Trends ….. February 2020

The outbreak of Coronavirus Disease or COVID-19 in the Wuhan industrial belt of China went on to wreak havoc on the local steel industry, dampening demand, depressing prices, reducing output, leading to loss of profitability and an overall weakening of the entire economic framework. The spread of COVID-19 thereafter beyond the borders of China, has similar ramifications at the global level, the end of which is yet to be seen.

WORLD ECONOMY AT A GLANCE

- With demand, international trade and supply chains severely disrupted by the COVID-19 outbreak, global output fell across the consumer, intermediate and investment goods industries, with the J.P.Morgan Global Manufacturing PMI – slipping to 47.2 in February 2020, down from 50.4 in January 2020 and to its lowest level since May 2009, as per Markit Economics Report.
- The said reports indicate that downturns were steepest in China, where output and new business fell at record rates. Contraction of output was noted for China, Japan, Germany, France, Italy, Taiwan, South Korea and Australia while the US, the UK, Canada, Mexico, India and Brazil were some of the larger countries to experience output growth.
- Markit Reports also indicate that the trend in international trade weakened during February 2020 as the outbreak of COVID-19 directly impacted supply from larger exporting nations such as China and South Korea and also had cascading effect on a number of nations including the US, the Euro Area, Japan, the UK, Taiwan, Australia and Brazil.
- Input price rose while average output charges declined for the first time in four months during February 2020 as per Markit reports.

Key Economic Figures			
Country	GDP Q3 2019: %change*	Manufacturing PMI	
		January 2020	February 2020
India	4.5	55.3	54.5
China	6.0	51.1	30.3
Japan	1.3	48.8	47.8
USA	2.1	51.9	50.7
EU 28	1.2	47.9	49.2
Brazil	1.2	51.0	52.3
Russia	1.7	47.9	48.2
South Korea	2.0	49.8	48.7
Germany	0.5	45.3	48.0
Turkey	0.9	51.3	52.4
Italy	0.3	48.9	48.7

GLOBAL CRUDE STEEL PRODUCTION

World Steel Association data shows that world crude steel production stood at 154.44 million tonnes (mt) in January 2020, up by 2.1% year-on-year (yoy) i.e. same period of last year.

World Crude Steel Production: January 2020 (prov)			
Rank	**Top 10**	**Qty (mt)**	**% change**
1	China	84.27	7.2
2	India	9.29	-3.2
3	Japan	8.24	1.3
4	USA	7.71	2.5
5	Russia	6.00	-4.1
6	South Korea	5.75	-8.0
7	Turkey	3.01	17.3
8	Germany	2.85	-17.7
9	Brazil	2.68	-11.1
10	Iran	2.90	46.9
Total:10		**132.70**	**4.2**
World		**154.44**	**2.1**
Source: worldsteel			

- World crude steel production was led by China in January 2020 (84.27 mt, up by 7.2% over 2018) and the nation accounted for 76% of Asian and 55% of world crude steel production during this period.
- With a 6% share in total world production but a yoy decline of 3.2% in production, India (9.29 mt) maintained its 2nd largest producer status during January 2020.
- Japanese crude steel production (8.24 mt) was up by 1.3% and the country was the 3rd largest crude steel producer in the world during this period.
- USA remained at the 4th largest spot, with production (7.71 mt) notching up a growth of 2.5% while Russia (6 mt, down by 4.1%) was the 5th largest crude steel producer globally in the opening month of 2020.
- Crude steel production in the EU (28) countries during this period was 12.29 mt, down by 12%.
- At 111.41 mt, Asian crude steel production was up by 4.2% during this period and the region accounted for 72% of world crude steel production during this period.
- The top 10 countries accounted for 86% of total world crude steel production and saw production go up by 4.2% yoy during this period.

THE AMERICAS

- The United States Department of Commerce issued affirmative final determinations in its anti-dumping and countervailing duty investigations into imports of carbon and alloy steel threaded rod from China and India. Commerce found that producers and/or exporters from China sold carbon and alloy steel threaded rod at less-than-fair value in the United States, assessing margins of 4.26-59.45%. At the same time, Commerce found exporters from India dumped carbon and alloy steel threaded rod into the US at margins of 2.47-28.34%. Additionally, Commerce said it determined that producers and/or exporters from China and India received countervailable subsidies at rates of 31.02-66.81% and 6.07-211.72% respectively.
- The United States International Trade Commission has struck down affirmative final determinations in the anti-dumping duty and countervailing duty investigations into fabricated structural steel imports from Canada, China and Mexico.
- The American Institute for International Steel (AIIS) has again asked the United States Supreme Court to hear its case challenging the constitutionality of Section 232.

