



Trends May 2016

Even though the April 2016 IIP sank to record lows with Manufacturing in the 'red', under the cumulative impact of the plethora of measures announced since June last year, India's import of total finished steel continued to decline in the current fiscal so far, much to the relief of the domestic steel industry.

WORLD ECONOMY AT A GLANCE

- At 50.0 in May 2016, the J.P.Morgan Global Manufacturing PMI registered a reading identical to the no-change mark thereby indicating a broad stagnation of industry. Markit Economics report also indicates that the rates of expansion in production and new orders reached a near-stagnation point and the pace of contraction in new export business was one of the steepest during the past three years.
- In the US, the May 2016 PMI remained above the 50.0 no-change mark, but its rate of expansion eased to its lowest since the (Markit) survey had started in October 2009. The euro area PMI declined to a three-month low in May 2016, but remained above the global average for the fifteenth month running. The two largest Asian manufacturing economies – China and Japan – both contracted in May 2016 while contractions were also seen in Taiwan and Malaysia. India, South Korea, Indonesia and Vietnam were the only pockets of expansion during this period.
- Both input costs and output charges moved up during May 2016.

Key Economic Figures			
Country	GDP 2015: % yoy change*	Manufacturing PMI	
		April 2016	May 2016
India ^	7.5	50.5	50.7
China	6.9	49.4	49.2
Japan	0.5	48.2	47.7
USA	2.4	50.8	50.7
EU 28	1.8	51.7	51.5
Brazil	-3.8	42.6	41.6
Russia	-3.7	48.0	49.6
South Korea	2.6	50.0	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 May 2016 was 139.15 million tonnes (mt), a decline of 0.1 per cent over May 2015 and 658.23 mt during January–May 2016, down by 2.2 per cent year-on-year (yoy).

World Crude Steel Production: January-May 2016*			
Rank	Country	Qty (mt)	% change
1	China	329.95	-1.4
2	Japan	43.18	-2.0
3	India	38.60	2.4
4	United States	33.07	-0.2
5	Russia	29.16	-2.8
6	South Korea	27.89	-2.7
7	Germany	18.19	-1.0
8	Turkey	13.62	3.4
9	Brazil	12.32	-13.9
10	Ukraine	10.61	14.7
	Top 10	556.59	-1.2
	World	658.23	-2.2
Source: WSA, JPC; over last year;* provisional			

- China produced 70.5 mt of crude steel in May 2016, up by 1.8 per cent over May 2015 and 329.95 mt during January – May 2016, down by 1.4 per cent yoy and remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was down by 3 per cent.
- China accounted for 73 per cent of Asian and 50 per cent of world crude steel production in January-May 2016.
- May 2016 Japanese crude steel production (8.84 mt) was a yoy decline of 0.9 per cent and production was down by 2 per cent in January-May 2016 (43.18 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 2.4 per cent rise in production over same period of last year, India remained the third largest crude steel producer in the world in January - May 2016.
- Crude steel production in the EU (28) countries during May 2016 was at 14.48 mt, down by 5.5 per cent yoy and at 68.85 mt in January-May 2016, it was down by 6.4 per cent yoy.
- At 95.61 mt, Asian crude steel production was up by 1.3 per cent yoy in May 2016 but declined by 1.4 per cent in January–May 2016 (451.34 mt). Asia accounted for 69 per cent of world crude steel production during this period.

THE STEEL WORLD LAST MONTH

THE AMERICAS

- Commercial Metals Co. began construction of its new micro-mill in Durant, Oklahoma with capacity of about 350,000 short tons/year.
- The US has launched unfair trade investigations on imports of cut-to-length plate imports from 12 countries: Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, South Korea, South Africa, Taiwan and Turkey.
- Mexico's Ternium will double the capacity of its HDG line from present 0.4 mtpa.
- The US Steel Corporation is looking for a buyer for its integrated strip producer US Steel Kosice in Slovakia, according to local media reports.
- Nucor is expanding its Vulcraft/Verco Group decking and joist fabrication operations into Canada with a new production facility –Vulcraft Canada Inc – in Hamilton, Ontario. It will produce steel joists, joist girders and decking for central and eastern Canadian markets.
- ArcelorMittal started production at its 0.22 mtpa Sabara unit, in Brazil's Minas Gerais state, to produce high-quality steel bars for automotive and mechanical applications.
- Construction of the 1 mtpa Companhia Siderurgica do Suape flat steel project in northeast Brazil has been put on hold due to the country's economic and political difficulties.

