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Planner Sunday Journal

January 23rd, 2022

Editorial

Unlike the Fed, the European Central bank signaled no rush on raising the interest rate any time soon in 2022. The inflation in Euro zone hit 5% in December, the figure not seen in almost 40 years. Despite this fact, Christian Lagard, the head of Europe monetary policy decision making organization, believes that the inflation will be fading in coming months and there is no need for aggressive interest rate hike. She said in an interview that as energy cost will be gradually easing, the inflation pressure will fade out. The Fed is under great pressure to increase the interest rate after the inflation hit a record high of 7% in December. If the Fed increases the rates and ECB does not take action, the scrap suppliers in the EU will have the upper hand for supplying the Turkish market. This could well put pressure on the US suppliers in order to reduce their price levels. Also, the European steel exporters will have more price flexibility to export products to the US. On the other hand, weaker Euro could raise the cost of import for the Europeans which will result in higher production cost for the producers. We shall see how the market develops after the first interest rate increase by the Fed in March.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	Jan 21th	Change % (MoM)
Iron Ore CFR China	120.8	130.1	137	+13.4
Scrap CFR Turkey	470.8	470	470	-0.7
Billet FOB CIS	604.2	616.4	630	+4.2
Slab FOB CIS	615.2	584.2	600	-2.5
Rebar FOB Turkey	701.6	701	701	-0.2
HRC FOB CIS	794.1	775.4	780	-1.8
CRC FOB CIS	957.5	905	870	-10.0

Macro Economy

- **USD Index**

The US dollar index firmed up above 95.5 on Friday and was set to end the week higher, as traders braced for fresh hawkish signals from the Federal Reserve meeting next week. The US central bank is set to meet on Jan. 25-26, and although it is not expected to move rates, there has been strong hawkish commentary coming from policymakers. Last week, Fed chair Jerome Powell said that the US economy is ready for the rise in borrowing costs and that he sees a series of interest rate hikes this year. The dollar was also supported by increased safe-haven demand amid a global equity selloff and heightened geopolitical tensions. Meanwhile, weekly jobless claims in the US unexpectedly jumped last week by the most since October, with some renewed virus-related disruptions at least temporarily impeding the labor market's recovery.

- **Crude Oil**

Crude Oil prices slid for a second day in a row on Friday, pressured by an unexpected rise in U.S. crude and fuel inventories while investors took profits after the benchmarks touched seven-year highs earlier in the week.

However, both crude benchmarks rose for a fifth week in a row, gaining around 2% this week. Prices were up more than 10% so far this year on concerns over tightening supplies.

Brent futures fell 49 cents, or 0.6%, to settle at $87.89 a barrel, while U.S. West Texas Intermediate (WTI) crude fell 41 cents, or 0.5%, to settle at $85.14. Earlier in the week, both Brent and WTI rose to their highest levels since October 2014.

- **Cryptocurrency**

Ethereum analysis

In the daily chart of Ether, the holders of this currency have experienced a sharp decline in the past few days, and with the relative strength of transactions entering the range of sales excitement, it seems that the descending trend will continue.

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- **Financial Markets**

Pound Analysis to Japanese Yen

The pair has issued a reversal alarm considering the recent price rage at the peak and is likely to correct the soon.

