

Indian Steel Industry: October 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% in 2024 compared to a decline of 0.9% globally according to the latest Short Range Outlook of 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 rose to 49.4 in October 2024, up from 48.8 in September 2024, to remain below the neutral 50.0 mark for the fourth month in a row.
- Three out of the five PMI components signalled contraction at the start of the final quarter – new orders, employment and stocks of purchases. The rise in the PMI level nonetheless indicated a deceleration in the rate of contraction from September's recent nadir.
- The moderation reflected an improvement in operating conditions in China, while downturns in the US and euro area both eased. India, Spain and Brazil were at the top of the PMI growth rankings, whereas Austria, Germany and France were at the bottom.
- Data broken down by sector showed deteriorating operating conditions in the intermediate and investment goods industries. The consumer goods category saw expansion, with the rate of increase at a four-month high.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		September 2024	October 2024
India	8.2**	56.5	57.5
China	5.2	49.3	50.3
Japan	1.9	49.7	49.2
USA	2.5	47.3	48.5
Eurozone	0.5	45	46
Brazil	2.9	53.2	52.9
Russia	3.6	49.5	50.6
South Korea	2.6	48.3	48.3
Germany	-0.3	40.6	43
Turkey	4.5	44.3	45.8
Italy	0.9	48.3	46.9
Source: GDP: official releases; PMI- Markit Economics, *provisional, ** FY 2023-24			

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1,394.149 MnT in January-September 2024, registering 1.9% decline year-on-year, according to provisional data released by World Steel Association (worldsteel). In September 2024, world crude steel production was 143.613 MnT, down by 4.7% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Sep 2024 (MnT)	% yoy change
1	China	768.480	(-)3.6
2	India	110.333	5.8
3	Japan	63.289	(-)3.2
4	USA	60.325	(-)1.6
5	Russia	54.032	(-)5.5
6	South Korea	48.088	(-)4.6
7	Germany	28.364	4.0
8	Turkey	27.907	13.8
9	Brazil	25.205	4.4
10	Iran	21.284	(-)3.1
Top 10 Total		1,207.307	(-)2.1
World		1,394.149	(-)1.9
Source: worldsteel			

Major observations:

- China remained the leader in world crude steel production with an output of 768.480 MnT in January-September 2024, registering a decline of 3.6% compared with the same period of 2023. The country accounted for 55.1% of world crude steel production during the period under review.
- India was the 2nd largest producer of crude steel with an output of 110.333 MnT in January-September 2024, showing a yoy growth of 5.8%. The country accounted for 7.9% of world crude steel production during the period.
- Japan was the 3rd largest producer of crude steel with an output of 63.289 MnT in January-September 2024, down by 3.2% compared with the same period of the previous year. Japan accounted for 4.5% of world crude steel production during the period.
- With crude steel production of 60.325 MnT (down 1.6% yoy), the USA was the 4th largest producer of crude steel in January-September 2024.
- Russia's crude steel production stood at 54.032 MnT (down 5.5% yoy) in January-September 2024 and the country was the 5th largest producer of crude steel.
- The top 10 countries' cumulative production in January-September 2024 stood at 1,207.307 MnT (down 2.1% yoy) and they accounted for 86.6% of world crude steel production during the period.

- Among the top 10 steel producing countries, India, Germany, Turkey and Brazil reported year-on-year growth while the others registered yoy decline in production during January-September 2024 period.
- Asian crude steel production stood at 1,027.941 MnT in January-September 2024, showing a decline of 2.4% yoy, led primarily by China and India, with their respective shares of 74.8% and 10.7% in total Asian crude steel production during the period.

GLOBAL DRI PRODUCTION

India led global DRI production in January-September 2024

World DRI production stood at 92.344 MnT in January-September 2024, showing a yoy growth of 4.2%, according to provisional data released by worldsteel. In September 2024, world DRI production was 10.219 MnT, down by 2.4% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-Sep 2024 (MnT)	% yoy change
1	India	40.362	11.4
2	Iran	25.724	6.2
3	Russia	5.980	5.1
4	Saudi Arabia	5.068	(-)2.4
5	Egypt	4.952	(-)5.9
Top 5 Total		82.086	7.2
World		92.344	4.2
Source: worldsteel			

Major observations:

- India remained the leader in world DRI production with an output of 40.362 MnT (up 11.4% yoy) in January-September 2024. The country accounted for 43.7% of world DRI production during the period under review.
- Iran was the 2nd largest producer of DRI with an output of 25.724 MnT in January-September 2024 (up by 6.2% yoy). It accounted for 27.9% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 5.980 MnT (up 5.1% yoy) in January-September 2024. The country accounted for 6.5% of world DRI production during the period.
- The top 5 countries accounted for 88.9% of total world DRI production in January-September 2024 with a cumulative output of 82.086 MnT, up by 7.2% yoy.

