

Turkey's Erdemir Hedging Iron Ore Prices



Erdemir Group, Turkey's biggest steelmaker, has begun to hedge iron ore prices using derivatives, something the company sees as vital against the backdrop of a prolonged period of depressed steel prices, a company official said. The upcoming introduction of tools to hedge output price risks would fill a missing piece in the puzzle,

Erdemir's purchasing coordinator Sevkinaz Alemdar told the LME Metals Seminar. "We are taking baby steps; getting ready to cope with it," she said, referring to the company's foray into iron ore hedging. "We have complaints about indexes but use it because it's the best solution available."

Alemdar, whose company is chiefly a producer of flat products, also said that Erdemir was looking for a viable scrap contract to serve its input hedging needs.

On metallurgical coal, which Erdemir sources increasingly from Australia as well as the US and Colombia, Alemdar said pricing

was more specific and that she had some doubts on the use of hedging tools for now.

"Before, we didn't participate because we didn't need to. Now it's a matter of survival, which will create the liquidity." Erdemir has an interest in accurately measuring commodity price positions as it actively buys raw materials against steel sales, amid a lean operating profile and low inventories, Alemdar said.

New Iran-Oman Axis in the Steel Industry



The demand for steel will grow to as much as two billion metric tons a year by 2025. Since the turn of the decade, infrastructure and construction projects linked to urbanization in India, the Middle East, China and elsewhere, has accounted for more than 35 percent of global steel demand and for more than half its growth.

Fitting then, that as relations between Iran and the west continue to improve, more than 350 international delegates from companies both inside and outside Iran met on Kish Island recently at the first Iranian Iron and Steel conference, discussing opportunities to integrate the nation's huge iron and steel industry into growing global markets.

"As a link-pin in the regional steel industry, SOHAR Port and Freezone has a location second to none," says SOHAR Freezone CEO Jamal Aziz, and continues

"Optimally placed between the markets of east and west, in an area of the world where demand for steel continues to grow, with our low utility prices and attractive incentive packages, we offer an ideal environment for steel manufacturers and steel fabrication industries."

Which is perhaps why so many leading companies in the steel industry have already

established themselves in SOHAR? These include Vale from Brazil; Inco from Turkey; Sohar Steel from Oman; and Jindal, Dunes, Cabrol, Metkore, and Indsil all originally from India.

Jacoba Bolderheij, Commercial Manager at SOHAR agrees; the Dutch ex-diplomat charged with marketing the Freezone in SOHAR was one of very few female speakers at Kish Island conference and soon earned herself a nickname as the region's 'Iron Lady': "We believe SOHAR will play a critical role for the Iranian steel industry; not only as an optimal entry and exit point to the broader region, but also thanks to our long-standing good relations with Iran, our excellent infrastructure and logistics, we are ideally positioned as a regional base for continued investment in the sector, from materials processing right the way to finished steel products."

Rajhi Steel Sets New Production Record



Excellent performances by the Danieli CBRM, superflexible bar and wire rod mill, at Rajhi Steel plant, Kingdom of Saudi Arabia. The positive plant's production trend, which already marked significant levels in the past years as a proof of the excellent managerial leadership and spirit initiated by Rajhi Steel top management, continues as shown by the latest record set in March 2015.

The CBRM was started in 2012 as part of an integrated minimill installed by Danieli and in operation since 2007.

The plant is now capable of achieving a maximum daily production of 4,174 tons, and set a total monthly production record of 90,766 tons for bars in five sizes (in particular 12, 14 and 16 mm).

This represents 49% of the product mix, an average monthly output of 160 t/h, 83.7% operating rate, 97.4% yield ratio (plant operating continuously 24 hours/day), and all this with the customer's, ASTM and Saudi Standards, Metrology and Quality Organization (SASO) satisfaction.

For the current year, the plant is forecast to exceed 1M t/y of rolled products, one of the production records among the highest for plants of this type installed worldwide.