



# Indian Steel Industry: February 2023 – A Trend Report

The outlook for the domestic steel industry this year remains more or less promising with the macro-economic fundamentals like manufacturing & services PMI, IIP, core infrastructure growth remaining strong. The government, in its Budget for FY 2023-24, has announced a massive capex plan, a significant part of which will go towards building infrastructure and is expected to push up domestic steel demand growth. However, global headwinds like slump in Chinese property market, downturn in US and Europe, and supply-chain issues due to Russia-Ukraine war are expected to keep the Indian Steel industry cautiously optimistic going ahead.

## WORLD ECONOMY AT A GLANCE

- The PMI survey signalled a return to growth for the global manufacturing sector. Output rose for the first time in seven month amid improving supply chains and China's re-opening as Covid restrictions were lifted.
- JP Morgan Global Manufacturing PMI stood at 50.0 in February 2023 compared with 49.1 in the previous month. The index reading, identical to the no-change mark, halted a five-month run of signalling contraction.
- The upturn in production volumes was led by Asia, with Thailand, India and the Philippines registering the fastest rates of growth. The region also benefitted from the ongoing re-opening process in China. The performances of the North America, Europe and South America remained weak in comparison to Asia. Although the euro area saw output rise for the first time in nine months, the rate of growth was negligible.

Key Economic Figures			
Country	GDP 2022: % change*	Manufacturing PMI	
		January 2023	February 2023
India	7.0	55.4	55.3
China	3.0	49.2	51.6
Japan	1.0	48.9	47.7
USA	2.1	46.9	47.3
Eurozone	3.5	48.8	48.5
Brazil	2.9	47.5	49.2
Russia	-2.1	52.6	53.6
South Korea	2.6	48.5	48.5
Germany	1.8	47.3	46.3
Turkey	5.6	48.1	50.1
Italy	3.7	50.4	52

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

---

## GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 145.3 mt in January 2023, registering a decline of 3.3% year-on-year (yoy), according to provisional data released by World Steel Association (worldsteel).

World Crude Steel Production (Prov)			
Rank	Top 10	Jan '23 (mt)	% yoy change
1	China	79.5	2.3
2	India	<b>10.9</b>	<b>(-)0.2</b>
3	Japan	7.2	(-)6.9
4	USA	6.5	(-)6.8
5	Russia	5.8	(-)8.9
6	South Korea	5.5	(-)9.8
7	Germany	2.9	(-)10.2
8	Brazil	2.8	(-)4.9
9	Iran	2.7	27.7
10	Turkey	2.6	(-)17.6
<b>Top 10 Total</b>		<b>126.4</b>	<b>(-) 0.8</b>
<b>World</b>		<b>145.3</b>	<b>(-) 3.3</b>

### Major observations:

- China remained the leader in world crude steel production with an output of 79.5 mt in January 2023, registering a growth of 2.3% yoy. The country accounted for 54.7% of world crude steel production during the first month of 2023.
- **Further, China and Iran were the only two countries among the top 10 steel producing countries in the world which registered growth in production during January 2023.**
- India was the 2<sup>nd</sup> largest producer of crude steel with an output of 10.9 mt in January 2023, showing a yoy decline of 0.2%. The country accounted for 7.5% of world crude steel production during January 2023.
- Japan was the 3<sup>rd</sup> largest producer of crude steel with an output of 7.2 mt in January 2023 period, down by 6.9% yoy. Japan accounted for 5% of world crude steel production during the period.
- With crude steel production of 6.5 mt (down 6.8% yoy), the USA was the 4<sup>th</sup> largest producer of crude steel during January 2023.
- Russia's crude steel production stood at 5.8 mt (down 8.9% yoy) in January 2023 period and the country was the 5<sup>th</sup> largest producer of crude steel.

- The top 10 countries' cumulative production in January 2023 stood at 126.4 mt (down 0.8% yoy) and they accounted for 87% of world crude steel production during the period.
- Asian crude steel production stood at 107.0 mt in January 2023, showing a 0.2% decline yoy, led primarily by China and India, with their respective shares of 74% and 10% in total Asian crude steel production during the period.