ASIA

- China's Jingye is continuing to work toward closing its deal to purchase British Steel and has reportedly entered discussions with Barrett Steel, the largest steel stockholder in the UK, in order to sell four British Steel distribution centers to them.
- Xiamen Xiangyu Group and Jiangsu Delong Nickel Industry Co's Indonesian stainless steel joint venture last week began hot tests on production facilities with the capacity to produce grade-304 stainless steel billet at a rate of 600,000 tonnes per year.
- Outbreak of Coronavirus wreaked havoc on the steel industry in China, dampening demand, depressing prices, reducing output, leading to loss of profitability and an overall weakening of the entire economic framework, from production to logistics.
- Japan's JFE Steel plans to permanently shut several plants at Keihin and Chiba districts as early as March 2020 to March 2023 as part of plans to increase its competitiveness.
- India's JSW Steel's plan to take over debt-ridden Bhushan Power and Steel Ltd. has been approved by the National Company Law Appellate Tribunal. The takeover will give JSW Steel a 3.5 mtpa production capacity boost to the steelmaker's overall output.
- Vietnam's leading private steelmaker, Hoa Phat Group, plans to expand its capacity at the Dung Quat steel project in central Vietnam by 5 mtpa of steel products, of which 3 mtpa would be HRC, 1 mtpa of steel section, 0.5 mtpa of rebar and 0.5 mtpa of rolled steel.
- Philippines has suspended the quality certification of six domestic steelmakers which allowed them to sell their products in the local market.
- PT Dexin Steel Indonesia has postponed the commissioning of its 1780 cu.m. blast furnace to end-February from mid-January earlier, as the industrial park in which it is located has been sealed off to quarantine workers returning from China.
- Vietnam is looking to extend its import safeguard duties on billet and longs steel as the March 21, 2020 expiry draws closer.

RUSSIA, MID-EAST, AFRICA, AUSTRALIA

- Ukraine's largest producer of long steel, ArcelorMittal Kryvyi Rih (AMKR) plans to bring its new continuous casting machine No3 to designed capacity and will start production of 130 mm billet.
- MMK said that it will take between six and nine months to repair a 1,700mm wide strip CRM damaged by fire at its Magnitogorsk steelworks, but added that it will ramp up other mills to offset the loss.
- Evraz is investing in a 2.5 mtpa flat steel casting and rolling line at its West-Siberian Metallurgical Plant in the Kemerovo region.
- Russia's Industrial Metallurgical Holding will start maintenance of a blast furnace at its Tulachermet facility which is expected to reduce rebar supply from Tula Steel due to a weak market.
- South Africa's Competition Tribunal said that it has unconditionally approved the proposed acquisition by ArcelorMittal South Africa Ltd. of the Highveld Structural Mill (Pty) Ltd. - the sole producer of heavy sections of long steel in the country.
- Iran's Ministry of Industries, Mining and Trade has imposed further restrictions on steel exports, hoping to regulate the domestic market, and directing that all steel producers must obtain ministry permission before any shipments are made from customs.

EU AND OTHER EUROPE

- Celsa Group, the largest Spanish long steel group, is set to revamp its medium sections mill in Castellbisbal, near Barcelona in North-eastern Spain. The revamp involves the upgrade of the compact roller straightener, to allow it to straighten heavier products and the installation of a new cooling bed in the summer shutdown of 2021.
- Outokumpu has initiated a strategic review of its long products business area "as part of its process to determine optimal long-term business mix for the company".
- Turkey's Tosyali Holdings is targeting to start HRC production at its planned new 2 mtpa hot-rolling line at the end of 2022 and meet the African regions' demand from automotive, white goods and packaging industries.
- European steel producers, represented by regional steel association Eurofer, hope to achieve a further toughening of the region's existing safeguard measures on steel product imports. At the moment, no country that exports HR flat steel into Europe is allowed to provide more than 30% of the total quota. Eurofer has proposed that this limit should be 20% instead.
- The European Commission (EC) has initiated a review of existing safeguard measures into number of imported steel products.

