



TrendsSeptember 2020

Provisional data released by JPC for April-August 2020-21 indicate a slow but steady month-on-month rise in domestic finished steel consumption, which may certainly be considered as an encouraging sign for industrial growth in general and for steel industry, in particular.

WORLD ECONOMY AT A GLANCE

- Markit Economics reports indicate that the upturn in the global manufacturing sector, witnessed earlier, continued during September 2020 with output and new orders both rising for the third successive month, while new export business expanded for the first time in over two years. This was reflected in the J.P.Morgan Global Manufacturing PMI which hit a 25-month high of 52.3 in September 2020, up from 51.8 in August 2020.
- The reports indicate that faster expansions in the US and the Eurozone were partly offset by slower growth in China, the UK and ongoing contraction in Japan. Subsector PMI data signalled that the upturn remained broadbased, with expansions signalled across the consumer, intermediate and investment goods industries.
- At the same time, there was a further increase in new business as new order intakes recorded the quickest pace in almost two-and-a-half years, boosted by the first increase in international goods trade since August 2018. Input cost inflation as well as output charges increased substantially during September 2020.

Key Economic Figures			
Country	Q2 GDP 2020: %change*	Manufacturing PMI	
		August 2020	September 2020
India	-23.9	52.0	56.8
China	3.2	53.1	53
Japan	-1.7	47.2	47.7
USA	-9.5	53.1	53.2
EU 28	-15.0	51.7	53.7
Brazil	-11.4	64.7	64.9
Russia	-8.5	51.1	48.9
South Korea	-2.9	48.5	49.8
Germany	-11.7	52.2	56.4
Turkey	-9.9	54.3	52.8
Italy	-17.3	53.1	53.2

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 1187.81 million tonnes (mt) in January-August 2020, down by 4.2% year-on-year (yoy) while production stood at 156.24 mt in August 2020, down by 0.6% over August 2019.

World Crude Steel Production: January-August 2020 (prov)			
Rank	Country	Qty (mt)	% change
1	China	688.89	3.7
2	India	61.11	-18.8
3	Japan	54.72	-19.0
4	USA	47.41	-19.8
5	Russia	46.60	-3.3
6	South Korea	43.82	-8.6
7	Germany	22.71	-16.5
8	Turkey	22.67	0.6
9	Brazil	19.77	-11.6
10	Iran	18.62	11.2
Total Top 10		1026.32	-2.4
Total World		1187.81	-4.2
Source: worldsteel			

- World crude steel production was led by China in January-August 2020 (688.89 mt, up by 3.7% 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 (61.11 mt) reported a yoy production decline of 18.8% during January-August 2020 and was the 2nd largest producer during this period.
- Japanese crude steel production (54.72 mt) was down by 19% 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 (47.41 mt), down by 19.8% yoy while Russia (46.6 mt, down by 3.3% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (28) countries during this period was 88.01 mt, down by 19% yoy.
- At 883 mt, Asian crude steel production was down by 0.7% 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 2.4% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- US steel exports have rebounded from the lows seen in the months following the Covid-19 outbreak but remain below the pre-Covid levels. Official data shows that the USA exported 0.433 mt of steel in July 2020, up 13.1% over June 2020 and 35.3% over May 2020. However, they continue to be 23% lower yoy. At the same time, US finished steel imports fell with semi-finished inflows (91.5%) dropping sharply while those of flat-rolled steel (HDG down by 23%) and rebar (40%) slowing down as well, in August 2020 over July 2020.
- The US Department of Commerce has announced an affirmative preliminary countervailing duty determination on prestressed concrete steel wire strand from Turkey.
- Cleveland-Cliffs has reached a definitive agreement to buy ArcelorMittal USA and its subsidiaries for around \$1.4 billion, which will make it the largest flat-rolled steel producer in the country.
- The Canada Border Services Agency has begun an investigation into alleged injurious dumping of steel rebar from Algeria, Egypt, Indonesia, Italy, Malaysia, Singapore and Vietnam.
- ArcelorMittal will restart the No.3 blast furnace at its Tubarão mill in the Brazilian south-eastern state of Espírito Santo in mid-October after six months of inactivity.
- Big River Steel plans to strike an arc at a 2nd EAF at its steel mill in Arkansas next month and produce its first commercial-grade coil for sale in November 2020.

