

Ferrous Scrap Marker Price Methodology and Specifications

Effective April 2025

Introduction

This statement of methodology for McCloskey by OPIS, a Dow Jones company [“McCloskey”] price assessments reflect fundamental principles that form the foundation for McCloskey’s price reporting service. This statement of methodology also includes detailed information on the calculation of McCloskey’s price assessments and the specifications for the various products assessed.

As ferrous scrap markets change, McCloskey’s methodology for assessing prices will continue to evolve.

The McCloskey price assessment services team is comprised of specialist reporters and analysts in Europe, Asia and North America. The McCloskey team undertakes price discovery of the physical markets on a daily basis according to the specifications outlined in this statement of methodology.

For questions regarding price assessments, please contact Alex Reynolds at AReynolds@opisnet.com, or Marian Hookham at MHookham@opisnet.com. OPIS also has compliance staff independent of the editorial group. For more information, please contact OPIS Risk Management and Compliance Director at OPIS_Compliance_Team@opisnet.com.

McCloskey Publications

McCloskey publishes weekly and monthly ferrous scrap price assessments, market commentary, news, and analysis online through its business intelligence platform and in the following publications.

- **Ferrous Scrap Weekly Report**, (published on a Friday) and part of McCloskey’s **Steel Raw Materials** suite. Offerings include daily market intelligence and price updates focusing on the global metallurgical coal, coke, iron ore, steel/green steel, ferrous scrap and ferroalloys (and associated ore feedstock) markets.

Methodology Overview

McCloskey produces physical price assessments, termed “markers,” for the major traded ferrous scrap hubs – both global and domestic. These assessments are published weekly and monthly. Weekly assessments are published on Fridays in **Ferrous Scrap Weekly Report** on McCloskey’s business intelligence platform. The monthly prices are reference prices for US domestic ferrous scrap agreed by the industry each month and published by McCloskey when they are agreed, usually in the first half of the month on the McCloskey business intelligence platform.

All McCloskey markers share the following features and standards:

Basis of McCloskey Methodology

McCloskey assesses the ferrous scrap markets using a methodology that has been designed to reflect the way markets trade. The principal purpose of the methodology is to produce price markers that are fair, consistent, and reliable indicators of standard market values in the markets being assessed. As a result, the assessment locations, standard traded units, and other particulars of a marker are determined by industry conventions.

McCloskey uses the trading period deemed by McCloskey, in consultation with the industry, to be the most appropriate to capture market liquidity. In order to be included in the assessment process, deals must meet the minimum volume, delivery, timing and specification requirements as set forth in this Ferrous Scrap Marker Price Methodology and Specifications guide (the “Methodology”).

McCloskey markers are informed by data received from active market participants including physical brokers. Market reporters engage with the industry by proactively polling participants for market data. McCloskey will accept market data from all credible market sources, including electronic trading platforms. McCloskey will accept market data by telephone, instant messenger, email or other means.

McCloskey encourages parties that submit market data to submit all their market data that falls within the stated methodological criteria for the relevant marker. McCloskey encourages all sources of market data to submit transaction data from back-office functions. McCloskey will seek to ensure, so far as is able and is reasonable, that transaction data submitted are representative of all the submitter’s actual physical concluded fixed priced transactions.

Throughout all markets, McCloskey is constantly seeking to increase the number of companies willing to provide market data. Market reporters are mentored and encouraged to expand their pool of contacts. The number of entities providing market data can vary significantly from day to day based on market conditions.

Judgment Guidelines

As part of the price reporting process, market reporters are required to use their professional judgment, to ensure the reliability of the data and marker compilation process. McCloskey has set forth guidelines throughout this Methodology to ensure that the use of judgment is consistent and fair. These guidelines can be found in the following sections of this Methodology:

- Anomalous or suspicious transactions
- Additional checks and analysis
- Transactions and survey weightings

McCloskey has developed a Price Reporting Manual that details the process for compiling each specific marker. In addition, McCloskey has developed a programme of training and oversight of market reporters that helps ensure uniformity in the application of judgment. The key elements of this programme include:

1. An initial course of training that explains and defines the parameters for the exercise of judgment
2. Suitably sourced staffing to ensure proper backup for sick days, vacations, etc.
3. Oversight of reporting teams by experienced market editors that are involved in daily mentoring and assisting in the application of judgment
4. A requirement that market editors (approvers) sign-off on all markers

Market Data Application and Thresholds

The specifications defined in the methodology and data used to compile each marker is deemed to be the most representative for that market. McCloskey will utilize various types of market data in compiling its markers, including:

- Transactions
- Bids and offers
- Other market information

Transaction information is the preferred source of data for the markers. However, depending on the liquidity of the markets being assessed, other information can be, and is used, such as bids and offers and other market information. This can be in combination with transactions, or can substitute transactions, depending on the market liquidity and specific market circumstances.

