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Planner Sunday Journal

December 26th

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Editorial

The U.S. inflation continued to accelerate in November, and the Fed's important inflation indicators hit new highs since 1989, triggering the market to continue betting on the Fed's early interest rate hike. Data show that the annual rate of the core PCE price index in the United States in November was 4.7%, a new high since 1989; the monthly rate of the core PCE price index in November was 0.5%, a new high since June. However, due to falling energy costs, US inflation is expected to ease in December, but this may only be temporary. American consumers estimate that in the short term The increase in inflation will be twice that of wages. Consumers now expect the prices of most key necessities to rise by 10% in the coming year. Among them, gasoline prices will rise by 9.15%, food prices by 9.24%, medical expenses will rise by 9.6%, and rents will rise by 10.03%. The overall data proves that the U.S. inflation rate continues to be much higher than the target level. At the same time, none of the main factors that currently push U.S. inflation to rise has been significantly eased. In addition, in recent months, further progress has been made in achieving full employment. The Fed has accelerated the pace of reducing debt purchases, clearing the way for raising interest rates next year. The current market expects that the Fed may raise interest rates before June 2022.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	December 24	Change % (MoM)
Iron Ore CFR China	113.04	123.6	126	+11.5
Scrap CFR Turkey	476.2	464.2	463	-2.8
Billet FOB CIS	608.4	590	590	-3.1
Slab FOB CIS	664	588	580	-14.4
Rebar FOB Turkey	708.2	695	695	-1.8
HRC FOB CIS	821.4	790	790	-3.9
CRC FOB CIS	955.4	900	865	-10.4

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Macro Economy

- **USD Index**

The US index hovered around 96 on Friday, set for its worst week since August amid a rebound in riskier assets. The greenback languished against equities, bond yields and risk-sensitive currencies as investor confidence grew on signs that omicron might be less severe than feared. Early studies suggested the new variant carries a lower risk of hospitalization and causes a milder illness. Several drugmakers also reported that their vaccines or antiviral pills were effective against the omicron. The dollar's weakness also came despite robust US economic data and persistent inflation, with the Fed-preferred PCE index surging to 5.7% in November, its fastest pace since 1982. The dollar fell markedly on the week against the British pound, euro and antipodean currencies, while it gained versus the safe-haven yen.

- **Crude Oil**

Crude Brent futures snapped a three-day rally on Friday in light trading before the Christmas holidays, but the benchmark ended the week higher, with the market focusing on next steps by OPEC+ and the impact of the Omicron variant.

Brent crude futures settled 71 cents lower at $76.14 a barrel at the early close of 1300 GMT, rising by about 3% on the week. U.S. markets are closed on Friday for the Christmas holiday.

Oil prices have recovered this week as fears over the impact of the highly infectious Omicron variant on the global economy receded, with early data suggesting it causes a milder level of illness.

- **Cryptocurrencies**

Technical Analysis Dodge Coin

As inferred from putting effective parameters such as relative strength indicator with Ichimoku elements together this digital currency is again in the area of its strong support floor which make the possibility of falling below this level unimaginable, but in the second scenario, it is expected that through the time and increasing trading power, more prosperous days of Dodge Coin can be witnessed in the new year.

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- **Financial Markets**

Technical analysis of the Euro-US dollar pair

By plotting the price of currency pair in daily timeframe and examining the relative strength indicator with Ichimoku also by observing price behavior in the past It can be concluded that this level will enjoy a strong support floor and due to the return of relative strength to above 50 and the expected passage of the price above the kumo cloud. Investors and traders are likely to welcome the currency in the coming days.

