Indian Steel Industry: December 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% in 2024 compared to a decline of 0.9% globally 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 49.6 in December 2024, down from 50.0 in November 2024. Although the rate of deterioration signalled by the latest figure was only modest, this was the fifth decline during the past six months.
- Four out of five PMI components (output, new orders, employment and stocks of purchases) were at levels consistent with deterioration in overall operating conditions. Only a lengthening of supplier delivery times had a positive impact on the PMI.
- India reported the strongest expansion of output, followed by Philippines, Spain, Greece, Taiwan and Canada. The solid performance of Greece and Spain bucked the trend of the wider eurozone manufacturing sector, where the rate of contraction was the steepest for 14 months. Steep downturns were also registered in the USA and the UK, with rates of contraction hitting 18- and 11-month records, respectively.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		November 2024	December 2024
India	8.2**	56.5	56.4
China	5.2	51.5	50.5
Japan	1.9	49	49.6
USA	2.5	49.7	49.4
Eurozone	0.5	45.2	45.1
Brazil	2.9	52.3	50.4
Russia	3.6	51.3	50.8
South Korea	2.6	50.6	49.0
Germany	-0.3	43	42.5
Turkey	4.5	48.3	49.1
Italy	0.9	44.5	46.2
Source: GDP: official releases; PMI- Markit Economics, *provisional, ** FY 2023-24			

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1,694.593 MnT in January-November 2024, registering 1.4% decline year-on-year, according to provisional data released by World Steel Association (worldsteel). In November 2024, world crude steel production was 146.831 MnT, up by 0.8% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	**Top 10**	**Jan-Nov 2024 (MnT)**	**% yoy change**
1	China	929.190	(-)2.7
2	India	**135.932**	**5.9**
3	Japan	77.102	(-)3.6
4	USA	72.879	(-)2.2
5	Russia	64.885	(-)7.0
6	South Korea	58.297	(-)4.9
7	Germany	34.490	5.3
8	Turkey	33.915	11.2
9	Brazil	31.168	5.7
10	Iran	28.030	0.5
Top 10 Total		**1,465.888**	**(-)1.6**
World		**1,694.593**	**(-)1.4**
Source: worldsteel			

Major observations:

- China remained the leader in world crude steel production with an output of 929.190 MnT in January-November 2024, registering a decline of 2.7% compared with the same period of 2023. The country accounted for 54.8% of world crude steel production during the period under review.
- India was the 2nd largest producer of crude steel with an output of 135.932 MnT in January-November 2024, showing a yoy growth of 5.9%. The country accounted for 8% of world crude steel production during the period.
- Japan was the 3rd largest producer of crude steel with an output of 77.102 MnT in January-November 2024, down by 3.6% compared with the same period of the previous year. Japan accounted for 4.5% of world crude steel production during the period.
- With crude steel production of 72.879 MnT (down 2.2% yoy), the USA was the 4th largest producer of crude steel in January-November 2024.
- Russia's crude steel production stood at 64.885 MnT (down 7.0% yoy) in January-November 2024 and the country was the 5th largest producer of crude steel.
- The top 10 countries' cumulative production in January-November 2024 stood at 1,465.888 MnT (down 1.6% yoy) and they accounted for 86.5% of world crude steel production during the period.

- Among the top 10 steel producing countries, India, Germany, Turkey, Brazil and Iran reported year-on-year growth while the others registered yoy decline in production during January-November 2024 period.
- Asian crude steel production stood at 1,246.528 MnT in January-November 2024, showing a decline of 1.8% yoy, led primarily by China and India, with their respective shares of 74.5% and 10.9% in total Asian crude steel production during the period.

