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Commodity Insights

Bringing transparency & clarity to evolving steel markets

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S&P Global Commodity Insights

- With a **track record of more than 100 years**, we are the leading independent provider of information and benchmark prices for the commodities and energy markets.
- More than **15,000 customers** in over **150 countries** look to our expertise in news, pricing and analytics to deliver greater transparency and efficiency to markets.



Platts Metals Benchmarks & Reference Prices

Examples of Physical and Paper Usage of Platts Assessments/Indices

NORTH AMERICA

- Aluminum MW US Premium (LME, CME)
- A380 Aluminum Alloy (CME)
- HRC EXW Indiana (LME, CME)
- US Midwest Scrap (CME)
- CRC EXW Indiana
- Plate delivered US Midwest
- Silicon 553 Grade US Midwest
- Copper US Transaction
- Rhodium MW NY Dealer
- Ferrosilicon 75%
- Ferromanganese 76%
- Ferrochrome 65%

LATIN AMERICA

- HRC EXW Brazil domestic
- CRC EXW Brazil domestic
- Rebar EXW Brazil domestic
- Brazil domestic ferrous scrap (x4 prices)
- Mexico Rebar Index
- Mexico Rebar delivered
- Mexico HRC, CRC delivered

- Pig iron FOB Brazil
- Slab FOB Brazil
- Aluminum Premium (DDP, CIF)
- Mexico Aluminum scrap (x4 prices)

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EMEA

- Rebar Exports FOB Turkey (LME)
- HRC EXW Ruhr
- US Low Vol HCC Coking Coal FOB
- US High Vol A Coking Coal FOB
- US High Vol B Coking Coal FOB
- Ferromolybdenum 65% European
- Billet FOB CIS
- Slab FOB Black Sea

GLOBAL

- Alumina PAX FOB Australia (CME)
- Scrap HMS I/II 80:20 CFR Turkey (CME & LME)
- TSI 62% Fe Iron Ore CFR China (CME, HKEx & SGX)
- IODEX CFR China (CME & ICE)
- Iron Ore Lump Premium CFR China (SGX)
- TSI Premium Hard Coking Coal FOB Aus (CME & SGX)
- TSI Premium JM25 Coking Coal CFR China (SGX)
- Molybdenum Oxide, Daily Dealer (LME)
- Platts Premium Low Vol Coking Coal FOB Aus
- HCC 64 Mid Vol Coking Coal FOB Australia
- Semi-Soft Coking Coal FOB Australia

ASIA

- CIF Japan Premium Aluminum (CME)
- Steel Shredded Scrap CFR India
- TSI 58% Fe Iron Ore
- TSI HRC ASEAN Imports CFR Asia
- HRC Exports FOB China
- HRC CFR East Asia
- CRC CFR East Asia
- Rebar Exports FOB China
- HMS I/II (80:20) CFR East Asia
- Pellet Premium 65% Fe Iron Ore CFR China
- Iron Ore Per 1% Differentials CFR China
- Premium Low Vol Coking Coal CFR China
- Low Vol PCI Coking Coal CFR China
- Mid Tier PCI Coking Coal CFR China
- HCC 64 Mid Vol Coking Coal CFR China
- 66/65 CSR Met Coke Coking Coal CFR China

BENCHMARKS = these assessments/indices are listed on exchanges

CONTRACT REFERENCE PRICE = these assessments are used in physical contracts

REFERENCE PRICE = these assessments are used as market references

Platts' approach to price assessments reflects experience & rigor

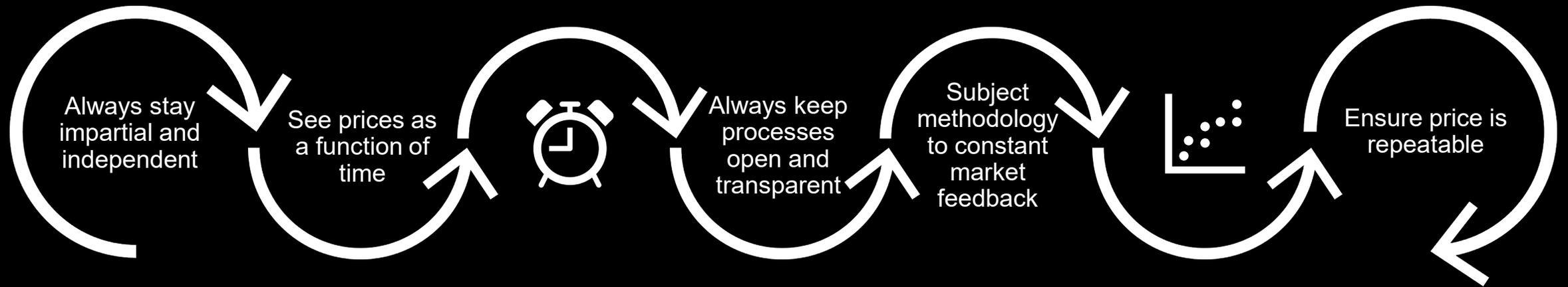
- **Data is corroborated** with more than one counterparty to test repeatability, and all **assessments are reviewed** by two price assessors before publication
- Ongoing **mandatory training**, management reviews, complaints and corrections policies, **documented audit trails**
- Each annual **independent assurance review** to date of Platts' metals price assessment processes by a leading accounting firm has **confirmed alignment** with the IOSCO Principles

- Platts is part of S&P Global Commodity Insights and **adheres to the Principles for Price Reporting Agencies** set by the International Organization of Securities Commissions (IOSCO)
- Platts has invested in governance and controls, technology and process developments to support **adherence to the IOSCO Principles**
- All **methodologies are vetted** internally and with the industry, **documented, published** online and subject to a process of **feedback and review** before there are any changes

Principles of Platts Methodology

Essential

DNA



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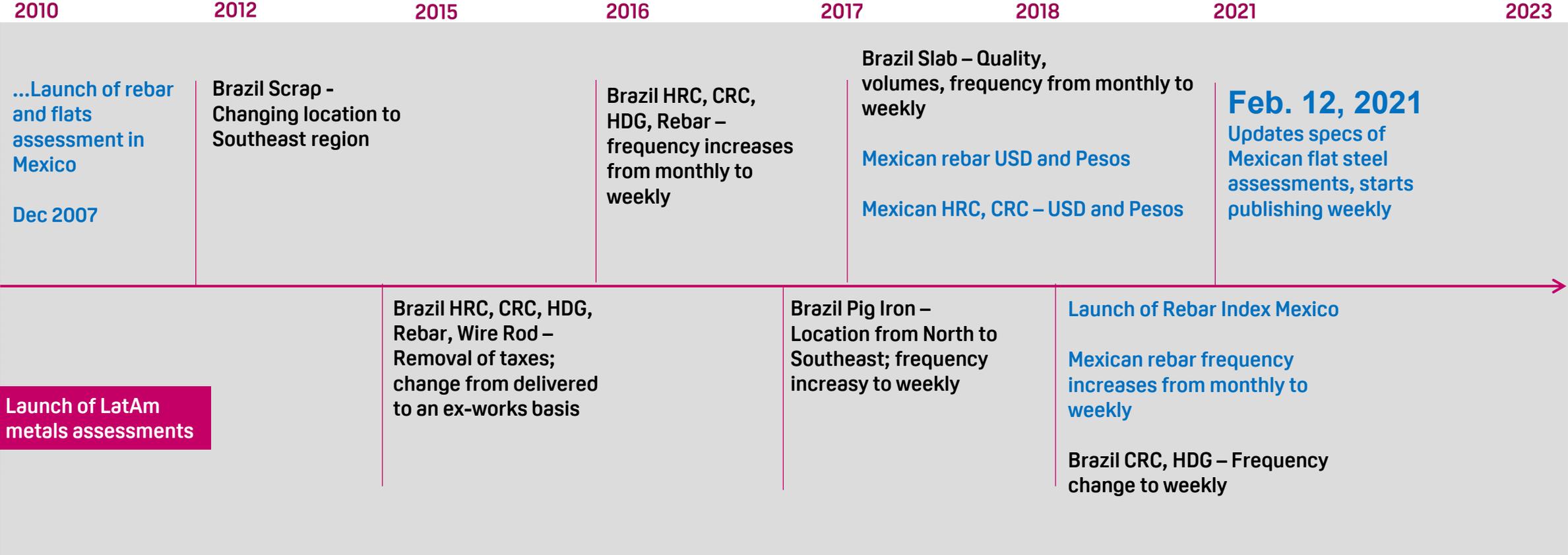
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Focus on Latin America



Evolución de precios en América Latina

Atención a los cambios en las dinámicas del mercado



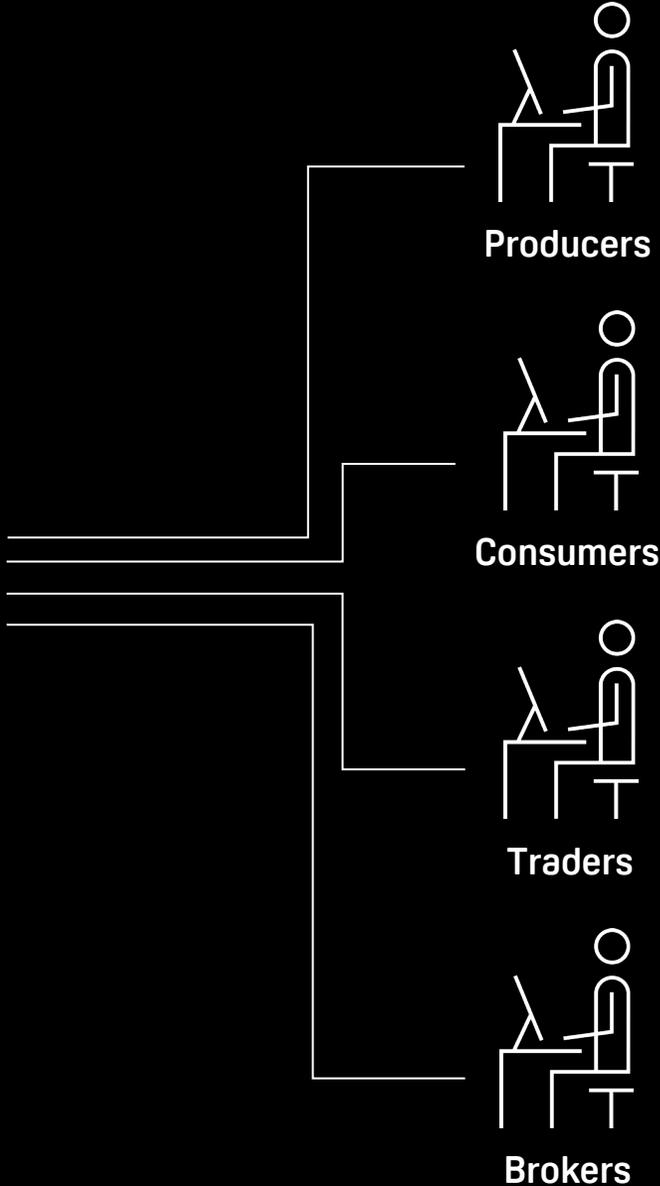
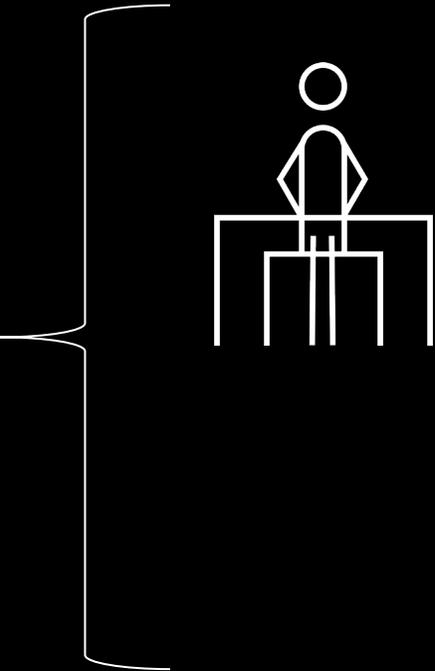
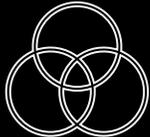
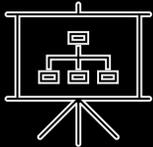
Especificaciones de las evaluaciones Platts de acero en México

