



News

Iran steel market Trend in Week 01st, 2022



Billet

Billet market was faced with a rise in prices despite falling prices at IME (Iran Mercantile Exchange) from USD 545 /mt to USD 548/mt ex-work including 9% VAT. The reason was empty warehouses of re-rollers which they had sold inventories in advance in the previous weeks. New sales policy with LC payment that some mills have adopted has helped to maintain the price, but it is not clear that this trend will continue because it depends on the price and export volume of billet. Also last week, according to Metal Bulletin, average price of Iranian export billet price increased from USD 535-547/mt to USD 543-550 /mt FOB Iranian ports.

Long Products

Rebar price was stable at around USD 611/mt during last week in Iran. Generally, market participants believe that price has reached the bottom, but currency rate game should not be forgotten.

Higher demand for I-beam size 14 made its average price upward from USD 607/mt to USD 617/mt by end of the week.

Flat Products

Price of 2 mm thickness HRC ex- work Mobarakeh was USD 944/mt on last Saturday, which reached USD 952/mt by Wednesday. Mobarakeh Steel co HRC market generally was almost stable due to weak demand.

Oxin co HRP still resists against market fluctuations, perhaps in part due to previous sales of the mill that have not yet been delivered and the mill is trying to maintain its market, but this trend cannot be sustained unless the mill changes its sales policy or Increase the volume of its exports. Its average price changed from USD 1038/mt to USD 1035/mt. Kavian co HRP remained stable at USD 1010/mt with the mill management. We have to wait and evaluate the effect of lower slab price at IME.

CRC was downward from USD 1188/mt to USD 1177/mt due to lower price of Mobarakeh Steel co and decrease in market demand.

HDG was downward from USD 1212/mt to USD 1187/mt due to lower HRC price and its supply volume.

Weekly Analysis:

Producers have realized that the government is intent to the policy of offering all steel chain products on IME, and as a result, pricing would be done by IME. Signs show that market is also adapting itself to this system. In the last two weeks, we have seen suppliers offering goods at IME who are not producers. This means that the market is practicing to use the stock market more. What it barter brings to IME, if it is not sold, it has the right to export it. Isn't this a stock market program? So in the near future we should see that private sector will have more pellets and DRI for export. But as long as prices of materials like pellet, DRI and billet at IME are higher than export prices, we have to wait.

The policy of offering everything on IME does not reduce market power because market is learning how to use the Mercantile exchange. In the coming weeks, we will see more supply of mining products at IME. Given the pressures from IME and the reduction of global prices, we should expect a drop in price of iron ore to DRI in the IME, but will this trend be transferred to the finished products or not? The result will be clear in the future, but it should not be forgotten that most of the pellets and DRI are produced on the basis of barter trades. Will the current trend not affect supply and production level of these goods? Perhaps the stock market seeks to open up the trading of all commodities to the commercial sector as the market stabilizes, otherwise production will be severely damaged during this period as the market waits. We must not forget that all policies are driven by demand side too. With the progress of the nuclear talks, the exchange rate is also on a downward trend, which will cause demand to fall. This is where the stock market should be responsible for mills liquidity problems.

CBI weekly average ex-rate for Steel Products (SANA): Rials 246,904/ 1USD

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