

Trends October 2021

And the slippage continues.

worldsteel data indicates that at a monthly level, world production declined 6.5% in September 2021 over August 2021, pulled down by the stringent production curbs in China, where production dipped 21% in September 2021 over August 2021. On a year-on-year (yoy) basis too, global production dipped 9% in September 2021.

WORLD ECONOMY AT A GLANCE

- Market Economics reports indicate that October 2021 saw the rate of expansion in global manufacturing production crawl to its weakest level, with growth facing severe crisis in raw material deliveries, resulting input shortages, rising cost inflation and a slowing down of trade flows. As per the reports, the J.P.Morgan Global Manufacturing PMI stood at 54.3 in October 2021, marginally up from 54.1 of September 2021.
- Of the 31 nations for which October 2021 data were available, the Euro area remained a bright spot though rates of expansion slowed along with those of the US and the UK. The Chinese slowdown entered into its third successive month while Japan recorded moderate growth. Among the largest emerging markets, India saw a sharp output growth acceleration, while Brazil sank back into contraction territory.
- Input costs increased at the fastest pace in over 13 years in October 2021, while average output charges rose to the greatest extent on record.

Key Economic Figures			
Country	GDP 2020: %change*	Manufacturing PMI	
		September 2021	October 2021
India	-7.0	53.7	55.9
China	2.3	50.0	50.6
Japan	-4.8	51.5	53.2
USA	-3.5	60.7	58.4
EU 28	-6.6	58.6	58.3
Brazil	-4.1	54.4	51.7
Russia	-3.1	49.8	51.6
South Korea	-1.0	52.4	50.2
Germany	-4.9	58.4	57.8
Turkey	1.8	52.5	51.2
Italy	-8.9	59.7	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 1461 million tonnes (mt) in January – September 2021, up by 7.8% 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 declined 6.5% in September 2021 over August 2021, pulled down by the stringent production curbs in China, where production dipped 21% in September 2021 over August 2021. On a year-on-year (yoy) basis too, global production dipped 9% in September 2021.

World Crude Steel Production: January-September 2021*			
Rank	Top 10	Qty (mt)	% change
1	China	805.89	2.0
2	India	87.29	23.3
3	Japan	72.13	17.9
4	USA	64.36	19.8
5	Russia	56.44	6.2
6	South Korea	52.89	6.7
7	Germany	29.91	16.1
8	Turkey	29.87	15.0
9	Brazil	27.17	20.2
10	Iran	19.32	-8.6
Total: Top 10		1245.25	6.1
World		1461.23	7.8

Source: worldsteel; *provisional

- China remained the leader in world crude steel production which stood at 805.89 mt during January-September 2021, up 2% 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 (87.29 mt) reported a yoy production growth of 23.3% during this period and remained the 2nd largest producer during this period.
- Japanese crude steel production (72.13 mt) was up 17.9% 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 (64.36 mt), up 19.8% yoy while Russia (56.44 mt, up 6.2% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (27) countries stood at 115 mt during this period, up 20% yoy.
- At 1061 mt, Asian crude steel production was up 5.5% during this period and the region accounted for 73% 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 6.1% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- The US DoC has determined that revocation of CVD on CR steel flat products from China and South Korea will likely lead to a continuation or recurrence of countervailable subsidies and has set subsidy rates accordingly. For China, the same has been set at 256.44% for Angang Group Hong Kong Co Ltd, Benxi Iron & Steel (Group) Special Steel Co Ltd, Qian'an Golden Point Trading Co Ltd and all others while for Korea, the subsidy rate stands at 4.04% for Hyundai Steel Co Ltd, 51.80% for Posco and 13.19% for all others.
- Mexico's Ahmsa is back in the market after restarting its hot-rolling mill after 2-week maintenance during which the accumulated stock of slab will now help it to meet market demand more effectively.
- Ahmsa has announced measures intended to reduce its consumption of natural gas after an increase in global prices with plans to replace it with gas generated in the steelmaking process.
- Nucor Corp has announced the launch of a line of net-zero carbon steel products under the brand name Econiq which represents "the first of its kind at scale for the United States steel industry," and will be provided across its complete product line.

