

# Planner Sunday Journal

January 16<sup>th</sup>, 2022



## Editorial

China steel trade data for 2021 was revealed this week, which showed a significant increase in export compared to last year. China exported a total of 66.895 million Mt of steel last year, registering an increase of 24.6% in comparison with 2020. This figure is in spite of lower steel production data, which was the main goal of Chinese government. On the other hand, China imported only 14.269 million Mt of steel last year, showing a decrease of 63% from a year earlier. Looking at the numbers we shall understand that Chinese steel industry is going through major changes from production to trade. It is unlikely that China may return to the market as a major exporter, but even so, China showed that they have the capability to affect the market heavily. Although Chinese steel export rose less than 25% last year, the prices dropped from their highs in 2020. Also, the figures for steel imports are not so promising for exporters and prove that they shall not tie their hopes to China as a reliant buyer.



## Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	Jan 14 <sup>th</sup>	Change % (MoM)
Iron Ore CFR China	118.5	127.9	127	+7.17
Scrap CFR Turkey	471	469.2	467	-0.8
Billet FOB CIS	601.2	601	610	+1.4
Slab FOB CIS	623	580	580	-7.4
Rebar FOB Turkey	701.7	700	700	-0.2
HRC FOB CIS	798.8	774	774	-3.2
CRC FOB CIS	955.4	900	865	-10.4

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## Macro Economy

### - USD Index

The US dollar index edged up to around 95 on Friday but was still heading for its biggest weekly loss in eight months after investors unwound hawkish bets on the US rates outlook. Markets anticipate three Fed funds rate hikes this year with the first one coming in March, but there are signs emerging that the central bank may be more cautious in reducing its balance sheet. The latest data showed retail sales and industrial production unexpectedly declined in the last month of 2021 and consumer sentiment fell in early January to the second-lowest level in a decade and below market expectations. Earlier data showed the inflation rate came in line with forecasts and producer inflation eased slightly.

### - Crude Oil

Crude Oil futures settled higher on Friday, boosted by supply constraints and worries of a Russian attack on neighboring Ukraine, pushing prices toward their fourth weekly gain despite sources saying China is set to release crude reserves around the Lunar New Year.

Brent crude futures settled \$1.59, or 1.9%, higher at a 2-1/2-month high of \$86.06 a barrel, gaining 5.4% in the week. U.S. West Texas Intermediate crude gained \$1.70, or 2.1%, to \$83.82 per barrel, rising 6.3% in the week.

Both Brent and U.S. futures entered overbought territory for the first time since late October.

### - Cryptocurrency

## Bitcoin Technical Analysis

By drawing the Fibonacci lines in the recent fall, it can be seen that all the resistance has been rejected and the level of 23% has been lost, so we have to wait for the stabilization of BTC in this range.

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## - Financial Markets

### Technical analysis of US dollar to Canadian dollar

By drawing the price chart in the daily time frame and drawing the major downward trend line in USD/CAD currency pair, it can be seen that the downtrend broke and after stabilizing and flooring the price, the graph is in an upward trend with a gentle and reasonable incline.



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## Steel

### - Semi-Finished Products

Chinese domestic billet prices continued its upward trend last week, mainly due to higher prices for raw materials and stronger futures. Tangshan billet quotes rose by 80 RMB over the week to 4430 RMB/Mt. The billet inventories in Tangshan fell for the third straight week to 172.8 KMt, a level not seen from early 2020. New production restrictions have been implemented in different regions of China like Sichuan Province. The daily steel output of key steel mills in China during the first ten days of January fell from late December to 1.9666 million Mt, which added to inventories destock. In the import market, the buyers are ready to accept 610-620 USD/Mt CFR, which is 10 USD higher than that of last week.



