



TrendsAugust 2020

Provisional data released by JPC for April-July 2020-21 indicate that domestic finished steel consumption was up by 13% in July 2020 over June 2020, which may certainly be considered as an encouraging sign for industrial growth in general and steel consumption, in particular.

WORLD ECONOMY AT A GLANCE

- Markit Economics report indicates that the recovery of the global manufacturing sector gathered pace in August 2020, with output and new orders rising at the fastest rates since April 2018 and June 2018 respectively, encouraged by the resumption of production and reopening of businesses following COVID-19 lockdowns. This is reflected in the J.P.Morgan Global Manufacturing PMI which climbed to a 21-month high of 51.8 in August 2020, above the neutral 50.0 mark for the second successive month.
- China, the USA, Germany, the UK, India and Brazil registered expansions while Mexico, the Philippines, Vietnam and Japan saw the steepest rates of contraction during August 2020 which also saw a rise in the level of incoming new business but new export business continued to be slow.
- The report also indicates that global manufacturing employment declined while input cost inflation accelerated to a 20-month high and that supply-chain disruption continued during August 2020.

Key Economic Figures			
Country	Q2 GDP 2020: %change*	Manufacturing PMI	
		July 2020	August 2020
India	-23.9	46.0	52.0
China	3.2	52.8	53.1
Japan	-1.7	45.2	47.2
USA	-9.5	50.9	53.1
EU 28	-15.0	51.8	51.7
Brazil	-11.4	58.2	64.7
Russia	-8.5	48.4	51.1
South Korea	-2.9	46.9	48.5
Germany	-11.7	51.0	52.2
Turkey	-9.9	56.9	54.3
Italy	-17.3	51.9	53.1

Source: GDP: official releases; PMI- Markit Economics, *provisional

GLOBAL CRUDE STEEL PRODUCTION

The impact of the shutdown of activities in major steel-making countries around the world due to COVID-19 pandemic was apparent in the country-wise crude steel production numbers released by World Steel Association (worldsteel). The data show that world crude steel production stood at 1029.33 million tonnes (mt) in January-July 2020, down by 5.1% year-on-year (yoy) while production stood at 153.92 mt in July 2020, down by 1.8% over July 2019.

World Crude Steel Production: January-July 2020 (prov)			
Rank	Country	Qty (mt)	% change
1	China	593.17	2.8
2	India	51.89	-21.9
3	Japan	48.27	-18.8
4	USA	41.82	-19.2
5	Russia	41.05	-3.2
6	South Korea	38.02	-9.6
7	Germany	19.88	-16.9
8	Turkey	19.43	-2.4
9	Brazil	17.07	-13.9
10	Iran	16.22	10.8
Total Top 10		886.82	-3.3
Total World		1029.33	-5.1
Source: worldsteel			

- World crude steel production was led by China in January-July 2020 (593.17 mt, up by 2.8% yoy) and the nation accounted for 78% of Asian and 58% of world crude steel production during this period.
- With a 5.1% share in total world production, India (51.89 mt) reported a yoy production decline of 21.9% during January – July 2020 and was the 2nd largest producer during this period.
- Japanese crude steel production (48.27 mt) was down by 18.8% yoy and the country was the 3rd largest crude steel producer in the world during this period.
- USA remained at the 4th largest spot, with production (41.82 mt), down by 19.2% yoy while Russia (41.05 mt, down by 3.2% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (28) countries during this period was 78.42 mt, down by 19% yoy.
- At 761 mt, Asian crude steel production was down by 1.8% yoy and the region accounted for 74% of world crude steel production during this period.
- The top 10 countries accounted for 86% of total world crude steel production during this period and saw production go down by 4.3% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- US steel mills are on the path to add over 13.5 mtpa of EAF flat-rolled steelmaking capacity at a cost of at least \$6.3 billion over the next three years.
- US finished steel imports rose by 92.5% in July 2020 (2.44 mt) over June 2020 due to a massive influx of blooms, billets and slabs from Brazil.
- Usiminas has restarted its No1 BF in Ipatinga city, with capacity of 2 thousand tpd of pig iron.
- The Mexican economic secretariat has extended CVD on imports of CRC from Russia (15%) and Kazakhstan (22%) for a duration of five years.
- Mexican steelmaker Grupo Acerero is currently operating its new plate mill at 25% of capacity and aims for full ramp-up in 2021. The unit includes a 360,000 tpa plate mill and marks the entry of the group in flat steel production.

