Trends ….. December 2016

The year ended on a predictable tone. Even as the global economy remained on stable ground, the road ahead remains full of challenges. For steel, China ruled global markets in more ways than one. India remained the 3rd largest crude steel producer during the year and the extension of the MIP till February 2017 came as a major relief for the domestic steel industry. But the macro-numbers continued to be mixed and a resurgence of demand is considered as a shot-in-the-arm.

WORLD ECONOMY AT A GLANCE

- December 2016 PMI data signalled a stronger improvement in the health of the global manufacturing sector, rounding off the best quarter for industry since the start of 2014 as per Markit Economics reports, which point out that the J.P.Morgan Global Manufacturing PMI was up for the fourth straight month to 52.7 during the month compared to the 52.1 of November 2016. Further, for 2016 as a whole, PMI (average: 51) was a tad lower than that of 2015 (average: 51.2) though the last quarter of 2016 was marked by record high levels of the index (52 plus) in each of the three months.
- Analysed by nation, growth was generally led by the US and Western Europe regions and underlying the improvement in the Euro Area were stronger expansions in almost all of the nations excpeting Greece. Manufacturing growth gained momentum in Russia but decelerated in Brazil. The Markit reports also indicate that during December 2016, while overall the performance of Asia improved (PMI was up in Japan, China, Taiwan, Vietnam, Philippines and Thailand) but contractions were noticed in India, South Korea, Indonesia, Malaysia and Myanmar.
- Cost pressures intensified with sharp gain in purchase prices while employment records too showed modest growth at the end of 2016, as per the reports.

Key Economic Figures				
Country	**GDP Q3 2016: % yoy change***	**Manufacturing PMI**		
		January 2016	**November 2016**	**December 2016**
India	7.3	51.1	52.3	49.6
China	6.7	48.4	50.9	51.9
Japan	1.1	52.3	51.3	52.4
USA	1.7	52.4	54.1	54.3
EU 28	1.7	52.3	53.7	54.9
Brazil	-2.9	47.4	46.2	45.2
Russia	-0.4	49.8	53.6	53.7
South Korea	2.6	49.5	48.0	49.4
Source: GDP-official estimates; PMI- Markit Economics, *provisional				

GLOBAL CRUDE STEEL PRODUCTION

World Steel Association data shows that world crude steel production for 2016 was 1628.50 million tonnes (mt), up by 0.8 per cent over 2015.

World Crude Steel Production				
Rank	**Country**	**2016* (mt)**	**2015 (mt)**	**% change**
1	China	808.4	798.80	1.2
2	Japan	104.8	105.1	-0.3
3	India	95.60	89.00	7.4
4	United States	78.6	78.80	-0.3
5	Russia	70.8	70.90	-0.1
6	South Korea	68.6	69.70	-1.6
7	Germany	42.1	42.7	-1.4
8	Turkey	33.2	31.50	5.4
9	Brazil	30.2	33.3	-9.3
10	Ukraine	24.2	23	5.2
	Top 10	**1356.50**	**1342.80**	**1.0**
	World	**1628.5**	**1615.4**	**0.8**
Source: worldsteel, JPC; over last year;* provisional ; mt=million tonnes				

- China produced 808.4 mt of crude steel in 2016, up by 1.2 per cent over 2015 and remained the largest crude steel producer in the world, fuelling world production, which, excluding China, was up by 0.4 per cent.
- China accounted for 73.1 per cent of Asian and 49.6 per cent of world crude steel production during 2016 in contrast to 73.2 per cent and 49.4 per cent respective shares recorded in 2015.
- 2016 Japanese crude steel production (104.8 mt) was down by 0.3 per cent. The country remained the second largest crude steel producer in the world in 2016.
- With a 6 per cent share in total world production and a 7.4 per cent rise in production over 2015, India remained the third largest crude steel producer in the world in 2016.
- USA retained its fourth largest rank in 2016, its production (78.6 mt) declining by 0.3 per cent over 2015.
- While the Top 10 of 2015 remained the same in 2016 as well, Turkey shot past Brazil to become the 8th largest crude steel producer globally. Also, amongst the Top 10, only China, India, Turkey and Ukraine posted production growths while for the others, it was a straight decline. This is one improvement over 2015, when India was the only country in the Top 10 to have recorded growth in production during the said year as compared to the year before.
- The share of the Top 10 in total global crude steel production stood at 83 per cent in 2016, at the same level as in 2015.
- Crude steel production in the EU (28) countries during 2016 was at 162 mt, down by 2.3 per cent over 2015. At 1106 mt, Asian crude steel production was up by 1.4 per cent yoy in 2016. Asia accounted for 67.9 per cent of world crude steel production during the year as compared to 67.5 per cent in 2015.

