

# Indian Steel Industry: July 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 stood at 49.7 in July 2024, down from 50.8 in June 2024 and below the neutral 50.0 mark which separates expansion from contraction, for the first time in 2024 so far.
- The slowdown reflected weaker expansions in the USA and China, an ongoing downturn in the euro area and fall back into contraction in Japan. Declining new order intakes were also a major factor underlying the weaker expansion, as new business fell for the first time since January 2024.
- Data broken down by sector signalled output growth in the consumer and intermediate goods industries, albeit weaker than in the prior survey month. Investment goods production fell for second successive month in July 2024, the first back-to-back contractions in the sector since late-2023.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		June 2024	July 2024
India	8.2**	58.3	58.1
China	5.2	51.8	49.8
Japan	1.9	50.0	49.1
USA	2.5	51.6	49.6
Eurozone	0.5	45.8	45.8
Brazil	2.9	52.5	54.0
Russia	3.6	54.9	53.6
South Korea	2.6	52.0	51.4
Germany	-0.3	43.5	43.2
Turkey	4.5	47.9	47.2
Italy	0.9	45.7	47.4
Source: GDP: official releases; PMI- Markit Economics, *provisional, ** FY 2023-24			

## GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 954.621 mt in January-June 2024, registering no change year-on-year, according to provisional data released by World Steel Association (worldsteel). In June 2024, world crude steel production was 161.399 mt, up by 0.5% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Jun 2024 (mt)	% yoy change
1	China	530.570	(-)1.1
2	India	<b>74.184</b>	<b>7.4</b>
3	Japan	42.696	(-)2.6
4	USA	39.960	(-)2.4
5	Russia	36.815	(-)3.0
6	South Korea	31.526	(-)6.4
7	Germany	19.360	4.5
8	Turkey	18.615	16.9
9	Iran	16.647	5.9
10	Brazil	16.433	2.4
<b>Top 10 Total</b>		<b>826.806</b>	<b>(-)0.2</b>
<b>World</b>		<b>954.621</b>	<b>0.0</b>
<b>Source: worldsteel</b>			

### Major observations:

- China remained the leader in world crude steel production with an output of 530.570 mt in January-June 2024, registering a decline of 1.1% compared with the same period of 2023. The country accounted for 55.6% 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 74.184 mt in January-June 2024, showing a yoy growth of 7.4%. 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 42.696 mt in January-June 2024, down by 2.6% 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 39.960 mt (down 2.4% yoy), the USA was the 4<sup>th</sup> largest producer of crude steel in January-June 2024.
- Russia's crude steel production stood at 36.815 mt (down 3.0% yoy) in January-June 2024 and the country was the 5<sup>th</sup> largest producer of crude steel.
- The top 10 countries' cumulative production in January-June 2024 stood at 826.806 mt (down 0.2% 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-June 2024 period.
- Asian crude steel production stood at 704.390 mt in January-June 2024, showing a decline of 0.3% yoy, led primarily by China and India, with their respective shares of 75.3% and 10.5% in total Asian crude steel production during the period.

## GLOBAL DRI PRODUCTION

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

World DRI production stood at 61.638 mt in January-June 2024, showing a yoy growth of 6.9%, according to provisional data released by worldsteel. In June 2024, world DRI production was 10.930 mt, up by 5.2% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-Jun 2024 (mt)	% yoy change
1	India	26.454	11.2
2	Iran	16.670	8.7
3	Russia	4.231	11.6
4	Saudi Arabia	3.431	1.7
5	Egypt	3.219	(-)4.6
Top 5 Total		54.005	8.7
World		61.638	6.9
Source: worldsteel			

### Major observations:

- India remained the leader in world DRI production with an output of 26.454 mt (up 11.2% yoy) in January-June 2024. The country accounted for 42.9% of world DRI production during the period under review.
- Iran was the 2<sup>nd</sup> largest producer of DRI with an output of 16.670 mt in January-June 2024 (up by 8.7% yoy). It accounted for 27.0% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 4.231 mt (up 11.6% yoy) in January-June 2024. The country accounted for 6.9% of world DRI production during the period.
- The top 5 countries accounted for 87.6% of total world DRI production in January-June 2024 with a cumulative output of 54.005 mt, up by 8.7% yoy.

