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# Iran's Iron Ore Update & Perspective on Global Iron Ore Market



انجمن تولیدکنندگان و صادرکنندگان سنگ آهن ایران  
IRON ORE PRODUCERS & EXPORTERS ASSOCIATION OF IRAN

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# **Iran's Iron Ore and Steel Value Chain Update**

# Steel Value Chain Upstream Capacity

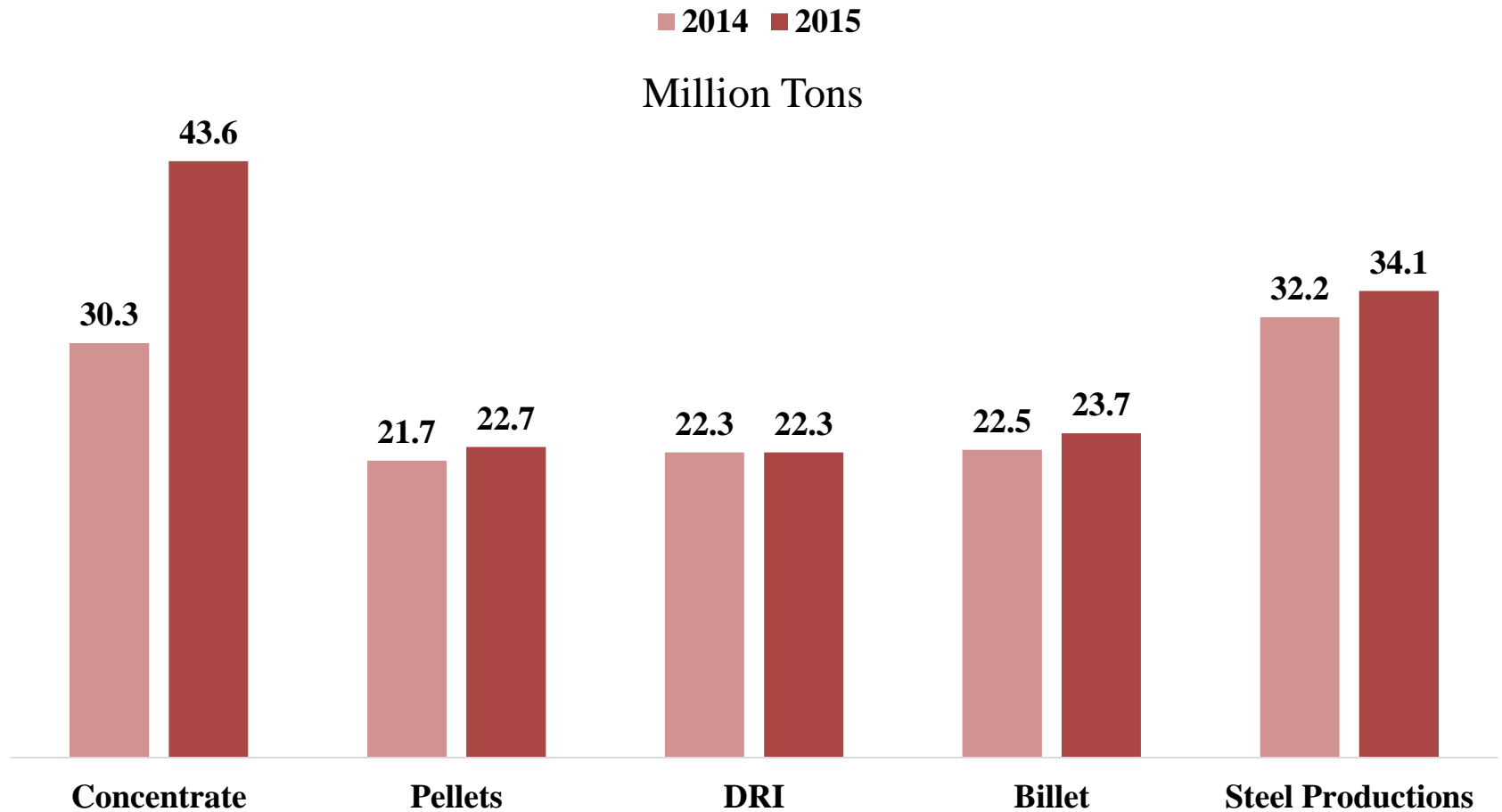


Figure 1: Steel Value Chain Upstream Capacity 2014 - 2015

Source: Iran Steel Comprehensive Plan, Foolad Technic Co.

