



News

Iran Steel Market Trend in Week 05th, 2022



Billet

Billet price in Iran domestic market was stable until Tuesday at around USD 590/mt during last week, but with the competition of buyers, market went up because most of the offers were sold. Its average price finished the week at USD 596/mt ex-work including VAT.

Also last week, according to Metal Bulletin, Iranian average export billet was up from USD 550-555/mt to USD 560/mt FOB.

Long Products

Domestic rebar market started the week stagnant, but was strengthened after billet sales. IME new policy which stopped the reduction of billet price for the next week, gave hope to the market and boosted trading level. Average rebar price firstly was down from USD 655/mt to USD 650/mt, then improved to USD 656/mt ex-work including VAT by end of the week.

I-beam market also started the week downward from USD 643/mt to USD 634/mt, then improvements in rebar market made it up to USD 640/mt.

Flat Products

The price of HRC 2 mm thickness ex-work Mobarakeh was USD 960/mt on last Saturday, which reached USD 910 /mt by Wednesday. Mobarakeh Steel co HRC market had a downward trend due to mill's wide supply, low price, fast delivery and most importantly its payment method. It is heard that mill's marketers are trying to

attract customers, so downward trend in prices will continue, especially for low thicknesses, part of which is supplied from import. Considering the delivery of 400,000 tons of products sold on IME for April delivery and the decrease in demand in coming two months, market return before May seems unlikely.

Oxin co HRP market was stagnant earlier last week. With the increase in the price of slabs, downward trend stopped, but available inventories along with downward trend of mill's prices have decreased expectations of improvement in the market. Its average price changed from USD 1072/mt to USD 1058/mt. Kavian co HRP similar to Oxin product, started the week with mill's resistance against downward trend, but finally declined over the weekend by USD 8/mt to USD 994/mt ex-work including VAT.

Mobarakeh steel co CRC supply lowered market average price from USD 1176/mt to USD 1171/mt. Cold weather and power outages also helped this trend as it reduced demand level.

Lower HRC price made HDG also downward from USD 1221/mt to 1204/mt ex-work including VAT.

Weekly Analysis:

Billet and long products had an increasing trend during last week due to the following:

- 1- Lack of DRI supply at IME
- 2- The pressure of billet producers to increase the price because the offered prices at IME did not have an attractive profit margin for many producers, especially the producers of induction billet.
- 3- Market caution in buying billet in previous weeks due to the uncertainty of IME policies and the possibility of reducing its price
- 4- Power outages of some billet producers, which reduced supply level
- 5- Disconnection of some cities due to snowfalls and transportation problems
- 6- Empty warehouse of re-rollers

Contrary to expectations, billet trade at IME was faced with competition and prices rose. Reasons for price increases include:

- 1- Increasing global billet price
- 2- Higher demand level from re-rollers
- 3- The reluctance of billet sellers to further reduce prices
- 4- Possibility of higher billet export level due to lack of domestic demand during previous weeks, which increased the export level. Especially with the increase in coal prices and freight rates, the desire of foreign buyers for imported billet has increased, on the other hand, the cold weather and the crisis in Ukraine have had a negative effect on the supply of CIS billet too.
- 5- Rumors heard about opening export market of billet and long products

According to the announcement of IME, which said the range of decrease in the price of billet as zero percent and the range of its increase to 3 percent, confidence returned to the market and this caused the billet offered at IME as well as long products to be welcomed by buyers. Demand for billet and flat products exports has now fallen to a minimum due to holidays in China and many buyers in the Far East.

As we have seen recently, fluctuations will be limited due to cheap purchased billet and rebar in the last two weeks, increased inventory level and the weakness of real demand. But the market will not be predictable if the government wants to change this trend.

In flat products market, it is facing with two phenomena. Mobarakeh Steel co heavy supply in the form of LC and delivery of goods before the due date of the credit, which has caused the price of HRC, especially the thickness of two millimeters, to fall sharply, as many traders have sent their inventories to the market, worried about oversupply. On the other hand, the decrease in the Oxin co HRP sales price, pushed the price of this product down in the first days of the week, but at the end of the week it went up due to improved market demand. In any case, there does not seem to be a serious change in the status of flat products market in February due to its inventory level, unless demand changes.

In general, the government has been trying to make it clear to the market in the last three months that it is the government that decides and determines the supply, apparently it does not intend to pay attention to the past.

CBI weekly average ex-rate for Steel Products (SANA): Rials 238,410/ 1USD

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