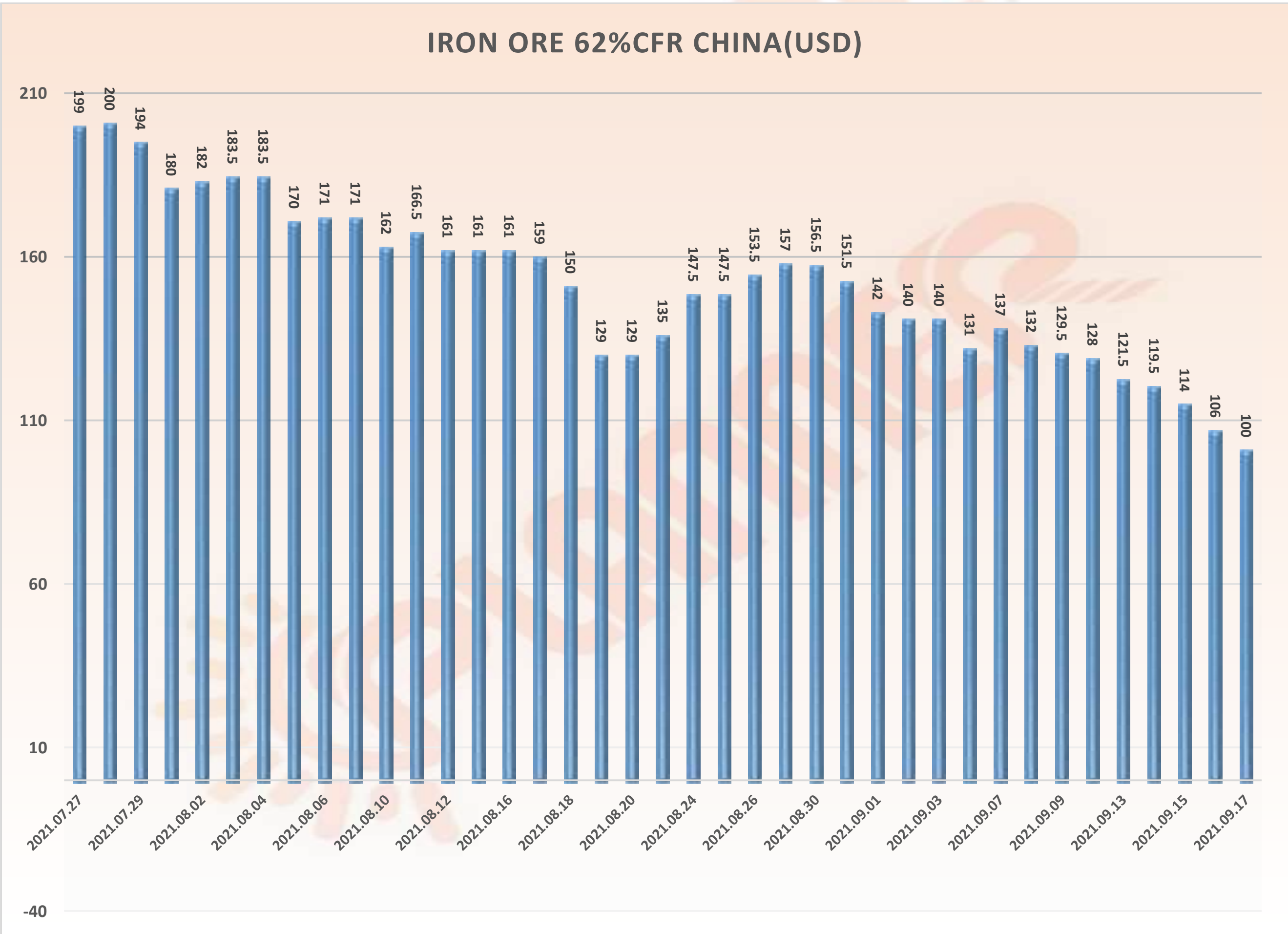
Raw Materials

- **Iron Ore**:

It seems that iron ore price fall is not going to stop and sets new lows one after the other. 62% Fe iron ore touched 100 USD/Mt on Friday, a new 11-months record low. This is the worst weekly fall of iron ore since 2008 financial crisis. The Chinese government has further tightened steel production in the second half of the year, asking mills in some provinces to curtail power consumption. "The monthly crude steel production of China shall remain at 83 million Mt from September-August if the target of flat output is to be realized" cited by Argus Media. That could put a great pressure on iron ore demand in the second half of the year.