Assessments	Symbol	Quality	Incoterm	Location	Unit	Currency
Mexican domestic HRC delivered	SB01503, SB01145	SAE 1006-1008, 48 pulgadas, calibre 11-14	Delivered	Monterrey, NE México.	500-2,000 mt	Mexican Pesos – Converted to dollars
Mexican domestic CRC delivered	SB01403, SB01086	SAE 1006-1008, 36-48 pulgadas, calibre 18-24	Delivered	Monterrey, NE México.	500-2,000 mt	Mexican Pesos – Converted to dollars
Mexican domestic Rebar delivered	SB01603, SB01199	Grado 42, 9.5-15.9 mm de diámetro, 12 metros de longitud	Delivered	NE México.	500-1,000 mt	Mexican Pesos – Converted to dollars
Mexican Monthly Rebar Index	SBMAU03	Grado 42, 9.5-15.9 mm de diámetro, 12 metros de longitud	Delivered	NE México.	500-1,000 mt	Mexican Pesos – Converted to dollars

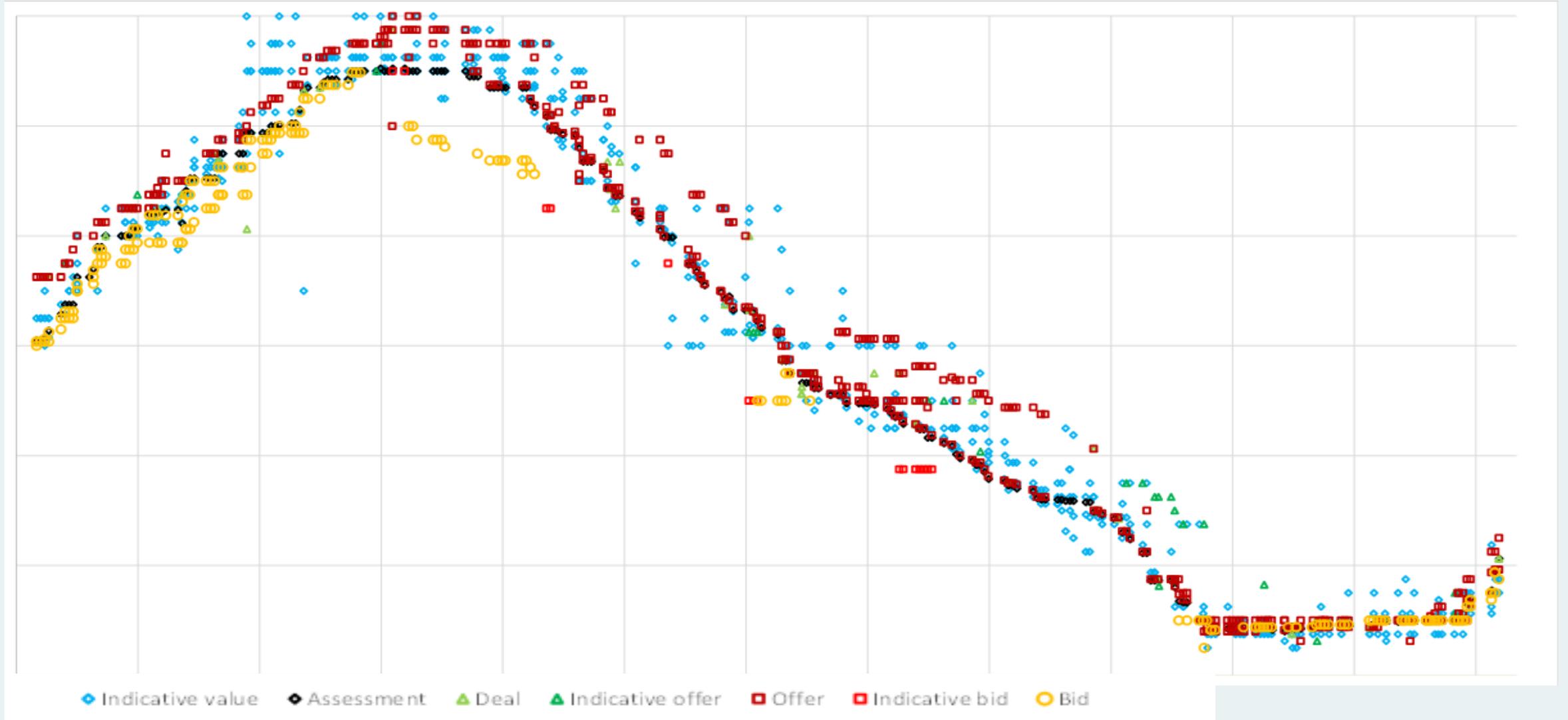
Assessment approach: Source Survey



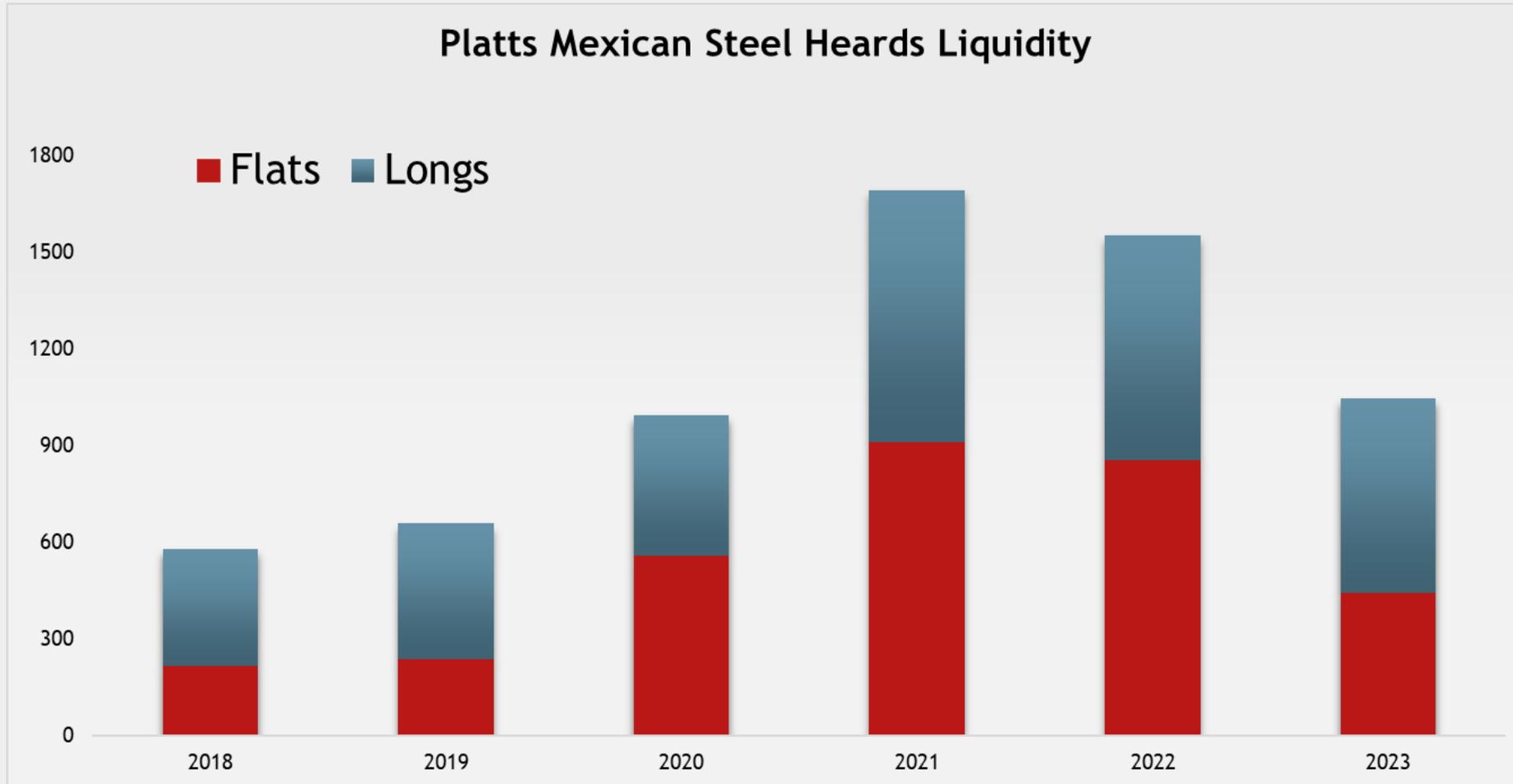
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Sao Paulo



Graph Analysis



Platts Mexican Steel Assessments



Perspectiva alcista para precios del acero mexicano en Q4



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Global steel markets overview



Agenda

Una mirada al presente y al futuro...

