No: 25

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Planner Sunday Journal

November 28th

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Editorial

The Chinese government is set to increase fund injection to the economy as the growth rate slowed down sharply in the third quarter of 2021. The authorities have declared that they would cut taxes and reduce fees for governmental tasks in order to help small and medium size enterprises. Plus, loans with low interest rate have been approved for green industry developments and financial institutions have been required by central bank to allocate them for companies that meet the criteria. Developers have also been given the permission to borrow money again in order to complete the units under construction and probably meet the deadlines for their payments to the bond holders. But, above all, the Chinese Central Bank intends to maintain USD/RMB exchange rate which is being depreciated non-stop. The USD has lost 3% this year against RMB, meaning stronger RMB, which is not good for Chinese exporters. So, together with stabilizing economic growth, the Central Committee is taking measures against the incentives the US government has poured out to its economy causing weaker USD. With the new mutation of the virus raising concerns globally, we may not see tightening policies to come into effect any time soon.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	November 5th	Change % (MoM)
Iron Ore CFR China	112.61	99.7	100.5	-12.1
Scrap CFR Turkey	481.25	494	493	+2.4
Billet FOB CIS	627.1	623	620	+0.3
Slab FOB CIS	730	718	700	-4.2
Rebar FOB Turkey	710	715	715	+0.7
HRC FOB CIS	852.6	820	820	-3.9
CRC FOB CIS	1004	975	945	-6.2

Macro Economy

- **USD Index**

The US dollar index almost touched 96 on Friday, easing from a 16-month high hit early in the week, and tracking a global fall in Treasury yields after a new coronavirus strain was identified in South Africa, raising concerns of further lockdowns and restrictions that could weigh on the economic recovery. The US dollar declined against the Euro, Pound, and safe-haven Japanese yen and the Swiss Franc while it rallied against commodities and risk-sensitive currencies including the New Zealand and Australian dollars, Mexican peso, and Russian ruble.

- **Crude Oil**

Crude Oil prices plunged $10 a barrel on Friday, their largest one-day drop since April 2020, as a new variant of the coronavirus spooked investors and added to concerns that a supply surplus could swell in the first quarter. Oil fell with global equities markets on fears the variant, could dampen economic growth and fuel demand.

The World Health Organization has designated the new variant, which it named Omicron, as "of concern," according to the South African health minister.

Brent crude settled down $9.50, or 11.6%, to $72.72 a barrel, a weekly decline of more than 8%. U.S. West Texas Intermediate (WTI) crude settled down $10.24 on Friday, or 13.1%, at $68.15 a barrel, declining more than 10.4% on the week in high volume trading after Thursday's Thanksgiving holiday in the United States.

- **Cryptocurrencies**

About Bitcoin

Bitcoin, abbreviated BTC, is a digital currency or form of digital asset that ranks first in the market with value of about $ 1.03 trillion, accounting for 39.46% of the total market cap. Each unit of Bitcoin is currently traded at a price of $ 54,777, considering the Tether rate of 29,800 Tomans, equivalent to 1,632,367,571 Tomans. BTC daily trading volume is $35.67 billion, but its price has fallen 0.46% in the last 24 hours. The highest price of Bitcoin on Aban 19, 1400 (10 November 2021) was equivalent to

68,871.18 dollars, which is currently 20.46% lower. The number of working Bitcoins at present time is about 18.88 million and the total number of which will be 21 million. Currently, Hotcoin Global regard as the most active exchange department in which Bitcoin is traded with a share of 78.10% of the daily trading volume.

Technical analysis

According to the trend line drawn and the passage of all Ichimoku elements through the kumo cloud, it seems that this valuable digital currency will continue its upward trend with a little modification and flooring.

- **Financial Markets**

Technical analysis of Euro to Dollar

In the daily timeframe, it is observed that after finishing the price falls in the recent days, the prices have hit a strong support floor and the falls may end in the coming days.