Consequently, in most markets there will be a relatively higher rank given to transactions over bids and offers and other market information in the compilation process.

McCloskey does not establish strict thresholds based on a count of completed transactions. McCloskey does, however, use transaction levels to determine the weighting between weighted average of price transactions and other market information (see “Transactions and Survey Weightings” below). A strict adherence to a transaction-based threshold could lead to unreliable and non-representative markers because of the varying logistics found in the ferrous scrap markets, which determine the typical size of the transaction.

Verification of Transaction Data

Market reporters carefully evaluate all data gathered before it is used in the price compilation process. These data inputs include transactions, bids, offers, volumes, counterparties, specifications and any other information that contributes materially to the determination of a marker. Specific to transactions and bids and offers, market reporters seek to verify and validate the price, volume, specifications, and location basis, and, with regard just to transactions, the counterparties.

Market reporters examine all the reported transactions to avoid duplication.

In order to promote transparency in the ferrous scrap markets, McCloskey seeks to inform the market of any deals it identifies and significant movements of bids and offers through Steel Raw Materials Daily.

Scrutiny of Transactions

McCloskey has created guidelines that control the exercise of judgment by its market reporters. Market reporters are trained to identify anomalous or suspicious transactional data that merit further investigation to verify if they are bona fide data for inclusion in the index compilation process. If a transaction has been identified by a market reporter as anomalous or suspicious, it will be escalated to the markets editor. Further checks and analysis will be conducted by the markets editor when an anomalous or suspicious transaction is identified for further examination.

Anomalous or Suspicious Market Data

The following types of market data have been identified by McCloskey as potentially anomalous or suspicious:

- Transactions not transacted at arm's length, including deals between related parties or affiliates.
- Transaction prices that fall outside of the generally observed bids and offers that operated throughout the trading period.
- In the absence of observed bids and offers, transaction prices that deviate significantly from transactions seen for that trading period.
- Assessments of fair value that fall outside the reasonable parameters set by transactional information.
- Transactions that are suspected to be a leg of another transaction or in some way contingent on an unknown transaction.
- Transactions, bids and offers that deviate from the typical transaction volumes seen in that market.
- Any other transaction details that appear to stray from the usual trading behaviour seen in that market, including, but not limited to:
 - repeated trading activity in periods or pools of potentially low liquidity, such as the margins of the defined trading window (such as very early or very late deals),
 - counterparties not typically seen, – divergent specifications and – unusual delivery locations.
 - or specific delivery location in a port range that may have time specific issues affecting price.
- This will include transactions that are identified by other market participants as being, for any reason, potentially anomalous.
- Discrepancy in transaction details reported by counterparties.

Additional Checks and Analysis

The markets editor and market reporter(s) will undertake the following transactional and source analysis when a potentially anomalous or suspicious transaction is identified for further examination. They will assess the following transaction-based factors:

- The nature of the linkage of the perceived anomalous or suspicious transaction to other possible transactions
- The differences between counterparties on transactional details
- The impact of other factors on price and/or volume, including scheduling and logistic issues, demurrage issues and credit issues

The markets editor will also assess the following source-based factors:

- Whether the explanation provided by the source for the outlying nature of the transaction is plausible
- The credibility of the source. Sources will be deemed more credible if they (i) adhere to the reporting standards outlined in this Methodology; (ii) quickly respond to queries from market reporters; and (iii) have staff designated to respond to such queries.
- Whether the timing of the provision of information impacts the verification and validation process

Should this process determine that a transaction be excluded from the price assessment process, the markets editor will approve the exclusion and document the rationale. For markers used to settle derivatives, McCloskey has established internal procedures that involve escalating review within McCloskey management and, if necessary, notification and escalation of inquiry within the source's company.

Corrections to markers

If warranted by the circumstances, McCloskey may publish corrections to markers after the publication date. McCloskey will typically correct material errors that arise from the improper entry of information, the erroneous calculation of market data, misreported information, or the incorrect application of the stated methodology. However, McCloskey will not retroactively assess markets based solely on new information learned after the publication date of the relevant marker.