ASIA

- China's steel production hub of Hebei province officially confirmed it eliminated 41.1 mtpa of steel capacity over 2011-2015.
- Shandong province has announced plans to eliminate 9.7 mtpa of pig iron production capacity and 15 mtpa of crude steel capacity during 2016-2020.
- Bohai Steel Group, China's ninth-biggest steelmaking group by output, is to be dissolved, and its four member mills brought under direct supervision of the Tianjin municipal government.
- China Railway Materials Co, China's largest steel trader by volume over 2010-2012 but now heavily in debt, was entrusted to China Chengtong Holdings for an internal review and restructuring.
- China exported 9.08 mt of steel products in April 2016, up 6% year-on-year (yoy) but down 9% month-on-month (m-o-m).
- Wuhan Iron & Steel will shut one blast furnace of 1,536 cubic meters inner volume, together with a 90 mt converter, by the end of this year.
- April 2016 saw Japan report a 1.2% yoy rise in its crude steel output, the first increase since August 2014 while Chinese crude steel production at 69.42 mt was equivalent to 2.31 tpd, up 1.5% from the March average and a new all-time high.
- A group of foreign banks to which India's Jindal Steel and Power owes \$550 million has appointed Singapore-based Avista Advisory to evaluate a recast of the loans as suggested by the company.
- Tata Steel has revealed that it has seven confirmed expressions of interest to buy its UK business that will be taken forward to the next stage of the sale process. The USA's

largest steel producer Nucor and JSW Steel of India have been identified in media reports as being among the bidders.

- Hyundai Steel signed a MoU with Daewoo Shipbuilding & Marine Engineering to jointly develop a manufacturing technology for 3.5% nickel steel plate.
- Malaysia has levied final ADD ranging between 3.06% and 23.78% against CRC imports from China, South Korea and Vietnam, effective for five years from May 24 2016.
- Pakistani rebar producer Amreli Steels will start production at its new rebar mill in March 2017.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Russia's West Siberian Iron & Steel works (Zapsib), part of Evraz, received a certificate confirming that its B500B grade rebar complies with DIN 488-2:2009-08 standard, which will allow the mill to start supplying 10-40 mm B500B rebars to Europe.
- Ukraine has called on WTO members Russia, Kazakhstan, Armenia and Kyrgyzstan to cancel AD measures imposed by the Moscow-led Eurasian Economic Union (EEU) on Ukrainian steel.
- The expansion project at Iran's Mobarakeh Steel's 1.4 mtpa Saba continuous HSM is more than 90% complete.
- Abu Dhabi's Bildco entered a JV with Dubai Investments to set up a 0.3 mtpa rebar mill, expected to be fully operational by 2017.

EU AND OTHER EUROPE

- The European Commission launched an expiry review of CVD against imports of cold-finished stainless steel bars and rods from India which have been in effect since 2011. Duties between 3.3% and 4.3% were imposed. It has also „officially announced the opening of a new investigation against imports of Chinese HRC into the EU. Further, it has plans to impose definitive dumping duties between 18.4% and 22.5% on imports of rebar from China, which are significantly higher than the provisional duties of 9.3-13% imposed in January, but remain well below the dumping margins which a Commission investigation found to be 51.5-66.0%.
- The European Commission has put into effect a system of surveillance on imports of steel products from non-EU countries. It will come into effect in May 2016 and expire on May 15 2020.
- German steel federation WV Stahl welcomed the German Parliament's decision to draft a motion to strengthen the EU's trade defence instruments, reform the emission trading scheme and give the German steel industry an easing from energy costs.
- Kardemir started trial production at its new 0.7 mtpa wire rod and bar rolling mill.
- Riva Group's German long products plant in Hennigsdorf is to suspend short-time working in May, but will resume a reduced schedule in June.
- ArcelorMittal has contracted SMS group to revamp its rail mill in Gijon, northern Spain. The revamp will enable the mill to produce longer rails and to increase competitiveness.
- Tenaris has invested \$4.5 million in a fully automated threading line at its works in Aberdeen, UK.