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Steel

- **Semi-Finished Products**

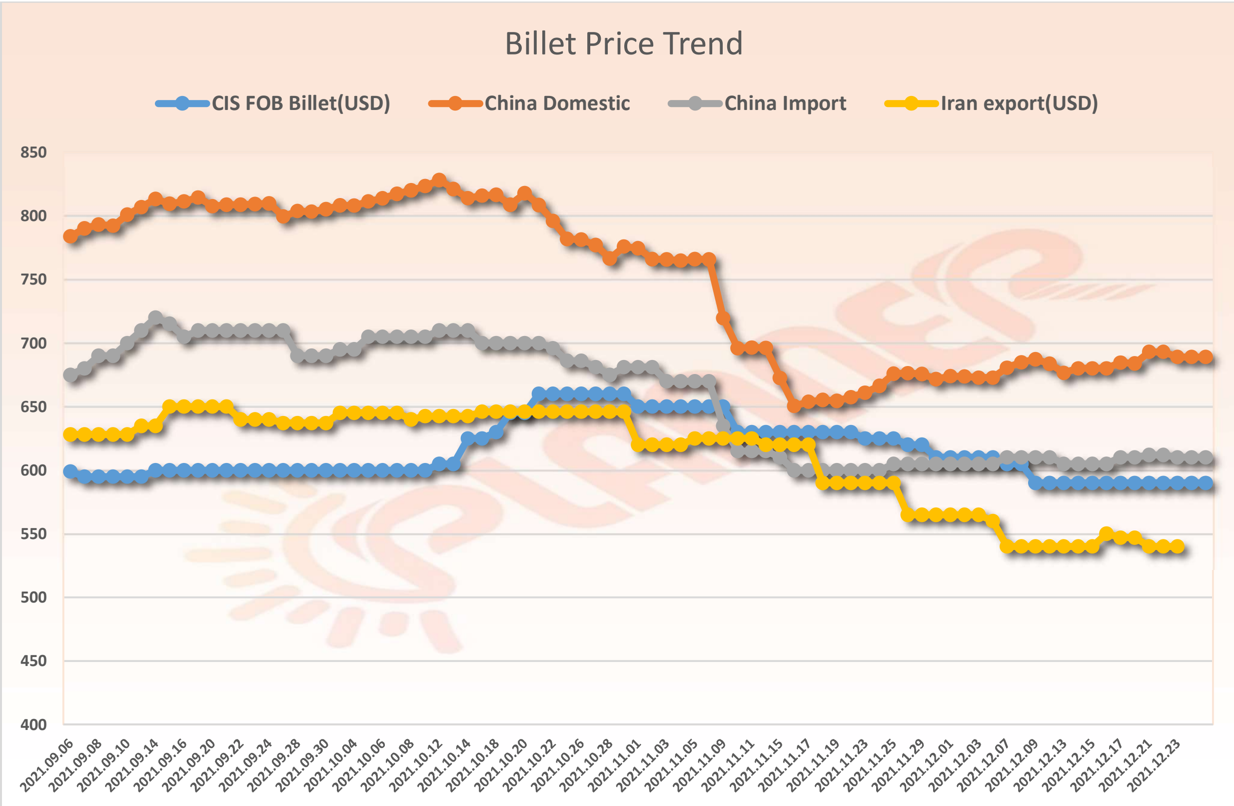
Chinese domestic billet prices rose at the beginning of last week to 4420 RMB/Mt, however, it corrected by the end of the week to close at 4390 RMB/Mt on Friday. The construction is entering the off-season and with weather getting cooler and prices stable, demand will shrink gradually as Spring Festival approaches. Both supply and demand are weak and the Tangshan billet inventory remained almost flat at 278,000 Mt. Chinese billet importers are ready to make deals at 600-610 USD/Mt CFR, but the demand is relatively low. It is expected that the domestic billet prices in China will fluctuate within a narrow range next week.

Turkish Lira rebounded sharply this week after the government promised to stabilize the economy and injected US dollars from its reserves. This gave some hope to CIS billet suppliers about the market future and they hold their prices stable compared to last week at 590 USD/Mt FOB. The outlook is yet not so bright since Turkish import scrap prices fell further by almost 6 USD/Mt. The demand in other consuming markets like MENA and Southeast Asia are weak and there is not much room for CIS billet to rise.

Iranian billet sellers were mainly inactive over the week and one mill rejected the bid of 540 USD/Mt FOB, as the company had rejected same level some weeks ago. The workable level for Iran billet seems to be around 540-545 USD/Mt FOB for EAF and BF billet and 530-535 USD/Mt FOB for IF billet. Better futures in China gave the market a wait-and-see mood, but no sharp hike is expected in the last week of 2021.

In slab segment, CIS quotes further fell by another 20 USD/Mt to 580 USD/Mt FOB. The low demand for HRC in the EU and Turkey has put more pressure on slab prices. Brazilians also entered market with aggressive levels, translating to 580-590 USD/Mt FOB; hence, Russian suppliers had to follow suit.

Market Outlook: As Planner predicted, the price of semis fell again last week, however, the scale of decline narrowed due to better expectations. It is believed that the prices will remain stable next week and may start to rise during January 2022.



