

Indian Steel Industry: September 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 fell to a one-year low of 48.8 in September 2024, to remain below the neutral 50.0 mark for the third successive month. The manufacturing PMI stood at 49.5 in August 2024.
- Among the major economies, the eurozone saw the steepest fall in production, led by Germany. Output also slipped deeper into contraction in the USA and a marginal decline was recorded in Japan. Production barely grew in mainland China, broadly stagnating for a third successive month, and a reduced rate of expansion was seen in the rest of Asia. India, Brazil, Spain and the UK were among the fastest growing of the larger nations.
- The intermediate and investment goods sectors both saw production contract in September 2024 and, although still expanding, the rate of growth in the consumer goods category remained tepid at best.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		August 2024	September 2024
India	8.2**	57.5	56.5
China	5.2	50.4	49.3
Japan	1.9	49.8	49.7
USA	2.5	47.9	47.3
Eurozone	0.5	45.8	45
Brazil	2.9	50.4	53.2
Russia	3.6	52.1	49.5
South Korea	2.6	51.9	48.3
Germany	-0.3	42.4	40.6
Turkey	4.5	47.8	44.3
Italy	0.9	49.4	48.3

Source: GDP: official releases; PMI- Markit Economics, *provisional, ** FY 2023-24

GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1,251.071 MnT in January-August 2024, registering 1.5% decline year-on-year, according to provisional data released by World Steel Association (worldsteel). In August 2024, world crude steel production was 144.834 MnT, down by 6.5% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Aug 2024 (MnT)	% yoy change
1	China	691.410	(-)3.3
2	India	98.522	6.5
3	Japan	56.665	(-)2.9
4	USA	53.785	(-)1.7
5	Russia	48.469	(-)4.9
6	South Korea	42.509	(-)5.5
7	Germany	25.378	4.0
8	Turkey	24.816	14.8
9	Brazil	22.363	3.8
10	Iran	19.784	1.9
Top 10 Total		1,083.701	(-)1.8
World		1,251.071	(-)1.5
Source: worldsteel			

Major observations:

- China remained the leader in world crude steel production with an output of 691.410 MnT in January-August 2024, registering a decline of 3.3% compared with the same period of 2023. The country accounted for 55.3% of world crude steel production during the period under review.
- India was the 2nd largest producer of crude steel with an output of 98.522 MnT in January-August 2024, showing a yoy growth of 6.5%. 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 56.665 MnT in January-August 2024, down by 2.9% 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 53.785 MnT (down 1.7% yoy), the USA was the 4th largest producer of crude steel in January-August 2024.
- Russia's crude steel production stood at 48.469 MnT (down 4.9% yoy) in January-August 2024 and the country was the 5th largest producer of crude steel.
- The top 10 countries' cumulative production in January-August 2024 stood at 1,083.701 MnT (down 1.8% yoy) and they accounted for 86.6% of world crude steel production during the period.

- Among the top 10 steel producing countries, China, Japan, the USA, Russia and South Korea reported yoy decline in production while the others registered yoy growth in production during January-August 2024 period.
- Asian crude steel production stood at 922.993 MnT in January-August 2024, showing a decline of 2.1% yoy, led primarily by China and India, with their respective shares of 74.9% and 10.7% in total Asian crude steel production during the period.

GLOBAL DRI PRODUCTION

India led global DRI production in January-August 2024

World DRI production stood at 82.696 MnT in January-August 2024, showing a yoy growth of 5.8%, according to provisional data released by worldsteel. In August 2024, world DRI production was 10.468 MnT, up by 3.3% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-Aug 2024 (MnT)	% yoy change
1	India	35.510	10.7
2	Iran	22.814	8.4
3	Russia	5.531	8.3
4	Saudi Arabia	4.571	(-)0.4
5	Egypt	4.398	(-)6.5
Top 5 Total		72.824	7.8
World		82.696	5.8
Source: worldsteel			

