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Steel companies increased have increased hot-rolled and cold-rolled coil prices to close the gap between the domestic and import prices even as the local demand remained weak due to Covid-induced lockdown across States.

Hot rolled steel prices were increased by ₹4,000 a tonne to ₹70,000 while that of cold rolled was hiked by ₹5,000 to ₹85,000 a tonne, sources said.

The present hike comes on the back of ₹5,500 a tonne increase in two instalments last month.

Despite the series of hikes, domestic steel prices are still at a discount of 10 per cent to the landed cost of imports, said a steel company executive.

However, he added that this might be the last hike in India as China’s domestic and export prices have corrected sharply in the last fortnight, posing a risk to regional prices.

In fact, HRC prices in India have rallied by ₹14,000 a tonne since March-end. The rally in steel price comes even as the demand in April has fallen by 23 per cent at 6.78 million tonnes compared to March.

**Steel output down**
Crude steel output in April was down 17 per cent month-on-month at 8.3 mt as steel companies diverted oxygen for medical purposes. The demand and production are expected to come down further in May as most of the steel consuming industries have shut their operations due to strict lockdown announced by different states.

Steel consumption is likely fall in June quarter when compared with the March quarter due to the second Covid wave.

Steel companies have been relying on export market to beat the weak demand in India. Last month, China cracked whips on speculator for taking prices to dizzying heights.

Following this, steel price in China has already fallen by 17 per cent from its recent peaks to $867 tonnes. With the fall in prices in China, global steel prices are expected to fall putting pressure on Indian companies.