



TrendsJune 2021

Industry performance in the first quarter of 2021-22 remained in stable mode, though the challenges posed by the COVID-19 pandemic continued to loom large. Globally, even though the spotlight remained on China with its fresh curbs on production and operation due to the upcoming celebration of the centenary of the founding of the Chinese Communist Party, Russia came in the news with its new export duties on ferrous and major base metals, planned to come into effect from August 1, 2021.

WORLD ECONOMY AT A GLANCE

- Market Economics reports indicated that global manufacturing remained in a strong growth mode in June 2021, with output, new orders and employment all rising and business optimism remaining at robust levels, with the J.P.Morgan Global Manufacturing PMI placed at 55.5 during the month, marginally down from last month's 56.0.
- Out of the 30 nations surveyed, Europe remained a bright spot followed by the USA and Australia. In contrast, Asia continued to underperform (on average) compared to the global average with the PMI readings for China and Japan falling to three and four-month lows respectively, while India fell back into contraction (breaking a ten-month sequence of growth).
- The Markit reports point at robust growth in new orders/work besides improved trade flows, globally, though output growth was impacted by stretched global supply chains. The result was demand outweighing supply leading to rise in inflationary pressures, with average input prices rising to record highs during this period.

Key Economic Figures			
Country	GDP 2020: %change*	Manufacturing PMI	
		May 2021	June 2021
India	-7.0	50.8	48.1
China	2.3	52	51.3
Japan	-4.8	53	52.4
USA	-3.5	62.1	62.1
EU 28	-6.6	63.1	63.4
Brazil	-4.1	53.7	56.4
Russia	-3.1	51.9	49.2
South Korea	-1.0	53.7	53.9
Germany	-4.9	64.4	65.1
Turkey	1.8	49.3	51.3
Italy	-8.9	62.3	62.2

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 837.47 million tonnes (mt) in January - May 2021, up by a robust 14.5% over same period of last year as per provisional data released by World Steel Association (worldsteel) and indicated a negligible impact of COVID-19 at the level of the major countries during this period. It, however, needs to be noted that the double-digit growth rates in some cases, are largely due to low base effect i.e. limited production in same period of last year due to the pandemic induced lockdown across most nations.

World Crude Steel Production: January-May 2021*			
Rank	Top 10	Qty (mt)	% change
1	China	473.10	13.9
2	India	48.61	33.6
3	Japan	39.95	9.1
4	USA	34.77	10.6
5	Russia	31.87	7.9
6	South Korea	29.30	6.9
7	Germany	17.01	13.6
8	Turkey	16.35	21.2
9	Brazil	14.94	20.3
10	Iran	12.52	9.2
Total: Top 10		718.42	14.2
World		837.47	14.5
Source: worldsteel; *provisional			

- China remained the leader in world crude steel production which stood at 473.1 mt during January-May 2021, up nearly 14% over same period of last year. The nation accounted for 77% of Asian and 56% of world crude steel production during this period.
- With a 6% share in total world production, India (48.61 mt) reported a yoy production growth of 34% during this period and remained the 2nd largest producer during this period.
- Japanese crude steel production (39.95 mt) was up by 9.1% 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 (34.77 mt), up by 10.6% yoy while Russia (31.87 mt, up by 7.9% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (27) countries stood at 64.39 mt during this period, up by 15% yoy.
- At 613.83 mt, Asian crude steel production was up by 15% 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 this period and saw their cumulative production go up by 14.2% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- The US and EU have agreed to work together in resolving a metals trade dispute, stemming from the former's Section 232 steel and aluminum tariffs against European countries, by the end of the year, according to a joint statement released following the US-EU Summit.
- US steelmakers are expected to post strong financial results in the second quarter as US HRC prices continue to report historic highs amidst strong flat-rolled steel demand.
- Usiminas will restart blast furnace No. 2 at its Ipatinga mill, allowing the company to meet local demand for steel. The equipment is able to produce around 0.6 mtpa, enabling it to operate at full capacity levels of crude steel.

