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Planner Sunday Journal

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Editorial

Shall we expect an aggressive move from Federal Reserve next month? The answer is a BIG yes. The monthly inflation data came in this week as high as 7.5%, a monthly increase of 0.6%, compared to the expectation of 0.4%. This raised the pressure on the Fed to do something about the failing target of 3% inflation, which does not even seem to be in reach of the US monetary policy organization at the moment. The US households face higher living costs and expect Federal Reserve to do something about it. Now, analysts even do not rule out 7 times rate hikes, each 25 basis points, while earlier the expectation was 5 rate hikes. There is a mindset among the players that in March, Federal reserve could increase the rates by 50 basis points, boosting the US dollar in the first half of 2022. Gold and other commodities could get under pressure, though steel market will mostly follow the developments in China.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	Feb 11th	Change % (MoM)
Iron Ore CFR China	132	149.3	150	+13.6
Scrap CFR Turkey	478.2	500	507	+6.0
Billet FOB CIS	626.4	661	665	+6.1
Slab FOB CIS	628.5	674	700	+11.3
Rebar FOB Turkey	710.1	736.6	739	+4
HRC FOB CIS	801.3	836	860	+7.3
CRC FOB CIS	961	965	995	+3.5

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Macro Economy

- **USD Index**

The US dollar index climbed higher toward the 96 mark on Friday after hotter-than-expected US inflation and hawkish comments from a Federal Reserve official fueled bets for a more aggressive tightening. US inflation hit 7.5% in January, accelerating at its fastest pace since February 1982 and posting higher than forecasts. Treasury yields spiked in reaction to the data, with the benchmark 10-year yield breaking above 2% for the first time since 2019. The hot inflation reading also prompted St. Louis Fed president James Bullard to call for accelerating rate hikes with a full percentage point increase by the start of July. Meanwhile, similar inflationary pressures and rate hike expectations worldwide kept a lid on gains in the dollar.

- **Crude Oil**

Crude Oil prices ended 3% higher on Friday at fresh seven-year highs as escalating fears of an invasion of Ukraine by Russia, a top energy producer, added to concerns over tight global crude supplies.

Brent crude futures settled $3.03, or 3.3%, higher at $94.44 a barrel, while U.S. West Texas Intermediate crude rose $3.22, or 3.6%, to $93.10 a barrel.

Both benchmarks touched their highest since late 2014, surpassing the highs hit on Monday, and posted their eighth consecutive week of gains on growing concerns about global supplies as demand recovers from the coronavirus pandemic.

- **Cryptocurrency**

Bitcoin Technical Analysis

Some believe with price strength uncertain, BTC/USD could go either way, depending on how momentum begins to mature.

As constructed, the short-term ten-day (red) moving average still looks to be bullish, helped by the current ascending triangle which has formed in recent weeks. Bulls will now likely wait to see if this will be enough to inspire fellow buyers to re-enter.