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Steel

- **Semi-Finished Products**

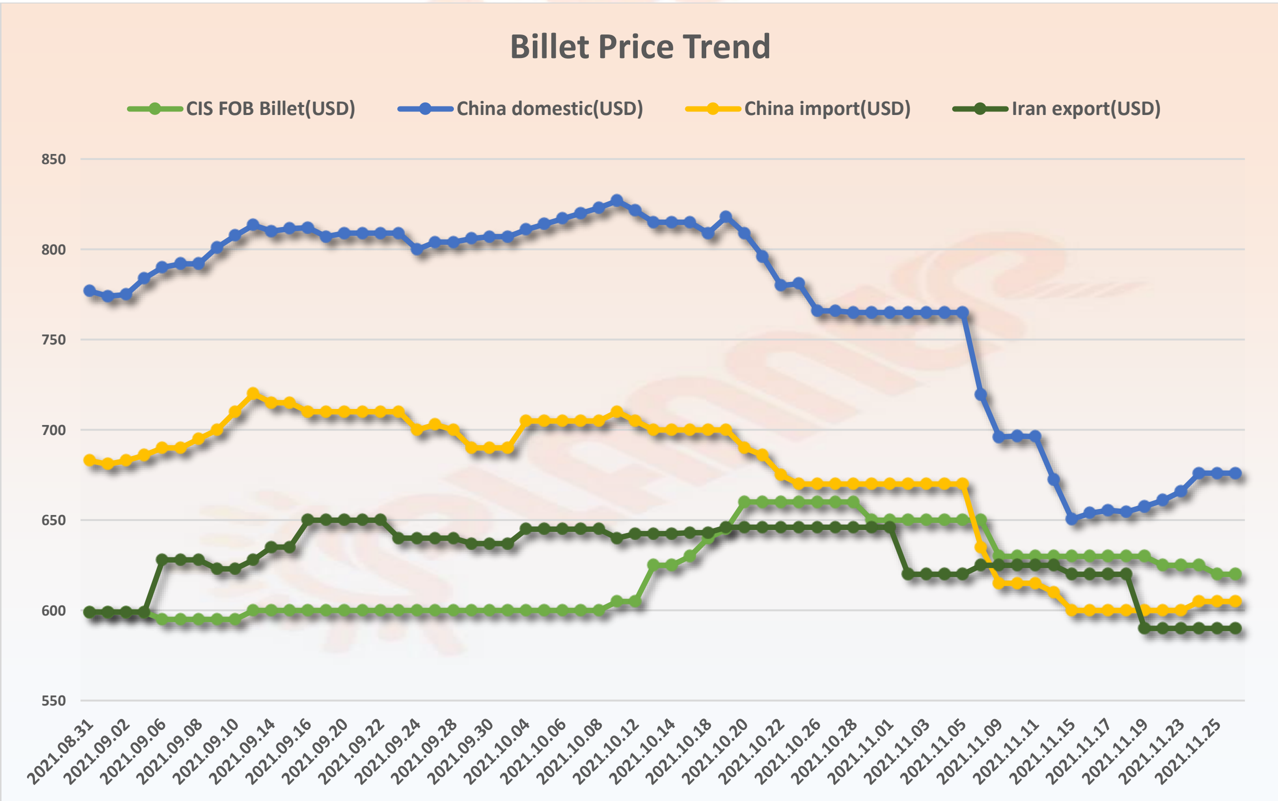
Billet prices in Chinese domestic market rose steadily this week on the back of the hopes that the Chinese government might continue its loose monetary policy despite its will to maintain healthy economic growth. Data showed that in October 2021, both the growth rate of broad money injected to the economy and RMB loans have increased compared to last month, showing that the monetary policy is not yet tightening. The futures market rose strongly hoping for demand hike, However, through the end of the week, the news about the new variant of the Covid-19 in South Africa faded some of the hopes about the rise in demand in the short term. Tangshan billet hiked 210 RMB/Mt to 4360 RMB/Mt on Thursday, while capping by 20 RMB/Mt on Friday. The idea of Chinese importers does not exceed 600 USD/Mt CFR and no major deals have been heard to be finalized to China last week. The increase in Chinese domestic prices might be short-lived since no fundamental changes have been developed so far in supply-demand balance.

CIS suppliers cannot rely much on newly-opened Egyptian market since the demand is not so high. After 2 weeks from removing import restrictions, the inquiries from buyers in the country are falling and CIS sellers have little chance to sell to other regions. Turkey for instance is facing a sharp depreciation of Lira against USD and the import is becoming so costly for its buyers. So, the activities in billet import almost stopped until a clearer picture is showing face. Southeast Asian importers also take a wait and see attitude since another fall in billet quotes is not unlikely. The latest deals for this region range around 615-620 USD/Mt CFR last week. It is very probable to see some more price correction for CIS billet in the next week.

