Trends ..... February 2016

The Indian steel industry gets a major shot in the arm: the imposition of the much-awaited, much-expected Minimum Import Price condition to protect it against the flood of imports.

WORLD ECONOMY AT A GLANCE

- Markit Economics reports indicate that February 2016 saw the growth rate of global manufacturing output slow to near-stagnation with the J.P.Morgan Global Manufacturing PMI at 50.0, a 39-month low and synonymous with the level that signals stagnation.

- The reports show that downturn in emerging nations rose to its fastest since last September, while growth across the developed markets slowed to a 33-month low. Output growth slowed in the US, the Eurozone, Japan, the UK and India. Production volumes contracted in China, Taiwan, Indonesia, Malaysia, Brazil and Canada.

- Further, as indicated in the Markit report, the trend in international trade remained subdued in February 2016, as levels of new export business contracted for the first time in five months. New export orders fell in the US, China, Japan, Taiwan and the UK, but was up in the Eurozone, India, Malaysia, Vietnam and Brazil. The lacklustre trends in output and new orders also got reflected in the labour market as employment fell for the first time since last September. Average input prices fell for the sixth straight month in February 2016, although the rate of deflation eased slightly.

Key Economic Figures			
Country	**GDP 2015: % yoy change***	**Manufacturing PMI**	
		January 2016	**February 2016**
India ^	7.5	51.1	51.1
China	6.9	48.4	48.0
Japan	0.5	52.3	50.1
USA	2.4	52.4	51.3
EU 28	1.8	52.3	51.2
Brazil	-3.8	47.4	44.5
Russia	-3.7	49.8	49.3
South Korea	2.6	49.5	48.7
Source: GDP-official estimates; PMI- Markit Economics, *provisional; ^based on new series data			

GLOBAL CRUDE STEEL PRODUCTION

World Steel Association data shows that world crude steel production for February 2016 was 120.41 million tonnes (mt), a decline of 3.3 per cent over February 2015 and 247.28 mt during January–February 2016, down by 5.2 per cent year-on-year (yoy).

World Crude Steel Production: January-February 2016*			
Rank	**Country**	**Qty (mt)**	**% change**
1	China	121.07	-5.7
2	Japan	17.13	-1.9
3	India	14.85	1.0
4	United States	12.82	-4.6
5	Russia	11.22	-6.8
6	South Korea	10.97	-0.1
7	Germany	6.97	-3.1
8	Turkey	4.97	2.3
9	Brazil	4.88	-13.8
10	Ukraine	3.91	13.0
	Top 10	**208.79**	**-4.3**
	World	**247.28**	**-5.2**
Source: WSA, JPC; over last year;* provisional			

- China produced 58.5 mt of crude steel in February 2016, down by 4 per cent over February 2015 and 121.07 mt during January – February 2016, down by 5.7 per cent yoy and remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was down by 5 per cent.
- China accounted for 72 per cent of Asian and 49 per cent of world crude steel production in January-February 2016.
- February 2016 Japanese crude steel production (8.4 mt) was a yoy decline of 1 per cent and was further down by 1.9 per cent in January-February 2016 (17.13 mt). The country remained the second largest crude steel producer in the world in 2016 so far.
- With a 6 per cent share in total world production and a 1 per cent rise in production over same period of last year, India remained the third largest crude steel producer in the world in January - February 2016.
- Crude steel production in the EU (28) countries during February 2016 was at 13.1 mt, down by 6.3 per cent yoy and at 26.51 mt in January-February 2016, it was down by 7 per cent yoy.
- At 81.08 mt, Asian crude steel production was down by 3.4 per cent yoy in February 2016 and by 5 per cent in January–February 2016 (167.61 mt). Asia accounted for 68 per cent of world crude steel production during this period.

