

Planner Sunday Journal

January 9th, 2022



Editorial

The Fed officials have been divided in two groups as the minutes of the Fed meeting revealed this week. Those who want to increase interest rate and those who want to increase rates even faster. The inflation is running at higher than 2-times that of Fed's target which is alarming for the US economy. The US Central Bank is laying the groundwork to raise interest rates as soon as March this year for the first time and probably 2 more times after that in 2022 in order to control the rising inflation that is pressuring the American households. The question now is whether earlier than expected rate increase could be expected. What if February is the month that the Fed is intending to raise the interest rates. This could well surprise the market and cause turbulence in participants' calculations. We need to eye the developments in January to realize the intentions of the US monetary organization for the time ahead.



Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	Jan 7 th	Change % (MoM)
Iron Ore CFR China	116.17	124.3	127.5	+9.7
Scrap CFR Turkey	471.5	463	466	-1.2
Billet FOB CIS	601.4	590.2	595	-1.0
Slab FOB CIS	633.8	580	580	-11.5
Rebar FOB Turkey	702.2	692	700	-2.1
HRC FOB CIS	804.9	774.7	774	-3.4
CRC FOB CIS	955.4	900	865	-10.4

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Macro Economy

- USD Index

The US dollar index fell below 96 on Friday, but was still on course for a weekly gain as investors continue to see a faster timetable for raising interest rates this year even though the December jobs report disappointed. Non-farm payrolls increased only 199 thousand in December, well below market forecasts of 400 thousand but the unemployment rate dropped more than expected and wage growth accelerated. Policymakers said in the latest Fed minutes the “very tight” US labor market might warrant raising rates sooner and indicated they could also reduce the central bank’s balance sheet to tame high inflation.

- Crude Oil

Crude Oil prices settled lower on Friday, as the market weighed supply concerns from the unrest in Kazakhstan and outages in Libya against a U.S. jobs report that missed expectations and its potential impact on Federal Reserve policy.

Brent crude settled down 24 cents, or 0.3%, to \$81.75 a barrel, while U.S. West Texas Intermediate (WTI) crude was down 56 cents, or 0.7%, at \$78.90 a barrel.

Brent gained 5.2%, while WTI gained 5% in the first week of the year, with prices at their highest since late November, spurred on by the supply concerns.

- Cryptocurrency

Solana Technical Analysis

Examining the chart considering high trading volumes in September 2021 and the fact that this money did not leave the currency, it is expected that the smart money will continue to follow its strategy in the long run and only take some time to slightly reform and revitalize Solana again.

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- Financial Markets

Technical analysis of the US dollar against the New Zealand dollar

Looking at the daily time frame of the price chart as well as the relative strength of trades, it seems that price is still going down and we expect support in the current floor range.



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Steel

- Semi-Finished Products

Chinese domestic billet prices pared some of the losses last week and rose by 80 RMB to reach 4350 RMB/Mt including 13% VAT on Friday, Jan 7th. The inventories of billet in Tangshan area fell heavily this week after three weeks of consolidation to 221.5 KMt, the lowest level since June last year. Downstream industries tend to restock before the Spring Festival. Plus, the margin of billet is higher than rebar at the moment and mills prefer to sell billet rather than rebar for the time. The fall in inventories enticed the market expectations and caused the prices to rise. On the import side, there has been news of some activities by Chinese buyers and some cargoes heard to be booked at 620-625 USD/Mt CFR.

