



Indian Steel Industry: March 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 7.7% in 2024 compared to a global growth of 1.9%, 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 50.6 in March 2024, up from 50.3 in February 2024, its highest reading since July 2022.
- March 2024 saw the rate of growth in global manufacturing production accelerate to its fastest since June 2022, as new order inflows strengthened.
- The upturn in output also broadened by both nations and sector, with expansions seen in the consumer, intermediate and investment goods industries and in 16 of the 32 countries for which data were available.
- India once again led the global manufacturing output growth rankings in March. Strong rates of expansion were also signalled in Greece, Indonesia, Russia and Brazil.
- Growth accelerated to 22 and 10-month highs in the USA and China, respectively. Although the euro area remained a drag on global manufacturing, its rate of contraction softened.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		February 2024	March 2024
India	7.0**	56.9	59.1
China	5.2	50.9	51.1
Japan	1.9	47.2	48.2
USA	2.5	52.2	51.9
Eurozone	0.5	45.5	46.1
Brazil	2.9	54.1	53.6
Russia	3.6	54.7	55.7
South Korea	2.6	50.7	49.8
Germany	-0.3	42.5	41.9
Turkey	4.5	50.2	50.2
Italy	0.9	48.7	50.4

Source: GDP: official releases; PMI- Markit Economics, *provisional,
** Estimate for FY 2023-24 by RBI

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 306.88 mt in January-February 2024, registering a growth of 3% yoy, according to provisional data released by World Steel Association (worldsteel). In February 2024, world crude steel production was 148.838 mt, up by 3.7% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Feb 2024 (mt)	% yoy change
1	China	167.96	1.6
2	India	24.47	10.0
3	Japan	14.25	0.8
4	USA	13.0	(-)2.6
5	Russia	11.74	(-)3.2
6	South Korea	10.85	0.2
7	Turkey	6.33	34.5
8	Germany	6.19	4.6
9	Brazil	5.50	6.4
10	Iran	4.84	26.5
Top 10 Total		265.14	2.9
World		306.88	3.0

Major observations:

- China remained the leader in world crude steel production with an output of 167.96 mt in January-February 2024, registering a growth of 1.6% compared with the same period of 2023. The country accounted for 54.7% of world crude steel production during the period under review.
- India was the 2nd largest producer of crude steel with an output of 24.47 mt in January-February 2024, showing a yoy growth of 10.0%. 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 14.25 mt in January-February 2024, up by a marginal 0.8% compared with the same period of the previous year. Japan accounted for 4.6% of world crude steel production during the period.
- With crude steel production of 13.0 mt (down 2.6% yoy), the USA was the 4th largest producer of crude steel in January-February 2024.
- Russia's crude steel production stood at 11.74 mt (down 3.2% yoy) in January-February 2024 and the country was the 5th largest producer of crude steel.
- The top 10 countries' cumulative production in January-February 2024 stood at 265.14 mt (up 2.9% yoy) and they accounted for 86.4% of world crude steel production during the period.

- Among the top 10 steel producing countries, excluding the USA and Russia, all the countries reported yoy growth in production during January-February 2024 period.
- Asian crude steel production stood at 226.15 mt in January-February 2024, showing a 2.7% growth yoy, led primarily by China and India, with their respective shares of 74% and 11% in total Asian crude steel production during the period.

GLOBAL DRI PRODUCTION

India led global DRI production in January-February 2024

World DRI production stood at 18.275 mt in January-February 2024, showing a yoy growth of 13.5%, according to provisional data released by worldsteel. In February 2024, world DRI production was 8.596 mt, up by 7.6% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-Feb 2024 (mt)	% yoy change
1	India	8.77	18.8
2	Iran	3.38	32.7
3	Russia	1.29	3.2
4	Saudi Arabia	1.16	(-)1.9
5	Egypt	1.12	9.6
Top 5 Total		15.72	17.4
World		18.28	13.5
Source: worldsteel			

Major observations:

- India remained the leader in world DRI production with an output of 8.77 mt (up 18.8% yoy) in January-February 2024. The country accounted for 48% of world DRI production during the period under review.
- Iran was the 2nd largest producer of DRI with an output of 3.38 mt in January-February 2024 (up 32.7% yoy). It accounted for 18.5% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 1.29 mt (up 3.2% yoy) in January-February 2024. The country accounted for 7.1% of world DRI production during the period.
- The top 5 countries accounted for 86% of total world DRI production in January-February 2024 with a cumulative output of 15.72 mt, up by 17.4% yoy.