# Steel Value Chain Upstream Production

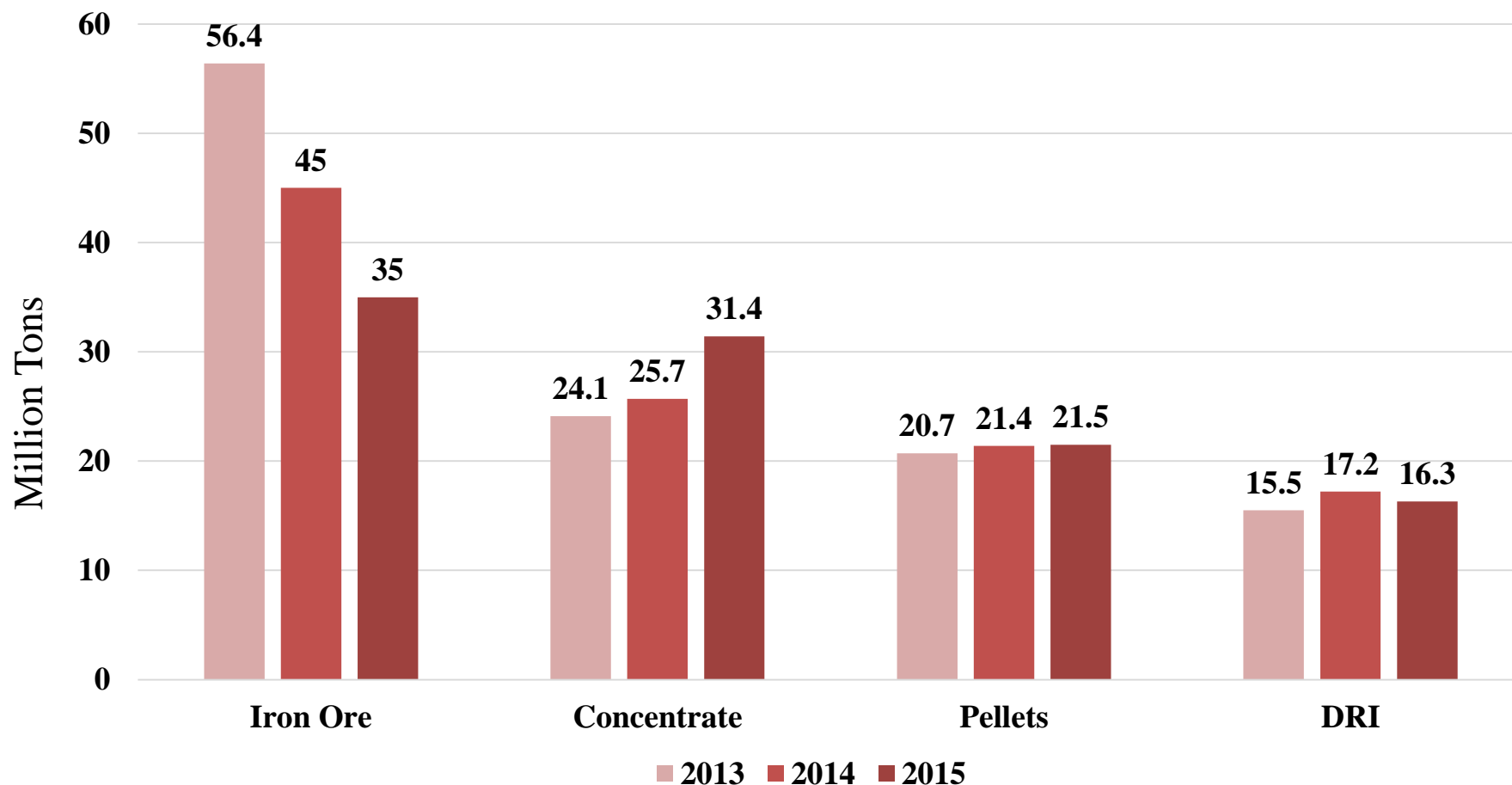


Figure 2: Steel Value Chain Upstream Production 2013 - 2015

Source: Iran Steel Comprehensive Plan, Foolad Technic Co.

