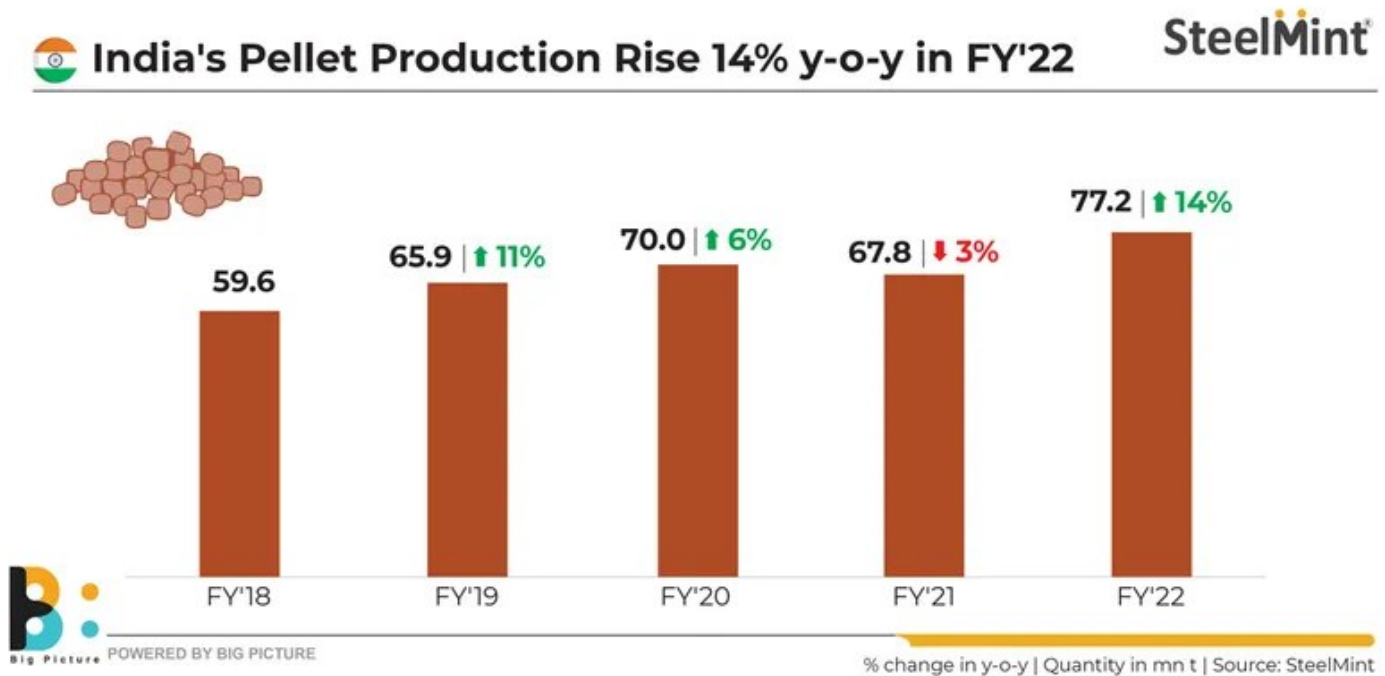


SteelMint®

IRON ORE^X

Monthly Iron Ore Insight

India's pellet production touches all-time high of over 75 mnt in FY'22



- Steel majors raise output on higher demand
- Country's pellet-making capacity witnessing rapid growth
- Export shipments fall on higher domestic realization

Production of iron ore pellets in India increased by 14% year-on-year to over 77 million tonnes (mnt) in FY'22 from around 67 mnt in FY'21, as per SteelMint data.

