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Happy New Year

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Editorial

With 2021 finally over, investor pay more attention to the risks facing global economy in 2022. In the New Year, can the global economy recover from the impact of the epidemic? In 2021, the world economy continued to rebound, but it is hard to call it a real recovery. In 2022, all participants remain cautiously optimistic about the prospects for recovery. Starting from the third quarter of 2021, the global economic recovery weakened in many regions. The new variant has repeatedly caused an increase in the number of infected people, disrupted supply chains, and raised energy prices. Various reasons in combination have caused the global economic performance in the third and fourth quarters of 2021 to be lower than expected, and there are huge uncertainties in the future economic prospects. With the acceleration of vaccination and the launch of oral drugs, the impact of the epidemic on the global economy is expected to be significantly weakened, but the recovery still faces some major risks: first, emerging and developed economies have a tendency to raise interest rates; second, The withdrawal of the US quantitative easing policy will have an impact on the financial markets of emerging economies; thirdly, due to differences in the anti-epidemic process and vaccine popularity among countries around the world, the uncertainty of the epidemic in some regions still exists.

Supply-side factors will restrict growth and also push up inflation. It is expected that inflation will remain high for a period of time. At the same time, inflationary pressures are gradually being transmitted to areas where rents and wages change more slowly, but the trend is more difficult to reverse. The above-mentioned unfavorable factors will put pressure on the global economic growth prospects in 2022 and 2023.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	December 24	Change % (MoM)
Iron Ore CFR China	114.14	118.7	119.6	+4.7
Scrap CFR Turkey	473.6	463	463	-2.3
Billet FOB CIS	604.5	589	589	-2.6
Slab FOB CIS	647.2	580	580	-11.5
Rebar FOB Turkey	704.7	690.8	690	-2.1
HRC FOB CIS	812.4	776.6	775	-4.8
CRC FOB CIS	955.4	900	865	-10.4

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Macro Economy

- **USD Index**

The US dollar index hovered around 96 at the end of December, close to the lowest level in 4 weeks, but it is still set for a 7% gain in 2021, the biggest since 2015 amid prospects the Fed would tighten monetary policy faster than other central banks and as investors believe the US economic recovery remains resilient and more robust than others. The Federal Reserve announced at its December meeting it would end its pandemic-era bond purchases in March, paving the way for three interest rate hikes by the end of 2022, as policymakers voiced concerns over persistently high inflation against a backdrop of a steady recovery in the labor market.

- **Crude Oil**

Crude Oil analysts have lowered their price forecasts for 2022 as the Omicron coronavirus variant poses headwinds to recovering fuel demand and risks a supply glut as producers pump more oil, a Reuters poll showed on Friday.

A survey of 35 economists and analysts forecast Brent crude would average $73.57 a barrel in 2022, about 2% lower than $75.33 consensus in November. It is the first reduction in the 2022 price forecast since the August poll.

U.S. crude is projected to average $71.38 per barrel in 2022, versus the previous month's $73.31 consensus.

"With oil demand growth slowing, supply growth persisting, and the energy crunch easing, we see the oil market balance expanding rather than shrinking in 2022 and thus expect prices to trend lower from today's levels," said Julius Baer analyst Norbert Rücker.

