

PINC Metals Monthly  
Sector: Metals & Mining  
BSE Sensex: 16,123

## METALLON MONITOR

30 November 2011

### Lower output in Oct'11; Price decline continues in Nov'11

**Steel output in Oct'11 was lowest YTD and Nov'11 witnessed sharp decline in prices of ferrous and non-ferrous metals, caused by uncertainty in resolution of the sovereign debt crisis in Europe.**

#### Key Developments

**Ferrous:** Global and Chinese **crude steel output** declined to a 10-month low in Oct'11. Global steel output of ~124kt though up 6% YoY was the lowest YTD. This was mainly led by a 4% MoM decline in China's crude steel output of 54kt. India's steel production at 6.2kt improved 4.5% YoY and 3% MoM. The world capacity utilisation at 76.5% was also the lowest YTD with a decline of 2.2% MoM. World **HRC prices** continued their downtrend and declined by 5% MoM in November. While HRC prices in China and Europe plummeted by ~6-7% MoM, those in the US remained flat and in India increased by ~1% MoM as INR depreciated ~7% MoM in November against USD. INR registered an all-time intra-trade low of 52.73 against USD on 22nd Nov'11.

Though China **iron ore CFR prices** hit a 16-month low of USD130/t in the first week of November, they recovered more than 9% by end of the month.

Supreme Court postponed its hearing on appeal against its partial ban of **iron ore mining** in Karnataka till 20th Jan'12. The Supreme Court-appointed committee gave clearance to 2 mines out of the 42 under survey, in Chitradurga and Tumkur, for resumption of operations and is expected to decide on a third in a few weeks. Further, the Karnataka government has agreed to increase the time limit for transporting the iron ore purchased at e-auctions from the present 12 hours to 16 hours. **Odisha government has served show cause notices to 57 mines** on charge of violating norms under Mines and Mineral Development Regulation (MMDR) Act. The 57 mines include Orissa Mining Corporation (OMC), Orissa Mineral Development Corporation (OMDC), Tata Steel, SAIL amongst others.

Regular iron ore **e-auctions** continued in Karnataka with auctioning of 6.61mnt of iron ore in 7 rounds in the month of November, However, concerns on high reserve price remain evident as in one of the auctions NMDC was unable to sell the entire quantity put on auction due to high reserve price.

**Non ferrous:** The **prices of base metals** continued to decline in November. While LME aluminium declined ~11% MoM to a 16 month low, LME copper declined ~9% MoM due to concerns on Euro zone's debt crisis.

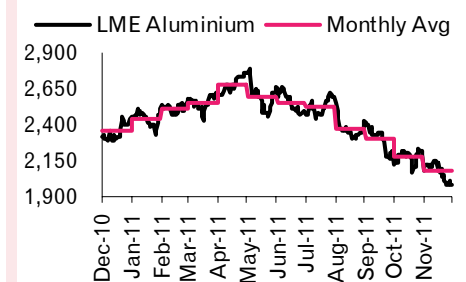
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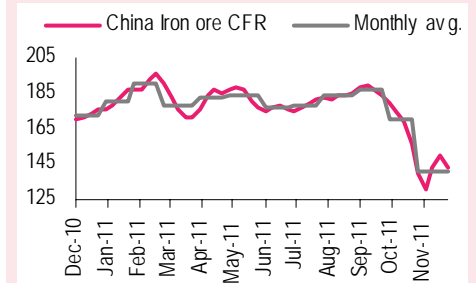
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#### MOST IMPORTANT CHARTS OF THE MONTH

##### LME ALUMINIUM AT 16 MONTH LOW



##### CHINA IRON ORE CFR PRICES AT 16MTH LOW



Source: Bloomberg, PINC Research

#### PRICE MOVEMENT

	CMP USD/t	Returns (%)					
		1W	1M	3M	6M	1Yr	YTD
<b>Steel</b>							
World HRC	682	(1.0)	(4.5)	(13.1)	(15.9)	3.0	(0.8)
China HRC	618	-	(5.7)	(11.2)	(13.6)	1.6	(2.4)
Europe HRC	659	-	(6.8)	(4.8)	(12.8)	3.1	(3.4)
USHRC	650	1.6	(0.4)	0.4	(19.8)	13.0	(7.8)
India HRC	788	-	0.7	2.9	1.4	14.4	13.5
Iron Ore	142	(4.9)	(9.4)	(22.8)	(21.4)	(16.2)	(19.1)
Coking Coal	292	NA	(0.2)	(1.5)	(1.3)	13.6	3.8
<b>Base Metals</b>							
LME Aluminium	1,984	(3.2)	(10.8)	(15.3)	(24.2)	(11.6)	(19.4)
LME Zinc	1,956	0.9	(0.7)	(11.9)	(13.3)	(5.7)	(20.0)
LME Copper	7,465	2.2	(8.6)	(17.6)	(18.8)	(9.7)	(22.6)
LME Lead	2,011	0.7	(2.9)	(19.3)	(20.3)	(7.2)	(21.6)

Source: Bloomberg, PINC Research

**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	385	572	48.6	BUY	369	34.9	41.6	(14.2)	11.5	12.3	4.0	4.5	11.0	9.3	0.9	0.8
SAIL	81	101	25.3	HOLD	333	8.4	11.5	(2.9)	12.9	17.1	4.5	4.6	9.6	7.0	0.8	0.8
JSW Steel	593	700	18.0	BUY	132	63.8	84.0	5.3	15.4	17.8	5.4	4.1	9.3	7.1	0.8	0.7
Godawari Power	112	177	58.2	BUY	3.6	27.4	30.2	5.6	13.7	14.3	3.7	3.2	4.1	3.7	0.5	0.5
Monnet Ispat	361	558	54.5	BUY	23	41.2	68.9	27.1	25.2	24.5	2.2	3.5	1.8	1.1	0.2	0.2
Usha Martin	24	27	12.5	SELL	7.3	4.8	6.3	27.2	18.8	20.1	3.9	3.9	5.0	3.8	0.4	0.4
Bhushan Steel	317	297	(6.3)	SELL	67	40.9	43.3	(1.9)	29.1	32.7	6.0	5.1	7.8	7.3	1.4	1.2
Sesa Goa	183	NA	NA	UR	159	-	-	-	-	-	-	-	-	-	-	-
Hindustan Zinc	119	135	13.4	BUY	503	12.3	14.4	14.0	52.3	54.6	5.5	4.0	9.7	8.3	1.9	1.6
NALCO	53	57	8.6	HOLD	136	3.7	4.1	(0.3)	20.5	22.4	5.4	4.2	14.2	12.8	1.2	1.1

Source: Company, PINC Research; Sesa Goa is currently under review; UR - Under Review

**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			(5)	(21)	(14)	47.0	50.0	48.1	5.6	4.0	4.1	7.5	5.5	5.7	2.0	1.4	1.2	29.4	29.7	22.8
Vale SA	118,124	137,399	0.4	(5)	(4)	(17)	56.8	60.0	59.3	5.3	3.9	3.9	6.3	4.6	5.1	1.6	0.7	0.6	23.1	31.0	23.9
Rio Tinto PLC	97,015	113,637	0.2	3	(19)	(25)	45.7	45.6	45.0	4.4	3.9	3.8	6.8	5.5	5.4	1.7	1.3	1.1	27.7	25.3	22.2
BHP Billiton Ltd	173,065	179,844	0.3	1	(12)	(18)	53.1	53.7	53.5	4.7	4.3	4.1	8.4	8.2	7.8	3.3	2.6	2.1	42.2	35.2	29.4
Anglo American PLC	47,181	57,815	0.4	4	(11)	(19)	40.2	41.2	41.2	5.0	4.1	3.8	8.9	6.8	5.9	1.4	1.1	0.9	17.0	16.7	16.9
Cliffs Natural Resources Inc	9,025	13,555	0.4	(4)	(24)	(8)	34.9	43.1	43.7	8.3	4.5	3.9	9.2	4.9	4.8	2.3	1.4	1.3	29.3	29.7	21.0
Sesa Goa Ltd	3,040	3,926	-	7	(22)	(41)	51.1	56.4	46.0	5.8	3.5	5.1	5.5	3.2	5.0	1.8	1.1	1.1	37.1	40.1	23.2

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)	682			(1)	(13)	3	16.5	13.9	14.9	6.4	6.1	5.4	13.0	31.4	9.5	0.9	0.8	0.7	9.8	8.9	10.4
ArcelorMittal	25,792	54,438	0.4	9	(19)	(46)	10.8	11.0	11.4	6.2	5.3	5.0	6.8	7.5	6.6	0.4	0.4	0.4	5.5	5.8	6.2
ThyssenKrupp AG	12,133	23,082	0.7	6	(25)	(40)	7.3	7.3	8.2	5.6	4.9	4.2	11.6	9.7	7.7	0.9	0.8	0.8	7.7	8.6	10.4
Voestalpine AG	4,389	9,128	1.0	6	(27)	(38)	14.1	13.8	14.2	4.1	4.2	4.1	6.2	6.1	5.4	0.7	0.7	0.6	13.0	13.1	13.6
SSAB AB	2,556	5,536	0.7	10	(12)	(41)	9.5	11.6	12.7	9.5	7.3	6.5	23.6	9.4	7.9	0.6	0.6	0.6	2.1	5.7	6.3
Nucor Corp	11,664	13,754	0.6	(2)	2	(2)	6.2	10.1	11.5	14.1	6.8	5.7	101.5	15.0	11.5	1.6	1.5	1.4	1.8	10.8	13.2
United States Steel Corp	3,408	7,049	1.0	(3)	(21)	(51)	3.1	5.2	7.6	13.3	6.8	4.5	(9.7)	388.0	9.3	0.8	0.9	0.8	(9.2)	1.1	9.2
Cia Siderurgica Nacional SA	11,276	18,011	2.6	(5)	(10)	(46)	43.6	39.6	38.3	4.7	5.2	4.9	6.5	7.0	8.7	2.3	2.7	1.9	39.4	34.4	27.2
Usinas Siderurgicas de Minas Gerais SA	7,798	10,357	0.4	(16)	(21)	(17)	21.6	10.5	13.5	6.1	14.7	9.9	12.4	62.6	39.8	1.0	1.0	1.0	8.0	1.3	3.0
Gerdau SA	11,579	17,321	0.7	(6)	(5)	(34)	17.5	13.8	14.7	5.3	6.6	5.8	8.1	11.5	9.6	0.8	0.8	0.8	11.1	8.6	9.9
Evrz Group SA	7,137	12,877	1.3	1	(30)	(45)	18.5	19.3	19.2	9.9	4.1	3.9	27.2	6.0	4.9	2.7	1.0	0.9	0.9	16.6	18.5
Nippon Steel Corp	15,964	39,353	0.6	6	(20)	(34)	11.4	10.2	10.7	6.8	7.1	6.7	12.3	11.8	9.2	0.7	0.6	0.6	5.5	5.1	7.4
JFE Holdings Inc	10,937	31,211	1.0	9	(21)	(48)	13.5	10.5	11.5	5.8	7.0	6.3	10.3	92.7	9.4	0.5	0.5	0.5	5.6	1.1	6.4
Kobe Steel Ltd	4,790	14,643	1.5	5	(15)	(37)	12.1	10.3	10.9	5.2	5.7	5.3	8.1	15.7	11.8	0.7	0.6	0.6	8.8	4.1	5.8
POSCO	28,469	37,601	0.3	5	(8)	(18)	23.2	17.3	18.3	5.6	6.3	5.7	7.0	8.0	7.3	0.9	0.8	0.8	13.4	10.9	11.0
Baoshan Iron & Steel Co Ltd	13,291	24,661	0.6	(4)	(9)	(23)	16.7	12.0	12.2	5.0	5.9	5.4	7.0	8.8	7.4	0.8	0.8	0.7	11.9	8.1	8.6
Angang Steel Co Ltd	5,270	11,110	0.7	5	(22)	(58)	12.4	9.5	10.4	6.6	7.6	6.7	11.9	55.4	20.3	0.5	0.5	0.5	4.6	1.6	2.7
Wuhan Iron & Steel Co Ltd	4,954	10,537	1.0	(4)	(12)	(25)	10.7	9.6	10.4	8.6	7.0	6.2	14.9	11.2	8.3	0.9	0.9	0.8	5.8	8.2	10.0
Hebei Iron & Steel Co Ltd	3,710	10,647	1.5	(9)	(16)	(9)	NA	5.2	5.1	NA	9.8	9.1	18.6	15.0	10.0	NA	0.8	0.7	4.0	4.6	6.5
Maanshan Iron & Steel	3,027	5,913	0.8	1	(23)	(48)	11.1	8.0	8.7	5.5	5.9	5.3	13.0	27.2	13.6	0.5	0.5	0.5	4.0	2.3	3.7
Steel Authority of India Ltd *	6,373	6,961	0.5	(8)	(25)	(54)	17.8	12.9	17.1	2.9	4.5	4.6	6.6	9.6	7.0	0.9	0.8	0.8	14.3	9.1	11.6
Tata Steel Ltd *	7,067	16,210	1.5	1	(18)	(34)	13.5	11.5	12.3	4.3	4.0	4.5	6.8	11.0	9.3	1.0	0.9	0.8	17.3	8.4	9.0
JSW Steel Ltd *	2,533	6,256	1.2	8	(13)	(48)	20.2	15.4	17.8	4.7	5.4	4.1	7.8	9.3	7.1	0.8	0.8	0.7	13.9	8.9	10.9
Bhushan Steel Ltd *	1,289	5,347	4.7	(1)	(8)	(27)	29.0	29.1	32.7	8.8	6.0	5.1	7.0	7.8	7.3	1.7	1.4	1.2	28.1	20.0	17.6
Usha Martin Ltd *	140	580	1.2	(3)	(35)	(69)	18.6	18.8	20.1	4.2	3.9	3.9	6.1	5.0	3.8	0.4	0.4	0.4	6.9	7.9	9.8
Monnet Ispat & Energy Ltd *#	445	870	1.3	0	(26)	(36)	28.6	25.2	24.5	1.9	2.2	3.5	1.7	1.8	1.1	0.2	0.2	0.2	15.2	12.4	17.9
Godawari Power and Ispat Ltd *	68	232	1.5	(6)	(18)	(37)	20.8	13.7	14.3	4.4	3.7	3.2	4.1	4.1	3.7	0.6	0.5	0.5	15.6	13.5	13.2

