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Indian Developments

Sponge Iron

Sponge iron price too was driven by sentiments of increase in finished steel prices and gained handsomely at most locations as follows: Bellary (800), Kolkata (1500),Raigarh (550), Raipur (1350) and Rourkela (800).

Melting Scrap

Steel scrap prices have surged by about INR 1500-1700 (USD20-25) at Mandi and Mumbai in the last 3 days of the week basically on devaluation of Rupee to 66.5. It seems that the sentiments are driving this surge as Rupee devaluation in last 15 days by about 4% adds less than USD 10 or about INT 650 per tonne to the importers cost. Moreover, global scrap prices are weakening as Turkish steel mills are holding their buying at current levels. Price movements in scrap at various locations were as follows: Hyderabad (200), Kandla (-200), Kolkata (550), Mandi (800) and Mumbai (500). Ship breaking and plate cutting scrap levels at Alang though showed mixed movements at INR -200 pmt and INR 400 pmt respectively .

Semis

Input material billets and pencil ingot prices flared at most locations to its highest point In 3 months as follows: Pencil Ingot : Durgapur (1100), Ghaziabad (1200), Hyderabad (1300),Kolkata (500), Mandi (700), Mumbai(800),Muzaffarnagar (1400), Raipur (2100) and Rourkela (1000) Billets : Hyderabad (1000), Jalna(1000), Durgapur (700),Raipur (2100), Rourkela (1000).

Ominous clouds of import threat however have barely receded with devaluation in Chinese currency, Yuan has started to show its impact on export offers as Chinese billet offers have fallen by USD 10/MT to USD 315/MT CFR and it can be held at bay only as long as INR remains weak v/s USD.

Rebar (TMT/QST)

Uncertainty in import bookings saddled by losses on account of currency devaluations and continuous fall in global steel price levels, many importers have burned their fingers. Moreover the uncertainty in change of import duty, imposition of safeguard duty and inclusion of 16 more products in Steel Quality Control order etc are also deterring importers in recent times and many are relatively quiet. This has led to a perception of small shortage on the supply side affecting handsome gains in price of rebar. Rebar price levels triggered the rally in all products as follows: Ahmedabad (1000), Delhi (1850), Hyderabad (1100), Ahmedabad (800),Jalna (1900), Kolkata (2100), Mandi (1000), Mumbai(1400), Raipur (2100) and Rourkela (1400).

Demand Indicators

For investors worried about the health of emerging economies, India's gross domestic product data for April-June should supply some cheer. The country is expected to remain the fastest growing major economy for a second straight quarter. The median estimate from a Reuters poll of economists put GDP annual growth at 7.4 percent in the quarter, just below 7.5 percent in January-March. India stands to benefit from China's slowdown thanks to its resilient consumer spending and improving macroeconomic fundamentals. The foreign media is taking note of the growth potential of Asia's third-largest economy acknowledging the strengths of India against the backdrop of a slowing China and a sluggish global economy.

The government has identified 305 cities and towns for constructing homes for the urban poor under the 'Housing for All by 2022' mission. These cities and towns are spread across nine of the 15 states that have signed memoranda of agreement (MoA) with the ministry of housing and urban poverty alleviation for the programme.

Under the Housing for All initiative, also called the Pradhan Mantri Awas Yojana, the central government has targeted to build 2 crore homes for urban poor by the year 2022. This will coincide with the 75th year of India's independence. The initiative was launched by Prime Minister Narendra Modi on June 25.

Looking Ahead

September is expected to be packed with activity with both long and flat steel market up for challenges amidst turbulence in currency market and import meanderings by China. Demand fundamentals remaining weak it would be onerous for the secondary market to hold on to price hikes witnessed recently since the thick of construction activity and slated to commence only by mid-October with the end of Pitra Paksh.

Chinese offers of billets and finished products already declining recently the market is likely to slide back to low trajectory sooner rather than later. The occasional blip can come from and imminent reduction in lending rates by 25 bps by RBI in September and the INR continuing to remain weak in the short term.

