

PINC Metals Weekly  
Sector: Metals & Mining  
BSE Sensex: 15,939

## METALLON MONITOR EXPRESS

04 January 2012

### NEWS Corner

**US Mfg PMI at 59.9 rose to an 8-mth high in Dec'11, while China's Mfg PMI re-entered the expansion zone at 50.3, an improvement from contraction zone of 49.0 in Nov'11. EU continues to languish with PMI at 46.9 in Dec'11.**

As per China Securities Journal, China's consumption of steel products is expected to hit 646mnt in 2012, higher than that in 2011.

**Coal India's board approved new pricing mechanism** and changed it from Useful Heat Value (UHV) based grading system to Gross Caloric Value (GCV) based classification with effect from 1st Jan'12. As per news reports, this would increase Coal India's blended price by ~15%.

**In India, mini steel plants in Chhattisgarh are facing a threat of closure due to the ongoing financial & raw material crisis.** As per news sources 30 mini steel plants have closed down and 35 more are on the verge of closure.

Tata Steel Europe is planning to cut output by 15-18% at the units located in Europe on declining demand and lower profitability.

**JSW Steel has shut down its 500ktpa Steel service centre in the United Kingdom, and shifted the entire machinery to its Vijayanagar steel plant.** JSW Steel bought the three slitting lines and one multi-strand blanking line from its UK subsidiary to JSW Steel Processing Centres, for an undisclosed sum.

**Bhushan Steel has put on hold proposed Rs200bn 6.0mntpa steel project in West Bengal** due to the state government's decision not to acquire land for industry.

**In the non-ferrous space, Chile produced ~458kt of copper in November, down 2% MoM,** as lower ore grades and labour unrest hit cathode output. Copper output was down 3.8% in the first 11 months of 2011.

**Japan's exports of refined zinc surged to 11.7kt in Nov.'11, up 64% YoY,** driven by a three-fold jump in exports to China.

### Analyst Corner

**India raised iron ore export duties to 30% from 20%** to conserve supplies for its steel industry. Although the export duty hike would render exporters in Odisha and Karnataka unprofitable/ uncompetitive, we believe that iron ore industry in Goa would continue to remain profitable, albeit at lower levels.

Further, We believe that hike in excise duty pre-empts the likelihood of a complete ban on iron ore export, which was the biggest overhang on Sesa Goa, India's largest exporter, based out of Goa. We have the stock UNDER REVIEW.

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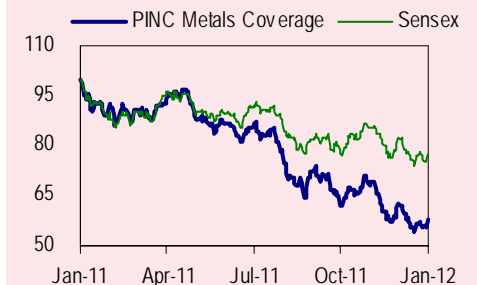
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### RECOMMENDATIONS

Companies	CMP	TP	Reco
Tata Steel	361	572	BUY
SAIL	84	101	BUY
JSW Steel	589	700	BUY
GPIL	75	177	BUY
Monnet Ispat	374	558	BUY
Usha Martin	24	27	Accumulate
Bhushan Steel	328	297	Sell
Sesa Goa	163	NA	UR
Hind. Zinc	120	135	Accumulate
NALCO	54	57	Accumulate

All figures are in Rs.; UR: Under Review

### SECTOR PERFORMANCE - METALS & MINING



Note: Index of PINC coverage is market cap weighted

### PRICE MOVEMENT

	CMP USD/t	Returns (%)				CMP (Rs)	Returns (%)				
		1W	1M	6M	1Yr		1W	1M	6M	1Yr	
<b>Steel</b>						<b>PINC Coverage - Metals &amp; Mining</b>					
World HRC	680	1.0	(0.3)	(13.7)	(5.5)	Tata Steel	361	4.1	(13.8)	(39.5)	(48.0)
China HRC	605	-	(2.0)	(14.2)	(5.3)	SAIL	84	4.8	(4.0)	(39.6)	(55.6)
Europe HRC	632	-	(2.0)	(7.6)	(8.7)	JSW Steel	589	14.8	(7.5)	(33.3)	(49.6)
US HRC	700	1.1	7.7	(7.3)	(2.8)	Sesa Goa	163	2.3	(13.8)	(42.6)	(51.3)
India HRC	744	-	(3.5)	(0.7)	9.5	Godawari Power	75	5.1	(33.4)	(53.6)	(63.8)
Iron Ore - Spot*	142	1.3	(0.7)	(19.7)	(19.4)	Monnet Ispat	374	3.7	0.8	(25.1)	(34.3)
Coking Coal - Spot#	295	NA	(0.2)	(1.3)	13.6	Usha Martin	24	4.8	(0.6)	(56.9)	(67.6)
<b>Base Metals</b>						Bhushan Steel	328	5.0	1.7	(25.8)	(33.4)
LME Aluminium	2,055	2.5	(3.3)	(16.9)	(16.5)	NALCO	54	11.5	(1.6)	(35.8)	(46.0)
LME Zinc	1,861	1.3	(9.5)	(20.5)	(23.8)	Hindustan Zinc	120	0.5	(4.6)	(13.3)	(12.3)
LME Copper	7,778	3.3	(1.1)	(17.5)	(19.4)						
LME Lead	2,076	4.8	(0.7)	(22.0)	(19.0)						

Source: Bloomberg, PINC Research; \* CFR China; #Shanxi as collected by McCloskey/Xinhua

For rating objective and disclaimer, please refer to last page of the report

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**Metals and Mining sector PINC Coverage - Financial and valuation summary**

Company	CMP (Rs)	TP (Rs)	Up (%)	Reco	Mkt Cap (Rs bn)	EPS (Rs)		EPS CAGR	OPM (%)		EV/EBITDA (x)		P/E (x)		P/BV (x)	
						FY12E	FY13E	FY11-13E	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E
Tata Steel	361	572	58.4	BUY	346	34.9	41.6	(14.2)	11.5	12.3	3.8	4.3	10.3	8.7	0.8	0.8
SAIL	84	101	20.9	BUY	346	8.4	11.5	(2.9)	12.9	17.1	4.8	4.7	10.0	7.3	0.9	0.8
JSW Steel	589	700	18.8	BUY	131	63.8	84.0	5.3	15.4	17.8	5.3	4.1	9.2	7.0	0.8	0.7
Godawari Power	75	177	137.0	BUY	2.4	27.4	30.2	5.6	13.7	14.3	3.3	2.8	2.7	2.5	0.3	0.3
Monnet Ispat	374	558	49.2	BUY	24	41.2	68.9	27.1	25.2	24.5	2.3	3.6	2.1	1.3	0.2	0.2
Usha Martin	24	27	13.5	Accumulate	7.3	4.8	6.3	27.2	18.8	20.1	3.9	3.9	5.1	3.8	0.4	0.4
Bhushan Steel	328	297	(9.3)	Sell	70	40.9	43.3	(1.9)	29.1	32.7	6.1	5.2	8.0	7.6	1.5	1.2
Sesa Goa	163	NA	NA	UR	142	-	-	-	-	-	-	-	-	-	-	-
Hindustan Zinc	120	135	12.3	Accumulate	506	12.3	14.4	14.0	52.3	54.6	5.6	4.0	9.7	8.3	1.9	1.6
NALCO	54	57	6.6	Accumulate	139	3.7	4.1	(0.3)	20.5	22.4	5.6	4.4	14.5	13.0	1.2	1.1

