



News

Iran steel market Trend in Week 52nd, 2021



Billet

Billet price was downward during last week in Iran domestic market from USD 566 /mt to USD 558/mt ex-work including 9% VAT, mainly due to lack of demand for long products and market confusion about future trend. Meanwhile, lower prices at IME (Iran Mercantile Exchange) was the last shock in the market.

Also, according to Metal Bulletin, average export price of billet remained at USD 535-547 /mt FOB Iran.

Long Products

As billet price decreased, rebar market was also waiting for lower prices, which affected the demand and caused the price to fall from USD 635/mt to USD 621/mt ex-work including 9% VAT.

I-beam market was faced with negative market sentiment, which led to lower prices from USD 620/mt to USD 609/mt by end of the week.

Flat Products

Price of 2 mm thickness HRC ex-work Mobarakeh was USD 991/mt on last Saturday, which reached USD 962/mt by Wednesday. Prices were downward, but with the absence of Mobarakeh Steel co in supply side, market became hopeful, while there is no more room for further price reductions.

Oxin co HRP had a downward trend due to severe weak demand and dropped by USD 4/mt to USD1054/mt. If the mill resists against more downward trend, market condition would be better. Actually the solution is in export market, especially as global markets will be more active in near future. Kavian co HRP market was controlled by the mill and price stayed unchanged at USD 1022/mt. Lack of demand made CRC downward from 1219/mt to USD1202/mt. Lower HRC price and its lower demand level made HDG market downward from USD 1241/mt to USD 1228/mt ex-work including 9% VAT.

Weekly Analysis:

The market is facing ambiguity from both internal and external aspects:

From external point of view, it is affected by possible outcome of nuclear talks and the expectation of its signing which may led to lower currency rate and lower prices.

From internal aspect, the government is confusing the market by not announcing a clear policy. The first effect would be a slowdown in demand and the second is lower prices. But the end result is bankruptcy of producers that would not be able to fulfill their obligations by not selling their products. Efforts are being made to lower DRI price, but this is not the solution because with this trend, the market will fall further behind and the recession will deepen. At the same time, with lower DRI price, price of pellet and iron ore should also go down. Producers of these goods are all state-owned, and with the fall in prices, government revenues will decrease, which will deepen the budget deficit.

On the other hand, the stock market will also decline. Three years ago the market experienced such a situation and saw the results. What is remarkable is that end of Iranian year is near and payments are increasing, so the government is avoiding any solution that aggravates the budget deficit. Lowering the price is not the answer. The market needs more confidence to stabilize.

What is certain is that the continuation of this condition is not in the interest of anyone, especially the government, because it will be faced with an unemployment crisis.

CBI weekly average ex-rate for Steel Products (SANA): Rials 244,232 / 1USD

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