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Steel

- **Semi-Finished Products**

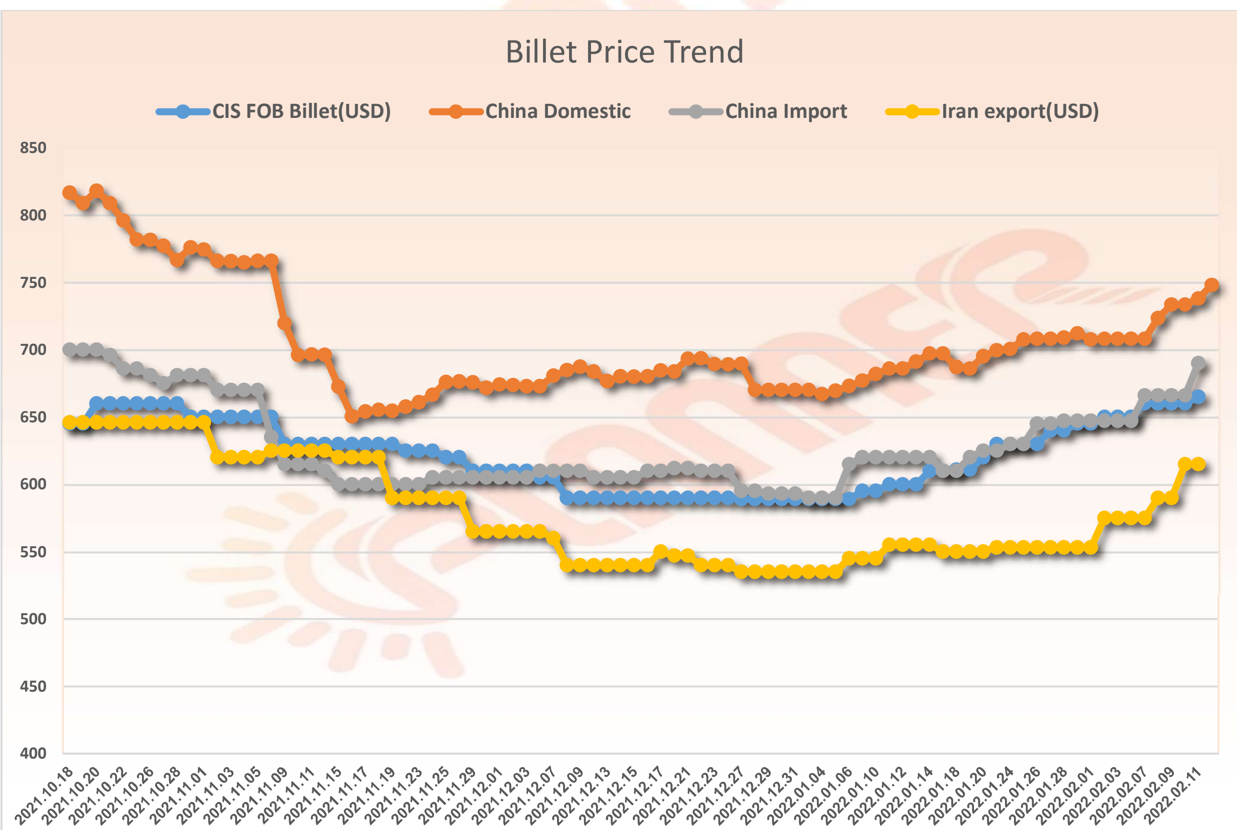
Chinese steel market started the new year with a huge surge as expected both in futures and physical market. Tangshan billet soared by 240 RMB compared to pre-holidays levels to 4740 RMB/Mt ex-work including 13% VAT. This is typical of Chinese market after the New Year and we have seen same behavior during the past couple of years. Billet inventories in Tangshan were on rise for 4 consecutive weeks, but tend to stabilized this week at around 300 KMt since rolling mills started to restock after getting back to work. At import front, Southeast Asian suppliers started quoting 700 USD/Mt CFR to China after Dexin sold a lot at 690 USD/Mt CFR. The rise in prices is attributed to higher production cost as well as better demand in downstream industries.

In CIS region, producers followed the Chinese market sentiments and test the market with offers as high as 670 USD/Mt FOB. The positive developments in import scrap market in Turkey helped to a great extent, while Russian offers are not workable in Chinese market at the moment. Given the better purchasing attitude in North Africa and Turkey, it is estimated that the prices have further room to expand, while the threat of war casts shadow on the Black Sea region sentiments.

Iranian mills also concluded some deals at higher levels than previously achieved. A main producer in the country concluded a lot for 20k to Persian Gulf nations at 615 USD/Mt FOB for March shipment. It is believed that the cargo has at least 15 USD premium in grade. Another mill concluded a lot at 587 USD/Mt FOB for same month delivery. The destination has not yet disclosed. Planner weekly estimation for Iranian billet is 590-600 USD/Mt FOB.

In slab segment, CIS sellers continued to push up their quotations. Latest offers from Black Sea come at 700 USD/Mt FOB, up 50 USD/Mt from a week earlier. Better demand for flats in the EU has added to the expectations of price increase in the future, while probable war between Russia and Ukraine might lower the supply from the two countries.

Market outlook: As Planner predicted last week, prices after Chinese New Year hiked sharply. It is estimated that the window for further expansion is still open.



