



Trends May 2019

India's GDP numbers slipped below expectations, reaching a record low of 6.8% in 2018-19 as per latest CSO release. However, with a slew of infrastructure projects lined up and worldsteel projections pointing at India as the driver of global steel consumption growth in the coming days, any depressing impact on domestic steel consumption owing to softening of economic growth

WORLD ECONOMY AT A GLANCE

- The J.P. Morgan Global Manufacturing stood at 49.8 in May 2019, down from 50.4 in April 2019, its lowest level since October 2012, as per reports released by the Markit Economics which also pointed out that global manufacturing shifted into contraction in May 2019, marked by a deterioration in business conditions, stagnation in production volumes and decline in new orders.
- As per the reports, the PMI data indicated deteriorating business conditions in the Euro area, Japan, the UK, Canada, South Korea and Taiwan and remained marginally above the no-change 50.0 mark in case of the US (PMI slipped to its lowest level in almost a decade), China and Brazil.
- Global manufacturing employment edged lower to register its first decline since August 2016 as per the Markit reports which added that efforts to maintain competitiveness led to the weakest rise in selling prices since September 2016, while input costs rose at the slowest pace since August 2016.

Key Economic Figures			
Country	GDP 2018: %change*	Manufacturing PMI	
		April 2019	May 2019
India	7.3	51.8	52.7
China	6.6	50.2	50.2
Japan	1.9	49.5	49.8
USA	2.9	52.6	50.5
EU 28	1.9	47.9	47.7
Brazil	1.1	51.5	51.5
Russia	2.3	51.8	49.8
South Korea	2.7	50.2	48.4
Germany	1.5	44.4	44.3
Turkey	2.6	46.8	47.1
Italy	0.9	49.1	49.7
Source: GDP: official releases; PMI- Markit Economics, *provisional			

GLOBAL CRUDE STEEL PRODUCTION

World Steel Association data shows that world crude steel production stood at 156.67 million tonnes (mt) in April 2019 up by 6.4 per cent year-on-year (yoy) i.e. over April 2018 and at 599.86 mt in January-April 2019, up by 4.8 per cent yoy.

World Crude Steel Production: January-April 2019*			
Rank	Top 10	Qty (mt)	% change
1	China	314.96	10.1
2	India	36.12	0.2
3	Japan	33.62	-4.3
4	USA	29.59	6.7
5	South Korea	24.39	2.8
6	Russia	22.41	-6.1
7	Germany	13.80	-4.9
8	Brazil	11.28	-2.5
9	Turkey	11.23	-10.5
10	Iran	8.39	5.9
Total:10		505.78	5.6
World		599.86	4.8
Source: worldsteel; *prov.			

- China produced 314.96 mt of crude steel during January-April 2019, up by 10.1 per cent yoy. China remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was down by 0.6 per cent. China accounted for 74 per cent of Asian and 53 per cent of world crude steel production during this period.
- With a 6 per cent share in total world production and a 0.2 per cent growth in production over same period of 2018, India (36.12 mt) was the 2nd largest producer during this period.
- Japanese crude steel production (33.62 mt) was down by 4.3 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 (29.59 mt) notching up a growth of 6.7 per cent while South Korea was the 5th largest, with a 2.8 per cent growth in production.
- Crude steel production in the EU (28) countries during this period was at 56.65 mt, down by 2.1 per cent yoy.
- At 424.03 mt, Asian crude steel production was up by 7.3 per cent during this period and the region accounted for 71 per cent of world crude steel production during this period.
- The top 10 countries accounted for 84.3 per cent of total world crude steel production and saw production go up by 5.6 per cent yoy during this period.
- Brazil (11.28 mt) which had replaced Turkey as the 8th largest crude steel producer last month maintained its new rank during this period as well.

