



Trends ...May 2021

Into the first quarter of 2021-22, the performance of the domestic steel industry remained in stable mode, though the challenges posed by the COVID-19 pandemic continued to loom large. One such challenge was manifested in the diversification of liquid medical oxygen by the domestic steel players to the healthcare system to deal with the oxygen requirement there for treatment of COVID patients. Lauded as an unique reach out by the steel industry by all, yet the impact on production of steel (largely short-term) due to such diversification remains to be gauged.

WORLD ECONOMY AT A GLANCE

- Markit Economics reports indicate that May 2021 saw global manufacturing sector expand at a robust pace, with production rising at one of the fastest rates in a decade. As a result, the J.P.Morgan Global Manufacturing PMI stood at a strong 56.0 in May 2021, up from 55.9 in April 2021 and reaching its highest level in over 11 years.
- The Markit reports indicate that 24 out of the 30 nations for which May 2021 data were available registered better business conditions. Europe was a bright spot in the upturn and was supported by a strong expansion in the USA. In contrast, subdued growth was registered in Japan, China, Russia and India while the Philippines, Turkey, Thailand, Mexico, Colombia and Myanmar all saw contractions.
- Global manufacturing employment grew for the seventh consecutive month in May 2021, which also reported steep hike in both input cost and selling prices as per the reports.

Key Economic Figures			
Country	GDP 2020: %change*	Manufacturing PMI	
		April 2021	May 2021
India	-7.0	55.5	50.8
China	2.3	51.9	52
Japan	-4.8	53.6	53
USA	-3.5	60.5	62.1
EU 28	-6.6	62.9	63.1
Brazil	-4.1	52.3	53.7
Russia	-3.1	50.4	51.9
South Korea	-1.0	54.6	53.7
Germany	-4.9	66.2	64.4
Turkey	1.8	50.4	49.3
Italy	-8.9	60.7	62.3

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 662.78 million tonnes (mt) in January - April 2021, up by a robust 14% 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-April 2021*			
Rank	Top 10	Qty (mt)	% change
1	China	374.56	15.8
2	India	38.25	26.9
3	Japan	31.53	2.7
4	USA	27.29	2.8
5	Russia	25.47	7.1
6	South Korea	23.45	6.5
7	Turkey	13.54	9.0
8	Germany	13.12	16.9
9	Brazil	11.78	15.9
10	Iran	9.97	9.6
Total: Top 10		568.94	13.9
World		662.78	13.7
Source: worldsteel; *provisional			

- China remained the leader in world crude steel production which stood at 375 mt during January-April 2021, up nearly 16% 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 (38.25 mt) reported a yoy production growth of 27% during this period and remained the 2nd largest producer during this period.
- Japanese crude steel production (31.53 mt) was up by 2.7% 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 (27.3 mt), up by 2.8% yoy while Russia (25.47 mt, up by 7.1% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (27) countries stood at 50.95 mt during this period, up by 12% yoy.
- At 485.73 mt, Asian crude steel production was up by 15.4% 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% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- The Coalition of American Metal Manufacturers and Users, along with more than 300 US manufacturing businesses, have appealed to the US President to immediately terminate the Section 232 steel and aluminium.
- The US government and European Commission will embark on discussions to address the issue of global steel and aluminum overcapacity and chart a path to end WTO disputes arising from the US application of taxes on imports from the EU under Section 232.

ASIA

- China's NDRC, MEiTY and other concerned agencies interacted with leading iron ore, steel, copper and aluminium producers and asked them to take the lead in "maintaining price order" in commodity markets, citing excessive speculation as a major reason for significant price rises in the domestic commodity market, including steel.
- China has announced fresh restrictions in Tangshan region and has ordered steel mills to suspend their sinter equipment for the first 10 hours from midnight of May 18, 2021 till May 20, 2021 to improve air quality.
- China's new and stricter steel capacity swap ratios will cool the overheated steelmaking raw materials market and pave the way for more EAFs in an overall plan to reduce steel production and ban new capacity from June 1, 2021.
- Japan's Nippon Steel forecasts producing 46 mt of crude steel on a consolidated basis in its fiscal year ending March 31, 2022, up 22% from the year before.
- India's Jindal Steel and Power Ltd, or JSPL will focus on undertaking doubling capacity of its Angul steel plant from 6 mtpa in line with the Indian government's goal of having 300 mtpa national capacity by 2030.
- Indonesia's Krakatau Steel produced its first HRC from 1.5 mtpa No. 2 HSM, the first in Indonesia that can produce 1.4mm-thin high-grade HRC, as well as thicknesses of up to 16mm.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Metalloinvest plans to build a new EAF that will use pellets only and hardly any scrap, as well as a new ladle furnace at its Oskol Electrometallurgical Plant (OEMK) in Belgorod oblast, west Russia.
- The Egyptian government announced details of its trial period for the reintroduction of construction permits in 27 cities for a period of two months and then in all cities across from July 1, 2021. Egypt had a ban on construction since May 2020.
- The GCC plans to set definitive safeguard duties for a number of steel products for a period of three years, which are proposed to be set at 16% in the 1st year and gradually reduced: to 15.2% in 2nd year and to 14.44% in 3rd year. Products under investigation are flat hot-rolled coil and sheet, cold-rolled flat steel coil and sheet, metallic coated steel and other items of both long and flat steel.
- The Iranian government has relaxed some restrictions on steel exports: w.e.f. May 15 2021 and valid for 90 days, Iranian-approved mills will no longer need to obtain an export license from the ministry for exporting slab and billet.

