# **Domestic Demand, Policy, and Trade** Reshape India's Ferrous Price Signals



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*Driven by massive investment, surging infrastructure demand, and a return to net-exporter status, India's ferrous market is decoupling from global benchmarks to become a standalone regional reference point. With steel production accelerating, shifting local demand patterns for HRC and rebar are redefining domestic pricing as a vital, independent market signal.*

India's economic transformation is increasingly reflected in the growth of its metals and mining sector. Whether it is housing, transport infrastructure, renewable energy, manufacturing, industrial corridors or defence, steel consumption is an important indicator of industrial and infrastructure activity. India's crude steel production has already surpassed 169 million MTMT annually and continues to expand through a multi-billion-dollar investment cycle involving major and emerging producers. The Government's long-term objective of reaching 300 million MTMT of steelmaking capacity has strengthened the country's position in global ferrous markets.

While India still references global benchmarks for many key inputs, an increasingly important question is whether Indian prices are becoming commercially relevant reference points for market participants within India and are beginning to gain greater relevance across the region. In this regard, India's steel, metallurgical coal and iron ore markets provide growing insight into market fundamentals that often differ from those observed in China, Europe or North America.

The story of India's ferrous market demonstrates why domestic price formation matters. Steel demand has remained resilient despite periods of global economic uncertainty, with apparent finished steel consumption reaching 164 million MT in fiscal year 2025-26, representing growth of nearly 8% compared with the previous year.

India also returned to net exporter status after two years of net imports, as exports increased by 36% while imports fell by nearly 32% during fiscal year 2025-26. At the same time, domestic steelmakers benefited from safeguard measures, rising infrastructure spending, manufacturing growth and continued investments in downstream industries. These developments created pricing conditions that often diverged from global benchmarks, thereby generating spreads that reflect how international market developments are transmitted through domestic market conditions.

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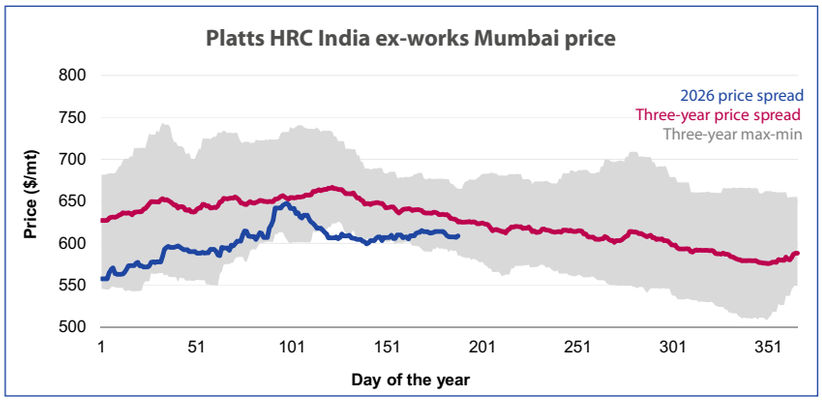


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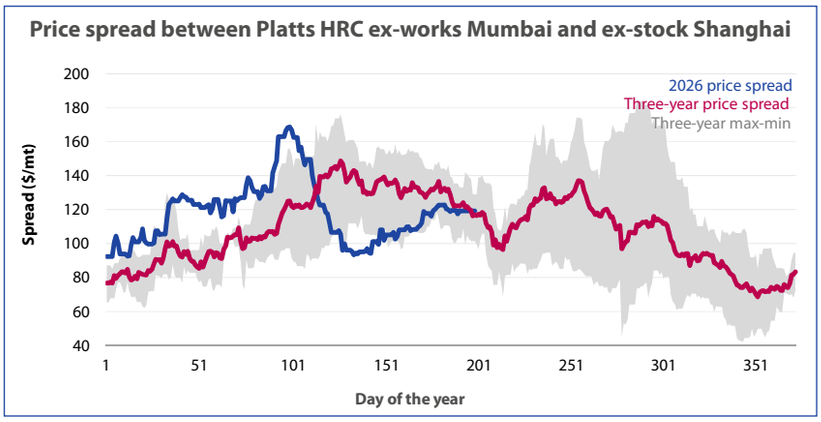
The clearest starting point is India's hot-rolled coil (HRC) market. Platts ex-works Mumbai prices strengthened sharply during the first four months of 2026, rising from around $560/MT at the start of the year to above $640/MT by April before moderating during the second quarter. The rally was initially driven by safeguard-duty related sentiment, lower steel imports, declining inventories and financial year-end restocking. Higher freight costs, a weaker Indian rupee and rising imported raw material costs also supported domestic steel prices as mills sought to protect margins.

