

Prices of steel bar rises due to global supply shortage

THE recent rise in steel bar prices was due to strong demand resulting from global economic recovery and a hike in raw material prices, particularly scrap, iron ore and coking coal, due to supply tightness and global supply chain disruptions.

The Malaysian Iron & Steel Industry Federation, together with the Malaysia Steel Association stated that rising raw material costs and the cost of doing business (such as utilities, transportation, etc.) have a significant impact on steel prices.

“The trajectory of domestic steel prices tracks the international price trend. Hence, domestic steel bar manufacturers have no control over steel prices as domestic steel prices are subject to global supply and demand dynamics,” the associations said in a joint statement last Friday.

“Steel bar users, such as contractors and housing developers, are able to import steel bars at zero import duty without the need for an AP (Authorisation Permit). Aside from that, steel products only account for approximately 2%–4% of total housing project costs.”

The statement was made in response to the Real Estate and Housing Developers Association’s (Rehda) report on the impact of rising building material prices.

According to the Rehda Property Industry Survey for the Second Half of 2021 and Market Outlook 2022, the overall costs of business operations of the respondents have increased by 18%.

In terms of the average percentage increase in the price of building materials, the survey found that aluminium ranked first with 55%, followed by timber with 52% and steel with 38%. Other building materials such as cement, sand and concrete have seen price increases ranging from 16% to 19%.

“We wish to echo the statement made by Senior Works Minister Datuk Sri Fadillah Yusof in the *Dayak Daily* on Oct 28, 2021, that the cost index for building materials was between 3% and 19% nationwide based on data from the **Department of Statistics Malaysia** and was due to the impact of Covid-19 and rising global market prices.

“The ministry also stated that the increase in the price of building materials such as sand and reinforced iron varied by location.”

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