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## Monday Market Monitor - Middle East (WEEK 48) - Dubai teeters

Monday, 30 Nov, 2009

The market largely remained quiet due to Bakr Id and Haj holidays during the week.

However the more reverberating happening was the possibility of sovereign default looming large as Dubai's main development engine Dubai world asked creditors for a standstill on paying back its USD 60 billion debts till May 2010. The company's real estate arm Nakheel shoulders bulk of the money due to banks, investment houses and outside development contractors. In total the state backed network nicknamed Dubai Inc. are USD 80 billion in red.

The above happenings doesn't augur well for the steel market as well in the coming weeks. The construction industry in Middle East remains weak and some suspended projects have not been restarted. Although there have been offers from China and Europe but due to gloomy end user demand there has been no transaction.

At present Chinese exporters provide USD 780 per tonne CFR for GI coil and sheets while ArcelorMittal bids USD 850 per tonne CFR. Indian mills are quoting USD 820-830 per tonne for HDG and USD 930-940 for 0.4mm PPGI with no takers.

Billets being offered at USD 450-460 pmt levels whisker away from Rebar prices of USD 460-470 pmt more buyers are opting for latter as they are getting customized packages. Turkish suppliers have attempted to push prices by another USD 10 pmt as fallout of hike in scrap prices but to no avail as demand is flat. Moreover Iran has recently imposed ban on import of certain size of Rebars and Structural steel from some countries in the Middle East making the sentiments sullen due surplus availability in the local market.

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