



TrendsSeptember 2021

And the slippage has started.

At a monthly level, world production declined 2.6% in August 2021 over July 2021, pulled down by the stringent production curbs in China, where production dipped 13% in August 2021 over July 2021.

On a year-on-year (yoy) basis too, production dipped 1.4%, marking the first such fall in 2021 so far.

WORLD ECONOMY AT A GLANCE

- The global manufacturing scenario in September 2021 was marked by supply chain disruptions and material shortages working its way through rising input costs and output charges, and though manufacturing output grew, yet it remained among the slowest during the current 15-month sequence of expansion. Market Economics reports indicate that the J.P.Morgan Global Manufacturing PMI posted 54.1 in September 2021, at same level as that of August's six-month low.
- The Markit reports also indicate that of the 31 nations for which September data were available, 24 registered PMI readings above the 50.0 no-change mark signalling expansion. European manufacturing dominated while US too performed strongly. Weak performance was noted in Asia, with out of the 12 lowest PMI readings, ten were from Asian nations, few even recording sub 50.0 readings (Thailand, Malaysia, Myanmar and Vietnam).
- New export business also continued to expand, global manufacturing employment did too, and so did input costs and output charges as per Markit reports.

Key Economic Figures			
Country	GDP 2020: %change*	Manufacturing PMI	
		August 2021	September 2021
India	-7.0	52.3	53.7
China	2.3	49.2	50.0
Japan	-4.8	52.7	51.5
USA	-3.5	61.1	60.7
EU 28	-6.6	61.4	58.6
Brazil	-4.1	53.6	54.4
Russia	-3.1	46.5	49.8
South Korea	-1.0	51.2	52.4
Germany	-4.9	62.6	58.4
Turkey	1.8	54.1	52.5
Italy	-8.9	60.9	59.7

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

GLOBAL CRUDE STEEL PRODUCTION

Having already crossed the 1 billion tonne mark, world crude steel production stood at 1322 million tonnes (mt) in January – August 2021, up by 10.6% over same period of last year as per provisional data released by World Steel Association (worldsteel). While the volume growth at a cumulative level indicated the diminishing impact of COVID-19, yet at a monthly level, world production declined 2.6% in August 2021 over July 2021, pulled down by the stringent production curbs in China, where production dipped 13% in August 2021 over July 2021. On a year-on-year (yoy) basis too, production dipped 1.4%, marking the first such fall in 2021 so far.

World Crude Steel Production: January-August 2021*			
Rank	Top 10	Qty (mt)	% change
1	China	733.02	5.3
2	India	77.74	25.6
3	Japan	63.99	16.9
4	USA	57.07	19.5
5	Russia	50.76	7.7
6	South Korea	47.46	8.4
7	Germany	26.66	17.4
8	Turkey	26.57	16.7
9	Brazil	24.12	20.9
10	Iran	20.37	9.7
Total: Top 10		1127.74	8.9
World		1321.93	10.6
Source: worldsteel; *provisional			

- China remained the leader in world crude steel production which stood at 733.02 mt during January-August 2021, up 5.3% over same period of last year. The nation accounted for 76% of Asian and 56% of world crude steel production during this period.
- With a 6% share in total world production, India (77.74 mt) reported a yoy production growth of 26% during this period and remained the 2nd largest producer during this period.
- Japanese crude steel production (63.99 mt) was up 16.9% yoy during this period and the country was the 3rd largest crude steel producer in the world.
- USA remained at the 4th largest spot, with production (57.07 mt), up 19.5% yoy while Russia (50.76 mt, up 7.7% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (27) countries stood at 102.14 mt during this period, up 20.5% yoy.
- At 962 mt, Asian crude steel production was up 9% during this period and the region accounted for 73% of world crude steel production during this period.
- The top 10 countries accounted for 85% of total world crude steel production during this period and saw their cumulative production go up by 8.9% yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- No US steel mills were in the direct path of Hurricane Ida, though sources in the steel market were assessing potential impacts of the same as utilities were downed by the storm and logistics were expected to be affected in Louisiana and beyond in its wake.
- Vale has launched the “green briquette,” which will be able to reduce by up to 10% the greenhouse gases (GHG) emissions by its steelmaking clients.
- Vetorial has decided to resume pig iron production at its Ribas do Rio Pardo plant in Mato Grosso do Sul, following a six-year shutdown. The company invested Real 25 million to bring the plant back in operation with the blast furnace able to produce 237,000 tpa of pig iron.