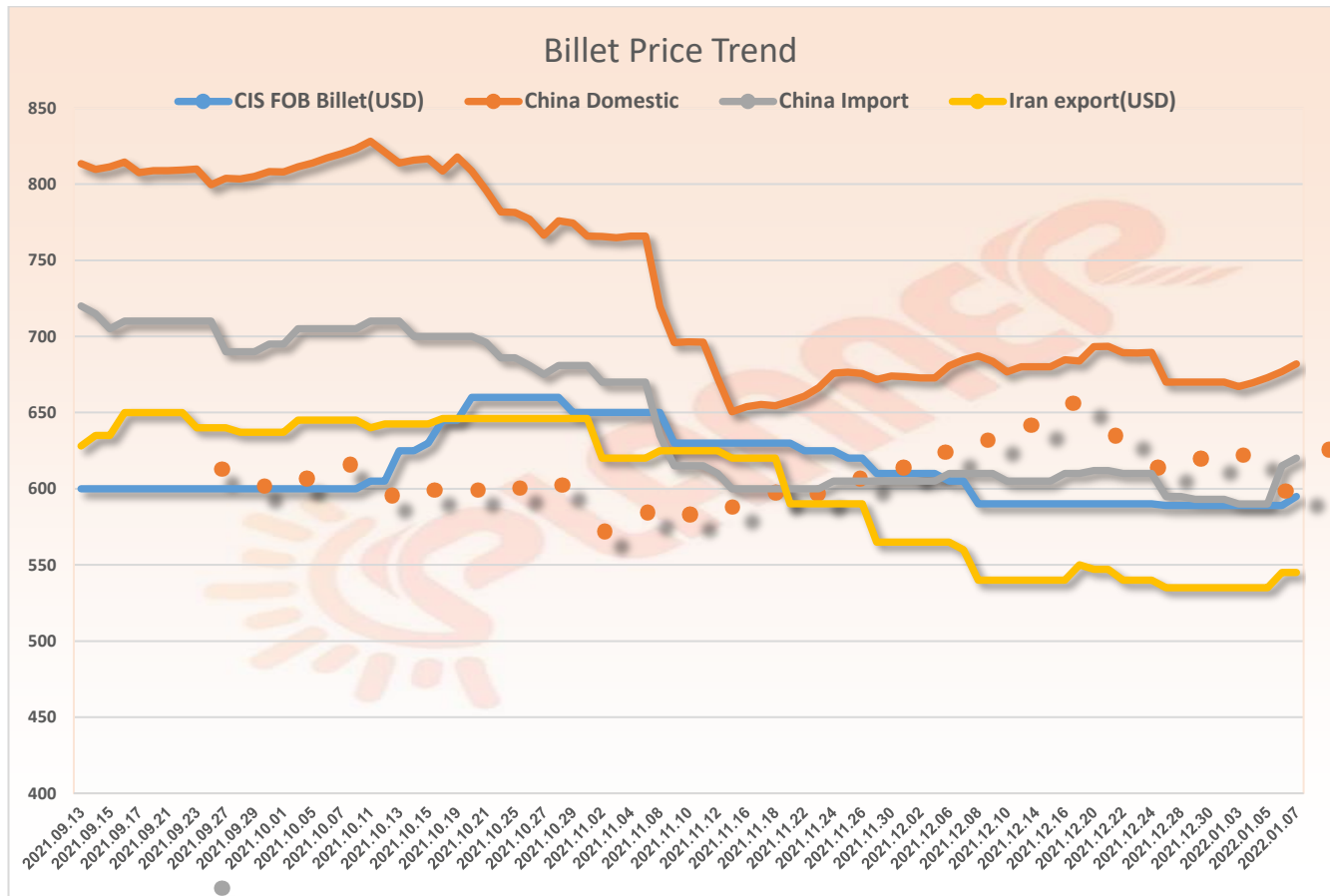


CIS sellers also started to push up their offers on the back of better scrap prices and higher energy costs in Turkey. The recent quotes from the suppliers come at 595-600 USD/Mt FOB with little discounts. There seems to be some demand from MENA region as well as Turkish buyers, but the activity has been minimal regarding the New Year holidays.

Iranian mills waited to assess the market after the last deal at 535 USD/Mt FOB. The news about some rebound in the prices caused producers to wait for the buyers to return to the market. There is some unofficial news heard about 2 deals to China from a trader at 620 USD/Mt and 625 USD/Mt CFR river ports and northern ports in China, which are considered a bit high at the moment.

In slab segment, the prices in CIS showed no significant changes due to holidays in main consuming markets. Next week, we might see a clearer picture since most participants will return to the market.

Market Outlook: Planner expects some efforts from the suppliers to push up the prices, while the buyers try to resist any hike since demand is unlikely to pick up in near-term.



- **Finished long products**

The price of rebar in Chinese domestic market rose slightly this week since there is a belief that the prices may rise after the spring festival. The average price of rebar in 31 main cities of China increased by 18 RMB on weekly basis to 4744 RMB/Mt. In futures market, the main rebar contract 2205 hiked by 211 RMB over the week to 4526 RMB/Mt. there is still 3 weeks left till Spring Festival and the market is in off-season. There is not much hope for heavy winter storage due to high prices and only in March may we see some upward movements.