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Steel

- **Semi-Finished Products**

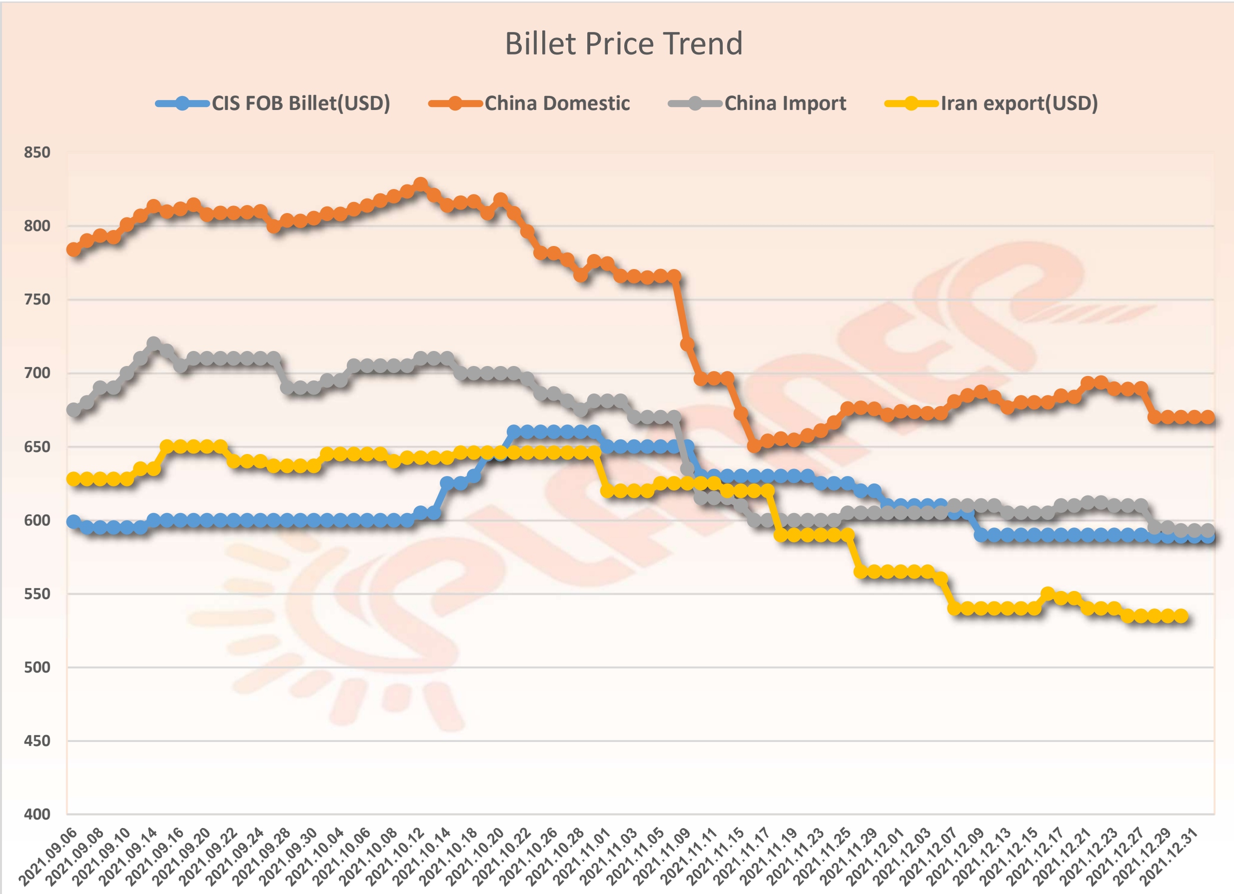
Tangshan billet price fell heavily this week on the expectations that the Central Government does not intend to cut industrial production during the Winter Olympics and the supply-side will remain strong, while the demand is in the off-season. Benchmark domestic billet price plummeted by 120 RMB to reach 4270 RMB/Mt on Friday. The recent increase in futures and spot market was based on the assumption that steel output during the first quarter of 2022 will be lowered because of the event China is hosting in Hangzhou. With the news denied by the Communist Party, now the participants expect higher supply, while winter storage tends to be weak this year. Tangshan billet inventories fell slightly after a couple weeks of consolidation to reach 255.2K Mt. It is believed that China domestic billet prices do not have much room to expand. On import side, the demand is still weak and buyers bid not higher than 600 USD/Mt CFR.

CIS sellers are still in a wait-and-see mood and do not rush to sell huge tonnages. Buyers also tend to wait for now as the New Year's holidays kicked in and trading activities are absent. The latest offers from the sellers come at 587-593 USD/Mt FOB based on the mill and delivery time, while buyer's ideas hover around 580-585 USD/Mt FOB. Turkish buyers accept not higher than 610 USD/Mt CFR, translating to 575-580 USD/Mt FOB, as Turkish Lira started another round of weakening earlier this week.

Iranians sold some cargoes last week in the range of 535-545 USD/Mt FOB. 30,000 Mt EAF billet were reportedly sold to Southeast Asia at 535 USD/Mt FOB, while another 30,000 Mt were dealt at 538 USD/Mt FOB. Another mill claims to have sold 30,000 Mt at 545 USD/Mt FOB, which is considered a bit high given 50+ USD/Mt freight to Southeast Asia.

In slab segment, CIS sellers hold their offers firm at 580 USD/Mt FOB. The activity is almost zero during New Year's holidays and is considered to remain same for the next week.

Market Outlook: Planner expects the semis prices to remain rangebound next week, since the trading activity is shut down in main consuming markets.