ASIA

- China is turning to mergers, acquisitions and mine shutdowns to maintain its drive toward energy reform and the use of fewer fossil fuel resources.
- Steel market participants anticipate China's "dual circulation" policy will boost steel demand for the remainder of 2020, with the more self-reliant economic model aiming to offset slowdowns caused by the COVID-19 pandemic and US-China political tensions.
- China's Baowu Iron & Steel Group is set to take a 51% stake in major stainless steel producer Taiyuan Iron & Steel, or TISCO, worth Yuan 14.5 billion (\$2.1 billion), which will take its combined crude steel capacity to 111 mtpa.
- India's Ministry of Steel has helped to establish a working group involving South Korean steelmaker Posco and Vizag Steel over the building of a new plant to produce special steels.
- India has recommended provisional CVD of 22.31%, 22.65% and 24.83% on flat SS products imported from Indonesia.
- Bangladeshi steelmaker SS Steel has purchased competitor producer Saleh Steel in a deal worth 247 million taka (\$2.86 million).
- Malaysia has begun a review and an antidumping investigation into imports of CR steel from Vietnam, China and South Korea. The tariffs on the three countries ranged from nil to 42.08% till May 2020.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Evraz said its Q2 output was affected by scheduled repairs at Russian mills and lower coking coal volumes, which led to a 5% drop in its April-June 2020 crude steel output (3.38 mt).
- NLMK has stopped BF No. 4 and BOF No. 3 until Q4 for Rb36 billion (\$490 million) upgrades, including those aimed at reducing the facilities' impact on the environment. The mill's H2 steel output is expected to be 0.74 mt or 11.5% lower than its H1 output.
- Novolipetsk Iron and Steel Works aims to ramp up its new caster, designed to make premium heavy slabs, to its full capacity in Q4.
- Voestalpine plans to resume operation of a small BF at Linz in Austria, recovering from COVID-19.

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- Russian pipe manufacturing group Chelpipe has completed the upgrade of its key operational continuous casting machine, taking its billet capacity to 1.35 mtpa.
 - Iran's South Kaveh Steel (SKS) has started production at a new 1.2 mtpa plant that will double the company's steelmaking capacity to 2.4 mtpa, according to the Iranian Steel Producers' Association (ISPA).

EU AND OTHER EUROPE

- The European Commission has extended existing AD measures applied to corrosion resistant steels from China to imports of certain slightly modified corrosion resistant steel products.
- The European Commission has started an expiry review of anti-dumping measures on imports of cold-rolled flat stainless steel from China and Taiwan.
- German steelmaker Salzgitter is to offer "green" strip steel to the market before the end of this year in specified grades and dimensions.
- Thyssenkrupp has detailed its plan for an environmentally friendly transformation of its site in Duisburg and has committed to building a DRI plant.
- Liberty Ostrava, part of the Liberty Steel Group, will install two hybrid furnaces at its integrated steel mill in the Czech Republic as part of the company's Greensteel plan to become carbon-neutral by 2030.
- The UK Secretary of State for International Trade has initiated a transition review of the EU trade measures into the pre and post-stressing steel wires and wire strands of non-alloy steel (PSC wires and strands) from China on July 30, 2020.
- The fossil-free steel initiative joint venture known as Hybrit - comprising SSAB, LKAB and Vattenfall - has completed successful trials of fossil-free fuels in the iron ore pellet process.

