



**Contents**

1. MAIN INDICATORS OF THE WORLD AND UKRAINIAN FERROUS SCRAP METAL MARKETS .....	2
1.1. World market prices and Ukrainian export prices .....	2
1.2. Purchasing prices of metallurgical plants .....	2
1.3. Purchasing prices map of traders and scrap producers in the regions of Ukraine .....	3
2. MAIN TRENDS IN THE REGIONAL MARKETS FOR SCRAP AND PIG IRON .....	4
2.1. Review of events in regional scrap markets .....	4
2.2. Review of events in regional pig iron markets .....	6
3. PRICE FORECAST .....	8
3.1. Forecast of billet export prices .....	8
3.2. Forecast of domestic and export scrap prices .....	9

**Steel Market:**

- ***Analytics***
- ***Forecasts***
- ***Scenarios***

**Weekly Bulletin**

**1. MAIN INDICATORS OF THE WORLD AND UKRAINIAN FERROUS SCRAP METAL MARKETS**
**1.1. World market prices and Ukrainian export prices**
**Tab 1**
**Dynamics of prices on the world and Ukrainian markets over the past two weeks, \$/t**

	03.11.2023	10.11.2023	Change
<b>Regional prices for scrap ferrous metals</b>			
Turkey (import), scrap HMS 1/2 (80:20), cif	361-370	372-380	▲ 10
Turkey (import), scrap Shredded, cif	389-390	392-400	▲ 6
Turkey (import), scrap HMS 1/2 (80:20), cif short sea	345-350	355-359	▲ 9
Poland (import), scrap HMS 1, dap	378	378	◀▶
Asia (import), scrap HMS1, cif	402	405	▲ 3
USA, Shredded, exw(domestic)	410	410	◀▶
USA, HMS 1/2, cpt(domestic)	330-350	340-360	▲ 10
Rotterdam, HMS 1/2 (75:25), fob	327	336	▲ 9
USA, HMS 1/2 (80:20), fob	336	344-346	▲ 9
<b>Regional prices for pig iron</b>			
CIS, fob, ukr/rus production	413/368	420/373	▲ 7/ ▲ 5
Asia, cif	420-430	420-430	◀▶
Brazil, fob	410-420	410-420	◀▶
USA, cif	440-450	440-455	▲ 3
<b>Iron ore price</b>			
China (fines 63,5%), cif	126	127	▲ 1
<b>Regional prices for billet</b>			
Ukraine, fob	480-485	490-500	▲ 13
Russia, fob	460-475	475-485	▲ 13
Turkey, fob	530-535	530-550	▲ 8
Turkey, cif	480-510	500-520	▲ 15
Asia, cif	498-518	500-530	▲ 7
Middle East, cif	495-540	495-550	▲ 5

**1.2. Purchasing prices of metallurgical plants**
**Tab 2**
**Purchasing prices of metallurgical enterprises and general traders for the base grade, without railway tariff, without VAT, \$/t (dimensions - 1000-1500\*600\*600 mm, wagon load no less than 58 t<sup>1</sup>)**

	27.10.2023	03.11.2023	10.11.2023	Change
Metinvest (Zaporizhstal) <sup>2</sup> (1)	165	165	165	◀▶
Metinvest (Kamet-Steel) <sup>2</sup> (1)	165	165	165	◀▶
Arcelormittal <sup>4</sup>	193	189	183	▼ 6
Interpipe Steel <sup>3</sup>	185/193*	185/193*	185/193*	◀▶
<b>Average price</b>	<b>180</b>	<b>179</b>	<b>178</b>	<b>▼ 1</b>

<sup>1</sup>The price of supplied scrap may vary depending on the loading level of the wagon.

<sup>2</sup>Declared price of the main trader for deliveries to metallurgical plants, taking into account additional payments. The price for scrap meets the parameters: dimensions 1000\*600\*600, minimum wagon loading – 58 tons with sheet metal cover. <sup>3</sup>С учетом снимаемого засора н.м. 5%.

