

Steel mills see demand improving in H2

Abhishek Law
New Delhi

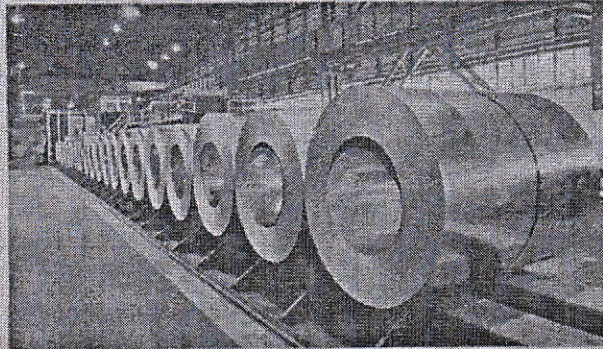
Steel mills have held domestic prices steady in November even as demand remained on the lower side on account of festival season.

In effect, domestic steel prices for the benchmark HRC (hot rolled coils) are ₹57,000-58,000 per tonne, while that of cold rolled coils (CRC) ₹65,000 (for early November deliveries), sources told *businessline*.

For the export market, mills continue to find the going tough because of slowdown of orders in key markets, even at \$570/tonne.

PRICES UNDER PRESSURE

Exports remain depressed because of global recessionary pressures and increased price of Indian offerings compared with the



PICKING UP PACE. Mills predict improvement in demand on the back of infrastructure projects and order flow resuming

competition. The HRC price dipped by ₹200/tonne to ₹56,000-56,500. Cold rolled coils witnessed a steeper fall at ₹1,700 and was trading at ₹63,000-64,000, according to Steel-Mint. Prices of galvanised pipes (GP) remained flat at ₹68,000 per tonne.

In October, some of the mills had to roll back announced price hikes.

"Some sluggishness in

demand continues in November, extending by over a month.

In October, it was the festival season and extended monsoons that slowed the buying," a steel mill official said.

India's crude steel production for the April-October period saw a 6 per cent rise year-on-year to 71.29 million tonnes (mt). Crude steel production by PSUs

decreased 5 per cent; while production by private players increased 8 per cent, for the period under review, data from the Ministry of Steel show.

H2 OUTLOOK

With the end of monsoon, steel prices are expected to pick up from mid-November, driving margin improvement, said TV Narendran, MD & CEO, Tata Steel, during an analyst call on Tuesday.

A reduction in coking coal prices in Q3 should also help margins.

Mills predict improvement in demand on the back of infrastructure projects coming back on track, and orders resuming specially with the fall in price. Some of the North Indian markets continue to be jittery because of a construction ban (except roads and highway project) because of a spike in air pollution in Delhi-NCR.