Trends ….. February 2018

A Budget with a significant thrust on infrastructure development.
GDP numbers which indicated a strong economic foundation.
World data showing India edging past Japan to emerge as 2nd largest crude steel producer in 2018 so far.

February 2018 proved to be an eventful month for domestic steel industry.

WORLD ECONOMY AT A GLANCE

- MarkitEconomics reports indicate that the global manufacturing sector continued to expand at a robust pace in February 2018 with the J.P.Morgan Global Manufacturing PMI at 54.2 and the upturn remaining broad-based in nature.
- Almost all the nations covered by the survey reported a positive picture as per the Markit report with the Euro area continuing to be strongest performing region overall. China, Brazil, Australia and Vietnam all saw their rates of growth improve, while Indonesia returned to expansion following contractions in the last two months.
- The report also indicates that global manufacturing production and new orders continued to rise robustly in February 2018 and that international trade flows also improved as reflected in rise in new export orders. The rate of job creation, however, was unchanged from January 2018 and price pressures remained high, despite an easing in the rates of increase in both output charges and input costs during the month.

Key Economic Figures			
Country	GDP 2017: % yoy change*	Manufacturing PMI	
		January 2018	February 2018
India	7.0	52.4	52.1
China	6.9	51.5	51.6
Japan	2.0	54.8	54.1
USA	2.3	55.5	55.3
EU 28	2.3	59.6	58.6
Brazil	1.0	51.2	53.2
Russia	1.5	52.1	50.2
South Korea	3.1	50.7	50.3
Germany	2.5	61.1	60.6
Turkey	7.4	55.7	55.6
Italy	1.5	59.0	56.8
Source:GDP: official releases; PMI- Markit Economics, *provisional			

GLOBAL CRUDE STEEL PRODUCTION

World Steel Association data shows that world crude steel production for February 2018 was 131.79 million tonnes (mt), up by 3.5 per cent year-on-year (yoy) i.e. over February 2017 and stood at 276.65 mt during the first two months of the year, up by 4 per cent yoy.

World Crude Steel Production: January-February 2018*			
Rank	**Country**	**Qty (mt)**	**% yoy change**
1	China	136.82	5.9
2	India	17.46	2.9
3	Japan	17.32	-0.1
4	USA	13.34	-0.4
5	South Korea	11.71	1.9
6	Russia	10.85	-4.7
7	Germany	7.04	-0.8
8	Turkey	6.17	8.1
9	Brazil	5.58	3.3
10	Iran	4.46	49.2
	Top 10	**230.75**	**4.4**
	World	**276.65**	**4.0**
Source: worldsteel, JPC;* provisional			

- China produced 64.93 mt of crude steel in February 2018, up by 5.9 per cent over February 2017 and production during January-February 2018 stood at 136.82 mt, up by 5.9 per cent yoy. China remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was up by 2.3 per cent. China accounted for 72 per cent of Asian and 49.5 per cent of world crude steel production during January-February 2018.
- **With a 6.3 per cent share in total world production and a 2.9 per cent rise in production over same period of last year, Indian crude steel production during January-February 2018 (17.46 mt) surpassed Japan's (17.32 mt) to reach the second largest spot, though the days ahead will prove whether this emerges as a trend.**
- February 2018 Japanese crude steel production (8.29 mt) was down by 0.5 per cent yoy and production during January-February 2018 stood at 17.32 mt, down by 0.1 per cent yoy. The country emerged as the third largest crude steel producer in the world in 2018 so far.
- Crude steel production in the EU (28) countries during February 2018 was at 13.35 mt, down by 0.8 per cent yoy and production during January-February 2018 stood at 27.71 mt, up by 0.2 per cent yoy.
- At 90.47 mt, Asian crude steel production was up by 4.3 per cent in February 2018 and production during January-February 2018 stood at 190.48 mt, up by 4.8 per cent yoy. Asia accounted for 69 per cent of world crude steel production during 2018 so far.
- The top 10 countries accounted for 83.4 per cent of total world crude steel production in January-February 2018 and saw production go up by 4.4 per cent yoy.

