

Indian Steel Market Scan



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China Iron Ore Fines (CNF)



Source: SteelMint

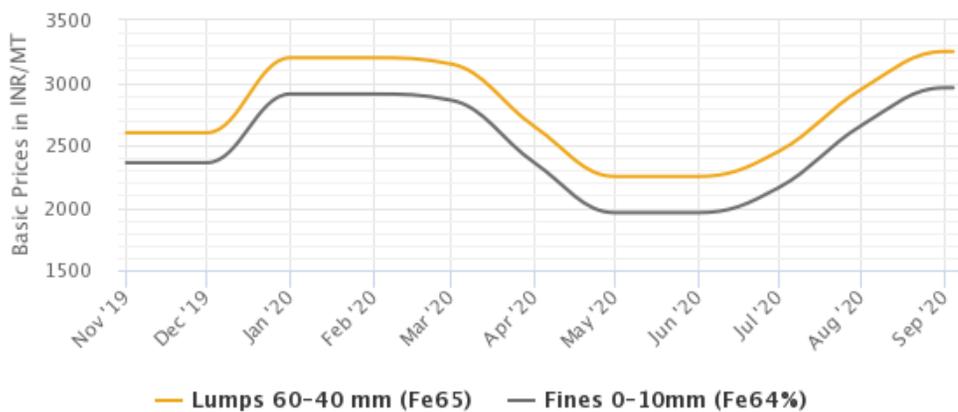
• What happened

The monthly average global iron ore fines (Fe 62%) increased to \$124/t, CFR China in Sept'20 against last month which was at \$122/t, CFR China due to a hike in Chinese steel futures and restocking ahead the Golden Week holidays.

• What may happen

Global iron ore prices are likely to remain volatile post-holidays in China in view of the approaching winter season and restriction on sintering in China.

NMDC Iron Ore Prices



Basic prices excluding Royalty and Taxes

Source: SteelMint

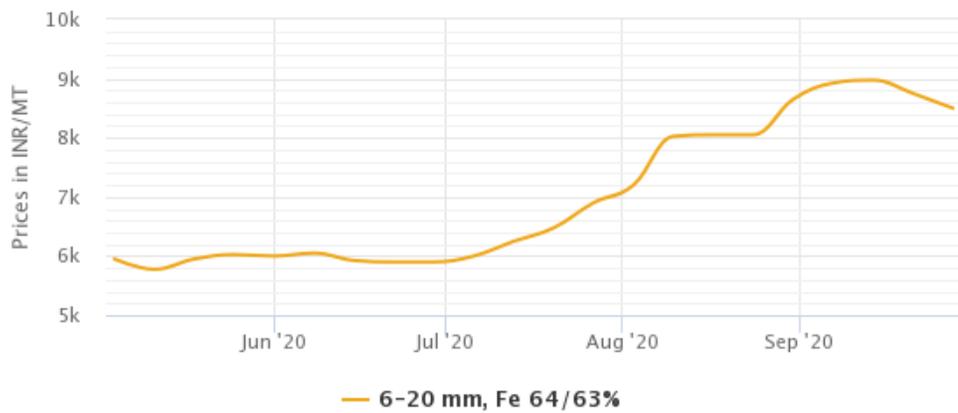
• What happened

SteelMint's Odisha iron ore index increased by INR 600-700/t in Sept'20 following acute iron ore shortage in Odisha. Auctions conducted by SAIL and OMC received active response.

• What may happen

NMDC increased iron ore prices by INR 200-240/t for Oct. Odisha's iron ore production is expected to increase in Nov'20 as a few more auctioned mining leases are expected to resume production.

