

Page 1: Price Review

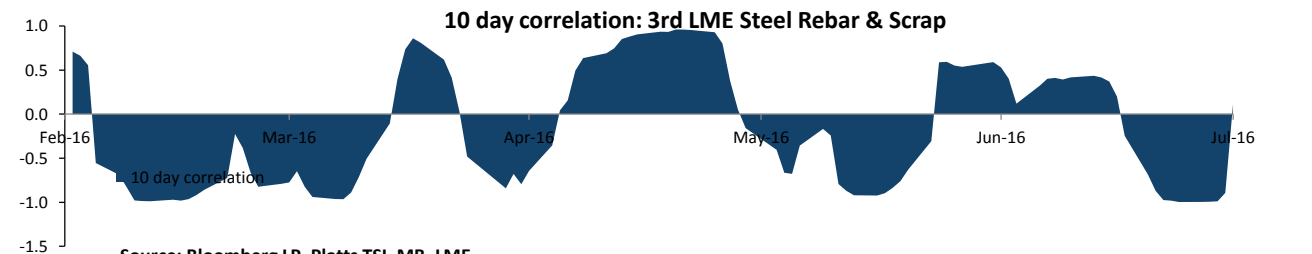
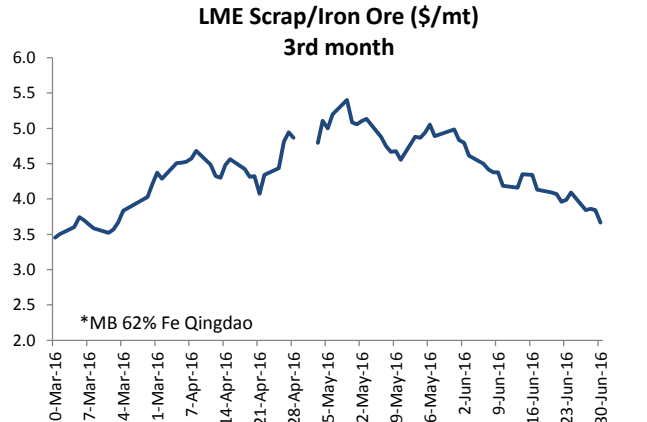
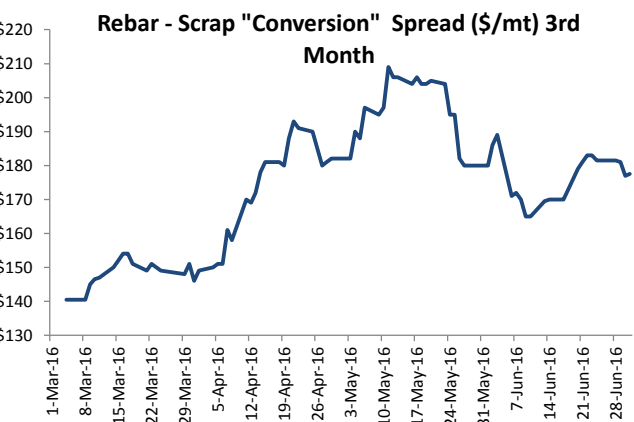
