

J M BAXI
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MARINE SERVICES



MONTHLY UPDATE – JUNE 2024

STEEL



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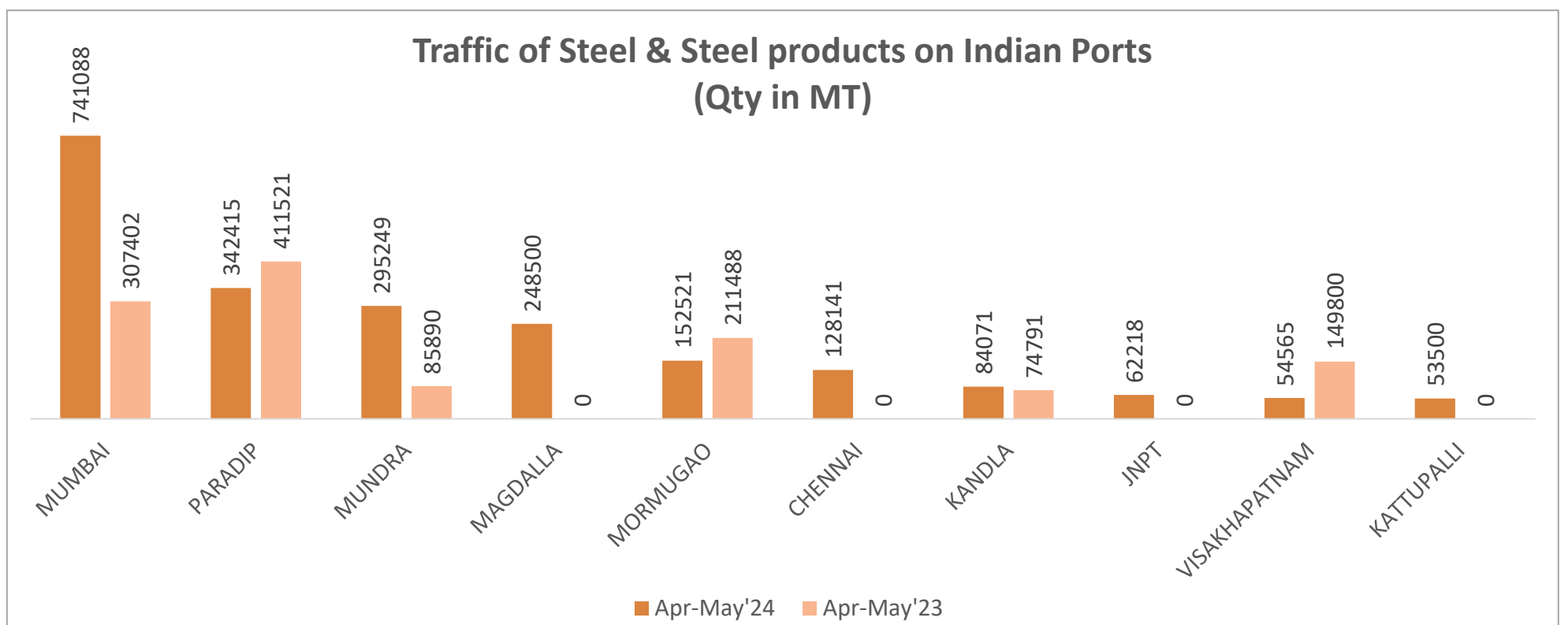
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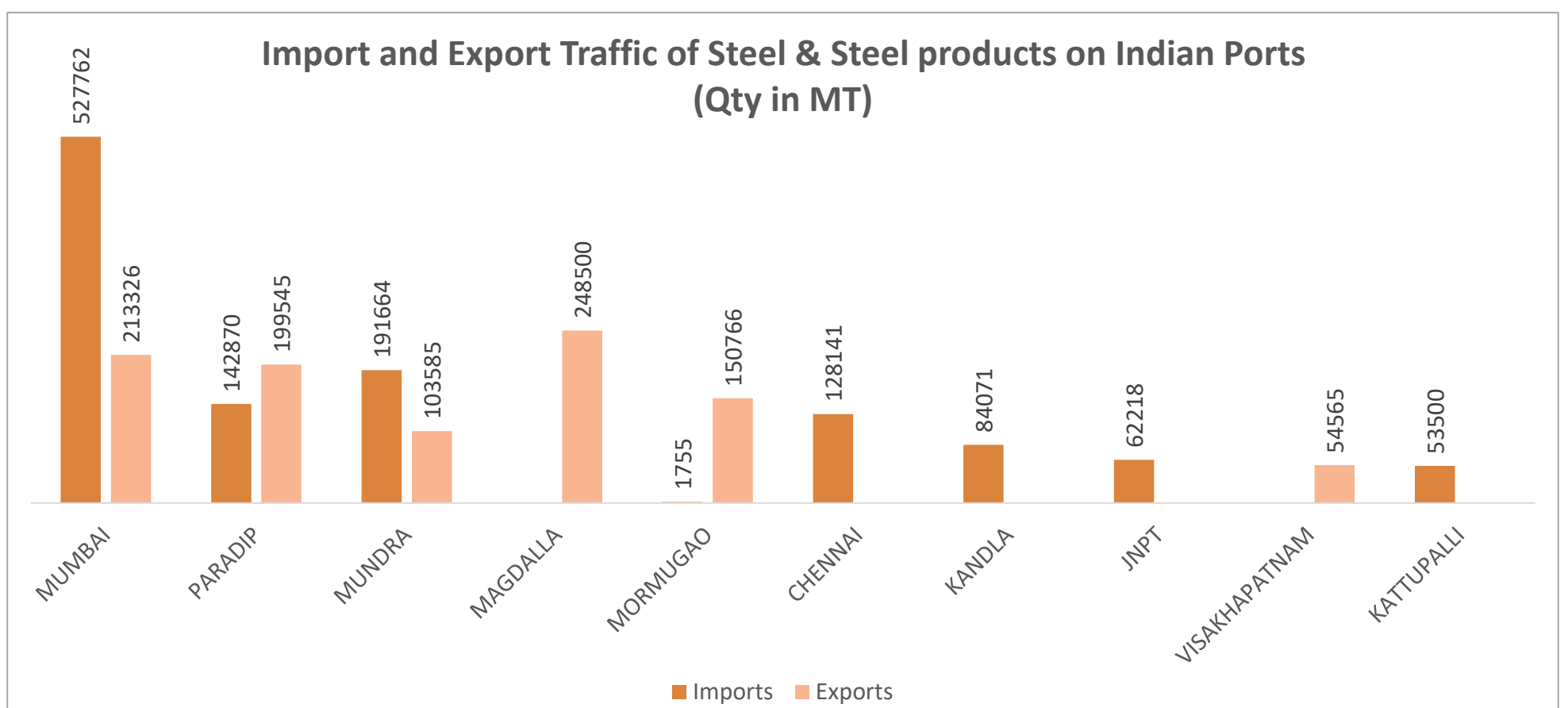
PORT ANALYSIS

