

Steel mills hold export prices amid weak global market sentiment, competition from China

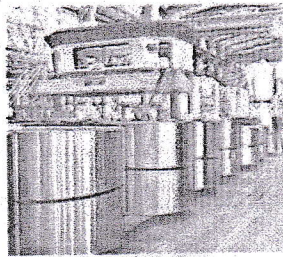
Abhishek Law
New Delhi

Indian steel mills have continued to hold hot-rolled coil export offers to Southeast Asia and the Middle East (ME) for two months in Q2-July and August. The September outlook looks weak, too, amid depressed global market sentiments and continued pricing competition from China.

Export offers to Europe have been slow to recover on expected lines, as no major deals were concluded in August. Demand in the region is expected to see some pick-up in September.

Steel mills in India offer around \$540/tonne (average price), as against \$500-512/tonne by China and \$545/tonne by Russia.

"Chinese price quotations are in some cases even lower than their cost of production



and this makes export offers in select market, by Indian mills, unviable. And it is indeed a matter of concern," market participants told *businessline*.

Imports have also gone up from FTA countries like Korea, up over 100 per cent y-o-y for April-July period, as per last available reports of the Steel Ministry.

India has also been losing market share in the export segment. Sales to all major markets, across EU like Belgium, Spain and Italy, the UK, and ME, are down.

Consultancy firm BigMint (formerly SteelMint), in a report, said export offers, for the hot-rolled coil segment to West Asia (Middle East) declined w-o-w by \$10-15/tonne w-o-w to \$500/tonne. The previous price was around \$510-515/tonne range. In some cases, Chinese offers were around \$485/tonne, too, which made Indian offers at around \$550/tonne "unviable".

Export offers to Vietnam (by China) were around \$485/tonne, down \$10/tonne versus \$495-500/tonne in the week-ago period. There have been no buying offers from India in August, said a market source.

However, Indian HRC export offers to Europe remained stable at around \$620/tonne. Moreover, price fluctuations could occur due to shifts in demand.

"Domestically, the EU steel market remains slug-

gish," the BigMint report said.

Rebar prices, used in construction activities, in the domestic market are expected to see upward movement in September of around ₹1,000 per tonne. Prices have varied between ₹45,200/tonne (for induction furnace route) and around ₹50,000/tonne (made via blast furnaces).