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MONTHLY UPDATE – APRIL 2023

STEEL



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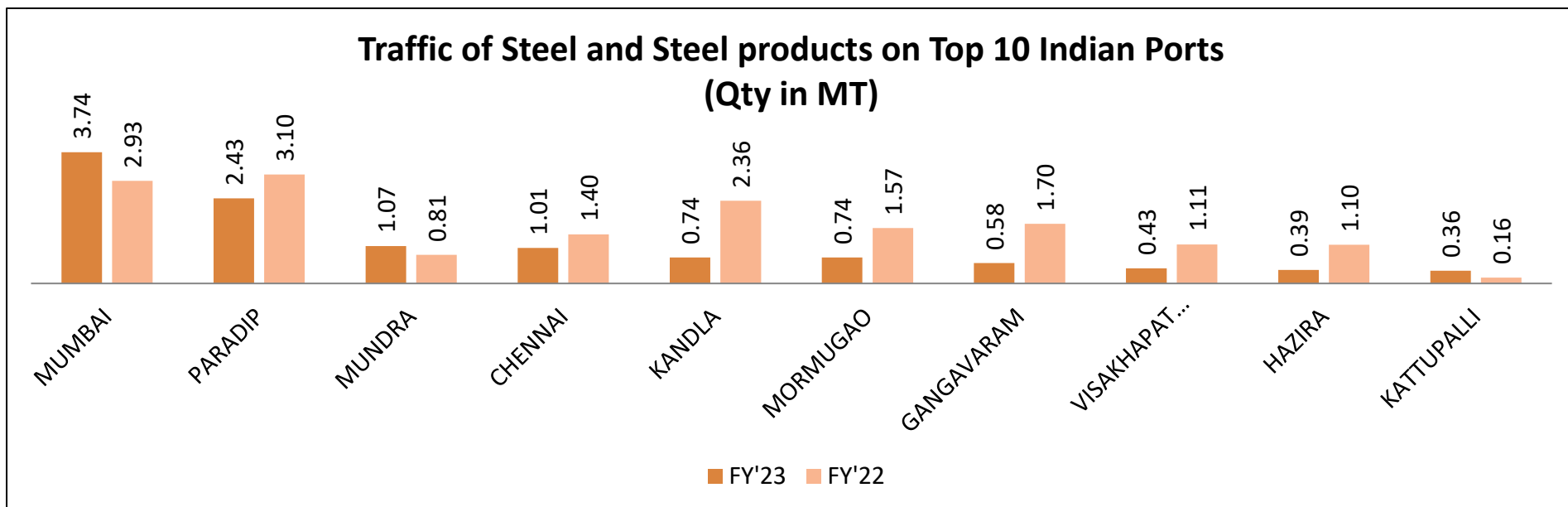
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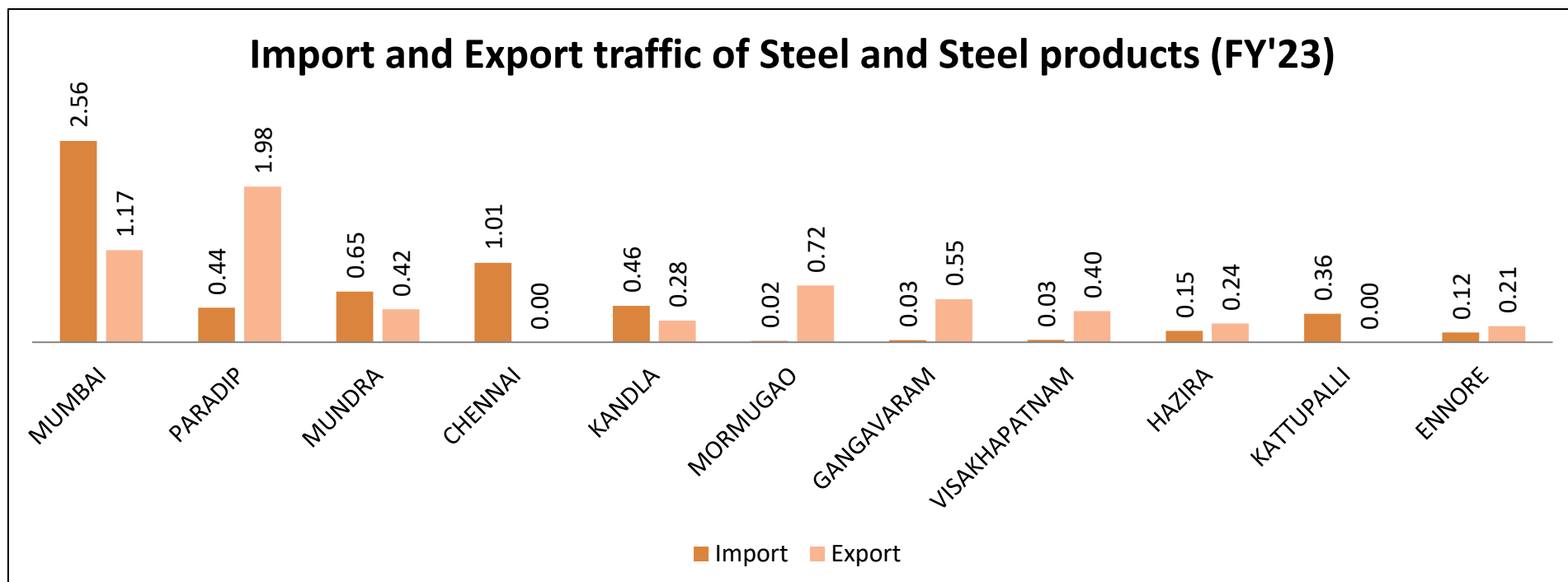
PORT ANALYSIS

