

Steel forecasts



Methodology and price
specifications – December 2021

Mission statement

Fastmarkets Metals and Mining is the leading global provider of pricing intelligence for the non-ferrous metal, steel, steelmaking raw materials, industrial minerals, ferrous and non-ferrous scrap markets, producing price assessments with Fastmarkets MB and Fastmarkets AMM since 1913 and 1882 respectively. The research arm of Fastmarkets Metals and Mining provides forecasts and analysis based on price assessments from Fastmarkets MB and Fastmarkets AMM. Established in 1991, we have provided regular, insightful analysis and forecasts to businesses around the world to help them make informed and strategic decisions and recommendations. Our mission is to meet the market's data requirements honestly and independently, acting with integrity and care to ensure that the trust and confidence placed in the reliability of our methodologies is maintained. We do not have a vested interest in the markets on which we report. Within the research function of Fastmarkets, we stress our ability to operate independently of the rest of the Group, and the existence of formal rules of confidentiality that exist between the pricing and news providers within the Group and the research and consulting functions.

Introduction

Fastmarkets' reporters and analysts are required to abide by a code of conduct and clear pricing procedures during their market reporting and pricing activities. Fastmarkets is completely independent and has no vested commercial interest in any of the markets it prices. We are the world's largest dedicated price reporting teams for both metals and forest products. We have offices in London, New York, Boston, San Francisco, Eugene, Charlottesville, Atlanta, Pittsburgh, Beijing, Shanghai, Hong Kong, Singapore, Melbourne, Sao Paolo, Mumbai, Brussels, Helsinki, Dnipro and Istanbul. The aim of this document is to provide a clear overview of Fastmarkets' forecasting methodology and specifications for the prices forecast. If you have any questions, please contact Fastmarkets Editorial Director Alex Harrison at aharrison@fastmarkets.com for metals, Fastmarkets Metals and Mining research leader, Alistair Ramsay, at aramsay@fastmarkets.com about our forecast products.

Fastmarkets' forecasting methodology

Steel

Fastmarkets provides a dynamic, bottom-up and unbiased approach to short-term (<2-year) monthly and quarterly price forecasting.

The methodological model takes a three-way approach to account for:

1. supply-demand fundamentals
2. underlying costs & implied margins
3. market sentiment

This framework enables the analysts to determine the key but changing drivers of price movements in the past and future.

To source the information to prepare our price forecasts, forecasters conduct both extensive desk-based research as well as primary research; the latter being more heavily weighted toward our near-term (<3 month) view.

Fastmarkets' forecasting methodology includes drawing on expertise from our in-house analysts with forecasting experience of up to 20-25 years who rely heavily on the intelligence gathering and data analytics insight of our extensive editorial teams.

We supplement this valuable network with our proprietary databases, which focus on the underlying physical market movements that drive prices and the archive of spreads between price series that instruct and contextualize our understanding of margins.

These are supported by exhaustive third-party data and economic forecasting services, which help us to build the fundamental drivers of the future.

Our analysts access extensive existing relationships across the industry through face time and written interviews, and take into account the opinions provided to our price reporters and data analytics team. This cross-referencing approach helps us to value the intelligence, generate insight and help in our mission to illuminate markets.

Modeling Fastmarkets' forecasts

Generating our forecasts is an involved process that combines macroeconomic theory, market insight,

statistical modeling and machine learning. It is this combination of expert knowledge and cutting-edge data modeling which generates our trusted forecasts. They also allow deeper insight into the fundamental workings of a market and elicit data patterns that give insight and relative weighting of key market factors that drive price direction, such as our Steel Weighted Industrial Production index (SWIP). These insights and their statistical robustness allow our expert analysts to improve forecast accuracy and reliability and to inform their commentary along with traditional macro-economic and sentiment analysis.

