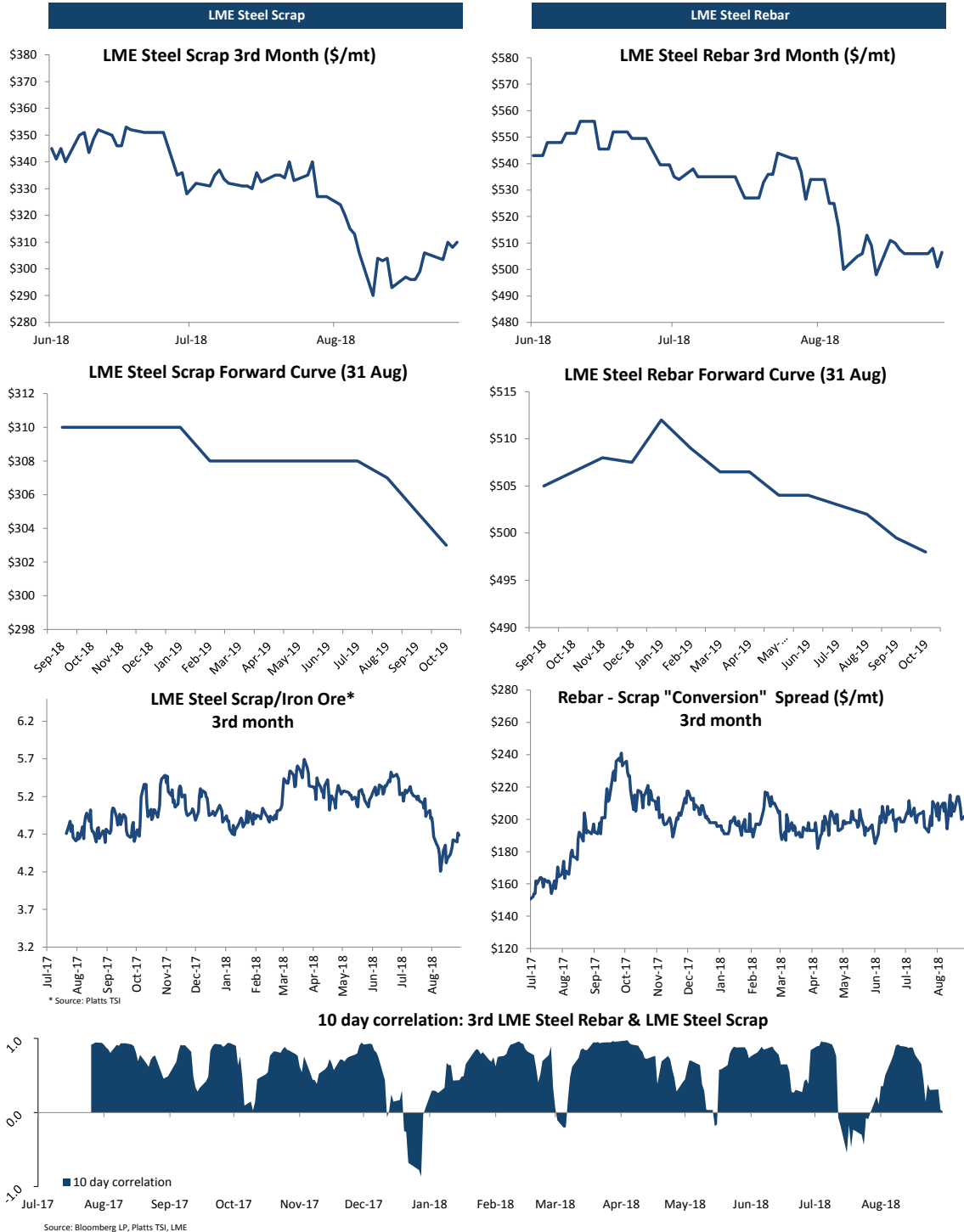


Comments:

On Friday 31 August 2018, the LME Steel Scrap and LME Steel Rebar July contracts settled at \$311.95/mt and \$520.95/mt respectively. This constitutes a month-on-month change of -7.7% for scrap and of -4.4% for rebar.

In August 2018, the LME Steel Scrap forward curve shifted downwards considerably, and further flattened in shape compared to the end of July, with the front end moving down more than the further prompts. The LME Steel Rebar curve also saw a similar shift downwards, but developed a contango in the first third of the curve.

The "scrap/iron ore" ratio saw a sharp drop to a low point of 4.21, a level not seen since May 2017. The "apparent conversion" spread (i.e. LME Steel Rebar - LME Steel Scrap) consistently remained within its running 12-month average trading range, possibly suggesting that a new relative equilibrium may have been reached between input and outputs in the long steel market.

