

International thermal coal hits four-year low

9 May 2025

Domestic steel prices are likely to remain steady in the near term on the back of imposition of safeguard duty, a decline in imports, maintenance shutdown and pre-Monsoon restocking. In the medium term, concerns around oversupply (domestic and global), slowing global GDP amid tariff uncertainty and possible devaluation of the CNY could put pressure on the steel industry. The uptick in international coking coal prices from March lows and increase in domestic iron ores prices is set to hurt margin of steel firms in Q2FY26. On the non-ferrous side, while key aluminium raw materials viz thermal coal and alumina continue to fall, low levels of LME inventory are expected to prevent the sharp fall in aluminium prices. Currently, LME inventory is at a 27-month low.

Global steel production rebounds in March: According to the World Steel Association, March marked the first positive turn in global crude steel production for CY25, up ~3% YoY. This improvement was led by a ~5% YoY increase in China and a ~1% YoY rise in the rest of the world (RoW). On a monthly basis, global crude steel production jumped ~15%, driven by lower working days in February coupled with ~18% growth in China and ~11% in RoW. Notably, China's steel exports rose ~6% YoY and ~30% MoM to ~10.5mn tonne in March, rebounding after two months of decline.

India's crude steel production up ~5% YoY in FY25: In India, crude steel production rose ~7% YoY and ~1% MoM in March. For FY25, India's crude steel production stood at ~151mn tonne, up ~5% YoY. Finished steel consumption showed a strong trend in FY25, rising by ~11% YoY to ~152mn tonne. Finished steel imports increased ~15% YoY to ~9.5mn tonne in FY25 whereas exports declined ~35% YoY to ~5.0mn tonne. Provisional data for April indicates India's crude steel production rose ~7% YoY but declined ~6% MoM.

Mixed steel price trend across geographies: In April, China's export prices for hot rolled coil (HRC) declined ~1% MoM, marking a second consecutive drop. Similarly, US HRC prices also fell ~1% MoM, following a sharp ~31% MoM increase in March. On the other hand, HRC prices in North Europe continue their upward trend, up ~7% MoM, while Japan saw a ~1% MoM uptick. In India, primary long and domestic HRC prices rose ~3% MoM each in April, with May-to-date domestic HRC prices increasing a further ~1% MoM. Meanwhile, iron ore prices in China and Australia declined ~3% MoM each in April. May-to-date iron ore prices are further down by ~1% MoM each in China and Australia vs April average. In India, NMDC announced a price hike of INR 440/tonne each for lumps and fines on 1 May 2025.

Key non-ferrous prices under pressure in April: In April, prices of major non-ferrous metals witnessed a correction after posting a strong MoM rise in March. LME aluminium recorded the sharpest drop of ~11% MoM, followed by LME zinc down ~9% MoM. Other non-ferrous metals, such as LME copper, LME lead, and LME nickel, also saw a decline of ~6% MoM each. Also, China alumina prices declined by ~10% MoM, registering fourth consecutive month of decline. May-to-date, alumina prices are largely flat compared to April average, indicating stabilization after April's correction.

Mixed trend visible in coal prices: After a bearish trend for the past few months, April saw mixed movement in coking and thermal coal prices. Coking coal prices fell by ~1% MoM in China but rose ~6% MoM in Australia after four consecutive months of decline. Thermal coal prices in China fell ~3% MoM and ~1% MoM in South Africa. Current South African thermal coal prices are at their lowest since March 2021. May-to-date, coking coal prices in China are flat MoM while they are up by another ~4% MoM in Australia. May-to-date thermal coal prices in South Africa are down by ~1% MoM.

Price performance

(%)	3M	6M	12M
Nifty	3.0	0.5	8.8
NSE Metal Index	(1.8)	(9.5)	(7.4)
JSW Steel	(2.8)	(4.3)	10.2
Tata Steel	3.9	(2.6)	(13.5)
Hindalco Industries	2.1	(4.7)	(2.1)
Jindal Steel and Power	0.8	(8.3)	(9.8)
NMDC	(4.3)	(18.9)	(28.3)
Steel Authority of India	(1.0)	(7.6)	(31.9)
APL Apollo Tubes	16.5	9.4	6.4
Ratnamani Metals & Tubes	(3.9)	(26.4)	(15.6)
Jindal Stainless	(8.4)	(17.2)	(15.2)