The subsequent pullback reflected softer spot demand rather than a collapse in market fundamentals. As prices rose, buyers became increasingly reluctant to restock and instead consumed existing inventories. Imports became more attractive as the premium over international markets widened, while utilization rates eased and inventories began rebuilding.

Notably, 2026 HRC prices remained below the three-year average for much of the year despite the strong first-quarter rally. This largely reflects the influence of exceptionally elevated steel prices recorded during 2023-24, when global raw material costs, supply disruptions and stronger international steel prices lifted the historical average.

encouraged greater overseas offers, including China-origin material, while domestic buyers became more cautious after the first-quarter rally. At the same time, Chinese prices found some support from periodic supply-side measures and improved sentiment around industrial activity. The extreme premium observed early in the year therefore proved difficult to sustain.

The significance of the early-year premium is that Indian HRC was not simply tracking China-led Asian price direction. Instead, domestic policy, demand and trade conditions temporarily pushed Indian prices onto a different path. This is the first clear indication that Indian prices are

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The divergence between Indian and international market conditions is apparent in the spread between Platts HRC ex-works Mumbai and ex-stock Shanghai. At the beginning of 2026, the spread widened significantly and traded well above historical norms.

The widening spread reflected a clear divergence in domestic fundamentals: Indian HRC was supported by safeguard-related sentiment, lower imports and firmer demand expectations, while Chinese HRC remained pressured by overcapacity and weak property-linked demand. The result was a substantial Indian premium over Chinese material.

The spread subsequently narrowed during the second quarter as arbitrage and demand normalization reasserted themselves. High Indian prices

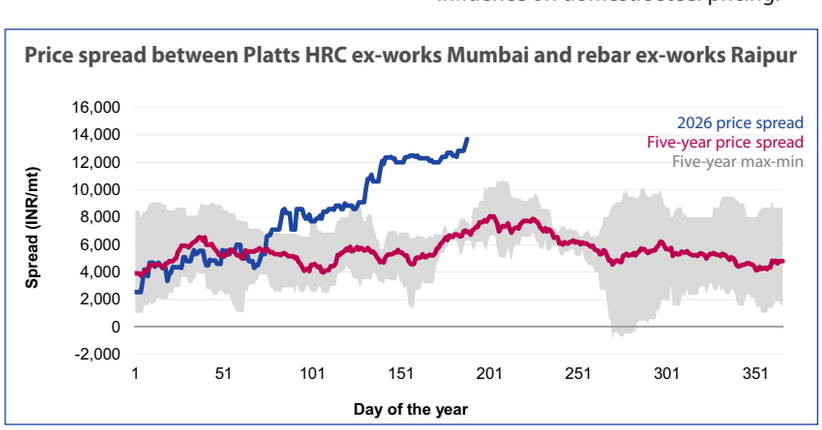
becoming more useful as standalone reference points.

The same pattern is visible within India itself. While the Mumbai-Shanghai spread shows India's divergence from an external benchmark, domestic steel spreads show how price formation is also becoming more differentiated across India's own steel value chain.

A second indication of India's growing pricing relevance can be observed through the spread between Platts HRC ex-works Mumbai and rebar ex-works Raipur. This spread reflects differences in conditions between India's flat and long steel markets. During 2026, the spread widened significantly, recently reaching a high of ₹ 13,700/MT, as flat steel prices substantially outperformed long products.

HRC prices received support from safeguard measures, export opportunities in overseas markets and higher raw material costs linked to freight disruptions and currency depreciation. Rebar prices, by comparison, faced a more challenging demand environment. Construction activity slowed seasonally amid inflationary pressures and rising project costs, while monsoon-related disruptions weighed on consumption expectations.