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

After a sombre 2019, global steel market at the start of 2020 looked forward to some relief what with most forecasts hinting at recovery of global growth, trade tensions between China and the USA being somewhat smoothened courtesy the Phase One trade deal, Chinese GDP posting a decent 6.1% growth during 2019 and global steel prices starting to show signs of firming up. But this was not to be as later-day incidents proved. The outbreak and massive spread of the Coronavirus in China (emanating from Wuhan, core of Chinese industry belt) wreaked havoc on the steel industry in the country, dampening demand, depressing prices, reducing output, loss of profitability and an overall weakening of the entire economic framework. Corona virus has now assumed the proportion of a pandemic as announced by the World Health Organization and the sheer scale of economic operations being affected (including the loss of lives) has deep ramifications for global economy, global trade and global manufacturing in the coming days. The extent of the same is something which of course, only time will tell.

Long Product

- Februry 2020 saw rebar prices move southwards in the US market as demand conditions weakened. Transactions, as per Metal Bulletin reports, stood around $610-630/t at month-end.
- Rebar prices weakened in Europe in Februry 2020 due to a lack of both trading activity and demand. Transactions, as per Metal Bulletin reports, stood around €475-485/t in Northern Europe and around €€445-470 /t in Southern Europe.
- Virus outbreak impacted end-use sector demand in China's domestic market in Februry 2020 with rebar prices crashing to new lows. Transactions, as per Metal Bulletin reports, stood around 3,370-3,400 yuan/t ($480-485) in Shanghai and 3,320-3,360 yuan/t in Beijing.
- Russian rebar prices moved north in Februry 2020 after Tula Steel announced a reduction in supplies due to a planned stoppage its main pig iron supplier, Tulachermet. Transactions, as per Metal Bulletin reports, stood around 32,000-33,000 roubles/t including 20% VAT, cpt Moscow.

Flat Product

- Februry 2020 saw US HRC prices dip in view of low demand and limited trading activities. Transactions, as per Metal Bulletin reports, stood around $575-580/t at month-end.
- HRC prices moved south in Europe in Februry 2020 owing to dull market conditons. Transactions, as per Metal Bulletin reports, stood around €484-485/t ($530) in Northern Europe and around €445-460/t ($440-450) in Southern Europe.
- Like rebar, virus outbreak slowed down end-user activity, dampening demand and pushing Chinese HRC prices south in Februry 2020. Transactions, as per Metal Bulletin reports, stood around 3,480-3,500 yuan/t ($496-499) in Shanghai and 3,240-3,250 yuan/t in Tangshan.
- Like rebar, Russian flat steel prices moved north in view of reduced availability in Februry 2020. Transactions, as per Metal Bulletin reports, stood around 41,000-42,500 roubles/t ($643-659) including 20% VAT, cpt Moscow.

[Source Credit: Metal Bulletin]

India leads global DRI production in January 2020

Provisional worldsteel report indicates that global DRI output was at 7.87 mt, up by 4.4% over same period of 2019. Global production continued to be driven by India (3.29 mt) at the number one spot with a growth of 10.6% over same period of 2019. The country also accounted for 42% of total global output during this period. For the same period, Iran's DRI output (2.5 mt) saw a growth of 13.5% and along with India, these two countries accounted for 74% of global DRI output during this period (68% in same period of 2019). Together, the top five countries accounted for 90% of the world DRI production during January 2020 (85% in same period of 2019) and saw their cumulative output grow by 10.6% over same period of 2019. Saudi Arabia which emerged as the 4th largest DRI producer in the world in 2019 replacing Egypt, continued to be hold the same rank in January 2020 as well.