THE STEEL WORLD LAST MONTH

THE AMERICAS

- US finished steel imports totaled 31.4 million short tons in 2015, down 7% from 2014.
- Gerdau signed an agreement with JFE Steel Corporation to start producing 1.1 mtpa of heavy plate at its Ouro Branco mill July 2016.
- ArcelorMittal announced that it intends to sell three US longs mills, including ArcelorMittal Laplace in Louisiana, Steelton in Pennsylvania and Vinton in Texas. The company is also permanently shutting down its long product mill.
- Brazil's Ferroeste Group started operations at its first steelmaking plant in Acailandia. The 0.5 mtpa plant will produce billets during first-stage production.
- Brazil's Foreign Trade Ministry expanded its AD duties to include coiled plate from China. The duty of $211.56/t is valid for five years. Its also applied a provisional AD measure on imports of seamless steel tubes from China. The duty varies from $810.46-$1,151.76/t and is valid for up to six months.
- Tenaris will suspend operations at its pipe couplings facility in Houston at the end of March for an undetermined period of time, due to a combination of factors, including the falling price of oil and reduced rig activity.
- Mexico's Ministry of Economy extended the existing CVD applied to imports of HRC from Russia (21%) and Ukraine (25%) for five more years, valid from March 29, 2015.
- Colombia extended for two months a provisional ADD against Chinese carbon wire rod, until the end of March.

ASIA

- China's Ministry of Industry & Information Technology de-licensed 27 foundry pig iron producers, banning them from operating this year and obliging them to re-apply if they want to re-enter the market in 2017.
- Hebei province, which accounts for almost one third of the country's steel capacity, plans to cut 10 mtpa of pig iron capacity and 8 mtpa of crude steel capacity in 2016.
- Shanghai Krupp Stainless (SKS) have ceased production, due to "ongoing losses and extreme pressure in commodity stainless steel products in China."
- Sinosteel signed an agreement with Iranian steel producer Bafgh Kasra to construct its 1 mtpa integrated steelworks.
- Zhanjiang Iron & Steel has successfully commissioned its new 5.5 mtpa HSM.
- Nippon Steel & Sumitomo Metal Corp is to set up a new CHQ wire venture in the US with 39,000 tpa capacity, which will start operating from January 2018.
- Japan's steel exports slipped by 1.1% y-o-y in 2015 to 41.64 mt.
- Osaka Steel received approval from the Japan Fair Trade Commission to acquire counterpart maker Tokyo Kohtetsu.
- India has imposed the Minimum Import Price condition on 173 steel products (barring some exceptions), which has the potential to effectively control imports.
- Posco is relining and expanding the No.5 BF at its Gwangyang steelworks that will see the near 16-year old unit's inner volume lifted to 5,500 cubic meters from 3,950 cu m presently.

- Posco is considering requests for AD cases against Chinese steel imports, as products from the Asian nation have been “flooding” the South Korean market.
- Thailand has started AD investigation into imports of pickled and oiled HRC from South Korea.
- Pakistan’s ministry of commerce is considering a re-evaluation of its FTA with China due to the volume of low-priced imports entering the country.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russia-based Gazprom’s tube making plant Gazpromtrubinves, has doubled its production capacity to 0.6 mtpa of steel pipe.
- Evraz’s long steel mill in Kazakhstan, Caspian Steel, has restarted operations after a month of inactivity.
- NLMK has completed the reconstruction of No.1 HDG line in Lipetsk, central Russia,being ramped up to its enlarged capacity of 0.5 mtpa, to be achieved in April.
- Egypt’s Al Ezz Dekheila Steel Co is to carry out a comprehensive revamp of its compact strip production plant in Alexandria.
- Iran’s Mobarakeh Steel will contract equipment for its Sefiddasht mill project near Esfahan, designed to produce 1 mtpa of HRC.
- The Iranian government is set to announce a hike in steel import tariffs to between 25% and 30% from the current average of 15%.
- Australia has revised the preliminary AD duties it imposed on rebar imported from China following the receipt of additional information and submissions from interested parties.
- Australia’s Arrium Mining & Materials is considering closing its integrated steelworks at Whyalla and resorting to semi-finished steel imports.
- Voestalpine is selling the 0.6 mtpa wire rod rolling mill at its St. Peter-Freienstein site, which will be replaced by a new Danieli mill at its nearby Donawitz plant.