The widening differential may also reflect changes in the composition of steel demand within India. Steel demand is increasingly supported by sectors beyond real estate and traditional construction. Growth in automotive manufacturing, engineering products, capital goods, renewable energy and industrial production has increased the relative importance of flat steel consumption. As India continues to industrialize, these sectors are likely to exert a larger influence on domestic steel pricing.

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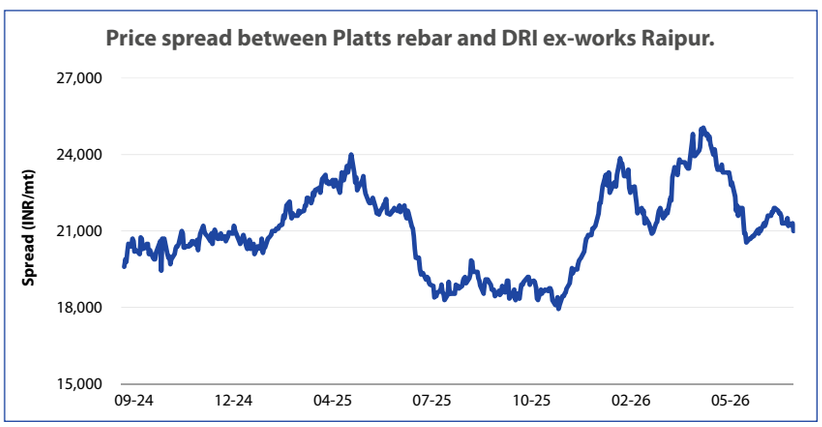
steel producer margins from late-2025 lows.

However, that improvement was not sustained. As construction activity slowed, buyers became more cautious, project execution softened and monsoon-related disruptions weighed on demand. Rebar prices came under pressure, compressing the spread from earlier highs.

The evolution of the rebar-DRI spread highlights how Indian steel prices increasingly reflect domestic construction activity, infrastructure spending and seasonal demand patterns. The spread captures shift in pricing power and profitability within India's domestic steel supply chain.

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The long steel value chain provides a more direct view of how these domestic demand shifts affect producer margins.

The spread between Platts rebar ex-works Raipur and direct-reduced iron (DRI) ex-works Raipur provides insight into value creation within India's long steel value chain. DRI is a key metallic input for induction furnace and electric arc furnace producers, making the spread a useful indicator of downstream pricing power.

While rebar underperformed HRC during much of 2026, it still strengthened relative to key metallic inputs during late 2025 and early 2026. Rebar prices benefited from the broader first-quarter recovery in India's steel market, supported by safeguard measures, lower import pressure and higher replacement costs associated with freight disruptions. DRI prices also increased, but lagged gains in finished steel. As a result, the rebar-DRI spread widened, supporting a recovery in long

Raw materials show a similar pattern. Indian prices remain linked to global supply shocks, especially in coking coal, but delivered values are increasingly shaped by local procurement behaviour, steel production needs and substitution between coal and coke.

Platts premium low-volatile hard coking coal (PLV HCC) CFR India prices rose sharply during the first quarter of 2026 and briefly approached $270/MT before declining during the second quarter. The initial rally was primarily driven by severe weather disruptions and force majeure declarations in Queensland, Australia, which reduced spot cargo availability and tightened export supply. Indian steel producers continued purchasing despite high prices because domestic steel production remained strong and inventory replenishment was required.

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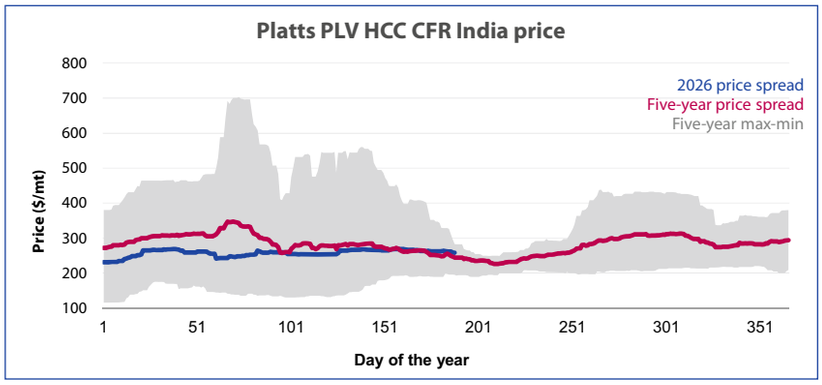
Prices subsequently weakened as Australian supply recovered, Indian mills became increasingly price-sensitive, and more buyers shifted their requirements toward long-term contracts. Increased domestic coking coal production, greater use of imported Indonesian coke and weaker spot buying activity also reduced demand for seaborne premium hard coking coal.

