No: 41

www.Planner-group.com
T.me/Plannerinfo

Planner Sunday Journal

Apr 3rd, 2022

Editorial

Federal Reserve finally stepped in to cool down the economy, though, its first move took place with cautious. The US monetary policy maker raised the rate by 25 basis points in its latest meeting and is expected to continue hiking rates by 6 more times in the future meetings. The US interest rate is expected to touch 2.8% by the end of 2023 to put a stop on rising inflation.

Now, what will happen after such decision to the world economy? The cost of borrowing for the companies will go higher, meaning that the firms may postpone their newly started projects and bite the pain of lower revenue. Households, however, put their liquidities in the bank in order to earn more interest, leading to lower money in the market; which in turn causes inflation to slump.

Developing economies which mainly rely on import of raw materials, have no other choice but to comply with US central bank, as the US dollar is the benchmark for most contracts in the world. Same situation will happen in emerging economies. Once this happens, the world trade will slow down. Emerging economies are the running locomotive of world economy and it seems that institutions shall revise their prediction for world economic growth over the next few years.

www.Planner-group.com
T.me/Plannerinfo

Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	Apr 1st	Change % (MoM)
Iron Ore CFR China	144.2	156.4	160	+11
Scrap CFR Turkey	573.1	655.2	653	+14
Billet FOB CIS	722.6	818	800	+10.7
Slab FOB CIS	715	810	810	+13.2
Rebar FOB Turkey	839	961	960	+14.4
HRC FOB CIS	897.6	1000	1000	+11.5
CRC FOB CIS	1050	1150	1150	+9.6

www.Planner-group.com
T.me/Plannerinfo

Macro Economy

- **USD Index**

The US dollar index extended a rebound to above 98.5 on Friday after gaining half a percent in the previous session, as labor report reinforced the view that the Fed would need to tighten more aggressively during the next MPC meeting in May. March nonfarm payrolls missed expectations, but the jobless rate fell more than expected and average hourly earnings grew at a stronger pace than in February. Earlier this week, the data showed core PCE prices, the preferred gauge of inflation by the central bank, rose at the fastest rate in nearly four decades in February. The greenback also benefited from safe-haven flows as peace talks between Russia and Ukraine appeared to have stalled.

- **Crude Oil**

Crude Oil prices settled lower on Friday as members of the International Energy Agency (IEA) agreed to join in the largest-ever U.S. oil reserves release.

Both Brent and U.S. crude benchmarks settled down around 13% in their biggest weekly falls in two years after U.S. President Joe Biden announced the release on Thursday.

Brent crude futures were down 32 cents, or 0.3%, at $104.39 a barrel. U.S. West Texas Intermediate (WTI) crude futures fell $1.01, or 1%, at $99.27.

