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Planner Sunday Journal

Apr 10th, 2022

Editorial

It seems that the steel market is preparing itself for a correction in the weeks ahead. There are some signs that show the uptrend in prices is bound to stop and we might see a downtrend soon.

First of all, Federal Reserve's plan to increase interest rates a handful of times to stop inflation, the cost of borrowings will hike to a great extent. This means that the firms shall either stop borrowing or postpone their ongoing projects for more liquidity to come. The profitability of companies will be pressed and the demand for commodities, namely steel, will fall.

Plus, CIS steel products supply that had been vanished from the market since the beginning of the Russia's invasion on Ukraine, is gradually coming back and with lower prices. This may put pressure on the suppliers in order to maintain their competitiveness in international markets.

In addition, the biggest steel producer and consumer of the world is heard to contemplate imposing export duties on steel semi and finished products. If this happens, then the supply in the domestic market will increase, meaning the country will no longer see imports economically justified. China is the destination for many steel cargoes from major producers, so, this could also play as another negative factor for steel prices.

As we reach the summer in western nations, it is likely that scrap supply would spike and the buyers will have the bargaining chip to reduce the prices. Steel products prices get direct effect from scrap prices, probably following the downtrend.

Last but not least, Monsoon season is on the way and some say that it is going to be one of the toughest Monsoon observed in many years. Monsoon is historically the low-demand season of steel products. Now, we shall see how these factors would evolve in the weeks to come.

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Market at a Glance

Item Date	Last Month (Avr)	Last Week (Avr)	Apr 8th	Change % (MoM)
Iron Ore CFR China	147.2	159.4	155.5	+5.6
Scrap CFR Turkey	589.2	653.8	653	+10.8
Billet FOB CIS	733.6	777.8	770	+5
Slab FOB CIS	738	830	860	+16.5
Rebar FOB Turkey	864.4	966	970	+11.6
HRC FOB CIS	906	940	940	+11.5
CRC FOB CIS	1064	1120	1120	+9.6

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Macro Economy

- **USD Index**

The US dollar index broke above its key 100 mark on Friday, a level not seen since May 2020, underpinned by the prospect of a more aggressive pace of Federal Reserve tightening. The index is now up roughly 1.5% so far this week, which would be its biggest advance in over a month, amid hawkish remarks from several Fed officials. The latest Federal Reserve minutes also showed “many” participants were prepared to hike rates in 50 basis point increments in the coming months and are ready to reduce the central bank’s massive balance sheet from May. Moreover, the Ukraine war and mounting sanctions on Russia, including a ban on coal imports from US and EU, boosted safe-haven demand for the dollar. The dollar rallied broadly and touched an over two-year high against the euro and sterling, while the most pronounced buying activity was against risk-sensitive currencies such as the Australian and New Zealand dollars.

- **Crude Oil**

Crude Oil prices rose 2% on Friday but notched their second straight weekly decline after countries announced plans to release crude from their strategic stocks.

Brent crude futures settled up $2.20, or 2.19%, at $102.78 a barrel. U.S. West Texas Intermediate (WTI) crude futures rose $2.23 to $98.26.

For the week, Brent dropped 1.5% while WTI slid 1%. For several weeks, the benchmarks have been at their most volatile since June 2020.

- **Cryptocurrencies**

Polygon price analysis

It shows that the MATIC/USD pair is set to break out of its intraday highs before midnight. Prices have been consolidating between $1.57 and $1.45 for the past few hours, but the bulls are now in control and a move above $1.57 is likely. The next level of resistance is seen at $1.65, and a breakout here could see prices move towards $1.80 in the short term.

The MACD on the 4-hour chart is bullish and is gradually gaining momentum. The RSI is also in positive territory and is pointing upwards, indicating that the bulls are in control.

