



Trends November 2021

And the slippage continues.

worldsteel data indicates that at a monthly level, though world crude steel production grew marginally (by 0.4%) in October 2021 over September 2021, impacted by stringent production curbs, Chinese production dipped 3% in October 2021 over September 2021. On a year-on-year (yoy) basis, global production dipped by 10.6% in October 2021, dragged down by a 23% decline in Chinese production in same period.

WORLD ECONOMY AT A GLANCE

- Market Economics reports indicated continuing improvements in business conditions and manufacturing operations in November 2021, with the J.P.Morgan Global Manufacturing PMI at 54.2 during the month, showing negligible change from readings achieved in the last three months.
- The reports indicate that out of the 30 nations for which latest data were available, only four (China, Brazil, Mexico and Myanmar) registered contraction. The Euro Area remained a bright growth spot, with four of the five highest ranked countries (Italy, the Netherlands, Ireland and Greece) located here. The US was in sixth position overall.
- As per the Markit reports, the volume of new orders continued to report a rise in November 2021 while the rate of increase in new export business remained subdued, though faster than in October. Price inflationary pressures remained elevated during the month while suppliers' delivery times lengthened to one of the greatest extents on record, as they have done through much of 2021 to date.

Key Economic Figures			
Country	GDP 2020: %change*	Manufacturing PMI	
		October 2021	November 2021
India	-7.0	55.9	57.6
China	2.3	50.6	49.9
Japan	-4.8	53.2	54.5
USA	-3.5	58.4	58.3
Eurozone	-6.6	58.3	58.4
Brazil	-4.1	51.7	49.8
Russia	-3.1	51.6	51.7
South Korea	-1.0	50.2	50.9
Germany	-4.9	57.8	57.4
Turkey	1.8	51.2	52.0
Italy	-8.9	61.1	61.1

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

GLOBAL CRUDE STEEL PRODUCTION

Having already crossed the 1 billion tonne mark, world crude steel production stood at 1607.13 million tonnes (mt) in January - October 2021, up by 5.9% over same period of last year as per provisional data released by World Steel Association (worldsteel). While the volume growth at a cumulative level indicated the diminishing impact of COVID-19, yet at a monthly level, world production grew marginally (by 0.4%) in October 2021 over September 2021, pulled down by stringent production curbs in China, where production dipped 3% in October 2021 over September 2021. On a year-on-year (yoy) basis, global production dipped by 10.6% in October 2021, dragged down by a 23% decline in Chinese production in same period.

World Crude Steel Production: January-October 2021*			
Rank	Top 10	Qty (mt)	% change
1	China	877.05	-0.7
2	India	96.93	20.6
3	Japan	80.36	17.5
4	USA	71.72	19.6
5	Russia	62.50	5.7
6	South Korea	58.67	5.9
7	Germany	33.56	15.1
8	Turkey	33.33	14.2
9	Brazil	30.32	19.1
10	Iran	22.37	-5.7
Total: Top 10		1366.81	4.0
World		1607.13	5.9

Source: worldsteel; *provisional

- China remained the leader in world crude steel production which stood at 877.05 mt during January-October 2021, down 0.7% over same period of last year. The nation accounted for 76% of Asian and 55% of world crude steel production during this period.
- With a 6% share in total world production, India (96.93 mt) reported a yoy production growth of 20.6% during this period and remained the 2nd largest producer during this period.
- Japanese crude steel production (80.36 mt) was up 17.5% 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 (71.72 mt), up 19.6% yoy while Russia (62.5 mt, up 5.7% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in EU (27) countries stood at 128 mt during this period, up 18% yoy.
- At 1160.68 mt, Asian crude steel production was up 3% during this period and the region accounted for 72% of world crude steel production during this period.
- The top 10 countries accounted for 85% of total world crude steel production during this period and saw their cumulative production go up by 4% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- The US and EU have reached an agreement to replace the former's Section 232 tariffs on steel and aluminum with a tariff-rate quota on metals imports from the EU, according to a joint fact sheet Oct. 31., 2021.
- US Commerce Secretary Gina Raimondo and US Trade Representative Katherine Tai have started consultations with Japan to address global steel and aluminum excess capacity and take effective measures to ensure the long-term viability of the two metals industries. The consultations will seek solutions to "strengthen the democratic alliance" between the US and Japan.
- Brazil has temporary reduced the import tariffs over a variety of steel products, aimed at easing the effects of COVID-19. The measure – valid until Dec. 31, 2022 – covers from raw materials such as pig iron, ferroalloys, to semi-finished ingots, billets, slabs and flats and long steel products, including tubes & pipes. Specialty steels were also cited. Carbon hot- and cold-rolled coils, rebar and wire rod had their 12% import tariff cut to 10.8%.
- Some 390 mtpa of DRI capacity and 278 mtpa of additional steel capacity coming from EAF route would be required globally by 2030 to put the global steel sector on a trajectory compatible with the 1.5 degrees Celsius standard in the Paris climate agreement, according to a study presented by the Agora Industry think tank Nov. 3, 2021 during the Cop26 climate summit in Glasgow.