STEEL TRAFFIC AT INDIAN PORTS (Quantity in MT)

- Steel & Steel Products traffic at Indian ports during FY'23 was down by 61.04% at 12.57 MT as compared to 20.24 MT recorded for same period of previous year. Mumbai & Paradip ports handled 3.74 MT and 2.43 MT respectively of steel traffic during FY'23.
- Steel & Steel Products traffic at Indian ports during March-23 was down by 22.91% at 1.26 MT as compared to 1.64 MT recorded for same period of previous year. Mumbai port recorded the highest traffic at 0.35 MT and Paradip port followed with 0.27 MT in March-23.



- India's Exports of steel & steel products declined by 57.05% at 6.20 MT as compared to the same period in the previous fiscal. Paradip port saw the highest Export traffic at 1.98MT.
- Indian Imports increased by 8.80% at 6.37MT in FY'23. Mumbai Port saw the highest Import traffic at 2.56 MT.

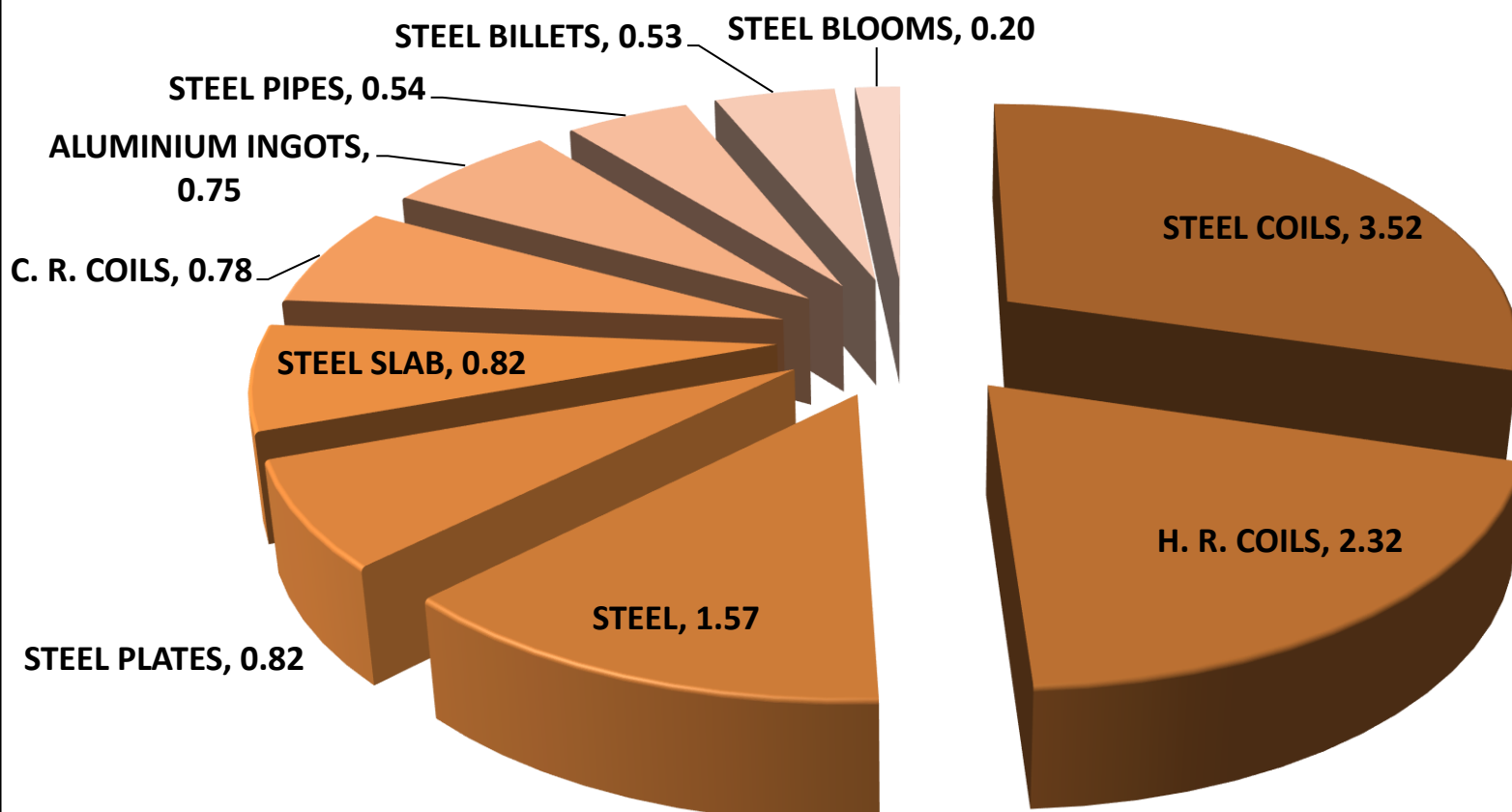


PORT ANALYSIS

STEEL TRAFFIC AT INDIAN PORTS (Quantity in MT)

- The highest Imported product was Steel coils at 2.26 MT in FY'23.
- The Highest exported product was H.R.C. at 1.47 MT in FY'23.
- Indian ports saw the highest port traffic of steel coils at 3.52 MT in FY'23.
- Steel coils, H.R.C., Steel, Aluminum Ingots, steel plates and C.R.C. had the highest traffic on Indian Ports.