- **Finished long products**

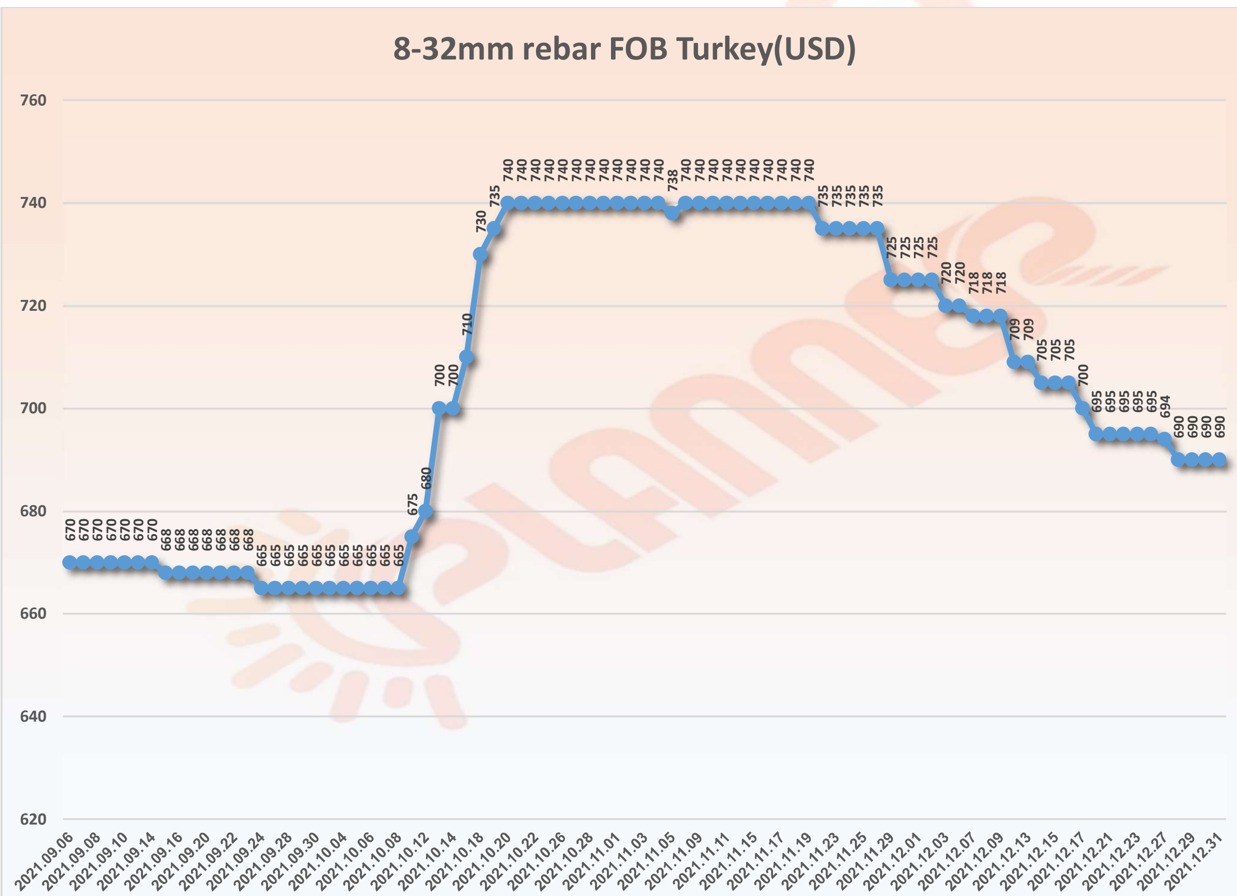
The price of longs in Chinese domestic market fell broadly this week and the average price of rebar in 31 major cities lost 117 RMB/Mt on a weekly basis to reach 4726 RMB/Mt on Friday. Elsewhere in futures market, the price of main rebar contract decreased 93 RMB/Mt to 4315 RMB/Mt, showing the sentiments towards the market future is not so optimistic. The construction activities have fallen significantly as the year came to the end and the weather got cooler. It is believed that the price of construction steel will remain weak in the next week.

The price of Turkish rebar decreased due slower activity in market in the last days of 2021 and the weak demand in both the domestic and export markets. In the domestic market, with depreciation of the lira after gaining 10.6507 per dollar on December 25 to 13.3664 on December 31, rebar price fell to the level of $ 680-700 /mt EXW. In the export market, offers are mainly in the range of $680-690/mt FOB and there is a possibility of further reduction depending on the tonnage and producer of the product. It is expected that regardless of price changes due to fluctuations in the value of the lira, rebar tags considering the stability of scrap prices and further decline in market activity will see stability, possibly with a slight correction.

