

# Indian Steel Industry: August 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 8.2% in 2024 compared to a global growth of 1.7%, 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 an eight-month low of 49.5 in August 2024, to remain below the neutral 50.0 mark for the second successive month. The manufacturing PMI stood at 49.7 in July 2024.
- Out of the 31 surveys for which August data were available, 18 registered a PMI reading consistent with deterioration in manufacturing operating conditions. This included downturns in the USA, the euro area and Japan. Although, the China PMI moved slightly back above the no-change mark, at 50.4, it remained at a subdued level. Solid growth was seen in India – which was also the best performer by far – the UK and South Korea among others
- Output contracted in both the intermediate and investment goods industries. Although the upturn at consumer goods producers continued, the rate of growth was only mild and the weakest during the current 13-month sequence of expansion.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		July 2024	August 2024
India	8.2**	58.1	57.5
China	5.2	49.8	50.4
Japan	1.9	49.1	49.8
USA	2.5	49.6	47.9
Eurozone	0.5	45.8	45.8
Brazil	2.9	54.0	50.4
Russia	3.6	53.6	52.1
South Korea	2.6	51.4	51.9
Germany	-0.3	43.2	42.4
Turkey	4.5	47.2	47.8
Italy	0.9	47.4	49.4
Source: GDP: official releases; PMI- Markit Economics, *provisional, ** FY 2023-24			

## GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 1,107.235 mt in January-July 2024, registering 0.7% decline year-on-year, according to provisional data released by World Steel Association (worldsteel). In July 2024, world crude steel production was 152.849 mt, down by 4.7% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Jul 2024 (mt)	% yoy change
1	China	613.720	(-)2.2
2	India	<b>86.372</b>	<b>7.2</b>
3	Japan	49.798	(-)2.8
4	USA	46.854	(-)1.8
5	Russia	43.082	(-)3.0
6	South Korea	37.069	(-)5.9
7	Germany	22.460	4.5
8	Turkey	21.670	14.9
9	Brazil	19.400	3.3
10	Iran	18.416	2.9
<b>Top 10 Total</b>		<b>958.841</b>	<b>(-)0.9</b>
<b>World</b>		<b>1,107.235</b>	<b>(-)0.7</b>
<b>Source: worldsteel</b>			

### Major observations:

- China remained the leader in world crude steel production with an output of 613.720 mt in January-July 2024, registering a decline of 2.2% compared with the same period of 2023. The country accounted for 55.4% of world crude steel production during the period under review.
- India was the 2<sup>nd</sup> largest producer of crude steel with an output of 86.372 mt in January-July 2024, showing a yoy growth of 7.2%. The country accounted for 7.8% of world crude steel production during the period.
- Japan was the 3<sup>rd</sup> largest producer of crude steel with an output of 49.798 mt in January-July 2024, down by 2.8% 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 46.854 mt (down 1.8% yoy), the USA was the 4<sup>th</sup> largest producer of crude steel in January-July 2024.
- Russia's crude steel production stood at 43.082 mt (down 3.0% yoy) in January-July 2024 and the country was the 5<sup>th</sup> largest producer of crude steel.
- The top 10 countries' cumulative production in January-July 2024 stood at 958.841 mt (down 0.9% 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-July 2024 period.
- Asian crude steel production stood at 816.854 mt in January-July 2024, showing a decline of 1.2% yoy, led primarily by China and India, with their respective shares of 75.1% and 10.6% in total Asian crude steel production during the period.

## GLOBAL DRI PRODUCTION

### India led global DRI production in January-July 2024

World DRI production stood at 72.445 mt in January-July 2024, showing a yoy growth of 6.5%, according to provisional data released by worldsteel. In July 2024, world DRI production was 10.610 mt, up by 2.4% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-Jul 2024 (mt)	% yoy change
1	India	31.173	11.6
2	Iran	19.802	8.1
3	Russia	4.783	5.7
4	Saudi Arabia	4.001	0.2
5	Egypt	3.810	(-)5.0
Top 5 Total		63.569	8.2
World		72.445	6.5
Source: worldsteel			

### Major observations:

- India remained the leader in world DRI production with an output of 31.173 mt (up 11.6% yoy) in January-July 2024. The country accounted for 43% of world DRI production during the period under review.
- Iran was the 2<sup>nd</sup> largest producer of DRI with an output of 19.802 mt in January-July 2024 (up by 8.1% yoy). It accounted for 27.3% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 4.783 mt (up 5.7% yoy) in January-July 2024. The country accounted for 6.6% of world DRI production during the period.
- The top 5 countries accounted for 87.7% of total world DRI production in January-July 2024 with a cumulative output of 63.569 mt, up by 8.2% yoy.

