

India's steel output likely to hit 127.1 MT by 2020

PRESS TRUST OF INDIA

New Delhi, 21 August

Steel production in India, the world's third largest producer, is expected to grow annually at an average of 7.3 per cent during 2016 to 2020 and touch 127.1 million tons (MT), a report prepared by BMI Research said.

The growth will be driven by state-rungiant SAIL and Tata Steel, the firm, part of the Fitch Group, said.

"India will be the global steel production growth bright spot as demand from construction, automobile and infrastructure industries continue to accelerate," it said.

Besides, the government

has been spearheading the push towards the boost in steel production capacity, with upgrades being made to existing steel mills and state-owned companies stepping in to build new steel plants, it added.

"We forecast India's steel output to average annual growth of 7.3 per cent during 2016-2020, higher than 5.3 per cent during 2011-2015. India's steel output will grow from 92.7 MT in 2016 to 127.1 MT by 2020," BMI Research said.

The country's share of global steel production will accelerate from 5.8 per cent in 2016 to 7.8 per cent in 2020, it added.

On global steel market, the research firm said that it will remain in oversupply

as a slowdown in Chinese consumption will push the market into surplus. From 2017 onwards, steel prices will gradually edge higher as the global steel surplus will narrow due to Chinese supply moderation.

The global steel market will see a surplus of 5.2 MT in 2016, a decrease from a 2015 surplus of 13.8 MT. From 2018 onwards, the global market will tighten, with the surplus decreasing to 1 MT in 2017, shifting into deficit thereafter.

Overall, the market's deficit will deepen from 0.8 MT in 2017 to 4.3 MT by 2020. While trending lower, this supply metric will remain elevated by historical standards, capping price growth, it said.