Iranian re-rollers are still under pressure of buyers to consider more discounts in order to sell some tonnages. The latest offers from Iranian sellers come at 525-530 USD/Mt EXW, down 5-10 USD from a week earlier. The demand in the domestic market is almost dead, hence, sellers rush through export market.

In wire rod market, with holidays ahead, the prices little changed. The latest prices come at 775-790 USD/Mt FOB, with no deals taken place. Iranian wire rod is available around 600-610 USD/Mt FOB, while the demand is very low.

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



- **Finished flat products**

The flats prices also slumped considerably this week, with spot and futures prices correcting downward. The average physical price of HRC in 24 major cities of China decreased by 55 RMB over the week, while the main HRC contract in futures market plummeted by 118 RMB/Mt to 4411 RMB/Mt on Friday. The inventories of HRC are generally falling, showing the traders' interest to destock rather than restock. The expectations about lower production in winter is fading away and the market lost faith. It is expected that the price of flats will remain stable or correct downward next week.

In CIS region, the price of HRC mostly fell by 5 USD/Mt as buyers leave the market for the New Year's holidays. The latest offers from the sellers are heard at 774 USD/Mt FOB, while there is almost no demand. It is expected that the price of HRC fluctuate rangebound next week.

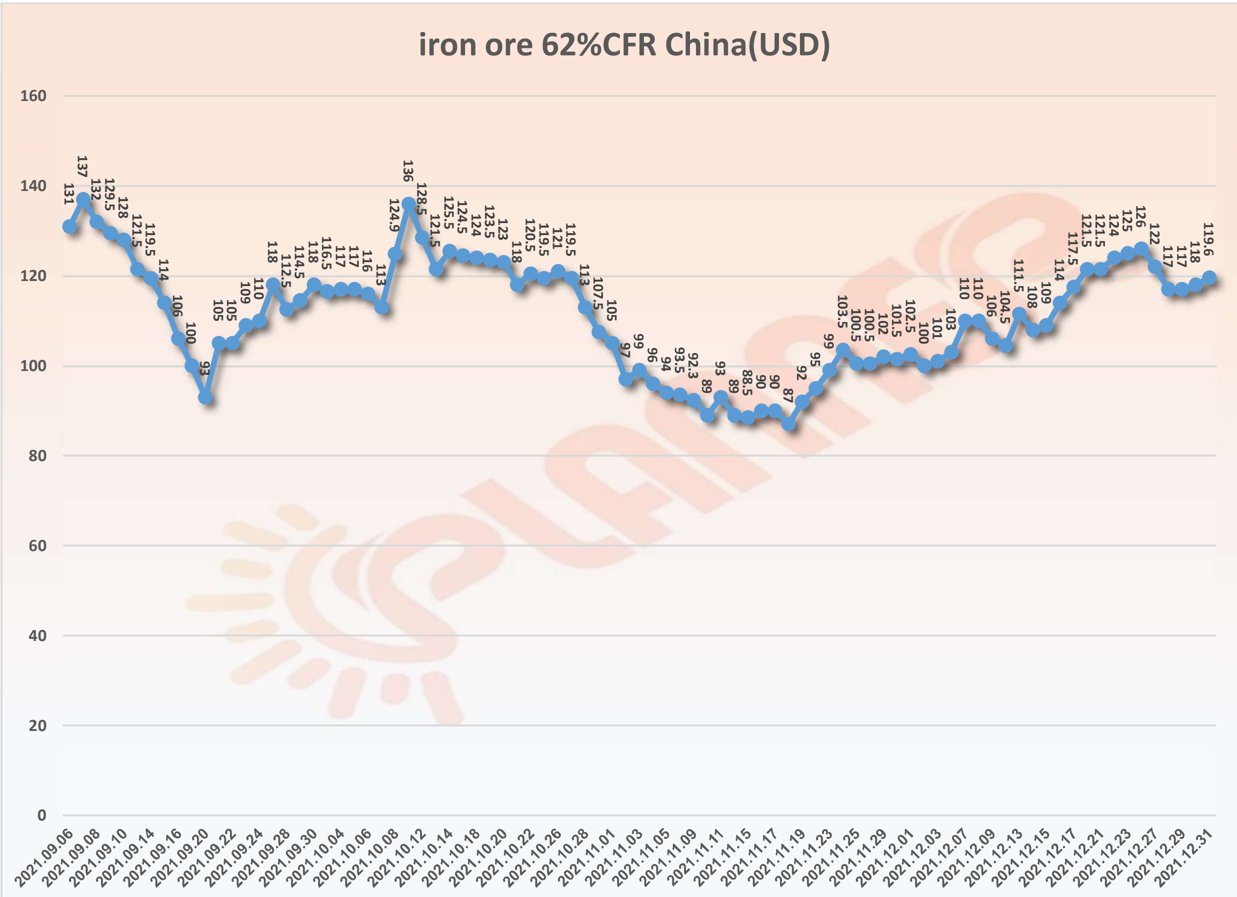
The CRC pieces remained flat last week in the range of 880-910 USD/Mt FOB. The market is basically under the effect of holidays and there seems to be no major changes next week.

