# Trends ..... July 2016

Even as economic parameters depicted a mixed picture (IIP grew by a lowly 0.6% even as the core sector index put in a modest 5.2% growth during April-July 2016), market participants remained hopeful of continuation of MIP even as steel imports continued to decline in face of stringent policy measures.

## WORLD ECONOMY AT A GLANCE

- At 51.0 in July 2016, the J.P.Morgan Global Manufacturing PMI inched up over last month's level and one percentage point over May's lowly 50.0 mark. In doing so, it not only signalled improvement in the global manufacturing sector at the beginning of Q3 2016 but reached the peak level in 2016 so far.
- Markit Economics reports indicate that global manufacturing growth was led by North America, Asia and eurozone regions. In North America, the US PMI rose to a nine-month high supported by significant gains in production, new orders and employment. The eurozone PMI signalled growth for the thirty-seventh successive month, with the rate of expansion broadly in line with the average for that period. The Asia PMI rose above the 50.0 mark in July 2016 helped by a return to growth in case of China and aided by expansions in India, Taiwan, South Korea and Vietnam.The cumulative effect helped to counteract contractions as in case of Japan, Indonesia and Malaysia.
- The reports also indicate that there was a marginal growth of new export business and that manufacturing employment also rose in July 2016. There was also substantial growth noted in cases of average input costs and output charges during this period, as per the Markit report.

| Key Economic Figures | | | |
|---|---|---|---|
| **Country** | **GDP Q1 2016: % yoy change*** | **Manufacturing PMI** | |
| | | **June 2016** | **July 2016** |
| India ^ | 7.9 | 51.7 | 51.8 |
| China | 6.7 | 48.6 | 50.6 |
| Japan | 0.5 | 48.1 | 49.3 |
| USA | 0.5 | 51.3 | 52.9 |
| EU 28 | 0.6 | 52.8 | 52.0 |
| Brazil | 0.3 | 43.2 | 46.0 |
| Russia | 1.6 | 51.5 | 49.5 |
| South Korea | 0.5 | 50.5 | 50.1 |
| 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 July 2016 was 133.74 million tonnes (mt), up by 1.4 per cent over July 2015 and 929.63 mt during January–July 2016, down by 1.2 per cent year-on-year (yoy).

| World Crude Steel Production: January-July 2016* | | | |
|---|---|---|---|
| **Rank** | **Country** | **Qty (mt)** | **% change** |
| 1 | China | 466.52 | -0.5 |
| 2 | Japan | 60.93 | -0.8 |
| 3 | India | 54.96 | 4.8 |
| 4 | United States | 46.93 | -0.2 |
| 5 | Russia | 41.39 | -0.8 |
| 6 | South Korea | 39.37 | -2.7 |
| 7 | Germany | 25.25 | -2.0 |
| 8 | Turkey | 19.15 | 3.6 |
| 9 | Brazil | 17.57 | -12.0 |
| 10 | Ukraine | 14.47 | 10.3 |
| | **Top 10** | **786.54** | **-0.3** |
| | **World** | **929.63** | **-1.2** |
| Source: worldsteel, JPC; over last year;* provisional | | | |

- China produced 66.81 mt of crude steel in July 2016, up by 2.6 per cent over July 2015 and 466.52 mt during January–July 2016, down by 0.5 per cent yoy and remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was down by 2 per cent.
- China accounted for 73 per cent of Asian and 50 per cent of world crude steel production during this period.
- July 2016 Japanese crude steel production (8.88 mt) was a yoy growth of 0.5 per cent but production was down by 0.8 per cent in January–July 2016 (60.93 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 4.8 per cent rise in production over same period of last year, India remained the third largest crude steel producer in the world in January–July 2016.
- Crude steel production in the EU (28) countries during July 2016 was at 12.99 mt, down by 4.6 per cent yoy and at 95.75 mt in January–July 2016, it was down by 5.8 per cent yoy.
- At 92.24 mt, Asian crude steel production was up by 2.8 per cent yoy in July 2016 but declined by 0.3 per cent in January–July 2016 (638.71 mt). Asia accounted for 69 per cent of world crude steel production during this period.

