

# Steel mills hopeful on high demand, ease of Covid curbs in China

ISHITA AYAN DUTT

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Steel prices corrected in November and December after India removed its export duty, but manufacturers expect that the New Year will bring the market stability. Strong domestic demand for steel and China relaxing its zero-Covid policy fuel the expectation. Seshagiri Rao, JSW Steel's joint managing director and group chief financial officer, said that steel prices corrected globally in November and that reflected in domestic prices, but December looks better.

"The demand has come down in Europe and also in the US, majorly attributable to higher interest rates to control inflation and fall in demand. China's zero-Covid policy also impacted demand," he said. "After relaxation of Covid norms in China, prices have moved upwards there."

SteelMint's data for the Indian market showed that the average price for hot rolled coil stood at ₹56,100 a tonne in November and at ₹54,100 a tonne in December. Rebar in long products was at ₹56,100 a tonne in November and ₹55,700 in December.

## China factor

Global prices (FOB China) have



## POSITIVE CUES

- Global steel prices (FOB China) have seen an uptick of 6-8% over the last two weeks
- Restocking recorded in Europe after two quarters;

energy prices are down

- Domestic demand expected to be strong
- Export duty withdrawal by government

increased 6-8 per cent in the last two weeks, bridging the gap between the landed cost of imports and domestic flat steel price, said Hetal Gandhi, director-research, CRISIL Market Intelligence and Analytics.

China FOB prices increased from \$500-520 per tonne in early November to \$565-575 per tonne now. "It needs to be seen whether prices move up further in China, spurred by eased Covid restrictions that lifted demand revival hopes," said Ranjan Dhar, chief marketing officer, ArcelorMittal

Nippon Steel India.

China leads the steel market, producing about 54 per cent of world steel

"Other regions in the world too are following the same direction in terms of prices. One more factor that drove positive sentiments is that some amount of restocking has been recorded in Europe after a gap of two quarters," Dhar said. India's withdrawal of export duty is expected to help clear inventories though the global market is weak.

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