NEWS AROUND THE WORLD

THE AMERICAS

- The United States has lowered its tariffs on steel imports from Turkey to 25%, from the previous 50%, effective May 17, 2019.
- With effect from May 10, 2019, the USA has increased its existing 10% additional duties on select items of import from China to 25%, citing a lack of progress on ongoing trade talks. These duties will be imposed on Chinese exports to the US of tariff lines including items and products of copper, zinc, nickel, iron and steel and other base metals.
- Mexico will implement a system to monitor imports of steel and aluminum products in order to prevent Chinese-sourced products from ending up in the US and avert the US from considering the resumption of the tariffs on them.
- ArcelorMittal has discontinued operations at a blast furnace in the city of Divinópolis, in Minas Gerais, which produced pig iron.
- Chile's Anti-Price Distortion Commission has decided not to recommend any antidumping duty on imports of rebar from Mexico.

ASIA

- At just 12.79, the S&P Global Platts China Steel Sentiment Index fell to a four-year low in May 2019, the lowest reading since February 2015 and the third consecutive monthly decrease and indicated dampened market outlook for steel.
- Annual finished steel production in China will reach at least 1.11 billion tonnes during 2019, if production maintains its current level, as per NBS data.
- China will impose tariffs of upto 25% on carbon and stainless steel imports from the USA beginning June, 2019 amid escalating trade tensions between the two countries. These form part of \$60 billion worth of US products that China imports. The steel products face the heftiest tariffs of 20-25%. Currently, China has a 5-10% tariff on US steel products.
- China's finished steel exports reached 6.33 mt in April 2019, down 2.3% yoy while January-April 2019 exports stood at 23.35 mt, up 8.3% yoy.
- Three steel mills in Tangshan plan to dismantle their urban-based existing steelworks and relocate further out from the city. This is part of the effort made by the city to reduce its crude steel capacity to about 100 mtpa by the end of 2020. The three mills - Huanxi Iron & Steel, Tianzhu Iron & Steel and Rongcheng Tangshan Special Steel - recently began construction of their new steelworks with a combined 5.45 mtpa crude steel capacity, in the city's coastal area. The new capacity will be commissioned in mid-2020, while their existing steelworks of combined 6.81 mtpa capacity will be dismantled in tandem.
- The Japan Iron & Steel Federation said it would challenge Mexico's decision to impose antidumping duties on Japanese heavy plate imports.
- JFE Shoji Trade Corp has established a steel service center in Mexico with Mexican pipe maker Prolamsa, to process galvanizing sheet produced by Nucor-JFE Steel Mexico.
- Malaysia has increased its anti-dumping duties imposed on CRC imported from China. The new import tax rates will be in effect from May 8, 2019 to May 23, 2021. The original

CRC tariffs ranged from 5.61 - 23.78% and the revised tariffs are in the 35.89% - 42.08% range.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russian billet and rebar producer Abinsk Electric Steel Works has entered into a definitive agreement with Severstal to buy its long-products mini-mill in Balakovo for \$215mln. The mini-mil, having an EAF and a continuous casting machine, is capable of producing 1 mtpa of long steel products.
- Russia has criticized Mexico at the WTO for maintaining anti-dumping duties on Russian steel exports, which it claims are outdated, being based on pricing assessments using data from a different country.
- Russia's MMK is about to complete the construction of its new 5.5 mtpa sinter plant, which will replace the 4.2 mtpa No. 4 plant and account for almost 45% of MMK's 12.3 mtpa of sinter capacity.
- The Iranian government has issued a new directive as per which Iranian mills will no longer need to obtain an export license from the ministry for exporting long steel product cargoes.

EU AND OTHER EUROPE

- The UK high court has ordered British Steel into compulsory liquidation, according to a statement from the government's Insolvency Service, adding that the company will continue to trade and supply its customers while the Official Receiver considers options for the business.
- The European Commission has initiated a review of its steel import safeguard measures, covering all product categories, with the exception of "other welded pipes".
- The European Commission has approved the creation of a new joint venture between Tenaris and Severstal, which will build and operate a steel mill in the Surgut area of western Siberia, Russia, for the manufacturing and supply of certain types of tubular products for the oil and gas industry in the CIS.
- The UK government will take ownership of British Steel's EU CO₂ allowances for 2019 and sell them in the market as part of a loan deal to help the company cover carbon costs linked to Brexit.
- ArcelorMittal has announced a broad production cut plan amounting to 3 mtpa in Europe.
- The European Commission has proposed measures that would prevent the effects of anti-dumping or anti-subsidy duties being combined with the safeguard measures that have been applied on imports of certain steel products.
- Turkey has terminated an investigation into the effects of steel product imports on the country's domestic steelmaking industry. No additional duties or other measures will be imposed after the conclusion of the investigation.
- ArcelorMittal plans to temporarily idle production at its steelmaking facilities in Poland, reduce production in Spain and adjust shipments at ArcelorMittal Italia, temporarily reducing annualized production by 3 mtpa.