- **Scrap**

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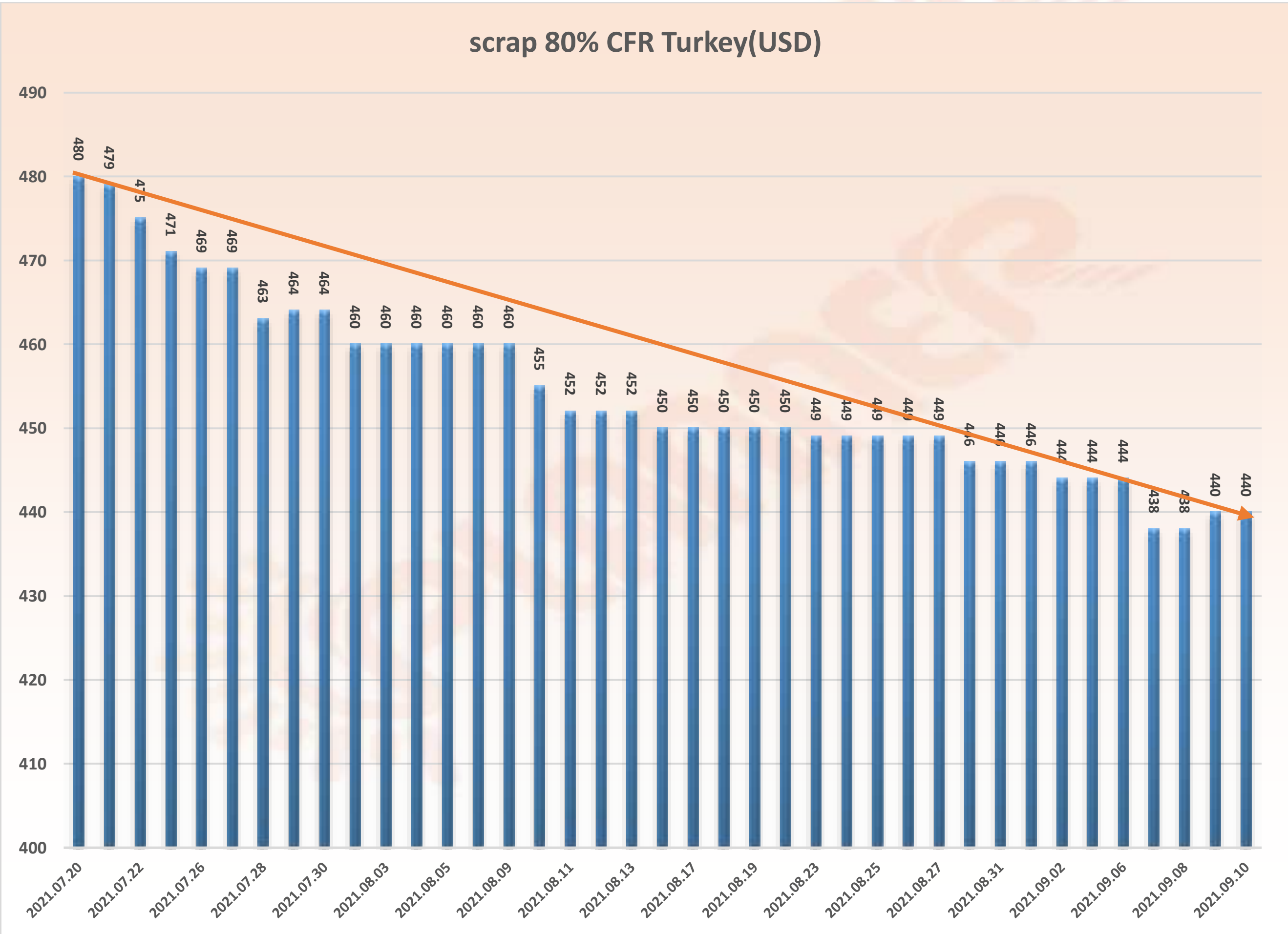
After several weeks of absence, US suppliers returned to the market. New deals for October shipment cargoes with Baltic, US and Canadian exporters reported in the range of $ 436.5-441.5 /mt CFR for HMS 1/2 (80:20) and $15 higher for bonus and shredded grades. Although in some importing countries like Pakistan and Vietnam raised by about $5 as demand improved and freight rates increased, domestic and imported steel demand in most regions is not at a favorable level and buyer seek more discount. On the other hand, with the increase in freight and the shortage of ships, scrap seems to reach bottom out. Considering condition prevailing in the steel market Planner expects more stability and limited price fluctuations of the commodity at an average of $440/mt CFR for HMS 1/2 (80:20) and $455/mt CFR for shredded and bonus.



