

Sluggish demand pulls down steel prices

Demand expected to improve after monsoon when infrastructure, construction activities pick up

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Early monsoon, sluggish demand and a correction in Chinese steel prices are weighing on the Indian steel industry.

Prices of hot rolled coil (HRC), a benchmark for flat steel, were around ₹46,600 per tonne in January but then moved up in the run-up to India imposing a provisional safeguard duty of 12 per cent on imported steel.

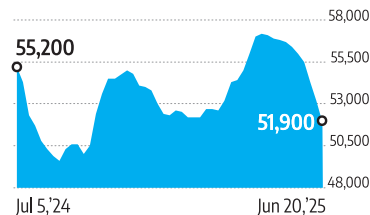
The monthly average HRC price (excluding Mumbai) was ₹52,900 a tonne on April 29, according to data provided by BigMint, a market intelligence company. But as of June 24, trade-level price (distributor to dealer) was down about 4 per cent.

Steel distributors are facing weakened demand, characterised by a decline in inquiries and a slower conversion rate of inquiries into confirmed sales, said BigMint.

In long steel used for construction and infrastructure, trade-level blast furnace rebar prices declined ₹1,300 per tonne week-on-week to ₹51,900 per tonne (ex-Mumbai), according to BigMint's assessment on June 20.

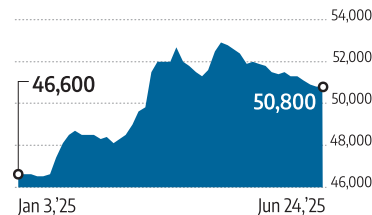
Losing momentum

BF Rebar (Fe550D, 12-32 mm)



Source: BigMint

HRC monthly avg price (IS 2062, 2.5-8mm)



In the projects segment, prices fell to ₹51,000-51,500 per tonne in Mumbai, weighed down by continued bid-offer disparity and subdued construction activity due to monsoon rains.

Weak prices

Steel producers cited multiple reasons for weak prices. Monsoon aside, the underlying demand environment is shaped by various factors, said Ranjan Dhar, director and vice-president – sales and marketing at ArcelorMittal Nippon Steel India (AM/NS India).

“Exports by the industry are limited,

leading to extra material in the domestic market. Trade diversion in the wake of tariff action in the US is playing out,” he said.

Another major steel producer, who did not want to be named, said demand from the infrastructure segment is weak due to liquidity issues and monsoons. Passenger vehicle sales have moderated and consumer durables were affected by early monsoon, said the producer.

Slowing demand

India's apparent steel consumption was

at 10.93 million tonnes of steel in April, down from 12.96 mt in March and 11.29 mt in February, BigMint's data showed.

Sumit Jhunjunwala, vice-president of ICRA, said steel demand growth was projected to moderate to 7-8 per cent in FY26, as the Centre's capital expenditure in steel-intensive sectors such as railways and roadways was expected to soften from the peak investment levels during FY21-24.

Demand growth had eased to 11.5 per cent in FY25, down from a robust 13.7 per cent in FY24.

The China factor

China's steel industry weighs on India. China reduced its January to May production by 1.7 per cent compared to last year, said AM/NS India's Dhar. “Their domestic consumption is also down, but exports are up 8-10 per cent from last year. That is worrisome for India and needs more protection as the Indian steel industry is in an investment cycle. And investment cannot be stressed.”

After India imposed a safeguard duty, monthly steel imports started declining sequentially from February, Jhunjunwala noted.