



Indian Steel Industry: November 2023 – A Trend Report

The October 2023 edition of the Short Range Outlook of World Steel Association (worldsteel) indicates India as a bright spot in the global steel industry with domestic steel demand projected to grow by 8.6% and 7.7% in 2023 and 2024 compared to global growth rates of 1.8% and 1.9%, respectively. As per the report, 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 rose to a six-month high of 49.3 in November 2023, up from 48.8 in the previous month, but remaining below the neutral 50.0 mark for the fifteenth month in a row.
- November data indicated that the downturn in world manufacturing production was mainly centred on the intermediate goods sector, with output contracting for the sixth month in a row (albeit at a slower pace). In contrast, consumer and investment goods producers both saw increases.
- Ten out of 31 nations for which November PMI data were available saw expansions of production, including the USA, mainland China and India.
- The main blot on the copybook remained Europe, with output contracting across the euro area (on average) and the UK, Japan also saw output decline.

Key Economic Figures			
Country	GDP 2022: % change*	Manufacturing PMI	
		October 2023	November 2023
India	7.0	55.5	56
China	3.0	49.5	50.7
Japan	1.0	48.7	48.3
USA	2.1	50.0	49.4
Eurozone	3.5	43.1	44.2
Brazil	2.9	48.6	49.4
Russia	-2.1	53.8	53.8
South Korea	2.6	49.8	50
Germany	1.8	40.8	42.6
Turkey	5.6	48.4	47.2
Italy	3.7	44.9	44.4

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1567.3 mt in January-October 2023 period, registering a growth of 0.2% yoy, according to provisional data released by World Steel Association (worldsteel). In October 2023, world crude steel production stood at 150.0 mt, up 0.6% compared with the same period of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Oct '23 (mt)	% yoy change
1	China	874.7	1.4
2	India	116.3	12.1
3	Japan	72.9	(-)3.0
4	USA	67.4	(-)0.8
5	Russia	63.5	5.3
6	South Korea	55.9	0.2
7	Germany	30.1	(-)4.1
8	Turkey	27.5	(-)8.8
9	Brazil	26.5	(-)8.6
10	Iran	25.1	(-)0.1
Top 10 Total		1359.9	1.4
World		1567.3	0.2

Major observations:

- China remained the leader in world crude steel production with an output of 874.7 mt in January-October 2023 period, registering a growth of 1.4% yoy. The country accounted for 55.8% of world crude steel production during the first ten months of 2023.
- India was the 2nd largest producer of crude steel with an output of 116.3 mt in January-October 2023, showing a yoy growth of 12.1%. The country accounted for 7.4% of world crude steel production during the January-October 2023 period.
- Japan was the 3rd largest producer of crude steel with an output of 72.9 mt in January-October 2023 period, down by 3% yoy. Japan accounted for 4.7% of world crude steel production during the period.
- With crude steel production of 67.4 mt (down 0.8% yoy), the USA was the 4th largest producer of crude steel during January-October 2023.
- Russia's crude steel production stood at 63.5 mt (up 5.3% yoy) in January-October 2023 period and the country was the 5th largest producer of crude steel.
- The top 10 countries' cumulative production in January-October 2023 stood at 1359.9 mt (up 1.4% yoy) and they accounted for 86.8% of world crude steel production during the period.

- Among the top 10 steel producing countries, China, India, Russia and South Korea registered yoy growth in production during January-October 2023 period, while the remaining countries reported yoy contraction in production.
- Asian crude steel production stood at 1160.1 mt in January-October 2023, showing a 1.6% 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 January-October 2023 period

World DRI production stood at 98.7 mt in January-October 2023 period, showing a yoy growth of 7.5%, according to provisional data released by worldsteel.

World DRI Production (Prov)			
Rank	Top 5	Jan-Oct '23 (mt)	% yoy change
1	India	40.5	16.7
2	Iran	27.5	(-)0.1
3	Russia	6.3	(-)2.9
4	Egypt	6.0	18.5
5	Saudi Arabia	5.7	1.7
Top 5 Total		85.9	8.3
World		98.7	7.5
Source: worldsteel			

Major observations:

- India remained the leader in world DRI production with an output of 40.5 mt (up 16.7% yoy) in January-October 2023 period. The country accounted for 41% of world DRI production during the period under review.
- Iran was the 2nd largest producer of DRI with an output of 27.5 mt in January-October 2023 period (down 0.1% yoy). It accounted for 27.8% of world DRI production during the first ten months of this year.
- Russia ranked third in terms of DRI production with an output of 6.3 mt (down 2.9% yoy) in January-October 2023. The country accounted for 6.4% of world DRI production during the period.
- The top 5 countries accounted for nearly 87% of total world DRI production in January-October 2023 with a cumulative output of 85.9 mt, up by 8.3% yoy.