# Steel Value Chain Upstream 2016 vs. 2015

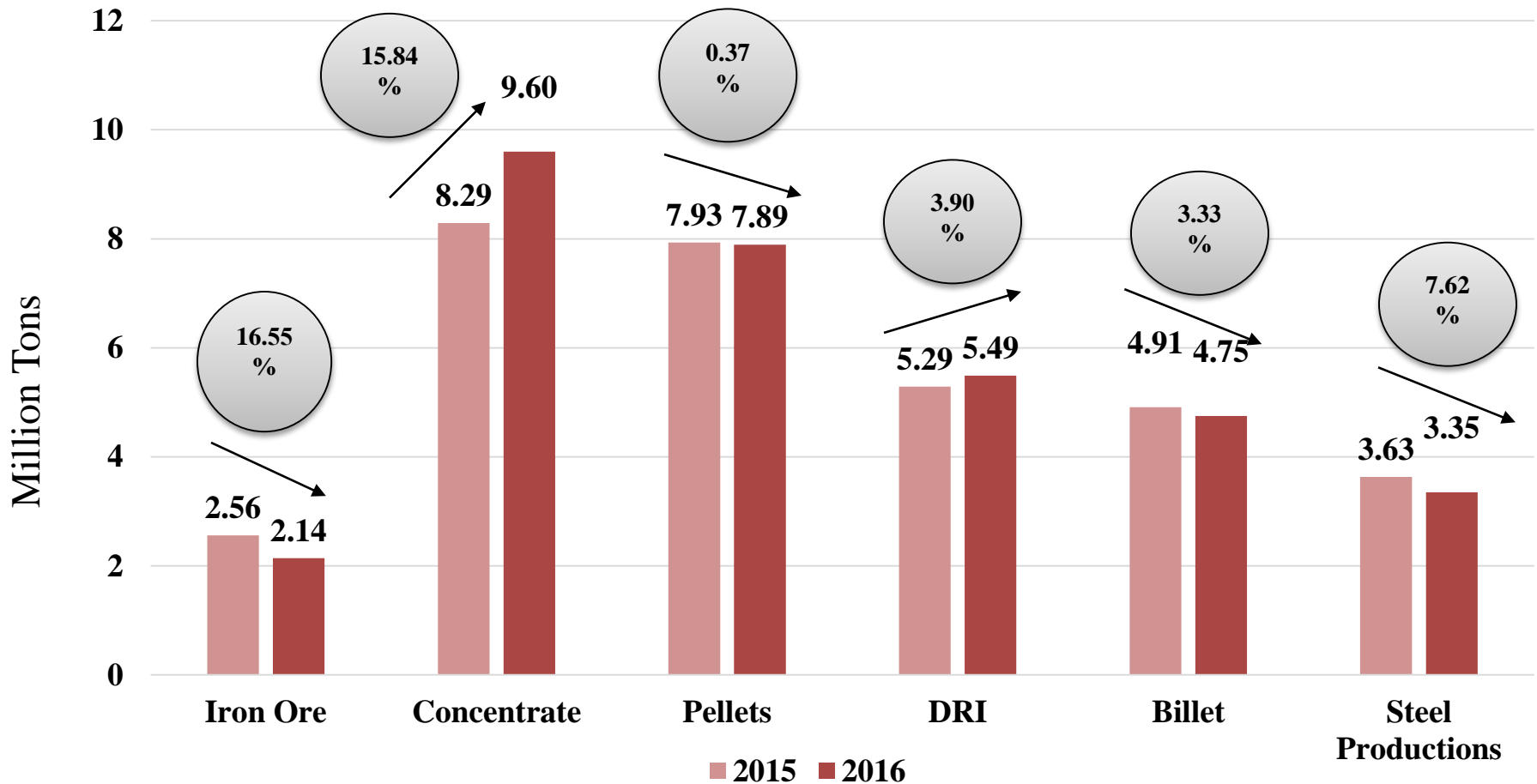


Figure 3: Steel Value Chain Upstream 2016 vs. 2015 (from March to June)

# Status of Iran Iron Ore Production

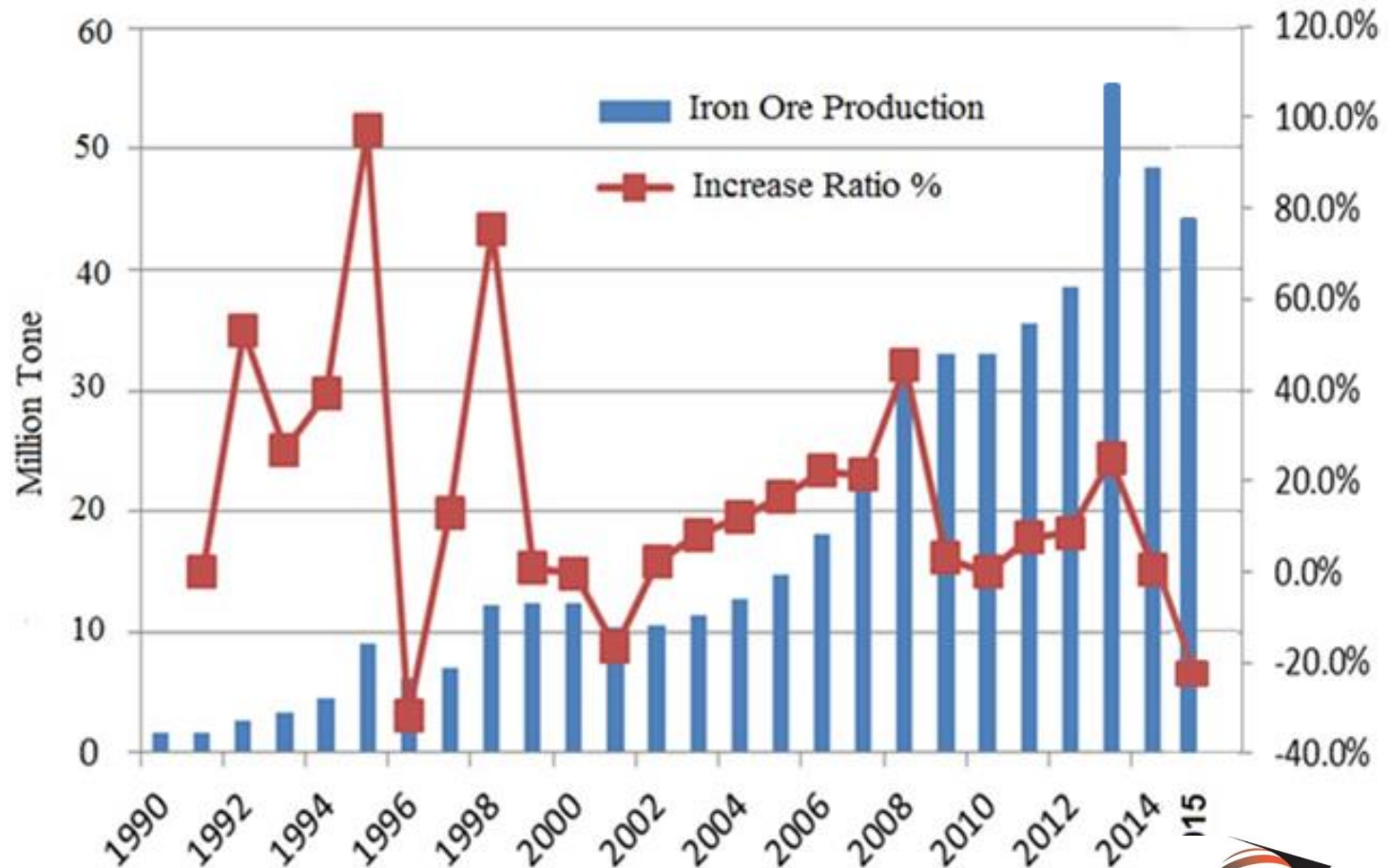


Figure 4: Iran Iron ore Production Trend



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# Status of Iran Iron Ore Export to China