## THE STEEL WORLD LAST MONTH

### THE AMERICAS

- The US International Trade Commission applied final anti-dumping (AD) measures on corrosion-resistant sheet from China (209.97%), India (3.05-4.44%), Italy (12.63-92.12%), Korea (8.75-47.8%) and Taiwan (3.77%). Countervailing duties (CVD) were also applied to all except Taiwan.
- The US Department of Commerce has issued preliminary CVD rates for Chinese stainless sheet and narrow strip in the range of 57.30-193.12%.
- Steel Dynamics Inc. signed a definitive agreement to acquire Vulcan Threaded Products, the largest manufacturer and supplier of threaded rod products in the US.
- The Canada Border Services Agency issued preliminary AD margins against China (96.7%) and Japan (20.1-96.7%) after finding the countries dumped large diameter welded line pipe into the country. A 30.3% estimated subsidy rate was also applied to China.
- Mexico has extended for another five years duties applied to imports of longitudinal welded carbon steel pipe from the US. Duties were established at 6.77-25.43%.
- Brazil's CSP has produced its first slab at its plant in the Ceara state.
- Brazil’s Foreign Trade Ministry has started AD investigations covering imports of steel wire originating in China and a separte one into imports of HR flat steel products from China and Russia.
- The Brazilian government has temporarily reduced its import tax for unalloyed nickel cathode to 2% from 6%, citing a persistent lack of supply.

### ASIA

- China's capacity eliminiation plans: Hebei Iron & Steel to eliminate 2.6 mtpa of pig iron and 5.02 mtpa of crude steel capacity in 2016-17. China’s Sichuan province is to eliminate 4.2 mtpa of outdated steelmaking capacity by 2017. Shanghai Baosteel Group to eliminate 9.2 mtpa in carbon and stainless steel production capacity between 2016 and 2018. Liaoning province to eliminate 6.02 mtpa of crude steel capacity. Jiangsu province to eliminate 17.5 mt steel capacity in 2016-2020, of which 3.9 mt would be shut this year.
- Baosteel Group and Wuhan Iron & Steel Corp, China’s second and sixth-largest steelmaking groups by output, are “planning a strategic reorganisation,” the latter said in a statement through its Shanghai-listed unit, Wuhan Iron & Steel Co.
- Baoshan Iron & Steel is set to commission the 2nd BF at its Zhanjiang steelworks in southern China in July 2016, about two months ahead of schedule.
- China exported 10.94 mt of steel in June 2016, up 23% yoy and the highest monthly volume since September 2015.
- Hyundai Steel has resolved the tap-hole blockage issues of the No.1 BF at its Dangjin works, thereby recovering production up to around 10,800 tpd, 98% of its average daily production of 11,000 tpd.
- Vietnam finalized safeguard duties at 23.3% for billet and 15.4% for the rolled products.
- Vina Kyoei Steel, the Japanese-Vietnamese mini-mill joint venture in southern Vietnam, expects to be operating its new 0.5 mtpa meltshop at full capacity from October.

- India's commerce ministry has opened a new anti-dumping investigation against imports of alloy and non-alloy color-coated/pre-painted flat products originating in, or exported from, China and the European Union. It has also started anti-dumping investigation related to imports of "Wire Rod of Alloy or Non- Alloy Steel" originating in or exported from China.
- In order to check the sale of defective and sub-standard stainless steel products used for making utensils and various kitchen appliances, the Indian government has issued the Stainless Steel (Quality Control) Order, 2016 for products used in making utensils and kitchen appliances, that will help filter imports of the metal.
- India's Essar Steel has developed a high-performance bulletproof steel, becoming part of an elite club of steel-makers.