Steel

- **Semi-Finished Products**

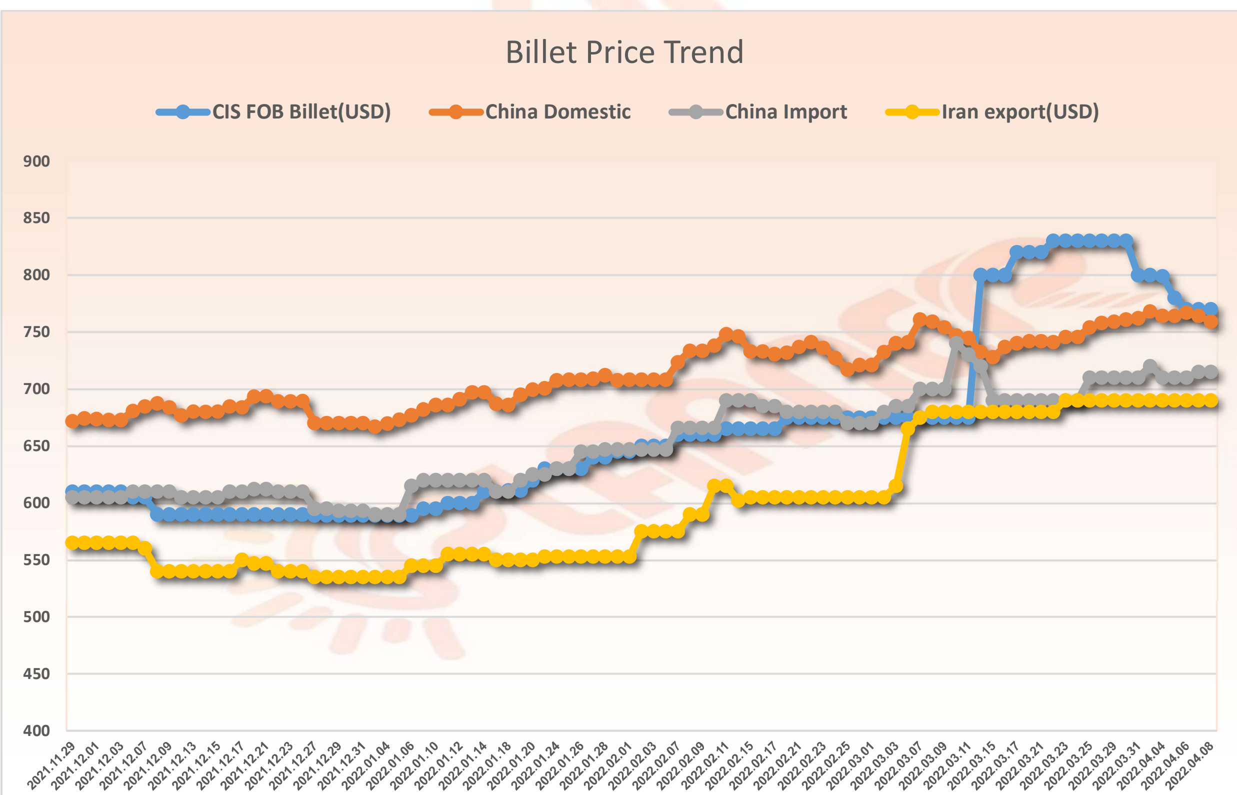
Chinese domestic steel market last week could be divided into the uptrend phase at the beginning of the week and correction phase in the second half. Tangshan billet quotes went up as high as 4680 RMB/Mt on Tuesday, but set to fall during the end of the week and was closed at 4630 RMB/Mt on Friday. The rumors about the government imposing export tax on semi-finished steel products has spread the fear in the market and traders believe that it could lead to correction. Inventories of billet in Tangshan area remained firm at 210 KMt, meaning the supply and demand are in balance for the time being. Planner believes that the prices in China show signs of decreasing, especially with Monsoon on the way.

With news of Russians leaving major cities of Ukraine, the tensions in the market about lack of steel semis supply has been eased. It is heard that Russian suppliers have come back to the market with prices as low as 750 USD/Mt FOB, and Ukrainian mills are preparing to return to production, which could well press the quotes from other suppliers.

Iranian producers, however, had a busy week after they returned from the holidays. A couple of lots have been heard to be concluded at a broad range. One small lot was reported to be closed at 720 USD/Mt FOB at the beginning of the week. It is believed that the cargo had premium in Mn content and was destined to Africa. Another major producer received that highest bid of 682 USD/Mt FOB for 30 KMt May shipment but the seller claims to have rejected the bid. A mill in northeast of the country sold one lot at 688 USD/Mt FOB for same month delivery. There are also rumors about a sale by one of the major producers at 695 USD/Mt FOB, but cannot be verified by the time of publication. The levels are well below their expectations and show that buyers are following cautious stance at the moment.

In slab segment, Russian suppliers are mainly focused on procuring Turkish market, while have an eye on Southeast Asia. The latest quotes from Russians come at 840 USD/Mt FOB Black Sea. Iranians believe to have sold slab at 750 USD/Mt FOB this week, probably for Indonesia.

Market Outlook: Planner believes that semis prices may soften in the next week.