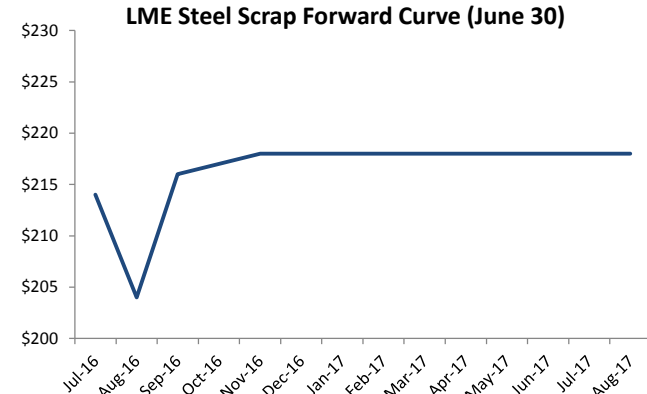
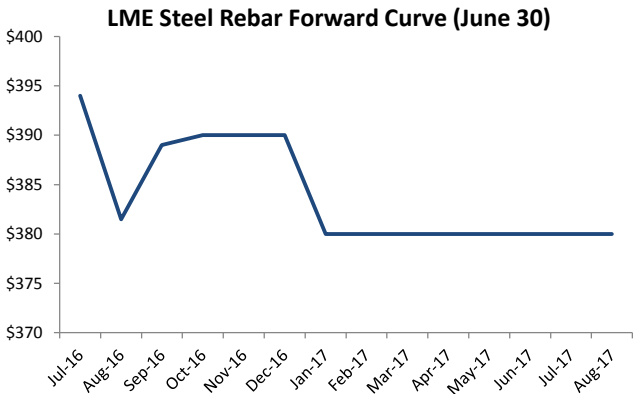
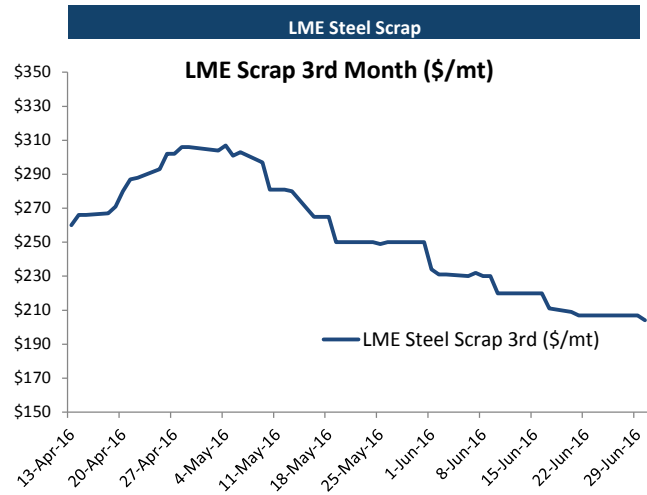
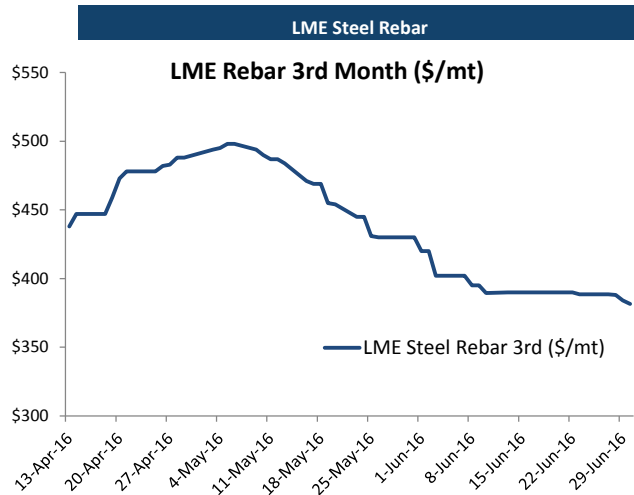
Comments:

On Thursday 30 June, LME Steel Rebar and LME Steel Scrap June contracts settled at **\$398.6/mt** and **\$228.7/mt** respectively, posting monthly declines of 7.3% and 8.5% respectively

The slide in LME Steel Rebar prices last month is in contrast to a 14% increase in the SHFE Rebar price. In May, as SHFE volumes began to normalise after an earlier surge, the SHFE Rebar price fell significantly more than the LME price, so that the LME traded at a record ratio as high as 1.9x (SHFE in USD, Ex-VAT/LME) compared to an earlier 1.2-1.5 x range . The divergent price moves in June 2016 puts the ratio back in line.

LME Steel Scrap prices also slid less than iron ore prices last month and the price ratio is now at its lowest since March 2016.

In June 2016, both LME Steel Rebar and LME Steel Scrap forward curves became more steeply backwarddated to August. At the close of the month the LME Steel Scrap August contract was trading at a \$10 discount to July and LME Steel Rebar August was \$13.5/mt below the July price. After August both forward prices increase until the end of 2016, but the LME Steel Rebar curve then also prices in a further drop into 2017.

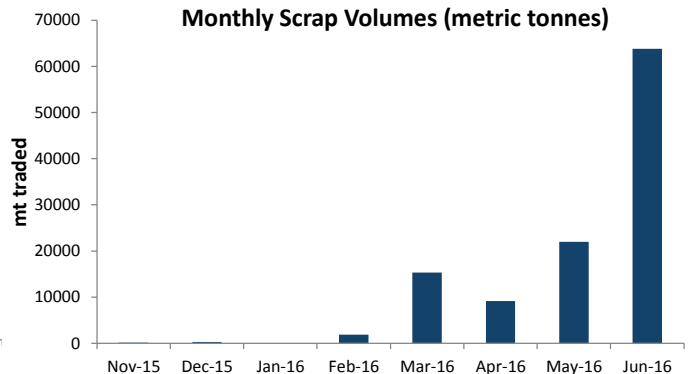
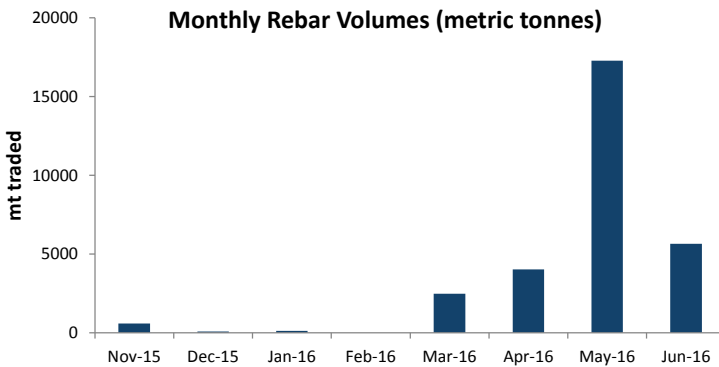
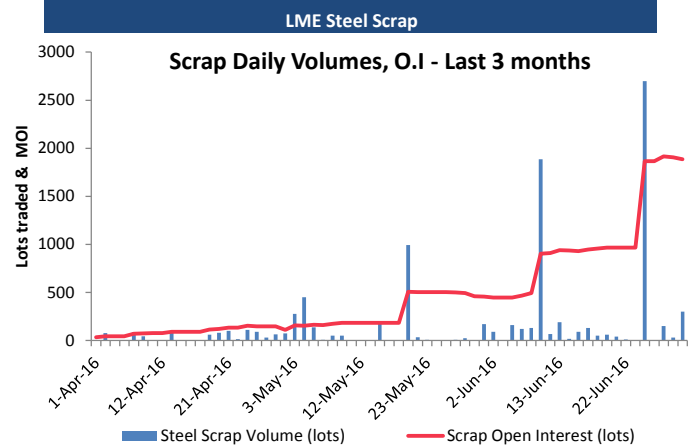
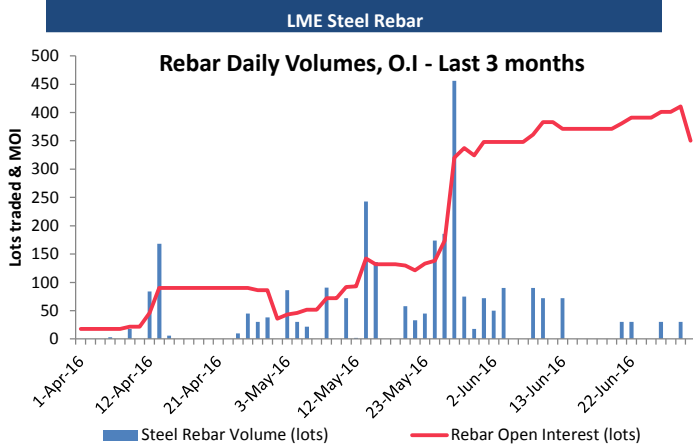