**RUSSIA, MID-EAST, AFRICA, AUSTRALIA**

- Iran's 550,000 tpa rolling mill Bafgh Steel has stopped production, following issues with gas supplies and delays in financing the project by domestic banks.
- Installation of the first phase of the new bar mill, Sarmad Iron & Steel Company, in Iran is complete and trial production at the 0.45 mtpa rolling mill will start in September.
- Evraz is to construct a new 2.5 mtpa blast furnace at its NTMK Works to be commissioned in early 2018.
- The 400,000 mtpa HDG line and a 200,000 mtpa CC line under construction at Severstal's Cherepovets Iron and Steel Works will be commissioned in Q2 2017, taking its total capacity for HDG and pre-painted coils to 1.6 mtpa and 0.6 mtpa respectively.

**EU AND OTHER EUROPE**

- UK Steel does not currently anticipate withdrawing from Eurofer despite Brexit.
- A consortium has been established to represent the interests of European primary and secondary users of HRC, with "the aim of protecting their freedom to source these products from third countries".
- ArcelorMittal is to reline blast furnace No. 2 at its integrated steel works in Bremen, Germany, from October 2017.
- EU AD duties on Chinese and Russian CRC are to be hiked and made retroactive. While the duties for Chinese and Russian suppliers were provisionally set at 16% and 26.2% respectively, the definitive measures will be set at 19.8-22% for China and 18.7-36.1% for Russia.
- Thyssenkrupp is to take part in a government-funded project to convert steel mill off-gases into base chemicals for commercial use and has set up a technical centre at its Steel Europe site in Duisburg.
- ArcelorMittal submitted a bid to acquire Italian integrated steelmaker Ilva in partnership with Marcegaglia, the country's major re-roller.
- Turkish steel company Yolbulan Metal, one of Turkey's top 500 industrial firms, has filed a bankruptcy-suspension petition with a commercial court due to its financial difficulties.

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

## WORLD STEEL PRICE TRENDS

July 2016 in general towed the trend noted at the end Q2 2016. The seasonal impact on prices was evident in pockets around the world as was also the negligible impact of Brexit so far. Amdist the general southward trend, Chinese steel prices got some boost, mostly emanating from the supply side with the lifting of production cuts in the Tangshan region and gradual streamlining of operations. Further, floods in Northern China made supply conditions tight and bolstered prices. At the same time, iron ore prices got a boost, touching a quarter high of $60/t. However, with demand conditions yet to get a firm footing and Chinese exports still a headache for most, the general trend in steel prices would be under the spotlight in the coming days.

**Long product**

- US July 2016 rebar prices moved south, depressed by weak ferrous scrap market and a drop in demand with transactions, as per Steel First reports, quoted at around $530-550/t .
- The domestic rebar market in Northern and Southern Europe remained subdued in July 2016 with prices moving south, partly due to impact of the holiday season and partly due to low demand. Steel First's assessment for domestic rebar in Northern Europe was at around €460-470/t ($506-517) and at around €380-390/t ($418-429) in Southern Europe.
- China's spot rebar market remained mixed in July 2016, gaining during the month only to weaken at month-end in line with losses in the futures market and low volume of physical trading. Transactions for grade III rebar as per Steel First reports were quoted at around 2270-2320 yuan/t in Shanghai and at around 2330-2350 yuan/t in Beijing. All prices are ex-w and includes VAT.
- Russian domestic rebar prices declined over the last week of July 2016 as producers lowered their prices in view of higher supply vis-a-vis demand. Steel First's price assessment for 12mm A500C rebar in the Russian domestic market stood at around 34,500-34,550 roubles/t($523) cpt Moscow, including VAT.

**Flat products**

- July 2016 flat steel prices in the US dipped with Steel First reports pointing out delayed purchases in anticipation of future price declines given in general, a weak outlook for ferrous scrap and uncertainty regarding volume of import arrivals. HRC transactions as per Steel First reports were quoted at around $610-630/t in end-July fob Midwest mill.
- Domestic flat steel prices dipped in the EU in July 2016 due to the seasonal market slowdown with HRC transactions as per Steel First reports quoted at around $425-430/t.
- China's spot HRC prices moved north in end-July led by modest demand and a tight supply with HRC transactions as per Steel First reports quoted at around 2660-2680 yuan/t in Shanghai and at around 2620-2640 yuan/t in Tianjin. All prices are ex-w and includes VAT.
- Russian domestic HRC prices moved south in end-July depressed by low demand conditions with transactions for 4mm HR sheet as per Steel First reports quoted at around 35,000-36,000 roubles/t ($555-571) cpt Moscow, including VAT.