THE STEEL WORLD LAST MONTH

THE AMERICAS

- The US Department of Commerce has postponed the preliminary determination in the subsidy investigation of imports of Turkish rebar to February 21, 2017 from Dec. 15, 2016.
- At a third sunset review, the USITC concluded that the existing anti-dumping and countervailing duty orders on imports of stainless plate from Belgium, South Africa and Taiwan, will remain in place.
- Venezuela's state-owned steelworks CSN plans to produce 0.45 million tonnes (mt) of crude steel in 2017 and 0.37 mt of finished products - mostly for the government's housing program.
- Ahmsa plans to invest $442 million to expand and increase its finished sheet production capacity.
- Brazil's Ministry of Industry, Development and Trade has set anti-dumping duties of $199.19-505.56/t on imports of high-carbon steel wire and a five-year anti-dumping duty of $495.73/t on Chinese imports of alloyed steel flat bar.
- Nucor has agreed to acquire hollow structural sections producer Southland Tube for $130 million, marking the second HSS acquisition for Nucor since November, when the company closed on its acquisition of Independence Tube for $435 million.

ASIA

- China's finished steel consumption is set to drop in 2017 by 0.9% to 670 mt as per a report from the China Metallurgical Industry Planning & Research Institute.
- China will cut its carbon steel billet export tax to 15% from January 1, 2017 from 20% in 2016. The export tax for alloy steel billet, including stainless steel material, will fall to 10% from 15%.
- Wuhan and Tangshan, two major steel-producing cities in China's Hebei province, have issued red alerts over air pollution that will affect production. Local mills need to cut their emissions by 50% and re-rollers have been ordered to temporarily stop production in order to reduce air pollution, according to official government authorities.
- China has filed a complaint with the WTO over the methods used by the European Union and the United States to calculate dumping margins in unfair trade case investigations.
- Wuhan and Tangshan announced further restrictions on output to check pollution. Local mills need to cut their emissions by 50% and re-rollers have been ordered to temporarily stop production in order to reduce air pollution.
- Tianjin port in North China suspended berthing, unloading, trucking and shipping operations in response to the government's decision to take emergency measures to handle severe pollution from December 16-21, 2016.
- Construction of the main stadium for the 2020 Tokyo Olympic Games has started, leading steel analysts to predict that steel demand for Olympics-related projects will become active soon.
- India's Steel Authority of India Ltd. will sell all three of its stainless and alloy steel making operations through a two-stage auction process.

