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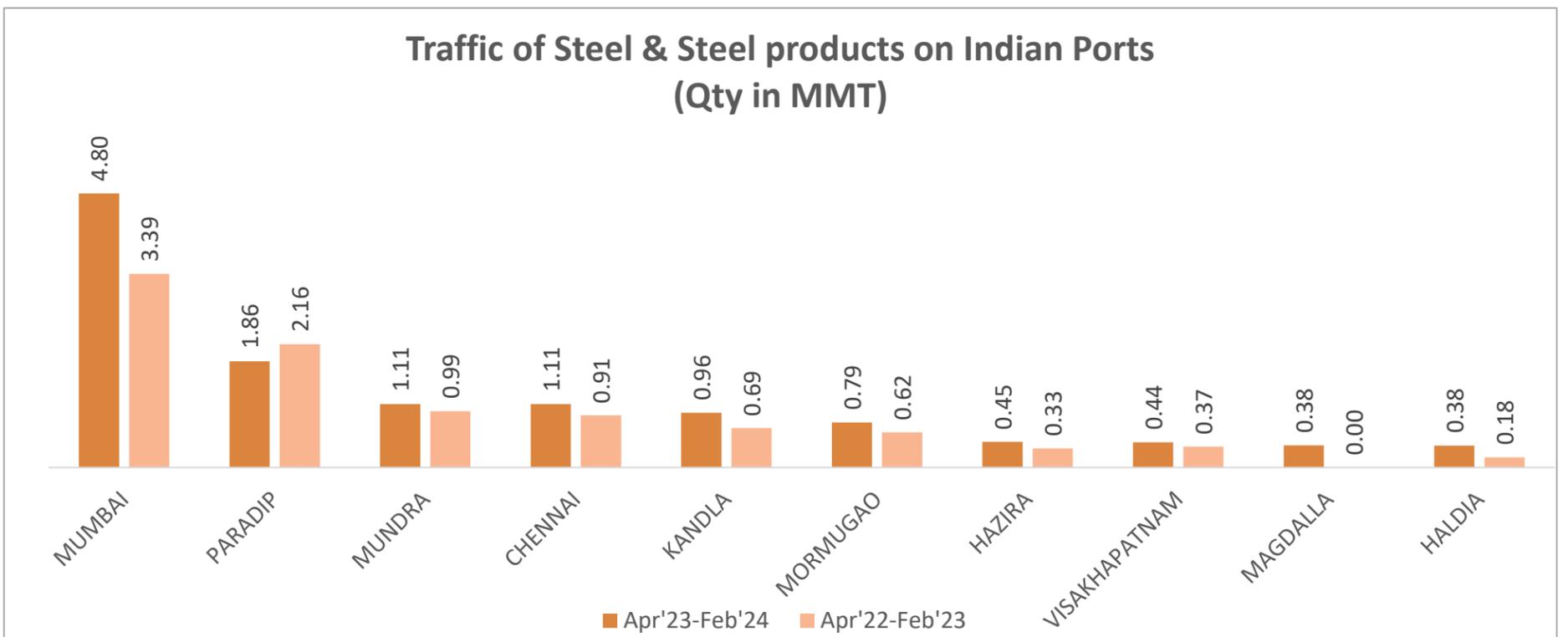
MONTHLY UPDATE – MARCH 2024

