

Steel Prices Unlikely To Soften In H2FY22: BWR

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The prices of Hot/Cold Rolled Coil (HRC/CRC) prices recently were revised upwards by around Rs 5,000 per tonne, to Rs 70,000 and Rs 83,000 per tonne



The record high price of steel may not ease in the second half of the current fiscal with demand expected to spike amid the ongoing second wave of the pandemic that has caused demand outlook to continue to be weak and uncertain in the first half, a report by rating agency BWR said on Friday.

The prices of Hot/Cold Rolled Coil (HRC/CRC) prices recently were revised upwards by around Rs 5,000 per tonne, to Rs 70,000 and Rs 83,000 per tonne, respectively.

However, domestic prices of steel are lower by 15-20 per cent than landed imported steel.

'Demand in the auto sector is expected to rise in the festival season in the second half wherein delivery is already waitlisted currently on account of production bottlenecks.

Revival in the construction and real estate sectors is also visible. Therefore, there appears to be no compulsion on steel prices to come down in the near future,' Brickwork Ratings (BWR) said in a sector note.

The bull run on prices is not only leading to a cost escalation of the infrastructure, real estate projects, consumer goods and a repeated hike in automobile prices, it is also increasing the input costs of engineering MSME exporters, which also use steel as input material.

The temporary curtailment in Indian production on account of the diversion of oxygen for medical use, rise in raw material prices of the iron ore by about Rs 4,000 per tonne and increased freight cost on account of higher diesel prices are some of the supplementary reasons for the hardening of prices local prices recently, a BWR official said.

The root cause for higher international steel prices is the limitation on exports by China. Most of the Chinese steel is now consumed locally resulting in short supply in global trade.