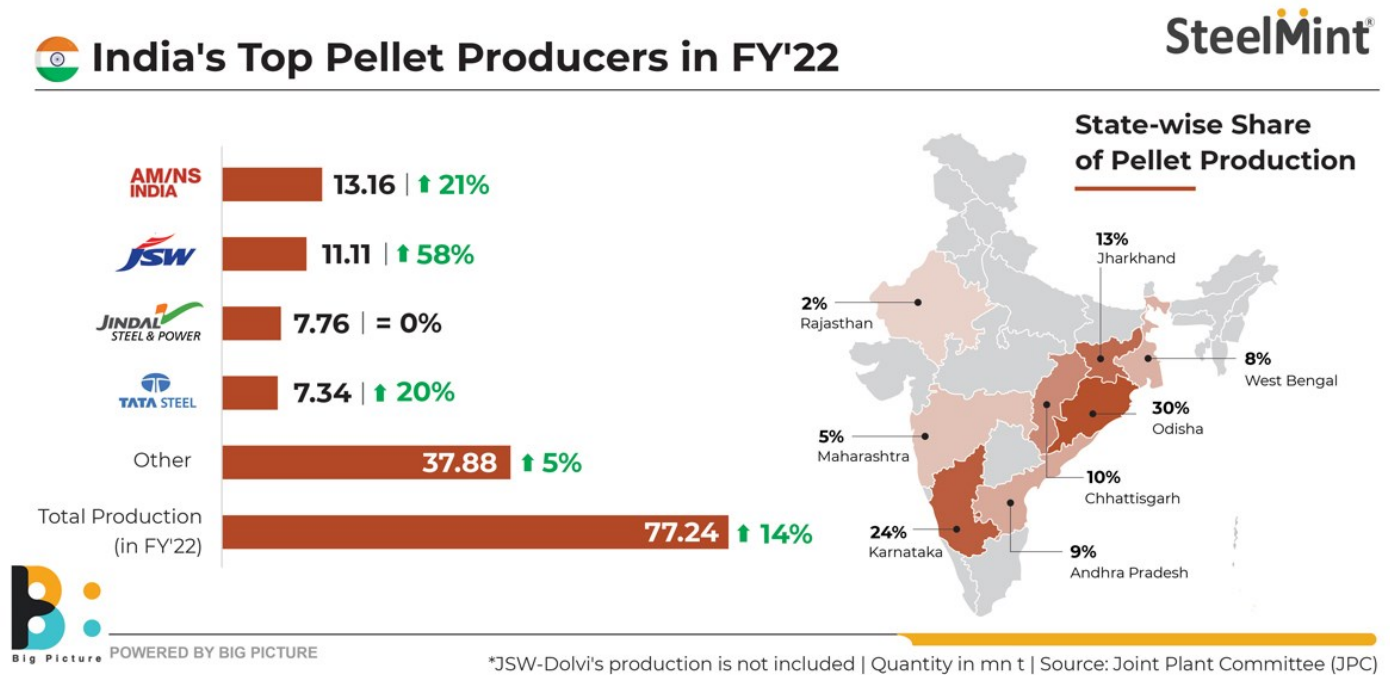
Production in FY'20 was recorded at 70 mnt before it fell marginally in FY'21 mainly due to the COVID-19 disruption. However, production recovered significantly in the recently-concluded fiscal on higher demand from steelmaking and greater volumes turned out by the major producers.

The country's pellet-making capacity has expanded rapidly in recent years with the surge in crude steel production. Current capacity is estimated at over 110 mnt. In 2021 alone, over 70 mnt of new capacity was accorded government approvals in the form of environment clearance (EC) as well as content to establish (CTE), month-wise data maintained with SteelMint reveal.

Top producers

Integrated steel major AM/NS India emerged as the leading producer in FY'22 with pellet output increasing by over 20% y-o-y to more than 13 mnt compared with a little below 11 mnt in the previous fiscal. The steelmaker has total production capacity of 20 mnt/year after its latest 6 mnt/year pellet plant was commissioned in Odisha's Paradip in Sept'21.

AM/NS has two pellet plants in Paradip of equal capacity and another 8 mnt/year facility at Visakhapatnam.



Among the other front-ranking pellet producers in FY'22, JSW Steel raised output sharply by over 35% to 11 mnt (excluding production at its Dolvi steel plant in Maharashtra) from 7 mnt in FY'21. Post acquisitions through the insolvency route in Odisha and Chhattisgarh, JSW's pellet capacity has risen to over 27 mnt/year.

While JSPL's production remained stable y-o-y at 7.7 mnt, Tata Steel saw its FY'22 output climbing 17% on the year to over 7 mnt. Both companies have annual pellet capacity in excess of 9 mnt.

State-wise share

In terms of average state-wise percentage share in total production deduced by SteelMint from monthly output data, Odisha remained India's top pellet producing state in FY'22 with an overall share of 30% of the national output.

The other leading iron ore producing state of Karnataka held a share of 24% in India's pellet production.

Jharkhand, Chhattisgarh and Andhra Pradesh had a share of 13%, 10% and 9% respectively of the national output in FY'22, while West Bengal accounted for 8% of the country's total production.

Outlook

Pellet production in FY'22 rose on the back of higher domestic demand amid the significant rise in crude steel production and new capacities coming onstream. Notably, domestic price realisations remained higher than exports, which accounts for the fact that the share of exports in the country's total output fell to 14% in the preceding fiscal from over 20% in FY'21.

Total export shipments were recorded at 11.17 mnt in FY'22, a drop of 19% y-o-y as against 13.85 mnt in FY'21 mainly on significantly lower shipments to the key consumer China.

Although continuing steel production curbs in China in 2022 may dampen India's export outlook amid growing domestic iron ore concentrate supplies in China, the general shift towards decarbonisation keeps the long-term outlook for pellet supported. However, the soaring costs of coking coal and met coke might discourage iron ore lump usage by Chinese producers faced with squeezing margins and tilt the balance in favour of pellets.

In addition, geopolitical conflicts and stretched supply chains in different parts of the world may continue to keep export sentiments supported in the near term.

Moreover, India's iron ore production rose significantly by 23% y-o-y in FY'22 and higher availability of iron ore is expected to help domestic pellet producers raise capacity amid rising steel prices.

