

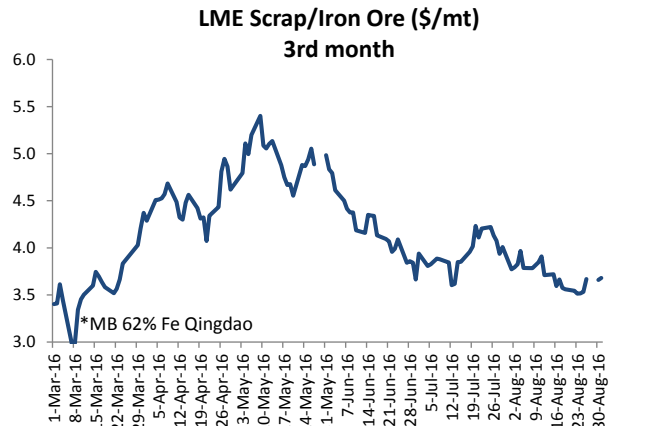
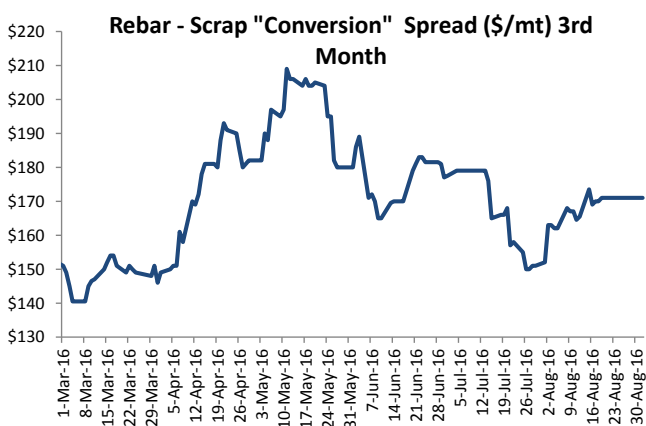
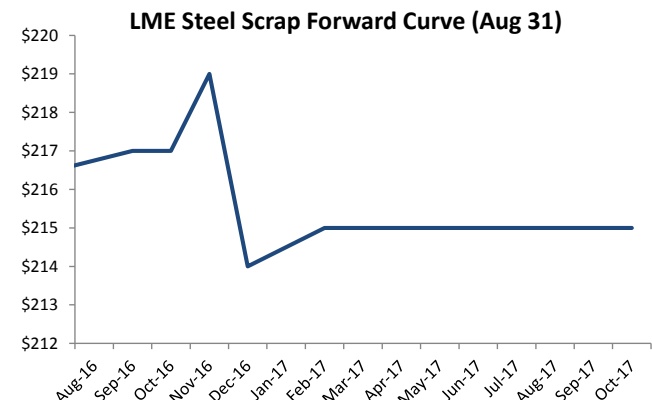
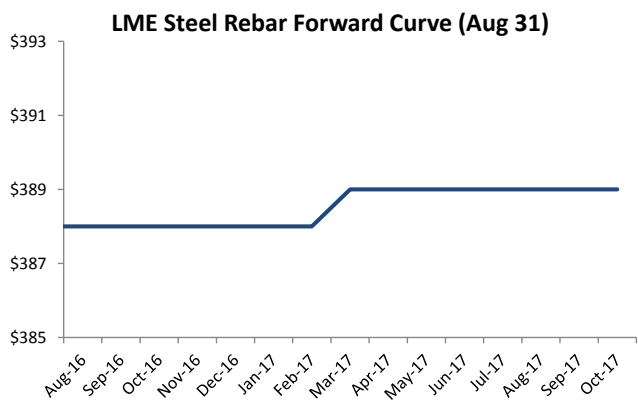
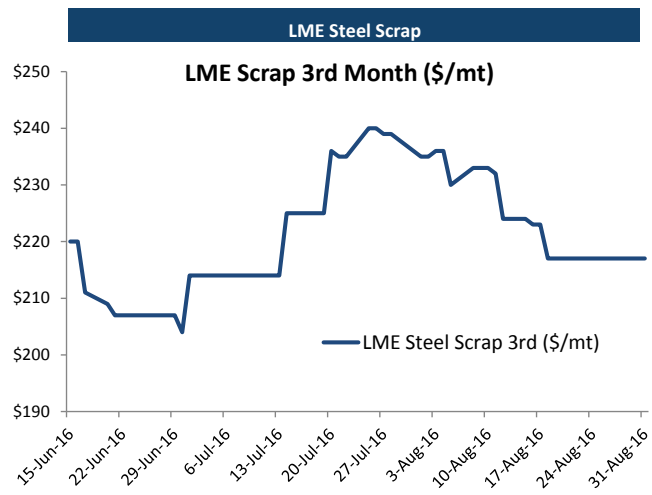
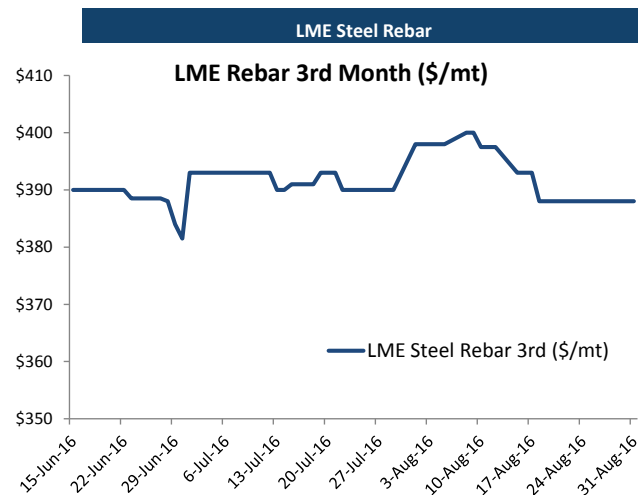
Comments:

On Wednesday 31st August, LME Steel Scrap and LME Steel Rebar August contracts settled at **\$227.18/mt** and **\$381.68/mt** respectively. A monthly decrease of 2.5% for scrap and a 1.6% decrease for rebar.

A month of fairly small moves in the front month scrap contract was in contrast to much steeper moves further along the curve. In particular, the September expiry fell 8.8%. The LME Steel Scrap forward curve from September to January 2017 shifted from a fairly stable backwardation to a bumper price series with November at a \$2/mt premium to October and December at a discount to 2017 prices.

Rebar prices moves were smaller across the forward curve but the October date fell most, down 2.5%, which flattened the curve significantly. A \$1/mt premium occurs after March 2017.

The scrap to iron ore ratio continued to slide to 6 month lows last month and the premium of rebar over scrap rebounded.



Source: Bloomberg LP, Platts TSI, MB, LME

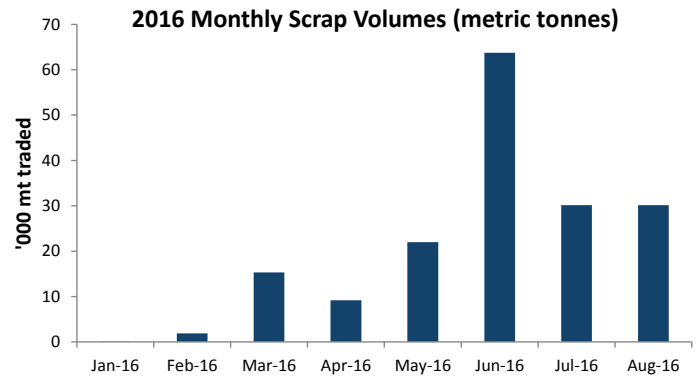
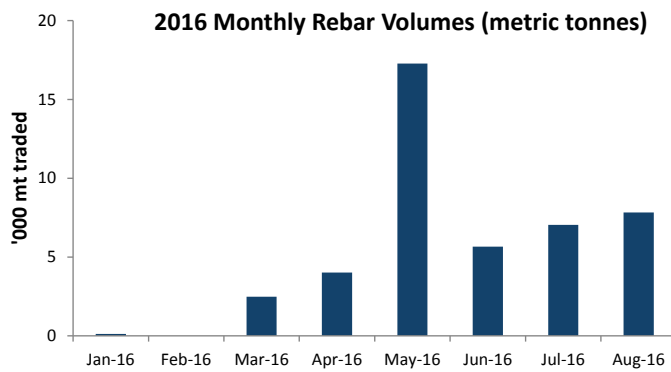
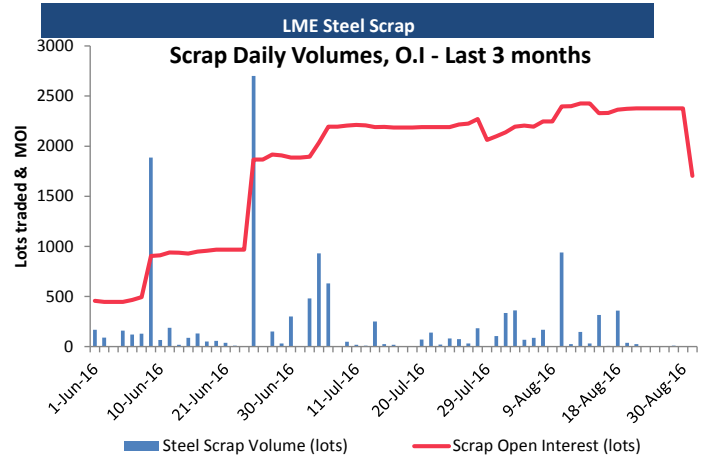
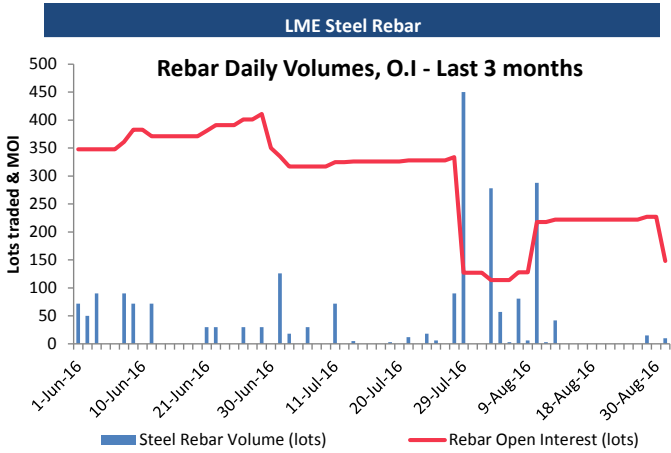
Page 2: Volume, Spreads and Open Interest

Comments:

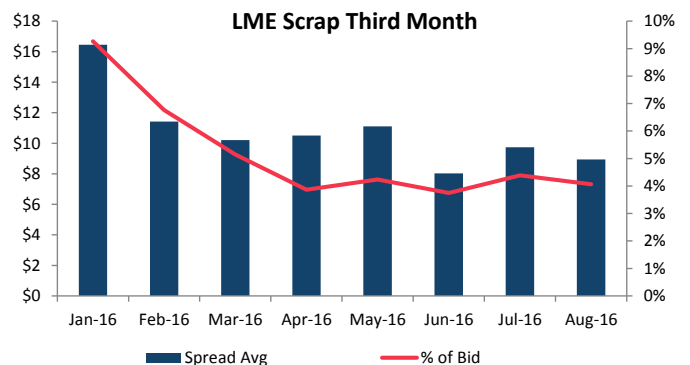
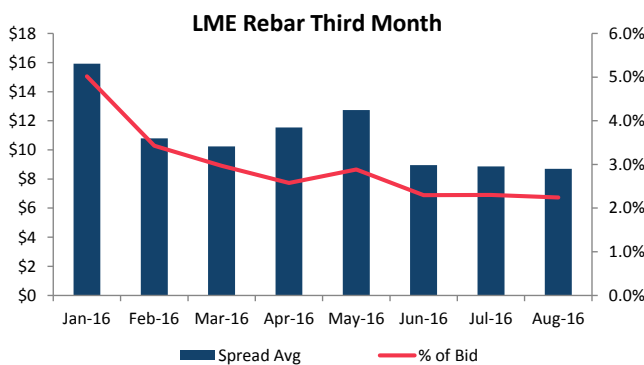
In August 2016, LME Steel Rebar traded its second highest monthly tonnage since launch, equivalent to 7,830 metric tonnes and continued the upward trend since March. Volumes of LME Steel Scrap remained roughly flat month on month, and in August traded the equivalent of 30,160 metric tonnes.

