

Indian Steel Industry: April 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 7.3% and 6.2% in 2023 and 2024 compared to a global growth of 2.3% and 1.7%, respectively, according to Short Range Outlook of The World Steel Association. The worldsteel forecast comes against the backdrop of the country's macro-economic fundamentals like manufacturing and services PMIs, IIP, core infrastructure growth, remaining steady and strong and it is expected to register a GDP growth ranging from 6 to 6.5% in fiscal 2023-24, as estimated by different agencies including the RBI, IMF & World

WORLD ECONOMY AT A GLANCE

- The global manufacturing production saw a marginal increase in April 2023 as improved supply chain-conditions and the clearance of existing backlogs offset weaker demand.
- JP Morgan Global Manufacturing PMI stood at 49.6 in April 2023, unchanged compared with the previous month, thus staying below the 50.0 no-change mark for the eighth successive month.
- Two out of the five PMI components (output and employment) indicated better operating conditions, whereas the remaining three (new orders, stocks of purchases and supplier delivery times) were consistent with a deterioration.
- Data broken down by nation indicated that output growth accelerated to an 11-month high in the USA. An expansion was also signalled in China, in contrast to declines in Japan and the euro area.

Key Economic Figures			
Country	GDP 2022: % change*	Manufacturing PMI	
		March 2023	April 2023
India	7.0	56.4	57.2
China	3.0	50.0	49.5
Japan	1.0	49.2	49.5
USA	2.1	49.2	50.2
Eurozone	3.5	47.3	45.8
Brazil	2.9	47.0	44.3
Russia	-2.1	53.2	52.6
South Korea	2.6	47.6	48.1
Germany	1.8	44.7	44.5
Turkey	5.6	50.9	51.5
Italy	3.7	51.1	46.8

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

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 459.3 mt in January-March 2023 period, registering a marginal decline of 0.1% yoy, according to provisional data released by World Steel Association (worldsteel). In March 2023, world crude steel production stood at 165.1 mt, up 1.7% compared with the same period of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Mar '23 (mt)	% yoy change
1	China	261.6	6.1
2	India	33.2	3.0
3	Japan	21.6	(-)6.0
4	USA	19.4	(-)4.0
5	Russia	18.7	(-)1.3
6	South Korea	16.7	(-)1.5
7	Germany	9.2	(-)5.8
8	Brazil	8.0	(-)6.8
9	Turkey	7.4	(-)21.5
10	Italy	5.6	(-)6.0
Top 10 Total		401.4	2.5
World		459.3	(-)0.1

Major observations:

- China remained the leader in world crude steel production with an output of 261.6 mt in January-March 2023 period, registering a growth of 6.1% yoy. The country accounted for 56.9% of world crude steel production during the first three months of 2023.
- **Further, China and India were the only countries among the top 10 steel producing countries in the world which registered growth in production during January-March 2023.**
- India was the 2nd largest producer of crude steel with an output of 33.2 mt in January-March 2023, showing a yoy growth of 3.0%. The country accounted for 7.2% of world crude steel production during the first quarter of calendar year 2023.
- Japan was the 3rd largest producer of crude steel with an output of 21.6 mt in January-March 2023 period, down by 6.0% yoy. Japan accounted for 4.7% of world crude steel production during the period.
- With crude steel production of 19.4 mt (down 4.0% yoy), the USA was the 4th largest producer of crude steel during January-March 2023.
- Russia's crude steel production stood at 18.7 mt (down 1.3% yoy) in January-March 2023 period and the country was the 5th largest producer of crude steel.

- The top 10 countries' cumulative production in January-March 2023 stood at 401.4 mt (up 2.5% yoy) and they accounted for 87.4% of world crude steel production during the period.
- Asian crude steel production stood at 344.2 mt in January-March 2023, showing a 3.4% growth yoy, led primarily by China and India, with their respective shares of 76% and 10% in total Asian crude steel production during the period.

GLOBAL DRI PRODUCTION

India led global DRI production in January-March 2023 period

World DRI production stood at 25.9 mt in January-March 2023 period, showing a yoy growth of 2.6%, according to provisional data released by worldsteel. World DRI production in the month of March 2023 stood at 9.3 mt, up by 1.0% yoy.