Key Prices

Prices	Currency	Prices as on 11th May'22	Apr'22 Avg	Mar'22 Avg	% Change
Odisha					
Odisha Index, 5-18 mm, Fe 63%	INR	8,700	8,890	10,500	↓15%
Odisha Index, 10-30 mm, Fe 63%	INR	7,650	7,840	9,500	↓17%
Odisha Index Fines, Fe 63%	INR	6,000	6,190	6,750	↓8%
Karnataka					
Lumps Fe 63%	INR	4,500	4,500	4,350	↑3%
Fines Fe 60%	INR	3,840	3,840	3,350	↑15%
NMDC C.G.					
DRCL0, 10-40mm, Fe 67%	INR	7,320	7,320	7,200	↑2%
6-40mm, Fe 65%	INR	6,100	6,100	6,000	↑2%
Fines Fe 64%	INR	5,160	5,160	4,960	↑4%
India Low-grade fines Fe 58/57 (FOB, East coast)	\$	61	58	46	↑24%
Pellet Index (DAP, Raipur)	INR	10,850	11,930	13,810	↓14%
India Pellet FOB (East coast)	\$	134	157	158	↓1%
Spot iron ore Index fines Fe 62% (CNF China)	\$	134	152	150	↑1%

Prices	Currency	Prices as on 12th May'22	Apr'22 Avg	Mar'22 Avg	% Change
Pig iron (Steel grade, Ex-Durgapur)	INR	54,800	58,220	58,680	↓1%
HMS Scrap (Ex-Mumbai)	INR	43,700	43,762	44,000	↓1%
Sponge iron (C-DRI) Exw Raipur	INR	35,800	38,485	42,200	↓9%
Billet index, Exw Raipur	INR	53,200	55,920	57,170	↓2%
HRC (Exy Mumbai)	INR	71,400	76,025	73,520	↑3%

India: NMDC rolls over iron ore prices for May

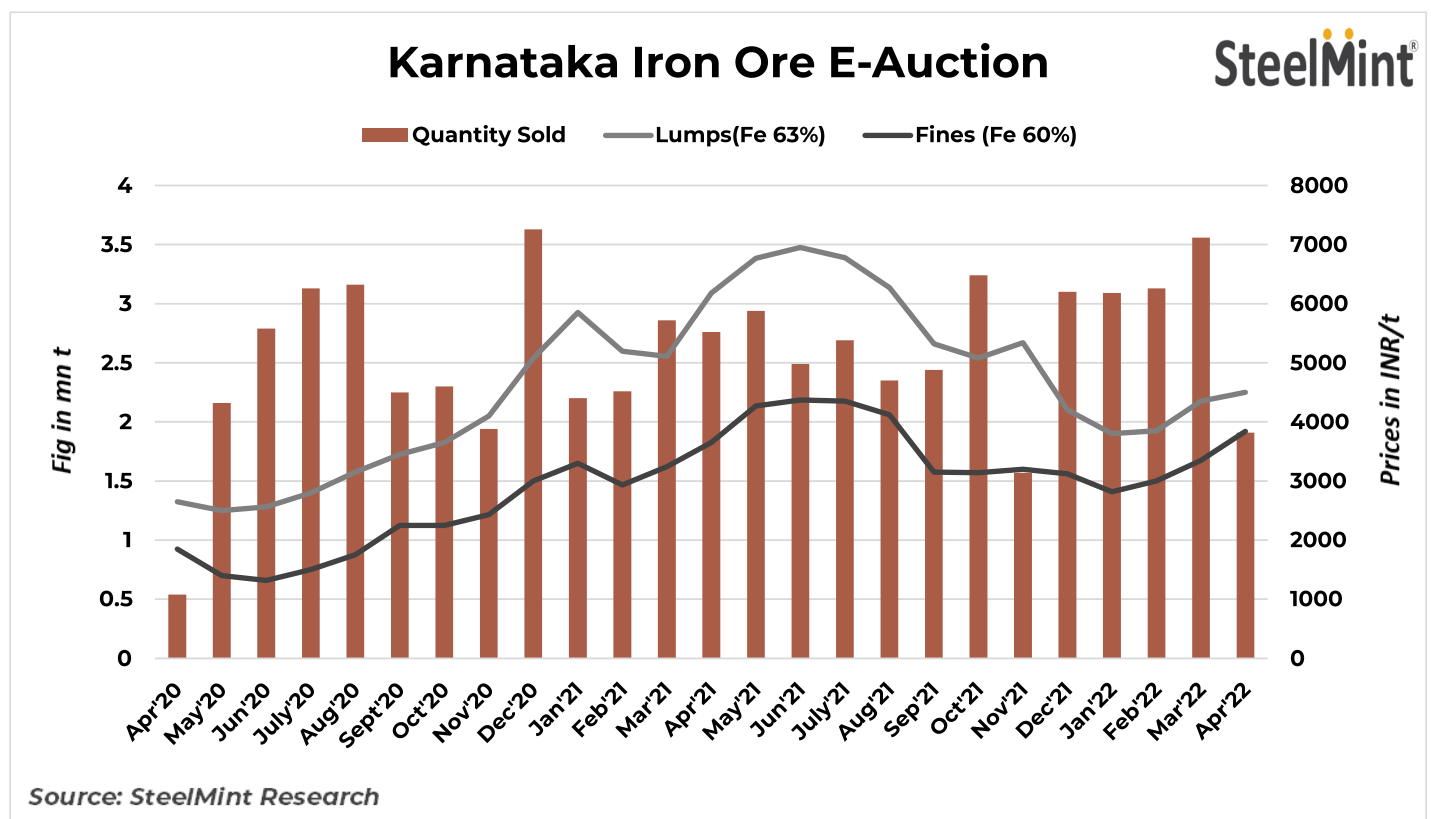
PSU miner NMDC has kept iron ore prices unchanged for May'22 deliveries, SteelMint learnt from sources. The offers are stable at- DR CLO (10-40, Fe 67%)- INR 7,320/t and that of Baila Fines (Fe 64%)- INR 5,160/t.