The Indian currency ended at 66.14 on Wednesday. It has weakened 4.70% so far this year. However, the weakness has exaggerated after China devalued its currency earlier this month. CRISIL analysts in their recent report see two third possibility of Rupee recovering to 64 and one third chance of slide to 67 by March 2016.

Indian Steel News

Talks between the Indian Prime Minister's Office, Odisha government and South Korean company Posco on Tuesday to revive the firm's proposed 12 million tonne steel project ended in a stalemate. At a meeting convened by the PMO to explore ways to revive the sagging fortunes of Pohang Steel Company or Posco's project worth Rs 52,000 crore in Odisha 's Jagatsinghpur district, the South Korean company's India representatives said the firm cannot proceed on the steel plant in the current format. They argued that project has already sustained a huge delay of ten years despite sustained efforts for securing land and ensuring raw material security. A source privy to the meeting told this newspaper "They did not say that the firm is pulling out of Odisha. But they made it clear that in the current format or present situation, they would not be able to proceed."

To ensure raw material supply to its plants, Jindal Steel & Power Limited may bid for iron ore mines in Odisha in forthcoming auctions, which are scheduled to start in October-November this year. JSPL plans to expand the production capacity of its plant here from 2 million tonnes per annum to 6 MTPA by the end of next year, is battling raw material security at present. A senior company official told PTI "We may decide to go for auction when it happens in Odisha. We are evaluating at present. We will see whether we can buy iron ore from market or participate in auction as Odisha is one of the richest states in the country when it comes to availability of iron ore.'

Bhushan Steel Liited said that it is in talks with Monnet Ispat and Energy to acquire the company's stake in Orissa Sponge Iron and Steel.

In a BSE filing. Bhushan Steel said "Our discussion with Monnet Ispat regarding purchase of their stake in Orissa Sponge Iron & Steel Ltd (OSISL) is at a very preliminary stage and management is looking into the viability/possibility in this regard and proper due diligence is also needed which will take about 45/60 days."

The Tribune reported that more than 30 per cent steel and furnace industries in the steel town of Mandi Gobindgarh have closed down as the state government has failed to introduce a favourable industrial policy. As per report "Out of the total 450 steel and furnace units, nearly 160 units have already shut down or shifted to some other states during the past eight years" Unable to bear the heavy losses, about 15 to 20 per cent manufacturers have already put their furnaces up for sale but have failed to find any buyers. The ones that are still operating have decided to cut down their production by 50 per cent to minimize their losses.

Business Standard reported that steel industries in the Odisha state lifted 59.2 per cent of the iron ore allocated by state controlled miner Odisha Mining Corporation in the April-July period of tis fiscal. OMC allocated 0.95 million tonne for 18 MoU signed steel units for the April-July period. These units actually lifted 0.56 million tonnes in this period, according to a written statement in the state assembly by steel & mines minister Prafulla Mallick.

The Hindu Business Line reported that the 27 bank lenders' forum is yet to decide on the new promoter-investor for Electrosteel Steels and according to Mr P Srinivas MD and CEO of UBI there is no great improvement in the matter although the lenders' forum has initiated discussions. He said "There is time till September to identify the promoter-investor." The lenders, he said, have a six-month time-frame to complete the process, which began in July, so that their exposures to Electrosteel Steels remain a standard asset.

Union Finance Minister Mr Arun Jaitley asked the highly stressed Indian domestic steel industry to address the root cause of the problem by increasing its own competitiveness instead of looking at band aid solutions such as higher import duty. Mr Jaitley, while addressing the conference "Road map to 300 MT: Opportunities and Challenges for Secondary Steel Producers" said "The root cause is that you have to take into account various factors and make our own domestic industry competitive and when you become competitive, the external factors' ability to adversely affect you is also reduced. On the one hand, you have the challenge of excess of protectionism as a defensive policy. It can have a spiral impact on user-industries. So, policy-makers will have to do a balancing act. You have to enable yourself for cost competitiveness hand-holding can take place up to a point. Beyond that point, one has to stand up and run the industry on own strength."