Pellet Index, PELLEX, DAP-Raipur, India



Prices are loaded into wagons

Source: SteelMint

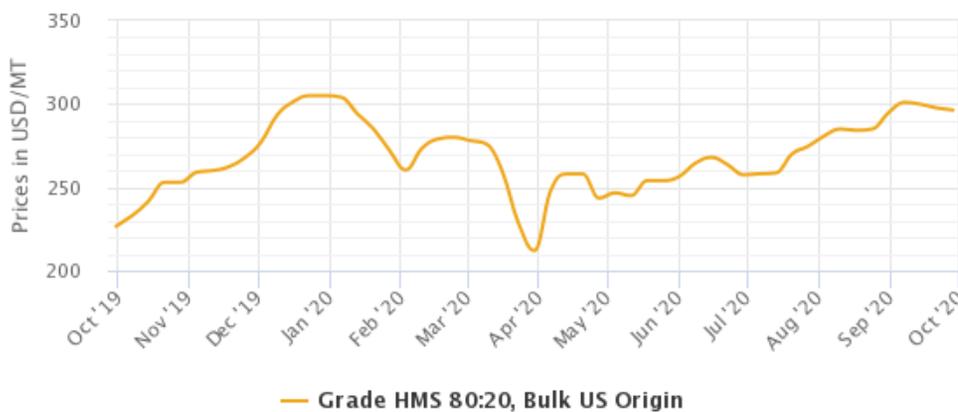
• What happened

Indian domestic pellet offers increased in the first half of Sept'20. However, prices fell later on due to dull demand and sharp fall in sponge prices.

• What may happen

Chances of improvement in domestic pellet prices are slim; however, if sponge prices increase, pellet offers may find some support.

Turkey Imports Scrap Prices (CNF)



Source: SteelMint

• What happened

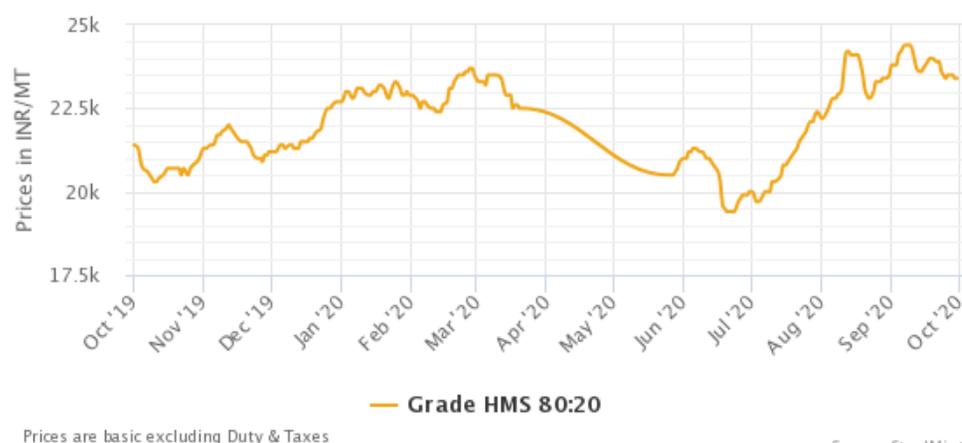
Turkish imported scrap prices jumped by \$10/t in the beginning of Sept'20 due to supply tightness, along with the Turkish lira depreciating to a new record low of 7.8 against the USD since 2015.

Later, Turkish buyers turned cautious for fresh cargo bookings, due to weak finished steel demand in domestic and overseas markets, imported scrap prices dropped \$5 by the end of the month.

• What may happen

Turkish buyers expect imported scrap prices may fall further; however, Turkish mills have started bulk cargo bookings for Nov'20 shipments at lower prices.

Domestic Scrap Prices (Ex-Mumbai, India)



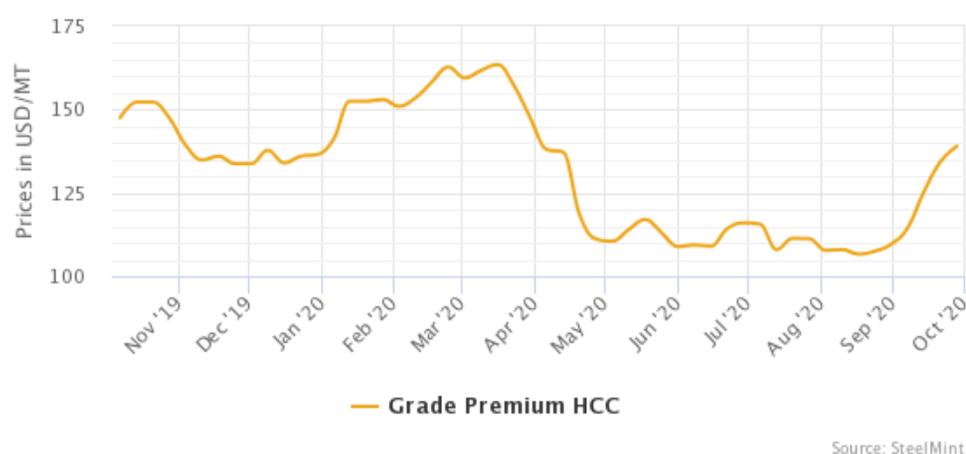
• What happened

Prices declined up to INR 1,000/t in major scrap consuming regions – north, west and south India – due to a fall in sponge prices and low capacity utilization through the EAF and induction furnace route.

