

## Raw material prices continue to ease

11 April 2025

We expect near-term domestic steel demand to be driven by rising infrastructure activity, seasonal uptick in white goods demand, and reduced imports. The proposed 12% safeguard duty on flat steel products may further support domestic prices in the short term. However, upcoming capacity additions could weigh on the sustainability of price hikes. In the medium term, concerns around oversupply –domestic and global – and slowing global GDP amid tariff uncertainty, and the possible devaluation of yuan could put pressure on the steel industry. Nonetheless, falling coking coal and iron ore prices may offer partial margin relief. On the non-ferrous side, the negative impact of recent fall in prices is likely to be partly offset by softer thermal coal prices for aluminium producers.

**Global steel production down ~3% YoY in February:** As per the World Steel Association, global crude steel production fell ~3% YoY in February, a second consecutive month of fall in CY25. This dip was due to a ~3% YoY and ~4% YoY drop in China and rest of the world (RoW), respectively. China's steel exports in February grew by ~12% YoY but fell ~10% MoM, followed by ~8% MoM decline in January. In India, crude steel production grew ~6% YoY but declined ~8% MoM in February. Finished steel imports saw a contraction of ~29% YoY and ~36% MoM to ~0.6mn tonne, while exports fell ~60% YoY but increased slightly by ~4% MoM to ~0.4mn tonne in February. During April-February, India's finished steel imports surged ~16% YoY to ~9mn tonne, while exports dropped ~34% YoY to ~4.4mn tonne. Provisional data for March shows flat YoY trend in India's crude steel production but ~2% MoM increase.

**Safeguard duty propels domestic steel prices:** China exports hot rolled coil (HRC) prices continue to weaken, declining ~1% MoM in March after a stable February. Prices in Japan declined ~2% MoM in March. In contrast, HRC prices in North Europe rose by ~9% MoM, post registering an increase of ~6% MoM in February. Similarly, the US saw a strong price rally, with HRC prices jumping ~31% MoM in March, after a ~13% MoM rise in February. In India, primary long prices were up for the second consecutive month, up ~5% MoM in March. Domestic HRC prices also rose ~5% MoM in March, marking the third straight month of gains. While fiscal year-end spurt in demand from the project segment, especially from National Highways Authority of India projects was the key reason for an uptick in long product prices, lower imports and safeguard duty supported HRC price recovery. While domestic HRC prices have declined ~11% YoY in FY25, they have risen ~3% MoM in April to date. In March, iron ore prices declined ~5% MoM each in China and Australia. April-to-date iron ore prices are flat MoM in China and Australia vs March average.

**Non-ferrous metals fail to hold March gains in April:** In March, major non-ferrous metals exhibited a healthy MoM uptick in prices, except LME aluminium, which was flat MoM. On the other hand, LME Zinc was up ~3% MoM, followed by LME copper and lead up by ~4% MoM each and LME nickel up ~5% MoM. However, these gains were short-lived as prices across non-ferrous metals have shown a downward trend in the range of 6-10% during April to date vs March average. In case of China alumina, prices continue to decline for the third consecutive month in March, dropping by ~4% MoM, post a ~16% MoM in January and ~29% MoM fall in February. April-to-date prices have yet to see any relief as prices are down further by ~7% MoM vs March average.

**Coal prices remain under pressure:** March was another weak month for coking coal as prices fell by ~4% MoM in China and ~7% MoM in Australia. Similarly, thermal coal prices in China dropped ~8% MoM and ~4% MoM in South Africa. April-to-date, coking coal prices in China are down by ~1% MoM but up by ~1% MoM in Australia. April-to-date thermal coal prices in China and South Africa are down by ~3% MoM and ~1% MoM, respectively.

### Price performance

(%)	3M	6M	12M
Nifty	(4.8)	(10.3)	(1.1)
NSE Metal Index	(6.6)	(19.9)	(11.8)
JSW Steel	6.1	(4.9)	8.1
Tata Steel	(2.1)	(20.0)	(23.4)
Hindalco Industries	(4.3)	(22.5)	(4.2)
Jindal Steel and Power	(15.5)	(21.3)	(12.8)
NMDC	(5.3)	(18.0)	(19.3)
Steel Authority of India	(3.0)	(19.5)	(30.6)
APL Apollo Tubes	(4.9)	(4.0)	(8.0)
Ratnamani Metals & Tubes	(16.4)	(26.0)	(13.7)
Jindal Stainless	(18.9)	(31.1)	(26.7)