Source: Company, PINC Research; Note: TP and valuation ratios factor in CWIP at (discount to) book value and VOI

**Global Valuations - Iron ore**

Company	Mcap	Curr EV	Curr	Stock perf. (%)			OPM (%)			EV/EBIDTA (x)			P/E (x)			P/B (x)			ROE (%)		
	(USD mn)	USD mn	D/E (x)	5D	3M	1-Yr	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E
Iron ore-CFR China (USD/t)	165			0	(20)	(18)	46.0	49.0	46.9	5.6	4.3	4.3	6.9	6.0	6.1	1.8	1.5	1.2	29.4	35.7	27.6
Vale SA	122,613	141,910	0.4	5	7	(18)	55.5	57.6	55.8	5.4	4.0	4.1	6.8	4.9	5.7	1.5	1.0	0.9	23.1	67.0	52.9
Rio Tinto PLC	103,161	119,739	0.2	6	23	(26)	40.2	44.9	44.2	5.3	4.2	4.2	7.1	6.3	6.1	1.6	1.5	1.2	27.7	25.5	22.2
BHP Billiton Ltd	186,478	193,261	0.3	3	7	(20)	52.3	53.0	52.7	5.1	4.7	4.5	8.7	9.0	8.4	3.5	2.8	2.2	42.2	35.0	29.4
Anglo American PLC	51,677	62,372	0.4	7	17	(27)	36.8	40.3	40.6	6.1	4.6	4.1	7.2	7.6	6.7	1.4	1.2	1.0	17.0	16.7	16.4
Cliffs Natural Resources Inc	9,417	13,946	0.4	1	23	(23)	33.7	42.0	42.5	8.8	4.8	4.2	8.7	5.2	5.2	1.6	1.5	1.2	29.3	29.5	21.9
Sesa Goa Ltd	2,672	3,558	0.1	2	(15)	(51)	57.0	56.4	45.5	3.1	3.2	4.9	2.8	2.8	4.7	0.9	0.9	1.0	37.1	40.1	22.5

Source: Bloomberg, PINC Research; Sesa Goa though under PINC coverage is currently under review. The ratios are based on Bloomberg consensus estimates.

**Global Valuations - Steel**

Company	Mcap	Curr EV	Curr	Stock perf. (%)			OPM (%)			EV/EBIDTA (x)			P/E (x)			P/B (x)			ROE (%)		
	(USD mn)	USD mn)	D/E (x)	5D	3M	1-Yr	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E
Steel - World HRC (USD/t)	680			1	(11)	(5)	15.8	13.8	14.8	6.8	6.3	5.7	12.5	152.7	10.5	0.9	0.9	0.8	10.2	8.7	9.7
ArcelorMittal	30,879	59,559	0.4	8	30	(43)	10.3	11.0	11.2	7.4	5.8	5.6	10.3	9.1	8.2	0.5	0.5	0.5	5.5	5.7	6.0
ThyssenKrupp AG	12,739	18,435	0.6	6	12	(40)	7.3	7.3	7.6	4.2	3.9	4.1	(6.6)	10.1	11.7	1.1	0.8	0.9	7.7	8.7	8.7
Voestalpine AG	5,146	9,886	1.0	9	19	(36)	15.2	13.5	13.8	4.5	4.8	4.7	7.6	7.5	6.9	0.8	0.9	0.8	13.0	12.6	11.7
SSAB AB	3,030	6,013	0.7	8	40	(42)	8.5	11.5	12.4	12.7	8.0	7.2	40.9	11.4	10.0	0.7	0.7	0.7	2.1	5.6	6.3
Nucor Corp	12,833	14,923	0.6	0	28	(8)	6.5	9.8	11.0	14.4	7.7	6.4	96.5	17.4	13.1	1.7	1.7	1.6	1.8	10.3	11.8
United States Steel Corp	4,056	7,697	1.0	7	32	(53)	2.9	5.2	7.4	15.2	7.5	5.1	(8.4)	3,521.3	11.6	1.0	1.0	1.0	(9.2)	0.9	7.2
Cia Siderurgica Nacional SA	12,655	19,392	2.6	5	16	(43)	40.2	39.4	37.4	5.9	5.6	5.4	8.8	7.7	9.6	2.8	3.0	2.1	39.4	32.1	23.5
Usinas Siderurgicas de Minas Gerais SA	7,709	10,269	0.4	4	(11)	(23)	21.0	10.6	13.8	6.6	14.5	9.8	10.3	55.4	37.7	1.0	0.9	0.9	8.0	1.2	2.3
Gerdau SA	13,492	19,236	0.7	4	18	(36)	17.5	14.2	14.7	6.2	7.1	6.4	9.7	13.3	11.1	1.0	1.0	0.9	11.1	8.4	9.0
Evrz Group SA	8,152	14,505	1.3	2	43	(50)	17.5	19.1	19.3	6.6	4.8	4.8	1.7	8.3	7.2	NA	1.2	1.1	9.8	13.9	15.6
Nippon Steel Corp	17,313	40,703	0.6	2	(7)	(33)	11.2	10.0	10.3	7.6	7.5	7.2	14.7	13.2	10.4	0.7	0.7	0.6	5.5	5.1	7.0
JFE Holdings Inc	11,340	31,615	1.0	1	(3)	(50)	13.4	10.1	11.0	6.3	7.5	6.8	14.2	85.1	10.6	0.5	0.5	0.5	5.6	1.6	6.4
Kobe Steel Ltd	4,998	14,850	1.5	3	(1)	(41)	12.9	10.3	10.4	5.3	5.8	5.7	7.8	15.9	12.7	0.7	0.7	0.6	8.8	4.1	5.4
POSCO	29,795	38,885	0.3	0	11	(21)	22.6	17.5	18.5	6.1	6.5	5.9	7.2	8.4	7.6	0.8	0.9	0.8	13.4	10.9	11.0
Baoshan Iron & Steel Co Ltd	13,461	24,803	0.6	(3)	(5)	(26)	14.8	11.9	12.1	5.6	5.9	5.4	7.0	9.1	7.5	0.8	0.8	0.7	11.9	8.0	8.6
Angang Steel Co Ltd	5,240	11,080	0.7	0	67	(54)	11.3	9.5	10.3	7.2	7.5	6.6	17.9	68.3	25.1	0.7	0.6	0.6	4.6	1.6	2.7
Wuhan Iron & Steel Co Ltd	4,617	10,216	1.0	(2)	(13)	(31)	10.6	9.6	10.4	8.6	6.8	6.0	14.3	10.4	7.8	0.8	0.9	0.8	5.8	8.2	10.0
Hebei Iron & Steel Co Ltd	4,840	11,760	1.5	(1)	(22)	(25)	6.1	5.2	5.1	11.2	10.8	10.0	14.6	13.4	9.3	0.7	0.6	0.6	4.0	4.6	6.5
Maanshan Iron & Steel	2,946	5,832	0.8	3	78	(40)	11.4	8.0	8.7	5.5	5.8	5.2	16.3	38.2	17.2	0.6	0.6	0.6	4.0	2.3	3.6
Steel Authority of India Ltd *	6,506	7,095	0.5	5	(16)	(56)	17.8	12.9	17.1	3.0	4.8	4.7	6.9	10.0	7.3	0.9	0.9	0.8	14.3	9.1	11.6
Tata Steel Ltd *	6,516	15,624	1.5	4	(9)	(48)	13.5	11.5	12.3	4.1	3.8	4.3	6.4	10.3	8.7	0.9	0.8	0.8	17.3	8.4	9.0
JSW Steel Ltd *	2,471	6,195	1.2	15	6	(50)	20.2	15.4	17.8	4.6	5.3	4.1	7.8	9.2	7.0	0.8	0.8	0.7	13.9	8.9	10.9
Bhushan Steel Ltd *	1,309	5,367	4.7	5	0	(33)	29.0	29.1	32.7	8.9	6.1	5.2	7.3	8.0	7.6	1.8	1.5	1.2	28.1	20.0	17.6
Usha Martin Ltd *	138	578	1.2	5	(23)	(68)	18.6	18.8	20.1	4.2	3.9	3.9	6.2	5.1	3.8	0.4	0.4	0.4	6.9	7.9	9.8
Monnet Ispat & Energy Ltd *#	452	878	1.3	4	(24)	(34)	28.6	25.2	24.5	2.1	2.3	3.6	2.0	2.1	1.3	0.3	0.2	0.2	15.2	12.4	17.9
Godawari Power and Ispat Ltd *	45	209	1.5	5	(35)	(64)	20.8	13.7	14.3	3.9	3.3	2.8	2.8	2.7	2.5	0.4	0.3	0.3	15.6	13.5	13.2