## GLOBAL DRI PRODUCTION

### India led global DRI production in January 2023

World DRI production stood at 8.9 mt in January 2023, showing a yoy growth of 4.1%, according to provisional data released by worldsteel.

World DRI Production (Prov)			
Rank	Top 5	Jan '23 (mt)	% yoy change
1	India	3.7	5.0
2	Iran	2.2	10.1
3	Russia	0.65	(-) 10.6
4	Saudi Arabia	0.51	(-) 13.6
5	Egypt	0.49	(-) 10.3
<b>Top 5 Total</b>		<b>7.6</b>	<b>2.4</b>
<b>World</b>		<b>8.9</b>	<b>4.1</b>
<b>Source: worldsteel</b>			

### Major observations:

- India remained the leader in world DRI production with an output of 3.7 mt (up 5.0% yoy) in January 2023 period. The country accounted for 41.6% of world DRI production during the month under review.
- Iran was the 2<sup>nd</sup> largest producer of DRI with an output of 2.2 mt in January 2023 period (up 10.1% yoy). It accounted for 24.7% of world DRI production during the month.
- Russia ranked third in terms of DRI production with a production of 0.65 mt (down 10.6% yoy) in January 2023. The country accounted for 7.3% of world DRI production during the month.
- The top 5 countries accounted for nearly 85.4% of total world DRI production in January 2023 with a cumulative output of 7.6 mt, up by 2.4% yoy.

---

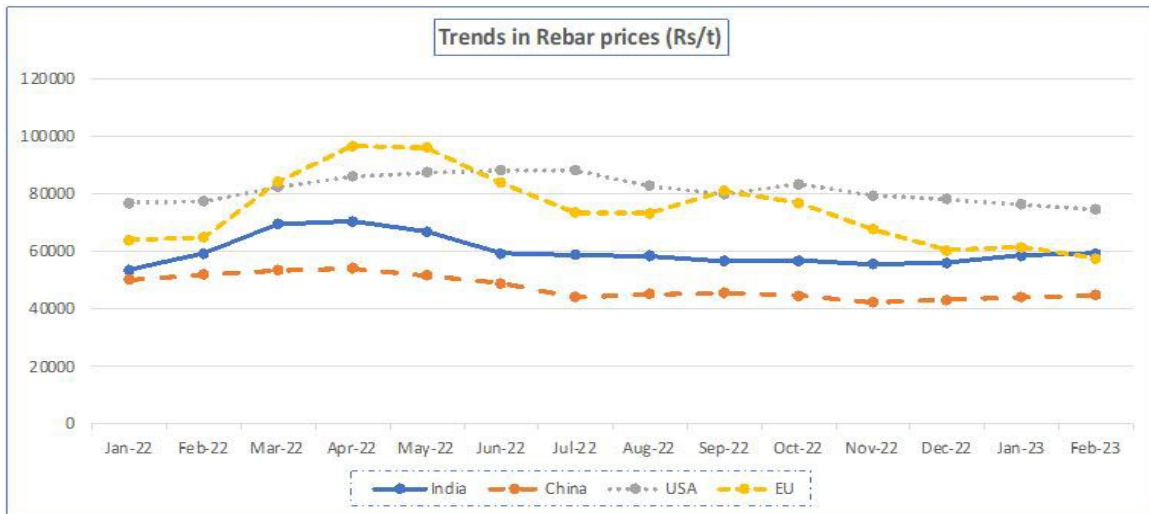
## WORLD STEEL PRICE TRENDS

Global steel prices continued to remain volatile in February 2023 due to various factors:

- a) the Russia-Ukraine conflict and its many-sided repercussions, from raw material supply to logistics to uncertainties in trade flows to the growing impact of sanctions
  - b) developments in the Chinese market : persistent weakness in its property market where investment is falling at its fastest pace since early 2020, its earlier extreme heatwave conditions and its impact on disrupted power supply to manufacturing units and crippling demand and its overall bearish outlook
  - c) fluctuations in prices of major raw materials for steel making which showed an upward bias in the first two months of 2023.
  - d) downturn in euro zone manufacturing activity still continuing though natural gas prices in Europe has dropped significantly.
  - e) recessionary traits in the US and fear of the same sparking off a global recession
  - f) concerns over a softening Chinese economy, where demand forecasts are being curtailed by leading agencies in view of its weak growth prospects and its possible adverse impact on the rest of Asia.
- ❖ Steel prices thus continued to remain volatile during Q4 2022-2023 with rises if any, noted with caution and with most participants adopting a wait-and-watch outlook – for markets to stabilise before they return for significant volume of transactions.
- ❖ Relevant to note here that with the exception of China and Iran, global crude steel production in January 2023 remained on a declining trend in all the major steel producing markets.

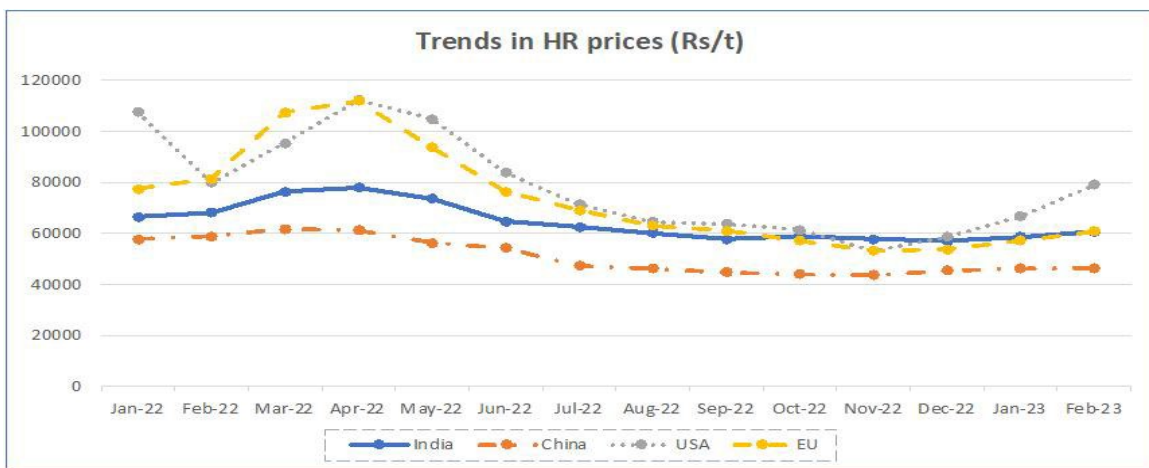
### Long Products

- 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.
- Chinese rebar prices have suffered due to lack of demand recovery post-holiday and persistent weakness in its property market. A number of Chinese banks have hiked the mortgage loan rates to revive the housing market. The measures may increase the volume of housing transactions and consequently lead to stronger demand.
- The prices of rebar in the USA witnessed a softening due to lacklustre spot activity, while Russian rebar prices edged up further with rising scrap prices, higher export value compared with the domestic prices and approach to the busy season starting in March.
- Demand in the European steel rebar market remained depressed amid weak end-user consumption, impact of Russian crisis and a continued wait-and-watch policy among buyers.



### Flat Products

- HRC prices have started off 2022 on a slow note but have peaked in April 2022, dipping steadily thereafter till December 2022. Starting from January 2023, prices have again shown an upward trend, barring China where prices remain nearly flat.
- The above peaking may well be attributed to the impact of the Russia-Ukraine crisis – a feature noted for rebar prices as well.
- Chinese flat steel prices have been affected by the same set of pervasive and persistent factors as in case of long products while supply-demand imbalance has impacted flat prices in the USA largely.
- Prices of HRC in Europe were also on the rise. Good order books, limited availability and some restocking were the main factors behind the price rise.
- Russian HRC prices remained stable in view of slow but stable local market, with exports increasingly gaining traction.