- **Finished long products**

The price of rebar in Chinese domestic market fell slightly this week, although the amount of decline was greater in futures market. The average price of rebar in 31 main cities of China was 4843 RMB/Mt on Friday, down 20 RMB/Mt from a week earlier, while the main rebar contract slumped by 83 RMB/Mt to 4422 RMB/Mt. Rebar social and factory inventories continued to decline by 276,000 Mt to 5.2 million Mt, though the inventory fall failed to entice the downstream demand and support the prices. Traders are not so enthusiastic about accumulating the stocks and the winter storage may not be high this year. If the prices correct further, we might witness some winter storage before the Spring Festival, otherwise, the winter storage might take place during February 2022.

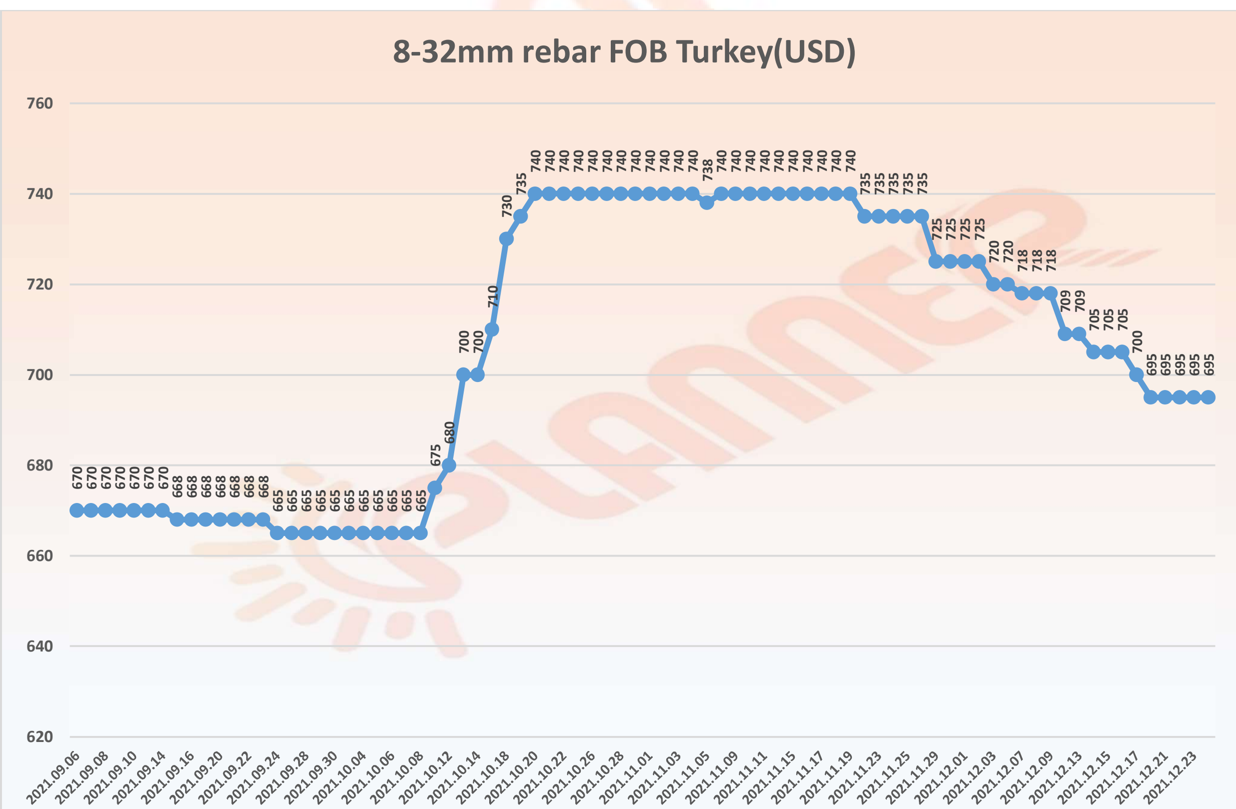
During the week, news of considerable appreciation of lira against the US dollar and the suspension of production from Tuesday to the end of the week due to gas shortages, caused fluctuations in the steel market in Turkey. The price of rebar in the domestic market, which was in the range of $680-700/mt EXW, started strengthening in dollar terms at the end of the week and despite reduction of sellers' offers in the domestic market, prices in dollar stood at $700-715/mt EXW. The rise in value of the lira prompted exporters to raise offers from the current $690/ton FOB. However, due to the New Year holidays and the atmosphere of uncertainty in the steel market, market activity was slow, so only after the return of participants it is possible to evaluate the supply and demand conditions to determine the direction of prices.

Iranian rebar prices almost showed no change over the week, however, the dead demand in the domestic market added pressure to suppliers in order to consider some discount in export markets.

ended the week with almost no change. The latest offers for Iranian origin rebar come at 530-535 USD/Mt EXW. Demand mostly comes from the Western neighboring country and traders eye lower tags as the demand in the domestic market is practically dead.