Page 2: Volume, Spreads and Open Interest

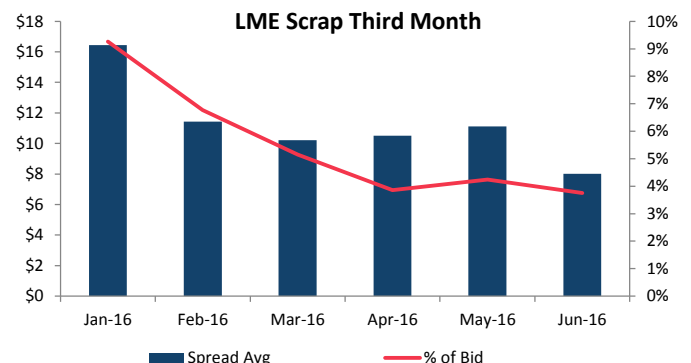
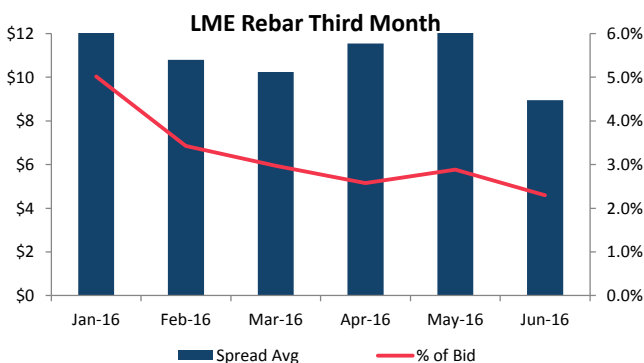
Comments:

In June 2016, LME Steel Scrap had a new record month with the equivalent of 63,770mt of scrap traded. This included two large volume days of 18,860mt on 9 June and 27,000mt on 24 June. LME Steel Rebar also traded its second highest month with volume equivalent to 5,660mt. A growing number of large trade sizes is the result of the growing number of telephone trades, since the first such trade was announced in May. June 2016 also saw the first trade for LME Steel Rebar and LME Steel Scrap executed by an Introducing Broker: FIS*.

Following the record trading days, LME Steel Scrap open interest has jumped to new highs equivalent to 18,870mt. LME Steel Rebar open interest had jumped at the end of May, but also continued to climb last month and reached a high of 4,110mt. Bid-ask spreads on both third month contracts also averaged new lows in June of \$8/mt and \$9/mt, which is below \$10/mt for the first time since the contracts launched.



Bid-Ask Spreads (Third Month)



	Spread Avg	% of Bid	Bid Size Average	Ask Size Average
December 2015	\$17.5	5.5%	8.0	8.2
January 2016	\$15.9	5.0%	6.2	8.6
February 2016	\$10.8	3.4%	7.3	9.5
March 2016	\$10.2	3.0%	10.0	11.9
April 2016	\$11.5	2.6%	8.8	11.5
May 2016	\$12.7	2.9%	8.7	9.7
June 2016	\$9.0	2.3%	8.1	8.5

	Spread Avg	% of Bid	Bid Size Average	Ask Size Average
December 2015	\$16.2	9.1%	7.8	7.1
January 2016	\$16.4	9.3%	6.9	7.6
February 2016	\$11.4	6.8%	8.0	8.2
March 2016	\$10.2	5.1%	10.3	9.9
April 2016	\$10.5	3.9%	8.5	9.3
May 2016	\$11.1	4.2%	7.8	12.3
June 2016	\$8.0	3.7%	8.4	6.9

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

* See FIS press release dated 28th June 2016:
 Turkish delight as FIS brokers first trade on LME rebar and scrap

Data as of 01/07/2016

LME Steel Rebar						
	Price	Month Change (%)	Monthly Volume	Open Interest end of month		
Jun-16	\$398.60	-7.3%	66	Expired	(Now Expired)	
Jul-16	\$394.00	-8.4%	168	73		
Aug-16	\$381.50	-9.2%	308	92		
Sep-16	\$389.00	-7.4%	6	11		
Oct-16	\$390.00	-6.7%	6	50		
Nov-16	\$390.00	-6.0%	6	50		
Dec-16	\$390.00	-6.0%	3	50		
Jan-17	\$380.00	-8.4%	3	3		
Feb-17	\$380.00	-8.4%	0	2		
Mar-17	\$380.00	-8.4%	0	2		
Apr-17	\$380.00	-8.4%	0	1		
May-17	\$380.00	-8.4%	0	1		
Jun-17	\$380.00	-8.4%	0	0		
Jul-17	\$380.00	-8.4%	0	0		
Aggregate:			566	350		
Number of trades:			84			