Major observations:

- India remained the leader in world DRI production with an output of 35.510 MnT (up 10.7% yoy) in January-August 2024. The country accounted for 42.9% of world DRI production during the period under review.
- Iran was the 2nd largest producer of DRI with an output of 22.814 MnT in January-August 2024 (up by 8.4% yoy). It accounted for 27.6% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 5.531 MnT (up 8.3% yoy) in January-August 2024. The country accounted for 6.7% of world DRI production during the period.
- The top 5 countries accounted for 88.1% of total world DRI production in January-August 2024 with a cumulative output of 72.824 MnT, up by 7.8% yoy.

WORLD STEEL PRICE TRENDS

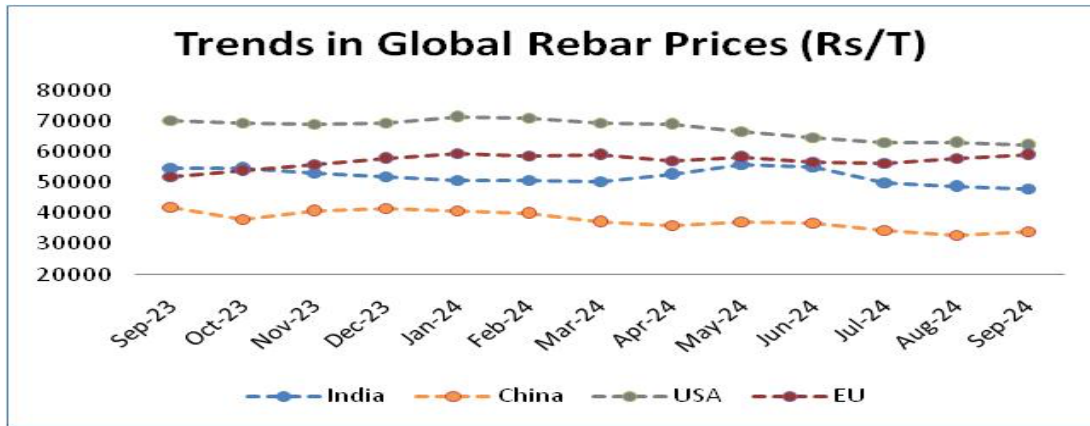
Global steel prices were a mixed bag in September 2024 with some markets seeing an uptick in prices and some witnessing a decline. Domestic rebar prices fell both year-on-year and month-on-month in India and the USA, while in China and the European Union prices saw some upward movements. Similarly, domestic HRC prices declined both y-o-y and m-o-m in India, China and the European Union, while in the USA prices saw a marginal uptick. 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 slump in manufacturing and construction activities continued at the end of the third quarter of this calendar year, driven by poor demand environment.
- 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 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 April 2024, has forecast a 1.7% growth in steel demand in 2024 and a further 1.2% growth in 2025. India is considered to be a major driver for domestic steel demand growth with an expected 8.2% rise in steel demand in both 2024 and 2025, while for China, the SRO predicts a zero growth in 2024, followed by a 1% contraction in 2025 compared with the previous year.

