

Steel mills hold back exports to S-E Asia, West Asia; EU sees green shoots

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India's steel mills have again held back on exports for three months now given stiff competition from China that continues to be 10-20 per cent lower-than-expected market rates.

Mills here placed the last export offers at \$660 per tonne (for benchmark hot rolled coils) against which the competing Chinese offers were sub-\$600 (around \$580-590/tonne).

Till December 15, Indian mills have reportedly withdrawn all export offers specially for markets in and around South East Asia, Middle East, and elsewhere including Turkey, exporters told *businessline*.

The market is closely watching global trends and waiting for more favourable conditions before resuming exports to Southeast Asia and West Asia.

Chinese export offers are at present hovering around the \$585-590 per tonne range (elsewhere) and at \$609 per tonne for import to India. This has practically shut out the Indian players in the export market whose cost of production are substantially higher.

"Until there is a change in Chinese prices, it would be prudent for Indian mills to hold back export offers in

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the HRC segment," the exporter said, pointing out, the matter of Chinese products coming into Indian markets, also via other countries like Vietnam, has been raised with the Steel Ministry.

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In case of most export offers being made by China, quotes are "lower than their production cost too", some exporters have pointed out.

EUROPEAN DEMAND

The Indian hot rolled coil (HRC) export prices to the EU are rising due to strong domestic demand in the region, market research firm, SteelMint said in a report. Quotas are also up, reportedly.

Moreover, Europe is not been favourably disposed towards HRC plates coming in from China, which has given Indian players added advantage in the markets there.

In the EU, the HRC prices

rose to \$730 per tonne levels as some service centres came into the market to buy what they believe has bottomed out.

ArcelorMittal's official offers were at €720/t across Europe (around \$775 per tonne) last week, while Indian import offers increased in the market amid quota issues for other countries.

CHINA DATA

Domestic HRC prices rose by \$10 per tonne last week in China to \$566 per tonne ex-warehouse Shanghai as steel inventories declined sharply amid expectations of an impending stimulus announcement in mid-December, Market sources said.

Data tracked by various market intelligence agencies showcased that Chinese steel exports rose by 0.8 per cent from October and by 43 per cent from a year earlier to 8.01 million tonne (mt) in November as seaborne buyers increased purchases.

In the export market, Chinese offers increased to \$590/t cfr Vietnam.

Steel imports into India recorded at 1.2 mnt in November. And are expected to remain high till mid-January 2024 due to previous bookings, SteelMint said in its report while market sources said this is "likely to pressurise prices in the near term".