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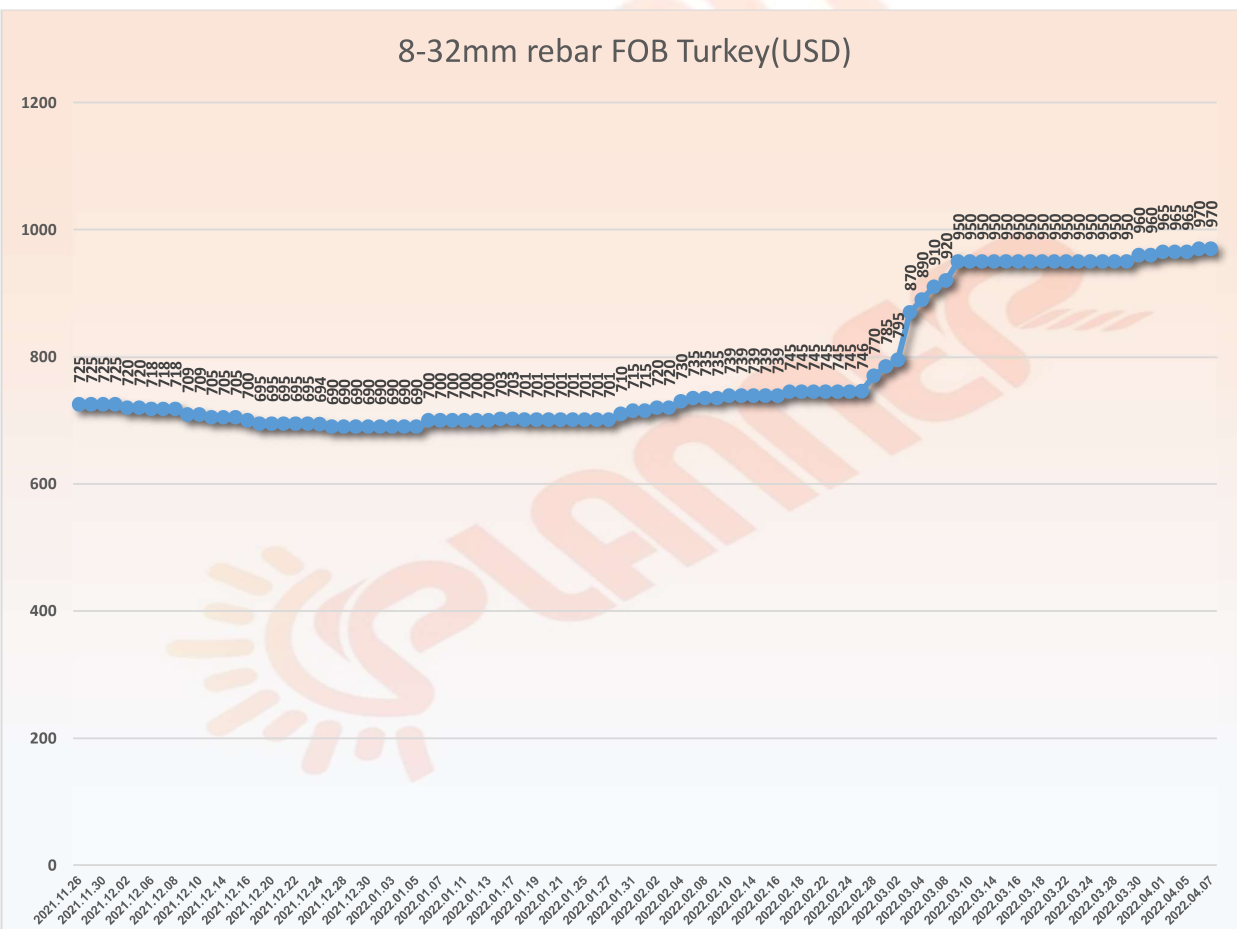
- **Finished long products**

The price of longs in Chinese domestic market performed poorly during last week. Despite the rise in the first half of the week, prices corrected during the second half and the average price of rebar in domestic market closed at 5129 RMB/Mt, 24 RMB higher than last week level. The main rebar contract, however, slumped sharply and rebar contract 2210 lost as much as 189 RMB/Mt to reach 4970 RMB/Mt. The market demand is not as participants expected at the moment since the epidemic has affected construction activities. Planner believes that prices in Chinese domestic market will correct further next week.

Turkish producers were unable to hike their prices in export market as scrap prices remained stable and Ramdan kicked in. The latest offers from Turkish producers are quoted at 950-970 USD/Mt FOB, flat from a week earlier. It is estimated that prices may remain stable or correct during next week.



Iranian re-rollers got back to work during last week and started quoting customers. Offers from producers range from 690-710 USD/Mt EXW, while the workable level is at the lower limit. It is rumored that the government is going to impose 5% export duty on rebar to control domestic prices.

In wire rod market, offers from Turkish producers come at 1040-1060 USD/Mt FOB. Wire rod is the only long product that has the potential to increase as the availability of the product is limited.

Market Outlook: Planner expects longs prices to consolidate during next week.

- **Finished flat products**

Finished flat products prices in China also showed signs of weakness during last week. the average price of HRC 4.75mm in main cities of China rose only 18 RMB over the week to 5315 RMB/Mt, while the main HRC contract 2210 corrected by 189 RMB/Mt. This could well affect the physical prices next week. The inventories of steelmakers rose as logistical issues remained in place with broad lock downs across the country. It is believed that the prices will remain rangebound next week.

As Turkish buyers lack liquidity to buy HRC, Indians have rushed to sell their materials to the EU. Offers to the EU come at 980-1020 USD/Mt FOB. Meanwhile, Chinese sellers offer to Southeast Asia at 890-950 USD/Mt FOB based on the grade. Next week could shed some light on the future of the prices in the region.

