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Planner Sunday Journal

October 31st

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Editorial

Chinese government refused to lose face against foreign bond holders of Evergrande and paid 83.5 million USD to the investors before the grace period ends on Wednesday, October 28th. It is also heard that the company has resumed work at some of the sites previously had stopped operations due to company's financial crisis. This has injected some optimism among insiders that Evergrande problems would not cause structural crisis in Chinese financial system. The payment last Wednesday is believed to have been done through Chinese shadow banking, the government arm in anonymous payments. Hence, we can assume that the issue is under control and investors have nothing to worry about in coming weeks in which Evergrande has three more payments due. The market reacted positively to the news and most varieties stopped the free fall.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	October 29th	Change % (MoM)
Iron Ore CFR China	131.8	116.1	107.5	-22.6
Scrap CFR Turkey	470.1	505	505	+7.4
Billet FOB CIS	623	658	650	+4.3
Slab FOB CIS	734.6	730	730	-0.6
Rebar FOB Turkey	701.83	740	740	+5.4
HRC FOB CIS	856.1	850	850	-0.7
CRC FOB CIS	1026	1010	1020	-0.5

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Macro Economy

- **USD Index**

The US dollar index The extended the rebound to 94.2 on Friday, getting closer to a one-year high of 94.6 reached on October 12th as currency traders weigh the odds that the current spike of inflation will lead central banks to move more quickly to scale back their pandemic-triggered monetary policy support than they had planned to. Headline price pressures as gauged by the personal consumption expenditures price index including food and energy surged 4.4% from a year earlier in September, the most since January 1991. Meanwhile, losses in the euro deepened after the common currency booked its biggest daily gain in five months. Traders now look ahead to the US central bank meeting next week to gauge monetary policy direction as the Fed balances its act in the face of slowing growth and rising inflation.

- **Crude Oil**

US crude prices settled higher on Friday, turning positive after an early decline, supported by expectations that the Organization of the Petroleum Exporting Countries, Russia and their allies, known as OPEC+, would maintain production cuts.

However, Brent and U.S. crude oil benchmarks both declined on the week after reaching multi-year highs on Monday. Brent crude rose 6 cents to settle at $84.38, while U.S. West Texas Intermediate crude rose 76 cents, or 0.9%, to $83.57.

"While more Iranian supply may come online, it looks like OPEC+ is unlikely to raise production which is giving strength to the market today," said John Kilduff, partner at Again Capital LLC in New York.

- **Financial Markets**

US Dollar/ Euro currency pair

As you can see in the daily time frame, the price is at the bottom and the candle that was recently struck is a descending candle to the extent of covering all the small ascending candlesticks of previous days, which is not a good news for currency pair. It is better not to enter this currency pair with buying position now, and in case of failure of the support floor, it is possible to enter the sales position.

