

| | |
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Indian STEEL MARKET SCAN

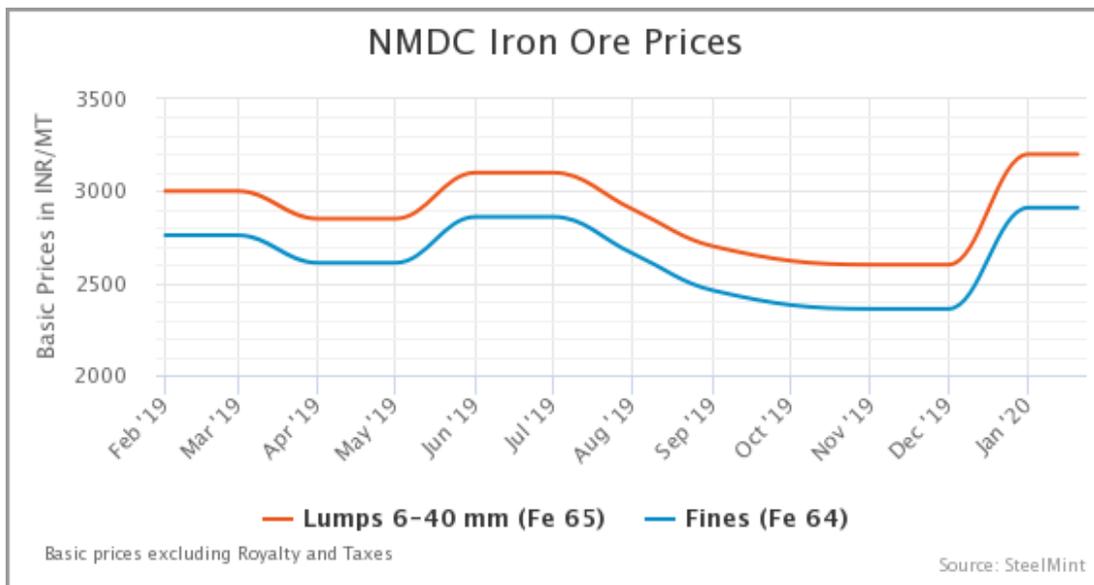


What happened

- Monthly average global iron ore fines (Fe 62%) prices increased marginally to USD 92.63/MT, CFR China in Jan'20 against USD 91.43/MT, CFR China in December amid the New Year holidays in China and the outbreak of the deadly coronavirus towards the end of January.

What may happen

- Prices of global high-grade ore are expected to plunge following the coronavirus outbreak that could delay the restarting of construction projects with the onset of spring.

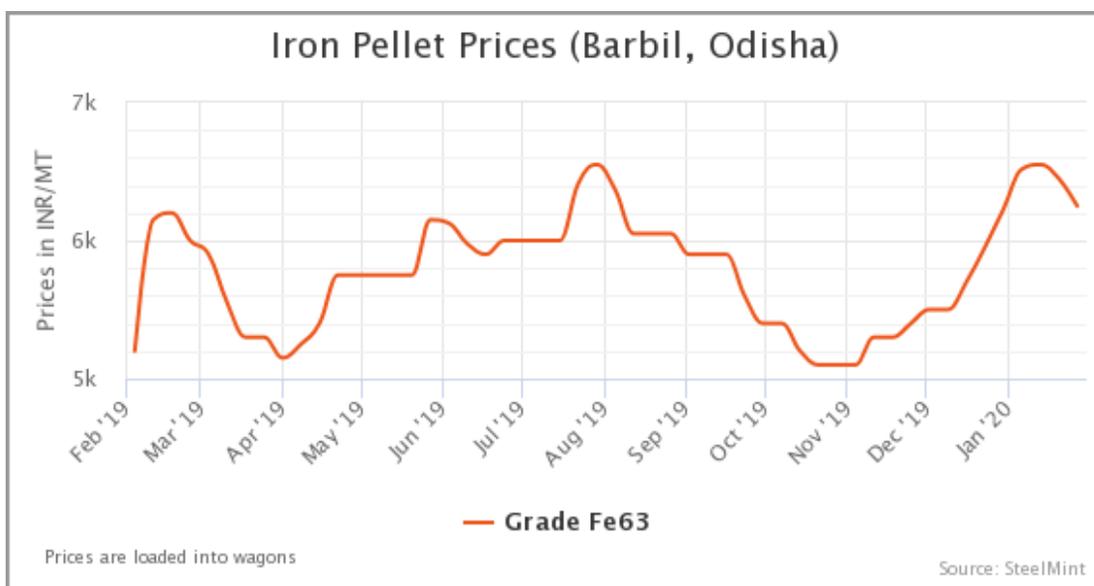


What happened

- Merchant iron ore miners from Odisha hiked iron ore fines prices by INR 600-700/MT and that of lumps by around INR 1,000-1100/MT (ex-mines) in Jan'20. NMDC (C.G) and Karnataka both increased iron ore prices twice last month. The Odisha government started the iron ore block auctions process towards the end of last month.

What may happen

- Market participants don't expect a sharp hike in Odisha iron ore prices in the near term.

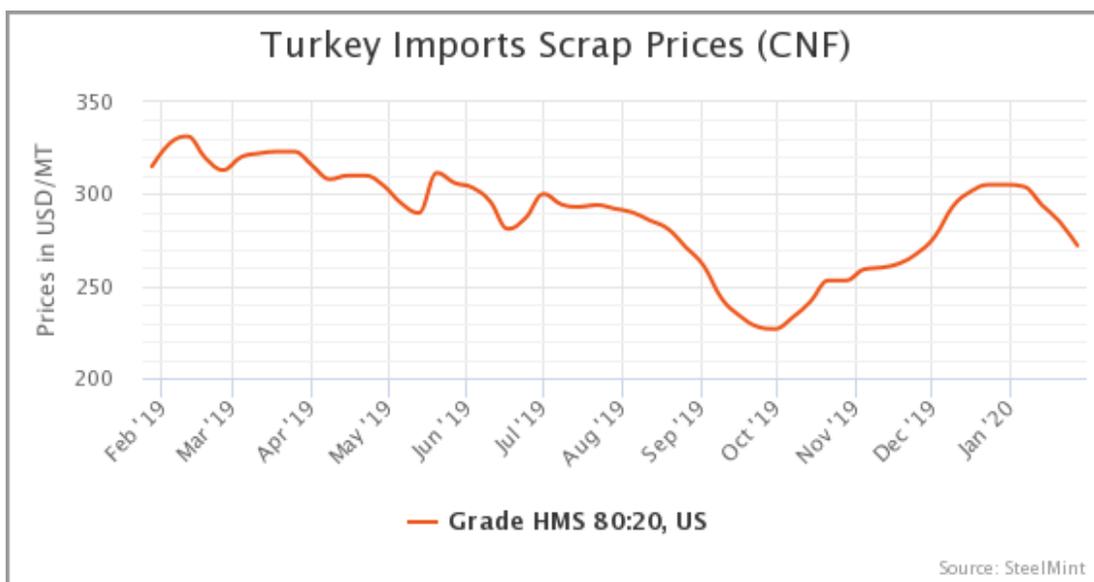


What happened

- Domestic pellets prices in India increased at the beginning of this month but later declined due to lack of demand and weak semi-finished sentiments.

What may happen

- Pellets prices in the domestic market may remain under pressure amid decreasing P-DRI prices and weak Chinese demand following the coronavirus outbreak.

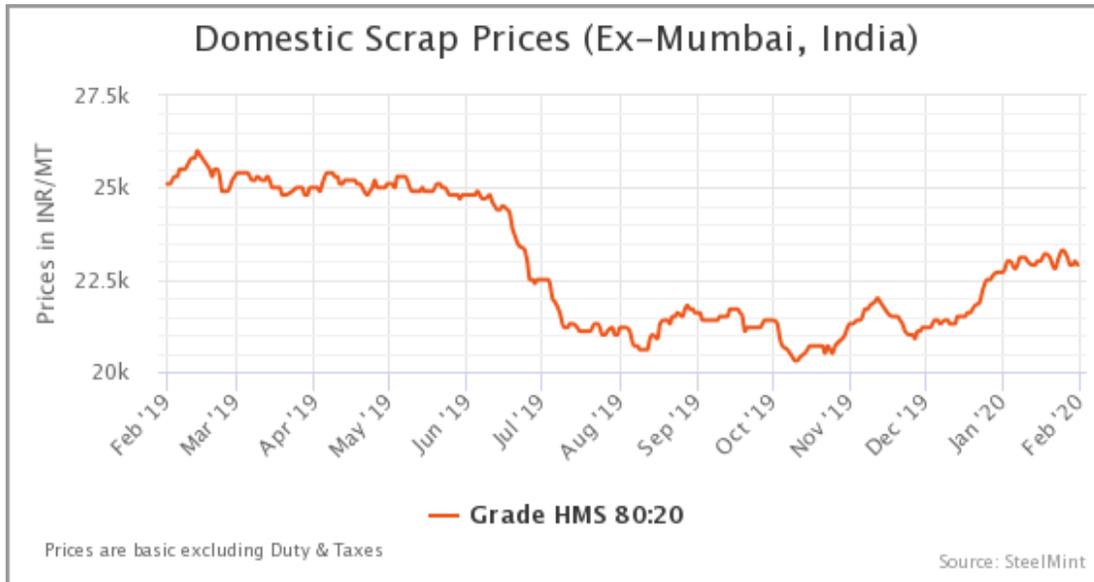


What happened

- After strengthening in Dec'19, imported scrap prices dropped sharply all through Jan'20, falling by around USD 33-33/MT CFR over the month to USD 272/MT CFR for US origin HMS 1&2 (80:20) by Jan-end, on weakening finished steel sentiments.

What may happen

- Prices are expected to fall further, with instability in the Chinese market and the dull outlook on finished steel sales due to weak demand. The overall downside in raw material prices is expected to pull scrap offers down.

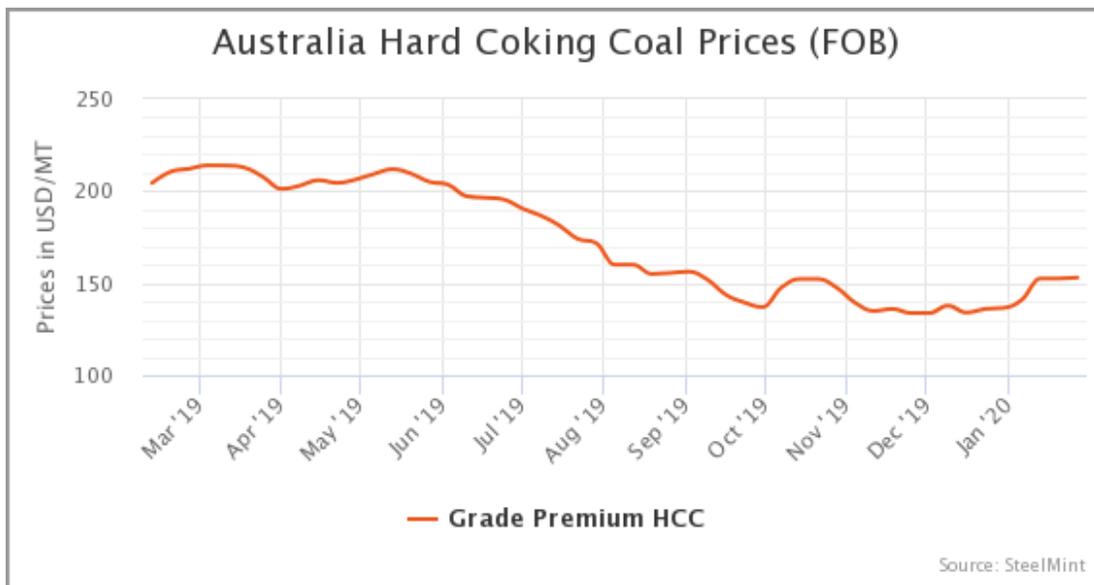


What happened

- Domestic melting scrap prices inched down up to INR 1,100/MT in major scrap consuming locations in south and western India amid lack of finished steel supply trades along with declining global prices.

What may happen

- The domestic melting scrap market may remain under pressure amid slow movement of finished steel.



What happened

- After the bullish run in the first half of January, Australian premium low-volatile hard coking coal prices have remained mostly unchanged in the Asian metallurgical coal spot market driven by strong buying interest ahead of the Lunar New Year holiday break in China.
- Premium HCC prices were assessed at around USD 153.00/mt FOB Australia.

What may happen

- Prices should stay flat until the Chinese market participants resume normal trading activities, while disequilibrium between demand and supply will continue to support spot prices.

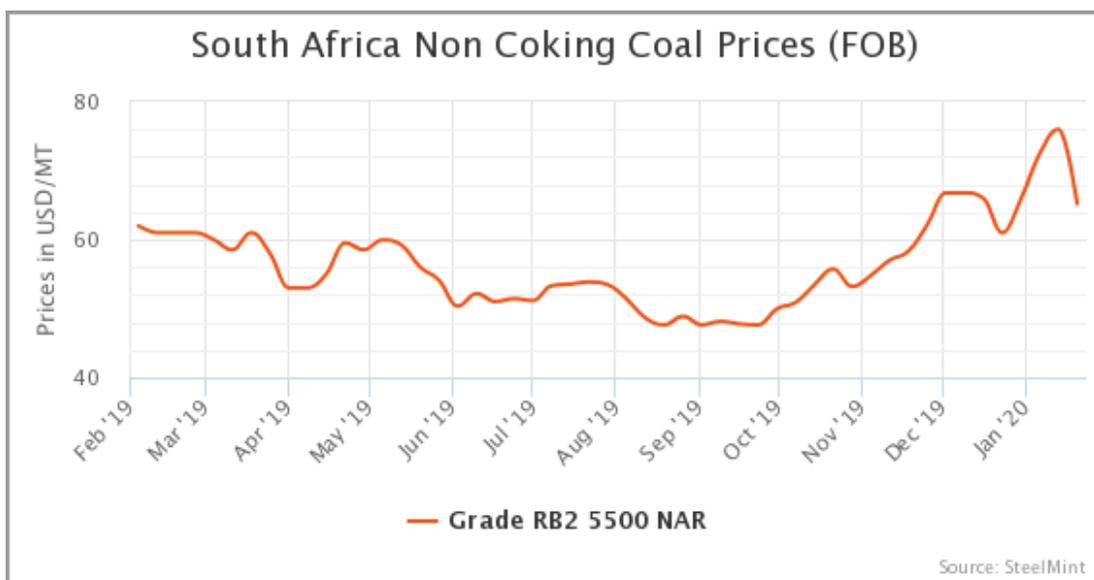


What happened

- Indonesian thermal coal prices have recovered modestly in January, as the government ordered coal miners to slash output after record production and exports.
- Offers for Indonesian 4,200 kcal/kg GAR coal were heard at around USD 35.50/mt FOB Kalimantan at month end.

What may happen

- Prices may fall following the outburst of coronavirus in China, as Indonesia is the largest supplier of coal to China.

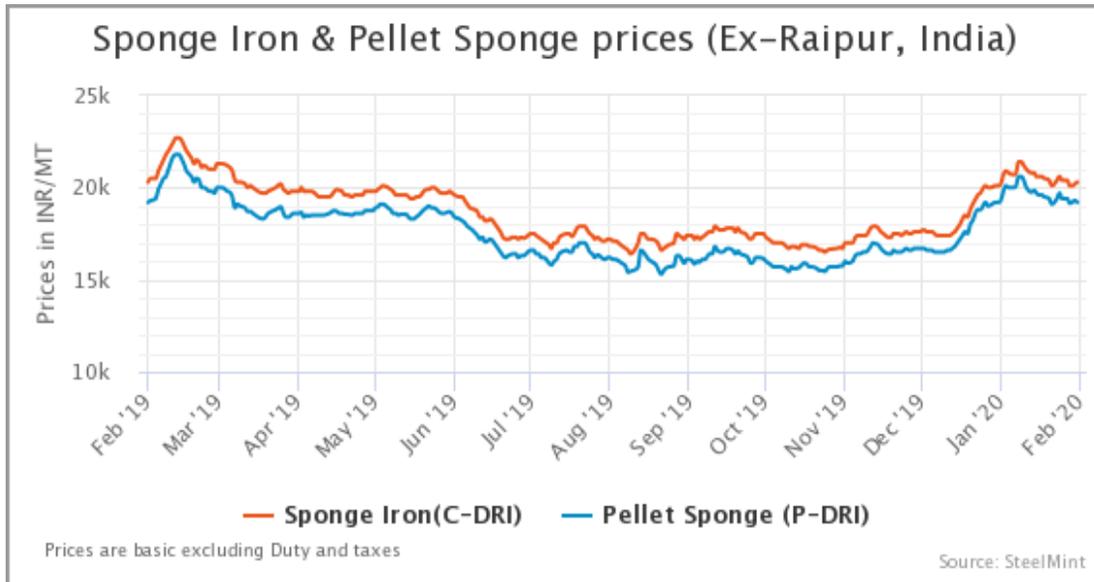


What happened

- South African thermal coal prices have remained under pressure over the last month as the country dealt with adverse climatic conditions amid heavy rainfall since December.
- Offers for the RB2 (5,500 NAR) coal were heard at around USD 66.00/mt FOB Richards Bay at month end.

What may happen

- South African coal export prices are likely to reduce in line with subdued import demand from top Asian buyers including China and India.

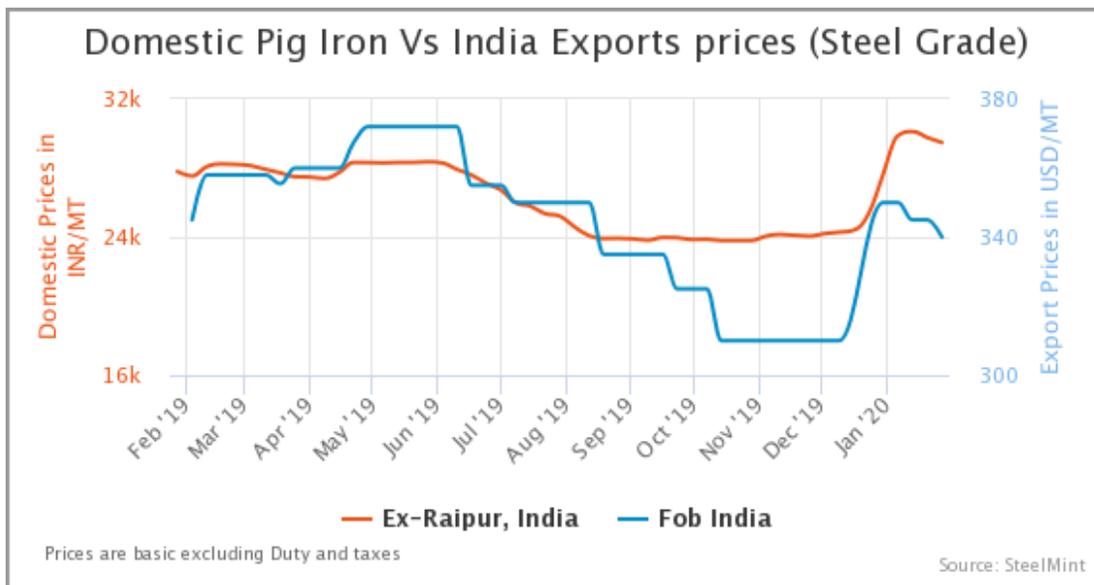


What happened

- Prices fell by INR 700-1,200/MT on low demand amid falling billet prices.

What may happen

- Sponge iron manufacturers may be forced to cut offers due to falling substitute product prices. This will likely affect sponge iron demand.

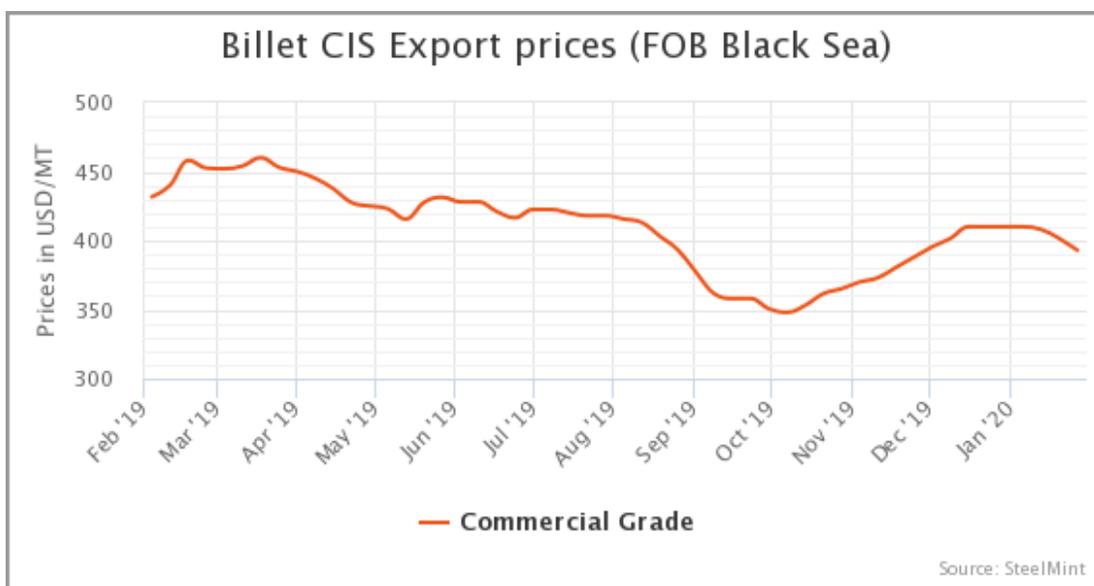


What happened

- Offers remained strong in the first half of the month over supply crunch. However, improved supply along with weak sentiments has resulted in a drop in prices towards the end of Jan'20.

What may happen

- Prices are likely to remain under pressure on account of better supply along with falling scrap and billet prices globally.

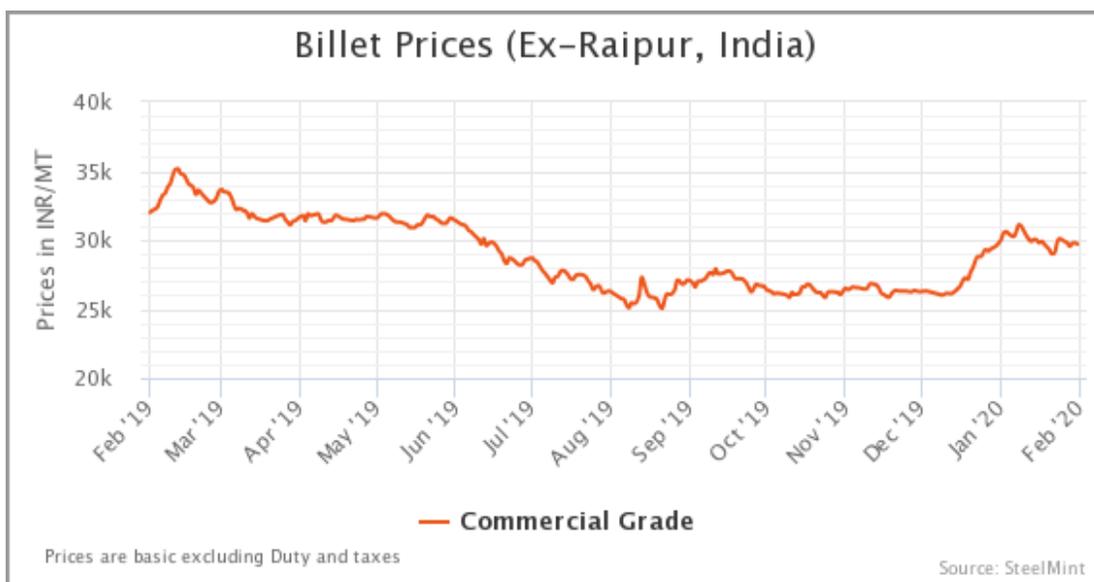


What happened

- Amid the New Year holidays and falling scrap prices, the global market remained slow. Limited trades were witnessed except in the third week of Jan'20.
- CIS billet export prices fell by USD 20-22/MT M-o-M in Jan'20

What may happen

- The global billet market is expected to remain slow in the coming month amid the coronavirus outbreak and US-Iran trade war.

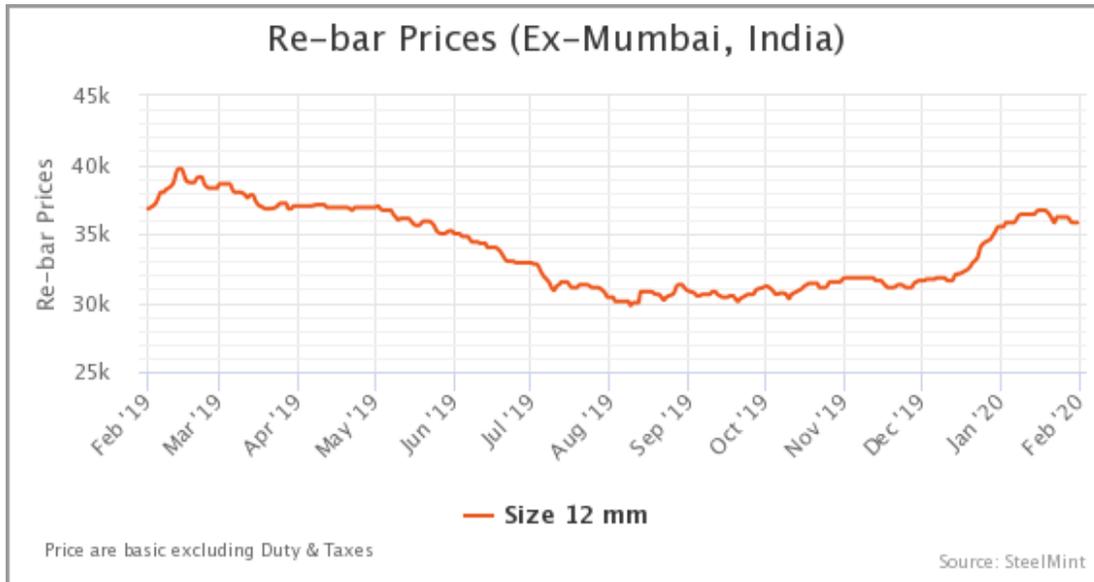


What happened

- Persistent weak demand for finished steel amid low exports orders have forced billet producers to deal at lower prices. Offers declined by INR 700-1,700/MT.

What may happen

- Indian billet prices may remain volatile on expected sluggish finished steel demand in the secondary sector.

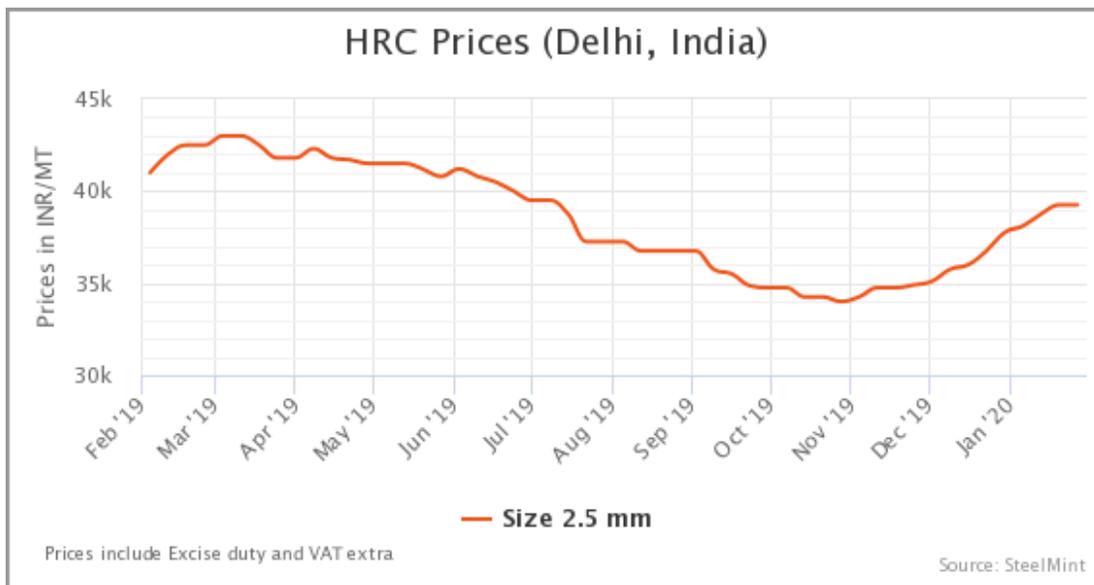


What happened

- Primary mills increased prices by INR 500-1,000/MT on falling inventories. However, in the secondary market, lack of trades and falling semi-finished steel prices resulted in rebar prices declining by up to INR 1,600/MT.

What may happen

- Large Indian mills further increase rebar prices by INR 500-1,000/MT for Feb'20 deliveries. However, price sustenance may remain a concern considering the price gap between primary and secondary mills.

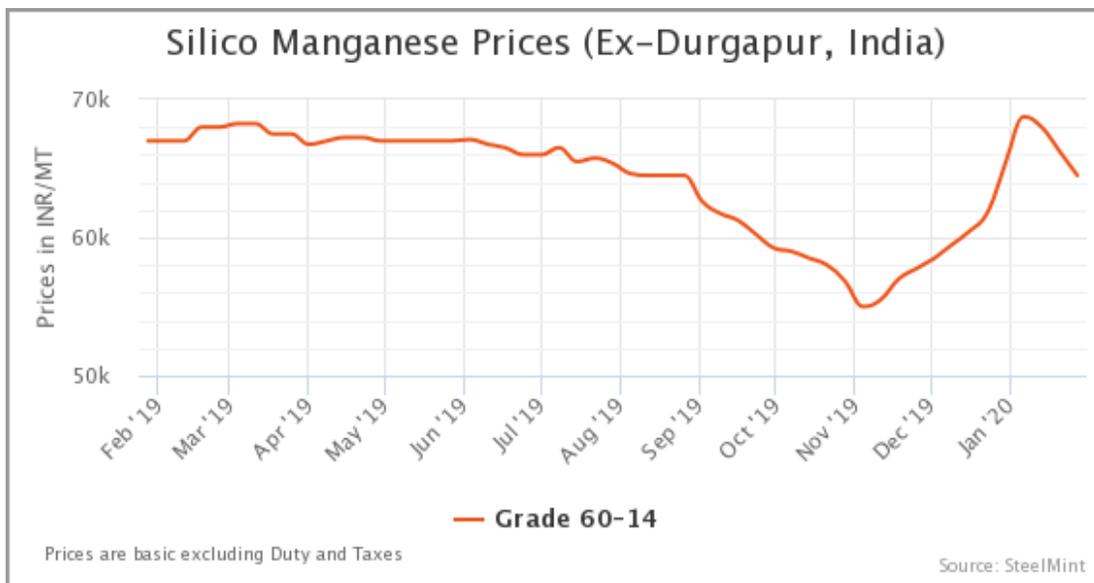


What happened

- Indian steel makers raised flat steel prices twice in a month owing to restocking demand and limited import bookings in the domestic market. In the beginning of Jan'20 steel prices increased by INR 1700-1800/MT and the second hike was made by around INR 750-1000/MT in middle of the month.
- Indian HRC export offers moved up by USD 20-25/MT M-o-M basis.

What may happen

- Indian steel mills raised flat steel prices by INR 1500- 2000/MT in Feb'20 over higher production cost.

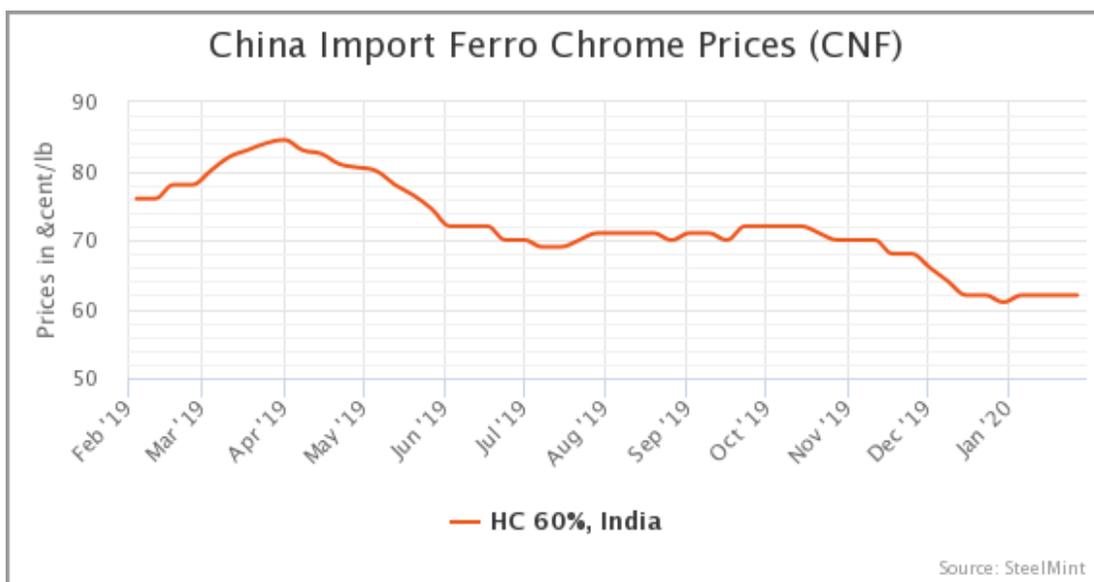


What happened

- Indian Silico Manganese prices had skyrocketed amid supply shortage and improved steel market sentiments in the first week of Jan'20. However, the increase was checked by the oversupply of material as almost all producers started producing at full capacity due to favourable prices.

What may happen

- MOIL increased manganese ore prices from 1 Feb, 2020 which may support the silico manganese market and prices may remain stable.



What happened

- Indian ferro chrome prices increased in Jan'20 amid supply shrinkage as a few producers with no captive ores shifted to silico manganese. This created a huge supply shrinkage in the market.

What may happen

- Ferro chrome prices may come under some pressure as demand from China has completely evaporated.

| Currency | United State Dollar(1 USD) | | | | | |
|-------------------------------|----------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| | 2020-02-06 | 1 Week Earlier | 2 Week Earlier | 1 Month Earlier | 3 Month Earlier | 6 Month Earlier |
| India (INR) | 71.16 | 71.50 | 71.27 | 71.20 | 71.98 | 71.83 |
| China (Yuan) | 6.97 | 6.94 | 6.93 | 6.94 | 7.02 | 7.09 |
| Brazil (Real) | 4.24 | 4.23 | 4.18 | 4.06 | 4.17 | 4.03 |
| Australia (Dollar) | 1.48 | 1.49 | 1.46 | 1.46 | 1.47 | 1.48 |
| South Africa (Rand) | 14.80 | 14.69 | 14.37 | 14.14 | 14.84 | 15.21 |
| United Arab Emirates (Dirham) | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 | 3.67 |
| Europe (Euro) | 0.91 | 0.91 | 0.90 | 0.90 | 0.91 | 0.90 |
| Indonesia (Rupiah) | 13628.26 | 13652.97 | 13636.62 | 13851.41 | 14084.53 | 14234.75 |
| Russia (RUB) | 63.14 | 63.10 | 61.92 | 61.20 | 64.07 | 65.73 |

| Indian Statistics (Production/Export/Import) | | Aug 19 | Sep 19 | Oct 19 | Nov 19 | Dec 19 | Jan 20 |
|--|-----------------|--------|--------|--------|--------|--------|--------|
| Production | Iron ore | 16.47 | 15.13 | 19.33 | 22.77 | 25.44 | - |
| | Coal (CIL) | 34.77 | 30.77 | 39.35 | 50.02 | 58.02 | 63.11 |
| | Manganese Ore | 0.18 | 0.16 | 0.19 | 0.24 | 0.29 | - |
| | Chrome Ore | 0.22 | 0.16 | 0.24 | 0.35 | 0.42 | - |
| | Crude Steel | 8.96 | 8.96 | 9.09 | 8.92 | 9.01 | 9.32 |
| Export | Iron Ore | 2.20 | 1.14 | 1.74 | 2.29 | 2.28 | 2.85 |
| | Iron Ore Pellet | 1.42 | 1.11 | 0.89 | 1.17 | 1.30 | 1.05 |
| | Mill Scale | NIL | NIL | NIL | NIL | NIL | NIL |
| | Pig Iron | 0.05 | 0.06 | NIL | 0.035 | 0.09 | 0.04 |
| | Flat Steel | 0.9 | 0.94 | 0.91 | 0.86 | 0.71 | - |
| Import | Coal | 18.46 | 19.1 | 19.17 | 20.79 | 21.66 | 21.01 |
| | Scrap | 0.49 | 0.36 | 0.32 | 0.38 | 0.39 | - |
| | Iron ore | NIL | NIL | NIL | 0.12 | 0.10 | - |
| | Manganese Ore | 0.15 | 0.32 | 0.23 | 0.15 | 0.16 | - |
| | Chrome ore | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | - |
| | Flat Steel | 0.6 | 0.48 | 0.38 | 0.26 | 0.39 | - |

Qty in MnT (Million Tons)

 Source SteelMint, PIB, CIL
(Provisional Data)

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