Traffic of Top 10 Steel and Steel Products on Indian Ports in FY'23





INDIAN

STEEL SCENARIO

Indian Market Analysis

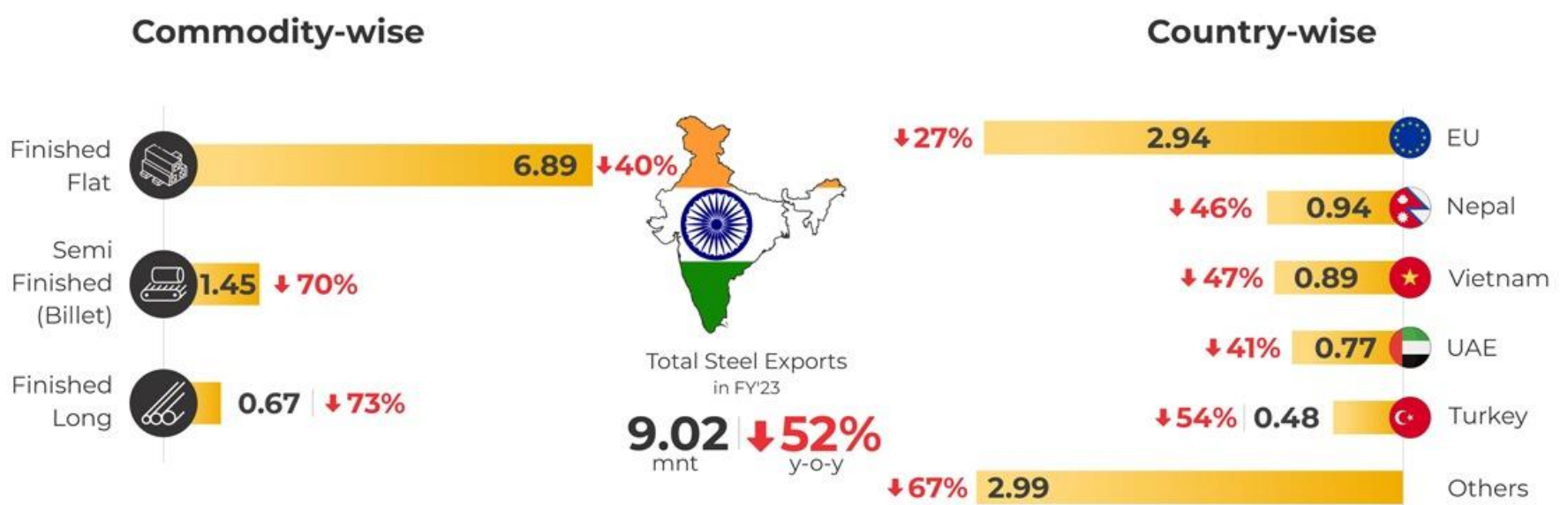
- India is the second largest producer of steel in the world. India's crude steel production in FY'23 increased by 4.18% y/y – up to 125.32 million tons.
- Steel exports fell by 50 per cent to 6.72 MT from 13.49 MT a year ago. Imports surged about 29 per cent to 6.02 MT in FY23 from 4.67 MT in 2021-22. The production of pig iron was at 5.85 MT in FY23, down 6.53 per cent from 6.26 MT in the preceding year.
- The increase in steel imports was attributed to the high prices of domestic steel. High cost of raw material resulted in increase of manufacturing costs. Another setback to the industry was the export curbs placed by the government.
- Steel prices in India remained volatile due to lack-lustre buying and lesser export orders and lack in buying from domestic traders. There had been some cooling off in HRC prices post mid-March with prices falling to ₹60,000 per tonne-ex Mumbai. By March-end, prices had cooled off further to ₹59,900 per tonne, as per data from SteelMint. Hikes announced by some of the mills had not been accepted well either. In the first week of April, HRC prices were around ₹60,200 per tonne – almost same as March, but later came down to below ₹60,000 per tonne.
- According to a report by The Hindu BusinessLine, Since mid-February, exports started slowing down and weighed on overseas offers. SteelMint's India HRC export index was assessed at \$560/t FOB east cost in mid-December 2022 and rose to \$715 / tonne FOB by early February. However, the same dropped to \$695 / tonne free-on-board. Another major factor is the decline in Chinese HRC export offers that have turned buyers in the overseas and Indian markets more cautious, said a source.
- India remained Net exporter of steel in the month of February, despite the volatility in the market. Resumption of the Chinese market and the demand expectations from the European markets have encouraged the Indian mills to raise the prices for finished steel products. Even so, the strong demand in the domestic market has risen the hopes of the mills for a full recovery in the coming fiscal.
- In a nutshell, The 15% tax levied by the Indian Government, The Russia-Ukraine war, The demand end in Europe and consequent covid lockdowns in Vietnam, Reduce in the imports from Nepal as they started decreasing their import dependency, the Middle East looking for cheaper steel options and the crisis in Turkey were some of the major reasons for the fall in export of Indian steel in Global markets in FY'23.
- According to the short term outlook presented by SteelMint, India's exports may rise but margins may be thinner which can be attributed to Europe expecting supply disruptions of about 1 mnt in its domestic hot rolled coils production and Fires at ArcelorMittal's works in Gijon, Spain and Dunkirk, France having led to suspension of production from one blast furnace each at both works and the shortage in HRCs may peak by June-August which can work to Indian mills' advantage. However, mills are in a spot of bother as global offers, after a spurt over January-March, have receded and are not offering support.