Steel

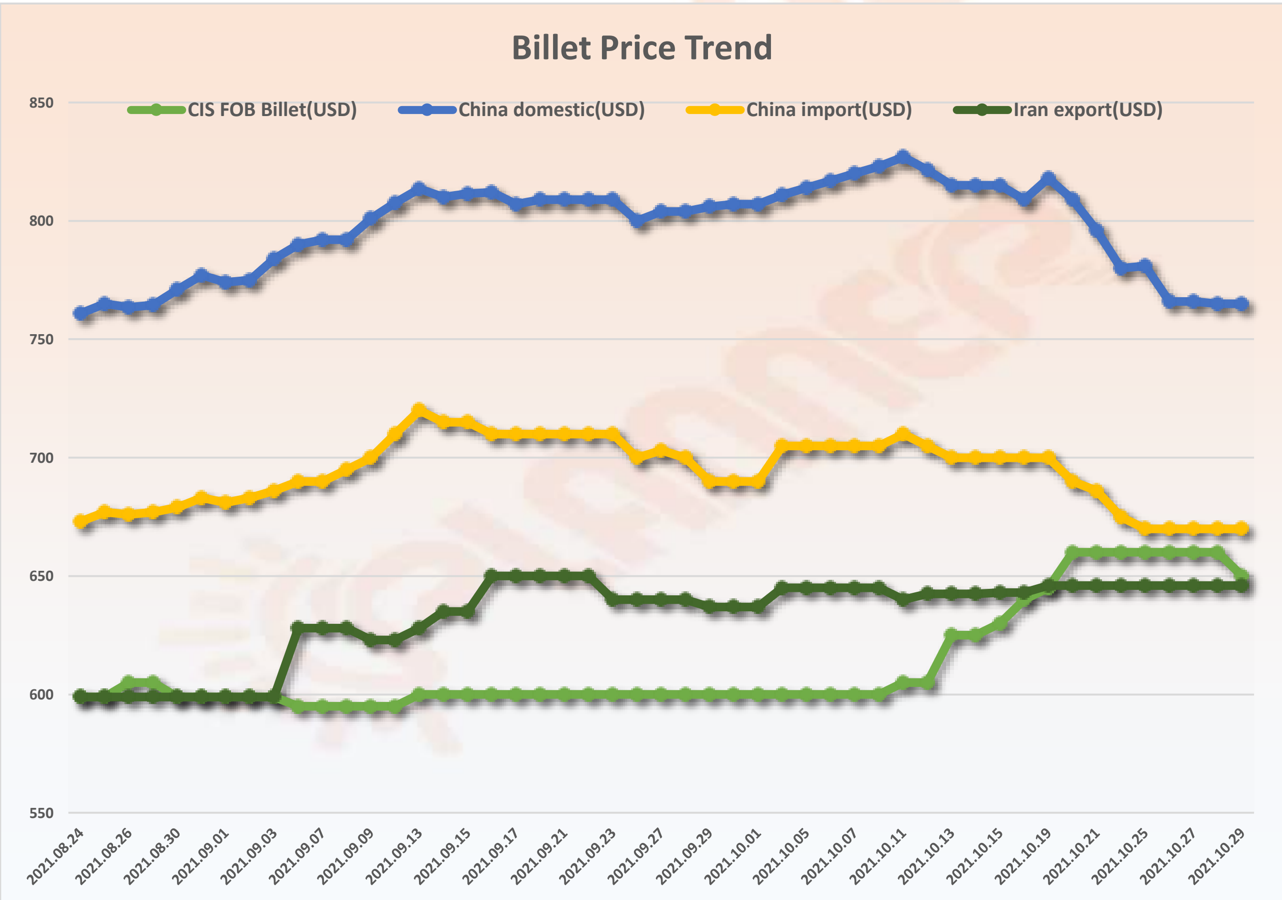
- **Semi-Finished Products**

Moods in Chinese domestic billet market alleviated during the past week, although the fear was still present among the participants. After 260 RMB fall in a week earlier, Tangshan billet quotes fell by another 90 RMB during last week to 4900 RMB/Mt including 13% VAT. The plunge was mostly due to coke and cocking coal futures market hitting the daily bottom for 2 straight days in Chinese futures market. The government announced that it will continue its efforts to stabilize bulk commodity prices, specifically coal and coke. Despite the huge decrease in raw materials prices, most blast furnaces lost profitability to a great extent, forcing them to stop production in some of their units. Hence, Tangshan billet inventories fell to their lowest level since July and is expected to go lower given the winter production cut policy will be implemented from November 1st in most regions. The billet export prices of China are quoted at about 710 USD/Mt FOB, which are of no interest to the buyers at the moment.

Despite the situation in China, CIS suppliers hold their export offers steady at 650-660 USD/Mt FOB, considering the Turkish scrap quotes. By the end of the week, some scrap collectors from Baltic sold some cargoes at lower levels, but American suppliers were out of the market. Turkey is still interested in CIS billet, considering lower freight cost for shipment and quick lead time. It seems unlikely that CIS sellers would give huge discounts to the buyers in the next week.

