



TrendsApril 2021

Despite all the hurdles posed by the COVID-19 pandemic, performance of the domestic steel industry remained commendable during FY21 and provided a basis for consolidation for future growth. The April 2021 edition of the Short Range Outlook was released by the World Steel Association (worldsteel) and placed India as the 2nd largest finished steel consumer in the world in 2020 and coming years as well, establishing the country as one of the key drivers of global steel consumption growth.

WORLD ECONOMY AT A GLANCE

- Markit Economics reports indicate that the global manufacturing upturn strengthened further at the start of Q2 2021 with production rising at the fastest pace in over a decade backed by improvement in new order inflows. As per the report, the J.P.Morgan Global Manufacturing PMI touched 55.8 in April 2021, its best reading since April 2010.
- Of the 24 nations for which national PMI data were studied, 21 saw business conditions improve, whereas contractions were seen in only three countries, Mexico, Myanmar and the Philippines. Manufacturing production, as per the report, increased for the tenth successive month, led by robust expansions in the Euro area, Australia, the UK and the US while expansions were also signalled in China and Japan.
- The reports also show that during this period, total new orders and new export business both rose at the quickest rates since May 2010. The outlook for the global manufacturing sector also strengthened, with optimism about future output levels being the best in the series history. Output charges and input charges both rose during this period.

Key Economic Figures			
Country	GDP 2020: %change*	Manufacturing PMI	
		March 2021	April 2021
India	-7.0	55.4	55.5
China	2.3	50.6	51.9
Japan	-4.8	52.7	53.6
USA	-3.5	59.1	60.5
EU 27	-6.6	62.5	62.9
Brazil	-4.1	52.8	52.3
Russia	-3.1	51.1	50.4
South Korea	-1.0	55.3	54.6
Germany	-4.9	66.6	66.2
Turkey	1.8	52.6	50.4
Italy	-8.9	59.8	60.7

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 486.88 million tonnes (mt) in January - March 2021, up by a robust 10% over same period of last year as per provisional data released by World Steel Association (worldsteel) and indicated a diminishing impact of COVID-19 at the level of the major countries during this period.

World Crude Steel Production: January-March 2021*			
Rank	Top 10	Qty (mt)	% change
1	China	271.04	15.6
2	India	29.63	10.4
3	Japan	23.71	-1.7
4	USA	20.35	-6.3
5	Russia	18.93	4.4
6	South Korea	17.59	3.8
7	Germany	10.03	1.7
8	Turkey	9.83	9.5
9	Brazil	8.65	6.2
10	Iran	7.50	10.8
Total: Top 10		417.25	11.0
World		486.88	10.0
Source: worldsteel; *provisional			

- China remained the leader in world crude steel production which stood at 271 mt during January-March 2021, up nearly 16% over same period of last year. The nation accounted for 76% of Asian and 56% of world crude steel production during this period.
- With a 6.1% share in total world production, India (29.63 mt) reported a yoy production growth of 10.4% during this period and remained the 2nd largest producer during this period.
- Japanese crude steel production (23.71 mt) was down by 1.7% yoy during this period and the country was the 3rd largest crude steel producer in the world.
- USA remained at the 4th largest spot, with production (20.35 mt), down by 6.3% yoy while Russia (18.93 mt, up by 4.4% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (27) countries stood at 37.75 mt during this period, up by 3.1% yoy.
- At 355.38 mt, Asian crude steel production was up by 13.3% during this period and the region accounted for 73% of world crude steel production during this period.
- The top 10 countries accounted for 86% of total world crude steel production during the first three months of 2021 and saw their cumulative production go up by 10% yoy during this period.

NEWS AROUND THE WORLD

THE AMERICAS

- ArcelorMittal Brazil is set to resume a \$350 million expansion project at its Vega flat product rolling mill which will include the construction of a third continuous annealing line and a third galvanizing line to produce CR and galvanized products.
- Brazil's CSN had its iron ore and the container port terminals operations halted after the local authority levied a fine on the company for alleged "various environmental irregularities."
- An issue affecting one of CSN's blast furnaces raw material conveyor belt did not impact production as per an announcement made by the company.