Corrections to markers will be conducted in accordance with the Price Assessments Correction policy.

Compliance and Ethics

McCloskey has implemented extensive compliance policies and procedures in accordance with the best practices of the price reporting industry. These include a comprehensive ethics policy that applies to all the McCloskey Price Reporting staff. The OPIS & McCloskey Compliance Manual acts as the Price Reporting Agency (PRA) editorial code of ethics and is an expression of OPIS' intent to set out ideals for the ethical conduct of PRA personnel in the performance of their price assessment activities.

Review of Methodology

To ensure that they are representative of the market being assessed, McCloskey conducts reviews of its methodologies on both an internal and external basis. McCloskey conducts a formal review of its methodologies and attendant documents on at least an annual basis. Externally, McCloskey is in regular contact with market participants as such market participants are not only well situated to know the particulars of the market but have a vested interest in the implementation of accurate and relevant methodologies. When conducting its reviews, McCloskey will consider a myriad of factors, including, but not limited to, activity in the market, visibility of market data and current and anticipated industry usage of the marker.

If the review process recommends a material change to the methodology, or termination of an existing benchmark, the markets editor will submit a proposal to McCloskey Editorial management for review.

Changes to Methodology

If either an internal or external review of a methodology results in a potential material change to the methodology or cessation of a benchmark, McCloskey will begin formal procedures for external consultation. Materiality is subject to professional judgment and considers the impact of the proposed change on the decision making of stakeholders.

The Market

Unless otherwise stated, McCloskey markers assess physical business for delivery or loading largely over a prompt two calendar month period. To merit inclusion in the McCloskey assessment process, transactional data and survey responses must meet standard specification guidelines. Unless otherwise stated all international traded prices are assessed in US dollars and US cents per metric tonne.

Transactional Data

Weekly Ferrous Scrap markers

The McCloskey price reporting team assesses certain ferrous scrap markers on a weekly basis. The prices for physical trades for the weekly markers are the trades assessed on the day the prices are published. Where available, bids and offers are tracked on the day prices are published and best bids and offers will take precedence.

In addition to tracking physical business, the McCloskey price reporting team also undertakes a weekly survey of the market. Market participants are asked where they see the market in terms of deals done and bid/offer levels on the day. Any values assessed through the week may be reflective of the market level on the day of assessment.

Monthly markers

The monthly ferrous scrap markers are not "assessed" numbers. For each of the scrap types below there is one specific settlement price or price range that most suppliers and steelmakers agree upon on a US dollar per gross tonne basis (\$/gt) basis, which can occur on any one day in the first half of the month depending on how prolonged negotiations are from the first few days of the month. Each price is based on a minimum trade size of 500 gross tonnes, and for delivery within 30 days of the "settlement day". Quality for HMS1 and Shredded is the same as markers above. Busheling is clean ferrous scrap, does not exceed 12 inches in any dimension, and comes from stampings and sheet clips from metal production including automotive production.

Marker Timing

Weekly markers

The cut off point for trades and survey numbers being accepted for inclusion in the calculation of the ferrous scrap markers is 17:00 UK time on Friday. Trades done after this time will not be included in the weekly markers compilation.

On days before major holidays the marker trade and survey deadlines may be brought forward in line with market participants' working schedules. These days are usually over the Christmas/New Year period and other Bank holidays. Market participants will be informed of any such changes to assessment times.

Trade Window and Monthly Rollovers

Weekly scrap markers will be assessed based on physical business with shipment within the next two months, unless specified. Markers will only be rolled over on a weekly basis if there are no physical business/survey indications during the weekly period, or if the weekly marker's assessment date falls on a public holiday.

Weekly Ferrous Scrap markers

HMS 80:20 CFR Turkey

The weekly Heavy Melt Scrap (HMS) 80:20 CFR Turkey marker assesses the price of premium quality HMS 1/2 80:20 delivered to Turkey. Prices are assessed on a CFR basis. The minimum cargo size is 10,000 tonnes. The marker will be assessed in US dollars per metric tonne.

The marker assesses scrap with the following quality parameters:

No.1 heavy melting scrap

Wrought iron or steel scrap 1/4 inch and over in thickness

Individual pieces not more than 36x18 inches.