India: Karnataka iron ore e-auction sales down 46% m-o-m in Apr'22

Karnataka iron ore e-auction sales volume was decreased sharply by 46% m-o-m in Apr'22. The total allotted iron ore quantity in the month was 1.91 million tonnes (mnt) compared with the previous month's 3.56 mnt.

Purchases by JSW Steel, the largest buyer at Karnataka's iron ore e-auctions, decreased by 56% in April. The company purchased around 0.97 mnt of iron ore from the Karnataka auctions last month against 2.19 mnt in March.

Vedanta remained the second-largest iron ore supplier to JSW Steel at 0.18 mnt last month, a sharp drop against 0.564 mnt in March. Eastern India-based Electrosteel Castings Limited booked 12,000 t of iron ore lumps and fines (Fe 63.89%-64.56%) at INR 6,030-6,450/t from P. Balasubba Setty & Son.



India: Around 1 mnt of iron ore fines booked in OMC auction

Odisha Mining Corporation (OMC) had scheduled an iron ore fines auction on 18 Apr'22 in which out of a total of 0.95 mn t of material, the entire quantity received bids. The miner has decreased the base price for fines by up to INR 350/t and that for lumps by up to INR 500/t as against the base price of last auction on 15 March, 2022.

Over 660,000 t iron ore lump booked in OMC auction

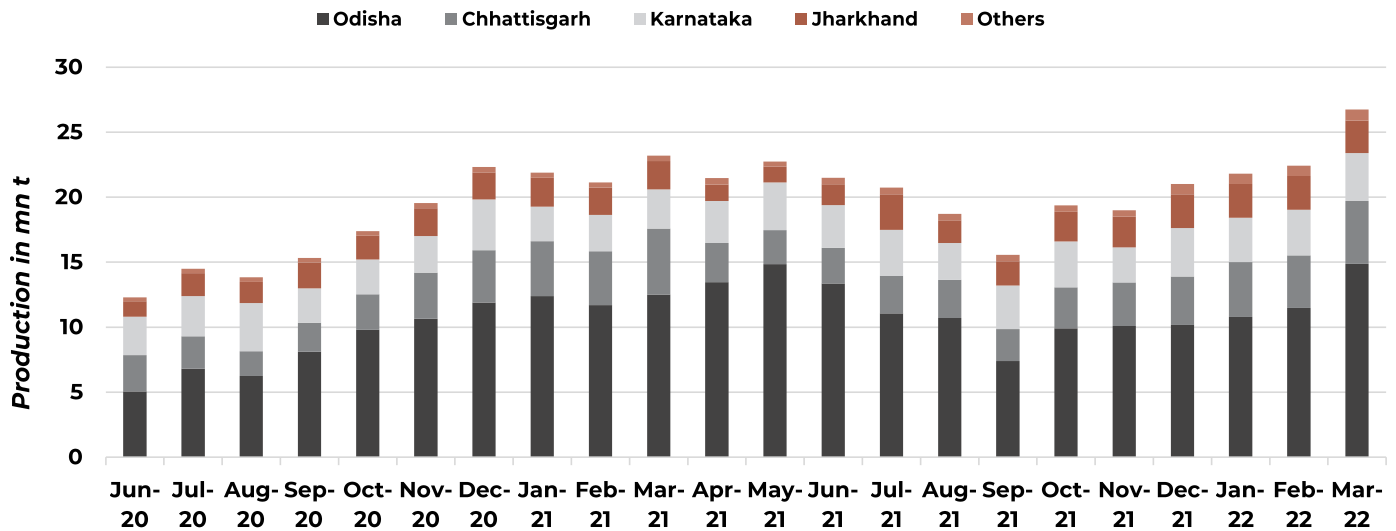
At OMC iron ore lump auction, the entire quantity of 666,000 t received bids. The auction received a mixed response against the bid price of the last auction. The miner had decreased the base price for fines by up to INR 350/t and for lump by up to INR 500/t compared with the base price of the previous auction on 15 Mar'22.