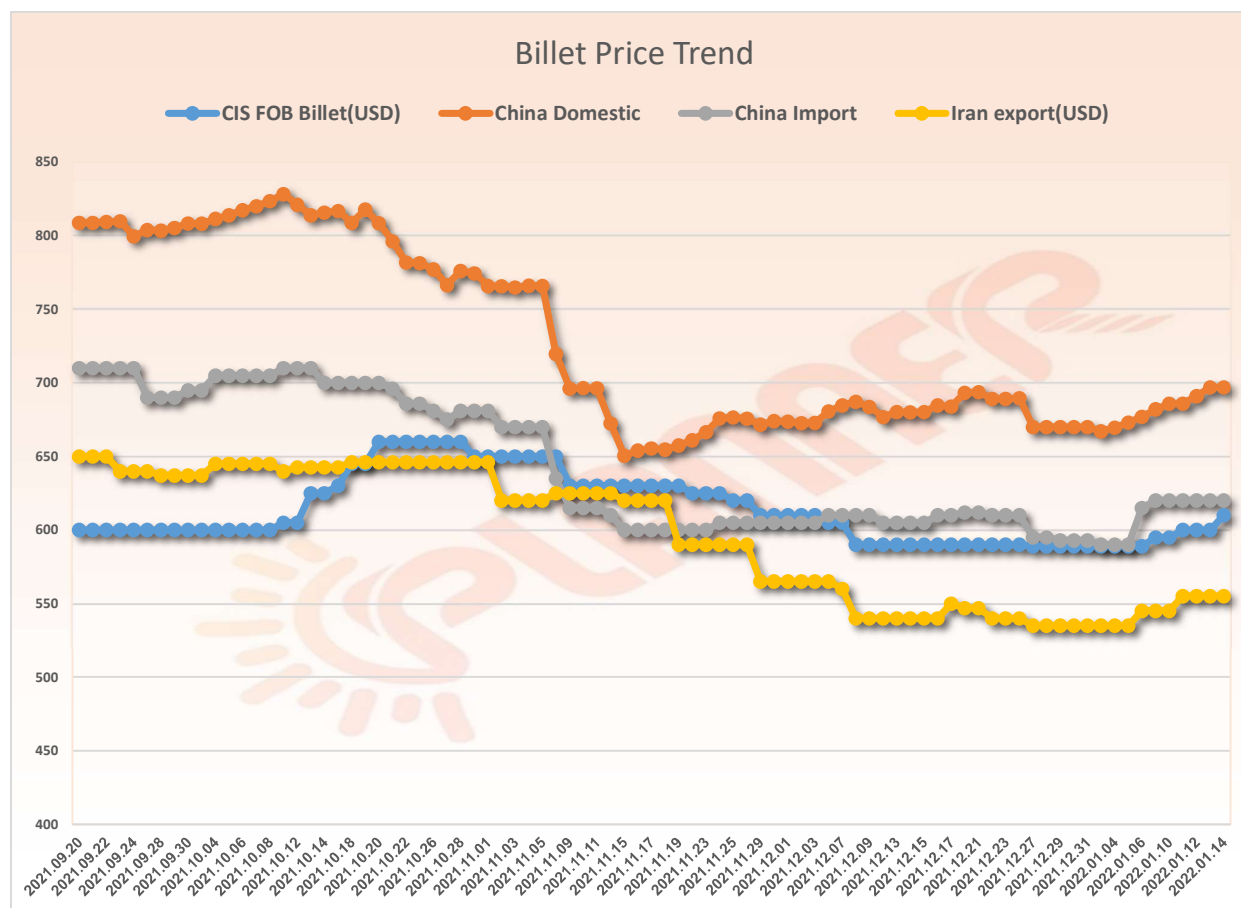
CIS producers ramped up their sales levels with one eye on Chinese market and the other on Turkish and MENA market. The latest offers from CIS sellers come at 610 USD/Mt FOB to MENA region, while this level is not workable in China. Turkish mills still need to procure more scrap for February, but the number of available cargoes is not so high. So, billet sellers believe that prices have room to expand in coming weeks.

Iranian mills started to make deals last week. There is news about a deal for 20 KMt billet to Southeast Asia at 555 USD/Mt FOB. Another lot for 30 KMt is heard to be sold at 545 USD/Mt FOB, while one supplier canceled the tender for 30 KMt in which they received the bid as high as 555 USD/Mt FOB. Iranian producers are optimistic about the future of the market and try to assess the developments further.

In slab segment, the prices in CIS hold their positions while there are rumors about a deal from an Iranian seller at 560 USD/Mt FOB for late February shipment. The shortage of electronic chips has suppressed the demand in downstream flat industries like auto and white goods. It is believed that slab prices won't have much room to rise.

**Market Outlook:** Planner believes that the room for price rise in semi-finished product segment is limited considering the Spring Festival ahead in China.

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## - Finished long products

Rebar quotes in Chinese domestic market strengthened both in physical and futures market, however, they pared some of the gains as the week came to the end. The main rebar contract in Shanghai futures market reached 4697 RMB/Mt on January 13<sup>th</sup>, while it closed at 4613 RMB/Mt on Friday, marking a weekly gain of 87 RMB. The average price of rebar in 31 major cities of China rose by 39 RMB to 4783 RMB/Mt. The production in January has rebounded, albeit at slower range than December, while the market is on winter storage mode. As Spring Festival is approaching, the purchase volume of the traders is decreasing and it is believed that rebar prices will generally fluctuate within the current range.



