AISU Steel News

Weekly / N° 21/2023

Monday 29 May 2023

Arab Iron and Steel Union

Latest News

North Africa

- The latest rebar price update in Egypt is on 23 May 2023.
- Egypt : Profits of iron and steel for mines triple in 9 months.

Gulf Area

- Oman: Vale signs an agreement to establish an integrated green steel industrial complex in Duqm.
- UAE: Vale signs a memorandum of understanding to establish a low-carbon iron production complex in Abu Dhabi.

World

- Iron and steel prices, the fourth week of May 2023.
- World crude steel production declined by 2.4% in April 2023 .
- Crude steel production by region.
- Arab countries' production of crude steel.
- Global steel demand is expected to growth 1.7% in 2024.
- The European Union extends anti-dumping duties on imported thick-rolled steel from China.
- China Steel prices turned from high to low in April.
- Crude oil prices are down 1%… and Brent is below $75 a barrel.

North Africa

The latest rebar price update in Egypt is on 23 May 2023

According to the daily follow-up of steel prices in Egypt, rebar steel prices ranged between 32,050 EGP – 39,500 EGP, EXW, as some companies fixed their steel prices, while some reduced them compared to last week.

Ezz Steel prices amounted to 32,135 EGP, Suez Steel 32,050 EGP, Beshay Steel 38,000 EGP, Egyptian Steel 32,050 EGP, Garhy Steel 38,760 EGP, Ashry Steel 39,500 EGP, Misr Steel 36,000 EGP, El Komy Steel 36,000 EGP, and Al Gioshy Steel 36,000 EGP without any changes. While, El Marakby Steel prices lowered from 38,500 EGP to 37,500 EGP, and El Ola Steel from 36,000 EGP to 35,800 EGP.

Rebar prices today are as follows:

Company	EGP/t	Pointer
Ezz Steel	32,135	−
Suez Steel	32,050	−
Beshay Steel	38,000	−
El Marakby Steel	37,500	↓
Egyptian Steel	32,050	−
Ashry Steel	39.500	−
Garhy Steel	38.760	−
Misr Steel	36,000	−
El komy Steel	36, 000	−
El Ola steel	35,800	↓
Al Gioshy steel	36,000	−

Prices include 14% VAT

Egypt : Profits of iron and steel for mines triple in 9 months

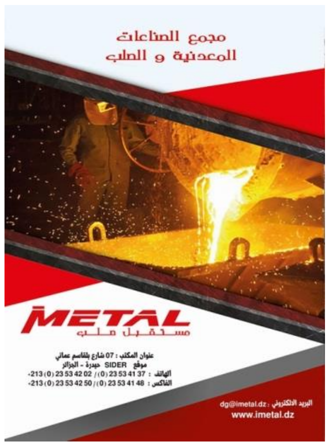
The financial indicators of the Iron and Steel Company for Mines and Quarries showed an increase in profits by 325% during the first nine months of the current fiscal year.

The company said in a statement to the Egyptian Stock Exchange today that it recorded profits after taxes amounting to 97.76 million EGP from July to last March, compared to 22.97 million EGP in the comparative period.

The company recorded revenues of 217.5 million EGP from July to the end of last March, compared to 82.78 million EGP in the comparative period.

It is worth noting that iron and steel for mines and quarries recorded a net profit of 69.5 million EGP from July to the end of December 2022, compared to 17.01 million EGP during the comparative period of 2021.

The company's revenues increased during the three months to 152.6 million EGP, compared to 55.7 million EGP during the same period in 2021.



Gulf Area

Oman: Vale signs an agreement to establish an integrated green steel industrial complex in Duqm

Vale Company signed a land reservation agreement with the Port of Duqm Company to establish an integrated green iron industrial complex in the Special Economic Zone at Duqm on an area of 6.78 km. It will include three plants described in ore concentration, green briquetting, and reduced iron.

Vale also signed a memorandum of understanding with Marafiq Company, intending to provide the complex with electricity, energy and other services by Marafiq as a provider of infrastructure services in the Special Economic Zone at Duqm.

His Excellency Eng. Ahmed bin Hassan Al-Dheeb, Vice President of the Public Authority for Special Economic Zones and Free Zones, said that this project is expected to produce raw materials for the iron industries. Highlighting that all parties in this project are keen to promote clean energy and green hydrogen use in the project facilities, which are planned to be established in the Duqm port.

For his part, the CEO of Vale clarified that this agreement constitutes an important station for the company to enhance its role in ensuring the sustainability of the mining sector. In addition, it looks forward to benefiting from the promising prospects and opportunities embodied in the integrated industrial complex project and activating its desired contribution to support the sector's orientation towards adopting sustainable and green operational processes.