- **Finished long products**

Chinese futures and physical market opened sharply higher this week after a long holiday, but corrected as the week came to the end. The main rebar contract in Shanghai Futures market reached levels more than 5000 RMB/Mt, but slumped heavily to close at 4850 RMB/Mt after Chinese authorities voiced new measures for regulating the price of bulk commodities. The average price of rebar in 31 main cities of China reached 5032 RMB/Mt on February 11th, up 300 RMB/Mt from pre-holidays level. The futures market seems to be more affected by the speculations, while physical market follows market reality.

The increase in import scrap tags as well as higher energy cost caused Turkish long steel producers to revise their offers one after the other. The latest offers from Turkish exporters come at 745 USD/Mt FOB while the practical level seem to be at 735 USD/Mt FOB. Domestic quotes also rose by 10-15 USD/Mt to 735-745 USD/Mt ex-work. Given the tensions in Black Sea region and the winter factor for scrap collectors, the rebar prices have further chance to expand.

Iranian producers hold their bullish stance, voicing export rebar at 600 USD/Mt ex-work, although no deals have been heard at this level. Iraqi buyers see this level quite high, since the workable levels in Iraq do not exceed 730 USD/Mt. With domestic demand almost dead, the export market is the only way out of recession for steel producers in Iran.

In wire rod market, CIS suppliers carried on the upward momentum and quoted prices in the range of 835-840 USD/Mt FOB, up 10-15 USD higher from a week earlier. Turkish absence in supplying enough material as well as higher scrap tags has added to the expectations of further increase in wire rod prices.

Market Outlook: Planner expects the uptrend will continue next week, considering the price of scrap and energy shortage currently ruling the main suppliers.

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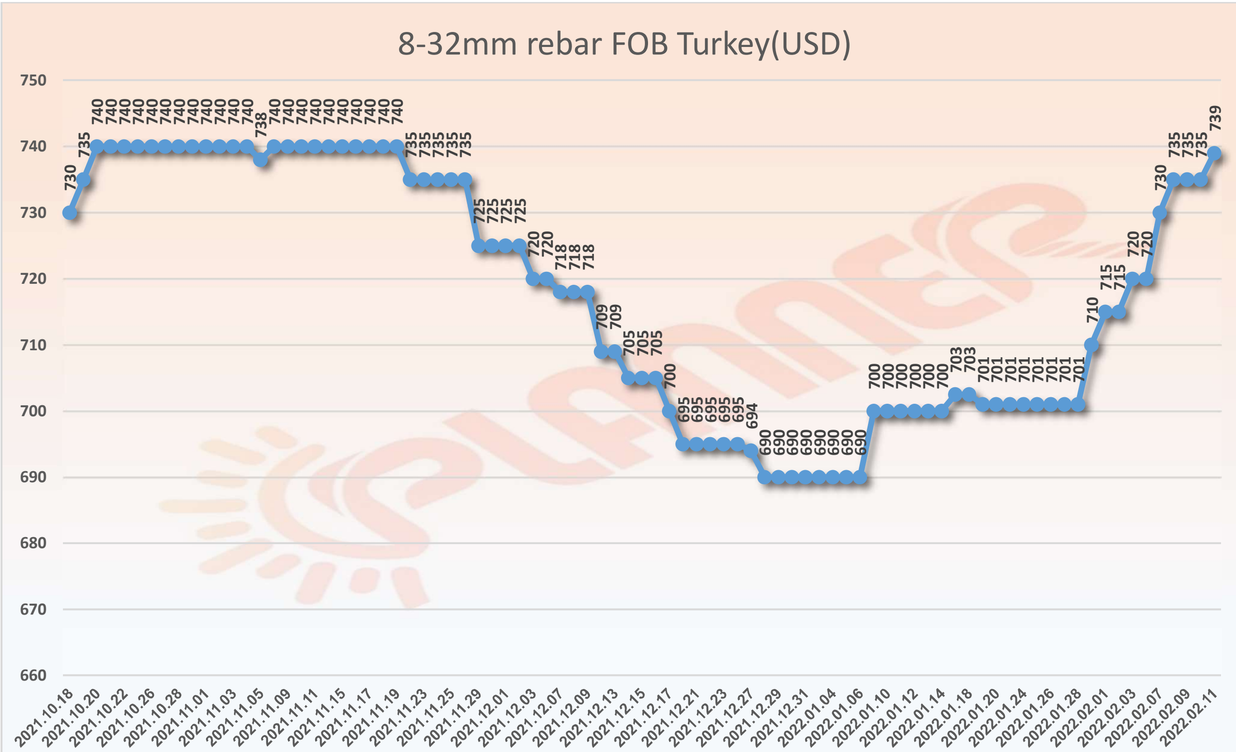


