Business Line dt. 16.12.22

Steel mills see improved activity on export front; orders pick up

Abhishek Law

New Delhi

Steel mills are witnessing renewed activity on the export front with queries and orders picking up after nearly two months of lull. Prices have been firming up too.

Trade sources say export offers are up 5-8 per cent over the last 10 days while prices of some of the key offerings like HRC coils and plates are up 5–7 per cent over the same period.

According to officials of some of India's largest steel mills, around 50,000–70,000-odd tonnes have been booked, with West Asia and Vietnam being the key markets. Queries are being generated from European nations, too.

"We are expecting orders to pick up towards the end of December or early January onwards. Orders were placed by buyers in the Middle East, Turkey and Vietnam, and these are expected to continue. Queries are coming in from Europe now, but we expect that restocking needs there to lead to a pick-up around New Year's time. The positive is there is a slight uptick now after poor offers in October and November," an official said.

Interestingly, India – the world's second largest crude producer – turned net importer of steel in October and November as prices of international offerings were lower than the price quoted by mills domestically while exports took a hit because of poor sentiments and higher price.

Export offers are up 5-8 per cent over the last 10 days

In April to November, exports more than halved (55 per cent drop) to 4.3 million tonnes (mt), while for November, exports dropped 53 per cent (to 338,000 tonnes).

The variation in stock was 1.83 mt as against the previous year's position which was negative (-773,000 tonnes). A negative variation in stocks means mills were trying to catch-up on demand.

PRICE MOVEMENT

According to a Steelmint report, the Indian HRC sale export index saw a $25 per tonne increase this week, "as mill started to quote higher price after closing deals". The India HRC export index was assessed at $560 per tonne FoB east coast as against $535 per tonne, a week ago (the report said).

One of the Indian exporters said it offered a hot rolled coil price of $650-odd per tonne; up from the $600 per tonne price it was quoting some 7–10 days back. On the other hand, HR plate prices were around $750/tonne, up from the $700/tonne around the same time.

"We anticipate another 10 per cent-odd hike as market sentiments improve," the exporter said.

SHORT-TERM OUTLOOK

According to trade sources, India's decision to remove export duty from November 19 onwards did not bear immediate fruit. But from early-December onwards, queries started picking up.

"Post export duty removal, it has become easier for some of the mills to reach out with better offers. Moreover, Indian companies had been servicing some of the global clients even at a loss. But going by the queries that are being generated now, we feel there is less hesitation to buy Indian offerings," the source said.

Moreover, there has been "less activity" from some of the key exporter countries like Japan while prices being quoted by Chinese offerings are firming up too. In this context, price offerings made by Indian exporters are "more competitive".

Business Line dt. 16.12.22.

Decision on additional sugar export quota next month

Prabhudatta Mishra
New Delhi

The Centre will assess the overall production of sugar and its demand scenario next month to decide if the additional quantity of the commodity can be released for export beyond the 60 lakh tonnes (lt) approved until May 31.

This comes amid the prospect of over 400 lt of sugar production (including the quantity that will be diverted to ethanol) in current sugar season to September.

"We will take a call in January as crushing is in full swing now," said Sanjeev Chopra, Food Secretary, when asked if the Government is considering releasing additional sugar export quota.

Speaking on the sidelines of the Indian Sugar Mills Association (ISMA) annual general meeting, he said the situation is comfortable and the production is likely to exceed 410 lt in the current season.

The Centre, on November 5, permitted the export of 60 lt of sugar, while continuing the export policy through permits.

ETHANOL BLENDING

Chopra said ethanol blending is likely to be 12 per cent in the current ethanol year (December-November) after the country achieved a 10 per cent blending target in the last season.

The Government aims to increase the blending to 15 per cent in 2023-24 season.

Earlier, he said the Government's subsidised interest scheme on bank loans has been extended to create an ethanol production capacity of 650 crore litres, of which firms having a capacity of 350 crore litres are already operational.

The Food Secretary urged the sugar industry to look beyond conventional sugar and try to produce the products which consumers demand. "The first message I'd like to give is to go beyond conventional sugar. We are not actually giving as much focus to refined sugar, speciality sugar, sugar for particular sectors...What is required is that we need to produce what the customer wants," he said.

"For instance, for the beverages industry why would you need to produce crystal sugar when probably what they need is liquid sugar," he wondered.

Business Line dt. 16.12.19

Namakkal exports eggs to Malaysia on a trial basis

TE Raja Simhan
Chennai

Around 90,000 eggs were airlifted from Tiruchi airport on Wednesday night to Malaysia to tide over the shortage of eggs there.

The trial shipment was sent after the Malaysian Agriculture and Food Security Minister approached the Indian Embassy at Kuala Lumpur seeking to import Indian eggs as Malaysia has been facing a shortage of table eggs for the past few months.

The High Commissioner of India at Kuala Lumpur wrote to the Centre on December 12 detailing the egg shortage in Malaysia and their interest in importing from India. The Agricultural and Processed Food Products Export Development Authority (APEDA) and the Animal Quarantine and Certification Services (AQCS) expedited the certification process and facilitated trial "First ever shipment of eggs" from Namakkal, Tamil Nadu to Malaysia.

The exports are expected to continue once the trial shipment is approved and accepted by Malaysians, said Shobana Kumar, Regional Head, APEDA, Chennai, in a release.

Dec iron ore exports show marked improvement

Abhishek Law
New Delhi

India's iron ore exports witnessed a month-on-month uptrend in December with 0.6 million tonnes (of fines and lumps) being booked for the first two weeks of December. This is almost double of what was booked in November, and nearly 60 per cent higher than that of the full month last year.

