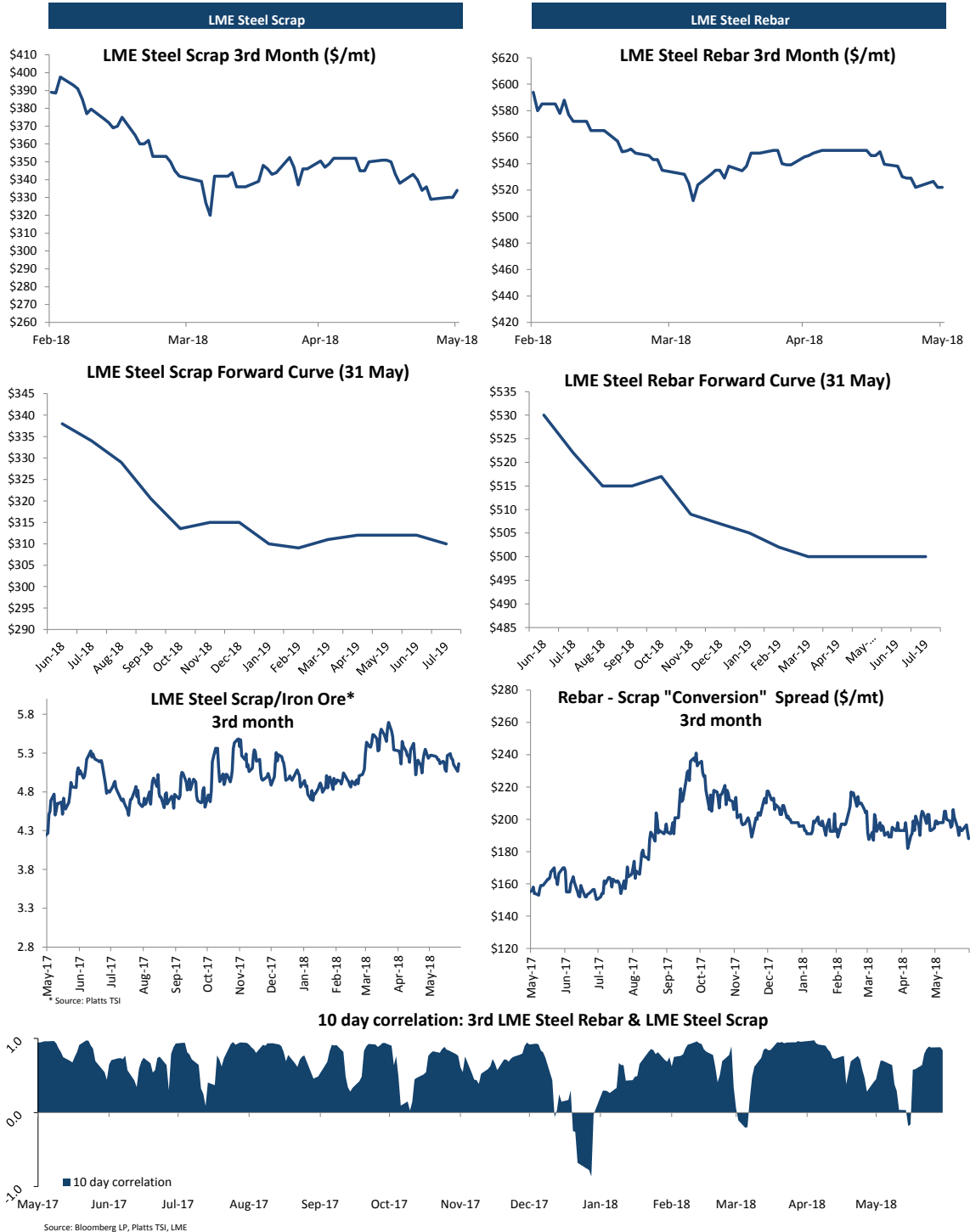


**Comments:**

On Thursday 31 May 2018, the LME Steel Scrap and LME Steel Rebar May contracts settled at \$348.30/mt and \$551.31/mt respectively. This constitutes a month-on-month change of -1.3% for scrap and of +0.9% for rebar.

In May 2018, the further end of both the LME Steel Scrap and LME Steel Rebar forward curves shifted upwards compared to the end of April. The second half of the LME Steel Scrap curve shifted upwards by c.4-6% for Q418 and H119 prompts, while the LME Steel Rebar curve showed a less marked increase of c.1% for the same prompts. Both curves showed a steady backwardation.

