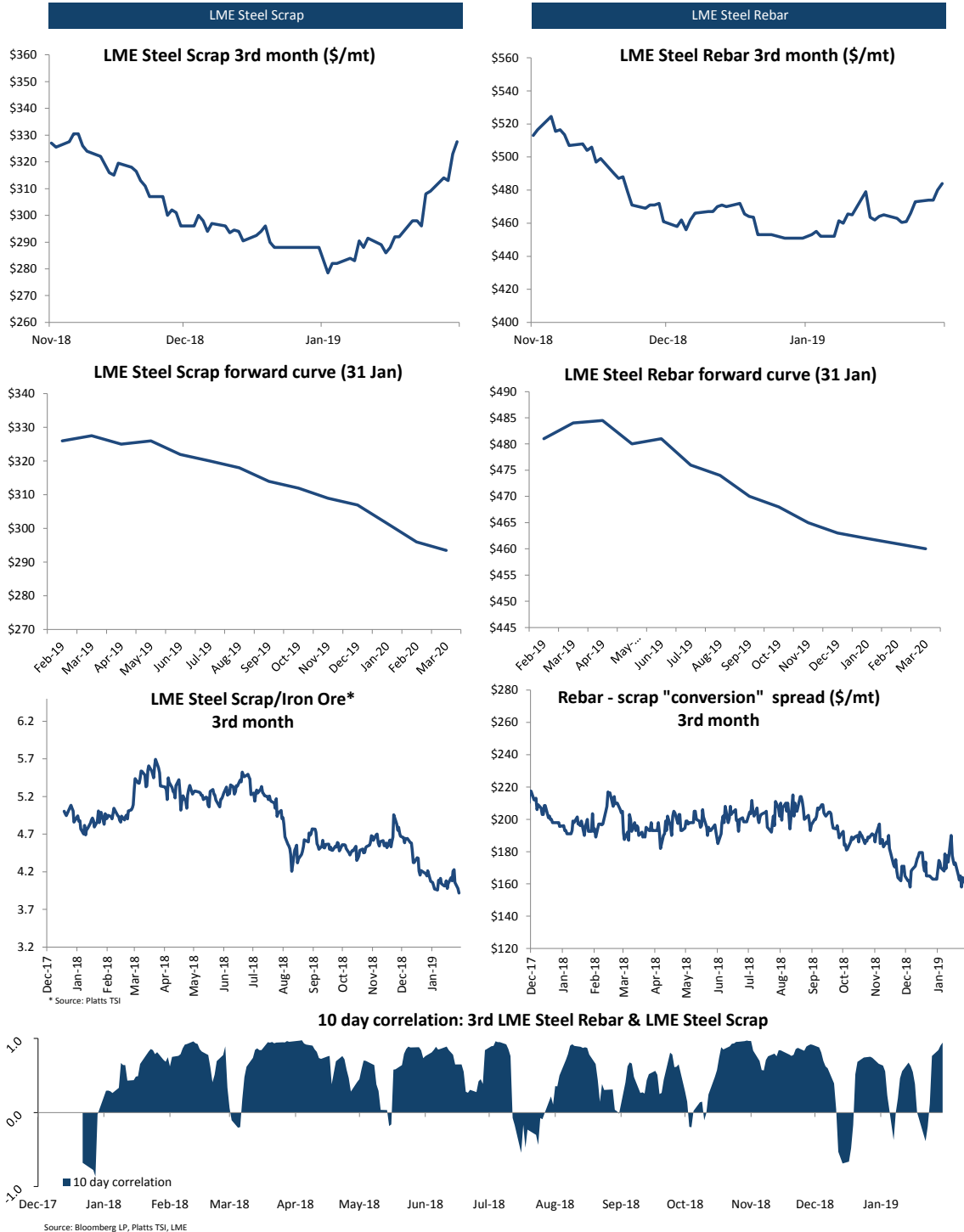


Comments:

On Thursday 31 January 2019, the last trading day of the month, the LME Steel Scrap and LME Steel Rebar January contracts settled at \$289.30/mt and \$445.73/mt respectively. This constitutes a month-on-month change of 0.1% for scrap and -1.4% for rebar.