www.Planner-group.com
T.me/Plannerinfo

Steel

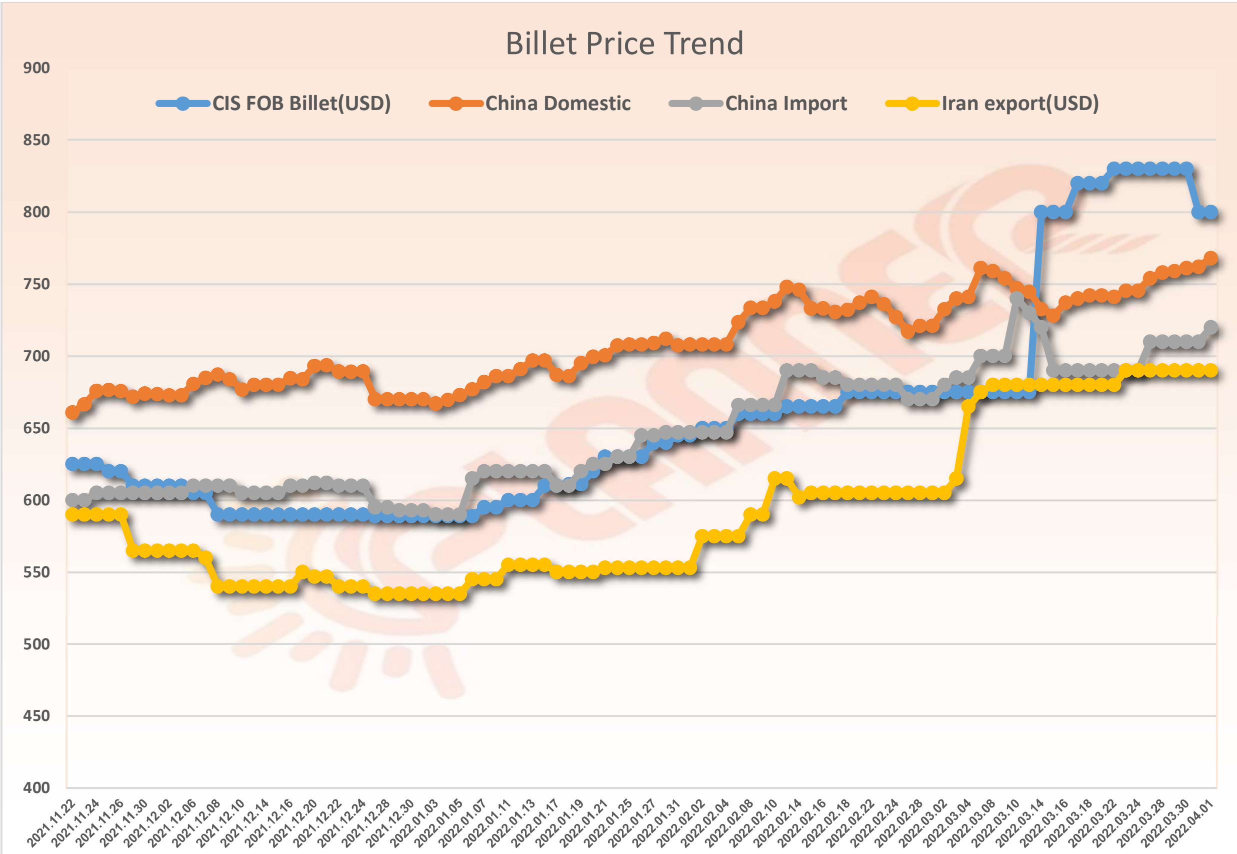
- **Semi-Finished Products**

Billet prices in Chinese domestic market continued its upward trend over two weeks to reach 4830 RMB/Mt on Friday, April 1st. Due to high raw materials prices, steelmakers prefer to lower capacity utilization rate in order to stop loss. Plus, the new round of epidemic has led to stoppages at steelmaking plants in major hubs of China. However, the rumor has it that authorities are planning to impose export duties on semis to control the domestic market. This could lead to a correction in domestic market prices, while supporting the levels in international market. The billet inventories in Tangshan remained almost flat compared with last week at 217 KMt, showing strong demand from the downstream industries.

Since the beginning of the war between Russia and Ukraine, a great deal of semis supply has been vanished from international market. Traders are afraid of dealing with Russian producers due to banking complications and Ukrainians are facing logistical challenges during war. However, it is heard that some Russian lots have been shipped from Japan Sea to Southeast Asia and China. CIS billet is estimated to have been sold at 800 USD/Mt FOB, which is considered lower than the normal level.

Iranian sellers were mostly quite this week due to Nowrooz holidays. There are rumors of a sale at 750 USD/Mt FOB in the market which is quit high level and Planner cannot verify such deal at the time of publication.

In slab segment, Russian sellers are ready to give considerable discounts to the buyers in order to sell some tonnages. Planner heard from reliable sources that offers from Russia come at 810 USD/Mt FOB, while a major producer in Iran claims to have sold a lot at 850 USD/Mt FOB to the EU. Considering the cost of freight to the Union, the claimed price is considered to be high.



- **Finished long products**

The price of longs Chinese domestic market marked a strong performance both in futures and physical market. The average price of rebar in main cities of China reached 5105 RMB/Mt on Friday, up 137 RMB/Mt from PSJ last issue, while the main contract of rebar (2210) registered a weekly gain of 137 RMB/Mt to close at 5159 RMB/Mt. As a short holiday is ahead, downstream demand has improved and inventories depletion accelerated this week. Shagang group raised its rebar price for early April by 100 RMB/Mt, supporting the prices in the domestic market.

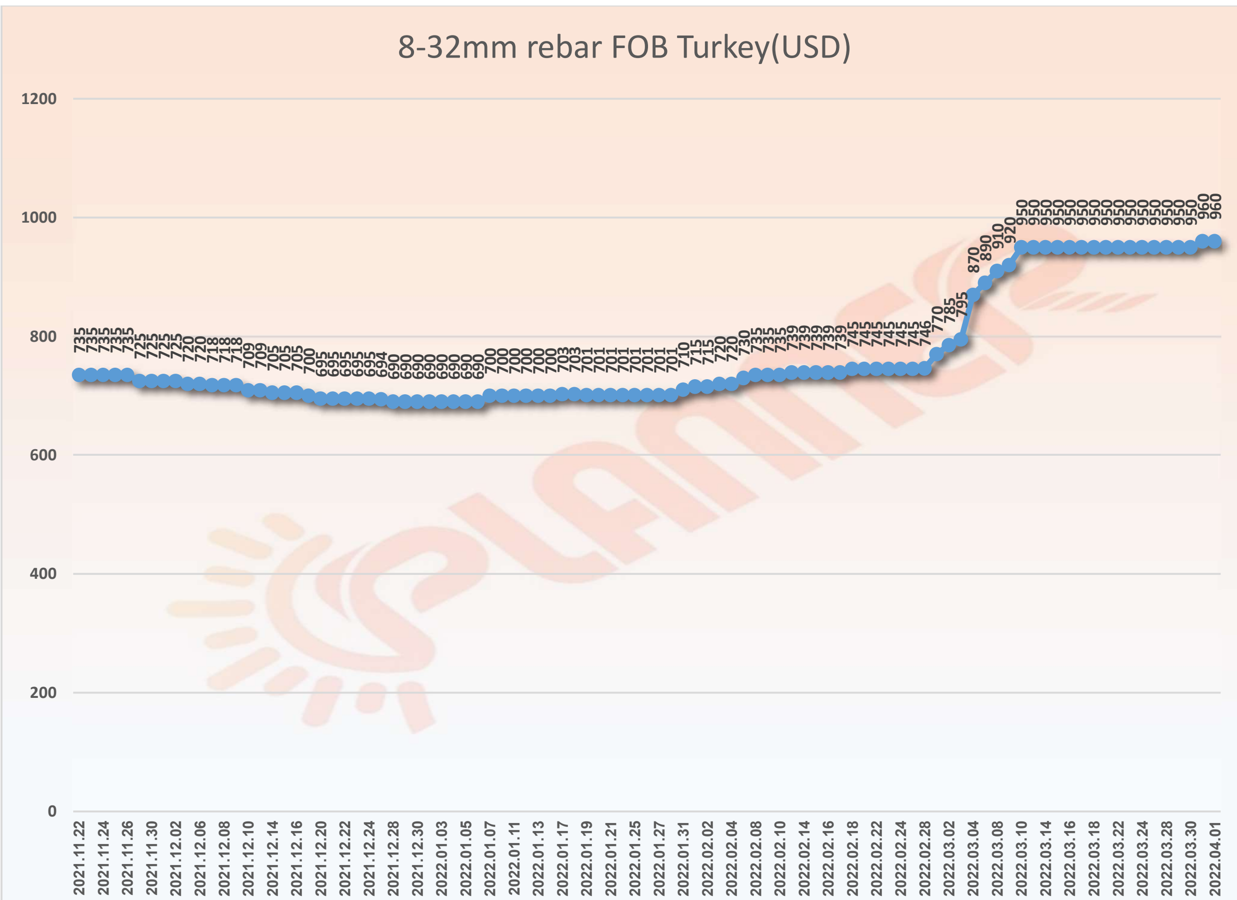
Turkish producers hold their steady position despite the correction in scrap prices. They did not win an exemption from US tariffs on steel, but still enjoy good demand from alternative buyers in Mediterranean. Meanwhile, Russian suppliers are planning to increase their sales share both in domestic and export market that could overlap with Turkish producers and may lead to a correction in prices.