GLOBAL DRI PRODUCTION

India led global DRI production in January-November 2024

World DRI production stood at 116.521 MnT in January-November 2024, showing a yoy growth of 5.4%, according to provisional data released by worldsteel. In November 2024, world DRI production was 10.799 MnT, down by 1.2% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	**Top 5**	**Jan-Nov 2024 (MnT)**	**% yoy change**
1	**India**	**49.946**	**11.0**
2	Iran	33.628	9.1
3	Russia	7.225	2.3
4	Saudi Arabia	6.292	1.3
5	Egypt	6.291	(-)4.2
Top 5 Total		**103.382**	**8.1**
World		**116.521**	**5.4**
Source: worldsteel			

Major observations:

- India remained the leader in world DRI production with an output of 49.946 MnT (up 11.0% yoy) in January-November 2024. The country accounted for 42.9% of world DRI production during the period under review.
- Iran was the 2nd largest producer of DRI with an output of 33.628 MnT in January-November 2024 (up by 9.1% yoy). It accounted for 28.9% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 7.225 MnT (up 2.3% yoy) in January-November 2024. The country accounted for 6.2% of world DRI production during the period.
- The top 5 countries accounted for 88.7% of total world DRI production in January-November 2024 with a cumulative output of 103.382 MnT, up by 8.1% yoy.

WORLD STEEL PRICE TRENDS

Global steel prices came down in December 2024 on a year-on-year basis in major steel markets like China, India, the USA and the European Union. However, as regards month-on-month comparison, prices were mostly steady with marginal ups and downs compared with the previous month. Going forward, the movement of global steel prices will be contingent upon a number of factors, including the factors as stated below.

a) *Iran-Israel conflict:* The escalating tensions between Iran and Israel threaten to further push a volatile West Asia into deeper crisis, with grave economic and geopolitical fallouts for the rest of the world too. This has also significant ramifications for the Indian economy due to the impact on global oil prices, trade and regional stability.

b) Manufacturing slump in Europe: Survey signalled another month of deteriorating manufacturing conditions in the European Union, stretching the current sequence of decline to two-and-a-half years. The year 2024 closed off with accelerated contractions in both new orders and output, while sharp reductions were made to purchasing activity and inventories of inputs.

c) *US policy uncertainty:* Quite a lot of uncertainty is expected in the world this year, especially in terms of economic policies as US President-elect Donald Trump return to White House. The uncertainty is particularly high around the path for trade policy going forward.

d) There are also consequences due to imposition of sanctions against Russia by the developed world and the collapse of normal trading operations due to the Russia-Ukraine war which are likely to have a significant bearing on the global steel industry.

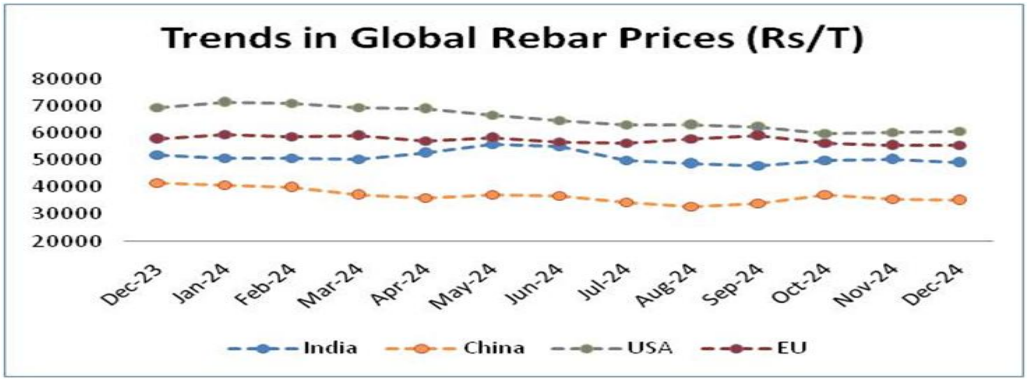
e) *China property crisis*: A tumbling property sector remains a major challenge for China as it aces to revitalize growth. China has launched its biggest monetary stimulus measures in September 2024 since Covid-19 pandemic and signalled that more fiscal support was on the way, reflecting the government's urgency in reviving the country's troubled economy.

f) *WSA forecast:* The World Steel Association in its Short Range Outlook (SRO), released in October 2024, has forecast a 0.9% contraction in steel demand in 2024, followed by a 1.2% growth in 2025. India is considered to be a major driver for domestic steel demand growth with an expected 8% and 8.5% rise in steel demand in 2024 and 2025, respectively, while for China, the SRO predicts a 3% contraction in 2024, followed by a 1% contraction in 2025 in steel consumption.