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

WORLD STEEL PRICE TRENDS

Influenced largely by regional factors and partly global, May 2016 saw global steel price trends soften compared to last month's. Most critical of the latter was the tumbling down of iron ore prices globally in view of rising supply and reports of cutting down on inputs by China. Sentiments continue to be mixed but in the overall analysis, it is the Chinese market dynamics that all eyes are set on, where till now, there have not been any marked sign either in demand-improvement or in significant supply adjustments.

Long product

- USA rebar prices rose in May 2016 on the back of a stable market and modest demand following the cue of market leaders like Nucor and Steel Dynamics both of whom raised their prices. Transactions as per Steel First reports were quoted at around \$540-580/t.
- Prices for domestic rebar slipped in May 2016 in Southern Europe due to falling scrap prices and lack of export demand but inched up in Northern Europe. Transactions as per Steel First reports were quoted at around €450-470/t (\$502-524) in Southern Europe and at around €525-545/t (\$585-608) in Northern Europe in May 2016.
- Weak demand and low-key transactions pushed down Chinese rebar prices in May 2016 with transactions as per Steel First reports quoted at around 1980-2030 yuan/t (\$301-308) in Shanghai and around 2100-2110 yuan/t (\$319-320) in Beijing. All prices are ex-w and includes VAT.
- May 2016 Russian rebar prices moved north on back of modest demand and tight supply with transactions for 12mm A500C rebar as per Steel First reports quoted at around 36,800-36,850 roubles/t (\$556-557) cpt Moscow, including VAT.

Flat products

- With imports in check, US May 2016 HRC prices moved north as producers raised prices amidst tighter supply. Transactions as per Steel First reports were quoted at around \$640/t in end-May.
- Slow transaction levels kept EU May 2016 HRC prices more or less at par with last month's levels with Steel First's assessment for HRC in Northern Europe at €420-430/t (\$468-479) ex-w and at €420-430/t (\$468-479) ex-w in Southern Europe.
- Weak sentiments and falling billet prices dragged down Chinese HRC prices in May 2016 with transactions as per Steel First reports quoted at around 2550-2570 yuan/t (\$388-391) in Shanghai and at around 2440-2460 yuan/t (\$372-375) in Tianjin. All prices are ex-w and includes VAT.
- Russian HRC offers were reported to be stable in May 2016 with transactions for Russia-origin 4mm HR sheet as per Steel First reports at around 34,800-38,400 roubles/t (\$528-582) per cpt Moscow, including VAT.

[Source Credit: Steel First]

SPECIAL FOCUS

Chinese market : performance highlights of select parameters, April 2016

Is Chinese economy stabilising ? Or is the perceived recovery merely a bubble? At the end of the first four months of 2016, the overall verdict seems mixed as far as the performance of the Chinese economy is concerned. For, even though some of the major macroeconomic parameters showed apparent buoyancy, the trend growth values indicate a not-so-optimistic feature about the Chinese economic scenario. Here is looking at the performance of some select parameters representing the performance of the Chinese economy in April 2016, based mostly on data released by the National Bureau of Statistics (NBS), China.

- As per provisional reports released by NBS, China, Chinese **GDP** grew by 6.7% yoy during January-March or Q1 2016, its lowest-ever quarterly growth rate, measured on a yoy basis in the last five years. Measured also in terms of Q-o-Q basis, the Q1 GDP growth stood at a lowly 1.1%, again a lowest-ever quarterly growth rate record, measured on a q-o-q basis in the last five years. Overall Q1 2016 growth of 6.7% was led by the Tertiary Industry with a yoy growth rate of 7.6%, followed by the Secondary Industry (5.8%) and Primary Industry following last with a growth rate of 2.9% only.

