

Steel prices may not fall further, but China key

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Steel prices, which have been falling for the last few months, may have bottomed out and may not fall further, major Indian steelmakers told *Business Standard*. The average monthly price of hot-rolled coil (HRC) in Mumbai stood at ₹55,443 per tonne for June, 2023. This was down from ₹60,260 per tonne in March this year and much below the peak of ₹76,025 in April, 2022, according to the data from market intelligence and price reporting firm SteelMint. HRC is a benchmark for flat steel, which is used in automobiles and white goods.

“I think prices have bottomed out,” said T V Narendran, managing director (MD) and chief executive officer (CEO), Tata Steel.” Most steel companies will lose money at current levels of iron ore and coal prices globally, he said, adding that the prices of these key raw materials had started moving up in the last few days. Both JSW Steel and ArcelorMittal Nippon Steel India (AM/NS India), too, echoed that prices were unlikely to drop further.

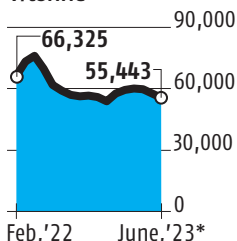
“Internationally also, [steel] prices have picked

MONTHLY AVG PRICE

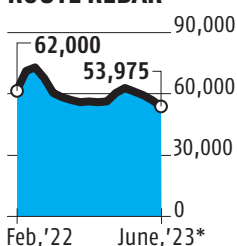


HOT-ROLLED COIL

₹/tonne



BLAST FURNACE ROUTE REBAR



Note: Last data accessed on June 27; data ex Mumbai
Source: SteelMint

up by about \$20-30 a tonne in the last few weeks,” said Jayant Acharya, joint MD and CEO of JSW Steel. “So, prices have now stabilised...the fall has stopped. In long products, too, the correction has been more than what the secondary sector can afford,” he added.

In long products, used in construction and infrastructure, rebar prices have been falling since January, SteelMint data showed. The average monthly price for blast furnace route rebar, stood at ₹60,450 a tonne in January, 2023 and fell to ₹53,975 in June, this year. This was a long way down from ₹72,880 per tonne in April 2022.

Ranjan Dhar, chief marketing officer at AM/NS India, said trends in global markets in the last three weeks suggested prices had bottomed out. “Notably, Chinese HRC export offers, which were previously in the range of \$535-540 per tonne FOB (freight on board), have now increased to \$560-565 per tonne,” he said.

An upturn for steel companies on a global scale would depend on demand recovery, he said. “Encouragingly, the

inventory levels in both international markets and India remain very low, which bodes well for the industry,” Dhar added.

Hetal Gandhi, director — research, at CRISIL Market Intelligence and Analytics, said that the Chinese government’s guidance on steel output would hold key for prices. “Given China’s strict policy of producing less steel than the previous year, steel mills must cut production by 8-10 per cent from present levels to meet last year’s figure. Production cuts and the subsequent fall in exports from China will lead to a gradual uptick in prices. We believe prices have largely bottomed out and are set to stabilise hereon before witnessing an uptick post-Monsoon,” Gandhi added.

Steel prices started increasing from February as China lifted restrictions on public activity to slow down the spread of Covid-19. But Narendran of Tata Steel pointed out that the recovery was fragile, which dampened spirits in the last few months.