<sup>3</sup>The price indicated for the general supplier "Interpipe Dnepropetrovsk Vtormet".

<sup>4</sup>The purchase of scrap material occurs in the amount of 10-12 thousand tons per month. <sup>5</sup>МК м/лом не закупает.

(1) Metinvest prices with delivery by rail according to established quotas

\*6700 \$/t for delivery via railway and 7000 \$/t for delivery by road.

## 1.3. Purchasing prices map of traders and scrap producers in the regions of Ukraine

Tab 3

## Purchase prices for scrap metal in Ukraine, \$/t

Region	Plants*	Traders **	Procurement companies ***
Vinnitsia	-	163	126
Volyn	-	163	116
Dnepropetrovsk	175	168	140
Donetsk	-	-	-
Zhytomyr	-	157	126
Zaporizhzhia	-	167	142
Kyiv	-	156	130
Kirovograd	-	158	124
Lugansk	-	-	-
Lviv	-	155	119
Nikolaev	-	165	127
Odessa	-	163	126
Poltavskaya	171	155	134
Rivne	-	154	118
Sumy	-	164	126
Kharkiv	-	165	138
Khmelnyskyi	-	159	122
Chernihiv	-	163	126
<b>Average price<sup>1</sup></b>	<b>177</b>	<b>161</b>	<b>128</b>

<sup>1</sup>Average price for major steel mills and small enterprises basing on NBU rate

\* Price level in the region for enterprises with smelting facilities

\*\* Purchasing scrap prices for traders from procurement companies

\*\*\* Purchasing scrap prices for procurement companies from the final owners of raw materials

## 2. MAIN TRENDS IN THE REGIONAL MARKETS FOR SCRAP AND PIG IRON

### 2.1. Review of events in regional scrap markets

In October, the scrap steel market in **Italy** showed a stable price trend. The situation in the metallurgical industry was in favor of buyers, so it was extremely difficult to raise prices. On the contrary, the desire of buyers to wait with new tonnages or to buy them as cheaply as possible reduced trade. Suppliers, in turn, were not in the mood to make concessions, since the rise in the cost of iron ore raw materials, as well as production costs in general, reduced the possibility of providing discounts.

**Tab 4**
**Current Prices, \$/t**

	13.10.2023	20.10.2023	27.10.2023	03.11.2023	10.11.2023
EU, HMS 1&2 (72:25) fob*	324	321	312	327	336
Asia, HMS1, cif	405	403	400	402	405
Turkey, HMS1&2 (80:20), cif	365	360	352	366	376
Ukraine 3A, fob**	310	300	295	310	327

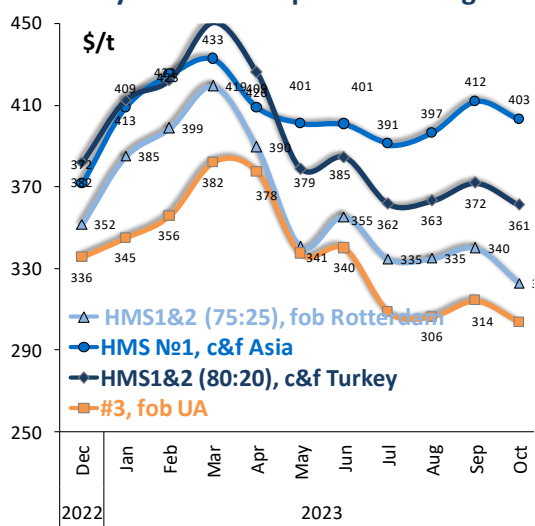
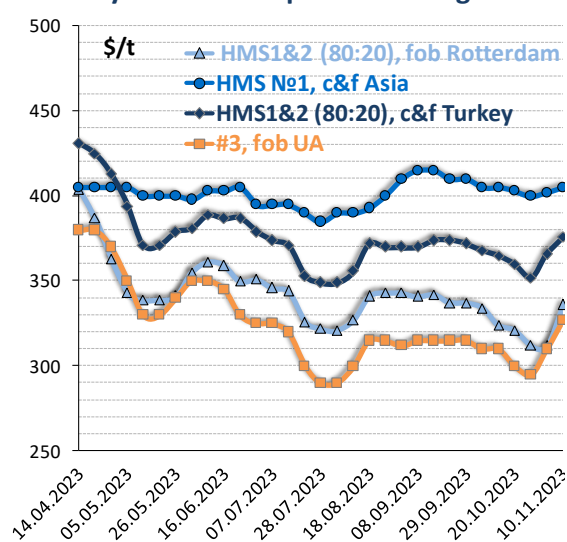
\* fob Rotterdam

