



## News

### Iran steel market Trend in Week 48th , 2021



#### Billet

Billet had a downward trend during last week in Iran domestic market from USD 632/mt to USD 620/mt ex-work including 9%VAT. The reason was stagnation of long products market, which is rooted in market confusion and weak demand. Besides, IME market pricing and the downward trend in export prices played a role in falling prices.

Iranian export billet price decreased from USD 585 -590/mt to USD 565 /mt FOB Iranian ports.

#### Long Products

IME ( Iran Mercantile Exchange) pressure to reduce base price of billet and rebar made market silent and rebar price declined from USD 698/mt to USD 694/mt. This stopped market activity, which is the worst condition for production.

I-beam price was also downward from USD 676/mt to USD 670/mt by end of the week due to lower demand level and downward base prices at IME.

#### Flat Products

Price of 2 mm thickness HRC ex-work Mobarakeh was USD 1091 /mt on last Saturday, which reached USD 1057 /mt by Tuesday. Mobarakeh Steel co HRC did not change significantly because the price has reached its bottom and traders are losing money due to the severe recession in the market.

Oxin co HRC remained stable at around USD 1134/mt. Downward global prices have discouraged traders from exporting, which is why buying interest is scarce.

Kavian co HRP remained stable thanks to the mill's market management at around USD 1070/mt. But lack of demand won't let its price remain unchanged for ever.

CRC demand is very weak. Its price stayed at around USD 1279/mt. Mobarakeh steel co supply has scared the market and sellers prefer maintain inventory instead of selling goods.

HDG market remained quiet and changed from USD 1329/mt to USD 1319/mt. Demand level was limited and HRC price declined, therefore HDG market was depressed.

Iran slab export average price was unchanged at USD585/mt fob Iranian ports during last week.

#### Weekly Analysis:

The government has put pressure on the market from two sides. The first is the increased supply and downward trend of base prices at IME. The second step of the government is to control the market through the trading system. Downward global prices supported the government policy, but on the other hand, demand is extremely weak. In fact, authorities are facing with a market that is shrinking and operating below its capacity. It is not difficult to knock down a tired and sick opponent, but the results will not be beautiful. Billet price at IME goes down but does not increase its demand level. Besides, production is left without financial support while banks are lagging behind in lending.

Large volume of pellet is without customer and lower world prices have destroyed export incentives. Sharp rise in gas cost has limited profit margins of DRI producers. Billet producers as well as long product mills are left without buyer.

If the government intends to reduce prices, It has been succeeded. If trying to pave the way for export, it has been succeeded, although the volume of exports depends on foreign demand. But in fact, the government is sacrificing the main issue, which is production. With this process, mills will be stopped, which results in a severe shortage of supply and an increase in prices. In less than a month, with this trend, government will see an increase in debts of steel sector, which in turn will lead to a decline in production and accumulation of raw materials, especially iron ore pellets.

CBI weekly average ex-rate for Steel Products (SANA): Rials 233,682 USD

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