Source: Bloomberg, PINC Research \* PINC Estimates; #Monnet Ispat's valuation ratios adjusted for value of Monnet Power FY10 onwards, EV based multiples adjusted by valuing capital WIP at book value

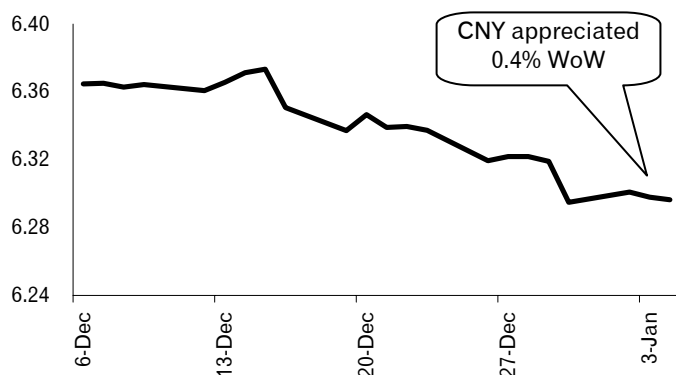
**Global Valuations - Base Metals**

Company	Mcap	Curr EV	Curr	Stock perf. (%)			OPM (%)			EV/EBIDTA (x)			P/E (x)			P/B (x)			ROE (%)		
	(USD mn)	USD mn)	D/E (x)	5D	3M	1-Yr	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E	CY10/ FY11	CY11/ FY12E	CY12/ FY13E
<b>LME Copper</b>	<b>7,778</b>			<b>3</b>	<b>12</b>	<b>(19)</b>	<b>16.9</b>	<b>16.7</b>	<b>18.2</b>	<b>13.9</b>	<b>10.1</b>	<b>9.8</b>	<b>25.0</b>	<b>15.8</b>	<b>13.6</b>	<b>2.1</b>	<b>1.3</b>	<b>1.2</b>	<b>11.8</b>	<b>13.1</b>	<b>13.0</b>
Cameco Corp	7,404	7,427	0.2	3	1	(53)	34.8	30.2	35.0	10.3	11.3	8.8	14.7	18.3	13.8	1.6	1.5	1.4	8.6	7.2	8.2
Jiangxi Copper Co Ltd	10,350	11,113	0.4	0	52	(35)	9.9	10.3	10.9	9.9	6.7	6.6	9.5	6.5	6.5	1.3	1.2	1.1	17.5	19.1	17.7
Yunnan Copper Industry Co	3,622	6,001	4.4	1	(9)	(44)	6.0	9.5	8.9	21.3	12.3	14.0	50.9	22.4	20.6	3.2	NA	NA	9.1	-	-
<b>LME Aluminium</b>	<b>2,055</b>			<b>2</b>	<b>(5)</b>	<b>(17)</b>	<b>19.8</b>	<b>20.3</b>	<b>20.9</b>	<b>6.8</b>	<b>6.0</b>	<b>5.4</b>	<b>13.1</b>	<b>10.7</b>	<b>9.1</b>	<b>0.8</b>	<b>2.7</b>	<b>2.4</b>	<b>11.8</b>	<b>10.1</b>	<b>10.0</b>
Alcoa Inc	9,824	21,222	0.5	4	1	(44)	12.9	13.5	14.0	7.8	6.4	6.0	36.9	12.0	10.3	0.7	0.7	0.7	2.1	5.7	6.3
Anglo American PLC	51,677	62,372	0.4	7	17	(27)	36.8	40.3	40.6	6.1	4.6	4.1	7.2	7.6	6.7	1.4	1.2	1.0	17.0	16.7	16.4
United Co RUSAL PLC	9,306	20,768	1.0	0	(21)	(59)	11.2	20.7	18.6	16.8	8.2	9.2	NA	9.5	12.7	NA	14.0	12.2	21.7	15.0	-
Century Aluminum Co	817	858	0.3	3	9	(46)	14.2	9.0	11.4	5.2	7.0	5.4	15.5	30.1	13.6	0.7	0.7	0.7	6.3	1.3	4.9
Nippon Light Metal Co Ltd	747	2,858	1.9	6	(14)	(32)	9.4	NA	NA	6.0	NA	NA	5.8	5.8	5.4	0.6	NA	NA	12.4	-	-
Aluminium Bahrain BSC	1,987	2,878	0.6	0	(35)	NA	30.3	NA	NA	4.8	NA	NA	NA	4.5	8.7	NA	NA	NA	-	-	-
Sterlite Industries India Ltd	5,973	8,689	0.2	5	(10)	(51)	26.0	27.5	28.0	5.0	4.4	3.8	5.4	5.5	4.8	0.6	0.7	0.6	11.7	13.1	13.4
Hindalco Industries Ltd	4,157	9,053	0.9	(1)	(7)	(53)	11.1	10.8	11.4	5.2	5.7	5.1	7.7	7.0	6.7	0.6	0.7	0.6	13.1	10.5	9.9
National Aluminium Co Ltd*	2,610	1,738	0.0	11	(11)	(46)	26.3	20.5	22.4	4.4	5.6	4.4	13.0	14.5	13.0	1.2	1.2	1.1	9.9	8.3	8.7
<b>LME Zinc</b>	<b>1,861</b>			<b>1</b>	<b>(0)</b>	<b>(24)</b>	<b>33.7</b>	<b>32.8</b>	<b>36.0</b>	<b>6.3</b>	<b>5.3</b>	<b>4.6</b>	<b>12.1</b>	<b>10.1</b>	<b>9.1</b>	<b>1.6</b>	<b>1.2</b>	<b>1.1</b>	<b>15.8</b>	<b>16.0</b>	<b>15.8</b>
Lundin Mining Corp	2,426	2,217	0.0	6	21	(42)	51.0	46.2	48.0	5.1	6.3	6.2	7.6	11.5	10.2	0.7	0.7	0.7	10.4	6.7	5.4
Volcan Cia Minera SAA	4,258	4,227	0.0	4	33	(2)	47.7	54.6	60.6	9.1	6.3	5.4	11.9	9.3	8.3	2.9	NA	NA	21.4	29.1	26.5
HudBay Minerals Inc	1,780	946	-	6	4	(41)	33.2	27.5	35.1	3.8	4.2	3.8	22.2	16.4	18.9	1.0	1.0	1.0	4.9	5.6	3.8
Nyrstar	1,436	1,807	0.6	7	8	(33)	7.1	9.6	13.8	7.1	4.7	3.1	10.3	9.7	5.4	0.9	0.8	0.7	10.5	9.2	15.5
Korea Zinc Co Ltd	5,322	4,985	0.1	8	19	10	20.8	19.8	21.2	8.8	5.8	5.0	11.7	8.1	7.0	2.1	1.8	1.5	20.6	24.9	23.0
Xstrata PLC	47,869	58,346	0.2	6	35	(32)	34.1	34.8	36.7	5.6	4.9	4.4	10.0	8.1	7.1	1.1	1.0	0.9	14.2	13.7	14.7
Boliden AB	4,318	5,053	0.3	3	34	(27)	20.3	17.4	18.5	4.9	5.0	4.8	NA	8.4	7.8	NA	1.4	1.3	21.3	17.5	16.4
Hindustan Zinc Ltd*	9,520	7,030	0.0	1	7	(12)	55.7	52.3	54.6	6.2	5.6	4.0	10.8	9.7	8.3	2.2	1.9	1.6	23.0	21.2	21.1