www.Planner-group.com
T.me/Plannerinfo

Iranian re-rollers also were mainly off due to New Year season and no major offers have been heard from sources. They will resume work from next week.

In wire rod market, offers from Turkish producers are being voiced at almost 1000 USD/Mt FOB. The prices have jumped nearly 200 USD since the beginning of the war between Russia and Ukraine and may continue their upward trend as Russian materials are unfavorable in the market.

Market Outlook: Planner expects longs prices to continue upward trend next week.



- **Finished flat products**

Finished flat products prices in China gained dramatically over the past two weeks as raw materials prices soared. The average price of HRC in main cities of China hiked by 213 RMB/Mt to 5297 RMB/Mt. The main HRC contract rose by 86 RMB/Mt to 5319 RMB/Mt. Some mills have ceased production since they do not have enough stocks to enhance production. Their HRC inventories are depleting as silver April is starting.

Turkish producers have booked over 300 KMt of HRC from China at prices around 900 USD/Mt CFR Turkey which are delivered in May. Traders now have taken a pause since they are short of liquidity and they wait for a clear direction for prices in the weeks ahead. Chinese sellers offer HRC to Turkey at 1000-1050 USD/Mt CFR, but no deals have taken place at such levels. Turkish mills also offer HRC to the EU at 1340-1360 USD/Mt FOB, while there is no competitor on their side.

In CRC section, Chinese suppliers continue to offer to Turkey at 1140-1160 USD/Mt CFR, but there have been no major deals at such level since buyers have booked enough orders.

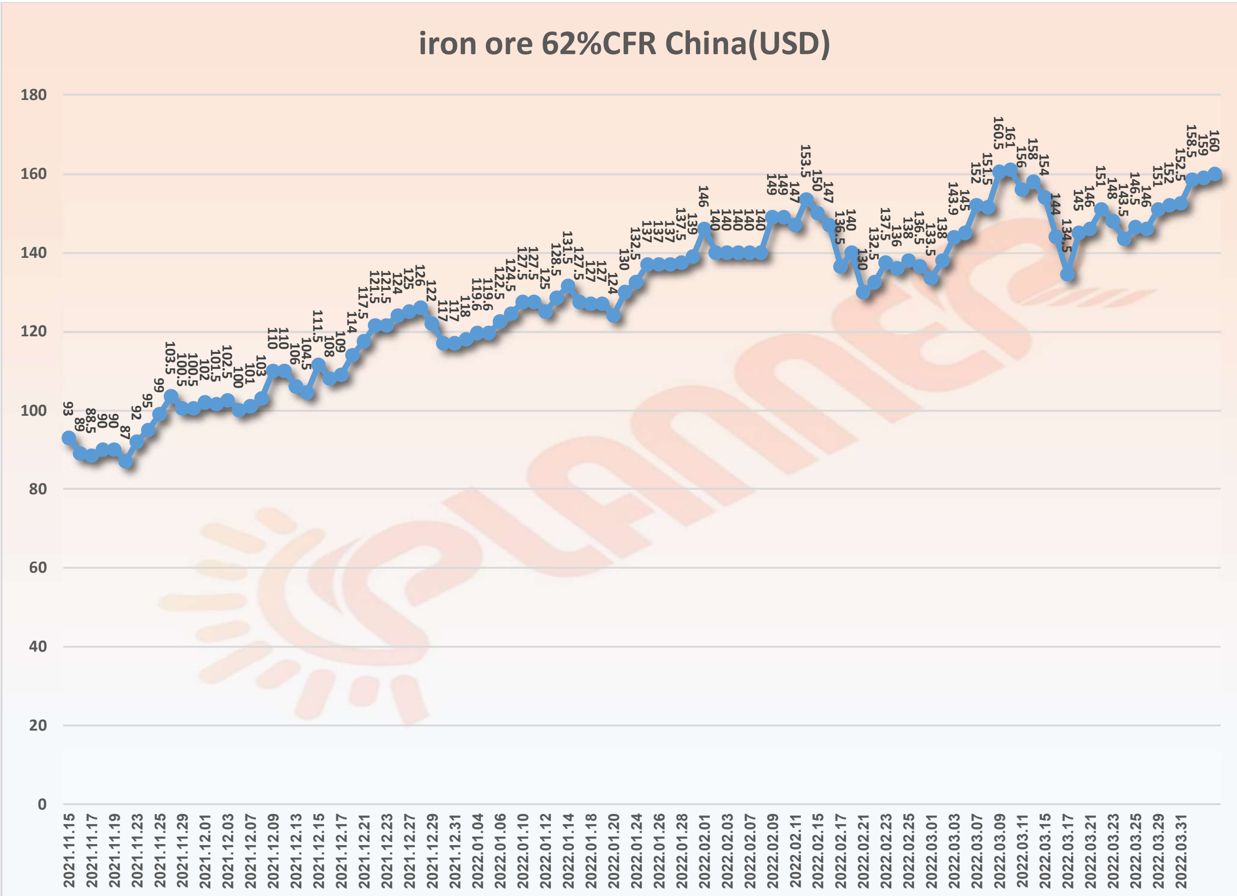
Market Outlook: As Planner expected, flat prices continued to increase, however, prices may fluctuate at current levels for some time.