WORLD STEEL PRICE TRENDS

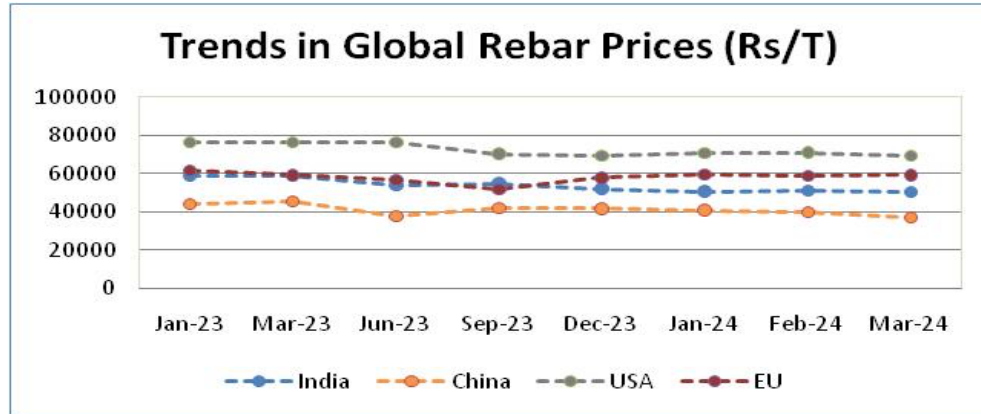
Global steel prices were on a declining trend in March 2024 compared with the previous month due to a combination of local and global issues. Prices of finished steel products in all the four major markets - India, China, the USA and the European Union – fell on month-on-month basis in March 2024 compared with February 2024. The fall was marginal in select products while it was significant for others. Prices in all the four markets 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 International Monetary Fund is very confident that the world economy is now poised for a soft landing after some of the sharpest interest rates hikes in decades. Interest rates would start coming down around the middle of the year.
- b) *China growth:* China's economy is set to expand by 5.3% this year as the property sector stabilizes and external demand improves, according to a report. A gradual property sector recovery in China amid ongoing policy support would boost real estate investments.
- c) *Manufacturing slump in euro zone:* Manufacturing output within the euro area decreased in March, extending the current period of decline to exactly one year. However, the pace of contraction cooled to the weakest since April 2023. A slower downturn was also seen for new orders, with the rate of reduction easing for a fifth month in a row.
- d) *Trade flows to be volatile:* Global trade flows are expected to remain volatile due to 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.

Long Products

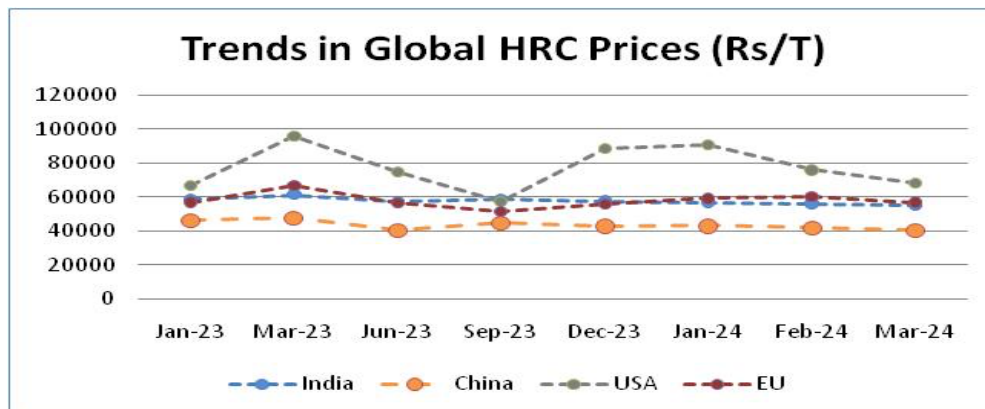
- Rebar / TMT prices have seen fluctuations in all the major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- Prices have come down month-on-month in March 2024 in major markets like China, India and the USA. In European Union, however, prices have shown a marginal uptick m-o-m. On a year-on-year basis, however, prices in March 2024 were far below the levels achieved in March/April 2023.
- Chinese domestic steel prices have been on a downtrend ever since the start of 2024. The drag from the debt-ridden property sector and local government downsizing infrastructure projects have been the main culprit behind the weak steel market conditions. Some trading and mill sources said market sentiment had remained bleak so far with no signs of demand improvement being seen from the construction sector.
- Indian rebar prices were marginally lower despite secondary producers holding on to their offers. Most of the buying on rebar was at lower levels with expectation of further decline in prices amid lower demand, according to a trader. Meanwhile, domestic rebar

prices in the USA continued to fall as most mills continued to adjust price lower following a drop in March scrap prices.