EU AND OTHER EUROPE

- The European Commission officially announced the opening of AD investigations into imports of Chinese heavy plates, HR flats and seamless pipes. The EC also confirmed the imposition of provisional measures for CRC from Russia and China. Chinese CRC will be subject to 13.8-16% duties, with Russian material subject to 19.8-26.2%.
- ArcelorMittal posted a massive net loss of $7.9 billion in 2015, reporting a record-level net loss for the fourth quarter of $6.6 billion. This was mainly due to impairment charges and a write down of inventories, slashing the value of its mining assets and steel division by $3.4 billion and $1.4 billion respectively.
- ArcelorMittal announced it will idle its EAF-based slab and coils plant in Sestao, Spain from the beginning of February, for an indefinite period of time.
- Turkey revised up its HRC AD margins for Russia from 2.22%-3.76% to 9.42-13.66%.
- Sidemir has stopped production due to debts and is preparing to lay off around 650 workers.
- The Turkish ministry of economy announced transitional measures on imports of seamless pipe from China. The determined AD margins vary from 22.15% to 50.35%.

[Source Credit: Steel First, Platts, leading news papers (India news)]

WORLD STEEL PRICE TRENDS

With demand trends globally showing no marked deviations from past trends, global steel prices in February 2016 were on a somber note, weighed down by uncertainties in different pockets of the world. At the same time, following a spurt in global ore prices and market optimism about reaching a balance, given the considerable capacity cut measures announced, steel prices in China showed some spurt which however ran out of steam given that inherent demand conditions there have seen no substantial improvement to support any rise. Meanwhile in India, steel prices moved north following the imposition of the MIP.

Long products

- Steel First reports indicate that USA February 2016 rebar prices slipped by $20-30/t, largely due to import pressure with transactions quoted at around $460-480/t fob US Midwest mill.
- Low demand and falling scrap prices dragged down EU February 2016 rebar prices with transactions quoted at around €315-335/t ($351-374) delivered in Southern Europe and at around €350-370/t ($391-413) delivered in Northern Europe.
- Weakening billet prices hit Northern China’s spot rebar market in February-end while prices rose in the east, as steel major Shagang lifted its list prices for late-February shipments of long products. Transactions were quoted at around 1890-1930 yuan/t ex-w in Shanghai and at around 1930-1940 yuan/t ex-w in Beijing. All prices include VAT.
- Russian domestic rebar prices remained largely stable in February 2016 with Steel First's price assessment for 12mm A500C rebar quoted at around 21,500-21,550 roubles/t ($279-280) cpt Moscow, including VAT.

Flat products

- USA flat steel prices edged up slightly in February 2016 as steel giants Arcelor Mittal and SSAB both announced price hikes. HRC transactions were quoted at around $400/t as per Steel First market reports.
- Domestic steel coil prices in the EU edged up slightly in February 2016 which analysts indicate as owing to reduced pressure from imports, largely following the imposition of 14-26% provisional ADD on CRC imports from China and Russia. HRC transactions were quoted at around €310-340/t ($341-374) ex-w in Northern Europe and at €285-300/t ($314-330) ex-w in Southern Europe in February 2016.
- China’s spot HRC market was largely stable and quiet in February 2016 given the volatility in the futures market and the subdued demand conditions. Steel First reports indicate that HRC transactions were quoted at around 2080-2100 yuan/t in Shanghai and at around 2020-2030 yuan/t in Tianjin. All prices are ex-w and includes VAT.
- With market leaders like MMK hiking flat prices (HR sheet up by 7%), February 2016 saw Russian flat prices move north with Steel First quoting transactions for 4mm HR sheet at around 4,900-26,900 roubles/t ($323-349) cpt Moscow, including VAT.