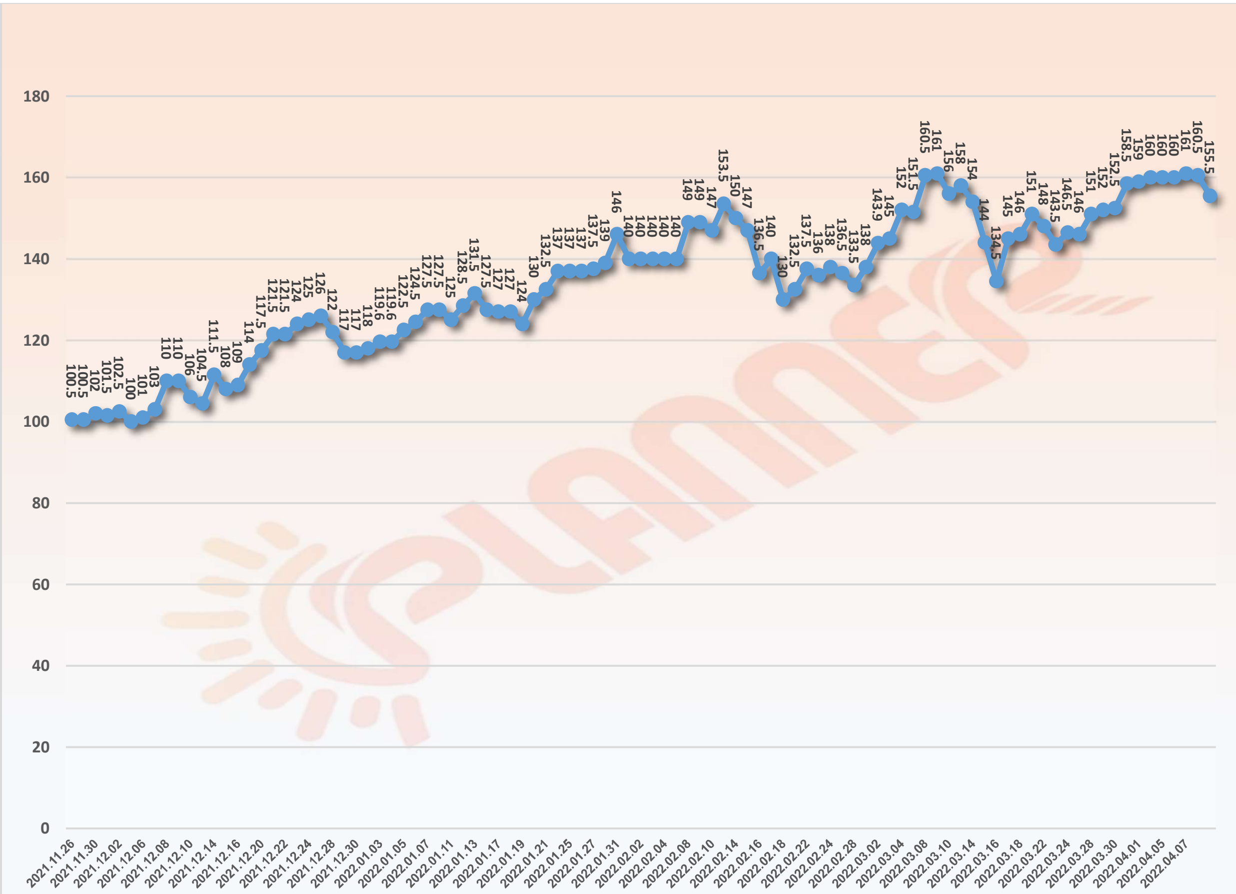
In CRC section, prices slide in line with market sentiments. Offers from China to the Mediterranean nations come at 1120-1140 USD/Mt FOB. Buyers prefer to take a break for the time and see how the sentiments evolve next week.

Market Outlook: Planner expects flat prices consolidate next week or witness a minor correction.

Raw Materials

- **Iron Ore**:

Australian Iron ore fines 62% Fe hold its stance steady for most of last week, however, it corrected sharply at last day to reach 155.5 USD/Mt CFR. As supply increased and logistical issues hinder transportation, the prices got under pressure. Plus, lockdowns have stopped construction activities throughout the country, which prevent steel prices to rise. Steelmakers are producing at loss and prefer to stop production, lowering the demand for iron ore. Unless steel prices would go up, we might see further slump in iron ore prices.



- **Scrap**

No new bookings have been heard this week, except for a news about ex Canada booking at $672-673 CFR for HMS 95:5 and $685 CFR for P&S reported late on Wednesday (May shipment). At the end of last week, a Turkish company bought a mixed cargo ex US, including 20,000 t of HMS 80:20 at $ 653/t CFR and 10,000 t of shredded scrap at $ 678/t CFR (May shipment).