ASIA

- Chinese steel producer Henan Yaxin Steel Group Co has started producing at two Quantum electric arc furnaces (EAFs) and an Arvedi endless strip production (ESP) line at its Fujian Dingsheng plant.
- Steel mills under the jurisdiction of North China's Tangshan city have been imposed another round of emergency restrictions on their sintering and coking facilities starting the evening of November 15, 2021 due to poor air quality forecast in the coming days, though measures seem not as stringent as the previous round over October 28-November 7, 2021.
- Japan's Nippon Steel reiterated its plans to raise the crude steel production capacity of its AM/NS India joint venture as well as to establish an integrated steel mill in Asia.
- South Korea's Dongkuk Steel Mill aims to boost its cold-rolled steel output by 15% to 1 mtpa by 2030. Currently, Dongkuk Steel operates nine production lines at Busan with an overall output of 850,000 tpa of pre-coated steel plates that are mainly used in consumer products and construction materials.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- NLMK will raise its HR steel output at NLMK Lipetsk by upgrading the reheating furnace. The upgrade will increase hot-rolled steel output at NLMK Lipetsk by 7% - 430,000 tpa - as well as improve product quality, halve energy consumption and reduce CO₂ emissions.
- Evraz plans to raise the share of finished steel products in its portfolio to 77% of total sales volume by 2026, up from 50% currently.

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- Turkey's Yildiz Demir Celik, announced that it is targeting to reach 900,000 tpa of galvanizing capacity with a new line to be started in the first quarter of 2022.
 - Egypt's Ministry of Trade and Industry has decided to revoke safeguard duties on imports of billets and rebars.

EU AND OTHER EUROPE

- Eurofer has filed a registration request against hot-dip galvanized steel coil imports from Turkey and Russia that could make retroactive any duties set in a dumping case opened by the European Commission (EC) five months ago.
- UK Steel is calling on the UK government to “urgently” seek an exemption to US Section 232 tariff measures, following the recent agreement between the EU and US to largely end Trump-era tariffs on US steel imports from the EU. The agreement, reached Oct. 30, 2021 does not cover exports of non-EU member.
- The UK parliament's Business, Energy and Industrial Strategy (BEIS) Committee called on the government to establish a steel sector deal to address long-running challenges to the industry's competitiveness, including high energy prices and barriers to supplying steel for major public projects. The deal should be made part of a strategic plan for decarbonizing the industry and protecting jobs.
- The UK's Materials Processing Institute (MPI) has supported a recommendation to the UK government to promote hydrogen-based steel production in the UK, following moves to adopt the low emissions technology in Europe and Canada. The Teesside-based MPI's chief executive, Chris McDonald, and the UK's Department for Business, Energy and Industrial Strategy (BEIS) Select Committee advised the UK government “to commit to a pilot of hydrogen-based steel production in the UK as part of its industrial decarbonisation strategy,” according to the MPI's statement.
- ArcelorMittal will halt production at its Sestao, Spain EAF plant at the end of November to bring forward planned engineering work that will expand the site's capacity to 1.6 mtpa. Production will be halted until early 2022, with the work being brought forward by around one month.
- Steelmaker Dillinger's board has approved its proposal to invest Eur56.5 million (\$65.6 million) to expand its production of super heavy plate, as well as production of wind tower foundations, known as monopiles, at its Steelwind Nordenham subsidiary
- Liberty Steel UK, part of metals and energy group GFG Alliance, has restarted production at its core greensteel Rotherham electric arc furnace as planned, with operation taking place at night to maximize efficiency and mitigate high energy costs..

[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 moderation and signs of a return to “normalcy” with most markets reporting either a softening or a stability at a reduced level. The trend continued in November 2021 as well. Nonetheless, as seen before also, they remained on strong grounds during the 3rd quarter of the year, impacted by rising demand, stringent supply and a volatile raw material (raw iron ore, scrap) market. Of potential concern are the steel market developments in China, where production cuts – both on-going and upcoming – are already evident and further curbs are expected to impact global demand-supply to a significant level in the coming days. If that materialises, then it would be only a matter of time before global trade flows and global steel price trends, stand to be affected to a similar degree.

