

EDITOR

D. A. Chandekar

B.E. (Met.) DBM, DJMC

ASSOCIATE EDITOR

Sanjay Singh

PRODUCTION

Anita Chandekar

DESIGN & LAYOUT

Nitin Mhatre

MARKETING

Mrinal Nath

Hiren Bid

CIRCULATION

Sanjana Acharekar

INDIA

1, Alpha, M. G. Road, Vile Parle (E),

Mumbai - 400 057. India

Tel. : 91-22-2619 2376,

2617 1575, 2617 1866

Fax : 91-22-2616 2817

Email : Marketing : info@steelworld.com

Editorial : editorial@steelworld.com

Website : www.steelworld.com

GULF

P. O. Box 42692,

Hamriyah Free Zone - Sharjah, U.A.E.

Email : gulf@steelworld.com



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Editor - D. A. Chandekar



Editorial Desk

Dear Readers,

The global iron & steel sector suffers from over capacity created in the last few years. The demand did not rise as per the expectations and the prices started falling. The countries where the economy was investment driven, still pushed the steel production further but in this case too, liquidity crunch forced many projects to halt and this further shrunked the demand.

This was more true in the Middle East region where the reason for liquidity crunch was mainly oil price crash. The oil prices went down to such a level that even the major infrastructure projects in this region were compelled to stop. This region had suffered a setback in 2008 meltdown but was gradually coming back to normal. We all know that falls are always sharp but the recovery is gradual. This process in the Middle East region was again arrested by the oil price crash. Now, after two years or so, the oil prices have again started rising and this is a very big good news for the global iron & steel sector in general and for the Middle Region in particular. There are various strategic and political reasons to oil price fall and why they have started rising but they are outside the purview of iron & steel sector. Experts feel that they will keep moving up till \$65 to \$70 per barrel and if this comes true, the oil exporting countries in this region will have more liquidity and the infrastructure projects situation can improve drastically.

As mentioned earlier, the oil price rise can also affect the other parts of the world in a positive way and the steel demand curve can improve a bit. As far as India is concerned, its steel exports to Middle East region may increase but now it will have to pay more per barrel of oil. For India, next few months are going to be tough from economic point of view. Many experts believe that the 'Demonitisation' move by the government will fetch fruits on a long-term basis but people will have to face crisis on a short-term basis. The next few weeks will be very crucial and it will be interesting to see how the currency situation takes turn !

D. A. Chandekar