Year	Iron Ore Exported to China (Million Tons)	Average Iron Ore Export Price USD/T
2013	23.5	106
2014	20.2	86
2015	13.5	44
JAN – AUG 2016 (8 Months)	10.6	55

Table 1: Iran Iron Ore Export to China



# Iran Crude Steel Production

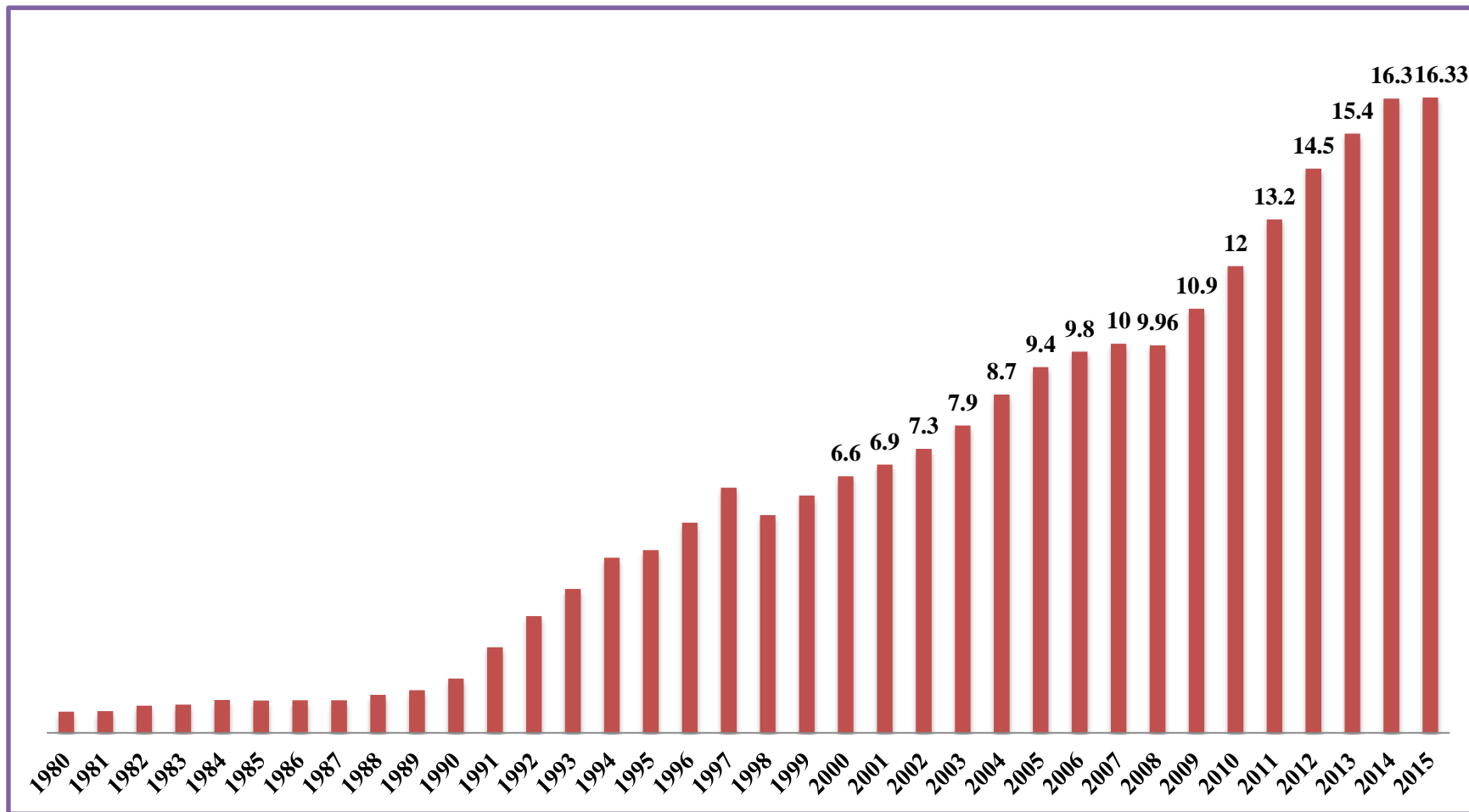


Figure 5: Iran Crude Steel Production 1980 - 2015

Source: World Steel Association

# Steel Export 2016 vs. 2015



Figure 6: Steel Export 2016 vs. 2015 (from March to June)