Note: pricing as on 8 May 2025; Source: Bloomberg

Australia coking coal price inches up from recent lows

Particulars	Current	as on	1-month	2-month
Raw material prices (USD/tonne)				
China iron ore	101	7-May	(1.5)	(2.0)
Australia iron ore	97	7-May	(1.5)	(2.0)
China coking coal	178	7-May	(0.2)	(2.8)
Australia coking coal	191	7-May	9.1	4.4
South Africa thermal coal	87	7-May	(0.6)	(1.1)
China thermal coal	90	28-Apr	(2.2)	(4.7)

Global steel prices (USD/tonne)				
China HRC export	463	2-May	(1.5)	(2.5)
North Europe HRC	747	2-May	4.8	8.5
Japan HRC	510	2-May	(1.0)	0.0
US HRC	953	2-May	(2.3)	(2.3)

Domestic steel prices (INR/tonne)				
India HRC (Mumbai)	52,600	5-May	1.3	7.9
India primary rebar (Mumbai)	56,800	28-Apr	(0.4)	4.6

Non-ferrous prices (USD/tonne)				
Aluminium	2,354	7-May	1.1	(13.4)
China alumina	401	7-May	(2.1)	(12.9)
Copper	9,441	7-May	8.6	(1.7)
Zinc	2,580	7-May	(0.9)	(9.6)
Lead	1,941	7-May	5.4	(2.9)
Nickel	15,347	7-May	8.5	(5.8)

Source: Bloomberg, SteelMint, Elara Securities Research

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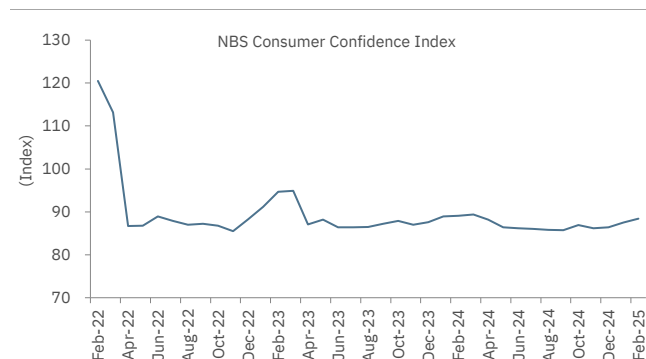


Exhibit 1: Non-ferrous prices underperforming ferrous

Particulars	Unit	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Current	As on	Variance (%)
Raw material prices									
China iron ore	USD/tonne	124	114	101	105	105	101	7-May	(4.4)
Australia iron ore	USD/tonne	123	113	100	101	102	97	7-May	(4.5)
China coking coal	USD/tonne	323	268	249	228	187	178	7-May	(5.0)
Australia coking coal	USD/tonne	309	243	211	202	184	191	7-May	3.8
South Africa thermal coal	USD/tonne	95	106	106	102	93	87	7-May	(6.0)
China thermal coal	USD/tonne	126	117	118	115	100	90	28-Apr	(9.9)
Global steel prices									
China HRC export	USD/tonne	557	528	487	504	474	463	2-May	(2.3)
North Europe HRC	USD/tonne	783	686	671	598	636	747	2-May	17.5
Japan HRC	USD/tonne	613	577	523	532	512	510	2-May	(0.3)
US HRC	USD/tonne	971	777	669	695	794	953	2-May	20.0
Domestic steel prices									
India HRC (Mumbai)	INR/tonne	53,600	53,510	50,143	47,677	48,877	52,600	5-May	7.6
India primary rebar (Mumbai)	INR/tonne	51,915	56,877	51,321	53,717	53,615	56,800	28-Apr	5.9
Non-ferrous prices									
Aluminium	USD/tonne	2,200	2,525	2,382	2,574	2,626	2,354	7-May	(10.3)
China Alumina	USD/tonne	460	496	545	729	517	401	7-May	(22.4)
Copper	USD/tonne	8,447	9,754	9,205	9,175	9,353	9,441	7-May	0.9
Zinc	USD/tonne	2,446	2,836	2,780	3,048	2,835	2,580	7-May	(9.0)
Lead	USD/tonne	2,075	2,167	2,035	2,004	1,970	1,941	7-May	(1.4)
Nickel	USD/tonne	16,626	18,429	16,253	15,978	15,576	15,347	7-May	(1.5)