The planner index of Turkish export rebar remained stable at \$700 /mt FOB this week. New contracts with buyers from Latin and North America as well as traditional

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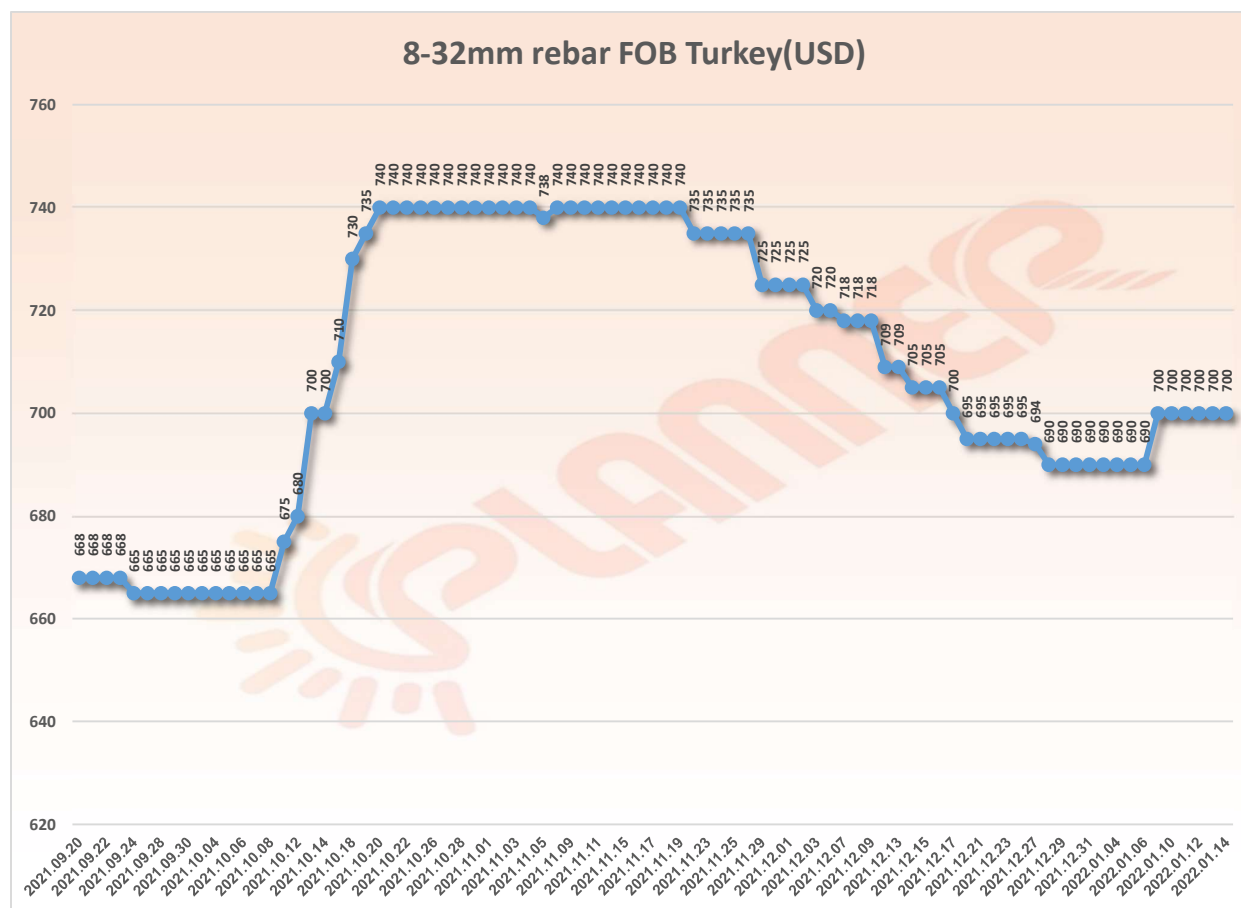
customers in Israel and Yemen closed at the same price level. In the recent days, Turkey's domestic and export markets showed some improvements, but have not yet fully flourished, so the increase in sellers' offers has not been welcomed by importers. . Considering the increase in the price of domestic and imported billets and scrap, Planners set the operating prices for Turkish rebar in the export markets at the level of \$700-710 /mt FOB and in the domestic market at \$700-710 /mt EXW (excluding 18% VAT).

After a long Holiday, domestic billets boosted by improving moods for long products, the semi traded at \$ 660-670 /mt EXW showing about \$10 /mt increase compared to last week. CIS billet suppliers also raised their selling prices to Turkey by \$10-20 compared to the previous week as demand for more export destinations improved. CIS imports in Turkey used to be up to \$ 20 /mt lower than domestic ones.

Iranian long steel producers started to push their offers up, looking at their Turkish counterparts. The latest offers from Iranian sellers come at 535-545 USD/Mt Ex-work, while some others even voice 555 USD/Mt Ex-work. While domestic demand is still low, sellers rush to export market in order to gain as much as possible. With fierce competition, it is hard for prices to rise heavily during next week.