Long Products

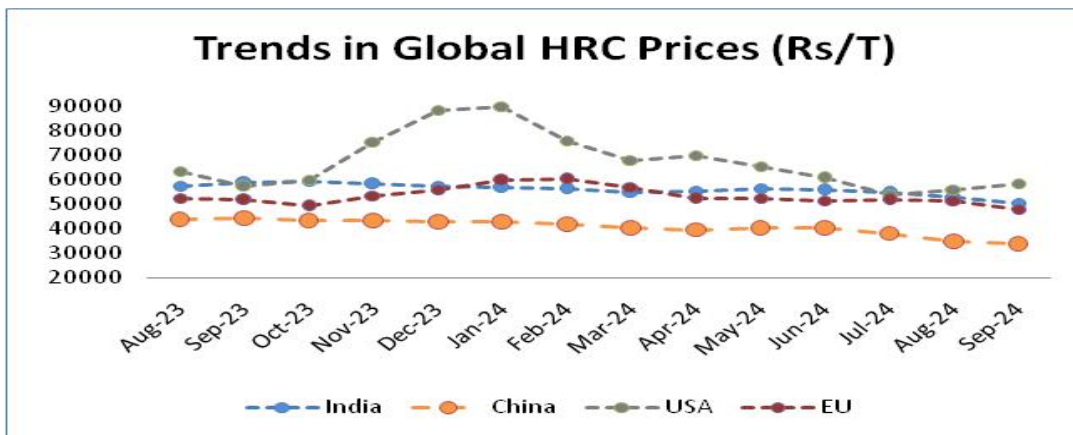
- Rebar / TMT prices have seen fluctuations in all the major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
 - Prices were a mixed bag in September 2024 with some markets seeing an uptick in prices and some witnessing a decline. Domestic rebar prices fell both year-on-year and month-on-month in India and the USA. In China though prices softened YoY, but saw a marginal uptick on MoM basis, while in the European Union prices went up both YoY and MoM.
 - A seasonal steel demand recovery in both the construction and manufacturing sectors has turned out to be modest as of early September. Besides, the steel output cuts and lower steel inventories triggered a slight rebound in long steel prices. However, any price rebound could be short-lived as construction steel demand remains on a long-term structural downtrend, according to traders.
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- Indian domestic rebar prices fell as demand failed to cope up with the oversupply in the market, while US domestic rebar prices saw adjustments in some regions as market participants were hoping for price stabilization.



Flat Products

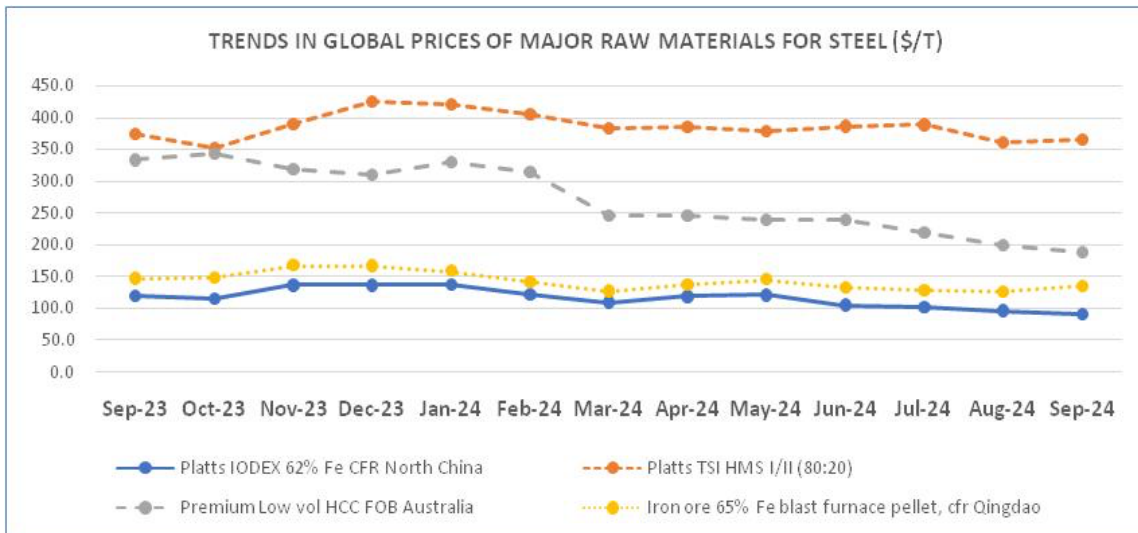
- As in case of rebar, HRC prices have also seen fluctuations in major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- Prices were a mixed bag in September 2024 with some markets seeing an uptick in prices and some witnessing a decline. Domestic HRC prices fell both year-on-year and month-on-month in India, China and the European Union. In the USA, however, prices went up both YoY and MoM.
- Indian HRC prices continued to decline or remained range-bound as cheap import offers kept market sentiment bearish while in the European Union, HRC prices inched down amid a continued market slump as buyers avoided bookings due to high inventory levels, and expectation of further price decrease.
- In the USA, HRC prices moved up as market sources saw support for prices in a range of \$700-720/st ex-works with import competition remaining minimal and buyers focussing on contract tons.