Trade Window: Delivery period 2-14 weeks

Shredded Scrap CFR Turkey

The weekly Shredded Scrap CFR Turkey marker assesses the price of USA and Scandinavian shredded scrap delivered to Turkey. Prices are assessed on a CFR basis. The minimum cargo size is 10,000 tonnes. The marker will be assessed in US dollars per metric tonne.

The marker assesses ferrous scrap with the following quality parameters:

Shredded iron and steel scrap, magnetically separated

Unprepared No.1 and No.2 steel

Average density 50-70 pounds per cubic feet

Trade Window: Delivery period 2-14 weeks

Northern/Southern UK Dock DEL HMS 1/2 ferrous scrap

The weekly HMS 1/2 Ferrous Scrap Delivered Northern/Southern UK dock marker assesses the average price of HMS 1/2 scrap delivered to ports along the west coast, east coast and south coast of the UK. Prices are assessed on a delivered basis. The minimum trade size is 200 tonnes. The marker will be assessed in Pound Sterling per metric tonne.

The marker assesses ferrous scrap with the following quality and delivery parameters:

No.1 heavy melting scrap

Wrought iron or steel scrap ¼ inch and over in thickness

Individual pieces no more than 36x18 inches

Trade Window: Delivery within 0-30 days

HMS 1/2 Ferrous Scrap FOB Amsterdam

The weekly HMS 1/2 Ferrous Scrap FOB Amsterdam marker assesses the price of HMS 1/2 scrap loaded at the port of Amsterdam. Prices are assessed on a FOB basis. The minimum cargo size is 10,000 tonnes. The marker will be assessed in US dollars per metric tonne.

The marker assesses ferrous scrap with the following quality and delivery parameters:

No.1 heavy melting scrap

Wrought iron ore steel scrap ¾ inch and over in thickness

Individual pieces no more than 36x18 inches

Trade Window: Delivery period 2-14 weeks

HMS 1/2 Ferrous Scrap Delivered Amsterdam Dock

The weekly HMS 1/2 Ferrous Scrap Delivered Amsterdam dock marker assesses the price of HMS 1/2 scrap delivered to Amsterdam port terminals. Prices are assessed on a delivered basis. The minimum trade size is 200 tonnes. The marker will be assessed in Euros per metric tonne.

The marker assesses ferrous scrap with the following quality and delivery parameters:

No.1 heavy melting scrap

Wrought iron ore steel scrap ¾ inch and over in thickness

Individual pieces no more than 36x18 inches

Trade Window: Delivery period 0-30 days

HMS1 Ferrous Scrap Delivered New York Dock

The weekly HMS1 Ferrous Scrap Delivered New York dock marker assesses the price of HMS1 scrap delivered to exporters' docks in the New York region. Prices are assessed on a delivered basis. The minimum trade size is 200 gross tonnes. The marker will be assessed in USD per gross tonne.

The marker assesses ferrous scrap with the following quality and delivery parameters:

No.1 heavy melting scrap

Wrought iron ore steel scrap ¾ inch and over in thickness

Individual pieces no more than 60x24 inches

Trade Window: Delivery period 0-30 days

HMS1 Ferrous Scrap Delivered New Jersey Dock

The weekly HMS1 Ferrous Scrap Delivered New Jersey dock marker assesses the price of HMS1 scrap delivered to exporters' docks in the New Jersey region. Prices are assessed on a delivered basis. The minimum trade size is 200 gross tonnes. The marker will be assessed in USD per gross tonne.

The marker assesses ferrous scrap with the following quality and delivery parameters:

No.1 heavy melting scrap

Wrought iron ore steel scrap ¾ inch and over in thickness

Individual pieces no more than 60x24 inches

Trade Window: Delivery period 0-30 days

HMS1 Ferrous Scrap Delivered Philadelphia Dock

The weekly HMS1 Ferrous Scrap Delivered Philadelphia dock marker assesses the price of HMS1 scrap delivered to exporters' docks in the Philadelphia region. Prices are assessed on a delivered basis. The minimum trade size is 200 gross tonnes. The marker will be assessed in USD per gross tonne.

The marker assesses ferrous scrap with the following quality and delivery parameters:

No.1 heavy melting scrap

Wrought iron ore steel scrap ¾ inch and over in thickness

Individual pieces no more than 60x24 inches

Trade Window: Delivery period 0-30 days

HMS1 Ferrous Scrap Delivered Boston Dock

The weekly HMS1 Ferrous Scrap Delivered Boston dock marker assesses the price of HMS1 scrap delivered to exporters' docks in the Boston region. Prices are assessed on a delivered basis. The minimum trade size is 200 gross tonnes. The marker will be assessed in USD per gross tonne.

