



## News

### Iran steel market Trend in Week 38th , 2021



#### Billet

Billet price was fluctuating during last week in Iran. It started the week at USD 562/mt, then improved to USD 598/mt, but dropped to USD 568/mt ex-work including 9% VAT by end of the week.

Price increase was due to lower inventory of re- rollers, but billet offers at IME were faced with limited demand due to stagnation of long products market. In fact, billet supply was met with cautiousness of re- rollers, so, after offers at IME, market returned which was quite expected.

#### Long Products

Rebar market experienced some ups and downs with demand being limited. Due to higher billet price, it was up from USD 656/mt to USD 672/mt , but the market did not accept it as became down again to USD 668/mt by end of the week.

I-beam had an upward trend due to market expectations from USD 657/mt to USD 677/mt. But this trend is not sustainable because demand is very weak.

#### Flat Products

HRC 2 mm thickness ex-work Mobarakeh was USD 1070 /mt on Saturday, which reached USD 1079 /mt by Wednesday. Mobarakeh Steel co supply trend made HRC price upward. It's average price was up from USD 1039/mt to USD 1065/mt by end of the week.

Lack of demand and higher supply level made Oxin co HRP price down from USD 1210/mt to USD 1189/mt. Kavian co HRP was stable at around USD 1117/mt due to mill's market management. Limited demand made CRC down from USD 1256/mt to USD 1241/mt ex-work including VAT. HDG market was also downward from USD 1282/mt to USD 1264/mt.

#### Weekly Analysis:

This week market would be half closed due to mid-week Religious Mourning Holiday. Therefore, demand side cannot have a positive response. On the other hand, global steel market is downward. The latest forecasts are expecting USD70/mt cfr China for iron ore price. Based on USD70/mt for iron ore price, billet can be as low as USD500/mt fob Black Sea. Usually, the market has a downward trend in October and November, so there is no reason for improvement in demand. But lack of demand is boosting export level in Iran. On the other hand, this trend encourages export of raw materials due to stagnation of domestic market. This trend will cause a shortage of goods in the market within next two months. But in the current situation, due to high inventory level of DRI and pellet and the upcoming market closures, there is no potential for upward trend in steel prices. Neither global market trend nor weak domestic demand would allow this to happen. Of course, the downward trend of flat products prices will be slower than long products, because production of flat products is not as competitive as sections. The government is said to have eased export market activity, but its impact on the market in the next two weeks is questionable.

Evergrande group issue in China does not seem to lead to an economic crisis in China either, because its government supports banks, but if the company falls, it means that Chinese government is leaving its property market to fall. This would also affect China's demand for steel. It is, in fact, a shortcut to regulate China's property and steel markets. China's rapid growth may need a shock to correct itself.

CBI weekly average ex-rate for Steel Products (SANA): Rials 229,848 USD

26 Sep 2021

Iran Steel News Bulletin

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Sep 26, 2021 15:16  
Number of visit : 735

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