



## News

### Iran Steel market Trend in Week 02nd , 2022



#### Billet

Despite higher billet price at IME (Iran Mercantile Exchange), billet supply at IME was not welcomed due to lack of demand and its average price in the market dropped from USD 553/mt to USD 549/mt ex-work including 9%VAT by end of the week.

Also last week, according to Metal Bulletin, average price of Iranian export billet did not change much from USD 543- 550/mt to USD 545 -550/mt FOB Iranian ports.

#### Long Products

Lack of demand lowered rebar average price from USD 615/mt to USD 608/mt ex-work including 9%VAT by last Wednesday. Last week the lowest amount of rebar sales was done at IME. One of the reasons is that some private mills offered their products with six-month Letter of credit, so the demand has been pulled out of IME.

Limited demand made I-beam price downward too from USD 617/mt to USD 614/mt during last week in Iran.

#### Flat Products

Price of 2 mm thickness HRC ex-work Mobarakeh was USD 944/mt on last Saturday, which reached USD 932 /mt by Wednesday. HRC market like other steel products was declining. Lower demand and expecting more offers from Mobarakeh steel co has encouraged sellers to deal at cheaper prices.

Oxin co HRP fell sharply over the weekend from USD 1040/mt to USD 1031/mt ex-work including VAT. Lack of demand and high inventory level has put pressure on prices. There are rumors in the market that due to lower slab prices, HRP price should be reduced too but HRP traders are resisting. Kavian co HRP price was also downward from USD 1016/mt to USD1005/mt due to lack of demand.

CRC like other flat products, faced with a slump in demand and fears of falling prices at IME, declined from USD 1183/mt to USD 1168/mt.

Lower CRC price made HDG downward too from USD 1192/mt to USD 1185/mt ex-work including 9%VAT.

#### Weekly Analysis:

Producers must sell in order to have sustainable production level and steel market is facing with sales problems these days. Banks are not interested in supporting steel market and use their assets for buying bonds. In this market, some sell with delayed payments and some other export. But unsold materials at warehouses are a lot, and this will further reduce production level which is a very dangerous situation for the market. The government must consider employment level before thinking about inflation. Meanwhile, producers and the market are separating their way from the stock market. The producer brings its goods to the IME and is happy not to sell them because it is easier to sell his goods in the open market. The influence of the dictated prices at IME is also fading with market policies. Only DRI future at IME is not clear yet, which its downward trend will be limited by higher Indian DRI prices and higher export currency rate. The coming months are the months of liquidity. This is the most important factor in determining market trend. In the future, indebted producers will knock down large producers who are more dependent on the government.

CBI weekly average ex-rate for Steel Products (SANA): Rials 245,609/ 1USD

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