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**Editor - D. A. Chandekar**



# Editorial Desk

Dear Readers,

**A**s we all know, the fortune of the steel industry lies outside. It depends on the general economic situation prevailing at that time. This is true for a regional as well as global iron & steel sector.

The economic situation in most parts of the world is far from healthy. Many regional and national economies are under severe pressure and the markets are either flat or shrinking. The unemployment index is going up and the realistic purchasing power of the common man is reducing. This has naturally affected the steel industry as well. The steel production and consumption is falling world over. This has been reported by World Steel Association also. As a natural consequence of this the price curve also dived down. This negative vibration has run through the entire process chain and the prices of all the commodities associated with iron & steel sector, such as iron ore, ferro alloys, scrap, slabs, billets, rods, wire rods, bars are feeling a reverse pressure. This phenomenon has been accelerated by huge export volumes of China all over the world. If the availability has far exceeded the demand, how can the price be attractive?

Here, we have to take note of recent Greece episode. In Greece the spending was exceeding the earning capacity for quite some time. Huge debts accumulated and at one point in time, the lenders like Germany raised their hands. How long can they keep on supporting the country where in the population is not ready to follow the financial discipline? Finally both the sides had to make few compromises and Greece got the third huge bailout package. This has given them some sigh of relief but if the Greek government does not discipline their industries, corporates and even the citizens, they will again find themselves in a similar situation very soon. In EU there are few more weak candidates like Spain, Portugal, Italy etc. waiting in the wing. If they also follow the same path as that of Greece, then the whole concept of EU will be at a threat. Presently, except Germany and to some extent France (major lenders to Greece) no other economy is expected to get hit badly. India's trade with Greece was minimal and it is unlikely that it will feel the tremors.

Overall, it's a tough time not only for EU but also for the economies across the globe. This, combined with China factor is sure to keep a negative pressure on global iron & steel sector, at least for some more time!!!

**D. A. Chandekar**