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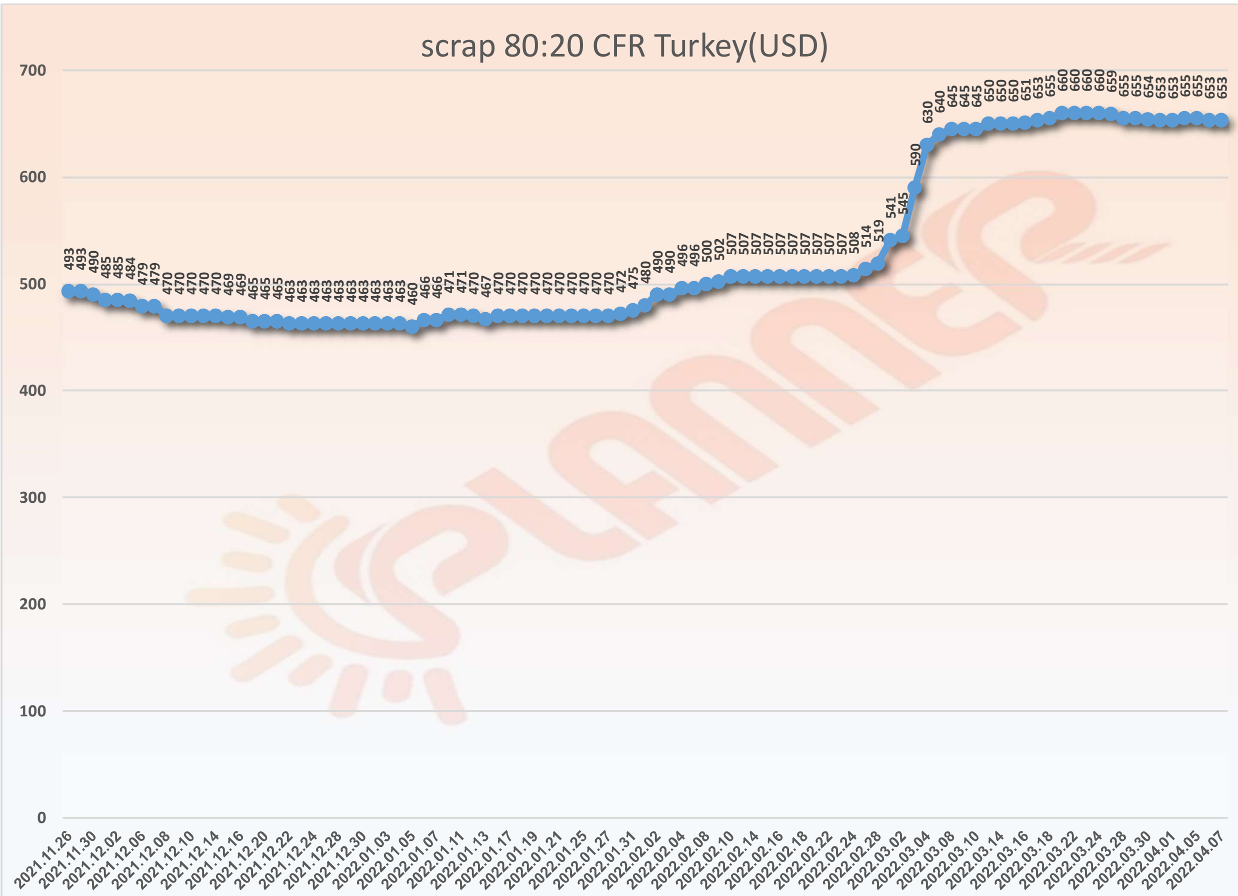
Market Outlook: Turkish companies have stopped scrap purchasing from deep-sea sources due to declining demand for finished products. Also, with weather getting warmer and the arrival of Ramadan, better scrap supply occurs. Therefore, Planner suggests a downward trend in the price of this commodity.



- **Hard Cocking Coal**

Hard cocking coal from Australia witnessed a free fall during last week as supply rebounded from Queensland, Australia. Sources noted that the latest contract for Australian cocking coal has been concluded at 383 USD/Mt FOB, down 132 USD/Mt. There is also a threat to the market if EU nations decide to sanction Russia's coal sector. Australia is unlikely to replace Russian supply for the time and prices may rebound sharply if such thing happens.

2022/04/08				
Commodity	**Origin**	**Currency, Delivery term**	**Price**	**Daily change**
LME Aluminum closing (3-Month)		$/t	3,385	-56
LME Copper closing (3-Month)		$/t	10,311.50	+6.5
WTI crude oil (March Contract)		$/Barrel	96.09	+1.20
BRENT crude oil (March Contract)		$/Barrel	100.38	+0.91
Iran Heavy		$/Barrel	96.95	-5.58
Iron Ore, 62%	Australia	$/t, CFR China	155.50	-5
Ferrous scrap HMS I/II 80:20	USA	$/t, CFR Turkey	653	0
Coking coal	Australia	$/t, FOB	380	0
Coking coal	USA	$/t, CFR China	475	+40
Billet Q235	China	CNY/t, EXW	4,830	-30
Billet Q235	China	$/t, EXW	759	-4
Slab	China	CNY/t, EXW	4,990	0
Slab	China	$/t, EXW	784	-0.50
Imported Billet BOF/3SP 150mm	-	CFR China	715	-20
Billet	CIS	$/t, FOB	770	0
Slab	CIS	$/t, FOB	860	0
HRC	CIS	$/t, FOB	940	0
Rebar	Turkey	$/t, FOB	955-980	+5
Billet	Iran	$/t, FOB	690-710	0
Slab	Iran	$/t, FOB	760	0
Rebar	Iran	$/t, EXW	710	0
Transactions of construction steel (rebar, wire rod and bar-in-coil) in 237 Trading house of china				
Yesterday's trading volume (tons)			182451	
Today's trading volume (tons)			197197	