World DRI Production: Januaruy 2020 (prov.)				
Rank	**Country**	**Qty (mt)**	**% change**	**%Share**
1	India	3.29	10.6	41.8
2	Iran	2.50	13.5	31.8
3	Mexico	0.51	-4.5	6.5
4	Saudi Arabia	0.43	18.2	5.5
5	UAE	0.36	7.1	4.6
Top 5		**7.09**	**10.6**	**90.0**
World		**7.87**	**4.4**	**100**
Source: worldsteel				

COVID-19 : A Global Disaster

After a sombre 2019, Chinese steel market at the start of 2020 looked forward to some relief what with trade tensions between China and the USA being somewhat smoothened courtesy the Phase One trade deal, Chinese GDP posting a decent 6.1% growth during 2019, which despite being the slowest pace of growth in the last 29 years, still remained within the government's target of 6-6.5% and following global cues, Chinese steel prices starting to show signs of firming up. Demand, courtesy end-use sector, specially construction sector growth was modest and significant work was being done to weed out obsolete capacity and ensure that no further random supply side growth takes place.

This about-to-reach equilibrium story got a major jolt with the outbreak of Coronavirus in the Wuhan industrial belt of China that went on to wreak havoc on the local steel industry, dampening demand, depressing prices, reducing output, leading to loss of profitability and an overall weakening of the entire economic framework. So far, WHO figures suggest a reporting of 80,894 cases in China and deaths totaling over 3000. This has not ended here as the virus has spread beyond China, spanning continents and all major economies, be it the USA, Europe and the vast Asian continent. Incidentally all or most of them are major steel markets, either in their own right or as trading partners of China. While global growth projections are being lowered, analysts point out that as of now, the situation is still unfolding and it is still too early to arrive at any estimate of the havoc unleashed. But the unanimity remains that global growth in general and steel market conditions in particular are in store for a major shock.

Here are the issues under spotlight right now, all poised to be significantly affected due to the outbreak of the Coronavirus disease or as we all know by now, COVID-19.

Economic Growth: Even before all this started, IMF in its January 2020 update of World Economic Outlook had projected global growth to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and 3.4% for 2021— but both 2020 and 2021 numbers were downward revisions, of 0.1 percentage point for 2020 and 0.2 percentage point for 2021 compared to those in the October 2019 edition of their report. Add the COVID-19 effect and it becomes important to incorporate the impact of the shutdowns in sector after sector across all major economies, the curtailed output, the loss in lives/employment, the grounding of trade flows, the travel bans and so on and so forth. Global agencies are already paring growth forecasts but the impact is a long one and receission is not being ruled out. But most critically, the light at the end of the tunnel is nowhere to be seen right now. And for global growth, this has huge downsides.

Supply-Demand Imbalance: Metal Bulletin has reported large-scale production cuts and equipment stoppages. This is across arkets, be it Chinese producers (CISA has reported closure of most EAF mills in China including that of Shagang's) or US mills or even European steel producers like ArcelorMittal, which announced its decision to reduce output from its European Flat Products division. With manufacturing sputtering – affected by the entire range, from production to trade to logistics to employment – and service sector (travel/tourism/hotel/business/community etc) badly affected by disappearing demand, the same set of factors responsible for dampening economic growth is all set to impact aggregate demand and steel demand as well. Due to closures/bans/suspensions, activities in downstream industries in key end-use sectors - building and construction, machinery, automotive, shipbuilding, home appliances etc – are all set to take a major hit and are likely to result in a sharp drop in steel demand. For 2020, the October 2019 edition of SRO of worldsteel had projected a 1.7% rise in global apparent steel use, powered by strong (India, 7%) to modest (Italy, 1.9%) but this, under current circumstances, is likeky to be reviewed downwards.

Opposite Trends in Stock and Prices: The demand-supply mismatch is reflected in rising inventories (Metal Bulletin reports indicate a sharp accumulation in Chinese stocks of finished steel due to lower demand and transportation/trade restrictions, specially of raw materials and a southward bound global prices, which over time, is bound to impact global trends. Metal Bulletin's price assessment for major items of finished steel, be it rebar, HR, CR reported steel declined in February 2020 over February 2019 across markets and this seems to be only the beginning.