NEWS AROUND THE WORLD

THE AMERICAS

- US released details of the Commerce department's recommendations to President Donal Trump regarding steel imports, after the end of its Section 232 investigation. US Commerce Secretary recommended three possibilities: a global tariff of at least 24% on all steel imports from all countries; a quota on all steel products from all countries equal to 63% of each country's 2017 exports to the US; a tariff of at least 53% on all steel imports from 12 countries—Brazil, China, Costa Rica, Egypt, India, Malaysia, Republic of Korea, Russia, South Africa, Thailand, Turkey and Vietnam—with a quota by product on steel imports from all other countries equal to 100% of their 2017 exports to the US. President Trump has until April 11 to decide on these recommendations.
- Gerdau has reached a definitive agreement to sell its 0.7 st/year Beaumont, Texas wire rod mill and two downstream facilities for $92.5 million to Optimus Steel, an affiliate of Mexican-owned Wire Mesh Corp.
- The US Department of Commerce (DoC) has initiated a new antidumping and countervailing duty investigation into imports of large-diameter welded line pipe from six countries - Canada, China, Greece, India, South Korea and Turkey.
- The US DoC has delayed its final determination in the US anti-circumvention inquiry on Chinese sheet processed into CR and galvanized sheet in Vietnam.
- First American Resources and Flack Global Metals are forming a new $50 million JV to build a new 120,000-150,000 st/year coil coating and metal processing facility in Georgia.
- ArcelorMittal Mexico is to build a 2.5 mtpa HSM and a 0.65 mtpa hot skin pass mill at its Lázaro Cárdenas site in Michoacán, Southern Mexico.
- Cade, the Brazilian antitrust regulation agency, has approved, with restrictions, the acquisition of VSA by ArcelorMittal. The deal will boost ArcelorMittal Brazil's crude steel production to 5.6 mtpa and rolled steel capacity to 5.4 mtpa.

ASIA

- Tangshan has announced that its winter output cuts will be partially extended beyond the March 15, 2018 cut-off point and stated that BF utilization rates will be reduced by 10-15% between March 16 - November 14, 2018 and that it would eliminate its targeted 1.2 mtpa of crude steel capacity in 2018 itself.
- Handan city in Hebei province is asking the 18 steelmakers under its jurisdiction to cut production by 50-55% until March 31, 2018 to lower emissions to targeted levels. Also, it added that affiliated sintering and pellet-making operations will also see production being lowered or halted in line with the restrictions on the blast furnaces. It has also issued a draft plan that would require local mills to reduce their production rates by 15-25% from April 1 to September 30, 2018 if they fail to meet certain environmental standards.
- Henan province announced that it would continue to impose production restrictions of at least 30% on local steelmakers during the 2018-2019 winter heating season, apart from mills that steadily meet "ultra-low emissions standards" by the end of October, 2018.
- Shangang has put its 2.8 mtpa first CSM into operation, according to a statement released by Metallurgical Corporation of China.

- Latin America's Ternium and Japan's Nippon Steel & Sumitomo Metal Corp have reached an agreement over the control of Brazilian steel and iron ore producer Usiminas.
- Japan's steel exports fell 7.5% to 38.12 mt in 2017 over 2016, thereby marking the fourth-consecutive annual decline.
- India's JSW Steel has signed an agreement to acquire Aferpi from current owner Cevital.
- Indian steel industry is all set to witness major consolidation with mega plants of Essar Steel, Bhushan Steel, Bhushan Power & Steel, Monnet Ispat and Electrosteel being put up for sale.
- Significant investment in infrastructure development is all set to drive domestic steel demand, as per provisions of the annual budget document announced by the Indian Government.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- South Ukraine's coil and sheet producer Zaporizhstal iron and steel works is all set to break ground on its first BOF in 2018. With investment running up to $1 billion, the 3.2 mtpa BOF is expected to be commissioned in 2022.
- Severstal has launched its first 3d printer, which will design casting moulds needed to make pig iron, steel cast parts and components for steelmaking and rolling. Also, it is all set to raise pig iron output, from 11.7 mtpa to 14.6 mtpa, with its new 2.9 mtpa blast furnace, scheduled to start operations in 2022.
- Tula Steel, a 1.5 mtpa steelmaking and rolling plant in west Russia's Tula region, is now expected to launch commercial production by mid-2018.
- NLMK is considering investing between $100-400 million in expanding its physical presence in the Indian electrical steel market during its new strategic cycle, which starts this year and will run until 2022.

EU AND OTHER EUROPE

- The European Commission confirmed anti-dumping duties of 17.2%-27.9% for corrosion resistant coated steel from China. It has also postponed its decision on ArcelorMittal's takeover of Italian steelmaker Ilva, with the new deadline now set at April 19, 2018.
- The European Commission has preliminarily declined Metinvest's request to replace its €60.50/t anti-dumping duty on hot rolled coil with a minimum import price.
- The Turkish forestry products and fertilizer producer Yildizlar Holding, is planning to enter the steel sector with a new cold mill complex in Kocaeli, near Istanbul.
- ArcelorMittal CLN Distribuzione Italia and Industeel Belgium are planning to take over stainless steel maker CSM, the European Commission confirmed.
- British Steel is seeking as much as GBP100 million in investments to modernize equipment.
- SSAB, iron ore pellet producer LKAB and power company Vattenfall have formed a joint venture company to develop a fossil-free steel initiative named Hybrit.
- ArcelorMittal is planning to invest a further €10 million ($12.31 million) by the end of this year in the expansion of its service center in Neuwied, Germany.