Turkish export rebar market slowed down by the end last year amid weak demand in foreign destination. However, in January increasing cost of electricity and gas adverse the situation. From January first electricity prices have risen up to 127% for high demand industrial users and 52% for households as Energy Market Regulatory Authority announces, while natural gas price rise by 50% for commercial users and 25% for residential users. The producer price index for December rose 19.1% percent compared to November, which is have an inflationary effect on commodity prices in Turkey. In

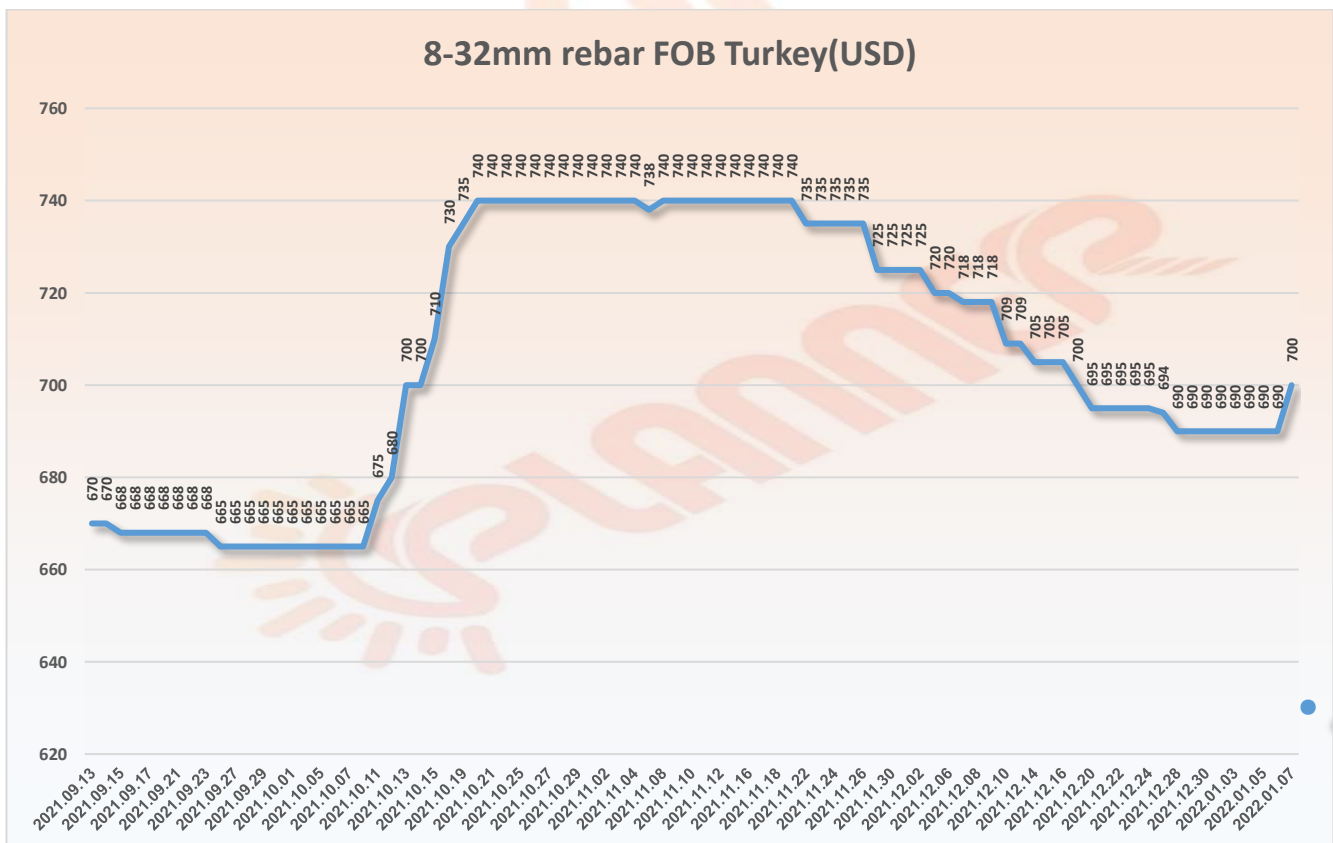
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In addition to increasing the cost of production, the prices of domestic and imported scrap, coal and iron ore also had an upward trend in world markets. The above factors increased the Planner export price index of Turkish rebar from \$690/mt FOB at the beginning of the week to \$700/mt FOB. However, supply and demand conditions are still weak, imports of raw materials and exports of steel products declined in December, with January deliveries still on the market, while products are typically booked a month or two earlier. Yet, market players are looking to improve demand in the coming months. Planner estimate workable prices depending on tonnage and destination in the \$ 695-705 /mt FOB range.