Flat Products

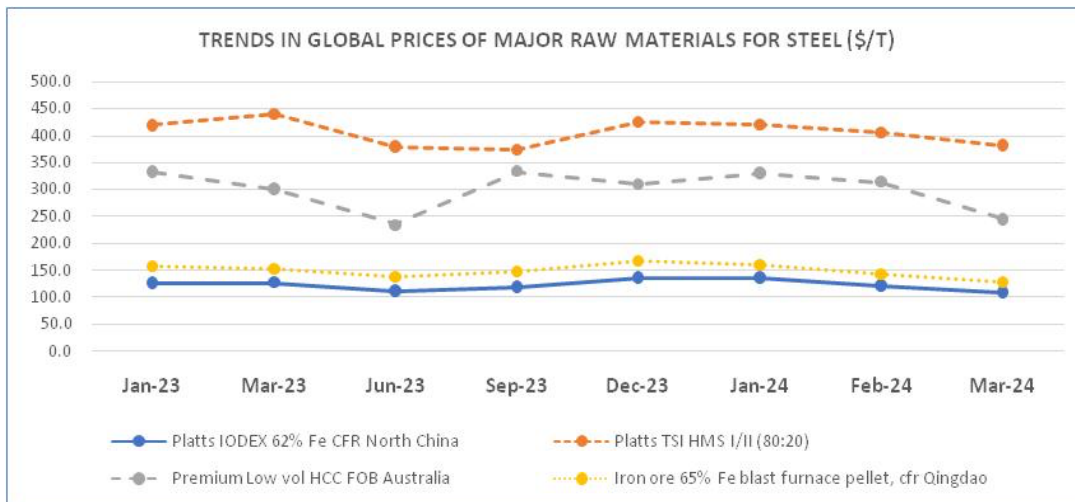
- As in case of rebar, HRC prices have also seen fluctuations in major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- Prices have come down in March 2024 month-on-month in all the major markets which include China, India, the USA and European Union. On a year-on-year basis as well, HRC prices in March 2024 were far below the levels achieved in March/April 2023.
- The drag from the debt-ridden property sector and local government downsizing infrastructure projects have been the main reason behind the weak steel market conditions in China. Some sources said market sentiment had remained bleak so far with no signs of demand improvement being seen from the construction sector. Indian HRC prices also showed downward bias as bearish market conditions persisted amid near-term outlook remaining weak.
- European HRC prices continued their downtrend as buyers remained on the sidelines waiting for further price corrections. Domestic price for Northwest Europe HRC moved lower on limited end-user demand with market participants expecting mills to cut output.



[Source Credit: Fastmarkets Metal Bulletin]

RAW MATERIAL SCENARIO

Prices of major raw materials for steel making – iron ore, scrap, coal and pellet – have been showing a downward bias for the last two/three months. Prices of Platts IODEX 62% Fe CFR North China, Platts TSI HMS I/II (80:20), Premium low vol HCC FOB Australia and Iron ore 65% Fe blast furnace pellet have come down in March 2024 both on month-on-month and year-on-year basis.



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

NEWS AROUND THE GLOBE

- China's steel market sentiment remained subdued after a highly anticipated government report indicated a lack of major stimulus aimed at steel-related sectors, a trend that could keep steel demand under pressure over the coming months.
- European steelmakers have warned of the increasing costs of the electrification of steelmaking without planning security amid the need for making investments as part of the energy transition.
- The United Kingdom has launched a consultation to help it design a carbon border tax on imports of emissions intensive products from 2027. The consultation is part of the country's efforts to introduce a carbon border adjustment mechanism by 2027 on imports of steel and other industrial products.
- Brazil's Ministry of Development, Industry, Commerce and Services has formally opened an antidumping investigation into imports of certain carbon steel sheets and coils from China, following months of complaints from Brazilian mills on low-priced imports of Chinese material.
- The Turkish government plans to cut steel industry emissions by 99% and aluminium industry emissions by 75% by 2053, according to a decarbonisation roadmap.

