

# Indian Steel Industry: April 2024 – A Trend Report

India remains a bright spot in the global steel industry and the steel demand in the country is expected to show a healthy growth of 8.2% in 2024 compared to a global growth of 1.7%, according to the latest Short Range Outlook of World Steel Association. Growth in India's construction sector is driven by government spending on infrastructure and recovery in private investment. Infrastructure investment will also support capital goods sector. Besides, healthy growth momentum is expected to continue in the automotive sector. These, in turn, will push up steel demand in the country, worldsteel said.

## WORLD ECONOMY AT A GLANCE

- The JP Morgan Global Manufacturing PMI stood at 50.3 in April 2024, down from March's 20-month high of 50.6 but above the neutral 50.0 mark for the third consecutive month.
- The upturn in global manufacturing was sustained into April, as rising intakes of new work and a slight expansion of international trade volumes supported mild production growth.
- Output increased in both the consumer and intermediate goods sub-industries. In contrast, investment goods output contracted for the first time in three months. Manufacturing production increased in 16 out of 32 nations for which April data were available.
- China, the USA, India and Brazil were among the larger industrial nations to see output expand. Europe remained one of the weakest performing regions, with eight of the nations to register contraction (Germany, the UK, France, Italy, Poland, Czech Republic, Austria and Ireland) located on the continent.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		March 2024	April 2024
India	7.0**	59.1	58.8
China	5.2	51.1	51.4
Japan	1.9	48.2	49.6
USA	2.5	51.9	50
Eurozone	0.5	46.1	45.7
Brazil	2.9	53.6	55.9
Russia	3.6	55.7	54.3
South Korea	2.6	49.8	49.4
Germany	-0.3	41.9	42.5
Turkey	4.5	50.2	49.3
Italy	0.9	50.4	47.3

Source: GDP: official releases; PMI- Markit Economics, \*provisional,  
\*\* Estimate for FY 2023-24 by RBI

## GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 469.060 mt in January-March 2024, registering a growth of 0.5% yoy, according to provisional data released by World Steel Association (worldsteel). In March 2024, world crude steel production was 161.190 mt, down by 4.3% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Mar 2024 (mt)	% yoy change
1	China	256.550	(-)1.9
2	India	<b>37.327</b>	<b>9.7</b>
3	Japan	21.452	(-)0.8
4	USA	19.936	(-)1.6
5	Russia	18.680	(-)0.2
6	South Korea	16.245	(-)2.5
7	Germany	9.704	6.0
8	Turkey	9.533	28.4
9	Brazil	8.293	6.2
10	Iran	7.616	16.3
<b>Top 10 Total</b>		<b>405.336</b>	<b>0.4</b>
<b>World</b>		<b>469.060</b>	<b>0.5</b>
<b>Source: worldsteel</b>			

### Major observations:

- China remained the leader in world crude steel production with an output of 256.550 mt in January-March 2024, registering a decline of 1.9% compared with the same period of 2023. The country accounted for 54.7% of world crude steel production during the period under review.
- India was the 2<sup>nd</sup> largest producer of crude steel with an output of 32.327 mt in January-March 2024, showing a yoy growth of 9.7%. The country accounted for 8% of world crude steel production during the period.
- Japan was the 3<sup>rd</sup> largest producer of crude steel with an output of 21.452 mt in January-March 2024, down by a marginal 0.8% compared with the same period of the previous year. Japan accounted for 4.6% of world crude steel production during the period.
- With crude steel production of 19.936 mt (down 1.6% yoy), the USA was the 4<sup>th</sup> largest producer of crude steel in January-March 2024.
- Russia's crude steel production stood at 18.680 mt (down 0.2% yoy) in January-March 2024 and the country was the 5<sup>th</sup> largest producer of crude steel.
- The top 10 countries' cumulative production in January-March 2024 stood at 405.336 mt (up 0.4% yoy) and they accounted for 86.4% of world crude steel production during the period.

- Among the top 10 steel producing countries, China, Japan, the USA, Russia and South Korea reported yoy decline in production while the others registered yoy growth in production during January-March 2024 period.
- Asian crude steel production stood at 344.481 mt in January-March 2024, showing a decline of 0.4% yoy, led primarily by China and India, with their respective shares of 74.5% and 10.8% in total Asian crude steel production during the period.

