Indian steel prices to remain stable in April

Falling international steel prices, drop in domestic iron ore prices and recent appreciation in rupee that made imports attractive may force steelmakers to either cut steel prices or keep prices unchanged in April.

Steel manufacturers and distributors confirmed that after three consecutive price hikes since January, steel prices are unlikely to rise in April.

A spokesperson from Essar Steel said that “The input cost continues to remain firm. The price levels in India are in line with global prices and in some cases lower than import parity prices. The demand is stable. Hence the prices will continue to remain at present levels.”

Mr RK Goyal MD of Kalyani Steels, too agreed that probability of steel prices remaining at current levels in April are high as demand continues to remain subdued. Another steel major having strong presence in southern and western India said that previous price increases were absorbed by the market but now the prices would remain stable.

An analyst said “Steel demand was likely to remain subdued going forward. Even after election if stable government forms at center, it will not immediately translate in to investment. Real effect of new government will start reflecting only after September, thus no major investment is seen in next six months at least.”

Steel prices across the globe, barring the US, have remained under pressure because of excess supply

Source – DNA
(www.steelguru.com)

CIL to hike coking coal prices by 10pct from April

Coal India Limited is planning to increase coking coal prices by 10% from April 1st 2014.

A senior company official said that “Though we have raised non coking coal price in the current year (2013 to 2014), we have not revised coking coal prices since February 2012. Coal India produces nearly 15 million tonnes of coking coal annually, mostly through its subsidiary Bharat Coking Coal Limited.

Steel makers such as Steel Authority of India Limited and TATA Steel Limited among others, meet a part of their coking coal requirement from Coal India’s supplies.

This financial year, Coal India has raised non coking coal prices twice. In May, it raised prices by around 5% across grades and across all subsidiaries and in December, it raised prices of coal at subsidiary Western Coalfields Ltd by 10%.

The impact of the price hike, in terms of additional revenue will not be significant for the coal behemoth as coking coal comprises only around 3% of its total coal production, which is seen at 460 million tonnes in 2013 to 2014 (April-March).

Source - Freepressjournal.in
(www.coalguru.com)

Bright future for steel industry : SAIL chief
Notwithstanding poor growth in steel demand this year, state-owned SAIL believes the future of the industry is bright as India’s per capita consumption is low and Government is planning to increase infrastructure spending.

India’s steel demand grew by just 0.5 per cent to 53.78 million tonnes during the April-December period of the current fiscal, impacted by economic slowdown. Though India’s per capita consumption has increased from 29 kg in 2000 to 59 Kg in 2012-13. In rural areas home to around 70 per cent of the population per capita consumption is approximately one-fifth of the national average at 12 Kg.

The future of the Indian steel industry is indeed very bright and there are several enablers which indicate this and includes low per capita consumption and governments plan to hike infrastructure spending. Starting that government plans to increase infrastructure spending from the current 5 percent GDP to 10 per cent by 2017.

India is committed to investing $ one trillion in infrastructure during XIIth Five Year plan. Taking 15 per cent as steel component in the total investment, then it can generate additional demand worth $75 billion os steel in next few years or $15 billion worth of additional demandf of 18.75 million tonnes per annum

Besides, the National Manufacturing Policy envisages the share of manufacturing in GDP to increase from 14 per cent in 2012-13 to 25 per cent by 2025 with manifold increase in steel intensify translating into finished-steel consumption of 230-255 MTPa by 2025.

Indian steel industry has also grown at a hand some pace from less than 22 million tonnes (MT) in 2000 to about 81 MT in 2012-13 at CAGR of 11 per cent. While it achieved the forst 27 MT of production capacity in 50 years between 1951-52 to 1999-2000, the next 10 years – from 2000-01 to 2009-10. the country proposes to achieve 300 MTPA capacity by 2025.

**Steel firms get more time to obtain green clearances**

New Delhi, March 9 : The government has decided to give firms, including JSPL and Tata Steel, more time to seek clearances from environment ministry and furnish proof on the same to coal ministry by December 1, falling which their mines would be de-allocated.

“Accordingly, you are advised to take necessary steps for obtaining FC (forest clearance) state II from the Ministry of environment and forests (MoEF) by November 30, 2014 and furnish the proof thereof to this ministry by December 1, 2014 falling which coal blocks would be de-allocated without further notice, the coal ministry said in letters to the firms. The decision was taken following the recommendations of an inter-ministerial group coal block

Source : PTI

**Steel sector may see temporary over-supply**
NEW DELHI PTI – With around 50 per cent capacity increase in the offing, India’s steel industry is likely to face to temporary over-supply situation, SAIL Chairman C S Verma said. “Substantial capacity additions are lined up in the next 1 to 0 years in the country taking the capacity from the current level of around 90 million tonnes per annum (MTPA) to around 135 MTPA by 2015-16,” he said. The rise in production may lead to a “Temporary phase of over-supply,” he said adding, this because “typically the increase in capacities is in spikes, whereas the increase in consumption follows a relatively smoother trajectory.”