ASIA

- China's daily crude steel production in April 2021 hit its second highest quantity in history despite output cuts in Tangshan and Handan cities as per CISA which estimated that the country's crude steel output at 3.045 mtpd over April 11-20, 2021 was up about 4% from early-April 2021 and about 17% higher yoy. It was the second highest quantity produced in history after the level of 3.087 mtpa seen in late-September 2020.
- China's March 2021 finished steel exports rose 16% yoy to 7.542 mt, a four-year high while over the period, January – March 2021, such exports touched 17.682 mt, up 24% yoy. Platts Analytics forecast show China's finished steel exports at 65 mt in 2021, up 21% from 2020. Meanwhile, the country's finished steel imports rose 16% yoy to 1.322 mt in March 2021, and rose 17% yoy in January-March 2021 to 3.718 mt.
- The Ministry of Finance of China has announced that China would reduce its export rebate rates for some steel products from May 1, 2021 as well as introduce a policy on adjusting export and import taxes of ferrous raw materials to reduce import costs and increase imports of steel making raw materials.
- Indian steel producers have come forward to provide oxygen supply from their plants to the country's healthcare system, in a bid to deal with surging cases of COVID-19 pandemic.
- Japan's iron and steel products exports hit 2.71 mt in February 2021, up 9.9% from January 2021 but down 9% yoy.
- Japan's Nippon Steel plans to start operating a new EAF (estimated cost 28 billion Yen or \$257 million) at Hirohata in the first half of 2022, which will be operated by the Setouchi Works, which will absorb the Hirohata Works in April 2020, following plans to streamline Nippon Steel's domestic operations. This forms part of the company's goal to become carbon neutral by 2050.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- The Russian Federal Antimonopoly Service, or FAS, has initiated probes into steel coil producers Severstal, MMK and NLMK with regards to their HRC price increases which the agency believes have been undertaken in breach of the antitrust law. Following its own investigation, FAS has concluded that HRC price increases were unjustified and carry signs of a monopolistic abuse on the part of the three steelmakers.

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- MMK plans to restart the hot end of its Turkish coil making subsidiary MMK Metalurji and expects to produce first crude steel and HRC production at the mill by around September 2021. MMK Metalurji's casting and rolling module comprises an EAF and a compact HSM with an overall capacity of 2.3 mtpa which have been idle since November 2012.
 - NLMK will continue ramping up slab supplies to its own mills in the US in Q2 2021 and may increase steel sales in Europe at the same time as it does not expect domestic steel price premiums to return before Q3 despite seasonally stronger demand. in the first quarter. NLMK plans to supply a total of 0.9 –1 mt of slab to its US subsidiaries.
 - Severstal has set up a laboratory for recoverable resources research, with a view to reducing its environmental footprint and raising the efficiency of its raw materials processing by reusing products extracted from its own waste. The company said the laboratory will be its first fully dedicated to waste recycling and utilization tasks. The site, worth Rb25 million(\$334,000), should help the company achieve its targeted 98.5% waste recycling rate, corresponding to best global practices.
 - Severstal is targeting 95% energy self-sufficiency by 2023 in order to achieve a 3% cut in greenhouse gas emissions.
 - NLMK has launched NLMK Slab Shop, an online platform that will enable small-batch sales of the semi-finished product and is meant to improve efficiency of the processes at rerolling mills.

EU AND OTHER EUROPE

- Turkish steel producers have suspended their countervailing duty reviews following the European Commission's (EC) decision to officially terminate the CVD investigation on HRC imports from Turkey, as Eurofer had withdrawn its complaint. The EC started the CVD investigation against allegedly subsidized HRC imports from Turkey based on an appeal by Eurofer.
- Liberty Steel has resumed partial production at its 1.3 mtpa crude steel producing Rotherham plant after a period of intermittent operations since March 12, 2021.
- Specialty steelmaker SSAB, iron ore pellet producer LKAB and power producer Vattenfall, which together have launched the fossil fuel-free HYBRIT DRI project, have started construction of a pilot storage facility for fossil-free hydrogen gas to be used in that manufacturing process.
- Major Turkish steelmaker Tosyali Demir Celik has placed an additional order with Primetals Technologies to supply a second EAF Quantum with a capacity of 2 mtpa of liquid steel, and to expand the production capacity of its new two-strand slab caster to 3.4 mtpa. All plants will be erected at a flat steel greenfield project of Tosyali in Iskenderun, Turkey.
- Italian agency Invitalia has injected Eur400 million (\$480 million) of new equity into ArcelorMittal subsidiary AM InvestCo Italy. AM InvestCo Italy will be called Acciaierie d'Italia Holding, and its main operating subsidiary, ArcelorMittal Italia, will be Acciaierie d'Italia.
- German plant manufacturer SMS has become the sole owner of Luxembourg-based engineering company Paul Wurth, a move that would expand R&D for decarbonization of the steel industry.