Our data collection and process:

- Include price benchmarks - which refer to prices used in industrial contracts - and prices that are viewed as trendsetters for a particular region or a product group
- Bespoke approach to each price forecast
- Draw on a comprehensive set of macro-economic data
- Machine learning approach to find the best model candidate and predictions with rigorous checks on model approach and output
- Models undergo periodical review
- Rigorous approval process

Steel price forecasts

Crucial to the results of steel price forecasts is a detailed analysis of distinct product-specific factors:

- Fastmarkets' internal forecasts for steel production and consumption in individual countries or regions
- Estimated inventory levels in the supply chain
- Net trade position, expected price levels at main foreign suppliers or buyers, trade policy changes
- Projected performance of major steel users, such as construction, automotive and other transport, mechanical engineering, metal goods, domestic appliances and the energy sectors, taking into account the share of a particular sector
- Fastmarkets' expertise in the raw materials sector enables an examination of production costs and operating margins, as we cross-reference predicted metal spreads against the fundamental backdrop and take into account the prevailing route for steel production in the country (blast or electric-arc furnace method)
- Market sentiment, including price trends of benchmark feedstock prices

Approach to Exchange Rates

In our short-term forecasting approach, we do not predict exchange rates. Instead, we use the latest monthly average exchange rates, and apply them to each of our monthly average projections. By latest, we mean complete, so forecasts constructed in September for example, use August monthly exchange rates, rather than incomplete averages created in the month of September. Forecasts made in subsequent months will have their exchange rate calculations updated to the latest full month of historical averages. These monthly average exchange rates are calculated by Fastmarkets. Our longer-term quarterly and annual price forecasts are linked to exchange rate forecasts by Oxford Economics updated every quarter. Clients wishing to make use of the tools available on the Fastmarkets Dashboard can convert any of the local currency forecasts available with their license into different currencies. In this case the exchange rates are updated on a daily basis, consistent with the price assessments.

Forecast list

MB-STE-0154 Steel hot-rolled coil domestic, ex-whs Eastern China, yuan/tonne

Quality: Q235B/SS400, standard width 1,500mm, thickness 4.5-2mm
 Quantity: 20-200 tonnes
 Location: Ex-warehouse Shanghai
 Timing: Spot
 Unit: RMB/tonne
 Payment terms: Prompt payment upon delivery
 Publication: Daily, 5-6pm Shanghai time
 Notes: Inclusive of 13% VAT

MB-STE-0144 Steel hot-rolled coil index export, fob main port China, \$/tonne

Quality: Q235B/SS400, width 1,250-1,800mm, thickness 3-14mm
 Quantity: Min 1,000 tonnes
 Location: fob Tianjin, China. Other ports normalized
 Timing: 4-8 weeks
 Unit: USD/tonne
 Payment terms: Letter of credit on sight
 Publication: Daily, 4.30pm Shanghai time
 Notes: Prices include 13% VAT. China canceled the export rebate of 13% for HRC containing at least 0.0008% boron since May 1, 2021. Data history as an assessment from February 2006 and as an index from October 2017.

MB-STE-0153 Steel cold-rolled coil domestic, delivered Eastern China domestic, yuan/tonne

Quality: SPCC /DC01, width 1,000-1,250mm, thickness 1-1.2mm
 Quantity: 10-200 tonnes
 Location: Ex-warehouse Shanghai
 Timing: Spot
 Unit: RMB/tonne
 Payment terms: Prompt payment upon delivery
 Publication: Weekly. Friday, 5-6pm Shanghai time
 Notes: Inclusive of 13% VAT

MB-STE-0145
Steel cold-rolled coil export, fob China main port, \$/tonne

Quality: Width 1,000-1,250mm, thickness 1-1.2mm
 Quantity: 1,000-10,000 tonnes
 Location: fob China
 Timing: 6-10 weeks
 Unit: USD/tonne
 Payment terms: Letter of credit on sight
 Publication: Weekly. Tuesday, 5-6pm Shanghai time
 Notes: Quality SPCC. Inclusive of 13% VAT

MB-STE-0146
Steel heavy plate export, fob China main port, \$/tonne

Quality: A36, width 1,800-2,500mm, thickness 14-20mm
 Quantity: 1,000-10,000 tonnes
 Location: fob China
 Timing: 4-6 weeks
 Unit: USD/tonne
 Payment terms: Letter of credit on sight
 Publication: Weekly. Tuesday 5-6pm Shanghai time
 Notes: Prices include 13% VAT. China canceled the export rebate of 13% for plate containing 0.0008% boron since May 1, 2021

MB-STE-0152
Steel reinforcing bar (rebar) domestic, ex-whs Eastern China, yuan/tonne

Quality: Grade III (HRB400), diameter 16-25mm
 Quantity: 40-1,000 tonnes
 Location: Ex-warehouse Shanghai
 Timing: Spot
 Unit: RMB/tonne
 Payment terms: Prompt payment upon delivery
 Publication: Daily at 5-6pm Shanghai time
 Notes: Inclusive of 13% VAT