For his part, the CEO of the Port of Duqm Company indicated that this project chose the port of Duqm due to its strategic location on the international trade route and its proximity to numerous regional markets. It is also scheduled to be a future centre for green hydrogen and its derivative products, expressing his hope that the port will stand out as one of the primary destinations for green steel manufacturing.

The CEO of Marafiq confirmed that the company would provide services for the new project, including industrial water and other related requirements.

Abbas bin Irshad Al Lawati, Executive Director of the Invest in Oman, Lounge, stated that the Lounge is a unified window to provide integrated services to investors and display investment opportunities whose size exceeds one million Omani riyals in cooperation with relevant government and private agencies according to international best practices. In addition, it is concerned with serving and caring for investors within an integrated system interested in investing in the Sultanate of Oman.

Through this project, Vale aims to reduce its net third-range gas emissions by 15 per cent by 2035, reduce its absolute first and second-range gas emissions by 33 per cent by 2030 and reach net zero emissions by 2050.

The Industrial Complex project was designed to produce reduced iron and other steel products and supply them to the local and international markets while reducing the carbon dioxide emissions level by a large percentage, as it reduces the use of natural gas to produce iron carbon dioxide emissions by 60 per cent compared to the production of pig iron by merging furnaces, smelting and basic oxygen furnaces. Renewable energy and hydrogen fuel will be adopted instead of natural gas.

UAE: Vale signs a memorandum of understanding to establish a low-carbon iron production complex in Abu Dhabi

The Abu Dhabi Ports Group announced the conclusion of a memorandum of understanding with Vale, the world's largest producer of iron ore and one of the largest logistics service providers in Brazil, under which a massive industrial complex will be established in Abu Dhabi, producing low-carbon materials for the iron and steel sector that will serve the local markets. It is exported by sea to foreign markets through a production process, considering low carbon dioxide emissions considerably.

The memorandum of understanding allocates space for an Industrial Complex establishment in Kizad, in addition to developing and managing a modern cargo handling facility in Khalifa Port, capable of receiving "Valley Max" ships with a capacity of up to 50 million tonnes of cargo annually.

From its side, the Abu Dhabi Ports Group will develop and manage the infrastructure for transporting iron ore and finished products to and from Khalifa Port and Kizad. It will also explore business cooperation opportunities with Vale to market and sell various by-products resulting from the manufacturing process in the UAE and the region.

The memorandum of understanding also includes cooperation in the maritime sector to explore opportunities for managing and operating tremendous raw material carriers and look forward to other opportunities to enhance the partnership between the two parties.

Captain Mohamed Juma Al Shamisi, Managing Director, and CEO of Abu Dhabi Ports Group, said, "The UAE is committed to adopting all means to reduce carbon emissions, as well as supporting all efforts to leave a positive impact on the global environment. Our signing of this agreement with Vale Company reflects our commitment to sustainable goals, in line with the insightful visions of our wise leadership."

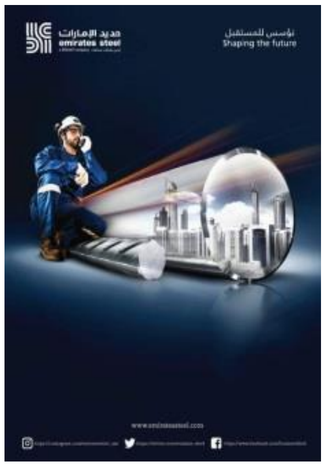
He added, "Growth and sustainability are two sides of the same coin, and our cooperation with Vale represents a major step in our contribution to the strategic initiative implementation to achieve climate neutrality by 2050".

For his part, Eduardo Bartolomeo, CEO of Vale, said, "We are excited to seize this opportunity and build this complex in the United Arab Emirates, which occupies a strategic position through which it contributes to leaving a positive impact that helps us significantly reduce carbon dioxide emissions in the country. All over the world and our ability to spread this new idea ofusing low-carbon technology in the production of reduced iron (HBI) confirms the success of our products globally".

The Industrial Complex initiative contributes to Vale's commitment to achieving a 15% reduction in net Scope 3 emissions by 2035.

In addition, Vale aims to reduce Scope 1 and Scope 2 emissions by 33% by 2030 and achieve carbon neutrality by 2050, in line with the Paris Climate Agreement and the trend towards sustainable mining.

Abu Dhabi Ports Group and Vale Company seek via this memorandum to take advantage of the strengths between them to raise the efficiency level of the global supply chain.