STEEL

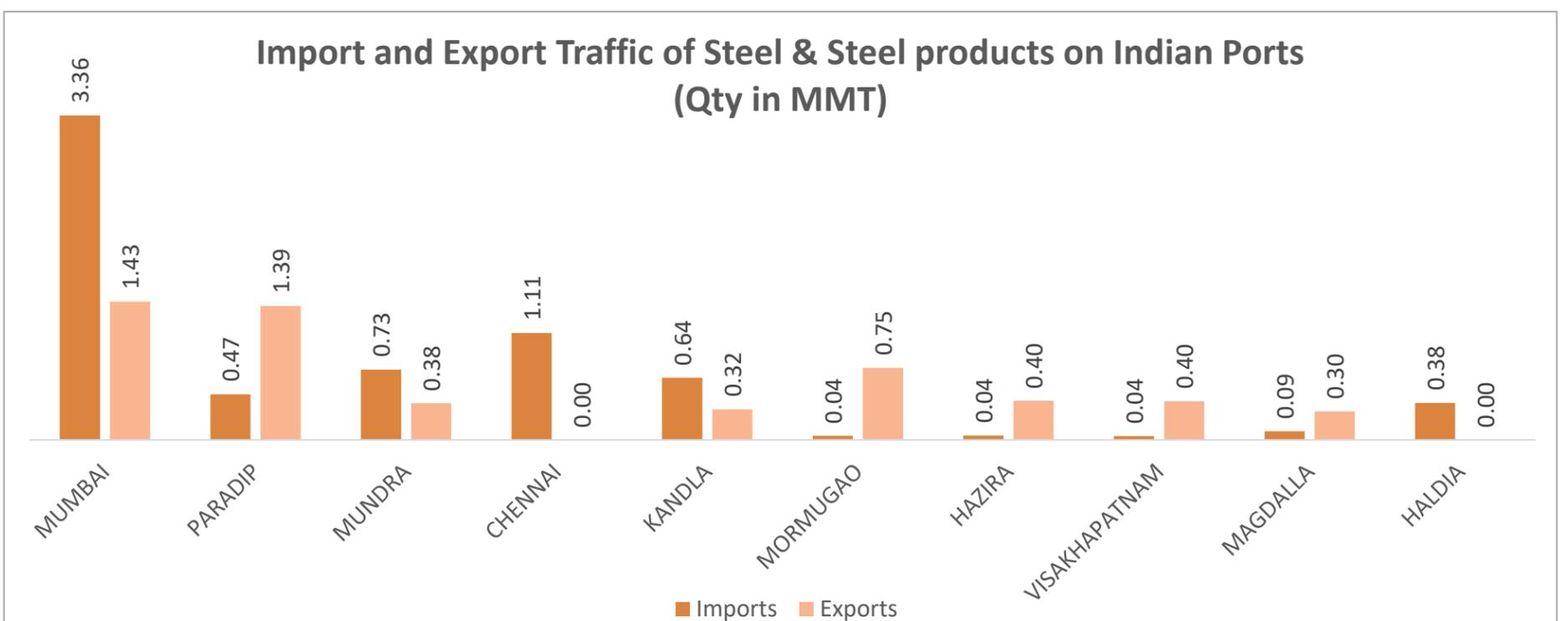
PORT ANALYSIS

STEEL TRAFFIC AT INDIAN PORTS (Quantity in MMT)

- Steel & Steel Products traffic at Indian ports during Apr'23-Feb'24 was up by 18.11% at 13.81 MMT as compared to 11.31 MMT recorded for same period of previous year. Mumbai & Paradip ports handled 4.80 MMT and 1.86 MMT respectively of steel traffic during Apr'23-Feb'24.
- Steel & Steel Products traffic at Indian ports during Feb'24 was up by 28.95% at 1.54 MMT from 1.09 MMT recorded for same period of previous year. Mumbai port recorded the highest traffic at 0.55 MMT followed with Mundra port at 0.16 MMT in Feb'24.



- India's Exports of steel & steel products increased by 7.98% at 5.85 MMT in Apr'23-Feb'24 as compared to the same period in the previous fiscal. Mumbai port saw the highest Export traffic at 1.43 MMT.
- India's Imports increased by 25.54% at 7.96 MMT in Apr'23-Feb'24. Mumbai Port saw the highest Import traffic at 3.36 MMT.