ASIA

- China's daily steel output in September 2021 dropped to the lowest level seen since January 2019, as power rationing dented steel production in at least 12 provinces amid sluggish demand from real estate and manufacturing.
- Tangshan introduced stricter production cuts at steel mills, coking plants and rerollers from Thursday October 28, to improve air quality, the municipal government said in a notice to manufacturers. It listed production restrictions at 23 integrated steel mills in the city, with the extent of the cuts based on the mills' environmental protection levels and their steelmaking equipment. The restrictions will only be lifted once air quality improves, the notice added.
- The growth rate of China's total social financing, a proxy for the economy's liquidity, continued on a downtrend in September, after it peaked at a 13.7% yoy expansion in October 2020, to 10% yoy as per the the People's Bank of China. The growth rate was 10.3% in August and 10.7% in July.
- Indonesia's Krakatau Steel is hoping to begin operations at its heavily delayed 1.2 mtpa BF in Q3 2022.
- South Korea plans to suspend concessions made to the UK after the latter extended safeguards on steel imported from the former by up to three years.
- Malaysia's Amsteel Mills Sdn Bhd has sold Antara Steel Mills Sdn Bhd to Singapore-based Esteele Enterprise for \$122 million.
- Japan's Nippon Steel is seeking Yen 40 billion (\$352.6 million) in damages from China's Baoshan Iron & Steel, and domestic automaker Toyota Motor over claims of patent infringement relating to non-oriented electrical steel sheets.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Severstal has acquired over 40 patents and patent applications from American steel alloy diffusion technology developer Arcanum Alloys and will launch a pilot for the production of diffusion alloyed rolled steel by the end of 2021 at its flagship Cherepovets Iron and Steel Works.
- Severstal has become the first company in Russia to join ResponsibleSteel, the global multi-stakeholder standard and certification initiative with a mission to maximize steel's contributions to a sustainable society.

EU AND OTHER EUROPE

- European steelmakers are targeting cutting by 95% their CO₂ emissions by 2050 compared with 1990 levels, to contribute to broader international climate goals.
- Acciaierie d'Italia, Italy's largest flat steel producer, is targeting production of 6 mt of crude steel next year at its Taranto works.
- Turkish long steel producer Ekinciler Demir Celik is planning to raise its steel melt shop and bar rolling mill capacity and build a new wire rod rolling mill.
- The European Investment Bank (EIB) gave ArcelorMittal a Eur280 million loan to fund its European research and development on decarbonization which will support its decarbonization projects over 2021-2023.
- The transition toward greener steel production in Europe has become more apparent following the announcement of two new carbon surcharges from Austrian steelmaker, Voestalpine and German mill, Thyssenkrupp. As end-users seek greener steel alternatives, sources have said carbon surcharges will be intrinsic to the future steel cost structure.
- The UK steel industry has welcomed a move that injected GBP 50 million (\$68 million) of new funding into Liberty Steel UK to enable the restart of its core Rotherham EAD as it would ease supply amid rising demand.
- Saarlöhne has produced its first low-carbon emissions billets, at its Saint-Saulve mill in northern France, with the semifinished products to be rolled into wire at parent Saarlöhne's works in Bubach, Germany.
- BMZ is conducting a major upgrade at one of its three EAFs, with a view to reduce atmospheric emissions, currently employing about 60% of its steelmaking capacity.
- Voestalpine is investing EUR188 million (\$217 million) to build a new 2 mtpa integrated pickling line in its CRM 3 at its steelmaking site at Linz, targeted to start in late 2023.
- Thyssenkrupp Steel has delivered its first batches of its low-carbon intensity "bluemint" steel, in what the company describes as a significant milestone in its path towards production of climate-neutral steel.
- Klöckner has signed a distribution deal with Swedish fossil-free steel venture H2 Green Steel to distribute up to 250,000 mtpa of green steel from 2025.
- Salzgitter will start supplying low-emissions certified steel to German appliance maker Miele Group, starting next month, for a pilot program.