\*\* Indicative prices under conditions of Russian military aggression

Rotterdam, Shredded, fob 358-359 \$/t on 03.11.23(assessed date)

South Europe, Shredded, exw 335-340 \$/t on 01.11.23(assessed date)

Average prices for HMS grade scrap ranged from 280 €/t and reached 330 €/t. The current values fully correspond to the indicators of September. Higher figures of 320-330 €/t also took place, but mostly buyers focused on average indicators. Premium scrap grades, namely the shredded type, are estimated for October in the range of 310-350 €/t.

**Graph 1**
**Monthly Ferrous Scrap Prices in Regions**

**Weekly Ferrous Scrap Prices in Regions**


The continued price growth for steel products in **China** causes a rise in purchase prices for steel scrap. Over the past few weeks, the cost of iron ore raw materials has reached \$ 126/t cfr ports of China based on the background of a stimulating policy aimed, among other things, at this sector of the economy. Also, the growth of futures, as well as domestic prices, along with export prices, together led to an increase in quotations by the largest producer

Shagang Group to \$ 7. At the moment, the purchase prices for HMS steel scrap with delivery are estimated from \$ 405 to \$ 415/t.

In the **US** market, metallurgical companies continue to pursue a pricing policy to increase quotations for steel products. In particular, Cleveland Cliffs announced prices for hot rolled coil of 1102 \$ /t exw. Other suppliers are gradually starting to raise prices to this level. Therefore, if last week – at the beginning of this week there were doubts about a similar vector of movement of scrap prices, then in the end it went up by \$ 20-30. HMS grade scrap with delivery is available at \$ 335-370/t instead of \$ 315-350/t in October. The prices for scrap, which is an alternative to pig iron, are at \$ 440-445/t with delivery instead of \$ 410-415/t in monthly comparison.

## 2.2. Review of events in regional pig iron markets

By the end of October, metallurgists from **Brazil** were able to significantly increase export supplies of pig iron. Total shipments of raw materials amounted to 479.6 thousand tons against 251.8 thousand tons a month earlier. These results were achieved mainly due to the US market, which traditionally consumes over 80% of pig iron.

In October, capacity utilization rate in the United States increased. Buyers continued to replenish stocks ahead of the rise in the price of flat rolled products and other steel products. In this regard, there was an increase in trading activity in the market after the decline in iron supplies by almost 2 times in September in monthly comparison. In addition, the projected increase in prices in the second half of autumn and for the raw materials themselves also played a not unimportant role.

The largest volumes of deliveries fell on the USA 397.5 thousand tons, on the countries of Europe 43.1 thousand tons. The rest of the tonnage was purchased by metallurgists from South America, Mexico and Asian countries.

