

# Steel mills see improved activity on export front; orders pick up

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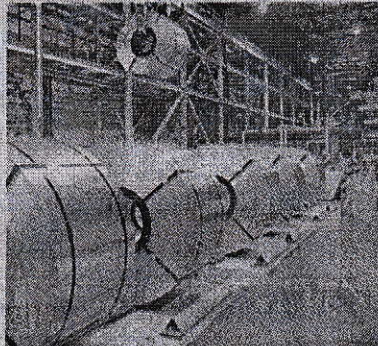
Steel mills are witnessing renewed activity on the export front with queries and orders picking up after nearly two months of lull. Prices have been firming up too.

Trade sources say export offers are up 5-8 per cent over the last 10 days while prices of some of the key offerings like HRC coils and plates are up 5-7 per cent over the same period.

According to officials of some of India's largest steel mills, around 50,000-70,000-odd tonnes have been booked, with West Asia and Vietnam being the key markets. Queries are being generated from European nations, too.

"We are expecting orders to pick up towards the end of December or early January onwards. Orders were placed by buyers in the Middle East, Turkey and Vietnam, and these are expected to continue. Queries are coming in from Europe now, but we expect that restocking needs there to lead to a pick-up around New Year's time. The positive is there is a slight uptick now after poor offers in October and November," an official said.

Interestingly, India - the world's second largest crude producer - turned net importer of steel in October and



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November as prices of international offerings were lower than the price quoted by mills domestically while exports took a hit because of poor sentiments and higher price.

In April to November, exports more than halved (55 per cent drop) to 4.3 million tonnes (mt), while for November, exports dropped 53 per cent (to 338,000 tonnes).

The variation in stock was 1.83 mt as against the previous year's position which was negative (-773,000 tonnes). A negative variation in stocks means mills were trying to catch-up on demand.

## PRICE MOVEMENT

According to a Steelmint report, the Indian HRC sale export index saw a \$25 per tonne increase this week, "as mill started to quote higher price after closing deals". The India HRC export index was assessed at \$560 per tonne FoB east coast as against \$535 per

tonne, a week ago (the report said).

One of the Indian exporters said it offered a hot rolled coil price of \$650-odd per tonne; up from the \$600 per tonne price it was quoting some 7-10 days back. On the other hand, HR plate prices were around \$750/tonne, up from the \$700/tonne around the same time.

"We anticipate another 10 per cent-odd hike as market sentiments improve," the exporter said.

## SHORT-TERM OUTLOOK

According to trade sources, India's decision to remove export duty from November 19 onwards did not bear immediate fruit. But from early-December onwards, queries started picking up.

"Post export duty removal, it has become easier for some of the mills to reach out with better offers. Moreover, Indian companies had been servicing some of the global clients even at a loss. But going by the queries that are being generated now, we feel there is less hesitation to buy Indian offerings," the source said.

Moreover, there has been "less activity" from some of the key exporter countries like Japan while prices being quoted by Chinese offerings are firming up too. In this context, price offerings made by Indian exporters are "more competitive".