Source: Bloomberg, PINC Research; \* PINC estimates

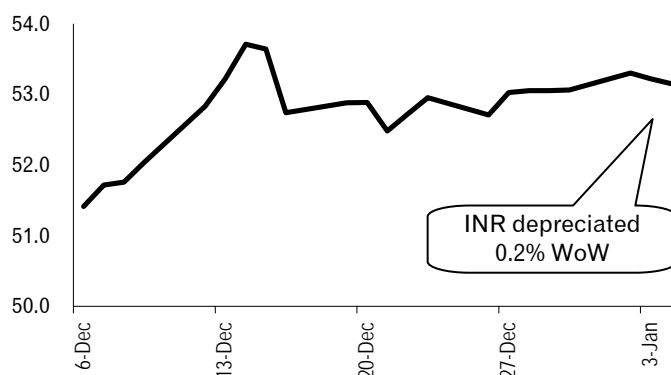
**Currency movements**

**USD/CNY**



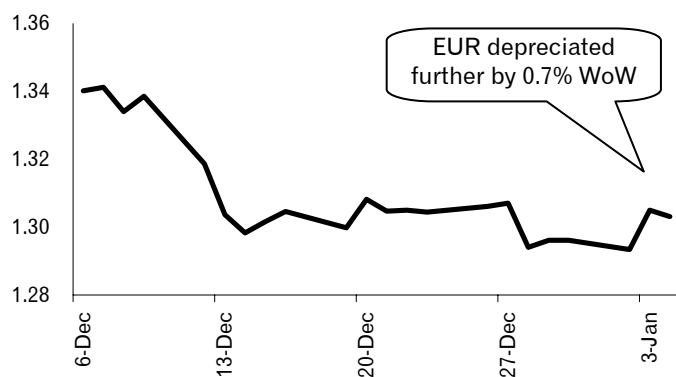
Source: Bloomberg, PINC Research

**USD/INR**



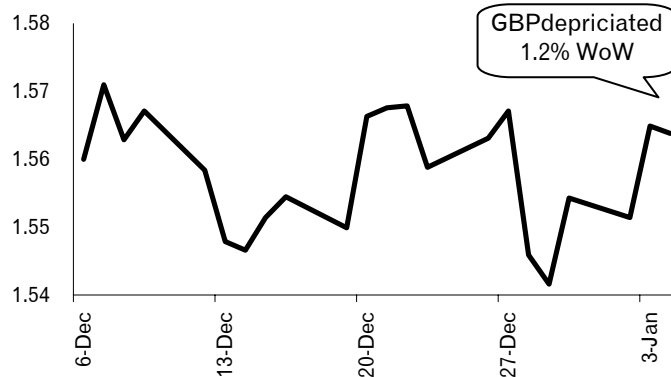
Source: Bloomberg, PINC Research

**EUR/USD**



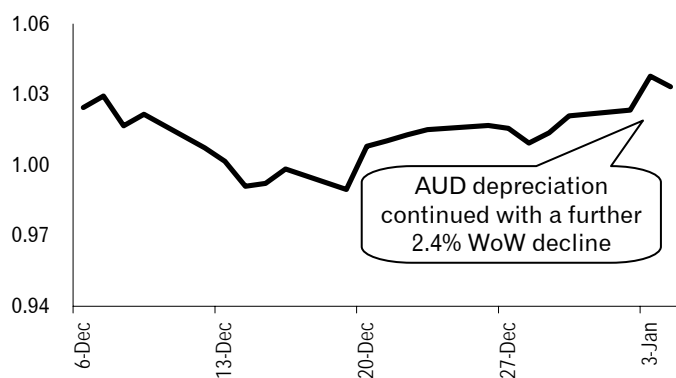
Source: Bloomberg, PINC Research

**GBP/USD**



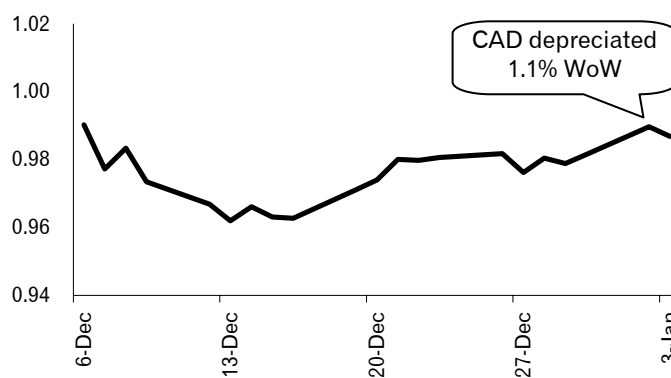
Source: Bloomberg, PINC Research

**AUD/USD**



Source: Bloomberg, PINC Research

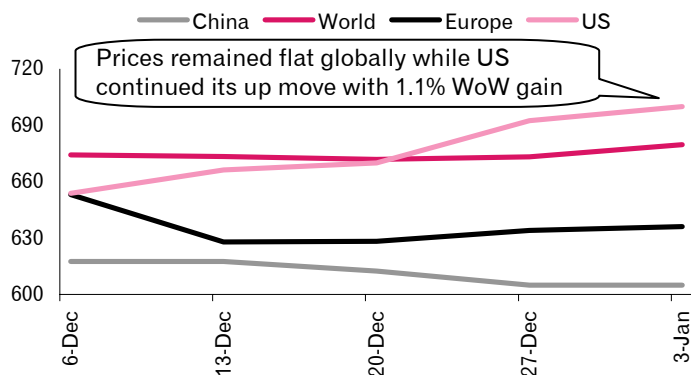
**CAD/USD**



Source: Bloomberg, PINC Research

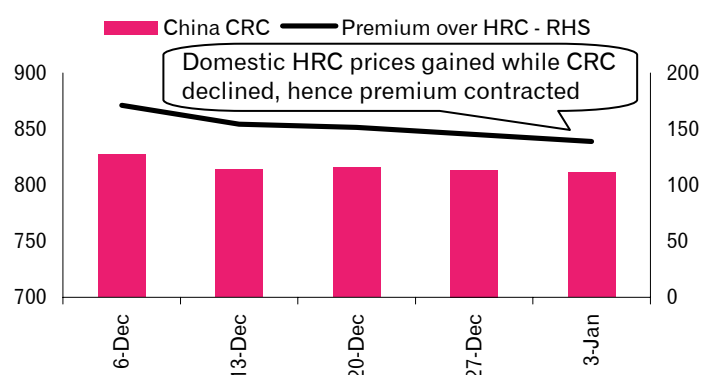
