



Indian Steel Industry: April 2022 – A Trend Report

Russian-Ukraine conflict and its many-sided repercussions on one hand, and a significant rise in COVID-19 cases in China on the other, ruled market sentiments and market dynamics in April 2022. worldsteel's April 2022 edition of the SRO indicating India as the driver of global steel consumption in the coming days appeared as a major silver lining for the domestic steel industry.

WORLD ECONOMY AT A GLANCE

- Markit Economics reports indicate that global manufacturing output saw a mild downturn at the beginning of Q2 2022, due to a mix of factors involving rising geo-political tension, supply-chain disruptions, rising inflationary pressures and the COVID situation in China. As per the reports, the J.P.Morgan Global Manufacturing PMI slipped to 52.2 in April 2022, down from 52.9 in March 2022, its lowest level since August 2020.
- The reports show that output growth improved to a nine-month high in the US while the slowdown in the Euro Area continued, Japan and Brazil saw modest expansions.
- International trade decreased for the second straight month in April 2022, inflationary pressures remained on the higher side reflected in both rising average purchase prices and output charges. Stretched global supply chains contributed to the price inflationary pressure, with vendor lead times again lengthening to a near-record degree, as per the Markit reports.

Key Economic Figures			
Country	GDP 2021: %change*	Manufacturing PMI	
		March 2022	April 2022
India	8.2	54.0	54.7
China	8.1	48.1	46
Japan	1.7	54.1	53.5
USA	5.7	58.8	59.2
Eurozone	5.2	56.5	55.5
Brazil	4.6	52.3	51.8
Russia	4.7	44.1	48.2
South Korea	4.0	51.2	52.1
Germany	2.9	56.9	54.6
Turkey	11.0	49.4	49.2
Italy	6.6	55.8	54.5

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 456.63 million tonnes (mt) in January-March 2022, down by 6.8% yoy, as per provisional data released by World Steel Association (worldsteel) which also shows that March 2022 production saw a decline of 5.8% over February 2022.

World crude steel production: January-March 2022 (prov).			
Rank	Top 10	Qty (mt)	% change
1	China	243.38	-10.5
2	India	31.92	5.9
3	Japan	23.01	-2.9
4	USA	20.32	-0.4
5	Russia	18.72	-1.2
6	South Korea	16.92	-3.8
7	Germany	9.80	-3.7
8	Turkey	9.43	-4.7
9	Brazil	8.52	-2.2
10	Iran	6.90	-4.4
Total:10		388.93	-7.1
World		456.63	-6.8
Source: worldsteel			

- Despite a 10.5% decline in crude steel production (243.38 mt), China remained the leader in world crude steel production during this period.
- The nation accounted for 74% of Asian and 53% of world crude steel production during this period.
- With a 7% share in total world production, India (31.92 mt) reported a yoy production growth of 6% and remained the 2nd largest producer during this period. **In fact, India was the only country in the Top 10 group to have reported a growth in crude steel production during Q1 2022.**
- Japanese crude steel production (23.01 mt) was down 2.9% 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 (20.32 mt), down 0.4% yoy while Russia (18.72 mt, down 1.2% yoy) was the 5th largest crude steel producer during this period.
- The top 10 countries accounted for 85% of total world crude steel production during this period and saw their cumulative production decline by 7.1% during this period.

NEWS AROUND THE WORLD

- Mexico is extending anti-dumping (AD) duties on imports of hot-rolled coil originating in China, Germany, and France for another five years, retrospectively but at same rates as before from December 23, 2020.
- China will accelerate the infrastructure construction in the remaining months of 2022, and the central government will use financial instruments to support the financing of infrastructure projects, President Xi Jinping said in a meeting held by the Financial and Economic Commission.
- The European Commission (EC) has proposed suspending the import duties imposed on all Ukrainian exports to the EU for one year, including anti-dumping and safeguard measures on steel, to help alleviate the difficult situation in the country created by Russia's military invasion.
- China's steel exports rose 26.5% on the month to 4.945 mt in March 2022 as per official data though the same were 34.4% lower yoy, while Q1 exports were 25.5% down yoy, at 13.179 mt.
- The UK's Trade Remedies Authority has proposed that existing anti-dumping measures on cold-rolled flat steel from Russia and China be kept for another five years.
- Russia's invasion of Ukraine has pushed up freight rates and impacted seaborne exports of steel and grain from Russia.
- The World Steel Association has released its Short Range Outlook (SRO) for 2022 and 2023 as per which global apparent steel use is forecast to grow by 0.4% in 2022 to reach 1840.2 million tonnes (mt) after a growth of 2.7% in 2021 and report a further growth of 2.2% to reach 1881 mt in 2023. The recent forecasts are made against the backdrop of the war in Russia-Ukraine which has shaken the strong recovery from COVID-19 that global steel underwent in 2021 and is thus subject to high uncertainty and risk factors. The top 10 steel consuming countries as per the SRO in 2022 and 2023 are as below:

Top 10 Steel Using Countries -worldsteel Short Range Outlook, April 2022						
Country	ASU (mt)			YoY Growth Rate (%)		
	2021	2022 (F)	2023 (F)	2021	2022 (F)	2023 (F)
China	952	952	961.6	-5.4	0.0	1.0
India	106.1	114.1	120.9	18.8	7.5	6.0
USA	97.1	99.8	102.1	21.3	2.8	2.4
Japan	57.5	58.2	58.8	9.3	1.2	1.0
South Korea	55.6	56.2	56.8	13.5	1.2	1.0
Russia	43.9	35.1	35.1	3.8	-20.0	0.0
Germany	35.2	35.0	37.6	12.9	-0.6	7.6
Turkey	33.4	35.5	37.0	13.2	6.4	4.2
Brazil	26.4	24.2	25.4	23.2	-8.5	5.0
Italy	25.9	25.4	26.3	27.1	-2.1	3.5
Total:10	1433.1	1435.5	1461.6	137.7	-12.1	31.7
World	1833.7	1840.2	1881.4	2.7	0.4	2.2

Source: worldsteel SRO April 2022; F=Forecast

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

WORLD STEEL PRICE TRENDS

Global steel prices continued to remain under pressure from two basic sides in April 2022: one, the Russia-Ukraine conflict and its many-sided repercussions particularly on raw material and logistics and secondly, the significantly rising COVID-19 cases in China, which has gone on to impact both supply and demand side movements. Steel prices remained north-bound in April 2022 with some softening noted at month-end due largely to limited transactions and dull market conditions almost everywhere, with market participants adopting a wait-and-watch outlook for trends in prices, with reported softening in global raw material prices after the initial shock.

Long Products

- US rebar market remained stable with prices showing limited movements in April 2022, with demand remaining steady and facing limited challenges from imports. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1130/t at month-end.
- April 2022 steel rebar prices in European market were broadly stable. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €1,175-1,250/t (\$1,278-1,359) in Southern Europe and around €1,260-1,330/t (\$1,359-1,435) in Northern Europe.
- Chinese rebar prices saw limited gains in April 2022, with sentiments and movements, both impacted by rising COVID-19 cases. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 4,980-5,000 yuan/t (\$759-762) in Shanghai.
- Russian prices for steel rebar remained stable in April 2022, affected by muted transactions and export restrictions owing to the sanctions imposed. Fastmarkets' assessment for steel reinforcing bar (rebar), domestic, cpt Moscow, Russia was 65,000-69,000 roubles/t at month-end.

Flat Products

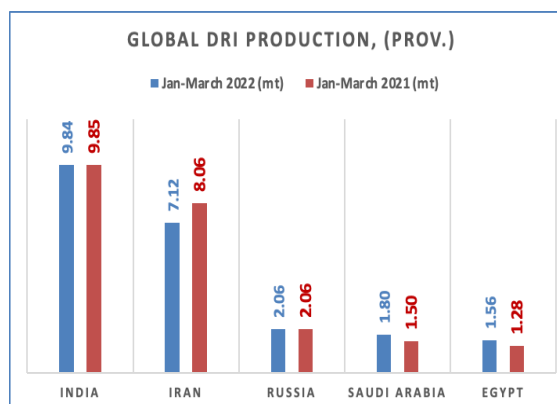
- April 2022 saw US HRC prices continue to remain well above \$1,000/s.t. mark following supply uncertainties in view of Russian-Ukraine conflict. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1441/s.t. at month-end.
- The Russian-Ukraine conflict also impacted HRC prices in the European market in April 2022, with sluggish buying, a weak consumption outlook and cheap imports driving European hot-rolled coil prices southwards. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €1205/t in Southern Europe and around €1,238/t (\$1,302) in Northern Europe.
- Chinese HRC prices shot up in April 2022 following increasing uncertainties given a significant rise in COVID-19 cases that impacted movements on both supply and demand sides. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 4,980-5,000 yuan/t (\$757-759) in Shanghai.
- Sanctions imposed on Russia, coupled with falling exchange-rate value of the rouble, weak demand, shrinking exports, surplus production and an overall uncertainty led steel prices southwards in April 2022. Fastmarkets' price assessment for steel hot-rolled sheet, domestic, cpt Moscow, Russia stood at 84,000 - 85,000 roubles/t (\$1,040-1,052) including 20% VAT in April 2022.