Topsy-turvy Trade: Analysts estimate that protectionism among G20 countries had already affected $1 trillion worth of trade flows since 2018. Add to it Brexit woes, US-China trade spat, EU's stringent trade restrictions etc and the threat to healthy trade flows was always there. But given China's rapidly rising steel supply and slow demand even in the pre-COVID stage vis-a-vis the current situation therein, it is expected to witness a rise in steel exports from China, more so now that the authorities have announced raising the export tax rebates (up from 10%

to 13% on a wide range of items such as HRC, wire rod, CR strip, HDG strip and SS strip) w.e.f. March 20, 2020. Will there be enough takers for this additional material, given that major trading partmers of China are reeling under COVID-19 impact or already-existing trade barriers ? Will there be fair trade? At fair prices? COVID-19 is all set to turn global trade flows in general and steel trade in particular, upside down.

Finance: With demand vapoursing and supply restricted, it is no surprise that profits would disappear fast as well. Raw material prices remain on the higher side, impacted by its own dynamics and is also reeling under the COVID-19 heat, as logistics take a beating and the end-use market of steel dries up. The added drag of COVID-19 comes as China's financial system is threatened by a debt-to-GDP ratio of around 300% for public, household and corporate borrowing along with ongoing real estate and other asset bubbles, as per Metal Bulletin reports.

As of now, there is no discernible ideas as to where all these would lead. The situation continues to be grim and uncertain. Measures are being taken, funds are being allocated, monitoring done but it remains a fact that COVID-19 is likely to take a toll on the global economy like no other incidents has ever before.

INDIAN STEEL MARKET ROUND-UP

The following is a status report on the performance of Indian steel industry during April-January 2019-20, based on provisional data released by Joint Plant Committee (JPC) in its MIS Report for January 2020. It is to be noted that total finished steel includes both non-alloy and alloy (including stainless steel) and all comparisons are made with regard to same period of last year.

Item	Performance of Indian steel industry		
	April-January 2019-20* (mt)	April-January 2018-19(mt)	% change*
Crude Steel Production	91.480	91.457	0.03
Hot Metal Production	60.870	61.403	-0.9
Pig Iron Production	4.784	5.307	-9.9
Sponge Iron Production	31.261	28.893	8.2
Total Finished Steel (alloy/stainless + non-alloy)			
Production	84.931	83.709	1.5
Import	5.991	6.547	-8.5
Export	7.213	5.150	40.0
Consumption	83.896	80.816	3.8
Source: JPC; *provisional; mt=million tonnes			

Overall Production

- **Crude Steel:** Production at 91.480 million tonnes (mt), up by 0.03%.
- **Hot Metal:** Production at 60.870 mt, down by 0.9%.
- **Pig Iron:** Production at 4.784 mt, down by 9.9%.
- **Sponge Iron:** Production at 31.261 mt, up 8.2%, led by coal-based route (85% share)
- **Total Finished Steel :** Production at 84.931 mt, up by 1.5%.

Contribution of Other Producers

- **Crude Steel:** SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 52.112 mt (57% share) during this period, down by 0.8%. The rest (39.369 mt) came from the Other Producers, up by 1.2%.
- **Hot Metal:** SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 50.447 mt (83% share) down by 0.1%. The rest (10.423 mt) came from the Other Producers, down by 4.4%.
- **Pig Iron:** SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 0.879 mt (18% share) up by 13.4%. The rest (3.905 mt) came from the Other Producers, down by 13.8%.
- **Total Finished Steel:** SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 46.239 mt (54% share) down by 0.1%. The rest (38.691 mt) came from the Other Producers, up by 3.4%.

Contribution of Public Sector Units (PSU)

- **Crude Steel:** With an 81% share, the Private Sector (74.344 mt, up by 0.8%) led crude steel production compared to the 19% contribution of the PSUs.
- **Hot Metal:** With 70% share, the Private Sector (42.325 mt, up by 0.2%) led hot metal production, compared to the 30% contribution of the PSUs.
- **Pig Iron:** With an 89% share, the Private Sector (4.254 mt, down by 11.6%) led pig iron production, compared to the 11% contribution of the PSUs.
- **Total Finished Steel:** With an 85% share, the Private Sector (71.783 mt, up by 2.9%) led production of total finished steel, compared to the 15% contribution of the PSUs.

Contribution of Flat /Non-Flat in Finished Steel

- **Production:** Led by Non-flat steel (52% share; up by 2.7%) while the rest 48% was the share of Flat steel (up by 0.2%).
- **Import:** Flat products accounted for 89% share (down by 5.3%), the rest was the share of non-flats (down by 28.2%).
- **Export:** Flat products accounted for 89% share (up by 47%), the rest was the share of non-flats (up by 1.2%).
- **Consumption:** Led by Non-flat steel (51% share; up by 6.7%) while the rest 49% was the share of Flat steel (up by 14.9%).