ASIA

- China's demand for crude steel will continue rising through 2025 in tandem with its economic growth, according to NDRC.
- Chinese steel prices, set to be capped to an extent in the second half of 2021 by the level of demand, are likely to stay on an up trend in the long run given the country's efforts to reduce carbon emissions through quota trading and implementation of carbon-free metallurgical technologies.
- Steel mills in northern China will reduce production at their blast furnaces in the week of June 28 to ensure clean air in view of the celebration program of the centenary of the founding of the Chinese Communist Party. Some mills in northern China's Shanxi province as well as the cities of Tangshan and Handan in Hebei province, have been requested by local governments to suspend production at all of their blast furnaces from June 29 to July 1, 2021.
- China's semi-finished steel imports in May 2021 rose 41% on month and 45% yoy to 1.23 mt as per customs data.
- Jiangsu, China's second-largest steel making province after Hebei, was issued a 'red alert' by the NDRC on June 3, 2021 for missing the energy target.
- China's finished steel exports in May 2021 fell 36.0% over April on a daily basis, after April exports hit the highest level since January 2017. However, May exports were still 19.8% higher yoy, with sources expecting shipments to rebound and maintain growth on a year-on-year basis in the coming months.
- JFE Steel Corp. has started operating a new 2mtpa continuous casting plant at the Kurashiki district of its West Japan Works. The 40 billion Yen (\$363.4 million) plant would manufacture thick and thin steel plates.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russia will introduce export duties on ferrous and major base metals starting Aug. 1. The duties, ranging from \$54/t to \$2,321/t, will be in effect through the end of December.
- Magnitogorsk Iron and Steel Works, part of Russian steel company MMK, has broken ground on a new 2.5 mtpa coke battery that will replace five dated units once fully operational in early 2023 and thereby reduce gross emissions by 11,350 tpa, including 90% reduction in benzopyrene and formaldehyde.
- Severstal is investing Rb 200 million (\$2.8 million) in new processing equipment at its Kolpino steel service center in Leningrad region. The modernization will expand the center's

capabilities, increase its productivity and help it move from blank production to sub-assembly at some point in the future.

- The Eurasian Economic Commission, the regulatory authority overseeing the customs union between Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan, is considering a proposal to limit Russia's ferrous scrap exports for a period of six months.
- Metinvest has contracted Danieli to supply a new cold-rolled, galvanized and color-coated coil production complex at the Ilyich steel works in Mariupol, southeast Ukraine, with first coil due to be produced by Q3 2024. The complex will produce 1.6 mtpa of cold-rolled strip products.
- Australia has slapped preliminary anti dumping duties of 6.2%, 9% and 51.6% on precision steel pipes and tubes from China and South Korea, while excluding Taiwan and Vietnam.

EU AND OTHER EUROPE

- Voestalpine has received a patent for carbon neutral feedstock, or pre-material, used in low-carbon steel production. The patent, issued by the European Patent Office, is valid in all major European steel manufacturing countries and covers the production of sponge iron using green hydrogen and biogas in the direct reduction process on an industrial scale.
- The EU will extend the safeguard measures on imports of steel products for another three years, maintaining the product scope unchanged and allowing for a 3% annual liberalization of the tariff rate quotas. The current safeguards system, which has governed imports into the EU since 2018, following an import surge, was due to expire on June 30, 2021 after three years in operation.
- The UK Trade Remedies Authority is recommending continued import safeguards on 10 categories of steel products, ranging from railway materials to stainless-steel bars, based on tariff rate quotas for three years, and to revoke import curbs on a further nine product categories. The UK secretary of state for international trade must now decide whether to accept or reject the recommendation, which envisages a progressive annual liberalization of the quotas used over the three years on the controlled products.
- Swedish steelmaker Ovako will install an electrolyzer for the production of fossil-free hydrogen at its site in Hofors. The 17 MW plant will generate 3,500 cubic meters of fossil-free hydrogen per hour and is expected to be completed by the end of 2022.
- The European Commission has opened an investigation into hot-dip galvanized coil imports from Turkey and Russia, alleging imports of certain corrosion-resistant steels originating from these countries were being dumped.
- Tata Steel is proceeding with the separation of its European division between Tata Nederland (TSN) and Tata UK (TSUK), following a meeting of the company's European Works Council.
- A proposed EU Carbon Border Adjustment Mechanism will require companies importing carbon-intensive goods into Europe to surrender certificates based on their carbon content.

[Source Credit: Fastmarkets 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 at the end of the first half of the year, impacted by rising demand, stringent supply and a volatile raw material (read iron ore, scrap) market. Meanwhile, global crude steel production continued to put in a strong performance show in January-May 2021, its 14.5% growth propelled by a robust 15% rise in Asian crude steel production contributed by a strong show by China and India during this period.

Long Products

- US rebar prices in June 2021 remained stable. Transactions, as per Fastmarkets’ Metal Bulletin reports were quoted around \$96/s.t. at month-end.
- European rebar prices in June 2021 held firm supported by strong demand, low stocks at buyers and limited imports. Transactions, as per Fastmarkets’ Metal Bulletin reports were quoted around €760-785/t (\$905-934) in Southern Europe and around €850-880/t (\$1,012-1,048) in Northern Europe.
- China’s domestic rebar prices remained flat in June 2021, impacted by dismal weather conditions and under pressure from supply restrictions owing to curbs on production. Transactions, as per Fastmarkets’ Metal Bulletin reports were quoted around 4,860-4,880 yuan/t (\$752-755) in Shanghai.
- June 2021 Russian rebar prices increased with leading producers opting for price hike in view of firm demand. Fastmarkets’ weekly price assessment for rebar, cpt Moscow, was quoted around 72,500-75,000 (\$1,004-1,038) roubles per tonne at month-end.

