

Trend Report December 2021

And the slippage continues.

worldsteel data indicates that world production declined (by 2.4%) in November 2021 over October 2021, pulled down by stringent production curbs in China, where production dipped by 3.2% November 2021 over October 2021. On a year-on-year (yoy) basis, global production dipped by 9.9% November 2021, dragged down by a 22% decline in Chinese production in same period.

WORLD ECONOMY AT A GLANCE

- Market Economics reports indicate that for the global manufacturing sector, 2021 closed on a positive note with rates of increase in output, new orders and employment all moving north and business optimism remaining modest. This was reflected in the J.P.Morgan Global Manufacturing PMI which stood at 54.2 in December 2021 and averaged to 54.7 in 2021, compared to the lowly 49.2 of 2020.
- The reports further indicate that out of the 30 nations for which data were available for December 2021, Europe generally remained a bright spot, with the seven top-ranked countries located there : Italy, Czechia, Greece, Netherlands, Austria, Ireland and the UK. The US was in eighth position overall, while China returned to growth. However, Brazil, Thailand, Mexico and Myanmar all saw contractions in December 2021 over November 2021.
- As per the Markit reports, inflationary pressures remained in December 2021 with both input cost and output charges being north-bound.

Key Economic Figures				
Country	GDP 2020: %change*	Manufacturing PMI		
		November 2021	December 2021	2021 (Avg)
India	-7.0	57.6	55.5	54.6
China	2.3	49.9	50.9	50.8
Japan	-4.8	54.5	54.3	52.7
USA	-3.5	58.3	57.7	60.1
Eurozone	-6.6	58.4	58.0	60.2
Brazil	-4.1	49.8	49.8	53.8
Russia	-3.1	51.7	51.6	50.3
South Korea	-1.0	50.9	51.9	53.0
Germany	-4.9	57.4	57.4	61.6
Turkey	1.8	52.0	52.1	52.1
Italy	-8.9	61.1	62.0	60.2

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 1752.51 million tonnes (mt) in January - November 2021, up by 4.5% 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 (by 2.4%) in November 2021 over October 2021, pulled down by stringent production curbs in China, where production dipped by 3.2% November 2021 over October 2021. On a year-on-year (yoy) basis, global production dipped by 9.9% November 2021, dragged down by a 22% decline in Chinese production in same period.

World Crude Steel Production: January-November 2021*			
Rank	Top 10	Qty (mt)	% change
1	China	946.36	-2.6
2	India	107.31	19.3
3	Japan	88.40	16.8
4	USA	78.77	18.9
5	Russia	69.68	7.1
6	South Korea	64.57	5.6
7	Germany	36.93	13.5
8	Turkey	36.75	13.4
9	Brazil	33.43	17.4
10	Iran	25.67	-3.4
Total: Top 10		1487.86	2.6
World		1752.51	4.5

Source: worldsteel; *provisional

- China remained the leader in world crude steel production which stood at 946.36 mt during January-November 2021, down 2.6% over same period of last year. The nation accounted for 75% of Asian and 54% of world crude steel production during this period.
- With a 6.1% share in total world production, India (107.31 mt) reported a yoy production growth of 19.3% during this period and remained the 2nd largest producer during this period.
- Japanese crude steel production (88.4 mt) was up 16.8% 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 (78.77 mt), up 18.9% yoy while Russia (69.68 mt, up 7.1% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in EU (27) countries stood at 141.44 mt during this period, up 17% yoy.
- At 1258.91 mt, Asian crude steel production was up 1.3% 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 2.6% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- Brazilian securities and exchange commission CVM has granted long steel producer Aço Verde do Brasil (AVB) a public company registration under category “B”, meaning that all issuances will be allowed except stock. The company describes itself as the first carbon-neutral steel mill in the world, according to certification from SGS under the Greenhouse Gas (GHG) Protocol.
- Brazil’s CSN foresees investment of \$3 billion to increase its operations in the US, Germany and Portugal with the US investments planned in galvanized sheet steel mill and a long steel mini-mill.
- The US Department of Commerce has issued preliminary anti-dumping determinations on imports of steel concrete reinforcing bar from Mexico, with Grupo Acerero SA de CV and Sidertul SA de CV each being assigned a weighted-average dumping margin of 33.35%.
- GFG Alliance subsidiary Liberty Steel USA will restart production in January 2022 at its idled Georgetown, South Carolina, steel rod mill in response to strong and sustainable market conditions.
- The USDoC has maintained ADD (of upto 184.56%) imposed on certain HR flat-rolled carbon quality steel imports from Russia effective December 22, 2021.

