

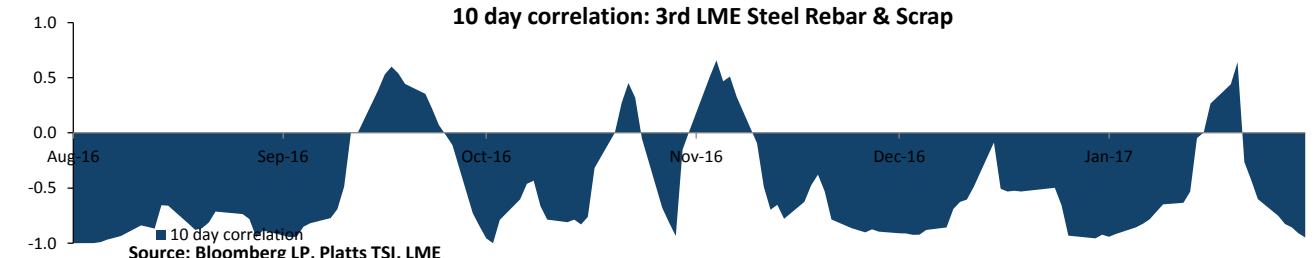
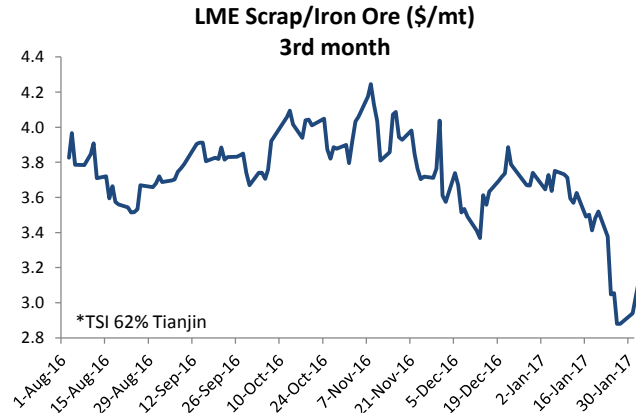
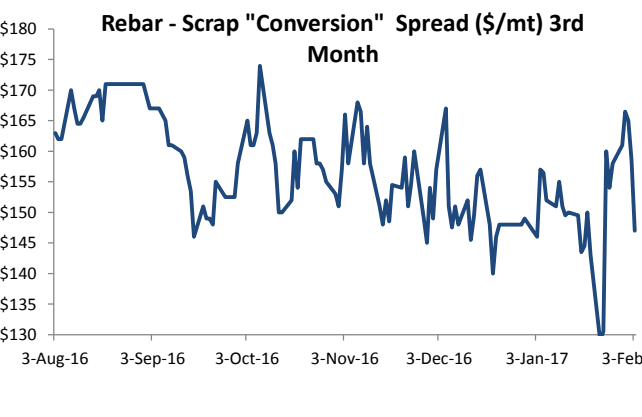
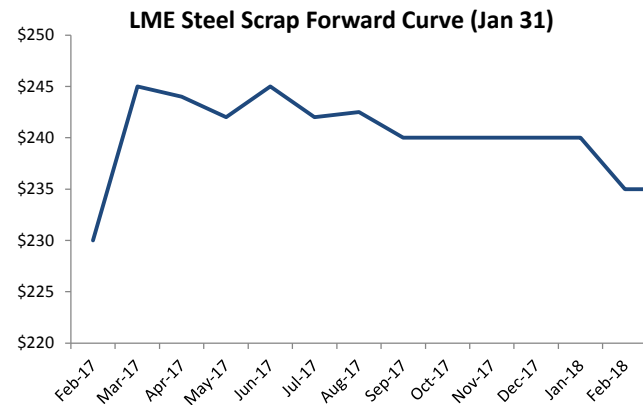