Iranian mills sold sizable tonnages last week at much lower prices than voiced previously. There are rumors of a deal for 30k commercial grade taken place at 551 USD/Mt FOB, January shipment, while another mills says to have sold 10k at 590 USD/Mt FOB. Another major supplier voices new offers at 565 USD/Mt FOB for January shipment, while no deals have been recorded at this level by the time of publication.

In slab segment, prices in CIS collapsed by 30 USD compared to last week levels to 700 USD/Mt FOB. Lower tags for HRC as well as the economic turbulences in Turkey have added to the pessimisms and made sellers to consider discounts. The latest deal for Iranian slab was last week at 620 USD/Mt FOB, while the new offers are heard around 580 USD/Mt FOB, drawing low interest of the buyers.

Market Outlook: The increase in the prices in China seems to be short-lived, while fundamentals in CIS and Turkey have worsened. It is believed that the prices have more room to correct in coming weeks.



- **Finished long products**

The prices of long products in Chinese physical market rebounded in line with the futures market, boosted by expectations about an increase in demand in later period. Plus, the weather forecasts in China show that the weather will not get as cool as last year, permitting the construction sites to continue operations. The average price of rebar in 31 major cities of China were estimated 4807 RMB/Mt on Friday, November 26th, up 92 RMB from a week earlier. The main rebar contract 2205 in Chinese futures market rose through the week steadily, while it retreated on Friday to close at 4100 RMB/Mt. With the increase in prices, the daily trading volume of construction steel fell from more than 200k Mt at the beginning of the week to around 160k Mt by the end of the week, which shows the demand is still poor when prices rise. It is believed that the room for increase in longs prices in China is very limited.

After almost a month of stability of Turkish export rebar at $740/mt FOB Lira devaluation and lower scrap price allow supplier to reduce their offer to $715-725/mt FOB in order to spur interest of foreign customers. Export rebar is available for December-January shipment which is $15/mt lower than last week. In domestic market instability of exchange rate and increasing of price in lira dominated has almost stopped the market. However, regarding the high gas price and still elevated price for scrap especially for premium grad export rebar has limited room for fluctuation and Planner expect more stable price in following week.

In wire rod market, offers from Turkish exporters fell by 10 USD due to weakening Lira to 830-840 USD/Mt FOB, forcing CIS suppliers to adjust their prices. Low demand and market pessimism has caused a darker outlook for wire rod and sellers have hard time raising their offers.

Market Outlook: Planner does not see a bright point in long steel prices, at least for the time being due to negative factors such as economic complexions in Turkey, new Covid-19 variant from South Africa, and low demand in main consuming markets.

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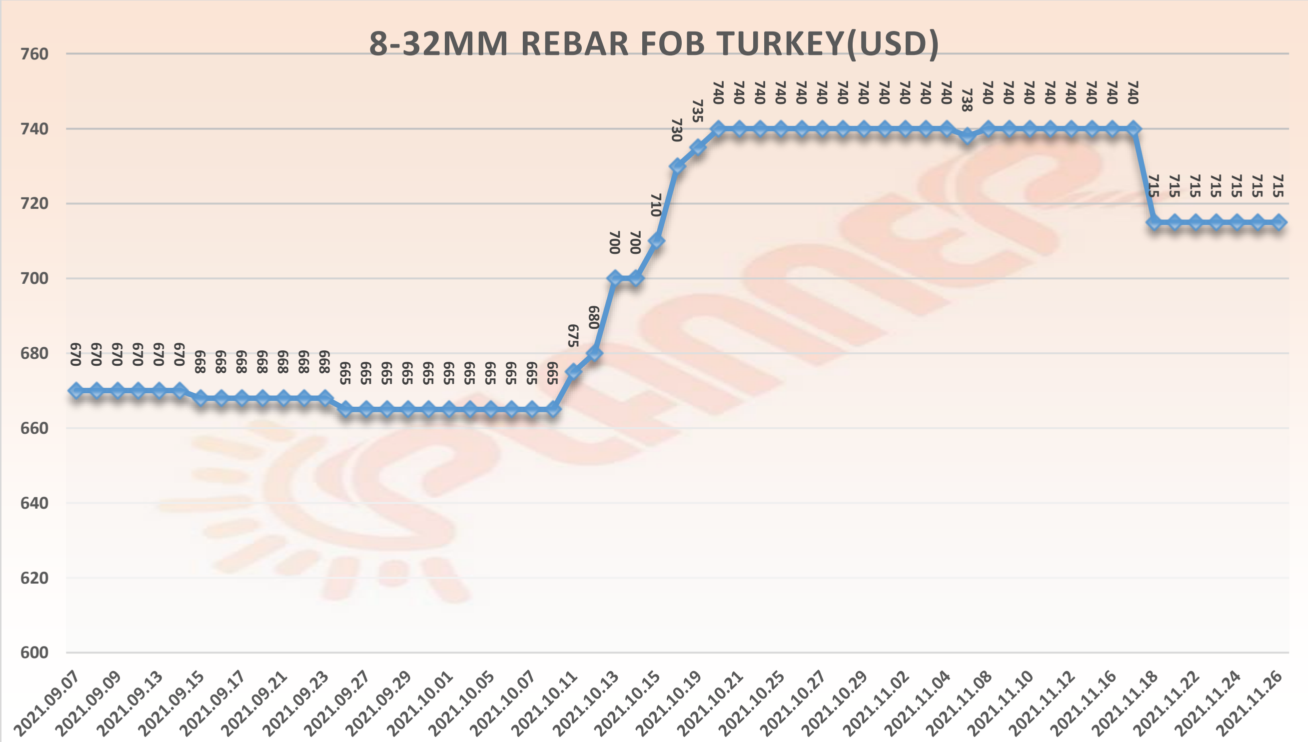