Source: Bloomberg, PINC Research \* PINC Estimates

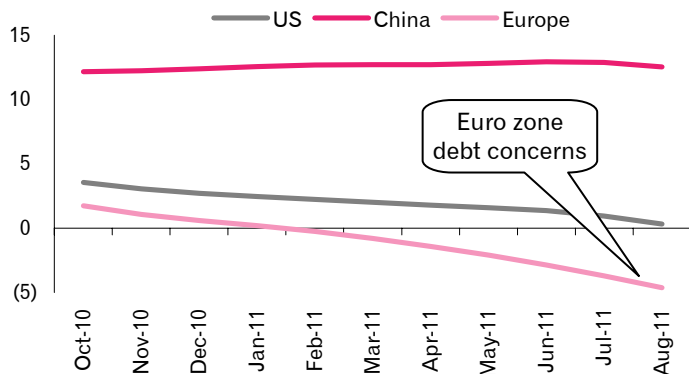
**Global Valuations - Base Metals**

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>7,465</b>			<b>2</b>	<b>(18)</b>	<b>(10)</b>	<b>22.0</b>	<b>16.7</b>	<b>18.2</b>	<b>10.1</b>	<b>10.4</b>	<b>10.1</b>	<b>24.5</b>	<b>17.3</b>	<b>14.1</b>	<b>3.4</b>	<b>1.3</b>	<b>1.2</b>	<b>11.8</b>	<b>13.7</b>	<b>13.2</b>
Cameco Corp	6,936	6,957	0.2	(1)	(21)	(51)	34.0	30.0	34.7	9.8	11.0	8.7	16.4	17.9	13.6	1.2	1.4	1.3	8.6	7.5	8.6
Jiangxi Copper Co Ltd	11,139	11,918	0.4	3	(23)	(24)	10.0	10.5	11.0	10.4	7.2	7.0	9.7	6.5	6.3	1.6	1.2	1.1	17.5	19.9	17.8
Yunnan Copper Industry Co	3,967	6,346	4.4	(1)	(10)	(25)	NA	9.5	8.9	NA	13.0	14.8	47.5	27.5	22.2	7.3	NA	NA	9.1	-	-
<b>LME Aluminium</b>	<b>1,984</b>			<b>(3)</b>	<b>(15)</b>	<b>(12)</b>	<b>20.4</b>	<b>19.0</b>	<b>21.6</b>	<b>5.9</b>	<b>5.9</b>	<b>5.1</b>	<b>9.0</b>	<b>22.4</b>	<b>19.1</b>	<b>0.9</b>	<b>3.1</b>	<b>2.7</b>	<b>11.8</b>	<b>10.2</b>	<b>10.2</b>
Alcoa Inc	9,909	21,307	0.5	(2)	(27)	(29)	13.0	13.9	14.9	7.8	6.2	5.6	18.3	11.1	9.1	0.7	0.7	0.6	2.1	6.3	6.5
Anglo American PLC	47,181	57,815	0.4	4	(11)	(19)	40.2	41.2	41.2	5.0	4.1	3.8	8.9	6.8	5.9	1.4	1.1	0.9	17.0	16.7	16.9
United Co RUSAL PLC	10,918	22,380	1.0	3	(27)	(44)	23.0	20.5	20.5	8.5	8.8	8.5	5.8	122.8	108.1	NA	16.5	14.3	21.7	14.7	-
Century Aluminum Co	764	805	0.3	(4)	(30)	(38)	13.0	9.3	12.3	5.3	6.4	4.6	12.9	24.0	11.1	0.7	0.7	0.6	6.3	1.6	4.9
Nippon Light Metal Co Ltd	699	2,810	1.9	6	(32)	(33)	9.5	8.5	NA	5.7	5.9	NA	4.9	5.4	4.6	0.6	NA	NA	12.4	9.5	-
Aluminium Bahrain BSC	1,987	2,878	0.6	0	(35)	NA	NA	NA	NA	NA	NA	NA	5.0	4.5	8.7	NA	NA	NA	-	-	-
Sterlite Industries India Ltd	6,388	9,103	0.2	(5)	(23)	(39)	25.7	27.7	28.1	5.4	4.5	3.9	5.8	5.6	5.0	0.7	0.7	0.6	11.7	13.3	13.7
Hindalco Industries Ltd	4,495	9,390	0.9	3	(18)	(40)	12.0	10.9	11.5	5.0	5.7	5.2	6.4	7.3	7.0	0.9	0.7	0.7	13.1	11.2	10.7
National Aluminium Co Ltd*	2,607	1,735	0.0	3	(17)	(40)	26.3	20.5	22.4	4.2	5.4	4.2	12.7	14.2	12.8	1.2	1.2	1.1	9.9	8.3	8.7
<b>LME Zinc</b>	<b>1,956</b>			<b>1</b>	<b>(12)</b>	<b>(6)</b>	<b>37.7</b>	<b>32.9</b>	<b>37.0</b>	<b>5.7</b>	<b>4.9</b>	<b>4.2</b>	<b>10.5</b>	<b>9.2</b>	<b>7.9</b>	<b>1.3</b>	<b>1.2</b>	<b>1.0</b>	<b>15.8</b>	<b>16.0</b>	<b>15.7</b>
Lundin Mining Corp	2,129	1,920	0.0	8	(33)	(43)	59.1	46.7	49.4	3.9	5.4	5.1	7.1	9.9	8.6	0.7	0.6	0.6	10.4	6.7	5.9
Volcan Cia Minera SAA	4,111	4,081	0.0	4	3	15	67.5	54.0	59.9	8.7	6.2	5.6	12.4	9.1	8.8	NA	NA	NA	21.4	29.0	22.8
HudBay Minerals Inc	1,619	784	-	(0)	(25)	(44)	34.8	28.4	41.0	2.7	3.4	2.6	18.6	14.1	13.7	0.7	0.9	0.9	4.9	5.9	5.3
Nyrstar	1,338	1,710	0.6	5	(24)	(28)	7.9	9.7	14.2	6.0	4.2	2.7	7.8	8.3	4.4	0.8	0.7	0.7	10.5	9.4	16.6
Korea Zinc Co Ltd	5,574	5,245	0.1	9	(20)	21	21.3	19.5	21.1	8.8	6.1	5.4	12.7	8.5	7.5	2.4	1.9	1.5	20.6	24.7	22.3
Xstrata PLC	43,311	53,799	0.2	6	(13)	(28)	35.1	35.3	36.7	5.3	4.4	3.9	8.4	7.0	6.0	1.2	0.9	0.8	14.2	13.9	15.3
Boliden AB	3,468	4,202	0.3	0	(4)	(26)	19.9	17.4	18.8	3.7	4.2	4.0	6.0	6.8	6.2	1.2	1.1	1.0	21.3	17.4	16.3
Hindustan Zinc Ltd*	9,629	7,139	0.0	8	(8)	4	55.7	52.3	54.6	6.2	5.5	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

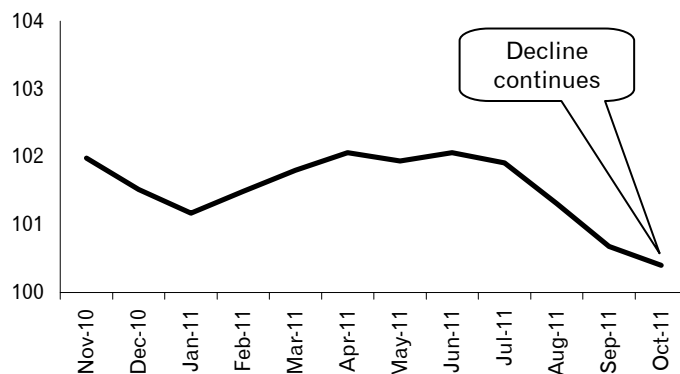
**Economic indicators**

**OECD Leading Indicators**



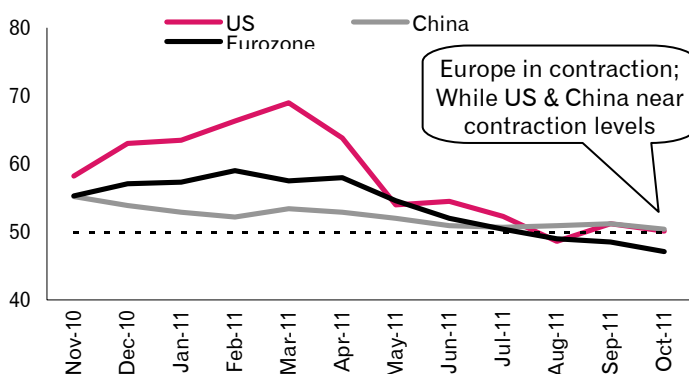
Source: Bloomberg, PINC Research The OECD composite leading indicator is a times series, formed by aggregating a set of component series selected from a wide range of key short-term economic indicators

**China Leading Index (1996 = 100)**



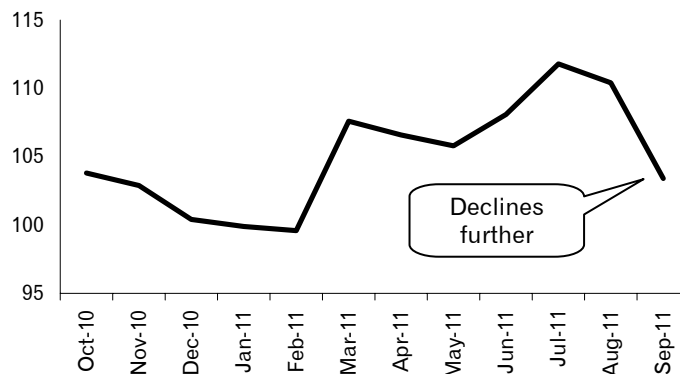
Source: Bloomberg, PINC Research

**PMI - Production**



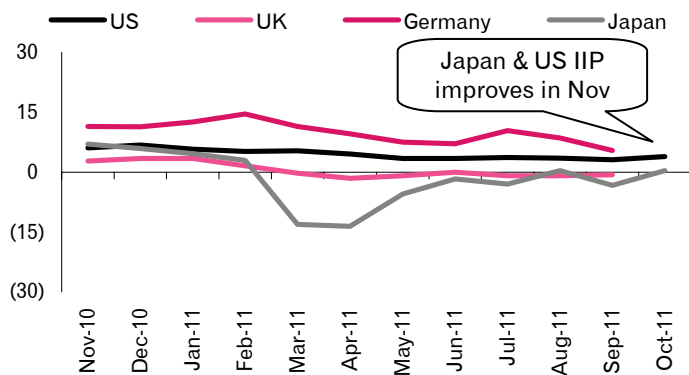
Source: Bloomberg, PINC Research; Less than 50 indicates contraction