MB-STE-0009 **Steel galvanized coil 1mm export, fob main port China, \$/tonne**
 Quality: Width 1,000-1,500mm; thickness 0.5-2mm; 120g zinc
 Quantity: 100-200 tonnes
 Location: fob China
 Timing: 6-10 weeks
 Unit: USD/tonne
 Payment terms: Letter of credit on sight
 Publication: Weekly. Tuesday, 5-6pm Shanghai time
 Notes: Quality DX51D+Z120, zero-spangle. Export rebate 13%

MB-STE-0021 **Steel hot-dipped galvanized coil domestic, ex-whs Eastern China, yuan/tonne**
 Quality: DX51D+Z80, width 1,000-1,500mm, thickness 1.0-1.5mm, 80g zinc
 Quantity: 10 tonnes minimum
 Location: Ex-warehouse Shanghai
 Timing: Spot
 Unit: RMB/tonne
 Payment terms: Prompt payment upon delivery
 Publication: Weekly. Friday, 5-6pm Shanghai time
 Notes: Inclusive of 13% VAT

MB-STE-0436 **Steel hot-rolled coil domestic, exw India, rupees/tonne**
 Quality: S 11513 D, IS 2062, SS400 width 900-1,500mm, thickness 4mm
 Quantity: Min lot size: 100 tonnes
 Location: Ex-works
 Timing: 2-3 weeks
 Unit: INR/Tonne
 Payment terms: Full payment in advance
 Publication: Weekly. Friday, 2-3pm London time

MB-STE-0437 **Steel heavy plate domestic, exw India, rupees/tonne**
 Quality: IS2062, width 1,600-3,200mm, thickness 10-40mm
 Quantity: Min lot size: 100 tonnes
 Location: Ex-works
 Timing: 2-3 weeks
 Unit: Rs/tonne
 Payment terms: Full payment in advance
 Publication: Weekly. Friday, 2-3pm London time

MB-STE-0028 **Steel hot-rolled coil index domestic, exw Northern Europe, €/tonne**
 Quality Grade s235jr, 1,200-1,300mm, thickness 3mm. Standard extras for dimensions excluded
 Quantity: Min 50 tonnes
 Location: Ex-works Northern Europe (defined as Germany, the Netherlands and Belgium)
 Timing: Up to 6 weeks (longer delivery times will be considered under unusual conditions when no material is available for delivery within 6 weeks)
 Unit: EUR/tonne
 Payment terms: Typical commercial practice in the HRC market. Transactions that are conducted on different payment or credit terms will be adjusted back to the base specifications, taking into account discounts and standard
 Publication: Daily, 4pm London time
 Notes: Only material offered to/traded within Northern Europe, as defined above, will be considered

MB-STE-0892 **Steel hot-rolled coil index domestic, exw Italy, €/tonne**
 Quality: Grade s235jr, width 1,250-1,500mm, thickness 3-4mm. Standard extras for dimensions excluded
 Quantity: Minimum 28 tonnes
 Location: Ex-works Italian mills
 Timing: Up to 6 weeks (longer delivery times will be considered under unusual conditions when no material is available for delivery within 6 weeks)
 Unit: EUR/tonne
 Payment terms: Typical commercial practice in the HRC market. Transactions that are conducted on different payment or credit terms will be adjusted back to the base specifications, taking into account discounts and standard
 Publication: Daily, 4pm London time
 Notes: Only material offered to/traded within Italy will be considered

MB-STE-0026 **Steel cold-rolled coil domestic, exw Northern Europe, €/tonne**

Quality: Width 1,200-1,300mm, thickness 1mm. Standard extras for dimensions excluded

Quantity: 50-500 tonnes

Location: Ex-works Northern Europe

Timing: Up to 6 weeks

Unit: EUR/tonne

Publication: Weekly. Wednesday 2-3pm London time

MB-STE-0027 **Steel cold-rolled coil domestic, exw Southern Europe, €/tonne**

Quality: Width 1,200-1,300mm, thickness 1mm. Standard extras for dimensions excluded

Quantity: 50-500 tonnes

Location: Ex-works Southern Europe

Timing: Up to 6 weeks

Unit: EUR/tonne

Publication: Weekly. Wednesday 2-3pm London time

MB-STE-0034 **Steel domestic plate 8-40mm, exw Northern Europe, €/tonne**

Quality: S235JR, width 2,500mm, length 12,000mm, thickness 8-40mm (excluding extras for dimensions)