Market Outlook: Planner predicts that flat prices will fluctuate in a narrow range next week.

Raw Materials

- **Iron Ore**:

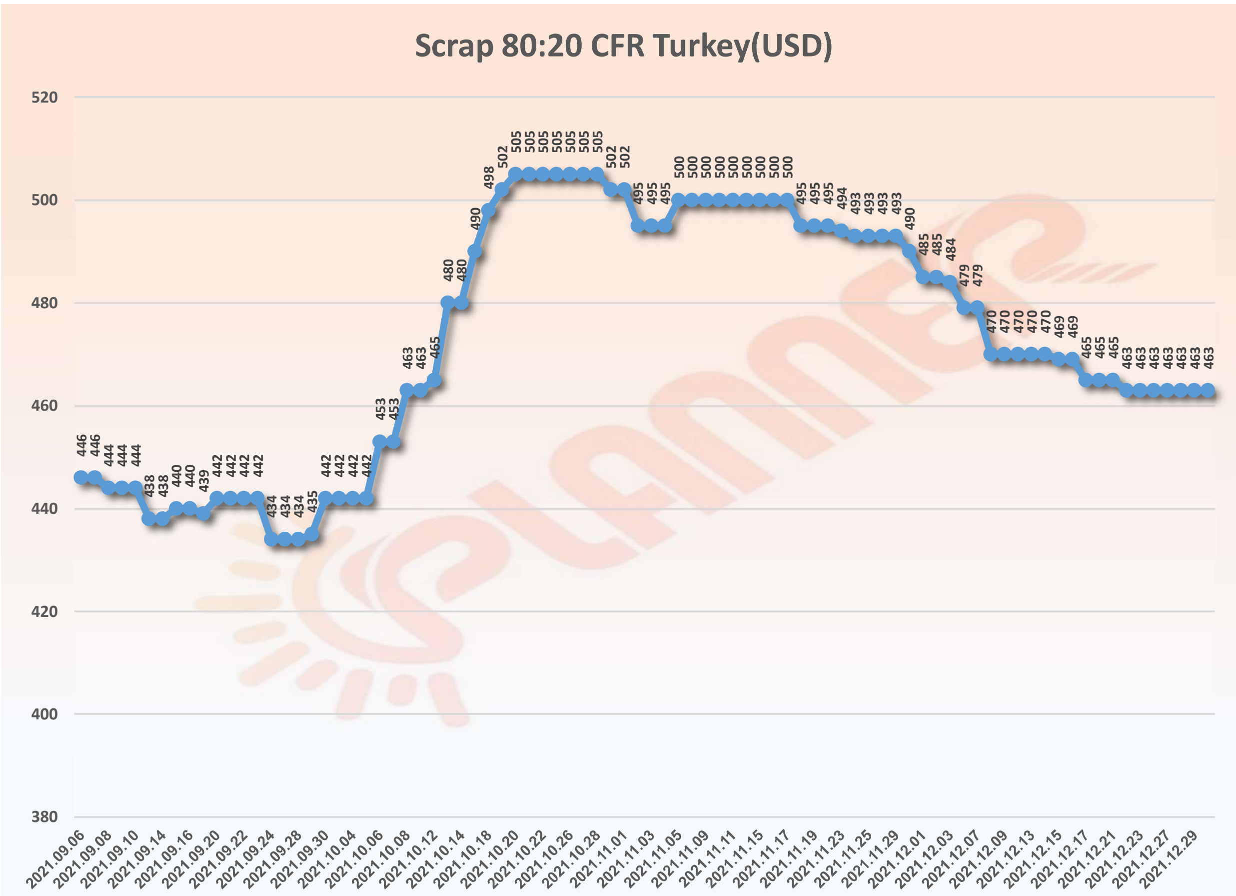
Iron ore fines 62% Fe price fell last week after 3 weeks of gain. The iron ore benchmark lost 6.5 USD over the week to reach 119.5 USD/Mt CFR, although the port inventories fell to a great extent. The main reason behind price fall was lower tags for finished steel, pressuring steelmakers margin. Mills mainly purchase on demand and are not willing to buy high volumes, waiting for further discounts. The expectations for better demand in January, which is basically the off-season for supply of iron ore has made some support for iron ore prices.