- **Finished flat products**

The flats prices in Chinese domestic market went up in line with the general trend. The average spot price of HRC in 24 main cities of China were estimated 4797 RMB/Mt on Friday, November 26th, up 68 RMB over a week, while the main hot-rolled contract 2201 in the futures market advanced 35 RMB/Mt on weekly basis to 4589 RMB/Mt. With higher prices from the sellers, the downstream demand turned weak and stockiest stopped buying. The outlook of demand is still unclear since there are no updates about electricity restrictions for terminal industries. But, the new Covid-19 variant might get in the way of restoring the industry capacity utilization rate.

In CIS region, suppliers had no option but to follow Turkish quotes and consider price cuts. Turkish sellers have rushed to export markets due to weakening Lira trying to get advantage of the situation. The latest quotes from Turkey are heard around 830-840 USD/Mt FOB, while CIS suppliers are ready to sign deals in the range of 815-835 USD/Mt FOB. The possibility of another correction next week is higher than an upward trend due to negative factors.

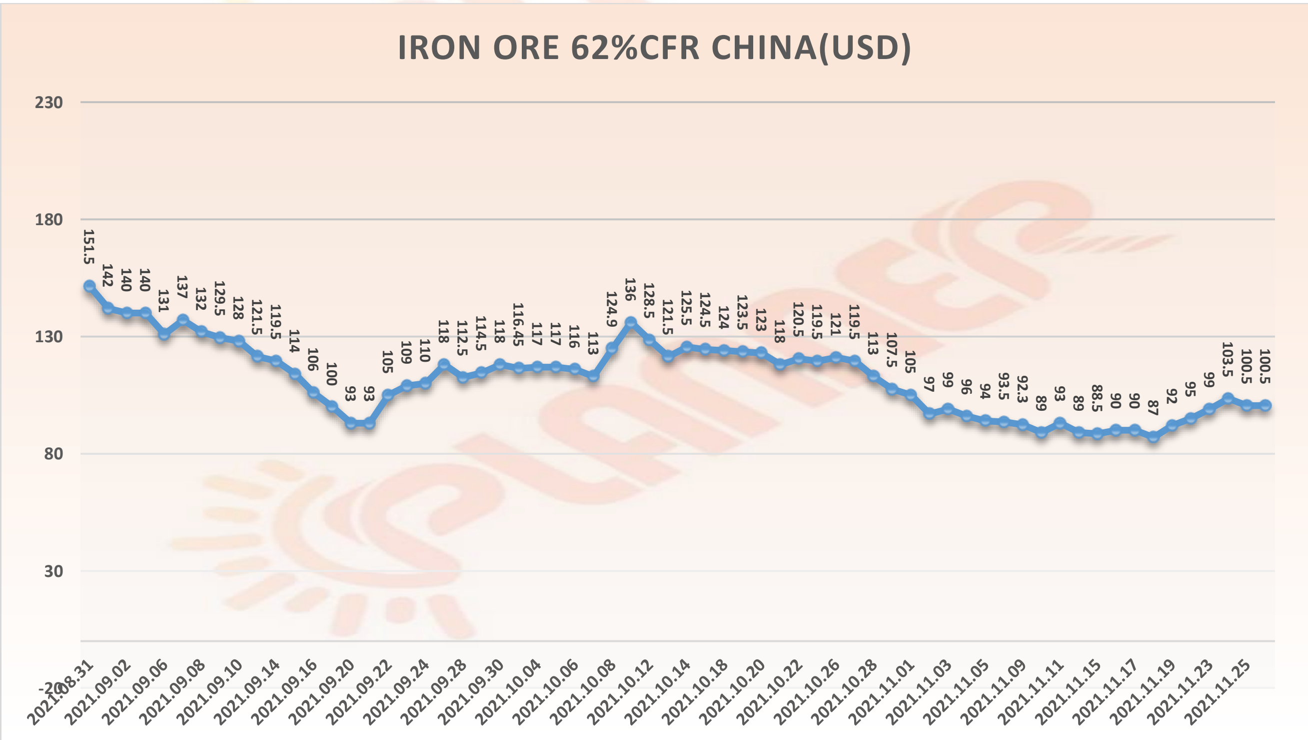
In CRC market, offers from CIS followed the downtrend and decreased by 20 USD to 945 USD/Mt FOB. The competition is fierce between Indians, Chinese and CIS sellers and they try to capture more market share with low-priced goods.