[Source Credit: Fastmarkets Metal Bulletin]

## RAW MATERIAL SCENARIO

Prices of major raw materials for steel making – iron ore, scrap, coal – have peaked in March 2022, soon after the onset of the Russia-Ukraine war and have largely slipped thereafter, impacted by dull demand-supply conditions in most markets around the globe. The prices have, however, shown an upward bias in the first two months of 2023.



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

## NEWS AROUND THE GLOBE

- The growth in China's daily pig iron and crude steel production accelerated in late February compared with the middle of the month, according to data from the China Iron and Steel Association. Several market sources said the country's steel production growth has continued in March because of stronger steel demand and profit margins.
- Nucor, CMC, SDI and Gerdau have raised the transaction price for rebar by \$50/ st effective immediately, according to a letter to customers. The letters were sent to customers late on March 3. The increase, which covers all mills in the Midwest, Northeast and Southeast, is the first seen since April 2022
- Turkey's Ministry of Environment and Urbanization has approved large Turkish steelmaker Tosyali Demir Celik's new 900,000 mt/year wire rod rolling mill after reviewing its environmental impact. According to the project document, the facility will be built in Iskenderun, southern Turkey, and is scheduled to start production within 18 months.
- Large Turkish long steel maker Bastug Metalurji has restarted output after its electric arc furnace and rolling mills damage caused by the Feb. 6 earthquakes was repaired. Bastug has a 2 million mt liquid steel capacity and produces billet and rebar at its 1.2 million mt/year rolling mill. Other large mills operating in the region have also restarted output in recent weeks.

- Spanish crude steel production fell 23% on year to 660,000 mt in December, a decline for thirteenth straight month. The December decline means full year 2022 production was down 19% on year to 12.3 million mt due to producers limiting output amid weaker demand, high energy prices and competition from imports.
- MMK Metalurji, the Turkey-based subsidiary of Russian steelmaker MMK, is aiming to restart its electric arc furnace and hot-rolling mill in Dilovasi, western Turkey, in April to meet higher steel demand after the Feb. 6 earthquakes. Production at the facilities have been closed since November 2022 due low margins in a bearish market.
- The UK government accepted the independent Trade Remedies Authority recommendation to extend antidumping measures on imports of rebar from China. Dumping duties will be maintained at their current levels for five years from July 30, 2021.
- ArcelorMittal and Kirchhoff Automotive have signed a memorandum of understanding to develop low carbon-emissions steel for cars and trucks. The agreement will help expand the use of low carbon-emissions steel in highly engineered vehicle parts.
- Brazil-based steelmaker Gerdau saw a fall of 15.6% in Q4 2022 consolidated shipments, compared with the year-ago period, to 2.67 million mt. Full-year consolidated shipments fell 6.4% to 12.7 million mt from 2021. Crude steel production fell 3.3% on year in Q4 to 2.86 million mt, while full-year steel production fell 4.7% to 13.3 million mt.

## INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-January 2022-23, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-January 2022-23. 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-January 2022-23*(mt)	April-January 2021-22 (mt)	% change*
Crude Steel Production	103.545	99.029	4.6
Hot Metal Production	66.824	64.676	3.3
Pig Iron Production	4.896	5.063	-3.3
Sponge Iron Production	35.855	32.698	9.7
<b>Total Finished Steel (alloy/stainless + non-alloy)</b>			
Production	99.480	93.409	6.5
Import	5.000	3.907	28.0
Export	5.329	11.142	-52.2
Consumption	97.100	86.967	11.7
Source: JPC; *provisional; mt=million tonnes			

## Overall Production

- 
- **Crude Steel:** Production at 103.545 million tonnes (mt), up by 4.6%.
  - **Hot Metal:** Production at 66.824 mt, up by 3.3%.
  - **Pig Iron:** Production at 4.896 mt, down by 3.3%.
  - **Sponge Iron:** Production at 35.855 mt, up by 9.7%, led by coal-based route (82% share).
  - **Total Finished Steel:** Production at 99.480 mt, up by 6.5%.

#### Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 63.279 mt (61% share) during this period, up by 3.2%. The rest (40.266 mt) came from the Other Producers, up by 6.8%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 60.522 mt (91% share) up by 4.6%. The rest (6.272 mt) came from the Other Producers, down by 7.5%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.983 mt (20% share) down by 22.0%. The rest (3.913 mt) came from the Other Producers, up by 2.9%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 57.176 mt (57% share) up by 7.0%. The rest (42.304 mt) came from the Other Producers, up by 5.8%.

#### Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 82% share, the Private Sector (85.142 mt, up by 6.1%) led crude steel production compared to the 18% contribution of the PSUs (down by 2.1%).
- **Hot Metal:** With 71% share, the Private Sector (47.301 mt, up by 6.8%) led hot metal production, compared to the 29% contribution of the PSUs (down by 4.3%).
- **Pig Iron:** With 93% share, the Private Sector (4.573 mt, up by 1.3%) led pig iron production, compared to the 7% contribution of the PSUs (down by 41.3%).
- **Total Finished Steel:** With 85% share, the Private Sector (84.113 mt, up by 6.4%) led production of total finished steel, compared to the 15% contribution of the PSUs (up by 7.0%).

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

- **Production:** Non-flat products accounted for 54% share (up by 7.3%), the rest 46% was the share of flats (up by 5.6%).
  - **Import:** Flat products accounted for 93% share (up by 29.2%), the rest 7% was the share of non-flats (up by 13.8%).
  - **Export:** Flat products accounted for 87% share (down by 46.7%), the rest 13% was the share of non-flats (down by 71.2%).
  - **Consumption:** Led by Non-flat steel (54% share; up by 7.9%) while the rest 46% was the share of flat steel (up by 16.4%).
-



---

### Finished Steel Production Trends

- At 99.480 mt, production of total finished steel was up by 6.5%.
- Contribution of the non-alloy steel segment stood at 91.586 mt (92% share, up by 4.5%), 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 (41.096 mt, up by 6.1%) while growth in the non-alloy, flat segment was led by HRC (37.995 mt, up by 2.0%) during this period.

### Finished Steel Export Trends

- Overall exports of total finished steel at 5.329 mt, down by 52.2%.
- Volume wise, HR Coil/Strip (2.66 mt) was the item most exported (40% share in total finished steel). Major share (54%) of such exports was from Alloy/Stainless.
- Vietnam (0.807 mt) was the largest export market for India.

### Finished Steel Import Trends

- Overall imports of total finished steel at 5.000 mt, up by 28.0%.
- India was a net exporter of total finished steel in April-January 2022-23.
- Volume wise, HR Coil/Strip (1.69 mt) was the item most imported (34% share in total finished steel).
- Korea (1.841 mt) was the largest import market for India (37% share in total).

### Finished Steel Consumption Trends

- At 97.100 mt, consumption of total finished steel was up by 11.7%.
- Contribution of the non-alloy steel segment stood at 89.488 mt (92% share, up by 10.9%), 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 (40.399 mt, up by 6.6%) while growth in the non-alloy, flat segment was led by HRC (37.272 mt, up by 16.7%) 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 2022-23 is estimated to have attained a level of ₹ 40.19 lakh crore, as against ₹ 38.51 lakh crore in Q3 2021-22, showing a growth of 4.4 per cent. Barring *Manufacturing*, all the other sectors reported growth during this period, with *Trade, Hotels, Transport, Communications and Services related to Broadcasting* sector reporting the highest growth (9.7%) and *Manufacturing* sector, the lowest (-1.1%).

**Industrial Production:** Provisional CSO data show that the overall Index of Industrial Production (IIP) for April-January 2022-23 rose by 5.4% over 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 7.9% during April-January 2022-23 with all the sectors, barring only crude oil, reporting increase in output.

**Inflation:** The rate of inflation based on Consumer Price Index stood at 6.44% and that on Wholesale Price Index stood at 3.85% in February 2023. While the CPI inflation went up compared with January 2023, WPI inflation came down compared with the previous month.

**Prepared by: Joint Plant Committee**