HRC buyers in UAE shying away from signing contracts

The majority of HRC buyers in the UAE are staying away from signing contracts for import material due to unattractive prices. There have been only deals with end-users for material from Russia. Meanwhile, the import prices have gone upward backed by costlier raw materials. The import quotes have jumped by $30 45/t over half a month. The most attractive offers are coming from Russian suppliers, market insiders estimate. While concluding deals Emirati customers have managed to get some discounts for Russian products. The booking price, however, has not been disclosed. India, having an advantage of a short lead time, might find a buyer in the UAE as well.

Nevertheless, the majority of customers, in case they need material urgently, prefer buying from local traders in order to avoid risks connected with the unstable market. Owing to costlier feedstock, pipe producers have increased their prices. Current prices for BS 1387 pipes made from HR coils with 1 4” diameter and 2 4 mm wall thickness are $600 605/t delivered, $30/t up over the period under review. The demand, however, has been rather stable

Sabic plans to make its steel unit an affiliate company

Sabic plans to make its steel unit an affiliate company, as the region’s biggest petrochemical producer consolidates its operating units.

But the move should not be seen as preparing the ground for a sale, said Abdulaziz Sulaiman Al Humaid, the Executive Vice President Metals at Sabic. He told the Middle East Iron and Steel Conference in Dubai earlier that the move would make the Saudi Iron and Steel Company, or Hadeed, more efficient. "The ownership is going to be the same and our customer base won’t see any change, but the key thing is being more efficient in our business," he said.

"This has nothing to do with a sale of the company or it is not a sign of preparing the company for sale." Sabic aims to complete the process by July or August.

With assets worth more than US$90 billion, Sabic is one of the biggest petchem producers in the world. Hadeed represents about 10 percent of its portfolio.

Egypt Govt backtracks on gas price reduction for steel factories

The Egypt government backtracked on its decision to reduce the price of gas supplied to steel factories from $7 per one million British Thermal Units to $4.5, which was announced in March, due to the high real cost of fuel caused by the average price of imported and locally produced quantities.

Tarek El-Molla, Minister of Petroleum & Mineral Resources, said in a report that the price of gas will not be reduced.

He added that the government is heading towards the liberalisation of the energy market and is adopting new regulations prescribed by the gas market regulatory authority, which is currently being established to become the main entity tasked with managing gas trade and setting its prices for the local market.

He noted that the authority will allow the private sector to import gas and to use the national pipeline grid in order to move it from ports to factories according to fees that will be agreed upon with importers and private factory owners.

Managing director of Suez Steel, Raffiq El-Daw, said that backtracking on the decision will be catastrophic and will lead factories to import billet rather than produce it locally, which will burden the state by $1.8bn per year and increase demand on hard cash.

He called on the prime minister to reconsider the decision and fulfil his promise to factories to reduce the prices and enable them to provide competitive prices, adding that if prices are reduced, factories can export part of its production and bring in foreign currency worth $2bn annually.

Hassan El Marakby, president of El Marakby for Steel, said that medium cycle factories are partially impacted by the price of gas. He estimated that medium cycle factories need 50 cubic metres of gas per tonne, compared to 350-400 cubic metres of gas per tonne at full cycle steel mills.

Egypt’s total production of natural gas is estimated at 4.4 billion cubic feet of gas per day, in addition to the import of one billion cubic feet from the liquefaction vessels in Ain Sokhna and 100 million cubic feet from Jordan.