Open interest grew for both contracts. LME Steel Scrap open interest reached a new record of 24,260 metric tonnes including 6,740 metric tonnes of August positions that were held to expiry. The majority of LME Steel Scrap open interest has been on the December 2016 contract since June, but positions are also being held out as far as June 2017. LME Steel Rebar open interest rebounded slightly after the July expiry. The closing 1,480 metric tonnes of rebar open interest is more evenly distributed amongst the front months. Growing open interest on the further dated contracts is evidence of the contracts growing use for hedging physical shipments.

The bid-ask spreads have stabilised since June and are averaging less than \$9 for LME Steel Rebar and LME Steel Scrap.



Bid-Ask Spreads (Third Month)



| | Spread Avg | % of Bid | Bid Size Average | Ask Size Average |
|-------------|------------|----------|------------------|------------------|
| January-16 | \$15.9 | 5.0% | 6.2 | 8.6 |
| February-16 | \$10.8 | 3.4% | 7.3 | 9.5 |
| March-16 | \$10.2 | 3.0% | 10.0 | 11.9 |
| April-16 | \$11.5 | 2.6% | 8.8 | 11.5 |
| May-16 | \$12.7 | 2.9% | 8.7 | 9.7 |
| June-16 | \$9.0 | 2.3% | 8.1 | 8.5 |
| July-16 | \$8.9 | 2.3% | 2.5 | 2.8 |
| August-16 | \$8.7 | 2.2% | 6.4 | 7.7 |

| | Spread Avg | % of Bid | Bid Size Average | Ask Size Average |
|-------------|------------|----------|------------------|------------------|
| January-16 | \$16.4 | 9.3% | 6.9 | 7.6 |
| February-16 | \$11.4 | 6.8% | 8.0 | 8.2 |
| March-16 | \$10.2 | 5.1% | 10.3 | 9.9 |
| April-16 | \$10.5 | 3.9% | 8.5 | 9.3 |
| May-16 | \$11.1 | 4.2% | 7.8 | 12.3 |
| June-16 | \$8.0 | 3.7% | 8.4 | 6.9 |
| July-16 | \$9.7 | 4.4% | 3.1 | 3.6 |
| August-16 | \$8.9 | 4.1% | 5.5 | 6.4 |

Note:
 Bid-Ask spreads are taken during active market making quoting hours 1pm - 5pm only
 Average bid-ask spreads are taken across the top 5 bids and asks
 Bid-Ask spreads are shown in \$ per mt, Outright Tick size is \$0.5/mt \$0.1/mt for carries