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Steel

- **Semi-Finished Products**

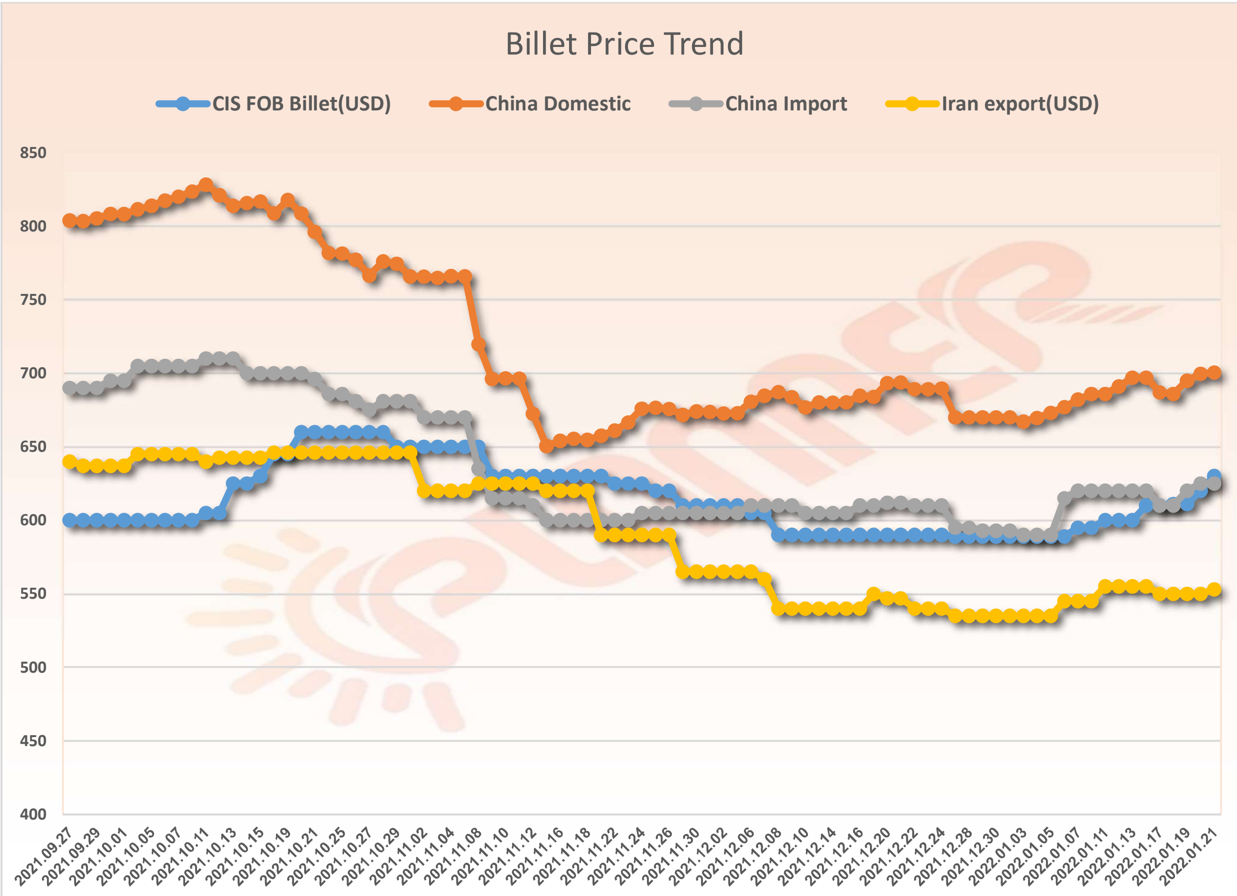
Chinese domestic billet prices fell on the first day of last week, but rebounded firmly through the end. Tangshan billet slumped by 80 RMB on Monday, reversing the course of action by Friday, to close at 4440 RMB/Mt. The billet prices were fueled by stronger futures as well as higher raw materials prices such as iron ore and cocking coal. On the import front, buyers started to consider the level of 620-625 USD/Mt CFR as domestic prices rose. The inventories of billet in Tangshan area increased slightly to 181.6 KMt after weeks of decline, although the inventory level is at its one-year low.

CIS billet prices surged over the week to 630 USD/Mt FOB, registering a sharp increase of 20 USD. Electricity shortage in Turkey as well as higher scrap price has led to this hike in quotations. CIS price levels are not accepted in Southeast Asia, since their target levels are around 630-635 USD/Mt CFR. Russian suppliers are mostly focused on their domestic market and there is a lack of supply in export markets. North African nations are the main buyers of Russian billet, while scrap is more profitable for Turkish buyers despite electricity shortage.

Iranian producers were quite active last week with some deals taken place at different levels. A major supplier sold 120k billet for March shipment at 553 USD/Mt FOB, while another lot from different supplier was closed at 548 USD/Mt FOB. Iranian IF billet is available at 540-545 USD/Mt FOB, but the producers do not rush to sell huge tonnages as the expectations of further increase is high. Inquiries for Iranian billet are increasing mainly from China and Southeast Asia.

In slab segment, offers from CIS jumped by 20 USD/Mt to 600 USD/Mt FOB. An Iranian supplier sold 80 KMt slab at 560 USD/Mt FOB, which shows big difference from CIS levels. Also, another main producer of slab sold 81 KMt from stock with wide range of grades and sizes at 530 USD/Mt FOB.

Market Outlook: Buyers will try to ramp up their purchases before Spring Festival in China. It is believed that the semi-finished prices may increase slightly next week.



