

DRI Pellet Premiums Down on Weaker Demand

Direct reduction (DR) pellet premiums moved lower for September as participants looked to factor into contract pricing talk's weaker overall pellet demand and DRI growth prospects in the Middle East for the current year.

Estimated premiums for September cargoes fell to \$39.50/dry mt, down \$1.50/dmt from \$41/dmt in August as resumption in discussions starting after Ramadan and the summer break looked to finalize terms.

Previous provisional prices in the \$40-41/dmt range gave way to downward pressure on supplier offers that had been in the mid \$40s/dmt.

Lower gas availability in Egypt and regional unrest in parts of the Middle East and North Africa coupled with competitive steel imports led by China and from the Commonwealth of Independent States trimmed potential growth.

Low oil prices this year dampening steel-



related investments was negative for DRI output and the price outlook.

Increased availability of pellets from Brazil and Oman, as well as Bahrain and India, followed premium erosion from a high of around \$48/dmt signed for 2014.

Some later 2014 contracts, running through Q1 2015, were heard nearer the \$42/dmt mark.

Latest premium talks in the Middle East had moved prices in from a bid offer range cited at \$35-45/dmt to likely nearer the bid, according to several buyers and other

industry sources.

Producers are more optimistic that for the highest grade products they may be able to secure higher overall prices.

Some buyers are understood to be paying additional Fe on top of the premium and 65% Fe fines reference. A multitude of different pricing systems made the premium hard to standardize or provide strong relevance currently, said one source.

The market is using Platts IODEX 62% fines and adjusting to 65% Fe iron content in many cases, with further adjustments for iron content to the pellet grade being stipulated in some earlier talks. An earlier attempt to move to using 65% Fe indexes has not yet been confirmed; with producer momentum weakening as demand fell.

Producers state that a circa \$40/mt and under DR premium basis IODEX adjusted to 65% Fe was on the low side and there may be higher prices and pricing differentiation sought for some contracts.

25 Overseas Companies Attend Iron, Steel Conference on Iran's Kish Island



Representatives and managers of 25 foreign mining companies from around the world are participated in the Iranian Iron and Steel Conference held on Kish Island in southern Iran recently.

Germany, Italy, Austria, Sweden, Japan, Russia, France, China, India, Switzerland, Britain, Mexico, Belgium and Denmark are among the countries took part in the three-day conference, the Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO) said.

Reputed companies such as Kobe Steel, Essar, Nippon Steel, Mitsubishi and Outotec attended the Iranian Iron and Steel Conference, which was held on Kish Island on September 14-16.

Representatives of mining and mineral sectors of the United Arab Emirates,

Singapore, Turkey, Bahrain, Lebanon, India, Saudi Arabia, Ukraine, Kuwait, Kazakhstan and Iraq were also present at the international event. Participating Iranian and foreign managers and international experts are planned to examine the investment attractions of Iran in the field of iron and steel in the post-sanctions era.

Iran is the biggest steel producer in the Middle East and North Africa. The country's main steel production facilities are located in Isfahan and Khuzestan provinces.

Saudi Basic Industries Cuts Rebar Steel Price



Saudi Basic Industries Corp said it had cut its domestic retail price for rebar steel by 200 riyals (\$53.3) per tonne, effective from the start of this month.

A company statement quoted Abdulaziz Sulaiman al-Humaid, SABIC's executive vice-president for its metals strategic business unit, as saying the reduction would contribute to the stability of the domestic market, as indicators pointed to rising demand for steel now and in the future.

The reduction also keeps pace with developments in regional and global markets, he added. The statement did not specify a level for SABIC's new rebar price.