Finished Steel Production Trends

- At 84.931 mt, production of total finished steel grew by 1.5% in April-January 2019-20.
- Contribution of the non-alloy steel segment stood at 81.226 mt (96% share, up by 3.8%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- In the non-alloy, non-flat segment, in volume terms, major contributor to production of total finished steel was Bars & Rods (34.021 mt, up by 5.7%) while growth in the

non-alloy, flat segment was led by HRC (35.741 mt, up by 2.3%) during this period.

Finished Steel Export Trends

- Exports of total finished steel outpaced imports during April-January 2019-20 and India was a net exporter for this period.
- At 7.213 mt, export of total finished steel was up by 40.0% during this period.
- Volume-wise, non-alloy HRC (4.189 mt) was the most exported item (64% share in total) while Bars & Rods (0.433 mt, up by 11.6%) led exports in the non-alloy, non-flat category.
- Vietnam led exports of total finished steel – not only overall (2.1 mt, 28% share) but also recorded the highest share in case of HRC (49%).

Finished Steel Import Trends

- Import of total finished steel was at 5.991 mt during this period, down by 8.5%.
- Volume-wise, non-alloy HRC (1.482 mt) was the item most imported item (35% share in total), led by imports from Korea (39% share of total finished steel imports).
- Import of total finished steel from China declined by 16% in during this period.

Finished Steel Consumption Trends

- At 83.896 mt, consumption of total finished steel grew by 3.8% in April-January 2019-20.
- Contribution of the non-alloy steel segment stood at 78.670 mt (94% share, up by 5.9%), while the rest was the contribution of the alloy steel segment (including stainless steel).
- In the non-alloy, non-flat segment, in volume terms, major contributor to consumption of total finished steel was Bars & Rods (33.373 mt, up by 11.0%) while growth in the non-alloy, flat segment was led by HRC (33.933 mt, up by 1.2%) during this period.

JPC Market Prices (Retail)

- **Delhi market prices:** Compared to January 2019, average (retail) market prices in Delhi market in January 2020 decreased 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 December 2019, the trend was just the opposite for prices of both TMT and HRC. The trend in retail market prices of TMT 10 mm and HRC 2.0 mm in the Delhi market in January 2020 with regard to January 2019 is shown in the table below.

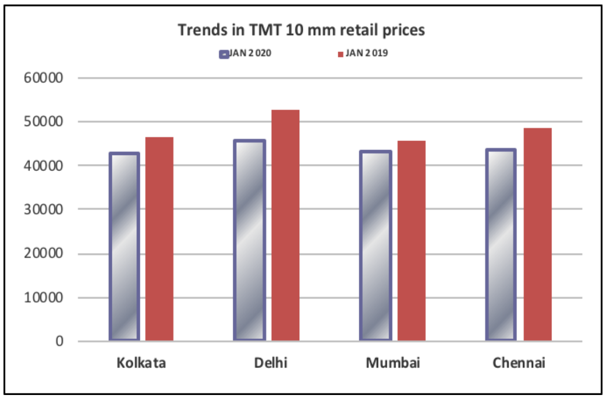
Trends in JPC market price (retail) in Delhi market in January 2020		
Item	**Delhi market prices (Rs/t)**	**%change over January 2019**
TMT, 10 mm	45,590	-2.2
HRC, 2.0 mm	47,100	-6.1
Source: JPC		

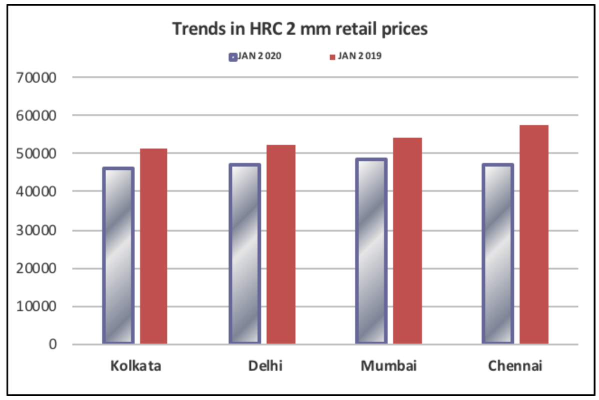
- **All markets:** Compared to January 2019, average (retail) market prices in January 2020 decreased for both long products (represented by TMT 10 mm) and flat products (represented by HRC 2 mm) in all the markets. When compared to