In wire rod market, CIS suppliers achieved 10 USD hike in prices. Their offers range from 780-800 USD/Mt FOM against 770-790 USD/Mt FOB a week earlier. Higher energy costs in Turkey and the resumption of demand after New Year's holidays caused the prices to rise. Iran's wire rod is offered at 615 USD/Mt FOB, unchanged from last week.

**Market Outlook:** As Planner predicted, the price of longs rose slightly last week and it is believed that the trend will continue next week.

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#### - Finished flat products

The price of HRC extended gains from last week, although at slower pace. The main HRC contract in Shanghai futures market closed at 4725 RMB/Mt on Friday, marking 48 RMB increase over a week. The average price of HRC in 24 main cities of China also rose by 46 RMB to 4864 RMB/Mt ex-work including 13% VAT. As the gap between futures and physical market softened, the prices rose at slower speed compared to last week. It is believed that with Spring Festival approaching, there is less enthusiasm for traders to restock and flat prices have limited space to rise further.



In CIS region, the downstream industry demand is very low due to shortage of microchips. Hence, suppliers had to cut their price offers in order to sell some tonnages. Plus, the price in main consuming markets like the US is falling, so exporters have no

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choice but to follow. The offers from CIS are heard in the range of 760-775 USD/Mt FOB, which is only workable for Europe and the US market.

The CRC pieces slipped slightly last week, coming to the range of 870-890 USD/Mt from CIS producers. It is estimated that CRC has more room to fall next week as demand is absent at the moment.

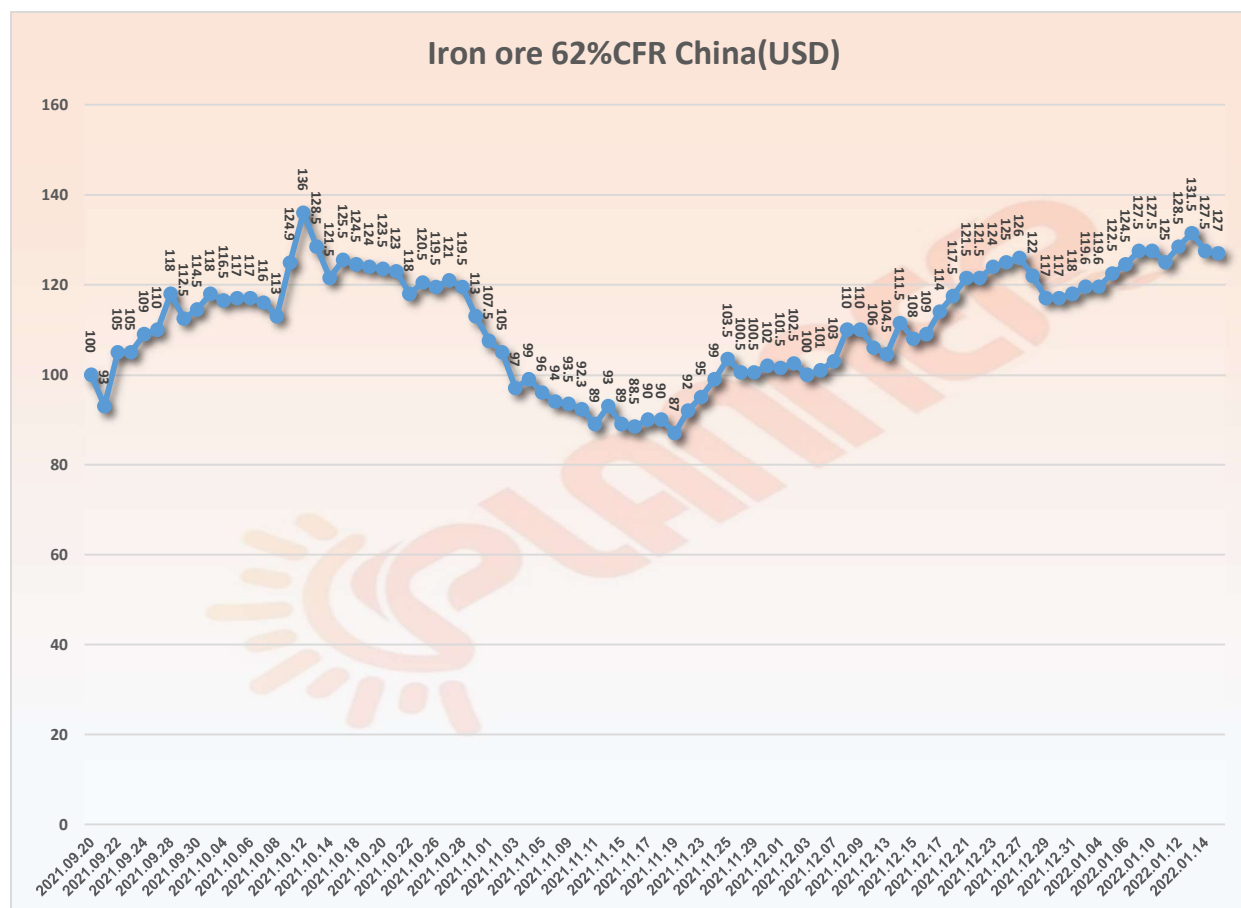
**Market Outlook:** Planner predicts that flat prices may fluctuate within a narrow range and correct more next week.