## GLOBAL DRI PRODUCTION

### India led global DRI production in January-March 2024

World DRI production stood at 28.096 mt in January-March 2024, showing a yoy growth of 7.4%, according to provisional data released by worldsteel. In March 2024, world DRI production was 9.556 mt, down by 4.8% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-Mar 2024 (mt)	% yoy change
1	<b>India</b>	<b>13.295</b>	<b>17.1</b>
2	Iran	5.308	-1.0
3	Russia	2.051	8.1
4	Saudi Arabia	1.757	(-)0.6
5	Egypt	1.699	6.5
<b>Top 5 Total</b>		<b>24.110</b>	<b>9.7</b>
<b>World</b>		<b>28.096</b>	<b>7.4</b>
<b>Source: worldsteel</b>			

### Major observations:

- India remained the leader in world DRI production with an output of 13.295 mt (up 17.1% yoy) in January-March 2024. The country accounted for 47.3% of world DRI production during the period under review.
- Iran was the 2<sup>nd</sup> largest producer of DRI with an output of 5.308 mt in January-March 2024 (down by 1.0% yoy). It accounted for 18.9% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 2.051 mt (up 8.1% yoy) in January-March 2024. The country accounted for 7.3% of world DRI production during the period.
- The top 5 countries accounted for 85.8% of total world DRI production in January-March 2024 with a cumulative output of 24.110 mt, up by 9.7% yoy.

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## WORLD STEEL PRICE TRENDS

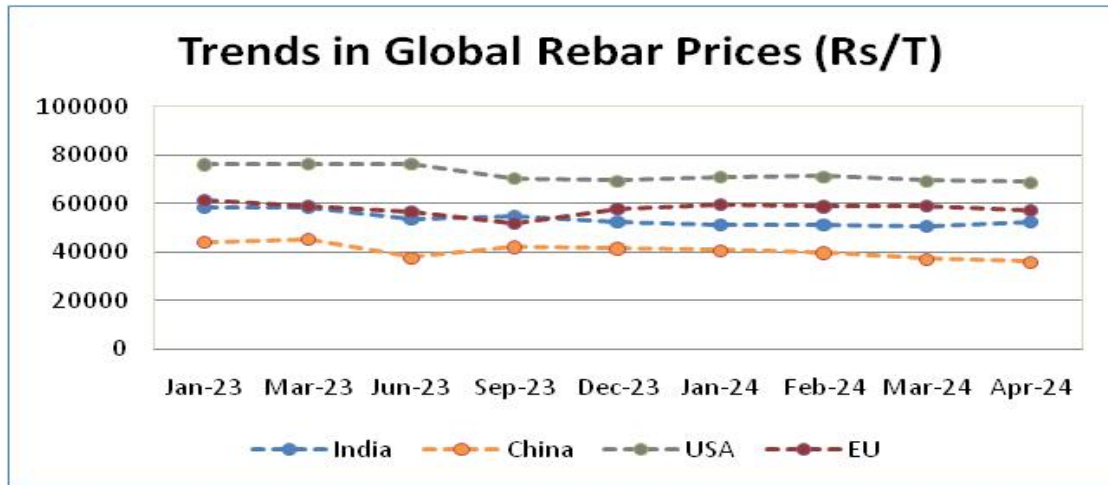
Global steel prices were on a declining trend in April 2024 compared with the previous month, due to a combination of local and global issues. Barring a few items, prices of most of the finished steel products in all the four major markets - India, China, the USA and the European Union – fell on month-on-month basis in April 2024 compared with March 2024. The fall was marginal in select products while it was significant for others. Prices in all the four markets are far below the levels achieved in March/April 2023. Going forward, the movement of global steel prices will be contingent upon how the following issues pan out.

- a) *Global growth outlook:* The International Monetary Fund has inched up its expectations for global economic growth this year, while warning the outlook remains cautious amid persistent inflation and geopolitical risks. Global economic activity will expand 3.2% this year, it said in its World Economic Outlook.
- b) *China factor:* The weakness in China's construction sector is expected to persist at least in the coming months due to poor new home sales and a lack of government funding for infrastructure projects.
- c) *Outlook for euro zone:* The outlook for the European steel market in 2024 continues to lose momentum amidst persisting challenging conditions. Downside factors such as worsening geopolitical tensions, coupled with growing economic uncertainty, energy prices, inflation, interest rates have further impacted demand prospects.
- d) *WSA forecast:* The World Steel Association in its Short Range Outlook (SRO), released in April 2024, has forecast a 1.7% growth in steel demand in 2024 and a further 1.2% growth in 2025. India is considered to be a major driver for domestic steel demand growth with an expected 8.2% rise in steel demand in both 2024 and 2025, while for China, the SRO predicts a zero growth in 2024, followed by a 1% contraction in 2025 compared with the previous year.
- e) Prices of raw material like iron ore and coking coal, which are on the rise over the last few months, will play a major role in steel price movements.