ASIA

- The People’s Bank of China announced a reduction of the RRR of commercial banks by 0.5 percentage points from December 15, 2021, stating this would release 1.2 trillion yuan of long term liquidity in the system.
- China’s Ministry of Ecology and Environment has denied that there would be a large-scale shutdown of steel mills and coke plants in the country’s northern region during the 2022 Winter Olympics, scheduled to take place over February 4-20,2022.
- Handan city, a major steelmaking hub in northern China’s Hebei province, is to reduce steelmaking production by at least 30% yoy in Q1 2022.
- The world’s largest steelmaker Baowu Group has rolled out a roadmap to reduce carbon emissions per metric tonne of crude steel by 30% from 2020 to 2035, and achieve carbon neutrality by 2050.
- China’s Ministry of Industry and Information Technology has released the 14th five-year plan (2021-2025) for industrial green development, a move that will push its steel industry to follow a steep target of lowering emissions.
- Japan’s Nippon Steel reiterated its plans to raise the crude steel production capacity of its ArcelorMittal Nippon Steel India (AM/NS India) joint venture as well as to establish an integrated steel mill in Asia as part of its global expansion plans.
- Apparent steel use in Japan is forecast by the JISF to reach 59.2 mt in 2022, up by 2.1% from a forecast of 58 m in 2021 and from 52.6 mt in 2020, falling short of pre-pandemic level of 63.2 mt achieved in 2019.
- JFE Steel restarted the No. 4 blast furnace in Kurashiki operated by its West Japan Works following the completion of refitting works.

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- Posco plans to focus on expanding and “greening” its steel business after it is spun off into a separate unlisted entity on March 1, 2022 that will be 100% owned by a new holding company.
 - Thailand has imposed antidumping duties ranging from 4.74% - 42.34% on hot-rolled steel coils and plates originating from Egypt and Vietnam for five years, effective Dec, 1, 2021, according to the Thai Department of Foreign Trade.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Severstal has set goals for its Cherepovest Iron and Steel Works to reduce waste disposal and specific emissions by 20%, and has for the first time issued a water management report.
- A transformer shop powering EAF No.1 at Urals-based MMK caught fire with one fatality reported.
- Saudi Arabia's planned HRC production plant, to be constructed in partnership with Essar Steel, will have two 2.5 mtpa each DRI plants and two 3 mtpa each EAFs besides producing 3 mtpa HRC and a tin plate mill. Commissioning is expected by 2025.
- South Africa-based Highveld Robusteel will begin engineering and planning work in December 2021 for the phased restart of the iron and steel making assets that it will acquire from Evraz Highveld Steel and Vanadium in a \$105 million deal announced earlier. The restart would be followed by an implementation program, expected to begin in 2022.

EU AND OTHER EUROPE

- ArcelorMittal Mexico produced the first coil from its new \$1 billion, 2.5 mtpa HSM at the Lázaro Cárdenas unit carrying out its downstream strengthening strategy in anticipation of higher local demand.
- European steel producers and industry associations have welcomed government commitments to buying “green steel” for infrastructure and construction projects, but were in the dark regarding implementation given the lack of further details. At last month’s COP26 UN Climate Change Conference, the United Kingdom, India, Germany and Canada pledged to purchase low-carbon-emission steel for major projects, under the Industrial Deep Decarbonization Initiative (IDDI).
- The owner of Ardersier Port in the north of Scotland plans to build a production unit for long steel materials made in ‘green steel’ as part of a plan to transform the site into Europe’s first fully circular Energy Transition Facility.
- The European Steel Association (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.
- Turkish long steel producer Koc Metalurji will pause output at its mill in Osmaniye, southern Turkey, for maintenance in the second half of January for about 25 days and is aiming to reduce its energy costs with a new transformer and power system renewal.
- The European Commission (EC) has started a review of the existing safeguard measures imposed on 26 steel product import categories, scheduled to be concluded no later than June 30, 2022.