Raw Materials

- **Iron Ore**:

Australian Iron ore fines 62% Fe paved its path to 160 USD/Mt CFR China last week. Iron ore inventories in 45 major ports of China increased slightly to above 153 million Mt as logistical issues hinder transportation from ports to mills. As epidemic restrictions are lifted in Tangshan, Planner believes that iron ore demand will increase further and there is room for further price expansion for the commodity. There are news that Chinese government will introduce some packages in order to support stable growth of the economy, which could entice iron ore prices in the weeks ahead.

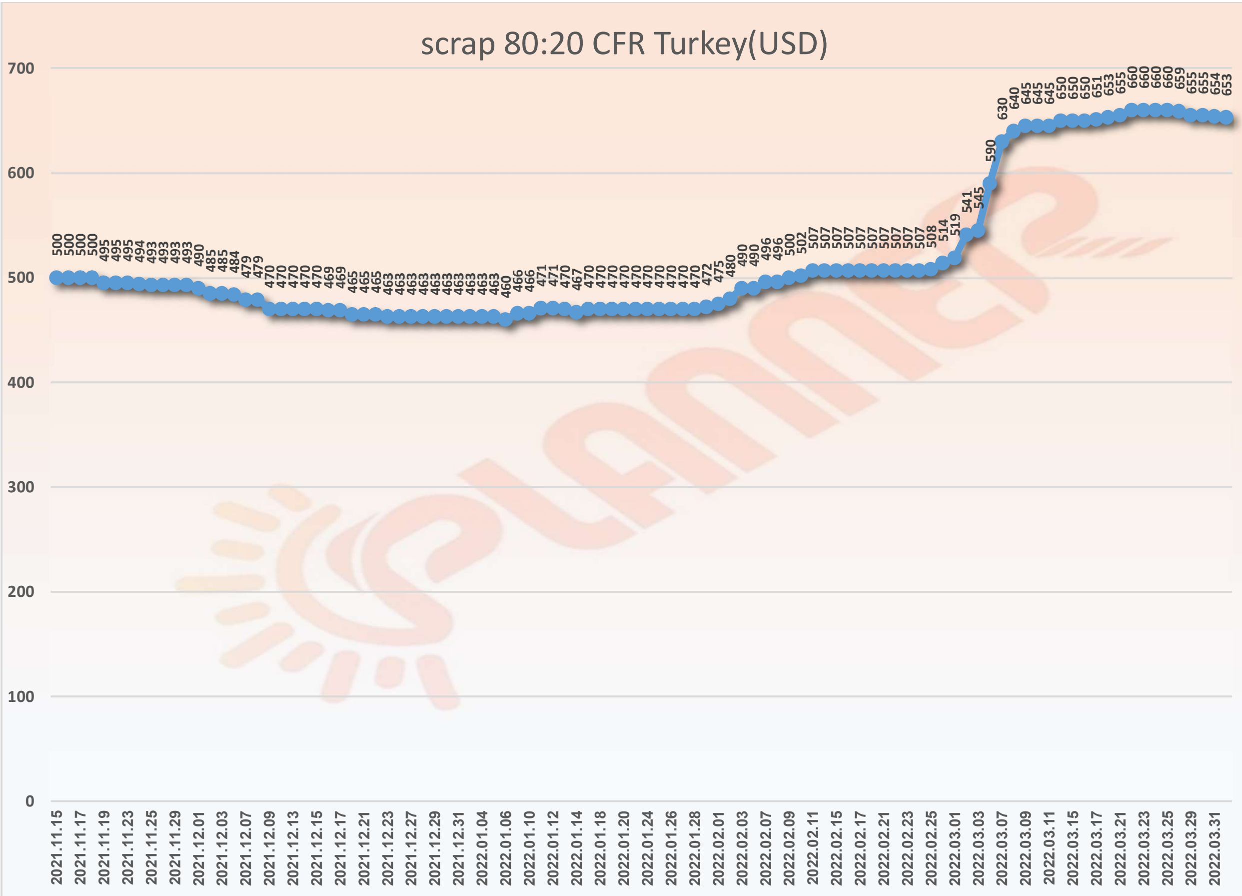
www.Planner-group.com
T.me/Plannerinfo



- **Scrap**

Over the past week, The Turkish imported scrap market stagnated until a report on two deals was heard on Friday. A Turkish buyer bought two HMS 80:20 cargoes on Thursday ex US at $ 653/t and ex Baltic at $ 648/t (normalized to $ 654.50). The two contracts are the first since Monday, when the ex-EU HMS 80:20 had been traded at $ 645 /t for May shipment.

It seems, due to the approach of the construction boom season and the increase in demand for semis and final products in Turkey with the suppliers who are aware of this situation, higher levels of prices would be available for imported scrap in Turkey.