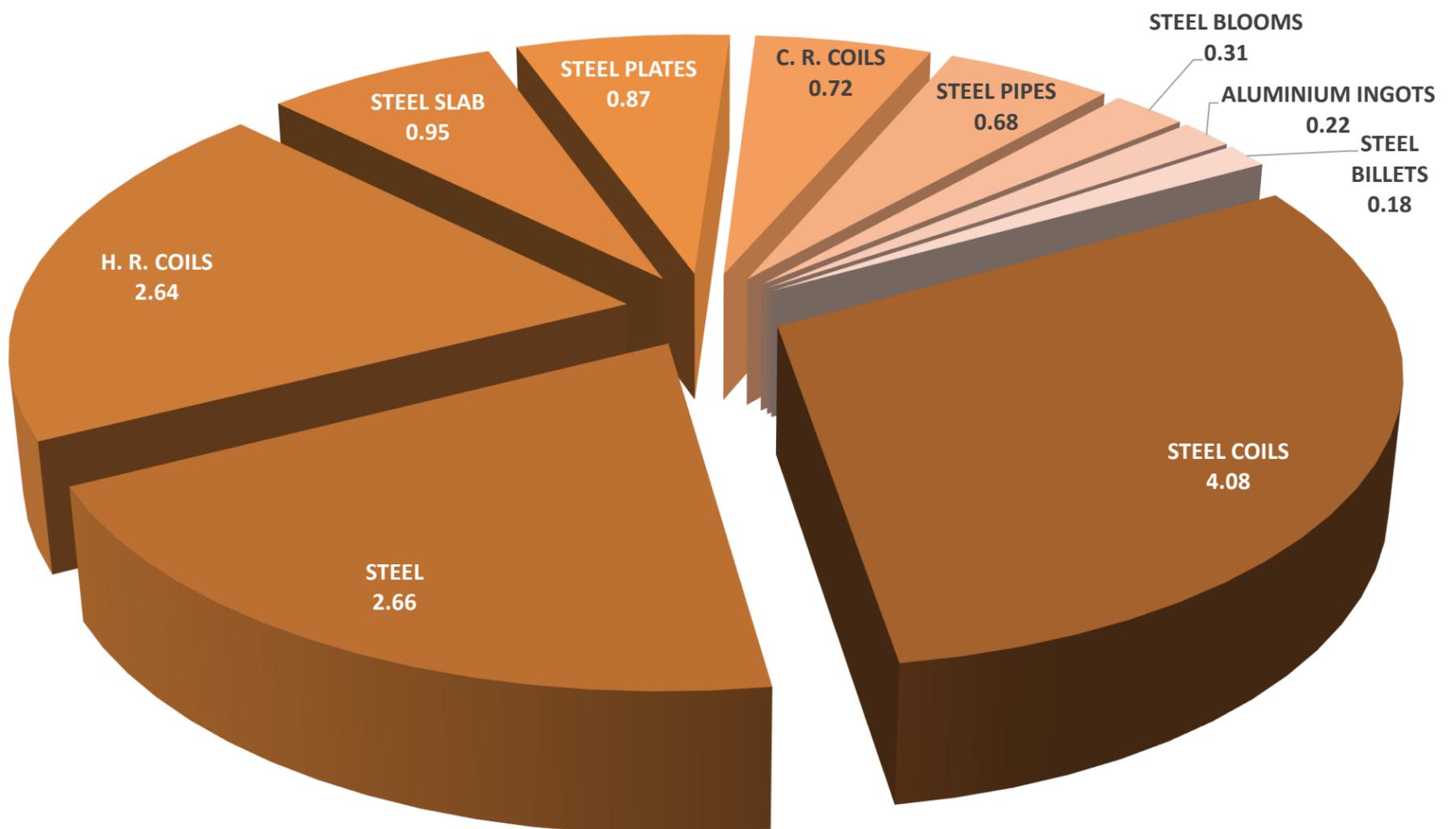


PORT ANALYSIS

STEEL TRAFFIC AT INDIAN PORTS (Quantity in MMT)

- The highest Imported product was Steel coils at 2.42 MMT in Apr'23-Feb'24.
- The highest Exported product was Steel coils at 1.66 MMT in Apr'23-Feb'24.
- Indian ports saw the highest port traffic of steel coils at 4.08 MMT in Apr'23-Feb'24.
- Steel coils, H.R.C., Steel, steel slab and steel plates had the highest traffic on Indian Ports.