[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 October 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 (read iron ore, scrap) market. Of potential concern are the steel market developments in China, where production cuts – both on-going and upcoming – 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

- Domestic steel rebar prices remained steady in the USA in October 2021, with imports reported to go up marginally but with nil impact on prices. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$985/t at month-end.
- October 2021 rebar prices in the EU moved north marginally, with demand remaining even. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €800-820/t (\$928-951) in Northern Europe, and around €745-760/t (\$864-882) in Southern Europe.
- Chinese rebar prices saw some gain in October 2021 riding on rising demand. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 5,220-5,250 yuan/t (\$817-822) in Shanghai and around 5,150-5,180 yuan/t in Beijing.
- Russian rebar prices in October 2021 moved north in view of depleting stocks, price rise by steel majors and stringent supply. Fastmarkets’ assessment of steel reinforcing bar (rebar) domestic, cpt Moscow, Russia was around 62,000-75,000 roubles/t (\$888.46-1,074.75) including 20% value-added tax.

Flat Products

- October 2021 saw US HRC prices remain steady with transactions, as per Fastmarkets Metal Bulletin, quoted around \$1,900 per short tonne at month end.
- European HRC market remained stable in October 2021 with both buyers and sellers engaging in limited trading and waiting for prices to follow a trend path. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €1,007/t in Northern Europe and around €900/t in Southern Europe.
- Chinese HRC prices moved north in October 2021, helped by gains in the futures market and a pick-up in spot buying activity. Transactions, as per Fastmarkets Metal Bulletin, quoted around 5,330-5,340 yuan/t in Shanghai and around 5,300-5,350 yuan/t in Tangshan at month-end.
- Active buying interest, limited offers from mills and export sales activity pushed Russian flat steel prices in October 2021. Fastmarkets’ assessment for steel hot-rolled sheet, domestic, cpt Moscow, Russia, was 72,000-75,000 roubles/t (\$1,034-1,077), inclusive of 20% value added tax.

[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 76.35 mt in January-September 2021, up 10.9% over same period of last year. Such production growth was driven by India (28.99 mt, 38% share, up 21%) at the number one spot and Iran, where production stood at 22.46 mt (29% share), down 1.2% over same period of last year. The two countries together accounted for 67% of global DRI output during this period. Together, the top five countries accounted for 86% of the world DRI production during this period and saw their cumulative output go up 9.2% over same period of last year.

Global DRI Production				
Rank	Country	Jan-Sept. 2021* (mt)	Jan-Sept.2020 (mt)	% change
1	India	28.99	24.04	20.6
2	Iran	22.46	22.74	-1.2
3	Russia	5.70	5.77	-1.2
4	Mexico	4.38	3.76	16.5
5	Saudi Arabia	4.27	3.97	7.6
Top 5		65.80	60.28	9.2
World		76.35	68.86	10.9

Source:worldsteel; *provisional

worldsteel SRO projects stable growth in global steel demand

The October 2021 edition of the Short Range Outlook (SRO) of the World Steel Association (worldsteel) has projected a stable demand growth in steel sector for 2021 and 2022. In its latest SRO, the worldsteel forecasts that steel demand will grow by 4.5% in 2021 and reach 1,855.4 mt after 0.1% growth in 2020. In 2022, steel demand will see a further increase of 2.2% to 1,896.4 mt. The current forecast assumes that, with the progress of vaccinations across the world, the spread of variants of the COVID virus will be less damaging and disruptive than seen in previous waves.

As per the SRO, strong manufacturing activity bolstered by pent-up demand is the main contributor and was led by the developed economies which have outperformed than the developing economies, reflecting the positive benefit of higher vaccination rates and government support measures. While the manufacturing sector's recovery remained more resilient to the new waves of infection than expected, supply-side constraints, as per the SRO, have led to a levelling off of the recovery in the second half of the year and are preventing a stronger recovery in 2021. But with high backlog orders combined with a rebuilding of inventories and further progress in vaccinations in developing countries, the SRO expects steel

demand will continue to recover in 2022. As per the SRO, persistent rising inflation, continued slow vaccination progress in developing countries and further growth deceleration in China all pose risks to this forecast.