**China consumer confidence Index**



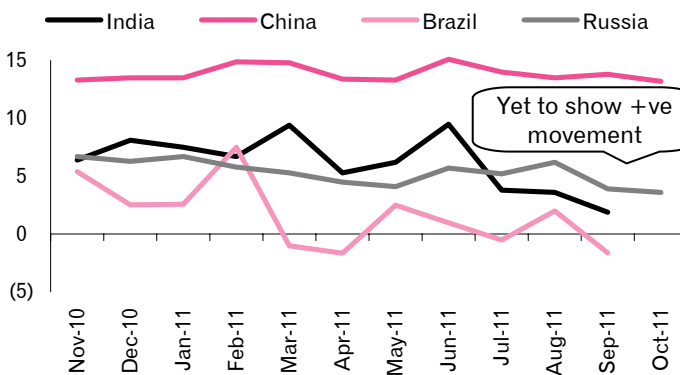
Source: Bloomberg, PINC Research

**IIP (%) - Developed economies**



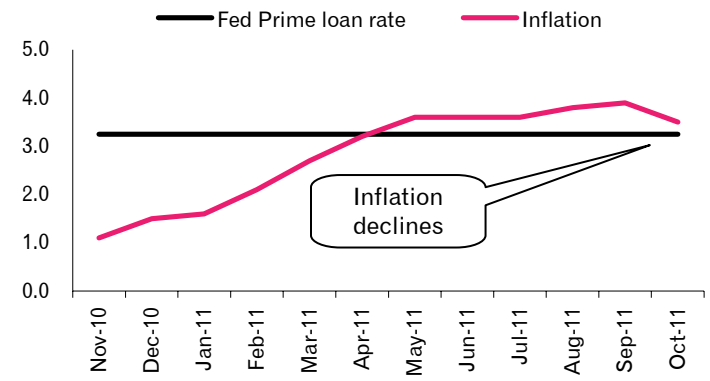
Source: Bloomberg, PINC Research

**IIP (%) - BRIC economies**



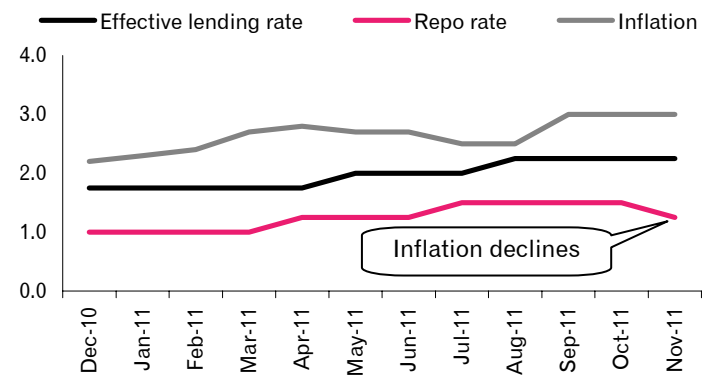
Source: Bloomberg, PINC Research

**US Inflation & interest rate (%)**



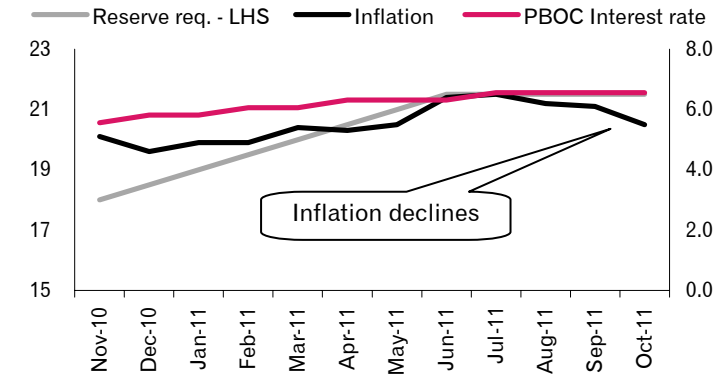
Source: Bloomberg, PINC Research

**Eurozone Inflation & interest rate (%)**



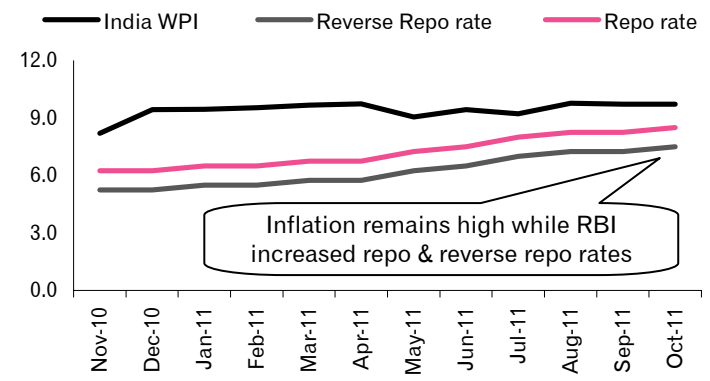
Source: Bloomberg, PINC Research

**China inflation & interest rate (%)**



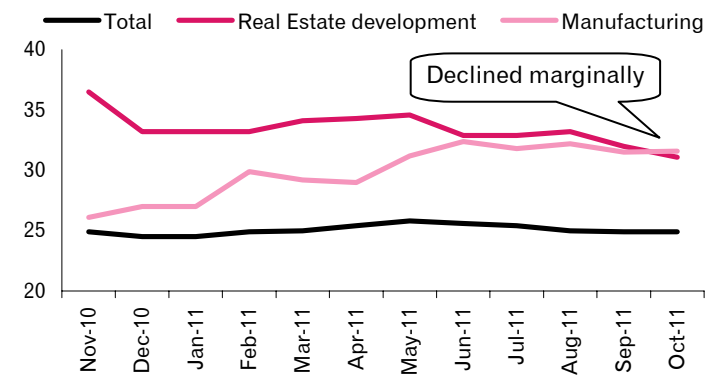
Source: Bloomberg, PINC Research

**India inflation & repo rate (%)**



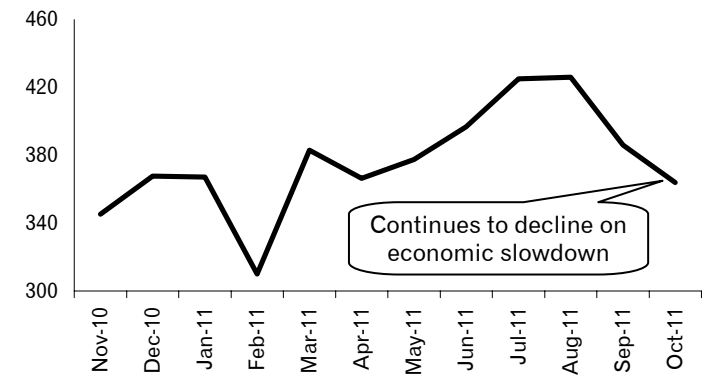
Source: Industry, PINC Research

**China FAI cumulative growth YoY (%)**



Source: Bloomberg, PINC Research; Real Estate & Manufacturing constituted 60% of total FAI in Aug '11

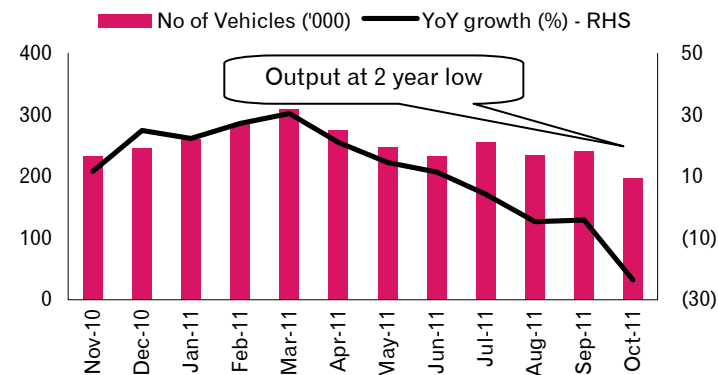
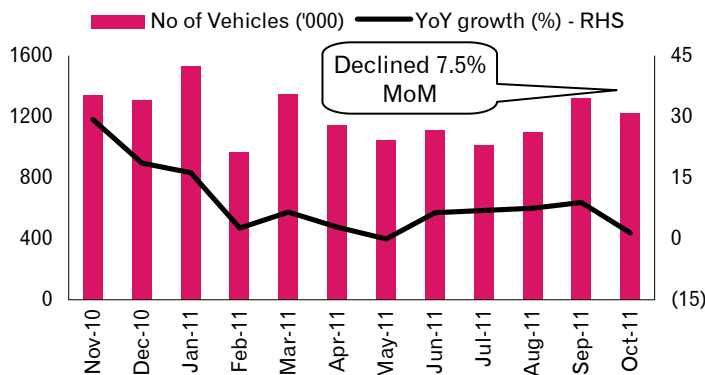
**China electricity output (bn kWhr)**



Source: Bloomberg, PINC Research

**China passenger vehicle sales & growth**

**India passenger vehicle production & growth**

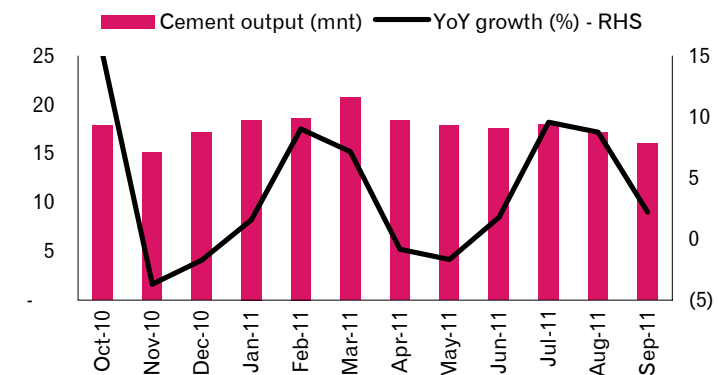
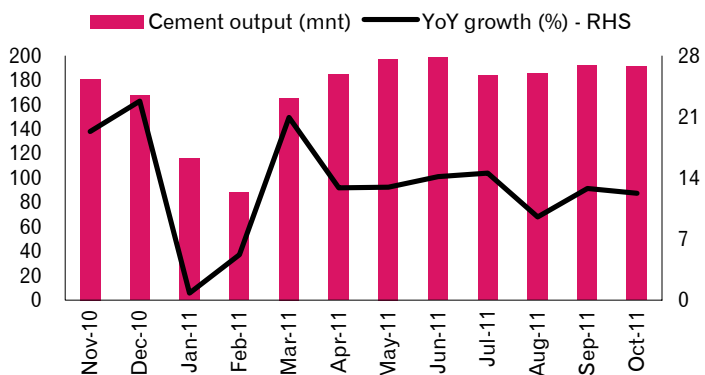


Source: Bloomberg, PINC Research

Source: SIAM, PINC Research

**China cement output & growth**

**India cement output & growth**

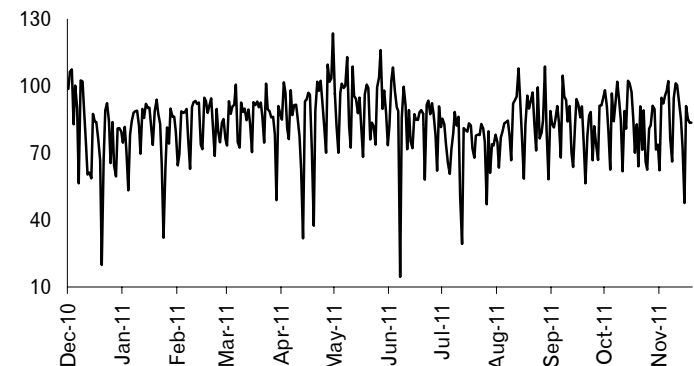
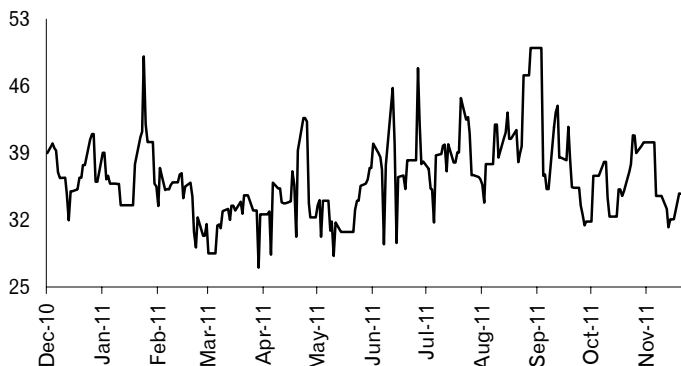


