Steel companies are set to increase prices from September owing to cost-push and higher international prices.

Jayant Acharya, director (marketing, commercial & corporate strategy) at JSW Steel, said the difference between domestic and international prices currently was about 8 per cent. “An increase in prices from September is on the cards. The amount will be decided,” he said.

Acharya explained that iron ore prices were at a six-year high. “International steel prices in August, too, have increased,” he said.

The average free on board China for hot-rolled coil (HRC) in April 2019 was $532 a tonne. At the beginning of August 2020, it was at $495 a tonne, which has now gone up by $20 a tonne to $515. However, the current price is yet to breach last year’s April level.

The increase from September could be in the range of ₹2,000-3,000 a tonne. While a major primary steel producer said an increase of ₹3,000 a tonne in steel prices was being contemplated, a secondary steel maker said it could be ₹2,000 a tonne. In the second quarter so far, steel prices have increased by about ₹3,000 a tonne.

Acharya said demand was improving across the world and average sales in August was on a par with pre-Covid levels. However, prices were still not back to pre-Covid levels of March.

JSW Steel said on Thursday it had started roll-out of JSW Radiance, a steel colour-coated product range in high-gloss feature with multiple variants. It was suitable for applications ranging from warehousing, appliances, cold storage, and hospitals, etc. Incrementally, Acharya said, demand was picking up in the domestic market across sectors. “While demand was picking up in the domestic market, export markets were buoyant,” the secondary steel producer said.

The data from the Joint Plant Committee shows that exports of semi-finished steel in the first four months of 2020-21 had crossed the total volumes of semi-finished steel exports in the previous financial year. Finished steel exports during April-July were more than 50 per cent of total volumes of finished steel exports last year.

As countries across the world were coming out of lockdowns, demand was improving. According to the World Steel Association’s July data released recently, the world crude steel production for the 64 countries reporting to it was 152.7 million tonnes (mt), a 2.5 per cent decrease compared to the month a year ago.

However, the recovery was mostly led by China, which produced 93.4 mt of crude steel in July 2020, an increase of 9.1 per cent compared to July 2019. While Japan produced 6.0 mt of crude steel in July 2020, down 27.9 per cent, South Korea’s steel production was down by 8.3 per cent at 5.5 mt.

The overall production in the European Union is estimated to be 9.8 mt of crude steel in July 2020, down by 24.4 per cent from month a year ago. The US produced 5.2 mt of crude steel in July 2020, a decrease of 29.4 per cent compared to July 2019; in the CIS, production is estimated to be 8.1 mt in July 2020, down 5.8 per cent.

In India, capacity utilisation levels were increasing month on month. ICRA said earlier this month that the steel industry’s capacity utilisation levels had steadily inched higher from the lows of 27 per cent in April to 67 per cent in July, but were still lower than last year’s average of 77 per cent.

Major primary steel producers were, however, operating at 85 per cent to 95 per cent.

**PRICE TREND**

*Domestic hot-rolled prices (in ₹ per tonne)*

- **2019**
  - Jul: 38,250
  - Aug: 36,250
  - Nov: 32,750

- **2020**
  - Mar: 38,500-39,000
  - Jul: 35,250
  - Aug: 38,750

JSW Steel says the difference between domestic and international prices is now 8%. While domestic demand is picking up, export market remains buoyant.