**Steel**

**HRC Prices (USD/t)**



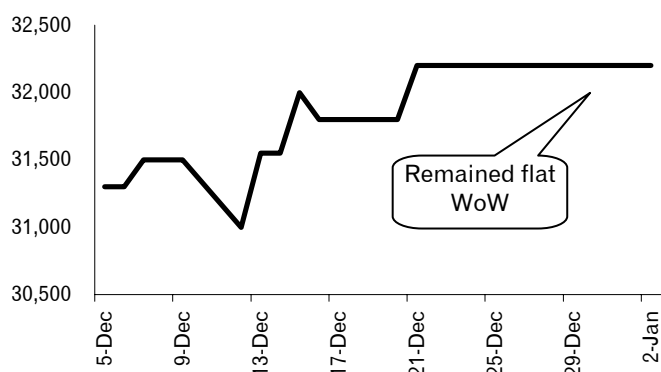
Source: Bloomberg, PINC Research; China Export FOB Shanghai, South Europe port CIF, US FOB Midwest mill

**China CRC & premium over HRC (USD/t)**



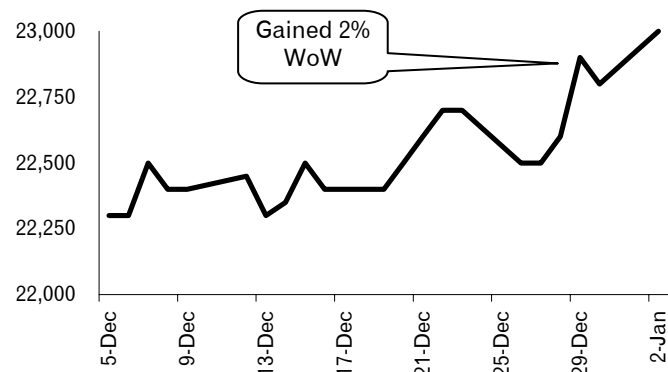
Source: Bloomberg, PINC Research; Premium calculated over Domestic HRC price FOB Shanghai incl. 17% VAT

**India Billets prices (Rs/t)\***



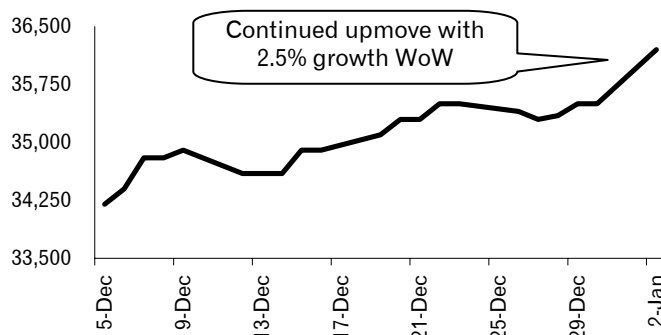
Source: Steel Mint, PINC Research \* Raipur, Inclusive of 10% excise duty

**India Sponge Iron prices (Rs/t)\***



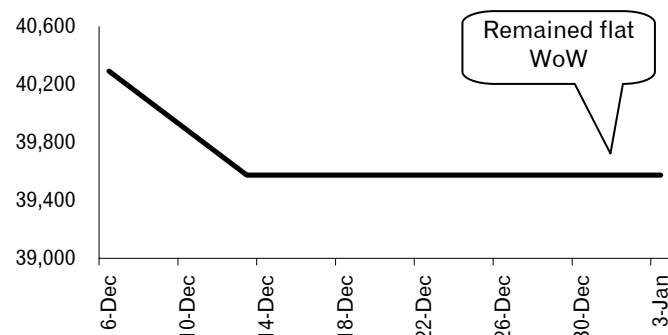
Source: Steel Mint, PINC Research \* Raipur, Inclusive of 10% excise duty