Source: Bloomberg, PINC Research

Source: Bloomberg, Industry, PINC Research

**Electricity prices – US (USD/MWhr)**

**Electricity prices – Germany (USD/MWhr)**

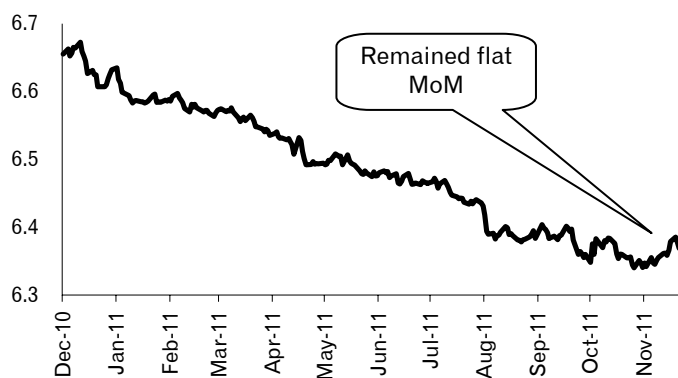


Source: Bloomberg, PINC Research

Source: Bloomberg, PINC Research

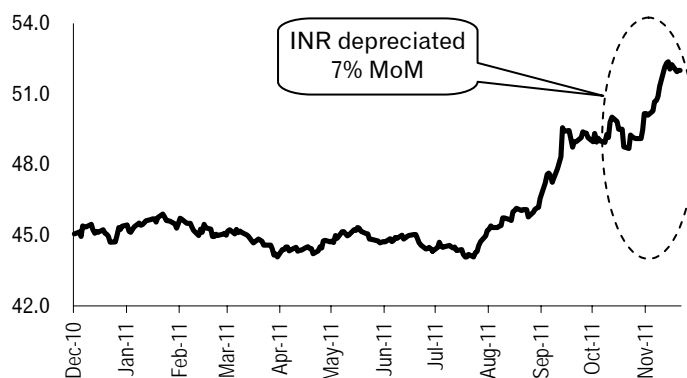
**Currency movements**

**USD/CNY**



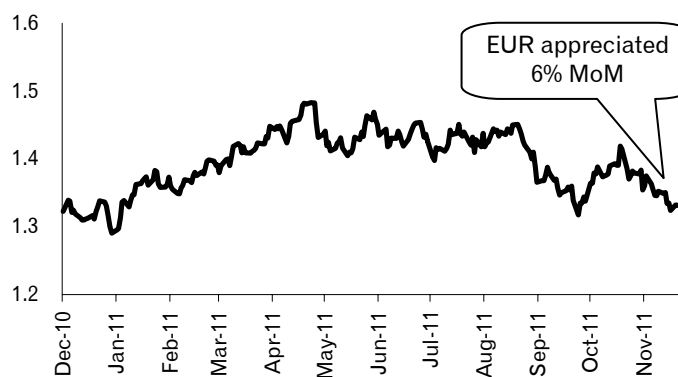
Source: Bloomberg, PINC Research

**USD/INR**



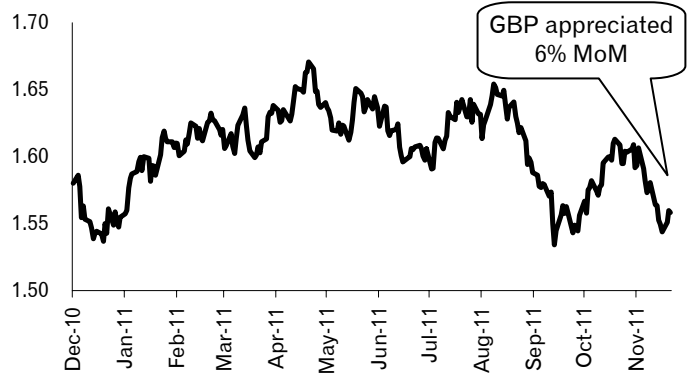
Source: Bloomberg, PINC Research

**EUR/USD**



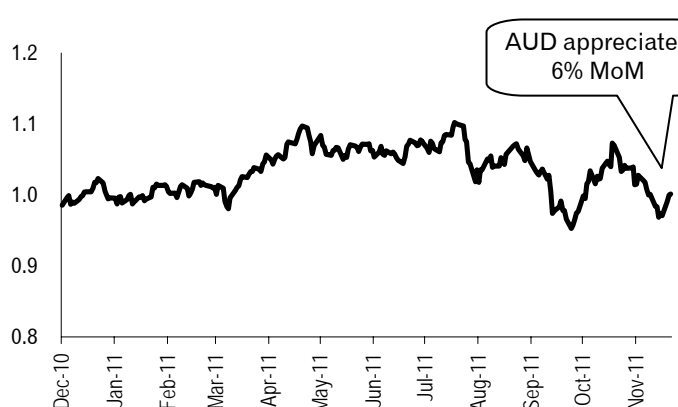
Source: Bloomberg, PINC Research

**GBP/USD**



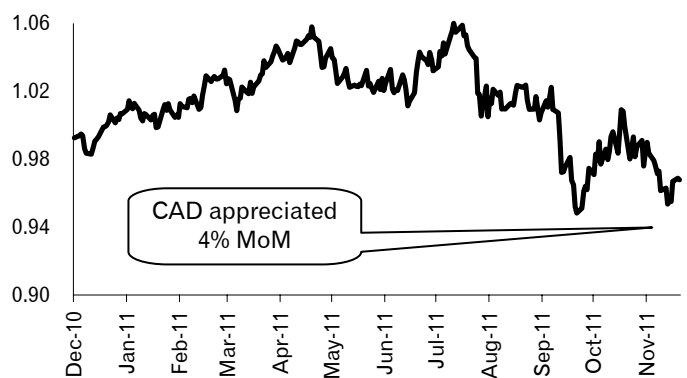
Source: Bloomberg, PINC Research

**AUD/USD**



Source: Bloomberg, PINC Research

**CAD/USD**



Source: Bloomberg, PINC Research



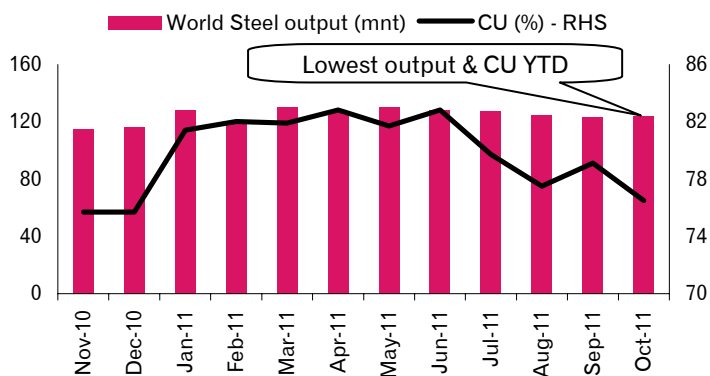
**Steel**

**Steel Production Summary**

(mn tonnes)	Oct-11	Oct-10	YoY (%)	CY11-YTD	CY10-YTD	YoY (%)	CY10	CY09	YoY (%)	CY10 share (%)
Asia	78.0	72.5	7.7	808	735	9.9	881	775	13.7	63.2
- China	54.7	50.3	8.7	582	471	23.5	626	566	10.6	44.9
- India	6.2	5.8	7.0	60	55	8.5	64	58	9.7	4.6
- Japan	9.5	9.5	(0.3)	91	91	(1.0)	110	88	25.2	7.9
- Other Asia	7.7	6.9	11.6	75	117	(35.7)	81	63	29.8	5.8
EU	18.6	18.6	0.0	181	172	5.2	206	166	24.0	14.8
N America	10.0	9.1	9.5	99	93	6.2	112	82	36.5	8.0
CIS	9.7	9.3	4.0	94	89	5.7	108	96	12.3	7.7
S America	4.1	4.0	2.9	41	37	11.9	44	38	16.0	3.1
Others	3.6	3.9	(8.0)	35	36	(3.4)	44	40	9.1	3.2
<b>World</b>	<b>124.0</b>	<b>117.4</b>	<b>5.6</b>	<b>1,259</b>	<b>1,163</b>	<b>8.2</b>	<b>1,395</b>	<b>1,197</b>	<b>16.5</b>	<b>100.0</b>
Effective Capacity	1,945	1,861		1,875	1,792		1,798	1,692		
CU (%)	77%	76%		90%	87%		78%	71%		

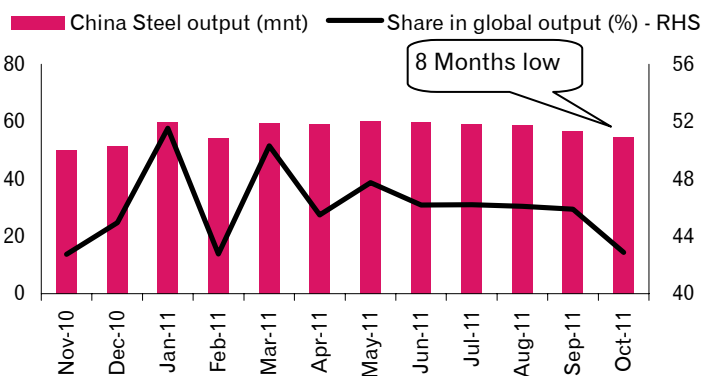
Source: Bloomberg, PINC Research; YTD – Jan-Oct.

**World Steel output & CU**



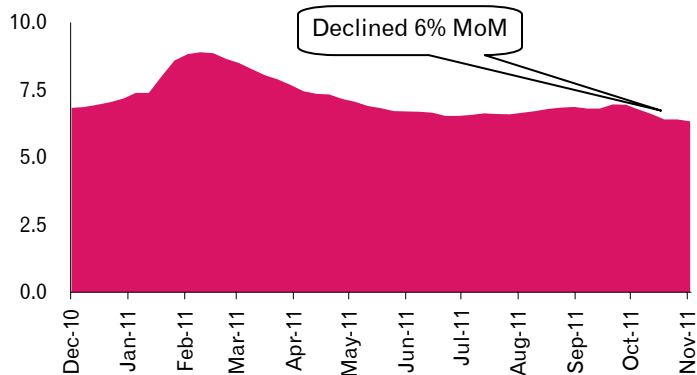
Source: Bloomberg, PINC Research

**China Steel output & share in global output**



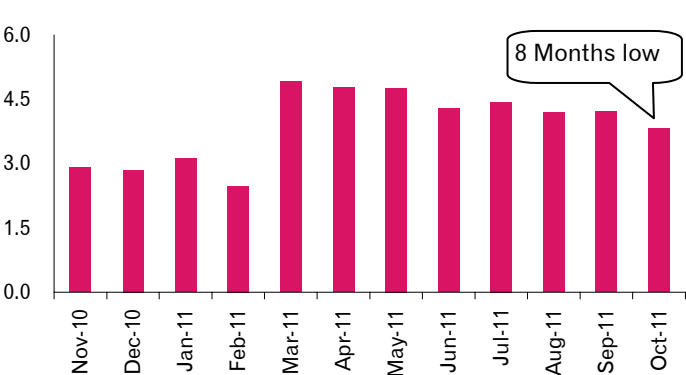
Source: Bloomberg, PINC Research

**China Steel Inventory at ports (mnt)**



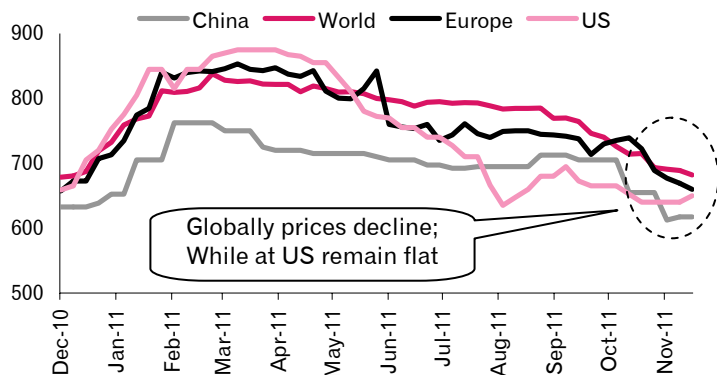
Source: Bloomberg, PINC Research

**China Steel exports (mnt)**



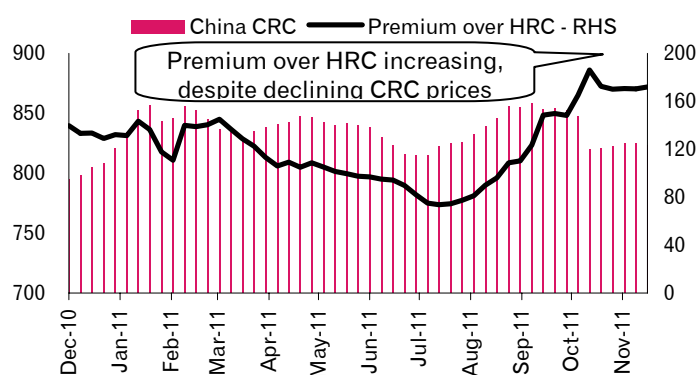
Source: Bloomberg, PINC Research

**HRC Prices (USD/t)**



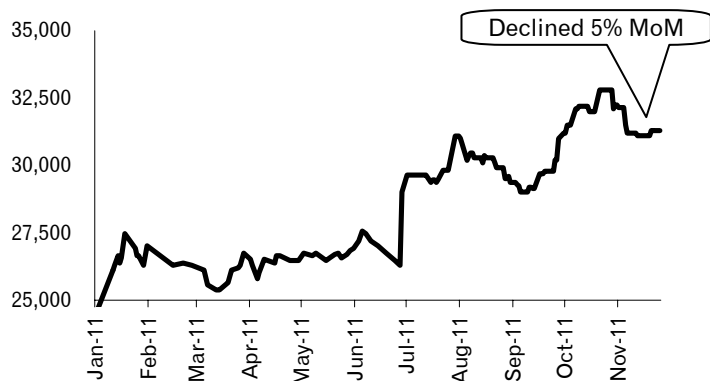
Source: Bloomberg, PINC Research; China Export FOB Shanghai, South Europe port CIF, US FOB Midwest mill