- Hyundai Steel has begun regular maintenance on the 120-t EAF and a mid-size sections mill at its Incheon works, west of Seoul. Both are stopped for 15 days until December 12 for a production loss of around 30,000 t of H-beams.
- The Indian government has announced an extension of the Minimum Import Price (MIP) scheme – the third this year – by two months to February 4, 2017.
- India has enacted anti-dumping duties on imports of coke from China ($25.20/mt) and Australia ($16.29/mt), which will be effective over the next five years.
- Indonesia's anti-dumping committee (Kadi) has announced the start of an investigation into imports of coloured steel sheet from China and Vietnam.
- The Vietnamese Ministry of Industry and Trade has extended the investigation period of its anti-dumping investigation into steel H-beam imports of Chinese origin.
- The new 0.815 mtpa mini-mill at GPH Ispat is scheduled to come into operation in early 2018 at its plant in Chittagong, Bangladesh.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- NLMK has completed guarantee tests of a new 'green energy' top pressure recovery turbine (TRT), at its Novolipetsk iron and steel works in southwest Russia. The new TRT is working with blast furnace No.6 and generates energy using the furnace's excess gas pressure.
- Evraz is planning to spend a total of rubles 5 billion ($78 million) on projects at its West Siberian Iron & Steel Works and NKMK in 2017-2018.
- ArcelorMittal to invest $1.2-1.5 billion in its Kryviy Rih steelworks in Ukraine in 2016-2020.
- Steel demand will keep increasing in Egypt in 2017 as per forecasts of Ezz Steel.
- Egypt's Ministry of Industry & Trade started an anti-dumping investigation into rebar and wire rod imports from Ukraine, Turkey and China.

EU AND OTHER EUROPE

- German rebar and special steels maker Lech-Stahlwerke has received a permit to increase its annual capacity by 75,000 t from its current production capacity of 1.1 mt at its Herbertshofen works.
- The European Commission has decided to open an anti-dumping investigation into imports of hot-dip galvanized steel from China within the next two weeks.
- The European Commission has imposed a provisional anti-dumping duty of 12.5% on imports of reinforcing bars from Belarus, after finding that the product was dumped and caused injury to EU producers. It has also initiated an expiry review of antidumping measures applied to imports of stainless steel seamless pipe and tube from China. The EU imposed definitive anti-dumping duties in December 2011 in the range of 48.3-71.9%.
- The British government plans to purchase 3 million tonnes of steel in infrastructure projects by 2020 and has updated its procurement guidance to help domestic producers plan and bid for government contracts.
- Thyssenkrupp has reopened the 0.4 mtpa HDG line at its Galmed plant in Spain, as demand for the material has increased.

[Source Credit: Metal Bulletin, Platts, leading news papers (India news)]

WORLD STEEL PRICE TRENDS

2016 saw global steel prices move north both for long and flat, driven more by raw material price hikes and/or trade related issues than any perceptible robust growth in steel demand. Nonetheless, they remained stable and steered away from erratic movements which many thought would emerge post-Brexit.China remained at the centre of all global action with the authorities announcing a plethora of policies to curb overcapacity in steel sector, the most dramatic being the news on the country's coal and steel industries having met 2016 capacity cut targets. The year ended with prices on a stable note, northward bound and poised to bounce back with rise in steel demand.

Long product

- Mostly due to slow demand conditions, USA rebar prices stayed flat during the month but saw a marginal gain over last month due mostly to rising scrap prices. Transactions as per Metal Bulletin reports were quoted around $520-540/t at end-December 2016.
- Seasonal slowdown and subdued activity levels kept European rebar prices steady with Metal Bulletin's domestic price assessment for rebar in the Southern region around €445-455/t ($466-476), at similar level to those in the Northern part (€450-465/t).
- China's spot rebar prices remained on a downward trend on closing days of December 2016 in view of thin trading, rising inventory and expectations of lower prices in spot market. Transactions as per Metal Bulletin reports were quoted for grade III rebar around 3050-3100 yuan/t ($438-446) in Shanghai and around 2920-2940 yuan/t ($420-423) in Beijing. All prices are ex-w and includes VAT.
- Despite lower demand at end of construction season, December 2016 Russian rebar prices inched up, fuelled mainly by rise in CIS export prices for billet, rebar and wire rod. Transactions as per Metal Bulletin for 12mm A500C rebar were around 34,500-34,550 roubles/t ($541-542) cpt Moscow, including VAT.