Note: pricing as on 9 April 2025; Source: Bloomberg

### China export HRC prices continue to fall

			% change	
Particulars	Current	as on	1-month	2-month
Raw material prices (USD/tonne)				
China iron ore	99	8-Apr	(3.4)	(8.8)
Australia iron ore	96	8-Apr	(3.5)	(9.0)
China coking coal	178	8-Apr	(2.8)	(7.0)
Australia coking coal	177	8-Apr	(3.3)	(5.3)
South Africa thermal coal	88	8-Apr	0.0	(6.4)
China thermal coal	91	7-Apr	(3.9)	(11.6)

Global steel prices (USD/tonne)				
China HRC export	470	4-Apr	0.0	(1.1)
North Europe HRC	713	4-Apr	3.6	16.1
Japan HRC	515	4-Apr	3.0	0.0
US HRC	975	4-Apr	0.0	42.3

Domestic steel prices (INR/tonne)				
India HRC (Mumbai)	52,000	7-Apr	4.8	7.2
India primary rebar (Mumbai)	57,000	31-Mar	5.0	9.2

Non-ferrous prices (USD/tonne)				
Aluminium	2,306	8-Apr	(15.2)	(12.4)
China alumina	402	8-Apr	(31.3)	(17.4)
Copper	8,621	8-Apr	(10.3)	(7.2)
Zinc	2,551	8-Apr	(10.6)	(8.6)
Lead	1,840	8-Apr	(8.0)	(6.0)
Nickel	13,968	8-Apr	(14.3)	(10.1)

Source: Bloomberg, SteelMint, Elara Securities Research

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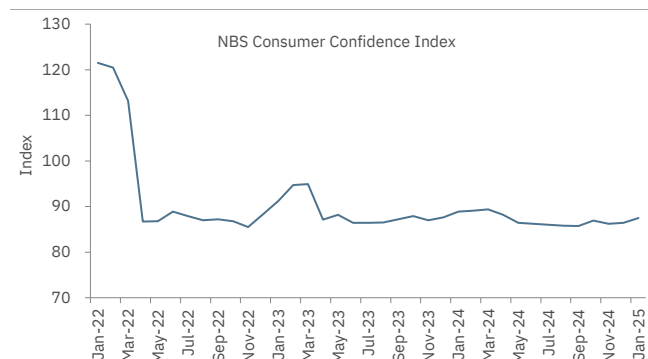


## Exhibit 1: Ferrous prices outperforming non-ferrous

Particulars	Unit	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Current	As on	Variance (%)
<b>Raw material prices</b>									
China iron ore	USD/tonne	124	114	101	105	105	99	8-Apr	(5.8)
Australia iron ore	USD/tonne	123	113	100	101	102	96	8-Apr	(6.0)
China coking coal	USD/tonne	323	268	249	228	187	178	8-Apr	(5.1)
Australia coking coal	USD/tonne	309	243	211	202	184	177	8-Apr	(3.8)
South Africa thermal coal	USD/tonne	95	106	106	102	93	88	8-Apr	(4.9)
China thermal coal	USD/tonne	126	117	118	115	100	91	7-Apr	(8.6)
<b>Global steel prices</b>									
China HRC export	USD/tonne	557	528	487	504	474	470	4-Apr	(0.8)
North Europe HRC	USD/tonne	783	686	671	598	636	713	4-Apr	12.1
Japan HRC	USD/tonne	613	577	523	532	512	515	4-Apr	0.7
US HRC	USD/tonne	971	777	669	695	794	975	4-Apr	22.8
<b>Domestic steel prices</b>									
India HRC (Mumbai)	INR/tonne	53,600	53,510	50,143	47,677	48,877	52,000	7-Apr	6.4
India primary rebar (Mumbai)	INR/tonne	51,915	56,877	51,321	53,717	53,615	57,000	31-Mar	6.3
<b>Non-ferrous prices</b>									
Aluminium	USD/tonne	2,200	2,525	2,382	2,574	2,626	2,306	8-Apr	(12.2)
China Alumina	USD/tonne	460	496	545	729	517	402	8-Apr	(22.3)
Copper	USD/tonne	8,447	9,754	9,205	9,175	9,353	8,621	8-Apr	(7.8)
Zinc	USD/tonne	2,446	2,836	2,780	3,048	2,835	2,551	8-Apr	(10.0)
Lead	USD/tonne	2,075	2,167	2,035	2,004	1,970	1,840	8-Apr	(6.6)
Nickel	USD/tonne	16,626	18,429	16,253	15,978	15,576	13,968	8-Apr	(10.3)