ASIA

- Official data shows that August 2020 saw a yoy decline in China's finished steel exports (3.68 mt, down 26.5%) and an increase in its imports (2.24 mt, up 130%). Similar trend was noted also for January-August 2020 numbers with finished steel exports (36.56 mt) down 19% yoy and imports (12.19 mt), up 60%.
- China's exports of four major steel products saw steady yoy fall in July 2020, with shipments of HRC and rebar down by 53.8% and 49.3% respectively, according to Chinese customs data.
- China will aim to be carbon neutral by 2060, President Xi Jin Ping said at the General Debate of the 75th Session of the General Assembly of the United Nations while carbon emissions are to peak by 2030.
- China's Hebei Iron & Steel, or Hegang, commissioned the first blast furnace at its greenfield integrated Laoting steelworks on Sept. 7 2020 after subsidiary Tanggang had permanently shut down its iron and steelmaking facilities by the end of August 2020.
- Japan's leading steelmakers are expected to restart several idled blast furnaces as early as October 2020, citing recovery in flat steel demand from the automotive industry.
- While Nippon Steel said the steelmaker was likely to raise production in October 2020 amid increased inquiries for scrap purchases, JFE Holdings may restart one of its two blast furnaces also in October 2020 due to signs of demand recovery.
- India's Jindal Steel & Power Ltd (JSPL) has begun the sale of shares in the divestment of its Oman assets.
- Bangladeshi conglomerate Bashundhara Group has decided to build a large steelmaking furnace that will boost the country's demand for imports of scrap steel over the coming years.

- Taiwan's stainless steel welded pipe and coil producer YC Inox will build a stainless pipe mill and a service center for stainless steel surface treatment in the Dilovasi Machinery Specialized Organized Industrial Site, in the Marmara region of western Turkey. Trial production is expected to start at the end of 2021 with an investment of \$80 million.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russia's Severstal is running a modernization program at its Cherepovets steelmaking facility, which - though it may lead to short-term production cuts - will help it raise its annual steel output by 1 million tonnes by 2023.
- Severstal has launched the reconstruction of a slab reheating furnace at its flagship Cherepovets Iron and Steel Works with a view to boosting HRC production at its 2000 mm wide HSM through more economical gas and steel use.
- Voestalpine has started up a new bloom continuous caster in Donawitz, Austria, to manufacture highly-advanced end products.
- Al Ghurair Iron & Steel, based in Abu Dhabi, in the United Arab Emirates, has appealed to the United States Court of International Trade on the US Department of Commerce's affirmative circumvention determinations on anti-dumping and countervailing duty orders for certain Chinese corrosion-resistant steel products.
- The Egyptian government has eased the ban on its domestic construction industry with contractors and real estate developers now permitted to resume construction on buildings up to four-stories high.

EU AND OTHER EUROPE

- Corinth Pipeworks has declared itself the first steel pipe manufacturer for the energy sector to achieve net zero carbon emissions from its operations.
- European steel industry association Eurofer has filed a complaint to the European Commission (EC) seeking registration of all hot-rolled coil imports from Turkey.
- Italian steel re-roller Marcegaglia plans to revamp the furnace for one of the four galvanizing lines at its Ravenna plant in Italy.
- ArcelorMittal plans to restart production at its Sestao steel plant in Spain at month-end.
- Turkey exported 511,188 tonnes of flat steel products in July 2020, according to the Turkish Statistical Institute (TUIK), up by 10.36% year-on-year from 463,220 tonnes exported in July 2019. The country imported 659,179 tonnes of flat steel in July 2020, up by 8.24% from 608,982 tonnes in July 2019, as per TUIK.
- New tinplate producer Miorsk Metal Processing Plant (MMPZ) in the north of Belarus has produced the first coil on its recently commissioned reversing cold rolling mill.
- ArcelorMittal Poland has not taken any decisions regarding the restart of its pig iron and steelmaking furnaces in Krakow, which have been idle since November 2019.
- Turkey's largest integrated steelmaker, Erdemir, which sold 2.8 mt of flat-rolled steel to the domestic market in H1 2020, raised its flat steel shipments to the automotive sector in that period, selling 541,000 t of flat steel to the automotive sector in H1 2020 (386,000 t: H1: 2019) showing the company's increased focus on producing value-added steel to meet automotive sector demand.