- **Finished flat products**

The trend for finished flat products in China after New Year holidays followed that of long steel products and revised upward at the beginning of the week. The main HRC contract in Shanghai Futures market rose to 5140 by the middle of the week, but tend to correct with Chinese authorities warning about price control measures for bulk commodities especially iron ore. In physical market, the average HRC price in main cities of China were estimated at 5125 RMB/Mt, 185 RMB higher than pre-holidays period. Planner predicts that HRC prices in Chinese market will fluctuate in current level for the next week.

Flats prices in CIS region continued its increasing path on the back of higher raw material tags in Turkey as well as speculations from customers that a probable war between Russia and Ukraine could result in lower supply of steel products. The offers from CIS come at 880-910 USD/Mt FOB, while customers tend to purchase at 865-880 USD/Mt FOB. It is estimated that the suppliers have the upper hand in negotiations and further price rise is inevitable.

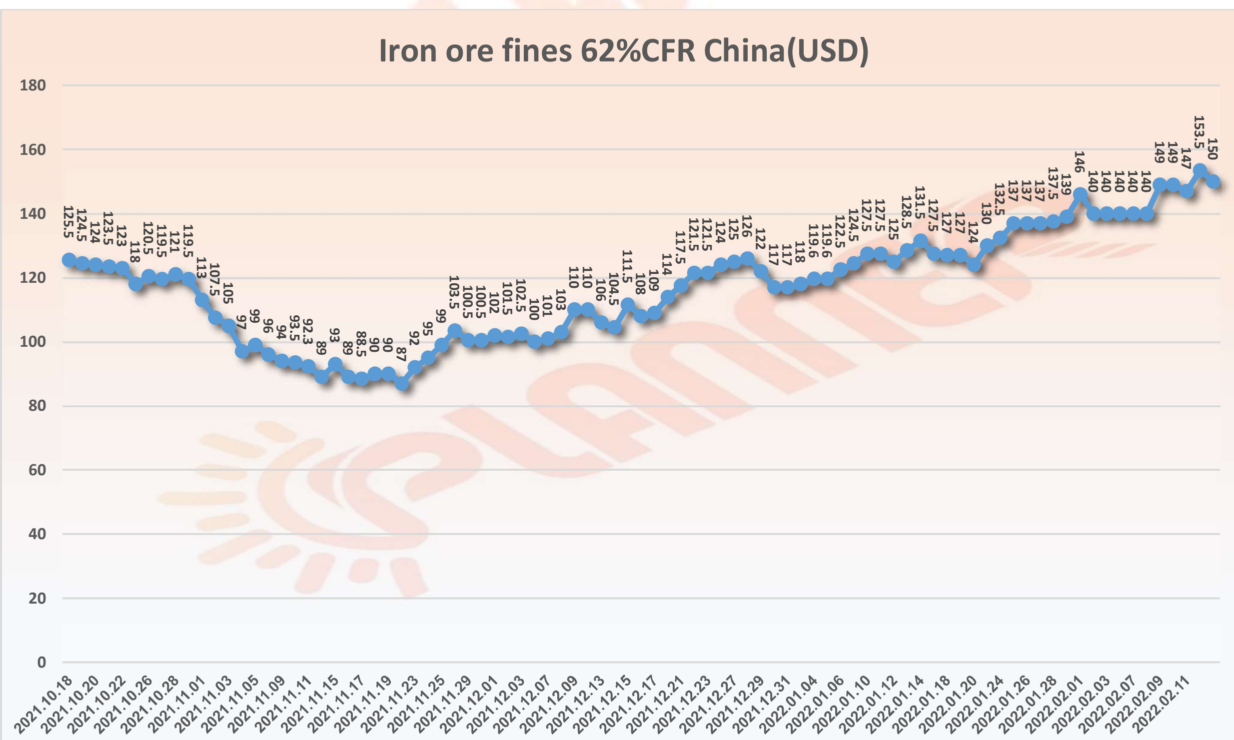
In CRC section, new price levels from CIS producers passed 1000 USD/Mt. Turkish buyers have no other choice to accept the new levels, while the Europeans rush to restock before an attack strikes from Russian forces on Ukraine.