World DRI Production (Prov)			
Rank	Top 5	Jan-Mar '23 (mt)	% yoy change
1	India	11.3	12.8
2	Iran	5.4	-17.8
3	Russia	1.9	(-)9.7
4	Saudi Arabia	1.77	8.4
5	Egypt	1.60	2.2
Top 5 Total		21.9	0.4
World		25.9	2.6
Source: worldsteel			

Major observations:

- India remained the leader in world DRI production with an output of 11.3 mt (up 12.8% yoy) in January-March 2023 period. The country accounted for 43.5% of world DRI production during the period under review.
- Iran was the 2nd largest producer of DRI with an output of 5.4 mt in January-March 2023 period (down 17.8% yoy). It accounted for 20.7% of world DRI production during the first three months of this year.
- Russia ranked third in terms of DRI production with a production of 1.9 mt (down 9.7% yoy) in January-March 2023. The country accounted for 7.4% of world DRI production during the period.
- The top 5 countries accounted for nearly 84.5% of total world DRI production in January-March 2023 with a cumulative output of 21.9 mt, up by 0.4% yoy.

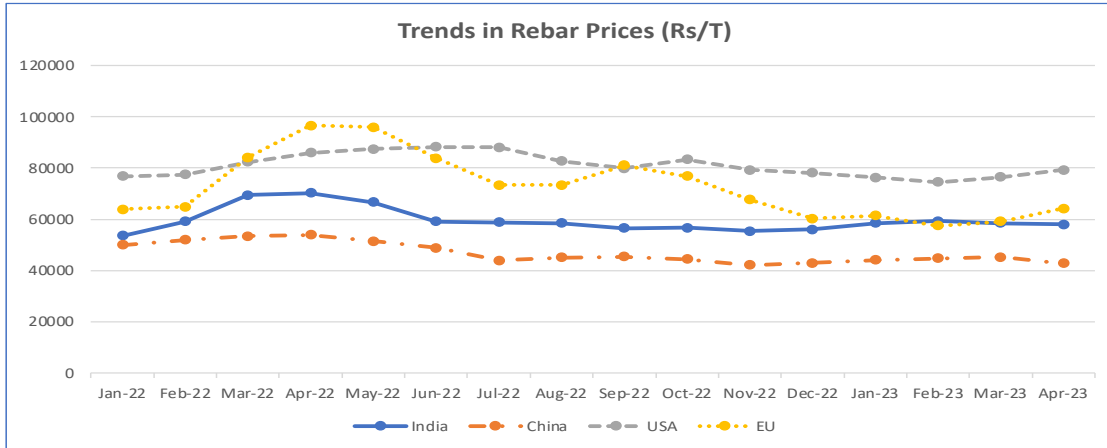
WORLD STEEL PRICE TRENDS

- ❖ Global steel prices continued to remain volatile in April 2023 due to a combination of local and global factors:
 - a) The Russia-Ukraine conflict and its many-sided repercussions, from raw material supply to logistics to uncertainties in trade flows to the growing impact of sanctions. Fluctuations in prices of major raw materials for steel making which showed an upward bias in the first quarter of 2023.
 - b) Stubbornly high inflation across geographies, tighter monetary policies, and turmoil in financial markets in view of bank failures in the USA, weighing on outlook for the industry.
 - c) Developments in the Chinese market: The economic recovery remains patchy and may be struggling to sustain momentum though Beijing has dropped its Covid Zero policy in a move to boost its flagging economy.
 - d) Euro zone manufacturing still remains in troubled water with factories reporting a fall in demand for goods for the eleventh straight month.
 - e) Supply constraints pushing up prices of the steel in the USA in view of steady demand for the commodity.