India's Director General of Safeguards has moved quite fast after receiving complaint from a group of Indian HR producers and has already started inspections to understand the seriousness of the issue. As per report" A team from the DGS has already inspected the plants of JSW and SAIL, in order to understand the seriousness of the situation. A source in the industry said the visit showed that the government is viewing the situation with utmost seriousness." The report quoted an official as saying that DGS will conduct an investigation to verify industry data to ascertain whether rising imports have caused injury to domestic industry. If injury is proven, DGS could recommend safeguard duty. The recommendation will be vetted by a review panel consisting of the commerce, steel and revenue secretary before a final decision is taken by the government."

JSW Steel expects to invest about INR 5,000 crore on various capital expenditure projects in this fiscal ending March 2016. CMD Mr Sajjan Jindal has said "The company is expected to invest approximately INR 5,000 crore during FY16 on various capital expenditure programmes." At present, the firm has a capacity of 14.3 million tonnes across two integrated steel plants in Maharashtra and Karnataka. Implementation of ongoing projects like modernisation of BF 1 and electrical steel complex at Vijayanagar and the capacity expansion project from 3.3 MTPA to 5 MTPA at Dolvi are progressing satisfactorily and are likely to complete as per schedule. The company aims to add 4 million tonnes to increase its capacity to 18.6 million tonnes in 2015-16.

India's Union Minister of Steel and Mines, Mr Narendra Singh Tomar inaugurated a Steel Processing Unit established under Public Private Partnership between SAIL and Prime Gold Private Limited. The unit has been set up in Billowa, Madhya Pradesh under a Joint Venture. Prime Gold has 74% and SAIL has 26% stakes in this unit, which will produce one lakh tonnes of world class TMT steel and 60,000 tonnes billets will be supplied from SAIL plants to this unit annually.

China's Baosteel and Kolkata-based Visa Steel have decided to merge Visa Bao and Visa Steel. The amalgamation, which will result in a five per cent stake for Baosteel Resources in Visa Steel, was approved by the board of directors of Visa Steel and Visa Bao on Friday. Mr Vishal Agarwal, vice-chairman and managing director of Visa Steel, said "The amalgamation will make Visa Steel one of the largest ferro chrome producers in India. The integration will improve the operational and cost efficiency of the ferro chrome business." Visa Bao was set up in 2008 for building a ferro chrome plant in Odisha, in which Visa Steel holds a 65 per cent stake and Baosteel 35 per cent.

The Hindu Business Line reported that for the past 45 days, Tata Steel has not been allowed to move iron ore from its prime captive mines at Noamundi on the orders of the Jharkhand government. Tata Steel sources confirmed to BusinessLine that in early July, the State government stopped issuing forwarding notes for iron ore dispatches from the mines to the company's Jamshedpur plant. Jharkhand's move has come as an extension of an unresolved lease renewal issue that has been pending for many years now. It has effectively dried out supplies from the nearest in-house and dominant raw material mine in West Singhbhum district for Tata Steel's plant in East Singhbhum.

The Rashtriya Ispat Nigam Limited achieved a milestone on Friday in its strategic initiative with the laying of foundation stone for transmission line towers (TLT) project, a joint venture between the RINL and Powergrid at an estimated cost of around Rs 330 crores, according to a press release.

The RINL-Powergrid TLT private Ltd Company is a 50:50 joint venture. It will come up on steel plant premises. The facilities include TLT Fabrications unit and TLT galvanising unit to produce 1, 20, 000 tonnes per annum of TLTs. The inputs such as angles would be supplied by the steel plant.