STEEL TRAFFIC AT INDIAN PORTS (Quantity in MT)

- Steel & Steel Products traffic at Indian ports during Apr-May'24 was down by 15.31% at 2322080 MT as compared to 2741729 MT recorded for same period of previous year. Mumbai & Paradip ports handled 741088 MT and 342415 MT respectively of steel traffic during Apr-May'24.



- India's Exports of steel & steel products decreased by 42.54% at 1012427 MT in Apr-May'24 as compared to the same period in the previous fiscal. Mumbai port saw the highest Export traffic at 527762 MT.
- India's Imports increased by 25.88% at 1300653 MT in Apr-May'24. Magdalla Port saw the highest Import traffic at 248500 MT.

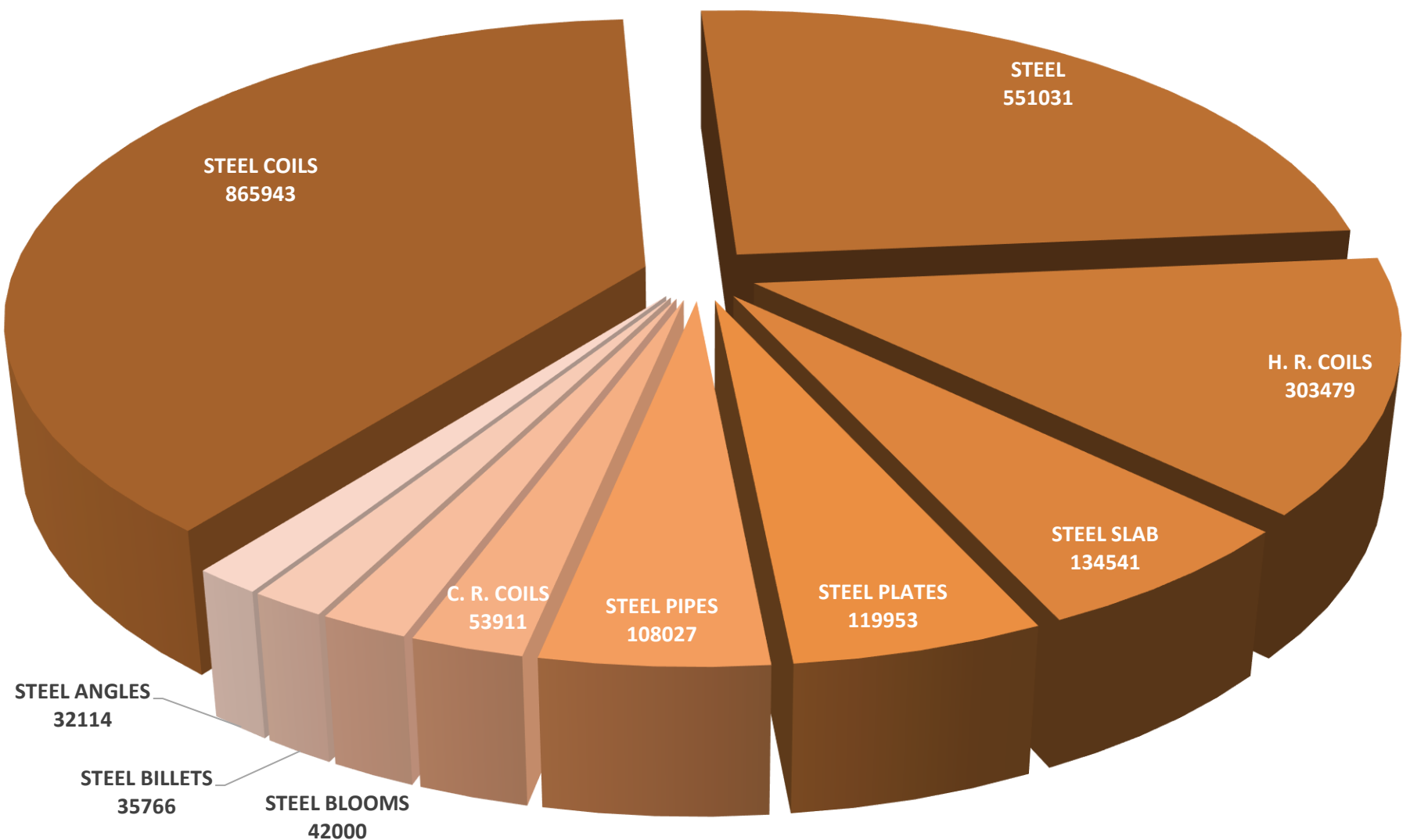


PORT ANALYSIS

STEEL TRAFFIC AT INDIAN PORTS (Quantity in MT)

- The highest Imported product was Steel coils at 427537 MT in Apr-May'24.
- The highest Exported product was Steel coils at 438406 MT in Apr-May'24.
- Indian ports saw the highest port traffic of steel coils at 865943 MT in Apr-May'24.
- Steel coils, H.R.C., Steel, steel slab and steel plates had the highest traffic on Indian Ports.