Chinese GDP YoY Growth Rate (%)				
Year	Q1	Q2	Q3	Q4
2014	7.3	7.4	7.1	7.2
2015	7.0	7.0	6.9	6.8
2016*	6.7			

Source: NBS, China, *prov.
- In April 2016, the **total retail sales of consumer goods** reached 2,464.6 billion yuan, up by 10.1% yoy while for the January-April 2016 period, total retail sales of consumer goods reached 10,267 billion yuan, up by 10.3% yoy. Of the total, the retail sales of consumer goods of units above designated size was 4,611.1 billion yuan, up by 7.7%. But as the NBS data shows, overall retail sales at 10.1% in April 2016 was much lower compared to those of the previous months, with May 2015 being the last on record to have attained the same level of growth.
- In the first four months of 2016, the **investment in fixed assets** (excluding rural households) reached 13,259.2 billion yuan, up by 10.5% yoy in nominal terms but the growth rate was 0.2 percentage points lower than that in Q1. In term of different industries, the investment in primary industry was 330 billion yuan, up by 21.7% yoy, but down by 3.8 percentage points over Q1; that of secondary industry was 5,275.4 billion yuan, up by 7.3% and same as that in Q1 while that of tertiary industry was 7,653.8 billion yuan, up by 12.4% but down by 0.2 percentage points over Q1. Investment in infrastructure (excluding electricity) was 2,415.9 billion yuan, up by 19% yoy but down by 0.6 percentage points over Q1.
- In the first four months of 2016, the **private investment in fixed assets** reached 8,239.3 billion yuan, a yoy growth of 5.2% but was 0.5 percentage points lower

compared to Q1's. The proportion of private investment in fixed assets to the total investment in fixed assets (excluding rural households) was 62.1%, 3.2 percentage points lower than that in the same period last year. In terms of different industries, private investment in fixed assets was up during Jan-April 2016 for each of primary, secondary and tertiary industry but was lower in each case when compared to respective Q1 growth.

- **Industrial production operation** or the total value added of the industrial enterprises above designated size was up by 6% yoy in real terms in April 2016 but was 0.8 percentage points lower than that in March 2016 and stood at a similar level (5.8%) during the first four months of 2016. In April 2016, 35 out of 41 industrial divisions and 352 products out of 588 products maintained their year-on-year growth.
- At 49.4 in April 2016, the Caixin China General **Manufacturing PMI** not only remained below the neutral 50.0 value but fell further from a reading of 49.7 in March 2016 in view of persistent weak market conditions and muted demand. Moreover, the April 2016 reading indicated deterioration in the health of the sector in each of the past 14 months. The PMI report also indicates that new order books stagnated in April 2016 and weak foreign demand continued to weigh on overall new orders, with new export work falling for the fifth month running.
- In April 2016, China's **non-manufacturing PMI** was 53.5, a slight decrease of 0.3 percentage points over March 2016 indicating the slowing down of growth of non-manufacturing industry. The new orders index was 48.7 in April 2016, down by 2.1 percentage points over March 2016 while in terms of the different industries, the new orders index of service industry was 48.4 and that of construction industry was 50, down 2.4 percentage points and 0.5 percentage points respectively over March 2016. The China Caixin services PMI was also broadly in line and stood at 51.8 for April 2016, down from 52.2 in March 2016.
- In April 2016, the **consumer price index (CPI)** went up by 2.3% yoy with food prices up by 7.4% and non-food prices up by 1.1%. Prices of consumer goods was up by 2.5% and that of services was up by 2%. On average from January-April 2016, the overall consumer prices were up by 2.2% on yoy basis.
- In April 2016, the **Producer Price Index (PPI)** for manufactured goods increased 0.7% over March 2016 but fell 3.4% yoy. The purchasing price index for manufactured goods increased by 0.6% over March 2016 but declined by 4.4% yoy. On average from January-April 2016, the PPI fell by 4.5% yoy while the purchasing price index for manufactured goods fell by 5.4% yoy.
- The total value of **imports and exports** in Q1 2016 was 5,214.4 billion yuan, a fall of 5.9% yoy. Both suffered declines: the total value of exports dropped by 4.2% and that of imports was down by 8.2%. Industry reports indicate that April 2016 maintained the southward trend, with exports declining by 1.8% and imports by 10.9%, both on yoy

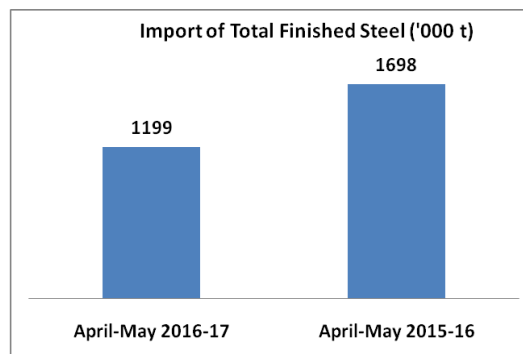
basis, with the result that the export sector has now shown yoy declines in dollar terms for nine of the last 10 months while April 2016 fall in imports makes it the 18th consecutive month of fall.