01

Acero presionado por altos costos; márgenes ajustados

02

- Nuevo cuadrante de precios pospandemia
- Nuevos flujos comerciales

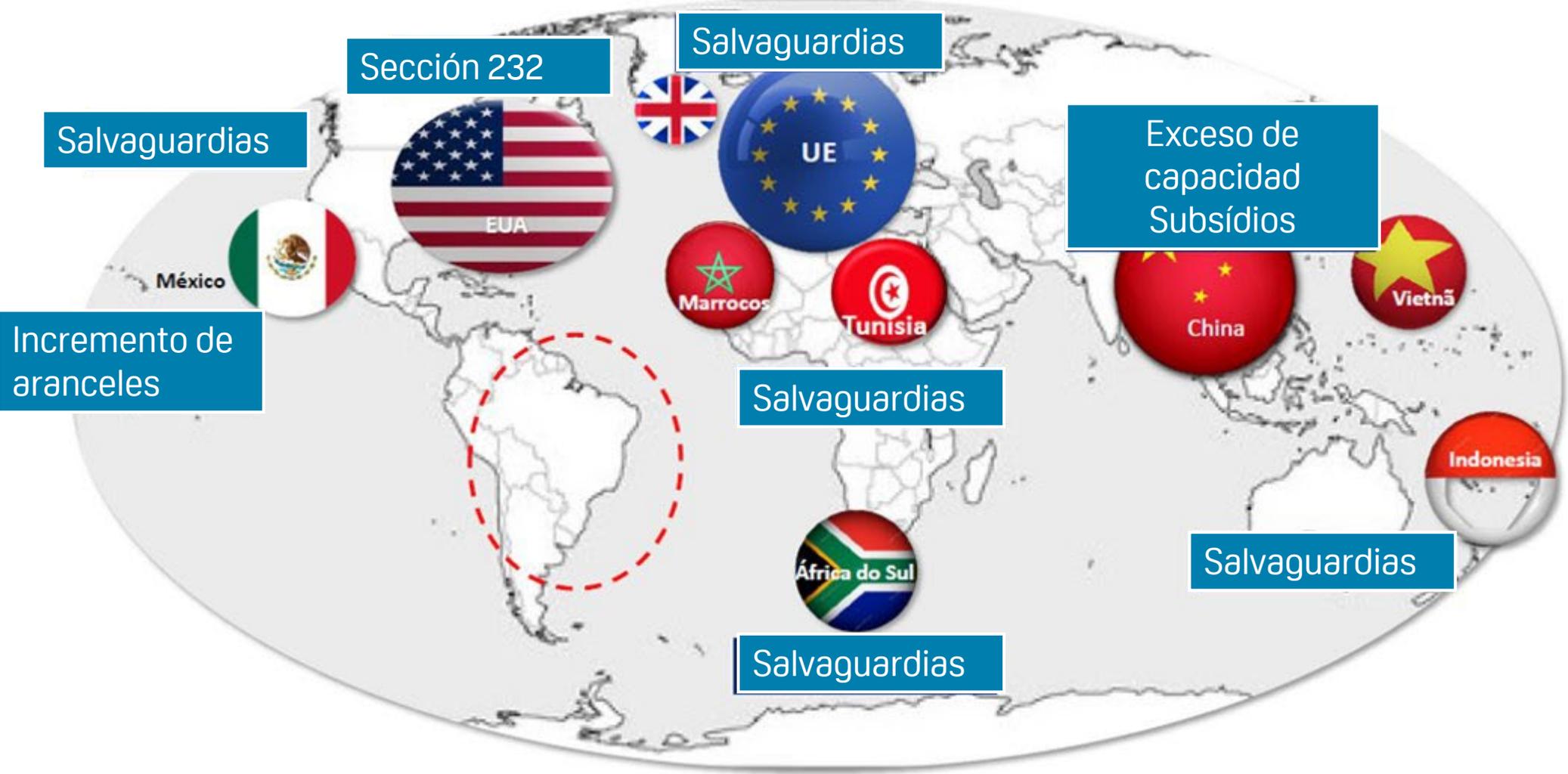
03

Aumento de la capacidad instalada en India y Sudeste Asiático

04

Descarbonización y transición a nuevas rutas productivas

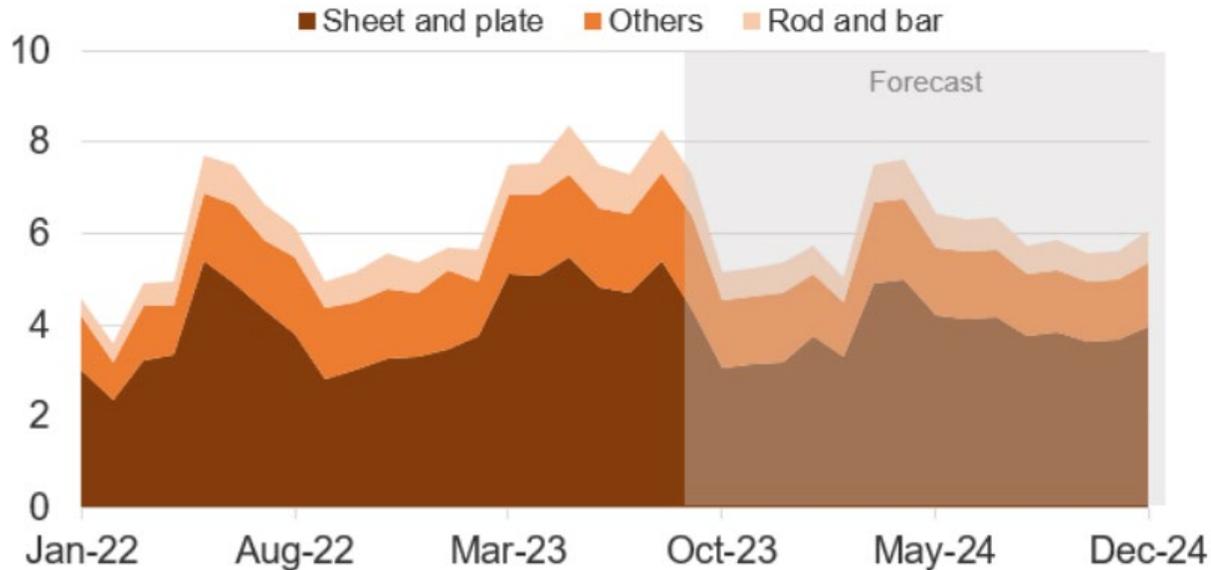
Ola proteccionista: salvaguardias, medidas antidumping en todas partes excepto...



CHINA

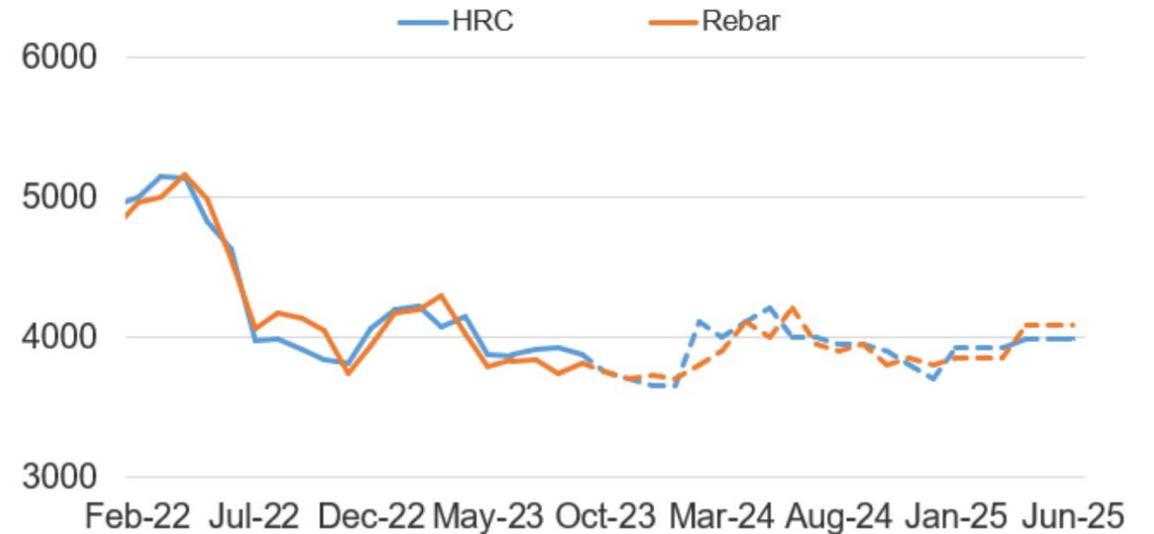
Bajo consumo de los principales sectores demandantes de acero: inmobiliario e infraestructura

CHINA: Proyección de exportaciones de planos y largos



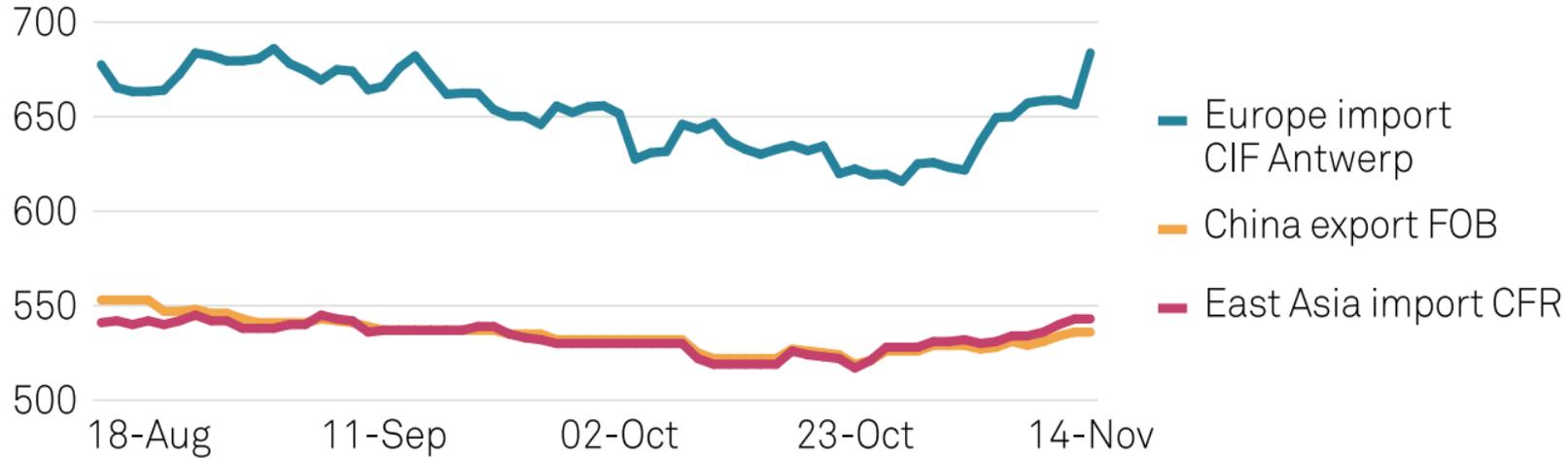
Source: S&P Global Commodity Insights, CISA

CHINA: Proyección de precios internos (Yuan/mt)

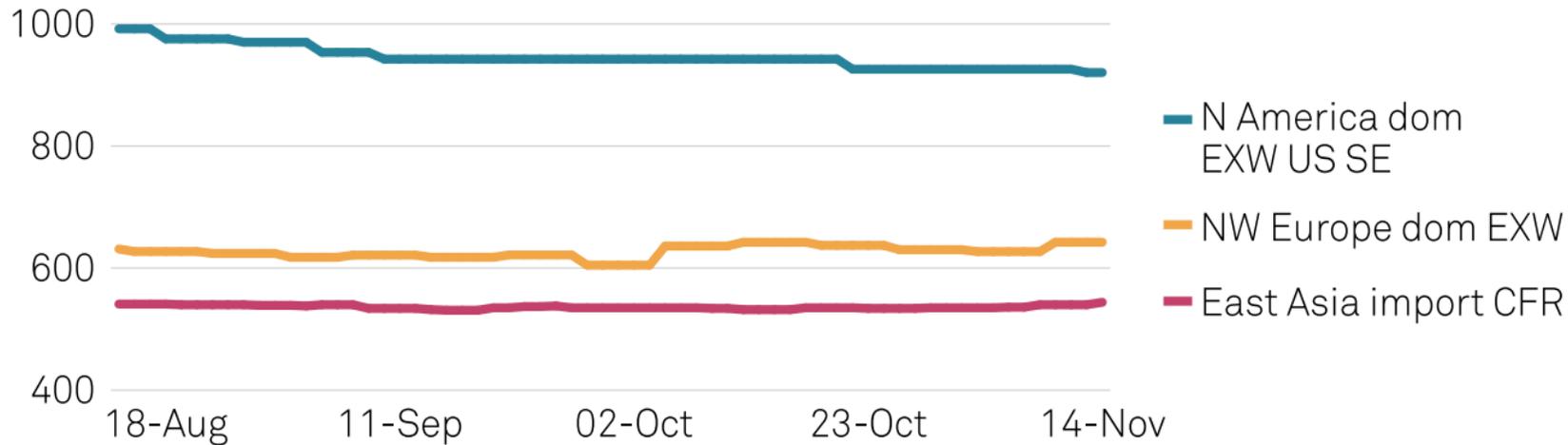


Source: S&P Global Commodity Insights

HRC international trade (\$/mt)



Rebar (\$/mt)



Es probable que haya más recortes de producción

¿Dónde nos encontramos en el ciclo de precios del acero?