Market Outlook: Planner expects a new round of price hike next week for flat products.

Raw Materials

- **Iron Ore**:

In spite of strict steel production limitations imposed by Chinese government and the resumption of shipments from Brazil, iron ore marched on its increasing path during last week. Australian fines 62% touched 153.5 USD/Mt CFR on Thursday, while it corrected mildly on Friday to 150 USD/Mt CFR. The Chinese authorities have warned participants of price manipulations and send inspection teams to futures platforms and port sides in order to control the commodity price. The main iron ore contract in Dalian Commodity Exchange fell heavily on Friday by the news, while the correction in physical market was not that sharp. However, Planner believes that as the first quarter of 2022 passes, iron ore has more room to slump.

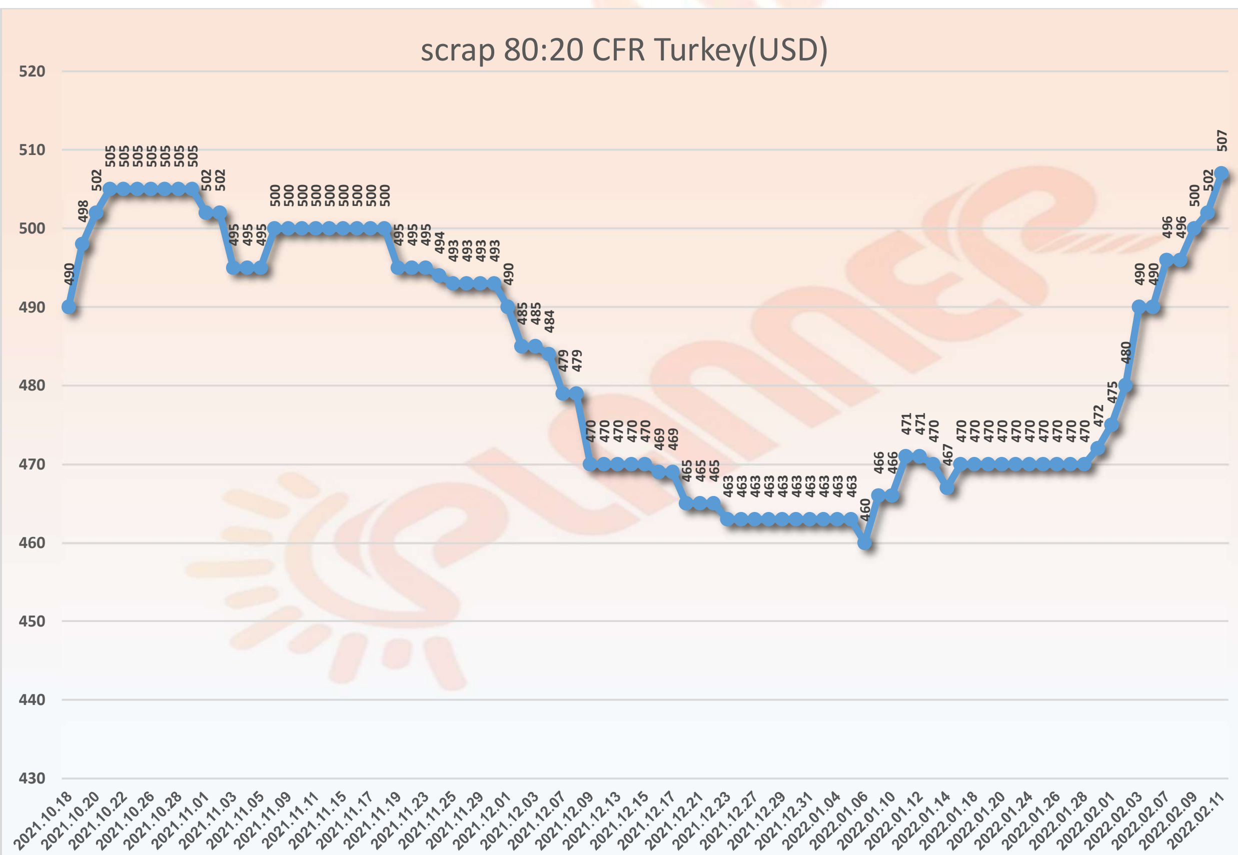


- **Scrap**

Last week, we witnessed a significant increase in the price of Turkish imported scrap. Such level of price growth has been unprecedented during the last 4 months. The price of HMS 1&2 (80:20) scrap reached $507/ton CFR on Friday, up $11 from the previous week.