- **Hard Cocking Coal**

Considering the persisting supply tightness Australian hard coking coal price continued to rise from $ 355 /mt FOB for premium mid-vol, translatingto to $ 350 /mt

FOB low-vol, jumped to $380/mt FOB low-vol. In China, imported material increased by $218 from 11 August 2021, to $560/mt on September 17, and the domestic price of commodity in Shanxi Province increased by 45% to $630/mt during the period, after intensification of safety inspections following the Shanxi mining accident and exacerbating domestic supply shortages, along with import restrictions. Currently new offers from US suppliers reach $610/mt CFR. Although government measures like increasing the margin requirement for speculativepositions from 11% to 15% and subsequently to 20% to control prices on the DCE temporarily reduced prices, on September 17, the price of coal FOR January contracts rose 10 yuan to 2,693 yuan /mt, $ 417/mt. It is expected that owning to existing supply tightness and a significant drop in inventory levels, we will see a dramatic increase in the price of coking coal inside and outside China.

2021/09/17

Commodity	Origin	Currency, Delivery term	Price	Daily change
Iron Ore, 62%	Australia	$/t, CFR China	100	-6
Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	440	0
Coking coal Premium low vol	Australia	$/t, FOB	350	0
Coking coal Premium low vol	-	$/t, CFR China	500	0
Billet Q235	China	CNY/t, EXW	5,210	-30
Billet Q235	China	$/t, EXW	807	-5
Slab	China	CNY/t, EXW	5410	0
Slab	China	$/t, EXW	838	0
Imported Billet BOF/3SP 150mm	-	CFR China	710	0
Billet	CIS	$/t, FOB	600	0
Slab	CIS	$/t, FOB	720	-35
HRC	CIS	$/t, FOB	860	0
Rebar	Turkey	$/t, FOB	668	0
Billet	Iran	$/t, FOB	650	0
Slab	Iran	$/t, FOB	678	0
Rebar	Iran	$/t, EXW	640	0

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Transactions of construction steel(rebar, wire rod and bar-in-coil) in 237 Trading house of china

Yesterday's trading volume (tons)	268118
Today's trading volume (tons)	230739

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Shipping Market

- **Capesize**

The Capesize market staged a dramatic turnabout at weeks' end after seeing several days of value eroded off each route in the market. Closing last week at $46,647 the market took losses down to $40,518 before surging +5021 on Friday to close this week out at $46,172. The market change is sure to have left many traders bewildered, yet this is well known to happen in the Capesize sector. Throughout the week the Transpacific C10 was largely responsible for much of the poor sentiment, as it settled up 4589 to close at $41,954. The Transatlantic C8 was more resistant yet was eroding under the weight of the other routes. Come the close it lifted 9575 to $57500. The West Australia to China C5 ended the week well above where it began rising to $14.155 while the Brazil to China C3 couldn't quite mange the same, posting at $31.80. The momentum direction is strongly up so the question for next week is not whether it will continue to rise but possibly by how much?

- **Panamax**

It proved to be a varied week for the Panamax market. A tepid start, but with some solid support midweek we end on a firmer feel. Despite a dearth of authentic transatlantic demand, rates picked up largely due to a tight north Atlantic tonnage count and a week in which the quicker Baltic coal round trips came to the fore. A midweek push saw end September/early October arrival loading out of EC South America find some support, with various rumors emerging. In Asia, a similar pattern played out for the early part with congestion ex China easing against a frail looking cargo list. Rates softened, only for them to find support later in the week with better demand. A 82,000-dwt delivery North China agreed $32,750 for a NoPac round trip roughly the mean average on the week. A 82,000-dwt achieved $30,750 for 11/13 months period basis a China delivery.