Shipments for November was 0.29 million tonnes (mt) - a 131 per cent month-on-month, trade and vessel line-up data tracked by Steelmint shows.

BEST SINCE JUNE

As per trade sources, the December bookings so far are amongst the best since June.

Data from the Ministry of Commerce shows that, 0.31 mt was exported in June; in July it was 0.5 mt; in August it was 0.41 mt; in September it dropped to zero and picked slightly in October to 0.13 mt.

NEGATIVE FACTORS

Iron ore shipments started falling on the back of weakened commodity cycle, strict Covid control measures in China – the key export market; and India imposing strict export duty on steel making commodities including high-grade ore. Uptake started November end after withdrawal of export duty from November 19.

"Due to cargo lying at ports, Indian iron ore export activities have rose post-removal of export duties on ore. December trends are quite good at the moment," the official told *businessline*.

After removal of the said duties, several trading houses communicated export offers for iron-ore - 52-57 per cent fines - that were due for loading end-November to early December, a SteelMint report said.

FINANCIAL EXPRESS

Dt. 19.12.22.

SIGNS OF GLOBAL SLOWDOWN

Export financing falls 28% as global demand slows

HITESH VYAS
Mumbai, December 18

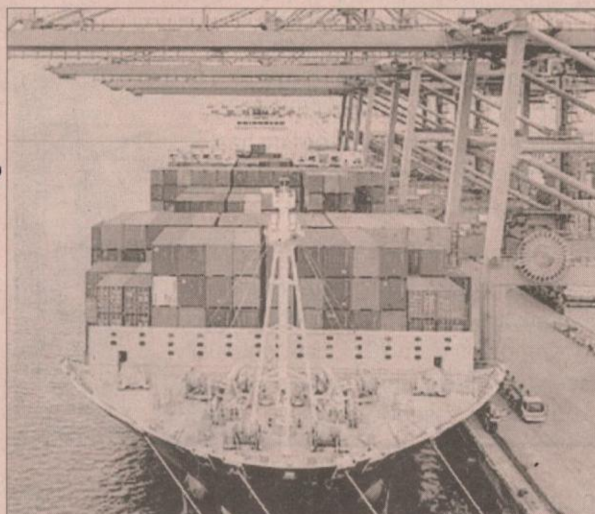
AS SLOWDOWN IN the global economy continues to weigh on the demand for Indian goods, export financing has also seen a sharp decline at around 28% during the first seven months of the current fiscal.

According to the recent RBI data, export credit has fallen from ₹23,330 crore as on March 25, 2022 to ₹16,909 crore as on October 21, 2022.

It had dropped by 6.8% to ₹22,584 crore as on October 22, 2021 from ₹24,231 crore as on March 26, 2021.

Banking sources said that export credit has further fallen in November and December in the wake of slowdown in the global economy, especially the US. In the last one month, there has been a fall of around 5% in the outstanding export credit but it is likely to dip by 10-15% over the next few months, bankers said. The RBI will release the export credit data for November by the end of this month.

The country's export growth has been sluggish on slowing demand due to fear of recession in advanced countries, tight monetary and financial conditions across the globe and also on uncertainty around the Russia-Ukraine war.



"The utilisation (of export credit) has come down very drastically because of multiple reasons. One of the major factors is that the recessionary fears are coming into picture in the US, UK and Europe," said a banker.

Due to this uncertainty, exporters are either delaying their shipment orders or are not extending the terms of the contract, and looking to sell their products in the domestic market, he said.

Export financing may be denominated either in Indian rupees or in foreign currency. Bankers said due to higher rates, the cost of availing export credit in foreign currency is very high and so exporters are going for rupee loans.

During April-October 2022, the merchandise exports grew by 12.55 per cent to $263.35 billion. This compares with a growth of 55.13 per cent in the same period of previous fiscal. For the first time in many months, the merchandise exports contracted by 16.65 per cent to $29.78 billion in October 2022. In November, it grew by 0.6 per cent to $31.99 billion. The rebound largely reflects the reversal of the effect of fewer working days, owing to Diwali in October this year versus November last year, Nomura said in a recent report.

Weak growth in exports will mean decline in inflows into the country which will have an impact on the current account deficit (CAD) and the rupee, bankers said. "The rupee inflow will come down which will weaken the domestic currency. We will see higher imported inflation as you are importing all the materials for manufacturing but you are not exporting to that extent. Therefore, there will be a negative impact on your current account balance," said another banker. According to Nomura's report, a global slowdown serves as a double-edged sword for the external sector.

"On the one hand, the domestic slowdown and lower global commodity prices should result in lower imports. On the other, the current account would be under pressure from lower exports, and the capital account would face outflows from investment, trade credit and external commercial borrowings, reflecting tighter lending standards by commercial banks globally," it said. "On the whole, we expect the current account deficit to narrow to 2.5 per cent of GDP in 2023 from 3 per cent in 2022 but, at nearly $100 billion, funding this deficit will still require large debt and equity inflows," the report had said.

Financial Express dt. 19.12.22

Exporters seek support measures in Budget

EXPORTERS HAVE SOUGHT support measures like waiver of electricity duty and easier availability of credit in the forthcoming Union Budget to boost the country's outbound shipments.

According to exporters, the finance ministry needs to provide reasonable funds to the Department of Commerce not only for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme reimbursement but also for export promotion and other initiatives.

Under the RoDTEP, various central and state duties, taxes and levies imposed on input products, among others, are refunded.

They have also suggested certain tweaks in customs duties and availability of credit at affordable rates to boost exports and create jobs.

— PTI