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Steel industry admired producers
42) Salzgitter AG

Salzgitter AG is a German company and one of the largest steel producers in Europe. With over 10 0 subsidiaries and associated companies, the Group is structured in five divisions, Steel, Trading, Tubes, Services and Technology under the umbrella of a management holding company. The history of the company goes back to 1858 when in Peine started. The group's principal activity is to manufacture steel and associated products. The products include heavy profile steel sheets, hot-rolled wide strips and steel strips, heavy and medium weight plates, sheet steel, and trapezoidal sheeting. The company also owns 20% of Norddeutsche Affinerie which is the largest copper producer in Europe and as well the largest copper recycler worldwide. Mr. Gunnar Groebler is the CEO of Salzgitter and it headquarters in Salzgitter in Germany. With a crude steel capacity in excess of 7 million tons per annum, more than 24,000 employees, and external sales totaling around € 10 billion in the financial year 2021, the Salzgitter Group ranks among Europe's leading steel technology and plant engineering corporations. In fact, a worldwide network of subsidiaries and affiliated companies ensures the Group's global presence.

Based on the latest information, the crude steel production of Salzgitter was 6.03 m/t in 2020 and it was in the 60th level of top steelmakers in 2020. The strategy Salzgitter AG 2030 is focused on circularity and the principle of resource conserving closed loops of energy and materials with a low CO2 footprint. Their vision is intrinsic to their strategy and describes the next goal to be achieved. This goal is to establish Salzgitter AG as a leading company in the Circular Economy World, the world of holistically considered product and service cycles.

Shipping Market

- **Capesize**

The Capesize market fared little better this week to begin with. However, by Friday green shoots were beginning to emerge as the 5TC saw a low of $13,596 yet closed at $15,460. The Atlantic basin remains the Achilles heel of the market with poor levels of cargoes to tonnage available as the transatlantic C8 settled weeks end at $12,200. The transpacific C10 put up slightly more resistance, although activity in the region was largely underwhelming as the route closed at $16,275. Fuel prices continue to play a large role in the value of voyage rates with traders needing to keep a close eye on movements. In a rare occurrence, Rotterdam and Singapore bunker prices were seen to switch premium and discount positions. This is possibly very telling of the energy concerns in Europe. Voyage rates for West Australia to China C5 closed at $10.641, while the Brazil to Tubarao C3 closed at $26.20. With smaller sizes still commanding a substantial premium to the Capesize sector, larger vessels are still heard to be considering the smaller cargo stems to keep activity ticking over.

- **Panamax**

An underwhelming return for the Panamax market this week with all routes under pressure. A distinct lack of demand in the North Atlantic aided a drift in rates. Further south there returned limited support for the longer grain transatlantic rounds. Early in the week, an 81,000-dwt delivery Jorf Lasfar achieved $32,500 via North Coast South America redelivery Skaw-Gibraltar. However, the rate was pegged back to closer to $27,000 by Friday. Asia disappointed too with continued pressure building. Despite a midweek surge in Indonesian coal demand, this failed to impact a market saturated by early tonnage and a lack of demand on the longer round trips. An 82,000-dwt delivery Japan agreed $29,500 for an iron ore trip via South Australia redelivery Singapore-Japan. Meanwhile, a 79,000-dwt delivery Malaysia achieved $27,000 for an Indonesia to China coal run. Period activity remained limited although an 82,000-dwt delivery China fixed $32,500 for a four to six-month period.

- **Ultramax/Supramax**

The recent strength within the Asian arena was eroded during the week as enquiry levels from key areas like Indonesia dipped, which lead to a plentiful supply of prompt tonnage. The Atlantic was regarded by many as positional with key areas such as the US Gulf lacking fresh enquiry going forward. Elsewhere, rates remained fairly solid from East Coast South America. However, as the week closed some brokers felt the positive sentiment was slipping. A 63,000-dwt was heard fixed delivery Recalada trip West Coast South America at $60,000. From the US Gulf a 56,000-dwt was reported fixed for a petcoke run to Turkey at $34,000. Asia saw a reasonable demand for backhaul cargoes but towards the end of the week rates eased. A 63,000-dwt open Japan fixed a steels requirement to the Continent-Japan at $37,000. Further south, a 63,000-dwt open Kendari fixed a trip via Indonesia to India at $35,000. The BSI 10 TC weighted average finished the week at $30.301.

- **Handysize**

East Coast South America’s positive gains ended at a high of $50,065, after gaining $23,954 since 7 March, and brokers spoke of a rebalancing of tonnage to enquiry in the region. A 38,000-dwt open West Africa fixed via Brazil to the Continent with an intended cargo of pig iron at $31,000. Meanwhile, the Continent and Mediterranean markets remained positive. A 28,000-dwt open in the Black Sea fixed a trip to the Adriatic with redelivery passing Otranto southbound at $21,000 with an intended cargo of coke. In Asia, activity has been limited and sentiment much softer with big reductions on all routes. A 37,000-dwt fixed from Indonesia to China with an intended cargo of coal at high $20,000s. A 33,000-dwt open in Japan fixed with possible waiting time to South East Asia with an intended cargo of steels at $26,000. A 38,000-dwt open in China fixed for three to five months with worldwide redelivery at $36,000.