[Source Credit: Steel First]

SPECIAL FOCUS

Egypt starts importer registration scheme to protect local rebar market

New import regulations in Egypt will limit the amount of rebar shipped into the country, as per Steel First reports. Under the new rules, foreign factories exporting a range of commodities to Egypt, including rebar, will have to register with the Egyptian Ministry of Trade & Industry, and will face the prospect of inspections by a technical team from the ministry. The decision, published in the official gazette, will come into effect in late February, according to local media reports. Rebar prices in the Egyptian domestic market fell by E£300/t ($38) at the beginning of 2016 to E£4,150-4,400/t ($527-559) ex-works, including 8% sales tax, according to Steel First assessment. Billet imports to Egypt will not be affected by the new regulations, a source said.

Algeria sets rebar import quota of 2 million tonnes for 2016

Algeria will import a maximum of 2 million tonnes of rebar in 2016, based on a new quota set by the North African country's Ministry of Commerce, a Steel First report has highlighted. To fairly distribute the total, the ministry has invited importers to apply for an import licence between January 14 and February 3, 2016. The import licensing scheme will ensure that no importer can hold more than 30% of the total fixed quota, according to local press reports.The import restriction follows the hydrocarbon-rich country's efforts to grow its domestic rebar production, while activity in the mostly government-funded construction sector has slowed down amid declining fossil fuel prices. Algeria has previously imported most of its construction steel from Southern Europe, including Italy and Spain, while cargoes from China, Brazil and Ukraine also entered the market last year. Given the size of the quota, import flows will drop significantly, as total rebar exports from Europe to Algeria stood at 2.41 million tonnes in the first ten months of 2015 alone, according to the latest figures from the European steel association Eurofer.

INDIAN STEEL MARKET ROUND-UP

February 2016 was the month of the regular forum for key policy announcements viz the Railway Budget and the Union Budget. Both were in sync with the need of the times and offered a package of policy prescriptions to an economy, still reeling under the impact of a prolonged slowdown but showing some signs of stability and revival. Some highlights of both the policy exercises are presented below.

The Railway Budget 2016-17 has rightly identified the headwinds in the form of tepid growth of our economy's core sectors and increased productivity bonus payouts and against this backdrop, has built its policy package identifying the following as the core areas of focus:

- New revenues: Railways to change the approach from depending on revenue hike and exploit new sources of revenue
- New norms: Each rupee expended will be studied to optimize outgo on each activity
- New structures: Railways to revisit all processes and rules.

Financial Performance 2015-16

- 2015-16-Savings of Rs. 8,720 crore neutralizing most of the revenue shortfall, expected OR at 90%;
- 2016-17-Targeted Operating Ratio (OR) at 92%, restrict growth of Ordinary Working Expenses by 11.6% after building in immediate impact of 7th Pay Commission, reductions planned in diesel and electricity consumption, Revenue generation targeted at Rs. 1,84,820 crore.
- Plan size for 2015-16 is currently estimated at Rs 1,00,000 crore i.e. the BE level.

Investments and Resources

- Process bottlenecks overhauled including delegation of powers to functional levels; average capital expenditure over 2009-14 is Rs. 48,100 crore, average growth of 8% per annum.
- 2015-16 investment would be close to double of the average of previous 5 years.
- 2016-17 CAPEX pegged at Rs. 1.21 lakh crore; implementation through joint ventures with states, developing new frameworks for PPP, etc.

Through a gamut of policy measures spanning different domains – from infrastructure development to process enhancements - the Railway Budget envisions providing an all-round uplifment in the quality of services. Quite a few policy measures also have an important bearing on domestic steel demand. Presented below is a listing of key measures announced – in general as also those likely to impact domestic steel demand.