- **Scrap**

Turkish scrap imports market in the last week of 2021 remained bearish, market participants are waiting for the return of buyers and sellers after New Year holiday to determine the price trend. The HMS 1 & 2 (80:20) Planner Scrap Price Index remained stable at $463/mt CFR Turkey during the week. In recent transactions ex-US crude raw material traded at $475/mt CFR for shredded scrap, previous material from the US were priced at $465/mt CFR for HMS 1&2 (80:20) and $480/mt CFR for shredded. In domestic market, the lira dominated price of scrap, decreased at the beginning of the week and increased at the end of the week according to fluctuation of the lira.

Buyers are still looking for further price reductions due to falling steel markets and rising energy costs. Dock side price in major scrap supplying region, have been declining and scrap supply see better front in the United States, allowing further discounts. However, with few offers on the market and Turkish steelmakers needing to buy the February raw materials, sellers resisting further price cuts. In the Asian market, stockpiles are done before the holidays, and prices are generally declining. New export offers are heard in Asian countries with a decrease of $5-10/mt. Planner see the market based on the market condition as more likely to stabilize and slight adjustment in the short term.



- **Hard Cocking Coal**

Coal in the Chinese import market and the Australian export market this week passed the quiet market without any new transaction. In China, the availability of coal from domestic sources or released Australian cargo from ports with prompt delivery conditions and more competitive prices disinclined buyers to imports. In the domestic market, prices for steel products fell and raw materials, including coke and coke, rose in anticipation of easing production restrictions before the Hangzhou Winter Olympics. On December 31, coal in futures market rose 34.5 yuan ($5.5) to 2,228.5 yuan/mt ($350/mt). The price of coke also increased by 19.5 yuan ($3) compared to the previous day to 2,934 yuan/mt ($462/mt). In the physical market, coke producers are looking to increase prices due to lower profit margins, which may not further be possible due to cheaper steel products and lower profitability of steelmakers.

In the Australian FOB market, due to weather conditions and expected supply tightness in Q1 2022 due to storms and rainfall, offers have increased to $355-360/mt FOB. Demand for raw materials is expected to be strong after the holidays and demand for steel is expected to improve, with trades expected to rise in price.

2021/12/31

	Commodity	Origin	Currency, Delivery term	Price	Daily change
Planner-group.com	LME Aluminum closing (3-Month)		$/t	2,818	+8
	LME Copper closing (3-Month)		$/t	9,691.5	+11
	WTI crude oil (January Contract)		$/Barrel	76.56	+0.43
	BRENT crude oil (January Contract)		$/Barrel	79.53	+0.32
	Iron Ore, 62%	Australia	$/t, CFR China	118	+1.5
	Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	463	0
	Coking coal	Australia	$/t, FOB	355	+4
	Coking coal	USA	$/t, CFR China	340	0
	Billet Q235	China	CNY/t, EXW	4,270	0
	Billet Q235	China	$/t, EXW	672.5	+2.5
	Slab	China	CNY/t, EXW	4,530	-10
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	Imported Billet BOF/3SP 150mm	-	CFR China	593	0
	Billet	CIS	$/t, FOB	589	0
	Slab	CIS	$/t, FOB	580	0
	HRC	CIS	$/t, FOB	775	0
	Rebar	Turkey	$/t, FOB	690	0
	Billet	Iran	$/t, FOB	543	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)	-
Today's trading volume (tons)	144694

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Steel Industry Admired Producers