December 2019, the trend was just the opposite for prices of both TMT and HRC across all the markets. The situation in January 2020 with regard to January 2019 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 January 2020 over January 2019				
Item	**Kolkata**	**Delhi**	**Mumbai**	**Chennai**
TMT 10mm	-6.8	-2.2	-4.0	-7.3
HR Coils 2.00mm	-7.7	-6.1	-4.7	-14.3
Source: JPC				

TMT prices were highest in the Delhi market (Rs. 45,590/t) and lowest in the Kolkata market (Rs. 42,650/t) while HRC prices were highest in the Mumbai market (Rs. 48,340/t) and lowest in Kolkata market (Rs. 46,240/t) during January 2020.





INDIAN ECONOMY – HIGHLIGHTS OF PERFORMANCE

GDP: The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released the estimates of Gross Domestic Product (GDP) for July-September (Q2) 2019-20, both at constant (2011-12) and current prices. As per the Report, Real GDP or GDP at Constant (2011-12) Prices for Q2 2019 is estimated at Rs. 35.99 lakh crore, showing a growth rate of 4.5 per cent. Quarterly GVA (Basic Price) at Constant (2011-2012) Prices for Q2 of 2019-20 is estimated at Rs. 33.16 lakh crore, showing a growth rate of 4.3 per cent over the corresponding quarter of previous year. The economic activities which registered growth of over 4.3 per cent in Q2 of 2019-20 over Q2 of 2018-19 are '*Trade, Hotels, Transport, Communication and Services related to Broadcasting' 'Financial, Real Estate and Professional Services'* and *'Public Administration, Defence and Other Services'*. The growth in the *'Agriculture, Forestry and Fishing', 'Mining and Quarrying', 'Manufacturing', 'Electricity, Gas, Water Supply & Other Utility Services', and 'Construction'* is estimated to be 2.1 per cent, 0.1 per cent, (-) 1.0 per cent, 3.6 per cent and 3.3 per cent respectively during this period.

Industrial Production: Provisional CSO data show that the growth rate of the Index of Industrial Production (IIP) was up by 0.5 per cent during April-December 2019 (prov.), dampened by subdued growth/declines in lead sectors like Mining (up by 0.6 per cent), Manufacturing (up by 0.5 per cent), Capital Goods (down by 12 per cent), Infrastructure/ Construction Goods (down by 2.7 per cent) and Consumer Durables (down by 6.6 per cent).

Infrastructure Growth: Provisional data released by the DPIIT indicate that the Eight Core Infrastructure Industries saw a growth of 0.2 per cent during April-December 2019 (prov.), compared to same period of last year, dampened by subdued growth/significant declines in all lead sectors like Electricity (up by 0.5 per cent), Cement (up by 0.7 per cent), Coal (down by 3.8 per cent), Crude Oil (down by 6 per cent), Refinery Products (down by 0.6 per cent) and Natural Gas (down by 3.8 per cent) with growth noted only for Fertilisers (up by 4.7 per cent), and Steel (up by 5.2 per cent), during this period.

Inflation: In December 2019 (prov.), the annual rate of inflation, based on monthly WPI, stood at 2,.59 per cent while the all India CPI inflation rate (combined) stood at 7.35 per cent and compared to December 2018, the former registered a decline and the latter, a rise.

Trade: Provisional figures from DGCI&S show that during April-December 2019, in dollar terms, overall exports were down by 1.96 per cent while overall imports were down by 8.9 per cent, both on yoy basis. During the same period, oil imports were valued at USD 95.69 billion, 11.78 per cent lower yoy while non-oil imports were valued at USD 261.7 billion, 7.8 per cent lower yoy. The overall trade deficit for April-December 2019 is estimated at USD57.66 billion as compared to USD89.46 billion in April-December 2018.

Prepared by: Joint Plant Committee