## Raw Materials

### - Iron Ore:

Australian iron ore fines 62% Fe fluctuated upward at the beginning of the week, but lost its gains through the week-end. Iron ore benchmark hit 131.5 USD/Mt CFR on Wednesday, then corrected to 127 USD/Mt CFR, 0.5 USD/Mt lower than last Friday. The inventories in 45 main ports of China continued to rise last week to reach 156.960 million Mt, which is 26% higher than the same period last year. Although the first quarter is the hurricane season in Australian shores and iron ore supply is pressed, but the inventories are extremely high and steel production in China is expected to fall. Plus, mills profitability is low level and with coke and coking coal price on rise, they cannot afford to buy expensive iron ore. These factors together do not picture a bright outlook for iron ore and prices may fall sharply after the Spring Festival if not before. The rise in iron ore prices might be due to speculations and participants need to be aware of the risks.



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## - Scrap

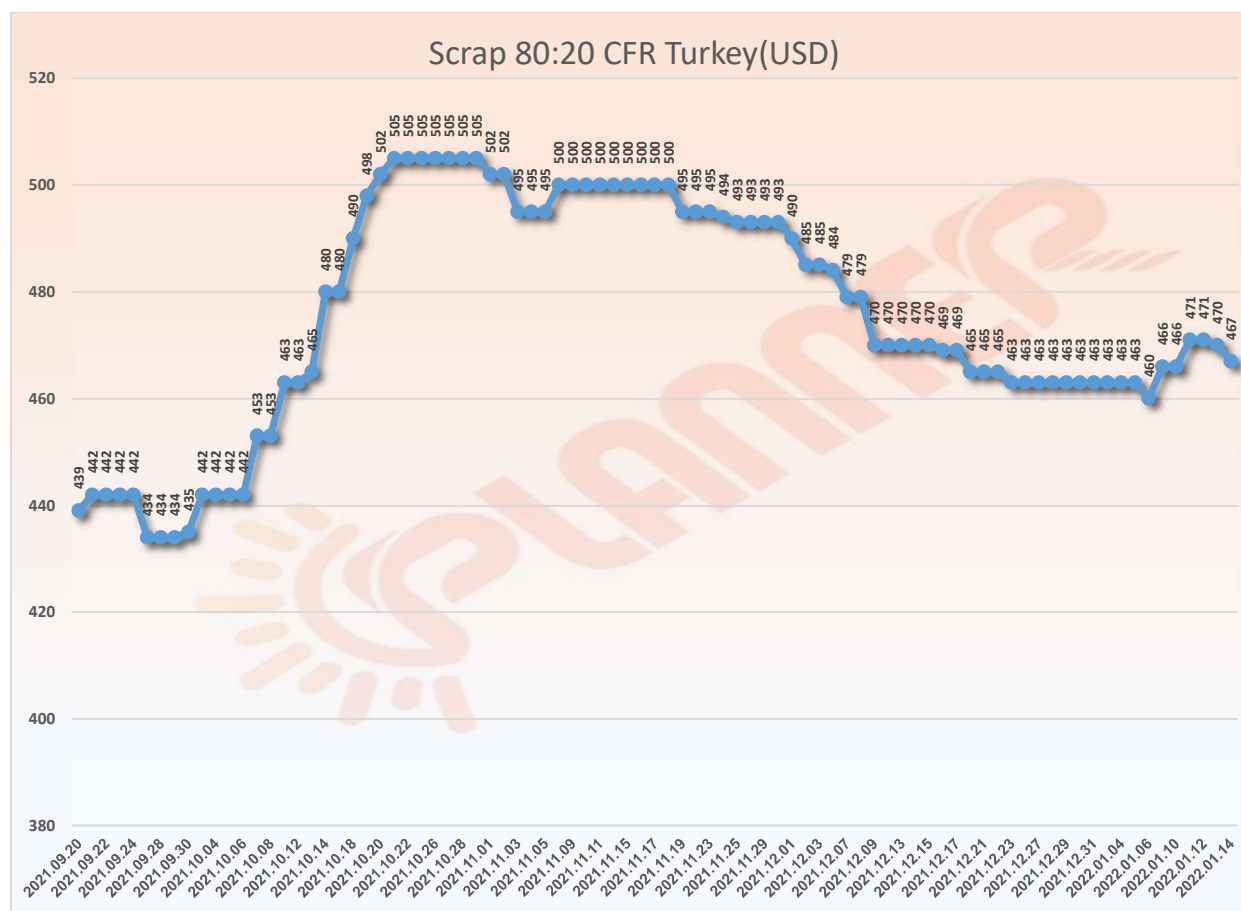
The Planner's scrap price index rose from \$ 446 /mt CFR to \$ 467 /mt CFR at the end of week after fluctuation in recent deals. In early January, due to a shortage of available offers, the HMS 1/2 (80:20) scrap index of Planner increased to \$ 471 / ton CFR Turkey. US suppliers agreed to offer more discounts on their shipments later in the week due to declining domestic demand and rising supply for Turkish producers. The \$5-10/mt drop in shipping costs was another factor in pressuring the scrap price, While collection price remained relatively stable compared to the previous week. In the Benelux, HMS 1/2 (80:20) scrap was around \$ 410/mt (€ 355-360 /mt) and in the United States \$360-365/mt delivered to the dock.