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

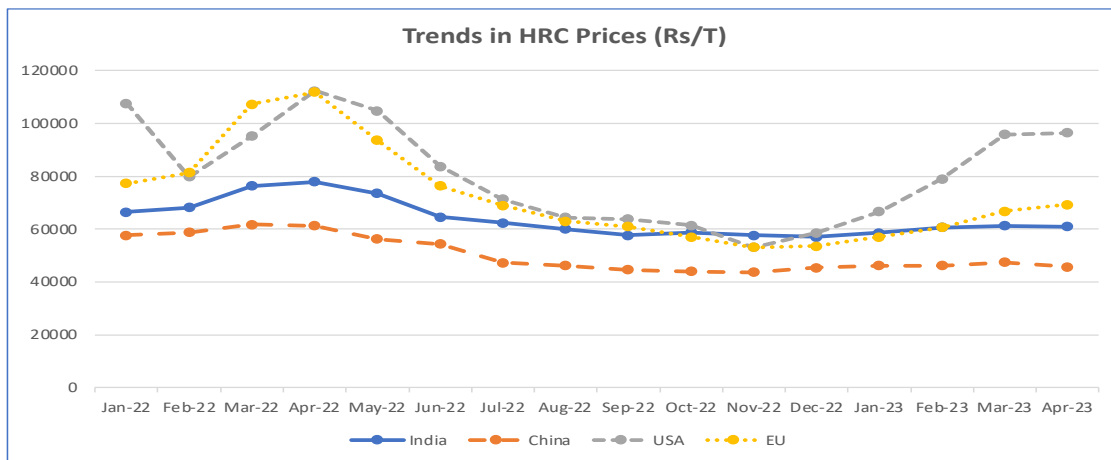
Long Products

- 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.
- Chinese rebar prices have suffered due in large part to downstream demand not strong enough to absorb the high level of steel the country is currently producing. Apart from that, the country's real estate, automotive and appliances sectors are weak, but mills continue to increase steel output.
- The prices of rebar in US remained steady as demand was steady throughout most of the country with signs of possible improvement coming, while Russian rebar prices remained mostly stable with traders awaiting new price list and a recovery of export activity after Ramadan.
- Weak consumption and pessimistic sentiment among market participants led to a decline in rebar and wire rod prices in northern Europe, while in southern European wire rod market, prices slipped as a result of depressed consumption and uncertain outlook.



Flat Products

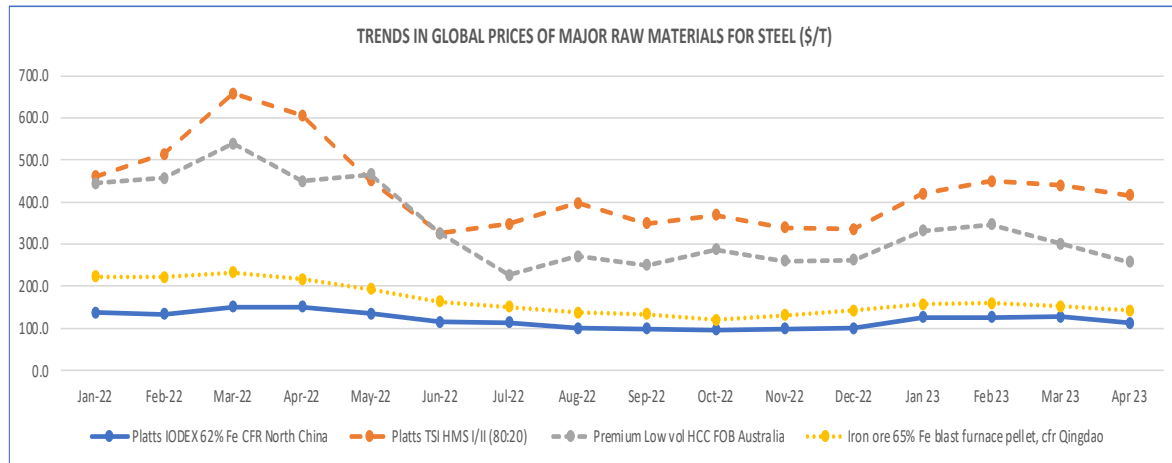
- HRC prices have started off 2022 on a slow note but have peaked in April 2022, dipping steadily thereafter till December 2022. Starting from January 2023, prices have again shown an upward trend in USA and European Union. While prices in India have shown a marginal uptick, it has remained nearly flat in China.
- The above peaking may well be attributed to the impact of the Russia-Ukraine crisis – a feature noted for rebar prices as well.
- Chinese flat steel prices have been affected by the same set of pervasive and persistent factors as in case of long products while tightened spot availability have pushed up HRC prices in the USA.
- Prices of HRC in Europe were largely unchanged amid a continuing lull in trading. Producers were expected to release new offers in May while buyers were increasingly bearish. Meanwhile, Russian domestic flat steel prices remained mostly stable while traders awaited new price lists and a recovery of export activity after Ramadan.



[Source Credit: Fastmarkets Metal Bulletin]

RAW MATERIAL SCENARIO

Prices of major raw materials for steel making – iron ore, scrap, coal - have peaked in March 2022, soon after the onset of the Russia-Ukraine war and have largely slipped thereafter, impacted by dull demand-supply conditions in most markets around the globe. The prices had, however, shown an upward bias in the first two months of 2023, followed by a downward trajectory again thereafter.