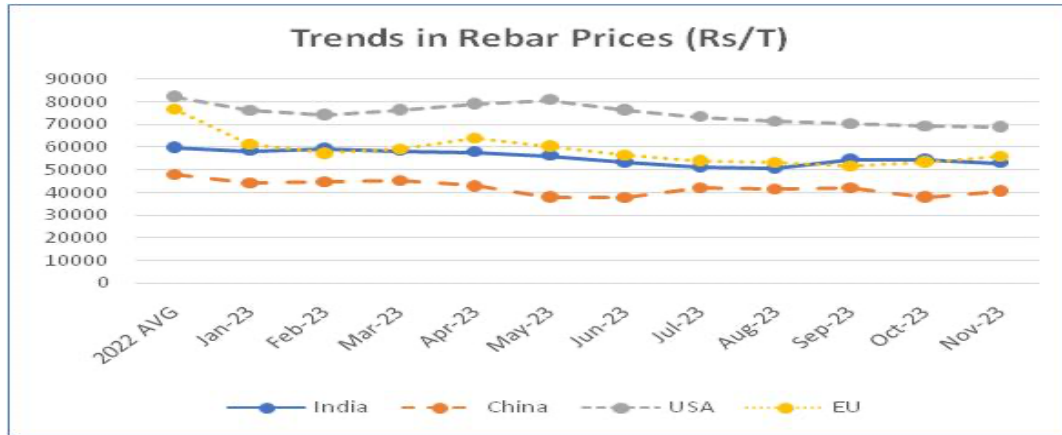
WORLD STEEL PRICE TRENDS

- ❖ Global steel price trends remained mixed in November due to a combination of local and global issues. While prices showed an upward trend month-on-month in China, the US and Europe, they were marginally down in India, primarily due to demand-supply mismatch in the domestic market. International prices were largely driven by an increase in raw material prices like iron ore and coking coal. Going forward, the sustainability of the upward trend in prices will be contingent upon how the following issues pan out.
 - a) 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.
 - b) Eurozone factory downturn: The unresolved energy crisis and high inflation affecting the factory production in Europe, which remained mired in downturn during November. The manufacturing PMI at 44.2, posted below 50.0 mark for the seventh month in a row during the month.
 - c) Regional conflicts: 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.
 - d) Turmoil in select financial markets and tight monetary policies across geographies weighing on global growth outlook.

- ❖ Relevant to note here that with the exception of China, India, Russia and South Korea, global crude steel production in January-October 2023 remained on a declining trend in all the major steel producing markets.

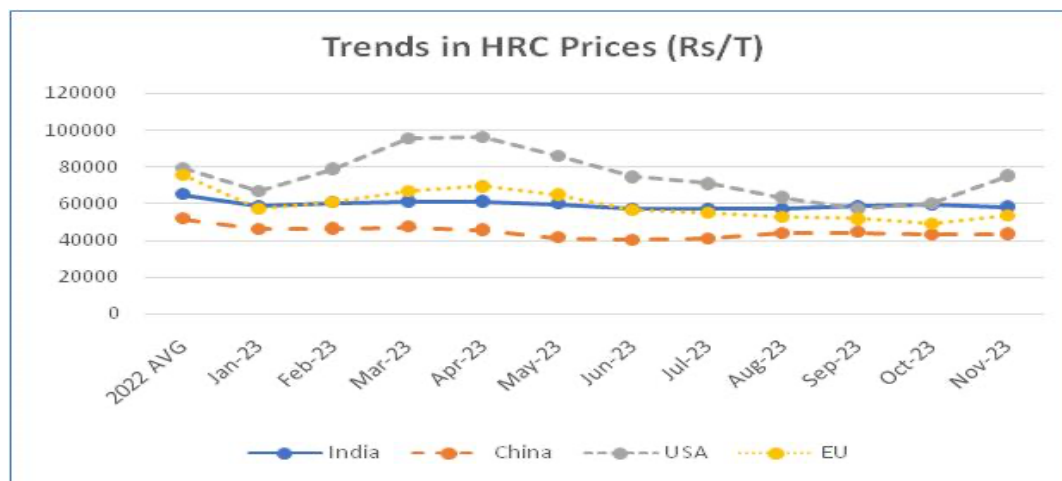
Long Products

- 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. Prices have gone up in China and the European Union, while they have come down marginally in India in November 2023 compared with the previous month. In the USA, however, rebar prices remained nearly flat.
- Rebar prices went up in China triggered by market expectation that China could introduce further stimulus in the property and infrastructure sectors in 2024. Both of these sectors are key steel demand drivers in China.
- In the European Union, steel producers had been announcing price increase for long steel products amid high production costs. In the USA, however, domestic rebar prices were mixed as the domestic mills were facing strong competition from aggressive spot import offers.
- In India, rebar prices were more or less steady due to lack of any firm triggers in the market but with slight expectations of improvements going ahead.