Flat Products

- HRC prices in the USA continued to break records with June 2021 prices reported to cross \$86 per hundredweight (\$1,720 per short ton) for the first time impacted by supply stringency caused by significant mill outages.
- European HRC prices moved south in June 2021. Transactions, as per Fastmarkets’ Metal Bulletin reports were quoted around €1164/t at month-end.
- Chinese HRC prices moved north in June 2021, supported by strong futures prices, impacted by expectations of lower production for the rest of this year. Transactions, as per Fastmarkets’ Metal Bulletin reports were quoted around 5,420-5,460 yuan/t (\$839-845) in Shanghai at month-end.
- Russian HRC prices were largely flat in June 2021 with markets concerned with news of export duties to be effective from August 1, 2021. Fastmarkets’ assessment for HR sheet, cpt Moscow, was placed around 105,000-106,000 roubles/t (\$1,454-1,467) at month-end.

SPECIAL FOCUS

India leads global DRI production in 2021 so far

Provisional worldsteel report indicates that global DRI output stood at 42.85 mt in January-May 2021, up 16.3% over same period of last year. Such production growth was driven by India (16.27 mt, 38% share, up by 40%) at the number one spot and Iran, where production stood at 12.18 mt (28% share), down by 1.5% over same period of last year. The two countries together accounted for 66% of global DRI output during this period. Together, the top five countries accounted for 86% of the world DRI production during this period (as in same period of last year) and saw their cumulative output grow by 16.3% over same period of last year.

Global DRI Production				
Rank	Country	Jan-May 2021* (mt)	Jan-May 2020 (mt)	% change
1	India	16.27	11.62	40.0
2	Iran	12.18	12.37	-1.5
3	Russia	3.25	3.48	-6.6
4	Saudi Arabia	2.61	2.15	21.4
5	Mexico	2.46	2.00	23.0
Top 5		36.77	31.62	16.3
World		42.85	36.84	16.3

Source: worldsteel; *provisional

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-May 2021, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-May 2021. 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-May 2021*(mt)	April-May 2020 (mt)	% change*
Crude Steel Production	18.481	9.554	93.4
Hot Metal Production	12.640	7.603	66.2
Pig Iron Production	1.109	0.469	136.3
Sponge Iron Production	6.421	2.556	151.2
Total Finished Steel (alloy/stainless + non-alloy)			
Production	17.615	7.092	148.4
Import	0.756	0.946	-20.1
Export	2.188	1.714	27.7
Consumption	16.688	5.880	183.8
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- Crude Steel: Production at 18.481 million tonnes (mt), up by 93.4%.
- Hot Metal: Production at 12.64 mt, up by 66.2%.
- Pig Iron: Production at 1.109 mt, up by 136.3%.
- Sponge Iron: Production at 6.421 mt, up by 151.2%, led by coal-based route (82% share).
- Total Finished Steel: Production at 17.615 mt, up by 148.4%.

Contribution of Other Producers

- Crude Steel: SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 11.621 mt (63% share) during this period, up by 62.3%. The rest (6.86 mt) came from the Other Producers, up by 186.8%.
- Hot Metal: SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 11.316 mt (90% share) up by 59.1%. The rest (1.324 mt) came from the Other Producers, up by 170.5%.
- Pig Iron: SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.435 mt (39% share) up by 66.0%. The rest (0.673 mt) came from the Other Producers, up by 225.5%.
- Total Finished Steel: SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 10.408 mt (59% share) up by 122.7%. The rest (7.206 mt) came from the Other Producers, up by 198.1%.

Contribution of Public Sector Units (PSU)

- Crude Steel: With 82% share, the Private Sector (15.095 mt, up by 99.5%) led crude steel production compared to the 18% contribution of the PSUs.
- Hot Metal: With 70% share, the Private Sector (8.816 mt, up by 61.7%) led hot metal production, compared to the 30% contribution of the PSUs.
- Pig Iron: With 84% share, the Private Sector (0.928 mt, up by 144.3%) led pig iron

-
- production, compared to the 16% contribution of the PSUs.
- Total Finished Steel: With 85% share, the Private Sector (14.988 mt, up by 143.0%) led production of total finished steel, compared to the 15% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- Production: Flat products accounted for 50.4% share (up by 181.1%), the rest 49.6% was the share of non-flats (up by 122.1%).
- Import: Flat products accounted for 89% share (down by 20.1%), the rest 11% was the share of non-flats (down by 19.9%).
- Export: Flat products accounted for 81% share (up by 14.0%), the rest 19% was the share of non-flats (up by 169.3%).
- Consumption: Led by Flats steel (55% share; up by 185.5%) while the rest 45% was the share of non-flat steel (up by 181.8%).

