

CRU Prices

Stainless scrap prices

Methodology and

Definitions Guide

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Methodology and Definitions Guide - Stainless scrap prices

1 Scope

This guide covers Stainless scrap prices in all geographical markets and should be read in conjunction with the *CRU Group Compliance Framework and Methodology Guide*. It details commodity-specific methodology which have precedence, with all other aspects covered by the Group methodology guide.

2 Methodology

Data Submitters

Data Submitters collectively represent the entire physical supply chain and can include stainless scrap buyers (stainless steel mills), traders/dealers, processors and collectors. They must have access to data relating to actual spot market transactions (a purchase or a sale), bid/offer information or be able to provide a credible opinion on such prices in the absence of any other data over the relevant time period. They are therefore typically employed in sales or marketing functions on the sell side and purchasing functions on the buy side, or act in a trading function. Data Submitters may also include individuals in finance functions if they can provide the same. CRU actively seeks new Data Submitters and will consider unsolicited applications to become a Data Submitter. Potential new Data Submitters are vetted on a case-by-case basis but are not required to sign a Data Providers' Agreement.

Data submitted and submission processes

Any price data provided to CRU must meet the relevant product definitions. For each product, data submitters provide CRU with a single price figure or a range of prices relating to all spot sales or purchases concluded relevant to the current month of delivery. In the absence of actual transaction data, firms bids/offers or an opinion of the prevailing market price in the same period can be submitted. The type of price data submitted (actual transaction, firm bid/offer or opinion) should be indicated to CRU. Industry participants can submit prices to CRU by telephone, email, private one-to-one instant messenger services, facsimile, or other private means of communication.

Final price calculation

Although no specific statistical checks are in place to detect errors, the price submissions are collected by experienced CRU price assessors. As such, submissions which are regarded as suspect - whether this be because of the variance from that contributor's last submission or the variance from the average of the other contributors' submissions - are questioned at the time of the survey or, if necessary, by speaking to the participant for a second time. If a satisfactory answer is not received, the contribution is not taken into account when arriving at the final price assessment. Final prices are arrived at using the expert judgement of the CRU price assessor, taking into account the price points and type of price points they may have received from market participants. Where a mix of price types have been received, greater subjective weighting will generally be given to transaction prices, then firm bid/offer prices, then indicative bid/offer prices, then opinions of prices in that order.

Price determination in an illiquid market

In the cases of zero submissions or where all submissions were deemed inadmissible, expert judgement would be used to determine the final price value. This choice would be based on: observation of the previous month's prices; short term historical price trends; other quantitative market data including prices in other related active markets; qualitative information such as that received from interactions with market participants or other CRU analysts, and; other sources of information relevant to the spot market.

The price assessor will use their judgement to evaluate the volume, quality and coherence of any such market information they may possess. If one or more of these factors in combination does not provide a sufficiently clear indication of the direction and extent of market movement to allow the price assessor to confidently change the price from the previous value, the prior value would be rolled over to form the current period value.

Final price publication

CRU's stainless steel scrap prices are published to customers of CRU's *Nickel Monitor*, associated *Nickel Prices Basket*, via FTP data feeds and available in DataLab.

3 Definitions

Stainless scrap prices

EU Stainless Steel Scrap DAP *[Discontinued]*

DataLab Name: Scrap, Spot premium; Europe, DAP

Material:	Stainless scrap 304—min. 8% nickel, 17% ferrochrome
Price basis:	Delivered to stainless mill DAP
Size:	20 Mt truckload
Type:	Spot
Currency:	US dollar
Weight Unit:	Metric tonne
Dimensions:	Maximum 1.5m by 1.5m scrap
Delivery:	Delivery in month of assessment
Pricing:	Business reported on sellers to buyer's basis – no inter-trade activity

US Stainless Scrap DAP *[Discontinued]*

DataLab Name: Scrap, Spot premium; USA, DAP

Material:	Stainless scrap 304—min. 8% nickel, 17% ferrochrome
Price basis:	Delivered to stainless mill DAP
Size:	20 mt truckload
Type:	Spot
Currency:	US dollar
Weight Unit:	Metric tonne
Dimensions:	Maximum 1.5m by 1.5m scrap
Delivery:	Delivery in month of assessment
Pricing:	Business reported on sellers to buyer's basis – no inter-trade activity

Far East Stainless scrap DAP *[Discontinued]*

DataLab Name: Scrap, Spot premium; Asia, Far East, DAP

Material:	Stainless scrap 304—min. 8% nickel, 17% ferrochrome
Price basis:	Major Taiwan ports CIF
Size:	20 mt to 25 mt container
Type:	Spot
Currency:	US dollar
Weight Unit:	Metric tonne
Dimensions:	Maximum 1.5m by 1.5m scrap
Timing:	Delivery in month of assessment
Pricing:	Business reported on sellers to buyer's basis – no inter-trade activity