- The proposed investment of Rs 1.21 lakh crore for 2016-17 bodes well for growth of steel demand in the country.
- A special mention must be of the made of the historic decision that has allowed joint ventures with the states. This expansion in coverage is most likely to boost project implementation and thereby may very well open up major avenues of growth in domestic steel demand through multiplier effect.
- While status quo in passenger fare is good news for the common man, the same for freight rates has been a breather for the steel industry. At the same time, the proposition to review the domestic freight policy to boost revenues is a welcome move.
- A host of initiatives have been announced to fortify the rail infrastructure and reach greater heights in the coming days. These carry significant potential in enhancing the steel demand of our country and ranges from new trains, commissioning of new gauge lines & tracks, projects tailored for the Make-in-India scheme, addition of new berths, electrification of new lines, development of new stations (through PPP mode), new Freight Corridors, high-speed Rail, development of rail-side logistic parks, among others.

Indicating the betterment of economic situation in the country, **the Union Budget 2016-17** projected GDP growth at 7.6% in 2015-16, pointing out that the economy has achieved robust growth achieved despite very unfavourable global conditions and two consecutive years shortfall in monsoon by 13%. Following have been laid down as the roadmap and priorities of the Budget:

- 'Transform India' to have a significant impact on economy and lives of people.
- Government to focus on ensuring macro-economic stability and prudent fiscal management, boosting on domestic demand and continuing with the pace of economic reforms and policy initiatives to change the lives of people for the better.
- Focus on enhancing expenditure in priority areas of - farm and rural sector, social sector, infrastructure sector employment generation and re-capitalisation of the banks.
- Focus on Vulnerable sections through Pradhan Mantri Fasal Bima Yojana, new health insurance scheme to protect against hospitalization expenditure and facility of cooking gas connection for BPL families
- Continue with the ongoing reform programme and ensure passage of the Goods and Service Tax bill and Insolvency and Bankruptcy law
- Undertake important reforms by:

    - giving a statutory backing to AADHAR to ensure benefits reach the deserving.
    - freeing the transport sector from constraints and restrictions
    - incentivising gas discovery and exploration by providing calibrated marketing freedom
    - enactment of a comprehensive law to deal with resolution of financial firms
    - provide legal framework for dispute resolution and re-negotiations in PPP projects and public utility contracts
    - undertake important banking sector reforms and public listing of general insurance companies undertake significant changes in FDI policy.

That said, the Budget received mixed reviews, lauded for its take on agriculture, infrastructure development, fiscal control, education, rural sector, its push for stalled projects, its stress on Make-in-India, taxation, dispute resolution, banking and FDI guidelines. However, analysts point out that policies like the additional dividend tax, status quo on corporate tax rate, levy of infrastructure cess on petrol/diesel/LPG/CNG motor cars, luxury tax on select high range cars, Krishi Kalyan cess on all services, hike in excise duty on ATF and the proposed tax on EPF corpus (though subsequently withdrawn) may impact market sentiments adversely. But all said and done, it was a bag of policies that addressed some of the core issues facing the economy, in its attempt to lay down a longer roadmap of future growth.

For steel, the takeaways from the Budget were clear-cut and the most talked about was the doubling of clean energy cess from Rs 200/t to Rs 400/t, which would impact financial bottomlines but on a longer run, is expected to usher in greater consciousness on clean/green steel. While the concerted thrust on infrastructure (Rs 2,21,246 crore) and rural development (Rs 87,765 crore) augurs well for the growth in domestic steel demand, the latter may however face some dampening from the levy of infrastructure cess on petrol/diesel/LPG/CNG motor cars and the luxury tax on select high range cars. Again, while export duty on low grade (below Fe 58%) iron ore lump and fines was removed, that on high grade iron ore lump remained unchanged at 30%, much to the chargin of the mineral industry. With MIP on steel products announced only few weeks prior to the budget, the latter thus saw customs duty on long and flat steel remain intact at 10% and 12.5% respectively. Excise duty on steel remained unchanged, that on chrome ore was removed and that on bauxite was pared from 20% to 15%.