Almost all the leading steel producers in the country have been jacking up capacities, anticipating a boost in demand with an estimated $ one trillion to be invested in the infrastructure space during the current Plan Period. On the other hand, the demand has not been rising on the expected lines. During the April-February period of the current fiscal, India’s steel consumption expanded by just 0.7 per cent to 67.253 million tones (MT) over the same period last fiscal, mainly due to slow economic growth.

Typically steel consumption rises by 1.1 times of the GDP growth rate for an economy. It remained largely subdued so far in the current fiscal considering India’s slow GDP growth. India’s economy grew below expectations at 4.7 per cent in October-December on falling output in the manufacturing sector. The country’s GDP had expanded 4.8 per cent in the July-September quarter and 4.4 per cent in April-June period Growth in the first nine months (April-December) was at 4.6 per cent.

Increased capacity and subdued consumption might lead to more exports. In the first II months of the current fiscal, India’s steel exports were up by 8.1 per cent at 5.045 MT. Imports, on the other hand, saw a 31.1 per cent decline during the period.

**Indian rupee ends fiscal on a high on euphoria over elections**

The Indian rupee posted its biggest quarterly gain since the September quarter of 2012, streaking past the 60/USD level, to touch an 8 month high as foreign investors grabbed Indian shares anticipating a conducive electoral outcome.

The rupee ended Friday’s session and the financial year at 59.89/90 to the dollar, a smart 15% up from the all-time low of 68.85/$ that it hit in late August last year.

The rupee has gained 3.2% since December 31st. Combined foreign flows into the bond and equity markets are in the region of USD 9.3 billion.

While exporters would be disappointed since they would earn less in rupee terms, oil marketing companies will be big gainers as will be corporates importing coal or machinery.

Companies with unhedged foreign exchange exposures also stand to benefit since they will mark these to market at a higher rupee value. The currency is expected to rise further to 57-58/$ if foreign flows into the bond and equity markets sustain, but give up some ground thereafter. Market players observe that chances that the pro business opposition BJP would win a strong mandate at the general elections is prompting foreign funds to invest in India. Several exit polls have also predicted a strong win for a BJP led coalition.

The optimism surrounding elections comes on the back of improving macroeconomic data and a general improvement in global sentiment as well.

Mr Manoj Rane, MD and head of global markets at BNP Paribas, said that “If we see an inflow of around USD 5 billion in the next month, the rupee could rise to 58 or 57/$. However, in the medium term, the rupee is likely to settle in the 60-63/$ range once the euphoria over elections tapers.”
Imported Scrap offers to India rose by USD 15/MT over strong currency and high offers in global market.

Imported Scrap prices have risen in Indian market owing to strong Indian currency, which has appreciated around 3% in last few trading sessions and rising offers in the global market.

Sources tell SteelMint that current offers from Middle East are hovering in the range of USD 380-385/MT CFR Mumbai based on quality & delivery, which has gone up by almost USD 15/MT from last month.

Recently, a vessel carrying 8 containers of HMS 1 from Oman is to be delivered to Nhava Sheva Mumbai next week. The deal is heard to be settled at USD 383/MT CFR.

Indian importers are inclined towards Middle East offers. As per few market participants we talked, prompt delivery from Middle East is one of the major reasons for frequent transactions. It takes maximum of 7-9 days to deliver the material from Middle East to India. Currency fluctuation is also an important factor while trading internationally. An importer based in Mumbai opined,

Chhattisgarh’s steel manufacturers will be charged by different Value Added Tax (VAT) in sales as per capital expenditure in plant. For capital investment of more than INR 10 crore will be charged by 5%, whereas capital expenditure of less than INR 10 crore will be charged by 3%.

As per the CG Budget announcement w.e.f. 1Apr 2014, the new VAT charges will be implemented as per the industry categorization. The small scale (capital less than 1 crore) and medium scale (capital less than 10 crore) steel industry will be charged by 3% VAT. However, large scale (capital more than 10 crore but less than 100 crore) industry will be charged by 5% VAT. Similarly, CST 2% will be applicable to large scale manufacturers, whereas small & medium scale steel industrialist will be charged by 1%. Around 6 major TMT brands will fall under 5% VAT, whereas rest will be charged by 3% VAT.

"It's sad news for the steel industry as the same product (Re-bar) will be charged for two separate taxes (as per the industry classification) by two separate plants. The industry as a
whole doesn’t support this law," said a Re-bar manufacturer (medium scale), benefited by 2% rebate in VAT.

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*Note: Only Reference Price*

*Source: www.steelmint.com*