Iranian producers were silent during past week, estimating the conditions in main consuming markets. Chinese are not interested in current prices from Iran, compared to lower domestic billet quotes. No new deals have been done recently. Iranian mills are ready to sell December shipment and have their fingers crossed for a rebound in Chinese market during November.

In slab segment, new offers from CIS are heard at 730 USD/Mt FOB, showing a weekly rise of 30 USD. Better demand from Europe is observed for flats and most mills in the Euro zone have hold their offers to customers. This has given the opportunity to CIS sellers to further raise their price level for slabs.



Market Outlook: The semis prices still feel support from scarce energy resources and the recent fear in Chinese market would finally go away. It is believed that November may hold better prospects for semis prices.

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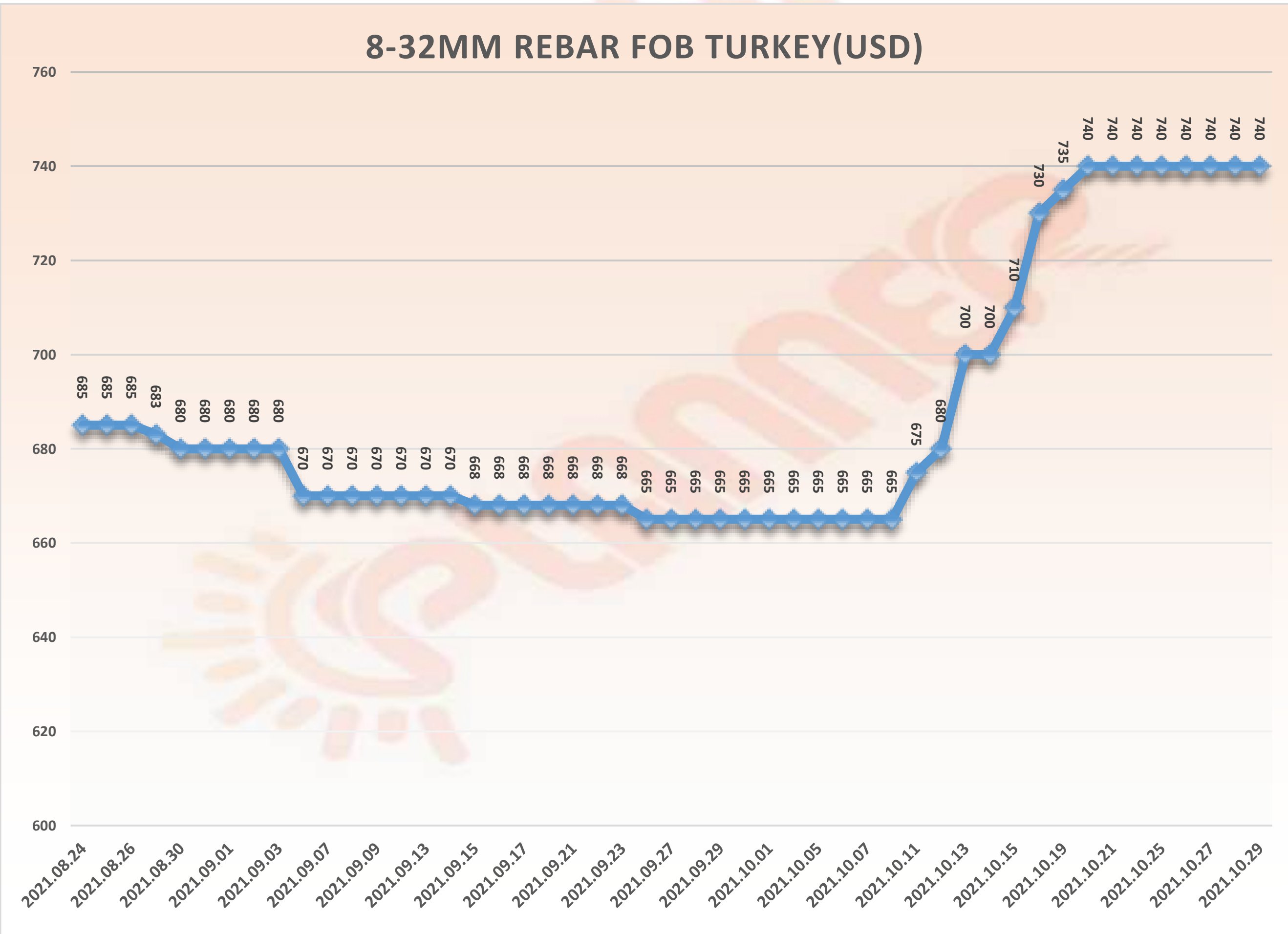
- **Finished long products**