[Source Credit: Metal Bulletin, Platts, leading news papers (India news)]

WORLD STEEL PRICE TRENDS

Two months into the year, 2018 so far continued to tread a familiar path as far as steel prices are concerned, with global steel prices in general maintaining a northward move, led by a combination of factors including supply-demand imbalance, raw material price movements, impact of trade cases and specially the impact of the stiff recommendations of the Section 232 investigations, now in public domain. The return of China to the global steel market after its long and seasonal New Year Festive Holidays, provided some fillip to market operations and sentiments remained buoyant owing to the country's continuation of the production-cut policy beyond the stipulated period. This was a move welcomed by most, more so as analysts indicate that so far, the impact of on-going production cuts have had little impact on output volumes. But going ahead, all eyes are on the final policy recommendation that the USA is going to implement and which is expected to impact global steel market dynamics significantly, specially in the realm of global steel trade.

Long Product

- Buoyed by the recommendations related to the Section 232 investigations, domestic rebar prices in the USA moved north at end-February 2018, with transactions, as per Metal Bulletin reports, quoted around $630-650/t.
- Depressed demand, owing to unprecedented winter conditions, pulled down EU rebar prices in February 2018, with Metal Bulletin's price assessment placing rebar prices around €510-535/t ($630-661) in Southern Europe and around €550-570 ($676-701) in Northern Europe.
- China's domestic rebar prices moved south at end of February 2018, amid weak demand following the lull due to long New Year festive holidays. Transactions, as per Metal Bulletin reports, were quoted around 4,020-4,060 yuan/t ($637-643) in Shanghai and around 4,100-4,130 yuan/t in Beijing at month-end.
- Russian rebar prices softened at end-February 2018 due to low demand. Metal Bulletin's price assessment for Russian domestic 12mm A500C rebar was 35,000 roubles/t ($625) cpt Moscow, including VAT.

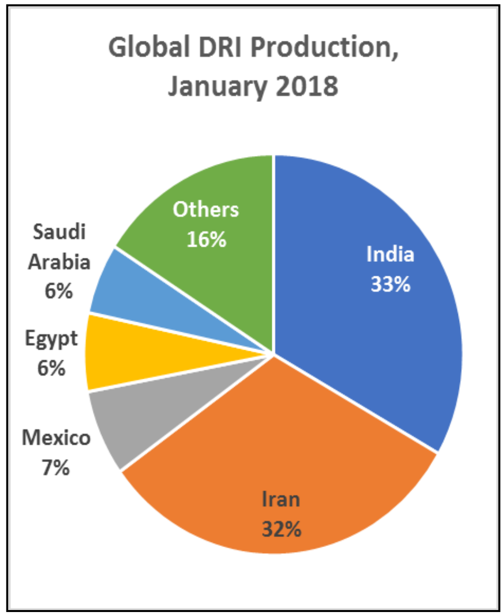
Flat Product

- Like rebar, February 2018 saw USA HRC prices move north, responding to the impact of the recommendations related to the Section 232 investigations with transactions, as per Metal Bulletin reports, quoted around $40-773/t.
- EU HRC prices remained stable in February 2018 riding on the lower import volumes, impact of trade measures and the supply stringency from Ilva's curtailed output. Metal Bulletin's price assessment quoted domestic HRC at €560-590/t ($688-725) ex-works in Northern Europe and at €560-570/t ex-works in Southern Europe.
- China's February 2018 HRC prices moved north at month-end following strengthening of futures market. Transactions as per Metal Bulletin reports were quoted around 4,150-4,170 yuan/t ($657-660) in Shanghai and around 4,090-4,110 yuan/t in Tianjin.
- Russian producers hiked their flat steel prices in February 2018 in view of rising demand. Metal Bulletin's assessment of prices for Russian 4mm HR sheet was at 43,000 roubles/t ($765) cpt Moscow, including VAT at month-end.

SPECIAL FOCUS

India, Iran drives up global DRI production by near-8% in January 2018

Global output of direct reduced iron (DRI) increased by 7.5% year-on-year (yoy) in January 2018 as per World Steel Association (worldsteel) report. DRI production worldwide rose to 6.47 million tonnes (mt) in January 2018, compared with 6.02 mt in the corresponding month last year, according to worldsteel. The significant rise was driven by a phenomenal growth in Iran, where output rose by 54% yoy in January 2018 to 2.06 mt. In contrast, India, which continued to be the world's largest DRI producer during this period, saw its output decline by 16% in January 2018 over January 2017. Such trends also implied that the share of India in global production dropped, from 42% in January 2017 to 33% in January 2018, with a concomitant rise in the share of Iran, from 22% in January 2017 to 32% in January 2018.