[Source Credit: Fastmarkets Metal Bulletin]

RAW MATERIAL SCENARIO

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



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

NEWS AROUND THE GLOBE

- European steel industry association Eurofer has called for a radical “Clean Industrial Deal” in the EU, amid what it terms the “existential risk” currently facing the steel and manufacturing sectors. “A Clean Industrial Deal including swift and radical measures in EU industrial, energy and trade policies, is the last chance to ensure Europe’s prosperity and shield European industry from cheap imports driven by third countries’ unfair trade practices, overcapacity and lower climate ambition,” the association said.
- The USA has announced it will go ahead with Section 301 tariffs on a number of commodity imports from China, including steel, the Office of the United States Trade Representative said in a statement. It said proposed modifications announced in May were largely adopted, with several updates to strengthen the actions to protect US businesses and workers from China’s unfair trade practices.
- Chile has dropped an investigation into the alleged dumping of Chinese steel products as the country’s largest steel plant prepares for closure. In a note in the government’s official gazette, the antidumping commission said it had suspended the investigation after CAP, Chile’s largest steelmaker, withdrew its complaint.

- There were no steel rebar exports from Turkey to Israel in July due to an export ban. Palestine emerged as a new export destination, with 16,800 tons exported there in July.
- Japan’s Nippon Steel will invest at least \$1.3 billion to improve two steel plants operated by US Steel as part of its pending acquisition of the US steelmaker, it said.
- German steel company Salzgitter and Swedish state-affiliated energy group Vattenfall have signed a fifteen-year power purchase agreement for 300 GWh/year of wind from a farm currently being built in the North Sea, off the north-western coast of Germany.
- India’s Jindal Steel & Power Ltd plans to incorporate “green” hydrogen into its 1.8 million metric tons per year direct reduced iron (DRI) plant at Angul, Odisha, the steelmaker said.
- South Korea has started an antidumping investigation on stainless steel plate imported from China, a notice from the Korea Trade Commission showed. The plates in question have a width of 600 mm or more and a thickness of 4.75 mm or more.
- H2 Green Steel, the start-up targeting to produce steel with up to 95% less CO2 emissions in Boden, Sweden, said it is also looking at projects outside the country while announcing a rebranding to Stegra.
- Swedish steelmaker SSAB has signed two new agreements to deliver its fossil-free steel, with sound damping shims manufacturer Trelleborg Sealing Solutions Kalmar and Finnish manufacturer of long life-cycle cable management systems Meka Pro.
- China’s manufacturing steel demand improved in August mainly due to seasonal factors, but sluggish domestic consumer spending remained a drag on the growth momentum, market participants said.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-August 2024, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-August 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-August 2024*(MnT)	April-August 2023 (MnT)	% change*
Crude Steel Production	60.944	58.485	4.2
Hot Metal Production	36.604	35.260	3.8
Pig Iron Production	3.336	2.983	11.9
Sponge Iron Production	22.159	20.741	6.8
Total Finished Steel (alloy/stainless + non-alloy)			
Production	58.927	55.913	5.4
Import	3.718	2.776	33.9
Export	1.915	3.173	-39.6
Consumption	60.267	52.954	13.8
Source: JPC; *provisional; MnT=million tonnes			