As the fear reduced in Chinese market, the rate of price drops also decreased and buyers began their purchases. Rebar main contract in Chinese futures market fell by another 212 RMB during the week to 4677 RMB/Mt, despite the rise through the end of the week. In spot market, average price of rebar in 31 main cities closed at 5361 RMB/Mt, 235 RMB lower than last week level. Some positive signs started to appear with inventories decreasing by more than 309,000 Mt over one week, 1.37 million Mt lower than the same period last year. The profit of rebar production sharply fell to less than 300 RMB, putting pressure on the producers. It is yet to be seen how much of the expected demand in October will release in November. If so, the prices may rebound in Chinese domestic market.

The situation was different in Turkish export market and sellers hiked their offers by another 30 USD to 740 USD/Mt FOB. Demand, albeit slowly, mainly comes from Europe and some Latin American nations. Due to sharp depreciation of TRY against USD,



domestic producers in Turkey had to give some discounts to sell some tonnages, which in turn put pressure on export quotations by the end of the week. The Turkish suppliers are not yet ready to give heavy discounts given the scrap prices are likely to remain stable at 500 USD/Mt level in the short term.

In wire rod market, sellers were able to increase the prices on the back of lack of energy in consuming markets as well as lower availability of the material. Latest offers from CIS are coming at higher than 860 USD/Mt FOB, up 30 USD from last week.

Market Outlook: Market fundamentals are still healthy for long products, although the winter is approaching. The shortage of power is likely to restrain output in consuming markets, enticing import.

- **Finished flat products**

The flats prices also witnessed decline in Chinese domestic market with futures market experiencing 301 RMB drop to reach 5021 RMB/Mt on Friday, while the average price in 24 main cities of China were estimated 5463 RMB/Mt, down 228 RMB over a week. The plunge is attributed to lower tags for the raw material, as well as lack of power supply that may affect the demand in downstream industries. The flats prospects remain to be darker than that of longs, since inventories of longs are depleted at a faster rate.

In CIS region, producers still consisting on 855-875 USD/Mt FOB, which shows no change compared to last week, and some deals took place at the lower end of the range. ArcelorMittal Europe raised their offers for January shipment last week, giving the space for CIS sellers to hold their offers steady.

In CRC market, quotes from CIS rose by 25 USD to 1020-1040 USD/Mt FOB. Indians still try to assess the market before making offers, and Europe remains promising market for the sellers as energy crisis not only did not improve but only got worst.

Market Outlook: Predicted by Planner, the flats prices increased again during last week and may go for further hike considering the current fundamentals of the market.

