

Trend Report January 2022

India remained the 2nd largest crude steel producer, the largest sponge iron producer and the 2nd largest finished steel consumer in the world in 2021 as per provisional data released by worldsteel.

WORLD ECONOMY AT A GLANCE

- Markit Economics reports indicate that global manufacturing production eased to its weakest pace during its trending 19-month upturn at the start of 2022, impacted by weaker growth of incoming new work, declining international trade volumes, supply chain disruptions and rising COVID-19 infections. This is reflected in the J.P. Morgan Global Manufacturing PMI which at 53.2 in January 2022, was at a 15-month and was also down from December's five-month high of 54.3.
- The reports also indicate that January 2022 saw contractions in China, Mexico, Brazil, Kazakhstan and Myanmar and that growth in new business was the weakest registered for the last one-and-a-half years.
- Supply chain delays remained substantial, input cost inflation reported mild deceleration while selling prices moved north during the month.

Key Economic Figures			
Country	GDP 2021: %change*	Manufacturing PMI	
		January 2022	2021 (Avg)
India	9.2 (FY)	54.0	54.6
China	8.1	49.1	50.8
Japan	1.4 (Q3)	55.4	52.7
USA	5.5 (Q4)	55.5	60.1
Eurozone	5.2	58.7	60.2
Brazil	4 (Q3)	47.8	53.8
Russia	4.3 (Q3)	51.8	50.3
South Korea	4	52.8	53.0
Germany	1.4 (Q4)	59.8	61.6
Turkey	7.4(Q3)	50.5	52.1
Italy	6.4 (Q4)	58.3	60.2

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1911.95 million tonnes (mt) in 2021, up by 3.6% over 2020 and crossing pre-pandemic levels as well, as per provisional data released by World Steel Association (worldsteel).

WORLD CRUDE STEEL PRODUCTION (prov)				
Rank	Top 10	2021 (mt)	2020 (mt)	% change
1	China	1032.79	1064.73	-3.0
2	India	118.13	100.25	17.8
3	Japan	96.33	83.84	14.9
4	USA	86.01	72.73	18.3
5	Russia	75.97	71.62	6.1
6	South Korea	70.56	67.08	5.2
7	Turkey	40.36	35.81	12.7
8	Germany	40.07	35.68	12.3
9	Brazil	36.04	31.42	14.7
10	Iran	28.46	28.99	-1.8
Total:10		1624.72	1592.15	2.0
World		1911.95	1844.82	3.6
Source: worldsteel				

- Despite a 3% decline in crude steel production (1032.79 mt), China remained the leader in world crude steel production in 2021.
- The nation accounted for 75% of Asian and 54% of world crude steel production during this period.
- With a 6.2% share in total world production, India (118.13 mt) reported a yoy production growth of 18% in 2021 and remained the 2nd largest producer in 2021.
- Japanese crude steel production (96.33 mt) was up 15% in 2021 and the country was the 3rd largest crude steel producer in the world.
- USA remained at the 4th largest spot, with production (86.01 mt), up 18.3% yoy while Russia (75.97 mt, up 6.1% 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 go up by 2% in 2021.

NEWS AROUND THE WORLD

- China's 2021 finished steel exports grew by 24.6% yoy to 66.89 mt, ending annual declines seen over the previous five years. At 14.27 mt, China's 2021 finished steel imports, however, fell by 29.5% yoy.
- Tangshan has limited steelmaking output further from January 3, 2021, with no confirmed end date - due to the possibility of further heavy pollution in the near term and requires local companies to stop using combustion-engine trucks for transportation and halt all movements of raw materials from ports using those trucks between 7pm - 7am slot.
- Rizhao city in Shandong will to expand local crude steel capacity to 40 mtpa by 2025.
- Posco plans to decarbonize its steelmaking operations in the country over the coming years, by shifting away from BFs to both new EAFs and the use of green hydrogen to fuel existing furnace. It also intends to cut down its CO₂ emissions by 20% by 2030 and by 50% by 2040 (compared with 2017-19) and become carbon-neutral by 2050.
- India has removed the anti-dumping duties that had been levied on the country's imports of HR and CRC from China, Japan, South Korea, Indonesia, Brazil and Russia.
- Japan's New Energy and Industrial Technology Department Organization plans to launch a project to use hydrogen in steelmaking and cut carbon emission significantly.
- Gerdau will stop activities at its Riograndense mill for almost a year starting in February 2022, to undertake a 200 million (\$36 million) revamp its melt shop though rolling output is expected to continue.
- The United States and the United Kingdom have initiated bilateral talks to hash out the future of Section 232 tariffs on steel and aluminium imports into the US and retaliatory UK tariffs on certain US exports.
- Storms and rail congestion have delayed shipments of steel products and pig iron from Russia's Black Sea port of Novorossiysk, leading to higher offers.
- ArcelorMittal Temirtau, Kazakhstan's largest steelmaker, has committed to concluding a \$3 billion long-term investment agreement in line with a memorandum of understanding it signed with the Kazakh government in 2021,
- Magnitogorsk Iron and Steel Works will employ CO₂ emissions reducing syngas technology at its new No. 11 blast furnace (BF) once it starts up in 2025.
- Tosyali Demir Celik, one of Turkey's largest steel producers, plans to raise the liquid capacity of its under-construction flat steel project in Iskenderun to 4.55 mt from 2.65 mt.
- ArcelorMittal Poland will invest over PLN 100 million (\$25 million) in its CRM in Kraków for its three projects: replacement of the rolling mill motors, modernization of the sheet pickling line and the purchase of a new grinding machine within the current year.
- One of Turkey's largest steel producers, Habas, will raise its hot-rolling capacity with a new 2.5 mt mill to meet the rising demand both in the domestic and export markets.
- Eurofer has welcomed the extension of European anti-dumping measures for a further five years on imports of grain-oriented flat-rolled products of silicon-electrical steel from China, Japan, South Korea, Russia and the US.

