
Monday Market Monitor - Scrap (WEEK 46) - Speck of recovery

Monday, 16 Nov, 2009

It is reported that as major buyers of sea borne global scrap trade Turkish and Japanese mills have returned back marketing last 10 days, scrap prices have re bounded off late.

Japan's largest electric steelmaker Tokyo Steel Mfg Co has increased what the company pays for locally available ferrous scrap by a uniform JPY 1,000 per tonne (USD 11) for all grades at its Okayama, Kyushu, Takamatsu, and Utsunomiya works, effective with November 6 arrivals.

Uptrend in Japanese domestic scrap prices will lift its exports prices to Korea so this will help strengthen Korean domestic scrap prices in November.

Prices of European scrap have also gone up by USD 10 per tonne, as Turkish mills resumed their buying.

On the back of recent pick up in long product prices, Chinese domestic scrap prices have also seen a boost. The scrap market is continuing on upward path and the main reasons behind it are the increased purchase volumes which are basically driven by downstream demand. It is reported that the spot resource in market is limited and part of traders want to stock scrap waiting for the price rebound.

Smaller buyers from India, despite very sluggish long product market, have also started accepting increased levels of about USD 300 per tonne for US origin shredded scrap this week

The movements in scrap prices have correlation with the steel prices albeit at a slow pace. However with the persistent flux in the global steel market the relation has become more pronounced as steel manufacturers aim to minimize inventory to prune cost thereby accentuating fickleness.

Scrap prices demonstrated the characteristic waxing and waning with of amplified magnitude thereby affecting the bottom line of steel manufacturers in this turbulence. On the flip side the movements bear a correlation with the swinging fortunes in the steel market albeit not in the same proportion.

1. Turkey - Back in the fray

?Change
4%

Change is on November 13th as compared to November 6th 2009

In USD per tonne

2. China - Induction effect

Scrap

6-8mm

?Location	CNY	USD
Acheng	0	0
Anyang	0	0
Beijing	0	0
Benxi	0	0
Chongqing	0	0
Dalian	50	7

Guangzhou	100	15
Hefei	100	15
Jiangyin	80	12
Jinan	0	0
Kunming	50	7
Laiwu	0	0
Lanzhou	0	0
Lingyuan	30	4
Liupanshui	0	0
Loudi	40	6
Tangshan	20	3
Tianjin	0	0
Tonghua	50	7
Wuhan	0	0
Wuyang	0	0
Zhangjiagang	60	9

Change is on November 13th as compared to November 6th 2009

3. India - Unable to withstand domestic depression

Melting scrap

80:20

HMS

?Location	Change
Chennai	0
Mumbai	-200
Mandi	0
Kolkata	-277
Kanpur	0
Rudrapur	-178
Hyderabad	100

Change is on November 13th as compared to November 6th 2009

Change is in INR per tonne

There were hardly any buyers at USD 310 per tonne CFR levels in India as they expect prices to soften further

4. Rotterdam - Rock steady

?change

0%

Change is on November 13th as compared to November 6th 2009
In EUR per tonne

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