[Source: Credit Metal Bulletin, Platts, leading newspapers (in dia news)]

Q3 2020 saw nations struggling to combat the fast-spreading deadly menace with no cure so far but at the same time, there was a conscious movement on behalf of steel makers, who, shaking off the gloom, tried to balance a supply side fraught with stiff raw material prices, rising imports, constrained logistics with still-sub-optimal demand. Nonetheless, optimism seems to be making a gradual return with picking up of threads of normalcy once again. Like always, China remained at the spotlight, with now-accepted recovery of market conditions appearing to drive global steel market sentiments, if not direction (like always). Recent GDP numbers, coupled with the strong statistics: Steel PMI, Manufacturing PMI data and trends in steel trade (exports down, imports up) have indicated definitely of a rebound in domestic steel demand in this Asian market.

Long Product

- Rebar prices in the USA were largely stable in September 2020 in face of higher scrap cost and stable demand. Transactions, as per Metal Bulletin reports, were quoted around \$560-590/t at month-end.
- Stable demand, lesser imports and rising scrap prices also helped European rebar prices to remain steady during September 2020 with transactions, as per Metal Bulletin reports, quoted around was €475-480/t (\$556-562) in Northern Europe and around €450-455/t in Southern Europe during the month.
- Increased activity before the Golden Week Holidays, stable demand and a strong futures market maintained rebar prices in China in September 2020 with Metal Bulletin reports quoting transactions at 3,630-3,660 yuan/t (\$533-538) in Shanghai and around 3,570-3,590 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 from the construction sector. Metal Bulletin's assessment for rebar was quoted around 40,000-41,000 roubles/t (\$512-524) including 20% VAT.

Flat Product

- US HRC prices showed a strengthening during September 2020 with prices rising above \$30 per hundredweight (\$590-595/s.t.) for the first time led by a recent round of price increases encouraged by stringent supply.
- Supply side issues coupled with lesser imports helped the European market to keep HRC prices stable during September 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.
- Same set of factors as in case of rebar kept China's September 2020 HRC prices stable. Transactions, as per Metal Bulletin reports were quoted around 3,810-3,830 yuan/t (\$559-562) in Shanghai and around 3720-3730 yuan/t in Tangshan.
- Strong demand as well as rising exports led Russian HRC prices north-bound in September 2020. Metal Bulletin's assessment for steel hot-rolled sheet, domestic, cpt Moscow, Russia was 42,000-43,000 roubles (\$554-567) including 20% VAT.

[Source: Credit Metal Bulletin]

SPECIAL FOCUS

India leads global DRI production in January-August 2020

Provisional worldsteel report indicates that global DRI output was at 7.01 mt in July 2020, down by 2.5% over same month of 2019. For the period, January–August 2020, provisional worldsteel report indicates that global DRI output was at 54.96 mt, down by 10.3% over same period of last year. Global production in January-August 2020 was driven by India (20.72 mt, 38% share) at the number one spot despite production showing a decline of 14.5% yoy while production stood at 19.92 mt for Iran (36% share), up by 7.9% 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 nearly 92% of the world DRI production during 2020 so far and saw their cumulative output decline by 7% over same period of 2019.

World DRI Production: January-August 2020 (prov.)				
Rank	Country	Qty (mt)	% change	%Share
1	India	20.72	-14.5	37.7
2	Iran	19.92	7.9	36.2
3	Saudi Arabia	3.48	-12.4	6.3
4	Egypt	3.40	-4.6	6.2
5	Mexico	3.20	-21.1	5.8
Top 5		50.72	-6.6	92.3
World		54.96	-10.3	100
Source: worldsteel				

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-August 2020-21, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-August 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-August	April-August	%