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## WORLD STEEL PRICE TRENDS

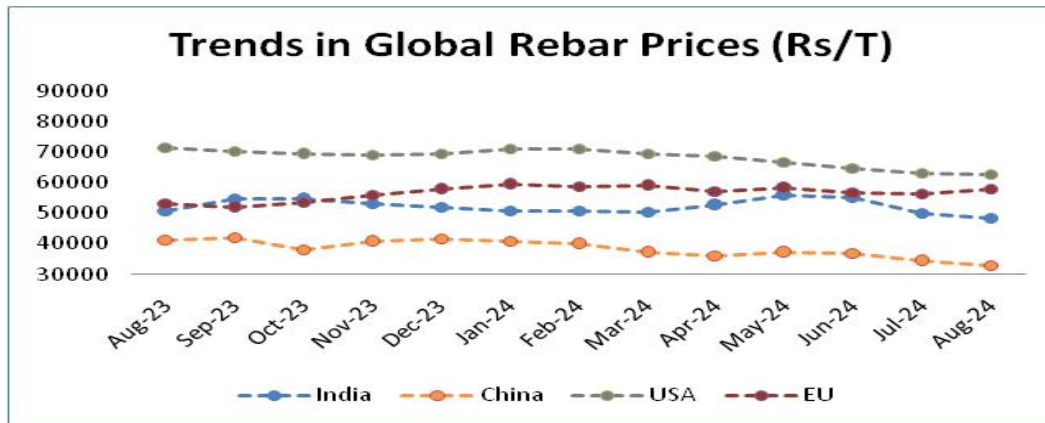
Global steel prices continued their declining trend in August 2024 with prices coming down in major steel markets, due to a combination of local and global issues. Barring a few aberrations, prices of most of the finished steel products saw both month-on-month and year-on-year decline during the month in India, China, the USA and the European Union. Going forward, the movement of global steel prices will be contingent upon a number of factors, including the factors as stated below.

- a) *Global growth*: The world's economic outlook is perking up as growth proves more resilient and inflation set to cool faster than previously expected in many countries, according to OECD. Risks are becoming better balanced, it said, while raising 2024 global growth forecast to 3.1% from 2.9%.
- b) *China factor*: China's economy grew at the worst pace in five quarters as efforts to boost consumer spending fell short, piling pressure on Beijing to lift confidence. GDP expanded by 4.7% in the second quarter (April-June 2024) from the same period a year earlier, undershooting economists' median forecast of 5.1% growth.
- c) *Outlook for euro zone*: Manufacturing output continues to drag economic activity in euro zone, driven by factors such as poor demand conditions, high energy prices, persistent inflation, economic uncertainty and elevated geopolitical tensions. In near term, private consumption and export activity are expected to pick up supporting economic growth in euro zone. Besides, easing of monetary policy by the central bank going forward should lessen the drag on growth in some sectors, especially construction.
- d) *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.
- e) Prices of raw material like iron ore, coking coal and steel scrap, which remained volatile over the last few months, will play a major role in steel price movements.