[Source Credit: Fastmarkets Metal Bulletin]

SPECIAL FOCUS

India leads global DRI production in 2022 so far

Provisional worldsteel report indicates that global DRI output stood at 25.95 mt in January-March 2022, down 1.8% yoy. Such growth was driven by India (9.84 mt, down 0.1%) at the number one spot and Iran, where production stood at 7.12 mt, down 11.6%. The two countries together accounted for 65% 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 down by 1.6% yoy.



RAW MATERIAL SCENARIO

- Seaborne iron ore prices moved south in April 2022 following dull market conditions specially in China, where the lockdown measures in view of COVID-19 have upset demand-supply balance. The Platts IODEX 62% Fe fines was assessed around \$150/dmt CFR north China at month-end.
- China imported 87.28 mt of iron ore in March 2022, a 14.5% drop yoy and 268.38 mt in Q1 2022, down 5.2% yoy.
- Seaborne coking coal prices in the cfr China market declined in April 2022 on lower trade prices and expectations that domestic coke prices would drop. Premium low vol HCC FOB Australia was reported around \$450/t at month-end.
- China will cut import tariffs for coal to zero between May 1, 2022 and March 31, 2023 in an effort to increase energy supply, as per the Tariff Committee of the State Council. For coking coal, the current tariff rate is 3%. Depending on coal types, current tariffs range from 3% to 6%.
- China imported 3.76 mt of coking coal in March 2022, down 22.7% yoy but up by 26% month on month, as per Chinese customs data.
- China imported 18,615 tonnes of ferrous scrap in March 2022, a 29.08% increase over February 2022, but a 41% drop yoy. In Q1 2022, China imported 43,111 tonnes of steel scrap, a 12.1% increase yoy.
- Steel scrap prices in key markets - including Asia, Turkey and the United States – softened in April 2022 due strong supply, slow buying interest and limited sales of finished steel. Platts TSI HMS I/II (80:20) was quoted around \$605/t at month-end.
- The European Commission has agreed the proposed fifth package of sanctions against Russia, which will include an import ban on all types of coal, no access for Russian vessels to European ports, and a total ban on Russian and Belarusian road freight.

[Source Credit: Fastmarkets Metal Bulletin, Platts, JPC (India news)]

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-March 2021-22, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-March 2021-22. 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-March 2021-22*(mt)	April-March 2020-21 (mt)	% change*
Crude Steel Production	120.007	103.545	15.9
Hot Metal Production	78.123	69.266	12.8
Pig Iron Production	5.759	4.877	18.1
Sponge Iron Production	39.031	34.376	13.5
Total Finished Steel (alloy/stainless + non-alloy)			
Production	113.596	96.204	18.1
Import	4.669	4.752	-1.7
Export	13.494	10.784	25.1
Consumption	105.751	94.891	11.4
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 120.007 million tonnes (mt), up by 15.9%.
- **Hot Metal:** Production at 78.123 mt, up by 12.8%.
- **Pig Iron:** Production at 5.759 mt, up by 18.1%.
- **Sponge Iron:** Production at 39.031 mt, up by 13.5%, led by coal-based route (77% share).
- **Total Finished Steel:** Production at 113.596 mt, up by 18.1%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 74.452 mt (62% share) during this period, up by 14.4%. The rest (45.556 mt) came from the Other Producers, up by 18.4%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 70.101 mt (90% share) up by 11.9%. The rest (8.022 mt) came from the Other Producers, up by 20.7%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 1.462 mt (25% share) up by 3.5%. The rest (4.296 mt) came from the Other Producers, up by 24.0%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 65.065 mt (57% share) up by 17.6%. The rest (48.531 mt) came from the Other Producers, up by 18.7%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 81% share, the Private Sector (97.372 mt, up by 15.9%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 69% share, the Private Sector (53.615 mt, up by 11.7%) led hot metal production, compared to the 31% contribution of the PSUs.
- **Pig Iron:** With 89% share, the Private Sector (5.124 mt, up by 21.8%) led pig iron production, compared to the 11% contribution of the PSUs.
- **Total Finished Steel:** With 85% share, the Private Sector (96.017 mt, up by 16.5%) led production of total finished steel, compared to the 15% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 52% share (up by 21.0%), the rest 48% was the share of flats (up by 15.0%).
- **Import:** Flat products accounted for 92% share (up by 3.3%), the rest 8% was the share of non-flats (down by 38.2%).
- **Export:** Flat products accounted for 78% share (up by 12.6%), the rest 22% was the share of non-flats (up by 108.6%).
- **Consumption:** Led by Non-flat steel (54% share; up by 11.3%) while the rest 46% was the share of flat steel (up by 11.6%).