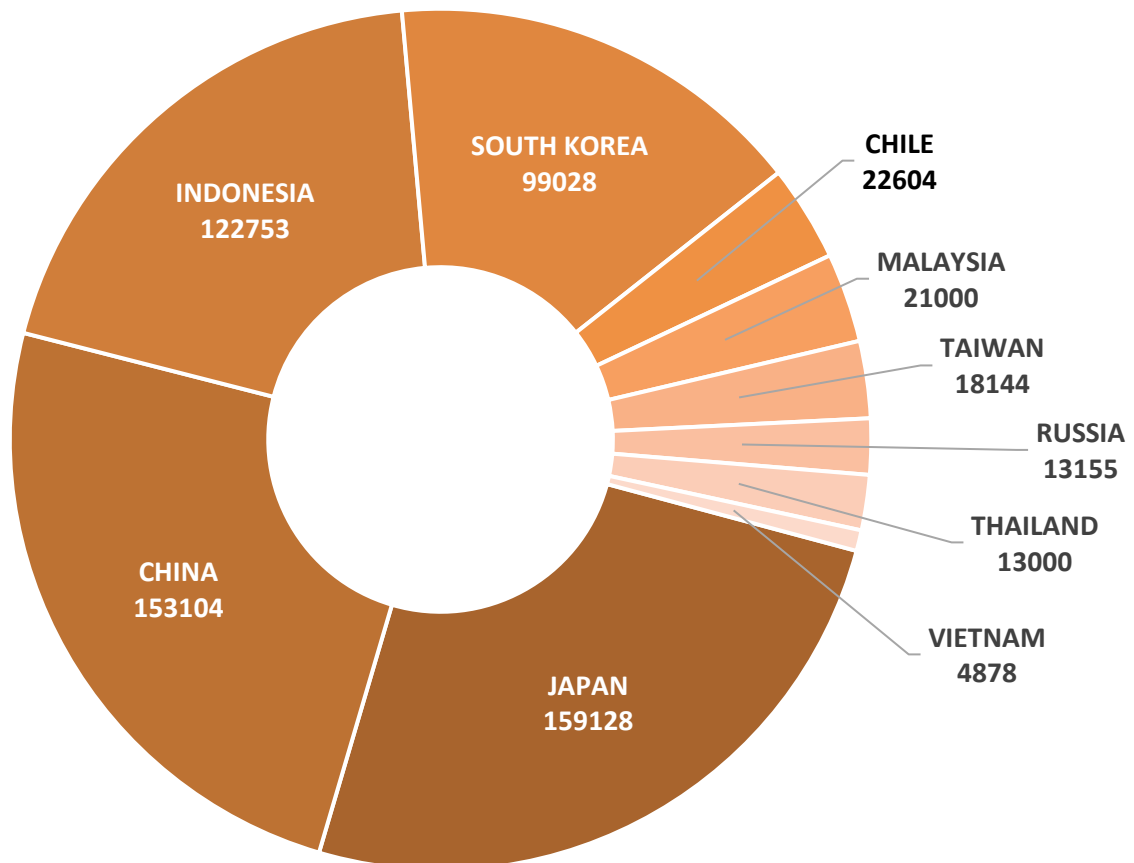
Traffic of Top 10 Steel and Steel Products on Indian Ports in Apr-May'24