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## WORLD STEEL PRICE TRENDS

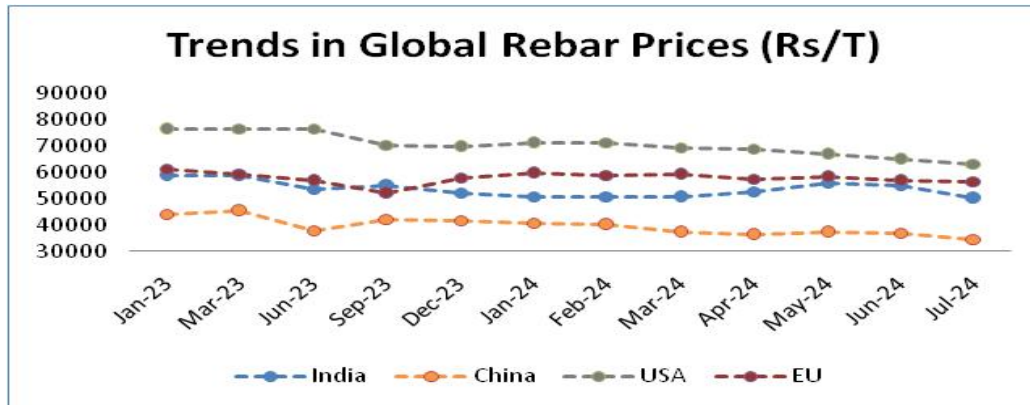
Global steel prices continued their declining trend in July 2024 with prices coming down in major steel markets compared with the previous month, due to a combination of local and global issues. Barring a few aberrations, prices of most of the finished steel products saw both month-on-month and year-on-year decline 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. Retail sales rose at the slowest pace since December 2022, showing a flurry of government efforts to juice confidence have done little to reinvigorate the Chinese consumer.
- c) *Outlook for euro zone*: In Europe, poor demand conditions, driven by ongoing factors such as high energy prices, persistent inflation, economic uncertainty and geopolitical tensions, exacerbated by a manufacturing crisis, affecting the largest steel-using sectors, including construction and automotive.
- 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 remain volatile over the last few months, will play a major role in steel price movements.

### Long Products

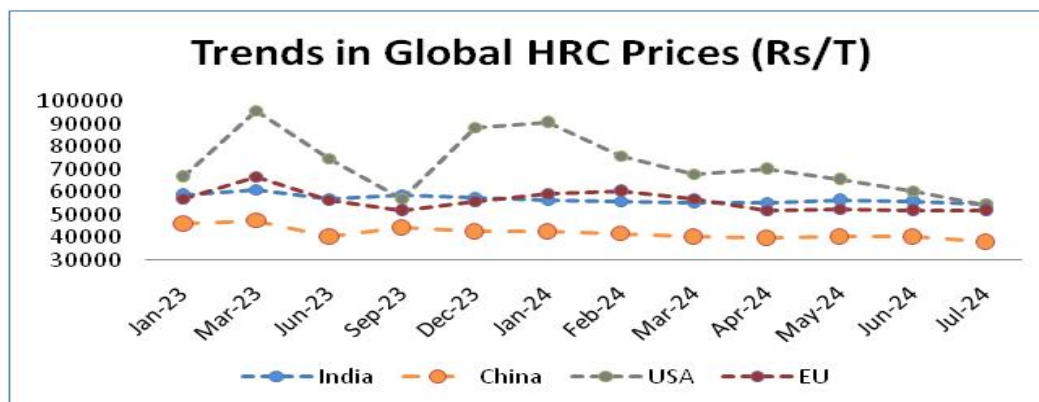
- Rebar prices have come down in July 2024 both year-on-year and month-on-month in most of the major steel markets like India, China and the USA. Only in the European Union, domestic rebar price has gone up on Y-o-Y basis though it has come down marginally on M-o-M basis.
  - A shorter transition period of China's latest revised rebar standards has led to a quicker drop in Chinese rebar prices, which have fallen to a seven-year low, as traders hurried to clear inventories that met older standards during an off-season.
  - Indian rebar prices continued declining amid weak demand during the monsoon season. The market stayed muted on the monsoon, with buyers on the sidelines as mills tried to support prices by raising offers.
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- US domestic rebar prices started to move lower as some Midwest mills started to adjust prices lower after the July scrap buy week.