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



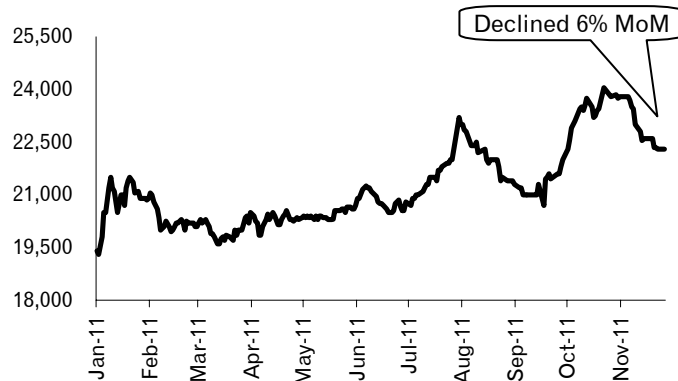
Source: Bloomberg, PINC Research; Premium calculated over Domestic HRC price FOB Shanghai incl. 17% VAT

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



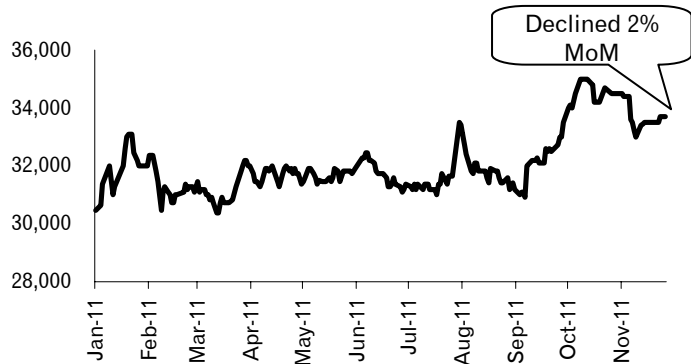
Source: Steel Mint, PINC Research \* Raipur, Inclusive of 10% excise duty

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



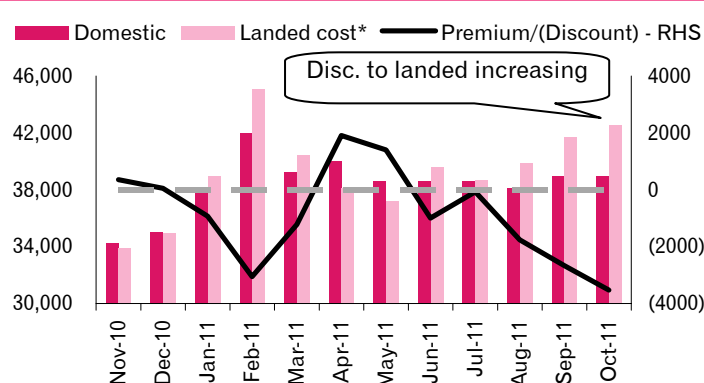
Source: Steel Mint, PINC Research \* Raipur, Inclusive of 10% excise duty

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



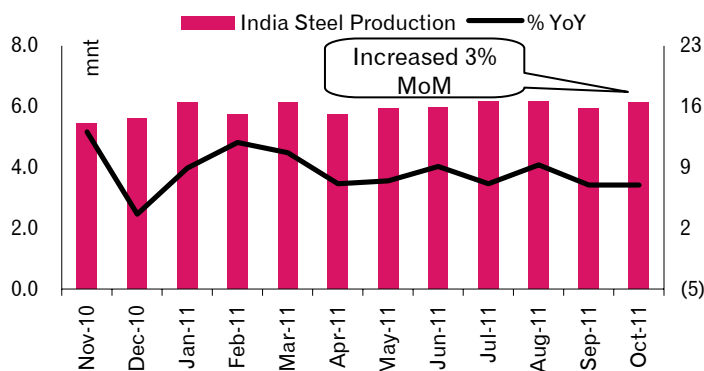
Source: Steel Mint, PINC Research \* Raipur, Inclusive of 10% excise duty

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



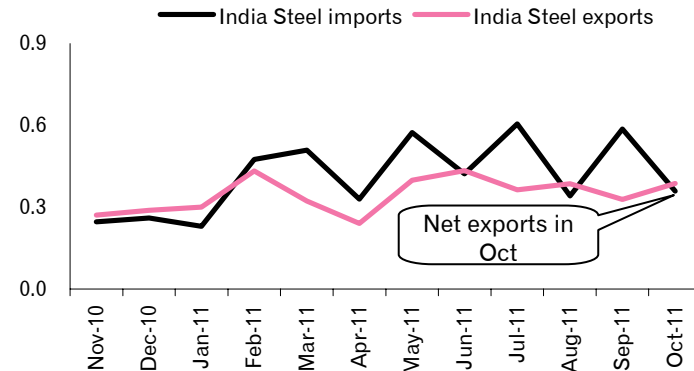
Source: Crisil, PINC Research \* Inclusive of 5% basic customs duty, 4% special additional customs duty, 10% countervailing duty, 3% cess, USD15/t freight and 2% handling charges on import price

**India steel production & YoY growth**



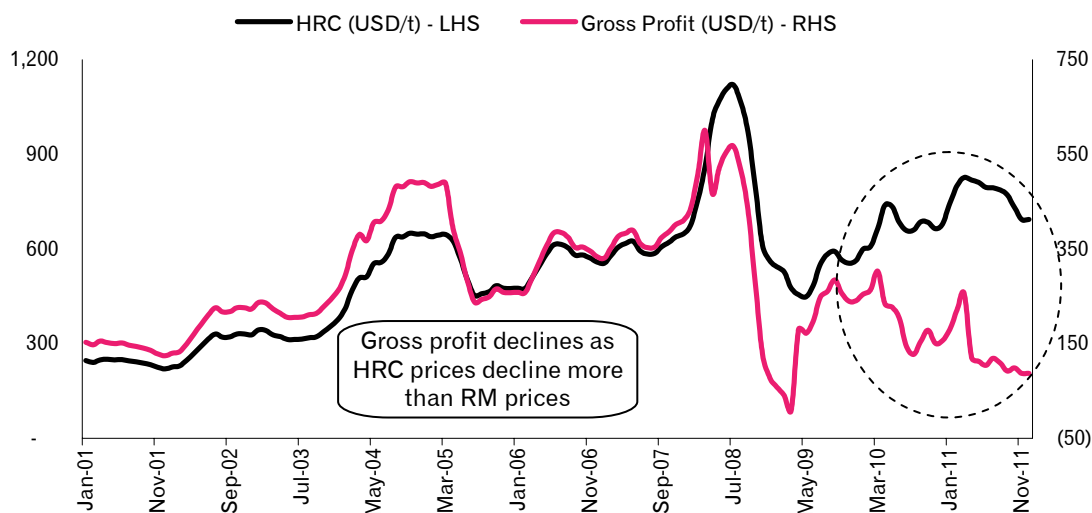
Source: Bloomberg, PINC Research

**India steel import & export (mnt)**



Source: JPC <http://www.jpcindiansteel.nic.in>, PINC Research

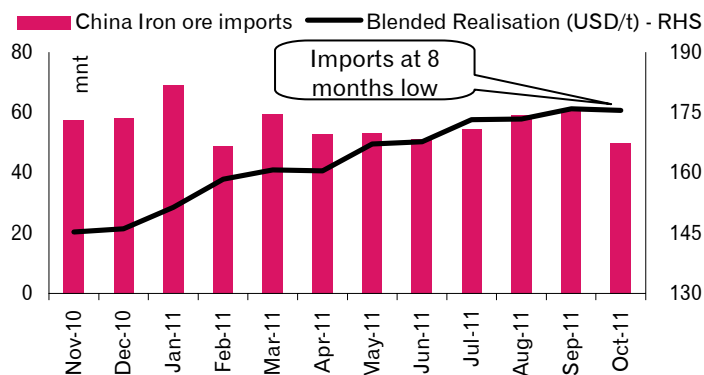
**Steel price & gross profit**



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)

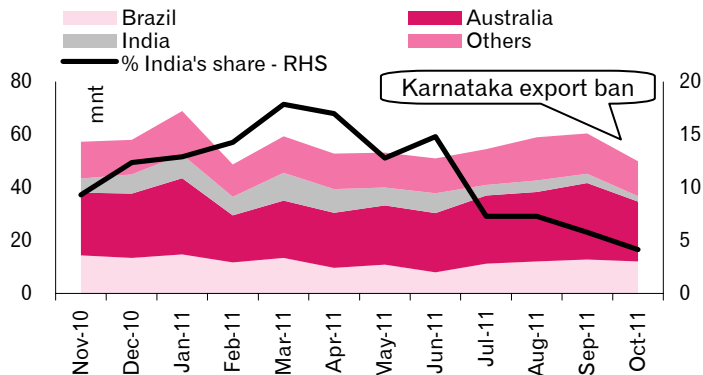
**Iron Ore**

**China Iron ore imports & blended realisation**



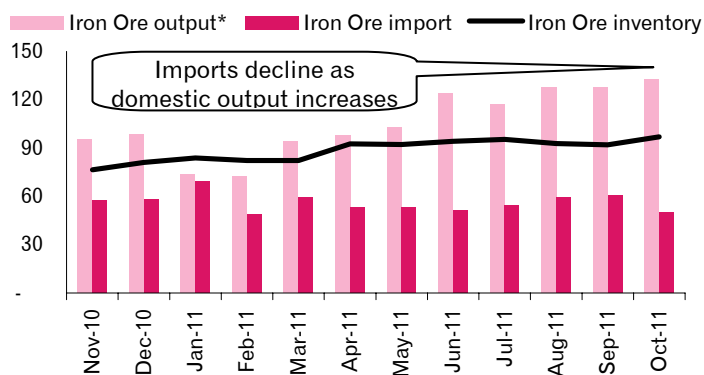
Source: Bloomberg, PINC Research

**China Iron ore imports - country-wise**



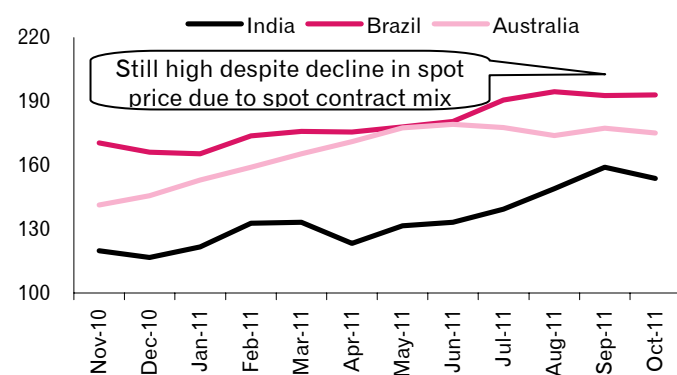
Source: Bloomberg, PINC Research

**China iron ore output, imports & inventory (mnt)**



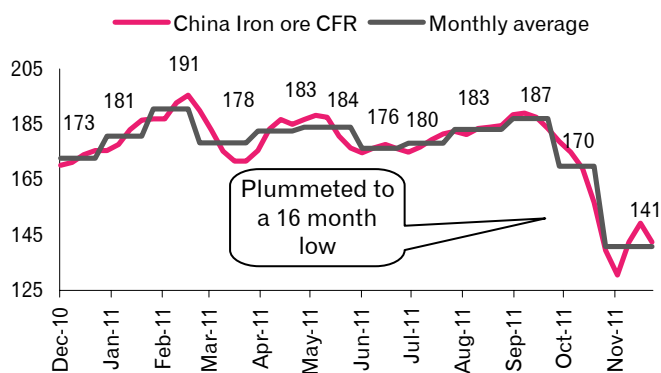
Source: Bloomberg, PINC Research \*Low grade ore ~30-35% Fe

