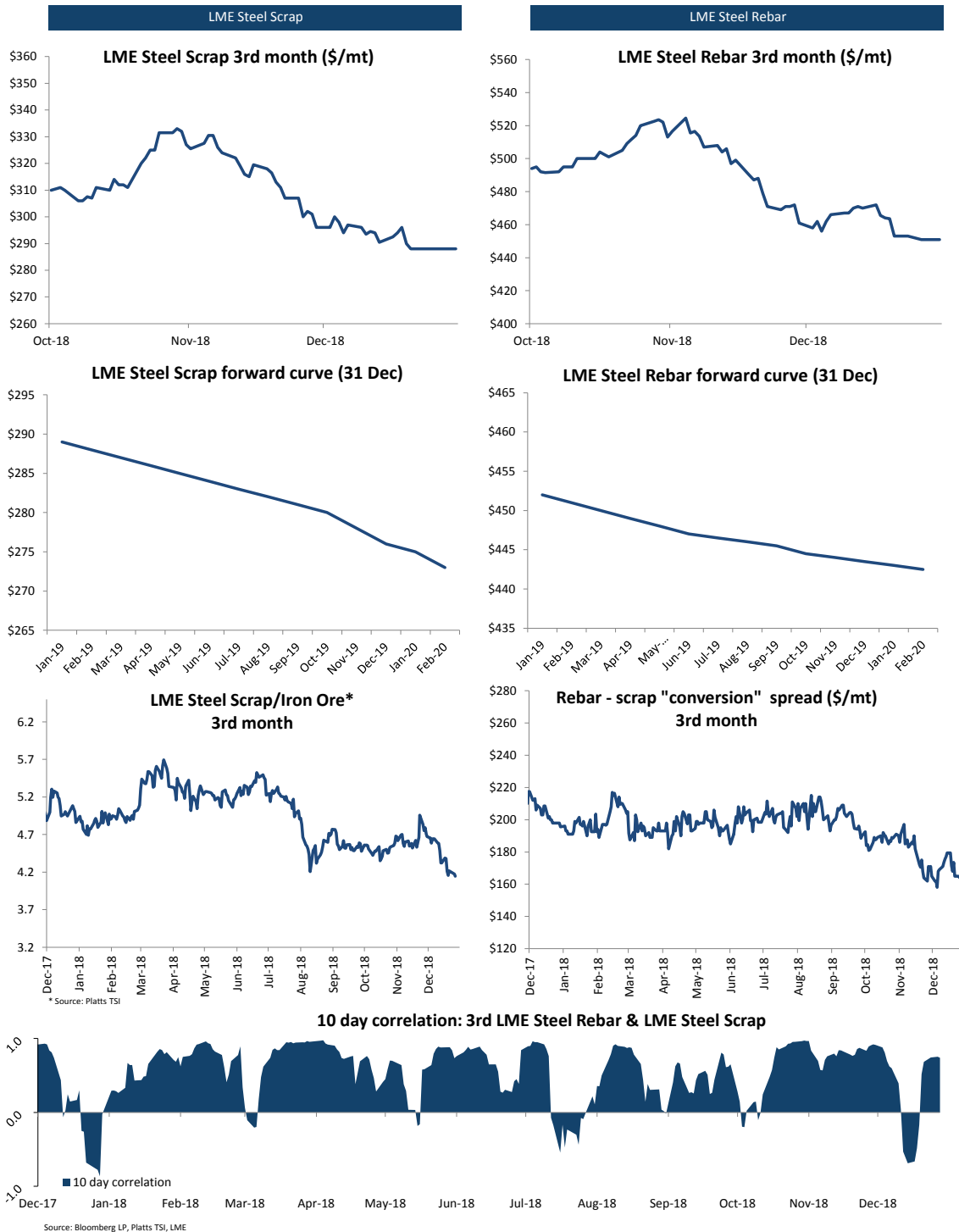


Comments:

On Monday 31 December 2018, the last trading day of the month and of the year, the LME Steel Scrap and LME Steel Rebar December contracts settled at \$299.87/mt and \$467.28/mt respectively. This constitutes a month-on-month change of -0.9% for scrap and of +0.7% for rebar.

During December, both the LME Steel Scrap and LME Steel Rebar forward curves shifted downwards while remaining in an overall backwardation. Both curves also considerably flattened and assumed a more regular declining slope compared to the end of November.

The scrap/iron ore ratio saw a decrease over the month and closed the year at 4.14, its lowest level since April 2017. The apparent conversion spread (i.e. LME Steel Rebar - LME Steel Scrap), which had seen a sharp drop in November, remained rangebound between \$160 and \$175.