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

WORLD STEEL PRICE TRENDS

Q2 2019 continued to witness global prices, though steady, but reporting a softening across markets, affected more by local developments rather than global ones. Globally, of course, it was the iron ore situation that stole the limelight with supply concerns amid stable demand pushing up iron ore prices to a historic \$100/t-plus figure in May 2019, levels last witnessed in 2014. Also, steel production/capacity curbs continued in China but analysts gave out cautious warning what with the country's crude steel production reporting a 13% growth during April 2019 as reported by worldsteel, showing that the supply side growth momentum remains unabated, thereby raising concerns of a possible global glut in the days ahead (and exports rising by 8.3% during 2019 so far), given the persistence of protectionist measures around the world, specially against China by the USA.

Long Product

- May 2019 rebar prices remained overall steady in the USA despite slipping under pressure from seasonally weak demand and softening in market activities. Transactions as per Metal Bulletin reports were quoted around \$690/t at month-end.
- May 29 EU rebar prices continued to move south given persistent weak demand. Transactions as per Metal Bulletin reports were quoted around €495-510/t (\$553-570) in Southern Europe and €505-535/t (\$565-598) in Northern Europe.
- China's rebar prices fluctuated in May 2019 and reported a decline over previous month amid declining futures, low demand and uncertainties in view of new US duties among others. Transactions as per Metal Bulletin reports were quoted around 3,940-3,980 yuan/t (\$570-576) in Shanghai and around 3,880-3,950 yuan/t in Beijing.
- Russian rebar prices largely remained steady in May 2019 with transactions as per Metal Bulletin reports quoted around 39,000-39,200 roubles/t (\$611-614) for 12mm A500C rebar in Russia, including 20% VAT.

Flat Product

- HRC prices in the USA declined in May 2019 in view weak demand/market conditions. Transactions as per Metal Bulletin reports were quoted around \$590/t at month-end.
- Domestic HRC prices in the EU remained stable but witnessed a minor dip at month-end in view of slow demand. Transactions as per Metal Bulletin reports were quoted around €480-490/t (\$537-548) in Northern Europe and around €445-465/t in Southern Europe.
- May 2019 saw Chinese HRC prices move south given slow/stagnant demand. Transactions as per Metal Bulletin reports were quoted around 3,930-3,950 yuan/t (\$569-572) in Shanghai and around 3,840-3,860 yuan/t in Tianjin.
- Russian flat steel market remained stable in May 2019 and prices showed little movement. Transactions for Russia-origin 4mm hot-rolled (HR) sheet as per Metal Bulletin reports were quoted around 43,000-44,500 roubles/t (\$664-687) cpt Moscow, including 20% VAT.

[Source Credit: Metal Bulletin]

SPECIAL FOCUS

India, Iran drives up global DRI production by 5.5% in January-April 2019

DRI production worldwide rose to 7.59 million tonnes (mt) in April 2019 (p), up by 7.4% over same period of last year, as per provisional World Steel Association (worldsteel) report, driven by India (production up by 12.5%) and Iran (production up by 7.6%) during the month.

For January-April 2019 (p), provisional worldsteel report indicates that global DRI output (29.41 mt, up by 5.5%) continued to be driven by India (11.04 mt) at the number one spot with a growth of 2.1% in production over same period of last year. The country also accounted for 38% of total global output during this period. For the cumulative period, Iran's DRI output (9.31 mt) saw a growth (18%) and along with India, these two countries accounted for 69% of global DRI output during this period.

