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United Steel Industrial Co. (K.S.C.C.)

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## North Africa

### Egypt: Saving the national industry requires supporting the productive sector, especially iron and steel

It seems that the gas file is still permanently controlling the industrial sector in Egypt during this period, in light of the decline in demand for products exported to some sectors as a result of the increase in their prices locally, due to the high cost of production due to the rise in gas prices in Egypt by more than 2 dollars, compared to the world prices, natural gas in Egypt is recorded at 4.5 dollars for industry, while its global average price ranges between 2 and 2.5 dollars.

The enforcement of the national industry requires in the first place a review of production costs. Indeed, the Industry Modernization Center affiliated with the Ministry of Industry and Trade has conducted several studies on the impact of gas price on sectors such as ceramics, and the study reached conclusions that it is necessary to review the gas price in order to save this industry.

Reducing the energy price for industry is considered a vital requirement, as the price of supplying natural gas to industry decreased from 5.5 US dollars per million British thermal units to 4.5 US dollars, and electricity prices were reduced by 10 piasters per kilowatt hour in March 2020, in addition to fixing electricity prices for industry.

### Algeria's Sonatrach, Wintershall Dea sign MoU to boost partnership

Algeria's energy firm Sonatrach has signed a memorandum of understanding with German oil and gas company Wintershall Dea over potential cooperation in exploration and production in the OPEC member country, Sonatrach said on Monday.

The memorandum also includes talks on joint investment abroad, the state-run firm said in a statement.

Wintershall Dea has been operating in Algeria since 2002 where it has helped develop energy projects.

“This protocol aims to strengthen the existing partnership ... through the search for new cooperation opportunities,” the statement said.

The banner contains three distinct sections. The top section features the 'ezzsteel' logo, which consists of a stylized orange and yellow circle followed by the text 'ezzsteel' and 'The Middle East Steel Professionals' below it. To the right of the logo is Arabic text: 'أعلى ناطقة سحب في أفريقيا بالعاصمة الإدارية الجديدة تتسلاح بحديد عز'. The middle section shows the 'EISA' logo, with 'EISA' in large letters and 'EGYPTIAN IRON & STEEL ASSOCIATION' and 'الجمعية المصرية لصناعة الحديد والصلب' in smaller text below. The bottom section is a flyer for 'شركة الحديد والصلب المصرية' (Egyptian Iron & Steel Co.), featuring images of steel coils and rods, and Arabic text describing their products and services.

### Ezz Steel's loss narrows to EGP 860m in Q1-20 initial results

The unaudited consolidated financial results of Ezz Steel showed a 20% year-on-year (YoY) drop in its net losses to EGP 860 million during the first quarter (Q1) of 2020 from EGP 1.08 billion, including minority shareholders' rights.

The company's net losses after taxes amounted to EGP 1.35 billion in Q1-20, up from EGP 1.27 billion in Q1-19, according to a bourse disclosure on Tuesday.

Meanwhile, the steel manufacturer's sales retreated to EGP 10.78 billion in the January-March period from EGP 12.6 billion in the year-ago period.

As for standalone business, the company suffered net losses of EGP 267 million in Q1-20, down from EGP 370 million in Q1-19.

### Egypt's steel export decline 37% in H1 2020

Egypt's exports of "iron and steel" and "cement" retreated in the first 6 months of 2020 to record \$315 million compared to \$483 million during the same period in 2019, a decrease of 34.8%.

The monthly report issued by the Export Council for Building Materials, Refractories and Metal Industries indicated that 8 countries (Saudi Arabia, Kenya, Spain, Libya, Italy, America, Netherlands and Sudan) acquired 62.8% of total iron, steel and cement exports in the first 6 months of 2020 at a value \$ 197.975 million, according to the Middle East News Agency.

Steel exports decreased in January – June 2020 by 37% to \$ 252 million compared to \$ 402 million in the same period in 2019.



## Latest News

### Gulf Area

#### Saudi Arabia: Rebar touches 3000 riyals and rises to the highest level in 6 years

The average prices of some construction materials in the Kingdom recorded a remarkable increase in July, especially iron and cement prices, in conjunction with the increase in the value-added tax rate from 5% to 15%.

The average price of rebar/tonne reached 2,947.69 riyals, which is the highest since April 2014, after it recorded 2,971.2 riyals/tonne, which means it reached the highest level in six years and three months to 3000 riyals.

The price has increased since the beginning of 2020 by 19.4%, equivalent to 478.12 riyals/tonne. And the rebar 6 mm national price/tonne rose by 8.16% to reach the level of 3643.77 riyals/tonne, an increase of 274.97 riyals/tonne compared to the same month last year during which it amounted to 3368.8 riyals/tonne. Each of the national 12 mm and the national 10mm increase during the last

month on an annual basis of 11.71% respectively, to reach 2757.37 riyals and 2997.37 riyals respectively.

Every month, steel prices witnessed noticeable increases ranging from 12.3% to 20.9% /tonne.

#### Saudi energy ministry to assist development of mega economic zone Neom

Saudi Arabia's energy ministry is to offer assistance so that Neom, a \$500 billion high-tech development that includes tourism and sport facilities on the Red Sea, can be completed on schedule, minister Abdul Aziz bin Salman said on Sunday.

The 26,500 square km (10,230 square mile) development, first revealed in 2017 with a planned completion in 2025, will include high-tech projects powered by wind and solar energy.

Neom CEO Nadhmi al-Nasr, speaking at the signing ceremony of a cooperation agreement with the ministry, said the city will rely totally on renewable power, including solar, wind and hydrogen produced from renewable energy sources.