**India TMT prices (Rs/t)\***



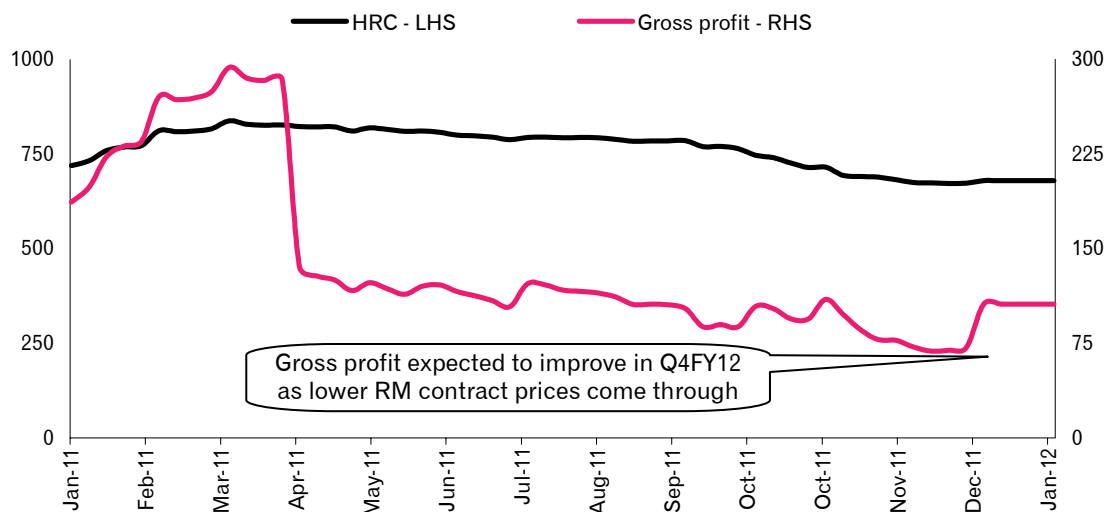
Source: Steel Mint, PINC Research \* Raipur, Inclusive of 10% excise duty

**India HRC prices (Rs/t)**



Source: Bloomberg, PINC Research

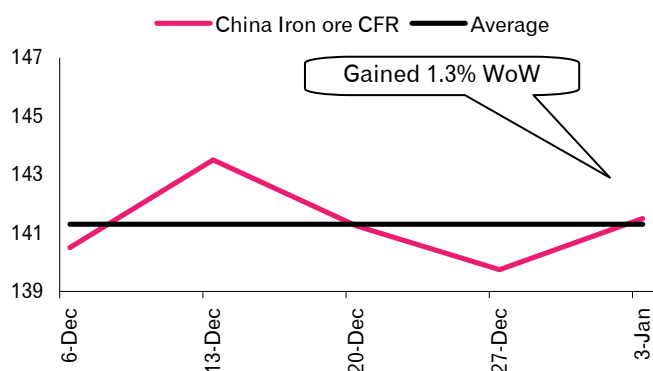
**Steel price & gross profit (USD/t)**



Source: Bloomberg, Industry, PINC Research; Note: Steel gross profit for non-integrated producers is as (steel spot prices) less (iron ore cost at a mix of prevailing spot and contract prices and coking coal cost at prevailing contract prices and 5% of steel prices as other RM costs)

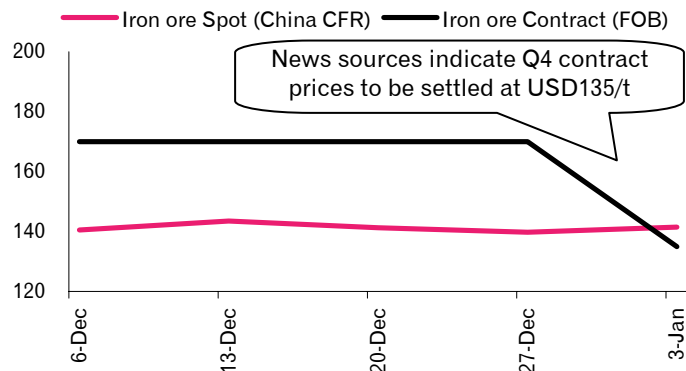
### Iron Ore

**Iron ore spot prices: CFR China (USD/t)**



Source: Bloomberg, PINC Research

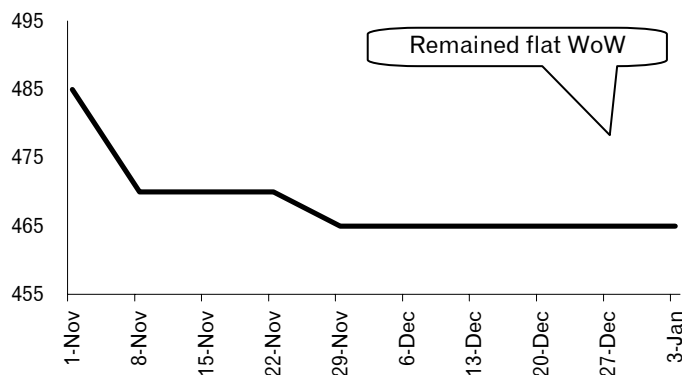
**Iron ore: Spot vs. contract price (USD/t)**



Source: Bloomberg, PINC Research;