Together, the top five countries accounted for 88% of the world DRI production during this period and saw their cumulative output rise by 5.5% as compared to same period of last year. Saudi Arabia which had earlier replaced UAE as the 5th largest DRI producer in the world continued to remain at the same spot during this period as well.

World DRI Production, January-April 2019 (p)			
Rank	Country	Qty (mt)	% change
1	India	11.04	2.1
2	Iran	9.31	17.7
3	Egypt	2.19	14.8
4	Mexico	1.93	-2.7
5	Saudi Arabia	1.44	-7.5
	Top 5	25.91	7.2
	World	29.41	5.5
	%Share: Top 5	88	-
Source: worldsteel			

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April 2019, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for the above month. 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.

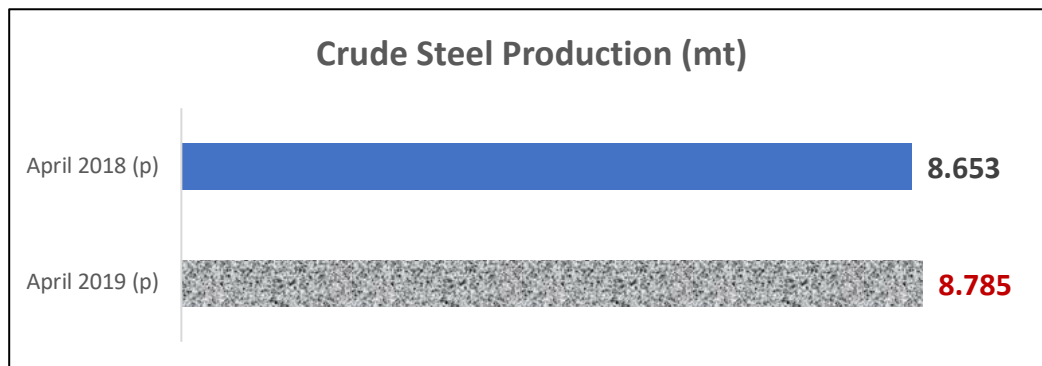
Item	Performance of Indian steel industry (prov)		
	April 2019 (mt)	April 2018 (mt)	% change
Crude Steel Production	8.785	8.653	1.5
Hot Metal Production	5.883	5.907	-0.4
Pig Iron Production	0.540	0.517	4.4
Sponge Iron Production	2.838	2.797	1.5
Total Finished Steel (alloy/stainless + non-alloy)			
Gross Production	10.523	10.482	0.4
Import	0.586	0.600	-2.3
Export	0.397	0.573	-30.7
Consumption	7.506	7.053	6.4
Source: JPC MIS Report, April 2019			

Major highlights

- Production of crude steel was at 8.785 million tonnes (mt), a growth of 1.5 per cent.
- Hot metal production was 5.883 mt, a decrease of 0.4 per cent.
- Pig iron production was 0.54 mt, up by 4.4 per cent.
- Sponge iron production was 2.838 mt, up by 1.5 per cent.
- Total finished steel gross production was 10.523 mt, an increase of 0.4 per cent.
- Export of total finished steel reached 0.397 mt, a decrease of 30.7 per cent.
- Import of total finished steel was 0.586 mt, a decrease of 2.3 per cent.
- India was a net importer of total finished steel.
- Consumption of total finished steel was 7.506 mt, an increase of 6.4 per cent.

A. Crude Steel Production

- At 8.785 million tonnes (mt), India's crude steel production grew by 1.5 per cent in April 2019 (p) over same period of last year.
- With an 81.8 per cent share, the Private Sector (7.186 mt, up by 3 per cent) led crude steel production in April 2019 (p).
- With a 59 per cent share, SAIL, RINL, TSL, Essar Steel, JSWL, JSPL together produced 5.21 mt (up by 3 per cent) of crude steel in April 2019 (p) while the rest 41 per cent was the share of the Other Producers (decline of 0.6 per cent) during this period.
- The shares of the Oxygen (3.95 mt), EAF (2.47 mt) and IF (2.37 mt) Routes stood respectively at 45 per cent, 28 per cent and 27 per cent.