- **Ultramax/Supramax**

A rather lacklustre week for the sector with limited fresh enquiry from areas such as the US Gulf after the recent hurricane and limited enquiry from south east Asia leading to greater tonnage availability. However, as the week ended some said a bottom might have been reached as rates seemed to be hovering around last done. Limited period activity surfaced, a 64,000-dwt open CJK fixing at around $29,000 for one year. In the Atlantic, limited fresh enquiry from east coast south America, but a 56,000-dwt was heard to have been fixed in the mid to upper $30,000s for a trip to Algeria. Elsewhere, a 57,000-dwt open west Africa was heard fixed for a trip to the eastern Mediterranean at $31,000. From Asia, a 59,000-dwt open Philippines was linked to a trip via Indonesia redelivery Thailand at $35,000. At the beginning of the week a 55,000-dwt open north China was fixed via Korea trip redelivery west coast India at $35,000.

- **Handysize**

This week has seen the US Gulf Market soften with the aftermath of the Hurricane still causing issues for cargo supply on what was an inactive market. Some Owners decided to ballast away to both South America and some towards the Continent and Mediterranean regions in search of their next employment. A 30,000-dwt was rumored to have fixed for Puerto Bolivar to Morocco with an intended cargo of coal at $16,000. A 37,000-dwt open in Cristobal ballasted to Fazendinha to fixed a trip to the Continent with grains at $21,000. South Brazil has rallied in the last few days with a 37,000-dwt rumored to have fixed a trip from Upriver Plate to the Baltic at around $36,000. In Asia a 28,000-dwt open in China was fixed for two Laden Legs at $28,000. A 34,000-dwt was rumored to have fixed for minimum of seven months from the Western Mediterranean region at $35,000.

Steel Industry Respected Producers
12) Danieli


Mario Danieli (1930's).

Danieli Group is an Italian supplier of equipment and physical plants to the metal industry. The company is based in Buttrio, in the north-east of Italy. It is one of the world leaders in the production of steel plants, in particular in the long products segment, where it owns more than a 90% market share. It has more than 25 divisions worldwide Centers in Italy, Russia, Austria, Brazil, Netherlands, Sweden, the United States, Vietnam, Germany, India, China, Thailand. Danieli history began in 1914 in Brescia, where Timo Danieli and the Angelini family were shareholders in a steelmaking plant, it was one of the first companies to use the electric arc furnace for steel making in Italy. The social and economic turmoil of the post-war period force the steelmaking plant to close, prompting the entrepreneurs to move first to Milan to work in the tool machine sector. There, the family of Mario's wife owned some land, and this became the first hub of the future group, which manufactures simple equipment for hand tools and farming, subsequently embarking on the manufacture of steelmaking machinery.

Then Luigi Danieli continued the process of development of this group and after that his daughter Cecilia started to work for the family business. She also started to work with Gianpietro Benedetti who is the current CEO of Danieli. In June 1999 Cecilia Danieli died at the age of 56 but Benedetti continued as an international company. In 2009, ten years after the death of Cecilia Danieli, the 29-year-old Giacomo Mareschi Danieli, Anna, who is Giacomo's twin and Camilla Benedetti joined the company. In 2018 the company founded the Danieli Academy, with the aim of managing the skills development of human resources through partnerships with hundreds of universities around the world. In 2020, Revenue of the company was 2. 80 billion Euro with 62. 42-million-euro net income and the number of its employees was 9.060 at that year.

Weekly Review of Iran Domestic Market

The domestic steel market continues to decline. In addition to the US dollar exchange rate depreciation and the declining trend of world steel prices, the Minister of mines, industry and trade's talk about the three-stage plan prepared to control and organize the country's steel market was an important factor in creating a wait and see attitude among participants which led to lower prices over the past week.

Apparently, the first phase of the program starts in October and includes communicating the relevant instructions to different levels. The second phase is to monitor the correct implementation of the instructions and the third phase is to eliminate the effect of the US dollar exchange rate on the domestic steel market regulations.

The impact of the mentioned factors on the domestic market was so intense that the average price for rebar in physical market in the past week decreased by 10169 IRR compared to the previous week. Also the average price for IF billet in the spote market last week decreased by 10480 IRR compared to the last two weeks. Needless to mention that these price differences are considerable figures.