Flat products

- US flat steel prices held steady in December 2016 as demand remained modest and markets awaited possible price hikes at the beginning of new year. Transactions as per Metal Bulletin reports were around $560-600/t in end-December 2016.
- December 2016 HRC prices in the Europe remained stable owing to subdued activity ahead of the long holidays. HRC transactions as per Metal Bulletin reports were around €540-550/t ($562-573) ex-w in Northern Europe and around at €541-552/t ($553-563) ex-w in Southern Europe.
- China's spot HRC prices fell at end-December 2016, following the sustained decline in the futures market and lack of demand. Transactions as per Metal Bulletin reports were quoted around 3700-3750 yuan/t ($532-539) in Shanghai and around 3610-3630 yuan/t ($519-522) in Beijing. All prices are ex-w and includes VAT.
- Russian HRC prices moved north at end-December 2016, with transactions as per Metal Bulletin reports placed around 38200-41,000 roubles/t cpt Moscow, including VAT.

[Source Credit: Metal Bulletin]

SPECIAL FOCUS

2016: The Year in Hindsight

Though largely stable, yet the global economy in 2016 was marred either by economic sluggishness or impact of geo-political unrest or developments like Brexit with immense (and complex) implications for operations of the global market. The economic reality was captured in the IMF projections for global growth for 2016 and beyond, in its World Economic Outlook report, where it pointed out that global economic growth is to slow to 3.1 per cent in 2016 before recovering to 3.4 per cent in 2017. This October 2016 forecast, revised down by 0.1 percentage point for 2016 and 2017 relative to that of April's, reflects a more subdued outlook for advanced economies following the Brexit and weaker-than-expected growth in the USA.

On introspection, a positive outlook for the year as a whole emanates from many counts as some developments at the end of 2016 came as a relief – the US economy remained on firm territory, the EU market managed to stay focused while Japan swung back and forth between growth and contraction managing only a meager economic growth during the year. The situation was, however, drastic for Brazil, where though initial grassroots of recovery were noted at 2016-end, yet these were too feeble and yet to prove themselves as sustainable.

But ultimately it was China which stole the limelight. It is a different thing that Chinese economic growth failed to reach the dizzy levels seen earlier. On the contrary and very remarkably, GDP growth reported the same percentage rate (6.7 per cent) in each of the first three quarters of the year 2016 leading the National Bureau of Statistics (NBS) to pronounce that China is on a steady growth path, reflecting the government's drive to shift towards a consumption-driven economy. While economists and analysts pointed to the possibility of bubble formation in housing sector what with prices going up, the overall consensus appeared to be one of stability as stock and currency markets reflected better investor confidence, low inflation and sound fiscal position boosted market sentiments and the earlier-noted signs of strong capital outflow appear to have disappeared. Nonetheless, a slowing down in fixed asset investment and a burgeoning overcapacity in heavy industrial sectors such as steel, aluminum and coal among others, poses key challenges in the coming days.

For steel, the role played by China cannot be undermined – for, it was essentially a China-led global steel slowdown. With its quarterly GDP growth rates remaining modest and the government coming out with a plethora of policies to curb overcapacity in the steel sector, the supply side constraints promised of a medium to long term impact only. Nonetheless, at the fag end of 2016, an announcement was made from China's NDRC that the country's coal and steel industries had met 2016 targets of cutting coal capacity by 250 million tonnes and steel capacity by 45 million tonnes at the end of October 2016, thereby reaching a milestone development. Expectedly, market sentiments received a significant boost prompting China's ferrous futures to surge markedly - but the emergent impact on a possible streamlining of demand and supply thereby, failed to emerge. Meanwhile, the surge in Chinese exports to almost all major steel markets of the world continued but was faced with increasing measures put in place by its trading partners to block its unabated entry. India, for example, had introduced a series of measures for almost the entire year, starting from simple hikes in import duty to the Minimum Import Price condition on steel imports. Nonetheless, 2016 towed the line of its predecessor as far as the number of trade cases which were unveiled during the year.