- **Finished long products**

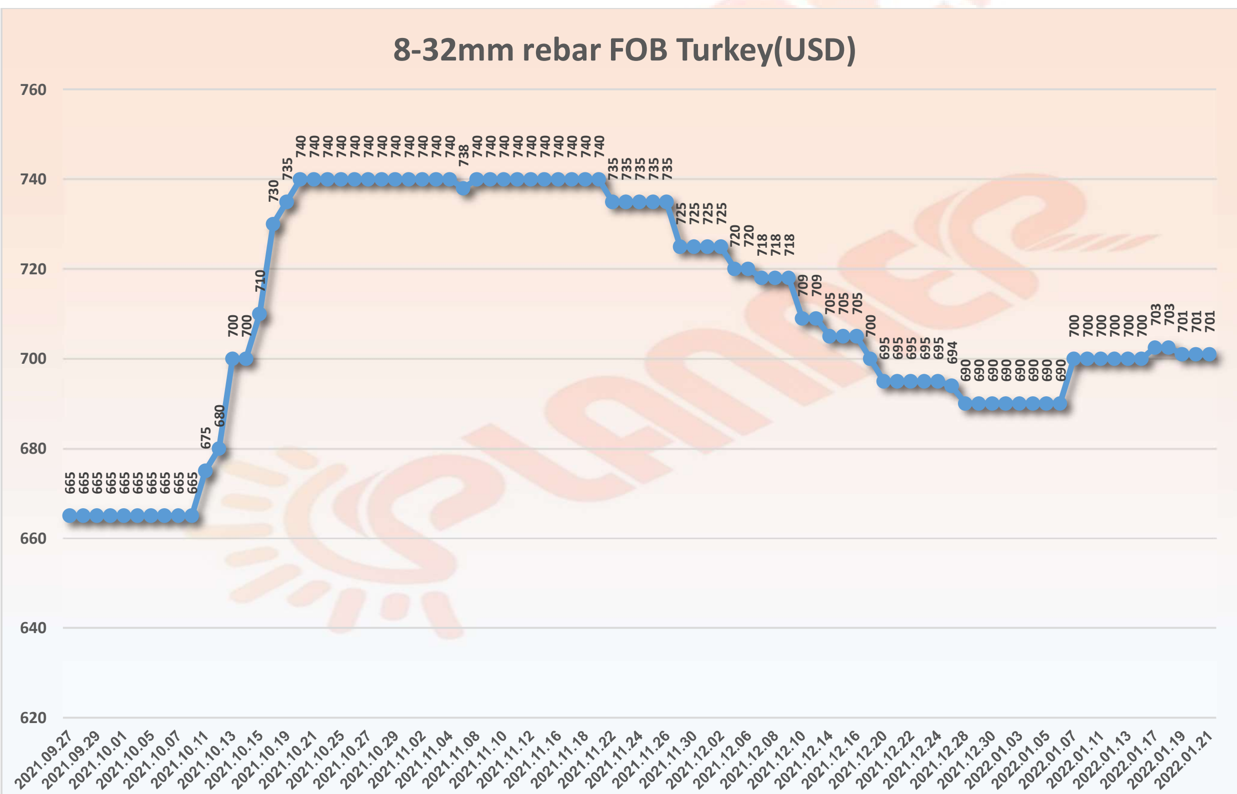
Rebar prices in Chinese domestic market continued their upward trend on the back of expectations that market may go up after the Spring Festival holidays, as well as higher raw materials prices. The main rebar contract in Shanghai Futures market advanced by 116 RMB on weekly basis to 4729 RMB/Mt, while the average price of rebar in 31 major cities of the country rose by 23 RMB during the same period. It is expected that the trade volume will gradually fall next week as holidays are approaching.

Although the price of Turkish rebar exports had an upward trend at the beginning of the week with multiple sales to the US, Canada and Latin America as well as to traditional destination, demand support was not sufficient enough leading to price decrease to the rage of $695-705/mt FOB. In recent days, demand in both domestic and export markets is far from the desired level which does not allow further price improvement. However, rising production costs as energy prices spike and import billet tags rise to $670 /mt CFR from CIS and $655-665/mt EXW from domestic suppliers have ruled out further price reductions. The export rebar price trend is likely to fluctuate around $700 /mt FOB over the coming week.

Iranian long steel producers maintained their price levels with some pushing their ideas further up. The latest offers from Iranian producers come at 540-545 USD/Mt Ex-works, compared to 535-545 USD/Mt last week. The domestic market almost witnesses no demand and the only way out of recession for long producers is export market.