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- Novolipetsk Iron and Steel Works has started assembling the core equipment of a new power station that will boost the mill's energy self-sufficiency to 95%, which corresponds to 800 megawatts, thus paring the mill's emissions. Targeted commissioning is 4th quarter of 2023.
 - UAE-based General Holding Corp. plans to merge its wholly owned subsidiary Emirates Steel Industries with its 51%-owned Arkan Building Materials Co.

EU AND OTHER EUROPE

- ArcelorMittal, the largest steelmaker outside China, registered its strongest quarter in a decade in Q1 as demand for steel bounced back leading its Q1 EBITDA to \$3.24 bn, up by 88% from Q4 2020 and more than triple the year-ago figure of \$967 million. Net income almost doubled from earlier quarter to \$2.3 bn from \$1.2 bn, beating analysts' estimates.
- The EU will temporarily suspend application of "rebalancing" duties originally scheduled to be charged on imports of some US products effective June 1, 2021.
- Liberty Steel, part of metals and energy group GFG Alliance, is planning to sell its aerospace and special alloys steel business in Stocksbridge, UK and its downstream plants, the narrow strip mill at Brinsworth and Performance Steels at West Bromwich, as part of its restructuring plan.
- As part of its Steel Strategy 20-30, Thyssenkrupp plans to close its HR mill at its Bochum plant by 2026 and relocate to Duisburg and split the casting-rolling line into a new CC plant and a new HRM. It plans to maintain a production capacity of 11.50 mtpa.
- Ternium has produced its first complete coil at its new 4.4 mtpa HR mill in Mexico and is expected to produce around 400,000 tonnes in the second half of 2021.
- The UK's Department of International Trade has published an intended preliminary decision to extend UK steel import safeguards and tariff rate quotas for three years from July 1 on certain product categories, including HR sheets and strips, CR sheets and rebars, where imports have been "significant."
- The UK's Department for International Trade has made a preliminary decision to continue imposing antidumping duties on certain welded tubes and pipes of iron or non-alloy steel imported into the UK from China and Belarus, but to revoke duties against imports of similar products from Russia.

[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, impacted by rising demand, stringent supply and a volatile raw material (read iron ore, scrap) market. China as usual remained at the spotlight, with its NDRC coming out with plans to introduce policy mechanism for ensuring commodity price stability as part of the country's 14th Five-Year Plan (2021 to 2025) that includes steel among others. Markets were also affected by China's decision to relax restrictions in Tangshan region announced earlier. Meanwhile, global crude steel production put in a strong performance show in January-April 2021, its 14% 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 Product

- May 2021 rebar prices in the US remained stable and north-bound, courtesy strong demand, with transactions, as per Fastmarkets Metal Bulletin quoted around \$875/t at month-end.
- Strong domestic demand and rising scrap prices boosted European rebar prices in May 2021. Transactions as per Fastmarkets Metal Bulletin were quoted around €750-780/t (\$918-955) in Northern Europe and around €730-750/t (\$906-918) in Southern Europe.
- China's rebar prices dipped marginally in May 2021, due largely to news of relaxation of restrictions in Tangshan region, though fundamentals remained strong. Transactions, as per Fastmarkets Metal Bulletin were quoted around 4,900-4,920 yuan/t (\$769-772) in Shanghai.
- May 2021 saw Russian rebar prices head north, courtesy strong domestic demand. Fastmarkets price assessment for domestic rebar stood around 74,000 roubles/t cpt Moscow at month-end.