In general, the market is waiting for more transparency by the government regarding economic and political dimensions. The US dollar exchange rate status and the state of our country's diplomatic relations with other countries has kept the market in a state of wait and see attitude.

Top Experts View


Cesare Pasini

PSJ steel industry expert points of view of this week is an interview with Mr Cesare Pasini from Ferapli holding in Italy. This interview has been recently covered by Steelorbis.

The situation regarding raw materials has become an emergency and Italy-based Feralpi, like many other players in the steel market, complains of increases in prices which have never been seen before, as well as a lack of availability that may jeopardize the production continuity of several plants across Europe. But more than that, the inadequacy of infrastructure is also a problem, as it risks slowing down the current phase of economic growth. We discussed these issues with Cesare Pasini, vice president of Feralpi Holding Spa and managing director of Acciaierie di Calvisano Spa.

- What has been the trend of the Italian scrap market in recent weeks and how do you foresee the price trend in the coming months?

Over the past two to three weeks, the Italian scrap market has found a balance. This could be a temporary situation, but I already consider it a good result. The outlook for October is still unclear. In the international markets, prices are almost stable since Turkish mills have not been very active. As a result, recently it had been predicted that prices would follow a sideways trend in Europe as well. Negotiations for the usual monthly contracts are still underway with French and German suppliers; however, the news has emerged that Austrian steelmaker Voestalpine, in a somewhat unexpected move, has raised its purchase prices by €30/mt. Suppliers expected unchanged prices, French suppliers especially, while the Germans were not convinced but could have accepted stable prices given the lack of activity from Turkish steel mills. At a time when people were struggling to find a balance, Voestalpine's move took everyone by surprise and now it is reasonable to expect new price increases.

- During the press conference to present the 2020 consolidated financial statements of Feralpi Group, you mentioned the explosion of prices of raw materials, but also the critical issues regarding the inadequacy of infrastructures. Could you tell us more about this?

For some time, we have been struggling with the problem of infrastructures, which are inadequate with respect to the needs of the Italian steel industry, both for the shipment of finished products and for the receipt of raw materials. Ports are congested, while railway networks are fully busy and unable to accommodate additional traffic needs. We recently had to give up on sourcing some material because we did not know where it could land. This is a critical issue that we have to deal with today and that will probably be felt in the months to come, also in consideration of the heavy rainfall and the floods that occurred in Munich in Germany at the end of June, sending the local railways into a tailspin. Rail wagon shipments arriving in Brescia from Germany are facing great difficulty. All suppliers right now are struggling to fulfil contracts and it may take weeks or even months for regular traffic to be restored. This situation is affecting scrap above all, as the German suppliers are for the most part structured for shipments by rail. Finished products are less affected as we are able to ship them by truck.

- In recent weeks, there has been talk of possible ways of blocking scrap exports from the EU. What is your opinion on this issue?

Europe introduced the Green Deal and aims to achieve climate neutrality by 2050, and so it has embraced the idea of a circular economy. To give substance to this, however, we must ensure that the resources that allow us to carry out this ecological change are somehow protected within the European Union. We cannot talk about the circular economy and then let our scrap go to third countries that have no idea what the circular economy means. I think it is appropriate that a large amount of the scrap that is exported from the EU should somehow be protected or at least subject to export limitations - we are talking about 17-18 million tons per year, that is, more than what Italy consumes. Otherwise, it is not possible to pursue the objectives that Europe has set itself for the years to come. I think exporters could be forced to sell only to those who have proved that, like European producers, they have adequate facilities to receive scrap and melt it without emissions - in other words, to plants that can treat scrap as we do. This would already be a good result, because there are not many plants around the world like those we have in Europe, i.e., which are environmentally friendly.

What do you reply to those who point out that scrap is abundant in the rest of the EU and that therefore scrap exports are a necessity?

We cannot afford the exportation of 18 million tons, not only since scrap is a precious raw material for the European steel industry, but also in view of the environmental policies that Europe is committed to pursuing: the conversion of blast furnaces to electric furnaces implies an increase in the consumption of scrap in the coming years. Consequently, what we export today must somehow be kept within our borders.

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