

COVID-19 shadow looms over April steel price hike

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Steel prices, which had increased this month, are holding steady despite the coronavirus outbreak (COVID-19) that has put the global economy on the edge. However, firms are not sure whether an increase in April will be possible.

In March, companies had increased prices across-the-board by ₹500-800 per tonne, the fourth hike in a row, taking the price of hot-rolled coil (HRC) to ₹37,000 a tonne.

M C Agrawal, executive director, Steel Authority of India (SAIL), said the price increase in March was holding.

"There is no change in demand, which is already recovering. Auto has also started picking up," he said. "Whether an increase will happen in April is difficult to say." However, Agrawal was confident of a recovery in demand.

"There is a fear factor right now because of COVID-19, but things will settle. At best, the pickup could be delayed by a month or two," he said. He was speaking on the sidelines of a seminar organised by the Calcutta Chamber of Commerce.

For the time being, there



could be some ups and downs because of COVID-19, said Hervinder Singh, president — mining and international projects, Jindal Steel and Power (JSPL). "Prices are holding for this month," he added.

"The India story is very positive, and at JSPL, we have crossed all records in production," Singh said. "The previous quarter was the best and this quarter ending March, will be even better," he added.

JSPL is ramping up capacity and expects to end financial year 2020-21 (FY21) with 8.5 million tonnes.

The steel sector has been gradually recovering from lows seen in November, when prices of HRC touched ₹32,250. Since then, prices have been clawing back month-on-month.

However, primary and secondary producers are unsure how the outbreak would play out in the next few weeks. Secondary producers said sentiments had been impacted hugely by COVID-19.

"There is no visibility on where things are headed right now," said a secondary producer. ICRA said prices were expected to come under pressure in the near term.

Price rise in India was in line with global trends. Chinese export HRC prices had increased from \$428 a tonne at the end of October 2019 to \$496 a tonne in January, ICRA noted. However, since mid-January, because of a slowdown in China's steel consumption because of COVID-19, prices had witnessed a 6 per cent fall.