Amongst the other countries in the top five bracket, output registered modest to strong growth in case of Mexico (2.3%), Egypt (7.9%) but declined in case of Saudi Arabia (9.8%). Together, the top five countries accounted for 84% of the world DRI production during January 2018 and saw their cumulative output rise by 6.3% during this period as compared to same period of last year.

The production details of the top five global DRI producers for January 2018 are shown below.

World DRI Production: January 2018*			
Rank	**Country**	**Qty (mt)**	**% change over last year**
1	India	2.15	-15.7
2	Iran	2.06	53.7
3	Mexico	0.45	2.3
4	Egypt	0.41	7.9
5	Saudi Arabia	0.37	-9.8
	Top 5	**5.44**	**6.3**
	World	**6.47**	**7.5**
	%Share : Top 5	**84**	**-**
Source: worldsteel; *provisional			

Ahead of Section 232 specifics, markets remain jittery

US President Donald Trump's announcement of an across-the-board 25% tariffs on imported steel has the potential to throw world steel market dynamics, specially those pertaining to world trade in steel, in a soup. While no exact form or format of the implication of such stiff tariffs have been worked out yet, but most anaysts feel that this is the start of a new chapter in global steel trade and a hark back to the days of protectionism. While the World Trade Organization (WTO) has reportedly warned about the possible fall-out of such high tariffs (there is a 10% tariff on aluminum imports also), there is hardly any sign that the USA would take a call on that. Like any other policy, tariffs could benefit some while putting others in a tight spot and a rise in prices seems to be a given. But till and until specifics are out, the markets, albeit relieved that the contours are known at last, remained in a jittery mode at end-February 2018. Initiated to determine the effect of imports on the national security, the US President is required to make a decision on the steel recommendations by April 11, 2018, and on the aluminum recommendations by April 19, 2018.

The core recommendations of the Steel Report are as follows:

At the time of tabling the Steel Report, Secretary Wilbur Ross has recommended that the following alternative remedies to address the problem of steel imports, may be considered:

- A global tariff of at least 24% on all steel imports from all countries, or
- A tariff of at least 53% on all steel imports from 12 countries (Brazil, China, Costa Rica, Egypt, India, Malaysia, Republic of Korea, Russia, South Africa, Thailand, Turkey and Vietnam) with a quota by product on steel imports from all other countries equal to 100% of their 2017 exports to the United States, or
- A quota on all steel products from all countries equal to 63% of each country's 2017 exports to the United States.

Each of these remedies is intended to increase domestic steel production from its present 73% of capacity to approximately an 80% operating rate, the minimum rate needed for the long-term viability of the industry, as per the Steel Report. Moreover, each remedy applies measures to all countries and all steel products to prevent circumvention and the tariffs and quotas would be in addition to any existing duties.

Further, the Steel Report recommends that a process be put in place to allow the Secretary to grant requests from U.S. companies to exclude specific products if the U.S. lacks sufficient domestic capacity or for national security considerations. Any exclusions granted could result in changed tariffs or quotas for the remaining products to maintain the overall effect.

[Source Credit:www.commerce.gov]

Union Budget 2018-19 and Steel:

The Union Budget 2018-19 stuck to its generic form, with its focus fixed on infrastructure and rural push - uplifting the rural economy and strengthening of the agriculture sector - while at the same time, taking the digitalization drive forward and announcing core measures for healthcare for the economically less privileged and improvement in the quality of education of the country, among others. The macroeconomic scenario against the backdrop of which the Budget was announced reflected an economy slowly turning around, with GDP growth pegged at 7.2-7.5 per cent in the second half of 2017-18 and exports, expected to grow at 15 per cent in 2017-18, fiscal deficit revised for 2017-18 at 3.5 per cent of GDP and targeted at 3.3 per cent of the GDP for 2018-19. Driven by significant investment in various sectors of the economy, the emphasis was very much on medium-to-long term rather than provide short-term gains, which given the overall consensus that the slowdown has bottomed out, promises to be a healthy approach. We present below some select highlights of the Union Budget 2018-19.

