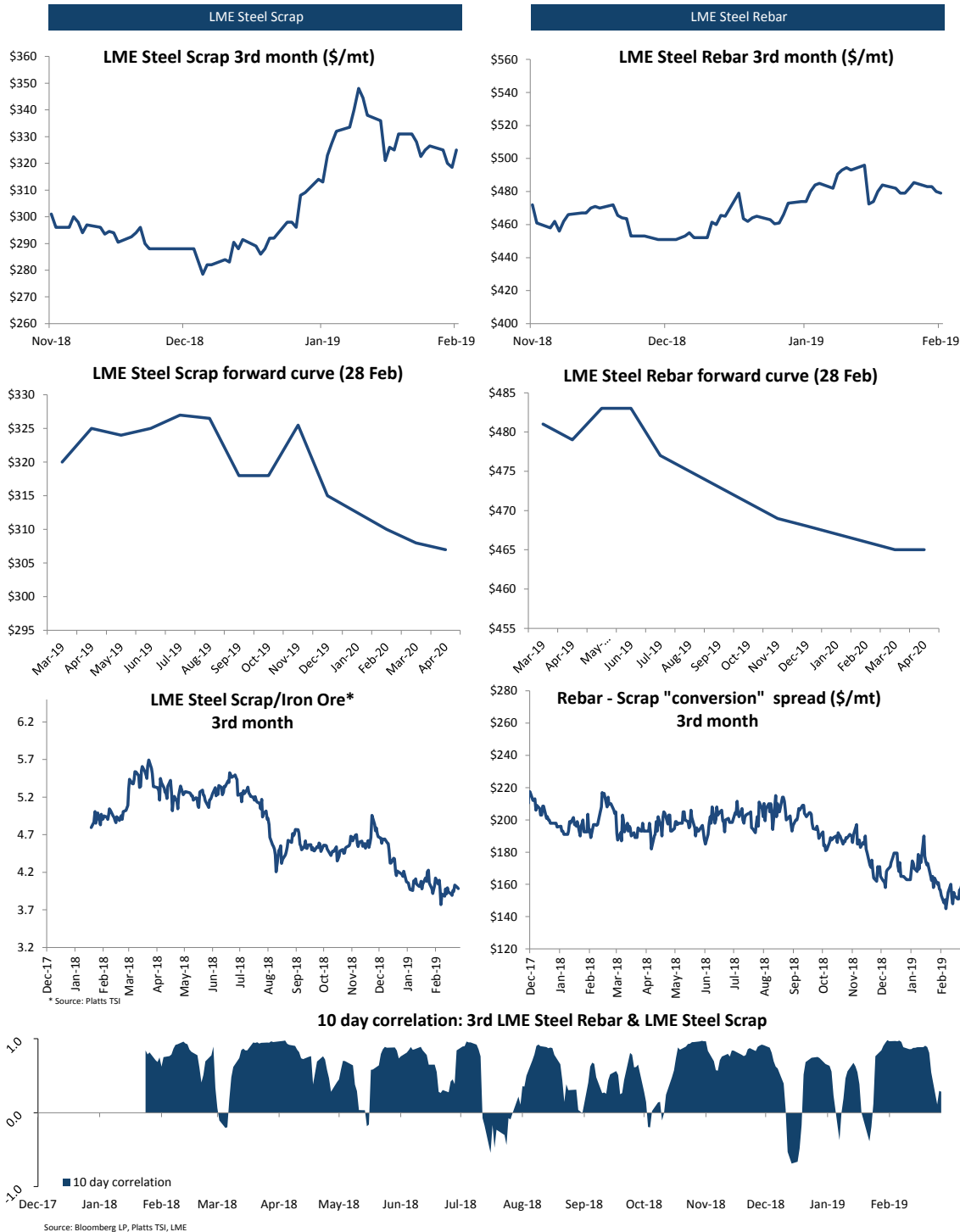


Comments:

On Thursday 28 February 2019, the last trading day of the month, the LME Steel Scrap and LME Steel Rebar February contracts settled at \$320.44/mt and \$471.13/mt respectively. This constitutes a month-on-month change of -1.7% for scrap and of -2.1% for rebar.

During February both the LME Steel Scrap and LME Steel Rebar forward curves flattened while remaining in backwardation. The scrap curve showed a slight contango out to August, before moving into backwardation, with the exception of December where prices moved significantly higher. The LME Steel Rebar curve showed a less steep backwardation than seen last month.