# Iran Steel Export and Import

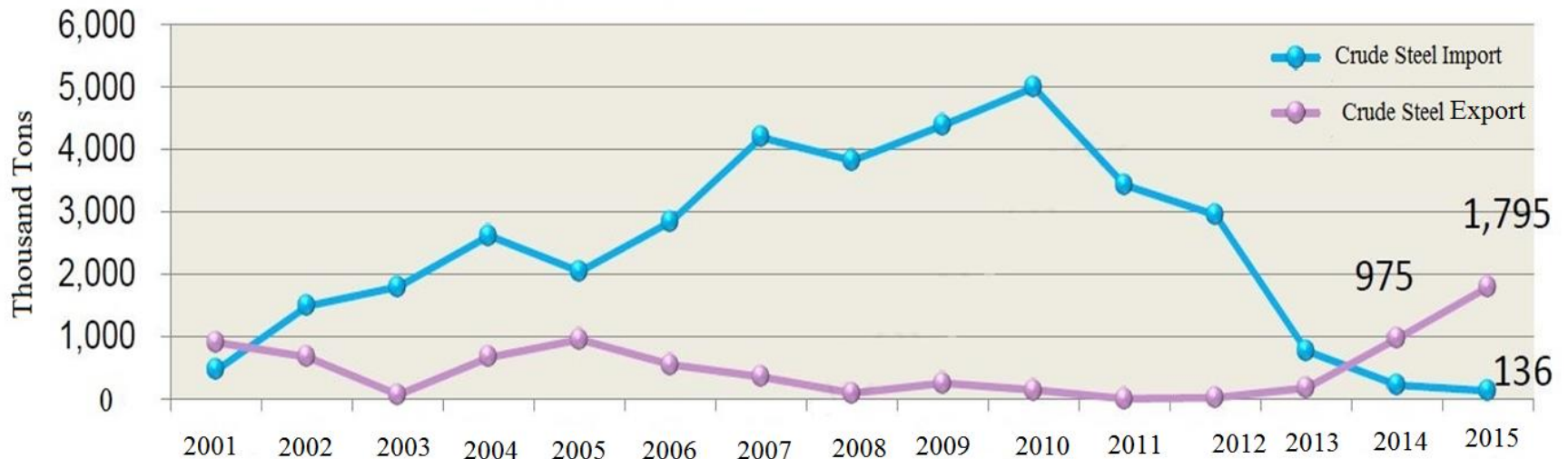


Figure 7: Iran Steel Export and Import 2001 - 2015

Source: Iran Steel Comprehensive Plan, Foolad Technic Co.