Long Products

- November 2021 rebar prices in the USA were subdued and waiting for cues for further hikes. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1,010/s.t. at month-end.
- European rebar prices remained stable in November 2021, with market watchers expecting further hikes in the coming days. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €770-790/t (\$874-897) in Southern Europe and around €820-840/t (\$931-954) in Northern Europe.
- Chinese rebar prices saw some gains in closing days of November 2021, following gains in futures prices and demand. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 4,730-4,770 yuan/t (\$743-749) in Shanghai.
- Domestic rebar prices in Russia slipped at end of November 2021, with government monitoring of prices in the construction sector. Fastmarkets’ price assessment for steel rebar domestic, cpt Moscow, Russia, stood at 65,000-71,500-roubles/t (\$870-955) at month-end.

Flat Products

- HRC prices in the USA continued to record gains in November 2021. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1,795/s.t. at month-end.
- November 2021 saw limited trading activity in the European HRC market. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €946.25/t (\$1,071) in Northern Europe and around €875/t in Southern Europe.
- HRC prices in China reported mild gains in the closing days of November 2021 with rise in futures prices. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 4,730-4,800 yuan/t (\$743-754) in Shanghai.
- Softening in demand and weak transactions marked flat market in Russia in November 2021. Fastmarkets’ price assessment for steel hot-rolled sheet, domestic, cpt Moscow, Russia, stood at 76,000-80,000 roubles/t (\$1,020-1,074) at month-end.

[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 86.93 mt in January-October 2021, up 12.7% over same period of last year. Such production growth was driven by India (32.21 mt, 37% share, up 18.7%) at the number one spot and Iran, where production stood at 27.12 mt (31% share), up 6.7% over same period of last year. The two countries together accounted for 68% of global DRI output during this period. Together, the top five countries accounted for 87% of the world DRI production during this period and saw their cumulative output go up 11.2% over same period of last year.

Global DRI Production				
Rank	Country	Jan-Oct. 2021* (mt)	Jan-Oct.2020 (mt)	% change*
1	India	32.21	27.13	18.7
2	Iran	27.12	25.41	6.7
3	Russia	6.39	6.43	-0.7
4	Mexico	4.85	4.27	13.6
5	Saudi Arabia	4.72	4.45	6.1
Top 5		75.29	67.70	11.2
World		86.93	77.13	12.7

Source:worldsteel; *provisional

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-October 2021, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-October 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-October 2021*(mt)	April-October 2020 (mt)	% change*
Crude Steel Production	66.805	53.522	24.8
Hot Metal Production	44.808	36.478	22.8
Pig Iron Production	3.444	2.565	34.3
Sponge Iron Production	22.361	18.064	23.8

Total Finished Steel (alloy/stainless + non-alloy)			
Production	62.877	48.405	29.9
Import	2.751	2.347	17.2
Export	8.809	7.099	24.1
Consumption	57.899	45.933	26.1
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 66.805 million tonnes (mt), up by 24.8%.
- **Hot Metal:** Production at 44.808 mt, up by 22.8%.
- **Pig Iron:** Production at 3.444 mt, up by 34.3%.
- **Sponge Iron:** Production at 22.361 mt, up by 23.8%, led by coal-based route (77% share).
- **Total Finished Steel:** Production at 62.877 mt, up by 29.9%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 41.972 mt (63% share) during this period, up by 22.5%. The rest (24.833 mt) came from the Other Producers, up by 28.9%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 40.037 mt (89% share) up by 21.1%. The rest (4.772 mt) came from the Other Producers, up by 39.4%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.983 mt (29% share) up by 28.4%. The rest (2.461 mt) came from the Other Producers, up by 36.8%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 36.656 mt (58% share) up by 30.0%. The rest (26.221 mt) came from the Other Producers, up by 29.7%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 81% share, the Private Sector (53.922 mt, up by 22.6%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 69% share, the Private Sector (30.764 mt, up by 17.8%) led hot metal production, compared to the 31% contribution of the PSUs.
- **Pig Iron:** With 88% share, the Private Sector (3.042 mt, up by 33.8%) led pig iron production, compared to the 12% contribution of the PSUs.
- **Total Finished Steel:** With 84% share, the Private Sector (53.068 mt, up by 26.4%) led production of total finished steel, compared to the 16% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 51% share (up by 35.9%), the rest 49% was the share of flats (up by 24.2%).
- **Import:** Flat products accounted for 91% share (up by 20.8%), the rest 9% was the share of non-flats (down by 10.0%).
- **Export:** Flat products accounted for 78% share (up by 9.4%), the rest 22% was the share of non-flats (up by 139.5%).
- **Consumption:** Led by Non-flat steel (54% share; up by 27.4%) while the rest 46% was the share of flat steel (up by 24.5%).