INDIAN STEEL SCENARIO

- The steel industry contributes slightly over 2% to the GDP of the country. As steel plays a pivotal role in sectors such as construction, infrastructure, automobile, engineering and defence, any infrastructure development push in the world will give a boost to domestic players.

India's Steel Exports in FY'23

SteelMint®



POWERED BY BIG PICTURE

P: Provisional figures | All above figures are rounded off | Note- A Financial Year (FY) starts on 1st April and ends on 31st March.

Quantity in million tonnes (mnt) | % change in year-on-year (y-o-y) | Source: SteelMint

Source- Steel Mint



KEY HIGHLIGHTS

- **Russia second highest exporter of semi-finished steel to India for April-February**
- **Receding competition from imports to help steelmakers retain pricing power**
- **Four SAIL projects worth Rs 2,338 crore face delays: Steel minister**



MARKET OVERVIEW

Russia second highest exporter of semi-finished steel to India for April-February

- Russia is the second highest exporter of semi-finished steel to India, in value terms, at \$52 million for April to February, which rose from zero in the year-ago-period. It has also displaced Japan as the second largest supplier of hot rolled coils (HRC) and strips.
- Russian steel shipments (across categories) to India rose over 500 per cent for the 11 month period at 0.31 mt (0.05 mt), making it the fourth largest importing nation after Korea (2.03 mt), China (1.33 mt) and Japan (0.8 mt). A lion's share or 74 per cent of Russian steel shipments was HRC and strips, data from the Ministry of Steel show.
- "Volume-wise, HR Coil/Strip (1.96 mt) was the item most imported (35 per cent share in finished steel)," the Steel Ministry report said, adding that, "(Import of) flat products accounted for 93 per cent share – up by 30.4 per cent and the rest 7 per cent was share of non-flat products – up by 18.2 per cent."

Source: The Hindu BusinessLine

Receding competition from imports to help steelmakers retain pricing power

- Indian steelmakers are likely to retain their pricing power as competition from lower-priced imports recedes amidst rising global steel prices. This will allow the steel mills to not only hold on to the price hikes they took earlier this month but also possibly paves way for further hikes, said people in the know.
- There are still some cheaper imported stocks available in the market that landed earlier this month, giving some cheaper alternative to traders. However, domestic steel mills expect these stocks to run dry by the end of this month and anticipate better traction for their products thereafter.
- Domestic producers also have an advantage over overseas suppliers given their ability to immediately supply stocks. It takes 45 to 60 days for imported stocks to arrive from the day an order is placed, adding finance cost as well as risk given the volatility in steel prices.

Source: The Economic Times

Four SAIL projects worth Rs 2,338 crore face delays: Steel minister

- Four projects of Steel Authority of India Ltd (SAIL) worth Rs 2,338 crore are facing delay due to reasons like delayed placement of orders and supply of materials/equipment, Parliament was informed on Monday. However, there is no cost overrun in these projects, Union steel minister Jyotiraditya M Scindia said in a reply to Rajya Sabha.
- As per the information provided by the minister, SAIL is executing a project of the modification in the washing circuit of CSW plant of Dalli mines at Rs 168 crore in Chhattisgarh and another project is installation of a new sinter plant with an investment of Rs 1,111 crore at its Bokaro Steel Plant in Jharkhand.
- SAIL is also rebuilding coke oven battery -2 (COB-2) along with augmenting coke handling and gas handling facility with an investment of about Rs 434 crore at its Rourkela Steel Plant in Odisha and rebuilding COB-7 & 8 at Rs 625 crore at Bhilai Steel Plant in Chhattisgarh, he said.

Source: The Economic Times



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