



# Indian Steel Industry: October 2023 – 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 will continue in automotive. These, in turn, will push up steel demand in the country, worldsteel said.

## WORLD ECONOMY AT A GLANCE

- The JP Morgan Global Manufacturing PMI fell to a three-month low of 48.8 in October 2023, down from 49.2 in September 2023 and below the neutral 50.0 mark for the fourteenth consecutive month.
- This is the longest sequence of deterioration since the downturn registered between December 2020 and February 2002.
- Europe remained the principal drag on global factory output in October 2023, with the eight fastest contracting manufacturing nations all located in the continent (Germany, France, the Netherlands, Poland, Czechia, Austria, the UK and Italy).
- Data broken down by sector signalled that the deterioration was confined to the intermediate and investment goods industries as both saw output contracting during October 2023.

Key Economic Figures			
Country	GDP 2022: % change*	Manufacturing PMI	
		September 2023	October 2023
India	7.0	57.5	55.5
China	3.0	50.6	49.5
Japan	1.0	48.5	48.7
USA	2.1	49.8	50.0
Eurozone	3.5	43.4	43.1
Brazil	2.9	49	48.6
Russia	-2.1	54.5	53.8
South Korea	2.6	49.9	49.8
Germany	1.8	39.6	40.8
Turkey	5.6	49.6	48.4
Italy	3.7	46.8	44.9

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

## GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1406.4 mt in January-September 2023 period, registering a growth of 0.1% yoy, according to provisional data released by World Steel Association (worldsteel). In September 2023, world crude steel production stood at 149.3 mt, down 2.3% compared with the same period of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Sep '23 (mt)	% yoy change
1	China	795.1	1.7
2	India	<b>104.1</b>	<b>11.6</b>
3	Japan	65.4	(-)3.6
4	USA	60.6	(-)1.4
5	Russia	57.1	4.8
6	South Korea	50.4	(-)0.4
7	Germany	27.2	(-)3.6
8	Turkey	24.5	(-)10.1
9	Brazil	24.0	(-)8.0
10	Iran	22.1	(-)0.6
<b>Top 10 Total</b>		<b>1230.4</b>	<b>1.4</b>
<b>World</b>		<b>1406.4</b>	<b>0.1</b>

### Major observations:

- China remained the leader in world crude steel production with an output of 795.1 mt in January-September 2023 period, registering a growth of 1.7% yoy. The country accounted for 56.5% of world crude steel production during the first nine months of 2023.
- India was the 2<sup>nd</sup> largest producer of crude steel with an output of 104.1 mt in January-September 2023, showing a yoy growth of 11.6%. The country accounted for 7.4% of world crude steel production during the January-September 2023 period.
- Japan was the 3<sup>rd</sup> largest producer of crude steel with an output of 65.4 mt in January-September 2023 period, down by 3.6% yoy. Japan accounted for 4.6% of world crude steel production during the period.
- With crude steel production of 60.6 mt (down 1.4% yoy), the USA was the 4<sup>th</sup> largest producer of crude steel during January-September 2023.
- Russia's crude steel production stood at 57.1 mt (up 4.8% yoy) in January-September 2023 period and the country was the 5<sup>th</sup> largest producer of crude steel.
- The top 10 countries' cumulative production in January-September 2023 stood at 1230.4 mt (up 1.4% yoy) and they accounted for 87.5% of world crude steel production during the period.
- Among the top 10 steel producing countries, China, India and Russia registered yoy growth in production during January-September 2023 period, while the remaining countries reported yoy contraction in production.

## GLOBAL DRI PRODUCTION

### India led global DRI production in January-September 2023 period

World DRI production stood at 87.7 mt in January-September 2023 period, showing a yoy growth of 6.5%, according to provisional data released by worldsteel.

