



TrendsNovember 2020

Even though domestic steel consumption declined on a cumulative basis during April-October 2020-21, the provisional data released by JPC indicated that measured on a monthly basis, the domestic steel market continued to see moderate improvements, with steel consumption reporting a 5.2% rise in October 2020 over September 2020.

WORLD ECONOMY AT A GLANCE

- November 2020 saw global manufacturing output rise at the fastest pace since January 2018 following steady revival of demand and gradual pick up in global trade flows. Not only the month reported one of the best growth rates over the past decade but it also saw business optimism hit a near six-year high. This is captured in the J.P.Morgan Global Manufacturing PMI which posted a 33-month high of 53.7 in November 2020 as per reports released by Markit Economics and remained above the neutral 50.0 mark for the fifth successive month.
- The reports indicate that growth was led by strong and accelerated increases in output in China and the US while that in the Euro area slowed and the downturn in Japan continued.
- New export orders continued to grow, manufacturing employment increased for the first time in 12 months though marginally, and the month also saw rise in input price inflation as per the Markit reports.

Key Economic Figures			
Country	Q3 GDP 2020: %change*	Manufacturing PMI	
		October 2020	November 2020
India	- 7.5	58.9	56.3
China	4.9	53.6	54.9
Japan	-5.8	48.7	49
USA	- 2.9	53.4	56.7
EU 28	- 4.3	54.8	53.8
Brazil	- 3.9	66.7	64
Russia	- 3.6	46.9	46.3
South Korea	- 1.3	51.2	52.9
Germany	- 4.3	58.2	57.8
Turkey	6.7	53.9	51.4
Italy	- 4.7	53.8	51.5

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

GLOBAL CRUDE STEEL PRODUCTION

The impact of COVID-19 in leading steel making countries around the world continued to be felt in the country-wise crude steel production numbers released by World Steel Association (worldsteel). The data show that world crude steel production stood at 1511.04 million tonnes (mt) in January-October 2020, down 2% year-on-year (yoy) while production stood at 161.89 mt in October 2020, up 7% yoy.

World Crude Steel Production: January-October 2020 (prov)			
Rank	Country	Qty (mt)	% change
1	China	873.93	5.5
2	India	79.68	-14.4
3	Japan	68.40	-18.4
4	USA	59.87	-18.4
5	Russia	59.33	-0.8
6	South Korea	55.04	-7.7
7	Turkey	29.14	4.2
8	Germany	29.14	-13.9
9	Brazil	25.13	-8.5
10	Iran	23.79	12.6
Total Top 10		1303.46	-0.4
Total World		1511.04	-2.0
Source: worldsteel			

- World crude steel production was led by China in January-October 2020 (873.93 mt, up by 5.5% yoy) and the nation accounted for 78% of Asian and 58% of world crude steel production during this period.
- With a 5.3% share in total world production, India (79.68 mt) reported a yoy production decline of 14.4% during January-October 2020 and was the 2nd largest producer during this period.
- Japanese crude steel production (68.4 mt) was down by 18.4% 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 (59.87 mt), down by 18.4% yoy while Russia (59.33 mt, down by 0.8% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (28) countries during this period was 112.02 mt, down by 17% yoy.
- At 1122.79 mt, Asian crude steel production was up by 1.4% 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 0.4% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- The US imported 1.36 mt of steel products in October 2020, up 18.9% over September 2020 led by higher bloom, billet and slab (up 192%), reinforcing bar (up 95%) and cold-rolled sheet volumes.
- The US Department of Commerce has issued affirmative preliminary anti-dumping determinations on steel reinforcing bar from Turkey, ranging from 11.8% -19.1%.
- The US Department of Commerce has set affirmative preliminary anti-dumping margins against imports of pre-stressed concrete steel wire strand from Indonesia, Italy, Malaysia, South Africa, Spain, Tunisia and Ukraine.
- In order to avoid the imposition of Section 232 duties on shipments of electrical transformer laminations and cores made of grain-oriented electrical steel to the USA, Mexico will implement “a strict monitoring regime” for such exports.
- Steel demand is expected to remain supported through the end of 2020 in Brazil, with consumption from some sectors - and construction in particular - forecast to grow from 2019 levels, as per ArcelorMittal’s CFO.
- CSN has resumed operations on the No. 2 blast furnace at its Usina Presidente Vargas (UPV) unit in the Volta Redonda city.
- Mexican steel company Grupo Acerero del Norte (GAN), which controls integrated steelmaker Ahsma has authorized further negotiations for a potential partnership with Grupo Villacero.