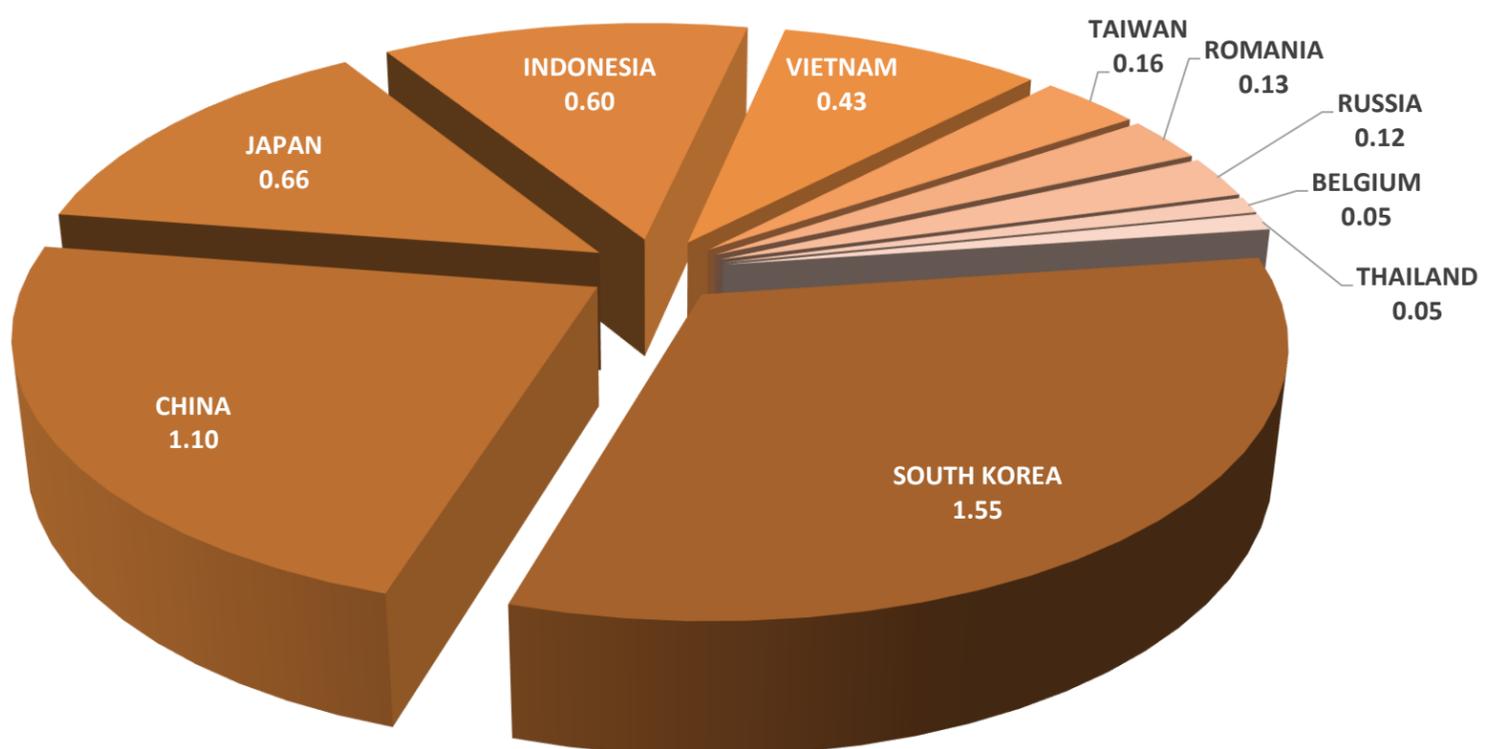
Traffic of Top 10 Steel and Steel Products on Indian Ports in Apr'23-Feb'24