OMC Iron ore auction

Mines	Size	Fe (%)	Base price as on 15th Mar'22	Bid price as on 15th Mar'22	Base price as on 18th Apr'22	Bid price as on 18th Apr'22	Quantity Offered as on 18th Apr'22	Quantity Booked as on 18th Apr'22
	(mm)		(INR/t)	(INR/t)	(INR/t)	(INR/t)	(t)	(t)
Gand-hamardan	-10 (BlockA)	60-62	-	4,400	4,775	-	-	-
	-10 (Block B)	60-62	3,300	4,400	4,550	4,050	4,700	3,00,000
Daitari	-10	60-62	4,800	4,900	5,800	4,700	6,150	50,000
	-10	62-64	5,000	5,200	6,150	5,000	6,250	20,000
Tiring Pahar	-10	60-62	-	4,700	4,750	4,600	4,600	30,000
Guali	-5	60-62	3,700	4,650	5,075	4,400	5,200	1,00,000
	-5	62-64	4,000	5,300	5,800	-	-	-
Jilling	-5	60-62	3,700	4,550	4,575	4,400	5,350	2,50,000
Koira	-10	60-62	3,500	4,250	4,250	4,050	4,550	2,00,000
Total							9,50,000	9,50,000

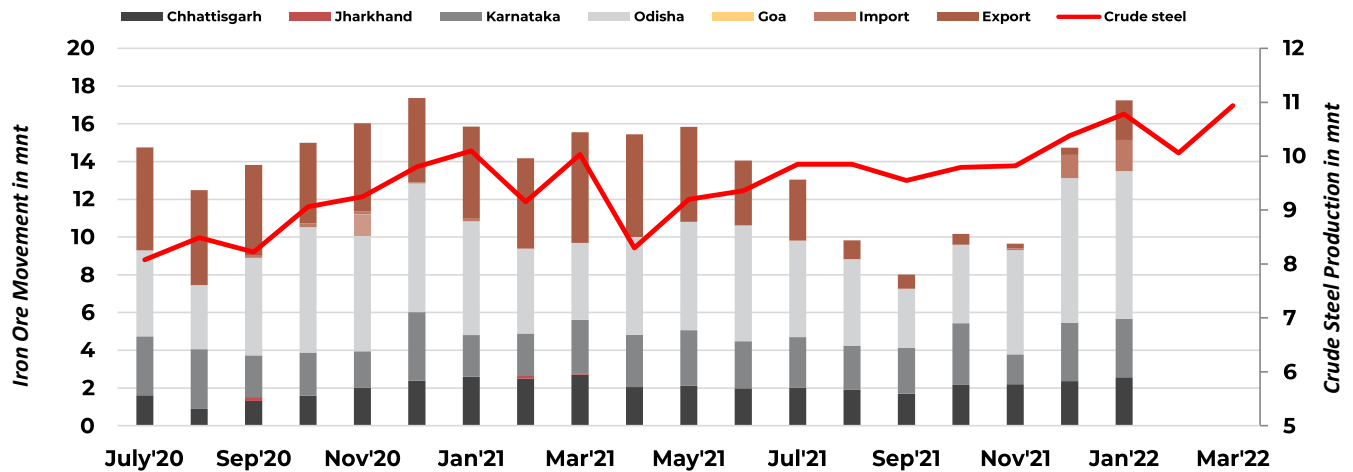
Mines	Size (mm)	Fe (%)	Base price as on 15th Mar'22 (INR/t)	Bid price as on 15th Mar'22 (INR/t)	Base price as on 18 Apr'22 (INR/t)	Bid price as on 18 Apr'22 (INR/t)	Quantity offered as on 18 Apr'22 (t)	Quantity booked as on 18 Apr'22 (t)
Gandhamardan	10-40 (Block A)	62%	6,550	6,550	6,050	6,400	10,000	10,000
	5-18 (Block A)	65%	-	-	-	-	-	-
	10-40 (Block B)	62%	6,750	6,750	6,250	6,450	1,50,000	1,50,000
	10-180 (Block B)	65%	6,100	6,100	6,250	6,250	1000	1,000
Koira	10-40	62%	7,350	7,350	6,850	7,000	25,000	25,000
Daitari	10-40	62%	6,200	6225	5900	6,600	1,25,000	1,25,000
Tiring Pahar	10-40	62%	8,300	8375	7800	8,800	10,000	10,000
Guali	5-18	62%	8,150	8175	7650	8,000	1,00,000	1,00,000
	18-40	62%	7,300	7,300	6,800	7,350	35,000	35,000
Jilling	5-18	62%	9,200	9575	8700	10,000	60,000	60,000
	18-40	62%	8,150	8200	7650	8,800	1,50,000	1,50,000
Total							6,66,000	6,66,000

Indian Iron Ore Production- State wise



Source: SteelMint Research

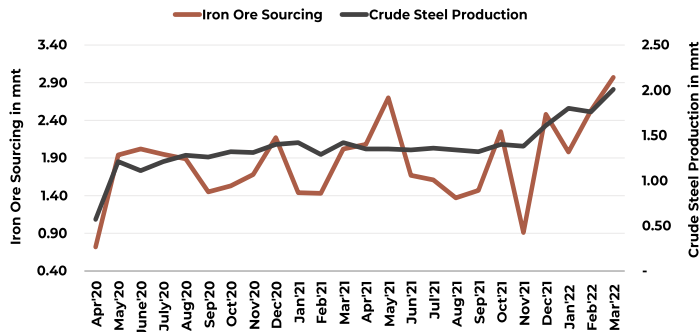
Indian Iron Ore Movement vs Crude Steel Production