Baja demanda de acero, altos costos de energía, márgenes ajustados

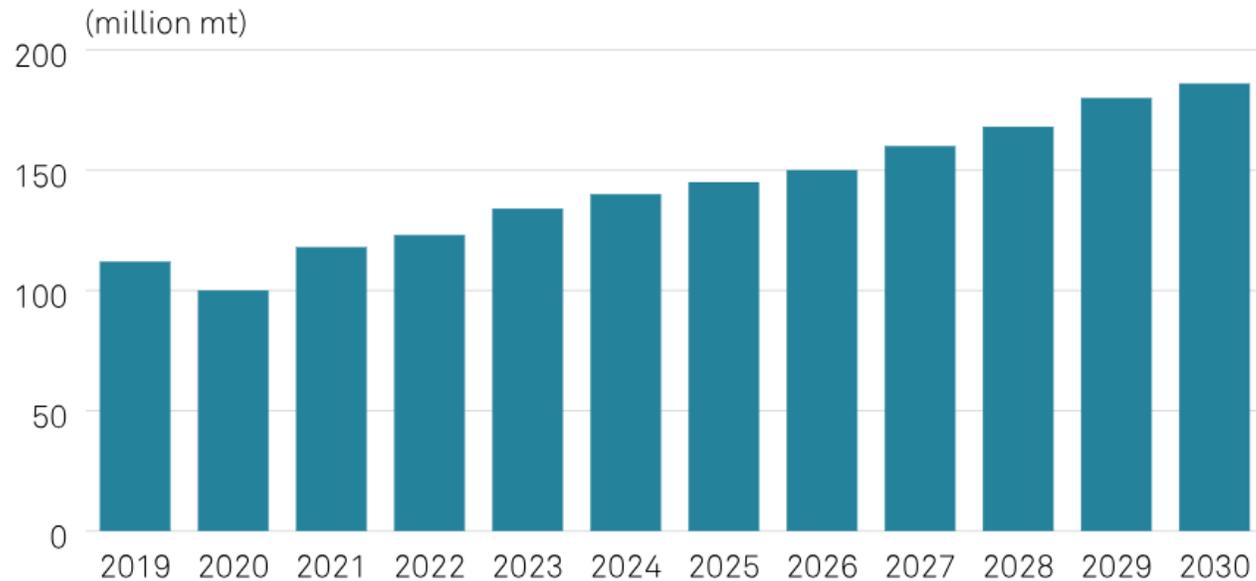
Precios de la chatarra ferrosa en China, India, Turquía y EE.UU.



Se espera que India alcance 200 millones de toneladas/año de capacidad siderúrgica para 2030

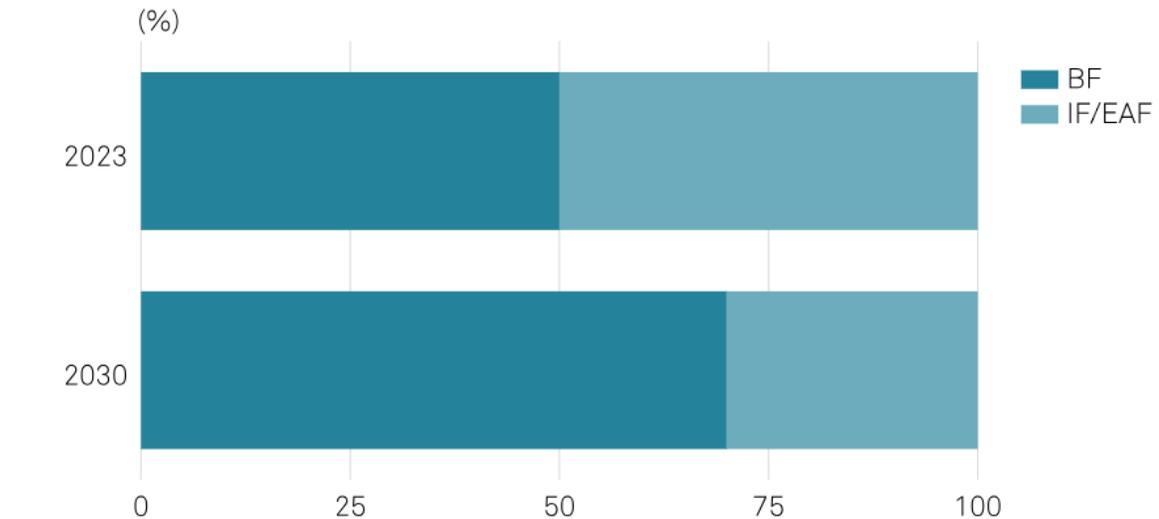
S&P Global predice que el PIB de la India será del 6,9% en 2025 y del 7,0% en 2026; podría convertirse en la tercera economía más grande del mundo en 2030

Indian crude steel production



Source: S&P Global Commodity Insights

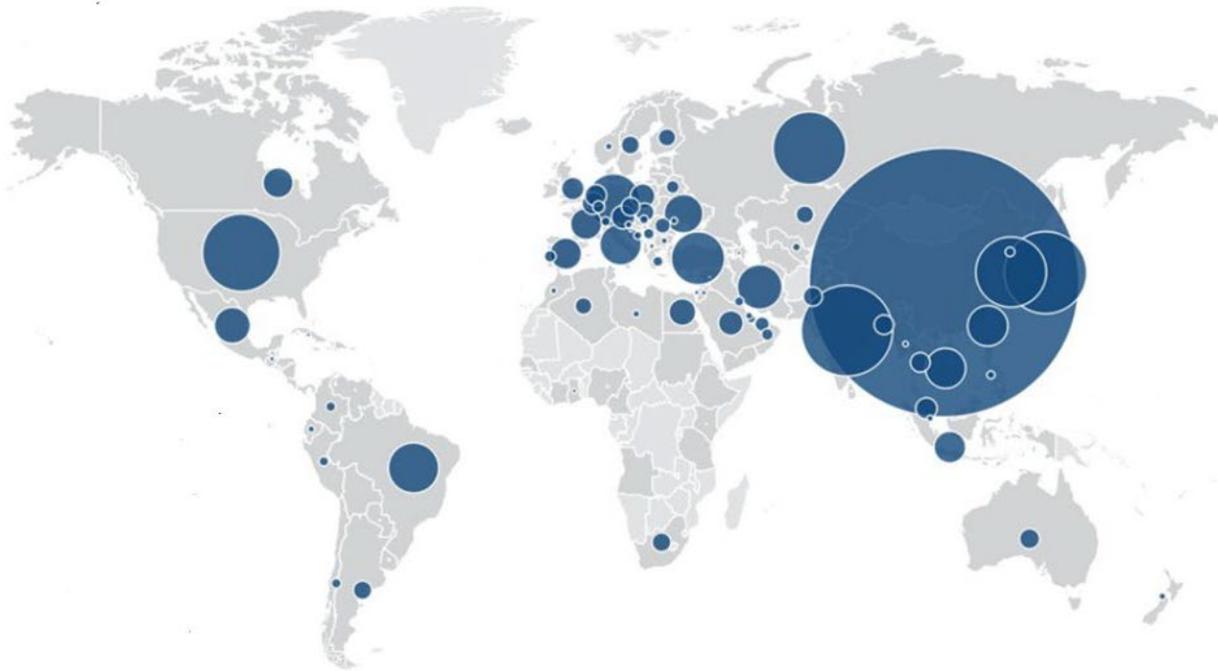
Indian BF/BOF vs IF/EAF contribution of production