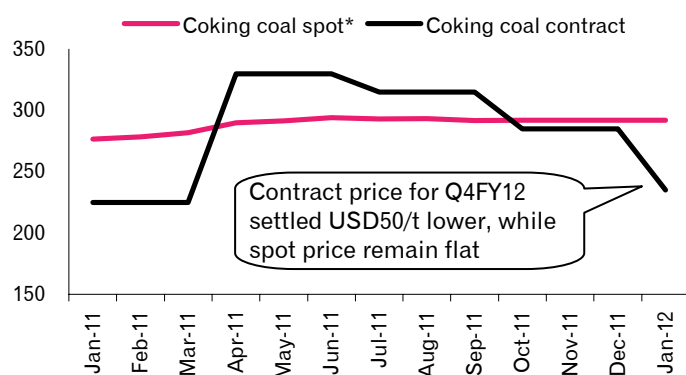
### Coking Coal

**China met coke export 10.5-12.5% FOB price (USD/t)**



Source: Bloomberg, PINC Research

**Coking coal: Spot vs. contract prices (USD/t)**

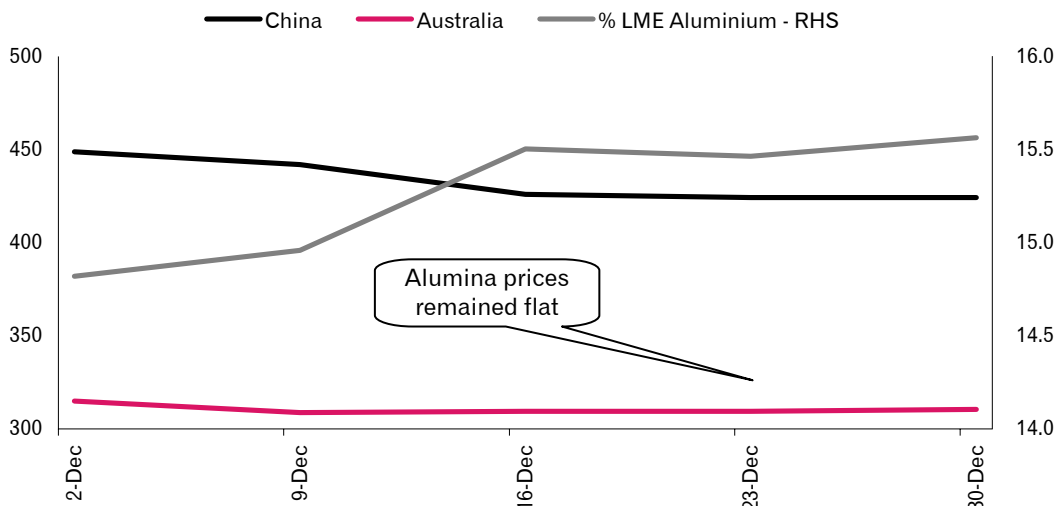


Source: Bloomberg, PINC Research; \*Shanxi as collected by McCloskey/Xinhua



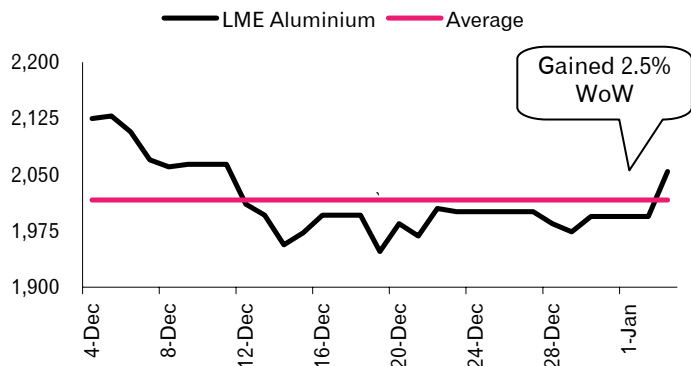
**Base Metals**  
**Aluminium**

**Alumina prices (USD/t)**



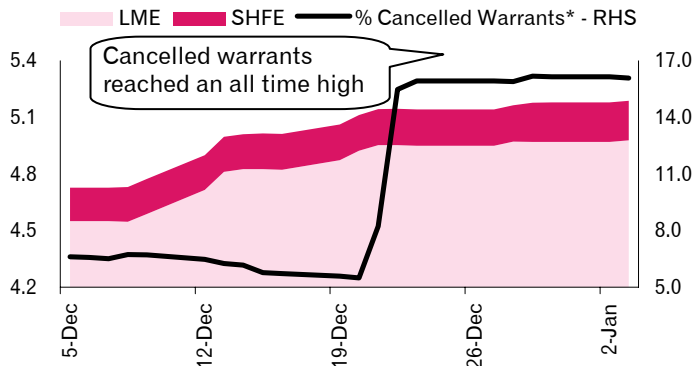
Source: Bloomberg, PINC Research; % LME Aluminium is Australia's alumina price as a % of LME Aluminium

**LME Aluminium prices (USD/t)**



Source: Bloomberg, PINC Research

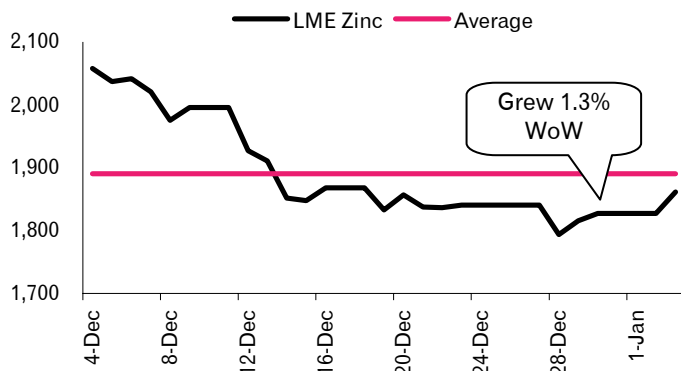
**Aluminium Inventory (mnt)**



Source: Bloomberg, PINC Research; \* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

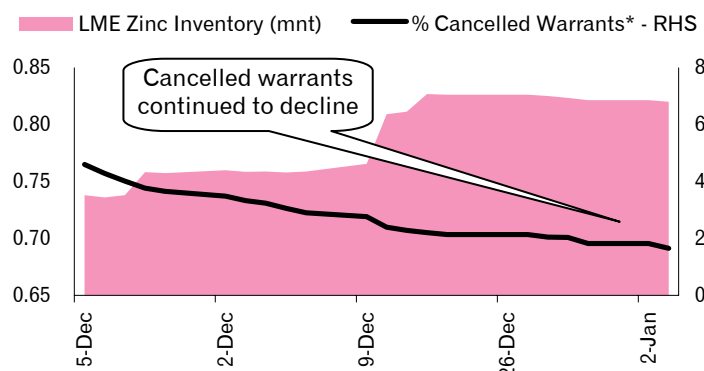
**Zinc**

**LME Zinc prices (USD/t)**



Source: Bloomberg, PINC Research

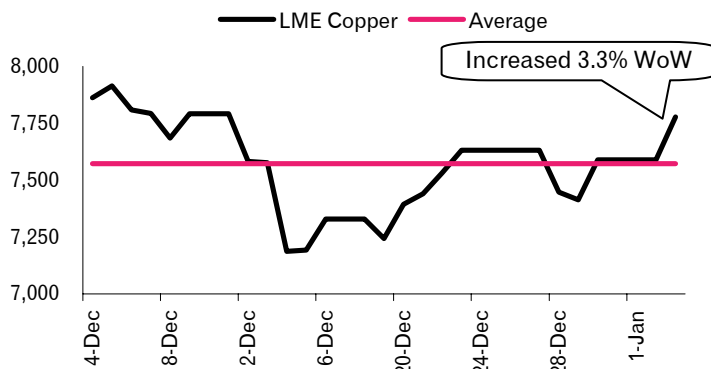
**Zinc Inventory (mnt)**



Source: Bloomberg, PINC Research\* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