Quantity: 100-5,000 tonnes

Location: Ex-works Northern Europe

Timing: Up to 6 weeks

Unit: EUR/tonne

Publication: Weekly. Wednesday, 2-3pm London time

MB-STE-0035 **Steel domestic plate 8-40mm, exw Southern Europe, €/tonne**

Quality: S235JR, width 2,500mm, length 12,000mm, thickness 8-40mm (excluding extras for dimensions)

Quantity: 100-5,000 tonnes

Location: Ex-works Southern Europe

Timing: Up to 6 weeks

Unit: EUR/tonne

Publication: Weekly. Wednesday, 2-3pm London time

MB-STE-0037 **Steel reinforcing bar (rebar) domestic, delivered Southern Europe, €/tonne**

Quality: BS 4449 EN 10080; B500A, B500B and B500C; diameter: 8-32mm, length 12,000mm

Quantity: 25- 1,000 tonnes

Location: Delivered Southern Europe

Timing: Up to 6 weeks

Unit: EUR/tonne

Publication: Weekly. Wednesday, 2-3pm London time

MB-STE-0036 **Steel reinforcing bar (rebar) domestic, delivered Northern Europe, €/tonne**

Quality: BS 4449 EN 10080; B500A, B500B and B500C; diameter: 8-32mm, length 12,000mm

Quantity: - 1,000 tonnes

Location: Delivered Northern Europe

Timing: Up to 6 weeks

Unit: EUR/tonne

Publication: Weekly. Wednesday, 2-3pm London time

MB-STE-0184 **Steel hot-rolled coil index, fob mill US, \$/cwt**

Quality: ASTM A1011 Commercial Steel and corresponding grades. 0.09 inch-0.38 inch thick x 48-72 inches wide

Quantity: Min 50 tons

Location: fob US mill, excluding Pacific states (Washington, Oregon, California, Alaska and Hawaii) as defined by the US Census Bureau.

Unit: USD per hundredweight

Publication: Daily by 5pm New York time.

Notes: Standard packaging, raw materials surcharges included. Payment terms are typical commercial practice in the HRC market. Transactions that are conducted on different payment or credit terms will be adjusted back to the base specifications, taking into account discounts and standard commercial terms. See separate HRC index methodology

MB-STE-0185 **Steel cold-rolled coil, fob mill US, \$/cwt**

Quality: ASTM A1008 Commercial Steel and corresponding grades. 0.03 inch – 0.13 inch thick x 48-72 inches wide

Quantity: Min 50 tons

Location: fob US mill, excluding Pacific states (Washington, Oregon, California, Alaska and Hawaii) as defined by the US Census Bureau.

Unit: USD per hundredweight

Publication: Weekly, Thursday

Notes: Raw materials surcharges included. Standard packaging

MB-STE-0172 **Steel cut-to-length plate carbon grade, fob mill US, \$/cwt**

Quality: ASTM A36 Commercial Steel and corresponding grades. 0.1875 inch – 2 inch thick x 48-72 inches wide x 96-288 inches long

Quantity: Min 50 tons.

Location: fob US mill, excluding Pacific states (Washington, Oregon, California, Alaska and Hawaii) as defined by the US Census Bureau.

Unit: USD per hundredweight

Publication: Weekly, Friday

Notes: Raw materials surcharges included. Standard packaging

MB-STE-0170 **Steel reinforcing bar (rebar), fob mill US, \$/cwt**

Quality: Grade 60, No5. ASTM A615 and equivalent. Size #5

Quantity: Min 500 tons

Location: fob Midwest mill

Unit: USD per hundredweight

Publication: Weekly, Wednesday

Notes: Raw materials surcharges included

MB-STE-0014 **Steel hot-rolled coil export, fob Black Sea, CIS, \$/tonne**

Quality: Width 1,000-1,500mm, thickness 2-8mm

Quantity: 1,000-3,000 tonnes

Location: fob Black Sea

Timing: 6-8 weeks lead time

Unit: USD/tonne

Payment terms: 30% prepayment, 70% L/C

Publication: Weekly. Monday, 2-3pm London time

MB-STE-0013 **Steel heavy plate 8-50mm export, fob Black Sea, CIS, \$/tonne**

Quality: Width 1,500-2,500mm, length 6,000mm, thickness 8-50mm

Quantity: 1,000-3,000 tonnes

Location: fob Black Sea

Timing: 6-8 weeks

Unit: USD/tonne

Payment terms: 30% prepayment, 70% L/C

Publication: Weekly. Monday, 2-3pm London time

MB-STE-0558 **Steel billet index export, fob Black Sea, CIS, \$/tonne**

Quality: Base 3SP (grades Q275 Q235, 5SP and equivalent normalized). Base sectional dimension 130x130mm, 6-12 m length (100x100mm, 125x125mm, 120x120mm and 150x150mm normalized)