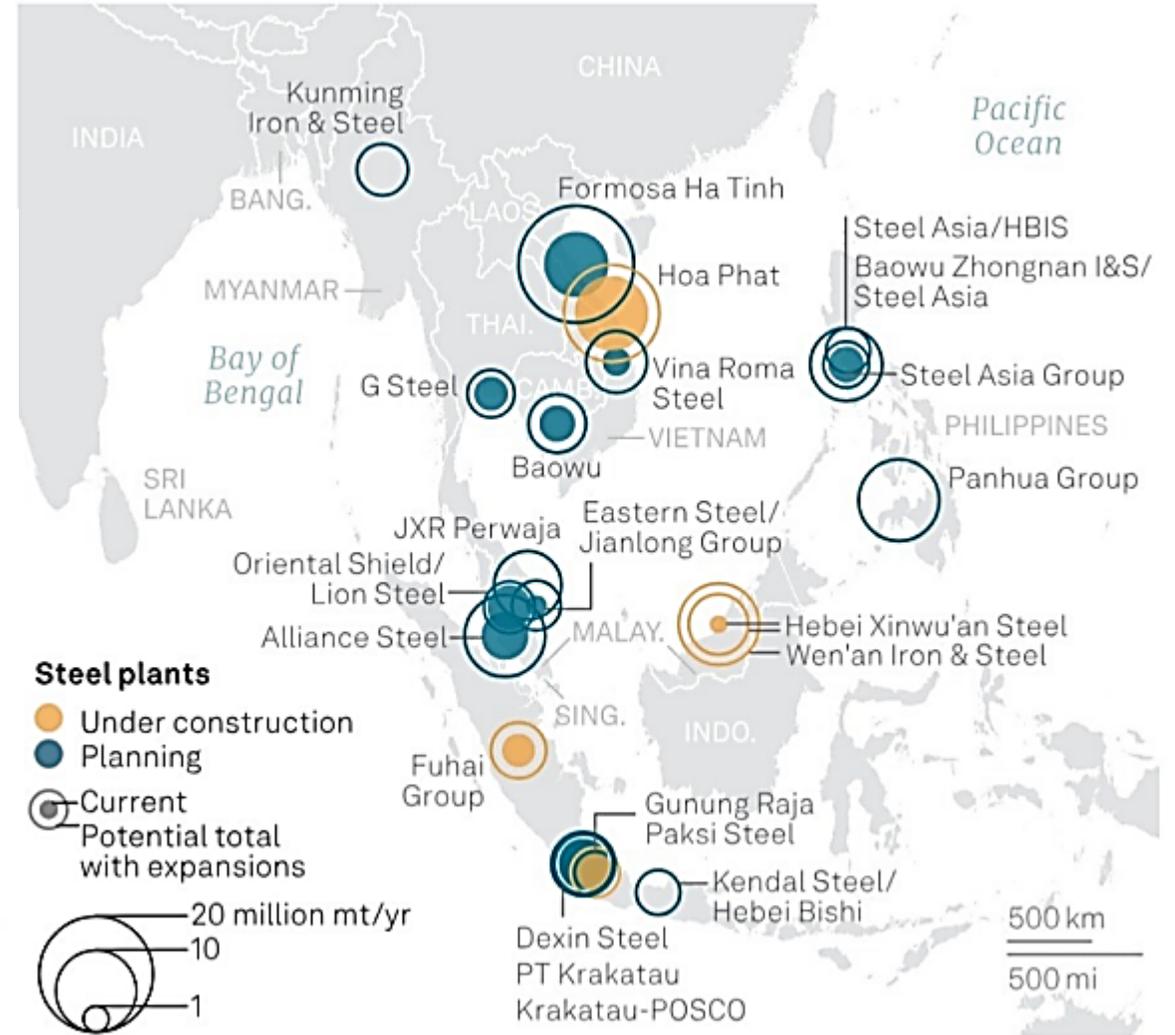
Source: S&P Global Commodity Insights

Más capacidad en el sudeste asiático

100 millones de toneladas/año de capacidad extra hasta 2030



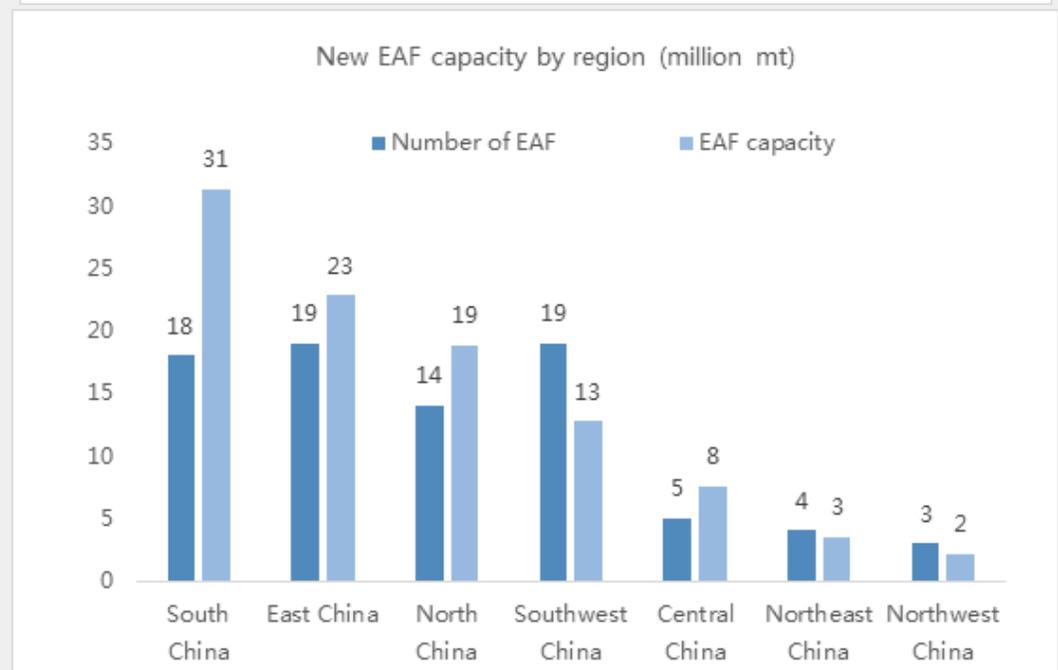
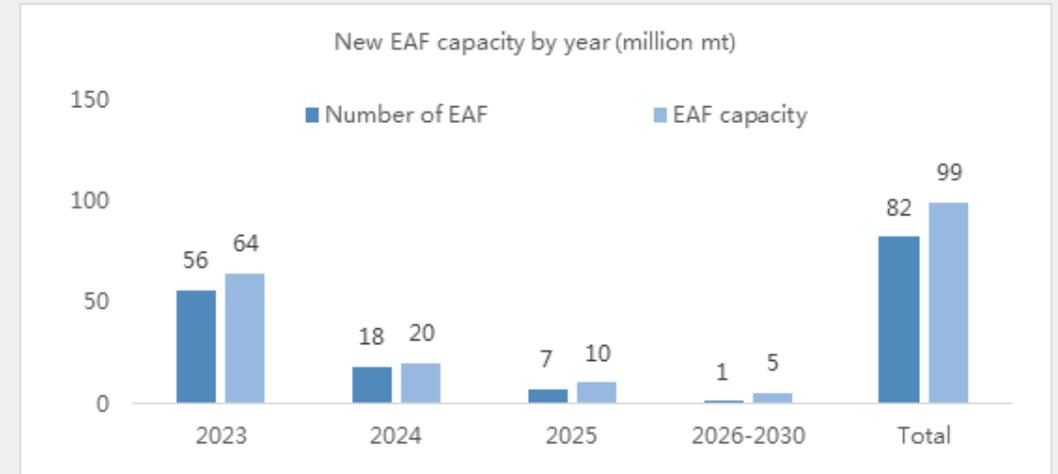
© 2022 World Steel Association



Source: S&P Global Commodity Insights, SEAISI

Incrementos en el número de EAFs en China

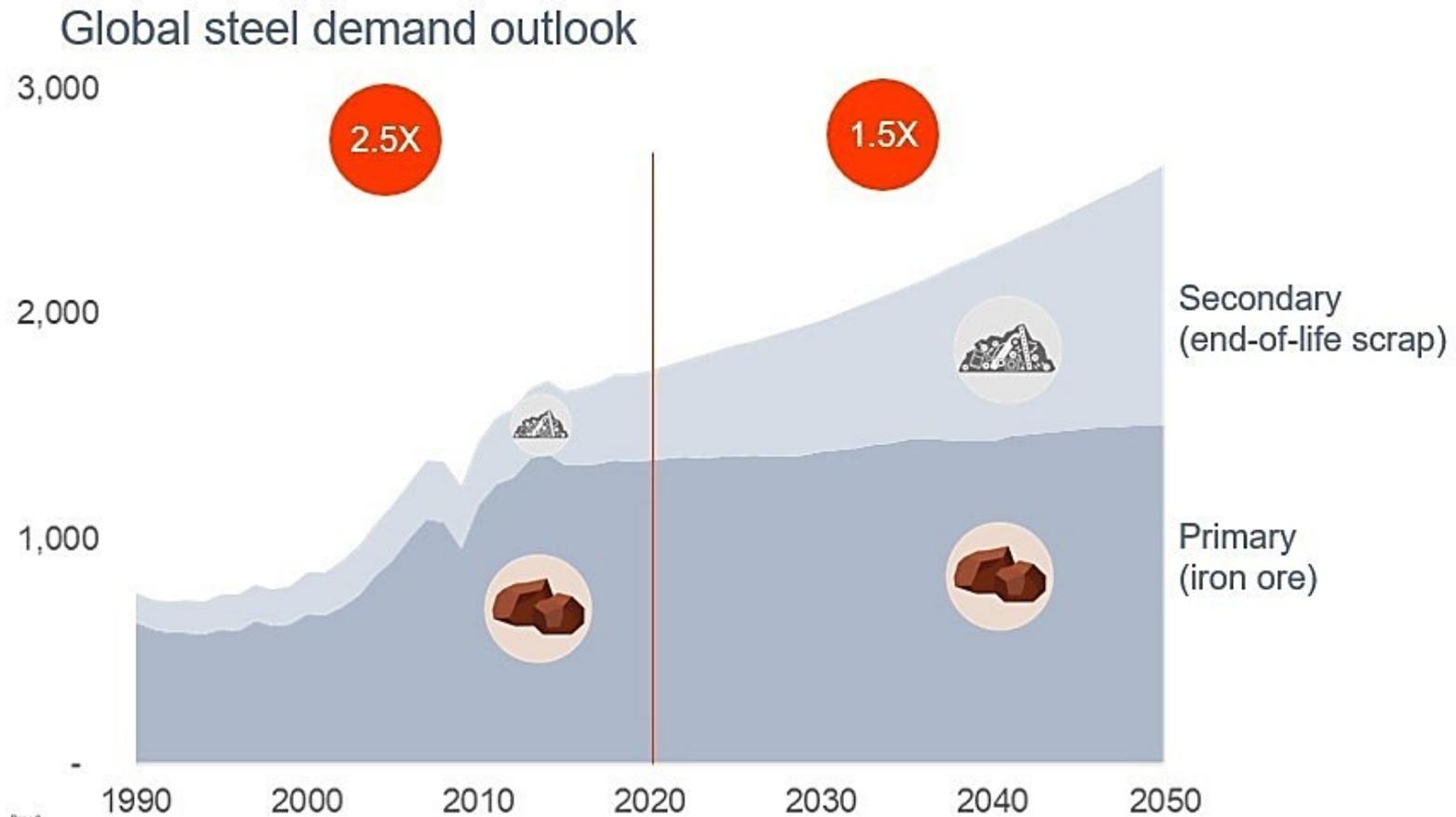
Country	Company	Current capacity/year (million)	New capacity/year (million)	Product	Timeline
Indonesia	Panhua Steel		10	long	2024
Indonesia	Krakatau POSCO Steel	2.4	4	flat	2025
Malaysia	Green ESteel		2.5	HBI	2025
Malaysia	Wenan Steel		10	flat & long	2025
Thailand	Meranti Steel		2	flat	2027
Indonesia	Dexin Steel	7	14	flat & long	2027
Indonesia	Kendal Steel		3	long	pending
Malaysia	Alliance Steel	3.5	6.5	long	planning
Malaysia	Perwaja Steel		7	long	planning
Malaysia	Lion Steel	3	2.5	flat	planning
Indonesia	Fuhai Steel		2	long	planning
Indonesia	Bao Steel		3	long	planning



Crecerá el consumo mundial de chatarra, al igual que la demanda de materias primas de calidad