- **Hard Cocking Coal**

With lockdowns in China as a result of new wave of epidemic outbreak, the cocking coal prices have corrected to a great extent. Premium low vol coking coal from Australia were offered at 515 USD/Mt FOB, down 135 USD/Mt from record high of 650 USD/Mt three weeks ago. In CFR terms, coking coal were offered at 430 USD/Mt CFR China, but buyers eye lower levels as logistic is still an issue. However, with gradual lifting of restrictions in Hebei province, demand for coal may rise in coming weeks that could lead to a new wave of price increase.

www.Planner-group.com
T.me/Plannerinfo

2022/04/01						
Planner-group.com	Commodity	Origin	Currency, Delivery term	Price	Daily change
	LME Aluminum closing (3-Month)		$/t	3,491	-60
	LME Copper closing (3-Month)		$/t	10,375	+7.5
	WTI crude oil (April Contract)		$/Barrel	99.52	-4.13
	BRENT crude oil (April Contract)		$/Barrel	104.77	-3.34
	Iran Heavy		$/Barrel	105.55	-3.72
	Iron Ore, 62%	Australia	$/t, CFR China	160	+1
	Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	653	-1
	Coking coal	Australia	$/t, FOB	500	-40
	Coking coal	USA	$/t, CFR China	430-440	0
	Billet Q235	China	CNY/t, EXW	4,860	+30
	Billet Q235	China	$/t, EXW	764	+2
	Slab	China	CNY/t, EXW	4,905	+10
t.me/Plannerinfo	Slab	China	$/t, EXW	771	-1
	Imported Billet BOF/3SP 150mm	-	CFR China	710	0
	Billet	CIS	$/t, FOB	800	0
	Slab	CIS	$/t, FOB	810	0
	HRC	CIS	$/t, FOB	1000	0
	Rebar	Turkey	$/t, FOB	950-970	0
	Billet	Iran	$/t, FOB	690-710	0
	Slab	Iran	$/t, FOB	750	0
	Rebar	Iran	$/t, EXW	730	0
Transactions of construction steel (rebar, wire rod and bar-in-coil) in 237 Trading house of china					
Yesterday's trading volume (tons)				312828	
Today's trading volume (tons)				-	

Shipping Market

- **Capesize**

The Capesize market had to contend with volatile bunker concerns once again as the 5TC lost $5956 week on week to close at $15,648. It was also a tough few days for Atlantic owners. The basin plunged a little over 40% in value, with the transatlantic C8 settling at $11,897 on Friday as ample tonnage outweighed the dearth of cargo in the region. The Pacific basin, following relatively healthy activity, saw time charter rates put up more resistance. However, the transpacific C10 still lost approximately 20% of value under sustained pressure to settle at $19,400. Voyage rates all slid slightly throughout the week, but as the bunker values made another strong rebound a dampening effect was felt on absolute freight rates. The West Australia to China C5 lowered 0.595 over the week to $11.641. Meanwhile, the Brazil to China C3 dipped 1.79 to $26.35. The situation in the Atlantic has seen smaller Panamax stems lifted by Capesize vessels as the spread between the two sectors has widened considerably with smaller vessels well in demand.

- **Panamax**

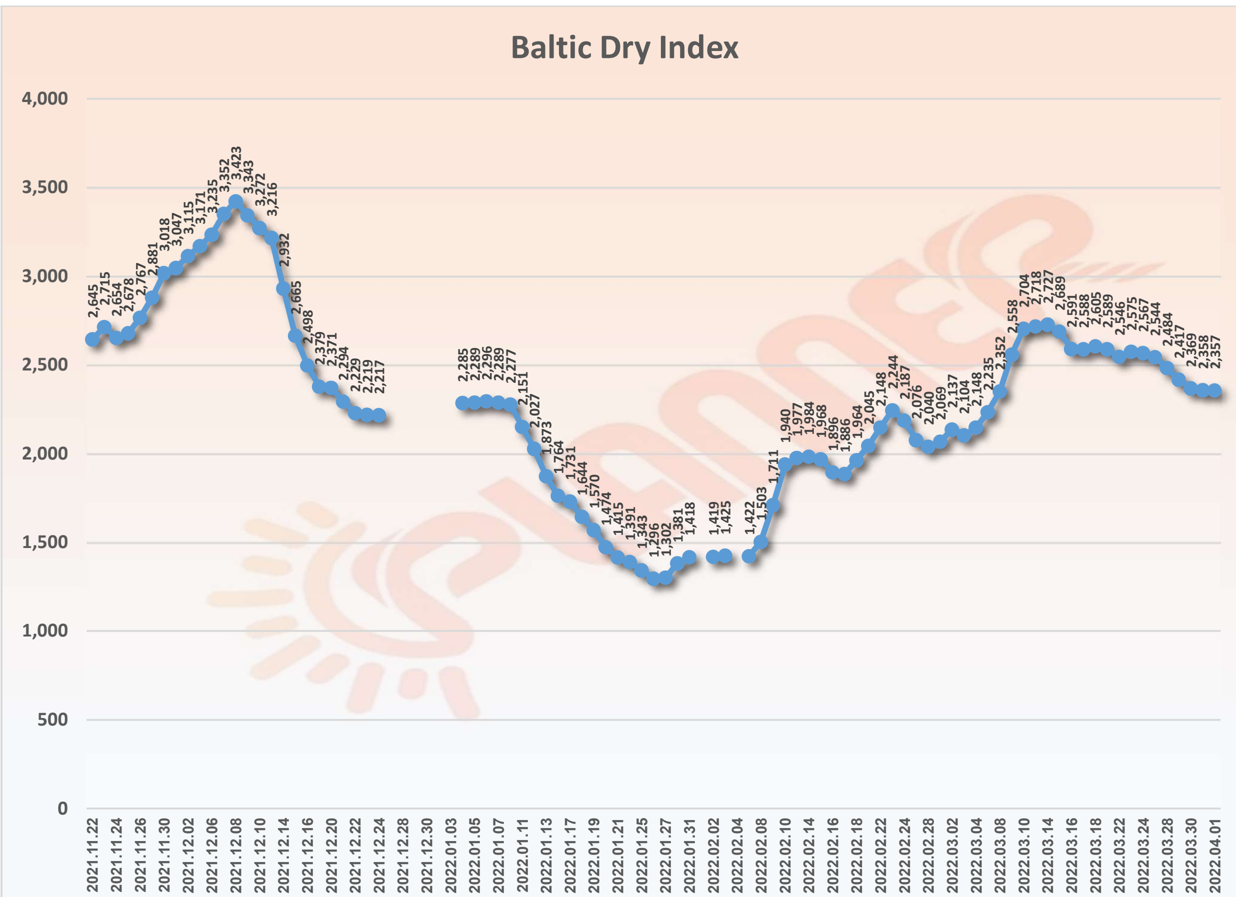
An emphatic transatlantic market for Panamax vessels this week saw rates climb dramatically. Asia was more moderate in comparison, with slower growth limited to pockets of resistance on certain trades. The Atlantic saw healthy demand from East Coast and North Coast South America, which pushed rates forward in the north. An 82,000-dwt delivery Continent was rumoured to be fixed at $32,000 for a transatlantic grain round. Meanwhile, further south, the focus on ex EC South America was predominantly transatlantic centric. Asia, overall, appeared passive except for some premium rates paid up on the Australia to India coal trips. This was alongside grain clean/decent spec tonnage open in the North for NoPac grain rounds as demand advanced rates. An 82,000-dwt delivery north China achieved $30,000 in midweek for a NoPac round trip. Indonesia, after recent strong coal activity, lacked any real replenishment and rates largely remained stagnant. Period activity appeared moderate and there were reports of an 82,000-dwt delivery Vietnam achieving $32,000 for short period.

