



News

Iran steel market Trend in Week 36th , 2021



Billet

Billet price was downward during last week in Iran by USD 23/mt to 632/mt ex-work including 9% VAT. Lack of demand in global and domestic markets caused prices to fall. Billet market was actually confused and quiet and many believe that it will be downward at IME this week again. A few market participants also believes that due to resistance of DRI, billet price cannot be seriously reduced. Rebar market trend will have a more serious impact on billet market in the coming days compared to previous weeks.

Long Products

Rebar market was very quiet and changed from USD 745/mt to USD 724/mt by end of the week. Demand was so weak that lack of interest at IME (Iran Mercantile Exchange) showed itself dramatically. Due to falling prices in the market and lack of sales of purchased goods, traders are not serious about replacing cheap goods.

I-beam declined by USD 14/mt to USD 700/mt ex-work including VAT. The market has been very cautious about buying, which has left most of offers at IME unsold.

Flat Products

Price of HRC 2 mm thickness ex-work Mobarakeh was USD 1213 /mt on last Saturday, which reached USD 1182 /mt including VAT by Wednesday. HRC market had a downward trend due to weakness of market and Mobarakeh Steel co offers. Average price of other thicknesses was changed from USD1141/mt to USD 1117/mt by end of the week.

As Power outages problem has been solved, Oxin co started supplying and is delivering its obligations slowly. It average price started the week at USD 1299/mt and finished it at USD 1270/mt. News of resumption of export will slow down market downward trend. It would be noted that slab offers at IME were not welcomed, which would increase export of slab and would help Flat products market. Kavian co HRP was also downward from USD 1131/mt to USD 1124/mt ex-work including VAT.

CRC market was quiet. As prices at IME were announced, market started to increase, but with the cancellation of transactions, it returned. Average price declined from USD 1337/mt to USD 1308/mt ex-work including VAT. HDG was also down from USD 1346/mt to USD 1327/mt as HRC market was downward and demand was scarce.

Weekly Analysis:

In current situation, Iran steel market is confused. This is the worst situation for the economy because if it lasts too long, it will stop the current production level too and will question the situation for new investments. Losers in this situation will be the workers and banks, followed by the whole economy.

On one hand, the president seeks to implement the law on housing construction. On the other hand, the parliament is still looking for cheap rebar, regardless of the upward trend in wages, rent, energy, etc. All this is in a situation where the parliament is seeking to eliminate energy subsidies and has targeted the steel sector for its analysis. This trend will lead to more budget deficits as economic activity stagnates.

Any economy that faces uncertainty will move backward. Because in times of confusion, the capital, whether be manpower or money, escapes. In recent months, we have witnessed routineness of steel market, and this trend would continue until a specific plan is announced. It seems that the government should wait for the outcome of BARJAM (Joint Comprehensive Plan of Action).

CBI weekly average ex-rate for Steel Products (SANA): Rials 228,366 USD

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