



Indian Steel Industry: January 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 8.6% and 7.7% in 2023 and 2024 compared to a global growth of 1.8% and 1.9%, respectively, according to Short Range Outlook of The 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 50.0 in January 2024, up from 49.0 in December 2023, a level consistent with no-change in operating conditions over the month. This halted a 16-month sequence below the neutral 50.0-mark.
- The global manufacturing sector showed signs of stabilisation at the start of 2024. After contracting for seven successive months, production volumes edged higher for the first time since May 2023 as new order intakes fell at the slowest rate in the current 19-month downturn in demand.
- Data broken down by nation showed that output rose in China, India and Brazil (among others), and fell more slowly in the USA, Japan and the euro area.
- Production rose at consumer goods manufacturers, was unchanged in the intermediate goods category and fell in the investment goods sector.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		December 2023	January 2024
India	N.A.	54.9	56.5
China	5.2	50.8	50.8
Japan	N.A.	47.9	48
USA	2.5	47.9	50.7
Eurozone	0.5	44.4	46.6
Brazil	N.A.	48.4	52.8
Russia	3.6	54.6	52.4
South Korea	2.6	49.9	51.2
Germany	-0.3	43.3	45.5
Turkey	N.A.	47.4	49.2
Italy	N.A.	45.3	48.5

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1849.7 mt in 2023, registering a decline of 0.1% yoy, according to provisional data released by World Steel Association (worldsteel). In December 2023, world crude steel production stood at 135.7 mt, down 5.3% compared with the same period of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	2023 (mt)	% yoy change
1	China	1019.08	0.0
2	India	140.17	11.8
3	Japan	87.00	(-)2.5
4	USA	80.66	0.2
5	Russia	75.80	5.7
6	South Korea	66.68	1.3
7	Germany	35.44	(-)3.9
8	Turkey	33.71	(-)4.0
9	Brazil	31.87	(-)6.5
10	Iran	31.14	1.8
Top 10 Total		1601.55	0.8
World		1849.73	(-)0.1

Major observations:

- China remained the leader in world crude steel production with an output of 1019.08 mt in 2023, registering no change in output compared with 2022. The country accounted for 55.1% of world crude steel production during the year under review.
- India was the 2nd largest producer of crude steel with an output of 140.17 mt in 2023, showing a yoy growth of 11.8%. The country accounted for 7.6% of world crude steel production during the year.
- Japan was the 3rd largest producer of crude steel with an output of 87.00 mt in 2023, down by 2.5% compared with the previous year. Japan accounted for 4.7% of world crude steel production during the period.
- With crude steel production of 80.66 mt (up 0.2% yoy), the USA was the 4th largest producer of crude steel during 2023.
- Russia's crude steel production stood at 75.80 mt (up 5.7% yoy) in 2023 and the country was the 5th largest producer of crude steel.
- The top 10 countries' cumulative production in 2023 stood at 1601.55 mt (up 0.8% yoy) and they accounted for 86.6% of world crude steel production during the period.
- Among the top 10 steel producing countries, India, the USA, Russia, South Korea and Iran registered yoy growth in production during 2023. While China maintained status

quo in production, the remaining countries reported yoy contraction in production during the year.

- Asian crude steel production stood at 1361.19 mt in 2023, showing a 0.7% growth yoy, led primarily by China and India, with their respective shares of 75% and 10% in total Asian crude steel production during the period.

GLOBAL DRI PRODUCTION

India led global DRI production in 2023

World DRI production stood at 120.14 mt in 2023, showing a yoy growth of 8.2%, according to provisional data released by worldsteel.