**Iron ore export: Blended realisations (USD/t)**



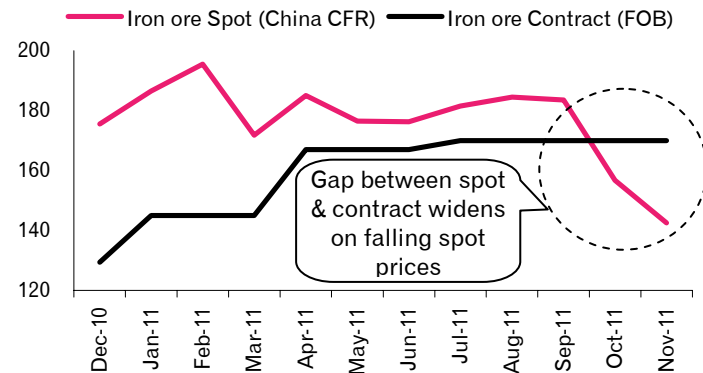
Source: Bloomberg, PINC Research

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



Source: Bloomberg, PINC Research

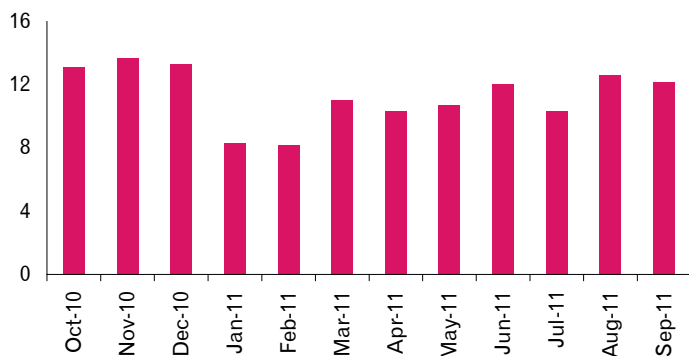
**Iron ore: Spot vs. contract price (USD/t)**



Source: Bloomberg, PINC Research;

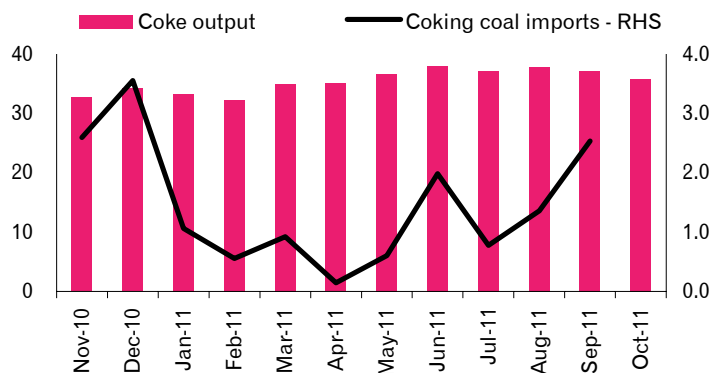
### Coking Coal

**Australia coking coal exports (mnt)**



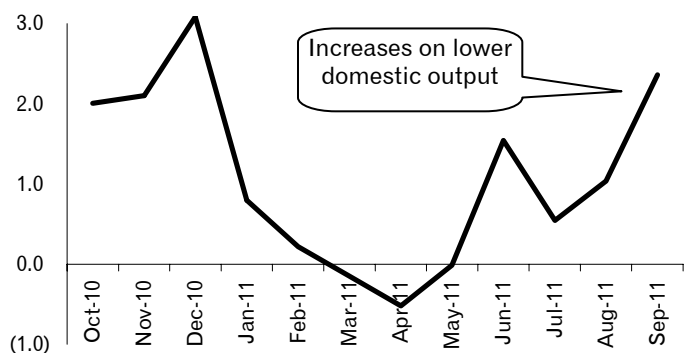
Source: Bloomberg, PINC Research

**China coke output & coking coal import (mnt)**



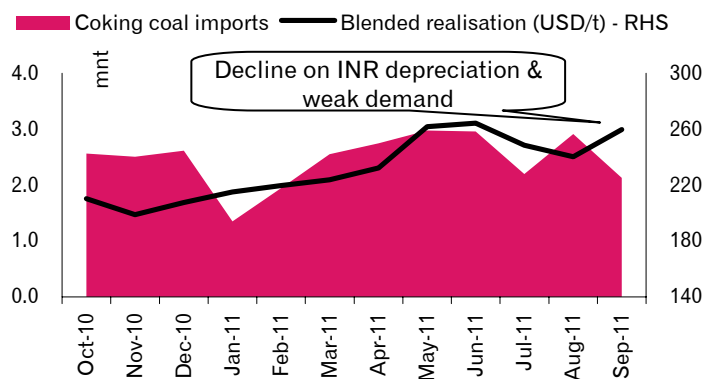
Source: Bloomberg, PINC Research

**China coking coal net imports (mnt)**



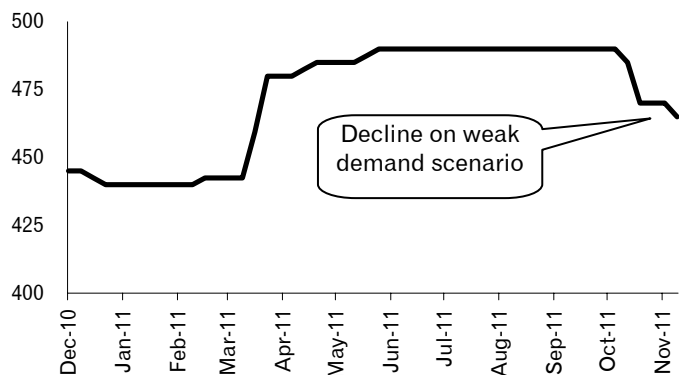
Source: Bloomberg, PINC Research; coking coal net imports calculated as coking coal imports – exports (coke exports in coking coal equivalent terms)

**India coking coal imports**



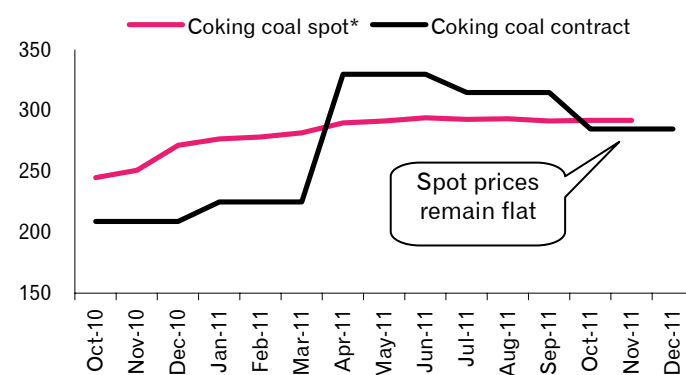
Source: Bloomberg, PINC Research

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



Source: Bloomberg, PINC Research

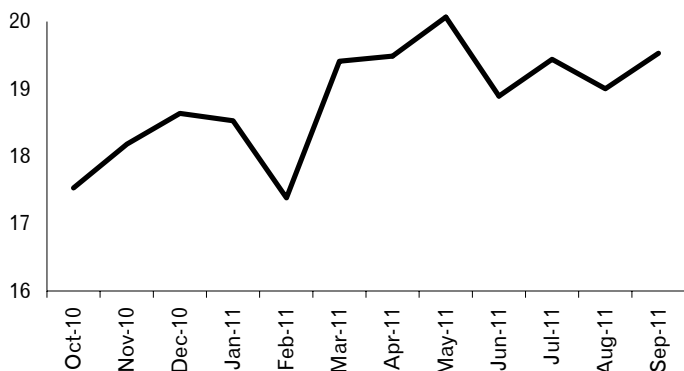
**Coking coal: Spot vs. contract prices (USD/t)**



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

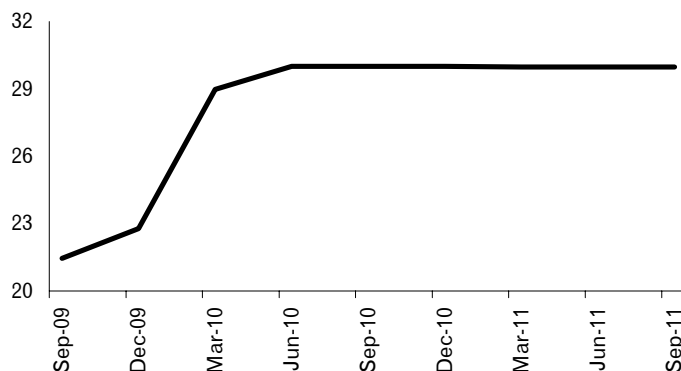
**Base Metals  
Aluminium**

**Global bauxite output (mnt)**



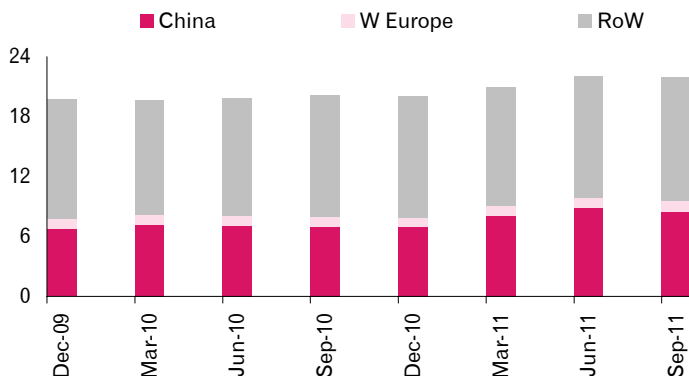
Source: Bloomberg, PINC Research

**Bauxite exports prices. Ghana (USD/t) – Quarterly**



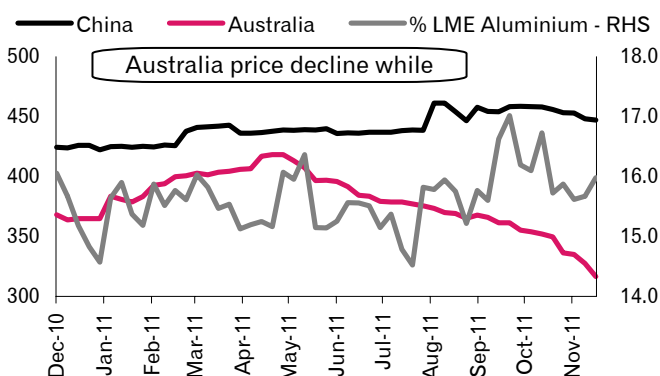
Source: Bloomberg, PINC Research

**Alumina production (mnt) - Quarterly**



Source: Bloomberg, PINC Research

**Alumina prices (USD/t)**



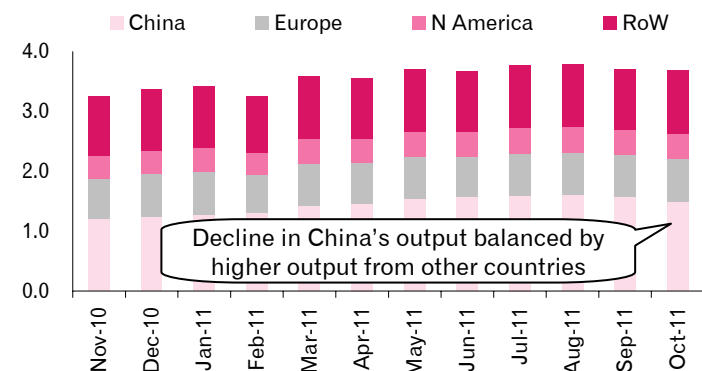
Source: Bloomberg, PINC Research; % LME Aluminium is Australia's alumina price as a % of LME Aluminium

**Aluminium Production Summary**

('000 tonnes)	Oct-11	Oct-10	YoY (%)	CY11-YTD	CY10-YTD	YoY (%)	CY10	CY09	YoY (%)	CY10 share (%)
China	1,541	1,197	28.7	15,077	13,535	11.4	16,133	12,963	24.5	39.9
Europe	713	694	2.7	6,949	6,669	4.2	8,053	7,839	2.7	19.9
- W Europe	343	329	4.3	3,365	3,141	7.1	3,800	3,722	2.1	9.4
N America	427	399	7.0	4,119	3,902	5.6	4,689	4,759	(1.5)	11.6
L America	190	198	(4.0)	1,840	1,921	(4.2)	2,305	2,508	(8.1)	5.7
India#	130	141	(7.8)	1,376	1,336	3.0	1,610	1,479	8.9	4.0
Others	688	762	(9.7)	6,752	6,434	4.9	7,629	6,814	12.0	18.9
World	3,689	3,391	8.8	36,113	33,797	6.9	40,419	36,362	11.2	100.0

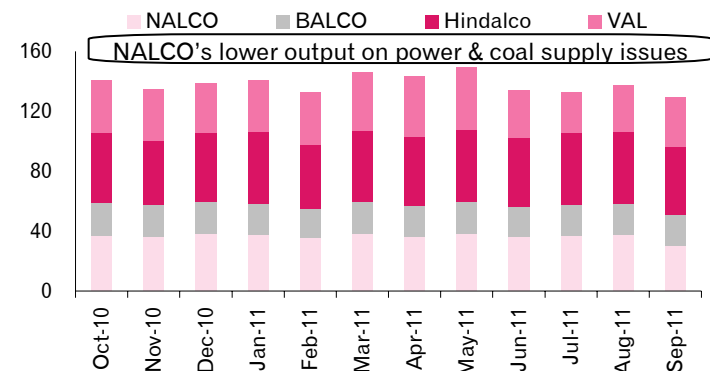
Source: Bloomberg, PINC Research Note# Ministry of mines, PINC Research; India's production numbers for Oct'11 are not available yet, we have taken Oct'11 production volume for India as same as that for Sep'11; YTD – Jan-Oct