Finished Steel Production Trends

- At 113.596 mt, production of total finished steel was up by 18.1% in April-March 2021-22.
- Contribution of the non-alloy steel segment stood at 106.615 mt (94% share, up by 17.7%), 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 (45.809 mt, up by 23.2%) while growth in the non-alloy, flat segment was led by HRC (46.803 mt, up by 13.6%) during this period.

Finished Steel Export Trends

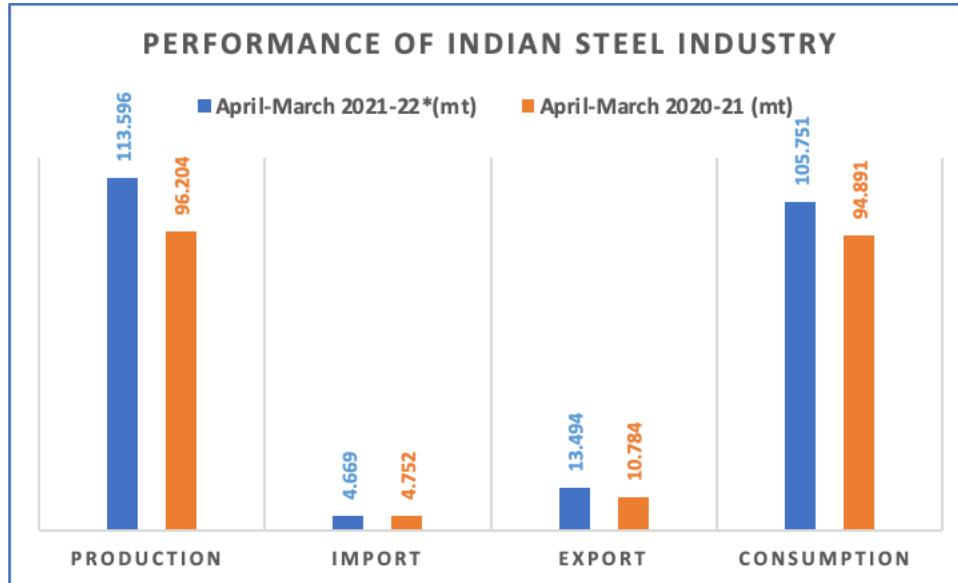
- Overall exports of total finished steel at 13.494 mt, up by 25.1%.
- Volume wise, Non-alloy HR Coil/Strip (6.179 mt, down by 7.0%) was the item most exported (50% share in total non-alloy).
- Vietnam (1.699 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 4.669 mt, down by 1.7%.
- India was a net exporter of total finished steel in April-March 2021-22.
- Volume wise, Non-alloy HR Coil/ Strip (0.811 mt, down by 2.1%) was the item most imported (28% share in total non-alloy).
- Korea (2.099 mt) was the largest import market for India (43% share in total).

Finished Steel Consumption Trends

- At 105.751 mt, consumption of total finished steel was up by 11.4% in April-March 2021-22.
- Contribution of the non-alloy steel segment stood at 98.176 mt (93% share, up by 10.7%), 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 (44.595 mt, up by 12.4%) while growth in the non-alloy, flat segment was led by HRC (40.445 mt, up by 10.4%) during this period.



INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the Second Advance Estimates of National Income, 2021-22 as well as Quarterly Estimates of GDP for the quarter October-December (Q3), 2021-22. As per the reports, GDP at Constant (2011-12) Prices in the year 2021-22 is estimated to attain a level of ₹ 147.72 lakh crore, as against the First Revised Estimate of GDP for the year 2020-21 of ₹ 135.58 lakh crore, indicating a growth of 8.9% as compared to a contraction of 6.6% in 2020-21. Further, GDP at Constant (2011-12) Prices in Q3 of 2021-22 is estimated at ₹ 38.22 lakh crore, showing a growth of 5.4%. Almost all the lead sectors reported a growth during Q3 of 2021-22, with the exception of *Construction* (decline by 2.8%). *Manufacturing* reported the lowest growth rate (0.2%) and *Public Administration, Defence and Other Sectors* (16.8%), the highest.

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for April-March 2021-22 rose by 11.3% 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 10.4% during April-March 2021-22 with all the sectors reporting a rise except Crude Oil.

Inflation: In March 2022 (prov.), the annual rate of inflation, based on monthly WPI, stood at 14.55% while the all India CPI inflation rate (combined) stood at 6.95% and compared to the previous month, both the parameters registered a growth.

Trade: Provisional figures from DGCI&S show that during April-March 2021-22, in dollar terms, overall exports were up by 44.93% while overall imports were up by 56.51%, both on yoy basis. Overall trade deficit for this period is estimated at USD 87.03 billion as compared to the deficit of USD 14.06 billion of last year.

Prepared by: Joint Plant Committee