# Iran Steel Consumption and Supply

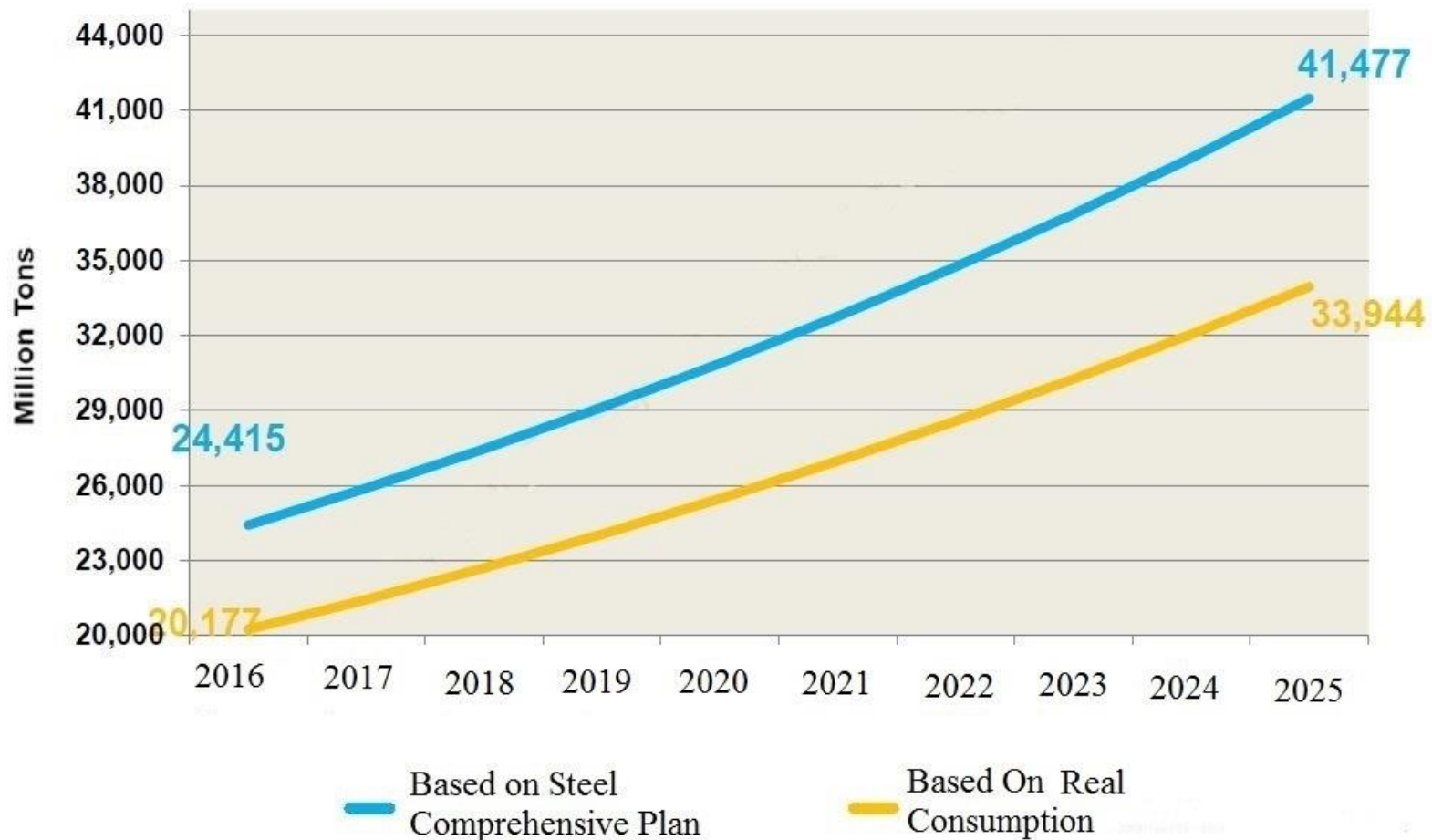


Figure 8: Iran Steel Consumption and Supply Forecast 2016 - 2025

Source: Iran Steel Comprehensive Plan, Foolad Technic Co.