- **Ultramax/Supramax**

Overall, a strong week was had in this sector. But as it finished there appeared to be some slowing down in certain keys areas. The Atlantic saw strong demand from South America for transatlantic runs and Ultramax vessels were seeing in excess of $50,000 for trips to the Mediterranean. From the US Gulf, sentiment weakened as demand returned to the Mediterranean and Continent regions. This meant the recent premiums were less forthcoming. From the Black Sea, a 63,000-dwt was heard to have fixed a trip to China at $29,000. It was a story of two halves in Asia. The beginning of the week saw strong demand for Indonesian coal business, which buoyed rates. However, this waned as the weekend approached. Further north, backhaul activity helped sustain sentiment. A 61,000-dwt open Zhoushan fixed a trip to the US Gulf at $44,000. The Indian Ocean remained fairly subdued. A 63,000-dwt fixed a trip delivery Port Elizabeth, trip to the Far East at $27,000 plus $700,000 ballast bonus.

- **Handysize**

East Coast South America was the main driving force behind gains this week with Charterers scrambling to find vessels for prompt requirements. Rates improved daily with a 37,000-dwt fixing from Praia Mole to Diliskelesi with an intended cargo of Pig Iron at $58,500. A 34,000-dwt also fixed from Santos via River Plate to Denmark at $45,000. This has a knock-on effect in other regions as Charterers looked to take tonnage from further afield. A 38,000-dwt fixed a trip from the UK via West Africa and Norway with redelivery Continent at $21,000. The US Gulf also strengthened with a 39,000-dwt fixing a trip to the Continent with an intended cargo of Wood pellets at $30,000. Asia, in contrast, has seen sentiment soften due to lack of fresh enquiry and activity. A 36,000-dwt open in South East Asia was rumoured to have fixed a Pacific Round trip in the low $30,000's.



Metallurgy trends for 2022

Dr. Hossein Jafari

Decarbonizing steel: How the demand for greener steel will upend the supply chain

When automaker BMW invested in U.S. clean steel startup Boston Metal and Mercedes Benz bought a stake in Swedish startup H2 Green Steel, the investments represented more than the greening of an industrial portfolio. They marked the first steps in the decarbonization of steel — a process that will require the reinvention of not only how steel is made but essentially a reimagining of the entire steel supply chain.

Because steel is a basic building block of the global economy, it factors into the production and operations of most industries from auto production to aviation to construction to household appliances. Although steel is one of the most recycled materials on the planet, its initial production and energy demands make it the largest industrial consumer of coal and one of the most carbon-intensive industries on Earth. The sector accounts for 2.6 gigatons of carbon dioxide emissions annually, making up roughly 10 percent of the global total.

According to the International Energy Association, "to meet global energy and climate goals, emissions from the steel industry must fall by at least 50 percent by 2050, with continuing declines towards zero emissions thereafter." To accomplish this, producers need a new energy source for production as well as new raw materials, requirements that will upend a large portion of the mining industry in particular.

Lowering emissions in the immediate future

Steel will have no choice as its largest consumers — companies such as Mercedes and BMW — increasingly demand "green steel" in their quest to meet their own climate targets. But steel producers won’t have to do it alone, as upstream and downstream on the supply chain begin to work together.

Any solution will require a spectrum of technology changes and individual efforts to increase efficiencies to move the industry forward.

