



Trends April 2020

Provisional data released by JPC indicate that 2019-20 saw India's finished steel consumption edge past the 100 million tonne milestone mark for the first time in its long history of evolution. Other than that, industry performance in 2019-20 was marred by the double whammy of slowdown blues and the mayhem unleashed by the COVID-19 pandemic.

WORLD ECONOMY AT A GLANCE

- Reports from Markit Economics show that the disruption resulting from the outbreak of COVID-19 continued to hit global industry hard during April 2020. The result: April 2020 was witness to the steepest fall in rates of contraction in output and new orders in the 22-year survey history and the worst since the global financial crisis of 2008/09. The J.P.Morgan Global Manufacturing PMI fell to 39.8 in April 2020, its lowest level since March 2009.
- Manufacturing production and new orders suffered similarly fate during April 2020 and global trade flows came to a grinding halt. Almost all the nations covered by the Markit survey – Eurozone, the UK, Russia, Czech Republic, Canada, Mexico, India, Turkey, Indonesia, Vietnam, Malaysia, Philippines, Australia, Brazil, the US, Japan and South Korea - saw their output and new orders indices drop to record lows. The sole exception was China which not only recorded a slight rise in production but also the weakest decrease in new order intakes.
- Global manufacturing employment, input costs and selling prices moved south in April 2020 in tune with the dismal surrounding all around.

Key Economic Figures			
Country	GDP 2019: %change*	Manufacturing PMI	
		March 2020	April 2020
India	4.8	51.8	27.4
China	6.1	50.1	49.4
Japan	1.0	44.8	41.9
USA	2.3	48.5	36.1
EU 28	1.2	44.5	33.4
Brazil	1.1	48.4	36.0
Russia	1.3	47.5	31.3
South Korea	2.0	44.2	41.6
Germany	0.6	45.4	34.5
Turkey	0.9	48.1	33.4
Italy	0.3	40.3	31.1

GLOBAL CRUDE STEEL PRODUCTION

The impact of the shutdown of activities in major countries around the world due to COVID-19 pandemic was apparent in the country-wise crude steel production numbers released by World Steel Association (worldsteel) which shows that world crude steel production stood at 443.03 million tonnes (mt) in January-March 2020, down by 1.4% year-on-year (yoy). Such declines were widespread as most nations saw production levels being curtailed except for China (which curbed the spread of the pandemic during this period), Turkey (where the first official case was confirmed in March 2020 only) and Iran (where industry faced no lockdown restrictions).

World Crude Steel Production: January-March 2020 (prov)			
Rank	Country	Qty (mt)	% change
1	China	234.45	1.2
2	India	27.50	-5.3
3	Japan	24.36	-2.4
4	USA	21.94	-1.0
5	Russia	17.91	-1.0
6	South Korea	16.94	-4.8
7	Germany	9.47	-9.3
8	Turkey	8.97	9.5
9	Brazil	8.02	-7.0
10	Iran	6.75	13.3
Total Top 10		376.31	-0.2
Total World		443.03	-1.4
Source: worldsteel			

- World crude steel production was led by China in January-March 2020 (234.45 mt, up by 1.2% yoy) and the nation accounted for 74% of Asian and 53% of world crude steel production during this period.
- With a 6.2% share in total world production but a yoy decline of 5.3%, India (27.50 mt) maintained its 2nd largest producer status during this period.
- Japanese crude steel production (24.36 mt) was down by 2.4% yoy and the country was the 3rd largest crude steel producer in the world during this period.
- USA remained at the 4th largest spot, with production (21.94 mt), down by 1% yoy while Russia (17.91 mt, down by 1% yoy) was the 5th largest crude steel producer during this period.
- Crude steel production in the EU (28) countries during this period was 38.29 mt, down by 10% yoy.
- At 315.15 mt, Asian crude steel production was down by 0.3% yoy during this period and the region accounted for 71% 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 production go down by 0.2% yoy.