The Union Finance Minister Arun Jaitley inaugurated the conference on 'Roadmap to 300 Million Tonnes: Opportunities and Challenges for Secondary Steel Producers' at Vigyan Bhawan on Saturday. Union Minister of Steel and Mines Narendra Singh Tomar and Minister of State for Steel and Mines Vishnu Deo Sai were also present on the occasion. The maiden conference of secondary steel makers from across India, along with representatives of the government, was organised by the Ministry of Steel, in collaboration with Joint Plant Committee and Federation of Indian Chambers of Commerce and Industry. It is for the first time that a conference exclusively for the secondary steel sector has been organized by the Ministry of Steel jointly with FICCI and JPC. The conference discussed not only the readiness of the secondary steel sector but also the issues and challenges faced by the steel industry and in particular the secondary steel sector. CEOs and Chairmen of associations like Sponge Iron Manufacturers Association (SIMA), All India Induction Furnace Association (AIIFA), Steel Furnace Association of India (SFAI), All India Steel Re-Rollers Association (AISRA), Steel Re-rolling Mill Association (SRMA), Sihor Steel Re-rolling Mills Association (SSRMA), Steel Wire Manufacturers Association of India (SWMAI) and CEOs/ CMDs of well-known companies were present and expressed their views in the conference.

INR 200 crore corpus has been created to fund the activities of Steel Research Technology Mission of India for promoting research in iron and steel sectors and turn the country into a metallurgical hub. Stating this while addressing a national seminar on “Processing and Applications of Advanced Metallic Materials”, President Indian Institute of Metals and Steel Authority of India Director Technical Mr SS Mohanty, said that while INR100 crore was provided by the Government of India, the remaining half was contributed by the steel producing companies

Electrosteel Steels Ltd has said that it has become a ‘potentially sick company’ at the end of 2014-15 and needs to inform the development to the Board for Industrial and Financial Reconstruction. The company will hold an EGM on September 11 at Ranchi to consider the issue. It said that its accumulated losses at the end of 2014-15 stood at INR 1,356.33 crore against its peak net worth of INR 2,226.67 crore in the immediately preceding four financial years. Since the erosion is more than 50 per cent of the peak networth as defined by the Sick Industrial Companies (Special Provisions) Act, it is required to discuss the issue with the shareholders and report to BIFR.

KIOCL Ltd plans to establish a pellet plant of one million tonne per annum (capacity through a JV with Andhra Pradesh Mineral Development Corporation in Ananthpur district of Andhra Pradesh. The pellet plant, to cost INR 1000 crore, is expected to be operational in 2017. KIOCL had already signed a memorandum of understanding with APMDC in 2013 for the proposed plant.

Odisha based steel companies have voiced their opposition to a recent government notification on fixation of ceiling on mineral transportation rates. The All Odisha Steel Federation, an association of steel units operating in the Kalinganagar industrial complex, complained that the new rate has actually hiked transportation cost for minerals by 30 per cent for destinations below 100 km. Mr PL Kandoi, president, AOSF said in a memorandum submitted to the state chief secretary Mr GC Pati “The rates due to this notification will increase by 30 per cent instead of reducing it (in below 100 km destinations). It is seen that there is some reduction on rates on long distance traffic, but in mineral transport, destination is mostly within 100 km where these rates have been increased by almost 30 per cent instead of reduction. Since the purpose of the notification has been defeated, it needs to be withdrawn, and a fresh notification needs to be issued after consultations with the industry representatives.”

Global Steel News

Baoshan Iron & Steel, China's biggest listed steel company, reported a modest increase in first half profit on Monday, citing easing demand in its domestic market. Net profit in the six months to June 30 rose 0.65 percent year on year to 3.17 billion yuan ($495.1 million). It said "The steel sector has entered its usual winter mode as demand for downstream products sees slowing growth, competition intensifies and environmental requirements become more stringent."

China's largest mill by output Hebei Iron & Steel Co said that its first-half earnings rose by 7 percent as operating expenses declined with raw-material prices and it took steps to control costs and improve profitability. Net income increased to CNY 357 million yuan (USD 56 million) from CNY 333 million a year earlier while sales fell to CNY 42.4 billion from CNY 51 billion.

