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## Steel majors scamper to maintain sales in South India

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Of late, due to paucity of demand, depressed price levels have become integral to the Indian steel market. The factors underlining this abject condition have been a favorite topic of introspection but it would be appropriate to delve into the activities of the suppliers and buyers post debacle rather than indulge in routine post mortem.

Flat product prices, a vital benchmark for the industrial demand and economic growth, have not shaken stupor for the last couple of months. As is evident prices of HRC, CRC and GP in Chennai have slumped week on week by about INR 952 per tonne, INR 2100 per tonne and INR 3300 per tonne respectively in the last 45 days despite all the hullabaloo drummed up by government and the industry in tandem.

HRC

Tube

2.5x1250

01-Oct	31900
08-Oct	31400
15-Oct	31400
22-Oct	31400
29-Oct	31400
06-Nov	30948
13-Nov	30948

In per tonne

Exclusive of ED and VAT

CR

DSK

0.8x1250

01-Oct	37100
08-Oct	36500
15-Oct	36500
22-Oct	36000
29-Oct	36000
06-Nov	36000
13-Nov	35000

In per tonne

Exclusive of ED and VAT

GP

100Gms

0.8

01-Oct	42300
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08-Oct	40800
15-Oct	40800
22-Oct	40000
29-Oct	39000
06-Nov	39000
13-Nov	39000

In per tonne

Exclusive of ED and VAT

The much touted revival in steel market seems a misnomer in the backdrop of the abysmal market performance in the last couple of months. Need based buying is the prevailing approach as buyers prefer to wait for a more “sensible deal”.

Some murmurs of revival in auto and power sector have come as a welcome reprieve although its impact is limited due to minuscule share of Indian majors in this value added segment. Demand from auto majors like Ashok Leyland, TATA Motors, Hyundai and Ford motors and project based demand from BHEL, L&T etc has proved to be savior to some extent.

Indian steel majors viz., JSW, Essar, TATA Steel, SAIL etc have resorted to empirical marketing strategies including volume based discount and hike in dealers margin.

Import has contributed its bit in the quagmire. It is learnt that about 15000 tonnes of CRC was imported at a landed price of INR 31000 per tonne. Ironically, even this quantity is facing liquidation problems due to lack of demand. About 9000 tonne is still left unsold after 1 month of arrival.

The situation looks all set for an extended dry spell with no significant activity in other consuming segments viz., tube making , fabrication ,furniture ,cable tray, drum making etc which is catered by the retail . The Chinese flat product prices have shown a token revival in the last fortnight but it cannot be ascertained as stable phenomenon with bipolar symptoms from Ukraine and Russia.

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