THE AMERICAS

- The United States Commerce Department has initiated anti-dumping and countervailing duty investigations into imports of non-refillable steel cylinders from China.
- US Steel will blank Blast Furnace 1 at its MonValley Works, after idling its Blast Furnace 8 at the Gary Works.
- The US President has signed off on deferring tariffs for most favoured nations for three months.
- Customers of AK Steel's electrical steel business have urged the administration to extend Section 232 tariffs to imports of laminations and cores, claiming that circumvention is occurring through neighboring countries Canada and Mexico.
- Latin American steel group Ternium expects to delay the start-up of some projects in order to preserve cash during the Covid-19 pandemic.
- ArcelorMittal Brazil to idle its Blast Furnace No. 3 in Tubarao due to COVID-19 pandemic.
- The Mexican government authorized steelmakers to continue with their activities in a minimal scale due to the COVID-19 pandemic.
- Northwest Pipe Company has declared closure of operations at its Mexico plant.
- Apparent steel consumption in Brazil totalled 1.61 mt in March 2020, down by 11.1% yoy.

ASIA

- Chinese flat steel accounted for 63% of the 6.48 mt of steel exported in March 2020, with countries on short-sea routes (Vietnam, South Korea) the major buyers due to short delivery times and competitive prices.
- Defaults among overseas buyers have become a problem for Chinese steel exporters, with falling prices and weakening demand owing to the COVID-19 pandemic leading to an increase in export credit insurance claims.
- Japan announced a state of emergency measures in Tokyo, Osaka, Fukuoka and four other prefectures in an attempt to restrict the spread of COVID-19 across the country.
- JFE Steel Corp. plans to suspend two blast furnaces at its West Japan Works in Kurashiki and Fukuyama to cope with reduced demand due to COVID-19 pandemic.
- Nippon Steel will halt a third blast furnace due to an "immediate sharp drop in demand for steel products" caused by the COVID-19 pandemic.
- India extended its lockdown period to control the spread of the COVID-19 pandemic until May 3, 2020, going beyond the scheduled end-date of April 15, 2020.
- Posco has lowered its crude steel production forecast to 34.1 mt (down by 7.1%) and sales forecast to 32.4 mt (down by 7.4%) for 2020 in view of the COVID-19 pandemic.
- Vietnam's Hoa Phat produced about 0.73 mt of construction steel in Q1 2020, slightly higher than the 0.7 mt of Q1 2019, defying the COVID-19 impact.
- Vietnam's Formosa Ha Tinh Steel Corp will not announce its monthly offer prices for its steel supply for the first time in history.
- Singapore rebar fabricators shut operations in April 2020, in view of the government's stringent measures to curb the coronavirus pandemic.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

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- South Africa is to end its nationwide lockdown and ease restrictions put in place due to the COVID-19 pandemic from May 1, 2020 but will keep the country's borders closed.
 - Severstal has cut its 2020 capital expenditure by 15% (\$1.45 million), with part of the cut due to rouble deflation but intends to maintain its steelmaking capacity utilization at 100% at least until June 2020.
 - None of Iran's steel mills or mines will be closed during the current coronavirus pandemic, as the Iranian government has instructed all industries (including steel producers and mining companies) to continue their production as scheduled.
 - The Egyptian Ministry of Trade and Industry has postponed a duty reduction on billet and rebar for a period of six months until October 12, 2020.
 - The Russian Steel Association has called for equal access to the country's railway infrastructure so that its members can export goods to eastern destinations.