### Flat Products

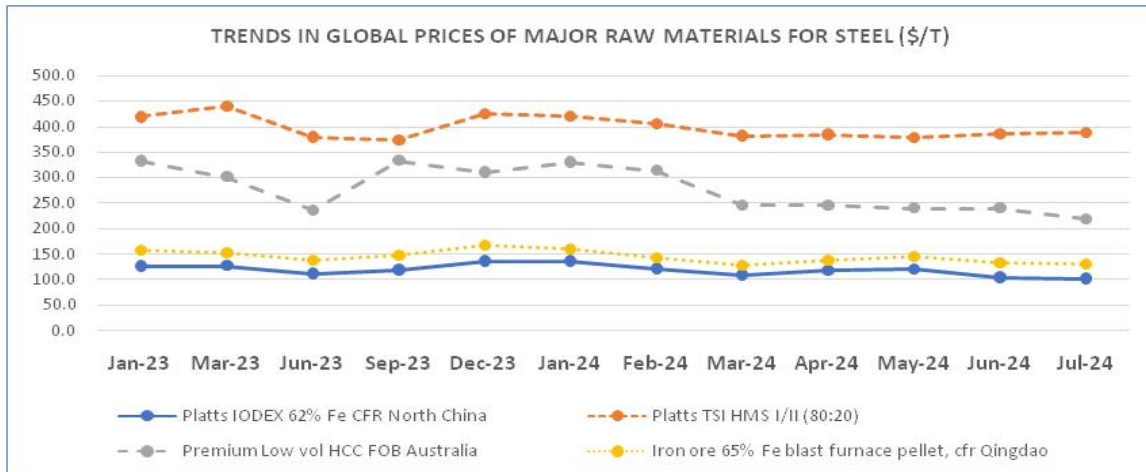
- As in case of rebar, HRC prices have also seen fluctuations in major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact. Prices have come down in July 2024 both year-on-year and month-on-month in most of the major steel markets like India, China and the USA. Only in the European Union, domestic HRC price has gone up marginally on M-o-M basis though it has come down Y-o-Y.
- European domestic price of HRC remained mostly steady as buyers avoided building up inventory and re-stocking remained limited. Besides, continued stagnation in demand amid a worsening outlook for the rest of the Summer kept domestic HRC prices in the Europe under pressure.
- The Asian HRC market trended lower as offers plunged amid bearish sentiments in China due to new rebar standards and weak domestic demand, with export prices reaching the lowest level since July 2020. HRC prices in India were also under pressure as the market was still grappling with demand issue.
- In the USA, HRC prices eased amid weakened spot activity as buy-side sources were reluctant to build supply and only willing to place orders to meet immediate needs.



[Source Credit: Fastmarkets Metal Bulletin]

## RAW MATERIAL SCENARIO

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



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

## NEWS AROUND THE GLOBE

- Major indicators in the European steel market show a steeper-than-expected downward trend, European steel association Eurofer said as it downgraded its outlook for this year and 2025. In the first quarter of 2024, steel consumption in EU decreased by 3.1%.
- India has exempted some raw materials from import duties to help domestic steelmakers reduce their production costs.
- UK investment company Greybull Capital is to take over French steelmaker Ascometal, which has been in receivership since March, following a ruling on July 8 by the Strasbourg judicial court overseeing the process.
- The UK's largest steelmaker Tata Steel UK has closed blast furnace 5 at its Port Talbot operations in Wales as part of its restructuring programme to stem unsustainable losses of over GBP 1 million (\$1.28 million) a day.
- The world's largest steel producer, Baosteel, a part of Baowu Group, has signed a contract with Primetals Technologies to develop a continuous casting project at its Shanghai region plant.
- The Czech government ruled out any further investment in indebted steelmaker Liberty Steel Ostrava after only one offer was made for a partial takeover of the plant, and only for the processing of already-produced steel, not its steelmaking facilities.



- Swedish steelmaker SSAB has awarded Italian steel plant maker Danieli to build a new mill in Lulea, northern Sweden. The plant will have a capacity of 2.5 million mt/year and consist of two electric arc furnaces, a secondary metallurgy facility and a direct strip-rolling mill to produce SSAB's specialty products, along with a cold rolling complex.
- Turkish steelmaker Tosyali Holding and Libya United Steel Company for Iron and Steel Industry (SULB) have signed an agreement to build a large direct reduced iron (DRI) complex in Benghazi, Libya. The two companies will establish a new company to build the initial 2.7 million mt integrated steel plant, with the capacity to eventually reach 8.1 million mt/year when all three phases are completed.
- ArcelorMittal Mexico's principal steel mill in Lazaro Cardenas, Michoacan is ready to resume production after 56 days of a union blockade. The source said that production of flat steel will resume on 31 July, although, for long steel, it will take about two months.
- Vietnam's Ministry of Industry and Trade on 26 July launched an anti-dumping investigation into steel hot-rolled coils from China and India, following a petition filed by local producers Hoa Phat Group and Formosa Ha Tinh Steel in March.
- Japan's Nippon Steel will pull out of its Shanghai-based auto sheet joint venture with China's Baosteel because of falling Japanese car sales in China given the rise of local electric vehicle production and will shift its investment focus to the US.
- Brazilian flat steel tonnages bought and sold domestically in June both rose considerably over the year-ago month, indicating market recovery, Brazilian flat steel distributors' institute reported.

## INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-June 2024, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April-June 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-June 2024* (mt)	April-June 2023* (mt)	% change*
Crude Steel Production	36.542	35.007	4.4
Hot Metal Production	21.518	21.045	2.2
Pig Iron Production	1.895	1.755	7.9
Sponge Iron Production	13.139	12.451	5.5
<b>Total Finished Steel (alloy/stainless + non-alloy)</b>			
Production	34.883	33.426	4.4
Import	1.944	1.435	35.4
Export	1.278	2.050	-37.7
Consumption	35.456	30.832	15.0
Source: JPC; *provisional; mt=million tonnes			

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### Overall Production

- **Crude Steel:** Production at 36.542 million tonnes (mt), up by 4.4%.
- **Hot Metal:** Production at 21.518 mt, up by 2.2%.
- **Pig Iron:** Production at 1.895 mt, up by 7.9%.
- **Sponge Iron:** Production at 13.139 mt, up by 5.5%, led by coal-based route (85% share).
- **Total Finished Steel:** Production at 34.883 mt, up by 4.4%.

### Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 20.720 mt (57% share) during this period, down by 0.5%. The rest (15.822 mt) came from the Remaining Producers, up by 11.6%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 19.462 mt (90% share) down by 0.5%. The rest (2.057 mt) came from the Remaining Producers, up by 38.9%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 0.464 mt (24% share) down by 15.0%. The rest (1.431 mt) came from the Remaining Producers, up by 18.3%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 18.868 mt (54% share) up by 1.1%. The rest (16.015 mt) came from the Remaining Producers, up by 8.4%.

### Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (30.688 mt, up by 4.6%) led crude steel production compared to the 16% contribution of the PSUs (up by 3.4%).
- **Hot Metal:** With 70% share, the Private Sector (15.135 mt, up by 1.3%) led hot metal production, compared to the 30% contribution of the PSUs (up by 4.6%).
- **Pig Iron:** With 89% share, the Private Sector (1.678 mt, up by 4.2%) led pig iron production, compared to the 11% contribution of the PSUs (up by 50.1%).
- **Total Finished Steel:** With 87% share, the Private Sector (30.195 mt, up by 4.9%) led production of total finished steel, compared to the 13% contribution of the PSUs (up by 0.9%).

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

- **Production:** Non-flat products accounted for 55% share (up by 4.7%), the rest 45% was the share of flats (up by 3.9%).
  - **Import:** Flat products accounted for 95% share (up by 39.1%), the rest 5% was the share of non-flats (down by 8.0%).
  - **Export:** Flat products accounted for 86% share (down by 40.6%), the rest 14% was the share of non-flats (down by 10.8%).
  - **Consumption:** Led by Non-flat steel (54% share; up by 10.1%) while the rest 46%
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was the share of flat steel (up by 21.4%).

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

- At 34.883 mt, production of total finished steel was up by 4.4%.
- Contribution of the non-alloy steel segment stood at 32.259 mt (92% share, up by 2.8%), 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 production of total finished steel was Bars & Rods (15.266 mt, up by 6.8%) while growth in the non-alloy, flat segment was led by HRC (12.711 mt, down by 1.6%) during this period.

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

- Overall exports of total finished steel at 1.278 mt, down by 37.7%.
- Volume wise, GP/GC Sheets/Coil (0.315 mt) was the item most exported (25% share in total finished steel).
- Italy (0.269 mt) was the largest export market for India.

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

- Overall imports of total finished steel at 1.944 mt, up by 35.4%.
- India was a net importer of total finished steel in April-June 2024-25.
- Volume wise, HR Coil/Strip (0.717 mt, up by 77.0%) was the item most imported (37% share in total finished steel).
- China (0.572 mt) was the largest import market for India (29% share in total).

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

- At 35.456 mt, consumption of total finished steel was up by 15.0%.
- Contribution of the non-alloy steel segment stood at 32.41 mt (91% share, up by 13.7%), 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 consumption of total finished steel was Bars & Rods (14.913 mt, up by 11.4%) while growth in the non-alloy, flat segment was led by HRC (12.839 mt, up by 13.4%) 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 Q4 2023-24 is estimated to have attained a level of ₹47.24 lakh crore, as against ₹43.84 lakh crore in Q4 2022-23, showing a growth of 7.8 per cent. All the sectors reported positive growth during the quarter under review, with the *Manufacturing sector* reporting the highest growth of 8.9% and the *Agriculture, Livestock, Forestry & Fishing* reporting the lowest growth of 0.6%.

**Industrial Production:** Provisional CSO data show that the overall Index of Industrial Production (IIP) for April-June 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 5.7% during April-June 2024-25. Barring Crude Oil and Fertilizers sectors, all the other sectors reported positive growth during the period. While crude oil sector reported a contraction of 0.7%, Fertilizers sector maintained status quo in April-June 2024-25. The Coal sector reported the highest growth of 10.8% during the period under review.

**Inflation:** The rate of inflation based on Consumer Price Index stood at 3.54% and that on Wholesale Price Index stood at 2.04% in July 2024. Both CPI and WPI inflations came down compared with the previous month.

Prepared by: Joint Plant Committee