India imposes Minimum Import Price condition

The concept and imposition of the Minimum Import Price has been doing the rounds since Q3 2015-16 and it was only vide notification dated 5th February 2016, that the Indian Government actually imposed the Minimum Import Price condition on 173 steel products. Valid for 6 months from the date of notification or until further orders, whichever is earlier, the MIP notification covers all major flat and long steel products. It was further clarified that imports below fixed MIP will not be allowed into India and all the duties are required to be calculated on fixed MIP. However, imports shipped before 5th February 2016 will be allowed into India at the rate at which deal was signed between buyer and seller. Though it is admitted that its full impact would only be felt with a lag of a month or two from the date of imposition, yet the imposition of the MIP is considered by many as to be the panacea for rising steel imports, particularly from China.

Meanwhile, at 10.21 million tonnes, Indian finished steel imports during April-February 2015-16 crossed the 9.3 million tonnes full year level of 2014-15. **By doing so, it also created another record – of stepping into the double-digit zone for the first time in history of the Indian steel industry.** While the cumulative numbers for imports continued to record high growth (20.4 per cent yoy during April-February 2015-16), yet the monthly numbers appear to reflect some impact of the plethora of policy actions taken towards the second half of 2015 to control imports. For, imports during February 2016 at 0.911 mt were down by 0.2 per cent over January 2016 and also down, by 7.4 per cent when compared to February 2015. Nonetheless, trends in steel import would remain under the scanner of most in the coming days for despite the above declines noted, it continues to account for as high as 14 per cent of the total finished steel consumed by the country during April-February 2015-16, its high 20 per cent growth rate influenced partly by the low growth (decline) in indigenous supply (production for sale) during this period.

Import of total finished steel: top 5 markets in April-Feb 2015-16(prov)			
Rank	**Country**	**Qty ('000t)**	**%Share**
1	China	3521	34
2	Korea	2695	26
3	Japan	1928	19
4	Russia	286	3
5	Ukraine	198	2
Top 5		**8628**	**84**
All Total		**10214**	**100**
Source: JPC			

On analysis, the top 5 import markets for India during April-February 2015-16 again indicates the dominance of Asian neighbors led by China, which accounted for 34 per cent while the top three markets remained same and accounted for as high as 84 per cent of the country's imports of total finished steel during this period.

As far as items are concerned, import of non-alloy HRC (the highest-imported item at 3.1 mt) saw a sharp increase of 73 per cent yoy and accounted for 40 per cent of total non-alloy finished steel import during this period.

Indian Steel Industry Performance: April-February 2015-16

The following is a report on the performance of Indian steel industry in terms of total finished steel during April-February 2015-16 based on provisional data released by JPC. All growth comparisons are with regard to same period of last year.

Total Finished Steel (alloy + non-alloy)	Performance Highlights		
	April-February 2015-16* (mt)	April-February 2014-15 (mt)	%yoy change*
Production for sale	83.309	84.451	-1.4
Import	10.214	8.480	20.4
Export	3.456	5.077	-31.9
Real Consumption	72.964	69.782	4.6
Source: JPC ;* provisional			

Production for sale

- During April-February 2015-16, production for sale stood at 83.309 mt, a decline of 1.4 per cent compared to last year, in which contribution of the non-alloy steel segment stood at 75.342 mt (1.6 per cent decline), while the rest was the contribution of the alloy steel segment (including stainless steel), where production for sale was up by 1.2 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 38.452 mt (up by 4 per cent) while that of the flat segment stood at 36.89 mt (decline of 7 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 31 mt (up by 5 per cent), 6.9 mt (up by 2 per cent) and 0.79 mt (up by 5 per cent) as compared to last year.
- On the other hand, for the flat segment, with the exception of HR Sheets and pipes, production for sale was down for all other items like Plates (3.9 mt, down by 10 per cent), HRC (17 mt, down by 10 per cent), CRC (6.4 mt, down by 6 per cent) and GP/GC Sheets (6 mt, down by 5 per cent).