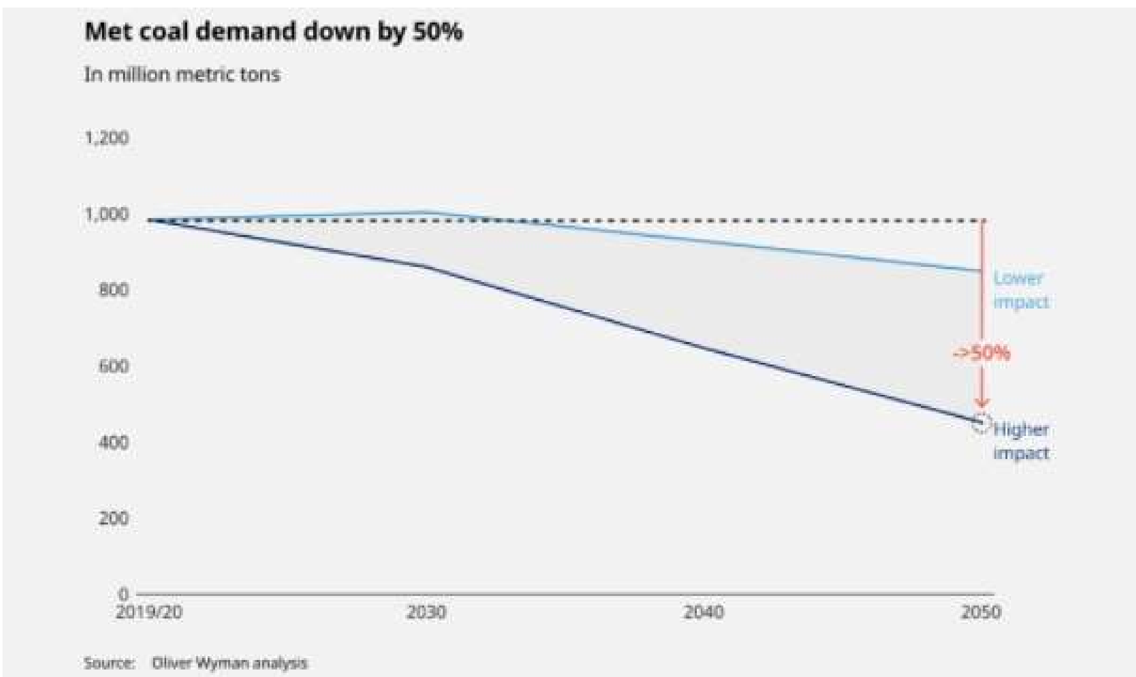
In the immediate future, steel producers can lower emissions by 10 percent to 30 percent by applying best available technologies, higher quality iron ores and optimizing fuel mix at blast furnace (BF) and blast oxygen furnace (BOF) operations. Efforts like these are particularly important in places such as China and India, where there is preponderance of these older facilities and newer techniques and feedstocks can have a material impact on the entire industry’s emissions.

Bigger investments are needed for sustainable change

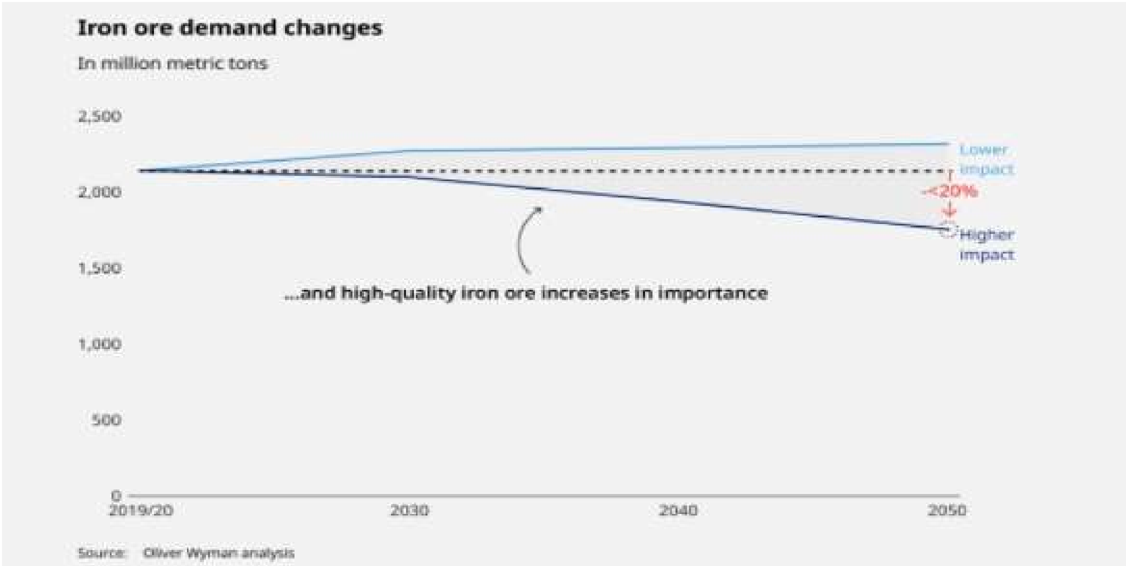
But to realize larger emission reductions will require significant investment in new technology: This might include hydrogen-based reduction to produce DRI/HBI with low/no emissions, carbon capture, storage and use technologies or even newer alternatives, such as molten electrolysis. Also, pivotal to forward progress will be an increased emphasis on the circular economy and the recycling of scrap steel to replace primary steel production.

Oliver Wyman modeled a range of global and key steel-producing regional scenarios, assuming ambitious combinations of technologies and emission-abatement measures. We also assumed changing market shares of BF-BOF and EAF-based production. While exact timelines are hard to predict, certain trends emerged for the industry:

Ultimately, this overhaul of steel production will lead to substantially reduced metallurgical coal intake over time. Demand will drop by up to 50 percent by 2050 from average levels in 2019 and 2020. While the decline will depend on how fast the largest consumers deploy their efficiency measures, we think it is possible to see significant decreases already in this decade.