WORLD STEEL PRICE TRENDS

Global steel prices were a mixed bag in October 2024 with some markets seeing an uptick in prices and some witnessing a decline. Domestic rebar prices fell year-on-year in India, China and the USA but went up in the European Union. Similarly, domestic HRC prices fell y-o-y in all the major steel markets, however went up month-on-month in most of the markets. Going forward, the movement of global steel prices will be contingent upon a number of factors, including the factors as stated below.

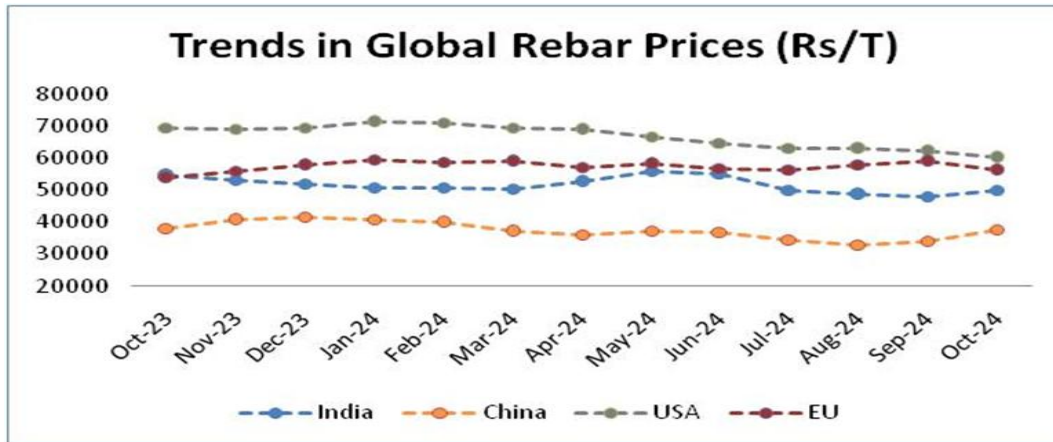
- a) *Economic Uncertainties:* The Iran-Israel conflict poses significant challenges that could impact the global economy in multiple ways. The conflict could pose a price shock for the global economy, especially if it disrupts oil supplies from the region or major shipping routes. That apart, it could also destabilize the already volatile West Asian region and affect neighbouring countries.
- b) In the European Union, the steel industry has been experiencing its worst phase since the 2009 financial crisis, exacerbated by global steel overcapacity and allegedly unfair trade practices. The European Steel Association has issued an urgent plea to EU leaders for remedial measures to revive the industry.
- c) There are also consequences due to imposition of sanctions against Russia by the developed world and the collapse of normal trading operations due to the Russia-Ukraine war which are likely to have a significant bearing on the global steel industry.
- d) *China factor:* China's economy grew by 4.6% in Q3 2024, the slowest pace since early 2023. A tumbling property sector remains a major challenge for the country as it aces to revitalize growth. China has launched its biggest monetary stimulus measures in September 2024 since Covid-19 pandemic and signalled that more fiscal support was on the way, reflecting the government's urgency in reviving the country's troubled economy.
- e) *WSA forecast:* The World Steel Association in its Short Range Outlook (SRO), released in October 2024, has forecast a 0.9% contraction in steel demand in 2024, followed by a 1.2% growth in 2025. India is considered to be a major driver for domestic steel demand growth with an expected 8% and 8.5% rise in steel demand in 2024 and 2025, respectively, while for China, the SRO predicts a 3% contraction in 2024, followed by a 1% contraction in 2025 in steel consumption.

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 were a mixed bag in October 2024 with some markets seeing an uptick in prices and some witnessing a decline. Domestic rebar prices fell year-on-year in India, China, the USA, but went up in the European Union. As regards month-on-month comparison, price went up in India and China but fell in the USA and the European Union.
- Chinese government's monetary stimulus announced in late September has supported sentiment and led to a surge in Chinese steel prices. This has led to Chinese domestic rebar sales profit margins increasing by about yuan 200-300/mt, according to trade_