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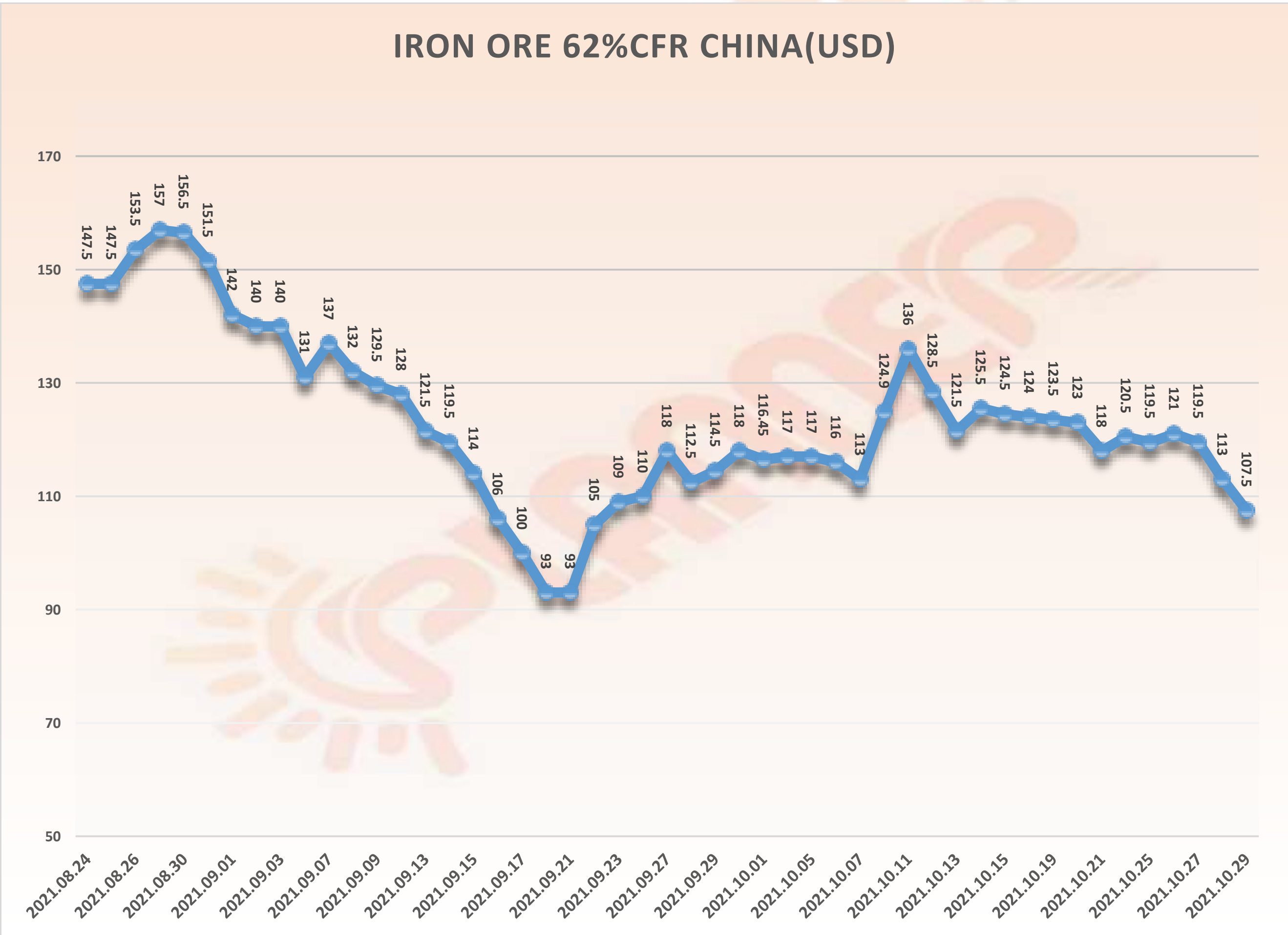
Raw Materials

- **Iron Ore**:

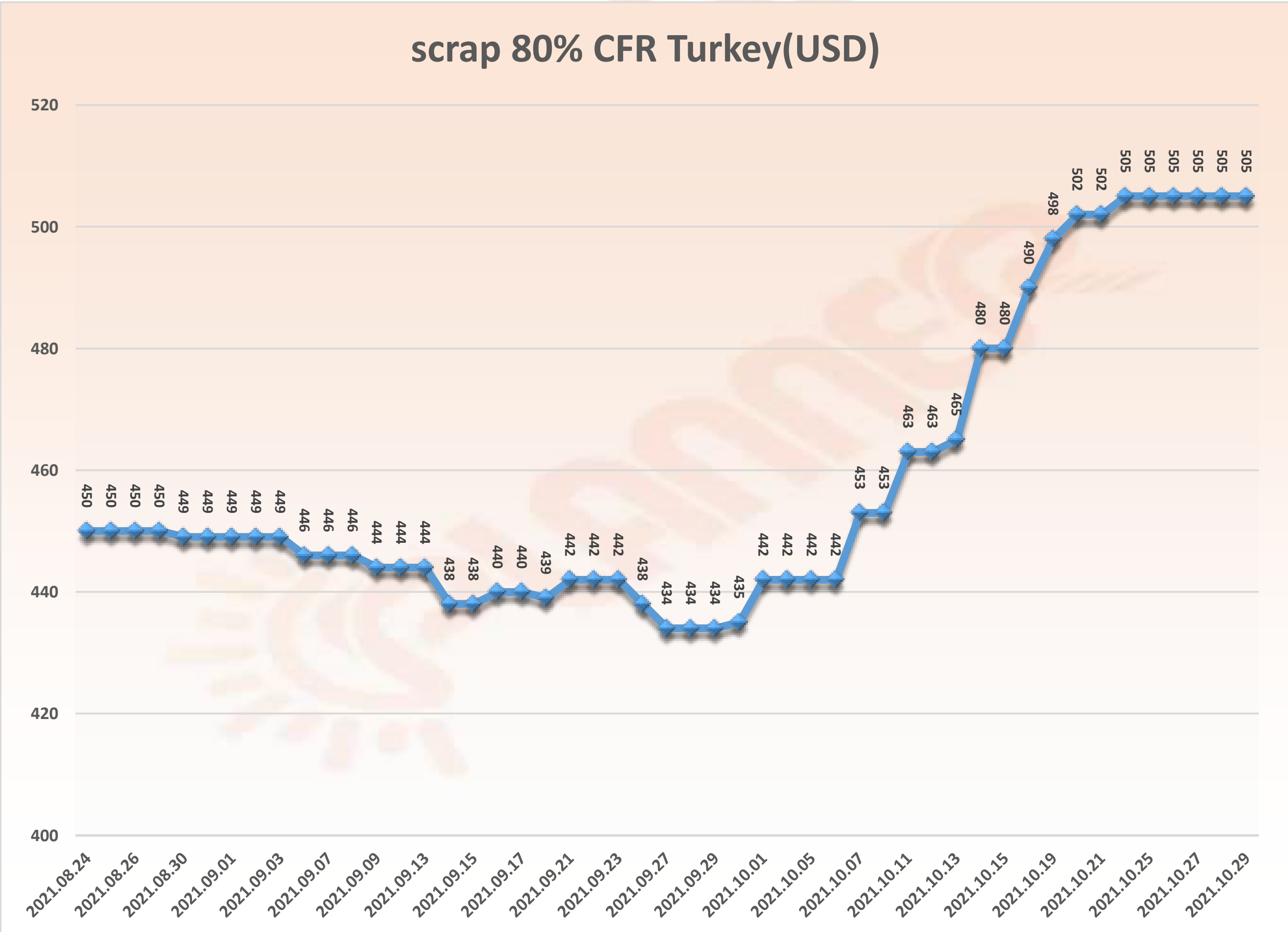
Iron ore did not enjoy last week developments as it plunged by 13 USD to lower than 110 USD/Mt CFR. Iron ore fines 62% Fe reached 107.5 USD/Mt on Friday as the steel production curbs got tighter by Chinese governments. The new round of environmental policies is to be implemented from November 1st, limiting the demand for iron ore products. Plus, the recent decline in steel products prices in China has made some mills to stop blast furnaces to reduce the costs. The total iron ore inventory of 45 ports in China rose by over 4 million Mt, exceeding 144 million Mt, which played as another important factor to decrease the price.



- **Scrap**

Turkish steelmakers have reduced their activity after supplying most of their needed materials for November and early December, and are now examining the market situation. In the few trades of the week, ex-US HMS 1&2 scrap (90:10) and shredded concluded with an average price of $ 513 /mt CFR (Planner estimates the equivalent price for HMS 1&2 (80:20) at $ 500-505 /mt CFR) and Netherlands material of HMS 1&2 (75:25) traded slightly below market level at $485 /mt CFR.

