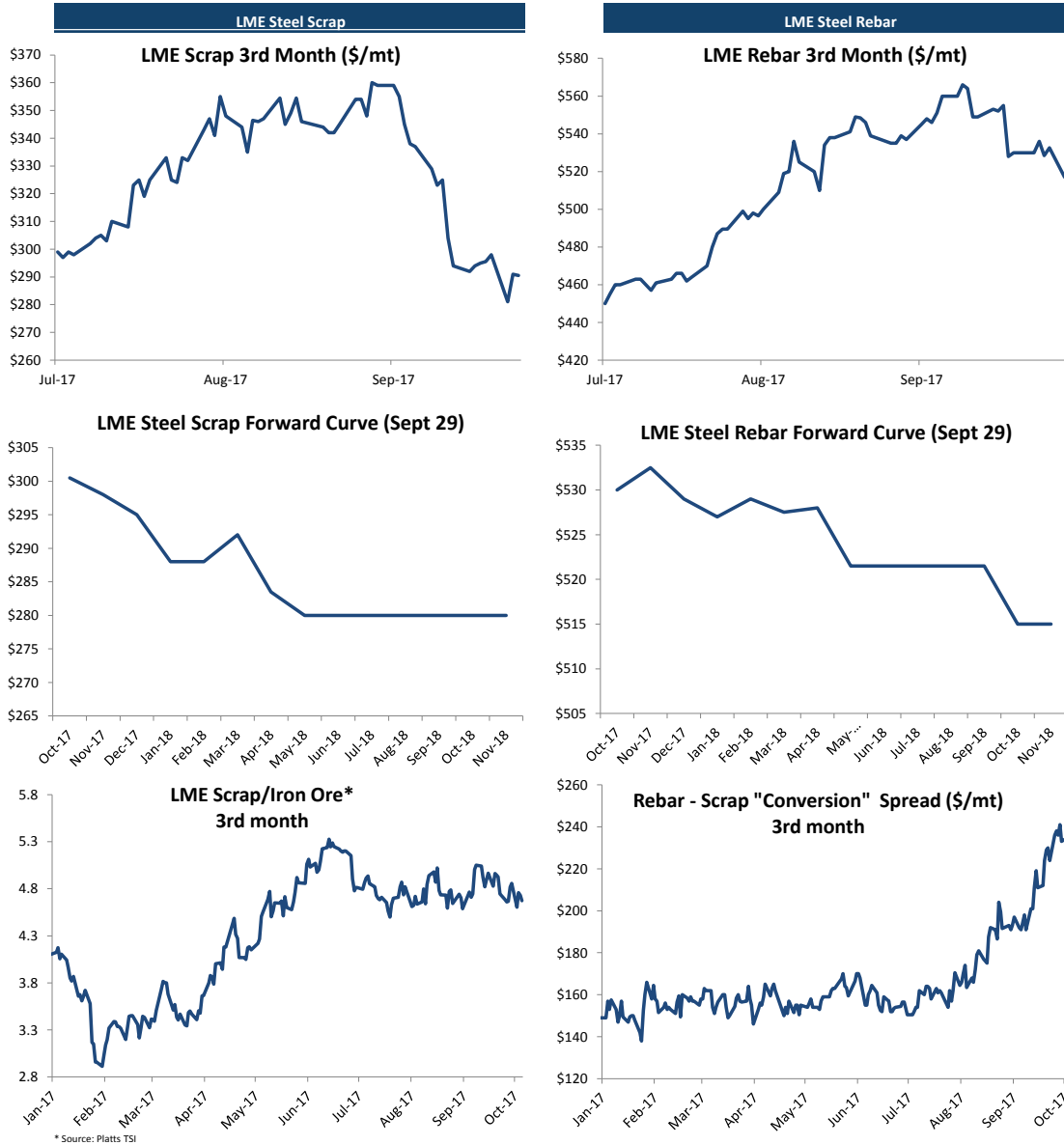


Comments:

On Friday 29 September 2017, the LME Steel Scrap and LME Steel Rebar September contracts settled at **\$339.95/mt** and **\$542.36/mt** respectively. This constitutes a monthly decrease of 3% for scrap and an increase of 0.1% for rebar.

