

Ferrous metals at the LME



SETTING THE GLOBAL STANDARD

The London Metal Exchange (LME) is the world centre for industrial metals price discovery, hedging and trading. We have a long-standing and close relationship with the steel and steel raw material industries.

One of the most widely used, versatile and durable metals in the world, steel is multi-use and multi-cyclable. As a result, steel can pass through the supply chain in various forms almost indefinitely.

The LME offers four cash-settled ferrous futures contracts which have been designed in close consultation with the steel community to meet its risk management needs.

In March 2019, we added two hot-rolled coil (HRC) contracts to our established steel scrap and rebar contracts in response to market feedback.

Our cash-settled ferrous contracts, settled against leading industry indices from Argus Media and S&P Global Platts, provide steel producers, processors and consumers alike with innovative and effective risk management tools.

Our ferrous contracts

	LME Steel Scrap	LME Steel Rebar	LME Steel HRC FOB China (Argus)	LME Steel HRC N. America (Platts)
Status	Launched November 2015		Launched March 2019	
Contract code	SC	SR	HC	HU
Underlying index	Platts TSI HMS 1&2 (80:20) CFR Turkey	Platts Rebar, FOB Turkey Port	Argus HRC FOB Tianjin China	Platts TSI HRC US EXW Indiana
Lot size	10 metric tonnes			10 short tons
Price quotation	USD/metric tonne			USD/short ton
Contract type	Cash-settled futures			
Contract period	Monthly out to 15 months			
Trading venues	LMEselect and Inter-office telephone			
Margining	Realised variation margins applied			
Trading and clearing fees	For an exchange contract: \$0.10 per lot (\$0.01 per metric tonne/short ton) For a client contract: \$0.30 per lot (\$0.03 per metric tonne/short ton)			
Bloomberg ticker	JBOA Comdty	JBPA Comdty	LCYA Comdty	HUSA Comdty
EIKON RIC	0#CSSCF:	0#CSRRF:	0#CMHCF:	0#CLHUF:

Why have we introduced HRC contracts?

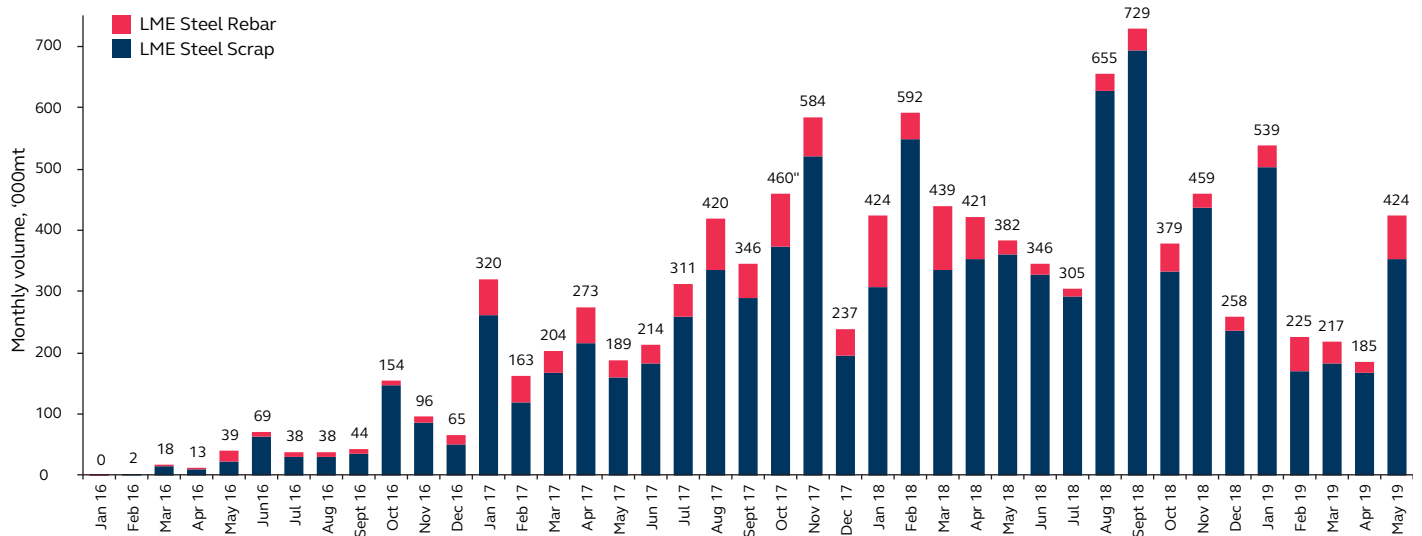
We have launched LME Steel HRC FOB China (Argus) and LME Steel HRC N. America (Platts) to reflect the steel industry's need to manage its risk exposure throughout the value chain in an increasingly volatile market.

The steady liquidity growth of our steel scrap and rebar futures, coupled with the recent launch of two regional HRC contracts, combine to offer the steel market even more opportunities to trade and hedge steel price risk.