Iranian long steel producers hold their prices steady during last week, hoping for some positive movements in weeks ahead. Also, since IRR appreciated to some extent against USD, the sellers hesitate further discounts to buyers. Rebar is widely available at 525-530 USD/Mt EXW, while for higher tonnages up to 5 USD discount is also possible.

In wire rod market, CIS suppliers' offers come mainly at 770-790 USD/Mt FOB, with no major deals took place. Iranian producers sold some tonnages to Persian Gulf nations at 615 USD/Mt FOB, which are more competitive for buyers than CIS quotes.

Market Outlook: Planner believes that price of longs may rise slightly next week as the tags for imported scrap to Turkey strengthened.



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- Finished flat products



The price of HRC also rose in Chinese domestic market after the New Year's holiday. The average price of HRC 4.75 mm thickness in 24 main cities of China increased by 30 RMB over a week to 4818 RMB/Mt. The main HRC contract in futures market soared by 266 RMB as the difference between spot market and futures market widened in recent weeks. The traders are cautiously raising prices, while the mentality for further price increase is weak at the moment. As Spring Festival is approaching, the traders focus more on reducing their inventories.

In CIS region, the producers of HRC faced quite market last week in the absence of buyers as they were on holidays. The price of HRC decreased slightly to 774 USD/Mt FOB, with no major sales heard. It is believed that the business activities will revive in the next week when buyers get back to work from the holidays.

The CRC pieces also showed no change during past week. The rare offers were heard at 880-900 USD/Mt FOB in CIS region, while buyers were off the market.

Market Outlook: Planner predicts that flat prices will fluctuate in a narrow range with possibility of some upward correction next week.