	2020-21* (mt)	2019-20(mt)	change*
Crude Steel Production	34.272	46.228	-25.9
Hot Metal Production	24.240	30.935	-21.6
Pig Iron Production	1.608	2.548	-36.9
Sponge Iron Production	11.654	15.463	-24.6
Total Finished Steel (alloy/stainless + non-alloy)			
Production	30.080	43.515	-30.9
Import	1.667	3.453	-51.7
Export	5.680	2.917	94.8
Consumption	27.435	42.539	-35.5
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 34.272 million tonnes (mt), down by 25.9%.
- **Hot Metal:** Production at 24.240 mt, down by 21.6%.
- **Pig Iron:** Production at 1.608 mt, down by 36.9%.
- **Sponge Iron:** Production at 11.654 mt, down by 24.6%, led by coal-based route (80% share).
- **Total Finished Steel:** Production at 30.080 mt, down by 30.9%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS (erstwhile Essar Steel), JSWL & JSPL together produced 22.869mt (67% share) during this period, down by 19.9%. The rest (11.403mt) came from the Other Producers, down by 35.5%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 22.104mt (91% share) down by 20%. The rest (2.136mt) came from the Other Producers, down by 35.2%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.535mt (33% share) down by 8.9%. The rest (1.072mt) came from the Other Producers, down by 45.3%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 18.130 mt (60% share) down by 28.8%. The rest (11.950mt) came from the Other Producers, down by 33.8%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 82% share, the Private Sector (28.173mt, down by 24.8%) led crude steel production compared to the 18% contribution of the PSUs.
- **Hot Metal:** With 73% share, the Private Sector (17.633mt, down by 17.4%) led hot metal production, compared to the 27% contribution of the PSUs.
- **Pig Iron:** With 90% share, the Private Sector (1.442mt, down by 35.3%) led pig iron production, compared to the 10% contribution of the PSUs.
- **Total Finished Steel:** With 87% share, the Private Sector (26.217mt, down by 28.7%) 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 (53% share; down by 21%) while the rest 47% was the share of Non-Flat steel (down by 39.5%).
- **Import:** Flat products accounted for 89% share (down by 51.6%), the rest 11% was the share of non-flats (down by 52.5%).
- **Export:** Flat products accounted for 90% share (up by 101.3%), the rest 10% was the share of non-flats (up by 50.9%).
- **Consumption:** Led by non-flats steel (53% share; down by 34.7%) while the rest 47% was the share of flat steel (down by 36.4%).

Finished Steel Production Trends

- At 30.080mt, production of total finished steel declined by 30.9% in April-August 2020-21.
- Contribution of the non-alloy steel segment stood at 28.824mt (96% share, down by 30.1%), 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 production of total finished steel was Bars & Rods (10.680 mt, down by 40.2%) while growth in the non-alloy, flat segment was led by HRC (14.283 mt, down by 18.7%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel (5.680 mt) were up by 94.8% and India was a net exporter for this period.
- Volume-wise, non-alloy HRC (3.98 mt, up by 147.2%) was the most exported item (74% share in total non-alloy).
- China (30% share) was the largest export market (1.689 mt) for India.

Finished Steel Import Trends

- Overall imports of total finished steel (1.667 mt) were down by 51.7%.
- Volume-wise, non-alloy HRC (0.296 mt, down by 66.8%) was the item most imported (27% share in total non-alloy).
- Korea (0.666 mt) was the largest import market for India (40% share in total).

Finished Steel Consumption Trends

- At 27.435mt, consumption of total finished steel declined by 35.5% in April-August 2020-21.
- Contribution of the non-alloy steel segment stood at 25.954 mt (95% share, down by 34.1%), 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 (11.023mt, down by 34.9%) while growth in the non-alloy, flat segment was led by HRC (10.981mt, down by 35.1%) 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 29.2 per cent during April-July 2020-21 (prov.), dampened by declines in the indices of all the lead sectors (except Fertilisers) 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 17.8 per cent during April-August 2020-21 (prov.), dampened by significant declines in all lead sectors.

Inflation: In August 2020 (prov.), the annual rate of inflation, based on monthly WPI, stood at 0.16 per cent while the all India CPI inflation rate (combined) stood at 6.69 per cent and compared to July 2020, the former registered a rise, and the latter, a decline.

Trade: Provisional figures from DGCI&S show that during April-August 2020-21, in dollar terms, overall exports were down by 26.65 per cent while overall imports were down by 43.73 per cent, both on yoy basis. During the same period, oil imports were valued at USD 26.03 billion, 54 per cent lower yoy while non-oil imports were valued at USD 92.35 billion, 40 per cent lower yoy. Overall trade surplus for April-August 2020-21 is estimated at USD 14.2 billion as compared to the deficit of USD 45.11 billion in April-August 2019-20.

Prepared by: Joint Plant Committee