- MSP of all kharif crops to be hiked to at least 1.5 times of their production cost;
- Rs 2,000 cr fund for developing and upgrading agri marketing infra in 22,000 Grameen Agri Markets and 585 APMCs;
- Two New Funds of Rs10,000 crore announced for Fisheries and Animal Husbandary sectors; Re-structured National Bamboo Mission gets Rs.1290 crore;
- Higher targets for Ujjwala, Saubhagya and Swachh Mission to cater to lower and middle class in providing free LPG connections, electricity and toilets;
- 2 crore more toilets to be built under Swachh Bharat Mission;
- Govt announced 2 major initiatives under 'Ayushman Bharat' programme;
- Outlay on health, education and social protection will be Rs 1.38 lakh crore;
- World's largest Health Protection Scheme covering over 10 crore poor and vulnerable families launched with a family limit upto 5 lakh rupees for secondary and tertiary treatment;
- Facility of fixed-term employment will be extended to all sectors;
- FinMin to leverage India Infrastructure Finance Corporation to help finance major infrastructure projects;
- Redevelopment of 600 major railway stations being taken up;
- Suburban network of 160 kms in Mumbai at an estimated cost of Rs 17,000 cr being planned;
- Gross budgetary support for Railways hiked to over Rs 3 lakh crore in 2018-19 from Rs 2.73 lakh crore in 2017-18;
- Plans to expand airport capacity more than 5 times to handle a billion trips a year;
- Sebi to consider mandating, beginning with large firms, to meet about 1/4th of their financing needs from bond market;
- Allocation on Digital India scheme doubled to Rs 3,073 cr;
- Rs 10,000 cr for creation and augmentation of telecom infra;
- Government to come out with policy to introduce toll system on 'pay as you use' basis;

- Proposed expenditure on infra pegged at Rs 5.97 lakh cr as against Rs 4.94 lakh crore in FY'18;
- Divestment target for FY'19 at Rs 80,000 cr;
- Bank recapitalisation to pave way for PSBs to lend additional credit of Rs 5 lakh crore;
- Govt to formulate a 'Gold Policy' to develop gold as an asset class;
- Ten prominent sites to be developed as Iconic tourist destinations;
- NITI Aayog to initiate a national programme on Artificial Intelligence(AI);
- Growth in direct taxes up to Jan 15, 2018 is 18.7%;
- Corporate tax reduced to 25% for firms with turnover of Rs 250 cr in 2016-17;
- Interest income exemption on deposits with banks and post offices for senior citizens increased from Rs 10,000 to Rs 50,000;
- Senior citizens will be able to claim benefit of deduction up to Rs 50,000 annually on health insurance premium and/or general medical expenditure incurred;
- Govt introduces long-term capital gains on equity market; long-term capital gains over Rs 100,000 to be taxed at 10%;
- Education cess increased to 4% from 3%;
- E-assessment of Income Tax Act to eliminate person-to-person contact;
- No change in personal income tax slabs and rates;
- Surcharge of 10% on income above Rs 50 lakh but less than Rs 1 cr, 15% on income above Rs 1 cr to continue;
- Standard Deduction returns after a decade; Rs 40,000 to be allowed in lieu of transport allowance and medical expenses;
- Proposed to extend Pradhan Mantri Vaya Vandana Yojana up to March, 2020. Current investment limit proposed to be increased to Rs. 15 lakh from the existing limit of Rs. 7.5 lakh per senior citizen;
- To control cash economy, payments exceeding Rs. 10,000 in cash made by trusts and institutions to be disallowed and would be subject to tax;
- Proposal to introduce tax on distributed income by equity oriented mutual funds at the rate of 10 per cent;
- Proposal to increase cess on personal income tax and corporation tax to 4 per cent from present 3 per cent;
- Proposal to roll out E-assessment across the country to almost eliminate person to person contact leading to greater efficiency and transparency in direct tax collection;
- Govt makes PAN mandatory for any entity entering into a financial transaction of Rs 2.5 lakh or more;
- Food subsidy to rise to Rs 1.69 lakh crore in 2018-19 from Rs 1.4 lakh crore in current year;
- Defence outlay raised to Rs 2.82 lakh crore in 2018-19 from Rs 2.67 lakh crore in current year;

For steel, the direct benefit is expected to come from the government's massive thrust on infrastructure development, with an allocation of Rs 5.97 lakh crore though timely execution of projects remains a core parameter for steel demand to actually reach greater heights. At the same time, a gamut of measures has been announced with the aim to boost domestic manufacturing, a step-up in allocation for Smart Cities mission, higher expenditure on Railways infrastructure, airport capacity expansion and transportation especially de-bottlenecking of the railways and affordable housing which are all expected to act as a major boost for raising domestic steel demand. Again, government's focus on improving farm income and rising spend on irrigation sector are expected to lead to a rise in rural disposable income and rural housing construction, thereby boosting steel demand via both these indirect (working through agro-industry linkage) and direct routes. On the cons side, the industry's demand for a reduction in customs duty on key raw materials has not found a place in the measures and the replacement of 3 per cent education cess on customs duty with social welfare surcharge of 10 per cent is expected to marginally raise cost of imported goods which for items like coking coal, may impact industry operations to some extent.

