



News

Iran Steel Market Trend in Week 09th, 2022



Billet

Billet average price was upward during last week in Iran from USD 597/mt to USD 605/mt ex-work including 9% VAT. DRI trade with competition and its rising prices had given this upward signal to the market, but the main reason was Russia invasion of Ukraine.

Also last week, according to Metal Bulletin, average price of Iranian export billet FOB price increased from USD 590/mt to USD 600 - 603 /mt.

Long Products

As the war in Ukraine continued and demand for billet increased, rebar price increased from USD 659/mt to USD 675/mt ex-work including 9% VAT. IME also helped boost spot market by raising prices.

Upward expectation made I-beam higher too from USD 633/mt to USD 636/mt by end of the week.

Flat Products

Price of HRC 2 mm thickness ex-work Mobarakeh was USD 936 /mt on last Saturday, which did not change until Wednesday. Mobarakeh Steel co higher supply level did not allow HRC market rise, but market mentality is ready to accept this increase. The upward trend of Mobarakeh export slab price promises this.

Oxin co HRP is slowly rising and finding its way as higher slab price forces the mill to rise price more. Its average price rose by USD 6/mt to USD 1054/mt ex-work including VAT by end of the week.

Kavian co HRP stayed unchanged by mill's control at USD 1010/mt as market has not absorbed previous weeks' upward prices.

CRC market did not react to the upward momentum as is in end of the year mood and there is not more than one working week left in the consumer market of this product. Its price was around USD 1176/mt most of the week.

HDG had a slow market at around USD 1176/mt, but as global zinc price is upward its price should go up too.

Weekly Analysis:

It seems that the outcome of Vienna Talks is almost certain. With signing of the Joint Comprehensive Plan of Action, our market's field of activity and work will be very wide, currency fluctuations will face a more limited range and will have less impact on the steel market. With more liquidity, government will be able to spend more, and with the payment of government debts to banks, banking system would be more active, which will make the market more active. But more important than Vienna Talks is the issue of Russia invasion of Ukraine. Nearly ten million tons of steel orders, from pig iron to flat products, to be shipped in February, March and April, have been canceled, which is what the European market needs today. With the closure of steel mills in Ukraine and sanctions against Russia, the return of CIS steel to the global market is not expected until next year, so the Iranian export market is facing a heavy export demand, especially on slab and billet.

USD 900/mt FOB for Iran export slab is not unlikely in this situation, as more than 100,000 tons of ordered slabs have become unavailable in Italy alone. Billet continue the upward trend, but due to its diversity of suppliers in the world, its upward trend would be more limited than slabs. Rising oil prices will push up price of all commodities, especially will affect freight rate, but will also reduce steel production in many countries, especially in Europe. All of this will mark a busy three-month period for Iranian export market and will decline supply level in the domestic market.

Many believe that devaluation of dollar will reverse the market, but the rate of increase in global commodity prices and its acceleration will offset the effect of the depreciation of the exchange rate. IME can pursue two policies: either it aligns with the market, or the market goes its own way, and the stock market's effectiveness will be reduced. This will only make economic situation more sick.

The war in Ukraine will lead to other events in Iran too, the results of which will be reflected in summer, the most important of which is import market inflation, especially on food and medicine. Economic tensions will intensify with the elimination of the preferred currency and the development of a disorganized budget. A far-sighted government would not be much happy with a successful Vienna Talks and the Ukraine issue, but would think a little further on how to use and store the resources that are flowing in. We hope that our president has not forgotten the inflation after previous Nuclear Talks.

CBI weekly average ex-rate for Steel Products (SANA): Rials 240,473/ 1USD

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