EU AND OTHER EUROPE

- Swedish special steel producer Ovako has used hydrogen to heat steel before rolling for the first time.
- The European Commission has imposed anti dumping duty on CR Stainless imports from China, Taiwan, Indonesia.
- British Steel is set to restart production at its North Yorkshire special steel mill following a three-week shutdown.
- European steel distribution will start a slow recovery in May after the COVID-19 pandemic seriously dented market activity in recent months, as per Eurometal.
- The European antitrust authority has given the green light to long steel producer Feralpi buying a 50% stake in Caleotto, a special wire rod re-roller producer based in Lecco, Italy, from Duferco Italia Holding.
- Kardemir has decided to partially reduce output due to adverse market conditions owing to the COVID-19 pandemic.
- ArcelorMittal will temporarily shut down its 2.7 mtpa Blast Furnace A at its site in Austurias in Spain due to COVID-19 pandemic. It also plans to temporarily idle the 2nd blast furnace and coking plant at its Fos-sur-Mer flat steel plant in France due to COVID-19 pandemic.
- Ekinciler is planning to pause its meltshop at the end of April 2020 to integrate the upgraded meltshop with the rolling mills.
- Italian steel producers lost nearly upto 1.3 mt of output during the stringent four weeks of coronavirus-prompted lockdown but have resumed production, working at around 40-50% of their capacity.
- Spain has extended its lockdown for the third time to combat the spread of COVID-19.
- The Czech Republic's biggest steelmaker, Liberty Ostrava, will cut crude steel production by 20%, until the end of August 2020, because of a slump in demand caused by the coronavirus pandemic.

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

The depressing effect of the COVID-19 pandemic continued in April 2020 as it continued to spread across all the major steel markets around the world, leading to shutting down of business activities, dampening demand, depressing prices, reducing output, causing loss of employment and loss of lives as well, eroding profitability and most markedly, causing an overall weakening of the entire economic framework. As nations struggled to combat the fast-spreading deadly menace with no cure so far and as demand started drying up, steel making operations took a hit, from procurement of raw materials to delivery of finished products, impacting prices as well. Like always, China remained a sole spot of exception, where some semblance of normalcy in market operations were noted with mild rise in steel prices as sentiments got boosted by encouraging PMI numbers for the country, at a time, when this benchmark numbers reached record lows for other global steel producing nations.

Long Product

- April 2020 saw US rebar prices dip following scrap prices and softening in construction sector demand. Transactions, as per Metal Bulletin reports, stood around \$580-600/t at month-end.
- Though largely stable, April 2020 rebar prices in Europe were impacted by the overall demand softening and lockdown factor due to COVID-19. Transactions, as per Metal Bulletin reports, stood around €470-490/t in Northern Europe and around €440-470/t in Southern Europe.
- With markets showing some betterment and sentiments rising owing to encouraging PMI numbers, April 2020 saw China's rebar prices inch up. Transactions, as per Metal Bulletin reports, stood around 3410-3440 yuan/t (\$481-486) in Shanghai and around 3,390-3,440 yuan/t in Beijing.
- COVID-19 restrictions dampened construction sector demand and made rebar prices move south in April 2020. Transactions, as per Metal Bulletin reports, stood around 33,000-34,000 roubles/t (\$443-456) cpt Moscow including 20% VAT.

Flat Product

- HRC prices in the USA sank to a four-year low in April 2020 (\$21.89 per hundredweight) with market participants hoping that this may have reached a bottom. Transactions, as per Metal Bulletin reports, stood around \$438/t at month-end.
- April 2020 HRC prices in Europe were stable but declined owing to poor demand conditions while supply remained in lockdown mode. Transactions, as per Metal Bulletin reports, stood around €425.71/t (\$462.21) in Northern Europe and around €420-435/t in Southern Europe.
- Same factors as in case of rebar made China's HRC prices inch up in April 2020. Transactions, as per Metal Bulletin reports, stood at around 3,270-3,300 yuan/t (\$462-466) in Shanghai and around 3,240-3,250 yuan/t in Tangshan at month-end.
- Poor demand due to COVID-19 impact led Russian flat steel prices southward in April 2020. Transactions for HR sheet, as per Metal Bulletin reports, stood around 43,000-44,000 roubles/t (\$550-569) cpt Moscow, including 20% VAT.

[Source Credit: Metal Bulletin]

SPECIAL FOCUS

India leads global DRI production in March 2020

Provisional worldsteel report indicates that global DRI output was at 7.41 mt in March 2020, up by 0.1% over March 2019. For the first quarter of 2020, i.e. January – March 2020, provisional worldsteel report indicates that global DRI output was at 22.82 mt, up by 2.6% over same period of last year. Global production in January-March 2020 continued to be driven by India (9.72 mt) at the number one spot with a growth of 10.7% over same period of 2019. The country also accounted for 43% of total global output during this period. For the same period, Iran's DRI output (6.94 mt) saw a growth of 6% and along with India, these two countries accounted for 73% of global DRI output during January-March 2020.

