Steel exports decline in July again on export duty levy, global slowdown in demand

Alloys post 33% m-o-m rise though

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A combined impact of duty levy, seasonal weakness in demand and global slowdown in the commodity cycle saw finished steel exports from the country dip by 75 per cent year-on-year (y-o-y) in July. This is the fourth straight month of fall for Indian mills. Just 1.56 lakh tonnes were exported last month.

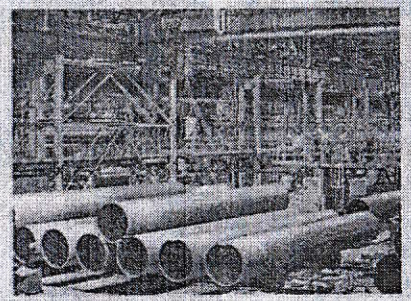
A month-on-month (m-o-m) comparison shows steel exports fell 41 per cent, indicating the continued pressure on demand, provisional data compiled by the Steel Ministry showed and accessed by *BusinessLine* showed. For the April-July period, the y-o-y fall was 49 per cent.

Finished steel includes non-alloyed offerings (like long and flat products, cold-rolled coils, and hot-rolled coils) and alloyed and stainless steel offerings. "Transactions for July were even lower than June. Export duty levy and poor demand in global markets led to the fall. If you see category-wise details, the fall in non-alloyed exports was a steep 70 per cent, m-o-m," a trade source said.

Non-alloyed steel worst hit

Non-alloyed steel exports have been worse hit. Data shows that the prime export offering witnessed an 89 per cent fall — its highest percentile fall in recent months — in July versus the same month last year. Exports in July 2021 were 13,82,000 tonnes. For the April-July period, around 20,41,000 tonnes were exported, down 57 per cent over the same period last fiscal (47,07,000 tonnes).

Interestingly, alloyed steel (which does not have an export duty levy) and stainless steel exports bucked the trend and saw a 33 per cent rise m-o-m and a 72 per cent jump y-o-y, respectively.



A month-on-month comparison shows steel exports fell 41%

Data from the ministry showed that 2,23,000 tonnes of alloyed/stainless steel export were recorded in July 2022. In June, exports in the category were 1,68,000 tonnes, while in July 2021, they stood at 1,30,000 tonnes.

For the April-July period, Indian mills exported 5,29,000 tonnes of alloy/stainless steel, up 46 per cent y-o-y. In the year-ago period, sales were 3,61,000 tonnes. "So there has been some increase in demand for alloyed steel, but it is a very demand specific — select market, select buyer and so on," a trade source said.

Production numbers

On an m-o-m basis, finished steel production saw a rise of about 3 per cent to 96,56,000 tonnes.

Tata Steel saw a 15 per cent m-o-m rise to 16,50,000 tonnes — the highest among steel majors. Other players like AM/NS India, JSPL, and JSW together saw nearly 10 per cent rise to 2,264,000 tonnes. SAIL and RINL saw a 5 per cent and 3 per cent increase to 1,193,000 tonnes and 2,93,000 tonnes, respectively. Alloyed/stainless steel production remained near constant at 5,82,000 tonnes m-o-m, while non-alloyed steel production increased 3 per cent to about 90,00,000 tonnes in the period under review.