Indian Steel Industry Performance: April-February. 2017-18:

The following is a report on the performance of Indian steel industry during April-February 2017-18 based on provisional data released by JPC.

Item	Performance Highlights		
	April-February 2017-18* (mt)	**April-February 2016-17 (mt)**	**%yoy change***
Crude steel production	93.111	89.172	4.4
Total Finished Steel (alloy + non-alloy)			
Production for sale	95.317	92.677	2.8
Import	7.00	6.626	5.6
Export	8.913	6.621	34.6
Consumption	81.952	76.154	7.6
Source: JPC ;*provisional			

Crude Steel

- Production of crude steel during April-February 2017-18 was at 93.111 million tonnes (mt), a growth of 4.4 per cent compared to same period of last year.
- SAIL, RINL, TSL, ESSAR, JSWL & JSPL produced 53.806 mt during this period, which was a growth of 6.8 per cent compared to last year. The rest i.e. 39.305 mt was the contribution of the Other Producers, which was a growth of 1.3 per cent compared to last year.
- Overall crude steel production in February 2018 (8.434 mt) was down by 6.6 per cent over January 2018 but was up by 3.4 per cent over February 2017.

Production for sale

- During April-February 2017-18, production for sale stood at 95.317 mt, a growth of 2.8 per cent compared to last year, in which contribution of the non-alloy steel segment stood at 86.122 mt (up by 1.5 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel) where production for sale was up by 17.8 per cent.
- Analyzing by broad divisions, in the total production for sale of finished non-alloy steel, contribution of the non-flat segment stood at 40.929 mt (up by 2 per cent) while that of the flat segment stood at 45.193 mt (up by 1 per cent).
- Analyzing by segments, one finds that in the non-flat, non-alloy segment, production for sale of bars & rods, structurals and railway materials stood respectively at 32.29 mt (up by 1.3 per cent), 7.5 mt (up by 2.7 per cent) and 1.13 mt (up by 18.5 per cent).

- On the other hand, for the flat segment, with the exception of Plates (4.7 mt, up by 10.3 per cent), production for sale was down for most of the leading items like HRC (21.7 mt, down by 0.2 per cent), CRC (7.1 mt, down by 8.9 per cent) and GP/GC Sheets (6.9 mt; down by 1.6 per cent).
- Production for sale stood at 8.986 mt in February 2018, down by 1.6 per cent over January 2018 but was up by 5 per cent over February 2017.

Export

- Exports stood at 8.913 mt during April-February 2017-18, a growth of 34.6 per cent compared to last year, in which contribution of the non-alloy steel segment stood at 8.073 mt (growth of 33.1 per cent), while the rest was the share of the alloy steel segment (including stainless steel) where exports were up by 51.5 per cent.
- In the total export of finished non-alloy steel, export of non-flat was at 2.203 mt (up by 203 per cent) and that of flat steel was at 5.87 mt (up by 10 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (1.99 mt, up by 267 per cent) while growth in exports in the non-alloy, flat segment was led by HRC (2.59 mt, up by 31.1 per cent).
- Exports stood at 0.695 mt in February 2018, up by 14 per cent over January 2018 but was down by 8.1 per cent over February 2017.