Long Products

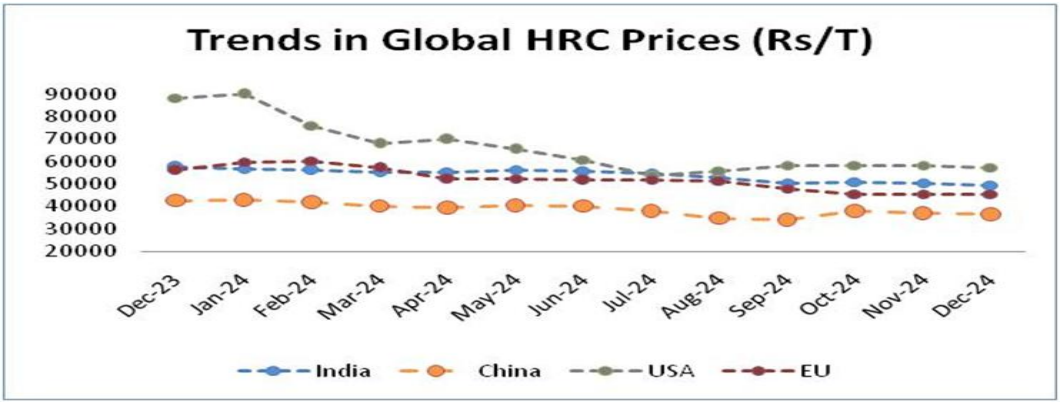
- Rebar / TMT prices have seen fluctuations in all the major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- In December 2024, rebar prices came down on a year-on-year basis in all the major steel markets – China, India, the US and the European Union. As regards month-on-month comparison, prices were mostly steady in December 2024 with marginal ups and downs compared with the previous month.

- In China, steel prices marginally month-on-month as market sentiment weakened after the announced stimulus measures were considered insufficient to support the economy. According to trade sources, China's long steel market may continue to remain under pressure due to slowed construction steel demand in 2025.
- In the USA, rebar prices stayed steady as buyers expect activity to wind down into the end of the year, while others take the opportunity to restock. In the European Union, though long steel prices moved up marginally month-on-month, the steel sector has been facing a lull there characterized by minimal trading activity and falling prices.



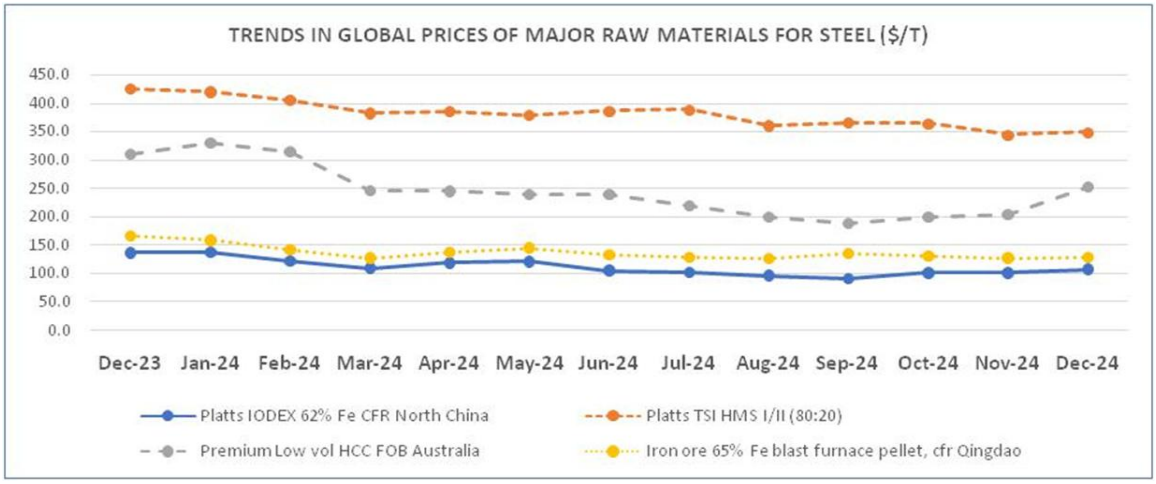
Flat Products

- In December 2024, HRC prices came down on a year-on-year basis in all the major steel markets – China, India, the US and the European Union. As regards month-on-month comparison, prices were mostly steady in December 2024 with marginal ups and downs compared with the previous month.
- In the European Union, HRC prices remained largely stable amid a slight improvement in domestic demand. The demand for domestic HRC compared to imports slightly improved, as market sources reported lower risks associated with purchasing from domestic European mills.
- In India, HRC prices inched down amid slow market activity and cheap import offerings during the month under review. Meanwhile, in the USA, HRC prices remained flat on lacklustre demand for spot tonnage, with service centres focussed on unloading inventory.