The scrap/iron ore ratio saw a decrease over the month falling to 3.98, a slight increase from January, but still languishing near two-year lows. The apparent conversion spread (i.e. LME Steel Rebar - LME Steel Scrap), which had seen a sharp drop in November, has also shown a slight recovery from January, but still remains depressed against the levels seen in 2018.

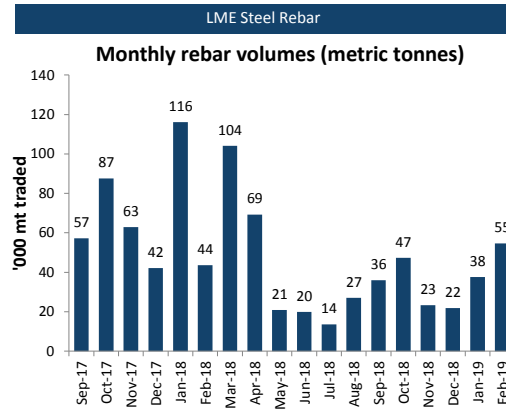
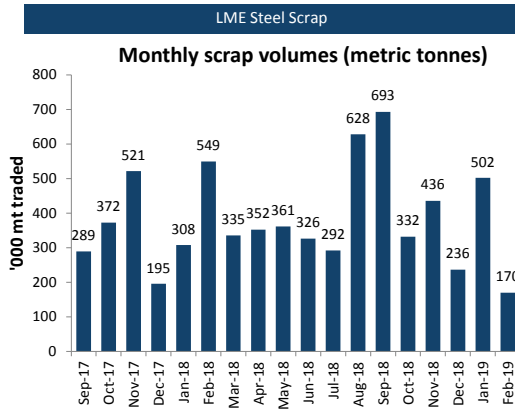


Source: Bloomberg LP, Platts TSI, LME

Comments:

In February LME Steel Scrap traded 169,980 metric tonnes and LME Steel Rebar traded 54,640 metric tonnes . Scrap volumes saw a sharp decline from January. Rebar however showed healthy growth on last month and reached its highest levels since April 2018.

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.



LME Steel Scrap (metric tonnes)					
	Price	Month change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
Feb-19	\$320.44	-1.7%	14,900	Expired	0
Mar-19	\$320.00	-2.3%	63,200	11,040	11
Apr-19	\$325.00	0.0%	36,060	12,050	12
May-19	\$324.00	-0.6%	15,520	7,380	7
Jun-19	\$325.00	0.9%	15,070	6,880	7
Jul-19	\$327.00	2.2%	5,530	2,790	3
Aug-19	\$326.50	2.7%	7,180	2,160	2
Sep-19	\$318.00	1.3%	3,070	880	1
Oct-19	\$318.00	1.9%	2,620	950	1
Nov-19	\$325.50	5.3%	2,410	970	1
Dec-19	\$315.00	2.6%	2,470	1,010	1
Jan-20	\$312.50	3.6%	900	170	0
Feb-20	\$310.00	4.7%	750	220	0
Mar-20	\$308.00	4.9%	210	70	0
Apr-20	\$307.00		90	20	0
Aggregate:			169,980	46,590	

LME Steel Rebar (metric tonnes)					
	Price	Month change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
Feb-19	\$471.13	-2.1%	3,080	Expired	0
Mar-19	\$481.00	-0.6%	13,250	970	1
Apr-19	\$479.00	-1.1%	13,350	1,760	2
May-19	\$483.00	0.6%	9,650	950	1
Jun-19	\$483.00	0.4%	7,330	740	1
Jul-19	\$477.00	0.2%	2,430	260	0
Aug-19	\$475.00	0.2%	3,000	230	0
Sep-19	\$473.00	0.6%	570	20	0
Oct-19	\$471.00	0.6%	180	80	0
Nov-19	\$469.00	0.9%	360	60	0
Dec-19	\$468.00	1.1%	270	40	0
Jan-20	\$467.00	1.1%	360	20	0
Feb-20	\$466.00	1.1%	240	20	0
Mar-20	\$465.00	1.1%	420	50	0
Apr-20	\$465.00		150	30	0
Aggregate:			54,640	5,230	

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		

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