Flat Products

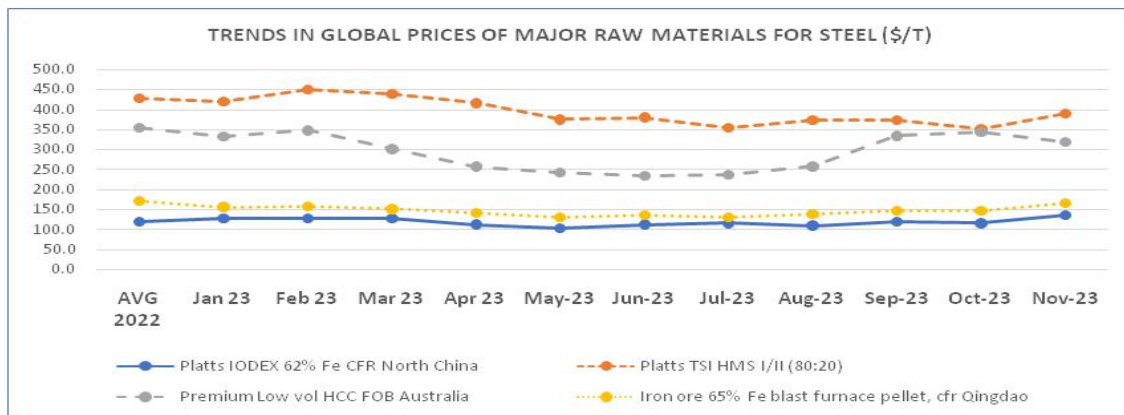
- As in case of rebar, HRC prices have also seen fluctuations in major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact. Prices have gone up in the USA and the European Union, while in India it has come down a bit in November 2023 compared with the previous month. HRC prices in China remained almost flat in the month under review.
- Sentiment in the European HRC market remained upbeat even though real demand is not recovering and amid concerns related with an increase in domestic production. For HRC, European steelmakers were trying to maintain limited spot trade activity in efforts to better position themselves for long-term negotiations.
- In the USA, HRC prices inched higher as multiple US mills raised offer levels and as buyers saw the potential for restocking and healthy automotive demand as supportive of higher prices.
- In India, HRC prices remained stable amid a lack of positive trigger, while Asian HRC prices continued to rise on the back of a firm Chinese domestic market and a strong yuan.



[Source Credit: Fastmarkets Metal Bulletin]

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 has shown a steep rise in prices from August 2023 onwards.



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

NEWS AROUND THE GLOBE

- The Leader of the UK opposition Labour Party has announced plans to invest \$3.6 billion to decarbonize the country's steel industry over the next decade if his party wins the next election. The announcement was made during a visit to the Tata Steel plant in Port Talbot, South Wales by Labour leader Sir Keir Starmer.
- The Turkish trade ministry has started an antidumping investigation on imports of hot-rolled coil from China, India, Japan and Russia. The investigation was launched on a complaint filed by the Turkish Steel Producers' Association.
- Eurofer has revised its outlook on apparent steel consumption for the whole 2023 for Europe to down 5.2% year on year from the minus 3% previously estimated, while the anticipated rebound increase of 7.6% in 2024 faces geopolitical unpredictability and prolonged economic uncertainty.
- China's finished steel exports over January-October reached the highest level not seen since the same period of 2016, a development, sources said, which is led by weak domestic demand and elevated production.
- Marcelo Chara, President of Brazilian steelmaker Usiminas, is urging the country's governance to address high levels of steel imports entering Brazil as record imports eroded sales and product prices in the company's third quarter.

- Tata Steel Nederland says it is implementing significant measures to ensure structural competitiveness and to sustain its path towards low carbon production, with a series of new job cuts announced for its 7 million tonnes/year Ijmuiden crude steel plant.
- Outokumpu is to close two sites in Germany necessary to secure its long-term competitiveness in a weak European market.
- ArcelorMittal Brasil confirmed it was temporarily halting production at three steel mills in the country's southeast due to low domestic demand and unprecedented import levels.
- The Middle East and North Africa Region could become a world leader in “green steel and the newly emerging green iron trade”, the Institute for Energy Economics and Financial Analysis said.
- Thyssenkrupp intends to close its Galmed mill, a Spanish subsidiary, due to the worsening of the market conditions, a spokesperson of the steelmaker confirmed.
- Finish steelmaker SSAB started the construction work for its new 1.7 million mt electric arc furnace in Oxelosund, Sweden. SSAB took a policy decision to transform entire Nordic production system to low carbon by 2030.
- Thailand's Bangkok Iron and Steel Works will shut operations and lay off all its employees, effective December 28, 2023. Uncertain economic conditions have affected the company, BISW said, noting that “over the past several years, the company has always faced the problem of accumulated losses.”