Top 10 Steel Using Countries -worldsteel Short Range Outlook, October 2021						
Region	ASU (mt)			YoY Growth Rate (%)		
	2020	2021 (f)	2022 (f)	2020	2021 (f)	2022 (f)
China	995	985.1	985.1	9.1	-1	0
India	89.3	104.3	111.4	-12.9	16.7	6.8
USA	80	92.3	97.5	-18	15.3	5.7
Japan	52.6	58	59.2	-16.7	10.2	2.1
South Korea	49	53.4	54.2	-8	9.1	1.5
Russia	42.4	43.4	44.7	-2.6	2.4	3
Germany	31.2	34.3	38.8	-11.3	10	13.3
Turkey	29.5	34.5	37	13	17	7.2
Vietnam	23.3	23.9	25.1	-4	2.4	5
Mexico	21.7	24.5	25.6	-12.1	12.9	4.3

Source: worldsteel SRO October 2021

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-September 2021, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-September 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-September 2021*(mt)	April-September 2020 (mt)	% change*
Crude Steel Production	57.159	43.960	30.0
Hot Metal Production	38.481	30.195	27.4
Pig Iron Production	3.054	2.109	44.8
Sponge Iron Production	19.142	14.975	27.8
Total Finished Steel (alloy/stainless + non-alloy)			
Production	53.341	39.260	35.9
Import	2.373	1.985	19.6
Export	7.754	6.544	18.5
Consumption	49.114	36.537	34.4

Source: JPC; *provisional; mt=million tonnes

Overall Production

- **Crude Steel:** Production at 57.159 million tonnes (mt), up by 30.0%.
- **Hot Metal:** Production at 38.481 mt, up by 27.4%.
- **Pig Iron:** Production at 3.054 mt, up by 44.8%.
- **Sponge Iron:** Production at 19.142 mt, up by 27.8%, led by coal-based route (76% share).
- **Total Finished Steel:** Production at 53.341 mt, up by 35.9%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 35.81 mt (63% share) during this period, up by 26.0%. The rest (21.35 mt) came from the Other Producers, up by 37.3%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 34.278 mt (89% share) up by 25.1%. The rest (4.203 mt) came from the Other Producers, up by 50.0%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.914 mt (30% share) up by 43.1%. The rest (2.14 mt) came from the Other Producers, up by 45.5%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 31.025 mt (58% share) up by 34.3%. The rest (22.316 mt) came from the Other Producers, up by 38.1%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 81% share, the Private Sector (46.159 mt, up by 27.4%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 69% share, the Private Sector (26.48 mt, up by 21.4%) led hot metal production, compared to the 31% contribution of the PSUs.
- **Pig Iron:** With 88% share, the Private Sector (2.69 mt, up by 42.2%) led pig iron production, compared to the 12% contribution of the PSUs.
- **Total Finished Steel:** With 84% share, the Private Sector (45.072 mt, up by 32.0%) 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 44.5%), the rest 49% was the share of flats (up by 27.9%).
- **Import:** Flat products accounted for 91% share (up by 22.3%), the rest 9% was the share of non-flats (down by 2.6%).
- **Export:** Flat products accounted for 78% share (up by 3.2%), the rest 22% was the share of non-flats (up by 145.9%).
- **Consumption:** Led by Non-flat steel (55% share; up by 37.2%) while the rest 45% was the share of flat steel (up by 31.2%).

Finished Steel Production Trends

- At 53.341 mt, production of total finished steel was up by 35.9% in April-September 2021.

- Contribution of the non-alloy steel segment stood at 49.946 mt (94% share, up by 33.9%), 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 production of total finished steel was Bars & Rods (21.037 mt, up by 47.4%) while growth in the non-alloy, flat segment was led by HRC (22.479 mt, up by 25.5%) during this period.