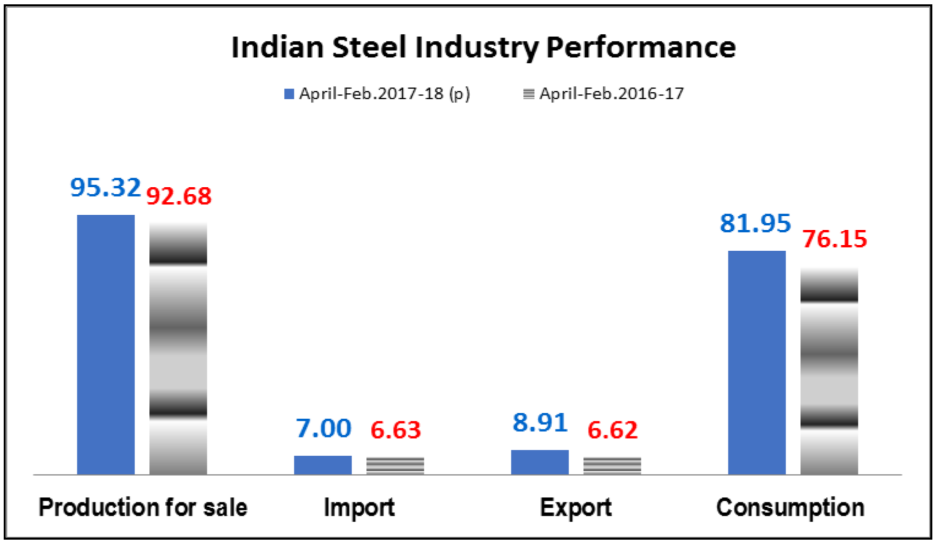
Import

- Imports stood at 7 mt during April-February 2017-18, a growth of 5.6 per cent compared to last year, in which contribution of the non-alloy steel segment stood at 5.25 mt (growth of 7.8 per cent), while the rest was the share of the alloy steel segment (including stainless steel) where imports were down by 0.4 per cent.
- In the import of total finished non-alloy steel, non-flat imports were at 0.28 mt (down by 41.5 per cent) and flat imports were at 4.97 mt (up by 13.1 per cent).
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.22 mt, down by 40 per cent) while for the flat segment, import was led by HRC (1.61 mt; down by 8.8 per cent).
- Imports stood at 0.547 mt in February 2018, up by 53.7 per cent over January 2018 and was up by 3.8 per cent over February 2017.
- Such trends in export-import implied that for total finished steel, India was a net exporter in both February 2018 as well as in April-February 2017-18.

Consumption

- During April-February 2017-18, consumption of total finished steel stood at 81.952 mt, a growth of 7.6 per cent over same period of last year.
- For non-alloy steel, contribution of the non-flat segment stood at 39.217 mt, up by 2.7 per cent over same period of last year and that of the flat segment (after accounting for double counting) stood at 34.66 mt, up by 10.6 per cent over same period of last year, taking total non-alloy consumption (after double counting) to 73.877 mt, up by 6.2 per cent. The remainder was the contribution of the alloy/stainless segment, which reported a growth of 22.1 per cent during this period.

- In the non-alloy, non-flat segment, the major contributor to consumption was bars & rods (30.88 mt; up by 2.5 per cent) whereas for the flat segment, consumption was led by HRC (20.66 mt, down by 1.9 per cent).
- Consumption stood at 7.904 mt in February 2018 was up by 3 per cent over January 2018 and was up by 7.5 per cent over February 2017.



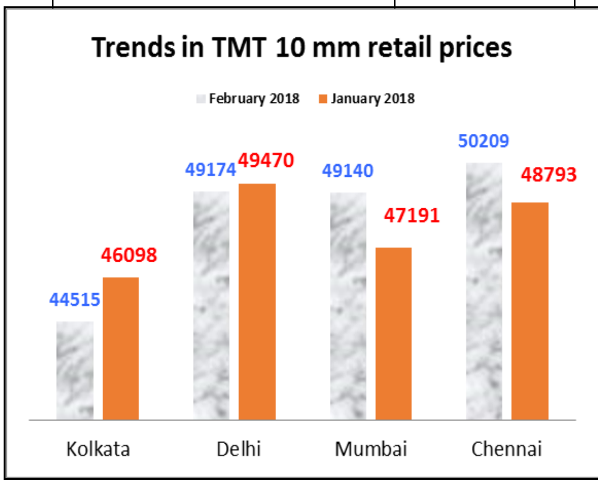
JPC Market Prices (Retail)

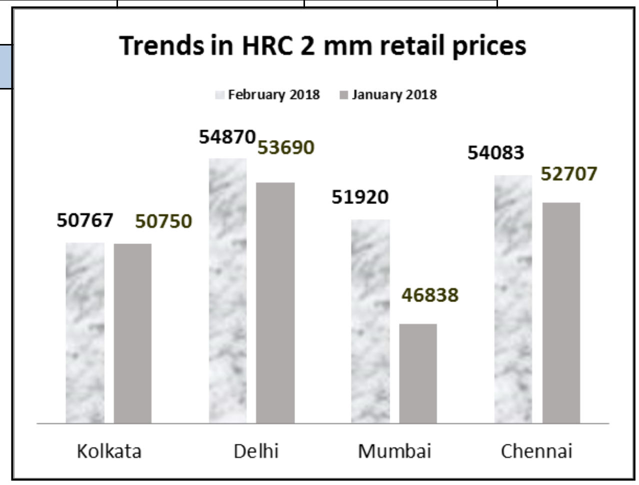
Delhi market prices: Compared to February 2017, average (retail) market prices in Delhi market in February 2018 increased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions and global influences. When compared to January 2018, however, while HRC prices showed a rise, prices of TMT reported a marginal decline. The situation in February 2018 with regard to February 2017 is shown in the table below for TMT 10 mm and HRC 2.0 mm.

Trends in JPC market price (retail) in Delhi market in February 2018		
Item	**Delhi market prices (Rs/t)**	**% change over February 2017**
TMT, 10 mm	49174	34.7
HRC, 2.0 mm	54870	29.4
Source: JPC		

All markets: Compared to February 2017, average (retail) market prices in February 2018 increased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm) across markets. However, when compared to January 2018, while the trend was same for HRC, for TMT, prices dipped in the Delhi and Kolkata markets, while increasing in the other two. The situation in February 2018 with regard to February 2017 is shown in the table below for TMT 10 mm and HRC 2.0 mm for all the four markets.

