
Indian Steel - Strategic Overview By Dr AS Firoz

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The new study of Dr AS Firoz, currently sold exclusively by steelguru.com, moves away from the common perceptions on the growth potential of the Indian steel industry. The reports critically examines the macro economic conditions globally and in India both in the short and longer term perspectives and brings out some of the most thought provoking points the stakeholders in the industry need to keep in mind.

The study is positive on the immediate future and goes on to say “we expect revival by the turn of the winter with China taking a big lead. The longer term growth perspectives remain unaffected by the short term changes in the intervening period - from the time this study was initiated in August this year and the reader has the report with them”. Further, it says, “Despite the slowdown witnessed in the past couple of months in steel demand and fall in prices of steel in the local oversupplied market, we have strong reasons to believe that the growth momentum in steel demand will be back soon. However, production growth, especially from the more competitive integrated segment will be subdued in certain product segments.The bulk of the Greenfield investment decisions in the pipeline will require careful and thorough re-examination.” However, it says, “The ongoing ‘feel good’ factor in the steel industry is generating pace in completion of the Brownfield projects.Completion of the Brownfield projects will raise valuation of the steel makers manifold”.

On the global economic revival prospects, the report says, “Despite the impressive improvement in the health of the global economy in the past few months, one will have to wait for some more time for stability to return to the financial sector, employment to rise and consumer confidence to be back on track. In the worst case scenario, there is a fear that it will take another two years for the economic recovery to gain stability as the shape of the recovery path may take “W” shape with another fall to come in between. There is no escape for the steel industry from this.”

Also it says, “The Indian steel makers have mostly recovered from the shock they had received in November and December 2008 when faced with an unexpected and a huge drop in sales and had to produce steel with coal and iron ore bought or contracted earlier at record high prices.”

On the future of the steel in India, the report says, “India’s steel demand will remain subdued till 2013-14 and only modest growth can be expected there till then. However, the conditions in the market will change drastically after that and a very sharp rise in steel demand is expected from then till 2020-21(in fact, going beyond that).’

This 70 page report (Plus 35 pages of tables) is an excellent document to start with for strategic thinking on the Indian steel sector.

This e-book is available at INR 30,000 or USD 700.

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