ASIA

- China’s crude steel production is likely to increase 3%-5% in 2020, exceeding 1 billion tonne as per Qu Xiuli, vice president of the China Iron and Steel Association. The 2020 output will be supported by major investment projects initiated by the Chinese government as well as the quick recovery by end-users, including vehicles and home appliances, supporting steel demand and prices.
- China produced 21.97 mt of crude stainless steel in the first nine months of 2020, according to data released by the China Stainless Steel Council (CSSC), down 2.3% yoy.
- China will remove its prohibition on the “processing trade” for 136 steel products from December 1, 2020 which means that steel mills and other factories in the downstream supply chain need not pay import duties on imported steel substrate materials that will later be processed into downstream products meant for re-export. The 136 steel products include actively traded commodities such as hot-rolled coil, cold-rolled coil and long steel products. This could help lower the production costs for steel mills and other factories in the downstream supply chain in bonded warehouse areas, analysts point out.
- China will set standards for the quality of steel rebar used for reinforcing concrete in the construction sector by 2022, according to a notice released by the Ministry of Industry & Information Technology (MIIT).
- Chinese October 2020 finished steel imports (1.93 mt) was up by 87.4% yoy but down by 33.2% over September 2020. Its January-October 2020 imports were at 17.01 mt, up by 73.9% yoy. Chinese October 2020 finished steel exports (4.04 mt) were down by 15.5% yoy

but up by 5.5% over September 2020. Its January-October 2020 exports were at 44.43 mt, down by 19.3% yoy.

- JFE Steel's consolidated crude steel production rose 11.6% quarter on quarter to 5.68 mt over July-September, parent JFE Holdings said, as demand from local manufacturing improved, although the total was still down 20.3% yoy.
- Vietnam's Hoa Phat plans to start commercial sales of HRC soon totaling about 140,000 t, after it began trial runs at its new HRC unit at its Dung Quat plant in Quan Ngai province, which can manufacture 3.5 mtpa of HRC.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- NLMK will begin to produce steel billet in dimensions of 150x150mm at its asset in Revda, Nizhniye Sergi, in December 2020 and may start shipments of the material.
- Ukraine is set to impose a special duty on steel rebar imports from neighboring Belarus at a rate of 16.08% in response to "discriminatory and unfriendly actions by Belarus against Ukrainian steel producers".
- Australia's BlueScope Steel is set to play a bigger role in the development of renewable energy in the southeastern state of New South Wales with a A\$20 million (\$14.5 million) investment fund for relevant projects.

EU AND OTHER EUROPE

- ArcelorMittal, which targets a 30% CO₂ reduction by 2030 in Europe, said it will start offering CO₂-certified steel this year. European steelmakers are starting to commercialize steel produced with lower-emissions energy to help customers reduce their supply-chain emissions benchmarking.
- European steel association Eurofer has filed a request to the European Commission to extend safeguard measures beyond their original expiration date of June 30, 2021.
- Tata Steel has initiated discussions with Swedish steelmaker SSAB over the sale of its IJmuiden plant in The Netherlands.
- The European Commission has made imports of HR flat steel from Turkey subject to registration upon arrival into the European Union.
- The European Commission has ended an anti-subsidy investigation into hot-rolled stainless steel sheet and coil originating from China and Indonesia.
- ThyssenKrupp will "push ahead with the transformation to 'green steel,'" despite risks from global steel market overcapacity, protectionism and import penetration for its Steel Europe business, the company said in its annual report.
- Salzgitter will offer low emissions flat steel products before the end of the year after making changes to the Peine electric arc furnace steel mill in Germany.

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

WORLD STEEL PRICE TRENDS

Q4 2020 continued to witness a sustained rise in global steel prices, riding high on a combination of strong demand, gains in futures market, low inventories/need for re-stocking, stable export sector and a rise in raw material prices. Despite the continued constraints of COVID-19 and announced lockdowns in select markets in days ahead, global steel industry appears to have carved out a road of its own, operating under the conditions of a New Normal. Crude steel production data released by worldsteel indicate a strong 7% rise in October 2020 compared to same month of last year, contributed by strong growth in Asian, Middle East, CIS and Other European markets (Turkey). While industry scenario remained largely stable at most steel pockets, Chinese market sentiments got a fillip with the nation unveiling its 14th Five Year Plan that promises to boost domestic steel demand in a big way in the coming days and announcing the implementation of its new steel scrap classification standards, which is expected to play a role in impacting scrap imports in the days ahead.