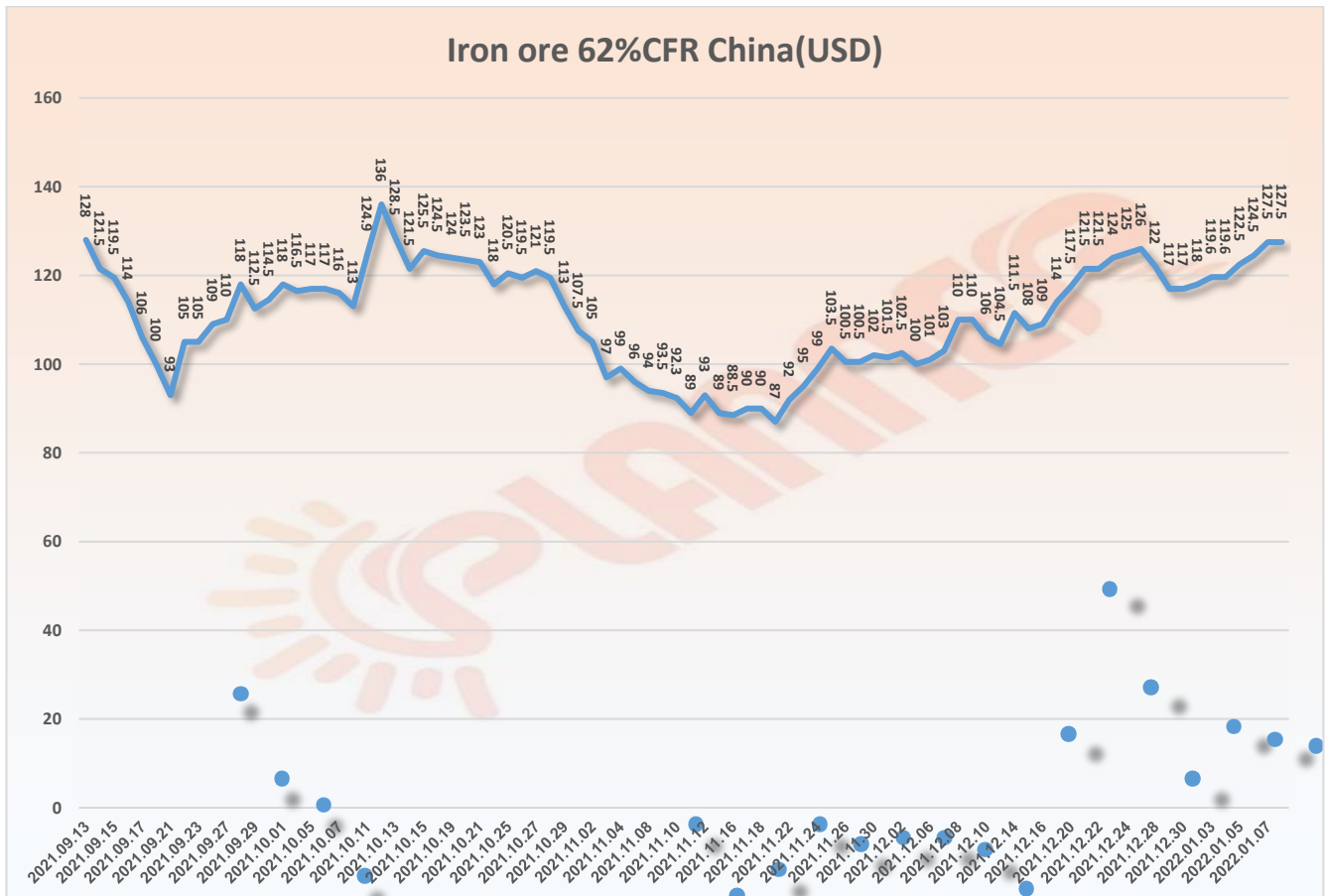
Raw Materials

- Iron Ore:



Australian iron ore fines 62% Fe rose sharply last week after a week of correction. The iron ore benchmark hit 127.5 USD/Mt CFR on Friday, registering 8 USD gain in 5 days. This weekly increase happened despite higher inventories at 45 main ports of China and higher shipments from major exporters like Australia Brazil. The hike in iron ore prices seems to be speculative and the fundamentals of the commodity has not changed much. So, it is believed that the iron ore price does not have much space to rise further and the outlook will remain dark.

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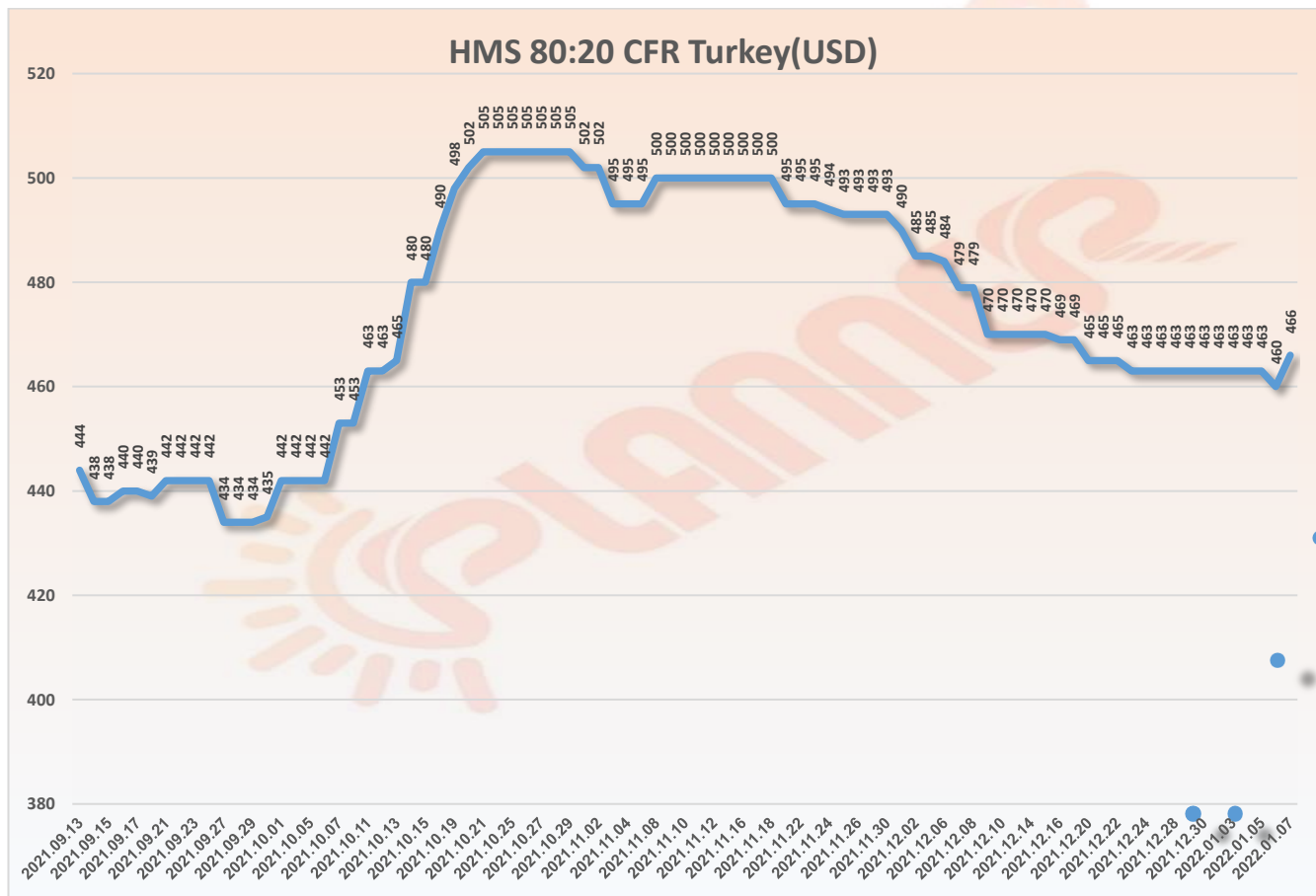