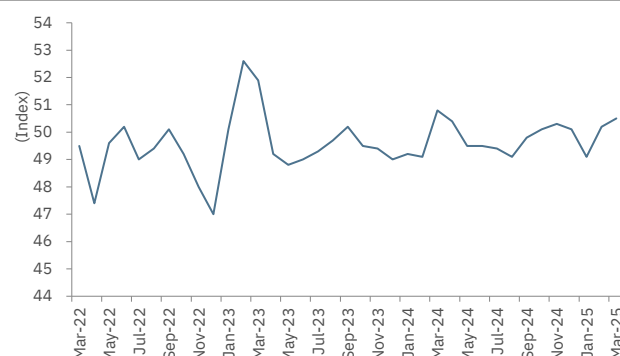
Note: Variance between current and Q4FY25 average prices; Source: Bloomberg, SteelMint, Elara Securities Research

## Exhibit 2: China Consumer Confidence Index slightly up MoM in January



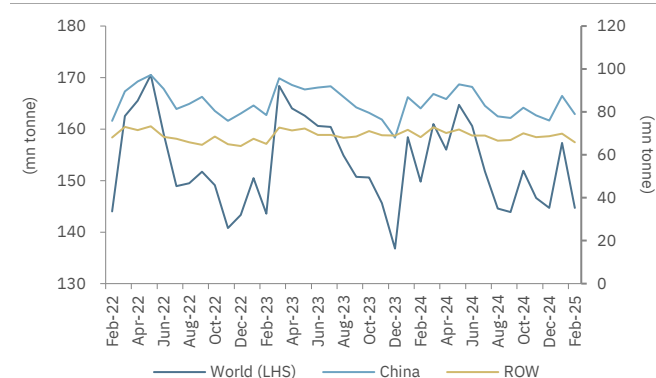
Source: CEIC, Elara Securities Research

## Exhibit 3: China Manufacturing PMI down ~1% YoY but up ~1% MoM in March



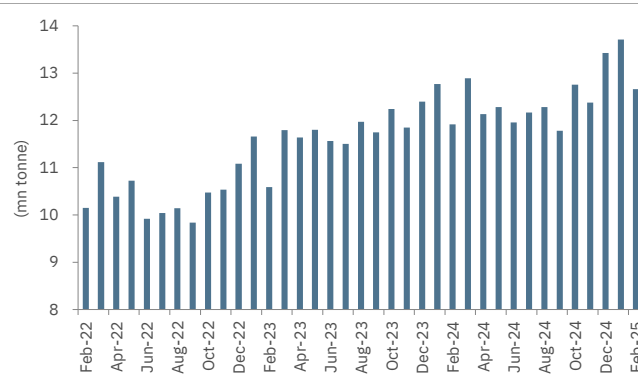
Source: Bloomberg, Elara Securities Research

## Exhibit 4: Global crude steel production down ~3% YoY and ~8% MoM in February



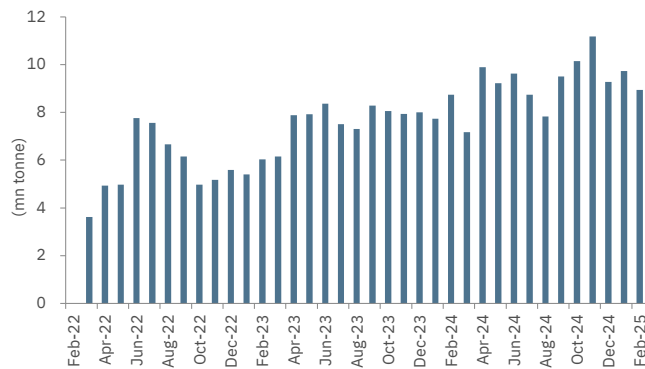
Source: World Steel Association, Elara Securities Research

