

# Indian Steel Industry: May 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 rose to a 22-month high of 50.9 in May 2024, to remain above the neutral 50.0 mark for the fourth successive month. The Global Manufacturing PMI stood at 50.3 in the previous month.
- The upturn in global manufacturing sector gathered pace in May 2024, with rates of expansion in output and new orders both strengthening. Signs of recovery were broad-based by nation, with output growth accelerating in the USA, China and the UK, while rates of contraction eased in Japan and the euro area.
- Growth accelerated to a near three-year high in the intermediate goods industry and output expanded for the third time in the past four months in the investment goods sector. Consumer goods remained the best performing category overall despite seeing growth ease slightly over the month.

Key Economic Figures			
Country	GDP 2023: % change*	Manufacturing PMI	
		April 2024	May 2024
India	8.2**	58.8	57.5
China	5.2	51.4	51.7
Japan	1.9	49.6	50.4
USA	2.5	50	51.3
Eurozone	0.5	45.7	47.3
Brazil	2.9	55.9	52.1
Russia	3.6	54.3	54.4
South Korea	2.6	49.4	51.6
Germany	-0.3	42.5	45.4
Turkey	4.5	49.3	48.4
Italy	0.9	47.3	45.6
Source: GDP: official releases; PMI- Markit Economics, *provisional, ** FY 2023-24			

## GLOBAL CRUDE STEEL PRODUCTION

World crude steel production stood at 625.367 mt in January-April 2024, registering a decline of 0.9% yoy, according to provisional data released by World Steel Association (worldsteel). In April 2024, world crude steel production was 155.697 mt, down by 5% compared with the same month of the previous year.

World Crude Steel Production (Prov)			
Rank	Top 10	Jan-Apr 2024 (mt)	% yoy change
1	China	343.670	(-)3.0
2	India	<b>49.539</b>	<b>8.5</b>
3	Japan	28.507	(-)1.2
4	USA	26.531	(-)2.2
5	Russia	24.642	(-)2.6
6	South Korea	21.219	(-)5.1
7	Germany	13.104	6.1
8	Turkey	12.330	22.1
9	Brazil	10.993	4.0
10	Iran	10.301	7.2
<b>Top 10 Total</b>		<b>540.836</b>	<b>(-)1.0</b>
<b>World</b>		<b>625.367</b>	<b>(-)0.9</b>
<b>Source: worldsteel</b>			

### Major observations:

- China remained the leader in world crude steel production with an output of 343.670 mt in January-April 2024, registering a decline of 3% compared with the same period of 2023. The country accounted for 55% 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 49.539 mt in January-April 2024, showing a yoy growth of 8.5%. The country accounted for 7.9% of world crude steel production during the period.
- Japan was the 3<sup>rd</sup> largest producer of crude steel with an output of 28.507 mt in January-April 2024, down by 1.2% compared with the same period of the previous year. Japan accounted for 4.6% of world crude steel production during the period.
- With crude steel production of 26.531 mt (down 2.2% yoy), the USA was the 4<sup>th</sup> largest producer of crude steel in January-April 2024.
- Russia's crude steel production stood at 24.642 mt (down 2.6% yoy) in January-April 2024 and the country was the 5<sup>th</sup> largest producer of crude steel.
- The top 10 countries' cumulative production in January-April 2024 stood at 540.836 mt (down 1% yoy) and they accounted for 86.5% 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-April 2024 period.
- Asian crude steel production stood at 460.015 mt in January-April 2024, showing a decline of 1.5% yoy, led primarily by China and India, with their respective shares of 74.7% and 10.8% in total Asian crude steel production during the period.

## GLOBAL DRI PRODUCTION

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

World DRI production stood at 37.434 mt in January-April 2024, showing a yoy growth of 1.7%, according to provisional data released by worldsteel. In April 2024, world DRI production was 9.324 mt, down by 12.6% compared with the same month of the previous year.