The other area where 2016 made a mark was in the bouncing back in global iron ore prices, courtesy recovering sentiments in the global market and specially China where policy measures put in place to address overcapacity issues received major thumbs up from the market. Thus unlike 2015 which saw iron ore prices crash to record lows, 2016 saw it recover lost grounds with the Platts IODEX 62% Fe fines reaching record highs ($80/t: November 2016) and ending the year at $79.65/t (as on 30th December 2016), significantly ahead of the $42.4/t level noted at end-January 2016. An equally-strong rally was noted in global coking coal prices in latter part of 2016, where rising demand in face of a stringent supply side impacted prices markedly with the result that October 2016 saw global prices for coking coal reach record levels. According to Metal Bulletin, domestic prices for hard coking coal in China increased by about 40 per cent during the third quarter of 2016 while seaborne coking coal prices shot up by 125 per cent. However, the scenario is poised to change fast for according to reports, a total of 791 Chinese coal mines being allowed to return to an operating rate of 330 working days a year, (instead of the earlier limit of 276 days) for the remainder of 2016.

With demand remaining lukewarm for major part of the year and impact of excess capacity remaining unabated, steel prices remained on uneven grounds generally only to witness some bouncing back globally during the last quarter of the year, spurred by revival in raw material prices and/or trade related issues. Nonetheless, they remained stable throughout the year, indicating some gains as well but not displaying any drastic movements owing to Brexit or other (economic) events including the NDRC announcements of capacity cut achievements.

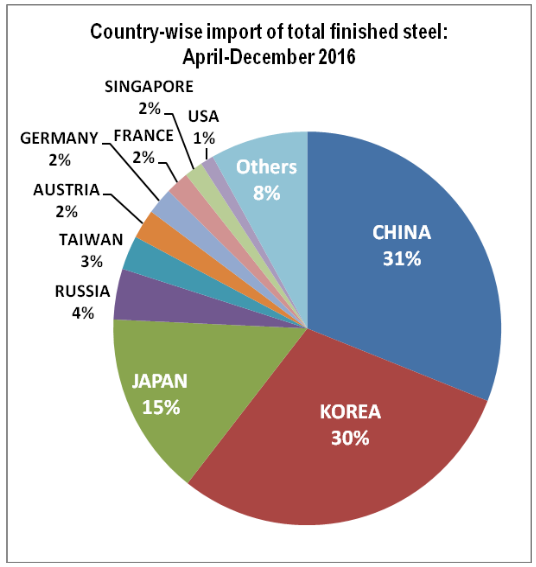
Apparent Steel Use - % yoy change			
Zone	**2015**	**2016 (f)**	**2017 (f)**
World	-3.0	0.2	0.5
China	-5.4	-1.0	-2.0
World Excl. China	-0.9	1.1	2.6
Source: WSA; f=forecast			

The possibility of an improving global steel demand was captured in the projections of the worldsteel in their Short Run Outlook (SRO), wherein it has forecasted that global apparent steel use will increase by 0.2 per cent to 1501 mt in 2016 and will grow by 0.5 per cent in 2017 to reach 1510 mt. This was in contrast to their April 2016 outlook wherein they had forecast that 2016 will witness a decline in global steel demand (by 0.8 per cent). However, the return to growth territory in their recent outlook was driven by higher-than expected use of steel in China and the CIS, though challenges to growth, as per the SRO, continued to remain in the form of weak recovery in developed markets, weakness in global investments including impact of Brexit on EU investment in particular, high corporate debt, real estate market situation in China and uncertainties due to geo-political situations in certain parts of the world.

Though China continued to rule the world crude steel production and consumption scenario in 2016, the year saw the sustenance of India as the most stable market and a major global investment destination and the country maintained its global ranks of being the 3rd largest crude steel producer, the largest sponge iron producer and the 3rd largest consumer of finished steel during the year.