Due to high production capacity, most producers are trying to procure raw materials to meet their current needs. In addition, the significant increase in the volume of transactions in the Turkish steel market has forced the main factories to replenish their inventories. On the other hand, the scrap supply from the main suppliers, namely the United States and the European Union, was accompanied by a decrease last week, which led to a noticeable increase in the price of this commodity.

It is expected that due to the growing demand for semi-finished and finished products, in case iron ore prices remain high, we will see a continuing boost in scrap prices.



- **Hard Cocking Coal**

Higher than expected production curbs in Chinese main steel producing hubs have suppressed the appetite of Chinese buyers for met coal to a great extent. The Australian low volatile coking coal corrected last week by 4 USD to 459 USD/Mt CFR China, while non-Australian origin material offers were absent due to the mismatch of the expectations between sellers and buyers. Mills have enough stocks at the moment and tend not to buy huge volumes, waiting for the prices to slide. Plus, the second round of met coke price cuts were declared in China, bringing the total decline to 400 RMB/Mt from the beginning of the February. Therefore, the outlook for met coal is not so bright at least till February end.

2022/02/11

Commodity	Origin	Currency, Delivery term	Price	Daily change
LME Aluminum closing (3-Month)		$/t	3,250.5	-15.5
LME Copper closing (3-Month)		$/t	10,254	+195
WTI crude oil (March Contract)		$/Barrel	89.88	+0.22
BRENT crude oil (March Contract)		$/Barrel	91.41	-0.14
Iron Ore, 62%	Australia	$/t, CFR China	150	-3.5
Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	507	+5
Coking coal	Australia	$/t, FOB	440	0
Coking coal	USA	$/t, CFR China	398	-2
Billet Q235	China	CNY/t, EXW	4,740	+50
Billet Q235	China	$/t, EXW	746	+8
Slab	China	CNY/t, EXW	4,870	+20
Slab	China	$/t, EXW	767	+4
Imported Billet BOF/3SP 150mm	-	CFR China	690	+24
Billet	CIS	$/t, FOB	665	+5
Slab	CIS	$/t, FOB	700	0
HRC	CIS	$/t, FOB	860	0
Rebar	Turkey	$/t, FOB	739	+4
Billet	Iran	$/t, FOB	615	0
Slab	Iran	$/t, FOB	610	0
Rebar	Iran	$/t, EXW	600	0
Transactions of construction steel (rebar, wire rod and bar-in-coil) in 237 Trading house of china				
Yesterday's trading volume (tons)			184938	
Today's trading volume (tons)			-	

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Steel Industry Admired Producers

36) ThyssenKrupp

ThyssenKrupp is a German multinational conglomerate with focus on industrial engineering and steel production. It is the result of the 1999 merger of Thyssen AG and Krupp and has its operational headquarters in Duisburg and Essen and Its CEO is Ms. Martina Merz. ThyssenKrupp is the result of a merger of two German steel companies, Thyssen AG founded in 1891 under the name Gewerkschaft Deutscher Kaiser and Krupp founded in 1811. As early as the 1980s, the companies began negotiations on a merger and began closely cooperating in some business areas. In 1997, the companies combined their flat steel activities, with a full merger completed in March 1999. Thyssenkrupp is an international group of companies consisting of largely independent industrial and technology businesses with over 100,000 employees. In the 2020/2021 financial year, it generated sales of €34 billion in 56 countries. Business activities are grouped into six segments: Materials Services, Industrial Components, Automotive Technology, Steel Europe; Marine Systems and Multi Tracks. With comprehensive technological know-how, the businesses develop economical and resource-saving solutions for the challenges of the future. Around 3,600 employees work in research and development at 78 locations worldwide and are primarily concerned with climate protection and the energy transition, digital transformation in industry and future mobility. It is good to know that the patent portfolio of the Thyssenkrupp Group currently includes around 18,100 patents and utility models.