World DRI Production (Prov)			
Rank	Top 5	Jan-Sep '23 (mt)	% yoy change
1	India	36.2	16.2
2	Iran	24.2	(-)0.5
3	Russia	5.7	(-)5.4
4	Egypt	5.3	16.7
5	Saudi Arabia	5.2	1.5
<b>Top 5 Total</b>		<b>76.5</b>	<b>7.7</b>
<b>World</b>		<b>87.7</b>	<b>6.5</b>
<b>Source: worldsteel</b>			

### Major observations:

- India remained the leader in world DRI production with an output of 36.2 mt (up 16.2% yoy) in January-September 2023 period. The country accounted for 41.3% of world DRI production during the period under review.
- Iran was the 2<sup>nd</sup> largest producer of DRI with an output of 24.2 mt in January-September 2023 period (down 0.5% yoy). It accounted for 27.6% of world DRI production during the first nine months of this year.
- Russia ranked third in terms of DRI production with an output of 5.7 mt (down 5.4% yoy) in January-September 2023. The country accounted for 6.5% of world DRI production during the period.
- The top 5 countries accounted for nearly 87.2% of total world DRI production in January-September 2023 with a cumulative output of 76.5 mt, up by 7.7% yoy.

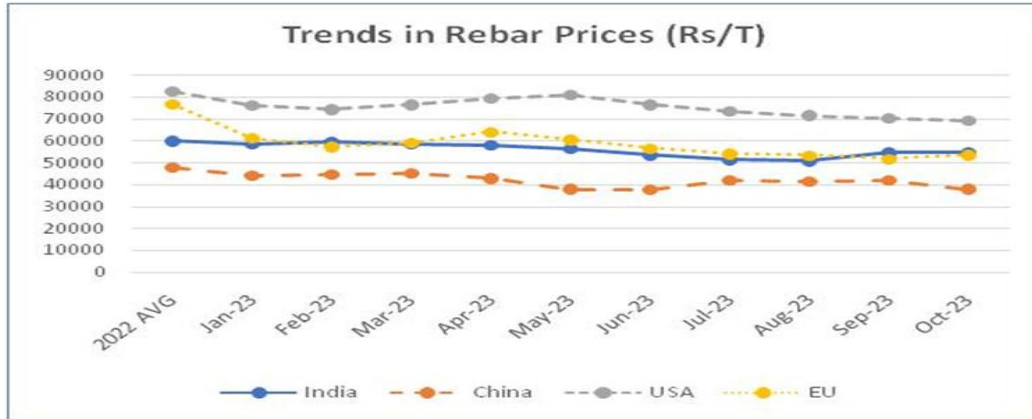
## WORLD STEEL PRICE TRENDS

- ❖ Global steel prices generally maintained a downtrend in October 2023 barring a marginal pick-up in select markets, primarily due to slump in demand. The short-term outlook on prices is also not very encouraging with the World Steel Association forecasting a meagre 1.8% and 1.9% growth in global steel demand in 2023 and 2024, respectively. A number of factors may be held responsible for the scenario. Some of them are as follows:

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- a) China's weak property sector: Demand for steel from China's property sector remained weak given that sales of new homes have shown little sign of improving despite recent government measures to help the sector.
  - b) Slowdown in Europe: In Europe, the construction sector, particularly the residential sub-segment, is experiencing a slowdown and likely to enter a recession this year, primarily due to rise in interest rates, affecting steel demand.
  - c) Stagnation in Turkey: The Turkish steel industry has entered into a stagnation period amid unfavourable market conditions and protectionist measures. Besides, Turkish steel mills have been hit by a 20% rise in electricity and gas prices.
  - d) 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 trade flow.
  - e) Turmoil in select financial markets, tight monetary policies and high inflation in most of the geographies weighing on global growth outlook.
- ❖ Relevant to note here that with the exception of China, India and Russia, global crude steel production in January-September 2023 remained on a declining trend in all the major steel producing markets.