- Scrap

Turkish steel industry is still facing various economic challenges and turmoil in the new year. From the beginning of January 2022, the cost of electricity for high-consumption industries will increase by 125% and households by up to 52%. In addition to electricity, industrial gas prices will increase by 50% for industrial subscribers and 25% for residential users. This increase in production costs comes at a time when demand in the last quarter of the year has been declining in domestic and export markets. As Turkish steelmakers seek to reduce the cost of purchasing their raw materials as production costs rise, suppliers have increased their bids for February due to reduced loads after the New Year holidays and the lack of raw materials supplied by steelmakers. The price index of Planner imported scrap this week after decreasing to the price floor of \$ 460 / ton CFR on January 6, following a transaction on middle of the week, a total of 35,000 mt of scrap (23,000 HMS 1/2 (80:20), 5,000 HMS 1 and 7,000 bonus) Averaged \$452/mt CFR to \$466 /mt CFR on January 7. In the last working days of the first week of the year, several new deals with US and the Benelux region done at price level of \$463-

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468/mt CFR for HMS 1/2 grade (80:20) and shredded and bonuses premiums at \$ 478-487/mt CFR. In the domestic market, scrap also increased by \$15-50/mt. The supply outlook is unclear due to the increase in Russian export duties from €70/mt to €100/mt (\$ 114/mt) and Ukraine to € 180 /mt (\$ 205/mt) and scarce offer in the market. In addition to Turkey, the prices of raw materials in Asian and Southeast Asian markets have been on the rise, which will soon show its impact on the prices of steel products. The Planner considers the possibility of placing the HMS 1/2 (80:20) scrap price in the range of \$ 462-470 / ton CFR and even higher depending on the supplier in the short term.



- **Hard Coking Coal**

Unlike December 2021, the beginning of the New Year was accompanied by an increase in the prices of raw materials and steel products. The shock of Indonesia’s Energy and Mineral Resources Ministry ban on the export of thermal and coking coal in January 2022 caused a jump of more than 250 yuan (\$39) in the price of coking coal and coke in the futures market on the first days after Holiday. In 2021, Indonesia exported

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an average of 25-35 million tons of thermal coal per month, with almost half of the buyers coming from China. However, the ban appears to be temporary and will not pose a serious problem for China in the short term due to sufficient stockpiles and coal production, as coke and coal entered the negative range in Dalian futures market on weekends. However, the prospect of rising production, accelerating the purchase of Australian coal in Chinese ports and the start of mills stockpiling after the holidays boosted coal demand and rise China's imported met coal price index to \$360 /mt CFR by the end of the week.

By resumption of economic activity in new year demand for raw material increased in Asia and Southeast Asia with the existing weather concern and tight supply the met coal price placed in range of \$ 365-370/mt FOB Peak Down Australia in first week of January. The upward trend in the price of coking coal is expected to remain in short term with challenging supply in Q1 and improved demand.



