Steel In The News

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

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A Weekly Report by Joint Plant Committee

December 5 – 11, 2015

RAW MATERIALS

Iron ore exports at 10.75 lakh tonne

The country's iron ore exports stood at 10.75 lakh tonnes in the April-October period of this fiscal, Parliament was informed day. As per provisional data, the country exported 10.75 lakh tonnes of iron ore in the first seven months of FY2015-16, Minister of State for Steel and Mines Vishnu Deo Sai said in a written reply to the Lok Sabha. The country had exported 74.90 lakh tonnes of iron ore in FY2014-15, the Minister said.

Source: Business Line, 8th December, 2015

STEEL PERFORMANCE

India Emerging Global Steel Heavyweight

The government in New Delhi may post minimum import prices for steel and steel products later this week. That measure would come on top of so-called safeguard duties of 20%, which Indian producers including Uttam Galva say are failing to protect them from a 34% surge in imports in the eight month through November. The world's third-biggest steel market after China and the US is the only one among the top-six where demand is forecast to rise both this year and the next. The longer-term outlook is better still. With Japan close to signing a $14.7-billion deal for India's first high-speed rail network, there's hope that even if India is not quite the next China, its infrastructure programme will be a significant source of demand for the likes of ArcelorMittal, ThyssenKrupp, Nippon Steel & Sumitomo Metal, and Baoshan Iron & Steel. Railway track production shows opportunity to expand steel demand in infrastructure.

Source: The Economic Times, 10th December, 2015

Steel Cos Unable to Cash in on Low Raw Material Costs

Iron ore prices have slumped to $30/tonne in the spot market, a decade's low, hurt by poor demand from steel companies and increased supplies from global miners. NMDC, the biggest domestic miner, this month announced a 25% reduction in prices over November, the steepest-ever month-on-month price cut by the state-run company. However, local steel firms, which are experiencing some of the lowest raw material prices ever, seem unable to take advantage of lower input costs since steel prices also remain weak in the face of high imports. At the end of the latest session, benchmark iron ore for immediate delivery at Tianjin port in China was trading at a decade low of $38.30 a tonne, down 1.3% from its prior close. With commodity markets on a downswing, the outlook for iron ore is weak and analysts predict prices to plunge to the $20s in 2017. Even the news of a 22% rise in Chinese iron ore imports in November and improved inflation numbers in the world's largest consumer failed to stem the tide of losses. NMDC, which supplies ore to nearly 40% of steelmakers in India, has been prices of high-grade lump ore falling to less than half at Rs 1,800 a tonne for the current month, compared with Rs 4,200 in January.

Source: The Economic Times, 11th December, 2015

POLICY

Minimum import price on steel likely

The distressed domestic steel industry will get another layer of protection with the National Democratic Alliance government expected to notify a minimum import price (MIP) for steel products later this week. Products under 14 categories would have different duties for base and special grades. The commerce department is likely to issue a notification for imposition of MIP, which would set the floor price, below which imports into the country would not be allowed. A person in the know said the commerce department had asked the steel ministry to reduce the number of items, so that the entire range is not covered. The government had earlier imposed a provisional safeguard duty of 20 per cent on hot-rolled coils. Last week, the steel ministry had sent a comprehensive list of 14 categories with around 40 products to the commerce and industry ministry. These included pig iron, heavy melting and shredded scrap, semi-finished products, quarto plates, cold-rolled coils, coated flat steel products, all kinds of steel pipes and tubes, flat-rolled products of stainless steel, bars and rods, among others. According to the plan, each of the 14 categories will have different duties for base and special grades. A person close to the development said India was among the few countries where demand for steel products was rising but the companies were in losses.

Source: Business Standard, 8th December, 2015

Govt may restrict steel imports to one port

To curb cheap steel imports from China, Japan and Korea, the government is likely to restrict inward shipments to one port, apart from introducing a floor price for imports. Sources in the steel ministry said since the idea is to make imports costlier, Mundra in Gujarat might be the preferred choice for steel imports, since it is geographically furthest from the Asian peers with surplus steel. Confining imports to one port would also help the government check the quality of the imported products from a single location, and also put a vigil on the invoiced price. Steel imports to India have been galloping for quite some time now. After growing by over 70% last fiscal to 9.3 MT, in the first seven months to October, it has moderated a little and gone up by 42 % to 6.68 MT. Industry sources said steel from China, Japan and Korea are coming at $ 225-240 per tonne, which is much lower compared with the average manufacturing cost of Indian steel firms of around $350 a tonne. The government had imposed a 20% safeguard duty imposed in mid-September on certain categories of steel. But it failed to make much of a dent on rising imports. The inward shipments grew by 27.3% to stand at 1.183 MT in October over September, data compiled by the joint plant committee (JPC), a unit under the steel ministry, revealed. India had imported 7.38 MT of steel in 2009-10, 6.66 MT in 2010-11, 6.86 MT in 2011-12, 7.93 MT in 2012-13 and 5.45 MT in 2013-14.

