



News

Iran steel market Trend in Week 18th , 2021



Billet

Billet price fell during last week in Iran domestic market due to lower ex-rate, lower inflationary expectations and, most importantly, the midweek Holiday. It was down from USD 617/mt to USD 594/mt ex-work including 9% VAT.

Long Products

Rebar price declined from USD 669 /mt to USD 663/mt ex-work including VAT by end of the week. Main reasons were lower ex-rate and midweek Holiday. I-beam price was also downward from USD 662/mt to USD 657/mt ex-work including 9% VAT.

Flat Products

Price of 2 mm HRC of Mobarakeh Steel co was USD 1098 /mt on last Saturday, which did not change until the weekend. Price of other HRC items of the mill was downward. The main reason was Lower ex-rate and waiting policy of market participants.

Despite lower currency rate, Oxin co HRP price was rising from USD 1271 /mt to USD 1279 /mt due to limited supply level, and this trend seems to continue. The main reason for this trend was sharp upward trend in global slab price. Due to limited supply of slab and the increase in its price, Kavian co HRP price was also upward from USD 1097 /mt to USD 1105/mt.

Supply constraints, made CRC price upward. As global prices have jumped recently this upward trend is expected to continue for a while in Iran. HDG price dropped from USD 1363/mt to USD 1339 /mt due to lower HRC price and downward ex-rate, which affected Zinc price.

Weekly Analysis:

Cost of any good is based on its components such as raw materials, wages, depreciation and energy costs. But final price of a product is the result of its supply and demand level. A special painting may cost USD 100 to produce, but its price would reach millions of Dollars at an auction. Rebar costs, according to billet price and other factors at least around USD 597/mt. But its price fluctuates depending on demand level. There are factors besides component elements of cost price of a good that affect its final price, such as inflation or market closures.

Over the past year, all countries around the world have been faced with a sharp decline in demand due to Covid-19 pandemic. This has reduced global consumption level, but on the other hand, governments have started printing money to cover their expenditures. It is not clear exactly how much, but it is said to be more than \$ 15 trillion. When the volume of money increases globally, dollar rate falls. The fall of dollar means rise in the price of oil, steel, cement and other commodities.

In recent months, we have seen price of these goods have been rising, because volume of printed money is very high and delayed demand of a year ago is showing itself. Iron ore price increase to a record high above \$ 200 indicates that steel prices simply do not go back to six months ago. It should not be forgotten that Australia's rainy season is also coming.

Some market insiders believe that signing of The Joint Comprehensive Plan of Action (JCPOA) means a drop in ex-rate and the start of oil export will end in stability of ex-rate at around of USD 1 = IRR 200000 or lower. Others reject this theory because they believe that with the implementation of JCPOA, repressed demand of Iran and its thirsty market will wake up and swallow all the dollars received. Coming months would be historic time for Iran economy.

CBI weekly average ex-rate for Steel Products (SANA): Rials 209, 441 USD

10 May 2021

May 10, 2021 15:33
Number of visit : 787

Comments