

After 8 months of decline, steel prices hiked

TREND REVERSAL. Improved market activity, increase in raw material costs and slowdown in imported steel reasons for the rise

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After eight-odd months of decline, beginning May last year, Indian steel mills have hiked prices of hot rolled (HRC) and cold rolled coils (CRC) for mid-January deliveries.

Price hikes initiated last week were to the tune of 3-5 per cent across categories and are in the ₹2,000-3,500/tonne range, sources said. The hikes are on the back of factors such as increased and improving market activities over the last two-odd weeks, an increase in raw material prices and a slowdown in imported offerings (steel) coming in at

lower than domestic prices.

International prices, too, have firmed up beginning January — by \$30-50/tonne — thereby providing some cushion to mills to raise prices.

CONTINUOUS DECLINE

According to market research agencies, including *SteelMint*, the benchmark HRC prices are currently at ₹56,000-57,000/tonne, against ₹54,000/tonne in December. On the other hand, CRC prices stand at ₹61,400-62,000/tonne, up from the ₹59,500/tonne range last month.

Domestic steel prices began their slide since May over concerns of a global economic slowdown due to



Source: SteelMint

the ongoing Russia-Ukraine conflict. The Centre's imposition of export duty, as an anti-inflationary measure, further hit mills. From ₹76,000/tonne in April, HRC prices were at their lowest in December.

Except in October, when some mills managed to keep prices at September levels of ₹56,500-56,800/tonne, the decline was consistent. The rise in raw material prices since mid-December is also being

factored-in by the mills now.

For instance, *SteelMint's* Odisha iron ore fines (0-10mm, Fe 63 per cent) index has increased to ₹4,750/tonne (\$58) ex-mines on December 31, from ₹3,700/tonne (\$45) ex-mines November 12.

Average price of Australian premium hard coking coal increased \$39/tonne to \$302 in December-end (against November-end). "Coking coal prices were around \$318/tonne in the first week of January," sources told *businessline*.

GLOBAL SENTIMENTS

The other concern for mills was rising imports as Indian traders went for

cheaper shipments over higher priced domestic offerings in select categories. For the October-December quarter, India was a net importer of steel.

But, now international offers have firmed up at around \$670-680/tonne for Europe and around \$630-640/tonne for Vietnam offers.

In November, India removed the export duty which led to an improvement in sentiments, specially with queries increasing from the European market, which are now witnessing depleting stocks.

businessline had earlier reported that 50,000-70,000 tonnes were booked for January deliveries.