In wire rod market, the rebound in Turkish Lira exchange rate against US dollar caused the Turkish exporters to hold their positions and avoid discounts. The offers remained stable at 780-790 USD/Mt FOB, while Iranian suppliers considered 610 USD/Mt FOB also workable, with no demand attached.

Market Outlook: With New Year's holidays ahead, the expectation for demand lacks strength and Planner believes prices to remain flat or correct downward.



- **Finished flat products**

The flats were no exception and the prices in Chinese domestic market fell to some extent. The average price of 4.75 mm HRC in 24 main cities of China were estimated 4843 RMB/Mt, registering a weekly decline of 16 RMB. The tags in futures market had a free fall of 151 RMB/Mt to 4529 RMB/Mt, showing the lack of confidence by the investors. The weekly production of HRC fell in line with consumption and both supply and demand are weak.

In CIS region, to draw the attention of the customers, suppliers reduced their tags by almost 20 USD/Mt. The latest offers from sellers come at 765-775 USD/Mt FOB and the lower levels also possible for sizeable tonnages. Stronger Turkish Lira boosted the buyer's confidence by the end of the week and prices stopped falling, at least for short term.

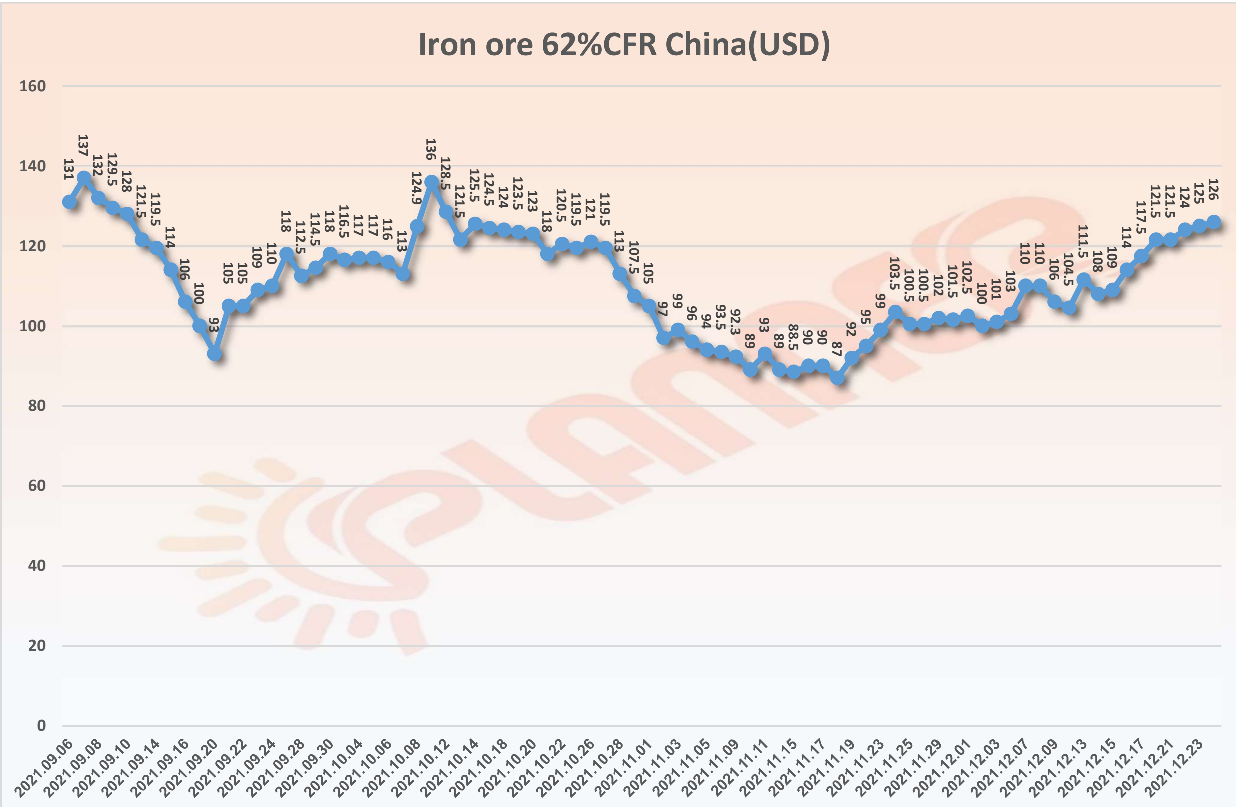
The CRC pieces also fell with respect to cheaper slab prices in the CIS region. The participants expect further fall and the market is in a wait-and-see mood, avoiding high tonnage purchases. Estimation for the CRC price come at 875-910 USD/Mt FOB.