Finished Steel Production Trends

- At 17.615 mt, production of total finished steel was up by 148.4% in April-May 2021.
- Contribution of the non-alloy steel segment stood at 16.481 mt (94% share, up by 141.1%), 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 (6.956 mt, up by 183.8%) while growth in the non-alloy, flat segment was led by HRC (7.544 mt, up by 114.7%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel at 2.188 mt, up by 27.7%.
- Volume wise, non-alloy HR Coil/Strip (1.033 mt, down by 19.4%) was the item most exported (50% share in total non-alloy).
- Belgium (0.334 mt) was the largest export market for India.

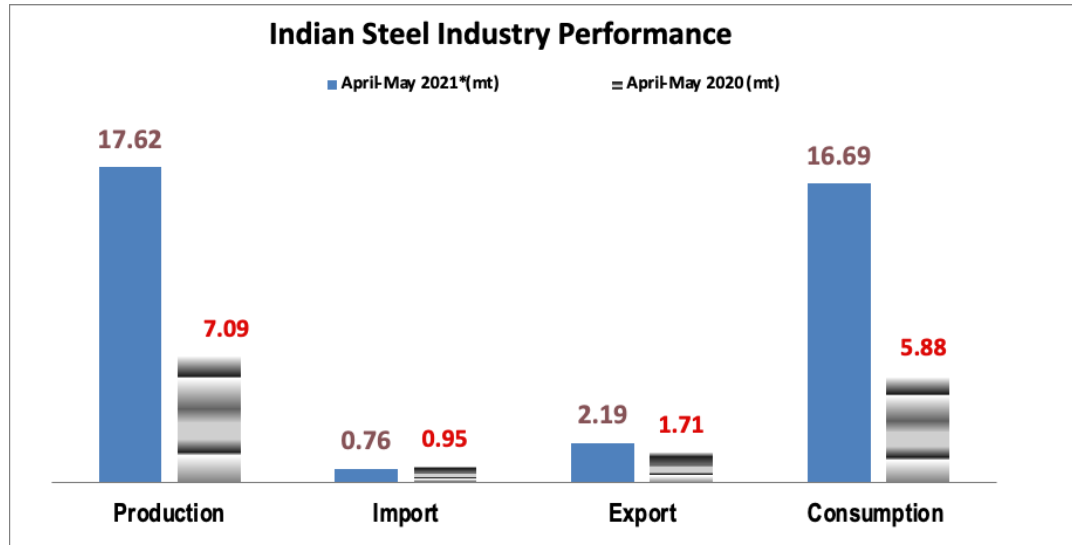
Finished Steel Import Trends

- Overall imports of total finished steel at 0.756 mt, down by 20.1%.
- India was a net exporter of total finished steel in April-May 2021.
- Volume wise, non-alloy GP/GC Sheets/Coils (0.131 mt, up by 9.3%) was the item most imported (26% share in total non-alloy).
- Korea (0.305 mt) was the largest import market for India (40% share in total).

Finished Steel Consumption Trends

- At 16.688 mt, consumption of total finished steel was up by 183.8% in April-May 2021.

- Contribution of the non-alloy steel segment stood at 15.412 mt (92% share, up by 182.1%), 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 (7.203 mt, up by 187.3%) while in the non-alloy, flat segment was led by HRC (6.347 mt, up by 207.8%) 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 2020-21 is estimated at Rs.135.13 lakh crore, and its growth estimated at (-) 7.3 % during the year as compared to 4% in 2019-20 while GVA at basic prices is estimated to have declined by 6.2% during the year as compared to 4.1% in 2019-20. Almost all the lead sectors reported a decline in 2020-21 except Agriculture and allied sectors and Electricity, Gas, Water and Other Utility Services.

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for the month of April-May 2021, rose by 68.8% due to a significantly low base of same period of last year. Similar high levels of growth trends were noted for the various sectors/sub-sectors due to the same reason.

Infrastructure Growth: Provisional data released by the DPIIT indicate that the Index for the Eight Core Infrastructure Industries saw a growth of 16.8% during April-May 2021 with all the sectors reporting a rise except Crude Oil and Fertilisers.

Inflation: In May 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 12.94% while the all India CPI inflation rate (combined) stood at 6.3% and compared to the previous month, both the parameters registered an increase.

Trade: Provisional figures from DGCI&S show that during April-May 2021, in dollar terms, overall exports were up by 113.85% while overall imports were up by 114.31%, both on yoy basis. During the same period, oil imports were valued at USD 20.32 billion, 149.44% higher yoy while non-oil imports were valued at USD 63.95 billion, 105.13% higher yoy. Overall trade deficit for April-May 2021 is estimated at USD 5.85 Billion as compared to the surplus of USD 4.06 Billion in April-May 2020.

Prepared by: Joint Plant Committee