LME Steel Scrap						
	Price	Month Change (%)	Monthly Volume	Open Interest end of month		
Jun-16	\$228.70	-8.5%	106	Expired		
Jul-16	\$214.00	-14.4%	627	207		
Aug-16	\$204.00	-18.4%	1144	260		
Sep-16	\$216.00	-13.6%	600	102		
Oct-16	\$217.00	-10.3%	600	200		
Nov-16	\$218.00	-9.9%	600	215		
Dec-16	\$218.00	-9.9%	1800	600		
Jan-17	\$218.00	-9.9%	150	51		
Feb-17	\$218.00	-9.9%	150	51		
Mar-17	\$218.00	-9.9%	150	51		
Apr-17	\$218.00	-9.9%	450	150		
May-17	\$218.00	-9.9%	0	0		
Jun-17	\$218.00	-9.9%	0	0		
Jul-17	\$218.00	-9.9%	0	0		
Aggregate:			6377	1887		
Number of trades:			261			

Rebar Average Bid-Ask Spread \$/mt, Size in lots					
	Prompt Month			Avg Bid Size	Avg Ask Size
	June	July	August	(lots)	(lots)
1-Jun	11.4	14.3	10.0	9.8	10.1
2-Jun	10.3	10.5	9.3	8.6	8.9
3-Jun	10.6	9.4	9.8	7.8	6.6
6-Jun	8.3	6.9	10.0	16.8	7.7
7-Jun	10.6	10.2	10.9	10.9	12.0
8-Jun	10.4	11.8	9.5	13.4	8.5
9-Jun	8.6	10.2	10.6	12.2	9.2
10-Jun	10.0	9.0	9.5	15.0	12.5
13-Jun	8.0	13.0	12.0	15.0	8.0
14-Jun	9.1	16.0	9.0	8.8	12.1
15-Jun	11.2	9.9	10.1	5.7	8.3
16-Jun	11.0	10.1	9.9	7.3	8.2
17-Jun	9.5	10.1	11.7	6.0	7.7
20-Jun	9.2	10.0	8.0	15.9	14.5
21-Jun	14.3	19.0	7.5	10.3	9.8
22-Jun	12.8	11.5	8.6	10.8	9.5
23-Jun	12.4	17.3	3.5	9.6	11.1
24-Jun	12.3	16.3	5.5	10.9	8.6
27-Jun	6.0	8.8	11.0	13.0	8.6
28-Jun	7.2	8.0	5.5	9.4	6.4
29-Jun	9.5	8.0	3.2	2.4	6.8
30-Jun	9.0	8.9	3.0	5.9	3.2
June Average	10.8	10.9	9.0	9.1	8.4
	May	June	July	Bid	Ask Size
May Average	13.8	12.8	12.7	10.9	8.8
MoM change	-3.0	-1.8	-3.8	-1.8	-0.4

Scrap Average Bid-Ask Spread \$/mt, Size in lots					
	Prompt Month			Avg Bid Size	Avg Ask Size
	June	July	August	(lots)	(lots)
1-Jun	11.5	15.3	13.5	10.3	9.4
2-Jun	11.7	11.1	9.5	10.5	5.9
3-Jun	11.9	9.7	7.5	9.8	7.6
6-Jun	8.4	9.7	7.5	10.7	10.9
7-Jun	11.8	14.1	3.9	11.7	8.8
8-Jun	9.3	10.2	7.7	16.1	8.3
9-Jun	10.5	12.2	10.3	11.1	10.4
10-Jun	8.4	8.4	9.2	12.3	9.3
13-Jun	9.1	10.6	9.6	11.5	9.6
14-Jun	8.5	7.0	8.0	3.5	8.9
15-Jun	10.6	8.5	9.8	5.0	9.2
16-Jun	10.5	10.1	8.2	7.0	8.7
17-Jun	10.7	5.3	4.7	4.6	8.4
20-Jun	12.2	11.3	10.0	9.4	10.0
21-Jun	10.4	11.8	8.4	11.7	9.3
22-Jun	7.6	8.8	7.8	11.7	10.6
23-Jun	7.6	14.5	8.5	10.9	7.7
24-Jun	8.7	14.8	7.0	9.6	7.4
27-Jun	6.1	9.5	9.4	9.3	8.0
28-Jun	8.5	9.4	3.1	8.3	9.8
29-Jun	7.5	12.5	7.4	3.8	7.6
30-Jun	6.0	8.8	5.4	3.4	9.5
June Average	9.8	9.9	8.3	8.5	9.0
	May	June	July	Bid	Ask Size
May Average	13.8	14.0	12.0	11.5	8.3
MoM change	-3.9	-4.1	-3.7	-3.0	0.7

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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