25) JSW Steel

JSW Group is an Indian multinational conglomerate, based in Mumbai. The name was Jindal South West. Later, the company adopted the name of JSW to promote it as a brand. As one of India's leading business houses, JSW Group also has other business interests in sectors such as energy, infrastructure, cement, paints, sports, and venture capital across India, the US, South America, and Africa. JSW Steel began operations in 1982 with the group's first steel plant in Vasind, near Mumbai. This project was scored by Jindal Iron and Steel Company. In the next two decades, several development plans were designed for it. The next two decades saw several acquisitions and expansion plans being drawn out. It certified as Great Places to Work in 2021, has emerged as an organization with a strong cultural foundation and great potential to be among the Top 100 companies. The headquarters of JSW Group is located at JSW Centre in Kalina, Mumbai and its CEO is Mr. Sajjan Jindal. Over the last three decades, it has grown from a single manufacturing unit to become India's leading integrated steel company with capacity of 28 MTPA in India & USA (including capacities under joint control). Its roadmap for the next phase of growth includes a target of achieving 37.5 MTPA steel capacity by FY25. The Company's manufacturing unit in Vijayanagar, Karnataka is the largest single location steel producing facility in India with a capacity of 12 MTPA. It is producing flat steel products, long steel products, wire products, plates.

The revenue of JSW was US$9.8 billion and its net income was US$530 million in 2020. According to the information in 2020, the total asset of JSW was US$530 million and this group had 12,599 in 2019. Based on the latest information which released by world steel association, this company produced 14.86 m/t crude steel in 2020 and has ranked the twenty fifth among top steelmakers in the world. JSW Steel has always been at the forefront of research and innovation. JSW Steel is the only Indian company to be ranked among the top 15 global steel producers by World Steel Dynamics for 13 consecutive years since 2008. As a responsible corporate citizen, JSW Steel's carbon reduction goals are aligned to India's Climate Change commitments under the Paris Accord.

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Shipping Market

While dry bulk freight rates periodically hit multi-year highs in 2021 on the back of an improving global economy after the COVID-19-induced market collapse, a repeat of this extraordinary feat is unlikely in 2022, according to shipping industry executives.

In fact, the time charter equivalents, which measures a ship's daily income, had hit near historic levels. The Platts Cape T4 Index — a trade flow based weighted average of four key Capesize routes — peaked at $78,917/d Oct. 6.

Similarly, the KMAX 9 and APSI 5 indexes — a trade flow based weighted average of nine Kamsarmax routes and five key Supramax routes within the Asia Pacific, respectively — peaked at $37,857/d Oct. 15 and $38,722/d Aug. 30, correspondingly.

A major factor that had impacted the supply of vessels — the COVID-19-related protocols followed at various ports across the world — which drove up tonnage utilization rates is expected to ease as more economies become better equipped to manage local outbreaks of the virus.

Australia's Queensland is doing away with the requirement of a mandatory 14-day gap since the last port of call before a ship can berth at its ports, according to a notification published Dec. 17.

An easing of COVID-19-related restrictions is expected to dampen the huge volatility seen in the freight rates during 2021 as the supply and demand dynamic starts to look more balanced.

The main predicament for shipping markets in 2022 would be the much-discussed issue of decarbonization. The ordering of dry bulk vessels has been curtailed as shipowners continue to assess the upcoming environmental regulations and its commercial impacts. According to analysts' estimates, the dry bulk fleet growth in 2022 is expected to average around 2%, compared to about 4% in 2021.

Many challenges loom for the freight market as shipping gets added into the European Unions' Emission Trading System (ETS) from January 2023. The International Maritime Organization (IMO) has also adopted new CO2 regulations — Energy Efficiency Existing Ship Index, or EEXI, and Carbon Intensity Indicator, or CII — that would be applicable to existing ships from 2023. Shipping accounts for around 2.2% of all global greenhouse gas emissions, according to the IMO.

While EEXI is for addressing the technical efficiency of ships, the CII rating scheme will measure the operational efficiency and the enhanced Ship Energy Efficiency

Management Plan (SEEMP) is a tool to control greenhouse gas emissions. Ships are given a specific rating on a sliding scale of A to E, where the latter is inferior. A ship rated D for three consecutive years, or E, would have to submit a corrective action plan to show how the required index, C or above, would be achieved.

To attain EEXI and CII compliance, most market participants expect vessels to limit engine power and reduce their cruising speeds, which in effect would reduce tonnage availability leading to higher time charter rates.

Meanwhile, rising inflation could prove an obstacle for the dry bulk freight segment next year with the increase in price of raw commodities likely to hit demand. “Inflation has not peaked yet and is still moving up,” a Singapore-based ship-operating source said.

“Demand growth forecast is severely cut for [2022],” a Hong Kong based ship-operator source said. “Supply chain issues might linger for a while. But pent-up demand that was seen in 2021 is easing to more normal demand.