Market Outlook: There are new concerns in the market which may affect the sentiments negatively in the coming weeks. The price of flats has more room to correct next week.

Raw Materials

- **Iron Ore**:

Iron ore fines 62% Fe recaptured the 100 USD level just in a matter of days, betting on higher steel output from China in November and December 2021. Since the country has achieved the steel production target set out by authorities in October, speculations on more crude steel output have strengthened and the price of benchmark iron ore stood above 100 USD/Mt CFR after touching 103 USD/Mt CFR level earlier last week. But the fundamentals of the commodity are still negative, with port inventories at record high of 152.5 million Mt, stable shipments from Australia and Brazil, and tightening environmental policies from Beijing as Winter Olympics gets closer.



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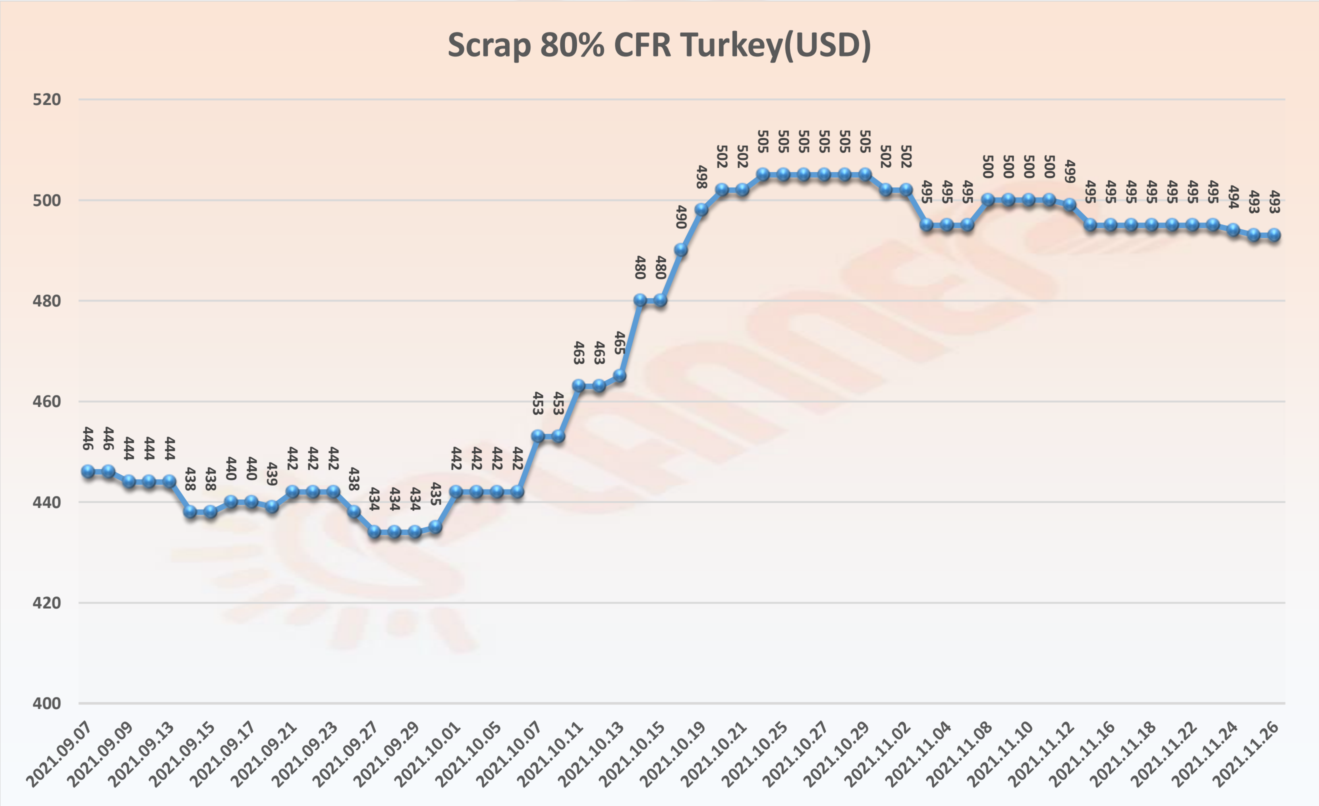
- **Scrap**