Data as of 9/2/2016

LME Steel Rebar

| | Price | Month Change (%) | Monthly Volume (lots) | Open Interest end of month | Open interest (lots) |
|--------------------------|----------|------------------|-----------------------|----------------------------|----------------------|
| Aug-16 | \$381.68 | -1.6% | 298 | Expired | 0 |
| Sep-16 | \$388.00 | -0.5% | 71 | 28 | Sep-16 |
| Oct-16 | \$388.00 | -2.5% | 171 | 41 | Oct-16 |
| Nov-16 | \$388.00 | -1.8% | 111 | 35 | Nov-16 |
| Dec-16 | \$388.00 | -1.8% | 111 | 35 | Dec-16 |
| Jan-17 | \$388.00 | -1.8% | 9 | 3 | Jan-17 |
| Feb-17 | \$388.00 | -1.8% | 12 | 2 | Feb-17 |
| Mar-17 | \$389.00 | -1.5% | 0 | 2 | Mar-17 |
| Apr-17 | \$389.00 | -1.5% | 0 | 1 | Apr-17 |
| May-17 | \$389.00 | -1.5% | 0 | 1 | May-17 |
| Jun-17 | \$389.00 | -1.5% | 0 | 0 | Jun-17 |
| Jul-17 | \$389.00 | -1.5% | 0 | 0 | Jul-17 |
| Aug-17 | \$389.00 | -1.5% | 0 | 0 | Aug-17 |
| Sep-17 | \$389.00 | -1.5% | 0 | 0 | Sep-17 |
| Aggregate: | | | 783 | 148 | |
| Number of trades: | | | 128 | | |

LME Steel Scrap

| | Price | Month Change (%) | Monthly Volume (lots) | Open Interest end of month | Open interest (lots) |
|--------------------------|----------|------------------|-----------------------|----------------------------|----------------------|
| Aug-16 | \$227.18 | -2.5% | 683 | Expired | 0 |
| Sep-16 | \$217.00 | -8.8% | 494 | 167 | Sep-16 |
| Oct-16 | \$217.00 | -7.7% | 138 | 214 | Oct-16 |
| Nov-16 | \$219.00 | -6.0% | 219 | 237 | Nov-16 |
| Dec-16 | \$214.00 | -6.1% | 526 | 625 | Dec-16 |
| Jan-17 | \$215.00 | -4.4% | 193 | 59 | Jan-17 |
| Feb-17 | \$215.00 | -4.4% | 163 | 51 | Feb-17 |
| Mar-17 | \$215.00 | -4.4% | 150 | 51 | Mar-17 |
| Apr-17 | \$215.00 | -4.4% | 150 | 200 | Apr-17 |
| May-17 | \$215.00 | -4.4% | 150 | 50 | May-17 |
| Jun-17 | \$215.00 | -4.4% | 150 | 50 | Jun-17 |
| Jul-17 | \$215.00 | -4.4% | 0 | 0 | Jul-17 |
| Aug-17 | \$215.00 | -4.4% | 0 | 0 | Aug-17 |
| Sep-17 | \$215.00 | -4.4% | 0 | 0 | Sep-17 |
| Aggregate: | | | 3016 | 1704 | |
| Number of trades: | | | 480 | | |

