

## Export duties on steel likely to go

This, in turn, could exert pressure on domestic steel prices and industry capacity utilisation levels.

Responding to the move, the average monthly price of hot-rolled coil (HRC) – a benchmark for flat steel – eased in May to ₹69,800 per tonne from ₹76,000 in April.

The average price dropped further in June (when the first full-month impact of the export curb was felt) to ₹62,000 and to ₹59,800 until July 6. Steel exports, meanwhile, crashed to just 0.68 million tonne in June from 1.38 million tonne in May and 1.47 million tonne in April. At the same time, domestic consumption, too, eased to 8.67 million tonne in May from 9.56 million tonne in March.

Wholesale price inflation in semi-finished steel eased to 14.62% in May from 18.41% in the previous month.

Iron ore exports, too, have collapsed. Ore exports plunged 66% on year in May to just \$195 million amid fears that the shipment might have faltered at a more dramatic pace in June. Even domestic sales seem to have dropped amid slowing demand.

An auction conducted by state-run NMDC for the sale of around 20,000 tonne on June 28 received bids for just about 8,000 tonne, clearly reflecting a slump in demand from steel-makers, according to a company official. Domestic sales of NMDC, the country's largest miner, nosedived 40% in June from a year before to 1.9 million tonne.

Between April and June, its sales dropped 20% even though it reduced prices by up to 36% between April 1 and June 5, the effective date of the last price revision.

Around 70% of NMDC's annual sales (40.5 million tonne in FY22) were accounted for by just three major steel firms – JSW Steel, ArcelorMittal-Nippon Steel India and state-owned Rashtriya Ispat Nigam. As for steel, domestic demand has started inching up

in the past one week or so, that, too, at a slow pace.

With export curbs in place, it would be difficult for companies to cut their inventory while maintaining the pace of production.

"Domestic steel demand has improved a little bit in the last one week. Demand that was subdued for the last two months has started recovering a tad," said Ranjan Dhar, chief marketing officer, ArcelorMittal-Nippon Steel India.

"Export is not taking place now and we are waiting for the government's direction on that," he added.