In wire rod market, CIS suppliers increased their offers by another 10-15 USD in export market. The latest quotations come at 790-820 USD/Mt FOB with some deals reported. Iranians also offered wire rod at 630 USD/Mt FOB, registering a weekly increase of 15 USD/Mt.

Market Outlook: As Planner predicted, the price of longs continued to increase last week and it is expected to continue next week.



- **Finished flat products**

The price of HRC also extended its increasing trend during last week. The main HRC contract in Shanghai futures market hiked by 110 RMB to 4835 RMB/Mt. The average price in physical market also rose by 30 RMB/Mt to 4894 RMB/Mt, milder increase than futures market. The price difference in futures and physical market corrected to only 60 RMB, from almost 500 RMB a month earlier. It is expected that physical market will follow futures trend from next week.

In CIS region, the demand revived partly this week and the price of HRC increased to some extent. The offers from CIS suppliers range from 775-780 USD/Mt FOB, up 5 USD from a week earlier. It is expected that the price will rise slightly next week.

The CRC pieces increased by 10 USD, in line with the shortage of material in Black Sea ports. Russians currently focus on the domestic market, limiting allocation for export. The offers from suppliers come at 880-900 USD/Mt FOB.

Market Outlook: Planner expects that flat prices may increase sightly next week.

Raw Materials

- **Iron Ore**:

Australian iron ore fines 62% Fe leaped by another 10 USD to reach 137 USD/Mt CFR on Friday. The inventories at 45 main ports of China fell 2.61 million Mt last week to 154.35 million Mt. mills are trying to restock before the Spring Festival and the daily purchase of the mills has increased by more than 54,000 Mt from the previous month to 2.71 million Mt. Still, the fundamentals of iron ore are not so bright, given the high level of inventories at ports. Mills profitability is still very low, stopping them from accepting high prices. It is expected that iron ore prices may soften in near term.

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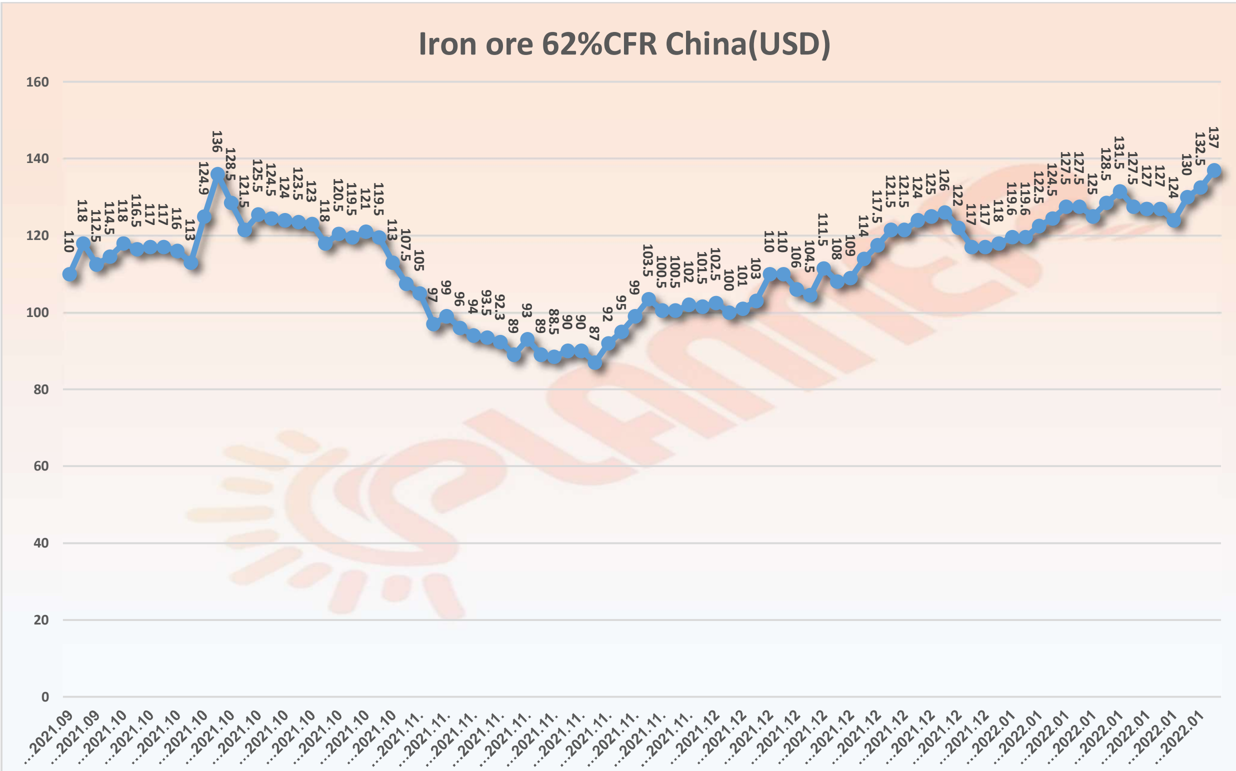