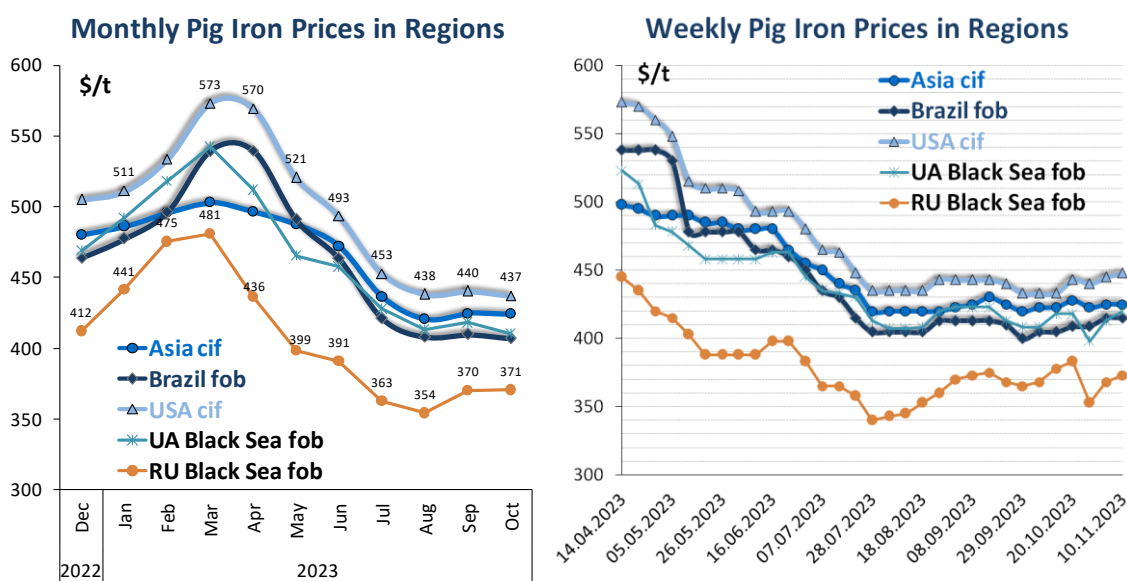
In an annual comparison, 10 months of 2023 showed a result of 3.29 million tons instead of 3.11 million tons for the same period.

**Tab 5**
**Current Prices, \$/t**

	13.10.2023	20.10.2023	27.10.2023	03.11.2023	10.11.2023
Asia cif	425	428	423	425	425
Brazil fob	405	409	409	415	415
Black Sea fob*	418/378	418/383	398/353	413/368	420/373
USA cif	433	443	440	445	448

\* pig iron prices for Ukrainian and Russian production

This week, Brazilian suppliers continued to negotiate the supply of pig iron. The new price level of \$ 415/t fob remains on the agenda. Market conditions do not yet allow suppliers to dictate their terms. Of course, offers, as before, for \$ 420/t fob are voiced, but there is no need to talk about deals yet. This price can be accepted in the case of premium pig iron, while the basic raw materials can be estimated even at \$ 410/t fob.

**Graph 2**


There is information circulating on the market about a deal at \$ 415/t fob, which, after increasing freight rates by \$ 5 to \$ 30, shifts the cost to \$ 445/t cfr for buyers from the United States. The situation in this market has improved somewhat recently. The recent consensus among the employees of the largest automakers regarding working conditions will resume restocking, which in turn will support prices. In this regard, some Brazilian suppliers do not put up clear proposals and take a break. It is possible that the price increase will begin for pig iron with deliveries in the New Year, because temporarily storing raw materials is one of the strategies.

In the ports of **New Orleans**, pig iron of the base grade is estimated at \$ 440-455/t cfr. If Brazilian pig iron is used at the lower values of the range, then quotations of \$ 455/t cfr are inherent in suppliers from **Ukraine**. As the cost increases in other sales markets, at the moment, base grade pig iron is available for buyers from Turkey and Europe at \$ 430/t cfr with an increase of \$ 5 per week and unchanged at \$ 435-440/t cfr for buyers from Europe.

