



US Steel to idle plants amid global glut

U.S. Steel Corporation, the largest steelmaker in the U.S., will idle plants in Ohio, Texas and Alabama as it continues to cut costs amid a global glut that has driven down prices, the company said.

The company said the cuts could affect about 650 union and 120 non-union workers at plants in Fairfield, Ala.; Lorain, Ohio; and Lone Star, Texas; along with its Oil well Services and sales office in Houston, Texas.

The cuts come after the steelmaker posted a \$1.5 billion loss for 2015, compared with a \$102 million profit in 2014, as revenue fell 34% to \$11.57 billion.

The company warned at the time that it expected results to contract further in 2016 in its four operating segments and adjusted earnings before interest, taxes, depreciation and amortization to break even, given price



projections, import volumes and inventory levels.

A company representative said, "The layoffs at the Lone Star plant in Texas were slated to begin recently while the workers at the Fairfield plant were to be idled in April.

Early last year, the Pittsburgh steelmaker announced a move to idle plants in Ohio and Texas and lay off about 756 workers.

U.S. Steel, which has posted annual

losses in six of the past seven years, had bet heavily on so-called oil country tubular goods, or OCTG, an industry that was substantially built up to provide pipes and other equipment for the boom in shale gas and new oil drilling in the Gulf of Mexico before oil prices collapsed and companies curtailed drilling. The segment accounted for \$179 million of the company's \$302 million Ebit deficit in 2015.

Mining industry hit due to fall in global iron ore prices



The mining industry in the country has recently been adversely affected due to decline in iron ore prices in international market," Minister of State for Mines and Steel Vishnu Deo Sai said in a written reply to Lok Sabha. Iron ore is the main ingredient in the production of steel.

After detailed deliberations in the inter-ministerial meeting and inter alia in view of the continuous fall in the prices of iron ore globally, the government has fully exempting export duty on iron ore lumps and iron ore fines with effect from March 1, 2016, he said.

World's largest steelmaker ArcelorMittal had said that, "It expects iron and steel prices to remain under pressure throughout this

calendar year." The steel and iron ore prices have been under pressure in recent periods and particularly in 2015, with both reaching "historical lows in 2015," the firm had said. On outlook for 2016, the firm had said, "Management currently considers it likely that while stabilisation is

possible, steel prices will remain on the low side at least through 2016, given expectations regarding economic conditions and demand." Management expects iron ore prices to continue to remain under pressure in 2016 due to the supply/demand dynamics," it said.

Steel and iron ore prices are sensitive to trends in cyclical industries, such as the automotive, construction, appliance, machinery, equipment and transportation industries, which are significant markets for ArcelorMittal's products, the Luxembourg-based firm had said in a regulatory filing.

Explaining volatility in iron ore prices, ArcelorMittal had said spot prices of the ore fluctuated between a peak of USD 160 per tonne in mid-February to USD 110 a tonne at the end of May in 2013.

It culminated in a historical low of USD 44.50 per tonne in early July 2015 then recovered to USD 59.25 a tonne at the beginning of September 2015, before demonstrating further volatility and surpassing the historical low at the end of December 2015 at USD 38.50 per tonne, it had added.

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