The advertisement features a vertical layout. At the top, the SABIC logo is displayed in blue and orange. Below it is a blue graphic with the Arabic text 'اختر حديثاً يدعم نماءك' (Choose a modern one that supports your growth) and 'شركة المستقبل' (Future Company). The middle section contains the Foulath logo in blue and white. Below that is the Emirates Steel logo with the text 'حديد الإمارات emirates steel' and 'أحد شركات صناعة الحديد في الإمارات' (One of the steel manufacturing companies in the UAE). At the bottom, there is a stack of 'Arab Steel Magazine' covers with the title 'المجلة العربية' and a promotional message: 'your Advertisement in Arab Steel magazine will reach technical experts and producers worldwide as the Arab Steel Magazine is distributed in the Arab World and in many international companies.' Contact information is provided at the very bottom.

#### Steel prices in the Last week of August

According to the prices of the global steel markets, the prices of scrap reached 290\$ / ton, while the prices of billets were within 395 - 435 \$/ ton and the prices of rebar were within 440- 450\$ / ton.

The following prices of iron and steel in global markets on 28/8/2020

Product	Place	Min	Max	Date	w-o-w
Scrap HMS 1&2 (80:20)	CFR Turkey	290	290	28/8/2020	+
Iron ore Fe 62%	CFR China	123	123	28/8/2020	-
	CFR Turkey	425	435	28/8/2020	+
	FOB UAE	415	420	28/8/2020	+
	FOB Black Sea	395	405	28/8/2020	+
Rebar	FOB Black Sea	445	450	28/8/2020	=
	TUR- FOB	440	450	28/8/2020	+
HR coil	FOB China	485	490	28/8/2020	+
CR coil	CFR Turkey	570	580	28/8/2020	+

#### Vale's iron ore exports down in H1 2020

In June this year, Brazilian miner Vale's iron ore export volume totaled 24.53 million mt, up 27 percent compared to May and decreasing by 0.4 percent compared to May 2019, according to Brazil's National Union of the Industry of Extraction of Iron and Base Metals (Sinferbase).

Meanwhile, in June this year Vale's iron ore sales in its domestic market amounted to 1.14 million mt, declining by 3.5 percent year on year and up by 19.9 percent month on month.

In the first half of the current year, Vale's iron ore exports fell by 9.5 percent year on year to 114.52 million metric tons.

In the first six months of the year, Vale's iron ore sales in its domestic market totaled 7.23 million mt, decreasing by 7.2 percent as compared with the same period last year.







## Russia's steel exports rise in H1 2020

In the first half of the current year, Russia's steel exports rose by 3.1 percent year on year to 14.4 million mt, according to the official customs data. In particular, in the given period Russia exported 7.7 million mt of semi-finished steel products and 3.7 million mt of flats, increasing by 1.3 percent year on year and 8.3 percent year on year, respectively.

On the other hand, in the January-June period this year Russia's pig iron exports fell by 28 percent year on year to 1.7 million mt, while its ferroalloys exports registered an even higher decline. Accordingly, in the first half of the current year Russia exported 367,000 mt of ferroalloys, down 12.6 percent year on year.

In June alone, Russia's steel exports totaled 2.6 million mt, down 7.9 percent month on month.

In particular, in the given period Russia's semi-finished steel exports declined by 11.8 percent month on month to 1.3 million mt, while its flat steel exports amounted to 744,100 mt, falling by 17.7 percent month on month. In the meantime, in June Russia's pig iron exports almost quadrupled month on month to 656,200 mt. Russia's ferroalloy exports increased by 8.2 percent month on month to 57,600 mt in June.

## Russian steel demand showing signs of recovery as COVID-19 restrictions ease

Russian steel demand is gradually returning as COVID-19 related restrictions ease and construction activity revives.

According to Sberbank, the first three weeks of August saw Russian consumers' expenses restored to the level they were at a year earlier, and Russia's PMI, which had collapsed to 34% in April-May, recovered to 49% in June-July.

Worldsteel figures showed that Russia's production fell by 3% over the year to 35.3 million mt in the first half of 2020.

The period saw an 11% drop in Russian steel consumption to over 19 million mt, according to Evraz.

In the first signs of a decline in the Russian market amid the coronavirus pandemic, mills began to look for export opportunities to hedge against weak domestic demand.

As a result, from January-June, Russia's steel exports grew between 3% and 6% over the year to 14.5 million mt. That was 41% of the country's production in that period. The supply of high value-added products suffered the most as exports comprised mainly billet, slab, pig iron and hot-rolled coil — the least profitable products.



## The European Commission has announced the beginning of an expiry review of the antidumping measures

In force on imports of stainless steel cold rolled flat products originating from China and Taiwan.

The European Steel Association (EUROFER), which represents more than 25% of the total EU production of stainless steel cold rolled flat products, lodged a request for the review on May 27 this year.

The product subject to this review are flat-rolled products of stainless steel, which are currently falling under several CN codes.

The investigation of a continuation or recurrence of dumping will cover the period from July 1, 2019, to June 30, 2020, while the examination of relevant trends for the assessment of the likelihood of a continuation or recurrence of injury will cover the period from January 1, 2017, to the end of the investigation period review. The investigation will be determined within 12-15 months.

## US rebar exports up 37.2 % in June 2020

According to export data from the US Department of Commerce, US exports of rebar totaled 17,352 mt in June 2020, up 37.2 percent from May and up 61.4 percent from June 2019 levels.

By value, rebar exports totaled \$11.4 million in June, compared to \$7.9 million in the previous month and \$8.1 million the same month last year.

The US shipped the most rebar to Canada in June with 11,625 mt, compared to 11,958 mt in May and 7,729 mt in June 2019. Other top destinations included Dominican Republic, with 4,875 mt.

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