Market Outlook: Planner predicts that flat prices will generally fall again next week across major markets.

Raw Materials

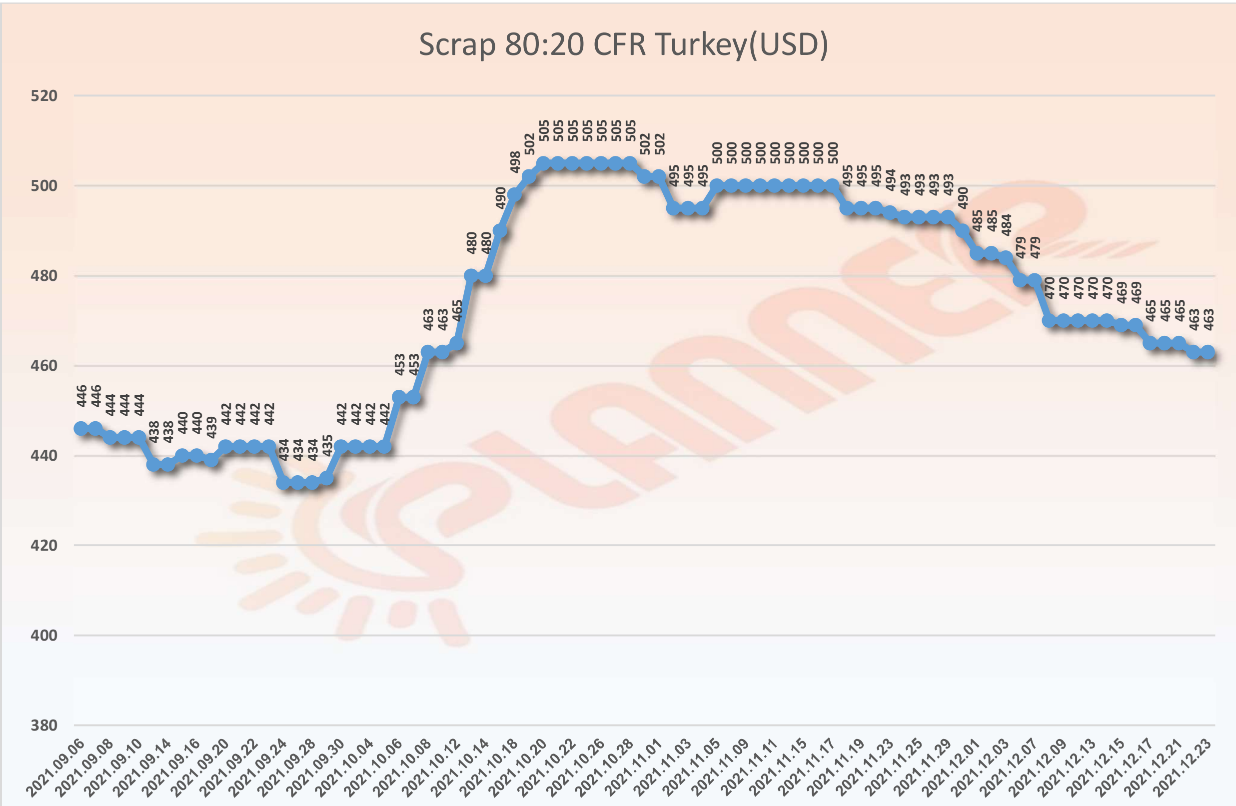
- **Iron Ore**:

Iron ore fines 62% Fe registered another hike this week and touched 126 USD/Mt CFR China, marking a weekly gain of 9.5 USD/Mt. The increase is mostly based on the expectations of higher steel production in December as China has achieved its goal for 2021. Several steelmakers in Tangshan have been upgraded from D to C level, meaning they can produce more during the heating season.in addition, the iron ore inventory in 45 ports across China fell for the first time since October 2020 to reach 115.12 million Mt. It is expected that the iron ore will consolidate during New Year's holidays.