Trends in JPC (retail) market price: %change in February 2018 over February 2017				
Item	Kolkata	Delhi	Mumbai	Chennai
TMT 10mm	24.9	34.7	39.2	35.7





TMT prices were highest in the Chennai market (Rs 50,209/t) and lowest in the Kolkata market (Rs 44,515/t) while HRC prices were highest in the Delhi market (Rs 54,870/t) and lowest in Kolkata market (Rs 50,767/t) during February 2018.

INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the estimates of Gross Domestic Product (GDP) for the third quarter (October-December) or Q3 of 2017-18, both at constant (2011-12) and current prices. As per the report, GDP at constant (2011-12) prices in Q3 of 2017-18 is estimated at Rs. 32.50 lakh crore in Q3 of 2016-17, showing a growth rate of 7.2 per cent. Quarterly GVA at Basic Price at constant (2011-12) prices for Q3 of 2017-18 is estimated at Rs. 30.10 lakh crore, showing a growth rate of 6.7 per cent over the corresponding quarter of previous year.

At the same time, the CSO has released the second advance estimates of GDP for fiscal 2017-18 as per which

- Real GDP in 2017-18 is likely to attain a level of Rs. 130.04 lakh crore, as against the First Revised Estimate of GDP for the year 2016-17 of Rs. 121.96 lakh crore, thereby recording a growth of 6.6 per cent as compared to the growth rate of 7.1 per cent in 2016-17.
- Real GVA is anticipated to increase from Rs. 112.48 lakh crore in 2016-17 to Rs. 119.64 lakh crore in 2017-18. Anticipated growth of real GVA at basic prices in 2017-18 is 6.4 per cent as against 7.1 per cent in 2016-17.
- The sectors which are likely to register growth rate of over 7 per cent in 2017-18 are ‘public administration, defence and other services’, ‘trade, hotels, transport, communication and services related to broadcasting’, ‘electricity, gas, water supply and other utility services’ and 'financial, real estate and professional services’. The growth in the ‘agriculture, forestry

and fishing', 'mining and quarrying', 'manufacturing', and 'construction' is estimated to be 3 per cent, 3 per cent, 5.1 per cent and 4.3 per cent respectively.

Industrial Production: Provisional CSO data show that the Index of Industrial Production (IIP) under new series was up by 7.5 per cent yoy in January 2018 and by 4.1 per cent during April-January 2017-18, encouraged by stable growth in most of the leading sectors.

Inflation: The annual rate of inflation, based on monthly WPI, stood at 2.48 per cent (provisional) for February 2018 (over February 2017) as compared to 2.84 per cent (provisional) for the previous month. The build-up inflation rate in the financial year so far was 2.3 per cent compared to a build-up rate of 4.92 per cent in the corresponding period of the previous year. The all India CPI inflation rate (combined) for February 2018 stood at 4.44 per cent, compared to 5.07 per cent of the previous month.

Infrastructure Growth: The yoy growth rate of the eight core infrastructure industries was up by 6.7 per cent January 2018 and by 4.3 per cent during April-January 2017-18, encouraged by growth in most sectors except crude oil and fertilizers.

Trade: Provisional figures from DGCI&S show that during April-February 2017-18, in dollar terms, overall exports were up by 11.02 per cent while overall imports were up by 21.04 per cent, both on yoy basis. During the same period, oil imports were valued at US $98002.25 million which was 26.92 per cent higher yoy while non-oil imports were valued at US $318863.39 million which was 19.34 per cent higher yoy. Overall trade deficit for April-February 2017-18 is estimated at US $85704.73 million as compared to US $44381.73 million during April-February 2016-17

Policy:

- The Union Cabinet has approved a plan to allow private companies to bid for coal mines for commercial production.
- The government has announced Rs 50 billion fund to jumpstart growth in 12 key services sectors
- The Union Cabinet has approved six rail projects in 4 states, Uttar Pradesh Madhya Pradesh, Bihar, Odisha, which would generate more than 200 lakh person days of employment.
- 15 year old vehicles will be scrapped from 2019 and owners of such vehicles will have to give them away against an assured amount.
- The Union Cabinet has approved a proposal for Amendment to the Micro, Small and Medium Enterprises Development Act to change the criteria of classification from 'investment in plant & machinery/equipment' to 'annual turnover' with the objective to encourage ease of doing business, make the norms of classification growth oriented and align them to the new tax regime revolving around GST.

Prepared by Joint Plant Committee