World DRI Production (Prov)			
Rank	Top 5	2023 (mt)	% yoy change
1	India	49.33	16.7
2	Iran	33.45	1.7
3	Russia	7.78	0.9
4	Egypt	7.22	19.9
5	Saudi Arabia	6.81	1.5
Top 5 Total		104.60	9.4
World		120.14	8.2
Source: worldsteel			

Major observations:

- India remained the leader in world DRI production with an output of 49.33 mt (up 16.7% yoy) in 2023. The country accounted for 41.1% of world DRI production during the period under review.
- Iran was the 2nd largest producer of DRI with an output of 33.45 mt in 2023 (up 1.7% yoy). It accounted for 27.8% of world DRI production during the year under review.
- Russia ranked third in terms of DRI production with an output of 7.78 mt (up 0.9% yoy) in 2023. The country accounted for 6.5% of world DRI production during the period.
- The top 5 countries accounted for 87.1% of total world DRI production in 2023 with a cumulative output of 104.60 mt, up by 9.4% yoy.

WORLD STEEL PRICE TRENDS

Global steel price trends remained mixed in January 2024 due to a combination of local and global issues. While prices remained steady or showed a slight downward bias month-on-month in India and China, the situation was reverse in the US and Europe where prices followed an upward trajectory month-on-month. Prices in all the four markets, however, 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.

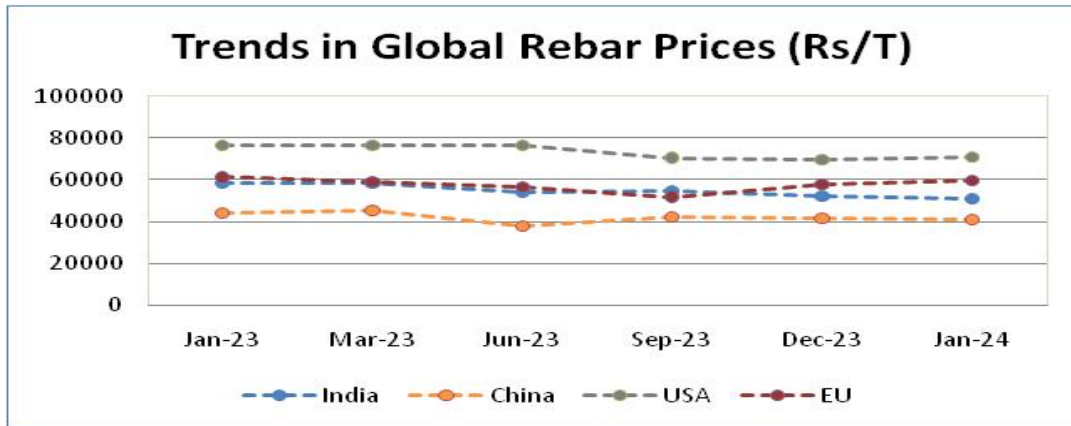
- a) *Global growth outlook*: The global economy is expected to slow slightly in 2024 but the risk of a hard landing has, however, subsided despite high levels of debt and uncertainty over interest rates, according to OECD.
- b) *China's property slump*: Spiralling property downturn and the government's usage of stimulus to lift the sector is posing risk to the Chinese economy. China's proposed production cuts and higher domestic demand, however, may push up steel prices.
- c) *Stagnation in euro zone*: The euro zone's economy stagnated in 2023, weighed down by its industrial malaise in Germany. The outlook for 2024 continues to be challenging amid faltering demand and increasing geopolitical tensions. Euro zone activity is widely expected to remain virtually stagnant in the first half of 2024.
- d) *Trade flows to be volatile*: Global trade flows are expected to remain volatile due ongoing geopolitical tensions and protectionist policies. Regional conflicts and unrest such as the war between Russia and Ukraine and situation in Israel and elsewhere have been contributing to rising oil prices and further geo-economic fragmentation, affecting the normal trade flow.
- 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.

Relevant to note here that with the exception of India, the USA, Russia, South Korea and Iran, global crude steel production in 2023 remained on a declining trend in all the major steel producing markets. While China maintained status quo in production in 2023, the rest of the countries reported yoy decline in output in 2023.