Long Product

- Rebar prices in the USA moved north in November 2020 riding on stable demand, rising raw material prices and optimistic market outlook. Transactions, as per Metal Bulletin reports, were quoted around \$595-600/t at month-end.
- November 2020 saw a rebar prices move north in the European market owing to steady demand and stringent supply. Transactions, as per Metal Bulletin reports, were quoted around €480-490/t in Northern Europe and around €445-455/t (\$528-540) in Southern Europe during the month.
- November 2020 rebar prices in China moved north on the back of strong demand. Metal Bulletin reports quoted transactions at 4090-4120 yuan/t in Shanghai and around 3790-3840 yuan/t in Beijing at month-end.
- Russian rebar prices remained north-bound in November 2020 with producers going in for hikes in face of stable demand and rising exports. Metal Bulletin's assessment for rebar was quoted around 42,000 roubles/t (\$552) including 20% VAT.

Flat Product

- November 2020 saw USA HRC prices (around \$796/t) reach its highest level in nearly two years, riding high on strong demand, supply restrictions and rising input prices, viz scrap.
- Supply side constraints and a strong demand pushed up November 2020 HRC prices in the European market. Transactions, as per Metal Bulletin reports, were quoted around €560/t (\$669.88) in Northern Europe and around €540-550/t in Southern Europe, at month-end.
- China's November 2020 HRC prices reached almost two year's high on strong demand and gains in futures market. Transactions, as per Metal Bulletin reports were quoted around 4,200-4,220 yuan/t (\$640-642) in Shanghai and around 4000-4030 yuan/t in Tangshan.
- Stable demand, strong export sector and overall positive sentiments kept Russian HRC prices north-bound in November 2020. Metal Bulletin's assessment for steel hot-rolled sheet, domestic, cpt Moscow, Russia was 48,000-49,500 roubles (\$631-651/t) including 20% VAT.

[Source Credit: Metal Bulletin]

SPECIAL FOCUS

India leads global DRI production in January-October 2020

Provisional worldsteel report indicates that global DRI output was at 7.67 mt in October 2020, up 7.8% over same month of 2019. For the period, January–October 2020, provisional worldsteel report indicates that global DRI output was at 70.54 mt, down by 7.2% over same period of last year. Global DRI production in January-October 2020 was driven by India (26.77 mt, 38% share) at the number one spot despite production showing a decline of 11.2% yoy while production stood at 25.69 mt for Iran (36% share), up by 10.7% over same period of 2019. The two countries together accounted for 74% of global DRI output during 2020 so far. Together, the top five countries accounted for slightly over 92% of the world DRI production during 2020 so far and saw their cumulative output decline by 3% over same period of 2019.

World DRI Production: January-October 2020 (prov.)				
Rank	Country	Qty (mt)	% change	%Share
1	India	26.77	-11.2	38.0
2	Iran	25.69	10.7	36.4
3	Saudi Arabia	4.36	-11.4	6.2
4	Mexico	4.27	-13.9	6.1
5	Egypt	4.11	4.6	5.8
Top 5		65.20	-2.9	92.4
World		70.54	-7.2	100

Source: worldsteel

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-October 2020-21, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-October 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-October 2020-21* (mt)	April-October 2019-20 (mt)	% change*
Crude Steel Production	52.844	63.981	-17.4
Hot Metal Production	36.417	42.519	-14.4
Pig Iron Production	2.431	3.416	-28.9
Sponge Iron Production	17.699	21.347	-17.1
Total Finished Steel (alloy/stainless + non-alloy)			
Production	47.230	59.944	-21.2
Import	2.347	4.648	-49.5
Export	7.099	4.886	45.3
Consumption	44.758	59.820	-25.2
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 52.844 million tonnes (mt), down by 17.4%.
- **Hot Metal:** Production at 36.417 mt, down by 14.4%.
- **Pig Iron:** Production at 2.431 mt, down by 28.9%.
- **Sponge Iron:** Production at 17.699 mt, down by 17.1%, led by coal-based route (81% share).
- **Total Finished Steel:** Production at 47.230 mt, down by 21.2%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS (erstwhile Essar Steel), JSWL & JSPL together produced 34.253 mt (65% share) during this period, down by 13.2%. The rest (18.592 mt) came from the Other Producers, down by 24.2%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 33.054 mt (91% share) down by 13.3%. The rest (3.364 mt) came from the Other Producers, down by 23.5%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.766 mt (32% share) up by 2.2%. The rest (1.665 mt) came from the Other Producers, down by 37.6%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 28.193 mt (60% share) down by 19.7%. The rest (19.037 mt) came from the Other Producers, down by 23.4%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 82% share, the Private Sector (43.309 mt, down by 16.8%) led crude steel production compared to the 18% contribution of the PSUs.
- **Hot Metal:** With 72% share, the Private Sector (26.05 mt, down by 11.8%) led hot metal production, compared to the 28% contribution of the PSUs.
- **Pig Iron:** With 88% share, the Private Sector (2.138 mt, down by 29.3%) led pig iron production, compared to the 12% contribution of the PSUs.