- **Scrap**

After reducing interest rate by 5% based on the central bank's policy, Turkish Lira fell sharply and touch the bottom of 17.2175 against the US dollar on December 20. However, after President Recep Tayyip Erdogan announced support for the lira deposits and promised to cover losses for lira deposit holders, Turkish Lira compensated 38% devaluation against the US dollar during 20-24 December, rising to 10.6645. The new policy of the Turkish government caused the price of domestic products and raw materials to reverse, and the lira dominated prices of scrap and steel products were accompanied by a significant reduction. However, ex-US scrap price index remained in the expected range of $460-465/mt CFR Turkey for the HMS 1&2 (80:20) regarding the January shipment trading of raw material with European and North American suppliers. Elsewhere, steel demand is still in downward trend, and scrap prices in Asia, excluding India, fell between $5-15 per ton. In addition, expecting a reduction in steel production in Europe, where energy costs are on rise, could benefit Turkish importers due to increasing available cargoes. On the other hand, with appreciation of the lira, suppliers are resisting further reductions in raw material prices. Planner assesses the space for further reduction of imported scrap in Turkey as limited, and it seems that current prices have reach the bottom. We expect to see more stability and slight fluctuations in the price of imported scrap in new deals.



- **Hard Cocking Coal**

During last week, coking coal market in the Australian FOB and China's CFR market had different orientations due to different fundamentals. China's coking coal imports in November after clearing stranded Australian coal rose to 7.74 million tons, up 76.5% compared to October, while China's total imports in January-November amounted to 47.21 million tons. In addition, sufficient domestic supply, along with the not-so-positive outlook for steel production given the Beijing Winter Olympics and production curbs in Q1, has left limited chance of export to China for US and Canadian suppliers.

Cleared Australian coal is available in China's Jingtang Port at $314/mt (2,000 yuan/mt) and Shanxi origin coal in Tangshan assessed at $340-400/mt. while offers from US suppliers placed in range of $340-350/mt CFR China.

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For buyers of other regions, supply tightness has increased from the United States and Canada, and wet weather caused long delays in Australian ports. As demand for raw materials emerge in Asia and importers are looking to procure met coal, prices are expected to increase. Price indicative of FOB Peak Downs, Australia is estimated at $ 350-355/mt.

2021/12/24

Commodity	Origin	Currency, Delivery term	Price	Daily change
LME Aluminum closing (3-Month)		$/t	2,846	+21.5
LME Copper closing (3-Month)		$/t	9,612	+5
WTI crude oil (January Contract)		$/Barrel	73.79	+1.03
BRENT crude oil (January Contract)		$/Barrel	76.64	+1.36
Iron Ore, 62%	Australia	$/t, CFR China	126	0
Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	463	0
Coking coal	Australia	$/t, FOB	352	+7
Coking coal	USA	$/t, CFR China	340	-10
Billet Q235	China	CNY/t, EXW	4,390	0
Billet Q235	China	$/t, EXW	689	0
Slab	China	CNY/t, EXW	4,580	0
Slab	China	$/t, EXW	719	0
Imported Billet BOF/3SP 150mm	-	CFR China	610	0
Billet	CIS	$/t, FOB	590	0
Slab	CIS	$/t, FOB	580	0
HRC	CIS	$/t, FOB	790	0
Rebar	Turkey	$/t, FOB	695	0
Billet	Iran	$/t, FOB	540	0
Slab	Iran	$/t, FOB	568	0
Rebar	Iran	$/t, EXW	535	0
Transactions of construction steel (rebar, wire rod and bar-in-coil) in 237 Trading house of china				
Yesterday's trading volume (tons)			183852	
Today's trading volume (tons)			167906	

Steel Industry Admired Producers

24) Vale

Vale originally established on June 1, 1942 as the state owned Companhia Vale do Rio Doce, Vale became a private company ranking among the largest miners in the world. In fact, Vale is a global mining company, transforming natural resources into prosperity and sustainable development. Mr. Eduardo Bartolomeo has been Vale's CEO since 2019 and it headquartered in Brazil, they employ approximately 185,000 people between direct employees and permanent contractors. This company operations abroad cover approximately 30 countries that share the mission of the Vale to transform natural resources into prosperity and sustainable development. Vale is the world’s biggest producer of iron ore and pellets, raw materials essential to the manufacture of steel. In addition to mining, this company works with logistics, railways, ports, terminals and state of the art infrastructure, energy, and steel making.

Iron ore is found in nature in the form of rocks, mixed with other elements. By means of various industrial processes incorporating cutting-edge technology, iron ore is processed and then sold to steel companies. The iron ore produced by Vale can be found in houses, cars and household appliances. They are investing in technological innovations and developing initiatives to prevent and minimize the environmental impacts that mining causes. Their aim is to set the benchmark in the sustainable management and use of natural resources. The mines of Vale are concentrated in Brazil, where they also operate pelletizing plants. In addition, they have a pelletizing plant in Oman and stakes in joint ventures in China that produce pellets (small lumps of iron particles). Carajás is Vale´s biggest operation, located in the Amazon region in northern Brazil. Carajás’s iron ore is considered the highest quality in the world.