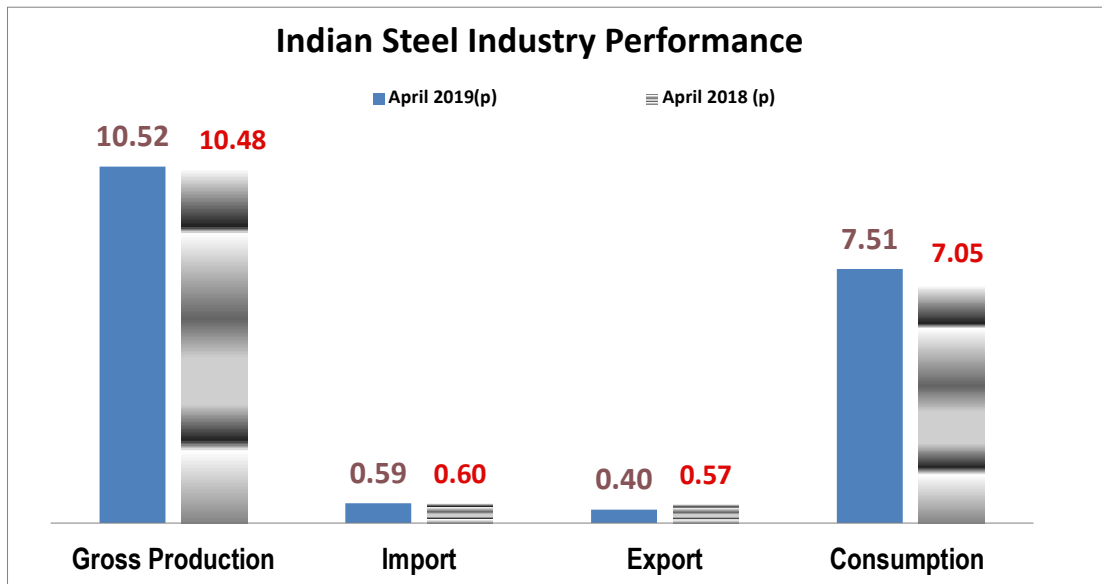
B. Pig Iron Production

- At 0.54 mt, India's pig iron production grew by 4.4 per cent in April 2019 (p) over same period of last year.
- With an 85 per cent share, the Private Sector (0.46 mt, down by 2.8 per cent) led pig iron production in April 2019 (p).
- With a 79 per cent share, the Other Producers (0.424 mt, up by 0.7 per cent) led pig iron production in April 2019 (p) while the rest 21 per cent was the share of the SAIL, RINL, TSL, Essar Steel, JSWL, JSPL taken together (up by 18 per cent) during this period.

C. Sponge Iron Production

- At 2.838 mt in April 2019 (p), India's sponge iron production grew by 1.5 per cent over same period of last year, led by the coal-based route with a 78 per cent share, the remaining being the share of the gas-based route.

D. Total Finished Steel



a. Gross Production

- At 10.523 mt, gross production of total finished steel grew by 0.4 per cent in April 2019 (p) over same period of last year, in which contribution of the non-alloy steel segment stood at 9.589 mt (down by 0.4 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel) where production was up by 9 per cent.
- With an 86 per cent share, the Private Sector (9.026 mt, down by 0.5 per cent) led gross production of total finished steel in April 2019 (p).
- With a 57 per cent share, SAIL, RINL, TSL, Essar Steel, JSWL, JSPL taken together produced 6.016 mt (up by 1.3 per cent) of finished steel in April 2019 (p) while the rest 43 per cent was the share of the Other Producers (down by 0.9 per cent) during this period.
- Analyzing by broad divisions, in the total production of finished non-alloy steel during this period, contribution of the non-flat segment stood at 3.806 mt (up by 0.5 per cent) while that of the flat segment stood at 5.783 mt (down by 1 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to production of total finished steel was bars & rods (2.998 mt, down by 1.1 per cent) while growth in the non-alloy, flat segment was led by HRC (3.103 mt, up by 4.2 per cent) during this period.

b. Export

- In April 2019 (p), total finished steel exports stood at 0.397 mt and declined by 30.7 per cent over same period of last year, in which contribution of the non-alloy steel segment stood at 0.327 mt (down by 39 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel) where export was up by 84.2 per cent.
- Analyzing by broad divisions, in the total export of finished non-alloy steel during this period, contribution of the non-flat segment stood at 0.038 mt (down by 11.6 per cent) while that of the flat segment stood at 0.289 mt (down by 41.3 per cent).

- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (0.021 mt, down by 45 per cent) while non-alloy, flat export was led by HRC (0.151 mt, down by 35 per cent) during this period.

c. Import

- In April 2019 (p), total finished steel imports stood at 0.586 mt and decreased by 2.3 per cent over same period of last year, in which contribution of the non-alloy steel segment stood at 0.46 mt (up by 0.2 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel) where import was down by 11 per cent.
- Such trends implied that India was a net importer of total finished steel in April 2019 (p), same as in April 2018 (p).
- Analyzing by broad divisions, in the total import of finished non-alloy steel during this period, contribution of the non-flat segment stood at 0.044 mt (up by 47 per cent) while that of the flat segment stood at 0.416 mt (down by 3 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to import was bars & rods (0.027 mt, down by 7 per cent) while non-alloy, flat import was led by HRC (0.145 mt, down by 6 per cent) during this period.

d. Consumption

- Finished steel consumption stood at 7.506 mt in April 2019 (p) and grew by 6.4 per cent over same period of last year, in which contribution of the non-alloy steel segment stood at 6.634 mt (up by 5.6 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel) where consumption was up by 13.2 per cent.
- Analyzing by broad divisions, in the total consumption of finished non-alloy steel during this period, contribution of the non-flat segment stood at 3.318 mt (up by 2.5 per cent) while that of the flat segment stood at 3.314 mt (up by 9 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to consumption was bars & rods (2.516 mt, up by 0.4 per cent) while non-alloy, flat consumption was led by HRC (1.174 mt, up by 25.2 per cent) during this period.

E. JPC Market Prices (Retail)

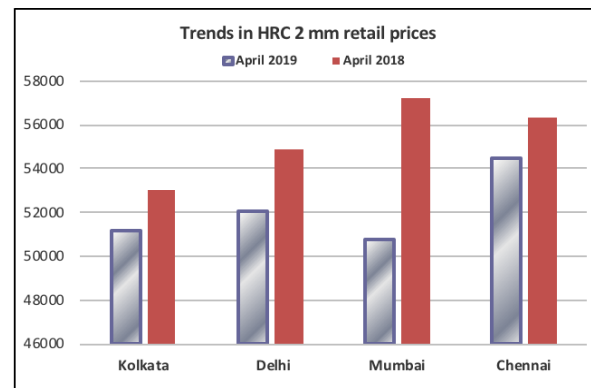
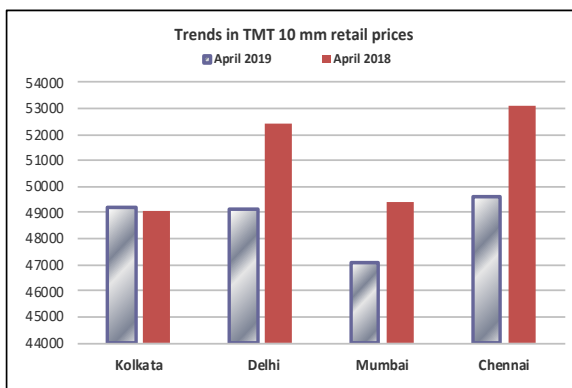
Delhi market prices: Compared to April 2018, average (retail) market prices in Delhi market in April 2019 decreased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions and global influences. The trend was just the same when compared to March 2019 for TMT while prices for HRC showed a mild increase. The situation in April 2019 with regard to April 2018 is shown in the table below for TMT 10 mm and HRC 2.0 mm for retail market prices in the Delhi market.