Source: The Financial Express, 9th December, 2015

PROJECT

Tata Steel UK may be nearing a deal

Britain's largest steelmaker Tata Steel is believed to nearing a deal to sell-off one of its UK steel plants, in a move expected to secure thousands of jobs. Several funds that specialise in trying to rescue troubled firms are battling it out to buy Tata's long-products arm, which is at the heart of its Scunthorpe steel works in Lincolnshire. According to the Sunday Telegraph, the group could agree a deal as early as next week after receiving formal bids from three parties. Leading the pack are two of UK's biggest turnaround investors: financiers Greybull and Endless and a third bid has come from a mystery US private-equity house.

Source: Business Standard, 7th December, 2015

COMPANY NEWS

Nippon Steel renews India contract

Nippon Steel & Sumitomo Metal Corp, Japan's biggest steelmaker, said on Friday it had renewed a contract to by 1.8-2.6 million tonne of iron ore annually from state-owned Metal & Minerals Trading Corp, (MMTC) over three years. The deal follows the approval by the Centre in June to renew a long-term contract between MMTC and Japanese steelmakers for the supply of high-grade iron ore, despite growing pressure in India to use its natural resources to meet domestic needs. Under the contract, India will supply 3.0-4.3 million tonne of the steel-making material a year to Japanese steelmakers. JFE Steel, a unit of JFE Holdings, and Nisshin Steel said they had also renewed their contracts with MMTC, but declined to disclose their purchase volumes. A Kobe Steel spokesman said it could not immediately confirm whether or not the firm had signed a deal.

Source: The Financial Express, 5th December, 2015

Electrosteel Okays Hike in Authorised Capital After Restructuring Consent

Electrosteel board has approved an increase in the authorized capital following consent of its lenders to a strategic debt restructuring (SDR) package which proposed for conversion of part of its debt worth Rs 2,507 crore into equity. ESL which set up a new steel plant at Bokaro district of Jharkhand, is burdened with debt running up to Rs 9,500 crore. The board approval for the hike in ESL's authorized capital sent the stock price up by 2.04% on the BSE on Wednesday. The company has convened an extraordinary general meeting (EGM) of shareholders on January 7, 2016 to consider and approve it.

Source: The Economic Times, 10th December, 2015

GLOBAL NEWS

Steel profit secondary to China producers exporting surpluses

Steelmakers in China are so determined to unload a mountain of unwanted metal on the world that profit has become less important than sales. After years of expanding capacity to keep up with surging demand at home, Chinese mills that account for half the globe's output are shifting to buyers across Asia, Europe and the Americas as the domestic economy slows. Fuelled by lower prices, steel-product exports are up 25% this year through October to 92 million tonnes, sending mill losses this year to as much as $537 a tonne, data complied by Bloomberg Intelligence show. The onslaught has compounded a global surplus that probably will last for years. Standards & Poor's Ratings Services estimates. In India, where the government imposed a 20% tax in September to slow a surge of cheap imports, Chinese mills just cut prices to keep shipments flowing, which means they are probably losing about %90 a tonne, according to Mumbai-based JSW Steel. Low-cost supply from China in Europe forced producer ArcelorMittal to reduced its profit forecast and suspend its dividend, while top US steelmaker Nucor idled as much as 35% of capacity. Top steelmakers in China insist otherwise, noting that overcapacity is a global issue that will take time to work itself out.

Source: The Financial Express, 5th December, 2015

NEWS MAKER

Prakash Kumar Singh is new SAIL chairman

After remaining headless for over three months, state-run Steel Authority of India (SAIL) on Thursday got a new chairman in 57-year-old Prakash Kumar Singh .The task of the new chairman would be daunting considering the current state of affairs of the industry and the company which has reported a net loss for the first two quarters of the current fiscal and is set to report a net loss after a gap of 13 years. SAIL has incurred a net loss of R1,378 crore in H1, FY16 which includes a net loss of R1,056 crore during the second quarter.

Source: The Financial Express, 11th December, 2015