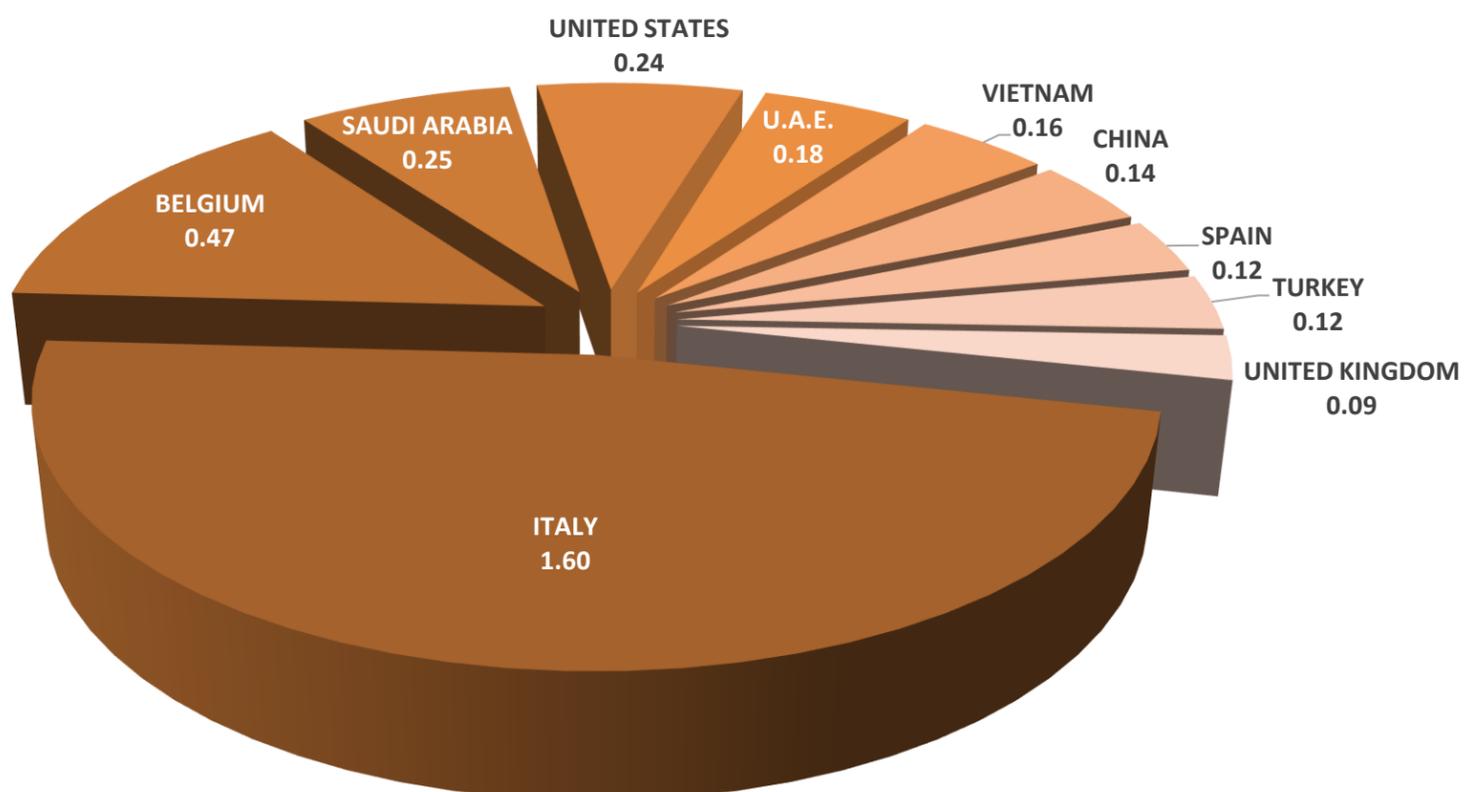
PORT ANALYSIS

STEEL TRAFFIC (Quantity in MMT)

Top 10 Countries Of Steel Imports (Apr'23-Feb'24)



Top 10 countries of steel exports (Apr'23-Feb'24)





MARKET OVERVIEW

Global supply, margin pressures overhang for Indian steelmakers' stocks

- *Exports are high due to weak Chinese domestic steel demand which contracted 2 per cent YoY in CY23*