[Source Credit: Steel First]

## SPECIAL FOCUS

### Chinese group seeks anti-dumping case against iron ore imports

Steel First reports indicate that the Metallurgical Mines' Association of China (MMAC) would urge the country's Ministry of Commerce to conduct an anti-dumping investigation on iron ore imports from Australia and Brazil. The decision of the MMAC, as per the report, is on the behalf of some 20 medium-sized and large Chinese miners. The MMAC considers the export of iron ore by major international miners to China "in large amounts and at low prices" is apparent dumping, which has caused and will continue to cause substantial damage to China's iron ore industry. They have also maintained that such imports have led to closure of a large number of domestic mining companies. China's run-of-mine iron ore output fell by 2.2% year-on-year to 594 million tonnes in the first six months of 2016. Over the same period, iron ore imports rose 9.1% to 493.74 million tonnes.

### BMI report indicates slowing down of global iron ore output

Steel First has highlighted a recent report by BMI Research according to which the growth in global iron ore production will slow down over the next four years and supply growth will primarily be driven by Australia and Brazil. An average annual growth rate of 0.1% is expected in global iron ore production, to 3.28 billion tonnes by 2020 from 3.15 billion tonnes in 2016, as per the report. This growth rate would be significantly smaller than the 4.8% recorded over 2011-15 due to reductions in output at high-cost iron ore producers in China. The BMI report has specifically pointed out the following:

**China**: Chinese iron ore production will fall by 10% in 2016 and by 5% in 2017. Its average annual contraction during 2016-20 will be 3.8% as per forecast made by BMI in its report. In addition to a new environmental regulation that will reduce demand for low-grade iron ore, low iron ore prices and weak steel consumption growth will also drive a reduction in China's domestic output.

**Australia:** As per BMI forecast, Australia's iron ore production will show average annual growth of 2% during 2016-20, a significant decline from the 10.7% level achieved during 2011-15. Iron ore production will slow down as junior high-cost miners exit while major miners ramp up production to cut costs. Despite weak iron ore prices, major miners will focus on cutting their costs as a way to reap economies of scale, as per the report which has pointed out that besides existing biggies, newcomer Roy Hill will also contribute to the growth in iron ore market with production at 55 million tonnes per annum level. Due to the subdued iron ore prices, growth in Australia's iron ore production will slow down from 4.9% in 2016 to a contraction of 1.3% in 2020, but the BMI report points out that the country will remain the leading global iron ore producer with production growth placed at 792 million tonnes by 2020 from 754 million tonnes in 2016.

**Brazil:** The BMI report points out that Brazil's iron ore sector is set to outperform in the coming years because of low operating costs and vast reserves. Vale will remain the world's largest iron ore producer until at least 2020, despite the reduction in this year's production guidance figure to 340-350 million tonnes from 366-386 million tonnes.The miner's announcement in February that it would sell around $10 billion of core assets over the next year-and-a-half is part of its cost-cutting and divestment strategies, intended to reduce its debt load and maintain iron ore production levels. Besides Vale, various foreign and domestic firms will also play a part in Brazil's iron ore production output, like Anglo American's Minas Rio project is expected to contribute 26.5 million tonnes per annum of iron ore by the end of 2016. As per a press release, the report points out, Brazilian domestic steelmaker Gerdau is likely to increase iron ore output at its Varzea do Lopes mine to 13 million million tonnes per annum from 6 million million tonnes per annum.

**India:** BMI has forecast that India's iron ore output will grow to 164.4 million tonnes in 2020 from 132.9 million tonnes in 2016. With the national budget's removal of export taxes for low-grade lumps and fines below 58% Fe content, and the ending of mining bans in the three principal iron-ore producing states (Goa, Odisha and Karnataka), the country's average annual growth will hit 5% during 2016-20, the BMI report has highlighted. This would be a significant increase in output and a turnaround from average contraction of 9.1% year-on-year in 2011-15.