Rebar Average Bid-Ask Spread \$/mt, Size in lots

| | Prompt Month | | | Avg Bid Size | Avg Ask Size |
|---------------------|--------------|-------------|-------------|--------------|--------------|
| | August | Sept | Oct | (lots) | (lots) |
| 1-Aug | 10.0 | 10.0 | 6.3 | 11.71 | 9.01 |
| 2-Aug | 10.0 | 9.9 | 8.5 | 10.86 | 10.16 |
| 3-Aug | 9.2 | 10.5 | 8.9 | 7.32 | 7.30 |
| 4-Aug | 9.6 | 6.3 | 5.0 | 6.74 | 4.66 |
| 5-Aug | 9.6 | 7.7 | 8.2 | 8.19 | 6.05 |
| 8-Aug | 3.8 | 10.0 | 6.9 | 3.72 | 5.26 |
| 9-Aug | 4.8 | 6.4 | 8.6 | 1.77 | 8.89 |
| 10-Aug | 4.4 | 10.0 | 11.5 | 5.57 | 6.20 |
| 11-Aug | 6.7 | 8.9 | 9.3 | 3.70 | 5.12 |
| 12-Aug | 5.7 | 10.4 | 8.4 | 5.54 | 3.03 |
| 15-Aug | 5.9 | 9.3 | 8.5 | 1.00 | 7.93 |
| 16-Aug | 7.7 | 10.5 | 9.6 | 7.18 | 5.28 |
| 17-Aug | 9.1 | 9.8 | 9.4 | 3.55 | 5.79 |
| 18-Aug | 10.5 | 9.3 | 9.6 | 4.75 | 4.92 |
| 19-Aug | 10.3 | 10.5 | 10.0 | 9.80 | 8.31 |
| 22-Aug | 10.0 | 9.6 | 9.9 | 8.37 | 8.07 |
| 23-Aug | 10.0 | 10.0 | 10.0 | 14.07 | 13.02 |
| 24-Aug | 9.8 | 9.8 | 10.7 | 10.38 | 4.46 |
| 25-Aug | 5.6 | 7.5 | 8.3 | 5.03 | 5.65 |
| 26-Aug | 5.5 | 6.9 | 7.1 | 4.81 | 2.50 |
| 30-Aug | 12.5 | 10.3 | 10.4 | 4.97 | 5.81 |
| 31-Aug | | 8.7 | 9.9 | 12.3 | 10.2 |
| Aug Average | 7.2 | 9.1 | 8.7 | 5.9 | 5.8 |
| July Average | 10.5 | 10.3 | 9.1 | 5.5 | 6.0 |
| MoM change | -3.2 | -1.2 | -0.4 | 0.4 | -0.2 |

Scrap Average Bid-Ask Spread \$/mt, Size in lots

| | Prompt Month | | | Avg Bid Size | Avg Ask Size |
|-------------|--------------|-------------|------------|--------------|--------------|
| | August | Sept | Oct | (lots) | (lots) |
| 10.0 | 9.5 | 9.0 | 6.5 | 4.9 | |
| 10.0 | 9.6 | 8.9 | 6.4 | 5.4 | |
| 8.8 | 10.3 | 11.4 | 5.4 | 5.2 | |
| 7.1 | 9.3 | 9.2 | 6.4 | 6.2 | |
| 3.5 | 9.5 | 7.9 | 6.4 | 4.1 | |
| 8.8 | 9.8 | 8.4 | 6.7 | 6.6 | |
| 8.2 | 10.0 | 10.0 | 2.8 | 5.7 | |
| 6.6 | 9.7 | 9.4 | 5.3 | 5.7 | |
| 7.2 | 9.9 | 10.0 | 4.2 | 4.6 | |
| 6.7 | 4.4 | 4.0 | 8.4 | 4.6 | |
| 5.4 | 9.0 | 9.3 | 8.3 | 3.1 | |
| 3.5 | 6.9 | 8.4 | 7.9 | 4.2 | |
| 10.3 | 6.9 | 7.7 | 12.1 | 2.7 | |
| 7.1 | 9.2 | 9.1 | 3.4 | 3.9 | |
| 4.3 | 9.5 | 9.3 | 8.5 | 6.1 | |
| 8.1 | 9.6 | 9.5 | 6.2 | 6.4 | |
| 4.6 | 10.5 | 10.3 | 9.1 | 7.0 | |
| 7.7 | 8.8 | 8.8 | 8.9 | 5.6 | |
| 6.7 | 10.4 | 9.8 | 9.4 | 4.9 | |
| 6.9 | 10.6 | 7.2 | 10.0 | 4.7 | |
| 9.0 | 9.5 | 9.5 | 5.5 | 4.1 | |
| 5.8 | 11.0 | 11.1 | 7.6 | 6.2 | |
| 7.1 | 9.2 | 9.1 | 6.0 | 5.0 | |
| 10.2 | 10.2 | 9.9 | 5.0 | 4.6 | |
| -3.1 | -1.0 | -0.8 | 1.1 | 0.4 | |

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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