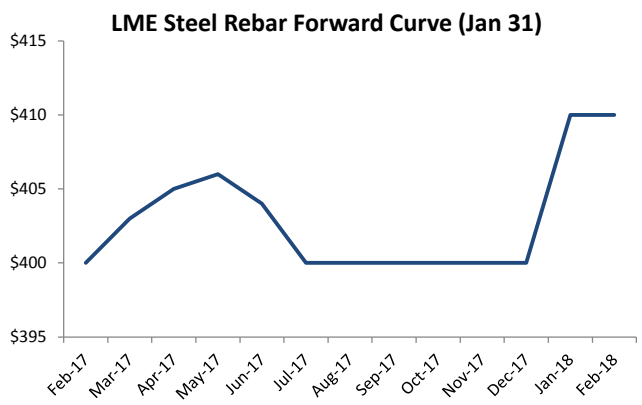
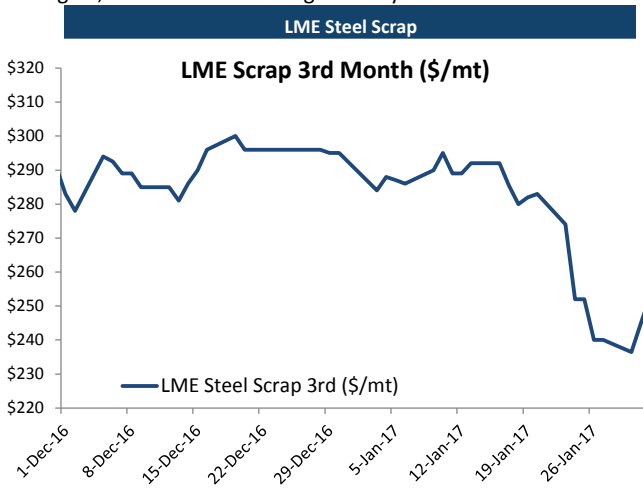
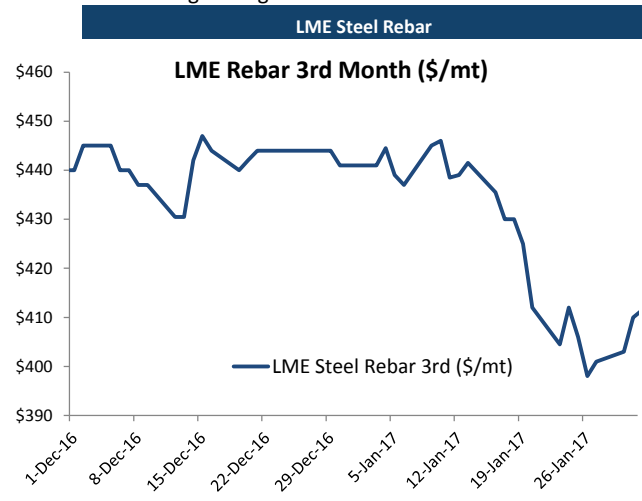
Comments:

On Tuesday 31 January, LME Steel Scrap and LME Steel Rebar January contracts settled at **\$274.00/mt** and **\$419.45/mt** respectively. This constitutes a monthly decrease of 7.7% for scrap and a 5.1% decrease for rebar.

The 7.7% decline in the January LME Scrap contract price, (which settles against the monthly average of the spot TSI Index), compares with an almost 22% decline in the index. Further dated contracts declined more, led by the February expiry which declined 22% and in line with the drop in the spot index. The further dated contracts fell less than the spot price. The forward curve was in backwardation at the start of January but has shifted so that March is now at a \$15/mt premium to the February expiry.

Whilst scrap prices fell in January, iron ore prices actually posted slight gains. The ratio of spot scrap prices to iron ore is now at its lowest since 2013.

The spread between rebar and scrap prices briefly touched a 4 month high, but then rebar prices fell to bring the "apparent conversion spread" closer to its running average. The rebar curve was in a backwardation to August, but is now in contango to May.



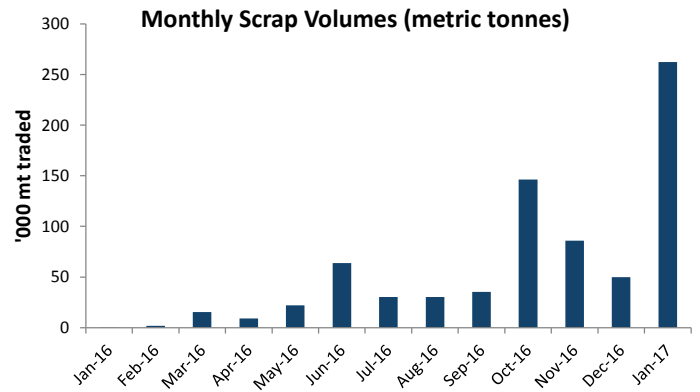
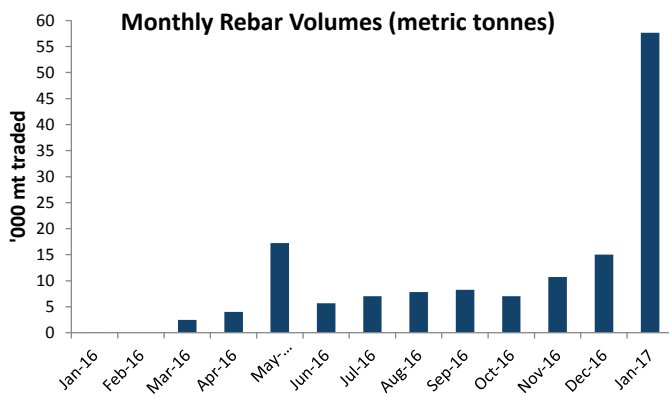
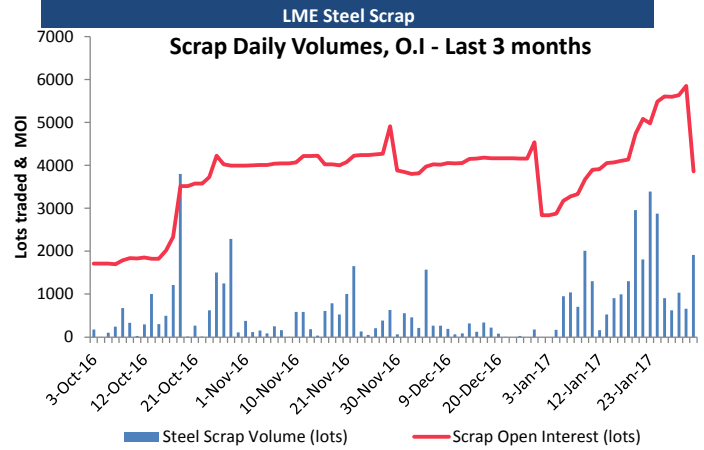
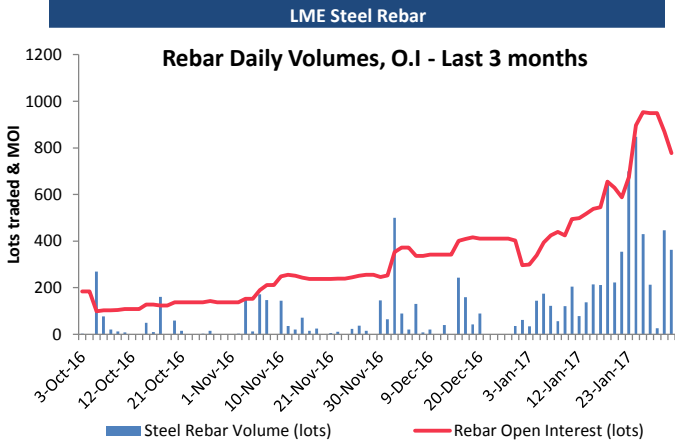
Source: Bloomberg LP, Platts TSI, LME

