

Domestic steel mills hold back on export offers

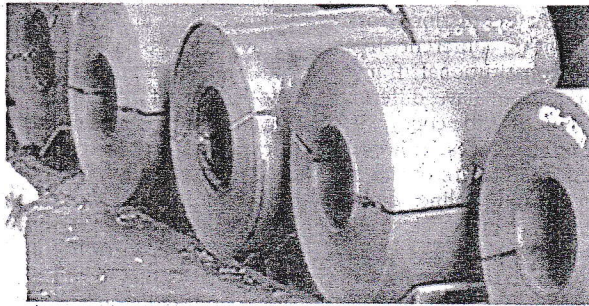
UNFAVOURABLE MARKET. The move follows sluggish demand, China's competitive pricing

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India's steel mills have held back on export offers following sluggish global demand and competitive pricing from China. The focus incidentally has shifted to the domestic market, where the price of the benchmark hot rolled coils (HRCs) have moved up by ₹750-₹2,000 per tonne, across categories, since the beginning of this month.

According to trade sources, the October export price put out by various mills was at \$579 per tonne; the same as the September price; indicative of sluggish demand. In August, HRC prices were slightly lower at \$569 per tonne. In comparison, offers from China were cheaper in the global market.

Competing offers from China dropped further in Oc-



PRICE PUZZLE. A possible realignment in prices is expected, as mills continue to remain "cautious" ahead of the festive season.

tober over September, dropping 2 per cent month-on-month (m-o-m) to \$564 per tonne (against \$574 per tonne). Price drops from Chinese mills were even sharper compared with August, which stood at \$ 589 per tonne. "At current price points, exports are not viable and hence India's steel mills withdrew offers in October. The focus is on the domestic market where demand seems to be stable and prices have

improved," said a trade source.

According to a report by the market research firm, Steel-Mint, demand remains subdued in the Middle East and European Union markets. On a week-on-week basis, there has been a close of \$10 per tonne price drop for offers made to Middle East markets by China, which further dampened sentiments of Indian mills which are now unable to compete at such low

prices. "Market demand in Europe is weak and buyers are having sufficient stocks, while downstream demand is also low. European mills are offering lower but trading activities remain limited," said the report.

PRICE HIKE

In India, the price of HRCs is currently at ₹58,300-₹58,900 per tonne range (around \$700-\$707 per tonne), up two per cent m-o-m. The price in September was ₹57,600-₹58,800 per tonne (\$691-\$705 per tonne).

Considering the recent hike in coking coal prices, which are currently at \$366 per tonne range, further price hikes were also announced by some of the mills, but have not yet been absorbed in the market, sources said. A possible realignment in prices is also expected, as mills and trade continue to remain "cautious" ahead of the festive season.