HBI

DRI



Hidrogênio

Mercado de carbono

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US steel market overview

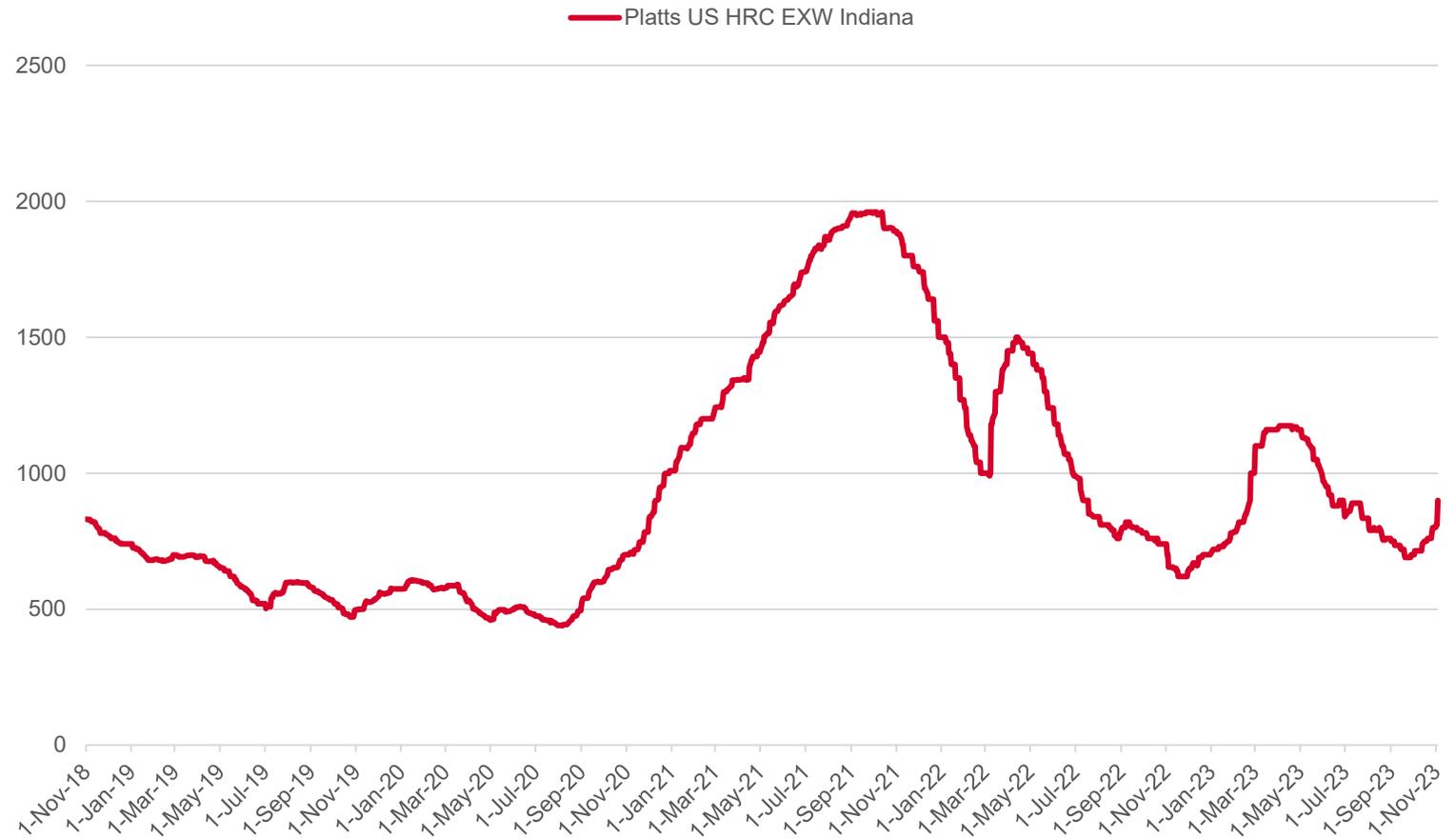


Snapshot of Platts US Steel Assessments

Assessments	Symbol	Quality	Incoterm	Location	Unit	Currency
TSI HRC US EXW Indiana	STHRI00	ASTM A 1011-06a Commercial Type B	EXW	Indiana	st	\$
Shredded Scrap Delivered US Midwest	FEMWD00	ISRI 210-211 inclusive	Delivered	US Midwest mill	lt	\$
Rebar EXW Southeast US	STCBC00	ASTM A615/A615M	EXW	US Southeast	st	\$
Plate delivered US Midwest	STPRI00	ASTM A36/A36M or equivalent	Delivered	US Midwest	st	\$

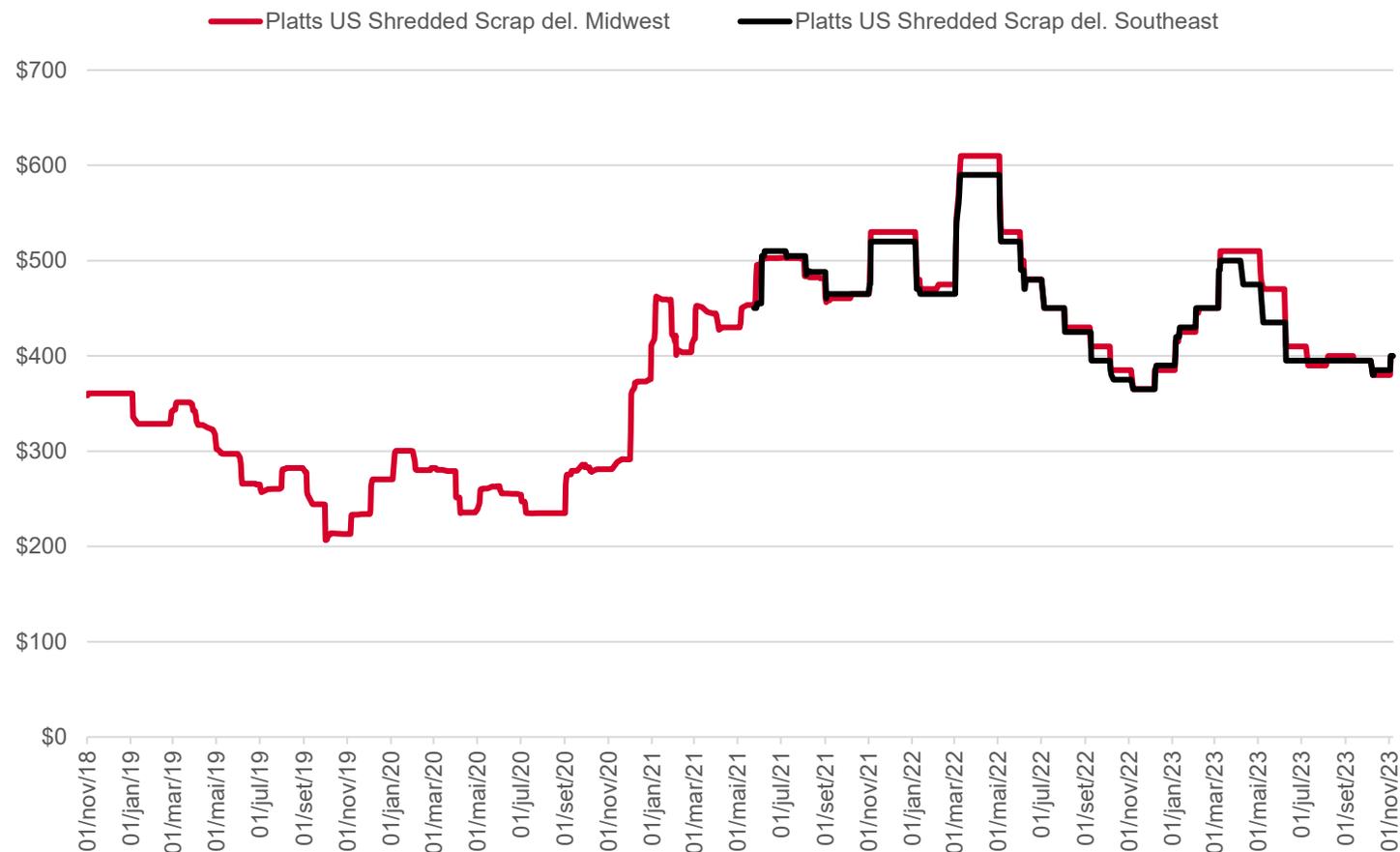
Platts US Midwest Hot-Rolled Coil

- US HRC's wild ride continues throughout 2023
- Six-week UAW strike does little to temper prices
- 'Grand a band' domestic pricing returns toward year end
- Year-end restocking expected to support Q4/early 2024 pricing
- Anticipated softening on US flat-rolled capacity additions yet to be seen
- Mills mostly unwilling to negotiate in a competitive flat-rolled market
- Who will land a legacy producer in US Steel? Cliffs? ArcelorMittal? Ternium?



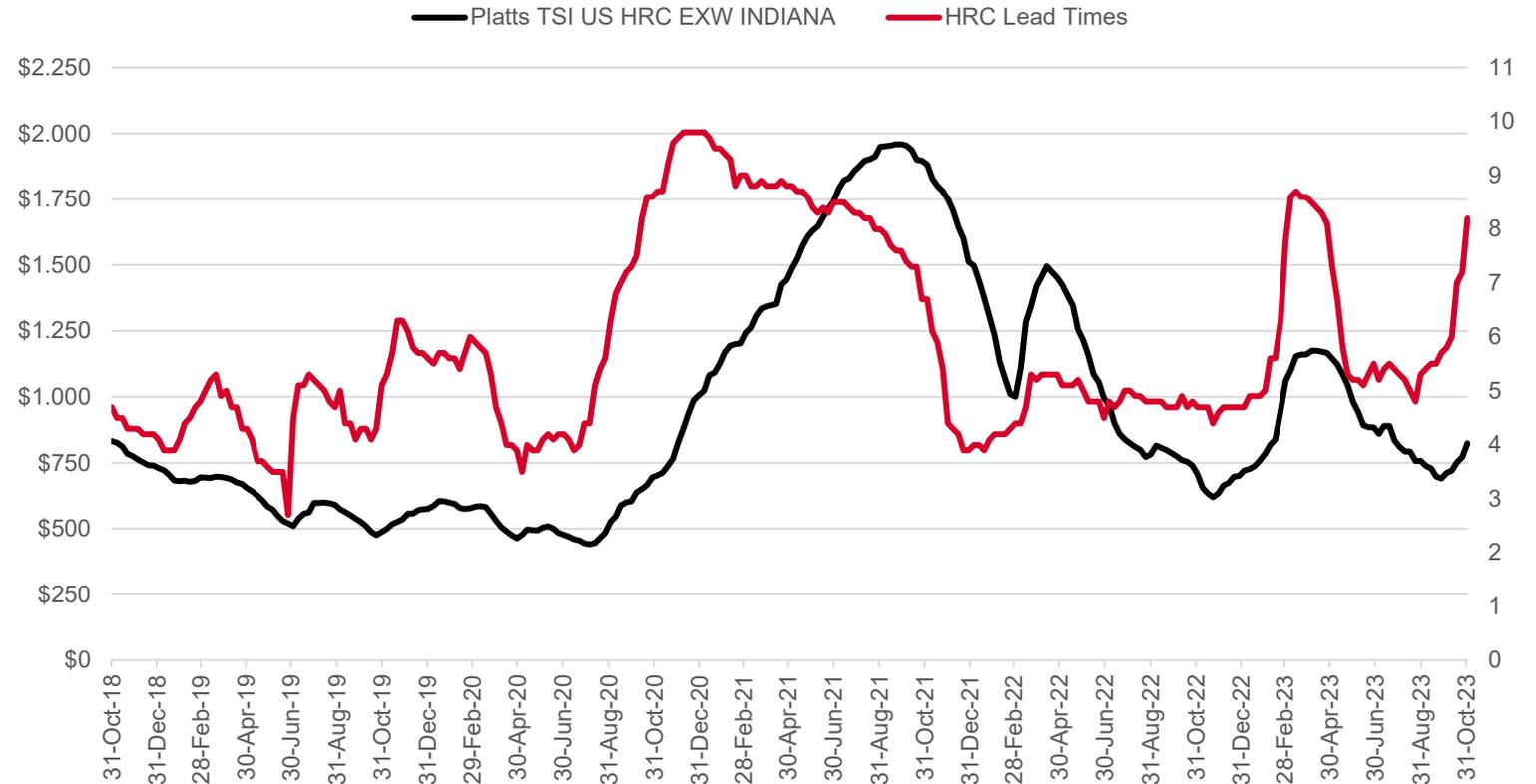
Platts US Shredded Scrap delivered Midwest/delivered Southeast

