

Page 1: Price Review

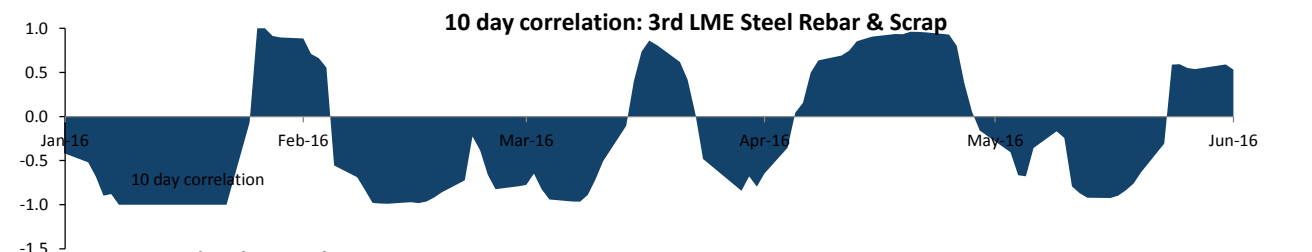
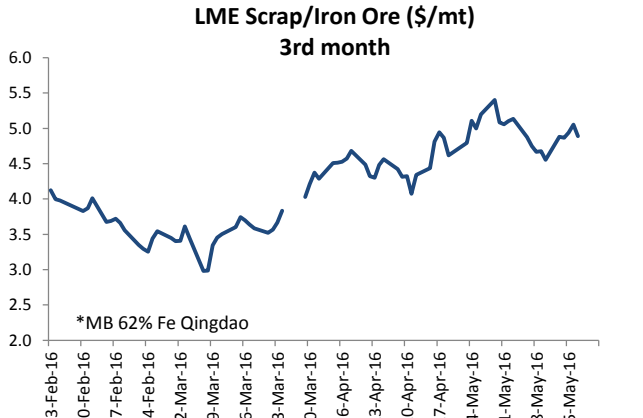
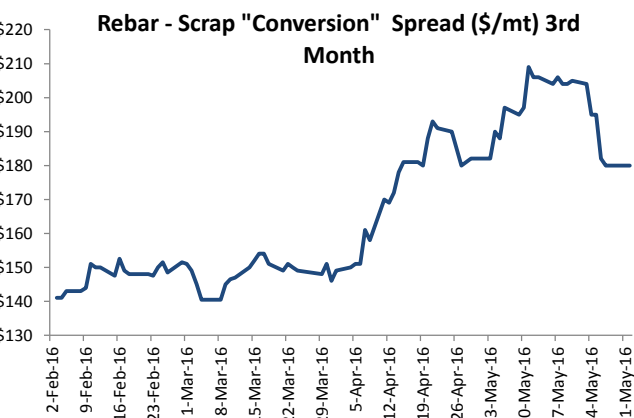
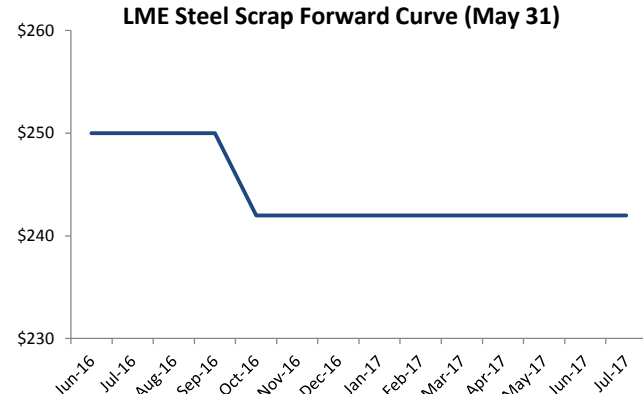
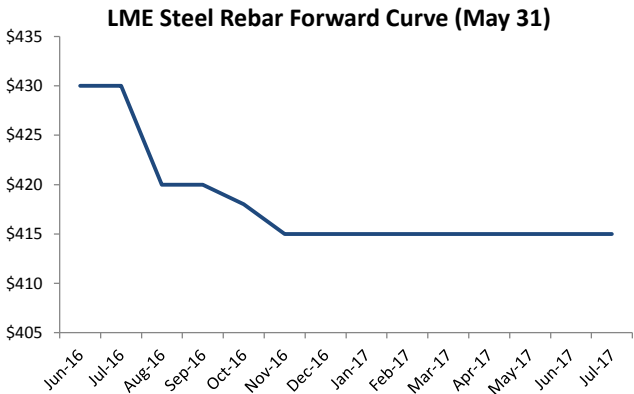
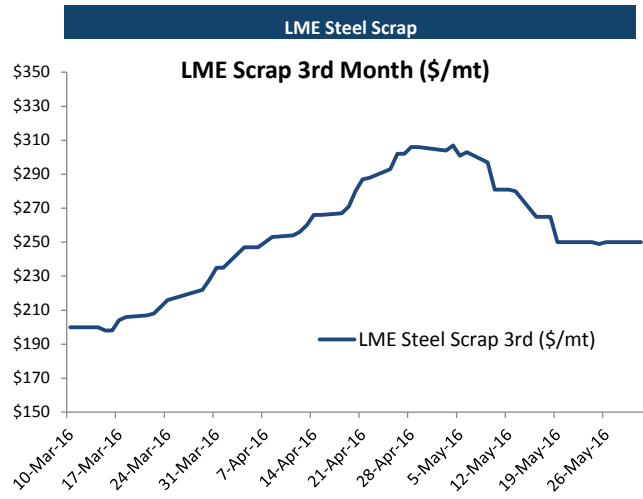
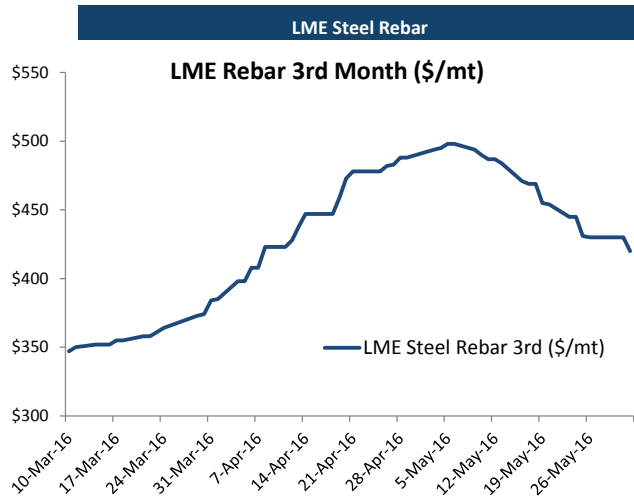
Comments:

On Tuesday 31 May, LME Steel Rebar and LME Steel Scrap May contracts settled at **\$475.60/mt** and **\$308.70/mt** respectively, with LME Steel Rebar posting a monthly decrease of 2.5% while LME Steel Scrap contract actually had a slight increase of 0.2%.

The underlying Platts Rebar and TSI Scrap indices had a third consecutive month where 10-day volatility was above 10% and 25% respectively. In fact, the volatility of the TSI Scrap Index was the highest since July 2015 whilst the volatility of Platts Turkish rebar eased from its April highs. After record volumes in March and April, the turnover in the SHFE Rebar contract retreated over 30% last month and the May expiry SHFE Rebar price in turn fell 14% compared to less than 3% on the LME. After LME Steel Rebar rose more than SHFE in April the premium to SHFE Rebar has widened for a second month and the price ratio was near 1.9x at the end of May (LME/SHFE Ex-VAT in USD) compared to just 1.2x in March.

With LME Steel Scrap posting a slight gain against a decline in LME Steel Rebar the apparent conversion spread "Rebar-Scrap" decreased by \$27/mt from its high point at the beginning of the month. The spread still remains well above its Q1 average.

The LME Steel Rebar backwardation steepened last month with June \$10/mt above August. LME Steel Scrap is discounted \$8/mt from October.