Analysts are advising a cautious stance on the steel sector due to a combination of factors. The major one is that China has maintained momentum on steel exports in CY24 and there could also be domestic over-supply in the medium-term. Trade data for Jan-Feb'24 shows that China's finished steel exports rose 31 per cent year-on-year (Y-o-Y) to 15.9 MT. Exports are high due to weak Chinese domestic steel demand which contracted 2 per cent Y-o-Y in CY23 due to a weak housing market (new housing starts in CY23 were the lowest since CY09). The PRC government-backed China Metallurgical Industry Planning and Research Institute forecasts Chinese steel consumption to drop 1.7 per cent Y-o-Y in CY24. Iron ore imports by China are still rising implying steel production and hence exports will remain high. As such global prices are likely to see downward pressure and domestic Indian steel makers may spread compression despite robust demand. HRC, rebar, and other categories of iron and steel products are likely to see flat prices or a downward trend. To some extent, weak coking coal prices may compensate to maintain margins. Consensus estimates for steel revenues and earnings may not yet be factoring in spread compression adequately and valuations are on the high side. A sharp increase in blast furnace-based steel capacity in India over the next three years may also create a supply overhang and thus create further margin pressures. At the same time, since the extra capacity coming online will be serviced by domestic iron ore, ore prices could trend higher. Moreover, thermal coal demand is higher as electricity demand is soaring and hence, there may be upward pressures on the cost front. India currently accounts for 20 per cent of global coking coal imports and coke prices are weak, which may balance costs somewhat and the possible scaling up capacity will also make operations more cost-efficient. Domestic steel prices are likely to settle close to import parity, while this situation of China's macro-weakness and steel overproduction persists. Indian steel makers would have trouble relying on exports to shift offtake at these prices without accepting further margin compressions. Optimists are betting on a China stimulus, which leads to a revival in domestic demand within China and reduce Chinese exports. But until there are signs of that occurring, the impact on Indian steelmakers will be negative. This could result in downgrades for steel majors based in India through the near term and the medium term. Some analysts are already downgrading valuations and price targets for Tata Steel, JSW Steel, and JSPL, while others are cautioning against exposures in this sector.

source: Business Standard



MARKET OVERVIEW

Indian steel mills seek iron ore export ban as China sales jump

- *Smaller steelmakers in India seek a ban on iron ore exports after a 170% surge in sales to Chinese mills inflated local prices. Fearing industry shutdowns, lobby groups from major manufacturing states request government restrictions. Second-tier producers, constituting 40% of national output, face higher input costs than top mills. Any export limits could support iron ore prices*

Smaller steelmakers in India are pressing for a ban on exports of iron ore, after a surge in sales to Chinese mills pushed up local prices. Indian exports jumped 170% to 44 million tons last year — most of which went to China — at a time when domestic demand for the raw material is rising. That’s prompted the worst-affected sections of the industry to seek restrictions from the authorities to protect their margins. “We have asked the government to ban exports of all forms of iron ore — otherwise China’s steel industry will run and ours will shut,” Anil Nachrani, president of the Chhattisgarh Sponge Iron Manufacturers Association, said in a phone interview this week. “India should be an exporter of steel and not iron ore,” he said. Nachrani said smaller mills in at least five major manufacturing states have banded together to lobby the steel ministry after many became loss-making. Second-tier producers, which account for about 40% of nationwide output, have been paying almost four times more than bigger operations, he said. India’s top mills can negotiate better prices for inputs like iron ore and coal and often have their own mines. Any move by India to limit exports could underpin iron ore prices, one of the worst-performing major commodities so far this year. The government has stepped up in the past to safeguard the interest of local producers. In May 2022, it imposed a 50% export tax on all grades of iron ore to reduce costs and improve supply. The measure was withdrawn six months later. India’s steel ministry didn’t immediately respond to an emailed request for comment. The growth in capacity at India’s big steelmakers has boosted demand locally and intensified competition for the material at auctions and in the open market. But at the same time, end-user demand for steel remains soft, which is squeezing margins for smaller players. “Demand has been weak on the one hand, and on the other hand they are not able to compete with major producers who have captive coal and iron ore mines,” said Deependra Kashiva, director general at the Sponge Iron Manufacturers Association, a national body.

source: *economic times*



OTHER REPORTS FOR MARCH 2024

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