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

NEWS AROUND THE GLOBE

- The World Steel Association unveiled stronger steel demand growth forecasts for 2024 in its April Short Range Outlook published, while simultaneously revising down expectations for 2023 in many regions other than China, where higher steel output has boosted demand for steel raw materials.
- China’s finished steel exports increased by 60% on the year in March to 7.89 million mt, the highest level since May 2021. Strong order bookings received in January-February were behind the growth in March’s exports, and this will continue to support China’s steel exports at a relatively high level in April, market participants said.
- Cleveland-Cliffs touted “the reality of the American trade laws” in a rebuttal to charges by a consumer group that Cliffs’ unfair trade case against imports of tin mill products from eight countries would threaten nearly 40,000 US manufacturing jobs and increase the cost of canned products by up to 30%.
- Ukraine’s first-quarter output of crude steel decreased 66.2% on the year, to 1.235 million mt, because of Russia’s war against the country, Ukraine’s Ukrmetalurgprom steelmaking industry association said.

- Turkey’s largest steel pipe producer Borusan Mannesmann’s fully-owned subsidiary Borusan Mannesmann Pipe US Inc. finalized the acquisition of German steel pipe producer Europipe GmbH’s US subsidiary Berg Europipe.
- The European Commission has extended the anti-dumping duty on imports of certain hot rolled stainless steel sheets and coils originating in Indonesia to such products consigned from Turkey, whether it’s declared as having originated in Turkey or not.
- Turkish mills’ imports of ferrous scrap fell 25% on the year to 4.33 million mt in the first quarter of 2023, with a decline in Turkish mills’ crude steel output in the period due to weaker demand and the devastating Feb. 6 earthquakes that hit Turkish mills’ steel mills’ output.
- Russian mining and steel company Mechel said that it has shipped the first ore from its Sivaglinskoye deposit, marking the start of its industrial scale development.
- German steelmaker Salzgitter has secured provisional green hydrogen supplies from Oldenburg-based utility EWE, the companies said as they signed a memorandum of understanding.
- South Korea’s POSCO plans to spend Won 4.4 trillion (\$3.3 billion) in the next 10 years at Gwangyang to build an industrial complex that will include battery materials and hydrogen.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-March 2022-23, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-March 2022-23. 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-March 2022-23*(mt)	April-March 2021-22 (mt)	% change*
Crude Steel Production	126.258	120.293	5.0
Hot Metal Production	81.099	78.223	3.7
Pig Iron Production	5.882	6.262	-6.1
Sponge Iron Production	43.557	39.200	11.1
Total Finished Steel (alloy/stainless + non-alloy)			
Production	122.276	113.597	7.6
Import	6.022	4.669	29.0
Export	6.716	13.494	-50.2
Consumption	119.864	105.752	13.3
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 126.258 million tonnes (mt), up by 5.0%.
- **Hot Metal:** Production at 81.099 mt, up by 3.7%.
- **Pig Iron:** Production at 5.882 mt, down by 6.1%.
- **Sponge Iron:** Production at 43.557 mt, up by 11.1%, led by coal-based route (82% share).
- **Total Finished Steel:** Production at 122.276 mt, up by 7.6%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 76.662 mt (61% share) during this period, up by 2.4%. The rest (49.596 mt) came from the Other Producers, up by 9.2%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 73.295 mt (90% share) up by 4.5%. The rest (7.804 mt) came from the Other Producers, down by 3.8%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 1.090 mt (19% share) down by 25.4%. The rest (4.792 mt) came from the Other Producers, down by 0.2%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL & JSPL together produced 69.806 mt (57% share) up by 7.3%. The rest (52.470 mt) came from the Other Producers, up by 8.1%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 82% share, the Private Sector (103.829 mt, up by 6.3%) led crude steel production compared to the 18% contribution of the PSUs (down by 0.9%).
- **Hot Metal:** With 71% share, the Private Sector (57.283 mt, up by 6.6%) led hot metal production, compared to the 29% contribution of the PSUs (down by 2.8%).
- **Pig Iron:** With 93% share, the Private Sector (5.481 mt, down by 2.6%) led pig iron production, compared to the 7% contribution of the PSUs (down by 36.8%).
- **Total Finished Steel:** With 85% share, the Private Sector (103.350 mt, up by 7.6%) led production of total finished steel, compared to the 15% contribution of the PSUs (up by 7.7%).

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 54% share (up by 9.1%), the rest 46% was the share of flats (up by 5.9%).
- **Import:** Flat products accounted for 93% share (up by 29.7%), the rest 7% was the share of non-flats (up by 20.3%).
- **Export:** Flat products accounted for 88% share (down by 44.3%), the rest 12% was the share of non-flats (down by 71.6%).
- **Consumption:** Led by Non-flat steel (54% share; up by 10.6%) while the rest 46%

was the share of flat steel (up by 16.8%).