### Long Products

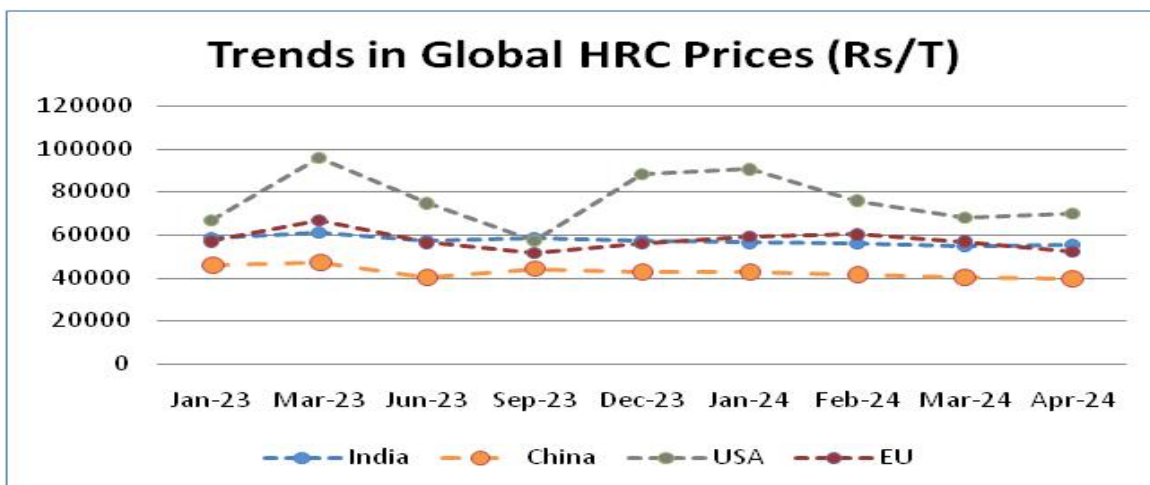
- Rebar prices have come down month-on-month in April 2024 in major markets like China, the USA and the European Union. In India, however, prices have shown a sharp uptick m-o-m. On a year-on-year basis, prices in April 2024 were far below the levels achieved in April 2023 in all the major markets under consideration here.
  - Chinese domestic steel prices have been on a downtrend ever since the start of 2024. Demand from the property sector continued to decline and infrastructure construction has also slowed. Both the property and infrastructure sectors consume a combine 60% of steel produced in China.
  - Indian domestic rebar prices increased sharply as secondary producers in the country kept increasing their offer levels as there was no major change in macro-economic fundamentals of the country.
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- US domestic rebar prices were more or less steady as market participants have started to see a bottom forming in prices as they expect demand to pick up over the next couple of months.