South Africa's Trade and Industry Minister Mr Rob Davies has approved recommendations to increase a 10 % import tariff on some cheap Chinese steel imports. Mr Davies' move follows an application lodged by steel majors ArcelorMittal and Safal Steel. The application is based on a political agreement reached a week ago between economic clusters ministers, the steel industry and sector unions National Union of Metalworkers of South Africa, Solidarity and United Association of South Africa, to protect South Africa from duty free or zero tariff Asian steel imports. Government had imposed the duty free regime after the industry refused to scrap import parity pricing of locally manufactured steel. The latter refers to a strategy of marking locally made products as if they have been imported from abroad. The application has been granted on condition that steel prices remain affordable and that there will be no retrenchment over the next three years.

ArcelorMittal, the biggest steelmaker, sank to an 11-year low last week as tumbling shares in China presage economic weakness in the largest consumer and producer of the metal. ArcelorMittal fell as much as 6.7 percent to 6.876 euros, the lowest since March 2004, and traded down 5.75 percent at 6.946 euros by 9:33 a.m. in Amsterdam. ThyssenKrupp AG, Europe's second-biggest producer, fell as much as 4.1 percent in Germany, while Austria's Voestalpine AG declined by as much as 6.1 percent.

Tata Steel UK is to cut 250 jobs and mothball a plant at one of its sites in a move described as devastating for local communities. The job losses will hit agency workers in South Wales, mainly at its site Llanwern, which will also have some of its mills mothballed. Tata said its strip products business needed to reduce costs, so the company will concentrate production of hot rolled coil at its plant in Port Talbot. Mr Stuart Wilkie, the firm's director of Strip Products UK, insisted Tata remained committed to its UK business but said "Surging, and often unfairly traded, imports have combined with a strong pound to create a very challenging business environment. The changes we have told employees about will reduce our costs and enable us to focus on generating more value from our products, which will improve our competitiveness. We need to concentrate more on sales of differentiated products to key sectors including automotive, engineering, construction, packaging and consumer goods."

A fire broke out at Nippon Steel & Sumikin Pipe Co's steel pipe plant in the city of Kawasaki on Monday morning. Around 11:35 AM, authorities learned from an emergency call that a fire had started at the plant, located in the city's Kawasaki Ward. The blaze was strong at a warehouse undergoing demolition work. The Kawasaki municipal fire department sent 14 fire trucks and other vehicles to put out the flames. No one was injured, according to Kanagawa police. According to authorities, the 10,000-square-meter one-story warehouse was burned down and the fire spread to a pipe duct attached to the outside of Kao Corp's Kawasaki plant adjacent to the warehouse. Operations at the steel pipe plant have been suspended since June.

BlueScope Steel says 5000 direct and indirect jobs are at risk as it considers shutting down its Port Kembla steelworks, with $200 million in cost savings needed to be found in a three-month review. Despite profit growth from the steel business over the full year, BlueScope managing director Mr Paul O'Malley said the steelworks is unable to compete with a growing oversupply of steel from China without the savings, which he says will probably require government assistance to achieve.

He also said BlueScope, which closed down one of its two Port Kembla blast furnaces in 2012 with 1000 job losses to abandon exports, is being hit by weak domestic demand and needed to export more, which it was not set up to do competitively. Mr O'Malley said his aim is to keep steelmaking open to supply its finished products business (which makes Colorbond) open, an option that would still see the loss of 500 jobs.

Latin American steel association Alacero announced that the figures for the first half of 2015 show a 1% decrease in the finished steel consumption in Latin America. Also, the regional production of crude and finished steel declined 1% and 3%, espectively, versus Jan/Jun 2014. Currently, imports supply 35% of the regional consumption. The trade balance of the region continues to deteriorate: in the first six months of 2015 the deficit (in tons) deepened 7% vs same period of 2014.