Overall Production

- **Crude Steel:** Production at 60.944 million tonnes (MnT), up by 4.2%.
- **Hot Metal:** Production at 36.604 MnT, up by 3.8%.
- **Pig Iron:** Production at 3.336 MnT, up by 11.9%.
- **Sponge Iron:** Production at 22.159 MnT, up by 6.8%, led by coal-based route (85% share).
- **Total Finished Steel:** Production at 58.927 MnT, up by 5.4%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 34.656 MnT (57% share) during this period, down by 0.8%. The rest (26.289 MnT) came from the Remaining Producers, up by 11.7%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 32.972 MnT (90% share) up by 0.6%. The rest (3.632 MnT) came from the Remaining Producers, up by 45.6%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 0.685 MnT (21% share) down by 25.9%. The rest (2.652 MnT) came from the Remaining Producers, up by 28.8%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 31.646 MnT (54% share) up by 0.6%. The rest (27.281 MnT) came from the Remaining Producers, up by 11.6%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (50.996 MnT, up by 4.6%) led crude steel production compared to the 16% contribution of the PSUs (up by 2.4%).
- **Hot Metal:** With 70% share, the Private Sector (25.768 MnT, up by 3.6%) led hot metal production, compared to the 30% contribution of the PSUs (up by 4.2%).
- **Pig Iron:** With 89% share, the Private Sector (2.980 MnT, up by 7.3%) led pig iron production, compared to the 11% contribution of the PSUs (up by 72.4%).
- **Total Finished Steel:** With 87% share, the Private Sector (51.064 MnT, up by 6.9%) led production of finished steel, compared to the 13% contribution of the PSUs (down by 3.6%).

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 55% share (up by 6.3%), the rest 45% was the share of flats (up by 4.3%).
 - **Import:** Flat products accounted for 95% share (up by 35.4%), the rest 5% was the share of non-flats (up by 9.9%).
 - **Export:** Flat products accounted for 83% share (down by 43.0%), the rest 17% was the share of non-flats (down by 13.7%).
 - **Consumption:** Led by Non-flat steel (54% share; up by 11.3%) while the rest 46%
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was the share of flat steel (up by 16.9%).

Finished Steel Production Trends

- At 58.927 MnT, production of total finished steel was up by 5.4%.
- Contribution of the non-alloy steel segment stood at 54.333 MnT (92% share, up by 4.0%), 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 (25.319 MnT, up by 7.1%) while growth in the non-alloy, flat segment was led by HRC (21.700 MnT, up by 1.1%) during this period.

Finished Steel Export Trends

- Overall exports of total finished steel at 1.915 MnT, down by 39.6%.
- Volume wise, HR Coil/Strip (0.459 MnT) was the item most exported (24% share in total finished steel).
- Italy (0.360 MnT) was the largest export market for India.

Finished Steel Import Trends

- Overall imports of total finished steel at 3.718 MnT, up by 33.9%.
- India was a net importer of total finished steel in April-August 2024-25.
- Volume wise, HR Coil/Strip (1.610 MnT) was the item most imported (43% share in total finished steel).
- China (1.135 MnT) was the largest import market for India (31% share in total).

Finished Steel Consumption Trends

- At 60.267 MnT, consumption of total finished steel was up by 13.8%.
- Contribution of the non-alloy steel segment stood at 54.900 MnT (91% 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 (25.172 MnT, up by 12.0%) while growth in the non-alloy, flat segment was led by HRC (22.469 MnT, up by 13.8%) 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-August 2024-25 rose by 4.2% 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 4.6% during April-August 2024-25. Barring Crude Oil, all the other sectors reported positive growth during the period. While crude oil sector reported a contraction of 1.7% in April-August 2024-25, the steel sector reported the highest growth of 7.3% during the period under review.

Inflation: The rate of inflation based on Consumer Price Index stood at 5.49% and that on Wholesale Price Index stood at 1.84% in September 2024. Both CPI inflation and WPI inflation moved up compared with the previous month.

Prepared by: Joint Plant Committee