- **Scrap**

Turkish scrap import market was relatively sluggish during this week, with only new purchases from Baltic suppliers concluded at $470 /mt CFR for HMS 1/2 (80:20) and $490/mt CFR for shredded at the beginning of the week. Albeit the raw materials needed for February had not yet been fully supplied, Turkish steelmakers focus more on selling steel products in recent days. There is insufficient demand for rebar in the domestic and export markets, which has led to further cooling of negotiations with scrap suppliers. On January 20, the suspension of Iranian gas exports for at least 10 days due to technical failures forced steelmakers to reduce gas consumption by 40% and consequently reduced the operating rate of EAF electric arc furnaces. Restriction of energy consumption in winter, if continued, will reduce the need for raw materials and hesitate mills over buying more scrap. By the way, US suppliers offers increased to $475-477/mt CFR for HMS 1/2 (80:20) scrap, and suppliers are looking for prices above $470 /mt CFR, but due to insufficient support for steel demand and rising production costs have met with a cold reaction from buyers. By assessing the supply and demand trend, Planner predicts the fluctuation of the imported scrap price index in the range of 470 CFR and the continuation of the general upward trend.

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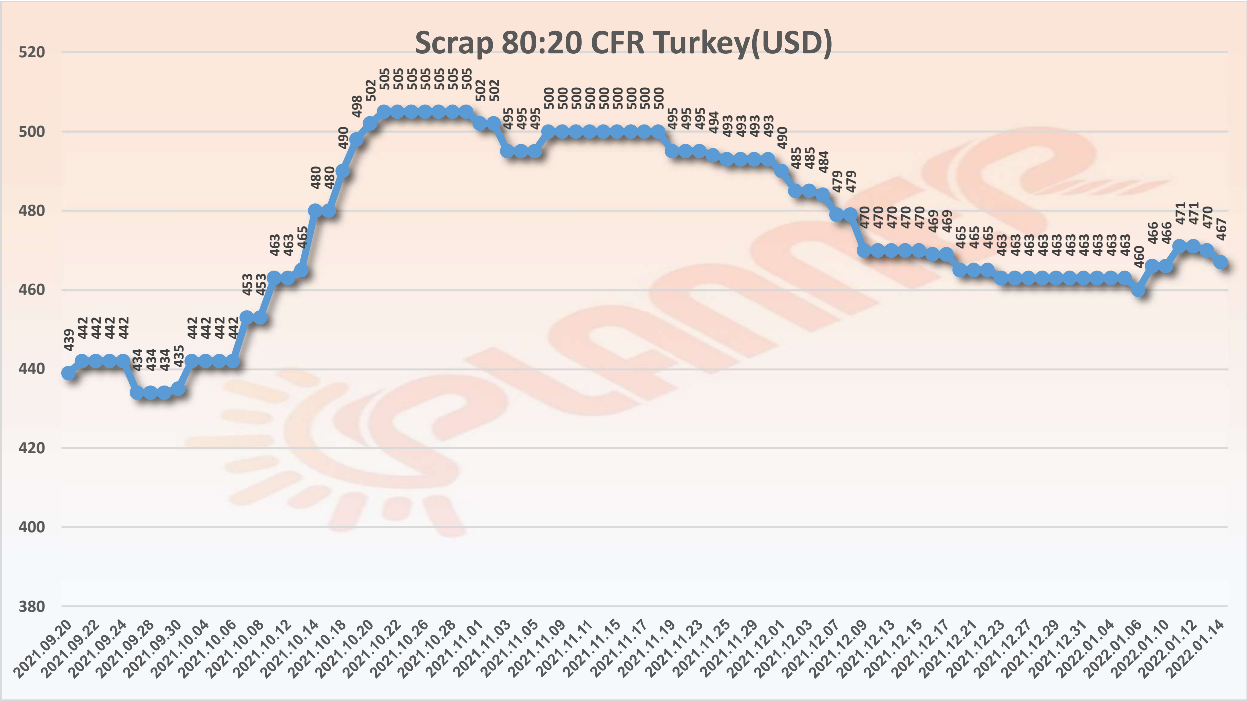