RAW MATERIAL SCENARIO

Prices of major raw materials for steel making have come down year-on-year in December 2024. As regards month-on-month comparison, prices of all the major raw materials like Platts IODEX 62% Fe CFR North China, Premium Low Vol HCC FOB Australia, Platts TSI HMS I/II (80:20) and Iron Ore 65% Fe Blast Furnace Pellet have moved up in December 2024 compared with the previous month. (Data source: Platts)



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

NEWS AROUND THE GLOBE

- European steel association Eurofer has warned that the EU must act now or risk losing its manufacturing sector, amid production cuts and plant closures across the continent, which it said also threaten the bloc's energy transition.
- Singapore-headquartered Meranti Green Steel's new plant in Thailand is on track for groundbreaking in 2026 after it finalises its investment decisions next year, even as steel prices are in a downturn amid oversupply, and environmental, social and governance criteria are facing a pushback in some jurisdictions.
- China completed its 2024 quota of special bonds issuance at the end of October with the finance ministry expected to allocate part of the 2025 quota to support key infrastructure projects.
- The Russian domestic steel market is cooling with no sign of any near-term recovery, according to a review from Moscow□based BCS Investment Group, whose analysts foresee an 11% y-o-y drop in demand for the ferrous metal in the fourth quarter.
- Turkish steelmaker Borcelik, a partnership between Borusan Holding and ArcelorMittal, will build two wind power plants in Canakkale with a total capacity of 12 MW to reduce its energy costs and carbon emissions.

- ArcelorMittal Distribution Solutions, part of ArcelorMittal steelmaker, intends to close its warehouse Olpe site in North Rhine-Westphalia, Germany by mid-2025 due to weak market conditions, the company spokesperson told S&P Global Commodity Insights.
- Spain's largest stainless steel producer Acerinox has concluded the 100% sale of its halted cold-rolling plant, Bahru Stainless, in Malaysia to local group Worldwide Stainless for $95 million.
- India's steel ministry has proposed a 25% safeguard duty on certain steel imports to address the concerns of the domestic steel manufacturers, according to the ministry. The proposal came at a meeting between Union Minister of Steel, H D Kumaraswamy, and Commerce and Industry minister, Piyush Goyal.
- Mexican ferrous scrap exports to the US surged in Q3, setting a record high in August, amid weaker domestic prices and an increase in US demand fuelled by the growing reliance on scrap for decarbonisation efforts.
- Swedish steelmaker SSAB said it has entered into a strategic cooperation agreement with Stena Metall securing scrap metal supply for its new electric arc furnace in Oxelosund.
- South Korean steelmaker Posco aims to reduce its dependence on imports of graphite electrodes for electric arc furnace steelmaking, as its sister company, Posco Future M, has succeeded in localizing electrode rod manufacturing technology.
- China's finished steel exports in November retreated from October, but remained at a historically high level as January-November shipments surpassed the 100 million mt mark.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-November 2024, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-November 2024. 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 2024*(MnT)	April-November 2023 (MnT)	% change*
Crude Steel Production	98.355	94.322	4.3
Hot Metal Production	58.174	57.060	2.0
Pig Iron Production	5.588	5.014	11.4
Sponge Iron Production	36.595	33.658	8.7
Total Finished Steel (alloy/stainless + non-alloy)			
Production	94.614	90.491	4.6
Import	6.513	5.146	26.6
Export	3.154	4.130	-23.6
Consumption	98.027	87.273	12.3
Source: JPC; *provisional; MnT=million tonnes			