World DRI Production (Prov)			
Rank	Top 5	Jan-Apr 2024 (mt)	% yoy change
1	India	17.756	15.2
2	Iran	7.178	(-)18.1
3	Russia	2.805	11.0
4	Saudi Arabia	2.311	(-)2.7
5	Egypt	2.281	5.7
Top 5 Total		32.331	3.5
World		37.434	1.7
Source: worldsteel			

### Major observations:

- India remained the leader in world DRI production with an output of 17.756 mt (up 15.2% yoy) in January-April 2024. The country accounted for 47.4% of world DRI production during the period under review.
- Iran was the 2<sup>nd</sup> largest producer of DRI with an output of 7.178 mt in January-April 2024 (down by 18.1% yoy). It accounted for 19.2% of world DRI production during the period under review.
- Russia ranked third in terms of DRI production with an output of 2.805 mt (up 11% yoy) in January-April 2024. The country accounted for 7.5% of world DRI production during the period.
- The top 5 countries accounted for 86.4% of total world DRI production in January-April 2024 with a cumulative output of 32.331 mt, up by 3.5% yoy.

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## WORLD STEEL PRICE TRENDS

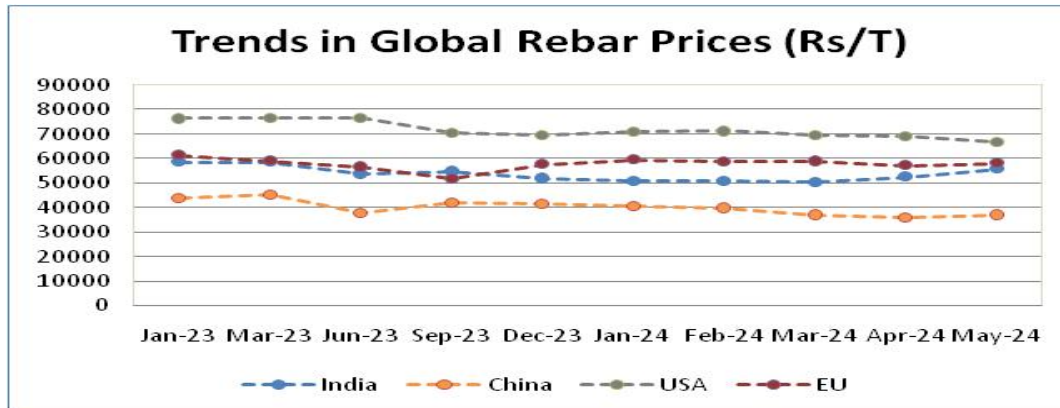
Global steel prices witnessed a mixed trend in May 2024 with prices going up in some markets and coming down in some others compared with the previous month, due to a combination of local and global issues. Prices of most of the finished steel products saw an uptick in India and China while a select product prices went up in Europe. In the USA, however, prices of most of the finished steel items declined month-on-month. On a year-on-year basis, prices in all the four markets, however, were down compared with the same month of the previous year. Going forward, the movement of global steel prices will be contingent upon how the following issues pan out.

- a) *Global growth outlook:* 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:* Underlying trend suggests China would need to do more to prop up feeble domestic demand and an uneven economic recovery. Weak consumption in China has kept a lid on consumer prices since 2023 despite many rounds of support measures as confidence remains low amid a protracted property sector crisis.
- c) *Outlook for euro zone:* The outlook for the European steel market in 2024 continues to lose momentum amidst persisting challenging conditions. Downside factors such as worsening geopolitical tensions, coupled with growing economic uncertainty, high energy prices, inflation, interest rates have further impacted demand prospects.
- 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 and coking coal, which are on the rise over the last few months, will play a major role in steel price movements.