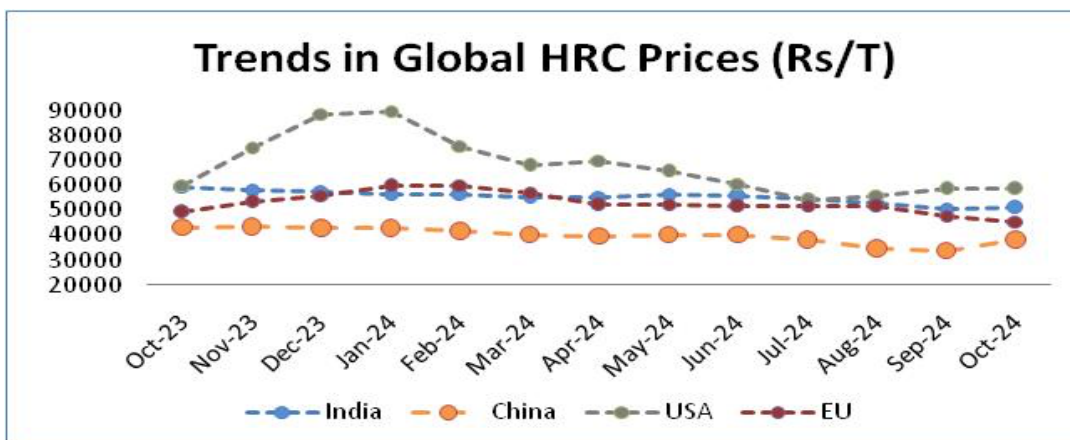
sources. Indian domestic rebar prices went up with the increases associated with the subsiding monsoon, picking-up construction and firming in iron ore feedstock prices.

- In Europe, the construction industry continued to struggle hitting long steel prices. The downturn was attributed to geopolitical tensions, particularly the war in Ukraine, high energy prices and deteriorating manufacturing outlook across the Europe.



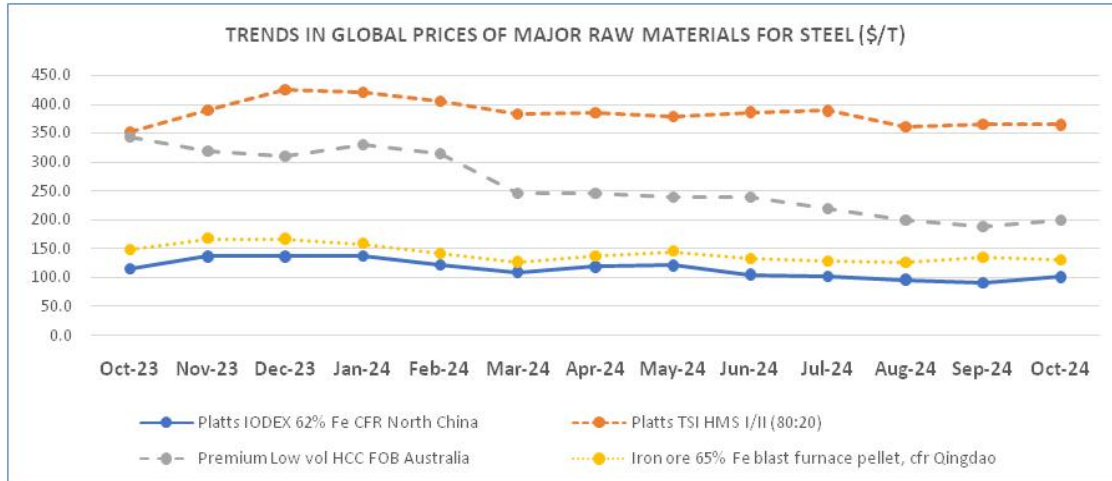
Flat Products

- 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 were a mixed bag in October 2024 with some markets seeing an uptick in prices and some witnessing a decline. Domestic HRC prices fell year-on-year in India, China, the USA and the European Union. As regards month-on-month comparison, prices went up in all the markets except the European Union.
- In the USA, domestic hot-rolled coil prices continued to pause as service centres continued to focus on working down inventory, while waiting for a clearer sign of spot price direction following the US election on November 5. Meanwhile, Indian HRC prices were steady with the market expecting a potential uptrend after the festive holidays.
- In the European Union, HRC prices remained weak as restocking activity was low amid elevated inventory and reduced end-use demand.



RAW MATERIAL SCENARIO

Prices of major raw materials for steel making have come down year-on-year in October 2024, except Platts TSI HMS I/II (80:20). As regards month-on-month comparison, prices of Platts IODEX 62% Fe CFR North China and Premium Low Vol HCC FOB Australia have gone up, while prices of Platts TSI HMS I/II (80:20) and Iron Ore 65% Fe Blast Furnace Pellet have come down compared with the previous month.