Under the Thyssenkrupp umbrella brand, the group of companies creates long-term value with innovative products, technologies and services and contributes to a better life for future generations. Thyssenkrupp shares are traded on the Frankfurt Stock Exchange and as American Depositary Receipts in the USA. The slogan of this group consists of three words: engineering, tomorrow, together, three words that describe who they are, what they do and how they do it. Based on the latest information, this German company had a revenue and net income equal €28.89 billion and €-5.54 billion respectively. The total asset of this group was about €36.49 billion. According the latest information which released by world steel association, this company produced 10.73 m/t crude steel in 2020 and has ranked the Forty-fourth among top steelmakers in the world.

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Shipping Market

- **Capesize**

The Capesize market traded sideways this week as the 5TC closed at $10,302, an improvement of +1384 over the week. Lunar New Year holidays ensured the market was more subdued with holidays across Asia. Fixture activity looked to increase towards the end of the week. However, this was mainly based around the usual trade routes of West Australia to China C5, which closed at $7.164, and Brazil to China C3 which settled at $20.26. For the low earnings inherent in the voyage rates, they are relatively highly priced. This is due to the increased influence that bunker fuels are having on the market. Energy demand globally is seeing owners pay substantially more to fuel their vessels as Low Sulphur Bunker Fuel prices now well over $700 per mt. With all traders due back from holidays next week many will be looking for winds to drive the Capesize market out of its current doldrums.

- **Panamax**

January came and went in a blink it seems. A month for many to perhaps forget, with the BPI 5 timecharter average yielding a $9,411 correction month-on-month. This week, blighted by Lunar holidays, continued the theme. The Atlantic witnessed minimal demand seeing a further decline in rates, although sentiment and general feel improved Thursday/Friday. However, suppressed all week by an increasing tonnage count of ballasters and early ships - especially in the North Continent - the market for transatlantic and fronthaul trips from the Americas remained largely APS delivery basis. This highlighted the depressive nature of the market. An 82,000-dwt delivery APS EC South America agreed $22,750 for a trip to the Mediterranean. Asia, meanwhile, unsurprisingly proved to be fairly subdued with so many players absent from the market for the first half of the week. However, a handful of deals did occur and an 81,000-dwt fixed at $20,000 for a trip via Indonesia redelivery Philippines.

