

Steel stocks scale life high as 2018 promises robust metal demand

RISHITA KABI

Mumbai

TATA Steel, JSW Steel, Steel Authority of India, other private and state run steel-makers, on Thursday rose to life high tracking strong global steel prices, government spending on infrastructure projects amid improved seasonality boasting demand prospect.

"The increase in demand for steel globally with improvement in prices has resulted in steel makers to rally. This is also a good season to start the projects involving steel. Since its year end, general buying is happening. Governments' mega infrastructure plans this year also injected positive sentiments," said Goutam Chakraborty, analyst, Emkay Global. The year also saw two policy interventions by the government aiming to boost domestic production.

The national steel policy 2017 rolled out enabled domestic steel industry to reach a capacity of 300 million tonnes (mt) by 2030-31, aiming at facilitating consumption of domestic value-added steel in government procurement in sectors. During this year, the overall trend remains steady for 'long and flat' products, in the three product groups of TMT bars, cold-rolled coils and hot-rolled coils. These products involved use in construction, automobile, white goods segment and increased branding saw a thrust from all major firms.

"Among the major steel-



producing Asian countries, operating conditions will be the most supportive in India because of the robust domestic demand and protectionist measures," Moody's said in its report. The steel-makers jumped to all-time high after more than two fold rise in this year.

Tata Steel and JSW harnessed advanced technology to augment quality. Tata Steel said it expected this technology to go commercial in about a decade, enabling it to reduce footprint and costs. Steel Authority of India also improved product quality through use of this technology. Minister of state for steel (MoS) announcement in the Parliament of considering to set up panel to turn around loss-making state-owned steelmakers kept the buying momentum.

Indian steelmakers also became more competitive during the year on grounds

of quality and their deliveries. Meanwhile, steel companies rose following a surge in prices of base metals such as aluminium, copper and lead on the London Metal Exchange coupled with further production cuts in China.

On the outlook for 2018, the World Steel Association has forecast increased demand for steel citing recovery of global steel demand in the short term. The government's thrust on infrastructure spend is expected to gain momentum in view of the 2019 general elections. At close Tata Steel jumped 1.77 per cent to Rs 736.25, JSW Steel surged 2.20 per cent to Rs 271.30, Steel Authority of India gained 1.81 per cent to Rs 92.75 and Jindal Steel & Power rallied 4.01 per cent to Rs 202.45 on the National Stock Exchange.

—TickerNews Service