- India’s JSW Steel is expected to start up a blast furnace at Dolvi with a production capacity of 4.5 million tonnes per year as early as 2026.
- Italian metallurgical plant maker Danieli is proposing that Egypt build an integrated iron and steel works that would produce low-carbon steel to take advantage of the country’s potential for renewable, its pipeline of hydrogen projects and the aim to wean the country off steel imports.
- Tata Steel Nederland has signed a memorandum of understanding with GEDIA Automotive Group for the long-term supply of low-carbon steel.
- Global steelmaker ArcelorMittal agreed to acquire a 28.4% equity interest in French tube-maker Vallourec at a value of approximately euro 955 million (\$1.04 billion).
- China’s largest steelmaker CAP will suspend production at its Huachipato mill as it struggles to make a profit amid a surge in Chinese steel exports into the country, the company said, adding that newly announced tariffs were not enough to ensure the viability of its business.
- The International Steel Trade Association is suggesting tariff-rate quotas following a temporary suspension of hot-rolled coil import quotas into the UK.
- German steelmaker Thyssenkrupp Steel has commissioned a new slitting line for electrical steel production at its site in Motta Visconti, Italy. The new line can slit up to 500 metres of material per minute and will allow Thyssenkrupp Steel to double the production capacity for electrical steel.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-February 2023-24, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-February 2023-24. 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-February 2023-24*(mt)	April-February 2022-23 (mt)	% change*
Crude Steel Production	131.136	115.402	13.6
Hot Metal Production	79.323	73.632	7.7
Pig Iron Production	6.774	5.376	26.0
Sponge Iron Production	46.931	39.654	18.4
Total Finished Steel (alloy/stainless + non-alloy)			
Production	126.319	111.532	13.3
Import	7.583	5.592	35.6
Export	6.645	5.904	12.5
Consumption	123.662	108.705	13.8
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 131.136 million tonnes (mt), up by 13.6%.
- **Hot Metal:** Production at 79.323 mt, up by 7.7%.
- **Pig Iron:** Production at 6.774 mt, up by 26.0%.
- **Sponge Iron:** Production at 46.931 mt, up by 18.4%, led by coal-based route (81% share).
- **Total Finished Steel:** Production at 126.319 mt, up by 13.3%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 76.515 mt (58% share) during this period, up by 5.4%. The rest (54.621 mt) came from the Other Producers, up by 27.5%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 70.933 mt (89% share) up by 3.3%. The rest (8.390 mt) came from the Other Producers, up by 69.4%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 1.258 mt (19% share) up by 11.8%. The rest (5.516 mt) came from the Other Producers, up by 29.8%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 70.420 mt (56% share) up by 7.8%. The rest (55.899 mt) came from the Other Producers, up by 21.0%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 83% share, the Private Sector (109.232 mt, up by 14.8%) led crude steel production compared to the 17% contribution of the PSUs (up by 8.0%).
- **Hot Metal:** With 70% share, the Private Sector (55.542 mt, up by 6.6%) led hot metal production, compared to the 30% contribution of the PSUs (up by 10.5%).
- **Pig Iron:** With 90% share, the Private Sector (6.102 mt, up by 21.8%) led pig iron production, compared to the 10% contribution of the PSUs (up by 83.6%).
- **Total Finished Steel:** With 85% share, the Private Sector (107.791 mt, up by 14.1%) led production of total finished steel, compared to the 15% contribution of the PSUs (up by 8.5%).

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 55% share (up by 14.5%), the rest 45% was the share of flats (up by 11.8%).
- **Import:** Flat products accounted for 95% share (up by 38.3%), the rest 5% was the share of non-flats (up by 1.0%).
- **Export:** Flat products accounted for 89% share (up by 15.5%), the rest 11% was the share of non-flats (down by 7.4%).
- **Consumption:** Led by Non-flat steel (55% share; up by 14.1%) while the rest 45% was the share of flat steel (up by 13.4%).

Finished Steel Production Trends

- At 126.319 mt, production of total finished steel was up by 13.3%.
- Contribution of the non-alloy steel segment stood at 117.785 mt (93% share, up by 14.6%), 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 (53.461 mt, up by 14.2%) while growth in the non-alloy, flat segment was led by HRC (48.348 mt, up by 15.2%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel at 6.645 mt, up by 12.5%.
- Volume wise, HR Coil/Strip (2.576 mt) was the item most exported (39% share in total finished steel).
- Italy (1.516 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 7.583 mt, up by 35.6%.
- India was a net importer of total finished steel in April-February 2023-24.
- Volume wise, HR Coil/Strip (3.379 mt, up by 72.3%) was the item most imported (45% share in total finished steel).
- China (2.489 mt) was the largest import market for India (33% share in total).

Finished Steel Consumption Trends

- At 123.662 mt, consumption of total finished steel was up by 13.8%.
- Contribution of the non-alloy steel segment stood at 113.853 mt (92% share, up by 13.8%), 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 (51.845 mt, up by 13.2%) while growth in the non-alloy, flat segment was led by HRC (46.549 mt, up by 13.5%) 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 2023-24 is estimated to have attained a level of ₹43.72 lakh crore, as against ₹40.35 lakh crore in Q3 2022-23, showing a growth of 8.4 per cent. Barring the *Agriculture, Livestock, Forestry & Fishing* sector which reported a negative growth of 0.8%, all the other sectors reported positive growth during the quarter under review, with the *Manufacturing sector* reporting the highest growth of 11.6%.

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for the April-February period of financial year 2023-24 rose by 5.9% 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 7.7% during the April-February period of financial year 2023-24, with all the sectors registering growth ranging from 0.5% for crude oil to 12.9% for steel.

Inflation: The rate of inflation based on Consumer Price Index stood at 4.85% and that on Wholesale Price Index stood at 0.53% in March 2024. While CPI inflation came down compared with the previous month, WPI inflation moved up compared with February 2024.

Prepared by: Joint Plant Committee