Source: SteelMint Research

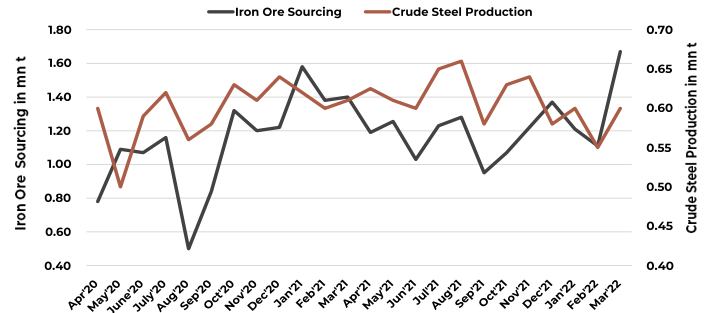
Iron ore sourcing pattern of India major mills

JSW Iron ore Sourcing Vs Crude Steel Production



Source: SteelMint Research

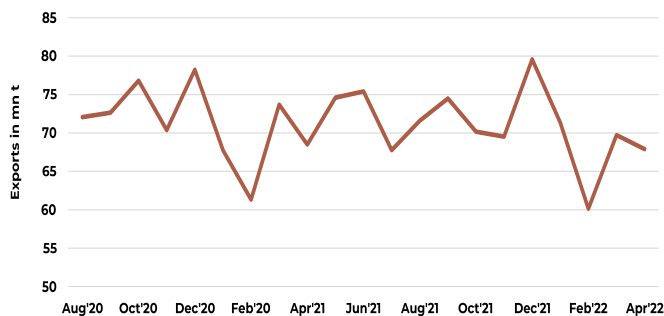
AM/NS: Iron Ore Sourcing v/s Crude Steel Production