- China's **foreign exchange reserves** stood at USD3.22 trillion in April 2016, compared to USD3.21 trillion in March 2016, making it the second straight month of increase. In April 2015, the reserves were at USD3.75 trillion.

INDIAN STEEL MARKET ROUND-UP

Trends in finished steel imports

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-May 2016-17 indicates that imports of total finished steel which ended 2015-16 on an upward note, continued to decline during 2016-17 so far, dropping by 29.4 per cent during April-May 2016-17



as compared to same period of last year. Not only that, imports in May 2016 (0.54 mt) was down by 41 per cent over May 2015 and by 17 per cent over April 2016. With exports at a lowly 0.69 mt, India remained a net importer of total finished steel during April-May 2016-17.

Further, at 1.199 million tonnes (mt) during April-May 2016-17, imports accounted for only 9.1 per cent of total domestic consumption of steel, much lower compared to the 13.3 per cent recorded for same period of last year. Also notably, production for sale returned to growth territory in April 2016 and remained so in May 2016, growing by 3.2 per cent over May 2015 and by 11.9 per cent over April 2016.

A country-wise import analysis shows that the top 5 import markets for India during April-May 2016-17 indicates the dominance of Asian neighbors led by China, which accounted for 29 per cent (a decline compared to 35 per cent as recorded provisionally for 2015-16 as a whole and the 31 per cent recorded for April 2016) of total finished steel imports during this period. Also, China, Korea and Japan continued to be the top three markets, accounting for 70 per cent (much lower compared to the 90 per cent of April 2016) of the country's imports of total finished steel during the current fiscal so far.

Import of total finished steel: top 5 markets in April-May 2016-17 (prov)			
Rank	Country	Qty ('000t)	%Share
1	China	351	29
2	Korea	328	27
3	Japan	164	14
4	Russia	129	11
5	Germany	28	2
Top 5		1001	83
All Total		1199	100
Source: JPC			

As far as items are concerned, April 2016 imports reported a decline for most specially for leading non-alloy items like HRC (decline by 37 per cent), CRC (decline by 40 per cent), plates (decline by 39 per cent) and GP/GC sheets (decline by 14 per cent).

Indian Steel Industry Performance: April-May 2016-17

The following is a report on the performance of Indian steel industry in terms of total finished steel during April-May 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-May 2016-17* (mt)	April-May 2015-16 * (mt)	%yoy change
Production for sale	16.314	15.604	4.6
Import	1.199	1.698	-29.4
Export	0.688	0.780	-11.8
Consumption	13.111	12.749	2.8
Source: JPC ;* provisional			

Production for sale

- During April-May 2016-17, production for sale stood at 16.314 mt, a growth of 4.6 per cent compared to last year, in which contribution of the non-alloy steel segment stood at 14.736 mt (up by 5.2 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel), where production for sale was down by 1.4 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 7.273 mt (up by 2.7 per cent) while that of the flat segment stood at 7.463 mt (up by 7.8 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 5.84 mt (up by 3.2 per cent), 1.28 mt (down by 2.1 per cent) and 0.15 mt (up by 32 per cent) as compared to last year.
- On the other hand, for the flat segment, with the exception of Plates (down by 8 per cent), pipes, tinplate, HR Sheet, production for sale was up for all other items like HRC (3.52 mt, up by 17 per cent), CRC (1.35 mt, up by 5.4 per cent) and GP/GC Sheets (1.21 mt, up by 4.3 per cent).

Export

- During April-May 2016-17, export of total finished steel was 0.688 mt, down by 11.8 per cent compared to last year.
- Contribution of the non-alloy steel segment stood at 0.61 mt (down by 13 per cent) while the rest was that of alloy steel (including stainless steel) segment, where exports were down by 1.3 per cent.