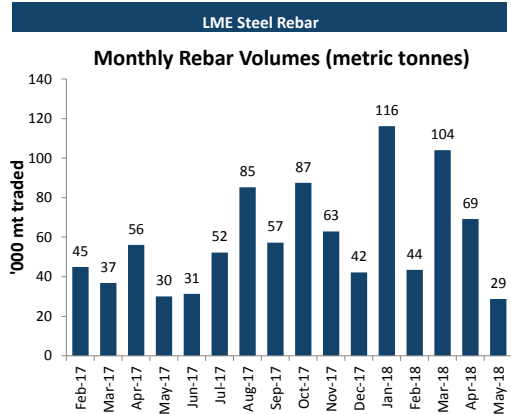
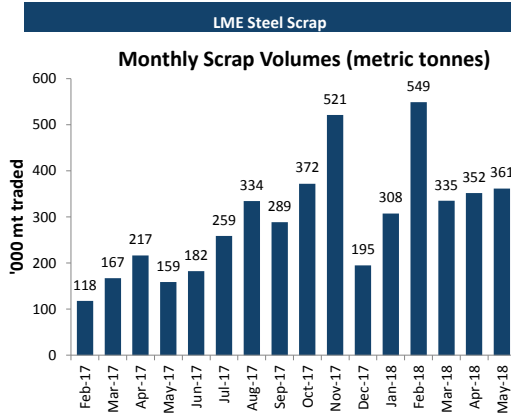
Both the "scrap/iron ore" ratio and the "apparent conversion" spread (i.e. LME Steel Rebar - LME Steel Scrap) consistently remained around their running 12-month average, possibly suggesting that a new relative equilibrium may have been reached between the three markets.



**Comments:**

LME Steel Scrap traded the equivalent of 361,340 metric tonnes last month, in line with the average of the past six months. LME Steel Rebar traded 20,880 metric tonnes, a sharp drop on the last few quarters. Friday 4 May saw very strong activity on scrap with 126,190 tonnes traded in a single day.

For the second month, open interest for LME Steel Scrap remained above 100,000 tonnes at the turn of the month, closing at the end of April at 102,920 tonnes. Rebar's end of month open interest, showed a drop of 300 tonnes from the end of May 2018 to an end of month total of 6,040 tonnes.



LME Steel Scrap (metric tonnes)					
	Price	Month Change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
May-18	\$350.93	-1.3%	75,630	Expired	33,270
Jun-18	\$338.00	-3.6%	147,460	9,070	9,070
Jul-18	\$334.00	-3.0%	59,120	6,950	6,950
Aug-18	\$329.00	-2.7%	24,680	5,520	5,520
Sep-18	\$320.50	-0.8%	19,890	5,400	5,400
Oct-18	\$313.50	0.8%	9,730	5,900	5,900
Nov-18	\$315.00	4.0%	10,380	6,230	6,230
Dec-18	\$315.00	4.3%	9,470	4,870	4,870
Jan-19	\$310.00	2.6%	1,650	5,040	5,040
Feb-19	\$309.00	4.6%	900	4,870	4,870
Mar-19	\$311.00	5.2%	690	5,320	5,320
Apr-19	\$312.00	5.8%	540	5,340	5,340
May-19	\$312.00	5.8%	570	5,110	5,110
Jun-19	\$312.00	5.8%	390	30	30
Jul-19	\$310.00		240		
<b>Aggregate:</b>			<b>361,340</b>	<b>102,920</b>	

LME Steel Rebar (metric tonnes)					
	Price	Month Change (%)	Monthly Volume	Open Interest EOM	Open Interest '000 mt
May-18	\$555.28	0.9%	660	Expired	480
Jun-18	\$530.00	-2.8%	4,050	1,110	1,110
Jul-18	\$522.00	-2.9%	5,370	2,180	2,180
Aug-18	\$515.00	-1.7%	3,900	1,240	1,240
Sep-18	\$515.00	-1.5%	2,070	440	440
Oct-18	\$517.00	0.0%	2,550	90	90
Nov-18	\$509.00	0.1%	1,260	150	150
Dec-18	\$507.00	0.2%	240	120	120
Jan-19	\$505.00	0.4%	210	80	80
Feb-19	\$502.00	1.2%	180	40	40
Mar-19	\$500.00	0.8%	120	40	40
Apr-19	\$500.00	1.2%	0	20	20
May-19	\$500.00	1.2%	30	10	10
Jun-19	\$500.00	1.2%	120		
Jul-19	\$500.00		120		
<b>Aggregate:</b>			<b>20,880</b>	<b>6,040</b>	

## Contract specifications

<b>Contract names and codes</b>	LME Steel Scrap	SC	
	LME Steel Rebar	SR	
<b>Contract type</b>	Futures		
<b>Delivery type</b>	Cash settled		
<b>Lot size</b>	10 metric tonnes		
<b>Contract period</b>	Monthly out to 15 months		
<b>Price quotation</b>	US dollars per metric tonne		
<b>Clearable currencies</b>	US dollars		
<b>Minimum price fluctuation (tick size) per tonne</b>	<b>Venue</b>	<b>Outright</b>	<b>Carries</b>
	LMEselect Inter-office	\$0.50 \$0.01	\$0.01 \$0.01
<b>Termination of trading</b>	<b>LME Steel Scrap</b> - Last business day of the contract month until 16.30 London time		
	<b>LME Steel Rebar</b> - Last business day of the contract month until 16.30 London time		
<b>Daily settlement procedure</b>	LME Market Operations will calculate daily settlement values based on its published procedure		
<b>Final settlement procedure</b>	<b>LME Steel Scrap</b> - 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		
	<b>LME Steel Rebar</b> - 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		
<b>Trading venues</b>	LMEselect and Inter-office telephone		
<b>Trading hours</b>	LMEselect	01.00-19.00 London time	
	Inter-office telephone	24 hours a day	
<b>Margining</b>	Realised variation margins applied		

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