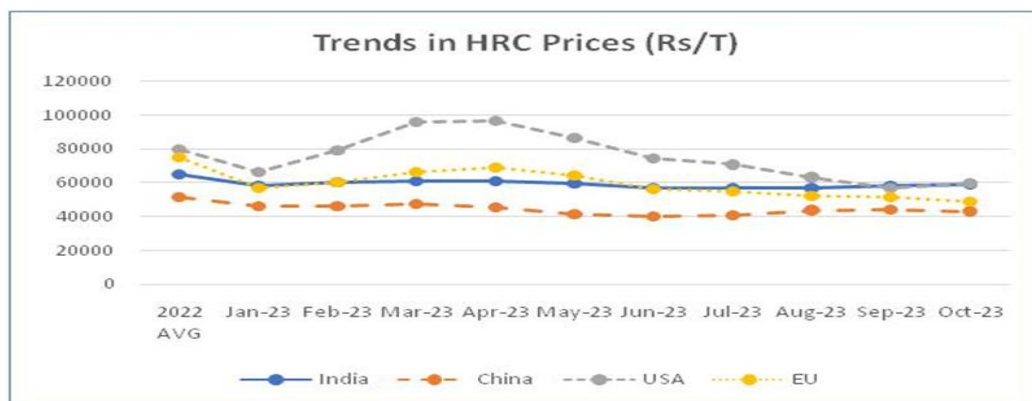
### **Long Products**

- 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 the European Union, while they have come down in China and the USA in October 2023 compared with the previous month. In India, the prices are nearly at the same level compared with September 2023.
- China's steel prices were under pressure from easing production controls and low local consumption amid a weak construction and property sectors. China's domestic demand is expected to be flat in 2023-24 with the National Bureau of Statistics reporting a 24.4% YoY decrease in new housing construction.
- Steel prices in India are registering an upward trend due to increasing rates of key input material coking coal. The prices are expected to stay higher in this financial year despite a slowing global economy owing to pre-election spending, according to reports.
- Sentiment in European rebar market continued to be mixed regarding the future direction of price and demand, while in the USA domestic rebar prices continued to adjust lower in some regions as some mills reacted to lower shredded scrap prices.



### Flat Products

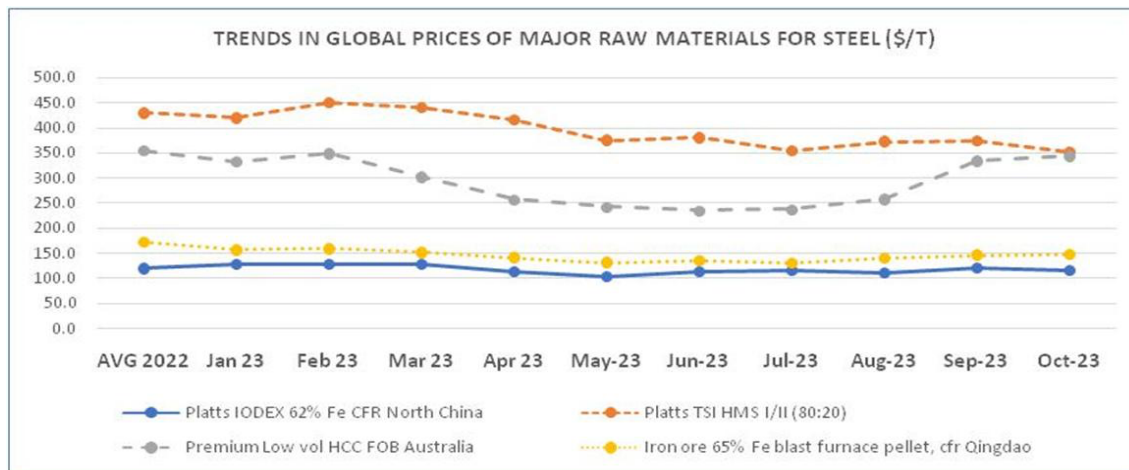
- HRC prices had shown an upward trend since January 2023 till March/April of this year. Thereafter, prices are again on a downward trajectory, especially in the European Union. Prices in India and China and the USA however, have shown early signs of pick-up in the last couple of months.
- China HRC prices moved higher in response to positive industry data about flat steel demand. Prices are, however, expected to stay range-bound as better sentiment may lend support to the price while weak fundamentals will still exist.
- Bearish sentiment prevailed in the European HRC market, with deteriorating end-user demand now being seen as a major problem. Steel service centres and distributors across Europe continued to postpone restocking due to having plenty of stocks. Slowing demand from practically all key steel-consuming sectors remains a major concern.
- HRC prices in the USA moved up as steelmakers reported higher average transaction levels with lead time pushing out and buyers reported some mills were done quoting for the year.