The price of domestic scrap also zoomed up due to the increase in imported scrap and to offset the devaluation of the lira. Rising output and demand for raw material in the United States and Europe with shortage of higher grades of scrap are expected to keep the $20 /mt difference between shredded and bonus scrap with HMS 1&2 (80:20). However, with the domestic rebar market declining after restocking and billet prices falling, Turkish producers are likely to resist higher prices. In the meantime, reducing freight rates could also allow exporters a discount. The planner expectation for the coming week for the new probable transactions, is a slight reduction considering a general drop of steel products in global market.



- **Hard Cocking Coal**

Coke and coking coal in China were still affected by supply shortages despite governmental measures to control the price, and the news of booking from the United States is circulating in the market. In order to avoid speculative demand, the price limit has increased and the impose restriction for allowable volume of daily transactions for the products in DCE. Controlling the profits of coke producers at a reasonable level and resuming the clearance of cargoes entering Chinese ports before the informal import ban from Australia in October 2020 were among other measures to control prices in China. Coal stored in Chinese ports is between 5 and 6 million tons and can reduce prices in the medium term along with increasing domestic production and declining demand by reducing Chinese steel production.

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Steel Supply Chain in Focus

PLANEX 2021 Kish Island, Iran Nov 16_17 2021 YOU ARE INVITED

2021/10/29

Commodity	Origin	Currency, Delivery term	Price	Daily change
Iron Ore, 62%	Australia	$/t, CFR China	107.5	-5.5
Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	505	0
Coking coal Premium low vol	Australia	$/t, FOB	397	+7
Coking coal Premium low vol	-	$/t, CFR China	610	0
Billet Q235	China	CNY/t, EXW	4,960	0
Billet Q235	China	$/t, EXW	765	-1
Slab	China	CNY/t, EXW	5215	0
Slab	China	$/t, EXW	815	-1
Imported Billet BOF/3SP 150mm	-	CFR China	681	0
Billet	CIS	$/t, FOB	650	-10
Slab	CIS	$/t, FOB	730	0
HRC	CIS	$/t, FOB	850	0
Rebar	Turkey	$/t, FOB	740	0
Billet	Iran	$/t, FOB	646	0
Slab	Iran	$/t, FOB	662	0
Rebar	Iran	$/t, EXW	610	0

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

Yesterday's trading volume (tons)	219688
Today's trading volume (tons)	185110

Steel Industry Admired Producers

17) SMS Group

SMS group

SMS group is a German international company founded in 1871 and operates in the field of metallurgical and rolling technology. The company is owned by SMS Holding, which is owned by the Heinrich Weiss family. It was Carl Eberhard Weiss who started this tradition when he founded the company in Siegen (Siegerland, Germany) back in 1871. Mr. Burkhard Dahmen is the CEO of SMS and its headquarter is in

Duesseldorf, Germany. According the latest information, SMS has 14.258 employees and he revenue of this group was about 2,745 € in 2020. The belief in this group is that new business for a changing world and they apply their know how to develop technologies for new markets and future demands. This group has implemented a regional setup for sales and project execution to be closer to their customers, create new market opportunities and drive growth based on a lean setup. SMS has regional offices in 6 zone such as Americas, Europe, Russia/CIS, China, Italy/Middle East/Africa and India/Asia /Oceania to provide a better supply chain and bring their customers project to a success. That means you can rely on the quality of the services of SMS to reduce downtimes, boost productivity, and ensure the lasting value of your machinery and plants.

The SMS group operates in various fields, such as: Spare parts & Logistic: SMS group Service offers modular, machine-specific spare parts supply solutions geared specifically to your needs. Maintenance & Repairs: you want back-up service that protects your investment and ensures your system's availability. Upgrades and Modernization: we ensure your plants run for decades, so you achieve better efficiency, lower operating costs, higher productivity, and better product quality than ever before. Consulting & Training: their consulting services give you the assurance your decisions are the right ones and provide the best possible combination of both technology and process know-how. However, not only a service partner for your plants and machines, SMS group is also there for your staff. Furthermore, you can enroll on standardized and individual training programs designed for you by our SMS TEC academy and that ensures you strengthen your competence as a plant owner.