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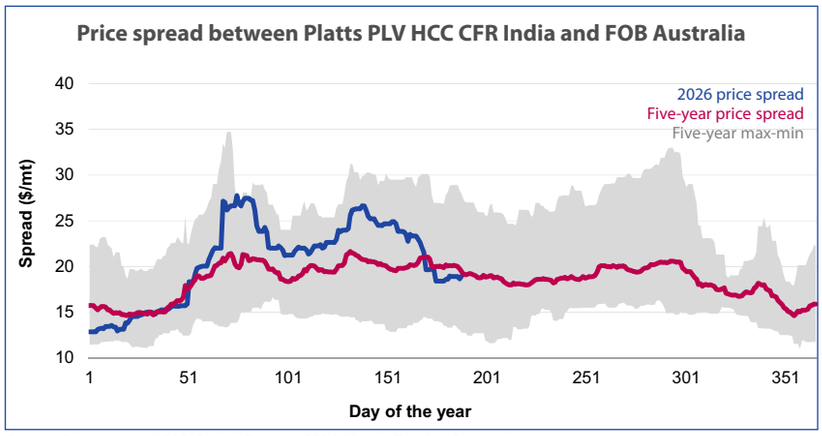
Despite the first-quarter rally, CFR India prices remained below the five-year average for much of 2026. This reflects the inclusion of the exceptional coal price spikes recorded during 2021-22 and parts of 2023, when supply disruptions and energy market volatility pushed coking coal prices to historically elevated levels. Relative to those years, the 2026 market was considerably better supplied despite periodic Australian disruptions.

The spread later retreated toward historical norms for several reasons. First, Australian supply began recovering as weather-related disruptions eased. Second, Indian steel demand softened, and mills became increasingly price sensitive. Several producers shifted toward long-term contracts rather than spot purchases, reducing immediate buying pressure. Third, domestic coking coal production improved materially during the first half of 2026, helping moderate import requirements. Finally, growing imports of Indonesian metallurgical coke reduced the need for certain coal purchases. Together, these developments weakened CFR India premiums and brought the spread back toward average levels.

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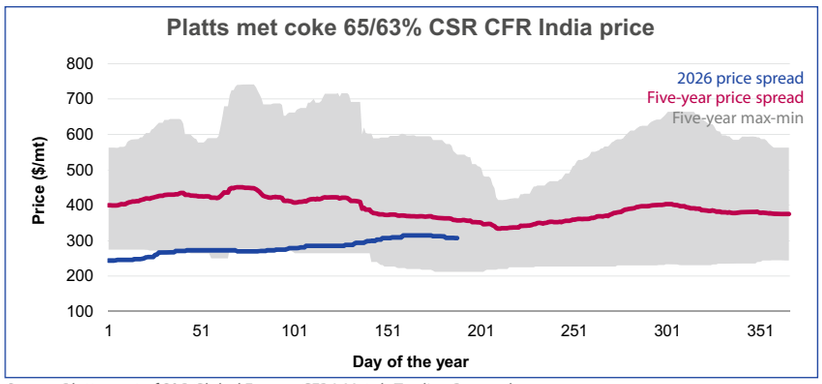
The evolution of metallurgical coal pricing provides another compelling example. The spread between Platts PLV HCC CFR India and FOB Australia spent much of early 2026 close to its historical average before widening temporarily and then narrowing again.

