

Steel mills slash prices in June amid stress on exports

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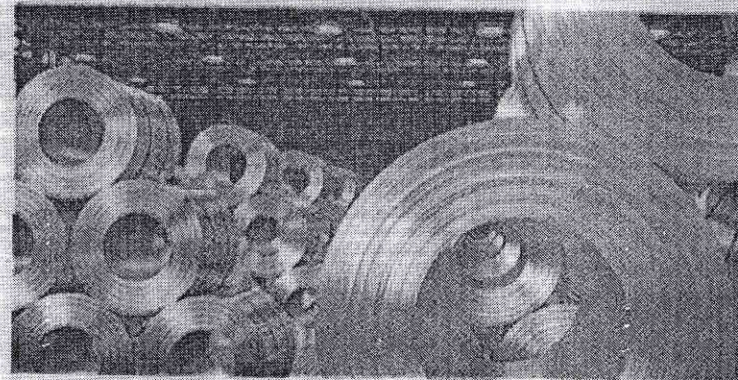
Key steel mills have taken a price cut for June deliveries by ₹2,000 per tonne to ₹4,000 per tonne, across both hot rolled coils (HRCs) and cold rolled coils (CRCs). The price cut, for three months in a row now, came on the back of a drop in export price, fear of rising imports and apprehension of an impact on domestic demand.

According to trade sources, the drop in HRCs was around ₹2,000 per tonne (averaged out across mills), or 4 per cent, to around ₹55,000 – ₹56,000 per tonne. Prices in May was around ₹58,000 – ₹59,000 per tonne.

For the CRCs, the fall was slightly steeper. It was between ₹3,500–4,000 per tonne, depending on brand and makers.

Sluggish demand in the traders' market amid need-based procurement continued to weigh on the prices through the two months till May 2023. Buyers are still booking purchases cautiously given the global trade market sentiments, research firm SteelMint said in a report.

A Steel Ministry official told *businessline* that while raw material price movements, which include iron ore and coking coal, dropped by 11 per cent and 18 per cent-odd in the January – March quarter, pricing dynamics "are under-going a stress". The official said,



DAMPENED TRADE. Sluggish demand in the traders' market continued to weigh on prices

prices of HRCs and CRCs are likely to remain under pressure in the near term amid cheaper import options.

EUROZONE RECESSION

Incidentally for India, imports were around 6.7 mt in FY23 and was witnessing a

declining trend in January – March quarter of last fiscal.

However, April onwards, imports gained traction since overseas demand started cooling off, and with the Eurozone going into recession, markets like China — which have excess production capacity — announced

price cuts for overseas offers.

For April-May, finished steel shipments coming into India rose 27 per cent y-o-y to 0.92 mt; versus 0.72 mt in the year-ago-period.

As per price data maintained by SteelMint, the monthly average landed cost of imports from countries with free trade was around ₹58,670 per tonne in May 2023; and dropped by 5 per cent – steeper than the domestic price cuts announced – to ₹55,700 per tonne (almost at par with domestic prices).

In the export market, Indian mills are facing increased competition from lower priced Chinese offerings. Some of the key European buyers are in wait and watch mode too.