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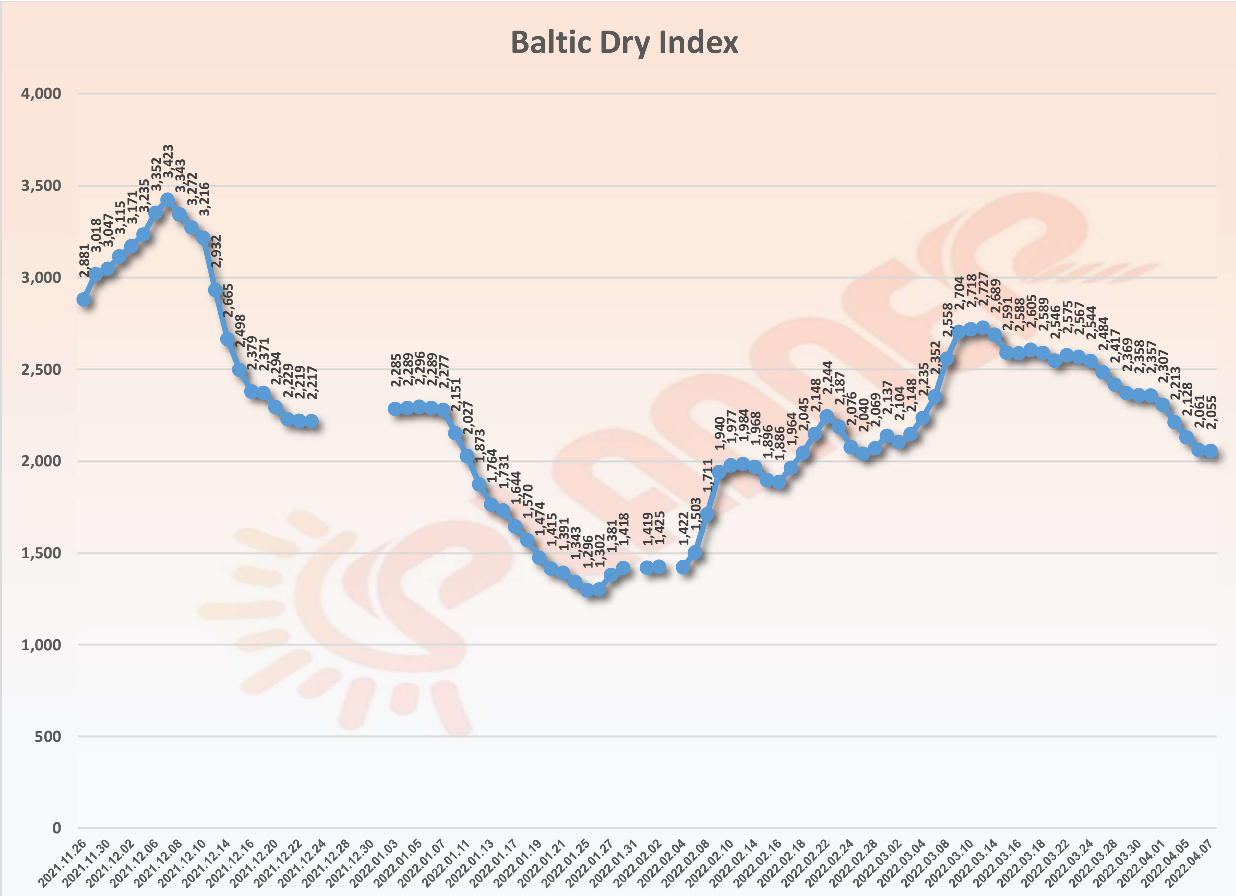

CYBERSECURITY CONSIDERATIONS FOR INDUSTRY 4.0

Dr. Hossein Jafari

In just the past decade, we have entered a new era of technology. Known as Industry 4.0, it adds to the digital technology transformation we first experienced in Industry 3.0. However, this time around, there is a greater focus on interconnectivity between IoT devices, introducing cyber-physical data, and interpreting real-time data and analytics. Industry 4.0 provides a much more interconnected, comprehensive, and holistic procedure to manufacturing. It can seamlessly connect digital and physical systems. Likewise, telecommunication advancements allow for better communication between company departments, third-party providers, and key stakeholders.

Industry 4.0 empowers business owners, managers, and team members alike to make better and more informed decisions and have greater control in their respective departments or roles. They can ultimately leverage these insights to improve business processes, increase productivity, and sustain long-term growth.

Central IIoT Concepts in Industry 4.0

The list of Industrial Internet of Things (IIoT) concepts could go on and on for days. However, there are foundational concepts business leaders should know before deciding to invest in Industry 4.0 technology.