China has begun construction of a large 9.4 million tonne a year steel project in northern Hebei province, pushing on with plans to build newer, more efficient plants in coastal regions despite a supply glut and shrinking demand. The project, the second phase of the Shougang Jingtang steel complex at Caofeidian, one of China's largest ports, is one of several integrated steel projects planned by top steel mills that were approved during the commodity boom. The plant, which will help cut shipping costs for imported iron ore and coal, will involve a total investment of CNY 43.55 billion (USD 6.79 billion)

Based on preliminary Census Bureau data, the American Iron and Steel Institute reported that the U.S. imported a total of 3,243,000 net tons (NT) of steel in July 2015, including 2,578,000 net tons (NT) of finished steel (up 4.6% and 3.7%, respectively, vs. June final data). Year-to-date (YTD) thru seven months of 2015 total and finished steel imports are 24,964,000 and 20,440,000 net tons (NT), respectively, no change and up 10% respectively, vs. the same period in 2014. Annualized total and finished steel imports in 2015 would be 42.8 and 35.0 million NT, down 4% and up 4% respectively vs. 2014. Finished steel import market share was an estimated 27% in July and is estimated at 31% YTD.

PT KRAKATAU NIPPON STEEL SUMIKIN held a cornerstone laying ceremony at the site for a new plant in the Krakatau Industrial Estate Cilegon, Banten Province, the Republic of Indonesia, on August 25, 2015. As the Indonesian automotive market is expected further growth over the medium to long term, automakers' needs for anti-corrosion steel and high-strength steel are anticipated to grow. KNSS will build a Galvanizing, Annealing and Processing Line ("GAPL"), integrating the functions of a Continuous Annealing Line and a Continuous Galvanizing Line, to manufacture high-grade, high-quality cold-rolled, hot-dip galvanized, and galvannealed steel sheets to Indonesian automakers.

Liaoning based China's fourth largest mill by output Angang Steel Co said that its first-half earnings fell by 73 percent as the market price for steel products in China declined because of oversupply. Net income was 155 million yuan ($24 million) in the six months ended June, dropping from 577 million yuan a year earlier, the Anshan, producer said. Sales dropped to 29 billion yuan from 38.2 billion yuan. sIt said "In the first half of 2015, amid the continuous slowdown of domestic growth, there was still an aggravated mismatch between the supply and demand in the iron and steel industry with significant decrease in the market price of steel products."

European Commission has imposed definitive anti-dumping duties ranging from 24.4% to 25.3% on imports of stainless steel cold rolled flat products from China, and duties of 6.8% on imports of similar material from Taiwan. For China, the duty levels are broadly in line with the provisional duties imposed by the EC in late March, which were 24.3%-25.2%; in the case of Taiwan, it has been reduced from the initial 10.9%-12%. Following the imposition of the provisional duties, however, one Taiwanese producer -- Chia Far Industrial Factory Co. Ltd. -- was found not to be dumping, and is not subject to any anti-dumping duties, the EC said.

China's anti-corruption agency has said it is investigating the former chairman of major Chinese steelmaker Wuhan Iron and Steel. Mr Deng Qilin, chairman of the company until June 2015, is alleged to have committed serious violations of discipline, the Communist Party's Central Commission for Discipline Inspection said. Mr Deng was also secretary-general of the China Iron and Steel Association, an industry body, since 2009, according to the CCDI. Wuhan Iron and Steel's deputy general manager, Sun Wendong, was detained by authorities in April due to possible involvement in bribery, the company has said.

Environment Agency has been warned that coke-making on Scunthorpe's Tata Steel works could cease for at least three years if the company was forced to build new plant to comply with an industrial emissions directive from the European Union. The company has also revealed the cost of rebuilding the town's ageing coke ovens, incorporating gas desulphurisation, would run into several hundreds of millions of pounds. Currently the ovens at Appleby-Frodingham and in Dawes Lane produce more than one million tonnes of coke a year.

World crude steel production for the 65 countries reporting to the World Steel Association (worldsteel) was 133 million tonnes in July 2015, a -3.8% decrease compared to July 2014. China's crude steel production for July 2015 was 65.8 million tonnes, down by -4.6% compared to July 2014. Japan produced 8.8 million tonnes of crude steel in July 2015, a decrease of -4.9% compared to July 2014. India's production was 7.7 million tonnes, up by 1.2% on July 2014.