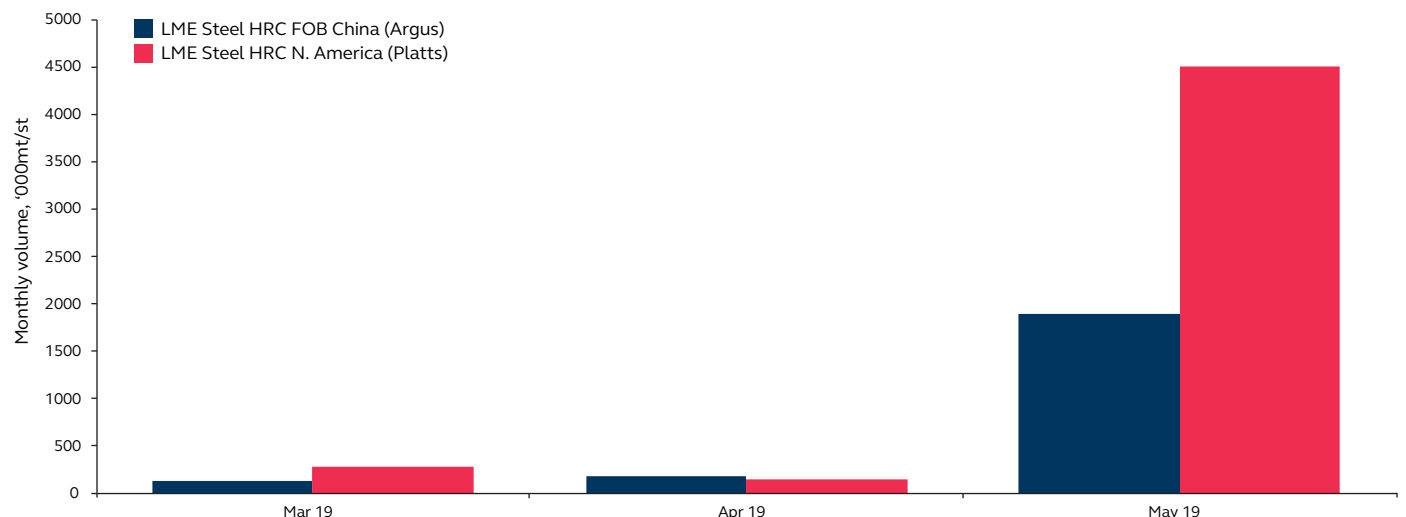
Why use LME ferrous metal futures?

Hedge against price volatility	Steel prices can be extremely volatile and create huge amounts of risk for companies with physical exposure to steel
Credible, robust pricing	Contracts settled using prices from leading index providers
Link to the physical	The physical market is in our DNA. Our strong ties and relations with producers and consumers shape our thinking and overall offering. The settlement of the contracts on the monthly average of the underlying index ensures the convergence of prices with the physical spot market
A reference for the market	On screen tradeable forward curves 15 months forward, up to 18 hours a day

LME steel scrap and rebar contracts – volume growth



LME HRC contracts – volume growth (launched March 2019)



LME steel scrap and rebar contracts – forward curves

LME Steel Scrap

	Bid quantity	Bid price	Ask price	Ask quantity
Jun-19	5	296	299	2
Jul-19	5	294	299	2
Aug-19	12	294	296.5	3
Sep-19	4	292	295	2
Oct-19	4	292.5	294	3
Nov-19	2	291	292	4
Dec-19	3	286.5	291	2
Jan-20	2	283	283.5	1
Feb-20	3	276.5	278.5	3
Mar-20	2	277	279.5	2
Apr-20	2	277	279	2
May-20	2	275	276.5	1
Jun-20	1	275	277.5	2
Jul-20	2	275	278.5	2

LME Steel Rebar

	Bid quantity	Bid price	Ask price	Ask quantity
Jun-19	2	469	474	2
Jul-19	1	468	472	1
Aug-19	2	468.5	472	5
Sep-19	1	470	471	2
Oct-19	1	470.5	471.5	2
Nov-19	1	468	469	1
Dec-19	1	464	465	1
Jan-20	2	459	461.5	1
Feb-20	4	455	457	2
Mar-20	2	454	456.5	2
Apr-20	2	454	455.5	1
May-20	3	450.5	454	1
Jun-20	1	451	454.5	2
Jul-20	2	445.5	454.5	2

LME HRC contracts – forward curves

LME Steel HRC FOB China (Argus)

	Bid quantity	Bid price	Ask price	Ask quantity
Jun-19	10	492.5	502.5	10
Jul-19	2	502.5	505	10
Aug-19	2	501.5	507.5	2
Sep-19	2	499.5	505.5	2
Oct-19	2	498.5	504.5	2
Nov-19	2	494.5	500.5	2
Dec-19	2	493.5	499.5	2
Jan-20	2	489.5	495.5	2
Feb-20	2	487.5	493.5	2
Mar-20	2	483.5	489.5	2
Apr-20	2	480.5	486.5	2
May-20	2	477.5	483.5	2
Jun-20	2	474.5	480.5	2
Jul-20	2	474.5	480.5	2

LME Steel HRC N.America (Platts)

	Bid quantity	Bid price	Ask price	Ask quantity
Jun-19	2	575	581	2
Jul-19	5	569	572	2
Aug-19	2	572	578	2
Sep-19	2	579	585	2
Oct-19	2	581	587	2
Nov-19	2	589	592	5
Dec-19	2	595	601	2
Jan-20	2	604	614	2
Feb-20	2	608	618	2
Mar-20	2	611	621	2
Apr-20	2	615	625	2
May-20	2	614	624	2
Jun-20	2	615	625	2
Jul-20	2	616	622	2

Data correct as of 3 June 2019

Contact us

For more information on our ferrous contract suite, please visit lme.com/ferrous or contact our team at ferrous@lme.com



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