[Source Credit: Metal Bulletin, Platts, leading news papers (India news)]

WORLD STEEL PRICE TRENDS

Into the second month of H2 2020, as nations struggled to combat the fast-spreading deadly menace with no cure so far and as steel makers, shaking off its gloom, tried to balance a supply side fraught with stiff raw material prices, rising imports, constrained logistics with low demand, there appeared to be some stability and 'recovery' of steel prices in individual steel producing pockets around the world. Like always, China remained a sole spot of exception, where market operations have slipped into some semblance of normalcy and sentiments got a boost with announcement of recent GDP numbers. The recovery of Chinese steel demand was also partly indicated by the trends in steel PMI which indicated a rebound in domestic demand there and partly by the steep decline (26%) in export volumes in August 2020.

Long Product

- Rebar prices in the USA were largely stable in August 2020 in face of higher scrap cost and stable demand. Transactions, as per Metal Bulletin reports, were quoted around \$560/t at month-end.

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- Stable demand also helped European rebar prices to remain steady during August 2020 with transactions, as per Metal Bulletin reports, quoted around was €455-470/t (\$537-555) in Northern Europe and around €425-440/t in Southern Europe during the month.
 - High production costs and stable demand maintained rebar prices in China in August 2020 with Metal Bulletin reports quoting transactions at 3,640-3,670 yuan/t (\$528-533) in Shanghai and around 3,620-3,650 yuan/t in Beijing at month-end.
 - Russian rebar prices remained bullish in August 2020 with producers going in for hikes in face of stable demand. Metal Bulletin's assessment for rebar was quoted around 36,000-37,500 roubles/t (\$481-501), including 20% VAT.

Flat Product

- US HRC prices showed a strengthening during August 2020 with prices rising above \$25 per hundredweight (\$500/s.t.) for the first time since mid-June led by a recent round of price increases encouraged by healthy demand.
- Stable demand coupled with short supply in the European market helped prices to remain stable and move north as well during August 2020. Transactions, as per Metal Bulletin reports, were quoted around €447.87/t (\$529.34) in Northern Europe and around €430-440/t in Southern Europe, at month-end.
- China's August 2020 HRC prices remained more or less stable in view of stable demand. Transactions, as per Metal Bulletin reports were quoted around 3,990-4,020 yuan/t (\$579-584) in Shanghai and around 3,850-3,870 yuan/t in Tangshan.
- Strong demand as well as rising exports led Russian HRC prices north-bound in August 2020. Metal Bulletin's assessment for steel hot-rolled sheet, domestic, cpt Moscow, Russia was 42,000-43,000 roubles/t (\$562-575) including 20% VAT.

[Source Credit: Metal Bulletin]

SPECIAL FOCUS

Iran leads global DRI production in January-July 2020

Provisional worldsteel report indicates that global DRI output was at 6.59 mt in July 2020, down by 1.9% over same month of 2019. For the period, January–July 2020, provisional worldsteel report indicates that global DRI output was at 46.49 mt, down by 14.1% over same period of last year.

Global production in January-July 2020 was driven by Iran (17.52 mt, 38% share) at the number one spot with a growth of nearly 8% over same period of 2019 while production stood at 17.25 mt for India (37% share), a decline of 19% over same period of 2019. The two countries together accounted for 75% of global DRI output during 2020 so far. Together, the top five countries accounted for nearly 94% of the world DRI production during 2020 so far and saw their cumulative output decline by 9% over same period of 2019.

World DRI Production: January-July 2020 (prov.)				
Rank	Country	Qty (mt)	% change	%Share
1	Iran	17.52	7.7	37.7
2	India	17.25	-18.9	37.1
3	Egypt	3.02	-10.9	6.5
4	Saudi Arabia	3.06	-9.5	6.6
5	Mexico	2.75	-23.8	5.9
Top 5		43.60	-9.0	93.8
World		46.49	-14.1	100

Source: worldsteel

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-July 2020-21, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-July 2020-21. It is to be noted that total finished steel includes both non-alloy and alloy (including stainless steel) and all comparisons are made with regard to same period of last year.