Latest News

World

Iron and steel prices, the fourth week of May 2023

According to the prices announced in the global steel markets, scrap prices amounted to 385 dollars/tonne, an increase of 8 dollars over last week. Iron ore prices reached 102 dollars/tonne, down by 6 dollars from last week's prices, while the billets prices- ranged between 520 – 565 dollars per tonne, which were between 525-570 dollars per tonne last week, and rebar steel prices ranged between 620-640 dollars/tonne, which is the same as the past week.

The following iron and steel prices in the global markets on 27/05/2023

Product	Place	Min	Max	Date	w-o-w
Scrap HMS 1&2 (80:20)	CFR Turkey	385	385	27/05/2023	↑
Iron ore Fe 62%	CFR- China	102	102	27/05/2023	↓
Billet	FOB Russia	520	530	27/05/2023	↓
	Ex-CIS,CFR Turkey	555	565	27/05/2023	↓
Rebar	FOB Turkey	620	640	27/05/2023	−
	FOB Ukraine	625	625	27/05/2023	↓
Wire Rod	FOB Turkey	625	650	27/05/2023	↓
HR coil	FOB Russia	590	620	27/05/2023	−
CR coil 1mm	FOB China	620	630	27/05/2023	↓

World crude steel production declined by 2.4% in April 2023

According to the preliminary data announced by the World Steel Organization about world production (63 countries) during April 2023, crude steel production amounted to 161.4 million tonnes, a decrease of 2.4% compared to the production of April 2022.

Africa produced 1.3 million tonnes in April 2023, up 4.8% from April 2023. Asia and Oceania 121.1 million tonnes, down 1.5%. The European Union (27) 11.1 million tonnes, down by 11.7%. Other Europe produced 3.5 million tonnes, down 17.3%. In the Middle East, 4.2 million tonnes, up 4.2%.

North America produced 9.2 million tonnes, down 4.6%. Russia and the independent countries, including Ukraine, production reached 7.5 million tonnes, up 5.9%. South America 3.6 million tonnes, down 2.2%.

Crude steel production by region

Region	April 2023	% change April22/23	Jan-April 23(Mt)	%change 22/23
Africa	1.3	4.8	5.0	-0.8
Asia and Oceania	121.1	-1.5	467.5	2.3
EU (27)	11.1	-11.7	44.4	-10.2
Europe, Other	3.5	-17.3	12.9	-18.8
Middle East	4.2	4.2	14.3	1.9
North America	9.2	-4.6	36.2	-3.8
CIS	7.5	5.9	28.9	-7.9
South America	3.6	-2.2	13.6	-5.6
Total	161.4	-2.4	622.7	-0.3

As for the Arab countries, the Kingdom of Saudi Arabia topped the production of Arab countries in April 2023, producing 790 thousand tonnes, an increase of 2.5%, followed by Egypt, producing 736 thousand tonnes, a decrease of 0.8%. The UAE came in third place, producing 279 thousand tonnes, a decline of 8.5%

Arab countries' production of crude steel

Countries	April 2023 (000t)	April change 22/23(000t)	Jan-April(000t)	% change 22/23
Egypt	736	-0.8	3069	-3.0
K.S.A	790	2.5	3053	0.8
UAE	279	-8.5	1082	9.2
Qatar	94	5.6	376	4.4
Libya	71	24.6	309	26.6
Tunisia	8	14.3	31	0.0
Total	1978	0.4	7920	1.3

Global steel demand is expected to growth 1.7% in 2024

An executive from the World Steel Organization (WSA) said global steel demand is expected to grow by 1.7% in 2024 after forecasting 2.3% growth this year based on manufacturing activity recovery.

In the long term, the Association of Southeast Asian Nations (ASEAN) is expected to see steel demand double by 2035 from the current 80 million tonnes, Frank Zhong, deputy director-general of the organization, told in an industry conference.

In the short term, Zhong said, the steel industry will focus on improving the energy efficiency of existing facilities and maximizing the scrap steel use to reduce carbon footprint.

“Scrap will play a crucial role, and iron ore will be the main player,” he added.

Zhong said the availability of steel scrap in the world is expected to rise to 1.1 billion and 1.2 billion tonnes in three decades from 700 million tonnes.

The European Union extends anti-dumping duties on imported thick-rolled steel from China

The European Commission (EC) extended the EU’s anti-dumping duties on certain types of thick rolled-steel imports from China. The duty rate remained at 65.1%-73.7% level.

The relevant decision was made after the post-tariff anti-dumping investigation was conducted in 2017.

Products are governed by CN Codes ex 7208 51 20, ex 7208 51 91, ex 7208 51 98, ex 7208 52 91, ex 7208 90 20, ex 7208 90 80, 7225 40 40, ex 7225 40 60 and ex 7225 9 9 00 for Anti-dumping definitions.