2022/01/07					
	Commodity	Origin	Currency, Delivery term	Price	Daily change
Planner-group.com	LME Aluminum closing (3-Month)		\$/t	2,921.5	-0.5
	LME Copper closing (3-Month)		\$/t	9,531	-167
	WTI crude oil (January Contract)		\$/Barrel	79.46	+1.61
	BRENT crude oil (January Contract)		\$/Barrel	81.99	+1.19
	Iron Ore, 62%	Australia	\$/t, CFR China	127.5	0
	Ferrous scrap HMS I/II 80:20	USA	\$/t, CFR Turkey	466	+6
	Coking coal	Australia	\$/t, FOB	365	+10
	Coking coal	USA	\$/t, CFR China	360	+20
	Billet Q235	China	CNY/t, EXW	4,350	+30
	Billet Q235	China	\$/t, EXW	682	+5
t.me/Plannerinfo	Slab	China	CNY/t, EXW	4,565	0
	Slab	China	\$/t, EXW	716	+1
	Imported Billet BOF/3SP 150mm	-	CFR China	620	+5
	Billet	CIS	\$/t, FOB	595	+6
	Slab	CIS	\$/t, FOB	580	0
	HRC	CIS	\$/t, FOB	774	-1
	Rebar	Turkey	\$/t, FOB	700	+10
	Billet	Iran	\$/t, FOB	545	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)				172842	
Today's trading volume (tons)				211104	

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Steel Industry Admired Producers

26) EVRAZ

Evraz is a British multinational vertically integrated steel manufacturing and mining company with headquarters in London, England. It has operations mainly in Russia, but also in Ukraine, Kazakhstan, Italy, Czech Republic, the United States, Canada and South Africa. A group of Russian scientists and engineers establishes Evraz Metal in 1992, a company specializing in trading steel products and supplying raw materials and equipment to Russian steel mills then Evraz begins its evolution. Its CEO is Aleksey Ivanov and headqurted in London, England. Evraz is among the top steel producers in the world and it ranks among TOP 50 leading Russian brands according to Brand Finance. The Group is listed on the London Stock Exchange and is a constituent of the FTSE 100 index. A significant portion of the Company's internal consumption of iron ore and coking coal is covered by its mining operations. The Group's new investment projects are aimed at further developing its competitive advantages and maintaining its existing capacity. It is producing Steel products such as railway rails, sections, construction products, Hot-rolled round, Semi products, Vanadium, Iron ore and Coal.



According the latest information which released by world steel association, this company produced 13.63 m/t crude steel in 2020 and has ranked thirtieth among top steelmakers in the world. Its revenue was US\$9.514 billion, Net income US\$0.858 billion and it had 69,699 employees in 2020. Evraz is always seeking to improve the professional and personal skills of their employees. It believes that by doing this they can invest in the Group's future achievements. Evraz strives to ensure that their operations are conducted in the most sustainable way possible and do their utmost to mitigate adverse environmental impacts caused by their day-to-day operations, in order to comply with environmental obligations and to meet the expectations of stakeholders. This group invests great efforts into enhancing all aspects of their environmental performance, and the Group's contributions have received positive feedback from the international business community.