- **Hard Cocking Coal**

The tightness of met coal supply from Australia owning to weather concern and heavy rainfall is expected to remain by Q1 2022 which leading to new price records in the Australian FOB market. On January 20, 75,000 mt of HCC low-vol coking coal was finalized on the globalCOAL platform at $430/mt FOB Peak Downs with shipment in mid-March. Last time price exceeded $400/mt is related to end of September with $412 /mt FOB. India, one of Australia's major met coal buyer, import fell 30.4% year-on-year to just 3.88 million tons of metallurgy in December, coupled with depleting raw material inventory, forcing mills to supply raw materials at record prices. In addition to India, demand is rising in Southeast Asia, Europe and other Asian countries. Along with prices rose in the Australian FOB market, North American suppliers increased their new offers. Supply in the United States is also under pressure of severe storms and rising covid cases, intensifying price increases.

In China, before the start of the new lunar year and the Beijing Winter Olympics in early February, the market is in a state of uncertainty, with steelmakers still preferring to supply raw materials from more accessible domestic markets. However, with rising raw material prices in global markets, new US supplier offerings have risen to $ 390-400 /mt CFR and above.

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Given the severe supply constraints of Australian producer and growing demand grows, Planner does expect new jumps in coal prices in the coming days. In the Chinese market, although the possibility of resumption of imports before the Chinese New Year holidays considered weak, the increase in the price of imported products due to a general increase in coking coal tags in alternative destinations and improving coke and coal prices in the domestic market is very probable.

2022/01/21

	Commodity	Origin	Currency, Delivery term	Price	Daily change
Planner-group.com	LME Aluminum closing (3-Month)		$/t	3,311	+260.5
	LME Copper closing (3-Month)		$/t	9,990	+148.5
	WTI crude oil (January Contract)		$/Barrel	85.55	-0.82
	BRENT crude oil (January Contract)		$/Barrel	88.38	-0.06
	Iron Ore, 62%	Australia	$/t, CFR China	137	+4.5
	Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	470	0
	Coking coal	Australia	$/t, FOB	430	+20
	Coking coal	USA	$/t, CFR China	400	+10
	Billet Q235	China	CNY/t, EXW	4,440	0
	Billet Q235	China	$/t, EXW	700.50	+1
	Slab	China	CNY/t, EXW	4545	0
t.me/Plannerinfo	Slab	China	$/t, EXW	717	+1
	Imported Billet BOF/3SP 150mm	-	CFR China	625	0
	Billet	CIS	$/t, FOB	630	+10
	Slab	CIS	$/t, FOB	600	+19
	HRC	CIS	$/t, FOB	780	+5
	Rebar	Turkey	$/t, FOB	701	0
	Billet	Iran	$/t, FOB	553	+3
	Slab	Iran	$/t, FOB	560	-8
	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)				97921	
Today's trading volume (tons)				93451	

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Steel Industry Admired Producers

33) Techint Group

Techint is an Argentinian conglomerate founded in Milan in 1945 by Italian industrialist Agostino Rocca and headquartered in Milan (Italy) and Buenos Aires (Argentina). As of 2019 the Techint Group is composed of six main companies in the following areas of business: engineering, construction, steel, mining, oil & gas, industrial plants, healthcare. Techint, with its subsidiaries, is the largest steel making company in Argentina. This company claims to be the world's largest manufacturer of seamless steel tubes, mainly used in the oil industry. The company began providing engineering services to a growing number of clients in Latin America -to where Agostino Rocca had traveled after World War II- and Europe. Construction activities soon followed: the first major Techint Engineering and Construction (E&C) project was a network of large diameter pipelines in Argentina and Brazil. In the 1980s important projects were undertaken in Argentina, Brazil, Ecuador and Mexico, and the company diversified into new fields of activity, building the first nuclear facilities and offshore platforms. It headquarters Buenos Aires; Argentina and its CEO is Mr. Carlos Bacher. This group produces flat-rolled steel, tubular steel, industrial machinery, public infrastructure, oil & gas, mining, energy and health services. According to the latest information in 2020, the revenue Techint is about US$ 17.5 billion and the number of employees is 52/000.