According to the investigation, the lack of restrictive measures could significantly increase dumped imports from China at prices that will hurt domestic producers.

In 2021, the European Union produced 9.44 million tonnes of related products with a capacity of 13.45 million tonnes. However, imports from China fell to 1,778 thousand tonnes, giving it a share of the EU market of 0.02%.

During the anti-dumping investigation, China Iron and Steel Association (CISA) stated that the tariffs should be suspended due to the expected increase in product shortages in the EU market, economic recovery and lower supplies from Ukraine and Russia. However, the committee rejected this allegation as unfounded

China Steel prices turned from high to low in April

Finished steel product prices in China in April turned from an upward trend to a downward trend due to slowing market demand along with relatively high steel production during the period, according to the China Iron and Steel Association (CISA).

From January to April this year, the average daily crude steel production of member steel companies of China Iron and Steel Association in China was 2.3294 million tons, up 2.2% compared to 2.2783 million tons recorded in January-March, as the real estate industry has a negative impact on steel demand.

At the same time, steel demand growth slowed down in the industrial and infrastructure sector, and the association urged steel manufacturers to thoroughly analyze the supply and demand situation and take adequate measures to maintain the smooth operation of the steel market.

The average imported iron ore prices rose to $120.5/tonne in April, up $28.4/tonne or 30.9% compared to December last year, while the finished steel product prices decreased by 1.85% in the indicated period.

The sharp imported iron ore prices had a clear negative impact on the steel companies' earnings, and with the advent of May, raw materials prices fell at a faster rate, thus weakening the final steel support.

On May 10 this year, domestic inventories of major finished steel products in 21 major cities in China totalled 11.30 million tons, down 210,000 tonnes or 1.8% compared with April 30, according to data from the association, which may ease downward pressure on steel prices.

It is believed that steel prices in China will probably stop declining and stabilize in May.

Crude oil prices are down 1%… and Brent is below $75 a barrel

Crude oil prices fell by more than 1% during today's trading, Monday, May 22, 2023, amid fears of an economic recession that may limit demand.

Caution over US debt ceiling talks and concerns about demand recovery in China offset support from lower supplies from Canada and OPEC+ producers.

Moreover, by 06:55 am GMT (09:55 am Mecca time), the futures contracts for Brent crude – July 2023 delivery – fell by 1.14% to $ 74.72 a barrel.

West Texas Intermediate crude futures – for June 2023 delivery – also fell by 1.22% to record a barrel of $70.68, according to information seen by the specialized energy platform.

On Friday, May 19, crude oil prices ended in decline but achieved their first weekly gains in 5 weeks.

During the past week, Brent and West Texas Intermediate crude prices achieved gains of about 1.9% and 2.2%, respectively, recording their first weekly rise in 5 weeks.

"The United States is the largest consumer of oil in the world, and investors are also concerned that China's recovery will falter after weak economic data reports in the past two weeks," said VIG analyst Tony Sycamore.

Sycamore added, "If the housing market continues to decline and policymakers fail to respond, the risk of a double slowdown in China – the world's largest importer of crude oil and the number two consumer of oil – is increasing, which portends bad news for crude oil consumption and demand".

Last week, both crude oil benchmarks rose nearly 2%, their first weekly gain in 5 weeks, after wildfires shut down large amounts of crude oil supplies in Alberta, Canada.

Analysts from Goldman Sachs and JPMorgan said the impact of voluntary production cuts by the Organization of the Petroleum Exporting Countries (OPEC) and its allies, including Russia, known as the OPEC+ alliance, is also being felt after it took effect this month.

JPMorgan said total exports of crude oil and petroleum products from the group fell 1.7 million barrels a day by May 16, adding that Russian oil exports would likely decline by late May.

On Saturday, the Group of Seven countries pledged at their annual meeting of leaders to strengthen efforts to confront Russia's evasion of capping prices for its oil and fuel exports "while avoiding spill over effects and preserving global energy supplies."

The Executive Director of the International Energy Agency, Fatih Birol, said that these reinforcements are not expected to change the supply situation for crude and oil products, adding that the agency is committed to analysing it.

Arab Steel News is a Weekly pdf newsletter

To subscribe, please contact us on

E-mail info@aisusteel.org

General Secretariat

P.O. Box 04 Chéraga - Algeria

Tel: + 21323304221

Fax: + 21323304254

Email: relex@solbarab.org

www.aisusteel.org

Cairo Regional Office

P.O. Box: 515 Dokki - Giza - Egypt

Tel: + 20233356219

Fax: + 20233374790

Email: aisucairo@solbarab.org

www.aisusteel.org