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in Commodity News 01/08/2022



Near term scrap futures contracts on the London Metal Exchange saw strong losses over the week to July 28, while trading volumes increased.

Platts assessed the July contract down \$1/mt to \$395.50/mt, S&P Global Commodity Insights data showed. The August contract fell \$20.50/mt week on week to \$350/mt, while the September contract fell \$28.50/mt to \$344.50/mt. The October contract fell \$29/mt to \$339.50/mt, S&P Global data showed.

The backwardated structure over the July-August portion of the forward curve strengthened week on week, suggesting that futures traders are firmer in their expectations that near-term physical prices will soften.

The previous week's slight contango over the August-September portion of the curve shifted back into backwardation over the week to July 28.

Spot prices for physical imports of premium heavy melting scrap 1/2 (80:20) fell \$32.50/mt week on week to \$350/mt CFR Turkey on July 28, while deepsea recyclers attempted to resist further price drops.

"We're not in the market as we're expecting higher levels in August. The reality is that there will soon be more demand than supply," one EU supplier said.

A UK trader said: "European scrap sellers have been positive for a while, but I think once the US finally finish selling, the Turks won't want to buy, So, I'm expecting another \$20-\$30/mt drop."

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WEEKLY DE ESTIMATES

Weekly LME scrap futures trading volumes over the week to July 28 totaled 70,410 mt, up from 38,740 mt for the week ending July 21.

Near-term rebar futures contracts also saw strong declines in the week to July 28.

Platts assessed the July contract down \$4.50/mt week on week at \$684.50/mt, while the August contract dropped \$25/mt to \$629.50/mt. The September contract fell \$26/mt to \$618.50/mt, while the October contract fell \$15/mt to \$619.50/mt, according to S&P Global data.

The backwardation over the July-September portion of the forward curve strengthened, suggesting futures traders were firm in their expectations of prices softening in the near term.

The backwardated structure over the September-October portion of the curve shifted into very slight contango in the week.

Turkish physical rebar export prices dropped \$62.50/mt week on week to \$630/mt FOB on July 28, as continuously weak demand kept pressure on prices. Despite Turkish mills' resistance to lower prices drastically, with softening scrap and weak demand in the domestic as well as export markets, buyers held back from booking deals, which had a drastic effect on prices.

Rebar futures weekly trading volumes on the London Metal Exchange totaled 3,400 mt in the week to July 28, down from 5,380 mt for the week ending July 21.

The daily outright spread between Turkish export rebar and import scrap was assessed at \$280/mt July 28, down \$30/mt week on week.

Elsewhere, Indian scrap futures, which settle basis the Platts CFR Nhava Sheva shredded scrap assessment, traded 120 mt in the week to July 28. The contract has seen a total volume of 6,960 mt traded since its launch in July 2021.

Source: [Platts](#)

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