## INDIAN STEEL MARKET ROUND-UP

### Trends in finished steel imports

As seen last month also, under the cumulative impact of the plethora of measures announced since June last year and culminating in the much sought-after MIP in February 2016, provisional data released by JPC for April-July 2016-17 indicates that imports of total finished steel continued to decline during 2016-17 so far, dropping by 34 per cent during April-July 2016-17 to 2.393 million tonnes (mt) as compared to same period of last year. Moreover, imports in July 2016 (0.56 mt) were down by 11.4 per cent over June 2016 and dropped by a massive 46 per cent over July 2015. Further, at 2.393 mt during April-July 2016-17, imports accounted for only 9 per cent of total domestic consumption of steel during this period, much lower compared to the 13.7 per cent as recorded for the same period of last year. Also notably, production for sale remained firmly in growth territory in April-July 2016, growing by 6.1 per cent while exports recorded an 8.7 per cent rise only during this period.Unlike what

**Import of total finished steel: top 5 markets in April-July 2016-17 (prov)**

| Rank | Country | Qty ('000t) | %Share |
|---|---|---|---|
| 1 | China | 706 | 30 |
| 2 | Korea | 678 | 28 |
| 3 | Japan | 400 | 17 |
| 4 | Russia | 185 | 8 |
| 5 | Indonesia | 93 | 4 |
| | **Top 5** | **2062** | **86** |
| | **All Total** | **2393** | **100** |

Source: JPC

was noted till June 2016, provisional data for April-July 2016 indicates that China (30 per cent share) edged past Korea (28 per cent share) by a substantial margin to regain its position as the largest import market for Indian steel during this period. Also, China, Korea and Japan continued to be the top three markets, accounting for 75 per cent of the country's imports of total finished steel during the current fiscal so far.

## Indian Steel Industry Performance: April-July 2016-17

The following is a report on the performance of Indian steel industry in terms of total finished steel during April-July 2016-17 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-July 2016-17*(mt) | April-July 2015-16*(mt) | %yoy change |
| Production for sale | 32.025 | 30.191 | 6.1 |
| Import | 2.393 | 3.625 | - 34 |
| Export | 1.696 | 1.560 | 8.7 |
| Consumption | 26.539 | 26.399 | 0.5 |
| Source: JPC ;* provisional | | | |

***Production for sale***

- During April-July 2016-17, production for sale stood at 32.025 mt, a growth of 6.1 per cent compared to same period of last year, in which contribution of the non-alloy steel segment stood at 28.76 mt (up by 5.6 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel), where production for sale was up by 10.4 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 14.244 mt (up by 4.5 per cent) while that of the flat segment stood at 14.521 mt (up by 6.7 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 11.405 mt (up by 6.2 per cent), 2.532 mt (down by 4 per cent) and 0.31 mt (up by 21 per cent) as compared to same period of last year.
- On the other hand, for the flat segment, with the exception of HR sheets (down by 24 per cent) and GP/GC Sheets (down by 2 per cent), production for sale was up for all other items like Plates (1.4 mt, up by 3 per cent), HRC (6.9 mt, up by 9 per cent) and CRC (2.6 mt, up by 27 per cent).