Over the week, several deals concluded with Benelux, Baltic, Canada and the US suppliers for January shipment which reduced The Planner index of imported HMS 1&2 (80:20) scrap with US origin from $495/mt CFR to $493/mt CFR due to lack of demand and negative finished steel market sentiment. Elsewhere, in domestic market adjusted their buying price for ferrous scrap four times during the week to partially offset lira devaluation from 11.4224 at the beginning of the week to 12.3947 at weekend for each US Dollar.

In recent contracts the premium for shredded and bonus scrap grades amounted to $20-25/mt over HMS 1/2 (80:20) price and has potential increase to even $40/mt considering high demand for premium grad in supplying region and The spread between Turkish export rebar and import scrap reach $232/mt from $240/mt on Monday.

Considering the weak finished steel demand over supply in global market, and lackluster demand of scrap in Asia after plunge of China market Planner expect a continued downward trend with HMS 1&2 (80:20) index mainly between $490-495/mt CFR Turkey.



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- **Hard Cocking Coal**

The Chinese government's determination to control the coal and coke market led to increased coal production inside China and reduced price of thermal coal and coking coal. Moreover, an increase in imported material from Mongolia in north China provides low-sulfur coking coal at lower prices and shorter delivery times for Chinese steel mills. On the other hand, with the decline of demand in China, US cargos are being offered at lower tags in India, which pressure prices in Australia regarding the stable demand. In the following week workable prices by continuing downward trend are estimated at $300-320/mt FOB Peak Downs Australia and $370-400 /mt CFR China for imported coal.

2021/11/26

Commodity	Origin	Currency, Delivery term	Price	Daily change
LME aluminum closing		$/t	2,615	-89
LME Copper closing		$/t	9,460	-375
WTI crude oil		$/Barrel	68.15	-10.24
BRENT crude oil		$/Barrel	72.72	-8.2
Iron Ore, 62%	Australia	$/t, CFR China	95.5	-5
Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	493	0
Coking coal	Australia	$/t, FOB	325	0
Coking coal	-	$/t, CFR China	400	0
Billet Q235	China	CNY/t, EXW	4,320	0
Billet Q235	China	$/t, EXW	676	0
Slab	China	CNY/t, EXW	4745	0
Slab	China	$/t, EXW	742	0
Imported Billet BOF/3SP 150mm	-	CFR China	605	0
Billet	CIS	$/t, FOB	620	0
Slab	CIS	$/t, FOB	700	0
HRC	CIS	$/t, FOB	820	0
Rebar	Turkey	$/t, FOB	725	-10
Billet	Iran	$/t, FOB	590	0
Slab	Iran	$/t, FOB	620	0
Rebar	Iran	$/t, EXW	590	-10