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

NEWS AROUND THE GLOBE

- China's net exports of semi-finished and finished steel hit an all-time high of 10.596 million mt in September, up 12.4% month over month and 43.4% year over year, Chinese customs data showed. The strong pace of Chinese steel exports comes at a time when its domestic steel demand is showing no major signs of recovery.
- ArcelorMittal Brasil has halted the expansion underway at its Monlevade long products works in Minas Gerais due to market conditions, the steelmaker confirmed. This comes as part of a broader review of its investments plan in Brazil.
- State-owned SAIL and Australia's BHP have signed a memorandum of understanding to decarbonize steelmaking processes in India. The two companies are already exploring the potential decarbonization at SAIL's integrated steel plants that operate blast furnaces, with an initial study to assess various strategies to reduce greenhouse gas emissions.
- Turkey has imposed antidumping duties on imports of hot-rolled coil from China, India, Japan and Russia ranging from 6.10% up to 43.31%, according to a communique published in the country's official gazette.
- Japan's Nippon Steel Corp. is seeking government incentives to support the conversion from blast furnace to electric arc furnace steelmaking.

- The UK government has accepted the Trade Remedies Authority's recommendation to vary the tariff rate quota on imports of Category 1, or hot-rolled coil, steel products in response to lower domestic production.
- Turkish flat steelmaker Atakas Steel has started production at its third cold reversing mill, and therefore has increased its cold rolling capacity by 350,000 metric tons per year to 1.05 MMt/year.
- US Steel has won the first-ever Certified Steel product award from ResponsibleSteel, a global multi-stakeholder standards body, for products entirely sourced and produced in the USA.
- Steelwind, a unit of German steelmaker Dillinger, has signed a framework agreement with energy group RWE to supply several hundred monopile foundations for European offshore wind farms that are due to be commissioned from the end of 2029 onwards.
- Spain's largest stainless steel producer Acerinox agreed to sell its halted Bahru cold-rolling plant in Malaysia to local group Worldwide Stainless with the \$95 million deal to be concluded in November 2024.
- Russian scrap recyclers lobby group has urged the government to extend the restrictions on the export of steel scrap, which is required as input material for new steelmaking capacities, the Russian Association of Electrometallurgical Enterprises, said.
- German steelmaker Salzgitter has shipped the first batch of its low carbon Salcos steel finished products to the automotive industry in South Africa, marking a significant step toward sustainable manufacturing in the region.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-September 2024, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-September 2024. 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 2024*(MnT)	April-September 2023 (MnT)	% change*
Crude Steel Production	72.755	70.229	3.6
Hot Metal Production	43.624	42.490	2.7
Pig Iron Production	4.068	3.665	11.0
Sponge Iron Production	27.011	24.881	8.6
Total Finished Steel (alloy/stainless + non-alloy)			
Production	70.621	67.423	4.7
Import	4.735	3.329	42.2
Export	2.311	3.603	-35.9
Consumption	72.697	64.073	13.5
Source: JPC; *provisional; MnT=million tonnes			

Overall Production

- **Crude Steel:** Production at 72.755 million tonnes (MnT), up by 3.6%.
- **Hot Metal:** Production at 43.624 MnT, up by 2.7%.
- **Pig Iron:** Production at 4.068 MnT, up by 11.0%.
- **Sponge Iron:** Production at 27.011 MnT, up by 8.6%, led by coal-based route (85% share).
- **Total Finished Steel:** Production at 70.621 MnT, up by 4.7%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 41.824 MnT (57% share) during this period, down by 0.1%. The rest (30.932 MnT) came from the Remaining Producers, up by 9.1%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 40.124 MnT (92% share) up by 1.7%. The rest (3.500 MnT) came from the Remaining Producers, up by 15.5%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 1.049 MnT (26% share) down by 8.8%. The rest (3.019 MnT) came from the Remaining Producers, up by 20.1%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 38.712 MnT (55% share) up by 1.8%. The rest (31.909 MnT) came from the Remaining Producers, up by 8.5%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (61.062 MnT, up by 4.3%) led crude steel production compared to the 16% contribution of the PSUs (up by 0.2%).
- **Hot Metal:** With 71% share, the Private Sector (30.865 MnT, up by 3.1%) led hot metal production, compared to the 29% contribution of the PSUs (up by 1.7%).
- **Pig Iron:** With 89% share, the Private Sector (3.617 MnT, up by 7.0%) led pig iron production, compared to the 11% contribution of the PSUs (up by 58.8%).
- **Total Finished Steel:** With 86% share, the Private Sector (60.998 MnT, up by 6.2%) led production of finished steel, compared to the 14% contribution of the PSUs (down by 3.4%).