Shipping Market

- **Capesize**

The Capesize market was under pressure across all routes most of the time this week. The 5TC and BCI showed a minimal sign of improvement mid-week, but closed on a much weaker note on Friday. Despite the presence of all the miners in the market for the first time since early October, the west Australia to Qingdao voyage route (C5) came off from the peak on Wednesday at $16.732 to $14.264 on Friday, whilst the relevant transpacific route closed at $41,429 per day. In the West, Vale fixtures were said to be building with rumors reported on C3 Brazil to Qingdao run at $37.75 on end November loading dates, reflecting a value of $42,823 on the China-Brazil round trip later in the week. Both backhaul and fronthaul trips moved sharply lower towards the weekend, recording $29,000 and $$83,100 respectively.

- **Panamax**

A week of positive gains in the Panamax market, with the Atlantic bouncing back with some eye-catching gains whilst the Asian basin proving to be more passive by comparison. The Atlantic proved to be well supported in most origins with sturdy demand throughout. The Black Sea provided perhaps the biggest headlines throughout the week, $42,000 reported paid on an 82,000 dwt delivery India for a trip via Black sea redelivery Far east one of the highlights. Elsewhere an 83,000 dwt was said to have secured $38,000 for a trans-Atlantic round trip from a North Spain delivery. Asia was again dominated by solid demand ex-NoPac with firming rates throughout, with rumors of mid $40,000's circulating in the market. Indonesian coal demand was steady by contrast with rates fairly constant throughout the week, whilst Australia was dominated by a host of tender cargoes. Period reports included an 80,000 dwt delivery India agreeing a rate of $33,000 for 11/13 months.

- **Ultramax/Supramax**

A strong week for key areas in the Atlantic such as the US Gulf, which saw limited fresh tonnage availability. In contrast, as the week closed, limited fresh enquiry appeared leading to more vessels being available and rates lowering in Asia. Period enquiry was seen, although some suggested a widening gap between owners' and charterers' expectations. A 61,000 open Makassar was fixed for 5 to 7 months trading at $42,000. In the Atlantic strong numbers from the US Gulf, a 61,000 dwt fixing delivery Veracruz via US Gulf redelivery Far East at $62,000. It was also rumored that a 61,000 dwt was fixed from Brownsville via Mississippi redelivery West Coast Central America at around $70,000. At the start of the week in Asia a 63,000 dwt was fixed basis delivery Singapore via Indonesia redelivery China at $47,000. However, as the week closed rates eased: a 63,000 dwt again open south east Asia fixing a trip via Indonesia redelivery China in the low $40,000s.

- **Handysize**

This week we have seen East Coast South America bring a halt to its recent negative trend, with positive movements including a 39,000 dwt open in Santos fixed via East Coast South America to the Continent with an intended cargo of steels at $40,000. The US Gulf region continues to firm with a 38,000 dwt fixing from Galveston to West Africa with an intended cargo of sulphur at $53,000 and a 38,000 dwt was fixed from Houston for 2 to 3 laden legs with redelivery Atlantic at $35,000. A 32,000 dwt open in the Baltic was fixed for a trip to the Eastern Mediterranean with an intended cargo of scrap in the high $30,000's. A 39,000 dwt open in the Newport, UK was fixed for a trip via the Continent to the US Gulf at $39,000. A 38,000 dwt open in Valparaiso for early November dates has been fixed for a trip to the Continent at $33,000.

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Weekly Review of Iran Domestic Market

The domestic steel market trend is still up warding, despite the relative stability of the US dollar exchange rate. The difference between the average weekly prices of rebar in the last two weeks has been about 7073 IRR and accompanied by an increase. A comparison of the average price of billet in physical market between this and earlier week also shows an increase of 6,268 IRR. At IME market, transactions were also competitive and there was a price increase.

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