Export

- During April-February 2015-16, export of total finished steel was 3.456 mt, down by 31.9 per cent compared to last year.
- Contribution of the non-alloy steel segment stood at 2.948 mt (down by 33 per cent) while the rest was that of alloy steel (including stainless steel) segment, where exports were down by 22 per cent.
- In the total export of finished non-alloy steel, export of non-flat was at 0.384 mt (down by 5 per cent) and that of flat steel was at 2.564 mt (down by 36 per cent).

- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (0.31 mt, down by 7 per cent) while growth in exports in the non-alloy, flat segment was led by GP/GC sheets (1.19 mt, down by 20 per cent).

Import

- With import of total finished steel during April-February 2015-16 at 10.214 mt (up by 20.4 per cent compared to last year) and remaining well above exports, India remained a net importer of total finished steel in 2015-16 so far.
- In total finished steel import, contribution of the non-alloy steel segment was 7.682 mt (25 per cent rise) while the rest was the contribution of alloy steel (including stainless steel) segment, which was up by 8 per cent over same period of last year.
- In the import of total finished non-alloy steel, non-flat imports were at 0.65 mt (down by 26 per cent) and flat imports were at 7.03 mt (up by 34 per cent).
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.62 mt, down by 24 per cent) while for the flat segment, import was led by HRC (3.05 mt; up by 73 per cent).

Real Consumption

- During April-February 2015-16, real consumption (or simply consumption) of total finished steel stood at 72.964 mt, a growth of 4.6 per cent compared to last year.
- For non-alloy steel, contribution of the non-flat segment stood at 37.76 mt, up by 7.4 per cent over last year and that of the flat segment (after accounting for double counting) stood at 28.167 mt, down by 1.2 per cent over last year, taking total non-alloy consumption (after double counting) to 65.927 mt, up by 4 per cent. The remainder was the contribution of the alloy/stainless segment, which reported a growth of 15 per cent during this period.
- In the non-alloy, non-flat segment, the major contributor to consumption was bars & rods (30 mt; up by 8.5 per cent) whereas for the flat segment, consumption was led by HRC (19 mt, up by 1.3 per cent).

JPC Market Prices (Retail):

Delhi market prices: Compared to February 2015, average (retail) market prices in Delhi market in February 2016 declined 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 (including impact of raw materials) and partly global influence. When compared to January 2016, TMT and HRC prices in February 2016 however, recorded an increase for both, rising by 9.8 per cent and 2.1 per cent respectively. The situation in February 2016 with regard to February 2015 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 2016		
Item	**Delhi market prices (Rs/t)**	**% change over February 2015**
TMT, 10 mm	36538	-12.5
HRC, 2.0 mm	34033	-15.6
Source: JPC		

All markets: Compared to February 2015, average (retail) market prices in all four metro cities (Kolkata, Delhi, Mumbai and Chennai) in February 2016 declined 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 (including impact of raw materials) and partly global influence. Compared to January 2016, TMT prices in February 2016 increased in all the markets except Chennai (mild decline) while for HRC, prices declined for the Kolkata market, remained same in Chennai market and increased in case of the other two, i.e. Delhi and Mumbai market. The situation in February 2016 with regard to February 2015 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 2016 over February 2015				
Item	**Kolkata**	**Delhi**	**Mumbai**	**Chennai**
TMT 10mm	-18.3	-12.5	-16.6	-20.4
HR Coils 2.00mm	-21.7	-15.6	-20.3	-19.9
Source: JPC				

TMT prices were highest in the Delhi market (Rs 36,538/t) and lowest in the Kolkata market (Rs 33,360/t) while HRC prices were highest in the Chennai market (Rs 35,306/t) and lowest in the Kolkata market (Rs 33,527/t) during February 2016.

