Steel producers lay emphasis on retail marketing

The positive indicators in the last quarter of the current fiscal have raised hopes among major steel producers that the market will pick up once a new government is formed. The market stared appreciating slightly since December 2013 and there seems to improvement in sentiment in the global as well as domestic market

In the domestic market steel prices came down from Rs. 7000 to Rs. 6000 a tonne in 2012-13,but Rs. 1000-1500 a tonne during the last quarter despite fall in raw material prices. In the long products market, steel prices are largely influenced by secondary producers who account for 75 per cent of market share Ingot index has gone up to Rs. 34,200 during the last quarter of 2013-14 from Rs. 31200 in the year ago period.. Such an increase and consequent movement in steel market are mainly due to shortage of scrap feed for secondary producers, pick-up in international market, dry season in India and an overall positive business sentiment, Director (Commercial) of Rashtriya Ispat Nigam Limited (RINL) T K Chand total The Hindu.

RINL and other leading manufacturers such as SAIL, Tata Steel, JSW and JSPL are laying thrust on customer care to promote their products. Tata has been focusing on the retail business model. Market sources said JSW was planning to set up 1000 shoppers across the country to exploit the retail market RINL is poised to introduce its new retail model of star retailers and channel partmers

The Hindu, Nes Delhi 01.04.2014

Indian GDP growth will improve to 5.5pct in 2014-15 - Fitch Ratings

Business Line reported that Fitch Ratings affirmed India's sovereign rating at BBB- with a stable outlook even as it projected the country's growth to improve to 5.5% in 2014-15.

BBB- ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Pointing out that the course of the Indian economy is uncertain in view of the on going Parliamentary elections, the global rating agency forecast real GDP growth to rise from 4.7% in FY14 to 5.5% in FY 2015 and 6% in FY 2016.

Fitch said that once the next coalition starts implementing its economic policies, it will become clearer whether the economy can return to a higher sustainable growth path or whether it remains stuck at current levels. A policy push that includes structural and governance reforms, fiscal consolidation and efforts to rein in inflationary pressures would likely require a coherent coalition with a strong electoral mandate.

Fitch said that the Centre seems to have met its Budget deficit target of 4.8% of GDP for FY14, despite the looming elections. But this was only achieved through substantial one-off measures.

Source – Business Line

(www.steelguru.com)

ASSOCHAM expresses serious concern on IIP for February 2014

Apex industry body ASSOCHAM expressed serious concern on the industrial deceleration in February 2014, notably as the latest information indicates that performance of manufacturing industry has turned from bad to worse.

Mr DS Rawat secretary general of ASSOCHAM said that "The significant shrinkage in the production of capital goods and consumer durables shows that industrial revival is far more difficult in the present scenario."

He said that "The negative growth of manufacturing has got serious implications for the overall growth, employment and trade balance as the lack of depth in manufacturing has been affecting India's economic security and stability."

Mr Rawat said that ASSOCHAM has strongly recommended for a paradigm shift in the Government approach. To start with, the new government must work towards building investor confidence. Discouraging cheap imports of various manufactured goods like electronics, chemicals and steel is the key to boost domestic manufacturing activity.

He said "Apart from key policy initiatives, various Government Ministries must act in unison towards simplifying procedural hurdles."

Source – Strategic Research Institute, Steel Guru

(www.steelguru.com)

Indian Railways cross freight target in 2013-14

Business Line reported that the Indian Railways carried 1,053.54 million tonne of cargo in 2013-14, up 4.3% against the traffic moved in 2012-13. The growth in fiscal 2013-14 is higher than the annual growth of 4.13% seen in fiscal 2013 and is registered on a higher base.

With this, the Railways has crossed the upward revised target to move 1,052 million tonne of freight set in the interim Budget.

Mr Devi Prasad Pande Member Traffic, Railway Board said that "The sharpest incremental growth was seen in non traditional commodities, such as cement, and other commodities such as onion, sugar and de oiled cakes."

The growth is also supported by commodities such as coal, petroleum products, steel and fertiliser. Higher loading by Railways which moves coal to power plants, iron and steel to factories and other cargo from port is good news, as it indicates economic activity.

Source – Business Line

(www.steelguru.com)

Surge remains unabated in long steel market in India

The flare in input material and long steel price levels remained steadfast on Monday. April has witnessed an unusual rally in pencil ingot and long steel. Price levels of pencil ingot have appreciated by upto INR 1200 per tonne and TMT price by upto INR 800 per tonne.