Item	Performance of Indian steel industry		
	April-July 2020-21* (mt)	April-July 2019-20(mt)	% change*
Crude Steel Production	25.059	37.361	-32.9
Hot Metal Production	18.291	24.974	-26.8
Pig Iron Production	1.208	2.099	-42.4
Sponge Iron Production	8.186	12.486	-34.4
Total Finished Steel (alloy/stainless + non-alloy)			
Production	21.152	35.156	-39.8
Import	1.506	2.597	-42.0
Export	4.641	1.933	140.1
Consumption	18.909	33.346	-43.3

Source: JPC; *provisional; mt=million tonnes

Overall Production

- **Crude Steel:** Production at 25.059 million tonnes (mt), down by 32.9%.
- **Hot Metal:** Production at 18.291 mt, down by 26.8%.
- **Pig Iron:** Production at 1.208mt, down by 42.4%.
- **Sponge Iron:** Production at 8.186 mt, down by 34.4%, led by coal-based route (79% share).
- **Total Finished Steel:** Production at 21.152mt, down by 39.8%
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Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS (erstwhile Essar Steel), JSWL & JSPL together produced 17.216mt (69% share) during this period, down by 25.3%. The rest (7.843mt) came from the Other Producers, down by 45.2%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 16.682mt (91% share) down by 25.1%. The rest (1.609mt) came from the Other Producers, down by 40.4%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.454mt (38% share) down by 8.2%. The rest (0.754mt) came from the Other Producers, down by 53%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 13.088 mt (62% share) down by 36.3%. The rest (8.064mt) came from the Other Producers, down by 44.8%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 82% share, the Private Sector (20.584mt, down by 32.1%) led crude steel production compared to the 18% contribution of the PSUs.
- **Hot Metal:** With 74% share, the Private Sector (13.447mt, down by 21.9%) led hot metal production, compared to the 26% contribution of the PSUs.
- **Pig Iron:** With 88% share, the Private Sector (1.067mt, down by 41.6%) led pig iron production, compared to the 12% contribution of the PSUs.
- **Total Finished Steel:** With 87% share, the Private Sector (18.484mt, down by 37.7%) led production of total finished steel, compared to the 13% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Led by Flat steel (54% share; down by 29.7%) while the rest 46% was the share of Non-Flat steel (down by 48.7%).
- **Import:** Flat products accounted for 88% share (down by 41.5%), the rest was the share of non-flats (down by 45.7%).
- **Export:** Flat products accounted for 90% share (up by 148.1%), the rest was the share of non-flats (up by 86.2%).
- **Consumption:** Led by non-flat steel (52% share; down by 42.1%) while the rest 48% was the share of flat steel (down by 44.5%).

Finished Steel Production Trends

- At 21.152mt, production of total finished steel declined by 39.8% in April-July 2020-21.
- Contribution of the non-alloy steel segment stood at 20.337mt (96% share, down by 39%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- In the non-alloy, non-flat segment, in volume terms, major contributor to production of total finished steel was Bars & Rods (7.412 mt, down by 48.9%) while growth in the non-alloy, flat segment was led by HRC (10.291 mt, down by 27.4%) during this period.