• What may happen

Prices may observe some correction following global trends as well as domestic finish long steel market sentiments which are expected to be slightly weaker than to average levels.

Australia Hard Coking Coal Prices (FOB)



• What happened

Australian coking coal prices have increased sharply throughout Sept'20, as multiple spot bookings were concluded and higher bids emerged for premium-grade coals in China.

Premium HCC prices were assessed at around \$139/t FOB Australia, after having surged by almost 30% last month.

• What may happen

Near-term Chinese demand depends on the easing of customs clearances, as the narrowing arbitrage between domestic-seaborne prices may hamper buying interest for imported coking coal.

Indonesia Non Coking Coal Prices (FOB)



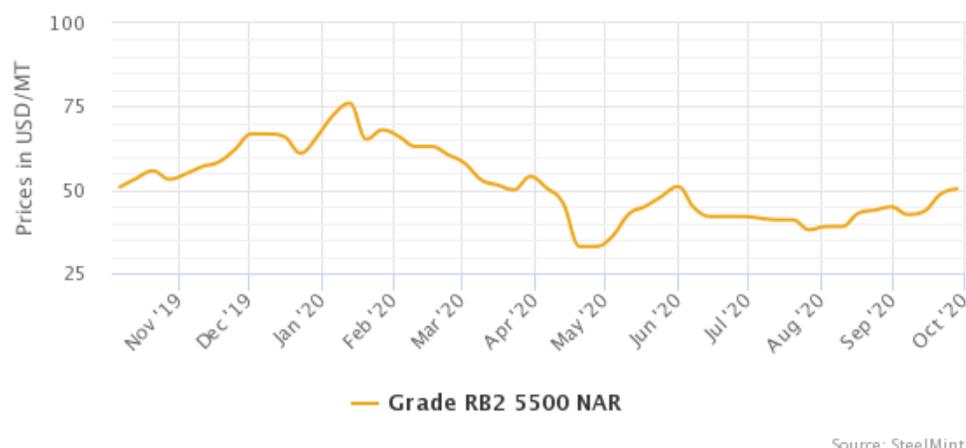
• What happened

Indonesian low-calorific value coal prices moved up by 5% in Sept'20 in line with rising coal prices in the global market triggered by signs of demand recovery in China and Japan. The 4,200 kcal/kg GAR coal price was assessed at around \$25.1/t FoB Kalimantan in towards the end of the month.

• What may happen

Indonesian coal export prices are likely to increase in Oct'20 as demand increases during the winter season (Oct-Dec) in the importing countries. Also, Chinese buyers are back for import bookings as their quotas are set to renew in Jan'21.

South Africa Non Coking Coal Prices (FOB)



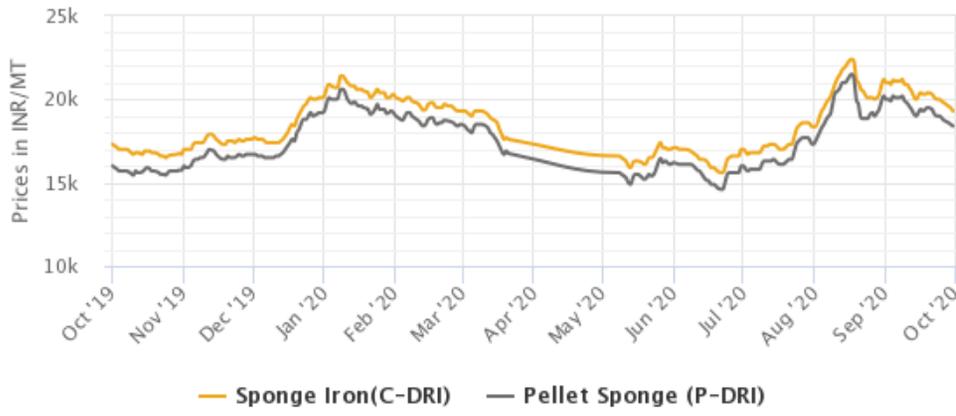
• What happened

S. African thermal prices moved up by 6.25% in Sept'20. The prices rallied towards month-end amid the news of Australian mine closures for three weeks starting 25th Sept'20 and improvement in overall market sentiments. The 5500 kcal/kg NAR coal prices were assessed at \$59.5/t CFR Gangavaram port in September-end.