Quantity: Min 2,500 tonnes

Location: fob Novorossiysk

Timing: Up to 6 weeks

Unit: USD/tonne

Payment terms: 30% prepayment, 70% L/C

Publication: Daily, 4pm London time

MB-STE-0016 **Steel slab export, fob Black Sea, CIS, \$/tonne**

Quality: Width 1,250-2,100mm, thickness 220-270mm, length 6,000-12,000mm

Quantity: 20,000-50,000 tonnes

Location: fob Black Sea

Timing: 8-10 weeks

Unit: USD/tonne

Payment terms: 30% prepayment, 70% L/C

Publication: Weekly. Monday, 2-3pm London time

MB-STE-0117 **Steel billet export, fob main port Turkey, \$/tonne**

Quality: 120x120mm to 150x150mm

Quantity: 5,000-10,000 tonnes

Location: fob Turkey

Timing: 4-6 weeks

Unit: USD/tonne

Payment terms: LC, bank transfer

Publication: Weekly. Thursday, 2-3pm London time

MB-STE-0119	Steel reinforcing bar (rebar) export, fob main port Turkey, \$/ tonne
Quality:	Diameter 12-32mm, length 12,000mm
Quantity:	5,000-40,000 tonnes
Location:	fob Turkey
Timing:	4-6 weeks
Unit:	USD/tonne Payment terms LC, bank transfer
Publication:	Weekly. Thursday, 2-3pm London time

Contacts

Alistair Ramsay

Head of Steel Research
+44 20 7827 6487
aramsay@fastmarkets.com

Marina Maliushkina

Senior Analyst
+44 20 7779 7217
marina.maliushkina@fastmarkets.com

Risk & Compliance Team

T: +44 20 7827 5264 or
T: +44 20 7779 8519
riskandcompliance@fastmarkets.com

DISCLAIMER - IMPORTANT PLEASE READ CAREFULLY

This Disclaimer is in addition to our Terms and Conditions as available on our website and shall not supersede or otherwise affect these Terms and Conditions. Prices and other information contained in this publication have been obtained by us from various sources believed to be reliable. This information has not been independently verified by us. Those prices and price indices that are evaluated or calculated by us represent an approximate evaluation of current levels based upon dealings (if any) that may have been disclosed prior to publication to us. Such prices are collated through regular contact with producers, traders, dealers, brokers and purchasers although not all market segments may be contacted prior to the evaluation, calculation, or publication of any specific price or index. Actual transaction prices will reflect quantities, grades and qualities, credit terms, and many other parameters. The prices are in no sense comparable to the quoted prices of commodities in which a formal futures market exists.

Evaluations or calculations of prices and price indices by us are based upon certain market assumptions and evaluation methodologies, and may not conform to prices or information available from third parties. There may be errors or defects in such assumptions or methodologies that cause resultant evaluations to be inappropriate for use.

Your use or reliance on any prices or other information published by us is at your sole risk. Neither we nor any of our providers of information make any representations or warranties, express or implied as to the accuracy, completeness or reliability of any advice, opinion, statement or other information forming any part of the published information or its fitness or suitability for a particular purpose or use. Neither we, nor any of our officers, employees or representatives shall be liable to any person for any losses or damages incurred, suffered or arising as a result of use or reliance on the prices or other information contained in this publication, howsoever arising, including but not limited to any direct, indirect, consequential, punitive, incidental, special or similar damage, losses or expenses.

We are not an investment adviser, a financial advisor or a securities broker. The information published has been prepared solely for informational and educational purposes and is not intended for trading purposes or to address your particular requirements. The information provided is not an offer to buy or sell or a solicitation of an offer to buy or sell any security, commodity, financial product, instrument or other investment or to participate in any particular trading strategy. Such information is intended to be available for your general information and is not intended to be relied upon by users in making (or refraining from making) any specific investment or other decisions.

Your investment actions should be solely based upon your own decisions and research and appropriate independent advice should be obtained from a suitably qualified independent adviser before any such decision is made.