Flat Products

- May 2021 saw HRC prices in the USA continuing to boom, surging ahead to cross \$1,600/s.t. 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 May 2021. Transactions, as per Fastmarkets Metal Bulletin were quoted around €1,1136/t (\$1,385) in Northern Europe.
- Chinese HRC prices in May 2021 remained north-bound. Transactions, as per Fastmarkets Metal Bulletin were quoted around 5,430-5,600 yuan/t (\$852-879) in Shanghai.
- Russian flat steel prices moved north in May 2021 supported by a strong export market and strong demand. Fastmarkets' weekly price assessment for HR sheet were reported around 105,000 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 30.43 mt in January-April 2021, up 13.6% over same period of last year. Such production growth was driven by India (12.13 mt, 40% share, up by 28%) at the number one spot and Iran, where production stood at 9.68 mt (32% share), up by 9.4% over same period of last year. The two countries together accounted for 72% of global DRI output during this period. Together, the top five countries accounted for 90% of the world DRI production during this period (as in same period of last year) and saw their cumulative output grow by 14.3% over same period of last year.

Global DRI Production				
Rank	Country	Jan-April 2021* (mt)	Jan-April 2020 (mt)	% change
1	India	12.13	9.50	27.7
2	Iran	9.68	9.37	3.3
3	Saudi Arabia	2.06	1.74	18.5
4	Mexico	1.91	1.66	15.0
5	Egypt	1.70	1.76	-3.6
Top 5		27.48	24.04	14.3
World		30.43	26.79	13.6
Source:worldsteel; *provisional				

Chinese Policy

The Chinese government has published an action plan to include a commodity price stability mechanism as part of the country's 14th Five-Year Plan that runs from 2021 to 2025. A report published by Fastmarkets' Metal Bulletin has indicated that the NDRC has prepared a document named "Action plan to deepen the reform of pricing mechanism in the 14th Five-Year Plan" and plans to strengthen and improve controls on commodity prices, a comprehensive monitoring system and forecasts should be in place for major commodities. As per the document, when prices of iron ore, copper, corn and other major commodities are volatile, a number of diverse control measures should be suggested in a timely manner, [and] market expectations should also be managed properly, the NDRC has been quoted in the document.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April 2021, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April 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 2021* (mt)	April 2020 (mt)	% change*
Crude Steel Production	8.300	3.292	152.1
Hot Metal Production	6.046	3.236	86.8
Pig Iron Production	0.435	0.140	211.5
Sponge Iron Production	2.327	0.434	436.7
Total Finished Steel (alloy/stainless + non-alloy)			

Production	7.645	1.571	386.7
Import	0.364	0.407	-10.7
Export	0.951	0.429	121.6
Consumption	7.341	1.091	572.8
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 8.3 million tonnes (mt), up by 152.1%.
- **Hot Metal:** Production at 6.046 mt, up by 86.8%.
- **Pig Iron:** Production at 0.435 mt, up by 211.5%.
- **Sponge Iron:** Production at 2.327 mt, up by 436.7%, led by coal-based route (76% share).
- **Total Finished Steel:** Production at 7.645 mt, up by 386.7%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 5.779 mt (70% share) during this period, up by 89.0%. The rest (2.521 mt) came from the Other Producers, up by 975.4%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 5.631 mt (93% share) up by 80.3%. The rest (0.415 mt) came from the Other Producers, up by 269.1%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.196 mt (45% share) up by 75.4%. The rest (0.239 mt) came from the Other Producers, up by 755.1%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 5.184 mt (68% share) up by 263.8%. The rest (2.461 mt) came from the Other Producers, up by 1587.1%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 80% share, the Private Sector (6.6 mt, up by 193.6%) led crude steel production compared to the 20% contribution of the PSUs.
- **Hot Metal:** With 68% share, the Private Sector (4.136 mt, up by 96.0%) led hot metal production, compared to the 32% contribution of the PSUs.
- **Pig Iron:** With 78% share, the Private Sector (0.338 mt, up by 217.0%) led pig iron production, compared to the 22% contribution of the PSUs.
- **Total Finished Steel:** With 83% share, the Private Sector (6.344 mt, up by 429.7%) led production of total finished steel, compared to the 17% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Flat products accounted for 55% share (up by 279.7%), the rest 45% was the share of non-flats (up by 645.4%).
- **Import:** Flat products accounted for 89% share (down by 7.4%), the rest 11% was the

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- share of non-flats (down by 30.5%).
 - **Export:** Flat products accounted for 79% share (up by 86.5%), the rest 21% was the share of non-flats (up by 647.5%).
 - **Consumption:** Led by Flats steel (52% share; up by 607.5%) while the rest 48% was the share of non-flat steel (up by 538.3%).