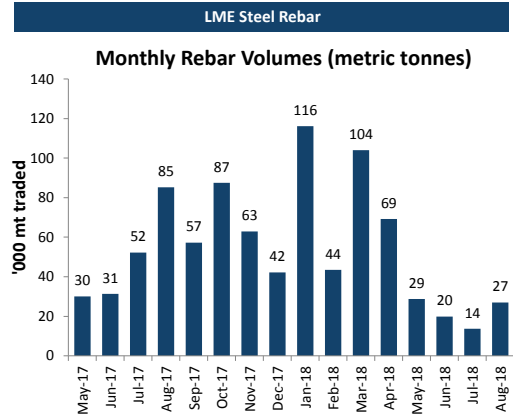
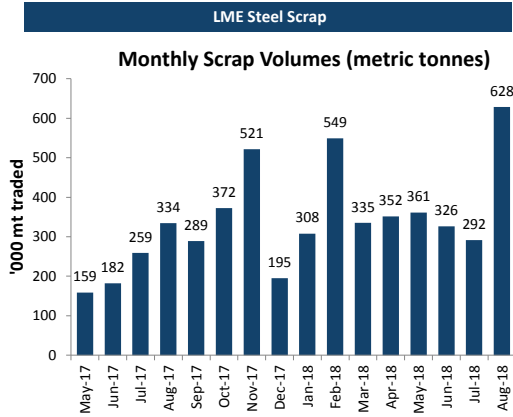


Comments:

LME Steel Scrap traded the equivalent of 628,420 metric tonnes last month, the highest monthly volume traded since launch and more than double the volumes traded of July.

With 27,040 tonnes traded, LME Steel Rebar's volumes also showed signs of recovery compared with recent months.

Both contracts continue to show open interest along the entire forward curve, with positions open up to over one year forward. The presence of open interest on further dated prompts often suggests that the financial derivatives have been used to hedge physical exposure to the underlying commodity. The scrap contract shows concentrations of open interest on the Sep-18 and Dec-18 prompts, which reflect the higher trading volumes recorded on these prompt dates.



LME Steel Scrap (metric tonnes)					
	Price	Month Change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
Aug-18	\$311.95	-7.7%	34,680	Expired	
Sep-18	\$310.00	-8.8%	232,750	24,280	
Oct-18	\$310.00	-6.5%	88,250	6,370	
Nov-18	\$310.00	-5.5%	51,470	4,130	
Dec-18	\$310.00	-5.3%	141,460	22,910	
Jan-19	\$310.00	-5.2%	19,800	2,360	
Feb-19	\$308.00	-4.6%	16,410	7,460	
Mar-19	\$308.00	-4.0%	5,880	2,550	
Apr-19	\$308.00	-3.8%	7,730	5,240	
May-19	\$308.00	-5.5%	8,050	5,740	
Jun-19	\$308.00	-5.2%	8,800	5,610	
Jul-19	\$308.00	-4.9%	4,140	3,580	
Aug-19	\$307.00	-3.8%	4,350	3,580	
Sep-19	\$305.00	-3.5%	4,380	1,930	
Oct-19	\$303.00		270	60	
			Aggregate: 628,420	95,800	

LME Steel Rebar (metric tonnes)					
	Price	Month Change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
Aug-18	\$520.95	-4.4%	2,160	Expired	
Sep-18	\$505.00	-6.8%	6,490	1,180	
Oct-18	\$506.50	-5.7%	8,520	1,820	
Nov-18	\$508.00	-5.3%	3,090	690	
Dec-18	\$507.50	-4.7%	2,400	530	
Jan-19	\$512.00	-2.8%	2,160	290	
Feb-19	\$509.00	-3.4%	660	140	
Mar-19	\$506.50	-3.9%	240	100	
Apr-19	\$506.50	-3.8%	330	110	
May-19	\$504.00	-3.1%	360	80	
Jun-19	\$504.00	-3.1%	180	70	
Jul-19	\$503.00	-2.9%	90	40	
Aug-19	\$502.00	-2.7%	120	50	
Sep-19	\$499.50	-2.1%	120	30	
Oct-19	\$498.00		120	40	
			Aggregate: 27,040	5,170	

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	\$0.50	\$0.01
	Inter-office	\$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 CFR Turkey" assessment, 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 Steel Rebar FOB Turkey" assessment, 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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THE LONDON METAL EXCHANGE 10 Finsbury Square, London EC2A 1AJ | Tel +44 (0)20 7113 8888