### Long Products

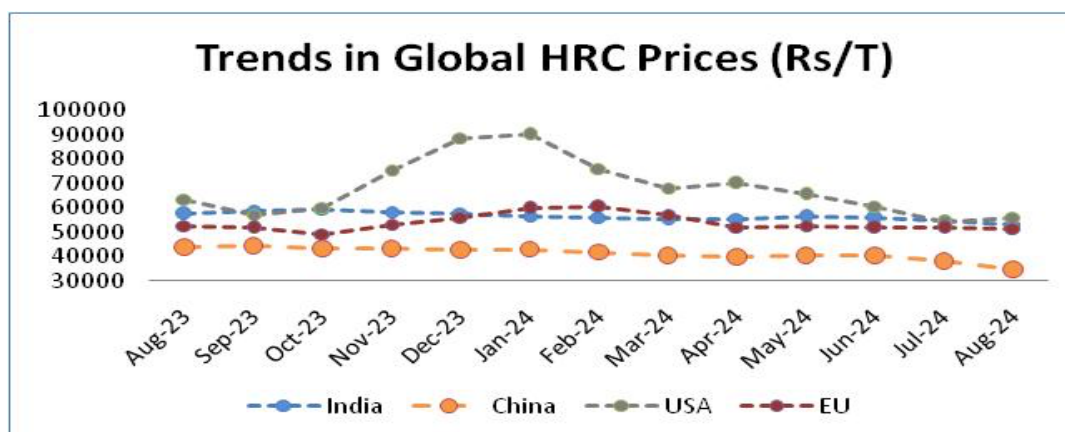
- Rebar / TMT prices have seen fluctuations in all the major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- Prices have come down in August 2024 both year-on-year and month-on-month in most of the major steel markets like India, China and the USA. Only in the European Union, domestic rebar prices have gone up marginally both on y-o-y and m-o-m basis.
- China's strong pig iron and crude steel output numbers in early August added pressure to the already weak steel markets that are navigating a period of low demand, pushing domestic rebar prices to seven-year low.
- Indian domestic rebar prices fell during the month under review reflecting the ongoing challenges in the market which included weak demand and falling offers.

- US domestic rebar prices remained more or less steady with a marginal downward movement in prices as market participants were looking for prices to stabilise and some regions remained busier than others. Stable market fundamentals, according to report, also helped keeping the prices steady.



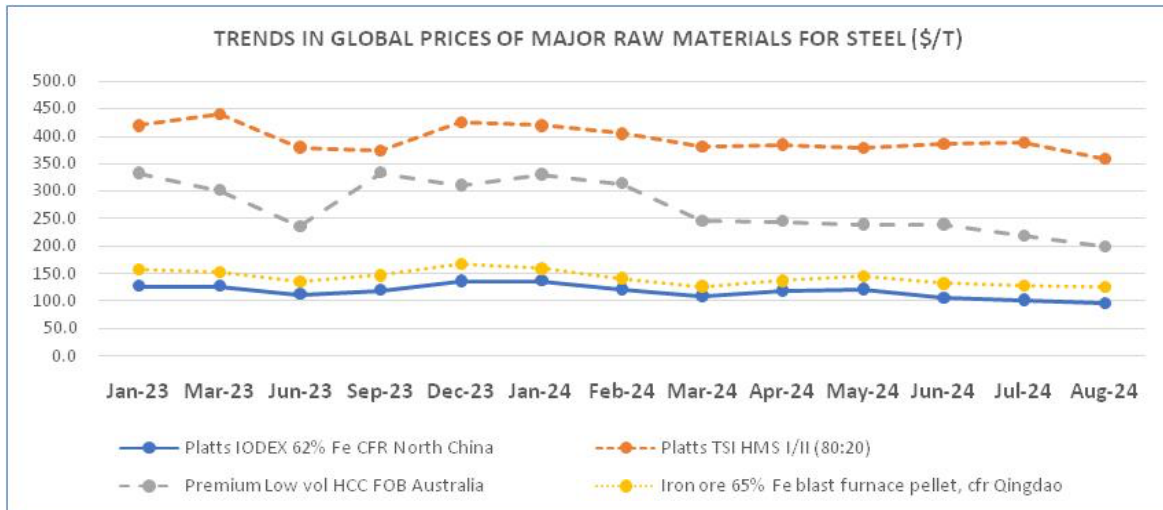
### Flat Products

- 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 have come down in August 2024 both year-on-year and month-on-month in most of the major steel markets like India, China and the European Union. Only in the USA, domestic HRC price has gone up on m-o-m basis though it has come down y-o-y.
- China's strong pig iron and crude steel output numbers in early August added pressure to the already weak steel markets that are navigating a period of low demand, pushing domestic HRC prices to seven-year low.
- Indian HRC prices continued to decline or remained range-bound as cheap import offers kept market sentiment bearish. Meanwhile, in the USA, HRC prices continued to pause amid a push from domestic mills to raise prices, while some producers saw an uptick in service centre demand.
- In the European Union, HRC prices remained stable as market activity remained limited due to holiday season in most European countries.