Shipping Market

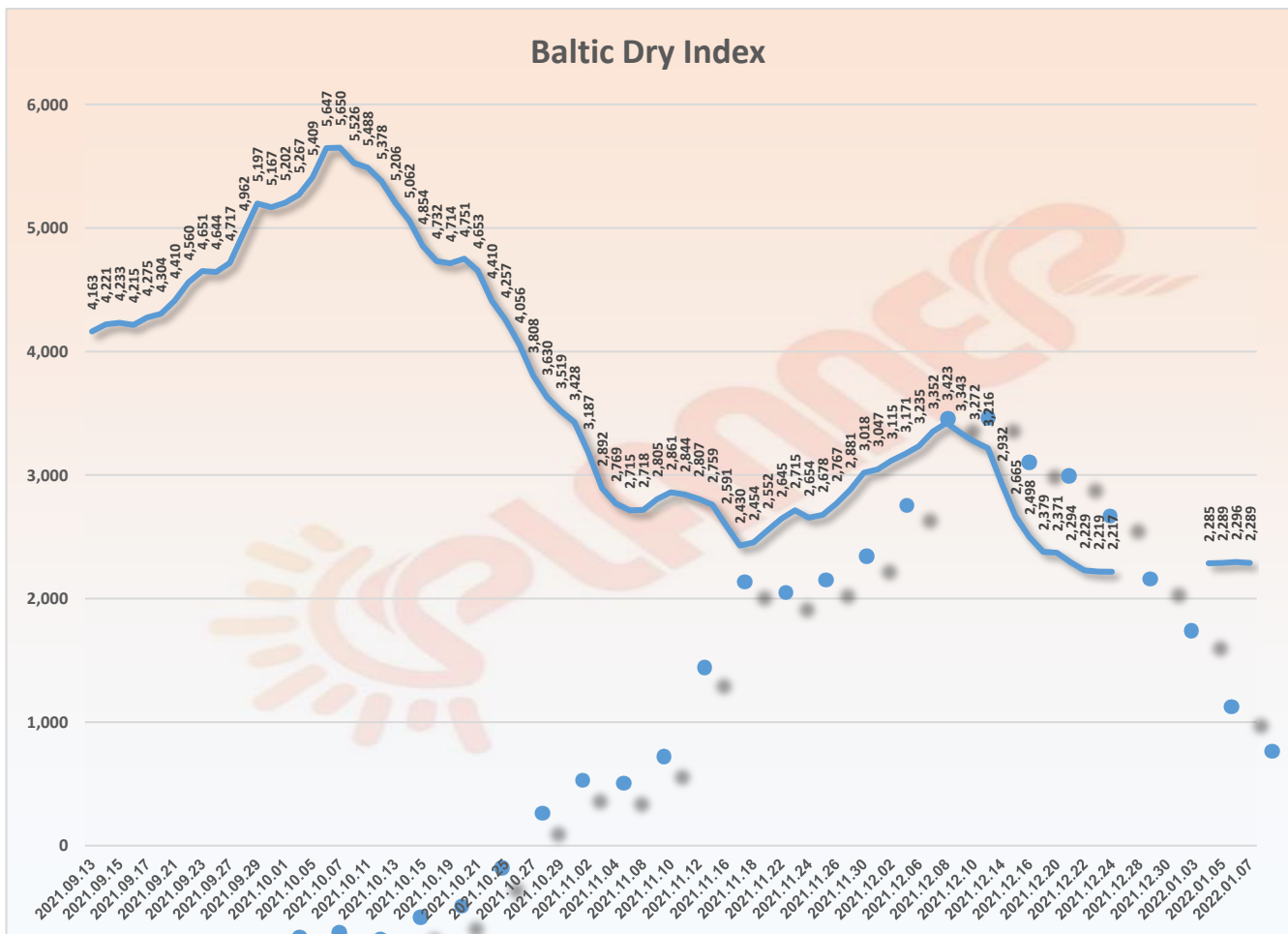
The Baltic Exchange’s dry bulk sea freight index edged lower on Friday, as a decline in panamax and supramax vessel rates outweighed gains in the capesize segment.

The overall index, which factors in rates for capesize, panamax and supramax vessels, fell 7 points to 2,289. The index has risen more than 3% this week, after posting two straight weeks of losses.

The capesize index rose 76 points, or 3.2%, to 2,432. Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, rose by \$632 to \$20,167.

Dalian iron ore rose on Friday, and advanced nearly 6% this week as traders returned from New Year holidays feeling optimistic about potential demand recovery in top steel producer China

The panamax index slipped 56 points, or 1.9%, to 2,957. Average daily earnings for panamaxes, which ferry 60,000-70,000-ton coal or grain cargoes, fell by \$507 to \$26,610. The supramax index fell 50 points to its lowest level since April 2021 at 2,074.



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Weekly Review of Iran Domestic Market

Last week, again, we saw a downward trend in domestic steel market prices. Although the Nima dollar rate, which is one of the important variables in calculating the base price of commodities at IME market, increased during the week, it seems that until the supply-demand ratio is adjusted and the stagnation in demand does not improve, this downward trend and Negative bubbles will still exist. The weekly average price for rebar in physical market was about 150,998 IRR which was 1,913 IRR less than the average price of the previous week. Also, the weekly average price for billet in spot market was around 135,570 IRR which was 1,760 IRR lower than the earlier week.



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