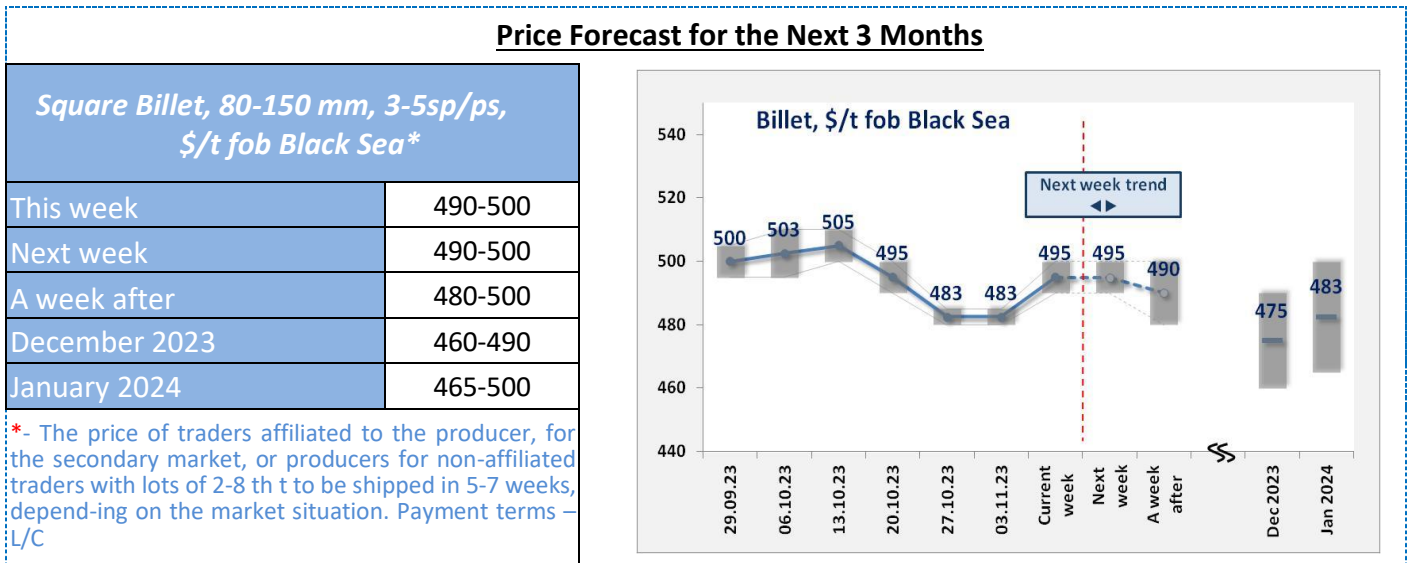
**3. PRICE FORECAST**

**3.1. Forecast of billet export prices**

In the coming weeks, manufacturers will insist on increasing quotations and try to compensate for rising costs due to rising prices for raw materials. In the future, buyers will reduce trading activity and limit orders, traditionally unloading warehouses by the end of the year. It will lead to a moderate reduction in steel prices. Additional downward pressure on the market will be exerted by the expected weakening of prices for raw materials as the market situation worsens and demand in the construction sector declines.

After the Christmas and New Year holidays end, we expect an increase in bullish sentiment and an upward trend as buyers return to the market and a revival of orders during the formation of warehouse stocks for the spring period.