# **Perspective on Global Iron Ore Market**

# Continued Global Iron Ore Demand

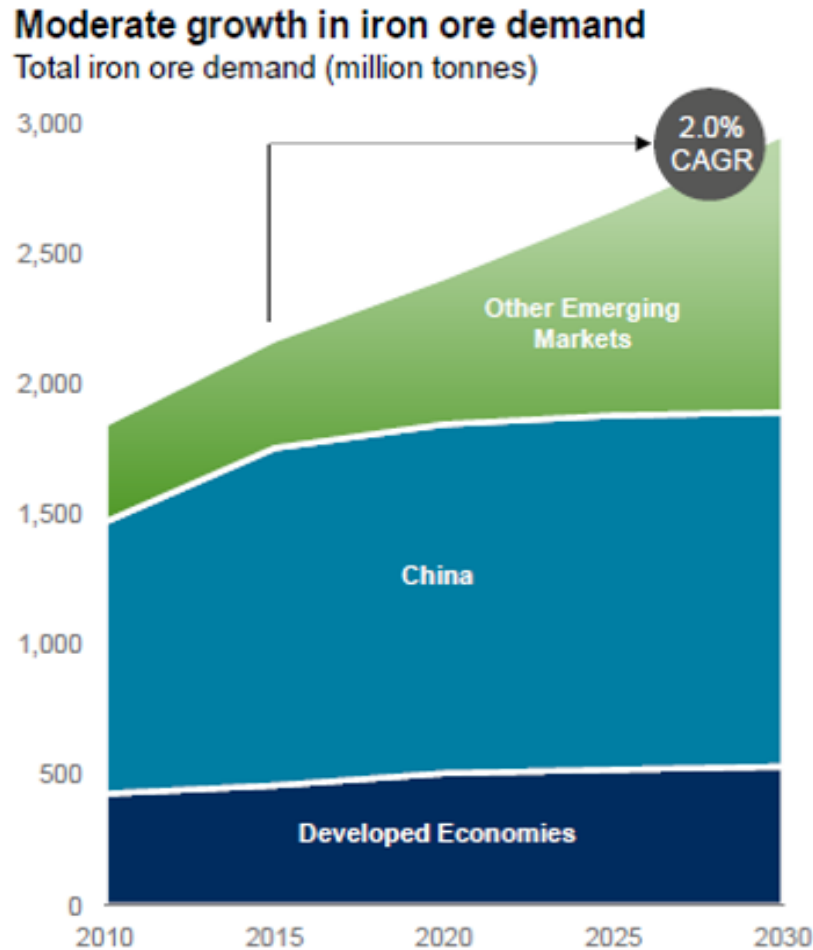


Figure 9: Continued Global Iron Ore Demand

Source: Rio Tinto

# Global Iron Ore Supply

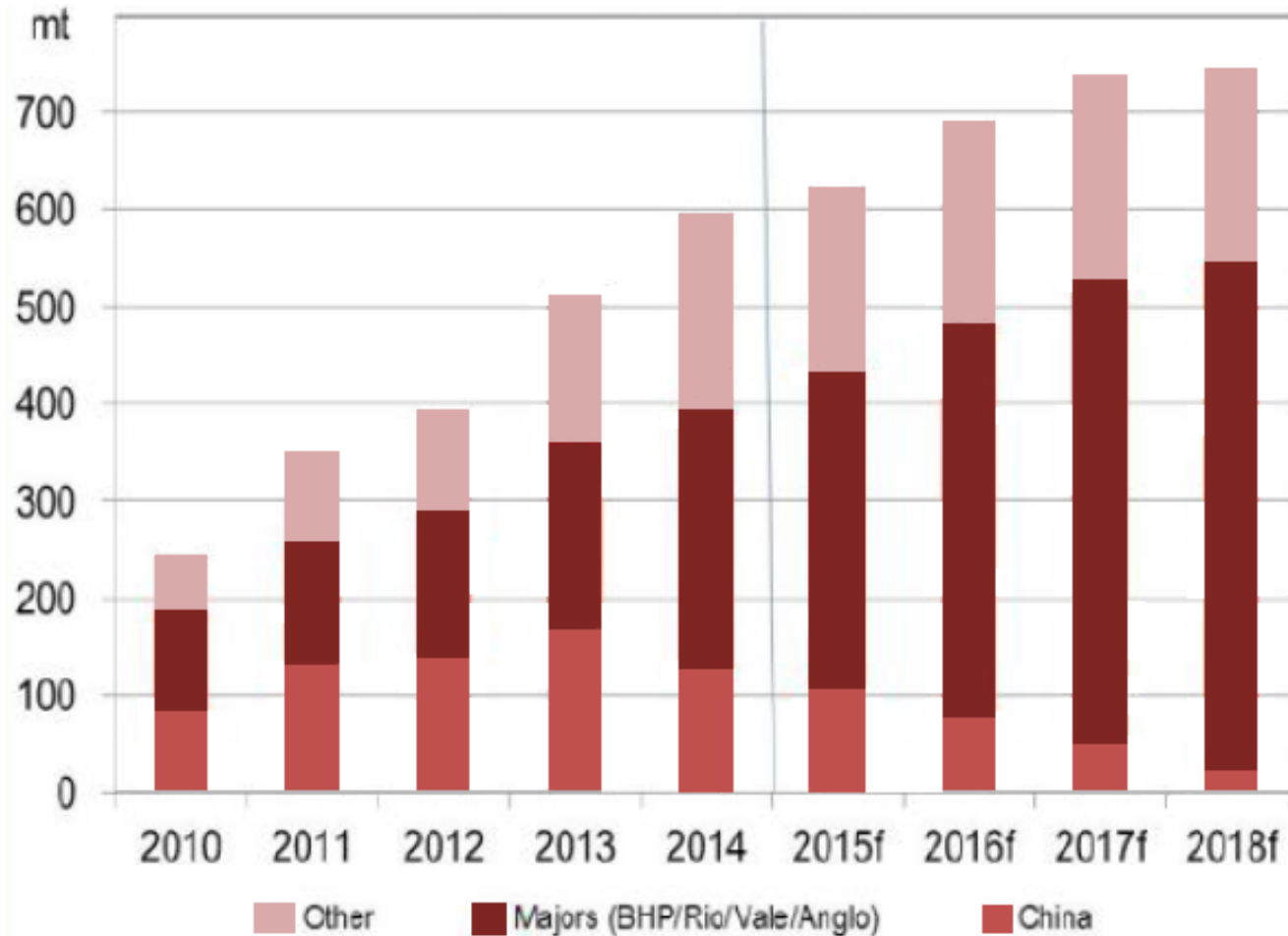


Figure 10: Global Iron Ore Supply

Source: HSBC

# Iron Ore Demand by Product

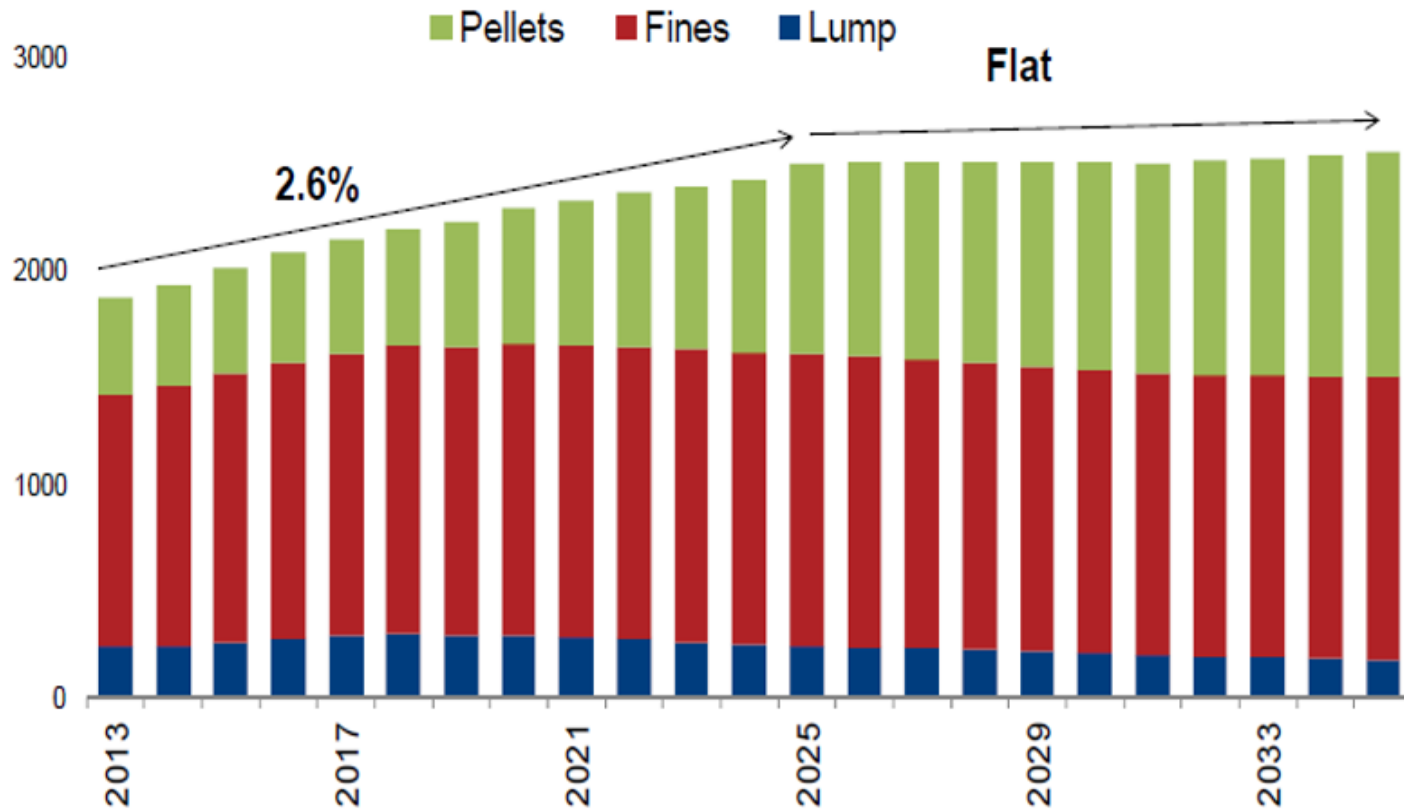


Figure 11: Iron Ore Demand by Product

Source: CRU



# Key Factors affect on Iron Ore Market

- 1- Future Evolution of Oil and Raw Materials.
- 2- The Impact of Excess Steel-making Capacities.
- 3- Unfair Competition of Companies/Countries.
- 4- Global steel demand grows by 2.5% per annum, versus GDP growth of 3.0%.
- 5- Chinese steel demand is evolving with an increasing focus on exports.
- 6- Increasing importance of emerging markets beyond China, especially in Asia.
- 7- The world need 3 billion tons of iron ore by 2030 that is a growth rate of 2%.

# Key Factors affect on Iron Ore Market

8- Over 50% of the additional supply will be delivered through the seaborne market.

9- Till last week the price gap between imported and domestic Coking Coal in China was believed to be as wide as RMB 300-400 (\$ 45-60) per ton, but it has already reduced to RMB 100-150 (\$ 15-22) per ton this week. In Q4 of 2016, Chinese steel exports will become much more cost-competitive and we do not expect to see any volumes drop.

10- According to China NSB, China iron ore production had 3.3% decrement in August 2016 YOY ,and dropped to 115.1 Million tons.

# Key Factors affect on Iron Ore Market

11- According to China NSB, China iron ore seaborne import had 18.4% increment in August 2016 YOY, and increased to 87.72 Million tons.

12- According to China NSB, China iron ore production had 2.3% decrement during Jan-Aug 2016 (8 months) YOY, and reduced to 824.7 Million tons.

13- According to BMI Research (an affiliate of Fitch Group), China iron ore production will be reduced by 10% this year and 5% in 2017, respectively. However, the negative growth would be much less as 3.8% from 2018 up to 2020.

# Iron Ore Price Forecast

- Before & After Chinese National Day Golden Week Holiday (1<sup>st</sup>-7<sup>th</sup> Oct., 2016), iron ore price to be fluctuating between \$ 54 to 56 CFR for Australian 62% Fines.