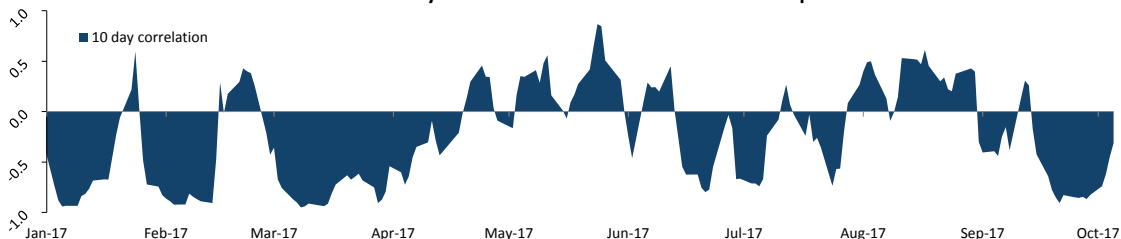
The LME Steel Scrap contract curve recorded a downward shift during September. In particular, the October 2017, November 2017, December 2017 and January 2018 prompts showed double digit percentage falls, reducing the backwardation observed last month. The forward curve spikes in March 2018 and flattens in H2 2018 at the price of \$280.00/mt. The LME Steel Rebar forward curve also remained in backwardation but flattened considerably. The prompts from February 2018 onward showed a marked price increase compared to the previous month and Q3 2018 prompts rose by as much as \$26.50.

The price of iron ore remained subdued compared to the price of scrap. The "apparent conversion" spread (i.e. LME Steel Rebar - LME Steel Scrap) rose by 22.14% to close at \$234.50/mt, which is above the 6-month running average of \$172.73/mt.



* Source: Platts TSI

10 day correlation: 3rd LME Steel Rebar & Scrap

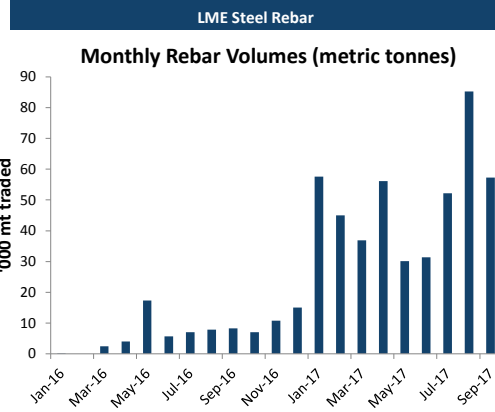
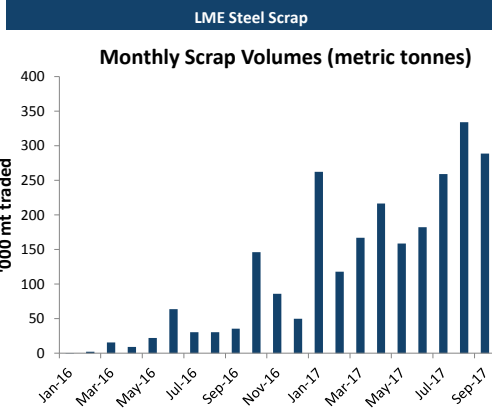


Source: Bloomberg LP, Platts TSI, LME

Comments:

LME Steel Scrap traded the equivalent of 288,920 metric tonnes last month and LME Steel Rebar traded 57,280 tonnes.

LME Steel Scrap open interest peaked at 79,430 tonnes, averaging 72,012 tonnes over the last full trading week in September. LME Steel Rebar open interest peaked at 14,530 tonnes and averaged 13,748 tonnes in the last full trading week of September. End of month drops in open interest tend to be observed as positions in the front month expire; scrap open interest dropped 22,990 tonnes at the end of September to 50,860 tonnes while rebar dropped 2,490 tonnes to 12,040 tonnes.