Source: SteelMint Research, Customs, Odisha govt

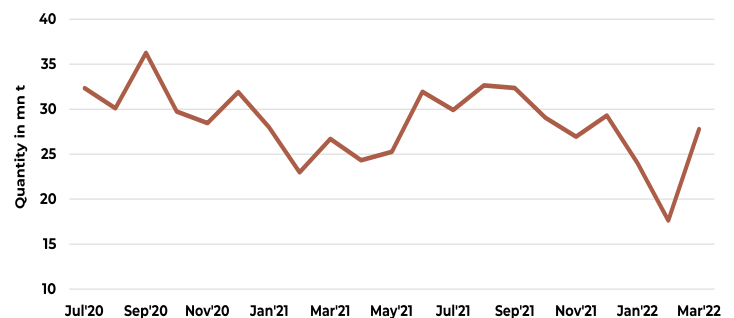
World's major countries export data

Australia Iron Ore Export



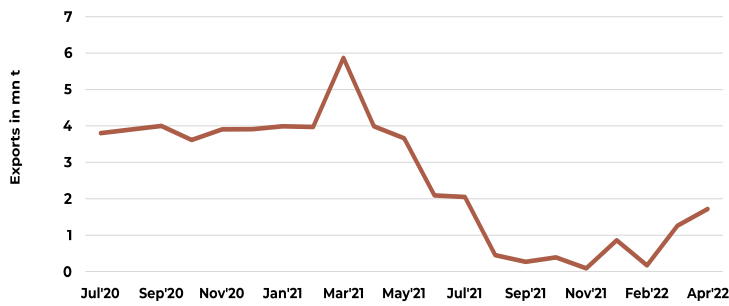
Source: SteelMint Research

Brazil Iron Ore Export



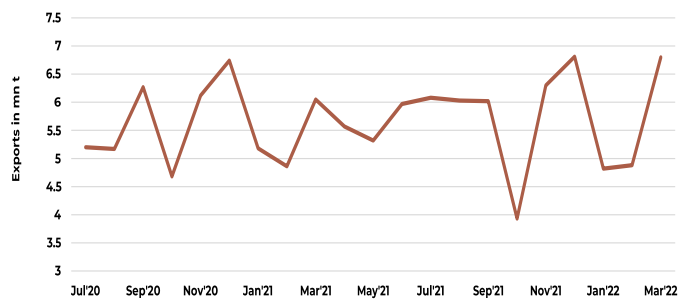
Source: SteelMint Research

Indian Iron Ore Exports



Source: SteelMint Research

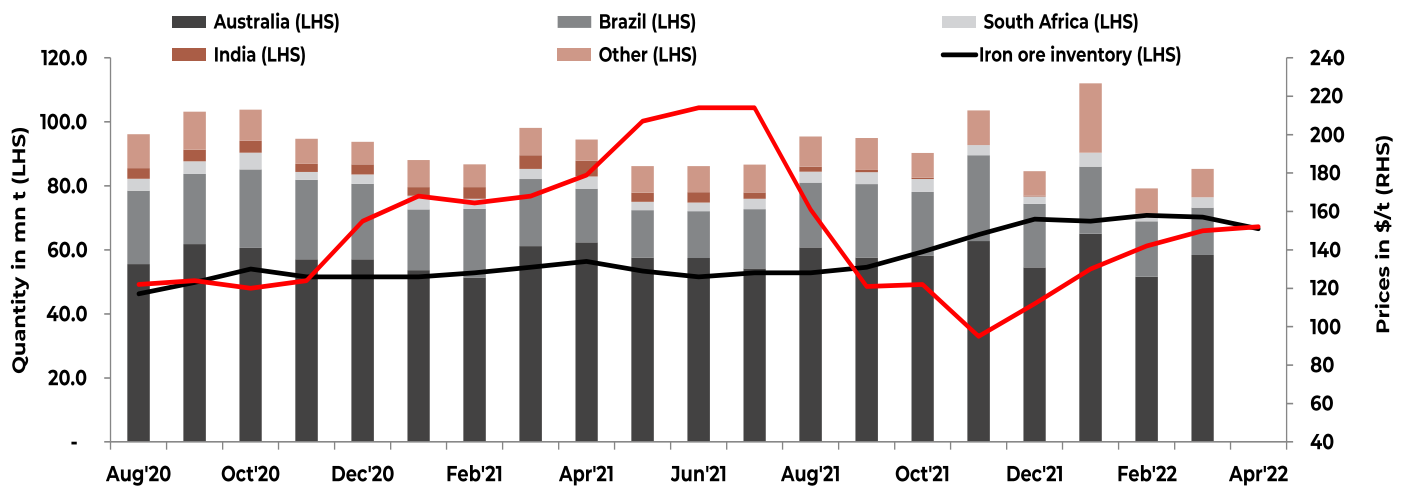
South Africa Iron Ore Exports



Source: SteelMint Research

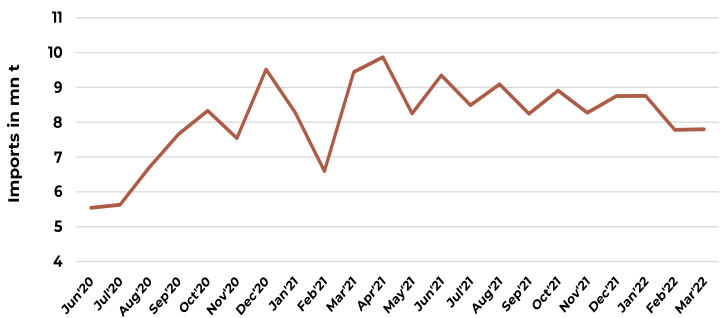
World's major countries import data

China iron ore prices vs Imports vs inventories



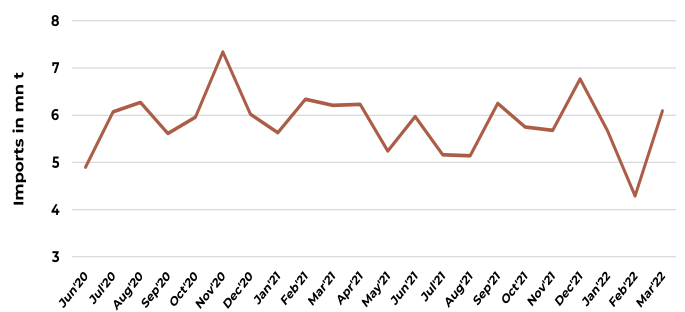
Source: SteelMint Research

Japan Iron Ore Imports



Source: SteelMint Research

South Korea Iron Ore Imports



Source: SteelMint Research

SteelMint: Pellet prices drop sharply by 20% m-o-m in April on weak demand, falling sponge prices

Domestic pellet prices in the key Indian markets saw a declining trend in April, falling by around 20% m-o-m, as per SteelMint's assessment. Weak domestic demand and fall in sponge iron offers weighed on pellet prices.

Prices in key markets

- Raipur: Pellets prices fell sharply by INR 2,300/t m-o-m to INR 11,200-11,500/t exw in April.
- Bellary: Prices in Bellary inched down by INR 500/t to INR 10,000/t exw.
- Barbil: Fe 63% grade prices dropped by INR 2,500-2,700/t m-o-m to INR 10,000/t on loaded basis.
- Jharsuguda: Pellet offers were assessed at INR 10,300/t exw, lower by INR 1,300-1,500/t compared to February.
- Jamshedpur: Prices stood at INR 10,300/t exw, decreasing by INR 2,500-2,700/t m-o-m.
- Kandla: Prices fell by INR 1,300/t to INR 13,200/t DAP basis.

Domestic pellet demand remained weak throughout the month due to the bid-offer disparity. Buyers resisted purchasing at higher offers amid bearish sentiments, hence, lowered their bids.

Pellet export demand saw a significant fall last month due to lower bids from China. The operating rates and capacity utilisation of steel mills, primarily in the Tangshan region, were severely impacted due to Covid control measures. This impacted demand for raw material too.