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 55% share (up by 5.1%), the rest 45% was the share of flats (up by 4.3%).
 - **Import:** Flat products accounted for 95% share (up by 43.3%), the rest 5% was the share of non-flats (up by 26.0%).
 - **Export:** Flat products accounted for 84% share (down by 39.2%), the rest 16% was the share of non-flats (down by 11.1%).
 - **Consumption:** Led by Non-flat steel (53% share; up by 10.5%) while the rest 47%
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was the share of flat steel (up by 17.1%).

Finished Steel Production Trends

- At 70.621 MnT, production of total finished steel was up by 4.7%.
- Contribution of the non-alloy steel segment stood at 65.058 MnT (92% share, up by 3.4%), 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 (29.991 MnT, up by 5.6%) while growth in the non-alloy, flat segment was led by HRC (26.282 MnT, up by 1.3%) during this period.

Finished Steel Export Trends

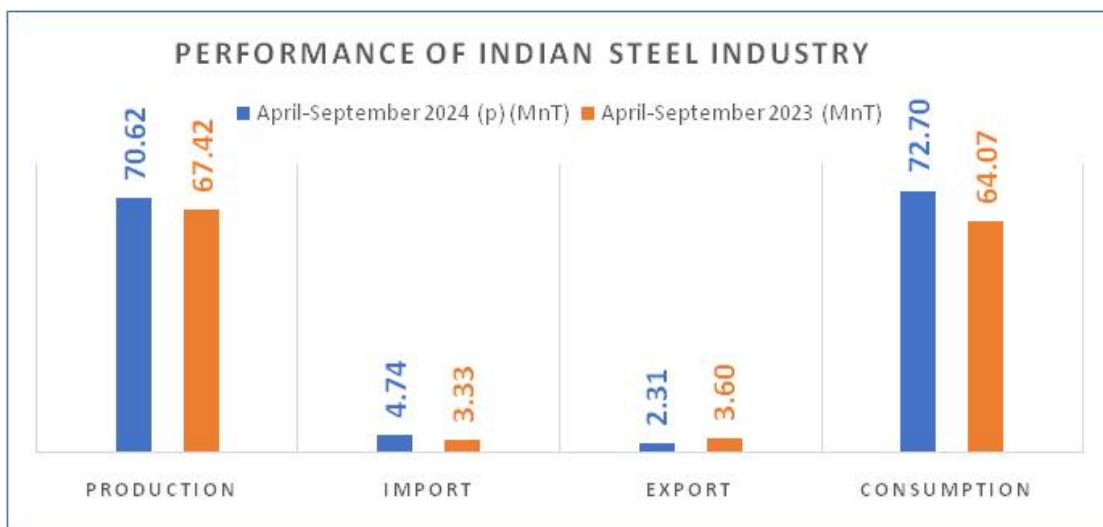
- Overall exports of total finished steel at 2.311 MnT, down by 35.9%.
- Volume wise, HR Coil/Strip (0.566 MnT) was the item most exported (25% share in total finished steel).
- Italy (0.411 MnT) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 4.735 MnT, up by 42.2%.
- India was a net importer of total finished steel in April-September 2024-25.
- Volume wise, HR Coil/Strip (2.085 MnT) was the item most imported (44% share in total finished steel).
- China (1.443 MnT) was the largest import market for India (30% share in total).

Finished Steel Consumption Trends

- At 72.697 MnT, consumption of total finished steel was up by 13.5%.
- Contribution of the non-alloy steel segment stood at 66.191 MnT (91% share, up by 12.2%), 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 (29.883 MnT, up by 11.0%) while growth in the non-alloy, flat segment was led by HRC (27.487 MnT, up by 14.6%) 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 2024-25 is estimated to have attained a level of ₹43.64 lakh crore, as against ₹40.91 lakh crore in Q1 2023-24, showing a growth of 6.7 per cent. All the sectors reported positive growth during the quarter under review, with the *Construction* sector reporting the highest growth of 10.5% and the *Agriculture, Livestock, Forestry & Fishing* reporting the lowest growth of 2%.

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for April-September 2024-25 rose by 4% over the same period of the previous fiscal, 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 4.2% during April-September 2024-25. Barring Crude Oil, all the other sectors reported positive growth during the period. While crude oil sector reported a contraction of 2.1% in April-September 2024-25, the steel sector reported the highest growth of 6.1% during the period under review.

Inflation: The rate of inflation based on Consumer Price Index stood at 6.21% and that on Wholesale Price Index stood at 2.36% in October 2024. Both CPI inflation and WPI inflation moved up compared with the previous month.

Prepared by: Joint Plant Committee