With the start of the New Year and the imposition of export tariffs on Russian and Ukrainian scrap, the price difference between short sea and deep-sea price decreased.

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In the last transaction with Bulgarian suppliers, the price of HMS 1/2 (80:20) scrap increased by \$ 13 /mt compared to the previous transactions amounted to \$455 /mt CFR.

The planner considers the price fluctuation in the range of \$ 460-470 /mt to be probable due to the insufficient growth of steel demand and the increase of supplier offers.



#### - Hard Coking Coal

During this week FOB Australian market sentiment was strong due to weather concern and scarce offers. Coal inventories are depleting and with steel demand outlook to be brighter in the following months mills in India and other Asian countries seek restocking demand price increase seems inevitable. Latest bid for mid-vol hard coking coal reported \$400/mt FOB Australia on the GlobalCOAL platform. The price expected to reach \$400-410/mt and above amid limited supply and promising demand.

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In the CFR China market activity slowed down from late October 2021, as buyer prefer to secure raw material from readily available domestic market. However by fourth round of coke price increase, more mining safety checks and some closure in Shanxi and other regions, imported coal become an affordable choice. Indicative bids for US low Vol hard coking coal heard at \$380-390/mt, while met coal in Shanxi market priced in 2,550-2,800 Yuan per Mt.

Steel and raw material in China showed downward movements amid concern of quarantine measures and ascending steel inventory. Planner expect vibration in domestic market and upward trend for imported material.



2022/01/14					
	Commodity	Origin	Currency, Delivery term	Price	Daily change
Planner-group.com	LME Aluminum closing (3-Month)		\$/t	2,952	-30.5
	LME Copper closing (3-Month)		\$/t	9,958.5	-105.5
	WTI crude oil (January Contract)		\$/Barrel	82.12	-0.52
	BRENT crude oil (January Contract)		\$/Barrel	84.47	-0.20
	Iron Ore, 62%	Australia	\$/t, CFR China	127	-0.5
	Ferrous scrap HMS I/II 80:20	USA	\$/t, CFR Turkey	467	-3
	Coking coal	Australia	\$/t, FOB	400	+10
	Coking coal	USA	\$/t, CFR China	360	0
	Billet Q235	China	CNY/t, EXW	4,430	0
	Billet Q235	China	\$/t, EXW	697	0
t.me/Plannerinfo	Slab	China	CNY/t, EXW	4525	0
	Slab	China	\$/t, EXW	711	0
	Imported Billet BOF/3SP 150mm	-	CFR China	620	0
	Billet	CIS	\$/t, FOB	610	+10
	Slab	CIS	\$/t, FOB	580	0
	HRC	CIS	\$/t, FOB	774	0
	Rebar	Turkey	\$/t, FOB	700	0
	Billet	Iran	\$/t, FOB	555	0
	Slab	Iran	\$/t, FOB	568	0
	Rebar	Iran	\$/t, EXW	550	0
Transactions of construction steel (rebar, wire rod and bar-in-coil) in 237 Trading house of china					
Yesterday's trading volume (tons)				134430	
Today's trading volume (tons)				139249	

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## Steel Industry Admired Producers