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

Yesterday's trading volume (tons)	175099
Today's trading volume (tons)	161930

Steel Industry Admired Producers

20) BHP

BHP, formerly known as BHP Billiton, is the trading entity of BHP Group Limited and BHP Group plc, is a British-Australian mining company, known as the world's largest mining and Metals Company. It has two headquarters in Melbourne, Australia and London, England. The CEO of BHP IS Mr. Mike Henry who is a Canadian-born businessman, and the CEO of BHP since 1 January 2020. Its leaders are required to hold themselves accountable for living BHP values as outlined in. It formed from a merger between BHP and Billiton, they value their heritage and the strong foundations on which company is built. From two small mining companies founded in the mid-1800s, but they are now a world leader in the diversified resources industry. Billiton's roots trace back to 1851 and a tin mine on a little known island in Indonesia, Billiton (Belitung) island. Billiton became a global leader in the metals and mining sector and a major producer of aluminum and alumina, chrome and manganese ores and alloys, steaming coal, nickel and titanium minerals. Billiton also developed a substantial and growing copper portfolio. Its products are essential for global economic growth and many are key to the energy transition, to a lower carbon world.

This group is producing Iron ore, coal, petroleum, copper, natural gas, nickel & uranium. According to the latest information in 2020, the total assets of BHP is about $104.783 billion and its net income is $8.736 billion and its revenue is $42.931 billion. The number of employee of this group is 80, 000. BHP operates a wide range of mining and processing operations in 25 countries. In 2011, BHP was ranked 49th on the Forbes Global 2000 list of the world's largest public companies. The company is among the largest companies in the world in terms of sales, according to the annual statistics published by Forbes magazine; Ranked 93, based on profit; Rank 8, in terms of total assets; Rank 236 and in terms of capital market value; It was ranked 116th. BHP purpose is to bring people and resources together to build a better world. They do this through their strategy to deliver long-term value and returns through the cycle.

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Shipping Market

- **Capesize**

The Capesize market closed out a generally underwhelming week with positive sentiment and an uptick in the final days with the 5TC lifting +2905 to settle at $29,938. Rates are down week on week and the routes appear to now be oscillating in a trading range. Fundamentals are said to have improved at the later end of the week, but whether they have enough impetus to break above the current upper range is uncertain. In the Atlantic region the Transatlantic C8 now resides at $33,500 to the Transpacific C10 at 31,562. The China-Brazil Ballaster C14 route, meanwhile, continues to lag at $24,582. Iron ore trades out of Brazil to Asia are now fixing quite often for second-half December loading dates as we begin to close out the Q4 season. With iron ore prices plummeting to sub $100 per mt levels, questions are being posed as to the implications for shipping. While a lot of cargo is moved outside of spot markets on longer-term contracts, waning hunger from buyers may begin to take a toll in the coming months - yet Capesize are always anything but clear to forecast.

