

**RESEARCH****CEMENT**

Demand green shoots in sight; price revival a mixed bag

**SUMMARY****CEMENT**

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- Non-trade prices gained pace in many regions (hiked by Rs15-20), while trade prices were listless, thus narrowing the trade non-trade price gap
- Our channel checks indicate demand is likely to steadily pick up in the busy Q4 helping absorption of meaningful price hikes

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**CEMENT**

31 December 2024

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**Cement prices gain ~3% MoM, gaining pace in the non-trade segment:** All India cement prices in Dec'24 was ~5.5% lower YoY at Rs 334/bag compared to Rs 354/bag in Dec'23 (Rs 324/bag in Nov'24). Our channel checks indicate prices were hiked by ~Rs15-20 in the non-trade segment while trade segment prices were largely steady narrowing the price gap between trade and non-trade segment.

**Non-trade segment gains across regions; trade segment listless:** Cement prices in the trade segment stayed listless and reverted back to the previous month average after the initial jump in the earlier part of the month. However, the gap between trade and non-trade prices narrowed (from Rs 50/bag earlier) to ~Rs 30/bag in excess-supply regions like Chhattisgarh, Rajasthan and Telangana, while in other regions trade and non-trade prices were seen further narrowing the gap. Prices were hiked by Rs 10-20/bag in the non-trade segment across regions with the pace being higher in few regions that had seen sharp falls earlier (hike of ~Rs40).

**South and East India remain under pricing pressure:** Cement prices fell the most in East and South India by ~7%/15% YoY ahead of the All-India average decline of ~6%. This was followed by North and Central region that fell by ~4%-3% each YoY. West India was an exception with flat pricing YoY and 5% jump MoM thus remaining the best option. East region prices gained the highest by 6% MoM. Demand revival was steady with few regions like West have seen healthy revival of ~ 10-15% MoM.

**Demand reversal expected in the busy Q4, help price hikes:** Our channel checks (23 across the country) indicate firmly that genuine demand revival is expected from January 2025 across the real-estate sector as well as the infrastructure segment. This will facilitate price hikes in the trade and non-trade segment. The cement demand season can continue strongly till June 2025 as per early indications.

**No change in stance on the sector:** We maintain our positive stance on UTCEM, and retain our HOLD ratings on JKCE and ACEM. We maintain our HOLD rating on SRCM with a positive bias. We continue with our negative stance on TRCL and JKLC and downgrade DALBHARAT to SELL rating (HOLD earlier).



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