

# Steel In The News

*A compilation of leading news items on Indian steel industry as reported in major national dailies*

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## HIGHLIGHTS OF THE WEEK

1. Steel demand down 1.8% in Oct-Nov
2. SAIL marketing strategy helps draw high volume sales in November
3. Crude steel output of JSW falls 7% to 12.90L tonne in November
4. With iron ore shortage looming large, prices may go up next year
5. Italy proposes new plan to rescue Arcelor steel plant

## RAW MATERIAL

### **With iron ore shortage looming large, prices may go up next year**

Iron prices are set to increase from March 2020 as the Odisha government annuls three rounds of bids called in to auction 20 iron mines whose leases are expiring in March. The fresh bid documents were released on December 6 with original timelines maintained. In an attempt to stop cornering of mines by one single bidder, the Government has banned multiple bids from the same company, including its affiliates. The Government had invited bids for auctioning iron ore mines in three rounds, putting up 29 blocks under the hammer, 9 of which were virgin mines. However, after opening the technical bids, the entire process was abandoned. New bids have, now, been invited for 20 mines, leaving behind the 9 virgin mines that were part of phase-II of bids. This apart, the Ministry of Environment, Forest and Climate Change has issued a notification mandating fresh Environment Clearance for mines being auctioned, citing the Supreme Court judgment in the Goa Foundation case.

*Source: Business Line, December 11, 2019*

## COMPANY NEWS

### **SAIL marketing strategy helps draw high volume sales in November**

Better utilisation of warehouses, reworked branding strategy and micro focus on marketing have helped state-owned Steel Authority of India (SAIL)

record an over 36 per cent year-on-year jump in sales volume this November. The company's sales for the month stood at 1.409 million tonne amid concerns over demand pick up in the domestic market due to the economic slowdown. "In September, we restructured our marketing segment. It is this restructuring that has started to show results now," a senior company official told Business Standard. The company has divided its marketing section into three verticals—sales, marketing and services—for an enhanced focus. "Splitting into verticals has led to micro management in marketing and each area is having more focus leading to better results getting generated from every section," said the official. The sales figure for November is also one of the industry's best, reflecting the company's renewed thrust on marketing strategy to seize the market opportunity, SAIL said in its release.

*Source: Business Standard, December 10, 2019*

### **Crude steel output of JSW falls 7% to 12.90L tonne in November**

JSW Steel on Monday posted a 7 per cent fall in November 2019 crude steel output at 12.90 lakh tonne (LT). In November 2018, the Sajjan Jindal-led company had produced 13.90 LT of crude steel. Its flat products production fell 1 per cent to 9.09 LT from 9.15 LT in November 2018, JSW Steel said in a statement. The production of long rolled products at 2.99 LT was also 14 per cent lower as compared to 3.48 LT in the same month a year ago.

*Source: Business Standard, December 10, 2019*

## **STEEL PERFORMANCE**

### **Steel demand down 1.8% in Oct-Nov**

Steel demand in the first two months of this quarter had declined 1.8 per cent to 15.4 million tonnes against 15.7 mt logged in same period last year, with no hope of a meaningful recovery expected in December. Notwithstanding the weak demand, domestic steel producers have announced moderate price hikes in November and December, taking a cue

from rising international steel prices, said ICRA on Tuesday. In the agency's opinion domestic steel prices are likely to remain sensitive to international prices in the absence of a meaningful pick-up in domestic demand in the seasonally strong fourth quarter.

*Source: Business Line, December 11, 2019*

### **Auto sales go up in Nov on car, two-wheeler demand**

Retail demand of cars and two-wheelers saw a slight improvement in November as sales grew 6.25% and 4.6% y-o-y, respectively, driving up overall auto sales by 5% y-o-y. Experts, however, believe demand may remain subdued in the near term as transition to new emission norms from April 2020 will see a rise in prices. "Sharp price escalation post BS-VI is likely to be a headwind to demand recovery at least initially," analysts at Jefferies said. Commercial vehicle sales remained weak for the 11th consecutive month with retails — vehicles sold by dealers to customers — falling 8.6% y-o-y, as discounts notwithstanding, fleet operators and business entities chose to stay away from purchases.

*Source: Financial Express, December 10, 2019*

## **GLOBAL STEEL**

### **Italy proposes new plan to rescue Arcelor steel plant**

Italy is negotiating a new plan with ArcelorMittal to save the Taranto steel plant that involves partial state ownership, Prime Minister Giuseppe Conte said on Monday. "What I can say, without revealing secrets, is that the participation of public companies is anticipated," Conte said at an energy presentation in Rome. "We are ready to do our part to make this plan more efficient and credible. And make the industrial plan even more sustainable," Conte added. Last month, ArcelorMittal -- the world's biggest steelmaker -- pulled out of an agreement to buy struggling Italian firm Ilva and said it planned to cut 5,000 jobs after Italian lawmakers revoked a period of legal immunity to bring the heavily-polluted site up to environmental standards.

Since then, Italy has been trying to find a way to save the Taranto plant in the south of Italy which has long been mired in controversy over its environmental impact. Experts believe that some 7,500 people have died in the surrounding area as a result of diseases linked to toxic emissions. Italy considers the steel mill a strategic industrial site and faces pressure from unions, which are trying to protect the 8,000 jobs at risk. Economic Development Minister Stefano Patuanelli said the state had a role to play, along with ArcelorMittal.

*Source: Business Standard, December 10, 2019*

### **Germany fines steelmakers €646 million for price fixing**

Germany's antitrust authority on Thursday handed down fines totaling some €646 million (\$720 million) to three steelmakers for rigging prices for quarto plates, a type of hot-rolled steel used in building bridges, ships, pipelines and machinery, including wind turbines. The three companies, two German and one Austrian, had regularly determined the surcharges and price supplements for the products among themselves from mid-2002 to June 2016, Germany's antitrust authority, the Federal Cartel Office, said. Thyssenkrupp Steel Europe Ilsenburger Grobblech and Voestalpine Grobblech have admitted the charges, and this was taken into consideration when determining the appropriate fines, the office said. It said that another German company, Dillinger Hüttenwerken, which was also involved in the price rigging, had escaped a fine by being the first company to cooperate with authorities. The companies can still appeal against the fines, though Voestalpine has already announced that it intends to pay up.

*Source: Economic Times, December 13, 2019*