



News

Iran steel market Trend in Week 42nd , 2021



Billet

Billet price was almost stable during last week in Iran domestic market. It started the week at USD 614/mt and finished it at USD 626/mt ex-work including 9% VAT. Demand level was not enough to cover even 50% of offered cargoes at IME (Iran Mercantile Exchange). Talks about new regulations and government control confused the market but prices do not appear to fluctuate significantly.

Long Products

Rebar market had the potential for higher prices and showed some signs, but rumors over new regulations and government policies controlled the market. Its average price changed from USD 678/mt to USD 689/mt ex-work including 9% VAT.

I-beam market was stable and any improvement expectation was weak. It was changed from USD 686/mt to USD 690/mt ex-work including 9% VAT.

Flat Products

HRC 2 mm thickness ex-work Mobarakeh was USD 1100/mt on last Saturday, which reached USD 1144 /mt by Tuesday. The market has reached its bottom. Mobarakeh's lack of supply also stabilized the market.

Oxin co HRP had a stable market. Due to mill's policy and limited suppliers, its price does not seem to fluctuate significantly. It was changed from USD 1136/mt to USD 1150/mt ex-work including 9% VAT during last week.

Kavian co HRP didn't changed at USD 1072/mt through the week due to the mill's control.

CRC market was unchanged at around USD 1251/mt due to limited demand.

HDG market was quiet at around USD 1293/mt due to stable HRC price and lack of demand.

Weekly Analysis:

Last week, market insiders were expecting some improvement in prices due to rising global scrap and billet prices, but discussions about government new policy and the possibility of applying 80% of global prices as a basis for domestic market pricing, made market quiet. Market has noticed that despite advertisements, rebar price floor is USD 640 /mt and its ceiling is USD 734/mt. Billet price won't be less than USD 561/mt and Mobarakeh Steel co HRC will not be less than USD 1036/mt. The new policy seeks to control the domestic market in order to increase share of export market.

The market, as always, will adapt itself to new conditions but the only question left is that with the increase in global oil and gas prices, will steel price remain the same? And how would Iran Mercantile Exchange, based on 80% of world prices, adapt the domestic market to this trend? Perhaps the government's hope is a drop in global demand due to the cold winter season. But cold weather just saves demand but does not destroy it.

What has happened at the national level in the last two weeks has been the limitation of bank lending, which is due to the government policies and central bank controls. This trend follows the stability of exchange rate. In fact, the government must increase exports but should control inflation level too. It need to raise taxes to make up for budget deficits, and besides pursues the housing program to create new jobs. Other countries have followed the similar policies in the past, and history has recorded the results. The question is, is there no other way?

CBI weekly average ex-rate for Steel Products (SANA): Rials 231,705 USD

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