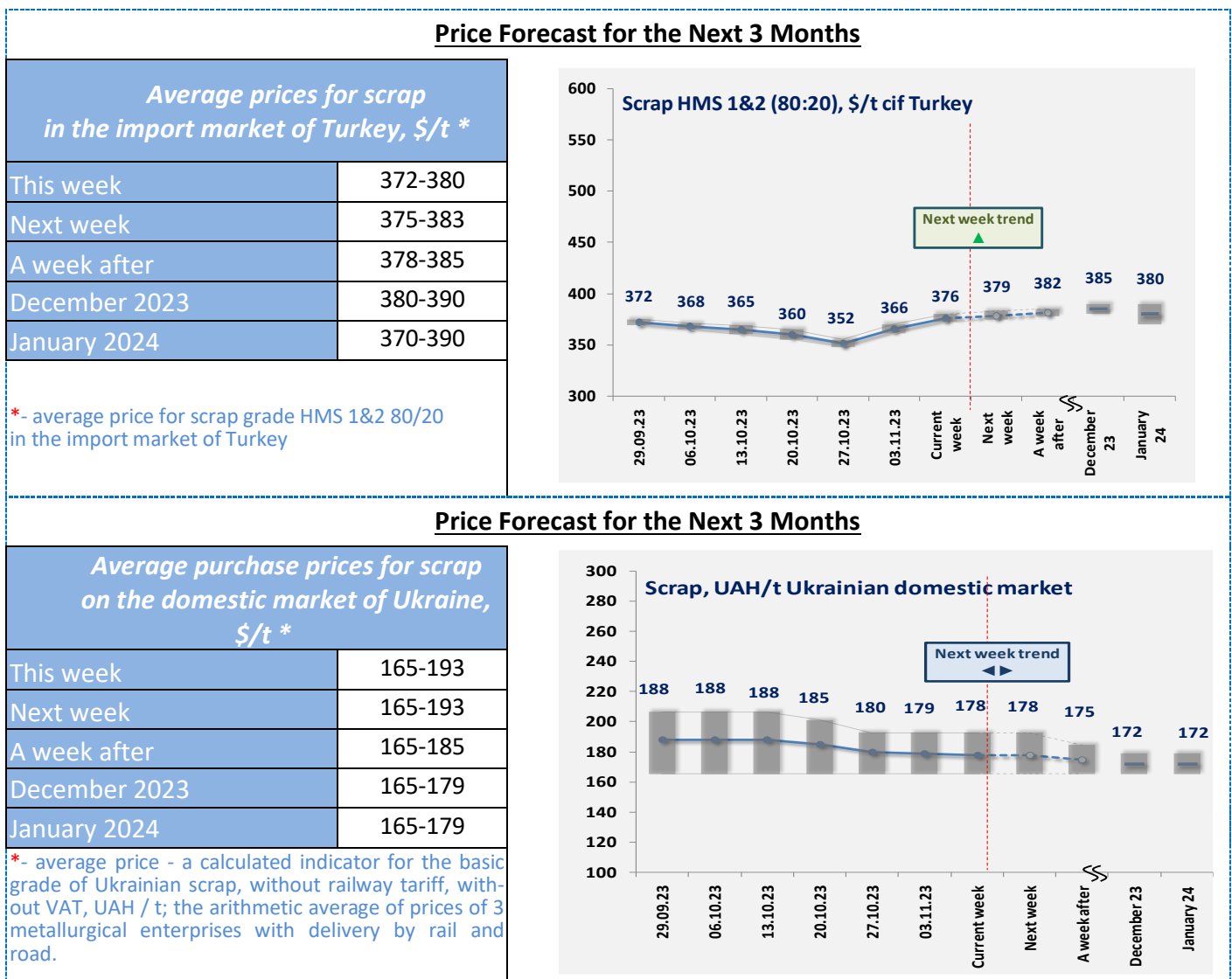
**Tab 6**



### 3.2. Forecast of domestic and export scrap prices

In the coming weeks of November, as buyer interest in the scrap import market in Turkey increases, suppliers will increase quotations. Two groups of factors will continue to operate in the market. On the one hand, high prices for iron ore will encourage suppliers to increase the cost of semi-finished and finished products. In symbiosis with rising prices for pig iron, suppliers will try to adjust the cost of scrap in the same way. On the other hand, the market has not yet had time to fully accept the new quotes in conditions of still insufficient demand for steel products.

Suppliers will insist on an increase of another 10-12 \$ during the first half of the month. The need for additional supplies of scrap steel to the Turkish market will act as a complementary supporting element. Price dynamics will stabilize as the market saturates and the period for optimizing warehouse stocks approaches.

**Tab 7**


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**Professional competence:** research and consulting in the steel and raw materials sector (long, flat, semis, scrap, coke, coking coal, iron ore), logistics, marketing, strategy consulting, and appraisal

**«DELPHICA» Project****Head of "Delphica" Project:**

Alexander Kraynikov (044) 484 43 68

**Elaboration of "Delphica" Project:**

Yaroslav Hryshchenko (044) 484 43 68 Hryshchenko\_y@expert.kiev.ua

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