As mentioned earlier pick up in buying has been triggered by improved construction activity and stock replenishment by re-rollers has punched the market sentiments.

Resounding rally in international scrap prices by USD 45 per tonne over last 6 weeks has spiked the cost for furnace owners in India. Import levels of scrap have touched USD 385-390 per tonne, CFR India recently and despite INR appreciation has escalated domestic price levels by INR 500-1000 per tonne.

Chronic power shortage during summer has led to shortage in pencil ingot availability thereby flaring the prices further.

Outlook remains positive after the elections if a stable government comes to power thrust will be primarily on infrastructure (USD 1 trillion planned expenditure in 12 Five Year Plan). Mega projects of Delhi-Mumbai Industrial Corridor and Chennai-Bangalore Industrial Corridor will boost steel demand.

Moreover reality sector gasping for credit might kindle with credit easing on expected lines after the elections.

Pencil Ingot

Chennai	Change
Mumbai	-100

Chennai	0
Kolkata	250
Mandi	300
Raipur	200
Alang	300
Kanpur	0
Rudrapur	0
Ahmedabad	301
Ghaziabad	200
Muzaffarnagar	250
Hyderabad	0
Raigarh	300
Durgapur	200
Nagpur	0
Jamshedpur	250
Jaipur	300
Rourkela	200
Bhiwari	0
Ludhiana	182

Change is on 14th April 2014 as compared to 11th April 2013
Change in INR per tonne

Rebar (TMT/QST)

Location	Change
Mumbai	0
Chennai	0
Kolkata	300
Delhi	0
Mandi	353
Raipur	236
Kanpur	0
Rudrapur	0
Ahmedabad	100
Hyderabad	236

Indore	200
Bangalore	0
Ludhiana	0
Muzaffarnagar	0

Change is on 14th April 2014 as compared to 11th April 2013
Change in INR per tonne

Source – Strategic Research Institute, Steel Guru

(www.steelguru.com)

Steel ministry calls for speedy approval to ArcelorMittal's Jharkhand project

Business Line reported that the Steel Ministry has asked its coal counterpart to expedite the process to grant approval to the mining plan of a block in Jharkhand allotted to steel giant ArcelorMittal for its proposed INR 50,000 crore plant.

The development comes in the wake of a meeting of a high level panel to address roadblocks impeding mega investments in the steel sector.

A Steel Ministry official said that "Steel Secretary Mr G Mohan Kumar has asked the Coal Ministry to expedite the matter of approval of mining plan for Seregarha coal block of ArcelorMittal."

According to the official, in the Inter Ministerial Group's meeting to fast track mega investments in the steel sector last month, Coal Ministry representatives said that the issue was being examined by a committee.

The world's largest steelmaker has plans to set up 12 million tonne per annum steel plant in Jharkhand at an estimated investment of INR 50,000 crore. The proposal is stuck for over eight years now for want of regulatory clearances and land acquisition.

Source – Business Line

(www.steelguru.com)

Increase presence in global markets : SteelMin to SAIL

State-owned SAIL has been asked by the Steel Industry to increase presence in the global market by making available special products in emerging economies. SAIL exports only 3-5 of the salable steel. Reviewing the performance of the PSU at its central marketing organization (CMO) headquarters in Kolkata, Steel Secretary G Mohan Kumar advised the company "to further widen its international presence and reach value-added steels to newly emerging markets across the world".

A statement by SAIL said that Kumar urged its marketing team to overcome the challenges of the sluggish market by utilizing the opportunities that will come from SAIL's ongoing modernization and expansion drive. Kumar's suggestion come on the heels of a parliamentary panel asking the company to strengthen its global presence. He evinced keen interest in the variety of stainless steel products produced by SAIL's Salem Steel Plant.

During the just concluded financial year 2013-14, SAIL achieved 7% growth in domestic sales to 12.1 million tonnes, as against 11.3 MT in the previous fiscal. Exports saw 28% jump, although on small base. " SAIL –CMO recorded a growth of 3% and 9% in sales long and flat steel products respectively, despite a subdued market during 2013-14", the statement said.

Emphasis on value-added steel sales enabled SAIL to market 2.2 lakh tonnes of special steels, of which nearly one lakh tonnes comprised stainless steel, it said . This is part of the overall production of 5.3 MT of special quality steel produced by the company in FY4, it said, adding that the year also saw SAIL supplying special quality slabs to meet the requirements of Vikram Sarabhai Space Centre.

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