Based on the latest information which released by world steel association, this company produced 12/55 m/t crude steel in 2020 and has ranked thirty fourth among top steelmakers in the world. It constitutes a commitment throughout Techint group companies' activities, as each company is determined to minimize the environmental footprint of its operation. With a decades long industrial heritage, the group's industrial culture is based on a long-term view of the business, a constant pursuit of excellence and a rational and systemic approach to the challenges it faces. At Techint E&C, everyone will have the opportunity to work in different countries as part of a multicultural team with a high technical level and extensive experience. Gets involved in large-scale complex projects, and takes advantage of the opportunity to take on ever-greater challenges, enhancing their growth both as a person and as a professional.

Shipping Market

- **Capesize**

The Capesize market endured a somewhat traditional post-holiday Q1 drop as the 5TC descended -7760 over the week to settle at $12,407. Trading activity was relatively quiet over the week as news from Brazil reported high rainfall affecting mining operations of iron ore flow. The Brazil to China C3 was expectedly softer as the route settle down to $19.175. The Backhaul C16 route from North China to Europe was one of the harder hit routes over the week seeing the route turn negative by Thursday to settle Friday at -$5275, a negative rating implying the voyage rate received by owners for cargo isn't enough to cover vessel expenses of the trip. The Pacific managed to maintain a more stable flow of cargo out of West Australia. But even from this region markets cargoes were underwhelming. The West Australia to Qingdao C5 closed the week at $7.014. Looking at the earnings comparison between the busier Transpacific C10 which closed down at $6242 to the Transatlantic C8 at $19,300, possibly reflecting the tighter tonnage situation in the Atlantic that may spark the region with any solid cargo inflow.

- **Panamax**

The decline in the Panamax market showed no signs of abating this week with further substantial corrections in both basins. In the Atlantic, a distinct lack of mineral demand in the North - as well as a build-up of tonnage count - weighed heavy on the few deals to be reported this week. An 81,000-dwt agreeing to $20,500 midweek for a transatlantic round trip via US east coast. Talk midweek of a floor being found from EC South America appeared premature with Charterers able to pick off tonnage at will at times. South East Asia ballasters, notably the smaller/older units, are now undercutting the larger type vessels. A 75,000-dwt delivery Singapore fixing $20,000 for a trip via EC South America back to the Far East. Asia remained downcast too, Indonesian coal exports continue to be an issue. And, despite some minor support ex Australia, this did little to dent into an ever-growing tonnage count with limited options.

- **Supramax / Ultramax**

Another week in which sentiment remained negative overall. However, there was a change in direction from the US Gulf which saw a slight improvement in rates. Generally, there remained a lack of fresh enquiry in many areas and a solid supply of prompt tonnage availability. Limited period activity was seen but a 53,000-dwt open Karachi was fixed for three to five months trading at $25,000. The only bright spark in the Atlantic was the US Gulf, a 61,000-dwt fixing from here for a trip to the East Mediterranean in the low $30,000s. The Asian basin was split, whilst the lack of cargo remained in the south. Further north, there was a little support for backhaul cargoes and Pacific round business. A 57,000-dwt was heard fixed for a trip from China to West Africa at around $21,000. The Indian Ocean saw a little more activity, a 52,000-dwt fixing a trip from East Coast India area to China in the mid $16,000s.