ASIA

- China’s Guangdong province will ban the construction or expansion of coal-fired power plants and company-owned captive power stations anywhere in the province as part of a wider crackdown on energy-intensive industries.
- At 5.05 mt, China’s finished steel exports dropped 11% in August 2021 over July 2021, as efforts to curb exports gathered pace in the country.
- China’s steel industry consolidation has been showing signs of acceleration in recent months, with seven major merger and acquisition related transactions announced just over July-August, 2021. China wants its top five steelmakers to account for 40% of the country’s total steel output by 2025, as it aims to meet its ambitious decarbonization goals.
- AM/NS India announced the commissioning of a 6 mtpa iron ore pellet plant at Paradip in Odisha state, thereby doubling production capacity at the group’s Paradip complex and making it the largest single-location pellet complex in India, and boosting AM/NS India’s pellet capacity to 20 mtpa.
- India’s JSW Steel is likely to commence commercial production at its Dolvi Steel Works’ in October post expansion to 10 mtpa alongside Vijayanagar Steel Works’ completion of planned maintenance.
- The UK’s Carbon Clean has installed a demonstration carbon capture plant on a blast furnace at Tata Steel’s Jamshedpur plant. The modular unit will capture five tonnes of CO₂ per day directly from the blast furnace’s flue gas, the CO₂ to be made available for onsite reuse in a variety of applications.
- Indonesia’s Krakatau Steel has started its new \$521 million HSM, adding 1.5 mtpa of HRC capacity and boosting output by 62.5%.
- Pakistan has imposed provisional antidumping duties ranging from 6.18% to 17.25% on imports of certain cold-rolled coils/sheets from the EU, South Korea, Taiwan and Vietnam.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russia’s 15% tax on ferrous and major base metals exports for Aug. 1- Dec. 31 will not be rolled over to 2022 in light of declining prices, Victor Evtukhov, Russia’s Industry and Trade deputy minister told media.
- Metalloinvest reported completion of a major renovation of blast furnace operations at Ural Steel.

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- NLMK has launched at its flagship Novolipetsk mill a new laser line to process transformer, also known as grain-oriented electrical steel (GOES), with a capacity of 54,000 tpa. The new line enabling the production of steel coils with advanced magnetic properties has become NLMK's fourth.
 - Power shortages mean that Iran's steelmakers are currently producing only at breakeven point, at around 75% of their installed capacity of some 40 mtpa of crude steel.
 - Emirates Steel has signed a "general designer" contract with Tata Consulting Engineers, Abu Dhabi, for its new fully automated first-of-its-kind HRC mill in the MENA region. The agreement aims to conduct a comprehensive evaluation and study all phases of the project.

EU AND OTHER EUROPE

- Thyssenkrupp has introduced carbon surcharges for steel products following anticipated changes in pricing methods in the European industry.
- Thyssenkrupp Steel Europe is going to install a 0.2 mtpa new annealing and insulating line for electric steel strip at its site in Bochum, Germany, to meet future customer requirements.
- Thyssenkrupp's sale of its Italian unit Acciai Speciali Terni, or AST, could go through in the next couple of weeks, with two Italian bidders – flat producer Arvedi and re-roller Marcegaglia showing active interest.
- ArcelorMittal is taking perhaps its last formal step to complete the 100% purchase of Spanish steel tube producer Condesa, according to a European Commission antitrust document filed by the steelmaker.
- Turkish long steel producer Kaptan Iron & Steel is aiming to build a 2 mtpa EAF and a 2 mtpa rolling mill, to meet rising steel demand. It currently has a 1.14 mtpa melt shop and 900,000 mtpa of rolling capacity.
- The UK's Trade Remedies Authority is to reconsider its recommendation of transitional steel safeguard measures after eight companies requested a review
- The European Commission is set shortly to review its Industrial Emissions Directive, which licenses steel, metals, chemicals and other basic industries in the EU, in regard to their emissions to air and water. This will be the directive's first revision since 2010.
- ArcelorMittal is to build a 2.5 mtpa DRI plant and two EFs at its site in Gent, Belgium, as part of a Eur1.1 billion (\$1.3 billion) project that will reduce annual CO₂ emissions by 3.9 mt by 2030.
- Thyssenkrupp Steel will use Lhoist's "LEVEL|BLUE" lime products, which will reduce carbon dioxide emissions in the steel producer's supply chain.
- The European steel industry has less than 26% (12%-35%) of its carbon budget remaining and companies must rapidly shift their business models to reach net zero, Industry Tracker, a climate research house for investors.
- Italy's national agency for investment and economic development, Invitalia, is to take a stake in long steel producer JSW Italy, a unit of Indian major JSW Steel. A memorandum of understanding is to be signed between Invitalia, part of the Italy's Economy Ministry, and JSW Italy soon.