Together, the top five countries accounted for 89% of the world DRI production during January – March 2020 and saw their cumulative output grow by 4% over same period of 2019. Egypt emerged as the 3rd largest DRI producer in the world, though production declined by 17.6% during this period as compared to same period of last year.

World DRI Production: January-March 2020 (prov.)				
Rank	Country	Qty (mt)	% change	%Share
1	India	9.72	10.7	42.6
2	Iran	6.94	6.0	30.4
3	Egypt	1.36	-17.6	6.0
4	Mexico	1.22	-23.3	5.3
5	Saudi Arabia	1.15	10.6	5.0
Top 5		20.39	4.0	89.3
World		22.82	2.6	100
Source: worldsteel				

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-March 2019-20, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for March 2020. 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 2019-20* (mt)	April-March 2018-19(mt)	% change*

Crude Steel Production	109.215	110.921	-1.5
Hot Metal Production	73.007	74.376	-1.8
Pig Iron Production	5.507	6.414	-14.1
Sponge Iron Production	37.143	34.705	7.0
Total Finished Steel (alloy/stainless + non-alloy)			
Production	102.059	101.287	0.8
Import	6.768	7.835	-13.6
Export	8.355	6.361	31.4
Consumption	100.067	98.708	1.4
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- Crude Steel: Production at 109.215 million tonnes (mt), down by 1.5.
- Hot Metal: Production at 73.007 mt, down by 1.8.
- Pig Iron: Production at 5.507 mt, down by 14.1.
- Sponge Iron: Production at 37.143 mt, up by 7%, led by coal-based route (86% share).
- Total Finished Steel: Production at 102.059 mt, up by 0.8%.

Contribution of Other Producers

- Crude Steel: SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 63.007mt (58% share) during this period, down by 0.8%. The rest (46.209 mt) came from the Other Producers, down by 2.5%.
- Hot Metal: SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 60.806 mt (83% share) down by 0.8%. The rest (12.2 mt) came from the Other Producers, down by 6.7%.
- Pig Iron: SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 1.009 mt (18% share) up by 5.8%. The rest (4.498 mt) came from the Other Producers, down by 17.6%.
- Total Finished Steel: SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 55.635 mt (55% share) down by 0.7%. The rest (46.424 mt) came from the Other Producers, up by 2.5%.

Contribution of Public Sector Units (PSU)

- Crude Steel: With an 81% share, the Private Sector (88.31 mt, down by 1.2%) led crude steel production compared to the 19% contribution of the PSUs.
- Hot Metal: With 69% share, the Private Sector (50.409 mt, down by 1.3%) led hot metal production, compared to the 31% contribution of the PSUs.
- Pig Iron: With an 89% share, the Private Sector (4.893 mt, down by 16%) led pig iron production, compared to the 11% contribution of the PSUs.
- Total Finished Steel: With an 84% share, the Private Sector (86.03 mt, up by 2.0%) led production of total finished steel, compared to the 16% contribution

of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- Production: Led by Non-flat steel (52% share; up by 1.2%) while the rest 48% was the share of Flat steel (up by 0.3%).
- Import: Flat products accounted for 89% share (down by 11.1%), the rest was the share of non-flats (down by 29.6%).
- Export: Flat products accounted for 89% share (up by 38%), the rest was the share of non-flats (down by 5.0%).
- Consumption: Led by Non-flat steel (52% share; up by 5.8%) while the rest 48% was the share of Flat steel (down by 3.1%).

Finished Steel Production Trends

- At 102.059 mt, production of total finished steel grew by 0.8% in April-March 2019-20.
- Contribution of the non-alloy steel segment stood at 97.664 mt (up by 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 production of total finished steel was Bars & Rods (40.477 mt, up by 3.6%) while growth in the non-alloy, flat segment was led by HRC (43.290 mt, up by 2.6%) during this period.