- Recent downtrend reverses in November as US shredded prices increase by \$25/lt m-o-m
- Rising US HRC, rebar and billet prices buoy scrap prices across grades
- Limited scrap supply mutes interest in negotiations
- 'Never a down December' dynamic appears poised to play out again in US this year
- Pig iron shares in shredded's upward trajectory



Platts US HRC Lead Times vs US HRC Price

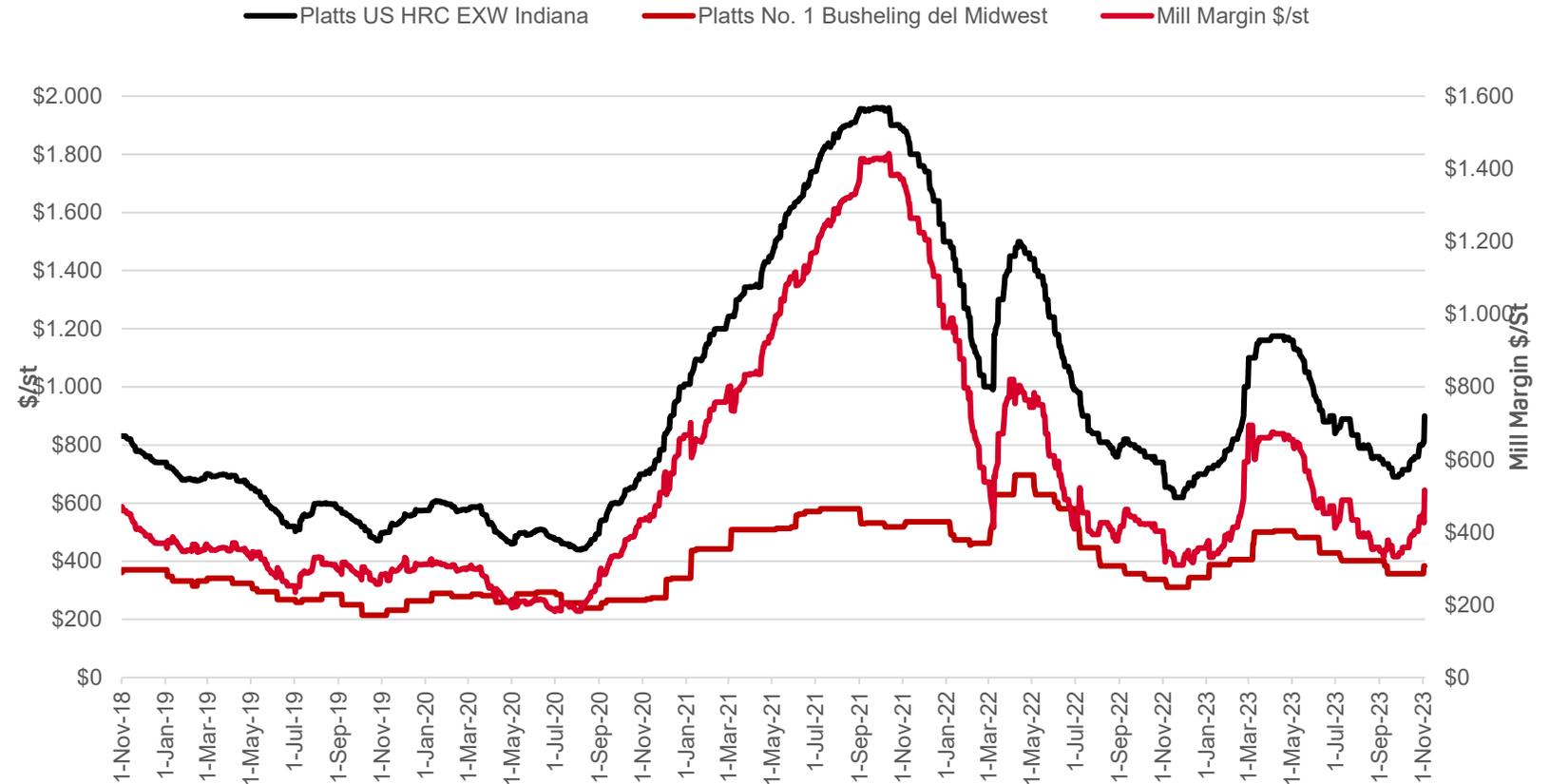
- Mill lead times a good way to determine direction of near-term pricing
- When lead times begin to extend/decline, typically a harbinger of what's ahead
- US HRC lead times more than 9 weeks, likely to extend further
- US mill HRC order books already mostly committed for Q1 2024
- Lead times for all flats but plate also extending into year end



Source: S&P Global Commodity Insights

Mill Margins – Platts US HRC vs No. 1 Busheling Scrap delivered Midwest

- 2023 a tale of two different years when it comes to mill margins
- End-year trending toward well above five-year average
- Margins still nowhere near historic highs of 2021

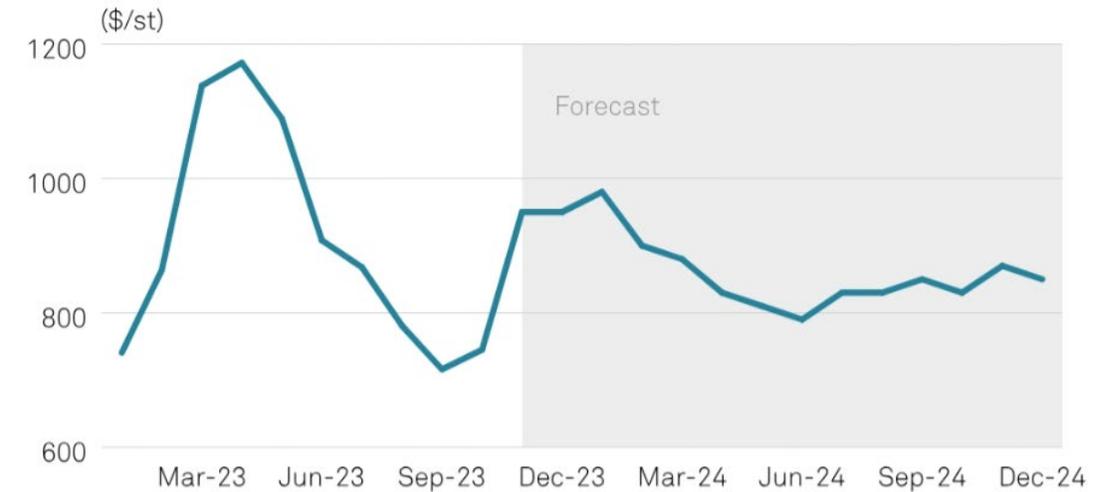


Source: S&P Global Commodity Insights

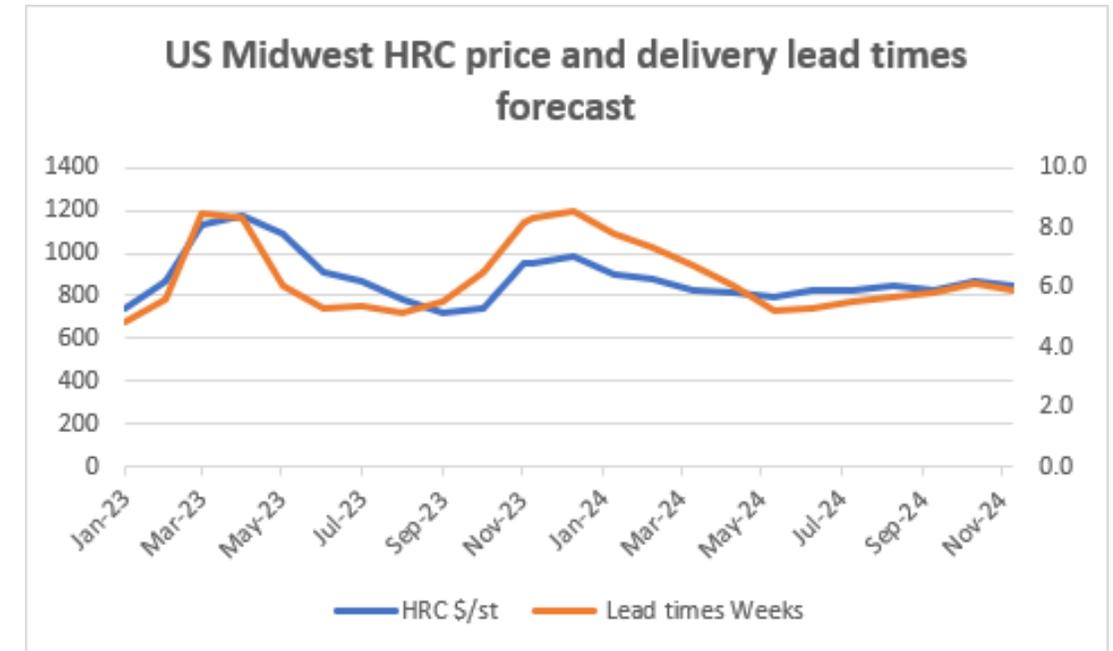
A look at what's in store for '24

- **SPGCI analytics says:** US HRC appears to be repeating mid-December 2022-April 2023 cycle when prices surged by 70%
- Market conditions more supportive this December than last for continued pricing upside – mill capacity rates are falling and should hover around 73% in December/January
- Lead times currently twice as long as they were at the start of the previous price rally, likely to extend further
- US manufacturing activity appears to be stabilizing, but demand remains muted with many companies expecting weaker output in 2024
- H2 2024 HRC price softening expected, though that could change if interest rate cuts materialize

US Midwest hot-rolled coil prices



Source: S&P Global Commodity Insights



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A look at carbon-accounted steel



Specs for Platts European HRC Carbon-Accounted Steel Premium (CASP)

Launched May 2, 2023

Contract	Spot
Timestamp	4:30 pm UK time
Quality	European Norm EN 10025-2:2004, Grade S235JR
Dimensions	W 1200-1500 mm, T2.5-8 mm
Basis	EXW Ruhr
Quantity	Min 100 mt
Timing	Shipment four to 10 weeks
Payment	Prompt payment on delivery

Methodology

CASP assessment reflects trade in HRC with carbon emissions certified by an internationally accepted, independent organization. Market participants expected to supply proof upon request. Trade in steel products using offsets to reduce overall emissions profiles, such as credits sourced from voluntary carbon markets, are not considered for inclusion. Reflects any differential achieved for the spot sale of hot-rolled steel with total accounted carbon emissions of 2.1 mt of CO₂, or less, for every metric ton of steel produced.