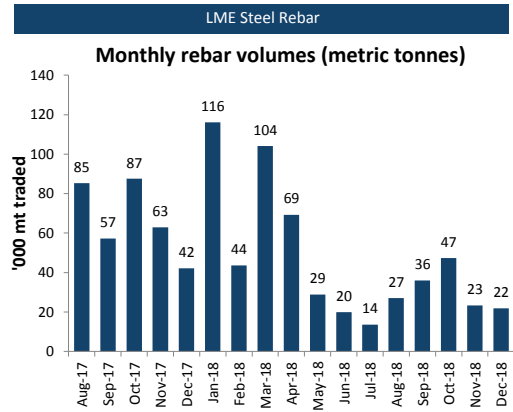
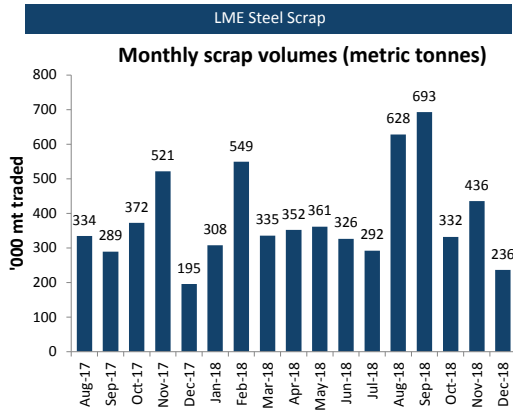


Comments:

LME Steel Scrap traded 236,490 metric tonnes last month, taking the total traded volumes for 2018 to 4.8 million tonnes. LME Steel Rebar traded 21,860 metric tonnes in December, bringing the total traded volume in 2018 to 0.5 million tonnes. The slowdown in trading activity in December is a feature of many markets, reflecting both end of year accounting practices and the holiday season.

Both contracts continue to show open interest along the forward curve. 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 showed a sharp drop in open interest as the December prompt expired, in line with the end of the financial year for many companies.



| LME Steel Scrap (metric tonnes) | | | | | |
|---------------------------------|----------|------------------|----------------|-------------------|-----------------------|
| | Price | Month change (%) | Monthly Volume | Open Interest EOM | Open Interest '000 mt |
| Dec-18 | \$299.87 | -0.9% | 39,320 | Expired | 0 |
| Jan-19 | \$289.00 | -2.4% | 111,480 | 21,270 | 21 |
| Feb-19 | \$288.00 | -1.7% | 49,500 | 17,360 | 17 |
| Mar-19 | \$287.00 | -2.2% | 22,350 | 14,050 | 14 |
| Apr-19 | \$286.00 | -3.1% | 2,320 | 7,670 | 8 |
| May-19 | \$285.00 | -3.1% | 2,810 | 8,850 | 9 |
| Jun-19 | \$284.00 | -2.1% | 2,540 | 7,970 | 8 |
| Jul-19 | \$283.00 | -2.4% | 1,360 | 2,230 | 2 |
| Aug-19 | \$282.00 | -2.8% | 940 | 2,200 | 2 |
| Sep-19 | \$281.00 | -3.1% | 820 | 550 | 1 |
| Oct-19 | \$280.00 | -3.4% | 820 | 1,210 | 1 |
| Nov-19 | \$278.00 | -4.1% | 1,030 | 1,210 | 1 |
| Dec-19 | \$276.00 | -4.8% | 690 | 1,130 | 1 |
| Jan-20 | \$275.00 | -5.2% | 360 | 50 | 0 |
| Feb-20 | \$273.00 | | 150 | 10 | 0 |
| Aggregate: | | | 236,490 | 85,760 | |

| LME Steel Rebar (metric tonnes) | | | | | |
|---------------------------------|----------|------------------|----------------|-------------------|-----------------------|
| | Price | Month change (%) | Monthly Volume | Open Interest EOM | Open Interest '000 mt |
| Dec-18 | \$467.28 | 0.7% | 2,280 | Expired | 0 |
| Jan-19 | \$452.00 | -2.0% | 9,210 | 400 | 4 |
| Feb-19 | \$451.00 | -3.4% | 2,990 | 720 | 7 |
| Mar-19 | \$450.00 | -3.6% | 1,710 | 570 | 6 |
| Apr-19 | \$449.00 | -3.6% | 1,110 | 430 | 4 |
| May-19 | \$448.00 | -3.7% | 2,680 | 1,030 | 10 |
| Jun-19 | \$447.00 | -3.7% | 1,430 | 300 | 3 |
| Jul-19 | \$446.50 | -3.6% | 60 | 100 | 1 |
| Aug-19 | \$446.00 | -3.0% | 60 | 80 | 1 |
| Sep-19 | \$445.50 | -3.0% | 30 | 40 | 0 |
| Oct-19 | \$444.50 | -3.4% | 300 | 60 | 0 |
| Nov-19 | \$444.00 | -3.3% | 0 | 10 | 0 |
| Dec-19 | \$443.50 | -3.0% | 0 | 0 | 0 |
| Jan-20 | \$443.00 | -2.6% | 0 | 0 | 0 |
| Feb-20 | \$442.50 | | 0 | 0 | 0 |
| Aggregate: | | | 21,860 | 3,740 | |