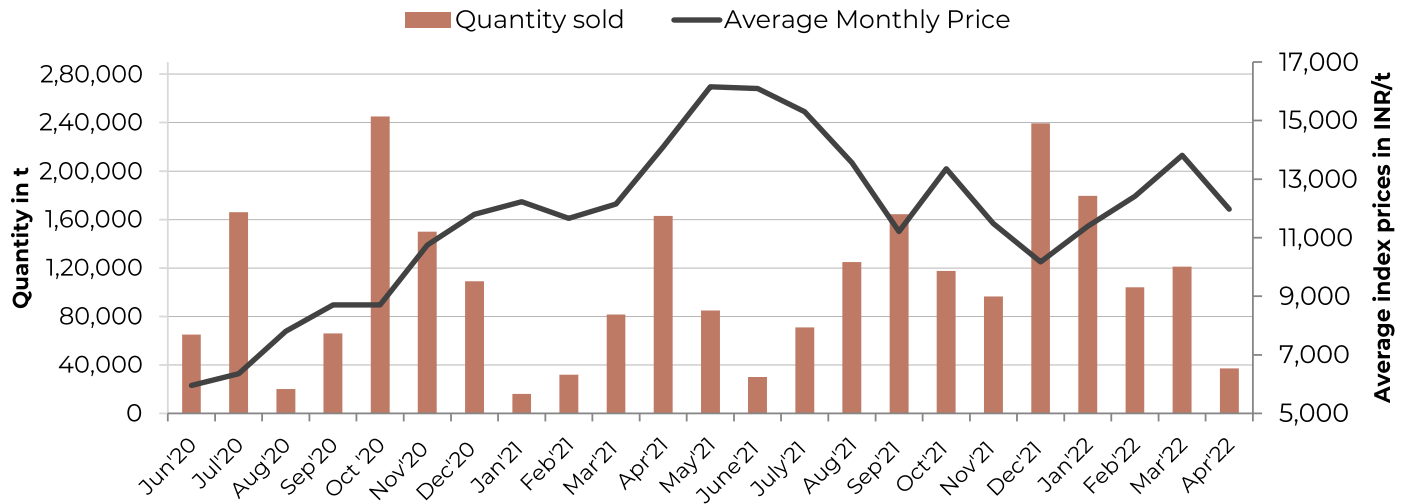
Domestic pellet prices in the near term may continue the downtrend due to persistent weak domestic demand as well as lower export realisations along with decreasing sponge iron prices.

Indian Pellet Prices

Particulars	Trade terms	Prices as on 11th May (INR/ t)	Apr'22 Avg	Mar'22 Avg	% Change
PELLEX	DAP Raipur	10,850	11,930	13,810	↓14%
Barbil	FOR	9,900	10,945	12,590	↓13%
Bellary	EXW	10,450	10,040	10,870	↓8%
Durgapur	EXW	9,700	10,480	12,490	↓16%
Jamshedpur	EXW	9,600	10,800	12,400	↓13%
Jharsuguda	EXW	11,500	10,594	9,467	↓12%
Kandla	DAP	13,200	13,630	14,340	↓5%
India Pellet exports	FOB	\$ 134	\$ 157	\$ 158	↓0%

Note:- India domestic prices in INR/t

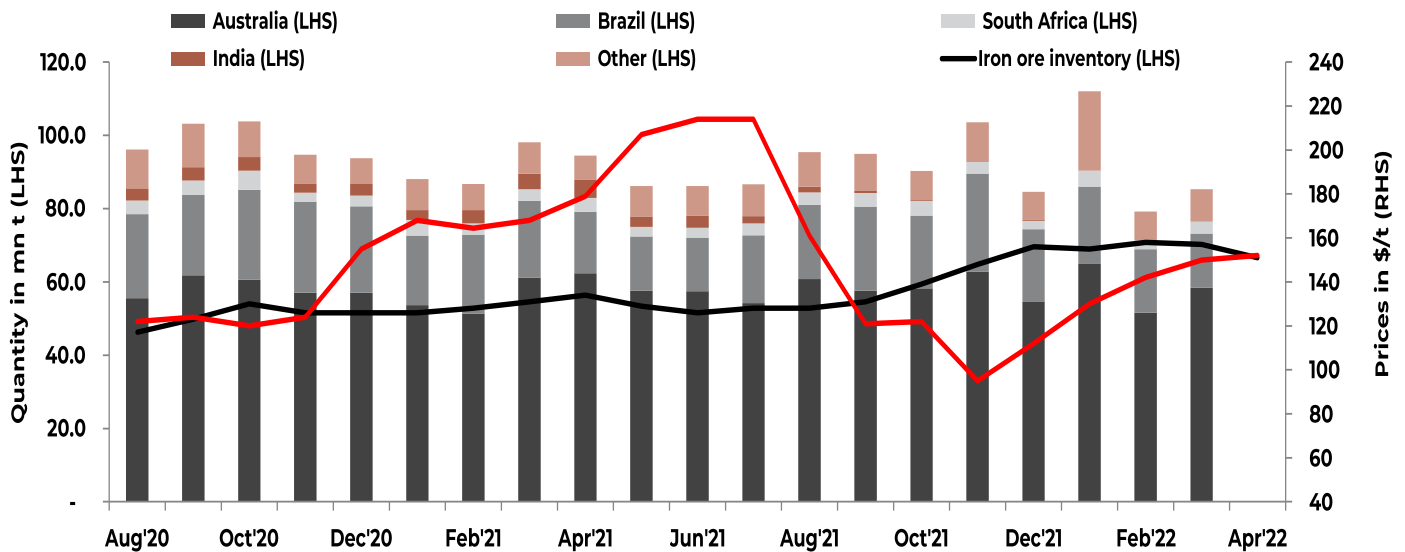
SteelMint Pellet Index



Source: SteelMint Research,

Note : Pellet trade volumes recorded by SteelMint

China iron ore prices vs Imports vs inventories



Source: SteelMint Research

DATA IS OUR DNA

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