Specs for Platts Northwest Europe HRC Carbon-Accounted Steel Price

Launched May 2, 2023

Contract	Spot
Timestamp	4:30 pm UK time
Quality	European Norm EN 10025-2:2004, Grade S235JR
Dimensions	W 1200-1500 mm, T2.5-8 mm
Basis	EXW Ruhr
Quantity	Min 100 mt
Timing	Shipment four to 10 weeks
Payment	Prompt payment on delivery
Methodology	CASP (EHRSA00) + HRC EXW Ruhr (STHRE00) = European HRC Carbon-Accounted Steel Price (EHRSC00)

Platts Global Steel Methodology Guide:

<https://www.spglobal.com/commodityinsights/PlattsContent/assets/files/en/our-methodology/methodology-specifications/steel-ferrous-methodology.pdf>

Platts European Carbon-Accounted Steel Subscriber Note:

<https://www.spglobal.com/commodityinsights/en/our-methodology/subscriber-notes/050223-platts-launches-european-carbon-accounted-steel-price-assessments>

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Platts European Carbon-Accounted Steel Subscriber Note:

<https://www.spglobal.com/commodityinsights/en/our-methodology/subscriber-notes/050223-platts-launches-european-carbon-accounted-steel-price-assessments>

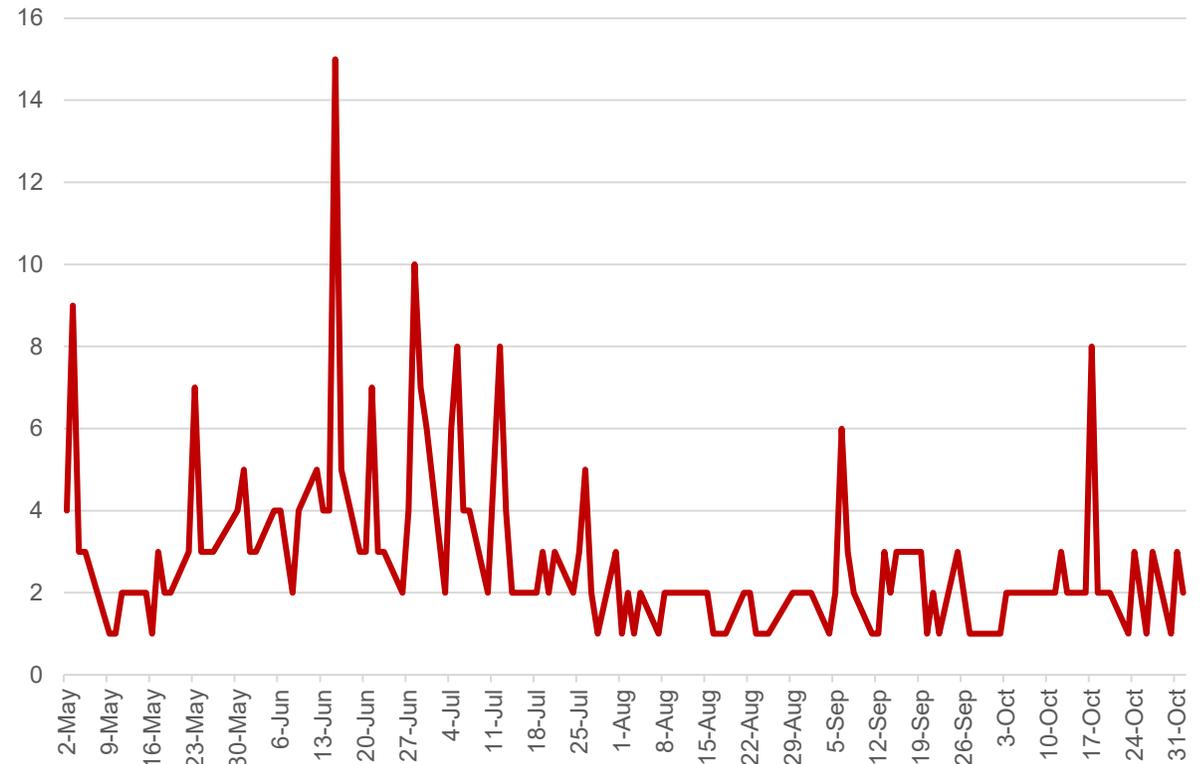
Platts Global Steel Methodology Guide:

<https://www.spglobal.com/commodityinsights/PlattsContent/assets/files/en/our-methodology/methodology-specifications/steel-ferrous-methodology.pdf>

A new market emerging

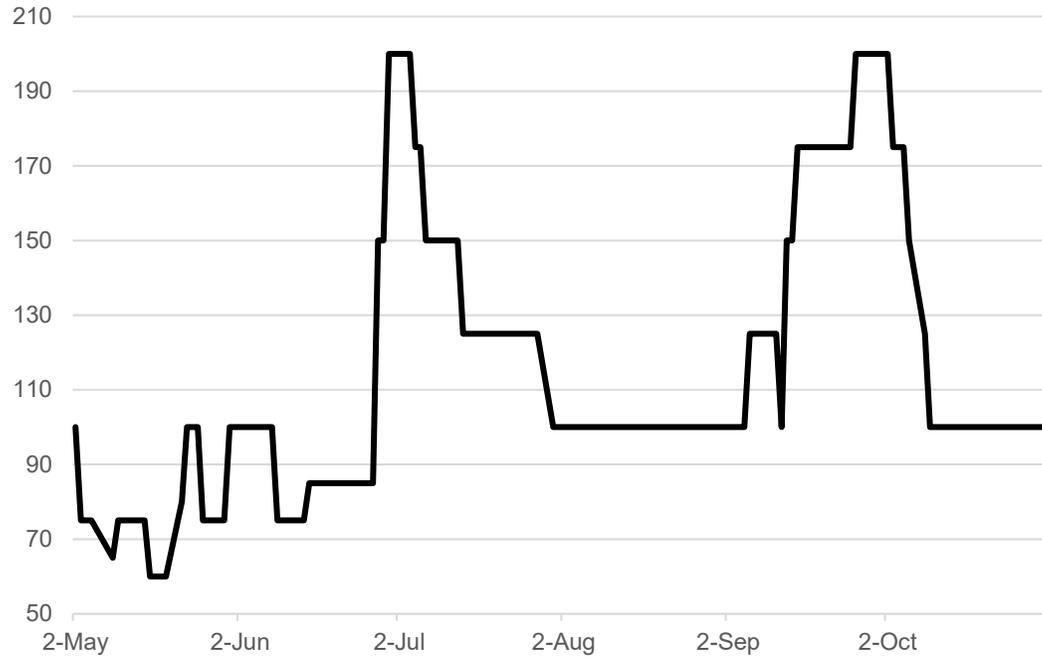
- Interest from spot buyers in carbon-accounted flat steel intensifying, particularly in Europe, but most business booked on contract rather than spot deals
- Demand for carbon-accounted steel likely to rise faster than supply, availability tight in next few years
- Clarity lacking regarding EU/RoW regulations defining low-CO2 steel specifications (CBAM only goes so far and doesn't go into effect until 2026)
- Tata Steel, ArcelorMittal, Thyssenkrupp, Voestalpine, SSAB, Salzgitter active in Europe, with projects utilizing hydrogen, renewables & 'green' metallics
- Mass balance approach likely to be used less as mills upgrade equipment, regulatory guidelines become clearer
- **MCA steelmakers must make views clear, voices heard or governments will define sector, dictate direction/pace of domestic markets' evolution**

Platts price points collected

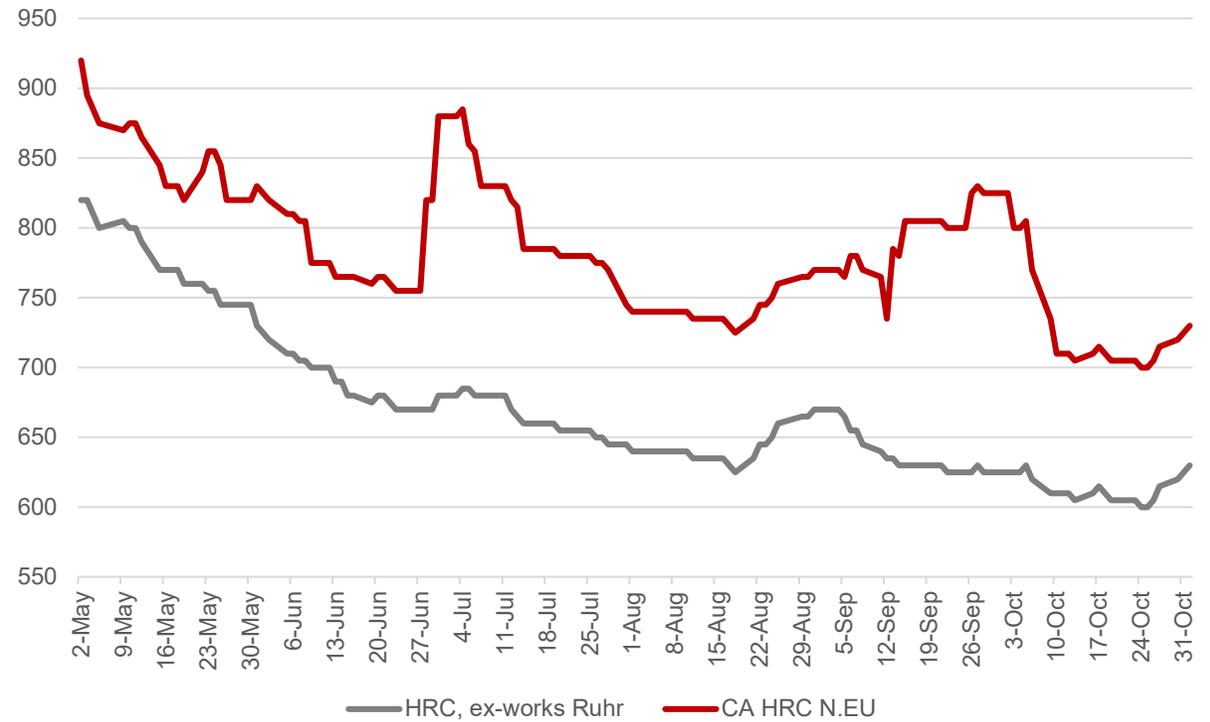


Platts CASP and Northwest European HRC pricing snapshot

Platts CASP, Eur/mt



Platts Northwest European domestic HRC prices, Eur/mt



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