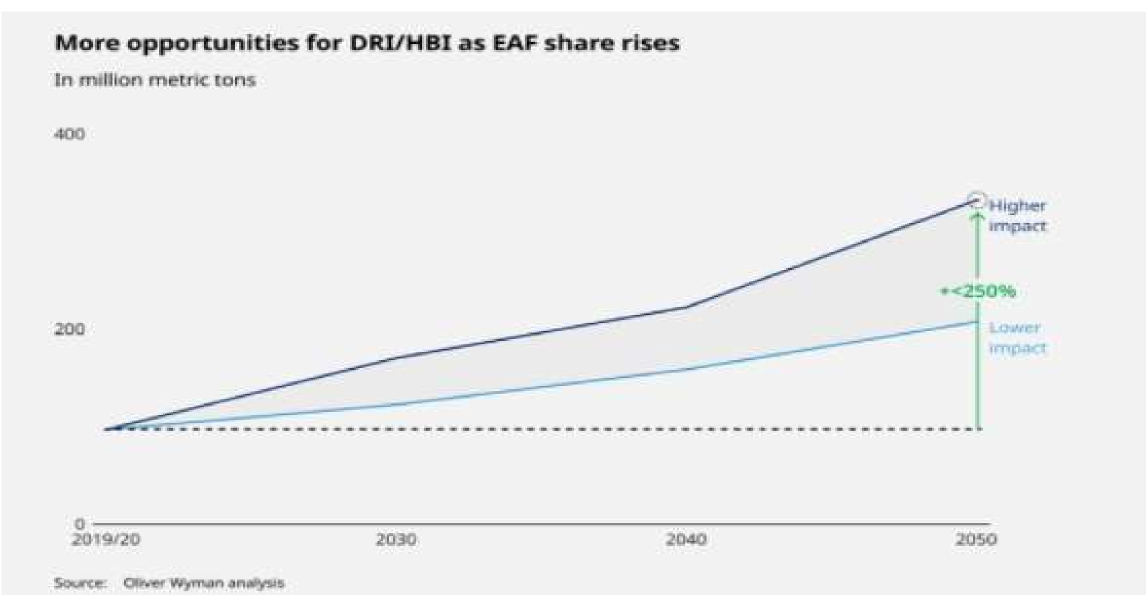


For iron ore, the outlook is more stable, but the composition of what's supplied will continue to change, as demand for higher-quality ores increases. These higher grades play a key role in the realization of the first 10 percent to 30 percent emission reduction in BF-BOF routes, as well as for DRI/HBI production.



DRI/HBI based steel will play an important role in the new steel industry. Even with supply limits on higher-grade iron ores, we forecast a significant demand increase for DRI/HBI, through 2050 — maybe as much as 200 percent higher. This would also indicate a marked increase in the trading volume of HBI, suggesting the formation of a new commodity market.

Increased use of DRI/HBI in turn will drive demand for hydrogen, not all of which will be green, especially in the beginning. We expect to see a significant increase in electrolysis capacity beginning in the next decade. By 2050, an additional 100 GW may be required where today there is very little dedicated capacity.



Both, the increasing share of EAF and H2 electrolysis will significantly drive electricity demand, and in particular for renewable energy.

Finally, scrap supply will have to increase significantly. This is especially true for China, where supply would have to double to as much as 400 million metric tons to accommodate a significant increase in EAF-based production. That would envision a jump from 10 percent of Chinese production being EAF to at least 40 percent or more.

As a result, the supply chains that today move large amounts of metallurgical coal (the type of coal used for making steel) and iron ore to steel producers will need to switch to providing equally voluminous amounts of electricity and hydrogen, scrap and DRI/HBI. While eventually the aim will be for these new inputs to be "green," initially there is unlikely to be enough production to achieve that.

What does this mean for various regional economies? Here are some examples:

Australia has several resources it could leverage, including renewable energy and natural gas, to become a leader in hydrogen production. It additionally has vast iron ore deposits that could be used to produce HBI for export or green steel products or semi-finished products.

Sweden already has ambitious plans to build green steel production leveraging its resources, including carbon-free electricity and iron ore to support domestic car production and other activities.

Russia is aiming to use its gas for hydrogen and DRI production.

Chinese steel producers want to start producing high-grade iron ores in places such as Africa, in an effort to become more independent from Australian ore producers and make its own steel production more efficient.

Trends to anticipate

The importance of renewable power, hydrogen and scrap in these new value chains make it vital and inevitable for energy, technology, engineering and recycling players to become active in the transformation of the steel supply chain. That new competition will put pressure on incumbents from mining and steel.

The bevy of newcomers and the dramatically increased need to cooperate across industries to reduce carbon footprints will lead to a re-evaluation of production locations and new contractual arrangements. It will encourage the formation of new partnerships and symbiotic ecosystems that will share the cost of the transition and develop new markets. One example is a memorandum of understanding signed between Rio Tinto and Nippon Steel to jointly explore and develop low-carbon steel value chains.

The eventual greening of steel is inevitable, and it's obvious that the metallurgical coal business looks to be one of the biggest losers, with other technologies and commodities, such as renewable electricity and hydrogen, clear winners. Which will come out on top among regions and corporate players remains far less apparent. But given the amount of investment required and the length of time needed to bring product to market, the advantage will go to those willing to move quickly and take calculated and shared risks through partnerships to help create new industrial ecosystems and position themselves along steel's value chains.

Weekly Review of Iran Domestic Market

The domestic steel market, due to the absence of a large number of participants was in the wait and see position in the first week of the new year. However, we saw an upward trend in prices, both at the IME market and in the physical market. At the IME market, the average price of rebar transactions, including 9% VAT, was equal to 176,600 IRR, which was an increase of about 6,150 IRR per kilogram compared to the last trading rate of the previous year. Regarding the physical market, the price of rebar surged up to 187,000- 190,000 IRR.

www.Planner-group.com
T.me/Plannerinfo