Overall Production

- **Crude Steel:** Production at 98.355 million tonnes (MnT), up by 4.3%.
- **Hot Metal:** Production at 58.174 MnT, up by 2.0%.
- **Pig Iron:** Production at 5.588 MnT, up by 11.4%.
- **Sponge Iron:** Production at 36.595 MnT, up by 8.7%, led by coal-based route (85% share).
- **Total Finished Steel:** Production at 94.614 MnT, up by 4.6%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 55.860 MnT (57% share) during this period, down by 0.6%. The rest (42.494 MnT) came from the Remaining Producers, up by 11.4%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 53.449 MnT (92% share) up by 0.9%. The rest (4.725 MnT) came from the Remaining Producers, up by 15.8%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 1.535 MnT (27% share) up by 0.1%. The rest (4.053 MnT) came from the Remaining Producers, up by 16.5%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 51.566 MnT (55% share) up by 1.0%. The rest (43.049 MnT) came from the Remaining Producers, up by 9.2%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (83.031 MnT, up by 5.5%) led crude steel production compared to the 16% contribution of the PSUs (down by 1.8%).
- **Hot Metal:** With 71% share, the Private Sector (41.464 MnT, up by 3.1%) led hot metal production, compared to the 29% contribution of the PSUs (down by 0.8%).
- **Pig Iron:** With 89% share, the Private Sector (4.989 MnT, up by 8.7%) led pig iron production, compared to the 11% contribution of the PSUs (up by 40.7%).
- **Total Finished Steel:** With 86% share, the Private Sector (81.692 MnT, up by 6.0%) led production of finished steel, compared to the 14% contribution of the PSUs (down by 3.5%).

Contribution of Flat /Non-Flat in Finished Steel

- **Production**: Non-flat products accounted for 55% share (up by 5.3%), the rest 45% was the share of flats (up by 3.7%).
- **Import**: Flat products accounted for 95% share (up by 27.5%), the rest 5% was the share of non-flats (up by 10.7%).
- **Export**: Flat products accounted for 85% share (down by 26.1%), the rest 15% was the share of non-flats (down by 6.1%).
- **Consumption**: Led by Non-flat steel (53% share; up by 10.5%) while the rest 47%

was the share of flat steel (up by 14.5%).

Finished Steel Production Trends

- At 94.614 MnT, production of total finished steel was up by 4.6%.
- Contribution of the non-alloy steel segment stood at 87.179 MnT (92% share, up by 3.3%), 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 production of total finished steel was Bars & Rods (40.301 MnT, up by 5.6%) while growth in the non-alloy, flat segment was led by HRC (34.995 MnT, up by 0.8%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel at 3.154 MnT, down by 23.6%.
- Volume wise, HR Coil/Strip (0.757 MnT) was the item most exported (24% share in total finished steel).
- Italy (0.529 MnT) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 6.513 MnT, up by 26.6%.
- India was a net importer of total finished steel in April-November 2024-25.
- Volume wise, HR Coil/Strip (3.023 MnT) was the item most imported (46% share in total finished steel).
- China (1.963 MnT) was the largest import market for India (30% share in total).

Finished Steel Consumption Trends

- At 98.027 MnT, consumption of total finished steel was up by 12.3%.
- Contribution of the non-alloy steel segment stood at 89.328 MnT (91% share, up by 11.2%), 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 (40.240 MnT, up by 11.0%) while growth in the non-alloy, flat segment was led by HRC (37.078 MnT, up by 11.8%) 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 Q2 2024-25 is estimated to have attained a level of ₹44.10 lakh crore, as against ₹41.86 lakh crore in Q2 2023-24, showing a growth of 5.4 per cent. All the sectors, barring only Mining and Quarrying sector (-0.1% growth), reported positive growth during the quarter under review, with the *Public Administration, Defence & Other Services* sector reporting the highest growth of 9.2%.

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for April-November 2024-25 rose by 4.1% over the same period of the previous fiscal, 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 4.2% during April-November 2024-25. Barring Crude Oil, all the other sectors reported positive growth during the period. While crude oil sector reported a contraction of 2.4% in April-November 2024-25, the coal sector reported the highest growth of 6.4% during the period under review.

Inflation: The rate of inflation based on Consumer Price Index stood at 5.22% and that on Wholesale Price Index stood at 2.37% in December 2024. While CPI inflation fell in December 2024 month-on-month, WPI inflation went up in the same comparison.

Prepared by: Joint Plant Committee