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

WORLD STEEL PRICE TRENDS

After reaching record-breaking highs at the end of 2020, global steel prices continued to show signs of a return to “normalcy” with most markets reporting either a softening or a stability at a reduced level. Nonetheless, they remained on strong grounds, impacted by rising demand, stringent supply and a volatile raw material (read iron ore, scrap) market. China as usual remained at the spotlight, with Tangshan city coming out with super stringent measures to reduce emissions and rein in adhoc industrial growth. The measures have far reaching consequences specially on the raw material front. Meanwhile, global crude steel production put in a strong performance show in January-March 2021, its 10% growth propelled by a robust 13% rise in Asian crude steel production and similar strong growth in production in other regional blocs (except North America) as well during this period.

Long Product

- April 2021 rebar prices in the US remained stable with transactions, as per Fastmarkets' Metal Bulletin quoted around \$835/t at month-end, unchanged from last month.
- Strong domestic demand boosted European rebar prices in April 2021. Transactions as per Fastmarkets' Metal Bulletin were quoted around €650-670/t (\$785-809) in Northern Europe and around €610-630/t (\$737-761) in Southern Europe.
- China's rebar prices dipped marginally in April 2021, due largely to slow transactions during the month-end in view of preparations for the five day break to mark the celebration of Labour Day, though fundamentals remained strong. Transactions, as per Fastmarkets' Metal Bulletin were quoted around 5,180-5,200 yuan/t (\$801-804) in Shanghai and around 5,170-5,200 yuan/t in Beijing.
- April 2021 saw Russian rebar prices head north, courtesy strong domestic demand. Fastmarkets' price assessment for domestic rebar stood around 60,000 roubles/t cpt Moscow at month-end.

Flat Products

- April 2021 saw HRC prices in the USA continuing to boom, surging ahead to cross \$1,500/s.t. for the first time ever and reaching historic highs in a market where demand remained strong.
- Strong demand and supply constraints pushed up HRC prices in the European markets in April 2021. Transactions, as per Fastmarkets' Metal Bulletin were quoted around €1,000/t (\$1,212) in Northern Europe.
- Impacted marginally by Labuor Day preparations, Chinese HRC prices in April 2021 remained moderate-to-weak. Transactions, as per Fastmarkets' Metal Bulletin were quoted around 5,760-5,770 yuan/t (\$890-892) in Shanghai and around 5,620-5,660 yuan/t in Tanghsan at month-end.
- Russian flat steel prices moved north in April 2021 supported by a strong export market and strong demand. Fastmarkets' weekly price assessment for HR sheet were reported around 90,000-92,000 roubles/t cpt Moscow, including 20% VAT.

[Source Credit: Fastmarkets' Metal Bulletin

SPECIAL FOCUS

India leads global DRI production in 2021 so far

Provisional worldsteel report indicates that global DRI output stood at 23.14 mt in January-March 2021, up 4.1% over same period of last year. Such production growth was driven by India (9.63 mt, 42% share, up by 6.2%) at the number one spot and Iran, where production stood at 7.26 mt (31% share), up by almost 9% over same period of last year. The two countries together accounted for 73% of global DRI output during this period. Together, the top five countries accounted for 91% of the world DRI production during this period (89% in same period of last year) and saw their cumulative output grow by 5.8% over same period of last year.

Global DRI Production				
Rank	Country	Jan-March 2021* (mt)	Jan-March 2020 (mt)	% change
1	India	9.63	9.07	6.2
2	Iran	7.26	6.67	8.8
3	Saudi Arabia	1.52	1.41	8.3
4	Egypt	1.28	1.36	-6.0
5	Mexico	1.25	1.29	-2.7
Top 5		20.94	19.79	5.8
World		23.14	22.23	4.1

Source: worldsteel; *provisional

worldsteel Short Range Outlook April 2021 predicts strong recovery

The World Steel Association (worldsteel) has released its Short Range Outlook (SRO) for 2021 and 2022, wherein it has projected that global steel demand will grow by 5.8% in 2021 to reach 1874 mt (after declining by 0.2% in 2020) and will see a further growth of 2.7% in 2022 (1924.6 mt). The current forecast assumes that the ongoing second or third waves of COVID-19 infections will stabilise in the second quarter and that steady progress on vaccinations will be made, allowing a gradual return to normalcy in major steel-using countries.