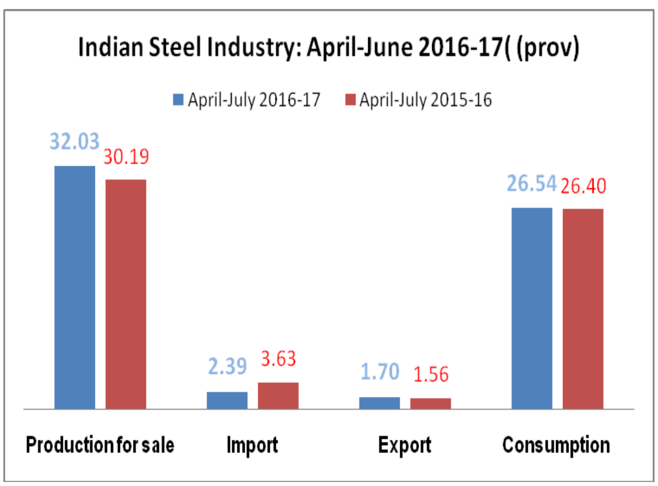
***Export***

- During April-July 2016-17, export of total finished steel was 1.696 mt, up by 8.7 per cent compared to same period of last year.
- Contribution of the non-alloy steel segment stood at 1.542 mt (up by 12 per cent) while the rest was that of alloy steel (including stainless steel) segment, where exports were down by 16 per cent over last year.

- In the total export of finished non-alloy steel, export of non-flat was at 0.19 mt (up by 39 per cent) and that of flat steel was at 1.35 mt (up by 9 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (0.16 mt, up by 48 per cent) while growth in exports in the non-alloy, flat segment was led by GP/GC sheets (0.5 mt, up by 2 per cent).

***Import***

- Import of total finished steel during April-July 2016-17 was at 2.393 mt, down by 34 per cent compared to same period of last year.
- However, it remained well above exports, with the result that India remained a net importer of total finished steel during April-July 2016-17.
- In total finished steel import, contribution of the non-alloy steel segment was 1.836 mt (35 per cent decline) while the rest was the contribution of alloy steel (including stainless steel) segment, which was down by 30 per cent over same period of last year.
- In the import of total finished non-alloy steel, non-flat imports were at 0.165 mt (down by 35 per cent) and flat imports were at 1.67 mt (down by 35 per cent).
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.13 mt, down by 44 per cent) while for the flat segment, import was led by HRC (0.7 mt; down by 39 per cent).




***Consumption***

- During April-July 2016-17, real consumption (or simply consumption) of total finished steel stood at 26.539 mt, a growth of 0.5 per cent compared to same period of last year.
- For non-alloy steel, contribution of the non-flat segment stood at 13.849 mt, up by 4.4 per cent over same period of last year and that of the flat segment (after accounting for double counting) stood at 10.137 mt, down by 4 per cent over same period of last year, taking total non-alloy consumption (after double counting) to 23.986 mt, up by 0.8 per cent. The remainder was the contribution of the alloy/stainless segment, which reported a decline of 2 per cent during this period.
- In the non-alloy, non-flat segment, the major contributor to consumption was bars & rods (11.02 mt; up by 6 per cent) whereas for the flat segment, consumption was led by HRC (7.1 mt, down by 1.3 per cent).

### *JPC Market Prices (Retail)*

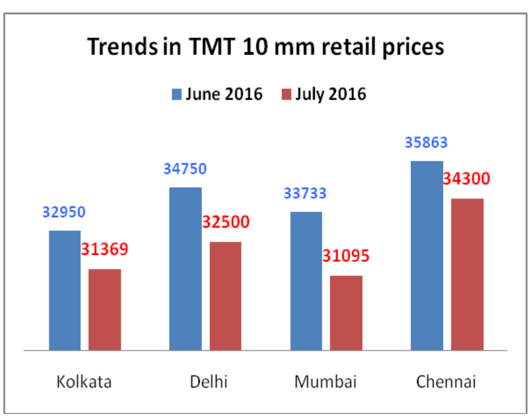
*Delhi market prices:* Compared to July 2015, average (retail) market prices in Delhi market in July 2016 declined for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions. The trend was similar when compared to June 2016 as well for both these categories of products. The situation in July 2016 with regard to July 2015 is shown in the table below for TMT 10 mm and HRC 2.0 mm.