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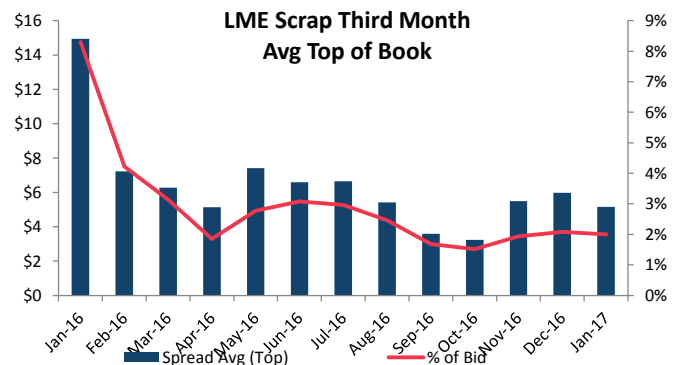
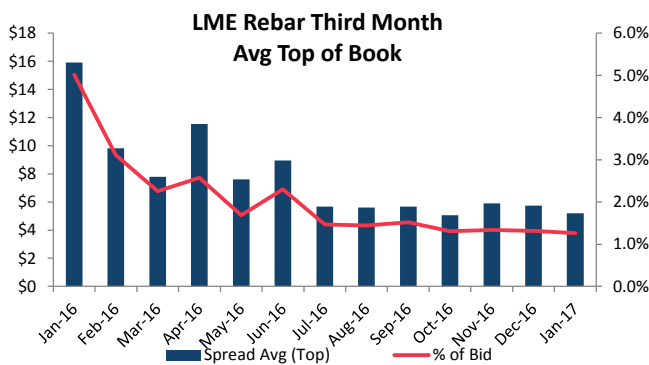
LME Steel Scrap and LME Steel Rebar both traded record volumes in January 2017. LME Steel Scrap traded the equivalent of 262,450 metric tonnes comprised of almost 2,500 individual trades which included each available monthly contract across the forward curve. LME Steel Scrap open interest reached a peak that is equivalent to 58,520 metric tonnes, which is over 4 days of trading volume.

LME Steel Rebar volumes jumped almost 4-fold month-on-month and traded the equivalent to 57,610 metric tonnes. Open interest also climbed to reach a new high, which is the equivalent of 9,530 metric tonnes.

New market making programmes commenced 1 January 2017. Third month Bid-Ask spreads averaged \$5/mt at the top of the book.



Bid-Ask Spreads (Third Month)



	Spread Avg (Top)	% of Bid	Bid Size Average	Ask Size Average
February-16	\$9.8	3.1%	6.8	10.1
March-16	\$7.8	2.3%	10.5	10.4
April-16	\$11.5	2.6%	8.8	11.5
May-16	\$7.6	1.7%	8.0	10.5
June-16	\$9.0	2.3%	8.1	8.5
July-16	\$5.7	1.5%	1.5	2.0
August-16	\$5.6	1.4%	5.5	7.2
September-16	\$5.7	1.5%	5.2	1.2
October-16	\$5.1	1.3%	3.0	4.5
November-16	\$5.9	1.3%	4.3	2.5
December-16	\$5.7	1.3%	6.0	3.7
January-17	\$5.2	1.3%	413.3	5.1

	Spread Avg (Top)	% of Bid	Bid Size Average	Ask Size Average
February-16	\$7.2	4.2%	7.7	7.8
March-16	\$6.3	3.1%	5.0	14.0
April-16	\$5.1	1.8%	6.0	10.6
May-16	\$7.4	2.8%	5.8	14.4
June-16	\$6.6	3.1%	6.9	9.6
July-16	\$6.6	3.0%	2.4	3.7
August-16	\$5.4	2.5%	4.5	4.7
September-16	\$3.6	1.7%	2.8	8.4
October-16	\$3.2	1.5%	2.4	19.5
November-16	\$5.5	1.9%	6.4	3.4
December-16	\$6.0	2.1%	4.6	4.8
January-17	\$5.2	2.0%	258.2	4.8