- **Panamax**

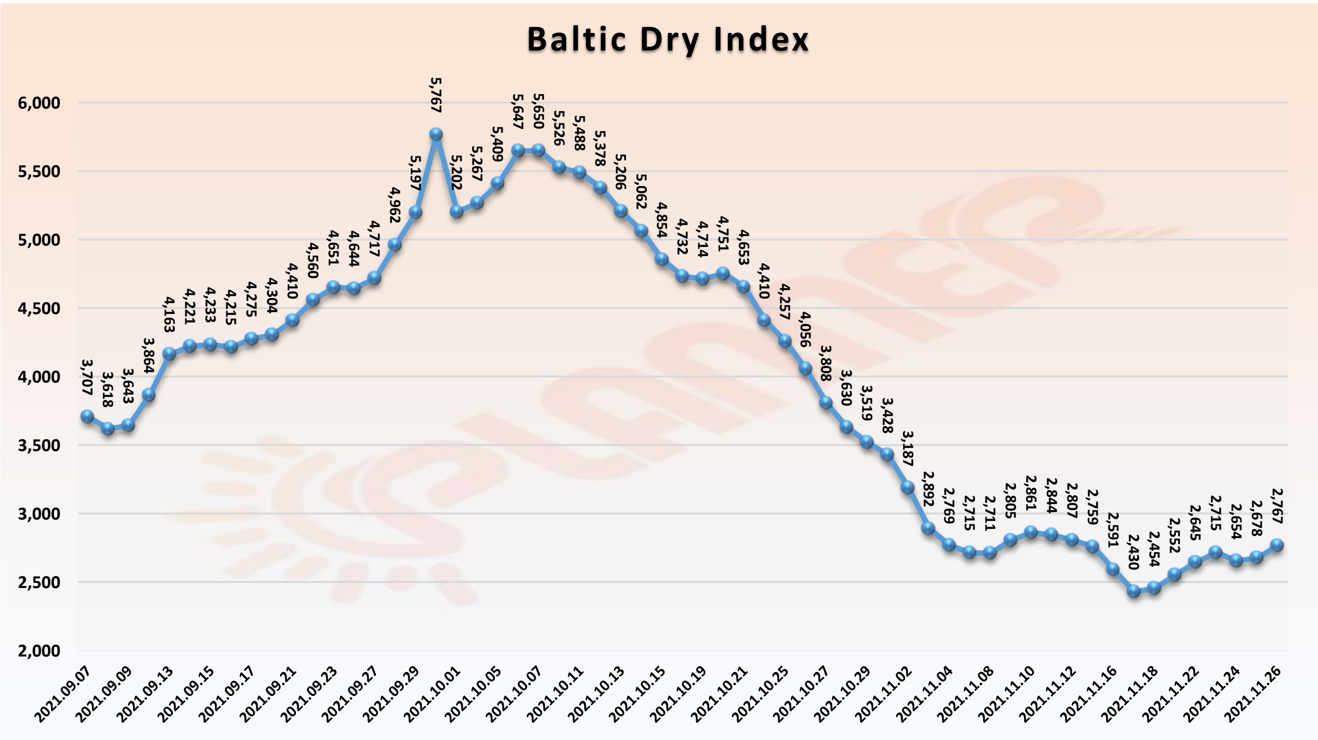
A week which saw substantial losses in the Panamax market, retracting back to values not seen since April of this year. Resistance from Owners was scarce as tonnage far outweighed demand, resulting in Charterers driving down the bids - especially in the Asian basin. In the Atlantic, rates reduced nigh on $2000 on all routes with little sign of things altering as tonnage lists built and ballasters continued to undermine the market. An 82,000-dwt achieved a vastly reduced rate of $21,500 for a trans-Atlantic trip. With a lack of demand ex Australia - and ultimately EC South America - Kamsarmax's open SE Asia felt the strain the most. Indonesian coal trips were seen to be massively discounted by the smaller and older units with offers now sub $10,000. With confidence and sentiment little period activity of note although a 79,000dwt delivery North China achieved close to 104% of BPI5TC index for one year.

- **Ultramax/Supramax**

It has been a very quiet week for the sector with very limited activity across the board. There was resistance shown in the Pacific though largely down to a stand-off between owners and charterers with anything fixed at last done levels or slightly lower. The US Gulf was one area that showed positive signs until the tail end of the week and then the sentiment fell away. And, with a lack of cargoes, the only area of strength looked to be weakening. The larger sizes appear more undervalued in comparison, further eroding the optimism that was briefly felt in the south Atlantic. In the Pacific, despite a wide spread between positions, vessels were being fixed at close to last done. However, it would appear both owners and charterers have looked to a quiet weekend and see what transpires next week. It remains to be seen where the market will head next week. But it was felt Owners might have to wait for any significant improvement in rates.

- **Handysize**

Another week driven by the negative sentiment in most regions. A 37,000-dwt open in South Korea was fixed for a trip via CIS with redelivery in South Korea – China Range at $17,000. A 38,000-dwt open in Thailand was fixed for a trip to Japan with an intended cargo of gypsum in the high $19,000's. A 38,000-dwt open in CJK was fixed for a trip via Australia back to China at $18,000. The US Gulf continued to soften with a 38,000-dwt fixing a trip from the Mississippi River to the Caribbean with Agri prods at $32,000 and a 36,000-dwt fixing from Belledune to the UK-Continent with wood pellets at $29,000. On the Continent a 40,000-dwt was fixed from the UK via the Continent to the US Gulf at $38,000. A 38,000-dwt open in Casablanca was fixed for a trip via the Continent to the Caribbean at $32,000.



Weekly Review of Iran Domestic Market

Last week, the country's domestic steel market remained in a severe recession due to the Sana and Nima exchange rate increase, the fall in the prices of Iranian export billet, the weakening of demand in global steel markets, especially in East Asian countries.

At IME market, despite the increase in the US dollar exchange rate, rolling mills preferred to buy their billet, due to the decrease in the billet base rate price and the billet trading average rate on Tuesday was estimated at 144,000 IRR, a decrease of 5150 IRR compared to the previous week. Billet weekly average price in physical market also experienced a decrease of 2413 IRR this week compared to the earlier week.

The situation was similar for rebar in spot market and the weekly average price of rebar decreased 734 IRR, from 163724 IRR last week to 162990 IRR this week.

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