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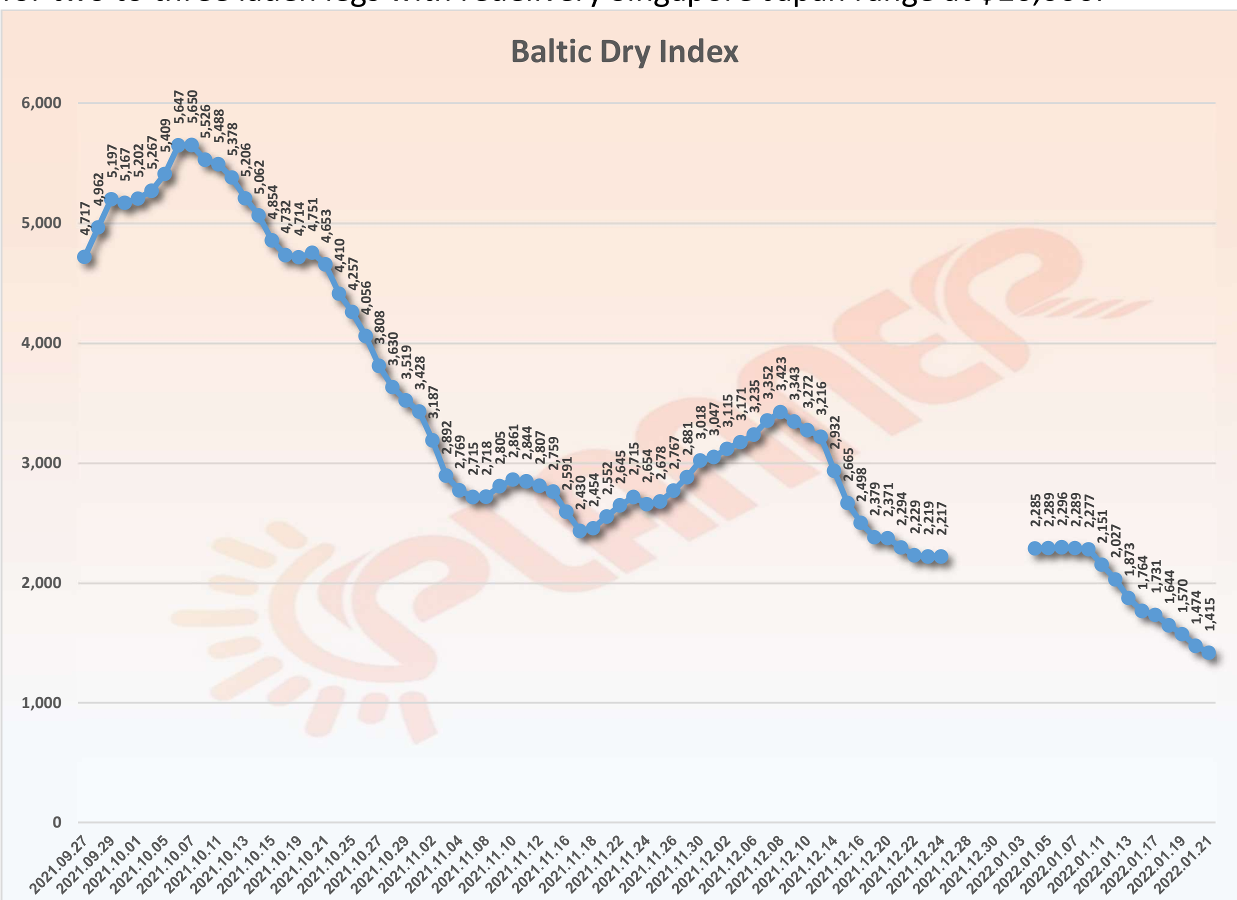
- **Handysize**

Another week of reductions on the BHSI with pressure continuing in the Atlantic basin. Numbers continue to fall on the Continent with a 32,000-dwt rumored to have fixed from Amsterdam to the US Gulf at $14,000 and a 38,000-dwt open in the Baltic fixing a trip to the US Gulf at $14,000. A 36,000-dwt fixed Rouen to Morocco at $13,250. In the Mediterranean a 28,000-dwt was fixed for a trip from Canakkale via the Black Sea to the Western Mediterranean with an intended cargo of grains at $19,750. A 32,000-dwt open in the Sea of Marmara fixed via Turkey for a trip to the Egyptian Mediterranean with an intended cargo of steels at $15,500. In Asia, a 35,000-dwt open in Fangcheng was fixed for two to three laden legs at $22,000. A 32,000-dwt open in the Arabian Gulf was fixed for two to three laden legs with redelivery Singapore-Japan range at $26,000.



Weekly Review of Iran Domestic Market

Domestic steel market still is not in a good condition. Weak demand, on the one hand, has led to the accumulation of products in the producers' warehouses, and on the other hand, has caused them liquidity problems. The severe recession in this market forced the policymakers to improve the current situation in order to increase the desire of buyers. In this regard, they issued a license for buying billet for individuals and legal entities. they also tried to persuade buyers to purchase goods by lowering the base price of products. Therefore, in the last week, out of 134,000 t of billet offered at the IME market, about 95000 t were sold. However, it should not be forgotten that the transactions volume in this month is less than in the previous two months. Regarding rebar, due to the reasonable base price, we saw less recession compared to the earlier week, and out of a total of 78,000 t of rebar offered at the IME market, 43,000 t were sold. In the physical market, the weekly average price of rebar was 148,509 IRR, which was 2,739 IRR less than earlier week. The weekly average price for billet was estimated at 134,750 IRR, which decreased by 740 IRR compared to the previous week.

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