Long Products

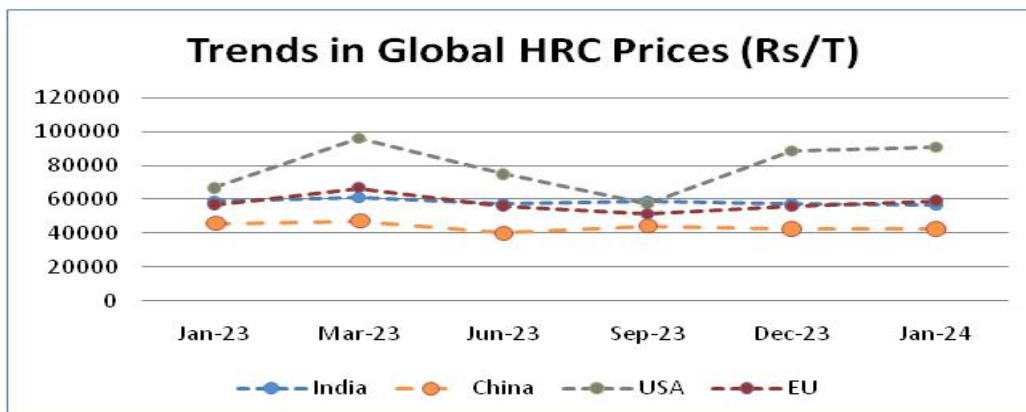
- Rebar / TMT prices have seen fluctuations in all the major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact. Prices have gone up in the USA and European Union month on month. They have, however, come down in India and China in January 2024 compared with the previous month. On a year-on-year basis, rebar prices have softened in all the four markets under consideration here.
- China's steel production rebounded in early January and weighed on domestic prices amid a cautious outlook for consumption. Steel inventories also have remained high, indicating subdued demand prevailing in domestic market.
- Indian domestic rebar prices crept lower on sluggish demand and surge in imports. Meanwhile, domestic rebar prices in European Union increased month-on-month supported by some recovery in demand in certain parts of the currency-sharing bloc.

- US domestic rebar mills offers and tradable values continued to hold steady as some domestic mills had more inventory on hand than others and demand was stronger in certain parts of the country given the time of the year.



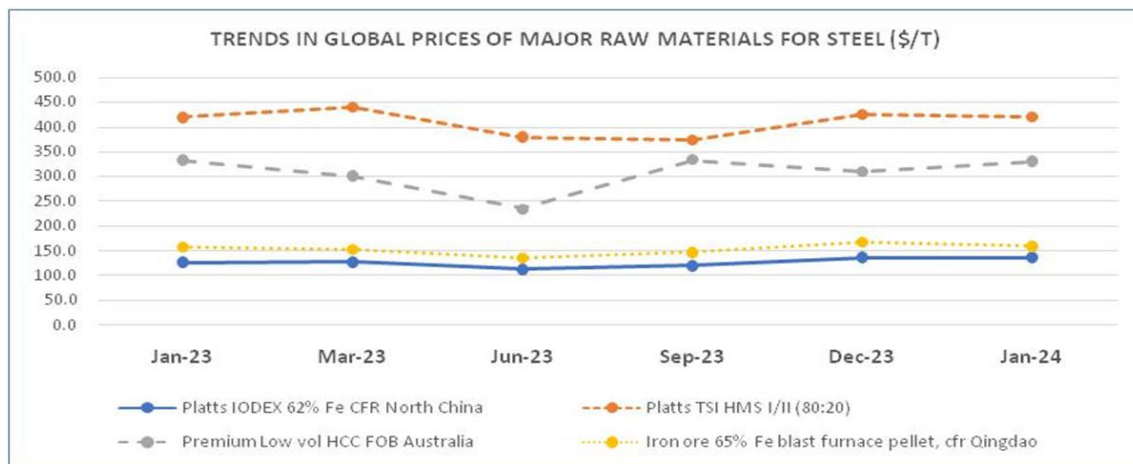
Flat Products

- As in case of rebar, HRC prices have also seen fluctuations in major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact. Prices have gone up in the USA and the European Union in January 2024 compared with the previous month. While prices remained steady in China month-on-month, they have come down marginally in India compared to December 2023. On a year-on-year basis, HRC prices have gone up in the USA and the EU, while they have come down in India and China.
- Chinese HRC prices were range-bound and buyers were seen moving to the sidelines awaiting greater clarity. Besides China's steel production rebounded in early January and weighed on domestic prices. Meanwhile, Indian HRC prices were steady amid an expected improvement in market activity going forward.
- The bullish sentiment in Europe was supported by full order books of European mills, seasonal restocking and reduced interest on imported coil.
- HRC prices in the USA are expected to remain firm through the first quarter of 2024 despite some buyers hesitation to place orders due to weakening scrap prices.