[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 World Steel Association has cut its forecast for steel demand growth in 2023 by 0.5 per cent to 1.8%, saying the global economic outlook has worsened, but raised its demand forecast for 2024 by 0.2 per cent to 1.9%.
- China's daily crude steel output rebounded in early October, according to China Iron & Steel Association. China's daily pig iron and crude steel output for October 1-10 increased by 1.75% and 0.72% from late September to 2.376 mt and 2.711 mt.
- US Steel has secured further funding for its decarbonisation plans in Slovakia, moving it a step close to taking decision about converting its Kosice blast furnace mill to electric arc furnace technology.
- Malaysia slapped antidumping duties on CRC from certain Japanese producers and exporters for a period of five years. A tariff of 9.03% was imposed on Nippon Steel Corp, while a 22.62% duty was slapped on all other Japanese producers or exporters.
- German metal recyclers are hampered by expensive logistics and insurance costs putting credit lines at risk, the managing director of the Federal Association of German Steel Recycling and Disposal Cos said.
- The EU has approved the sale of Hungary's Dunafer iron and steel works to UK-registered Liberty Steel, putting the mill's rescue on track.

- Global trade in the iron and steel sector fell 17% yoy by value in the first half of 2023, with the sector seeing the sharpest fall from 2022 among product categories analysed.
- The Spanish unit of ArcelorMittal has agreed a temporary layoff scheme until the end of the year amid “challenging market conditions.”
- NLMK Belgium Holdings, a group of strip and plate mills in Belgium, France, Denmark and Italy, has requested the prolongation of sanctions exemption on Russian exports of slabs in return for investing sales from the trade in new electric arc furnace.
- South Korea’s Posco has completed the first of two joint venture galvanized steel sheet production lines for automotive structural parts at Tangshan, Hebei province.
- Austrian steel and technology group voestalpine has opened a new special steel plant in Kapfenberg that will replace its old predecessor at this site in the federal state of Styria.
- The Israel-Hamas war has started to affect Turkish mills’ steel exports to the region as time extensions for some orders had begun to be heard due to force majeure conditions.
- Automotive industry supplier Wagon Automotive Nagold signed a memorandum of understanding with German steel producer Salzgitter Flachstahl to use the latter’s CO2-reduced steel to manufacture its complex body shell modules.
- The European Commission terminated antidumping duties on imports of certain seamless pipes and tubes made up of iron or steel from Ukraine, following an expiration of review that ended on October 3.

## INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-September 2023, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-September 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-September 2023*(mt)	April-September 2022 (mt)	% change*
Crude Steel Production	70.051	61.059	14.7
Hot Metal Production	42.357	38.760	9.3
Pig Iron Production	3.545	2.893	22.5
Sponge Iron Production	24.848	21.131	17.6
<b>Total Finished Steel (alloy/stainless + non-alloy)</b>			
Production	66.292	58.364	13.6
Import	2.899	2.558	13.4
Export	3.236	3.601	-10.1
Consumption	64.064	55.752	14.9
Source: JPC; *provisional; mt=million tonnes			

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## Overall Production

- **Crude Steel:** Production at 70.051 million tonnes (mt), up by 14.7%.
- **Hot Metal:** Production at 42.357 mt, up by 9.3%.
- **Pig Iron:** Production at 3.545 mt, up by 22.5%.
- **Sponge Iron:** Production at 24.848 mt, up by 17.6%, led by coal-based route (81% share).
- **Total Finished Steel:** Production at 66.292 mt, up by 13.6%.

## Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 41.239 mt (59% share) during this period, up by 7.7%. The rest (28.812 mt) came from the Other Producers, up by 26.6%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 38.289 mt (90% share) up by 5.7%. The rest (4.069 mt) came from the Other Producers, up by 60.4%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 0.732 mt (21% share) up by 5.5%. The rest (2.813 mt) came from the Other Producers, up by 27.9%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 37.625 mt (57% share) up by 10.1%. The rest (28.667 mt) came from the Other Producers, up by 18.5%.

## Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 83% share, the Private Sector (58.434 mt, up by 15.4%) led crude steel production compared to the 17% contribution of the PSUs (up by 11.2%).
- **Hot Metal:** With 71% share, the Private Sector (29.941 mt, up by 8.6%) led hot metal production, compared to the 29% contribution of the PSUs (up by 11.1%).
- **Pig Iron:** With 93% share, the Private Sector (3.314 mt, up by 25.5%) led pig iron production, compared to the 7% contribution of the PSUs (down by 8.6%).
- **Total Finished Steel:** With 85% share, the Private Sector (56.380 mt, up by 13.6%) led production of total finished steel, compared to the 15% contribution of the PSUs (up by 13.3%).

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

- **Production:** Non-flat products accounted for 55% share (up by 14.7%), the rest 45% was the share of flats (up by 12.3%).
  - **Import:** Flat products accounted for 93% share (up by 13.3%), the rest 7% was the share of non-flats (up by 14.7%).
  - **Export:** Flat products accounted for 88% share (down by 7.8%), the rest 12% was the share of non-flats (down by 23.8%).
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- **Consumption:** Led by Non-flat steel (55% share; up by 14.8%) while the rest 45% was the share of flat steel (up by 15.0%).

#### Finished Steel Production Trends

- At 66.292 mt, production of total finished steel was up by 13.6%.
- Contribution of the non-alloy steel segment stood at 61.850 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 (27.834 mt, up by 14.3%) while growth in the non-alloy, flat segment was led by HRC (25.687 mt, up by 14.6%) during this period.

#### Finished Steel Export Trends

- Overall exports of total finished steel at 3.236 mt, down by 10.1%.
- Volume wise, HR Coil/Strip (1.208 mt) was the item most exported (37% share in total finished steel).
- Italy (0.678 mt) was the largest export market for India.

#### Finished Steel Import Trends

- Overall imports of total finished steel at 2.899 mt, up by 13.4%.
- India was a net exporter of total finished steel in April-September 2023.
- Volume wise, HR Coil/Strip (1.031 mt, up by 37.2%) was the item most imported (36% share in total finished steel).
- China (0.918 mt) was the largest import market for India (32% share in total).

#### Finished Steel Consumption Trends

- At 64.064 mt, consumption of total finished steel was up by 14.9%.
- Contribution of the non-alloy steel segment stood at 59.049 mt (92% share, up by 14.3%), 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 consumption of total finished steel was Bars & Rods (26.892 mt, up by 13.4%) while growth in the non-alloy, flat segment was led by HRC (24.201 mt, up by 13.3%) 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 Q1 2023-24 is estimated to have attained a level of ₹40.37 lakh crore, as against ₹37.44 lakh crore in Q1 2022-23, showing a growth of 7.8 per cent. All the sectors reported positive growth during this period, with *Financial, Real Estate & Professional Services* sector reporting the highest growth (12.2%) and *Electricity, Gas, Water Supply & Other Utility Services* sector, the lowest (2.9%).

**Industrial Production:** Provisional CSO data show that the overall Index of Industrial Production (IIP) for the April-September period of financial year 2023-24 rose by 6% 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 7.8% during the April-September period of financial year 2023-24, with all the sectors, excluding only crude oil, registering growth ranging from 4% to 14.2% on yoy basis.

**Inflation:** The rate of inflation based on Consumer Price Index stood at 4.87% and that on Wholesale Price Index stood at -0.52% in October 2023. CPI inflation came down during the month under review compared with the previous month. In case of WPI Inflation, it continued to stay in the negative territory.

**Prepared by: Joint Plant Committee**