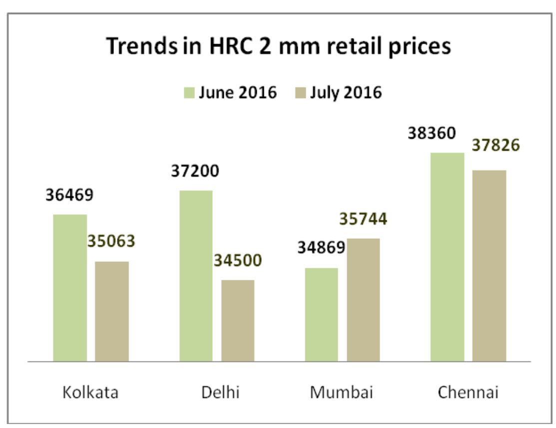
| Trends in JPC market price (retail) in Delhi market in July 2016 | | |
|---|---|---|
| **Item** | **Delhi market prices (Rs/t)** | **% change over July 2015** |
| TMT, 10 mm | 32,500 | -14.9 |
| HRC, 2.0 mm | 34,500 | -4.5 |
| Source: JPC | | |

*All markets:* Compared to July 2015, average (retail) market prices in all four metro cities (Kolkata, Delhi, Mumbai and Chennai) in July 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. The trend was similar when compared to June 2016 as well for both these categories of products for all the four markets. The situation in July 2016 with regard to July 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 July 2016 over July 2015 | | | | |
|---|---|---|---|---|
| **Item** | **Kolkata** | **Delhi** | **Mumbai** | **Chennai** |
| TMT 10mm | -15.1 | -14.9 | -15.1 | -10.2 |
| HR Coils 2.00mm | -5.0 | -4.5 | 2.8 | -1.3 |
| Source: JPC | | | | |

TMT prices were highest in the Chennai market (Rs 34,300/t) and lowest in the Mumbai market (Rs 31,095/t) while HRC prices were highest in the Chennai market (Rs 37,826/t) and lowest in the Delhi market (Rs 34,500/t) during July 2016.



## INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

**GDP:** The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation have released the provisional estimates of national income for the financial year 2015-16 at constant (2011-12) 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 and real GVA is estimated at 7.2 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 up by 2.1 per cent in June 2016 and by 0.6 per cent in April-June 2016-17, depressed by declining growth in sectors like Manufacturing, Capital Goods.

**Inflation:** The annual rate of inflation, based on monthly WPI, stood at 3.55% (provisional) for July 2016 (over July 2015) as compared to 1.62% (provisional) for the previous month. Build up inflation rate in the financial year so far was 4.91% compared to a build up rate of 0.85% in the corresponding period of the previous year. The all India CPI inflation rate (combined) for July 2016 stood at 6.07 per cent as compared to 5.77 per cent of previous month.

**Infrastructure Growth:** The yoy growth rate of the eight core infrastructure industries was up by 5.4 per cent in June 2016 and by 5.2 per cent in April-June 2016-17, led by the growth rates in all sectors except crude oil and natural gas.

**Trade:** Provisional figures from DGCI&S show that during April-July 2016 in dollar terms, overall exports were down by 3.62 per cent and imports were also down (by 16.33 per cent), both on yoy basis. During the same period, oil imports were valued at US$ 25666.96 million, which was 25.01 per cent lower yoy while non-oil imports were valued at US$ 88329.79 million which was 13.42 per cent lower yoy. The trade deficit for April-July 2016-17 was estimated at US$26995.41 million which was lower than the deficit of US$ 45981.41 million during April-July 2015-16.

**Policy:**

- Government mulls tolls on public funded national highways, with the proceeds used for the construction, operation and maintenance of such highways.
- The Union Ministry of Environment and Forests has eased the rules governing small mines just six months after bringing clusters of small mines under the ambit of environmental clearances. The decision was taken in view of the sudden unemployment of a large number of persons in Rajasthan due to closure of mines. Having failed to obtain environment clearances, a large number of small mines across several States, especially Rajasthan, were ordered to be closed by the National Green Tribunal (NGT) earlier.
- Government has issued guidelines for Shipbuilding Assistance Policy which entails financial assistance of 20 per cent for ships built in the country and will be applicable to contracts signed between April 1, 2026 to March 31, 2026, including the said dates.