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

WORLD STEEL PRICE TRENDS

After reaching record-breaking highs at the end of 2020, global steel prices continued to show signs of a return to “normalcy” with most markets reporting either a softening or a stability at a reduced level. Nonetheless, they remained on strong grounds during the 3rd quarter of the year, impacted by rising demand, stringent supply and a volatile raw material (read iron ore, scrap) market. Of potential concern was the drop in iron ore prices, impacted by announced production curbs in China, which, if sustained, may go on to impact steel prices gradually. Meanwhile, global crude steel production growth was impacted by the production cuts in China, where steep decline in August 2021 over July 2021 went on to impact both monthly as well as overall volumes nationally as well as at an international level.

Long Products

- September 2021 rebar prices in the USA remained stable. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$985/t at month-end.
- European rebar prices largely moved south in September 2021, in view of slow buying activity. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €725-740/tonne (\$841-865) in Southern Europe and around €820-840/t (\$958-981) in Northern Europe.
- Chinese rebar prices moved north in view of tight supply in September 2021. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 5,900-5,930 yuan/t (\$902-908) in Shanghai and around 5,700-5,740 yuan/t in Beijing.
- Russian rebar prices in September 2021 were stable and saw limited movement amidst expectation that prices have reached a bottom. Fastmarkets’ assessment for steel rebar cpt Moscow, Russia was around 55,000-56,000 roubles/t (\$757-771) at month-end, including 20% VAT.

Flat Products

- September 2021 saw HRC prices in the USA slip below the \$98/hundredweight mark, though market participants said that prices will remain around current levels for the remainder of the year. Transactions, as per Fastmarkets Metal Bulletin, were quoted around \$1,955/s.t.
- European HRC prices remained stable in September 2021. Transactions, as per Fastmarkets Metal Bulletin, were quoted around €1,043.75 per tonne (\$1,209.58) in Northern Europe and around at €955/t in Southern Europe.
- Impacted by supply issues, Chinese HRC prices remained north-bound in September 2021. Transactions, as per Fastmarkets Metal Bulletin, were quoted around 5,740-5,770 yuan/t (\$888-893) in Shanghai and around 5,720-5,740 yuan/t in Tangshan.
- Oversupply led to sustained fall in flat steel prices in Russia in September 2021. Fastmarkets’ assessment for steel HR sheet, cpt Moscow, Russia was around 67,000 roubles/t (\$922) inclusive of a 20% value-added tax at month-end.

[Source Credit: Fastmarkets Metal Bulletin]

SPECIAL FOCUS

India leads global DRI production in 2021 so far

Provisional worldsteel report indicates that global DRI output stood at 70.09 mt in January-August 2021, up 16% over same period of last year. Such production growth was driven by India (26.02 mt, 37% share, up 24%) at the number one spot and Iran, where production stood at 21.6 mt (31% share), up 9% over same period of last year. The two countries together accounted for 68% of global DRI output during this period. Together, the top five countries accounted for 86% of the world DRI production during this period and saw their cumulative output go up 14.4% over same period of last year.

