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Editorial Desk

Dear Readers,

Global oversupply situation in steel industry is the biggest problem today. Yes, China is the largest contributor to this but is not the only one. Almost all regions are facing this issue and many international trade bodies, forums are trying to find the solution to this issue. Let's look at different regions!

European steel demand has been going down since last few years. It is believed that this year may be slightly better than the last one but still capacity utilization in Eurozone remains quite low. We all are aware of the crisis in Tata Steel plants in UK which are facing a huge job cuts. More or less, a similar situation is prevailing in other parts in Europe. Also, the infrastructure utilization index in this region is quite low. This means that there is not much need to develop new infrastructure.

In the Middle East, due to the warfare in the past, a lot of countries are hungry for infrastructure development but the recent blow came from oil price crash. Many infrastructure projects are now put on hold for lack of finance availability. Of late, the oil prices have shown a marginal upward movement and if it continues and oil prices cross US\$ 60 / barrel mark, the situation can improve substantially.

In India the main issue is demand stagnation. All the steel plants are running at an alarming low capacity utilization and many have started to cut the jobs. Yes, MIP has given some cushioning to the prices and subsequently there was some price rise too. But if the demand does not increase, this price rise will not be of any use to the mills. The industry activity has also marginally post MIP but how long it will sustain is a big question! It is believed that this year's monsoon will be good. In India, monsoon plays a vital role in speeding up the economic wheel. If Indian economy continues to grow by around 7 %, it will give a big support to steel demand curve and the things will start falling in place. Also, the infrastructure utilization index in India is more than 100 % which shows a big requirement and opportunity for infrastructure development.

Making predictions in such a fluid and dynamic global situation is foolish but if I am compelled to, then I will put my money on Indian steel sector by end of this year !

D. A. Chandekar