### 32) Gerdau

Gerdau is the largest producer of long steel in Latin America, with steel mills in Brazil, Argentina, Canada, Colombia, Dominican Republic, Mexico, Peru, United States, Uruguay and Venezuela. Currently, Gerdau offers steel for the civil construction, automobile, industrial, agricultural and various sectors. It was founded by Johannes Heinrich Kaspar Gerdau, also known as João Gerdau, a German migrant who left the port of Hamburg for Rio Grande do Sul, in Brazil, in 1869 in search of new business opportunities. He arrived at the port of Rio Grande, Rio Grande do Sul and, at only 20 years of age, established himself in Colônia de Santo Ângelo (now the town of Agudo), where he invested in trade, transport and the subdivision of land. Its CEO is Mr. Guilherme Chagas Gerdau Johannpeter, Gerdau headquarters Porto Alegre in Brazil. Gerdau is a major producer of long steel in the Americas, and one of the world's largest suppliers of special steel and It has 337 industrial and commercial units and more than 30,000 employees. This group is also one of the largest recyclers in the world. Each year, they transform millions of tons of scrap into steel that is used to shape the future. Gerdau is a publicly-traded company listed on the New York, São Paulo, and Madrid stock exchanges. It is producing long steel, specialty steel, flat steel, and other steel products.



According the latest information which released by world steel association, this company produced 13 m/t crude steel in 2020 and has ranked the thirty second among top steelmakers in the world. Based on the newest information Gerdau had US\$ 11.6 billion revenue and US\$ 592.3 million net income. Each year, Gerdau transforms millions of tons of scrap into new steel products, promoting sustainable development. It embraces innovative digital mindsets, and provide our customers with outstanding steel products and services. Producing steel from scrap metal reduces the amount of material deposited in landfills. The use of steel scrap as a raw material reduces energy consumption in production process, and minimizes emissions of CO<sub>2</sub>. Recycling scrap is also great for economy, as it generates jobs for thousands of people through an extensive chain of scrap collection and processing operations.

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## Shipping Market

### - Capesize

The Capesize Baltic index returned from year-end holidays this week and immediately saw activity coming from the usual West Australia iron ore flow. Closing out 2021 at \$19,176 the Cape 5TC ended its first week in 2022 at \$20,167. Initial movement in the market at the beginning of the week appeared positive as physical rates lifted slightly, yet paper markets took the opposite view, leading the 5TC to sink midweek before lifting again for the end of week. The majority of the weeks trade activity came from the West Australia region to China as the C5 route settled up +.459 Friday to close at \$9.632. Fixtures out of Brazil and the North Atlantic was more muted, as to be expected this time of the year. While activity was low the tightness of vessels in the region was heard to be high as several vessels were having schedule delays leaving the area primed for rate spikes. The Brazil to China C3 settled for the week at \$21.965 while the Transatlantic C8 priced at \$24,000 - a small premium over the Transpacific C10 at \$18,104. The Capesize paper is showing a small backwardation into February before lifting in March through to the end of the year as optimism for the year holds.

### - Panamax

Following an uncharacteristic buoyant festive period, the Panamax market commenced the year in true bullish mode - principally due to a fervent EC South America market. This was ably assisted by premium rates being achieved for breaching INL and forcing ice trades in the North Atlantic, \$36,000 was agreed on an 82,000-dwt delivery Hamburg for two laden legs within the Atlantic but this did involve breaching and ice trading. The Asian market this week was essentially supported by EC South America activity with limited demand from Australia and NoPac. As news announced midweek of an Indonesian coal export ban along with subsequent easing in ECSA demand, sentiment waned, and all markets began to see something of a correction. Period activity appeared in abundance with a couple of protagonists taking positions, an 82,000-dwt delivery China achieving \$28,500 for five to eight months trading, whilst the same size/type also delivery China agreeing \$26,500 for one year's trading.