- In Q4 of 2016, there is some chance for iron ore dropping to \$ 50 in a short term period and then fluctuating up to \$ 55 with \$ 1 plus/minus tolerance. However small shocks to hit \$ 60 with \$ 1 plus/minus tolerance, isn't out of mind.
- In Q1 of 2017, before Chinese Spring Festival Golden Week Holiday (27<sup>th</sup> Jan-2<sup>nd</sup> Feb., 2017) iron ore price will be dropped to \$ 50 with \$ 2 plus/minus tolerance, but after holidays will be fluctuating up to \$ 55 with \$ 2 plus/minus tolerance.



# Conclusions on Iran

# Conclusions on Iran

- Iran is ranked as the 14th Crude Steel Producer Worldwide. In August 2016, Iran had 8.1% increment in steel production YOY. Iran total steel production during Jan-Aug 2016 (8 months) had 5.1% increment YOY.
- Iran is planning to increase both Upstream & Downstream Capacities of it's Steel Value Chain, to meet the target of 55 Million Tons Crude Steel Production in Vision 2025.
- The right capabilities are those that lead to Maximum Value Creation in both in Domestic and Export Markets.
- Iran Steel Export has been increased by 77% from March to June 2016 YOY.

## Conclusions on Iran

- Iran is trying to achieve to export min 6 Million Tons steel during 2016 which is 2 - 2.5 Million Tons more than 2015 figure.
- Iran is planning to continue export of iron ore during the Q4 of 2016 and Q1 of 2017.
- Iran is planning to stop exporting of Iron Ore from the beginning next Iranian Year (21<sup>st</sup> March 2017 onwards), and just continue to export value-added products such as concentrate.
- Not only Iran became self-sufficient for importing Pellets but planning to start exporting of Pellets from the next Iranian Year by removing it's export duty.

# Conclusions on Iran

- Iran has been exported 5,789,940 Mts amounting USD 227.2 Million Iron Ore from March to June 2016. The last figure for the same period in 2015, was 3,419,000 Mts amounting USD 121.5 Million. It shows 59% increment in Weight and 53% increment in Value, respectively.
- Iran has been exported 2,519,870 Mts amounting USD 1,124.3 Million Both Steel & Steel Value Chain Products from March to June 2016. The last figure for the same period in 2015, was 1,335,220 Mts amounting USD 826.3 Million. It shows 53% increment in Weight and 73% increment in value, respectively.





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# Thank You

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