During January both the LME Steel Scrap and LME Steel Rebar forward curves moved higher over all prompt dates and remained in backwardation. The LME Steel Scrap curve saw a more marked shift indicating narrowing forward mill margins.

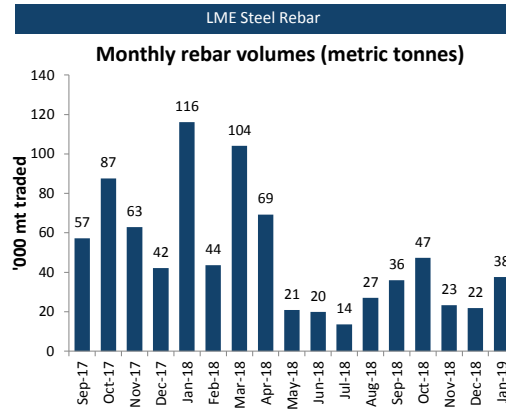
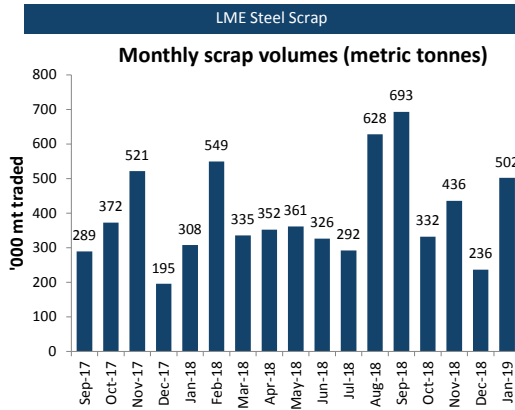
The scrap/iron ore ratio saw a decrease over the month falling to 3.92, its lowest level since April 2017. The apparent conversion spread (i.e. LME Steel Rebar - LME Steel Scrap), which had seen a sharp drop in November, has also continued to decline, again falling below levels set at the end of December.



Comments:

Last month, LME Steel Scrap traded 501,800 metric tonnes and LME Steel Rebar traded 37,550 metric tonnes. Increases in trading activity are commonly seen in commodities markets during January, following 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.



LME Steel Scrap (metric tonnes)					
	Price	Month change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
Jan-19	\$289.30	0.1%	22,400	Expired	0
Feb-19	\$326.00	13.2%	190,670	10,770	10
Mar-19	\$327.50	14.1%	95,390	7,360	7
Apr-19	\$325.00	13.6%	50,900	5,130	5
May-19	\$326.00	14.4%	51,700	5,230	5
Jun-19	\$322.00	13.4%	47,170	5,240	5
Jul-19	\$320.00	13.1%	11,250	3,090	3
Aug-19	\$318.00	12.8%	5,280	2,470	2
Sep-19	\$314.00	11.7%	5,400	930	1
Oct-19	\$312.00	11.4%	6,750	1,000	1
Nov-19	\$309.00	11.2%	6,810	1,010	1
Dec-19	\$307.00	11.2%	6,670	950	1
Jan-20	\$301.50	9.6%	510	150	0
Feb-20	\$296.00	8.4%	600	130	0
Mar-20	\$293.50		300	30	0
Aggregate:			501,800	43,490	

LME Steel Rebar (metric tonnes)					
	Price	Month change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
Jan-19	\$445.73	-1.4%	1,230	Expired	0
Feb-19	\$481.00	6.7%	8,130	170	0
Mar-19	\$484.00	7.6%	8,470	1,840	1
Apr-19	\$484.50	7.9%	4,840	1,110	1
May-19	\$480.00	7.1%	6,060	1,780	1
Jun-19	\$481.00	7.6%	3,030	570	0
Jul-19	\$476.00	6.6%	3,090	400	0
Aug-19	\$474.00	6.3%	810	120	0
Sep-19	\$470.00	5.5%	480	80	0
Oct-19	\$468.00	5.3%	480	100	0
Nov-19	\$465.00	4.7%	330	50	0
Dec-19	\$463.00	4.4%	180	40	0
Jan-20	\$462.00	4.3%	150	10	0
Feb-20	\$461.00	4.2%	150	20	0
Mar-20	\$460.00		120	20	0
Aggregate:			37,550	6,310	

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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