It also points out that the minor contraction in steel demand noted for 2020 was largely due to the strong recovery in China, which saw apparent steel use grow by 9.1% during the said year while steel demand declined by 10% in rest of world. Going ahead, steel demand recovery in both the developed and developing economies, would be supported by pent-up demand and governments' recovery programmes. But for most developed economies, a return to the pre-pandemic levels of steel demand will take a few years.

The top ten global steel consumers is listed below indicating consumption levels of 2020 and projected values for 2021 and 2022 as per the SRO.

Top 10 Steel Using Countries : worldsteel Short Range Outlook, April 2021						
Region	ASU (mt)			YoY Growth Rate (%)		
	2020	2021 (f)	2022 (f)	2020	2021 (f)	2022 (f)
China	995	1024.9	1035.1	9.1	3.0	1.0
India	88.5	106.1	112.3	-13.7	19.8	5.9
USA	80.0	86.5	90.2	-18.0	8.1	4.3
Japan	52.6	56.0	58.8	-16.8	6.5	5.0
South Korea	49.0	51.5	52.8	-8.0	5.2	2.5
Russia	42.5	43.8	45.1	-2.3	3.0	3.0
Germany	31.1	34	35.8	-11.6	9.3	5.3
Turkey	29.5	35.0	37.0	13.0	18.7	5.7
Vietnam	23.3	24.5	26.3	-4.2	5.0	7.6
Mexico	21.7	23.4	24.6	-11.8	7.5	5.5
Total:10	1413.2	1485.7	1518	2.5	5.1	2.2
World	1771.8	1874	1924.6	0.29	5.8	2.7
%Top 10	80	79	79	-	-	-

Source: worldsteel SRO April 2021

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-March 2020-21, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-March 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-March 2020-21* (mt)	April-March 2019-20(mt)	% change*
Crude Steel Production	103.044	109.137	-5.6
Hot Metal Production	69.186	73.011	-5.2
Pig Iron Production	4.839	5.421	-10.7
Sponge Iron Production	34.155	37.102	-7.9
Total Finished Steel (alloy/stainless + non-alloy)			
Production	95.122	102.621	-7.3
Import	4.752	6.768	-29.8
Export	10.784	8.355	29.1
Consumption	94.140	100.171	-6.0

Source: JPC; *provisional; mt=million tonnes

Overall Production

- **Crude Steel:** Production at 103.044million tonnes (mt), down by 5.6%.
- **Hot Metal:** Production at 69.186mt, down by 5.2%.
- **Pig Iron:** Production at 4.839mt, down by 10.7%.
- **Sponge Iron:** Production at 34.155mt, down by 7.9%,led by coal-based route (82% share).
- **Total Finished Steel:** Production at 95.122mt, down by 7.3%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 65.041mt (63% share) during this period, down by 4.9%. The rest (38.003mt) came from the Other Producers, down by 6.8%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 62.615mt (91% share) down by 4.7%. The rest (6.572mt) came from the Other Producers, down by 9.7%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 1.413mt (29% share) upby 18.4%. The rest (3.426mt) came from the Other Producers, down by 19.0%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 55.308 mt (58% share) down by 9.8%. The rest (39.814mt) came from the Other Producers, down by 3.7%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 81% share, the Private Sector (83.529mt, down by 5.3%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 69% share, the Private Sector (47.923mt, down by 4.9%) led hot metal production, compared to the 31% contribution of the PSUs.
- **Pig Iron:** With 86% share, the Private Sector (4.17mt, down by 13.2%) led pig iron production, compared to the 14% contribution of the PSUs.
- **Total Finished Steel:** With 86% share, the Private Sector (81.357mt, down by 6.0%) led production of total finished steel, compared to the 14% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-Flat products accounted for 51% share (down by 9%), the rest 49% was the share of flats (down by 6%).
- **Import:** Flat products accounted for 88% share (down by 31%), the rest12% was the share of non-flats (down by 22%).
- **Export:** Flat products accounted for 87% share (upby 26%), the rest 13% was the share of non-flats (up by 51%).

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- **Consumption:** Led by Non-flats steel (54% share; down by 1%) while the rest 46% was the share of flat steel (down by 11%).