### Long Products

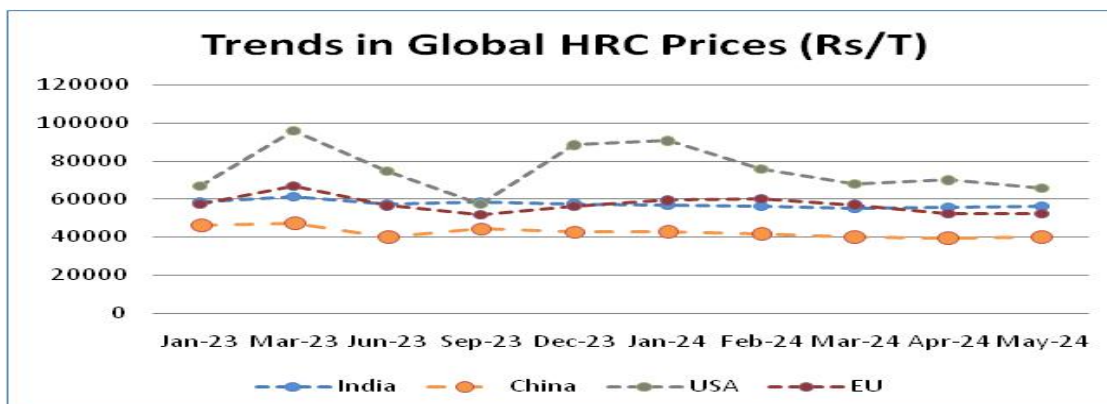
- Rebar / TMT prices have seen fluctuations in all the major markets, due to a mix of seasonal factors, local supply-demand imbalance and policy impact.
- Prices have gone up month-on-month in May 2024 in major markets like India, China and the European Union. In the USA, however, prices have come down slightly. On a year-on-year basis, prices in May 2024 were down in all the major markets under consideration here compared with May 2023.
- Indian domestic rebar prices continued to increase amidst a rise in offers from secondary producers and a marginal improvement in demand. According to a producer, however, \_\_\_\_\_ prices in India are likely to move without a clear direction for some time. \_\_\_\_\_

- Chinese steel prices increased, mainly on expectation of the government introducing further fiscal and monetary stimulus to support the infrastructure and property sectors. The market is also anticipating a stronger government bonds issuance over May-June 2024 that would support infrastructure construction.
- US domestic rebar prices started to decline as some market participants reported that several mills adjusted prices lower before the scrap buy week.



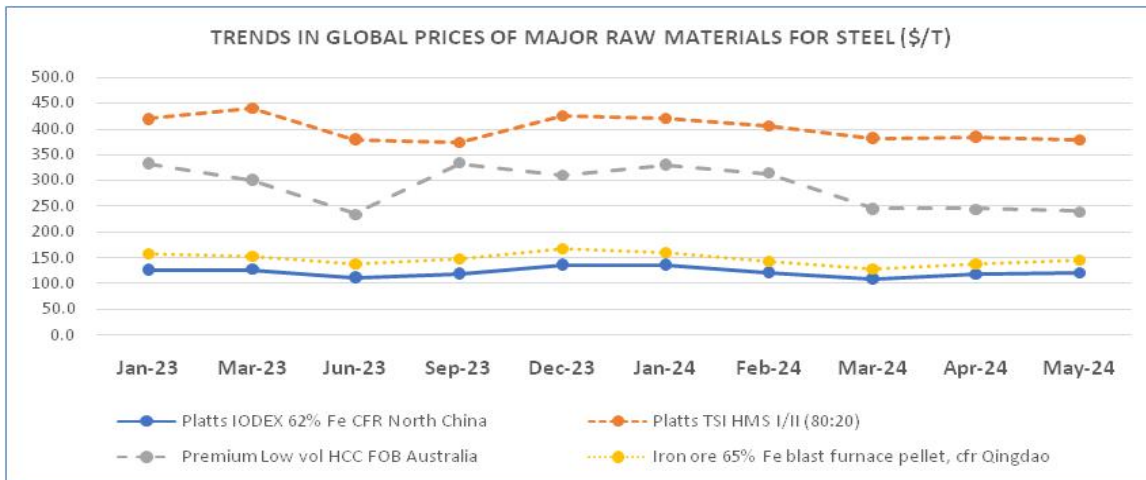
## Flat Products

- HRC prices have gone up marginally in May 2024 month-on-month in India, China and the European Union. In the USA, prices have, however, fallen sharply during the month. On a year-on-year basis, HRC prices in May 2024 are down in all the markets under consideration here compared with May 2023.
- US HRC prices continued to stall as buyers waited for further price blows for both spot and contract tonnes, while market sentiment remained bearish due to waning demand levels.
- Indian HRC prices were steady or showed a marginal uptick because of a lack of firm buying in the market amid the ongoing general elections and the upcoming monsoon season. Meanwhile, expanding HRC capacity in China is set to keep domestic prices under pressure even as steel demand from the manufacturing sector has showed healthy signs so far in 2024.
- Domestic prices for HRC remained more or less unchanged in the Europe on limited end-user demand and a slowdown in re-stocking activity.