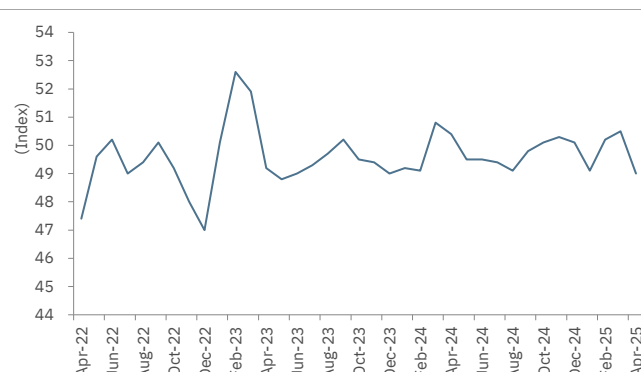
Note: Variance between current and Q4FY25 average prices; Source: Bloomberg, SteelMint, Elara Securities Research

Exhibit 2: China Consumer Confidence Index slightly up MoM in February



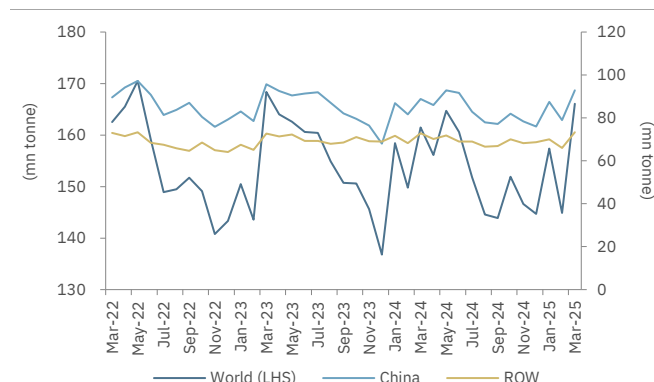
Source: CEIC, Elara Securities Research

Exhibit 3: China Manufacturing PMI down ~3% YoY and QoQ each in April



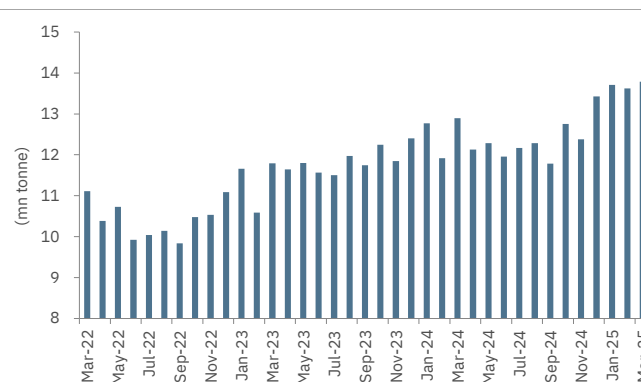
Source: Bloomberg, Elara Securities Research

Exhibit 4: Global crude steel production up ~3% YoY in March



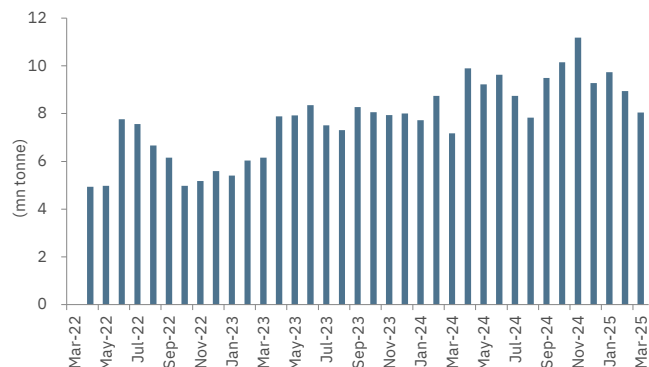
Source: World Steel Association, Elara Securities Research

