

# Steel exports could remain under pressure due to global headwinds

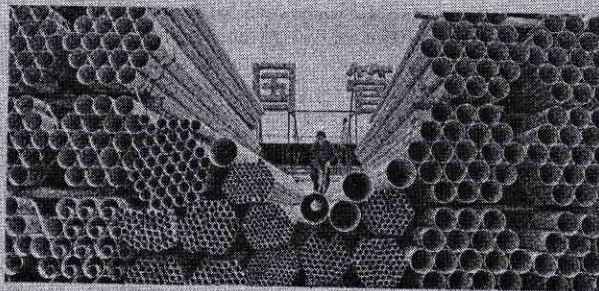
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A steel ministry report has pointed out to continuing "southbound steel prices" in global markets and recessionary pressures in Europe's housing market, thereby raising concerns about continued pressure on exports (steel).

In Europe, the construction sector, particularly the residential sub-segment, is experiencing a slowdown and "is likely to enter recession this year, which affected the sentiment".

Concerns about oversupply are pressuring finished steel prices in the US amid weakened buying in a typically slow part of the year, the report, accessed by *businessline* showed.

The report states that while in China, prices



**MAJOR HIKE.** Steel majors increased prices by 2-8% across categories like hot-rolled coils, rebars and cold rolled coils

showed a marginal improvement in August compared to the previous month; weak property sector continues to impact construction-related manufacturing and steel demand there. Output cuts did lead to temporary rally in steel prices, but these were short-lived.

Price in India, "eased significantly" in August; and the reason was pegged on "geopolitical issues" and season-

ality-monsoons being a lean period for commodity demand.

Incidentally, India's steel majors increased prices by 2-8 per cent across categories like hot-rolled coils and rebars (used mostly in construction sector), and cold rolled coils beginning September in what is being seen as the first major price hike that was initiated since April.

For April-August, India's steel exports was near flat (rising at over 1 per cent) at 3.01 million tonnes (mt). European nations were the highest buyer of Indian steel accounting for over 40 per cent of the exports for the period under review. Italy was the largest buyer of Indian steel, at 0.67 mt, up 34 per cent y-o-y, followed by Spain with 0.27 mt, up 105 per cent y-o-y, while Belgium saw a 12 per cent decline in purchases to 0.27 mt.

The big Asian export markets for Indian steel mills were Nepal — which bought 0.25 mt witnessing a y-o-y rise of 23 per cent; and UAE — where shipments dropped by 33 per cent y-o-y to 0.2 mt.

Vietnam, one of the largest buyers of Indian steel, is now one of the top five importers (selling to India). Exports (to Vietnam) was less than 0.1 mt.