## 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 – have gone up marginally in May 2024 compared with the previous month. However, prices of Premium low vol HCC FOB Australia and TSI HMS I/II (80:20) have come down slightly in May 2024 compared with April 2024.



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

## NEWS AROUND THE GLOBE

- European apparent steel consumption, or steel demand, in 2024 should rise only 3.2% to 130 million mt, European steel association Eurofer said, cutting its prior forecast of a 5.6% increase, with near-future steel demand remaining highly uncertain.
- Tata Steel UK told trade unions that it will go ahead with its plan to shut Port Talbot blast furnaces in Wales and switch to electric arc furnace production amid its GBP 1.25 billion transformation to low carbon production.
- British Steel announced that the North Lincolnshire Council has gained planning permission for the company to build an electric arc furnace at its 3.1 million mt/ year Scunthorpe site.
- ArcelorMittal in Spain said it has started construction on a new 1.1 million mt/year electric arc furnace at Gijon, Spain. First production from the site, which specialises in steel rails and steel wire, is expected in the first quarter of 2026.
- Tokyo Steel Manufacturing unexpectedly shut the electric arc furnace at its Tahara steel plant citing “ancillary equipment damage.”
- The US is raising the Section 301 tariffs to 25% on certain steel and aluminium imports from China. The tariff rate on certain steel and aluminium products under Section 301 will increase from 0-7.5% to 25% in 2024, the USTR’s office said.

- Indian steel market participants are expecting an uptick in imports of various grades of hot-rolled coils into the country in the coming months after Vietnam's Formosa Ha Tinh received Bureau of Indian Standards approval from the government.
- The Turkish Trade Ministry has issued a notice halting all trade with Israel, a move that is expected to restrict Turkish mills' steel export volumes, as Israel is one of its top export destinations.
- H2 Green Steel signed a seven-year offtake agreement with a leading ventilation company, Lindab, for a total volume of 159,000 mt of near-zero emissions steel.
- German steelmaker Salzgitter Group has launched low carbon steel products under the brand SALCOS, according to a company statement.
- The European Commission approved the proposed acquisition of steelmaker US Steel by Japan's Nippon Steel under the EU Merger Regulation, less than a week after Nippon said it expected approval of the transaction in the US to be delayed until later this year.
- Russia's steel consumption in the first quarter came off by 2% compared to the same quarter last year to 10.9 million mt due to a comparable reduction in uptake by the construction sector.
- JSW Steel Italy has started its rail rolling mill at the beginning of this week, which was halted earlier for three weeks amid a shortage of semi-products.
- The European Commission extended the anti-dumping and countervailing measures already in force on imports of stainless steel cold-rolled flat products originating in Indonesia to imports of SSCR from Taiwan, Turkey and Vietnam.

## INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April 2024, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for April 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 2024* (mt)	April 2023* (mt)	% change*
Crude Steel Production	12.060	11.641	3.6
Hot Metal Production	7.030	7.070	-0.6
Pig Iron Production	0.605	0.588	2.9
Sponge Iron Production	4.407	4.062	8.5
<b>Total Finished Steel (alloy/stainless + non-alloy)</b>			
Production	11.688	11.053	5.7
Import	0.585	0.460	27.1
Export	0.505	0.855	-41.0
Consumption	11.096	10.122	9.6
Source: JPC; *provisional; mt=million tonnes			



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### Overall Production

- **Crude Steel:** Production at 12.060 million tonnes (mt), up by 3.6%.
- **Hot Metal:** Production at 7.030 mt, down by 0.6%.
- **Pig Iron:** Production at 0.605 mt, up by 2.9%.
- **Sponge Iron:** Production at 4.407 mt, up by 8.5%, led by coal-based route (82% share).
- **Total Finished Steel:** Production at 11.688 mt, up by 5.7%.

### Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 6.827 mt (57% share) during this period, down by 1.0%. The rest (5.233 mt) came from the Other Producers, up by 10.3%.
- **Hot Metal:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 6.268 mt (89% share) down by 2.9%. The rest (0.762 mt) came from the Other Producers, up by 23.4%.
- **Pig Iron:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 0.113 mt (19% share) down by 20.2%. The rest (0.491 mt) came from the Other Producers, up by 10.2%.
- **Total Finished Steel:** SAIL, RINL, TSL Group, AM/NS, JSWL Group & JSPL together produced 6.22 mt (53% share) up by 2.0%. The rest (5.467 mt) came from the Other Producers, up by 10.3%.

### Contribution of Public Sector Units (PSU)

- **Crude Steel:** With 84% share, the Private Sector (10.145 mt, up by 4.5%) led crude steel production compared to the 16% contribution of the PSUs (down by 1.1%).
- **Hot Metal:** With 70% share, the Private Sector (4.914 mt, down by 1.5%) led hot metal production, compared to the 30% contribution of the PSUs (up by 1.5%).
- **Pig Iron:** With 84% share, the Private Sector (0.511 mt, down by 5.2%) led pig iron production, compared to the 16% contribution of the PSUs (up by 91.4%).
- **Total Finished Steel:** With 88% share, the Private Sector (10.287 mt, up by 8.4%) led production of total finished steel, compared to the 12% contribution of the PSUs (down by 10.4%).

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

- **Production:** Non-flat products accounted for 56% share (up by 5.6%), the rest 44% was the share of flats (up by 6.0%).
  - **Import:** Flat products accounted for 96% share (up by 33.3%), the rest 4% was the share of non-flats (down by 39.9%).
  - **Export:** Flat products accounted for 88% share (down by 43.3%), the rest 12% was the share of non-flats (down by 13.0%).
  - **Consumption:** Led by Non-flat steel (54% share; up by 4.3%) while the rest 46% was
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the share of flat steel (up by 16.8%).

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

- At 11.688 mt, production of total finished steel was up by 5.7%.
- Contribution of the non-alloy steel segment stood at 10.743 mt (92% share, up by 3.5%), 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 (5.049 mt, up by 5.2%) while growth in the non-alloy, flat segment was led by HRC (4.231 mt, up by 0.8%) during this period.

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

- Overall exports of total finished steel at 0.505 mt, down by 41.0%.
- Volume wise, HR Coil/Strip (0.163 mt) was the item most exported (32% share in total finished steel).
- Italy (0.127 mt) was the largest export market for India.

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

- Overall imports of total finished steel at 0.585 mt, up by 27.1%.
- India was a net importer of total finished steel in April 2024.
- Volume wise, HR Coil/Strip (0.294 mt, up by 110.3%) was the item most imported (50% share in total finished steel).
- Japan (0.214 mt) was the largest import market for India (36% share in total).

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

- At 11.096 mt, consumption of total finished steel was up by 9.6%.
- Contribution of the non-alloy steel segment stood at 10.047 mt (91% share, up by 7.6%), 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 (4.66 mt, up by 3.0%) while growth in the non-alloy, flat segment was led by HRC (4.085 mt, up by 13.3%) 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 the month of April of financial year 2024-25 rose by 5% over the same month 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 6.2% during the month of April of financial year 2024-25, with all the sectors registering positive growth barring only Fertilizers which reported a contraction of 0.8%. The Electricity sector reported the highest growth of 9.4% during the month under review.

**Inflation:** The rate of inflation based on Consumer Price Index stood at 4.75% and that on Wholesale Price Index stood at 2.61% in May 2024. While CPI inflation came down compared with the previous month, WPI inflation moved up significantly compared with April 2024.

**Prepared by: Joint Plant Committee**