United States Steel Corporation announced the proposed intent to permanently close its blast furnace and associated steelmaking operations, along with most of the flat-rolled finishing operations at Fairfield Works in Fairfield in Alabama. Under this action, the blast furnace and associated steelmaking operations will be idled. They and the finishing operations would be permanently closed on or after November 17, 2015. The facilities that would permanently close include the blast furnace and steelmaking operations, the hot strip mill, the pickle line, cold mill, annealing facility and stretch and temper line.

The slab and rounds casters, the #5 coating line and the Double G hot-dip galvanizing joint venture in nearby Jackson, Miss. would continue to operate.

Tata Steel (Thailand) might miss its sales target of 1.25 million tonnes this fiscal year but it expects to stay in the black in the second quarter and for the full year. President and chief executive officer Mr Rajiv Mangal said that at the moment he was not sure the company would achieve its sales target for the year ending March 2016, because of weaker-than-expected demand and lower prices. Achievement of the target would depend on domestic demand and how many new infrastructure projects are rolled out soon. He added that the company was on track to achieve growth of 10-12 per cent this year thanks to the contribution of exports to total sales.

In January-July Ukrainian companies exported $5062.89 million worth of ferrous metals, down by 41% YoY ($8580.41 million). According to the Customs statistics, ferrous metals accounted for 23.32% of the total export revenues, down from 25.6% in January-July 2014. In July ferrous metals export revenues totaled $768.15 million, up from $689.09 million in June.

Toyota Motor and its steel sheet suppliers agreed to a price cut of 6% for the April-September half as iron ore and coal prices continue to slip. The automaker reached an agreement with Nippon Steel & Sumitomo Metal and other major Japanese steel producers allowing it to pay 6,000 yen ($47.86) less per ton of steel sheet this half than last. Toyota negotiates prices with the suppliers twice a year based on resource costs. Steel producers will pay $52 per ton of iron ore from major resource suppliers during the July-September quarter -- 16% less than in April-June. Coal prices dropped 15% coming in to this quarter, to $93 per ton. Prices for both materials are at their lowest since fiscal 2010.

Mexican Iron and Steel Industry Chamber or Canacero said that the yuan's devaluation artificially lowers the price of Chinese products in foreign markets and will adversely affect Mexico's steel industry by increasing imports of that product from China. It said "The impact on the Mexican economy of last week's devaluation of around 4 percent against the dollar will significantly affect industries like steel. The currency move will exacerbate the problem of steel being imported under unfair conditions. We need to strengthen current measures and continue to take action so our domestic producers are not harmed by decisions made abroad - decisions by governments that adopt policies for the wellbeing of their own nation."

According to Viet Nam Steel Association, building steel output in July reached 613,000 tonnes, posting 51.5 per cent increase over the same period last year and marking the record high in the past 10 years. VSA said steel output in the first seven months of the year rose 28 per cent from last year level to 3.6 million tonnes, while consumption was 3.5 million tonnes. However, domestic steel producers continue to face the pressures of falling consumption and increased use of imported steel despite improvements in the economy. Accordingly, consumption of building steel last month reached 522,099 tonnes, 1.5 per cent less than the previous month's figure, but represented a year-on-year surge of 23 per cent. It added that in June, 1.64 million tonnes of steel was imported, posting 26 per cent rise in comparison with the previous month and 1,131 per cent more than the corresponding period last year.

Thailand based steel producer, Millcon Steel Plc will be forming a joint venture with Thai and Myanmar partners to invest $15 million in a steel plant at the Thilawa special economic zone. The total annual capacity of the steel production unit will be 90,000 tonnes per year. According to Bangkok post, the joint venture is 45 per cent owned by Millcon, with Thailand based General Engineering Public Company Limited (GEL) holding 45 per cent and Myanmar local partners having the balance 10 per cent stake.