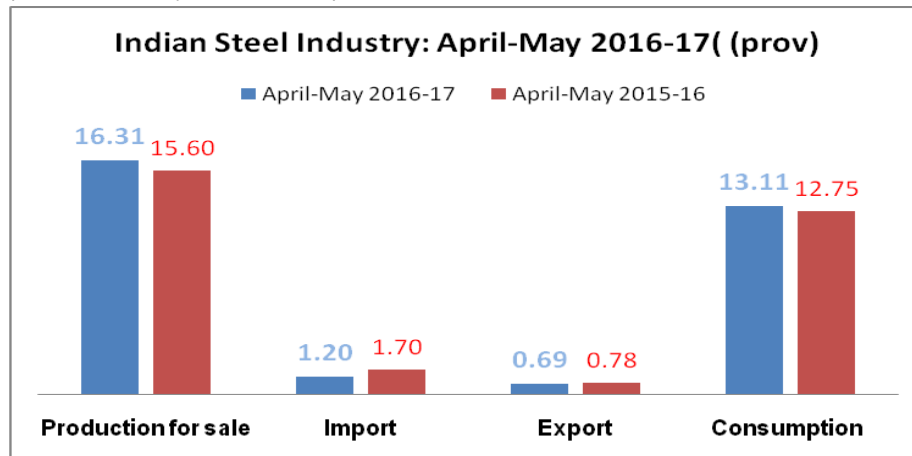
- In the total export of finished non-alloy steel, export of non-flat was at 97 thousand tonnes (up by 35 per cent) and that of flat steel was at 0.51 mt (down by 18 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (82 thousand tonnes, up by 44 per cent) while growth in exports in the non-alloy, flat segment was led by GP/GC sheets (0.2 mt, down by 23 per cent).

Import

- Import of total finished steel during April-May 2016-17 was at 1.199 mt, down by 29.4 per cent compared to last year.
- However, it remained well above exports, with the result that India was a net importer of total finished steel during April-May 2016-17.
- In total finished steel import, contribution of the non-alloy steel segment was 0.908 mt (32 per cent decline) while the rest was the contribution of alloy steel (including stainless steel) segment, which was down by 18 per cent over same period of last year.
- In the import of total finished non-alloy steel, non-flat imports were at 0.102 mt (down by 27 per cent) and flat imports were at 0.81 mt (down by 33 per cent).
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (87 thousand tonnes, up by 6.1 per cent) while for the flat segment, import was led by HRC (0.339 mt; down by 37 per cent).

Consumption

- During April-May 2016-17, real consumption (or simply consumption) of total finished steel stood at 13.111 mt, a growth of 2.8 per cent compared to last year.
- For non-alloy steel, contribution of the non-flat segment stood at 6.966 mt, up by 5.9 per cent over last year and that of the flat segment (after accounting for double counting) stood at 4.928 mt, up by 5.7 per cent over last year, taking total non-alloy consumption (after double counting) to 11.894 mt, up by 5.8 per cent. The remainder was the contribution of the alloy/stainless segment, which reported a decline of 19 per cent during this period.
- In the non-alloy, non-flat segment, the major contributor to consumption was bars & rods (5.63 mt; up by 8 per cent) whereas for the flat segment, consumption was led by HRC (3.45 mt, up by 11 per cent).



JPC Market Prices (Retail)

