



## News

### Iran steel market Trend in Week 20th , 2021



#### Billet

Billet price was upward during last week in Iran domestic market from USD 637/mt to USD 649/mt ex-work including 9% VAT. Strength of ex-rate, export market good activity and most importantly upward DRI price at IME ( Iran Mercantile Exchange) made billet upward.

#### Long Products

After billet price increase, rebar price became upward too from USD 689 /mt to USD 705/mt ex-work including 9% VAT. But this upward trend made the market quiet.

I-beam was like other long products upward from USD 689 /mt to USD 722/mt ex-work including 9% VAT. Rising raw material prices and inflation expectations caused higher I-beam sale level at IME compared to previous weeks.

#### Flat Products

Mobarakeh Steel co HRC 2 mm thickness was USD 1124/mt on Saturday, which reached USD 1138/mt by Wednesday. The mill's HRP price was almost stable at around USD 1178 /mt during the week despite higher global prices. Lack of demand has made Mobarakeh Steel co HRP market quiet despite limited supply level.

Oxin co HRP was upward from USD 1317/mt to USD 1341/mt due to limited market inventory for grade ST37. If this trend continues its price may stay upward. Kavian Co HRP price was improved slowly by mill's managing policy and this trend will continue in coming weeks. It was up by USD 7/mt to USD 1143/mt.

CRC market was downward from USD 1381 /mt to USD 1368/mt. Lower price of thicknesses 0.70 to 0.90 mm made this price reduction. Mobarakeh Steel co higher supply level has made these prices downward.

HDG price was upward from USD 1401 /mt to USD 1451/mt by end of the week. Despite relative stability of HRC price, higher zinc price and ex-rate improvement were effective factors but higher offer price at IME was the main one.

#### Weekly Analysis:

Last week, DRI, iron ore pellet and concentrate were offered at IME. All of them were traded at a higher prices than previous weeks. The most important factor that the market was faced with was higher DRI price at IME. This trend is continuation of the same trend that has been started months ago and leads to an increase in raw material prices. The market is currently facing a conflict. The issue is that prices sold at IME are very close to export prices of the same goods, FOB Iranian ports. Given the pandemic in India, Brazil and signs of new cases in China, if global prices decline, then domestic market will face a sharp decline too. Another issue that affects Iran steel market is ex-rate. All the news shows hopes of signature of JCPA ( Joint Comprehensive Plan of Action) . In this case, currency rate will decrease and all equations of steel producers and exporters will change.

On the other hand, in the next one or two months, with the increase in government revenues due to increase of foreign exchange reserves, steel demand for construction projects will increase. In this case, the government, which has stopped the domestic market today with all kinds of directives and regulations, will face a sharp rise in steel prices and a supply shortage in domestic market, but this will take two to three months. What is certain is that the coming months are very sensitive months for Iran steel market.

CBI weekly average ex-rate for Steel Products (SANA): Rials 203,804 USD

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#### Comments