Finished Steel Export Trends

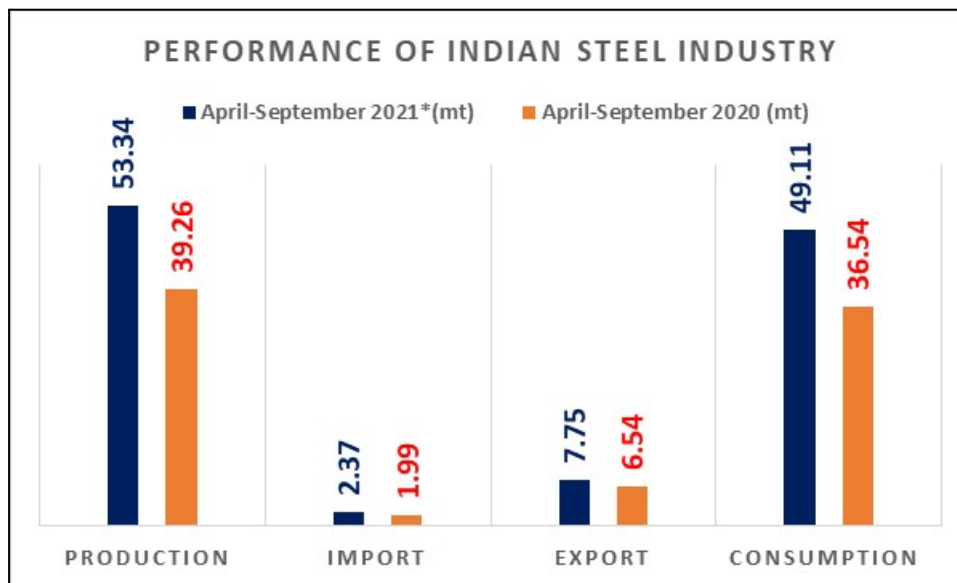
- Overall exports of total finished steel at 7.754 mt, up by 18.5%.
- Volume wise, Non-alloy HR Coil/Strip (3.434 mt, down by 23.5%) was the item most exported (48% share in total non-alloy).
- Vietnam (0.992 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 2.373 mt, up by 19.6%.
- India was a net exporter of total finished steel in April-September 2021.
- Volume wise, non-alloy GP/GC Sheets/Coils (0.391 mt, up by 29.3%) was the item most imported (27% share in total non-alloy).
- Korea (1.015 mt) was the largest import market for India (43% share in total)

Finished Steel Consumption Trends

- At 49.114 mt, consumption of total finished steel was up by 34.4% in April-September 2021.
- Contribution of the non-alloy steel segment stood at 45.339 mt (92% share, up by 31.9%), 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 (20.856 mt, up by 39.7%) while growth in the non-alloy, flat segment was led by HRC (18.46 mt, up by 29.6%) 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 Q1 2021-22. As per the reports, GDP at Constant (2011-12) Prices in Q1 of 2021-22 is estimated at ₹ 32.38 lakh crore, as against ₹ 26.95 lakh crore in Q1 of 2020-21, showing a growth of 20.1% as compared to contraction of 24.4% in Q1 2020-21. Quarterly GVA at Basic Price at Constant (2011-12) Prices for Q1 of 2021-22 is estimated at ₹ 30.48 lakh crore, as against ₹ 25.66 lakh crore in Q1 of 2020-21, showing a growth of 18.8%. Almost all the lead sectors reported double digit growth during this period, except *Agriculture and allied sectors* (4.5%), *Financial, Real Estate and Professional Services* (3.7%) and *Public Administration, Defence and Other Sectors* (5.8%).

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for the month of April-August 2021, rose by 29% 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 16.6% during April-September 2021 with all the sectors reporting a rise except Crude Oil and Fertilisers.

Inflation: In September 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 10.66% while the all India CPI inflation rate (combined) stood at 7.27% and compared to the previous month, the former registered a decline and the latter, a rise.

Trade: Provisional figures from DGCI&S show that during April-September 2021, in dollar terms, overall exports were up by 55.42% while overall imports were up by 79.18%, both on yoy basis. During the same period, oil imports were valued at USD 72.99 billion, 128% higher yoy while non-oil imports were valued at USD 203.03 billion, 69% higher yoy. Overall trade deficit for April-September 2021 is estimated at USD 28.63 Billion as compared to the surplus of USD 15.53 Billion in same period of last year.

Prepared by: Joint Plant Committee