



News

Iran steel market Trend in Week 28th , 2021



Billet

Billet price rose sharply during last week in Iran domestic market from USD 689/mt to USD 718/mt ex-work including 9% VAT. Lower production level due to power outages made prices upward. Confusion over government policy, coupled with the non-offering of billet at IME (Iran Mercantile Exchange) last week, fueled the upward sentiment.

Long Products

Concerns about billet supply shortage changed rebar market sentiment and every one became a buyer.

Esfahan Steel co used the opportunity well and managed to sell its entire supply. Average rebar price rose from USD 745/mt to USD 775/mt by end of the week.

Limited production level made I-beam also upward from USD 744/mt to USD 771/mt ex-work including VAT.

Flat Products

Mobarakeh Steel co HRC 2 mm thickness was USD 1082 /mt on last Monday, which reached USD 1100 /mt by Wednesday. 3 to 15 mm thickness HRC was upward due to rumors of a reduction in Mobarakeh steel co production level, while demand level was at the bottom.

Despite market expectations, Oxin co HRP did not change much and was around USD 1226/mt. The mill has export contracts for shipment in August and power outages and hot weather has made its production slow, so existing prices cannot be sustained if new demand enters the market.

With management of the mill and market sentiment, Kavian co had the opportunity to raise its HRP prices by USD 40/mt to USD 1082/mt ex-work including VAT.

CRC price increased from USD 1256/mt to USD 1269/mt just due to better market sentiment as demand level is limited and its consumers are in summer Holidays.

Higher HRC price made HDG up from USD 1335/mt to USD 1337/mt.

Weekly Analysis:

Power outages disrupted domestic market system, and DRI producers, were faced with a sharp drop in demand, therefore they turned to exports. DRI export price is USD 430/mt , which is more attractive than the domestic market for them. Khuzestan Steel co DRI offers at IME was not interesting for buyers, and this was an opportunity for the mill to sign a 50,000-ton export contract for delivery within the next month.

On Wednesday, it was announced that billet producers can resume production with 50% capacity, and this caused long products prices lose the upward momentum.

Price trend in Iran steel market next week is completely dependent on billet supply level and exchange rate. If ex-rate has a downward trend and billet price falls, the market will go into a coma. Some speculators who bought rebar and beams offered on IME last Wednesday hope to sell them this week, but given that this week is the last week of the month in Iran, expectation of a recession is very strong. In fact, billet shortage will be solved this week as the market would be quiet.

CBI weekly average ex-rate for Steel Products (SANA): Rials 221,798 USD

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