Trends in JPC market price (retail) in Delhi market in April 2019		
Item	Delhi market prices (Rs/t)	%change over April 2018
TMT, 10 mm	49,217	-6.2
HRC, 2.0 mm	51,200	-5.2
Source: JPC		

All markets: Compared to April 2018, average (retail) market prices in April 2019 decreased for long products (represented by TMT 10 mm) in all the markets excepting Kolkata while for HRC, prices reported a fall across all the markets. However, when April 2019 prices are compared to those in March 2019, while movement in prices of TMT was similar as above, those of HRC reported a decline in all markets except Delhi. The situation in April 2019 with regard to April 2018 is shown in the table below for TMT 10 mm and HRC 2.0 mm for all the four markets.

Trends in JPC (retail) market price: %change in April 2019 over April 2018				
Item	Kolkata	Delhi	Mumbai	Chennai
TMT 10mm	0.3	-6.2	-4.8	-6.6
HR Coils 2.00mm	-3.4	-5.2	-11.3	-3.3
Source: JPC				

TMT prices were highest in the Chennai market (Rs 49,590/t) and lowest in the Mumbai market (Rs. 47,053/t) while HRC prices were highest in the Chennai market (Rs. 54,487/t) and lowest in Mumbai market (Rs. 50,779/t) during March 2019.



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 the 2018-19, both at constant (2011-12) and current prices. As per the Report, Real GDP or GDP at Constant (2011-12) Prices for the year 2018-19 is estimated at Rs. 140.78 lakh crore showing a growth rate of 6.8 per cent over 2017-18. Real GVA, i.e., GVA at Basic Constant (2011-12) Prices for the year 2018-19 is estimated at Rs.129.07 lakh crores showing a growth rate of 6.6 per cent over 2017-18. The sectors which registered growth rate of over 7 per cent are 'public administration, defence and other services' (8.6 per cent), construction (8.7 per cent), 'financial, real estate and professional services' (7.4 per cent), 'electricity, gas, water supply & other utility services (7 per cent)'. The growth in the 'agriculture, forestry and fishing', 'mining & quarrying', 'manufacturing' and 'trade, hotels, transport, communication and services related to broadcasting' is estimated to be 2.9 per cent, 1.3 per cent, 6.9 per cent and 6.9 per cent respectively.

Industrial Production: Provisional CSO data show that the growth rate of the Index of Industrial Production (IIP) was up by 3.6 per cent during April-March 2018-19 (prov.), encouraged by stable

growth in Electricity (5.2 per cent), Manufacturing (3.5 per cent) and Mining (2.9 per cent). The Use-Based scenario of the Index of Industrial Production (IIP) during April-March 2018-19 (prov.) show that excepting a minor decline in Intermediate Goods, all the other sectors recorded a growth with Infrastructure/ Construction Goods (7.5 per cent) reporting the highest and Capital Goods, the lowest (2.8 per cent).

Infrastructure Growth: Provisional data released by the CSO indicate that the growth rate of the Eight Core Infrastructure Industries was up by 4.3 per cent during April-March 2018-19 (prov.), encouraged by growth in most sectors, specially Coal (7.3 per cent) and Cement (13.3 per cent), Electricity (5.1 per cent) but pulled down by decline in growth rate in case of Crude Oil (4.1 per cent) and low growth in case of Fertilizers (0.3 per cent) and Natural Gas (0.8 per cent).

Inflation: In March 2019 (prov.), the annual rate of inflation, based on monthly WPI, stood at 3.18 per cent while the all India CPI inflation rate (combined) stood at 2.86 per cent and both parameters reported a rise during the month as compared to trends in the preceding month.

Trade: Provisional figures from DGCI&S show that during April-March 2018-19, in dollar terms, overall exports were up by 9.06 per cent while overall imports were up by 8.99 per cent, both on yoy basis. During the same period, oil imports were valued at USD 140.47 billion, which was 29.27 per cent higher yoy while non-oil imports were valued at USD 366.97 billion which was 2.82 per cent higher yoy. The overall trade deficit for April-March 2018-19 is estimated at USD 95.85 billion as compared to USD 86.05 billion in April-March 2017-18.

Prepared by: Joint Plant Committee