Finished Steel Export Trends

- Exports of total finished steel outpaced imports during April-March 2019-20 and India was a net exporter for this period.
- At 8.355 mt, export of total finished steel was up by 31.4% during this period.
- Contribution of the non-alloy steel segment stood at 7.589 mt (up by 31.5%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- Volume-wise, non-alloy HRC (4.817 mt) was the most exported item while Bars & Rods (0.507mt, down by 0.4%) led exports in the non-alloy, non-flat category.
- Vietnam led exports of total finished steel – not only overall (2.337 mt, 28% share) but also recorded the highest share in case of HRC (49%).

Finished Steel Import Trends

- Import of total finished steel was at 6.768 mt during this period, down by 13.6%.
- Contribution of the non-alloy steel segment stood at 4.79 mt (down by 19%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- Volume-wise, non-alloy HRC (1.646 mt, down by 15.6%) was the item most imported (34% share in total non-alloy), led by imports from Korea (40% share of total finished steel imports).

- Import of total finished steel from China declined by 22% in during this period.

Finished Steel Consumption Trends

- At 100.067 mt, consumption of total finished steel grew by 1.4% in April-March 2019-20.
- Contribution of the non-alloy steel segment stood at 94.061 mt (up by 3.3%), 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 (39.718 mt, up by 9.6%) while growth in the non-alloy, flat segment was led by HRC (40.632 mt, down by 2.7%) during this period.

JPC Market Prices (Retail)

- **Delhi market prices:** Compared to March 2019, average (retail) market prices in Delhi market in March 2020 decreased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions and global influences. When compared to February 2020, the trend was just the same for prices of both TMT and HRC. The trend in retail market prices of TMT 10 mm and HRC 2.0 mm in the Delhi market in March 2020 with regard to March 2019 is shown in the table below.

Trends in JPC market price (retail) in Delhi market in March 2020		
Item	Delhi market prices (Rs/t)	%change over March 2019
TMT, 10 mm	45,910	-7.0
HRC, 2.0 mm	46,140	-9.4

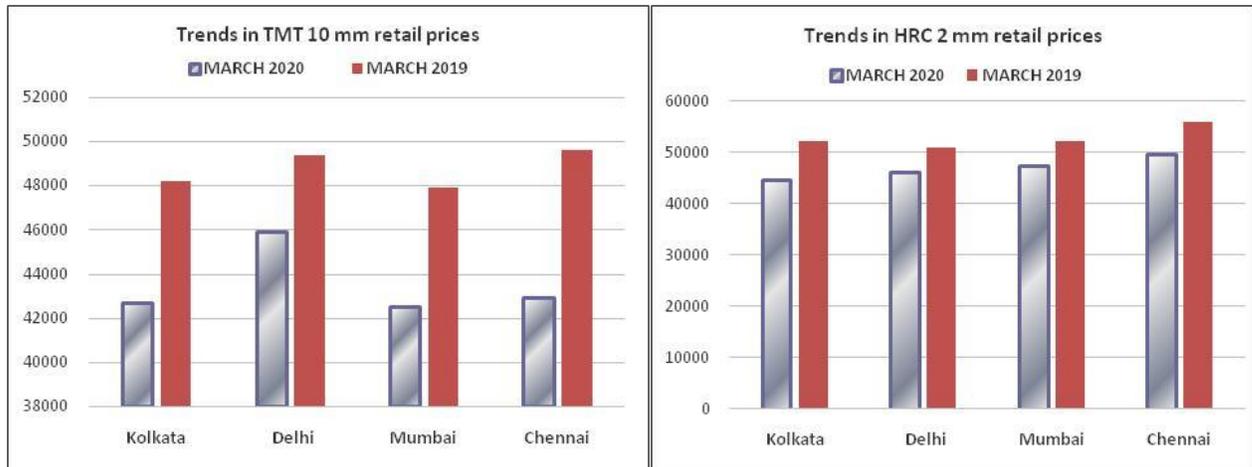
Source: JPC

- **All markets:** Compared to March 2019, average (retail) market prices in March 2020 decreased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm) in all the markets. When compared to February 2020, the trend was just the same for prices of both TMT and HRC across all the markets. The situation in March 2020 with regard to March 2019 is shown in the table below for TMT 10 mm and HRC 2.0 mm for all the four markets.