Vale has a logistics network that integrates mines, railroads, ships, and ports for fast and safe transportation of ore. Their infrastructure is used in Brazil, Indonesia, Mozambique, Oman, Malaysia, and China. The logistics structure of Vale also carries third-party cargo and offers two passenger train lines in Brazil – Vitória-Minas railroad (EFVM) and Carajás railroad. Vale operates nearly 2 thousand kilometers of railroad network. To integrate operations in the five continents, Vale has a network of ports and terminals connected to the mines through railroads. Among them are deep-draft ports suitable for Valemax. Vale operates large vessels, which guarantee economy and agility in the transportation of ore. It interesting to know that 54% of the energy consumed by

Vale is self-generated, mainly from hydroelectric and wind sources. In Brazil, Vale accounts for almost 2% of all electric power consumed in the country, standing among the five largest consumers.

Shipping Market

- **Capesize**

The Capesize market moved sharply lower this week with both the overall index and the average of the five-time charter routes declining over 2100 points and $17,422, compared with last Friday, closing the week at 2727 and $22,613 respectively. C10, the transpacific run, was the major contributor to the decline alongside C5, the west Australia to Qingdao run, fell to the level of $9/mt. In the Atlantic, both transatlantic and fronthaul continued southwards movement throughout the week. A quick voyage moving 180,000mt, 10% iron ore, from PDM to Rotterdam was paid $10.40/mt on 20 to 29 January. A Capesize vessel was booked for 130,000mt, 10% iron ore, from Narvik to Hansaport on 29 December to 7 January at $8.40/mt, with the dates slightly out of the index window. The fronthaul business remained lacking, posting $46,135/day on C9 by the end of the week.

- **Panamax**

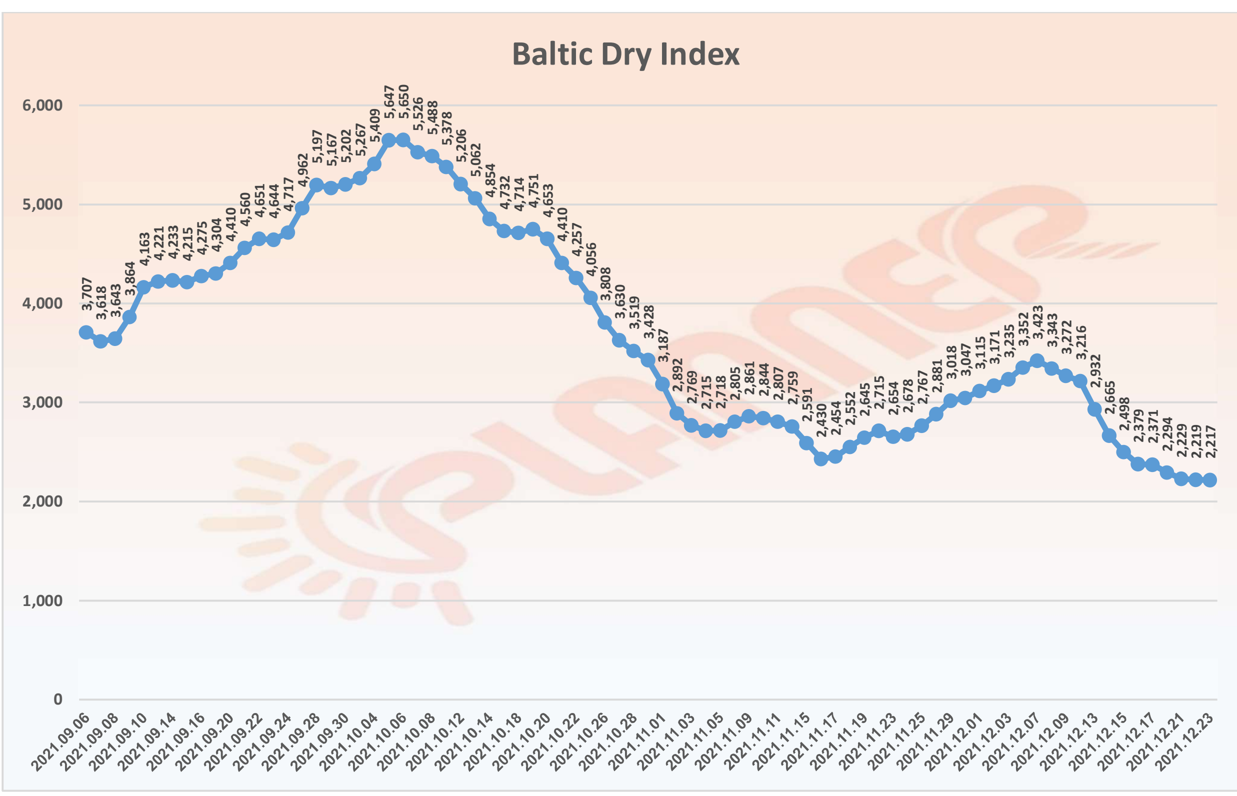
It was the week before Christmas, but there was little festive cheer around the Panamax market with substantial corrections enveloping the market. Some scrambled to take cover prior to the holidays and were forced to take lower rates as the tonnage count carried over from last week impacted markets. The Atlantic failed to find any momentum this week with subdued activity on all usual fronts, some very cheap transatlantic voyage fixtures concluded, reaffirming the negative tone as these provided very weak time charter equivalent returns. A smattering of EC South America fixtures surfaced. But this failed to provide any support to the Asian basin, despite seeing a reasonable level of activity. Much of the Indonesian coal stems were mopped up by smaller/cheaper LME tonnage, willing to concede cheaper rates as opposed to Kamsarmax tonnage who mostly resisted as Australian and NoPac enquiry provided some support midweek. However, rates concluded were wide ranging. Very positional but the overall tone was vastly weaker.