[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 market remained quiet in January 2022, with demand remaining steady. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1030/t at month-end.
- January 2022 rebar prices were broadly stable in Europe despite limited buying activity. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €830-860/t (\$938-971) in Northern Europe and around €820-850/t (\$932-966) in Southern Europe.
- Chinese rebar prices moved north in January 2022, followed by uptick in demand and a sharp rise in futures market. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 4,730-4,750 yuan/t (\$743-746) in Shanghai and around 4,800-4,840 yuan/t in Beijing.
- Russian prices for steel rebar remained stable in January 2022, affected by poor though seasonal weather. Fastmarkets' assessment for steel reinforcing bar (rebar), domestic, cpt Moscow, Russia was 63,000-65,000 roubles/t (\$812-837) at month-end.

Flat Product

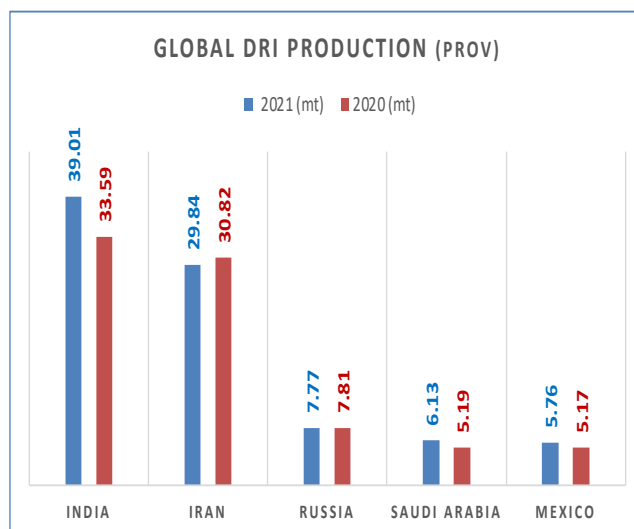
- HRC prices in the USA slipped below the \$1,220/s.t. mark, recording double digit declines in January 2022. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1,213/s.t.
- Chinese HRC prices moved north in January 2022, impacted by demand and futures market upturn. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 5,080-5,100 yuan/t (\$799-802) at month-end.
- Bearish sentiment prevailed in European HRC market in January 2022, following ArcelorMittal's announced hike in steel prices. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €935/t (\$1,042.30) in Northern Europe and around €837/t in Southern Europe.
- Russian flat steel product prices showed little movement in January 2022. Fastmarkets' assessment for steel HR sheet, domestic, cpt Moscow was 76,000 roubles/t (\$1,003.25), including 20% value-added tax.

[Source Credit: Fastmarkets Metal Bulletin]

SPECIAL FOCUS

India leads global DRI production in 2021

Provisional worldsteel report indicates that global DRI output stood at 102.69 mt in 2021, up 9.1% over same period of last year. 2021 global DRI production growth was driven by India (39.01 mt, up 16.1%) at the number one spot and Iran, where production stood at 29.84 mt, down 3.2% over 2020. The two countries together accounted for 67% of global DRI output during 2021. Together, the top five countries accounted for 86% of the



INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-December 2021, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-December 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-December 2021*(mt)	April-December 2020 (mt)	% change*
Crude Steel Production	88.007	73.417	19.9
Hot Metal Production	57.975	49.448	17.2
Pig Iron Production	4.443	3.444	29.0
Sponge Iron Production	29.158	24.525	18.9
Total Finished Steel (alloy/stainless + non-alloy)			
Production	83.005	67.351	23.2
Import	3.458	3.209	7.7
Export	10.329	8.314	24.2
Consumption	76.646	65.404	17.2
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 88.007 million tonnes (mt), up by 19.9%.
- **Hot Metal:** Production at 57.975 mt, up by 17.2%.
- **Pig Iron:** Production at 4.443 mt, up by 29.0%.
- **Sponge Iron:** Production at 29.158 mt, up by 18.9%, led by coal-based route (77% share).
- **Total Finished Steel:** Production at 83.005 mt, up by 23.2%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 54.437 mt (62% share) during this period, up by 17.2%. The rest (33.569 mt) came from the Other Producers, up by 24.4%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 51.697 mt (89% share) up by 15.6%. The rest (6.277 mt) came from the Other Producers, up by 32.4%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 1.180 mt (27% share) up by 16.8%. The rest (3.264 mt) came from the Other Producers, up by 34.1%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 47.567 mt (57% share) up by 22.1%. The rest (35.438 mt) came from the Other Producers, up by 24.8%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 81% share, the Private Sector (71.287 mt, up by 18.8%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 69% share, the Private Sector (39.776 mt, up by 14.2%) led hot metal production, compared to the 31% contribution of the PSUs.
- **Pig Iron:** With 88% share, the Private Sector (3.931 mt, up by 31.5%) led pig iron production, compared to the 12% contribution of the PSUs.
- **Total Finished Steel:** With 85% share, the Private Sector (70.176 mt, up by 20.9%) 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 28.3%), the rest 48% was the share of flats (up by 18.3%).
- **Import:** Flat products accounted for 92% share (up by 11.3%), the rest 8% was the share of non-flats (down by 19.8%).
- **Export:** Flat products accounted for 78% share (up by 9.1%), the rest 22% was the share of non-flats (up by 143.0%).
- **Consumption:** Led by Non-flat steel (54% share; up by 18.9%) while the rest 46% was the share of flat steel (up by 15.3%).

Finished Steel Production Trends

- At 83.005 mt, production of total finished steel was up by 23.2% in April-December 2021.
- Contribution of the non-alloy steel segment stood at 77.797 mt (94% share, up by 22.3%), 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 (33.235 mt, up by 31.2%) while growth in the non-alloy, flat segment was led by HRC (34.325 mt, up by 16.2%) during this period.

Finished Steel Export Trends

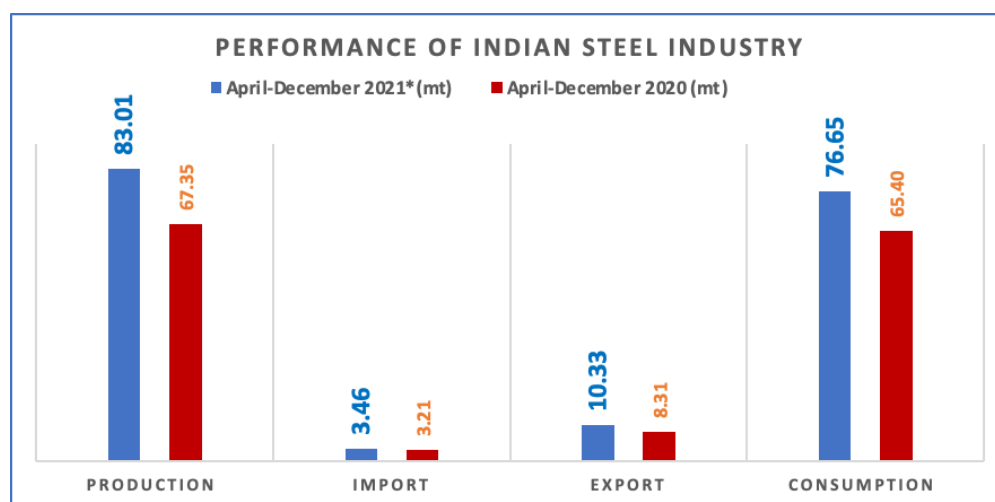
- Overall exports of total finished steel at 10.329 mt, up by 24.2%.
- Volume wise, Non-alloy HR Coil/Strip (4.618 mt, down by 15.3%) was the item most exported (49% share in total non-alloy).
- Vietnam (1.332 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 3.458 mt, up by 7.7%.
- India was a net exporter of total finished steel in April-December 2021.
- Volume wise, non-alloy HR Coil/ Strip (0.571 mt, up by 5.0%) was the item most imported (27% share in total non-alloy).
- Korea (1.464 mt) was the largest import market for India (42% share in total).

Finished Steel Consumption Trends

- At 76.646 mt, consumption of total finished steel was up by 17.2% in April-December 2021.
- Contribution of the non-alloy steel segment stood at 70.943 mt (93% share, up by 15.8%), 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 (32.458 mt, up by 20.7%) while growth in the non-alloy, flat segment was led by HRC (29.039 mt, up by 13.8%) 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-December 2021, rose by 15.2% 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 12.6% during April-December 2021 with all the sectors reporting a rise except Crude Oil.

Inflation: In December 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 13.56% while the all India CPI inflation rate (combined) stood at 5.59% and compared to the previous month, the former registered a decline and the latter registered a growth.

Trade: Provisional figures from DGCI&S show that during April-December 2021, in dollar terms, overall exports were up by 36.31% while overall imports were up by 57.33%, both on yoy basis. Overall trade deficit for this period is estimated at USD 68.06 billion as compared to the surplus of USD 3.7 billion in same period of last year.

Prepared by: Joint Plant Committee