RAW MATERIAL SCENARIO

Prices of major raw materials for steel making – iron ore, scrap, coal – had shown an upward bias in the first two months of 2023. Thereafter, the prices either remained flat or followed a downward trajectory till June-July 2023. From July-August 2023 onwards, prices have started to move up slowly. Especially, Premium low volume HCC FOB Australia and Platts TSI HMS I/II (80:20) have shown a steep rise in prices from August 2023 onwards. On a year-on-year basis, prices are nearly at the same level in January 2024 compared with the same month last year.



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

NEWS AROUND THE GLOBE

- The USA has officially confirmed the extension of its tariff-rate quota scheme through the end of 2025 on steel and aluminium imports from the EU, a move that was expected after the EU recently extended its tariff suspension on US goods till March 31, 2025
- The UK will implement its own carbon border adjustment mechanism by 2027, which will put a carbon charge on imports of iron, steel, aluminium, ceramics and cement into the UK.
- German steelmaker Salzgitter has restarted its blast furnace A after a 100-day reline. The blast furnace has an annual production capacity of 2 mt of pig iron.
- ArcelorMittal has partnered with Indian Institute of Technology Madras to develop cost effective hyperloop technology for the high-speed transport of passengers and cargo.
- Turkey has increased its customs duty on imports of some cold-rolled stainless sheet grades to 12% from 8%, according to a presidential decree.
- Russian mining and steel company Severstal said it has purchased two businesses from steel fabrication group Ventall, as well as the production site of the decommissioned Cherepovets Steel Structures Plant to boost its captive production of structural steel.

- China’s domestic excavator sales – a crucial indicator that shows upcoming construction activity – remained subdued in December. Weak excavator sales also echoed steel market expectations that China’s debt-laden property sector will maintain a downward trend in 2024, and continue to undermine construction steel demand.
- Steel production in Germany, Europe’s biggest steel producer, reached the lowest volume in 2023 since 2009 because of weak demand and high international electricity prices. About 35.4 mt of steel was produced in 2023, down 3.9% year-on-year.
- South Korea’s Posco has issued a \$500 million global green bonds to fund its steel production expansion activities. Posco will use the funds to invest in an electric arc furnace at its Gwangyang Steel Works, which will have a production capacity of 2.5 mt.
- South Korea will end antidumping duties on stainless steel bars imported from India, Japan and Spain after nearly 20 years of enforcement. The tariff has been in place since July 30, 2004 and will end on January 22, 2024.
- Steelmaker Cleveland-Cliff expressed disappointment that its bid to acquire US Steel, which it believes was the best overall deal presented to the company due to industrial synergies and other factors, was rejected in favour of an offer from Japan’s Nippon Steel in December 2023.
- Swedish H2 Green Steel has secured an additional euro 4.2 billion in new funds and has increased the previously announced equity by euro 300 million, while it has also been awarded euro 250 million grant from the Innovation Fund, to build one of the first large-scale green steel plant and Europe’s first giga-scale electrolyzer.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-December 2023, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-December 2023. 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 2023*(mt)	April-December 2022 (mt)	% change*
Crude Steel Production	106.132	93.158	13.9
Hot Metal Production	64.047	59.474	7.7
Pig Iron Production	5.395	4.443	21.4
Sponge Iron Production	37.985	32.272	17.7
Total Finished Steel (alloy/stainless + non-alloy)			
Production	102.196	89.556	14.1
Import	5.566	4.404	26.4
Export	4.675	4.741	-1.4
Consumption	99.991	87.137	14.8
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 106.132 million tonnes (mt), up by 13.9%.
- **Hot Metal:** Production at 64.047 mt, up by 7.7%.
- **Pig Iron:** Production at 5.395 mt, up by 21.4%.
- **Sponge Iron:** Production at 37.985 mt, up by 17.7%, led by coal-based route (81% share).
- **Total Finished Steel:** Production at 102.196 mt, up by 14.1%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 62.32 mt (59% share) during this period, up by 6.1%. The rest (43.812 mt) came from the Other Producers, up by 27.2%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 57.807 mt (90% share) up by 4.1%. The rest (6.24 mt) came from the Other Producers, up by 59.3%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 1.042 mt (19% share) up by 2.6%. The rest (4.353 mt) came from the Other Producers, up by 27.0%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 57.402 mt (56% share) up by 9.3%. The rest (44.794 mt) came from the Other Producers, up by 20.9%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (88.691 mt, up by 15.3%) led crude steel production compared to the 16% contribution of the PSUs (up by 7.4%).
- **Hot Metal:** With 71% share, the Private Sector (45.489 mt, up by 7.8%) led hot metal production, compared to the 29% contribution of the PSUs (up by 7.5%).
- **Pig Iron:** With 95% share, the Private Sector (5.099 mt, up by 23.4%) led pig iron production, compared to the 5% contribution of the PSUs (down by 4.4%).
- **Total Finished Steel:** With 85% share, the Private Sector (87.269 mt, up by 14.9%) led production of total finished steel, compared to the 15% contribution of the PSUs (up by 9.6%).