Trends in JPC (retail) market price: %change in March 2020 over March 2019				
Item	Kolkata	Delhi	Mumbai	Chennai
TMT 10mm	-11.5	-7.0	-11.3	-13.5
HR Coils 2.00mm	-14.4	-9.4	-9.0	-11.5

Source: JPC

TMT prices were highest in the Delhi market (Rs. 45,910/t) and lowest in the Mumbai market (Rs. 42,510/t) while HRC prices were highest in the Chennai market (Rs. 49,510/t) and lowest in Kolkata market (Rs. 44,650/t) during March 2020.



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 October - November (Q3) 2019-20, both at constant (2011-12) and current prices. As per the Report, GDP at Constant (2011-12) Prices in Q3 of 2019-20 is estimated at ₹36.65 lakh crore, showing a growth of 4.7 per cent over Q3 2018-19. Quarterly GVA (Basic Price) at Constant (2011-12) Prices for Q3 of 2019-20 is estimated at Rs. 33.51 lakh crore, showing a growth rate of 4.5 per cent over the corresponding quarter of previous year. The economic activities which registered growth of over 5 per cent in Q3 of 2019-20 over Q3 of 2018-19 are 'Trade, Hotels, Transport, Communication and Services related to Broadcasting' 'Financial, Real Estate and Professional Services' and 'Public Administration, Defence and Other Services'. The growth rates of 'Manufacturing', 'Electricity, Gas, Water Supply & Other Utility Services' declined, that of 'Construction' was negligible and those of 'Agriculture, Forestry and Fishing', 'Mining and Quarrying', remained weak. The Report has also indicated that Real GDP or Gross Domestic Product (GDP) at Constant (2011-12) Prices in the year 2019-20 is estimated at ₹ 146.84 lakh crore, showing a growth of 5 per cent over 6.1 per cent of 2018-19.

Industrial Production: Provisional CSO data show that the growth rate of the Index of Industrial Production (IIP) was up by 0.9 per cent during April-February 2019-20 (prov.), dampened by subdued growth/declines in lead sectors like Mining (up by 1.9 per cent), Manufacturing (up by 0.6 per cent), Electricity (up by 1.5 per cent), Capital Goods (down by 11.4 per cent), Infrastructure/Construction Goods (down by 2.1 per cent) and Consumer Durables (down by 6.2 per cent).

Infrastructure Growth: Provisional data released by the DPIIT indicate that the Eight Core Infrastructure Industries saw a growth of 1 per cent during April-February 2019-20 (prov.), compared to same period of last year, dampened by subdued growth/significant declines in all lead sectors like Electricity (up by 1.8 per cent), Cement (up by 1.8 per cent), Coal (down by 1.2 per cent), Crude Oil (down by 6 per cent), Refinery Products (down by 0.3 per cent) and Natural Gas (down by 4.8 per cent) with modest growth noted only for Fertilisers (up by 4.1 per cent), and Steel (up by 5 per cent), during this period.

Inflation: In February 2020 (prov.), the annual rate of inflation, based on monthly WPI, stood at 2.26 per cent while the all India CPI inflation rate (combined) stood at 6.58 per cent and compared to February 2019, the former registered a decline, and the latter, a rise.

Trade: Provisional figures from DGCI&S show that during April-February 2019-20, in dollar terms, overall exports were down by 1.5 per cent while overall imports were down by 7.3 per cent, both on yoy basis. During the same period, oil imports were valued at USD 119.42 billion, 7.53 per cent lower yoy while non-oil imports were valued at USD 316.61 billion, 7.21 per cent lower yoy. overall trade deficit for April-February 2019-20 is estimated at USD 67.81 billion as compared to USD 100.74 billion in April-February 2018-19.

Prepared by: Joint Plant Committee