### - Supramax / Ultramax

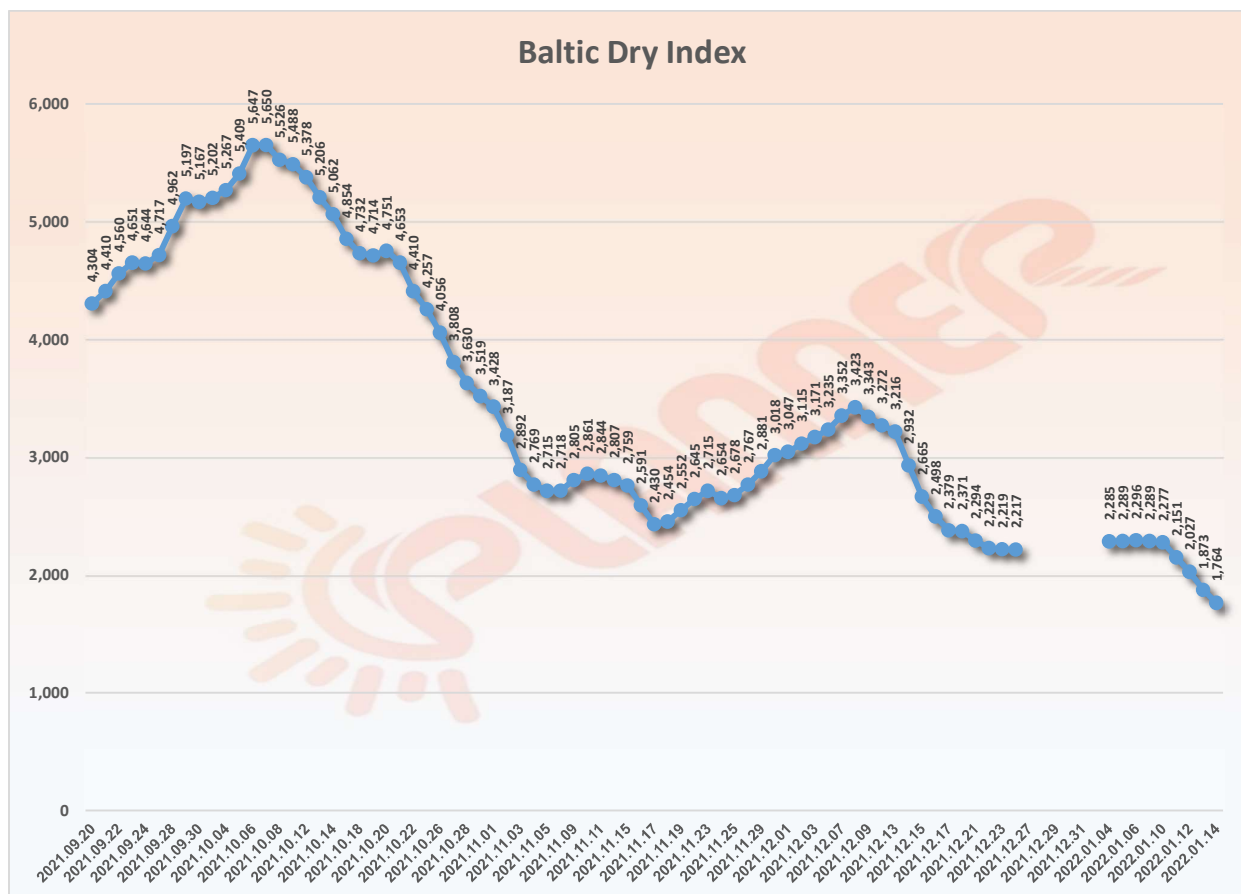
After the long break a rather subdued week with many areas seeing tonnage oversupply. From Asia it was a mixed bag. With the current export ban of coal from Indonesia, rates remained under pressure. Further North it remained relatively stable with NoPac and Australian business. Limited fresh opportunities from the Atlantic meant again rates remain under pressure. On the period front, an ultramax open South China was fixed for a short period at around \$26,000. In the Atlantic, the US Gulf was positional a 56,000-dwt fixing a trip from North Coast south America to the Far East at \$37,000.

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Whilst from the Mediterranean a 62,000-dwt fixed delivery Canakkale trip redelivery US Gulf at \$23,000. From the Indian Ocean it was a little more active. A 58,000-dwt fixing a trip delivery Chittagong via East Coast India redelivery Far East at \$21,500. Further east, a 58,000-dwt fixed delivery Philippines via Australia redelivery Japan at \$22,000.

#### - Handysize

We begin 2022 with the BHSI's negative trend from last year continuing. Pressure has been mounting on the Continent with a 32,000-dwt open in Rotterdam fixing basis delivery Poland for a trip to East Coast South America at \$17,000. A 38,000-dwt open in Antwerp fixing for a trip to the US East Coast at \$17,500 with an intended cargo of Steels. A 32,000-dwt was rumored to have fixed grains from Rouen to the Western Mediterranean at \$14,000. The US Gulf also has softer sentiment with a 38,000-dwt fixing from New Orleans to Ireland with an intended cargo of grains at \$24,5000. In Asia, the market has been steady despite the coal ban in Indonesia with a 32,000-dwt fixing from Samalaju via Australia to South China with an intended cargo of Salt at \$23,000. A 34,000-dwt was fixed from Singapore via Kuantan to Guangzhou in the low \$20,000's with an intended cargo of steels.



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## Weekly Review of Iran Domestic Market

Last week, the weekly average price of rebar in physical market was 151,248 IRR, which was 250 IRR more than the previous week's average. The weekly average price of billet in physical market was 135,490 IRR, which was 80 IRR lower than the previous week. At IME market, the weighted average price of billet was 1,850 IRR less than the previous week, but the weighted average price of rebar was accompanied by a slight drop of 50 IRR. Therefore, according to the mentioned prices, the trend of the domestic steel market has not changed much compared to the earlier week, and the market is still in a wait and see situation.



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