[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 cooled down considerably in 2021 and ended the year on a stable and still-high note, impacted as usual, by a host of factors including supply-demand imbalance, impact of trends in raw material prices and policy prescriptions. China probably is the best example where all these three issues intermingled to impact movement in its domestic prices in general, and flow of global steel trade in particular. Coupled with emerging trends in decarbonisation, Green Steel, implementation of further production cuts in China, creation of fresh capacities, continuing trends in mergers, greater integration, more acquisitions, the 2022 global steel scene is most likely to witness significant changes in its operating environment, given of course, achievement of a stable ground in terms of fresh spread of the COVID-19 pandemic. To what extent and direction, steel prices would be impacted is of course, something that will only unfold with time but the signs on the horizon are distinct as far as key determining factors of movement of steel prices are concerned.

Long Products

- US rebar prices remained north-bound in December 2021 though showing minimal movement in view of stability in scrap prices. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1,030/t at month-end.
- Steel rebar prices remained largely stable in the European market in December 2021, with transactions cooling off in view of upcoming festive holidays. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €810-850/t (\$914-959) in Northern Europe and around €780-800/t (\$880-902) in Southern Europe at month-end.
- December 2021 saw China's rebar prices soften following cooling off of construction sector demand. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 4,720-4,750 yuan/t (\$741-745) in Shanghai and around 4,500-4,550 yuan/t in Beijing.
- Restricted supply saw Russian rebar prices move north in December 2021. Fastmarkets' assessment for rebar, cpt Moscow stood around 63,000-65,000 roubles/t (\$856-883) including 20% value-added tax at month-end.

Flat Products

- US HRC prices softened in December 2021, with transactions being minimal. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1,553/s.t. at month-end.
- HRC prices remained stable in the European market in December 2021 with transactions being limited in view of year-end celebrations. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €903/t (\$1,023.13) in Northern Europe and around €817/t in Southern Europe at month-end.
- Chinese HRC prices softened at month-end in December 2021, in view of slow demand and limited transactions. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 4,840-4,900 yuan/t (\$759-769) in Shanghai and around 4,630-4,670 yuan/t in Tangshan at month-end.
- Russian flat steel prices shot up in December 2021 in view of leading producers raising prices. Fastmarkets' assessment for HR sheet, cpt Moscow, stood around 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 93.83 mt in January-November 2021, up 9.6% over same period of last year. Such production growth was driven by India (35.6 mt, 38% share, up 17.6%) at the number one spot and Iran, where production stood at 27.83 mt (30% share), down 1% 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 86% of the world DRI production during this period and saw their cumulative output go up 7.6% over same period of last year.

Global DRI Production				
Rank	Country	Jan-Nov. 2021* (mt)	Jan-Nov.2020 (mt)	% change*
1	India	35.60	30.26	17.6
2	Iran	27.83	28.10	-1.0
3	Russia	7.05	7.10	-0.7
4	Mexico	5.29	4.76	11.2
5	Saudi Arabia	5.16	4.96	4.0
Top 5		80.93	75.18	7.6
World		93.83	85.60	9.6

Source:worldsteel; *provisional

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-November 2021, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-November 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-November 2021*(mt)	April-November 2020 (mt)	% change*
Crude Steel Production	77.181	63.131	22.3
Hot Metal Production	51.200	42.781	19.7
Pig Iron Production	3.848	3.026	27.2
Sponge Iron Production	25.746	21.195	21.5

Total Finished Steel (alloy/stainless + non-alloy)			
Production	72.819	57.439	26.8
Import	3.063	2.697	13.5
Export	9.531	7.697	23.8
Consumption	67.124	55.141	21.7
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 77.181 million tonnes (mt), up by 22.3%.
- **Hot Metal:** Production at 51.200 mt, up by 19.7%.
- **Pig Iron:** Production at 3.848 mt, up by 27.2%.
- **Sponge Iron:** Production at 25.746 mt, up by 21.5%, led by coal-based route (77% share).
- **Total Finished Steel:** Production at 72.819 mt, up by 26.8%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 48.074 mt (62% share) during this period, up by 19.7%. The rest (29.107 mt) came from the Other Producers, up by 26.6%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 45.688 mt (89% share) up by 18.1%. The rest (5.512 mt) came from the Other Producers, up by 34.6%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 1.051 mt (27% share) up by 18.0%. The rest (2.797 mt) came from the Other Producers, up by 31.0%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 41.901 mt (58% share) up by 25.6%. The rest (30.918 mt) came from the Other Producers, up by 28.4%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 81% share, the Private Sector (62.404 mt, up by 20.6%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 69% share, the Private Sector (35.121 mt, up by 15.6%) led hot metal production, compared to the 31% contribution of the PSUs.
- **Pig Iron:** With 88% share, the Private Sector (3.401 mt, up by 27.8%) led pig iron production, compared to the 12% contribution of the PSUs.
- **Total Finished Steel:** With 85% share, the Private Sector (61.552 mt, up by 23.9%) 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 33.1%), the rest 48% was the share of flats (up by 20.6%).
- **Import:** Flat products accounted for 91% share (up by 16.6%), the rest 9% was the share of non-flats (down by 10.9%).
- **Export:** Flat products accounted for 78% share (up by 9.3%), the rest 22% was the share of non-flats (up by 138.9%).
- **Consumption:** Led by Non-flat steel (54% share; up by 23.8%) while the rest 46% was the share of flat steel (up by 19.4%).