Finished Steel Production Trends

- At 7.645 mt, production of total finished steel was up by 386.7% in April 2021.
- Contribution of the non-alloy steel segment stood at 7.109 mt (93% share, up by 362%), 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 (2.644 mt, up by 699.2%) while growth in the non-alloy, flat segment was led by HRC (3.653 mt, up by 272.1%) during this period.

Finished Steel Export Trends

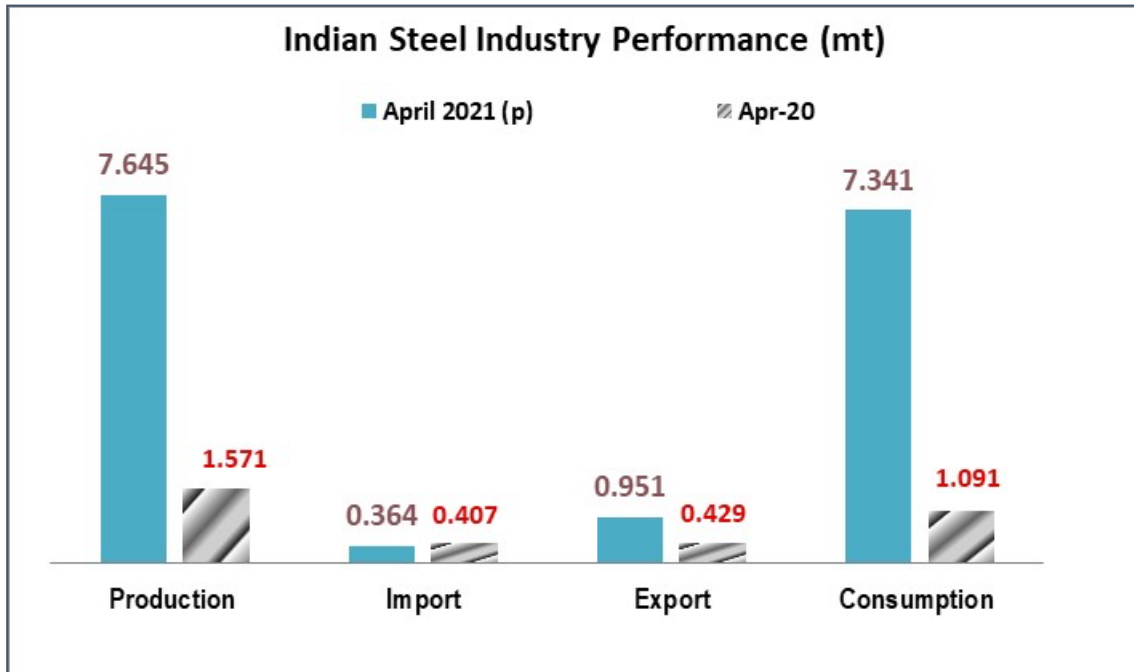
- Overall exports of total finished steel at 0.951 mt was up by 121.6%.
- Volume wise, non-alloy HR Coil/Strip (0.435 mt, up by 42.1%) was the item most exported (50% share in total non-alloy).
- Belgium (0.132 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 0.364 mt, down by 10.7%.
- India was a net exporter of total finished steel in April 2021.
- Volume wise, non-alloy GP/GC Sheets/Coils (0.074 mt, up by 26.9%) was the item most imported (30% share in total non-alloy).
- Korea (0.141 mt) was the largest import market for India (39% share in total).

Finished Steel Consumption Trends

- At 7.341 mt, consumption of total finished steel was up by 572.8% in April 2021.
- Contribution of the non-alloy steel segment stood at 6.783 mt (92% share, up by 629.6%), 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 (2.712 mt, up by 814.4%) while in the non-alloy, flat segment was led by HRC (3.295 mt, up by 992.4%) 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 2021, stood at 126.6 while the Indices Mining, Manufacturing and Electricity sectors stood at 108.0, 125.1 and 174.0 respectively.

Infrastructure Growth: Provisional data released by the DPIIT indicate that the Index for the Eight Core Infrastructure Industries saw a growth of 56.1% during April 2021 with all the sectors reporting a rise except Crude Oil.

Inflation: In April 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 10.49% while the all India CPI inflation rate (combined) stood at 4.29% and compared to the previous month, both the parameters registered an increase.

Trade: Provisional figures from DGCI&S show that during April 2021, in dollar terms, overall exports were up by 195.72% while overall imports were up by 167.05%, both on yoy basis. During the same period, oil imports were valued at USD 10.87 billion, 133.24% higher yoy while non-oil imports were valued at USD 34.85 billion, 179.7% higher yoy. Overall trade deficit for April 2021 is estimated at USD 6.93 Billion as compared to the surplus of USD 0.38 Billion in April 2020.

Prepared by: Joint Plant Committee