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-October 2023, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-October 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-October 2023*(mt)	April-October 2022 (mt)	% change*
Crude Steel Production	82.231	71.534	15.0
Hot Metal Production	49.681	45.632	8.9
Pig Iron Production	4.141	3.522	17.6
Sponge Iron Production	29.103	24.643	18.1
Total Finished Steel (alloy/stainless + non-alloy)			
Production	77.784	68.433	13.7
Import	3.470	3.151	10.1
Export	3.522	3.961	-11.1
Consumption	75.814	65.941	15.0
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 82.231 million tonnes (mt), up by 15.0%.
- **Hot Metal:** Production at 49.681 mt, up by 8.9%.
- **Pig Iron:** Production at 4.141 mt, up by 17.6%.
- **Sponge Iron:** Production at 29.103 mt, up by 18.1%, led by coal-based route (81% share).
- **Total Finished Steel:** Production at 77.784 mt, up by 13.7%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 48.341 mt (59% share) during this period, up by 7.5%. The rest (33.891 mt) came from the Other Producers, up by 27.6%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 44.877 mt (90% share) up by 5.2%. The rest (4.804 mt) came from the Other Producers, up by 60.5%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 0.832 mt (20% share) up by 9.0%. The rest (3.309 mt) came from the Other Producers, up by 26.9%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 44.046 mt (57% share) up by 9.5%. The rest (33.738 mt) came from the Other Producers, up by 19.6%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (68.668 mt, up by 15.9%) led crude steel production compared to the 16% contribution of the PSUs (up by 10.5%).
- **Hot Metal:** With 71% share, the Private Sector (35.200 mt, up by 8.2%) led hot metal production, compared to the 29% contribution of the PSUs (up by 10.5%).
- **Pig Iron:** With 94% share, the Private Sector (3.889 mt, up by 20.0%) led pig iron production, compared to the 6% contribution of the PSUs (down by 10.6%).
- **Total Finished Steel:** With 85% share, the Private Sector (66.159 mt, up by 13.8%) led production of total finished steel, compared to the 15% contribution of the PSUs (up by 12.7%).

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 55% share (up by 15.3%), the rest 45% was the share of flats (up by 11.8%).
- **Import:** Flat products accounted for 93% share (up by 9.7%), the rest 7% was the share of non-flats (up by 16.7%).
- **Export:** Flat products accounted for 87% share (down by 9.5%), the rest 13% was the share of non-flats (down by 20.8%).
- **Consumption:** Led by Non-flat steel (55% share; up by 15.8%) while the rest 45%

was the share of flat steel (up by 14.0%).

Finished Steel Production Trends

- At 77.784 mt, production of total finished steel was up by 13.7%.
- Contribution of the non-alloy steel segment stood at 72.486 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 (32.679 mt, up by 14.8%) while growth in the non-alloy, flat segment was led by HRC (30.002 mt, up by 14.3%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel at 3.522 mt, down by 11.1%.
- Volume wise, HR Coil/Strip (1.257 mt) was the item most exported (36% share in total finished steel).
- Italy (0.701 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 3.470 mt, up by 10.1%.
- India was a net exporter of total finished steel in April-October 2023.
- Volume wise, HR Coil/Strip (1.275 mt, up by 25.7%) was the item most imported (37% share in total finished steel).
- China (1.104 mt) was the largest import market for India (32% share in total).

Finished Steel Consumption Trends

- At 75.814 mt, consumption of total finished steel was up by 15.0%.
- Contribution of the non-alloy steel segment stood at 69.875 mt (92% share, up by 14.2%), 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 (31.856 mt, up by 14.4%) while growth in the non-alloy, flat segment was led by HRC (28.605 mt, up by 12.2%) 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-October period of financial year 2023-24 rose by 6.9% 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 8.6% during the April-October period of financial year 2023-24, with all the sectors, excluding only crude oil, registering growth ranging from 4% to 14.5% on yoy basis.

Inflation: The rate of inflation based on Consumer Price Index stood at 5.55% and that on Wholesale Price Index stood at 0.26% in November 2023. CPI inflation went up during the month under review compared with the previous month, while WPI inflation entered the positive territory in November 2023 after staying negative from April to October 2023.

Prepared by: Joint Plant Committee