Note: Bid-Ask spreads are taken during active market making quoting hours 10am - 5pm only

Average Bid-Ask spreads are taken across the top bids and asks

LME Steel Rebar

	Price	Month Change (%)	Monthly Volume (lots)	Open Interest end of month	Open interest (lots)
Jan-17	\$419.50	-5.1%	408	Expired	
Feb-17	\$400.00	-9.9%	2,270	404	Feb-17
Mar-17	\$403.00	-8.6%	660	62	Mar-17
Apr-17	\$405.00	-7.0%	891	91	Apr-17
May-17	\$406.00	-7.3%	714	106	May-17
Jun-17	\$404.00	-7.8%	538	78	Jun-17
Jul-17	\$400.00	-8.0%	165	14	Jul-17
Aug-17	\$400.00	-8.0%	93	13	Aug-17
Sep-17	\$400.00	-8.0%	3	2	Sep-17
Oct-17	\$400.00	-8.0%	3	2	Oct-17
Nov-17	\$400.00	-8.0%	0	1	Nov-17
Dec-17	\$400.00	-8.0%	0	1	Dec-17
Jan-18	\$410.00	-5.7%	8	2	Jan-18
Feb-18	\$410.00	-5.7%	8	2	Feb-18
Aggregate:			5761	778	
Number of trades:			485		

LME Steel Scrap

	Price	Month Change (%)	Monthly Volume (lots)	Open Interest end of month	Open interest (lots)
Jan-17	\$274.00	-7.7%	1,723	Expired	
Feb-17	\$230.00	-22.0%	11,299	1,050	Feb-17
Mar-17	\$245.00	-13.7%	3,248	788	Mar-17
Apr-17	\$244.00	-14.1%	2,740	435	Apr-17
May-17	\$242.00	-13.3%	1,882	330	May-17
Jun-17	\$245.00	-10.6%	1,982	383	Jun-17
Jul-17	\$242.00	-11.7%	1,110	264	Jul-17
Aug-17	\$242.50	-10.2%	1,022	239	Aug-17
Sep-17	\$240.00	-11.1%	1,141	359	Sep-17
Oct-17	\$240.00	-11.1%	27	1	Oct-17
Nov-17	\$240.00	-11.1%	24	2	Nov-17
Dec-17	\$240.00	-11.1%	24	2	Dec-17
Jan-18	\$240.00	-11.1%	10	2	Jan-18
Feb-18	\$235.00	-13.0%	13	3	Feb-18
Aggregate:			26,245	3858	
Number of trades:			2,481		

Rebar Average Top Bid-Ask Spread \$/mt, Size in lots

	Prompt Month			Avg Bid Size (lots)	Avg Ask Size (lots)
	Jan	Feb	March		
3-Jan	7.4	6.9	5.9	5.8	3.4
4-Jan	7.1	6.0	5.5	5.6	4.0
5-Jan	6.0	4.4	5.6	7.1	3.7
6-Jan	5.3	5.7	4.8	5.6	5.0
9-Jan	7.2	6.5	6.1	1.9	5.6
10-Jan	6.7	6.0	6.0	3.6	3.5
11-Jan	4.5	3.9	5.4	4.4	4.9
12-Jan	6.7	6.2	6.3	3.9	3.2
13-Jan	6.7	4.1	6.3	2.3	6.4
16-Jan	5.2	3.5	3.9	2.9	4.7
17-Jan	9.0	6.5	6.5	5.0	3.2
18-Jan	4.6	4.5	4.0	7.2	3.6
19-Jan	5.6	4.7	5.1	5.3	2.7
20-Jan	6.5	4.6	5.3	7.8	5.9
23-Jan	4.7	4.8	5.4	3.9	14.2
24-Jan	6.0	6.9	7.1	3.2	3.2
25-Jan	8.2	5.2	6.7	3.8	5.3
26-Jan	6.4	5.5	6.6	3.1	3.4
27-Jan	7.3	5.9	6.8	2.1	10.4
30-Jan	8.4	4.9	6.9	5.0	5.9
31-Jan	10.8	6.9	7.4	4.2	5.4
Dec Average	7.0	5.4	6.0	4.4	5.5
Dec Average	7.4	6.1	6.2	4.0	4.3
MoM change	-0.4	-0.7	-0.2	0.4	1.1