• What may happen

Amid sluggish demand from south India but good demand from Pakistan and overall positive market sentiments, S. African coal prices are likely to remain stable in Oct'20 with minor fluctuations.

Sponge Iron & Pellet Sponge prices (Ex-Raipur, India)



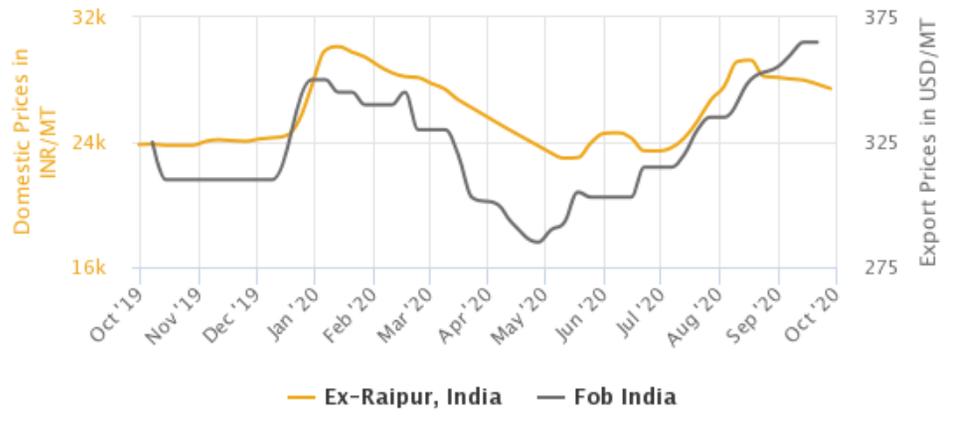
• What happened

Prices fell by INR 1,000-1,600/t on improved supply due to decline in furnace production. This has resulted in low demand for sponge iron in the domestic market.

• What may happen

Prices may volatile due to limited margins as well as demand.

Domestic Pig Iron Vs India Exports prices (Steel Grade)



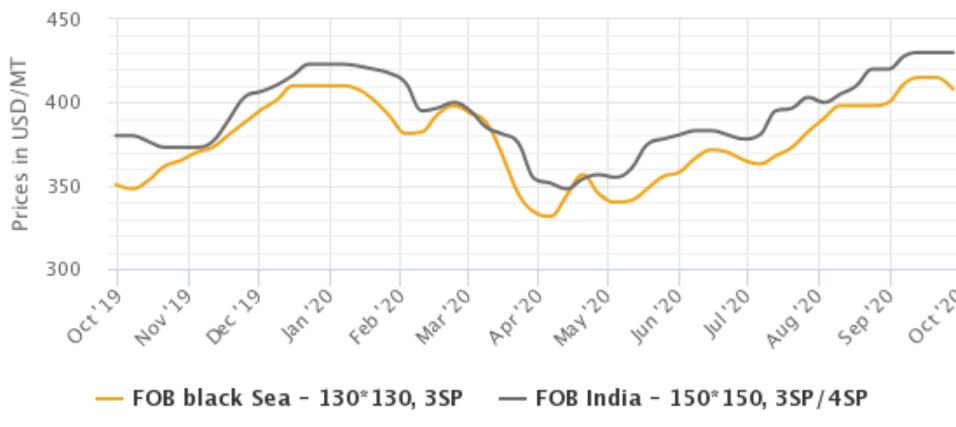
• What happened

Prices dropped by INR 500-1,600/t with major corrections in eastern India on account of improved supply and falling steel prices.

• What may happen

Pig iron prices are likely to remain under pressure due to sufficient availability and less consumption as the EAF/IF producers continue running mills at curtailed capacity.

Billet CIS Export prices (FOB Black Sea)



• What happened

Global billet prices rose amid increasing scrap prices. Bookings were primarily for SE Asian destinations from Russia. China booked limited billet cargoes on falling domestic billet prices. CIS billet offers saw an m-o-m rise of \$10/t and settled at \$408/t, FoB Black Sea.

• What may happen

After the Golden Week holidays in China, global billet prices are likely to rise. However, the prices are likely to drop from the second half of Oct'20 amid down-trending global scrap prices and excess raw material inventories at Chinese ports.

Billet Index, Exw-Raipur, India



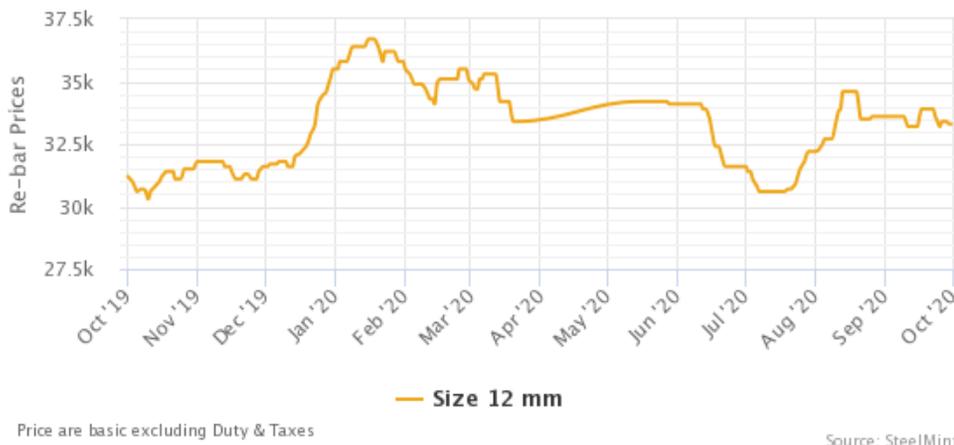
• What happened

Persistent weak demand for domestic finished steel has forced billet producers to lower prices. Hence offers declined by INR 300-1,200/t.

• What may happen

Indian billet prices may remain volatile on expected subdued finished steel demand. However, if demand improves prices may find support as production by a majority of EAF/IF producers is still low.

Re-bar Prices (Ex-Mumbai, India)



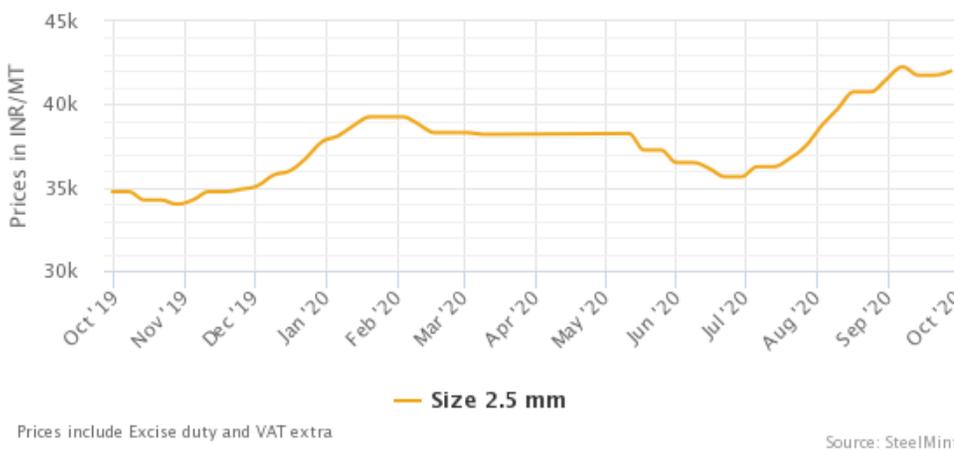
• What happened

Rebar prices witnessed an average drop of INR 1,000/t as far as medium and small scale mills are concerned. However, primary mills raised rebar prices by INR 500-1,500/t across regions.

• What may happen

Primary mills may raise long steel prices up to specified levels region wise owing to better demand from construction projects, while mid-scale rebar prices may fluctuate depending upon raw material price movements.

HRC Prices (Delhi, India)



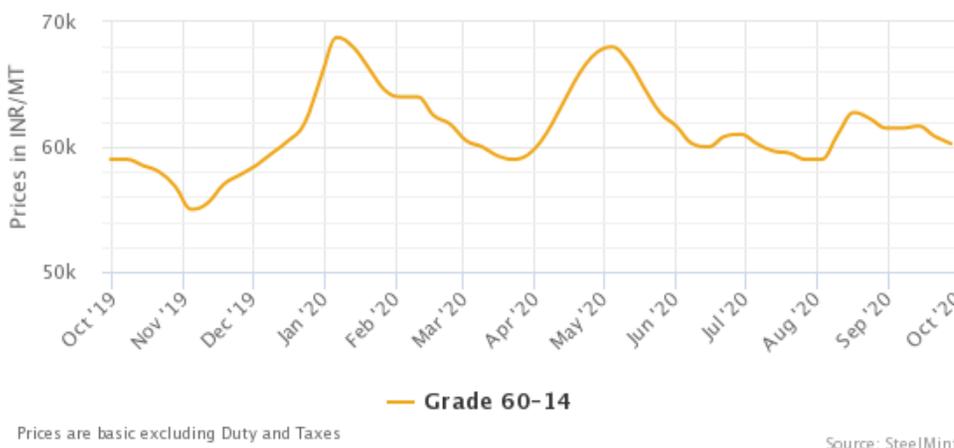
• What happened

At the beginning of Sep'20 major steel mills had increased HRC prices by INR 2000-2500/t and the second hike took place in mid-Sep by around INR 750-1000/t. Mills raised CRC prices sharply by around INR 3,000-3,500/t at the beginning of Sep'20 and a second hike of around INR 1,000-1,250/t was announced subsequently. SAIL made a third price hike by INR 750-1500/t on tight supplies and domestic demand recovery.

• What may happen

Indian steel mills have increased list prices of HRC and CRC by INR 1,500-2500/t for Oct'20 deliveries.

Silico Manganese Prices (Ex-Durgapur, India)



• What happened

Indian silico manganese prices reduced gradually throughout the month owing to subdued demand from the steel industry. Many producers reduced their production in line with a lacklustre market. Meanwhile, the exports market too remained dull with limited trades.

• What may happen

Prices increased in the first week of Oct'20 in central India after MOIL's price revision. It is expected that prices may not fall further as ore prices have now increased.

China Import Ferro Chrome Prices (CNF)



• What happened

Indian ferro chrome prices remained firm as most of the producers went out of stock for ore. However, prices came down at the end of the month due to low demand from China and Indian stainless steel mills not in need to replenish their stocks.

• What may happen

All eyes are on the upcoming OMC chrome ore auction as it would decide future chrome ore prices and hence ferro chrome offers. It is expected that the OMC auction will receive aggressive bidding as the auction will be held after a hiatus of four months.

United States Dollar (1 USD)

Currency	11-Oct-2020	1 Week Earlier	2 Week Earlier	1 Month Earlier	3 Month Earlier	6 Month Earlier
India (INR)	73.04	73.37	73.70	73.45	74.91	76.31
China (Yuan)	6.69	6.79	6.82	6.83	6.99	7.08
Brazil (Real)	5.53	5.68	5.55	5.32	5.39	5.59
Australia (Dollar)	1.38	1.40	1.42	1.37	1.43	1.56
South Africa (Rand)	16.47	16.55	17.12	16.75	16.69	19.03
United Arab Emirates (Dirham)	3.67	3.67	3.67	3.67	3.67	3.67
Europe (Euro)	0.85	0.85	0.86	0.84	0.88	0.92
Indonesia (Rupiah)	14719.29	14882.25	14948.80	14983.20	14782.23	15457.88
Russia (RUB)	76.68	78.08	78.12	74.90	71.77	74.49

Indian Statistics (Production/Export/Import)

		Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
Production	Iron ore	8.44	12.59	12.30	14.05	13.51	-
	Coal (CIL)	40.38	41.3	39.20	37.36	37.17	40.51
	Manganese Ore	0.05	0.08	-	-	-	-
	Chrome Ore	0.10	0.10	0.14	0.08	0.06	-
	Crude Steel	2.752	5.32	6.83	7.577	8.49	8.62
Export	Iron Ore	1.63	3.91	3.93	3.8	3.86	4.00
	Iron Ore Pellet	1.17	2.07	1.78	1.67	1.18	0.78
	Mill Scale	Nil	Nil	Nil	0.02	Nil	0.03
	Pig Iron	0.10	0.10	0.18	0.08	0.14	0.02
	Flat Steel	0.45	1.22	1.45	1.26	1.01	-
Import	Coal	16.95	12.13	10.2	14.4	16.58	18.21
	Scrap	0.19	0.64	0.24	0.21	-	-
	Iron ore	-	-	-	-	-	-
	Manganese Ore	0.38	0.24	0.13	0.24	0.24	-
	Chrome ore	0.01	0.01	0.02	0	0.01	-
	Flat Steel	0.38	0.34	0.17	0.22	0.09	-

Qty in MnT (Million Tons)

Source SteelMint, PIB, CIL

(Provisional Data)

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