Finished Steel Export Trends

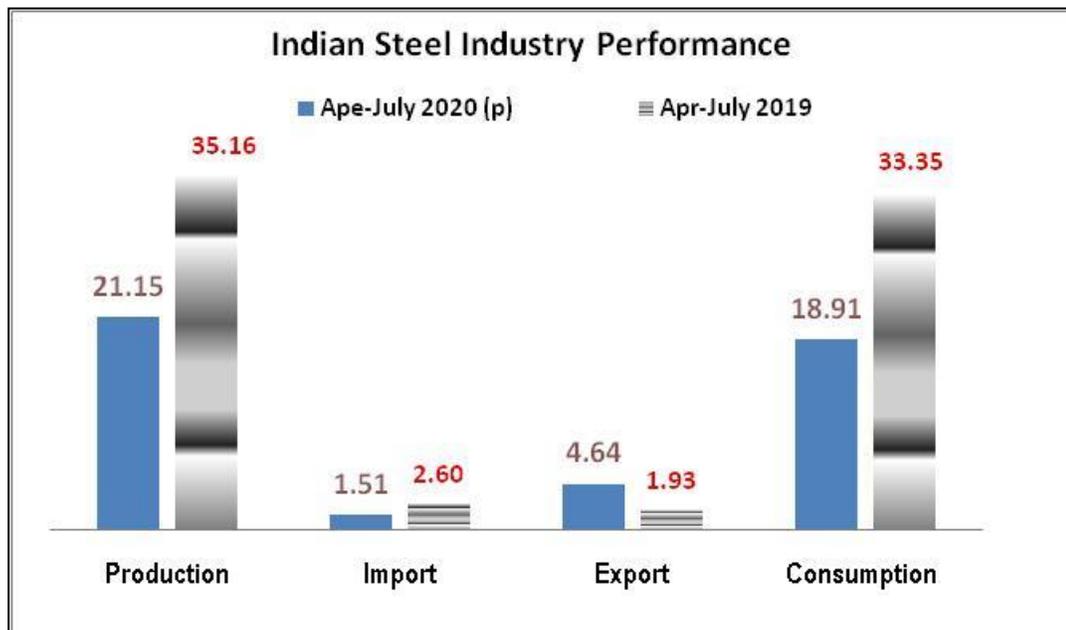
- Overall exports of total finished steel (4.641 mt) were up by 140.1% and India was a net exporter for this period.
- Volume-wise, non-alloy HRC (3.29 mt, up by 236.5%) was the most exported item (75% share in total non-alloy).
- Vietnam (30% share) was the largest export market (1.37 mt) for India.

Finished Steel Import Trends

- Overall imports of total finished steel (1.506 mt) were down by 42.0%.
- Volume-wise, non-alloy HRC (0.276 mt, down by 58.9%) was the item most imported (28% share in total non-alloy), led by imports from Korea (41% share of total finished steel imports).
- Import of total finished steel from China declined by 21.7% during this period.

Finished Steel Consumption Trends

- At 18.909mt, consumption of total finished steel declined by 43.3% in April-July 2020-21.
- Contribution of the non-alloy steel segment stood at 17.801 mt (94% share, down by 42.3%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- In the non-alloy, non-flat segment, in volume terms, major contributor to consumption of total finished steel was Bars & Rods (7.509mt, down by 42.1%) while growth in the non-alloy, flat segment was led by HRC (7.52mt, down by 44.6%) during this period.



INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the estimates of Gross Domestic Product (GDP) for Q1 2020-21, both at constant (2011-12) and current prices. As per the Report, GDP at Constant (2011-12) Prices during Q1

2020-21 is estimated at Rs 26.90 lakh crore, showing a contraction of 23.9 per cent in Q1 2019-20. Quarterly GVA at Basic Price at Constant (2011-12) Prices for Q1 of 2020-21 is estimated at Rs 25.53 lakh crore, a contraction of 22.8 per cent. Excepting '*Agriculture, forestry & fishing*', no other sector could record a positive rate of growth during this period, as over same period of last year.

Industrial Production: Provisional CSO data show that the Index of Industrial Production (IIP) declined by 36v per cent during April-June 2020-21 (prov.), dampened by declines in the indices of all the lead sectors during this period as compared to same period of last year.

Infrastructure Growth: Provisional data released by the DPIIT indicate that the Eight Core Infrastructure Industries saw a decline of 20.5 per cent during April-July 2020-21 (prov.), dampened by significant declines in all lead sectors.

Inflation: In July 2020 (prov.), the annual rate of inflation, based on monthly WPI, stood at (-)0.58 per cent while the all India CPI inflation rate (combined) stood at 6.93 per cent and compared to July 2019, the former registered a decline, and the latter, a rise.

Trade: Provisional figures from DGCI&S show that during April-July 2020-21, in dollar terms, overall exports were down by 30.21 per cent while overall imports were down by 46.7 per cent, both on yoy basis. During the same period, oil imports were valued at USD 19.61 billion, 55.88 per cent lower yoy while non-oil imports were valued at USD 69.3 billion, 43.36 per cent lower yoy. Overall trade surplus for April-July 2020-21 is estimated at USD 14.06 billion as compared to the deficit of USD 33.50 billion in April-July 2019-20.

Prepared by: Joint Plant Committee