
Monday Market Monitor - Middle East (WEEK 33) - Solitude prevails

Monday, 17 Aug, 2009

Middle East steel prices remained unchanged owing to pre Ramadan slackness in activity. The three indices Middle East Long Product Price Index MLPPI, the Middle East Flat Products Index MFPPI and the overall price index MEASPI remained unchanged.

Class	06-Aug	13-Aug	Change
MLPPI	3746	3746	0
MFPPI	5252	5252	0
MEASPI	4202	4202	0

MLPPI - Middle East Long Product Price Index

MFPPI - Middle East Flat Product Price Index

MEASPI - Middle East Steel Price Index

To know more about these indices please visit
http://steelprices-middleeast.com/spi_services/spi.html

1. Rebars

The rebar market in UAE remained stable with little activity with Ramadan on the anvil. The local market is stable as sellers are reluctant to cut prices avoiding weakening of sentiments in a typically low demand period. Prices are prevailing in the range of AED 1850 per tonne to AED 2000 per tonne.

New bookings seems remote with offers from Turkey at levels above USD 520 per tonne to USD 530 per tonne CFR UAE port ,when material from previous bookings at USD 460 per tonne to USD 485 per tonne is existing in the system.

However, there is a possibility of new orders from Turkey by late Ramadan as post holidays buying will resume.

The situation in Iran is no different with weak demand in the absence of new governmental sponsored construction and infrastructure projects and low activity in the private sector housing construction. The political tension post presidential elections is still to ease out as the new cabinet has not been formed leading to ambiguity about new projects thereby debilitating demand. Currently local transactions are taking place USD 540 per tonne to USD 560 per tonne ex stock Tehran, representing a drop of USD 20 per tonne since last week.

Egypt too is no stranger to the "Ramadan Effect". More so it is reported that a sizeable quantity of material was imported from Spain at USD 450 per tonne CFR which has led to depressed market sentiments. Rebar prices are prevailing at EGP 2,700 per tonne to EGP 2800 per tonne EXW including taxes. The market is expected to pick during second week of September or mid Ramadan as buying resumes for post holiday needs and with mills currently operating at low levels availability will be constrained round this time.

Turkish producers have been valiantly attempting to push prices to no avail due to low demand. In the Marmara region offers are touching TRL 880 per tonne to TRL 900 per tonne (USD 594 to USD 608) including 18% VAT, whereas around Izmir they are around TRL 865 per tonne to TRL 880 per tonne.

2. HRC

Flat product demand has marginally slackened due to absence of new construction projects in the country. Whatever speculative requirement appears vanishes in no time.

Russian HRC is being offered at USD 600 per tonne to USD 610 per tonne CFR, whereas Korean material comes for USD 650 per tonne to USD 660 per tonne CFR. Some material from previous purchases at USD 560 per tonne CFR exists in the system making further bookings a difficult proposition.

Turkey facing shortage of HRC as demand from white goods sector zooms backed by government stimulus. Prohibitive import taxes have created a shortage in the local market causing hike in prices long waiting as steel majors like Erdemir has its orders books filled till October.

3. Turkish exports

Product	Grade	Size mm	Change
Billets	SAE 1008	125 x 125	20
Re-bars	BSt500	8 to 32	20
Wire Rod	SAE 1008	5,5 to 16	10

Change is on August 14th 2009 as compared to August 7th 2009

Change is in USD per tonne

The rebar market remains quite under the Ramadan influence and local producers maintaining low prices to ward off import threat. Demand from traditional markets of UAE and Egypt is low with no takers for prices at USD 520 per tonne to USD 530 per tonne CFR.

Iraq is reported to be one market which is still booking Turkish rebar for around USD 500 per tonne EXW.

The Turkish producers finding an outlet in the Far Eastern market out of this predicament of high scrap prices and depressed Middle East market. But this reprieve might be short lived with scrap prices touching USD 320 per tonne CFR levels and rebars passing USD 520 per tonne FOB levels.

The rising scrap prices has resulted increase in billet prices. This uptrend is likely to sustain with improved demand from European countries like Portugal, Spain and Italy etc, despite holidays backed by stock depletion due to poor buying in the past. On the other hand some Middle East traders and stockiest want to maintain their stocks at high levels apprehending hike in prices post Ramadan.

4. Turkish imports

Product	Grade	Size mm	Change
Scrap	A3	500x500x1500	20
Billets	3Sp/Ps	125x125	20
HRC	S235JR	3-12x1000-1500	10
PLTS	S275JR	10-40x2500-3000	10

Change is on August 14th 2009 as compared to August 7th 2009

Change is in USD per tonne

The scrap and billet prices are expected to remain firm .The scrap prices expected to touch USD 320 per tonne CFR.

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