-
- **Total Finished Steel:** With 86% share, the Private Sector (40.804 mt, down by 19.8%) led production of total finished steel, compared to the 14% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Led by Flat steel (52% share; down by 13%) while the rest 48% was the share of Non-Flat steel (down by 28%).
- **Import:** Flat products accounted for 88% share (down by 50%), the rest 12% was the share of non-flats (down by 44%).
- **Export:** Flat products accounted for 89% share (up by 45%), the rest 11% was the share of non-flats (up by 45%).
- **Consumption:** Led by non-flats steel (53% share; down by 24%) while the rest 47% was the share of flat steel (down by 26%).

Finished Steel Production Trends

- At 47.23 mt, production of total finished steel declined by 21.2% in April-October 2020-21.
- Contribution of the non-alloy steel segment stood at 44.899 mt (down by 21%), 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 (17.08 mt, down by 29.5%) while growth in the non-alloy, flat segment was led by HRC (21.624 mt, down by 12.0%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel (7.099 mt) were up by 43.5% and India was a net exporter for this period.
- Contribution of the non-alloy steel segment stood at 6.625 mt (up by 49%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- Volume-wise, non-alloy HRC (4.78 mt, up by 66.1%) was the most exported item (72% share in total non-alloy).
- China (28% share) was the largest export market (1.989 mt) for India.

Finished Steel Import Trends

- Overall imports of total finished steel (2.347 mt) were down by 49.5%.
- Contribution of the non-alloy steel segment stood at 1.586 mt (down by 52%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- Volume-wise, non-alloy HRC (0.38 mt, down by 69.1%) was the item most imported (24% share in total non-alloy).
- Korea (0.92 mt) was the largest import market for India (39% share in total).

Finished Steel Consumption Trends

- At 44.758 mt, consumption of total finished steel declined by 25.2% in April-October 2020-21.

- Contribution of the non-alloy steel segment stood at 42.134 mt (down by 24.1%), 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 (17.953 mt, down by 25%) while growth in the non-alloy, flat segment was led by HRC (17.854 mt, down by 25%) 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 Q2 2020-21, both at constant (2011-12) and current prices. As per the Report, GDP at Constant (2011-12) Prices during Q2 2020-21 is estimated at Rs 33.14 lakh crore, showing a contraction of 7.5%. Quarterly GVA at Basic Price at Constant (2011-12) Prices for Q2 of 2020-21 is estimated at Rs 30.49 lakh crore, a contraction of 7%. *Agriculture, forestry & fishing, Manufacturing, Electricity, Gas, Water Supply and Other Utility Services* were the only sectors to 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 21% during April-September 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 13% during April-October 2020-21 (prov.), dampened by significant declines in all lead sectors except Fertilisers.

Inflation: In October 2020 (prov.), the annual rate of inflation, based on monthly WPI, stood at 1.48% while the all India CPI inflation rate (combined) stood at 7.61% and compared to the previous month, both the parameters registered a rise.

Trade: Provisional figures from DGCI&S show that during April-October 2020-21, in dollar terms, overall exports were down by 19.02% while overall imports were down by 36.28%, both on yoy basis. During the same period, oil imports were valued at USD 37.84 billion, 49.5% lower yoy while non-oil imports were valued at USD 144.45 billion, 31.58% lower yoy. Overall trade surplus for April-October 2020-21 is estimated at USD 16.52 billion as compared to the deficit of USD 54.83 billion in same period of last year.

Prepared by: Joint Plant Committee