Global DRI Production				
Rank	Country	Jan-August 2021* (mt)	Jan-August 2020 (mt)	% change
1	India	26.02	21.00	23.9
2	Iran	21.60	19.89	8.6
3	Russia	5.14	5.22	-1.5
4	Mexico	3.95	3.27	20.8
5	Saudi Arabia	3.84	3.53	8.8
Top 5		60.55	52.91	14.4
World		70.09	60.61	15.6

Source: worldsteel; *provisional

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-August 2021, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-August 2021. 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-August 2021*(mt)	April-August 2020 (mt)	% change*
Crude Steel Production	47.612	35.059	35.8
Hot Metal Production	32.138	24.303	32.2
Pig Iron Production	2.607	1.690	54.3
Sponge Iron Production	16.167	11.938	35.4
Total Finished Steel (alloy/stainless + non-alloy)			
Production	44.237	30.722	44.0
Import	1.963	1.667	17.8

Export	6.400	5.680	12.7
Consumption	40.885	28.078	45.6
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 47.612 million tonnes (mt), up by 35.8%.
- **Hot Metal:** Production at 32.138 mt, up by 32.2%.
- **Pig Iron:** Production at 2.607 mt, up by 54.3%.
- **Sponge Iron:** Production at 16.167 mt, up by 35.4%, led by coal-based route (78% share).
- **Total Finished Steel:** Production at 44.237 mt, up by 44.0%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 29.861 mt (63% share) during this period, up by 30.6%. The rest (17.75 mt) came from the Other Producers, up by 45.6%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 28.641 mt (89% share) up by 29.6%. The rest (3.497 mt) came from the Other Producers, up by 59.0%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 0.816 mt (31% share) up by 52.4%. The rest (1.791 mt) came from the Other Producers, up by 55.1%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 25.802 mt (58% share) up by 42.3%. The rest (18.436 mt) came from the Other Producers, up by 46.4%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 81% share, the Private Sector (38.522 mt, up by 33.0%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 69% share, the Private Sector (22.194 mt, up by 25.4%) led hot metal production, compared to the 31% contribution of the PSUs.
- **Pig Iron:** With 88% share, the Private Sector (2.297 mt, up by 50.6%) led pig iron production, compared to the 12% contribution of the PSUs.
- **Total Finished Steel:** With 85% share, the Private Sector (37.43 mt, up by 39.4%) led production of total finished steel, compared to the 15% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 51% share (up by 55.0%), the rest 49% was the share of flats (up by 34.1%).
- **Import:** Flat products accounted for 91% share (up by 21.0%), the rest 9% was the share of non-flats (down by 7.3%).
- **Export:** Flat products accounted for 79% share (down by 0.6%), the rest 21% was the

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- share of non-flats (up by 131.7%).
 - **Consumption:** Led by Non-flat steel (55% share; up by 48.8%) while the rest 45% was the share of flat steel (up by 41.9%).

Finished Steel Production Trends

- At 44.237 mt, production of total finished steel was up by 44.0% in April-August 2021.
- Contribution of the non-alloy steel segment stood at 41.4 mt (94% share, up by 41.4%), 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 (17.427 mt, up by 57.8%) while growth in the non-alloy, flat segment was led by HRC (18.719 mt, up by 31.2%) during this period.