**Global Aluminium production (mnt)**



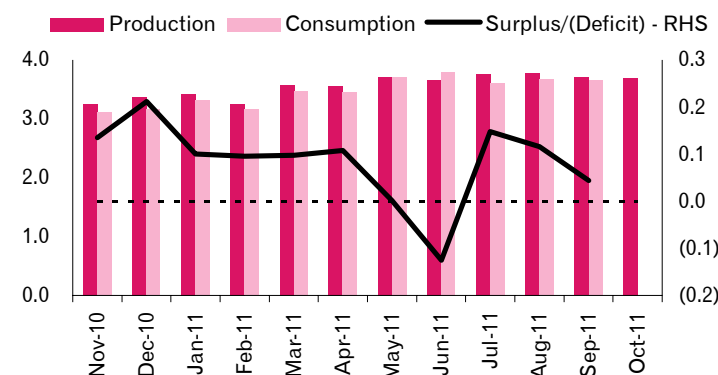
Source: Bloomberg, PINC Research

**India Aluminium production ('000 tonnes)**



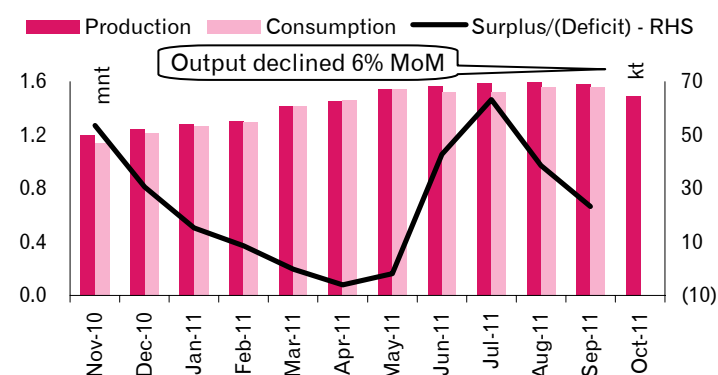
Source: Ministry of Mines, PINC Research

**Global Aluminium demand supply (mnt)**



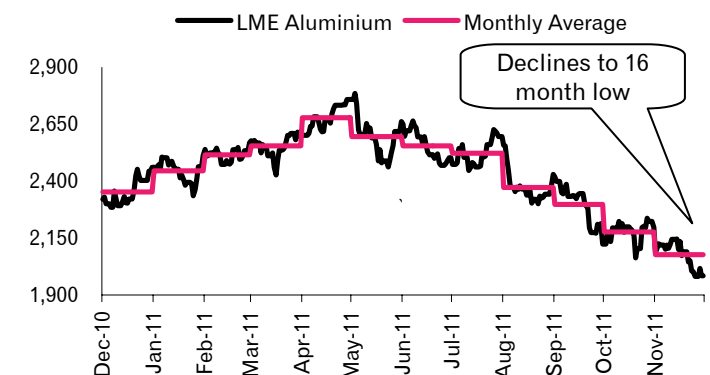
Source: Bloomberg, PINC Research

**China Aluminium demand supply**



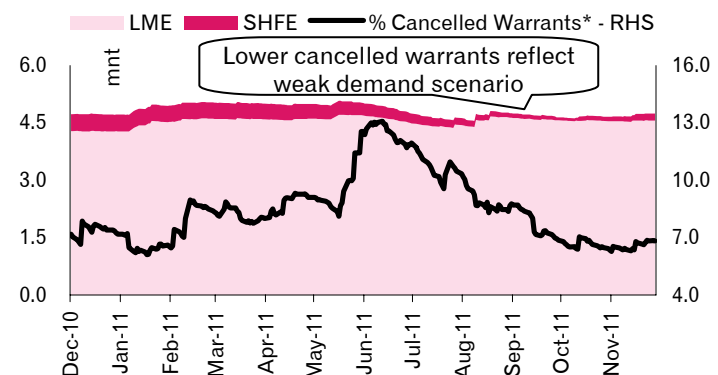
Source: Bloomberg, PINC Research

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



Source: Bloomberg, PINC Research

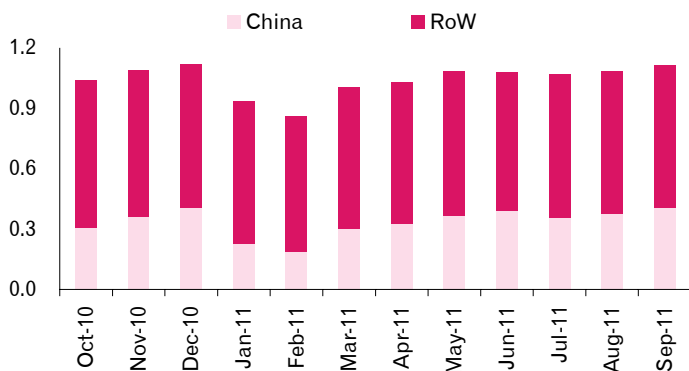
**Aluminium Inventory**



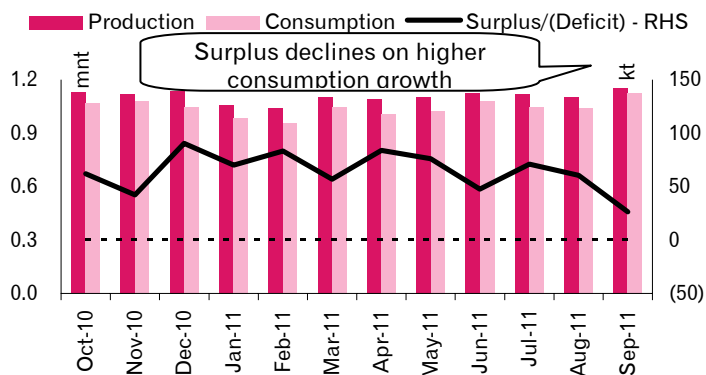
Source: Bloomberg, PINC Research; \* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

**Zinc**

**Global Zinc mined output (mnt)**



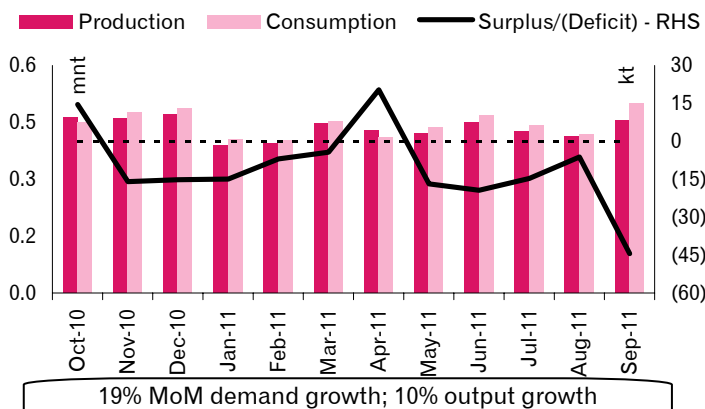
**Global Zinc demand supply**



Source: Bloomberg, PINC Research

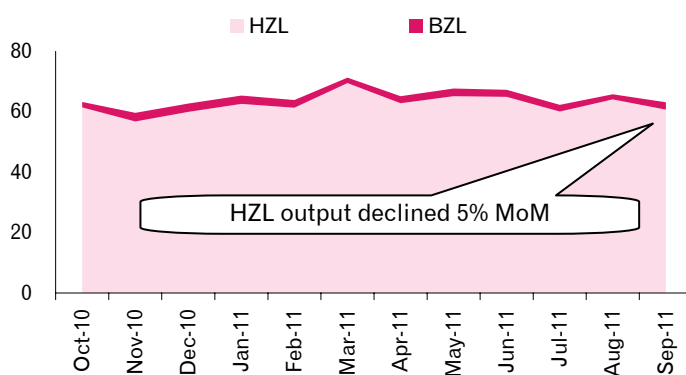
Source: Bloomberg, PINC Research

**China Zinc demand supply**



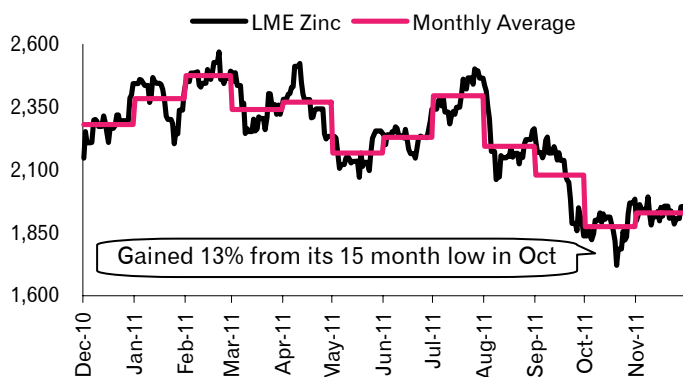
Source: Bloomberg, PINC Research

**India Zinc production ('000 tonnes)**



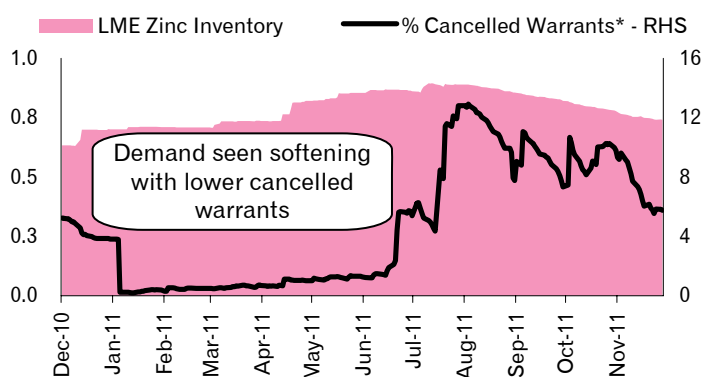
Source: Ministry of Mines, PINC Research; \*Production for Sep'11 not available, taken same as Aug'11 for BZL, HZL's Sep'11 production calculated as differential of Q2FY12 output and Jul'11 + Aug'11

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



Source: Bloomberg, PINC Research

**Zinc Inventory (mnt)**

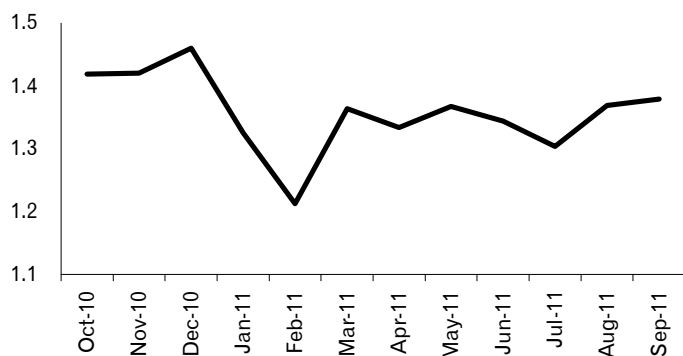


Source: Bloomberg, PINC Research\* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock



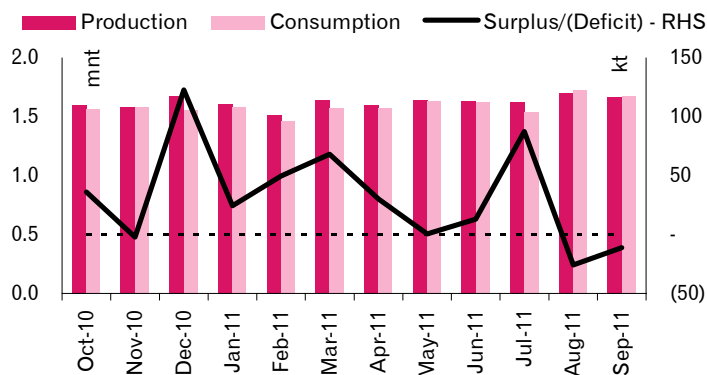
**Copper**

**Global copper mined output (mnt)**



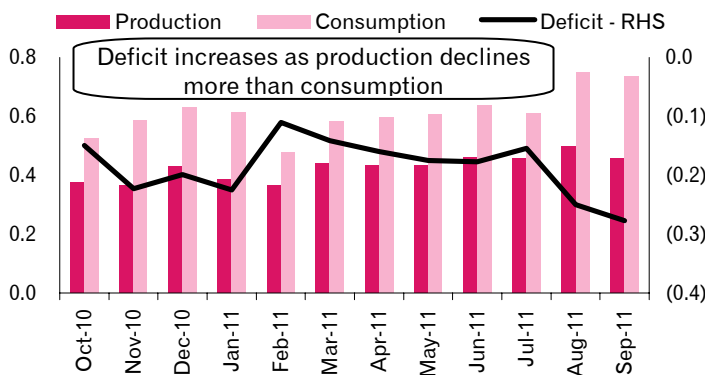
Source: Bloomberg, PINC Research

**Global Copper demand supply (mnt)**



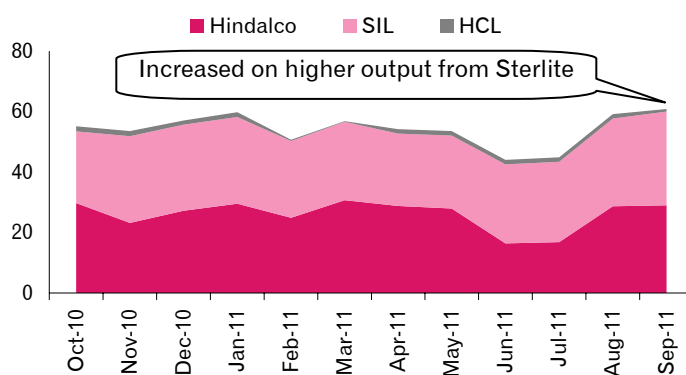
Source: ICSG, Bloomberg, PINC Research

**China Copper demand supply (mnt)**



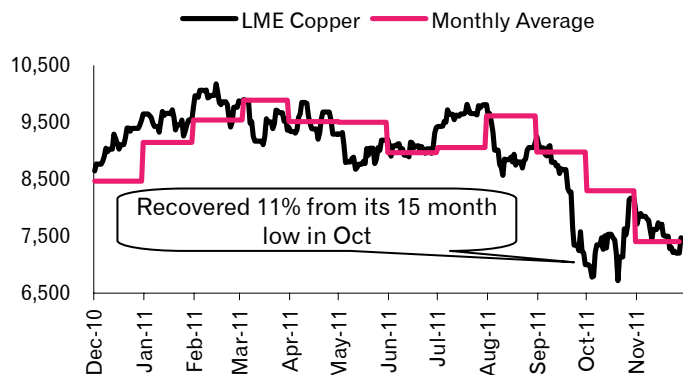
Source: Bloomberg, PINC Research

**India Copper production ('000 tonnes)**



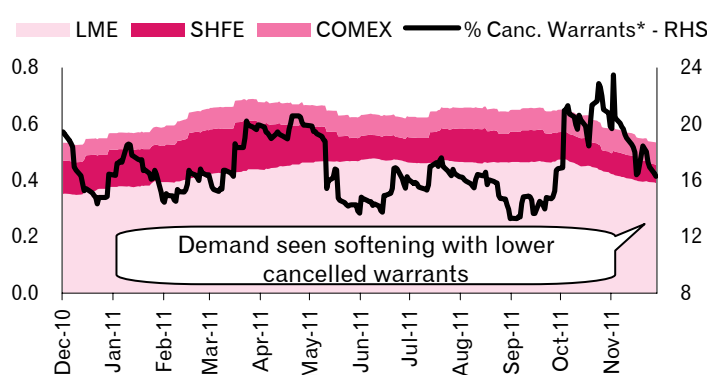
Source: Ministry of Mines, PINC Research; Note: Sep'11 data not available yet

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



Source: Bloomberg, PINC Research

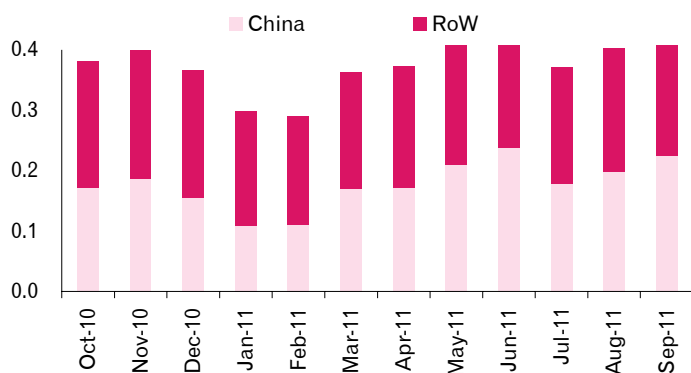
**Copper Inventory (mnt)**



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

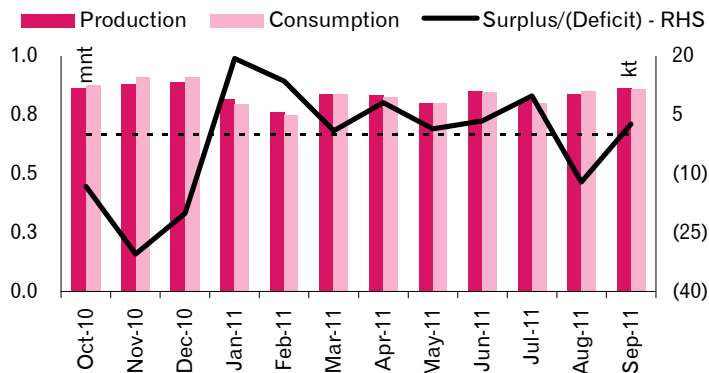
**Lead**

**Global Lead mined output (mnt)**



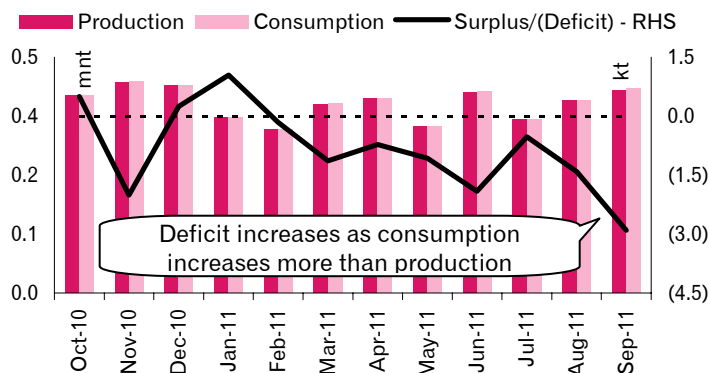
Source: Bloomberg, PINC Research

**Global refined Lead demand supply (mnt)**



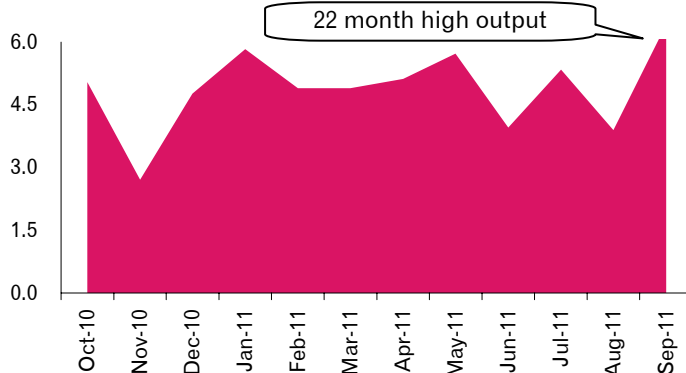
Source: Bloomberg, PINC Research

**China refined Lead demand supply**



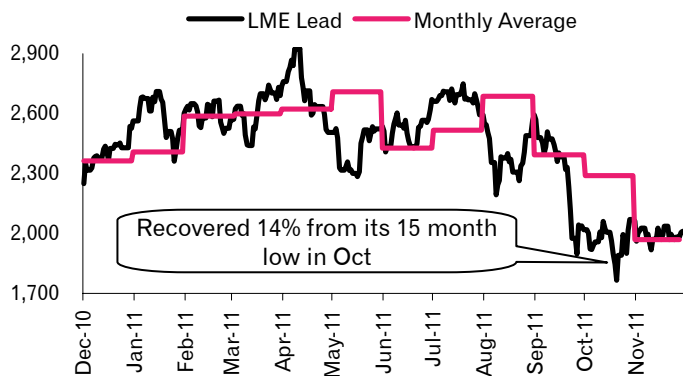
Source: Bloomberg, PINC Research

**India Lead production, HZL ('000 tonnes)**



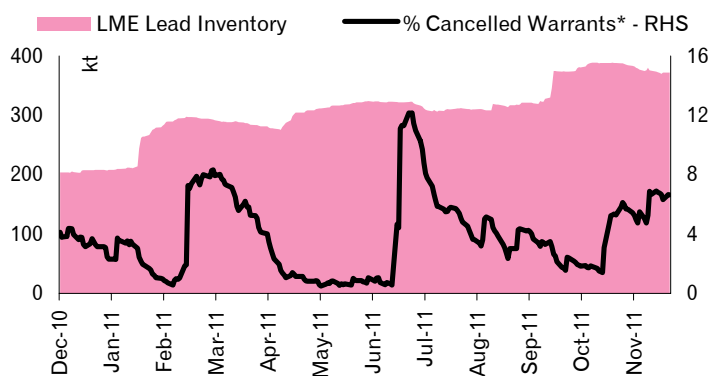
Source: Ministry of Mines, PINC Research

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



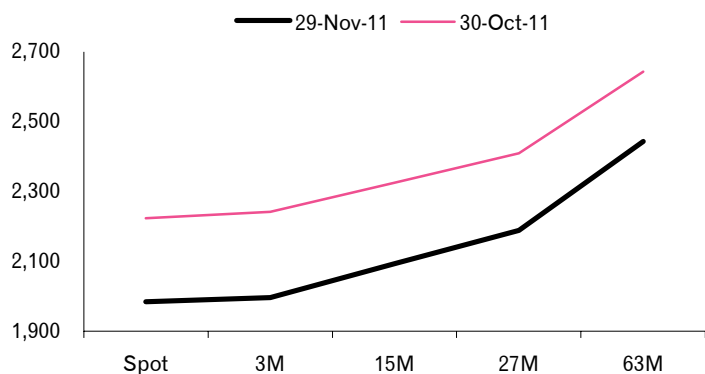
Source: Bloomberg, PINC Research

**Lead Inventory ('000 tonnes)**



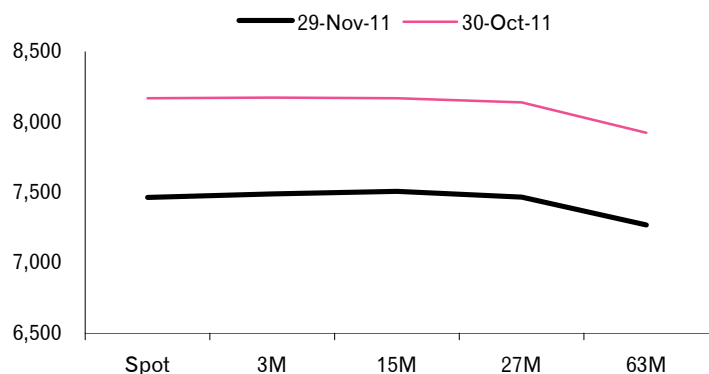
Source: Bloomberg, PINC Research\* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

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



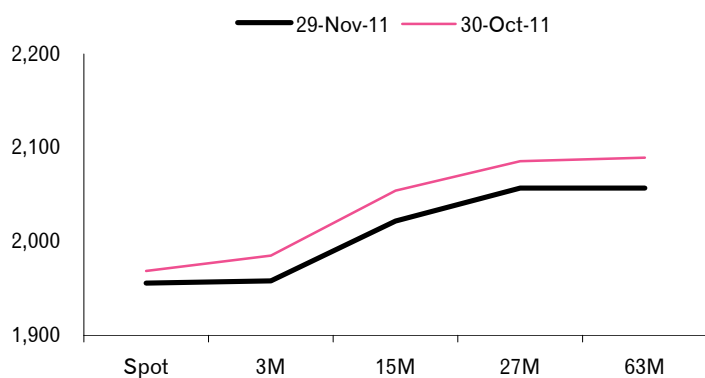
Source: Bloomberg, PINC Research

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



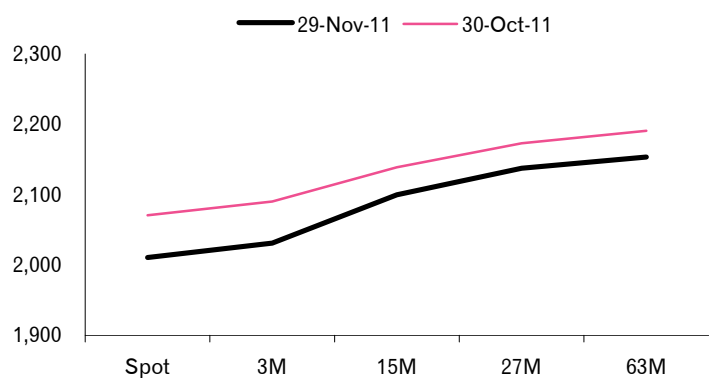
Source: Bloomberg, PINC Research

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



Source: Bloomberg, PINC Research

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



Source: Bloomberg, PINC Research

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