Finished Steel Production Trends

- At 95.122mt, production of total finished steel declined by 7.3% in April-March 2020-21.
- Contribution of the non-alloy steel segment stood at 89.664mt (94% share, down by 8.0%), 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 (36.801 mt, down by 8.7%) while growth in the non-alloy, flat segment was led by HRC (40.724 mt, down by 5.7%) during this period.

Finished Steel Export Trends

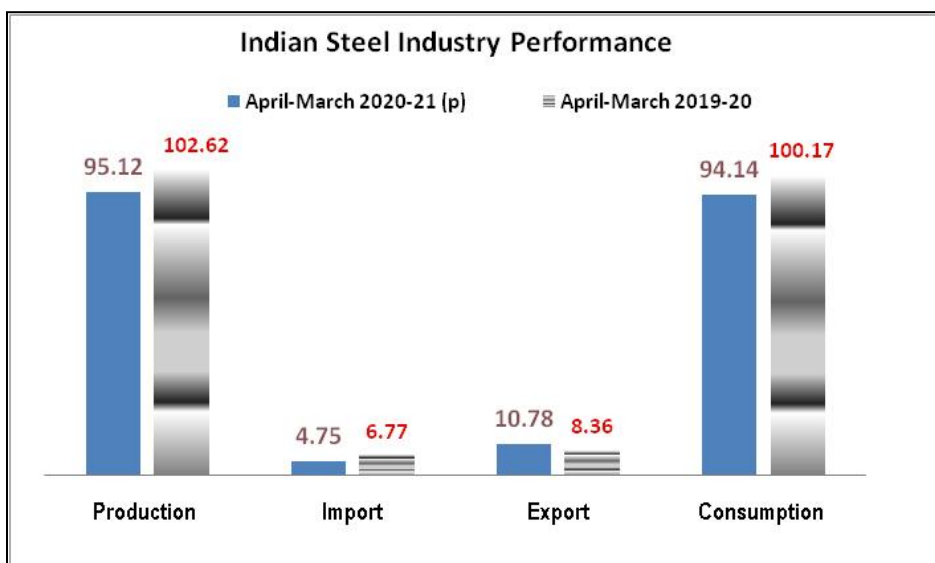
- Overall exports of total finished steel (10.784 mt) were up by 29.1%.
- Volume-wise, non-alloy HRC (6.645 mt, up by 38.0%) was the most exported item (67% share in total non-alloy).
- Vietnam (20% share) was the largest export market (2.205 mt) for India.

Finished Steel Import Trends

- Overall imports of total finished steel (4.752 mt) were down by 29.8%.
- India was a net exporter of total finished steel in April-March 2020-21.
- Volume-wise, non-alloy HR Coil/Strip (0.828 mt, down by 49.7%) was the item most imported (26% share in total non-alloy).
- Korea (1.947 mt) was the largest import market for India.

Finished Steel Consumption Trends

- At 94.14mt, consumption of total finished steel declined by 6.0% in April-March 2020-21.
- Contribution of the non-alloy steel segment stood at 87.96mt (93% share, down by 5.9%), 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 (39.325mt) while in the non-alloy, flat segment was led by HRC (36.298mt, down by 10.3%) 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 Q3 2020-21 is estimated at Rs 36.22 lakh crore, showing a growth of 0.4%. Quarterly GVA at Basic Price at Constant (2011-12) Prices for Q3 of 2020-21 is estimated at Rs 33.37 lakh crore, a growth of 1%. *Mining and Quarrying, Trade, Hotels, Transport, Communication and Services related to Broadcasting and Public Administration, Defence and Other Services* were the only sectors to record a declining 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 8.6% during April-March 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 7% during April-March 2020-21 (prov.), dampened by significant declines in all lead sectors except Fertilisers.

Inflation: In March 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 7.39% while the all India CPI inflation rate (combined) stood at 5.52% and compared to the previous month, both the parameters registered an increase.

Trade: Provisional figures from DGCI&S show that during April-March 2020-21, in dollar terms, overall exports were down by 7.26% while overall imports were down by 18.02%, both on yoy basis. During the same period, oil imports were valued at USD 82.35 billion, 36.92% lower yoy while non-oil imports were valued at USD 306.83 billion, 10.85% lower yoy. Overall trade deficit for this period is estimated at USD 12.74 billion as compared to the deficit of USD 77.76 billion in same period of last year.

Prepared by: Joint Plant Committee