

# Steel mills see slowdown in domestic demand; prices dip

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Steel mills are witnessing a demand slowdown across domestic markets with price of key offerings such as re-bars and cold rolled coils (CRCs) dropping between 2 per cent and 5 per cent in July over June, and the benchmark hot-rolled coil (HRC) being rolled over (remaining at June levels).

Monsoon and seasonal weakness apart, two key indicators for slowing demand have been a near 5 per cent drop in production in June (over May) and a higher monthly variation in stock levels (almost double the stock being available in June over May), reports with the SteelMint show. Maintenance shutdowns across mills happen in July-August period.

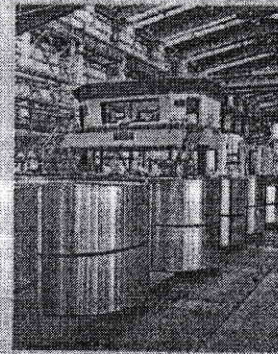
## FALLING PRICES

As per trade sources, the price of HRCs is around ₹55,000-55,200 per tonne for July, same as June, rebar prices (through the blast furnace route) – a key supply material in home constructions and projects – dropped 5 per cent-odd sequentially to ₹51,500 per tonne (against ₹54,300 per tonne in June), and CRCs – used in automobiles – saw a 2 per cent odd price drop in July to ₹59,000 per tonne against ₹60,100 in June.

Price drops are sharper if compared to May. Price

## MIXED SHOW

- Rebar prices fell around 5 per cent sequentially to ₹51,500 per tonne
- CRCs saw a 2 per cent price drop in July to ₹59,000 per tonne
- HRC prices, however, remain slightly stronger than others



drops are to the tune of 5 per cent for HRCs, 10 per cent for rebar and 6 per cent for CRCs.

“Rebar prices fell on account of monsoon which weakens construction activities and CRC price fall is indicative of slowing demand in general in July. However, HRC prices remain slightly stronger than others as export prices/offers to Europe have remained somewhat firm and there is restocking in those markets,” sources told *businessline*.

As per a SteelMint report, HRC export prices to Europe were around \$670-680 per tonne (cost and freight Antwerp), “as Europe resumed purchases before the seasonal slowdown (in offers) in the July-September period”.

## INVENTORY LEVELS UP

Across India, mills inventory levels have gone up in June. While consumption was the lowest since April. Steel consumption in June (during Q1FY23) at 9.88 million tonnes (mt), 5 per

cent down against May's 10.43 mt and over 1 per cent down since April's 9.99 mt.

In June, total finished steel production was 10.5 mt against 11 mt in May. Across key steel-makers, including SAIL, production was down between 1 per cent and 9 per cent. However, during April-June period, production of finished steel was up 11.7 per cent, the provisional numbers show.

Stock variation levels are also up in June that include higher availability for the month on month. For instance, stock variation levels (calculated net of production, export and import, opening stock and closing stock) in June was 0.63 mt, up 91 per cent, over May's 0.33 mt.

“In order to tackle high inventory levels, large mills have started diverting excess steel inventory to value added product rolling mills thus increasing their share of high margin value added offerings,” said a SteelMint report.