Big Data

Big data may sound like a scary term. However, it's simply large sets of structured or unstructured data. Companies can compile, organize, and store this data. Then, they can use it to analyze market trends, understand patterns, and make informed business decisions.

AI

Artificial Intelligence (AI) refers to the digital technology that mimics the intuitiveness of the human brain. However, it can go far beyond human abilities. Because AI technology is so advanced, it can automate millions of different tasks at an efficiency much greater than humans.

Machine Learning

Machine learning (ML) refers to digital technology that can learn and optimize processes on its own. It does this through AI and does not have to be pre-programmed to complete a specific task or function. The main goal for ML is to have systems that are always optimizing and self-improving.

Real-Time Data Processing

Real-time data processing utilizes AI and ML capabilities to process big data continuously and automatically. By doing so, companies can receive real-time analytics and insights from their structured or unstructured data sets.

Cloud Computing

Unlike traditional computing, where files are delivered to a local server, cloud computing can use different internet servers to host information. On the Cloud, businesses can store, manage, and process information without needing a local network.

M2M Communication

M2M means machine-to-machine. M2M refers to communication between two or more machines through either a wired or wireless network. Through AI and ML, M2M communication is optimized to ensure seamless connectivity and optimal efficiency.

Enterprise Resource Planning

Enterprise resource planning (ERP) are business process management tools that companies can use to better manage information. It can cover broad end-to-end business processes, including HR, finance, supply chain, management, manufacturing, and more.

Ecosystem

Like in the environment, a company ecosystem is a collection of digital systems, technology, and people working homogeneously. All systems work together to push business operations and a company forward. A company ecosystem can include everything from customer development, customer support, financial management, supply chain, inventory, manufacturing, and much more.

Smart Factory

A smart factory is one where a company invests and leverages Industry 4.0 technologies and solutions. Smart factories have Industry 4.0 technology as an integral part of their company's ecosystem and can contain a wide array of solutions.

IoT

IoT is short for the Internet of Things. It is a broad term used to describe all devices in a company's ecosystem connected to the Internet. This can include sensors, software, and physical devices. All IoT devices can be connected to a local network or the Cloud.

IIoT

Like IoT, IIoT, which stands for Industrial Internet of Things. This is a broad term used to describe the connections between internet devices, people, data, and machines as they relate to the industrial and manufacturing industries.

What the Future Holds for Manufacturing

Advancements in technology within the manufacturing sector are nothing new. The industry has been at the forefront of innovation since the emergence of the first

Industrial Revolution. However, the advancement in digital technology today pales in comparison to what was available just a few decades ago.

AI, ML, Big Data, IoT, and more are all game-changers that will only become more powerful and ubiquitous in the industry as years progress. Industry leaders looking to reap the most benefits from the new technologies must make data a core asset. Advanced data insights can help deliver better products and customer service. Likewise, they can use these insights to navigate complex business environments to bring about a never-before-seen future.

With the onset of Industry 4.0, the future of smart manufacturing is one where machines can connect and contact each other without the need for human interaction. It will also allow organizations to harness the power of augmented reality, advanced cybersecurity, cloud computing, smart robotics, 3D modeling, and better network coverage through advancements in 5G technology.

Truth be told, we have only just now entered the fourth Industrial Revolution. In the coming years and decades, Industry 4.0 technology is only going to become more advanced. What was once seen as science fiction could become a reality, such as hyper-intelligent AI and completely autonomous business networks.

For anecdotal evidence, just look at the beginning of the 20th century. Many believed flying vehicles were centuries away. Little did they know, the first human-recorded flight would happen in 1903. And by the 1940s, there were thousands of commercial flights every day.

Why You Should Invest in Technology's New Frontier

A new frontier of technology is among us. And now is the time to invest in the future. Industry 4.0 has the potential to revolutionize the manufacturing industry and many others alike. With a greater emphasis on data integration and connectivity, businesses can optimize their workflows and operations, unlike ever before.

And let's not forget. AI and ML are still in their infancy. There's no telling the potential impact those technologies alone will have on shaping our entire future. Just like how the first Industrial Revolution changed our world for the better, Industry 4.0 will change how we think and perceive the world. So, why not be at the forefront of that change? We understand adopting an entirely new system is a daunting and worrying task. Likewise, Industry 4.0 is still a relatively novel technology. That is why you should partner with a business that will help you take the next step into this new frontier and ensure you have the proper cybersecurity to protect your assets.

Weekly Review of Iran Domestic Market

Last week we had a bullish domestic steel market, due to the factors such as the high fluctuation of the dollar exchange rate, rising prices at IME market, annual inflation and higher export prices. At IME market the average price of rebar transactions, including 9% VAT, was equal to 178,900 IRR, which was an increase of about 2,300 IRR per kilogram compared to the earlier week. the average price of billet transactions, including 9% VAT, was equal to 166,250 IRR, which increased by 2550 IRR compared to the previous week. As a result of the uptrend occurred at IME market the physical market also experienced higher levels. The average price of rebar surged up to 1,998 IRR and reached 182,768. The average price of billet (159,342 Rials) was 1595 IRR higher than the earlier week.

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