Source: Bloomberg LP, Platts TSI, MB, LME

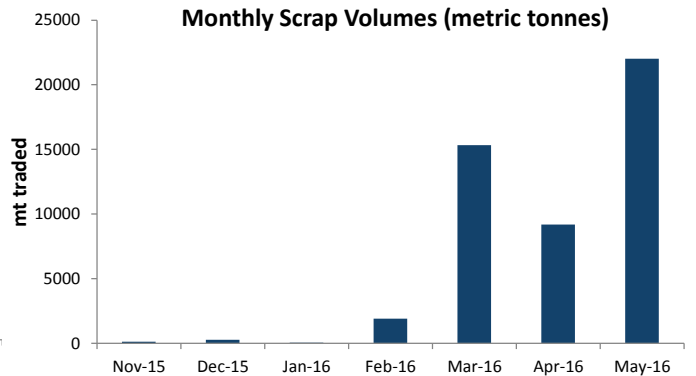
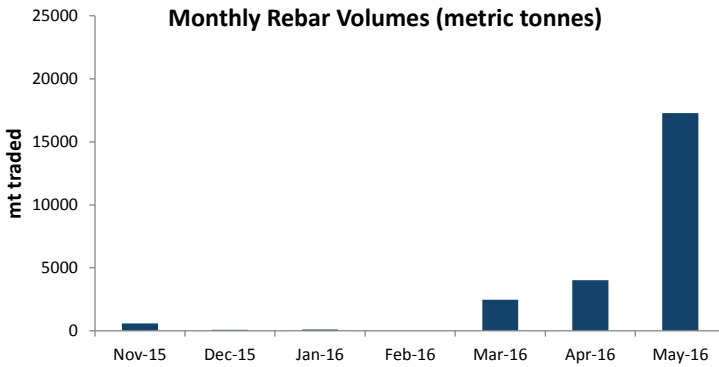
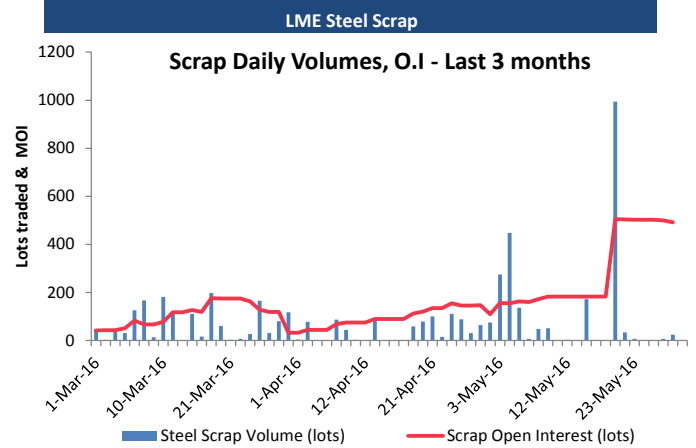
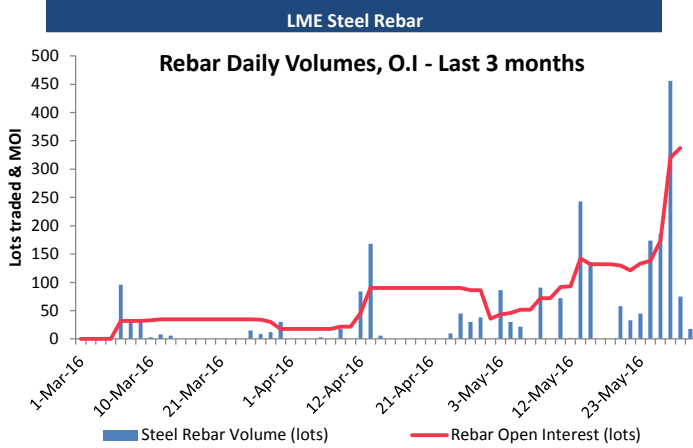
Page 2: Volume, Spreads and Open Interest

Comments:

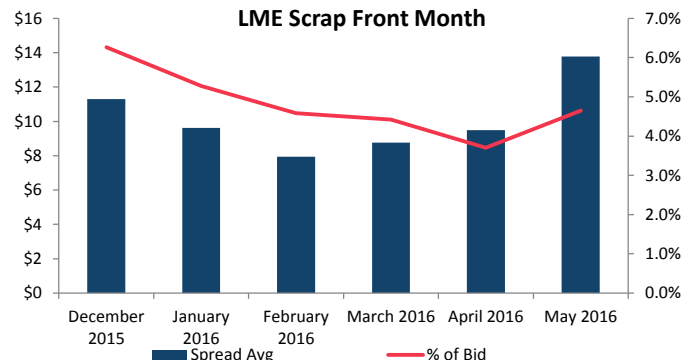
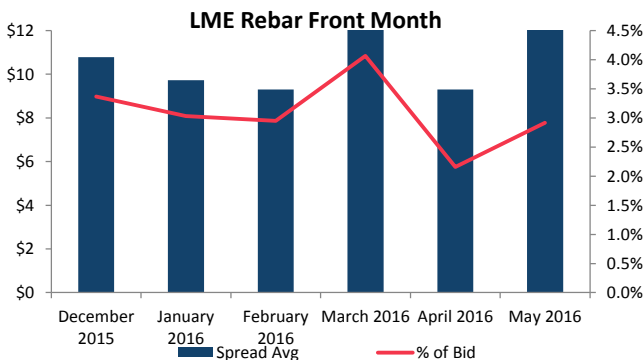
In May, both LME Steel Scrap and LME Steel Rebar had record trading with the equivalent of 17,270 mt of rebar and 22,010 mt of scrap traded. On 19 May, an all time high of 990 lots of LME Steel Scrap traded and on 26 May there was a record 456 lots traded of LME Steel Rebar which were made up in part by the growing number of voice-brokered trades. The first such large size voice trade was brokered on 4 May by INTL FC Stone on behalf of Stencor*.

Following the record trading days, open interest on LME Steel Rebar jumped to a peak of 3,370 mt most of which is beyond the 3-month expiry. Open interest on LME Steel Scrap likewise leaped to a new high that is equivalent to 5,050mt. The open positions remain largely concentrated across Q3 and Q4 of 2016 with the 3rd month (July) just about dominating with 1,820 mt of open interest (as of May 27th).

Even in such a volatile month, bid-ask spreads on the 3rd month were only about 2-3 ticks wider than previously and book depth has actually increased.



Spreads (Front Month)



| | Spread Avg | % of Bid | Bid Size Average | Ask Size Average |
|---------------|------------|----------|------------------|------------------|
| December 2015 | \$10.8 | 3.4% | 11.0 | 11.7 |
| January 2016 | \$9.7 | 3.0% | 7.9 | 8.3 |
| February 2016 | \$9.3 | 2.9% | 9.1 | 9.4 |
| March 2016 | \$13.8 | 4.1% | 8.6 | 11.0 |
| April 2016 | \$9.3 | 2.2% | 9.2 | 9.4 |
| May 2016 | \$13.8 | 2.9% | 9.0 | 12.5 |

| | Spread Avg | % of Bid | Bid Size Average | Ask Size Average |
|---------------|------------|----------|------------------|------------------|
| December 2015 | \$11.3 | 6.3% | 9.0 | 8.7 |
| January 2016 | \$9.6 | 5.3% | 9.4 | 9.9 |
| February 2016 | \$7.9 | 4.6% | 9.8 | 9.7 |
| March 2016 | \$8.8 | 4.4% | 8.6 | 8.5 |
| April 2016 | \$9.5 | 3.7% | 9.2 | 10.0 |
| May 2016 | \$13.8 | 4.6% | 9.2 | 11.2 |

Note:

Bid-Ask spreads are taken during active market making quoting hours 1pm - 5pm only
 Bid-Ask spreads are shown in \$ per mt, Outright Tick size is \$0.5/mt \$0.1/mt for carries

* See LME press release dated 10 May: LME Steel contract sees first voice-brokered trade