The marker assesses ferrous scrap with the following quality and delivery parameters:

No.1 heavy melting scrap

Wrought iron ore steel scrap ¾ inch and over in thickness

Individual pieces no more than 60x24 inches

Trade Window: Delivery period 0-30 days

H2 Grade Scrap FOB Japan

The weekly H2 Grade Scrap FOB Japan marker assesses the price of Japanese H2 Grade Scrap on a FOB (Tokyo Bay) Basis.

The minimum cargo size is 3,000 tonnes. The marker will be assessed in Japanese Yen per metric tonne and published as a US Dollar equivalent.

The marker assesses ferrous scrap with the following quality and delivery parameters:

Heavy Scrap

Individual pieces not more than 500x1200 millimetres and between 3 and 6 millimetres in thickness

Trade Window: Delivery within 30-60 days

Indian Sponge Iron

The sponge iron price ex-works Durgapur (India) is a weekly marker assessing the price of sponge iron lump produced by using iron ore and thermal coal as inputs and sold to domestic consumers. The price does not include any local taxes. The minimum cargo size is 100 t. Prices are assessed in Indian rupees per tonne (t). The prices are converted to US dollar equivalent by referring to the official exchange rate published by the Reserve Bank of India.

This marker reflects the following quality parameters:

Fe content (metallic): 80% (78%-82%)

Fe content (total): 90% (88%-92%)

Phosphorus: 0.05%-0.10%

Sulphur: 0.03%-0.05%

Carbon: 0.1%-0.25%

Non-magnetics: 1% max

Trade Window: Free on Truck. Spot delivery

Monthly Ferrous Scrap Markers

HMS1 Ferrous Scrap Delivered Cleveland

The monthly HMS1 Ferrous Scrap Delivered Cleveland domestic marker is the settled price of HMS1 scrap delivered to steelmakers in the Cleveland region in the US at the beginning of the month.

Shredded Ferrous Scrap Delivered Cleveland

The monthly Shredded Ferrous Scrap Delivered Cleveland domestic marker is the settled price of shredded scrap delivered to steelmakers in the Cleveland region in the US at the beginning of every month.

Busheling Ferrous Scrap Delivered Cleveland

The monthly Busheling Ferrous Scrap Delivered Cleveland domestic marker is the settled price of busheling scrap delivered to steelmakers in the Cleveland region in the US at the beginning of every month.

HMS1 Ferrous Scrap Delivered Detroit

The monthly HMS1 Ferrous Scrap Delivered Detroit domestic marker is the settled price of HMS1 scrap delivered to steelmakers in the Detroit region in the US at the beginning of the month.

Shredded Ferrous Scrap Delivered Detroit

The monthly Shredded Ferrous Scrap Delivered Detroit domestic marker is the settled price of shredded scrap delivered to steelmakers in the Detroit region in the US at the beginning of every month.

Busheling Ferrous Scrap Delivered Detroit

The monthly Busheling Ferrous Scrap Delivered Detroit domestic marker is the settled price of busheling scrap delivered to steelmakers in the Detroit region in the US at the beginning of every month.

HMS1 Ferrous Scrap Delivered Pittsburgh

The monthly HMS1 Ferrous Scrap Delivered Pittsburgh domestic marker is the settled price of HMS1 scrap delivered to steelmakers in the Pittsburgh region in the US at the beginning of the month.

Shredded Ferrous Scrap Delivered Pittsburgh

The monthly Shredded Ferrous Scrap Delivered Pittsburgh domestic marker is the settled price of shredded scrap delivered to steelmakers in the Pittsburgh region in the US at the beginning of every month.

Busheling Ferrous Scrap Delivered Pittsburgh

The monthly Busheling Ferrous Scrap Delivered Pittsburgh domestic marker is the settled price of busheling scrap delivered to steelmakers in the Pittsburgh region in the US at the beginning of every month.

Shredded Ferrous Scrap Delivered Chicago

The monthly Shredded Ferrous Scrap Delivered Chicago domestic marker is the settled price of shredded scrap delivered to steelmakers in the Chicago region in the US at the beginning of every month.

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