MIP Effect: February 2016 saw the imposition of the MIP on steel imports vide government notification dated 5th February 2016. Post-MIP, domestic market conditions got a major boost and this was reflected in a spurt in domestic steel prices, across items and across most markets. This is shown in the table below for TMT and HRC in the four metro markets based on prices as on 15th February 2016 and their variation with respective pre-MIP levels (i.e. as on 1st February 2016).

% change in Retail Market Prices after imposition of MIP in the domestic market				
ITEM	**Kolkata**	**Delhi**	**Mumbai**	**Chennai**
TMT 10mm	11.2	17.9	6.3	1.3
HR Coils 2.00mm	2.6	8.2	9.0	0.0
Source: JPC				

INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation have released the advance estimates of national income at constant (2011-12) and current prices for the financial year 2015-16 as also the quarterly estimates of GDP for the third quarter October-December (Q3), 2015-16 both at constant and current prices. As per their report, the growth in GDP during 2015-16 is estimated at 7.6 per cent as compared to the growth rate of 7.2 per cent in 2014-15.

Industrial Production: Provisional CSO data show that the Index of Industrial Production (IIP) was down by 1.5 per cent yoy in January 2016 depressed by declining growth in sectors like Manufacturing and Capital Goods among others. On a cumulative basis, however, IIP recorded a 2.7 per cent rise yoy during April- January 2015-16, as compared to same period of last year.

Inflation: The annual rate of inflation, based on monthly WPI, stood at (-)0.90% (provisional) for the month of January 2016 (over January 2015) as compared to (-)0.73% (provisional) for the previous month. Build up inflation rate in the financial year so far was (-) 0.23% compared to a build up rate of (-) 1.66% in the corresponding period of the previous year. The all India CPI inflation rate (combined) for January 2016 stood at 5.69 per cent as compared to 5.61 per cent of previous month.

Infrastructure Growth: The yoy growth rate of the eight core infrastructure industries stood at 2 per cent in April-January 2015-16 and at 2.9 per cent in January 2016, weighed down by the decline in growth rates in the production of crude oil, natural gas and steel.

Trade: Provisional figures from DGCI&S show that during April-January 2015-16 in dollar terms, overall exports were down by 18.06 per cent and imports were also down (by 15.87 per cent), both on yoy basis. During the same period, oil imports were valued at US$ 68068.20 million, which was 41.6 per cent lower yoy while non-oil imports were valued at US$ 227743.49 million which was 3.11 per cent lower yoy. The trade deficit for April-January 2015-16 was estimated at US$ 99207.75 million which was lower than the deficit of US$ 111685.04 million during the same period of last year.

Policy:

- The government proposes to develop rural clusters in the country with an aim to develop 300 clusters in all states and union territories.
- Ministry of Road Transport and Highways has approached Finance Ministry with a proposal for rebate in the form of excise duty reduction for consumers who purchase a new vehicle and give their old one for scrapping.
- The Union Cabinet has approved the proposal for notification of commitments under the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO).
- Government may soon approve capital goods policy which envisions increasing the share of capital goods in total manufacturing activity to 20 per cent by 2025 from 12 per cent at present.
- The government has cleared 13 highway projects of 672 km worth Rs 10,300 crore.
- The Finance Ministry and the RBI would usher in policy and regulatory changes to make ongoing infrastructure projects worth $100-150 billion attractive to long-term global investors.
- India imposed a Minimum Import Price on steel products to help stem a surge in cheaper shipments coming from overseas. Minimum prices for inbound shipments range from $341/t to as much as $752/t across various grades of steel.
- The government has cleared a policy that allows auction of coal to non-regulated sectors like steel, iron and cement.