Scrap Average Top Bid-Ask Spread \$/mt, Size in lots

	Prompt Month			Avg Bid Size (lots)	Avg Ask Size (lots)
	Dec	Jan	Feb		
6.4	6.4	4.1	3.7	3.7	3.7
6.2	5.3	6.4	4.9	4.9	4.9
8.7	6.8	7.4	6.4	6.4	6.4
5.0	5.2	5.9	3.4	3.4	3.4
4.5	6.7	5.3	4.1	4.1	4.1
4.4	5.0	3.4	3.6	3.6	3.6
5.4	6.0	5.3	3.3	3.3	3.3
4.9	5.3	6.4	2.6	2.6	2.6
6.8	4.7	4.8	3.2	3.2	3.2
5.5	4.3	4.4	4.3	4.3	4.3
7.3	4.6	5.7	3.9	3.9	3.9
5.2	5.2	5.4	4.0	4.0	4.0
6.0	3.6	5.6	3.3	3.3	3.3
6.2	4.4	5.7	4.7	4.7	4.7
6.0	4.7	5.2	3.6	3.6	3.6
5.2	5.2	6.2	3.1	3.1	3.1
6.7	5.5	4.5	3.0	3.0	3.0
6.9	5.5	5.8	2.5	2.5	2.5
6.8	6.3	6.5	10.5	10.5	10.5
11.4	5.7	7.1	5.3	5.3	5.3
7.5	5.2	6.2	3.7	3.7	3.7
Dec Average	6.5	5.3	5.6	3.8	3.9
Dec Average	7.8	5.9	6.2	4.6	4.1
MoM change	-1.3	-0.6	-0.6	-0.8	-0.2

Contract specifications

Contract names and codes	LME Steel Scrap	SC	
	LME Steel Rebar	SR	
Contract type	Futures		
Delivery type	Cash settled		
Lot size	10 metric tonnes		
Contract period	Monthly out to 15 months		
Price quotation	US dollars per metric tonne		
Clearable currencies	US dollars		
Minimum price fluctuation (tick size) per tonne	Venue	Outright	Carries
	LMEselect Inter-office	\$0.50 \$0.01	\$0.01 \$0.01
Termination of trading	LME Steel Scrap - Last business day of the contract month until 13.30 London time		
	LME Steel Rebar - Last business day of the contract month until 16.30 London time		
Daily settlement procedure	LME Market Operations will calculate daily settlement values based on its published procedure		
Final settlement procedure	LME Steel Scrap - Final settlement, following termination of the trading for a contract month, will be based on the Monthly Average Index Price of the "TSI Scrap HMS#1 and HMS#2, 80:20 Turkish Imports CFR Iskenderun Port" Index, which is available from 13.30 London time on the last trading day		
	LME Steel Rebar - Final settlement, following termination of the trading for a contract month, will be based on the Monthly Average Index Price of the "Platts Rebar, Turkish exports, FOB Turkey port" Index, which is available from 16.30 London time on the last trading day		
Trading venues	LMEselect and Inter-office telephone		
Trading hours	LMEselect	01.00-19.00 London time	
	Inter-office telephone	24 hours a day	
Margining	Realised variation margins applied		

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