INDIAN STEEL MARKET ROUND-UP

Trends in finished steel imports



- Imports of total finished steel continued to decline during 2016-17 so far, dropping by 37.4 per cent during April-December 2016-17 to 5.495 million tonnes (mt) as compared to same period of last year.
- Moreover, imports in December 2016 (0.761 mt) were down by 23 per cent over December 2015 but rose by 26 per cent over November 2016.
- During April-December 2016-17, imports accounted for only 9 per cent of total domestic consumption of steel, much lower compared to the 15 per cent recorded for the same period of last year.
- The country-wise import picture indicates that the Chinese share in total finished steel stood at 31 per cent and China, with a total import of 1.7 mt, remained the largest import market for India during this period. Also, China, Korea and Japan continued to be the top three markets, accounting for 76 per cent of the country's imports of total finished steel during this period.
- Volume-wise, Mumbai was the leading port (37 per cent share of total) followed by Mundra (16 per cent) and Chennai (15 per cent) during this period.
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.32 mt, down by 37 per cent) while for the flat segment, import was led by HRC (1.45 mt; down by 45 per cent).

Indian Steel Industry Performance: April-December 2016-17

The following is a report on the performance of Indian steel industry in terms of total finished steel during April-December 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-December 2016-17*(mt)	April-December 2015-16 (mt)	%yoy change*
Production for sale	73.963	66.756	10.8
Import	5.495	8.773	-37.4
Export	4.976	3.153	57.8
Consumption	61.543	59.544	3.4
Source: JPC ;* provisional			

Production for sale

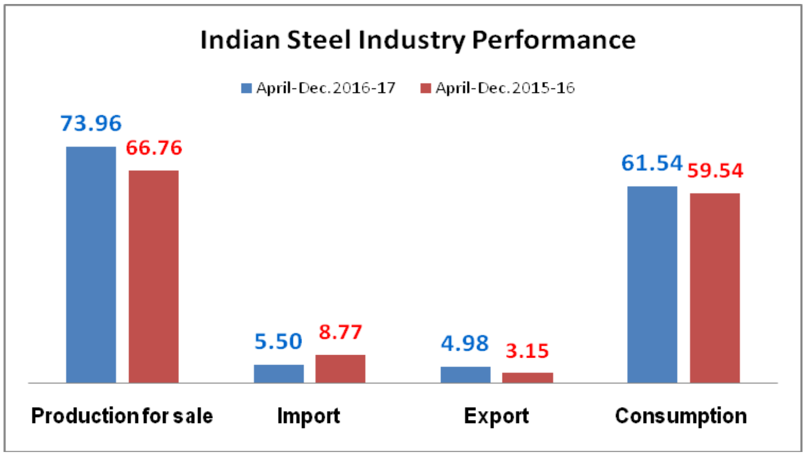
- During April-December 2016-17, production for sale stood at 73.963 mt, a growth of 10.8 per cent compared to same period of last year, in which contribution of the non-alloy steel segment stood at 67.09 mt (up by 10.9 per cent), while the rest was the contribution of the alloy steel segment (including stainless steel), where production for sale was up by 9.7 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 32.248 mt (up by 4.4 per cent) while that of the flat segment stood at 34.842 mt (up by 18 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 26 mt (up by 5 per cent), 5.8 mt (up by 3 per cent) and 0.74 mt (up by 10.5 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 30 per cent), production for sale was up for all other items like Plates (3.2 mt, up by 8 per cent), HRC (17.3 mt, up by 25 per cent), CRC (6 mt, up by 40 per cent) and GP/GC Sheets (5.45 mt; up by 4.1 per cent).

Export

- During April-December 2016-17, export of total finished steel was 4.976 mt, up by 58 per cent compared to same period of last year.
- Contribution of the non-alloy steel segment stood at 4.556 mt (up by 70 per cent) while the rest was that of alloy steel (including stainless steel) segment, where exports were down by 10 per cent over last year.
- In the total export of finished non-alloy steel, export of non-flat was at 0.575 mt (up by 74 per cent) and that of flat steel was at 3.981 mt (up by 69 per cent).
- In the non-alloy, non-flat segment, in volume terms, major contributor to export was bars & rods (0.44 mt, up by 66 per cent) and breaking tradition, growth in exports in the non-alloy, flat segment was led by HR Coils (1.313 mt, up by 306 per cent) with GP/GC coming a close second at 1.3 mt (up by 22 per cent).