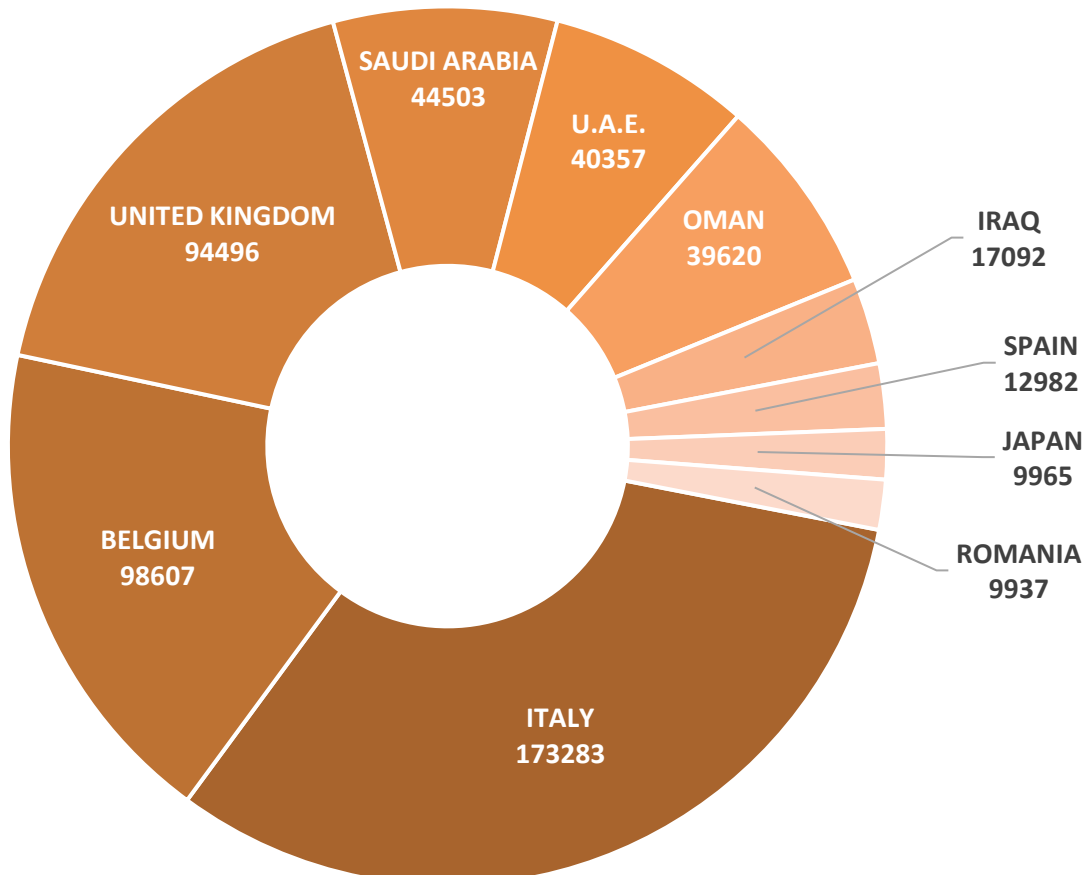
PORT ANALYSIS

STEEL TRAFFIC (Quantity in MT)

Top Countries Of Steel Imports (Apr-May'24)



Top Countries Of Steel Exports during Apr-May'24





KEY HIGHLIGHTS

- **India's April-May steel imports hit five-year high on buoyant domestic demand**
- **India prepares for green steel trials, pilot projects to use hydrogen instead of coking coal.**
- **Steel demand growth pegged at 9-12% for FY25 amid balanced supply**
- **Welspun Corp signs Rs 3,670 crore contracts with Aramco for steel pipe supply**



MARKET OVERVIEW

India's April-May steel imports hit five-year high on buoyant domestic demand

- India's finished steel imports reached a five-year high in the first two months of the fiscal year beginning in April, totaling 1.1 million metric tons between April and May 2024. This marks a 19.8% increase from the previous year, indicating a significant rise in steel imports amid strong domestic demand
- The demand for finished steel in India has been buoyant, driven by rapid economic growth and higher infrastructure spending. Finished steel consumption in India jumped 10.5% to a six-year high of 23 million tons in April-May 2024, reflecting robust demand from the construction and automotive sectors, which positions India as a lucrative market for both domestic and global steel producers .
- Despite the high domestic demand, India's finished steel exports fell to their lowest in at least six years. Exports totaled 0.9 million tons between April and May 2024, a 39.6% decrease year-on-year. This decline in exports, coupled with the increase in imports, underscores the shift in India's steel market dynamics, emphasizing the country's role as a net importer of finished steel during this period

Source: *Economic Times*

India prepares for green steel trials, pilot projects to use hydrogen instead of coking coal