Finished Steel Production Trends

- At 62.877 mt, production of total finished steel was up by 29.9% in April-October 2021.
- Contribution of the non-alloy steel segment stood at 58.897 mt (94% share, up by 28.5%), 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 (24.708 mt, up by 39.2%) while growth in the non-alloy, flat segment was led by HRC (26.526 mt, up by 22.0%) during this period.

Finished Steel Export Trends

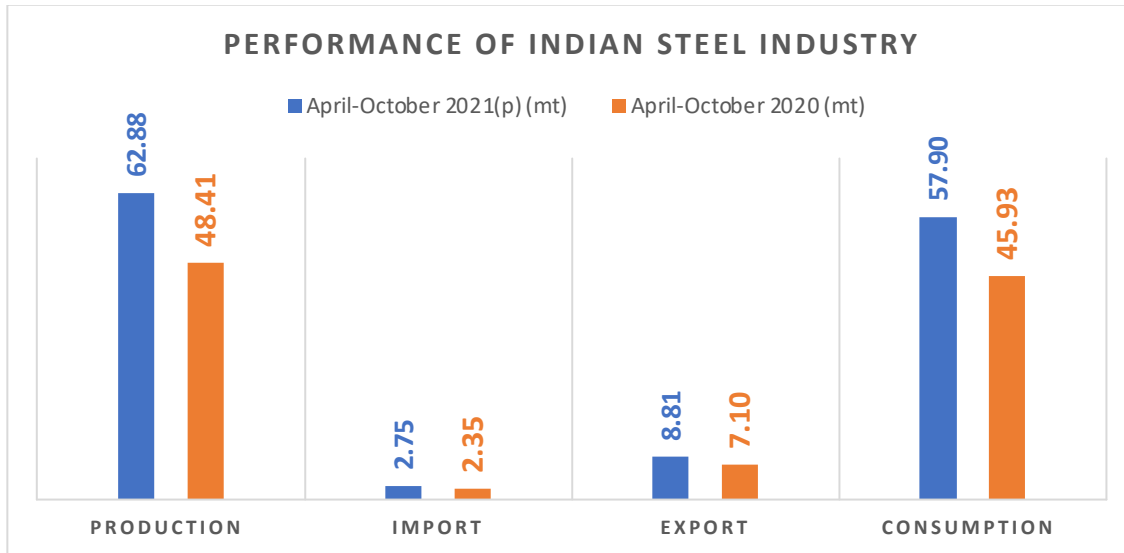
- Overall exports of total finished steel at 8.809 mt, up by 24.1%.
- Volume wise, Non-alloy HR Coil/Strip (3.972 mt, down by 16.9%) was the item most exported (49% share in total non-alloy).
- Vietnam (1.157 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 2.751 mt, up by 17.2%.
- India was a net exporter of total finished steel in April-October 2021.
- Volume wise, non-alloy GP/GC Sheets/Coils (0.455 mt, up by 23.0%) was the item most imported (27% share in total non-alloy).
- Korea (1.176 mt) was the largest import market for India (43% share in total).

Finished Steel Consumption Trends

- At 57.899 mt, consumption of total finished steel was up by 26.1% in April-October 2021.
- Contribution of the non-alloy steel segment stood at 53.525 mt (92% share, up by 24.1%), 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 (24.329 mt, up by 29.7%) while growth in the non-alloy, flat segment was led by HRC (22.051 mt, up by 23.0%) 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 2021-22. As per the reports, GDP at Constant (2011-12) Prices in Q2 of 2021-22 is estimated at ₹35.73 lakh crore, showing a growth of 8.4% as compared to 7.4% contraction in Q2 2020-21. Quarterly GVA at Basic Prices at Constant (2011-12) Prices in Q2 2021-22 is estimated at ₹32.89 lakh crore, showing a growth of 8.5%. Almost all the lead sectors reported strong growth during this period, with *Agriculture and allied sector being the lowest (4.5%) and Public Administration, Defence and Other Sectors (17.4%), the highest.*

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for the month of April-September 2021, rose by 23.5% 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 15.1% during April-October 2021 with all the sectors reporting a rise except Crude Oil and Fertilisers.

Inflation: In October 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 12.54% while the all India CPI inflation rate (combined) stood at 4.48% and compared to the previous month, both the parameters registered a growth.

Trade: Provisional figures from DGCI&S show that during April-October 2021, in dollar terms, overall exports were up by 53.87% while overall imports were up by 76.76%, both on yoy basis. Overall trade deficit for April-October 2021 is estimated at USD 39.91 Billion as compared to the surplus of USD 14.06 Billion in same period of last year.

Prepared by: Joint Plant Committee