- **Supramax / Ultramax**

The last full working week for many prior to the Christmas holidays saw sentiment slide with limited fresh enquiries appearing on the market from key areas and some owners discounting to get cover over the festive season. Limited period activity surfaced but a Tess 64 was rumored fixed basis delivery April 2022 for three years trading at 117 percent of BSI. In the Atlantic, a subdued week. A 62,00-dwt fixing delivery US Gulf for a trip to Portugal at $39,000. Elsewhere a 62,000-dwt open East Coast South America was fixed for a trip to the Red Sea redelivery Port Said at $46,000. From Asia, demand eased in the South with limited coal enquiry, a 56,000-dwt open Cebu fixing via Indonesia redelivery China at $25,000. Further North brokers saw a little more enquiry - but limited information surfaced. A 58,000-dwt open Kunsan fixing a CIS Pacific round, redelivery CJK in the mid $20,000s. From the Indian Ocean a 56,000-dwt was fixed from South Africa to the Far East at $26,000 plus $600,000 ballast bonus.

- **Handysize**

With the Holiday season drawing closer the visible activity levels dropped this week with many having taken cover early it seems. Sentiment softened in most regions as some owners were said to take discounted rates to avoid being open next week. A 33,000-dwt fixed from the Continent with prompt dates to the US East Coast at $33,000 and a 38,000-dwt open in Recalada with December dates was fixed for a trip to Morocco at $41,000. A 33,000-dwt was prompt December opening was fixed for a trip from Santo to Morocco in the high $30,000s. A 28,000-dwt open prompt in Gresik was fixed via Australia to Samalaju with an intended cargo of Alumina at $19,000. A 33,000-dwt open in Port Kembla with December dates was fixed with an intended cargo of Alumina to Samalaju at $22,500. A 34,000-dwt open in Ulsan was fixed via Japan to South Africa with an intended cargo of steels at $22,750.



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Weekly Review of Iran Domestic Market

Last week, the country's steel market continued to ignore the US dollar exchange rate decline. The weakening of the steel export market, the lack of interest in the country's construction sector and the cold season have caused a recession in the domestic steel market. This recession is clearly seen both in the billet and steel products at IME market and in the physical market.

On Tuesday, about 144,000 t of billet were offered at IME market with the base rate of 123,000 to 127,000 IRR, which was lower than the previous week, and this factor made the applicants welcome the billet sales. The average trading rate of billet was 137,255 IRR, which was the lowest trading rate of billet after June this year. The price reversal in the billet base rate caused 95,000 t of billet to be traded at IME. This figure was higher than the sales volume of billet in the previous week, which was 49,000 t. However, it is not a significant number, since, as a raw material for rolling plants, they have no choice but to buy it to keep their production lines dynamic.

During the last week, rebar in the physical market continued to move in the direction of adjusting the rate, and finally on Tuesday, each kilogram of rebar in the spot market reached 153,000 IRR, which had a decrease of 2,000 IRR compared to the earlier week.

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