Finished Steel Production Trends

- At 72.819 mt, production of total finished steel was up by 26.8% in April-November 2021.
- Contribution of the non-alloy steel segment stood at 68.257 mt (94% share, up by 25.7%), 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 (29.071 mt, up by 36.5%) while growth in the non-alloy, flat segment was led by HRC (30.263 mt, up by 18.5%) during this period.

Finished Steel Export Trends

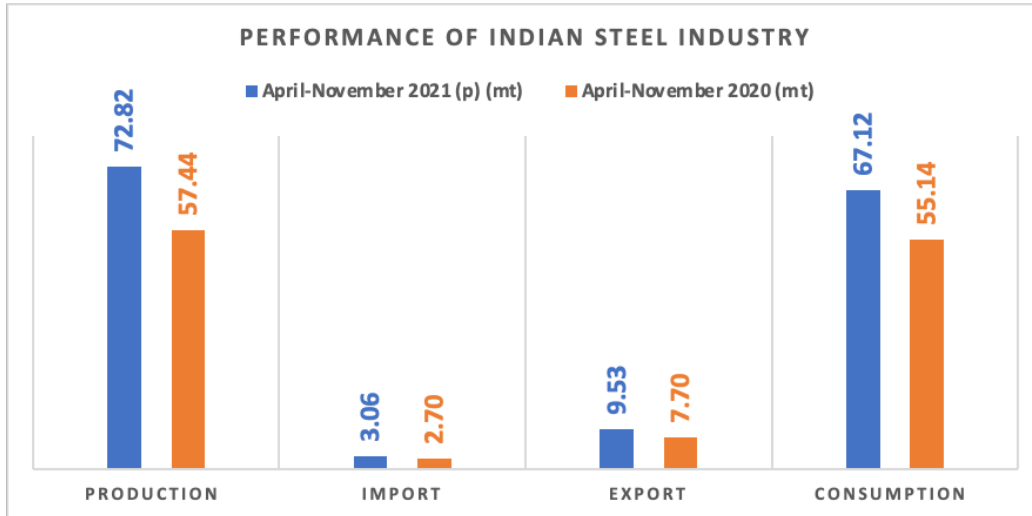
- Overall exports of total finished steel at 9.531 mt, up by 23.8%.
- Volume wise, Non-alloy HR Coil/Strip (4.289 mt, down by 16.5%) was the item most exported (49% share in total non-alloy).
- Vietnam (1.285 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 3.063 mt, up by 13.5%.
- India was a net exporter of total finished steel in April-November 2021.
- Volume wise, non-alloy GP/GC Sheets/Coils (0.499 mt, up by 12.6%) was the item most imported (26% share in total non-alloy).
- Korea (1.295 mt) was the largest import market for India (42% share in total).
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Finished Steel Consumption Trends

- At 67.124 mt, consumption of total finished steel was up by 21.7% in April-November 2021.
- Contribution of the non-alloy steel segment stood at 62.221 mt (93% share, up by 20.3%), 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 (28.526 mt, up by 26.5%) while growth in the non-alloy, flat segment was led by HRC (25.455 mt, up by 17.7%) 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-October 2021, rose by 20% 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 13.7% during April-November 2021 with all the sectors reporting a rise except Crude Oil.

Inflation: In November 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 14.23% while the all India CPI inflation rate (combined) stood at 4.91% and compared to the previous month, both the parameters registered a growth.

Trade: Provisional figures from DGCI&S show that during April-November 2021, in dollar terms, overall exports were up by 50.33% while overall imports were up by 73.76%, both on yoy basis. Overall trade deficit for this period is estimated at USD 54.21 Billion as compared to the surplus of USD 11.47 Billion in same period of last year.

Prepared by: Joint Plant Committee