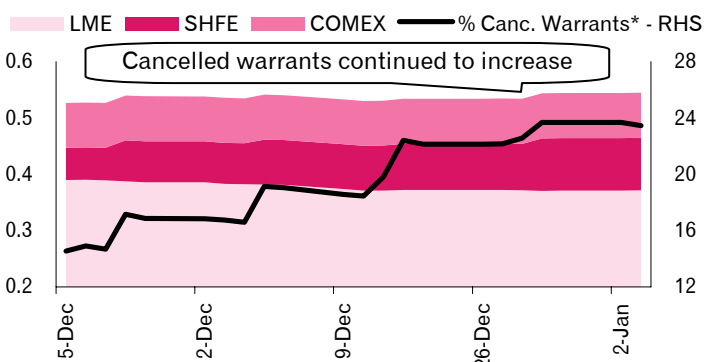
**Copper**

**LME Copper prices (USD/t)**



Source: Bloomberg, PINC Research

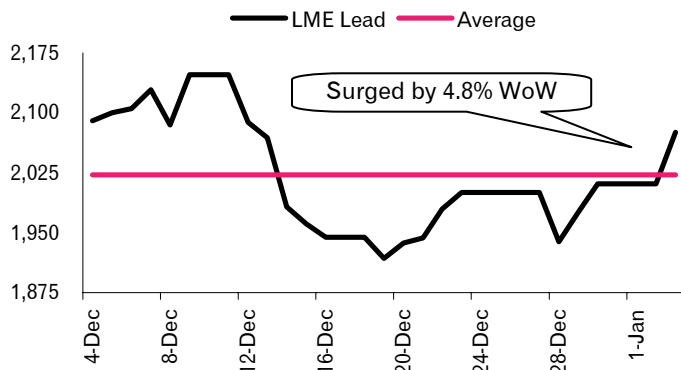
**Copper Inventory (mnt)**



Source: Bloomberg, PINC Research\* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

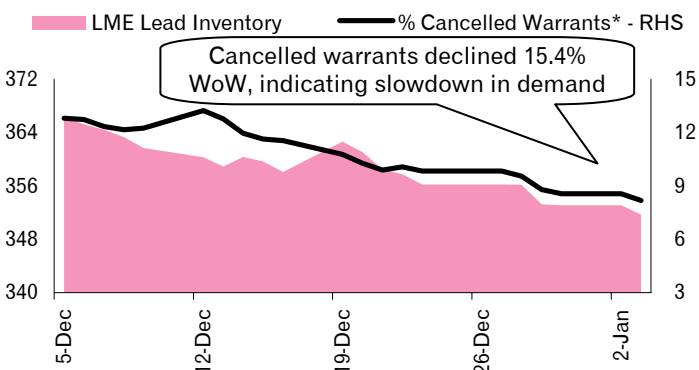
**Lead**

**LME Lead prices (USD/t)**



Source: Bloomberg, PINC Research

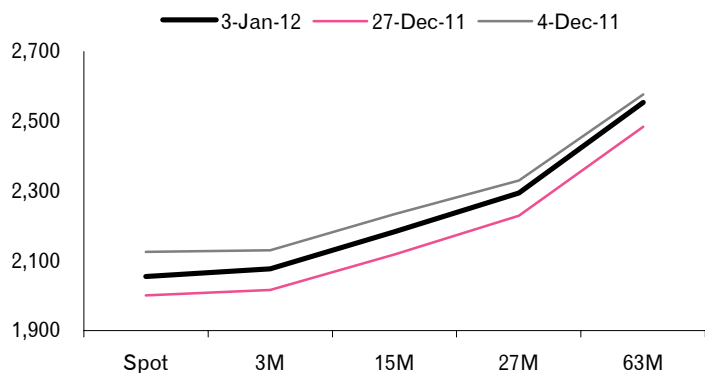
**Lead Inventory ('000 tonnes)**



Source: Bloomberg, PINC Research\* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

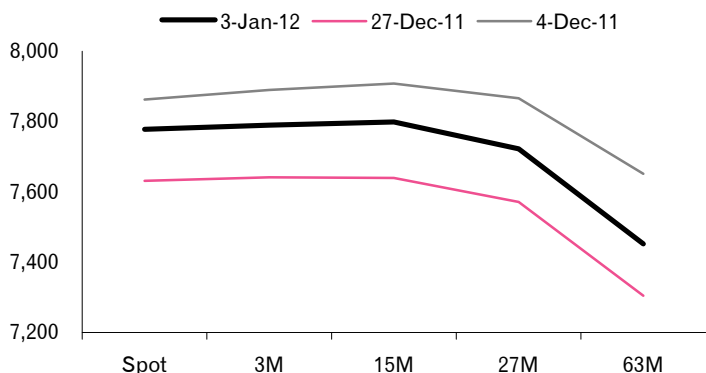
**Future curves**

**LME Aluminium future curve (USD/t)**



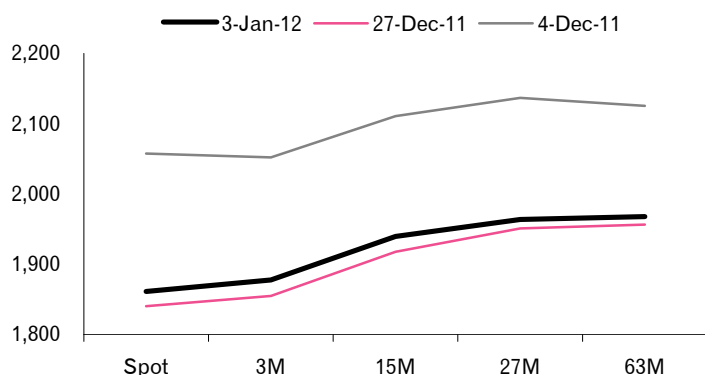
Source: Bloomberg, PINC Research

**LME Copper future curve (USD/t)**



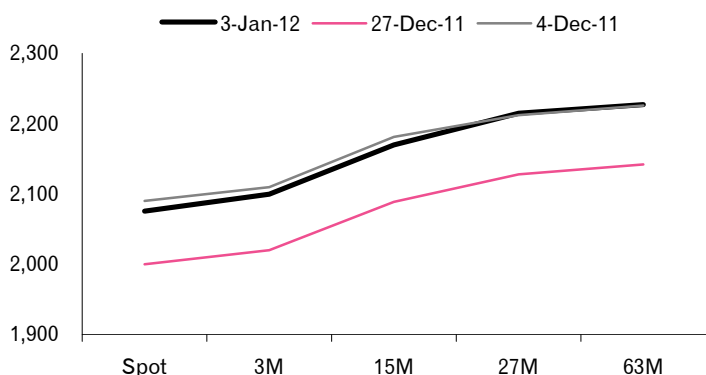
Source: Bloomberg, PINC Research

**LME Zinc future curve (USD/t)**



Source: Bloomberg, PINC Research

**LME Lead future curve (USD/t)**



Source: Bloomberg, PINC Research

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Rating Objective		
Rating	Large Caps	Mid Caps
	M.Cap > USD1bn	M.Cap <= USD1bn
Return %		
<b>BUY</b>	<b>More than 15</b>	<b>More than 20</b>
<b>Accumulate</b>	<b>5 to 15</b>	<b>10 to 20</b>
<b>Reduce</b>	<b>(-)5 to +5</b>	<b>0 to 10</b>
<b>Sell</b>	<b>Below (-)5</b>	<b>Less than 0</b>



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