- India is embarking on three pilot projects aimed at integrating hydrogen into steel-making processes to reduce carbon emissions. These projects include using hydrogen for direct reduced iron (DRI) production, injecting hydrogen into existing blast furnaces, and blending hydrogen with natural gas in DRI plants. This shift from coking coal to hydrogen is crucial as it produces water vapor instead of carbon dioxide, significantly lowering the carbon footprint of steel production.
- The Indian government has allocated ₹455 crore under the National Green Hydrogen Mission to support green steel-making projects. Funding will cover up to 70% of the capital costs for setting up new pilot plants that utilize 100% hydrogen, while projects involving hydrogen injection or blending will receive up to 50% funding. This financial support underscores the government's commitment to promoting sustainable practices in the steel industry and reducing CO2 emissions.
- Steel production is a major contributor to global carbon dioxide emissions, accounting for 7-9% of the world's annual CO2 emissions. By transitioning to hydrogen-based processes, India aims to decarbonize its steel industry in alignment with global efforts to combat climate change. This initiative not only addresses environmental concerns but also positions India's steel sector to meet future carbon reduction targets, enhancing its competitiveness in the global market for sustainable steel products.

Source: *The Hindu Business Line*



MARKET OVERVIEW

Steel demand growth pegged at 9-12% for FY25 amid balanced supply

- India Ratings and Research has projected a demand growth of 9%-12% year-on-year for the steel sector in FY25. This growth is underpinned by steady expansion in end-user industries such as automobiles and infrastructure. The forecast follows a robust 13.8% increase in demand in FY24 and aligns with a compound annual growth rate (CAGR) of 8% over the past five years. The agency expects this growth to closely track the gross fixed capital formation, anticipated at 8.5% year-on-year for FY25.
- The agency anticipates a balanced domestic demand-supply scenario in the steel sector for FY25. Growth in demand is expected to align with capacity additions across players. However, the threat of imports remains high due to global oversupply conditions. Despite this, domestic players are likely to maintain stable credit metrics supported by higher profitability and improved operating cash flows, driven by moderate recoveries in global demand and restrained raw material prices.
- Globally, steel demand is expected to remain steady in FY25. Factors such as China's transition to low carbon initiatives and modest demand from the European Union will moderate global steel demand. However, growth in emerging economies like India is anticipated to bolster global demand. Ind-Ra expects global steel prices to remain range-bound in FY25, influenced by these demand dynamics and global economic conditions.

Source: *Economic Times*

Welspun Corp signs Rs 3,670 crore contracts with Aramco for steel pipe supply

- Welspun Corp Ltd has signed multiple agreements worth about Rs 3,670 crore with Saudi Arabian Oil Co. (Aramco) for the supply of steel pipes.
- The duration of the contracts is 19 months, under Welspun associated company East Pipes Integrated Company for Industry (EPIC).



MARKET OVERVIEW

India, EU fail to reach agreement on compensation for steel safeguard duties.

- *New Delhi notifies WTO that it reserved its rights to suspend equivalent concessions*

India and the EU have failed to reach an agreement on equivalent level of concessions and trade compensation that the bloc could offer to New Delhi to mitigate the adverse effects of the extension of its safeguard duties on certain steel imports from the country. New Delhi said that it reserved its rights to suspend equivalent concessions or other obligations, in a notification to the WTO Council for Trade in Goods on Monday. The EU and India conducted consultations on June 7, on the EU's recent announcement of its decision to extend the existing safeguard measures on some steel product imports beyond the current termination date of June 30, 2024 for another two years. The measures hurt imports from a number of countries including India. "India requested the European Union to put forth its proposals for maintaining substantially equivalent level of concessions and other obligations and adequate trade compensation to mitigate the adverse effects of the proposed measure. India and the European Union were not able to reach an agreement," India's notification said.

Safeguard steps

India consequently reserves its rights under the WTO Agreement, including the right to suspend substantially equivalent concessions or other obligations under the Agreement on Safeguards, it added. India and other members opposing the extension argue that the safeguard measures, which are basically tariff increases which kick in when steel imports exceeded a fixed quota, were already judged as being inconsistent with WTO rules by a dispute settlement panel and should therefore be terminated.

Source: The HBL



OTHER REPORTS FOR JUNE 2024

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Research Cell:

J. M. BAXI.

Godrej Coliseum, Office No. 801, 8th floor, "C" wing,
Off. Somaiya Road, Sion. Mumbai - 400022 INDIA.

T: 022 61077100 Ext 161/145
M: 091-7506004224 / 7045659111

E: shwetalk@jmbaxi.com | W: www.jmbaxico.com