Finished Steel Production Trends

- At 122.276 mt, production of total finished steel was up by 7.6%.
- Contribution of the non-alloy steel segment stood at 112.663 mt (92% share, up by 5.7%), 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 (51.031 mt, up by 8.1%) while growth in the non-alloy, flat segment was led by HRC (46.321 mt, up by 2.4%) during this period.

Finished Steel Export Trends

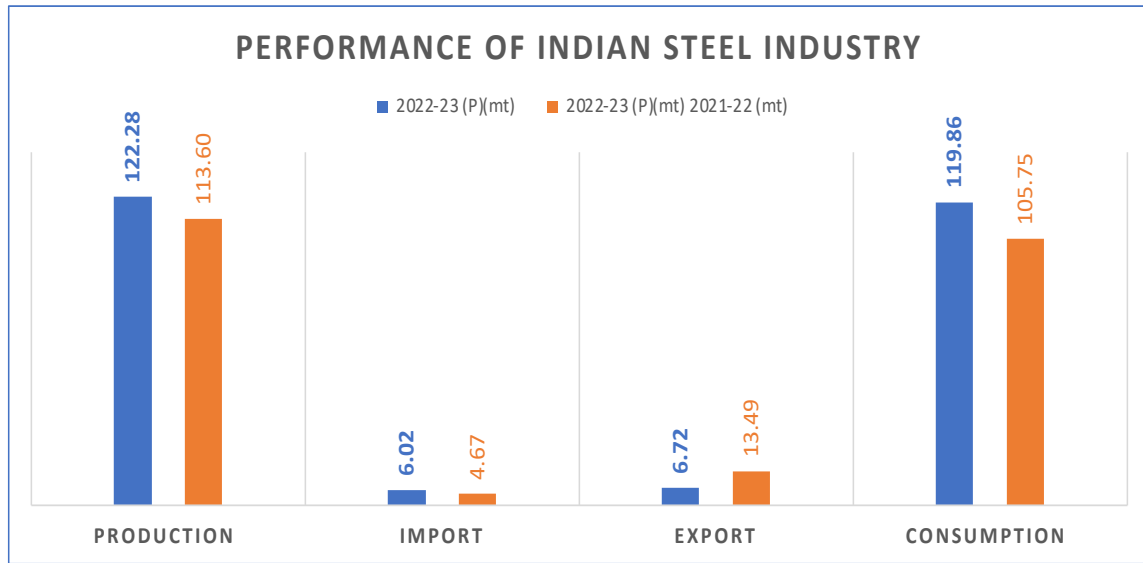
- Overall exports of total finished steel at 6.716 mt, down by 50.2%.
- Volume wise, HR Coil/Strip (3.12 mt) was the item most exported (46% share in total finished steel). 47% share of such exports was from Alloy/Stainless.
- Italy (1.035 mt) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 6.022 mt, up by 29.0%.
- India was a net exporter of total finished steel in April-March 2022-23.
- Volume wise, HR Coil/Strip (2.11 mt) was the item most imported (35% share in total finished steel).
- Korea (2.228 mt) was the largest import market for India (37% share in total).

Finished Steel Consumption Trends

- At 119.864 mt, consumption of total finished steel was up by 13.3%.
- Contribution of the non-alloy steel segment stood at 110.369 mt (92% share, up by 12.4%), 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 consumption of total finished steel was Bars & Rods (50.279 mt, up by 9.3%) while growth in the non-alloy, flat segment was led by HRC (45.456 mt, up by 16.9%) 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 2022-23 is estimated to have attained a level of ₹ 40.19 lakh crore, as against ₹ 38.51 lakh crore in Q3 2021-22, showing a growth of 4.4 per cent. Barring *Manufacturing*, all the other sectors reported growth during this period, with *Trade, Hotels, Transport, Communications and Services related to Broadcasting* sector reporting the highest growth (9.7%) and *Manufacturing* sector, the lowest (-1.1%).

Industrial Production: Provisional CSO data show that the overall Index of Industrial Production (IIP) for financial year 2022-23 rose by 5.1% over 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 7.6% during financial year 2022-23 with all the sectors, barring only crude oil, reporting increase in output.

Inflation: The rate of inflation based on Consumer Price Index stood at 4.70% and that on Wholesale Price Index stood at -0.92% in April 2023. Both the CPI inflation and WPI inflation came down compared with the previous month.