Exhibit 5: India crude steel production up ~7% YoY in March



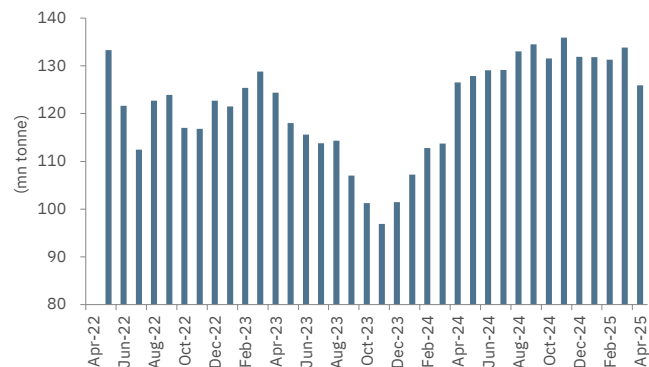
Source: CMIE, Elara Securities Research

Exhibit 6: China's exports volume up ~6% YoY and ~30% MoM in March



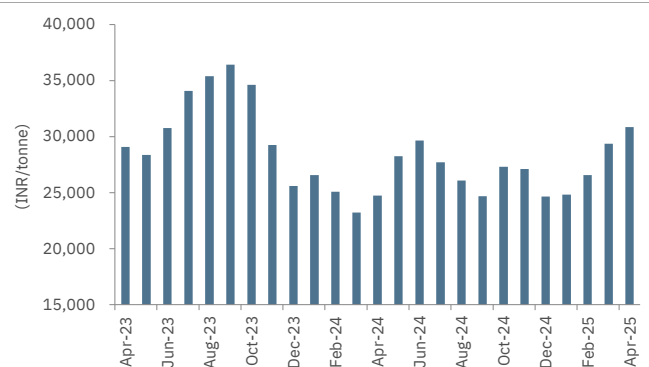
Source: Bloomberg, Elara Securities Research

Exhibit 7: China weekly iron ore inventory down ~3% YoY and ~1% MoM in April



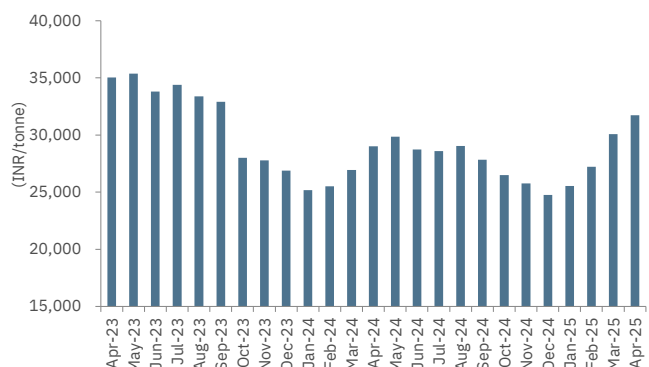
Source: Bloomberg, Elara Securities Research

Exhibit 8: Lag spread rises ~INR 1,480/tonne MoM in April



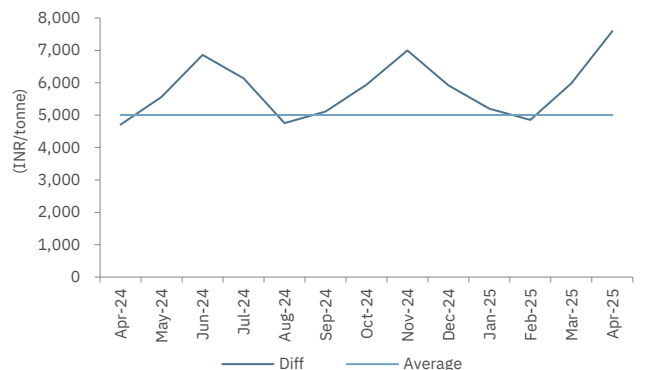
Note: Two month/one month lag considered for coking coal/iron ore; Source: SteelMint, Company, Elara Securities Research

Exhibit 9: Spot spread rises ~INR 1,675/tonne MoM in April to 19-month high



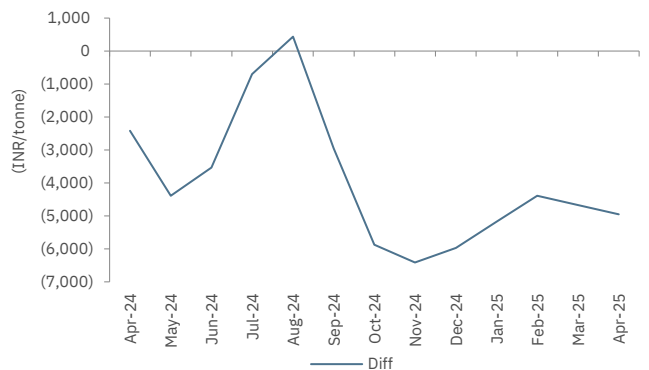
Source: SteelMint, Company, Elara Securities Research

Exhibit 10: Primary rebar prices at ~INR 7,600/tonne premium vs secondary rebar prices in April



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 4,950/tonne discount vs primary rebar prices in April



Source: SteelMint, Elara Securities Research

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