Following the weather-driven rally, the CFR India premium over FOB Australia widened as Indian buyers continued to secure cargoes despite elevated prices and constrained supply. Although weather-related disruptions lifted FOB Australia prices sharply, CFR India values increased even more as Indian buyers continued securing cargoes despite tightening supply, pushing the spread above historical norms. The spread analysis focuses on how Indian purchasing behaviour influenced relative pricing rather than the outright coal price trend itself. The market was also adapting to India's growing dependence on imported coking coal, which continues to account for approximately 95% of requirements despite government efforts to increase domestic production.

was policy. India initially imposed quantitative restrictions on metallurgical coke imports before transitioning to antidumping measures. At the same time, competitively priced Indonesian coke increasingly entered the market. For many steelmakers, imported coke became more economical than purchasing premium coking coal and producing coke domestically. This increased competition within the coke market and placed sustained downward pressure on prices.

The modest recovery visible later in the year was generally linked to periods of tighter coal availability and seasonal improvements in steel demand. However, the broader trend remained subdued as alternative coke supply routes and changing raw material procurement strategies continued to weigh on pricing.

Another important relationship is the spread between metallurgical coke and coking coal, represented by the spread between metallurgical coke 65/63% CSR and PLV HCC CFR India. This spread reflects the economics of coke production, relative raw material costs and supply availability. During 2026, the spread remained substantially below its five-year average, indicating unusually weak coke prices.

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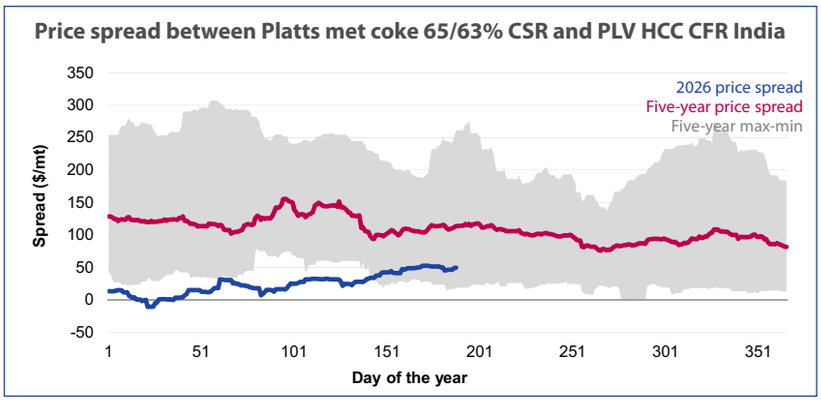
Platts metallurgical coke 65/63% coke strength after reaction (CSR) CFR India prices remained weak throughout 2026 and traded well below the five-year average despite a modest recovery later in the year. A key driver

The weakness in the spread reflected the divergence between coke and coking coal pricing during 2026. While metallurgical coke prices remained under pressure, coking coal prices were relatively well supported by weather-

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related supply disruptions in Australia, freight volatility and continued demand from major steel-producing regions. As a result, the cost of coking coal remained elevated relative to coke values, compressing the margin available within the coke production chain and keeping the spread below historical norms.

Periodic improvements in the spread were largely driven by temporary supply tightness in Australia and seasonal rebounds in Indian buying activity. However, the spread remained historically weak because coking coal prices recovered more strongly than coke prices, preventing a sustained widening in coke production margins.

**As production, consumption and trade volumes continue to expand, domestic prices are likely to become increasingly important indicators for Indian stakeholders and may play a larger role in forming regional trade decisions across Asia.**

Taken together, these spreads illustrate a common theme. Indian commodity prices are increasingly shaped by domestic fundamentals that are not always reflected in international benchmarks. Safeguard duties, monsoon seasonality, infrastructure spending cycles, LNG availability, currency movements, capacity additions and evolving trade policies can produce pricing outcomes that differ materially from those in other major markets.

This distinction becomes increasingly important as India's role in global ferrous markets expands. Iron ore imports increased 15% year over year during January–April 2026, while India remained a major importer of metallurgical coal and an increasingly significant participant in regional steel trade.

The growing relevance of Indian pricing reflects the increasing scale and complexity of India's commodity markets. As production, consumption and trade volumes continue to expand, domestic prices are likely to become increasingly important indicators for Indian stakeholders and may play a larger role in forming regional trade decisions across Asia.