Import

- Import of total finished steel during April-December 2016-17 was at 5.495 mt, down by 37.4 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-December 2016-17.
- In total finished steel import, contribution of the non-alloy steel segment was 4.035 mt (38 per cent decline) while the rest was the contribution of alloy steel (including stainless steel) segment, which was down by 34 per cent over same period of last year.
- In the import of total finished non-alloy steel, non-flat imports were at 0.391 mt (down by 26 per cent) and flat imports were at 3.644 mt (down by 40 per cent).
- In the non-alloy, non-flat segment, major contributor to import was bars & rods (0.32 mt, down by 37 per cent) while for the flat segment, import was led by HRC (1.45 mt; down by 45 per cent).



Consumption

- During April-December 2016-17, real consumption (or simply consumption) of total finished steel stood at 61.543 mt, a growth of 3.4 per cent compared to same period of last year.
- For non-alloy steel, contribution of the non-flat segment stood at 31.677 mt, up by 5.5 per cent over same period of last year and that of the flat segment (after accounting for double counting) stood at 24.352 mt, up by 3.4 per cent over same period of last year, taking total non-alloy consumption (after double counting) to 56.029 mt, up by 4.6 per cent. The remainder was the contribution of the alloy/stainless segment, which reported a decline of 7.4 per cent during this period.
- In the non-alloy, non-flat segment, the major contributor to consumption was bars & rods (25.2 mt; up by 6.2 per cent) whereas for the flat segment, consumption was led by HRC (17.4 mt, up by 7 per cent).

JPC Market Prices (Retail)

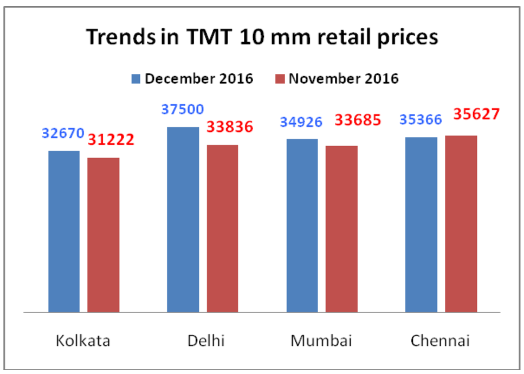
Delhi market prices: Compared to December 2015, average (retail) market prices in Delhi market in December 2016 increased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm), largely in response to domestic demand-supply conditions and global influences. When compared to November 2016, prices moved north for TMT but showed little movement for HRC. The situation in December 2016 with regard to December 2015 is shown in the table below for TMT 10 mm and HRC 2.0 mm.

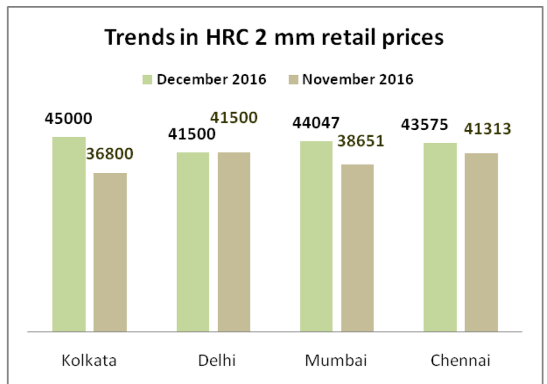
Trends in JPC market price (retail) in Delhi market in December 2016		
Item	**Delhi market prices (Rs/t)**	**% change over December 2015**
TMT, 10 mm	37500	23.3
HRC, 2.0 mm	41500	28.9
Source: JPC		

All markets: Compared to December 2015, average (retail) market prices in December 2016, increased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm) in all metro cities, largely in response to domestic demand-supply conditions. The trend was same when compared to November 2016.The situation in December 2016 with regard to December 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 December 2016 over December 2015				
Item	**Kolkata**	**Delhi**	**Mumbai**	**Chennai**
TMT 10mm	8.7	23.3	14.0	10.0
HR Coils 2.00mm	32.7	28.9	34.6	25.8
Source: JPC				

TMT prices were highest in the Delhi market (Rs 37,500/t) and lowest in the Kolkata market (Rs 32,670/t) while HRC prices were highest in the Kolkata market (Rs 45,000/t) and lowest in the Delhi market (Rs 41,500/t) during December 2016.





INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the provisional estimates of national income for the second quarter (Q2) of the current financial year 2016-17, both at constant (2011-12) and current prices. As per their report, GDP at constant (2011-12) prices in Q2 of 2016-17 is estimated at Rs 29.63 lakh crore, as against Rs 27.62 lakh crore in Q2 of 2015-16, showing a growth rate of 7.3 per cent. Quarterly GVA at Basic Price at constant (2011-12) prices for Q2 of 2016-17 is estimated at Rs 27.33 lakh crore, as against Rs 25.52 lakh crore in Q2 of 2015-16, showing a growth rate of 7.1 per cent over the corresponding quarter of previous year. The economic activities which registered growth of over 7 per cent in Q2 of 2016-17 over Q2 of 2015-16 are 'Public administration, defence & other services', 'financial ,insurance, real estate and professional services', 'manufacturing' and 'trade, hotels and transport & communication and services related to broadcasting'. The growth in the 'agriculture, forestry and fishing', 'mining and quarrying', 'electricity, gas, water supply & other utility services, and 'construction' is estimated to be 3.3 per cent, (-)1.5 per cent, 3.5 per cent and 3.5 per cent respectively, during this period.

Industrial Production: Provisional CSO data show that the Index of Industrial Production (IIP) was up by 5.7 per cent in November 2016 and by 0.4 per cent in April- November 2016-17, depressed by declining growth in sectors like Mining & Quarrying, Manufacturing, Capital Goods among others.

Inflation: The annual rate of inflation, based on monthly WPI, stood at 3.39 per cent (provisional) for the month of December 2016 (over December, 2015) as compared to 3.15 per cent (provisional) for the previous month. Build up inflation rate in the financial year so far was 4.28 per cent compared to a build up rate of 0.4 per cent in the corresponding period of the previous year. The all India CPI inflation rate (combined) for December 2016 stood at 3.41 per cent as compared to 3.63 per cent of previous month.

Infrastructure Growth: The yoy growth rate of the eight core infrastructure industries was up by 4.9 per cent in November 2016 and by 4.9 per cent also in April- November 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-December 2016 in dollar terms, overall exports were up by 0.75 per cent while imports were down by 7.42 per cent, both on yoy basis. During the same period, oil imports were valued at US$ 60921.83 million, 10.76 per cent lower yoy while non-oil imports were valued at US$ 214434.09 million, 6.42 per cent lower yoy. The trade deficit for April-December 2016-17 was estimated at US$ 76548.17 million which was 23.51 per cent lower than the deficit of US$ 100077.23 million during April-December 2015-16.

Policy:

- To protect domestic steel industry from below-cost imports, the government extended further the minimum import price (MIP) on 19 products for two months, till February 4. The MIP ranges between $643-752 per tonne. The 19 products include semi-finished products of iron or non-alloyed steel, flat-rolled products of different widths, bars and rods.
- The government extended by another two months the date for implementation of the Stainless Steel Products (Quality Control) Order. The government has called for creating a comprehensive quality regime in the steel sector. This is essential for Indian steel products to gain acceptability and recognition at international level.
- The Finance Ministry has imposed a definitive anti-dumping duty on 'axle for trailers' imported from China. This duty will be valid for a period of five years.
- The Government has approved monetisation of public funded operational national highway projects that are generating toll revenue for at least two years.
- The Directorate General of Anti-Dumping and Allied Duties (DGAD) has recommended imposition of definitive anti-dumping duty on imports of steel tubes and pipes from China.
- The Cabinet has approved of the new Ports Bill which will help major ports to perform with greater efficiency as they will get full autonomy in decision making.

Prepared by Joint Plant Committee