

Prices are close to bottoming out: Tata Steel chief

Will start to move up in the second half of this fiscal, says TV Narendran

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Mumbai, July 26

Tata Steel expects prices to start going up from the December quarter on the back of revival in demand post the weak monsoon quarter.

TV Narendran, Managing Director, Tata Steel, told *BusinessLine* that steel prices are close to bottom, if not at the bottom. Even in long products, thermal coal prices are going up and have impacted DRI business, which in turn, has taken a toll on 50 per cent of long product business, he said. "Long product prices have already started inching up while flat products will wait for

a month or two and will start going up in Q3 and Q4," he said.

Volatility in prices

Steel prices were stable in the March quarter even as governments across the world focused on infrastructure spending to have a quick recovery post-Covid. The conflict in Ukraine has changed things a bit. More specifically, coking coal prices doubled, leading to steel companies starting to pushing up prices. The volatility in steel prices was exaggerated. Even before India imposed an export duty, he said prices had started coming down and the duty slightly aggravated the downward spiral.



TV Narendran, MD, Tata Steel

While steel prices will continue to be volatile, it will be more biased to the higher side than lower for the simple reason that different countries will continue to focus on infrastructure for different reasons, he said.

For instance, in Europe it will be to reduce dependence on Russia for energy. They will be spending on green energy and acceleration to hydrogen economy; in India it will be to build infrastructure; in China

they will be spending on infrastructure to boost economy; and the US has already announced a huge infrastructure spending to deal with their infrastructure deficit.

On the supply side, there is far more discipline today. While inflation is an issue and it will be bought under control, economies will spend on infrastructure. Higher interest rate will hurt funding to more speculative business than with no visibility of near term profit than stable businesses, he said.

No issue on Russian imports

Tata Steel does not see cheap imports from Russia as a major threat like what used to happen from China. Though China exported a lot in May due to a slowdown in their economy due to the Covid shutdown,

Narendran does not see the country fundamentally exporting more steel like before. Even Korea and Japan are cutting down on exports due to their carbon footprint issues. Russia is the only other exporter left, but they are not a regular exporter to India and they would concentrate more on shipments to Middle-East and South Africa, he said.

Moreover, Russia's ability to export cheap steel will be limited by the ever-strengthening ruble.

He said Russia can be a spoiler once in a while, but they cannot do it consistently like the way China used to do 10 million tonnes (mt) of exports a month. Russia would export 20-30 mt a month, out of which couple of million tonne will come to India, he added.