Page 3: Data Tables/ Key Info

Data as of 01/06/2016

| LME Steel Rebar | | | | | |
|--------------------------|----------|------------------|----------------|-------------------------------|---------------|
| | Price | Month Change (%) | Monthly Volume | Open Interest (T+2): May 27th | |
| May-16 | \$475.60 | -2.5% | 200 | 15 | (Now Expired) |
| Jun-16 | \$430.00 | -11.9% | 356 | 61 | |
| Jul-16 | \$430.00 | -11.2% | 426 | 90 | |
| Aug-16 | \$420.00 | -13.0% | 138 | 20 | |
| Sep-16 | \$420.00 | -12.9% | 97 | 19 | |
| Oct-16 | \$418.00 | -12.9% | 174 | 50 | |
| Nov-16 | \$415.00 | -13.5% | 156 | 50 | |
| Dec-16 | \$415.00 | -13.5% | 156 | 50 | |
| Jan-17 | \$415.00 | -13.5% | 6 | 2 | |
| Feb-17 | \$415.00 | -13.5% | 6 | 2 | |
| Mar-17 | \$415.00 | -13.5% | 6 | 2 | |
| Apr-17 | \$415.00 | -13.5% | 3 | 1 | |
| May-17 | \$415.00 | -13.5% | 3 | 1 | |
| Jun-17 | \$415.00 | -13.5% | 0 | 0 | |
| Aggregate: | | | 1727 | 337 | |
| Number of trades: | | | 263 | | |

| LME Steel Scrap | | | | | |
|--------------------------|----------|------------------|----------------|-------------------------------|---------------|
| | Price | Month Change (%) | Monthly Volume | Open Interest (T+2): May 27th | |
| May-16 | \$308.70 | 0.2% | 57 | 32 | (Now Expired) |
| Jun-16 | \$250.00 | -18.3% | 246 | 34 | |
| Jul-16 | \$250.00 | -17.8% | 1074 | 180 | |
| Aug-16 | \$250.00 | -17.2% | 414 | 110 | |
| Sep-16 | \$250.00 | -16.7% | 410 | 100 | |
| Oct-16 | \$242.00 | -13.6% | 0 | 0 | |
| Nov-16 | \$242.00 | -7.6% | 0 | 15 | |
| Dec-16 | \$242.00 | -7.6% | 0 | 14 | |
| Jan-17 | \$242.00 | -7.6% | 0 | 1 | |
| Feb-17 | \$242.00 | -7.6% | 0 | 1 | |
| Mar-17 | \$242.00 | -7.6% | 0 | 1 | |
| Apr-17 | \$242.00 | -7.6% | 0 | 0 | |
| May-17 | \$242.00 | -7.6% | 0 | 0 | |
| Jun-17 | \$242.00 | -7.6% | 0 | 0 | |
| Aggregate: | | | 2201 | 488 | |
| Number of trades: | | | 189 | | |

