

Egypt's Steel Producers Cut Prices

Egypt's major steel producers reduced their January prices in the local market for the second consecutive month amid modest global cost of raw materials (billet), analyst said.

Ezz steel, the country's largest steel producer that controls more than 50-percent-stake of steel market, cut rebars prices by around LE540 (approx. \$69) per ton since end of November to currently register LE4660 (approx. \$595), according to Supply Ministry's data. Beshay steel and Solb Misr, which share around 30 percent of the local



market have also shaved LE300 and LE350 (approx. \$38 and \$44.6) off their prices per ton respectively over the above-mentioned period to reach LE4600 (approx. \$587) and LE4550 (approx. \$581) per ton respectively.

"China's oversupply of crude steel has dragged down the prices worldwide," said Ghada Alaa a construction and building materials analyst at Cairo-based investment bank Beltone Financial.

China produced 822 million ton of crude steel in 2014, almost unchanged from the year before, according to the Belgium-based World Steel Association 2015 report.

Despite cutting prices, Egyptian steel makers still have high premium compared to prices in countries that could export to Egypt such as China, Turkey and Ukraine where the rebars cost ranges between \$300 and \$350 per ton, said Alaa Alaa added that the country's current lack of US currency has hindered the importers from bringing large amounts of the cheap imported steel in past months, which protect local producers from bigger losses. Egypt's net foreign reserves stood at \$16.4 billion by the end of December.

The leading producers have minimized their production capacity by around 40 percent to avoid losses, given the low demand in last year, said Mohamed Hanafy the director of Cairo chamber of metallurgical at Egyptian industrial federation. "Egypt has an annual production capacity of around nine million ton, in 2015 the factories' output reached roughly 6.8 million ton," Hanafy told Ahrum Online. During the first nine months of last year, Ezz Steel reported 14 percent decline in its sales and net loss of LE509 million (\$65 million) against LE461 million (\$59 million) in the same period of 2014.

The total plant production already exceeded 110,000 tons in less than one month of operation, corresponding to 66% of the learning curve.

The hourly production rate has reached 262 t/h, corresponding to an annual productivity of 2.1 Mtpy, more than 10% above the guaranteed value of 1.9 Mtpy.

The client expressed its full satisfaction and acceptance of the plant performance, recognizing the expertise of Danieli and Tenova, which, in partnership with the excellent professionalism of ERM team, allowed achieving this important milestone.

Start-up for ENERGIRON Plant at Ezz Steel



After less than one month from plant start-up successful Performance Test has been achieved at the 2.0 MTPY ENERGIRON Direct Reduction Plant On December 20th, 2015 the new ENERGIRON Direct Reduction Plant, installed in Ezz Rolling Mills (ERM) - Egypt, successfully passed the Performance test at the first trial just one month after the plant start-up.

The new Cold DRI plant, featuring the ENERGIRON III technology, produced its first DRI on November 22nd, and passed the Hot Test on December 2nd.

After the Hot test completion, the plant, ready to increase its productivity, has been forced to work at reduced rate, due to limitations in the natural gas availability from the national network.

The natural gas full availability was restored on December 14th and the plant has been successfully and quickly ramped up to its full productivity, allowing to declare the performance test start on December 15th,

only 13 days after the Hot Test completion.

The test lasted 120 hours, during which the plant performed well above its target figures.

The productivity was 112% of the guaranteed value showing a metallization >94% and a carbon content >3%, a feature achievable only with the ENERGIRON technology.

Natural gas specific consumption of 2, 57 Gcal/t and Electric Energy of 30 kWh/t complete the picture of an optimized technology with respect to overall energy consumption.

One of the most peculiar characteristics of the ENERGIRON is the raw material yield. The ERM plant showed an impressive ratio of 1.37 t of oxide per t of DRI and is able to process oxide pellets or lumps screened at 3.2 mm, minimizing the rejected portion. All these results in the lowest OPEX nowadays achievable in the DR technology panorama.