LME Steel Scrap						
	Price	Month Change (%)	Monthly Volume (lots)	Open Interest EOM (lots)	Open Interest (lots)	
Sep-17	\$339.95	-3.0%	1,961	Expired	0	3,000
Oct-17	\$300.50	-12.1%	14,534	2,731	Bar chart showing open interest for Oct-17 at ~2,700	
Nov-17	\$298.00	-12.1%	6,020	606	Bar chart showing open interest for Nov-17 at ~600	
Dec-17	\$295.00	-10.9%	3,579	724	Bar chart showing open interest for Dec-17 at ~700	
Jan-18	\$288.00	-10.0%	1,065	168	Bar chart showing open interest for Jan-18 at ~150	
Feb-18	\$288.00	-5.9%	856	180	Bar chart showing open interest for Feb-18 at ~150	
Mar-18	\$292.00	-4.1%	486	98	Bar chart showing open interest for Mar-18 at ~100	
Apr-18	\$283.50	-5.5%	367	151	Bar chart showing open interest for Apr-18 at ~100	
May-18	\$280.00	-6.7%	2	104	Bar chart showing open interest for May-18 at ~100	
Jun-18	\$280.00	-5.1%	0	105	Bar chart showing open interest for Jun-18 at ~100	
Jul-18	\$280.00	-5.1%	7	104	Bar chart showing open interest for Jul-18 at ~100	
Aug-18	\$280.00	-5.1%	3	104	Bar chart showing open interest for Aug-18 at ~100	
Sep-18	\$280.00	-5.1%	3	7	Bar chart showing open interest for Sep-18 at ~50	
Oct-18	\$280.00	-5.1%	9	4	Bar chart showing open interest for Oct-18 at ~50	
Nov-18	\$280.00		0	0	Bar chart showing open interest for Nov-18 at ~50	
			Aggregate: 28,892	5,086		

LME Steel Rebar						
	Price	Month Change (%)	Monthly Volume (lots)	Open Interest EOM (lots)	Open Interest (lots)	
Sep-17	\$542.36	0.1%	455	Expired	0	800
Oct-17	\$530.00	-1.7%	1,393	579	Bar chart showing open interest for Oct-17 at ~550	
Nov-17	\$532.50	-0.7%	1,177	168	Bar chart showing open interest for Nov-17 at ~150	
Dec-17	\$529.00	0.2%	692	154	Bar chart showing open interest for Dec-17 at ~150	
Jan-18	\$527.00	0.0%	611	59	Bar chart showing open interest for Jan-18 at ~100	
Feb-18	\$529.00	4.8%	568	90	Bar chart showing open interest for Feb-18 at ~100	
Mar-18	\$527.50	4.5%	479	68	Bar chart showing open interest for Mar-18 at ~100	
Apr-18	\$528.00	6.2%	310	73	Bar chart showing open interest for Apr-18 at ~100	
May-18	\$521.50	5.4%	8	3	Bar chart showing open interest for May-18 at ~100	
Jun-18	\$521.50	5.4%	13	4	Bar chart showing open interest for Jun-18 at ~100	
Jul-18	\$521.50	5.4%	5	1	Bar chart showing open interest for Jul-18 at ~100	
Aug-18	\$521.50	5.4%	8	2	Bar chart showing open interest for Aug-18 at ~100	
Sep-18	\$521.50	5.4%	6	2	Bar chart showing open interest for Sep-18 at ~100	
Oct-18	\$515.00	4.0%	3	1	Bar chart showing open interest for Oct-18 at ~100	
Nov-18	\$515.00		0	0	Bar chart showing open interest for Nov-18 at ~100	
			Aggregate: 5,728	1,204		

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 16.30 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 "Platts TSI HMS 1&2 (80:20) Turkish Imports CFR Turkey" Index, which is available from 16.30 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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