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 55% share (up by 15.9%), the rest 45% was the share of flats (up by 12.1%).
 - **Import:** Flat products accounted for 94% share (up by 27.7%), the rest 6% was the share of non-flats (up by 8.7%).
 - **Export:** Flat products accounted for 88% share (up by 0.5%), the rest 12% was the share of non-flats (down by 13.4%).
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- **Consumption:** Led by Non-flat steel (54% share; up by 15.1%) while the rest 46% was the share of flat steel (up by 14.3%).

Finished Steel Production Trends

- At 102.196 mt, production of total finished steel was up by 14.1%.
- Contribution of the non-alloy steel segment stood at 95.276 mt (93% share, up by 15.4%), 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 (42.263 mt, up by 15.7%) while growth in the non-alloy, flat segment was led by HRC (39.024 mt, up by 15.1%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel at 4.675 mt, down by 1.4%.
- Volume wise, HR Coil/Strip (1.634 mt, down by 33.8%) was the item most exported (35% share in total finished steel).
- Italy (0.923 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 5.566 mt, up by 26.4%.
- India was a net importer of total finished steel in April-December 2023.
- Volume wise, HR Coil/Strip (2.272 mt, up by 56%) was the item most imported (41% share in total finished steel).
- Korea (1.773 mt) was the largest import market for India (32% share in total).

Finished Steel Consumption Trends

- At 99.991 mt, consumption of total finished steel was up by 14.7%.
- Contribution of the non-alloy steel segment stood at 92.123 mt (92% share, up by 14.5%), 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 consumption of total finished steel was Bars & Rods (41.849 mt, up by 14.0%) while growth in the non-alloy, flat segment was led by HRC (37.729 mt, up by 13.7%) 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 Q2 2023-24 is estimated to have attained a level of ₹41.74 lakh crore, as against ₹38.78 lakh crore in Q2 2022-23, showing a growth of 7.6 per cent. All the sectors reported positive growth during this period, with the *Manufacturing sector* reporting the highest growth (13.9%) and *Agriculture, Livestock, Forestry & Fishing sector*, the lowest (1.2%).

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for the April-December period of financial year 2023-24 rose by 6.1% 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 8.1% during the April-December period of financial year 2023-24, with all the sectors, excluding only crude oil, registering growth ranging from 4.7% to 13.3% on yoy basis.

Inflation: The rate of inflation based on Consumer Price Index stood at 5.10% and that on Wholesale Price Index stood at 0.27% in January 2024. Both CPI and WPI inflation came down marginally during the month under review compared with the previous month.

Prepared by: Joint Plant Committee