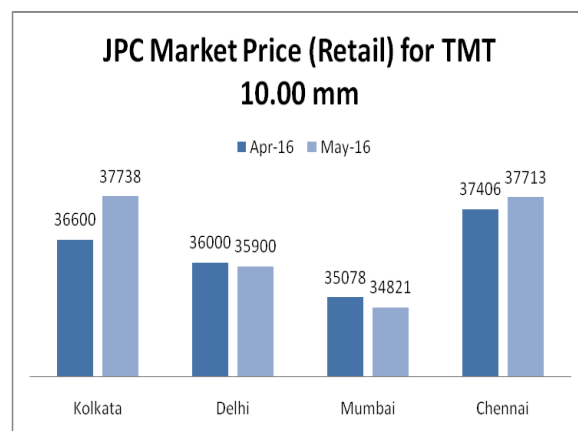
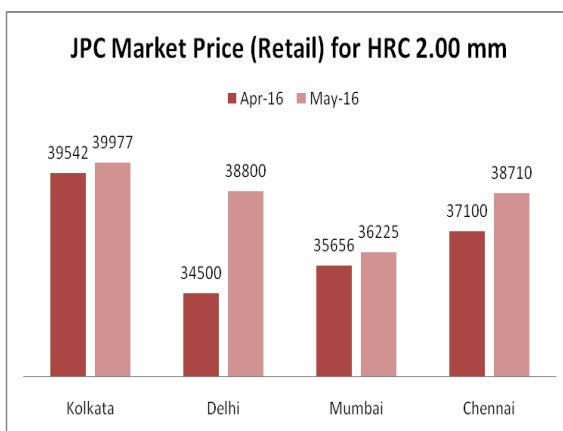
Delhi market prices: Compared to May 2015, average (retail) market prices in Delhi market in May 2016 declined for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions. When compared to April 2016, TMT prices recorded a decline while HRC prices saw a rise. The situation in May 2016 with regard to May 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 May 2016		
Item	Delhi market prices (Rs/t)	% change over May 2015
TMT, 10 mm	35,900	-10.4
HRC, 2.0 mm	38,800	-4.6
Source: JPC		

All markets: Compared to May 2015, average (retail) market prices in all four metro cities (Kolkata, Delhi, Mumbai and Chennai) in May 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. Compared to April 2016, TMT prices in May 2016 increased in the markets of Kolkata and Chennai but decline in the case of the other two while for HRC, prices increased in all the markets. The situation in May 2016 with regard to May 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 May 2016 over May 2015				
Item	Kolkata	Delhi	Mumbai	Chennai
TMT 10mm	-4.6	-10.4	-10.8	-5.1
HR Coils 2.00mm	-4.1	-4.6	-8.9	-3.8
Source: JPC				

TMT prices were highest in the Kolkata market (Rs 37,738/t) and lowest in the Mumbai market (Rs 34,821/t) while HRC prices were highest in the Kolkata market (Rs 39,977/t) and lowest in the Mumbai market (Rs 36,225 /t) during April 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 down by 0.8 per cent yoy in April 2016 depressed by declining growth in sectors like Manufacturing, Capital Goods.

Inflation: The annual rate of inflation, based on monthly WPI, stood at 0.79% (provisional) for the month of May 2016 (over May, 2015) as compared to 0.34% (provisional) for the previous month. Build up inflation rate in the financial year so far was 2.34% compared to a build up rate of 1.08% in the corresponding period of the previous year. The all India CPI inflation rate (combined) for May 2016 stood at 5.76 per cent as compared to 5.47 per cent of previous month.

Infrastructure Growth: The yoy growth rate of the eight core infrastructure industries stood at 8.5 per cent in April 2016, led by the growth rates in all sectors except coal, crude oil and natural gas.

Trade: Provisional figures from DGCI&S show that during May 2016 in dollar terms, overall exports were down by 3.74 per cent and imports were also down (by 18.15 per cent), both on yoy basis. During the same period, oil imports were valued at US\$ 11594.51 million, which was 27.45 per cent lower yoy while non-oil imports were valued at US\$ 42262.73 million which was 15.17 per cent lower yoy. The trade deficit for April-May 2016-17 was estimated at US\$11117.77 million which was lower than the deficit of US\$ 21398.54 million during April-May 2015-16.

Policy:

- The Cabinet has cleared the country's first-ever policy for the capital goods sector, aiming to raise annual production by more than three times and create close to 22 million new jobs by 2025.
- The CCEA has approved Rs.10,000 crore railway projects including five rail link projects involving a total cost of over Rs 8,000 crore.
- The Government has imposed a provisional anti-dumping duty for six months on seamless tubes, steel pipes, among others imported from China.
- The government has amended patent rules to offer a 'Tatkal' option for speedy clearance of applications by start-ups or those that choose India as the destination for first filing of patent.
- The Cabinet has approved a national intellectual property rights (IPR) policy that aims to promote creativity, innovation and entrepreneurship.
- The government has ratified the trade facilitation agreement of the WTO and the pact aims to expedite the movement, release and clearance of goods, including goods in transit.

Prepared by Joint Plant Committee