



News

Iran Steel Market Trend in Week 10th , 2022



Billet

Due to disrupted billet supply from CIS and higher DRI price, Iran billet export price increased. Control of IME (Iran Mercantile Exchange) market and the cancellation of Khuzestan steel deal made upward trend slower at IME, but the spot market went its own way and the upward trend continued. Average price of billet changed from USD 632/mt to USD 656/mt ex-work including 9% VAT.

Also last week, according to Metal Bulletin, average price of Iranian export billet FOB price increased from USD600 - 603 /mt to USD 680 - 700 /mt.

Long Products

Billet upward trend along with higher export prices and the heavy volume of received export orders of rebar, raised domestic rebar price. Inflationary expectations fueled this trend too. Its average price increased from USD 699/mt to USD 727/mt ex-work including VAT.

I-beam price didn't change much and made market surprised. I-beam is also cheaper than billet price. The main reason is lack of demand. But this will not really last much.

Flat Products

HRC 2 mm thickness ex-work Mobarakeh was USD 952 /mt on last Saturday, which reached USD 973 /mt by Wednesday. Mobarakeh Steel co HRC market was upward, mainly due to global issues, not domestic demand.

This trend is likely to continue because slab price is also rising abroad.

Oxin co HRP price increased from USD 1064/mt to USD 1104/mt by end of the week as some traders refused to offer. The mill also closed sales while slab price reached near USD 750/mt. Therefore, this upward trend will continue.

Kavian co HRP was upward from USD 1019/mt to USD 1049/mt, but the mill was still controlling the market. CRC price remained almost unchanged at USD 1185/mt due to lack of demand. Therefore, upward trend of HRC was not transferred to CRC market. HDG price improved due to higher HRC price from USD 1184/mt to USD 1209/mt ex-work including VAT.

Weekly Analysis:

Vienna talks has not ended in any signed agreement yet. If it doesn't happen, this current situation would continue and prices will stand firm until May. After that, due to price of oil and scrap, the market may calm down, if the external conditions remain the same.

If an agreement is signed, the market will continue to improve because government demand comes to the market too.

The Ukraine conflict has affected our steel market and for the next two months it will coordinate itself with oil above USD100/ barrel and supply shortage of Russia and Ukraine. It will improve Iran export market. IME control over prices will put pressure on mills and make the spot market more profitable. mills will offer fewer products on IME to take advantage of spot market.

The next two months belong to exporters, but so do the following months too.

There are some talks about announcing steel export duties. This is not an easy task because mills have a chance to breathe in this current situation. And this kind of decisions are for the time of stability, not the current state of emergency. Usually, announcing new duties happen in many countries very fast but its elimination has many ifs and buts.

CBI weekly average ex-rate for Steel Products (SANA): Rials 238,346/ 1USD

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