The consensus in the market is that demand for major dry bulk commodities like iron ore and coal is close to the peak or may have gone past it. While bigger dry bulk ships such as Capesize is very much reliant on mining companies’ production and export volumes for their employment potential, going forward in 2021, the new growth centers for these ships would be the burgeoning export of iron ore and bauxite from West Africa, which would add to the ton-mile demand in this segment.

Looking ahead, while demand growth for major dry bulk commodities is limited, products such as grains, bauxite and other minor bulks are expected to grow as the world moves towards reducing carbon intensity. This move, market watchers said, could support the sub-Capesize sectors.

Also lending support to the dry bulk market is the trend of containerized cargoes and containers being moved on bulkers, which is expected continue at least till the middle of 2022.

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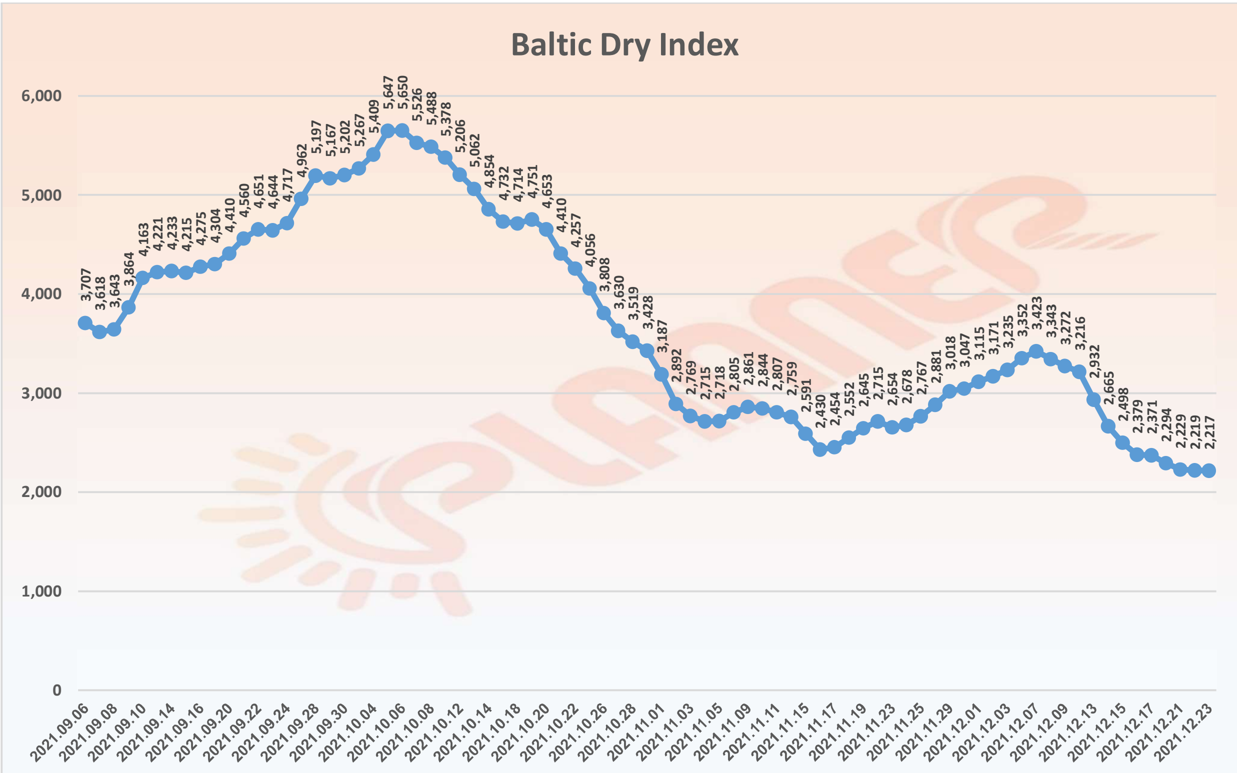

Weekly Review of Iran Domestic Market

It seems that the downward trend in domestic steel market shows a negative bubble in this market that can affect some industries. Rebar in physical market, with a weekly average price of 152.911 IRR, decreased 2648 IRR compared to the previous week. Also, billet in spot market with a weekly average price of 137330 IRR, decreased by 1090 IRR compared to the earlier week. The most important factors affecting the country's iron and steel market in recent weeks were the lack of consumer demand in the cold season, political issues and the prospect of determining the outcome of JCPOA, the New Year holidays and the decline in exports in recent weeks.

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