## RAW MATERIAL SCENARIO

Prices of major raw materials for steel making – IODEX 62% Fe CFR North China, Iron ore 65% Fe blast furnace pellet, premium low volume HCC FOB Australia and TSI HMS I/II (80:20) have come down month-on-month in August 2024 compared with the previous month.



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

## NEWS AROUND THE GLOBE

- The US Treasury Department issued new sanctions that target entities involved in Russia's metals and mining sector, as well as other industries "whose products and services enable Russia to sustain its war effort and evade sanctions.
- The UK Trade Remedies Authority has proposed an increase to the import quota for hot-rolled flat products as changes in circumstance, including the recent closure of a blast furnace at Tata Steel UK's Port Talbot works, have decreased domestic production of these products, it said.
- The European Commission has announced an anti-dumping investigation for certain non-ferrous products originating from countries such as Egypt, India, Japan and Vietnam.
- Malaysia has initiated an anti-dumping duty investigation into coated iron or non-alloy steel flat-rolled products from China, India, Japan and South Korea, the Ministry of Investment, Trade and Industry said.
- China's strong pig iron and crude steel output numbers in early August added pressure to the already weak steel markets that are navigating a period of low demand, pushing domestic rebar and hot-rolled coil prices to a seven-year low on 14 August.
- ArcelorMittal announced that it has completed the acquisition of a 28.4% stake in seamless pipe producer Vallourec, for euro 14.64 (\$15.99) per share or euro 955 million,



from funds managed by Apollo Global Management, following approval by the relevant antitrust authorities.

- Turkish steelmaker Tosyali Holding's subsidiary Tosyali Iron and Steel will build a 1.2 million mt/year electric arc furnace slag recycling plant in Iskenderun, it said in a project document submitted to the Ministry of Environment, Urbanization and Climate Change.
- Vietnam's Pomina Steel Corp is in discussions with Japan's Nansei Steel to sell the former's Pomina Steel 2 in Ba Ria in Vung Tau province for about \$20.8 million.
- Chile's largest steel works is to close from September despite the government's efforts to shield the business from a wave of cheaper Chinese imports, the plant's owner CAP said.
- Austrian steel and technology group Voestalpine is investing euro 70 million (\$78 million) to double the production capacity at its existing US site in the state of Indiana to 80,000 metric tons per year.
- Germany's largest steelmaker thyssenkrupp is facing a persistent challenging market environment, which is causing a significant reduction in sales with the market that "is not expected to stabilize in the short term in the current fiscal year," the company said.
- Canada intends to apply a 25% surtax on imports of steel from China in October in an effort to protect its domestic industries from alleged unfair trade practices, the government said.
- Algeria has become a slab exporter after Turkish steelmaker Tosyali Holding's Algeria subsidiary Tosyali Algerie exported the first slab cargo from its new mill, the company said. Tosyali said the 25,000 metric ton slab cargo was shipped in mid-August.

## INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-July 2024, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-July 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-July 2024* (mt)	April-July 2023* (mt)	% change*
Crude Steel Production	48.795	46.511	4.9
Hot Metal Production	29.504	27.948	5.6
Pig Iron Production	2.700	2.334	15.7
Sponge Iron Production	17.822	16.579	7.5
<b>Total Finished Steel (alloy/stainless + non-alloy)</b>			
Production	47.002	44.441	5.8
Import	2.694	2.048	31.6
Export	1.573	2.661	-40.9
Consumption	47.734	41.565	14.8
Source: JPC; *provisional; mt=million tonnes			

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### Overall Production

- **Crude Steel:** Production at 48.795 million tonnes (mt), up by 4.9%.
- **Hot Metal:** Production at 29.504 mt, up by 5.6%.
- **Pig Iron:** Production at 2.700 mt, up by 15.7%.
- **Sponge Iron:** Production at 17.822 mt, up by 7.5%, led by coal-based route (85% share).
- **Total Finished Steel:** Production at 47.002 mt, up by 5.8%.

### Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 27.616 mt (57% share) during this period, down by 0.3%. The rest (21.179 mt) came from the Remaining Producers, up by 12.6%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 26.626 mt (90% share) up by 2.5%. The rest (2.878 mt) came from the Remaining Producers, up by 45.8%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 0.620 mt (23% share) down by 14.0%. The rest (2.080 mt) came from the Remaining Producers, up by 29.0%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 25.034 mt (53% share) up by 0.8%. The rest (21.968 mt) came from the Remaining Producers, up by 12.1%.

### Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (40.885 mt, up by 5.4%) led crude steel production compared to the 16% contribution of the PSUs (up by 2.4%).
- **Hot Metal:** With 70% share, the Private Sector (20.529 mt, up by 4.4%) led hot metal production, compared to the 30% contribution of the PSUs (up by 8.4%).
- **Pig Iron:** With 89% share, the Private Sector (2.414 mt, up by 11.9%) led pig iron production, compared to the 11% contribution of the PSUs (up by 62.5%).
- **Total Finished Steel:** With 87% share, the Private Sector (40.777 mt, up by 7.1%) led production of finished steel, compared to the 13% contribution of the PSUs (down by 2.1%).

### Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Non-flat products accounted for 56% share (up by 7.2%), the rest 44% was the share of flats (up by 4.0%).
  - **Import:** Flat products accounted for 95% share (up by 34.5%), the rest 5% was the share of non-flats (down by 7.2%).
  - **Export:** Flat products accounted for 84% share (down by 44.5%), the rest 16% was the share of non-flats (down by 11.3%).
  - **Consumption:** Led by Non-flat steel (55% share; up by 12.1%) while the rest 45%
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was the share of flat steel (up by 18.3%).

#### **Finished Steel Production Trends**

- At 47.002 mt, production of total finished steel was up by 5.8%.
- Contribution of the non-alloy steel segment stood at 43.374 mt (92% share, up by 4.3%), 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 (20.559 mt, up by 8.3%) while growth in the non-alloy, flat segment was led by HRC (17.220 mt, up by 1.4%) during this period.

#### **Finished Steel Export Trends**

- Overall exports of total finished steel at 1.573 mt, down by 40.9%.
- Volume wise, GP/GC Sheets/Coil (0.367 mt) was the item most exported (23% share in total finished steel).
- Italy (0.312 mt) was the largest export market for India.

#### **Finished Steel Import Trends**

- Overall imports of total finished steel at 2.694 mt, up by 31.6%.
- India was a net importer of total finished steel in April-July 2024-25.
- Volume wise, HR Coil/Strip (1.145 mt, up by 69.3%) was the item most imported (43% share in total finished steel).
- China (0.807 mt) was the largest import market for India (30% share in total).

#### **Finished Steel Consumption Trends**

- At 47.734 mt, consumption of total finished steel was up by 14.8%.
- Contribution of the non-alloy steel segment stood at 43.532 mt (91% share, up by 13.3%), 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 (20.256 mt, up by 13.3%) while growth in the non-alloy, flat segment was led by HRC (17.801 mt, up by 16.1%) 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-July 2024-25 rose by 5.2% 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 6.1% during April-July 2024-25. Barring Crude Oil, all the other sectors reported positive growth during the period. While crude oil sector reported a contraction of 1.3% in April-July 2024-25, the Coal and Electricity sectors both reported the highest growth of 9.9% during the period under review.

**Inflation:** The rate of inflation based on Consumer Price Index stood at 3.65% and that on Wholesale Price Index stood at 1.31% in August 2024. While CPI inflation moved up marginally, WPI inflations came down compared with the previous month.

Prepared by: Joint Plant Committee