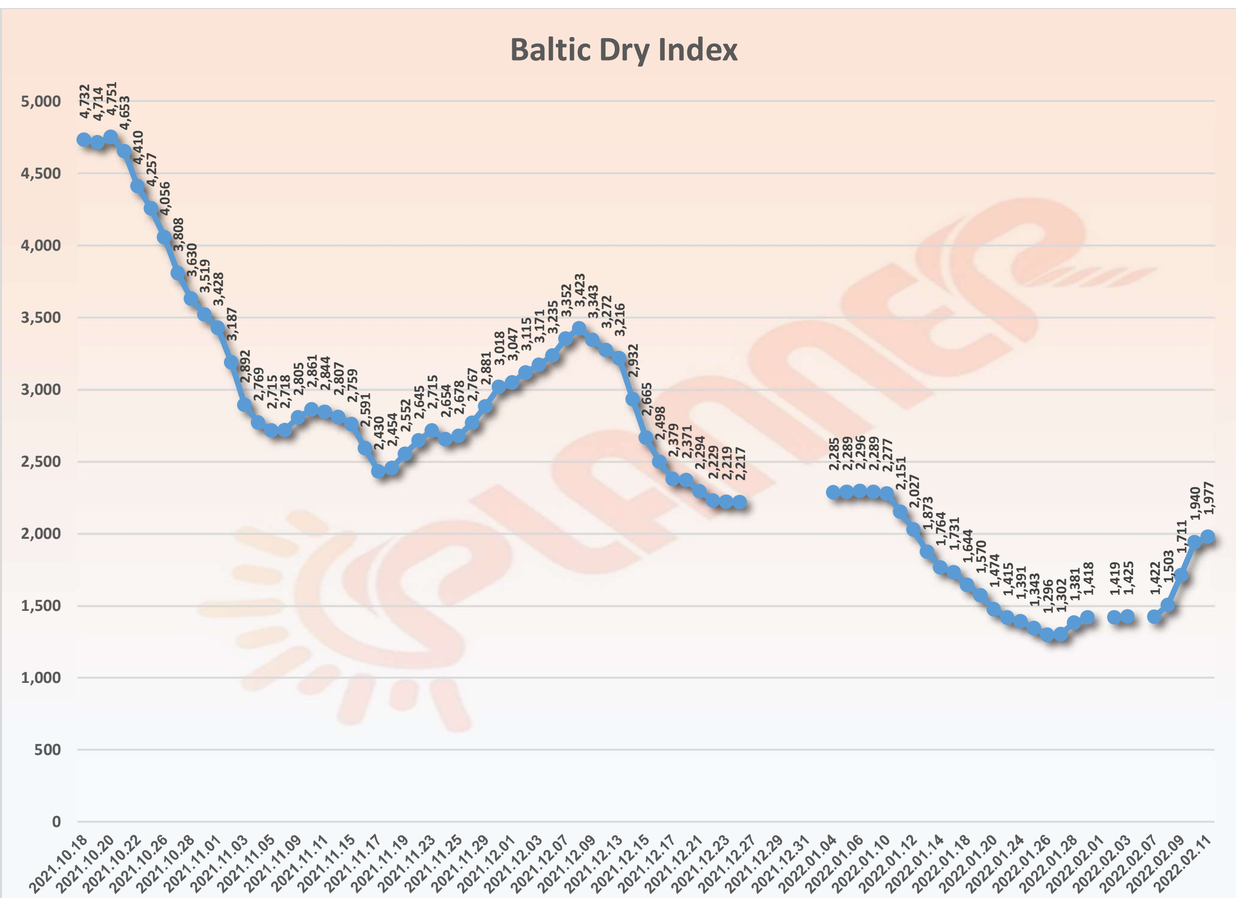
- **Ultramax/Supramax**

A mixed bag during the past week, no doubt being affected by the Lunar Holidays in Asia. However, as the week drew to a close positive sentiment was seemingly returning. Little period action surfaced, but some brokers commented that demand from operators for tonnage was strong. In the Atlantic a rather sideways week from key areas such as the US Gulf. A 55000-dwt fixing a transatlantic run at $14,000, whilst for trips to the Far East a 54,000-dwt fixed in the mid $20,000s. More activity was seen from the Mediterranean, changing owners' expectations. A 55,000-dwt fixing a trip from the East Mediterranean to West Africa at around $21,000. From Asia there was limited action, but interest was seen in the Indian Ocean. A 63,000-dwt fixing a trip delivery Port Elisabeth redelivery

China at $25,250 plus $525,000 ballast bonus. Meanwhile, a 58,000-dwt was heard fixed delivery South Africa for a trip to India at $23,000 plus $305,000 ballast bonus.

- **Handysize**

The first glimmers of recovery in some regions were seen as the week ended with some expecting to see an upturn as the Lunar New Year celebrations came to a close. East Coast South America saw a 32,000-dwt fixing for Nueva Palmira to the Continent at $24,000 with an intended cargo of woodpulp. The US Gulf, by contrast, remained soft. A 39,000-dwt fixed from South West Pass to Turkey at $14,000. A 38,000-dwt was rumored fixed for a similar run to Ireland at around $13,000. Sentiment firmed elsewhere as the week closed. A 30,000- dwt fixing a trip delivery Morocco redelivery Bangladesh at $19,000. From Asia, activity was limited due to the long holiday. However, a 38,000-dwt was rumored to have been fixed for a trip from CJK via Vostochny back to China at $12,000. Despite this, sentiment from the region generally remained flat.



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Weekly Review of Iran Domestic Market

Last week, we saw an increase in the prices of domestic steel market, which can be attributed to the growth of Iranian export market prices and the Chinese buyers hoarding of the country's steel products, as well as the increase in the base rate of products at the IME market.

The weekly average price for rebar in physical market was 155,935 IRR, which was accompanied by an increase of 375 IRR compared to the previous week.

The weekly average price of billet in spot market was equal to 141,530 IRR, which shows 380 IRR increase in price, compared to the earlier week.

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