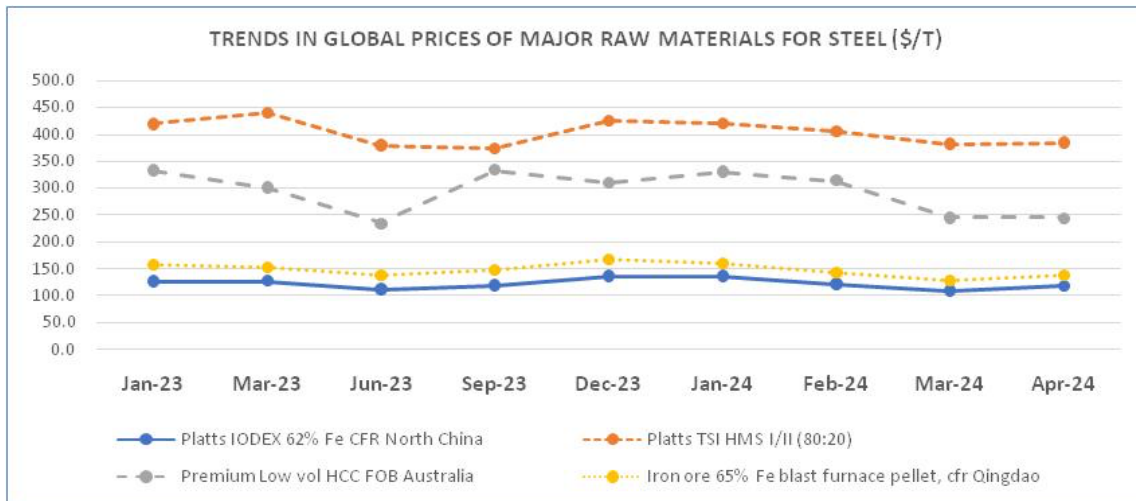
### Flat Products

- HRC prices have come down in April 2024 month-on-month in China and the European Union. In India and the USA, prices have, however, risen in the same comparison. On a year-on-year basis, prices in April 2024 are far below the levels achieved in April 2023 in all the major markets under consideration here.
- The outlook for the European steel market in 2024 continues to lose momentum amidst persisting challenging conditions. Downside factors such as worsening geopolitical tension, coupled with growing economic uncertainty, energy prices, inflation, interest rates have further impacted demand prospects which in turn pushing the prices down.
- Indian HRC prices were steady or showed a marginal uptick as expectations of higher demand emerged in the domestic market among participants. Meanwhile, domestic HRC prices rose in the USA as market participants saw some producers press offers levels higher.



## RAW MATERIAL SCENARIO

Prices of major raw materials for steel making – IODEX 62% Fe CFR North China, TSI HMS I/II (80:20) and Iron ore 65% Fe blast furnace pellet – have gone up marginally in April 2024 compared with the previous month. However, prices of Premium low vol HCC FOB Australia have maintained status quo in April 2024 compared with March 2024.



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

## NEWS AROUND THE GLOBE

- The World Steel Association expects steel demand to increase 1.7% in 2024 to 1.79 billion mt, with further growth of 1.2% in 2025 to 1.8 billion mt, it said in its Short Range Outlook released in April.
- China's finished steel exports in March 2024 reached the highest level since July 2016, China's customs data showed. China exported 9.888 million mt of finished steel in March, up 25.3% on the year, according to customs data.
- Turkey's trade ministry has restricted 54 product groups to Israel, including steel and aluminium. The restricted products include nearly all long and flat steel products, steel pipes and tubes as well as aluminium profiles and wires.
- The Executive Vice President of the European Commission has pledged to listen to the concerns of the steel industry as the bloc continues to advance its decarbonisation and industrial competitiveness agenda.
- Turkey-based investment company Ussuri Capital plans to build a new low-carbon emissions flat steel mill in Romania. The greenfield project will use the electric arc furnace route with the aim to start production in 2027-2030.

- South Korea’s Fine Besteel will shut its 420,000 mt/year steel plant at Changnyeong, Gyeongsangnam, for about 20 days in April for scheduled maintenance.
- The UK’s second-largest steel producer, British Steel, has secured planning permission to install an electric arc furnace at its Teeside plant.
- Italian metallurgical plant maker Danieli said that ArcelorMittal Nippon Steel has awarded its Danieli Corus division an order for a new Greenfield pellet plant project at Visakhapatnam, India.
- The UK’s Trade Remedies Authority has started a review into anti-dumping and countervailing measures on organic coated steel from China, the UK government said.
- Japanese steel demand is expected to decline 5.4% year on year to 18.95 million mt over April-June, data from the Ministry of Economy, Trade and Industry showed.
- Carbon capture utilization and storage, or CCUS, is unlikely to play a major role in steel decarbonisation due to its low carbon capture rate and the existence of better, more cost-competitive alternatives, US-headquartered IEEFA said.
- Spanish steelmaker Acerinox has received approval from the shareholders of US nickel and cobalt alloy specialist Haynes to buy the company. The \$798 million deal was announced in February and has received US Antitrust approval.
- Belgium flat rolled steel producer NLMK La Louviere has fully restarted production after having had to halt operations following an accident 10 days ago.

## INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-March 2023-24, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-March 2023-24. 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 2023-24*(mt)	April-March 2022-23 (mt)	% change*
Crude Steel Production	144.043	127.197	13.2
Hot Metal Production	87.019	81.162	7.2
Pig Iron Production	7.317	5.861	24.8
Sponge Iron Production	51.500	43.621	18.1
<b>Total Finished Steel (alloy/stainless + non-alloy)</b>			
Production	138.825	123.197	12.7
Import	8.320	6.022	38.2
Export	7.487	6.716	11.5
Consumption	136.250	119.894	13.6
Source: JPC; *provisional; mt=million tonnes			

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## Overall Production

- **Crude Steel:** Production at 144.043 million tonnes (mt), up by 13.2%.
- **Hot Metal:** Production at 87.019 mt, up by 7.2%.
- **Pig Iron:** Production at 7.317 mt, up by 24.8%.
- **Sponge Iron:** Production at 51.500 mt, up by 18.1%, led by coal-based route (81% share).
- **Total Finished Steel:** Production at 138.825 mt, up by 12.7%.

## Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 83.999 mt (58% share) during this period, up by 4.9%. The rest (60.044 mt) came from the Other Producers, up by 27.4%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 77.772 mt (89% share) up by 2.8%. The rest (9.247 mt) came from the Other Producers, up by 68.3%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 1.372 mt (19% share) up by 15.8%. The rest (5.945 mt) came from the Other Producers, up by 27.1%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 77.345 mt (56% share) up by 7.0%. The rest (61.480 mt) came from the Other Producers, up by 20.7%.

## Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 83% share, the Private Sector (119.851 mt, up by 14.4%) led crude steel production compared to the 17% contribution of the PSUs (up by 7.9%).
- **Hot Metal:** With 70% share, the Private Sector (60.852 mt, up by 6.1%) led hot metal production, compared to the 30% contribution of the PSUs (up by 9.9%).
- **Pig Iron:** With 90% share, the Private Sector (6.599 mt, up by 20.9%) led pig iron production, compared to the 10% contribution of the PSUs (up by 79.1%).
- **Total Finished Steel:** With 85% share, the Private Sector (118.309 mt, up by 13.5%) led production of total finished steel, compared to the 15% contribution of the PSUs (up by 8.4%).

## Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 55% share (up by 13.8%), the rest 45% was the share of flats (up by 11.3%).
- **Import:** Flat products accounted for 95% share (up by 41.0%), the rest 5% was the share of non-flats (up by 1.4%).
- **Export:** Flat products accounted for 89% share (up by 13.5%), the rest 11% was the share of non-flats (down by 2.6%).
- **Consumption:** Led by Non-flat steel (55% share; up by 14.1%) while the rest 45% was the share of flat steel (up by 13.1%).



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### Finished Steel Production Trends

- At 138.825 mt, production of total finished steel was up by 12.7%.
- Contribution of the non-alloy steel segment stood at 129.477 mt (93% share, up by 14.0%), 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 (58.663 mt, up by 13.5%) while growth in the non-alloy, flat segment was led by HRC (53.208 mt, up by 14.6%) during this period.

### Finished Steel Export Trends

- Overall exports of total finished steel at 7.487 mt, up by 11.5%.
- Volume wise, HR Coil/Strip (2.894 mt) was the item most exported (39% share in total finished steel).
- Italy (1.672 mt) was the largest export market for India.

### Finished Steel Import Trends

- Overall imports of total finished steel at 8.320 mt, up by 38.2%.
- India was a net importer of total finished steel in April-March 2023-24.
- Volume wise, HR Coil/Strip (3.631 mt, up by 72.2%) was the item most imported (44% share in total finished steel).
- China (2.687 mt) was the largest import market for India (32% share in total).

### Finished Steel Consumption Trends

- At 136.250 mt, consumption of total finished steel was up by 13.6%.
- Contribution of the non-alloy steel segment stood at 125.542 mt (92% share, up by 13.7%), 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 (57.235 mt, up by 13.3%) while growth in the non-alloy, flat segment was led by HRC (51.207 mt, up by 13.2%) during this period.



## INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

**GDP:** As per provisional estimates of the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation, Real Gross Domestic Product (GDP) at Constant (2011-12) Prices in Q3 2023-24 is estimated to have attained a level of ₹43.72 lakh crore, as against ₹40.35 lakh crore in Q3 2022-23, showing a growth of 8.4 per cent. Barring the *Agriculture, Livestock, Forestry & Fishing* sector which reported a negative growth of 0.8%, all the other sectors reported positive growth during the quarter under review, with the *Manufacturing sector* reporting the highest growth of 11.6%.

**Industrial Production:** Provisional CSO data show that the overall Index of Industrial Production (IIP) for the April-March period of financial year 2023-24 rose by 5.8% over the same period of last year, encouraged by similar high levels of growth trends noted for the various sectors/sub-sectors.

**Infrastructure Growth:** Provisional data released by the DPIIT indicate that the Index for the Eight Core Infrastructure Industries saw a growth of 7.5% during the April-March period of financial year 2023-24, with all the sectors registering growth ranging from 0.6% for crude oil to 12.3% for steel.

**Inflation:** The rate of inflation based on Consumer Price Index stood at 4.83% and that on Wholesale Price Index stood at 1.26% in April 2024. While CPI inflation came down compared with the previous month, WPI inflation moved up significantly compared with March 2024.

**Prepared by: Joint Plant Committee**