| | Rebar Average Bid-Ask Spread \$/mt, Size in lots | | | | | Scrap Average Bid-Ask Spread \$/mt, Size in lots | | | | |
|----------------------|--|-------------|-------------|--------------|-----------------|--|-------------|-------------|--------------|--------------|
| | Prompt Month | | | Avg Bid Size | Avg Ask Size | Prompt Month | | | Avg Bid Size | Avg Ask Size |
| | May | June | July | (lots) | (lots) | May | June | July | (lots) | (lots) |
| 3-May | 13.1 | 11.8 | 10.6 | 8.0 | 5.6 | 8.9 | 8.3 | 9.7 | 8.8 | 6.3 |
| 4-May | 8.7 | 3.7 | 8.3 | 8.2 | 4.3 | 6.8 | 4.7 | 10.5 | 7.5 | 6.6 |
| 5-May | 9.0 | 4.0 | 10.4 | 8.7 | 7.5 | 7.0 | 11.9 | 10.7 | 10.1 | 6.1 |
| 6-May | 11.9 | 13.8 | 14.5 | 9.4 | 7.2 | 12.7 | 13.2 | 9.7 | 10.2 | 9.9 |
| 10-May | 12.3 | 4.3 | 5.0 | 10.0 | 8.7 | 12.5 | 7.0 | 8.1 | 7.8 | 4.3 |
| 11-May | 8.0 | 10.1 | 9.9 | 7.2 | 8.2 | 10.0 | 5.4 | 8.5 | 9.2 | 5.7 |
| 12-May | 15.0 | 20.0 | 20.0 | 18.9 | 14.0 | 15.0 | 9.0 | 9.2 | 23.4 | 3.5 |
| 13-May | 10.0 | 9.7 | 11.3 | 14.6 | 7.9 | 12.1 | 25.0 | 5.0 | 31.1 | 4.2 |
| 16-May | 8.3 | 9.3 | 8.7 | 12.3 | 8.9 | 13.3 | 9.5 | 9.9 | 8.9 | 7.5 |
| 17-May | 11.5 | 14.5 | 16.0 | 12.2 | 10.8 | 10.7 | 5.0 | 7.0 | 16.3 | 6.1 |
| 18-May | 6.9 | 10.0 | 9.0 | 14.6 | 4.3 | 8.3 | 8.4 | 9.0 | 11.7 | 8.9 |
| 19-May | 7.3 | 9.5 | 9.3 | 8.9 | 8.2 | 9.1 | 9.6 | 9.1 | 10.2 | 10.8 |
| 20-May | 7.3 | 17.4 | 9.4 | 16.0 | 5.5 | 20.6 | 12.0 | 9.0 | 17.3 | 7.7 |
| 23-May | 5.0 | 18.3 | 11.7 | 13.7 | 11.5 | 7.6 | 10.8 | 7.0 | 14.7 | 8.6 |
| 24-May | 24.6 | 14.2 | 15.2 | 11.3 | 9.7 | 21.5 | 11.5 | 12.9 | 12.9 | 8.6 |
| 25-May | 16.3 | 20.4 | 15.2 | 9.9 | 9.1 | 18.4 | 28.8 | 18.9 | 10.2 | 7.4 |
| 26-May | 10.0 | 9.9 | 9.4 | 12.4 | 8.9 | 10.1 | 9.6 | 10.0 | 13.2 | 10.0 |
| 27-May | 10.3 | 21.2 | 24.7 | 11.5 | 11.1 | 12.9 | 34.1 | 22.7 | 11.1 | 9.5 |
| 31-May | 10.0 | 5.8 | 9.2 | 12.5 | 9.5 | 11.0 | 8.4 | 7.7 | 16.2 | 8.7 |
| May Average | 13.8 | 12.8 | 12.7 | 10.9 | 8.8 | 13.8 | 14.0 | 12.0 | 11.5 | 8.3 |
| April Average | 9.3 | 11.3 | 11.5 | Bid | Ask Size | 9.5 | 10.2 | 10.5 | 9.0 | 8.1 |
| MoM change | 4.5 | 1.4 | 1.2 | 0.4 | -0.2 | 4.3 | 3.8 | 1.5 | 2.5 | 0.2 |

Contract specification

| | | | |
|---|--|---|------------------------------------|
| Contract Names & Codes | 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 metric tonne | Venue LMEselect Inter-office | Outright \$0.50 \$0.01 | Carries \$0.01 \$0.01 |
| Termination of trading | 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 | Final settlement, following termination of the trading for a contract month, will be based on the Monthly Average Index Price of the "Platts Rebar, Turkish exports, FOB Turkey port" Index, which is available from 16:30 on the last trading day | | |
| Trading venues | LMEselect and Inter-office telephone | | |
| Trading hours | LMEselect Inter-office | 01:00 – 19:00 London time 24 hours a day | |
| Margining | Realised variation margins applied | | |

Contract specification

| | | | |
|---|---|---|------------------------------------|
| Contract Names & Codes | LME Steel Scrap | SC | |
| 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 metric tonne | Venue LMEselect Inter-office | Outright \$0.50 \$0.01 | Carries \$0.01 \$0.01 |
| Termination of trading | Last business day of the contract month until 13:30 London time | | |
| Daily settlement procedure | LME Market Operations will calculate daily settlement values based on its published procedure | | |
| Final settlement procedure | Final settlement, following termination of the trading for a contract month, will be based on the Monthly Average Index Price of the "TSI Scrap HMS# 1 and HMS#2, 80:20 Turkish Imports CFR Iskenderun Port" Index, which is available from 13:30 on the last trading day | | |
| Trading venues | LMEselect and Inter-office telephone | | |
| Trading hours | LMEselect Inter-office | 01:00 – 19:00 London time 24 hours a day | |
| Margining | Realised variation margins applied | | |

For more information on our ferrous contract suite, please visit lme.com/ferrous or contact our team at ferrous@lme.com

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