Finished Steel Export Trends

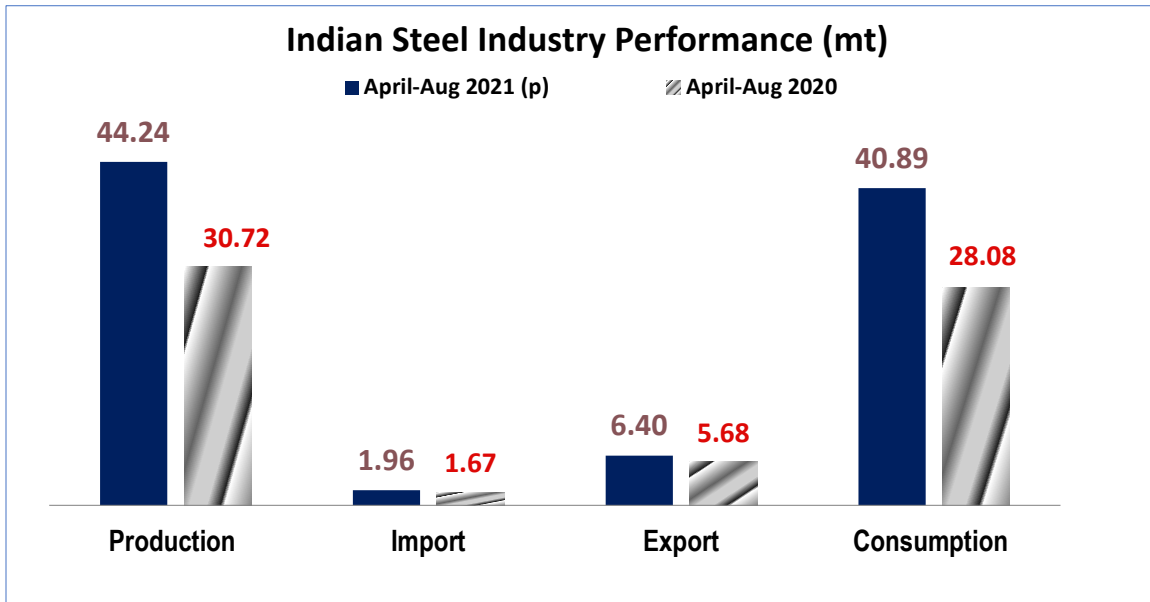
- Overall exports of total finished steel at 6.400 mt, up by 12.7%.
- Volume wise, Non-alloy HR Coil/Strip (2.88 mt, down by 27.6%) was the item most exported (48% share in total non-alloy).
- Italy (0.870 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 1.963 mt, up by 17.8%.
- India was a net exporter of total finished steel in April-August 2021.
- Volume wise, non-alloy GP/GC Sheets/Coils (0.333 mt, up by 34.9%) was the item most imported (27% share in total non-alloy).
- Korea (0.844 mt) was the largest import market for India (43% share in total).

Finished Steel Consumption Trends

- At 40.885 mt, consumption of total finished steel was up by 45.6% in April-August 2021.
- Contribution of the non-alloy steel segment stood at 37.773 mt (92% share, up by 42.8%), 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 (17.513 mt, up by 52.2%) while growth in the non-alloy, flat segment was led by HRC (15.34 mt, up by 40.9%) during this period.



INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the estimates of Gross Domestic Product (GDP) for Q1 2021-22. As per the reports, GDP at Constant (2011-12) Prices in Q1 of 2021-22 is estimated at ₹ 32.38 lakh crore, as against ₹ 26.95 lakh crore in Q1 of 2020-21, showing a growth of 20.1% as compared to contraction of 24.4% in Q1 2020-21. Quarterly GVA at Basic Price at Constant (2011-12) Prices for Q1 of 2021-22 is estimated at ₹ 30.48 lakh crore, as against ₹ 25.66 lakh crore in Q1 of 2020-21, showing a growth of 18.8%. Almost all the lead sectors reported double digit growth during this period, except *Agriculture and allied sectors* (4.5%), *Financial, Real Estate and Professional Services* (3.7%) and *Public Administration, Defence and Other Sectors* (5.8%).

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for the month of April-July 2021, rose by 34% due to a significantly low base of same period of last year. Similar high levels of growth trends were noted for the various sectors/sub-sectors due to the same reason.

Infrastructure Growth: Provisional data released by the DPIIT indicate that the Index for the Eight Core Infrastructure Industries saw a growth of 19.3% during April-August 2021 with all the sectors reporting a rise except Crude Oil and Fertilisers.

Inflation: In August 2021 (prov.), the annual rate of inflation, based on monthly WPI, stood at 11.39% while the all India CPI inflation rate (combined) stood at 5.30% and compared to the previous month, the former registered a rise and the latter, a softening.

Trade: Provisional figures from DGCI&S show that during April-August 2021, in dollar terms, overall exports were up by 64.37% while overall imports were up by 77.76%, both on yoy basis. During the same period, oil imports were valued at USD 55.55 billion, 112% higher yoy while non-oil imports were valued at USD 164.08 billion, 72% higher yoy. Overall trade deficit for April-August 2021 is estimated at USD 17.27 Billion as compared to the surplus of USD 11.3 Billion in same period of last year.

Prepared by: Joint Plant Committee