## Exhibit 5: India crude steel production up ~6% YoY but down ~8% MoM in February



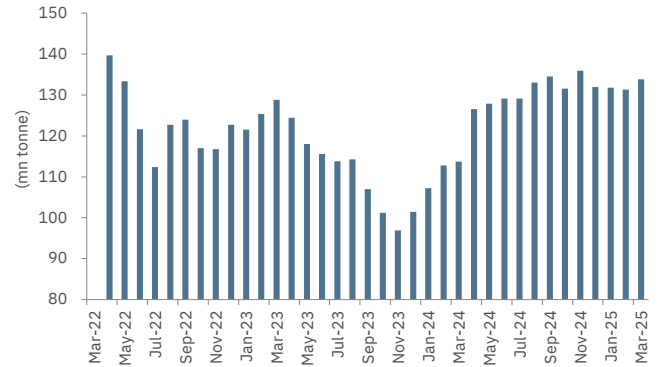
Source: CMIE, Elara Securities Research

**Exhibit 6: China's exports volume up ~12% YoY**



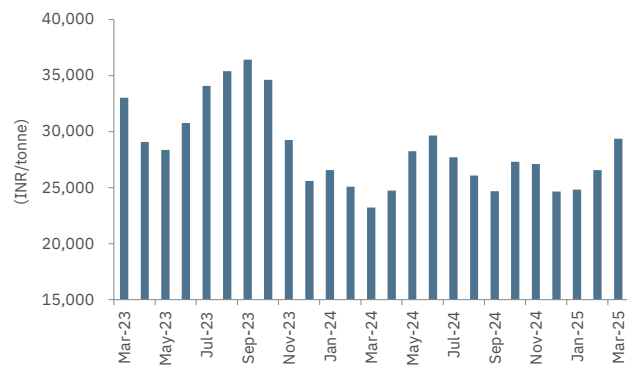
Source: Bloomberg, Elara Securities Research

**Exhibit 7: China weekly iron ore inventory down ~6% MoM but flat YoY in March**



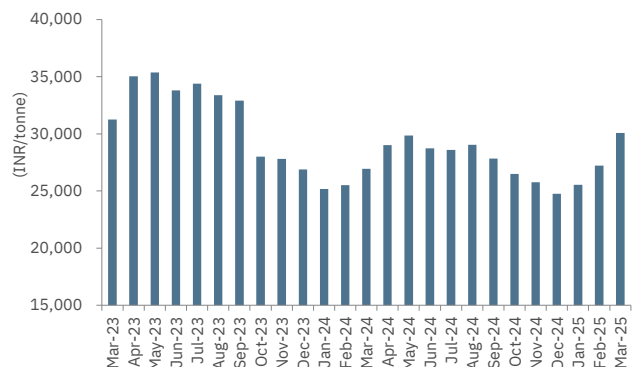
Source: Bloomberg, Elara Securities Research

**Exhibit 8: Lag spread rises ~INR 2,810/tonne MoM in March**



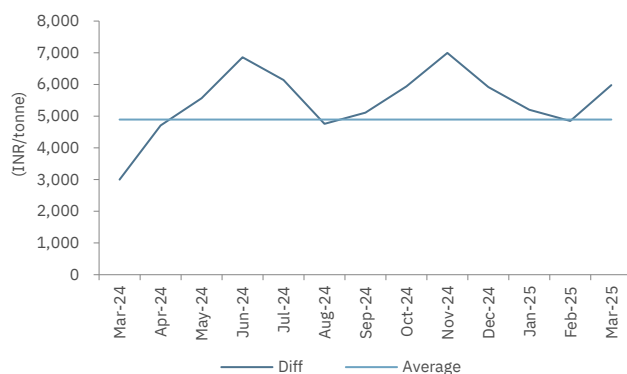
Note: Two month/one month lag considered for coking coal/iron ore; Source: SteelMint, Company, Elara Securities Research

**Exhibit 9: Spot spread rises ~INR 2,860/tonne MoM in March**



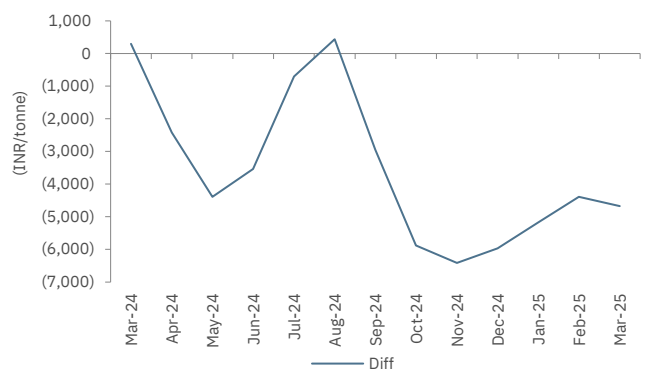
Source: SteelMint, Company, Elara Securities Research

**Exhibit 10: Primary rebar prices at ~INR 5,980/tonne premium vs secondary rebar prices in March**



Note: Straight line indicates the average difference between primary and secondary rebar prices in past two years; Source: SteelMint, Elara Securities Research

**Exhibit 11: HRC prices at ~INR 4,670/tonne discount vs primary rebar prices in March**



Source: SteelMint, Elara Securities Research

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