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 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 | | |

© The London Metal Exchange (the "LME"), 2019. The London Metal Exchange logo is a registered trademark of The London Metal Exchange.

All rights reserved. All information contained within this document (the "Information") is provided for reference purposes only. While the LME endeavours to ensure the accuracy, reliability and completeness of the Information, neither the LME, nor any of its affiliates makes any warranty or representation, express or implied, or accepts any responsibility or liability for, the accuracy, completeness, reliability or suitability of the Information for any particular purpose. The LME accepts no liability whatsoever to any person for any loss or damage arising from any inaccuracy or omission in the Information or from any consequence, decision, action or non-action based on or in reliance upon the Information. Distribution, redistribution, reproduction, modification or transmission of the Information in whole or in part, in any form or by any means are strictly prohibited without the prior written permission of the LME. The Information does not, and is not intended to, constitute investment advice, commentary or a recommendation to make any investment decision. The LME is not acting for any person to whom it has provided the Information. Persons receiving the Information are not clients of the LME and accordingly the LME is not responsible for providing any such persons with regulatory or other protections. All persons in receipt of the Information should obtain independent investment, legal, tax and other relevant advice before making any decisions based on the Information. LME contracts may only be offered or sold to United States foreign futures and options customers by firms registered with the Commodity Futures Trading Commission (CFTC), or firms who are permitted to solicit and accept money from US futures and options customers for trading on the LME pursuant to CFTC rule 30.10.

"The Platts Steel Rebar FOB Turkey" and "Platts TSI HMS 1/2 80:20 CFR Turkey" assessments ("Platts Assessments") are products of S&P Global Platts, a Division of S&P Global Inc., and has been licensed for use by The London Metal Exchange. "Platts[®]", "S&P Global Platts[™]" and "TSI[®]" (the "Platts Marks") are trademarks of S&P Global Inc., its affiliates and/or its licensors and have been licensed for use by The London Metal Exchange. LME Steel Scrap and LME Steel Rebar ("Contracts") are not sponsored, endorsed, sold or promoted by S&P Global Platts or its affiliates or licensors. S&P Global Platts, its affiliates and licensors make no representation or warranty, express or implied, regarding the Contracts or regarding the advisability of investing in securities or commodities generally or the ability of the Platts Assessments to track general market performance or commodity price movements, nor do S&P Global Platts, its affiliates and licensors have any liability for any errors or omissions in, or interruptions of, the Platts Assessments or the Contracts. S&P Global Platts', its affiliates' and licensors' only relationship to The London Metal Exchange with respect to the Platts Assessments is the licensing of the Platts Assessments and of certain trademarks, service marks and/or trade names of S&P Global Platts, and/or its affiliates or licensors. The Platts Assessments are determined, composed and calculated by S&P Global Platts without regard to The London Metal Exchange or the Contracts. S&P Global Platts, its affiliates and licensors have no obligation to take the needs of The London Metal Exchange or any clients or users of the Contracts into consideration in determining, composing or calculating the Platts Assessment. S&P Global Platts, its affiliates and licensors have no obligation or liability in connection with the creation, development, preparation, marketing, sale and/or trading of the Contracts.

S&P GLOBAL PLATTS, ITS AFFILIATES AND LICENSORS DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE PLATTS ASSESSMENT OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P GLOBAL PLATTS, ITS AFFILIATES AND LICENSORS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P GLOBAL PLATTS, ITS AFFILIATES AND LICENSORS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE LICENSEE, CLIENTS OR USERS OF THE CONTRACT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE PLATTS ASSESSMENT OR CONTRACT OR WITH RESPECT TO THE PLATTS MARKS, THE PLATTS ASSESSMENT OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P GLOBAL PLATTS, ITS AFFILIATES AND/OR ITS THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE."