

PINC Metals Weekly
Sector: Metals & Mining
BSE Sensex: 17,173

METALLON MONITOR EXPRESS

07 March 2012

NEWS Corner

While China's Feb'12 PMI rose to 51.0, above expectations of 50.7 & higher than 50.5 in Jan, **steel sector PMI declined to 42.8 in Feb'12 vs. 47.9 in Jan.** **China daily crude steel output grew by 1.13%** to 1.58mnt during 11-20 Feb'12, from 1-10 Feb'12.

China Iron and Steel Association (CISA) stated that **China's iron and steel industry has moved from minor profit making stage to a loss making stage.** China's Ministry of Industry and Information Technology (MIIT) estimates **China's crude steel demand at 690mnt against an output of 730mnt in 2012.**

Indian government reduced railway freight on iron ore for exports by 16% (Rs475t) to Rs2,352.

Rio Tinto is planning to invest USD2bn in iron ore project in Odisha, India. **As per news sources, Q1FY13 coking coal contract price have settled at USD205-210, down 11% QoQ and 37% YoY.**

A review committee headed by coal ministry's additional secretary recommended **issuing 'show-cause notices' for 58 coal blocks for being slow in exploration of coal blocks.** The companies including ArcelorMittal, Jindal Steel, Hindalco, Monnet Ispat amongst others face the risk of cancellation of mining licences.

JSW Steel's Feb'12 crude steel output at 0.61mnt declined 24% MoM on usage of inferior grades of iron ore.

Tata BlueScope Steel, a 50:50 JV between Tata Steel and Bluescope is starting USD176mn coated steel plant in India.

Jharkhand State Pollution Control Board has served a 15 day deadline to Usha Martin, to check dumping of industrial waste in the river or face closure.

Sesa Goa was cleared of all charges by Serious Fraud Investigation Office (SFIO) in their latest probe report submitted to Ministry of Corporate Affairs (MCA). SFIO had earlier recommended prosecution against mines major Sesa Goa on nine grounds, including over and under-invoicing of export/import of over Rs10bn.

Chile's Jan'12 copper output of 396kt was down 22% MoM due to dwindling ore grades, extraction issues and lower stocks.

Japan's aluminium premium was fixed at USD115/t, much below the USD135/t rate initially requested by Rio Tinto Alcan.

Group of Ministers (GOM) in their meeting on 1 Mar'12 for taking decision on fast tracking of eight coal blocks, deferred their decision on Mahan coal block, a JV between Hindalco and Essar Power. The decision would now be taken after 10 days post the ground checks by sub-committee.

Novelis is selling three aluminium foil manufacturing plants in Europe to American Industrial Acquisition Corp (AIAC) for an undisclosed sum in line with its plan to focus on premium products.

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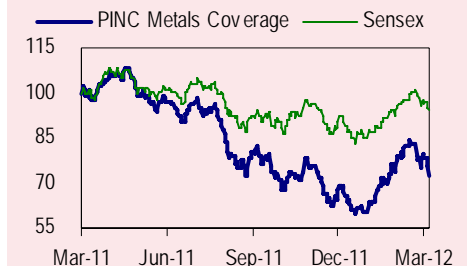
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RECOMMENDATIONS

Companies	CMP	TP	Reco
Tata Steel	426	552	Buy
SAIL	93	101	Sell
JSW Steel	710	865	Accumulate
GPIL	103	156	Buy
Monnet Ispat	469	575	Accumulate
Usha Martin	34	24	Sell
Bhushan Steel	377	297	Sell
Sesa Goa	198	188	Reduce
Hind. Zinc	132	132	Reduce
NALCO	59	42	Sell
Hindalco	132	122	Sell
Sterlite	114	113	Reduce

All figures are in Rs.

SECTOR PERFORMANCE - METALS & MINING



Note: Index of PINC coverage is market cap weighted

PRICE MOVEMENT

	CMP USD/t	Returns (%)				PINC Coverage - Metals & Mining	CMP (Rs)	Returns (%)			
		1W	1M	6M	1Yr			1W	1M	6M	1Yr
Steel											
World HRC	715	0.4	2.6	(8.9)	(14.6)	Tata Steel	426	(7.0)	(8.9)	(13.7)	(31.0)
China HRC	633	2.4	2.4	(11.2)	(17.0)	SAIL	93	(7.3)	(13.5)	(20.5)	(40.4)
Europe HRC	697	1.7	3.4	(0.5)	(12.4)	JSW Steel	710	(10.6)	(4.7)	(1.3)	(25.4)
US HRC	705	(0.7)	(4.1)	3.7	(18.5)	Sesa Goa	198	(4.8)	(13.4)	(14.8)	(28.1)
India HRC	808	(0.7)	0.7	2.2	(6.6)	Godawari Power	103	(3.1)	(7.9)	(23.3)	(43.1)
Iron Ore - Spot*	148	1.4	1.7	(21.5)	(25.3)	Monnet Ispat	469	(2.3)	(3.7)	(5.2)	(14.4)
Coking Coal - Spot#	287	NA	(0.8)	(3.1)	(0.9)	Usha Martin	34	(7.0)	4.3	(5.8)	(34.2)
Base Metals						Bhushan Steel	377	(3.5)	2.9	8.2	(5.3)
LME Aluminium	2,192	(4.0)	0.4	(6.5)	(14.6)	NALCO	59	(4.8)	(5.3)	(11.6)	(47.0)
LME Zinc	1,991	(5.6)	(5.8)	(8.0)	(18.3)	Hindustan Zinc	132	(6.6)	(9.1)	3.6	(1.9)
LME Copper	8,287	(3.7)	(2.2)	(7.0)	(16.2)	Sterlite Ind.	114	(5.9)	(9.0)	(15.2)	(31.7)
LME Lead	2,038	(8.5)	(5.0)	(15.2)	(22.7)	Hindalco	132	(10.2)	(15.0)	(15.0)	(37.2)

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)	
						FY13E	FY14E	FY11-14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
Tata Steel #	426	552	29.6	Buy	414	40.7	52.1	(2.6)	11.8	13.2	4.9	4.1	10.5	8.2	1.4	1.2
SAIL	93	101	9.2	Sell	382	11.4	13.5	3.5	17.6	20.4	5.1	4.5	8.1	6.8	0.9	0.8
JSW Steel #	710	865	21.8	Accumulate	158	78.3	84.9	3.8	18.1	18.9	4.7	4.2	9.1	8.4	0.9	0.8
Godawari Power	103	156	52.1	Buy	3.3	28.4	28.8	2.1	13.3	13.9	3.3	2.9	3.6	3.6	0.4	0.4
Monnet Ispat ^	469	575	22.4	Accumulate	30	66.6	64.1	14.6	25.2	25.1	4.2	4.4	2.7	2.9	0.4	0.4
Usha Martin	34	24	(29.6)	Sell	10.4	1.4	6.3	17.4	15.1	18.8	6.0	4.3	24.2	5.4	0.6	0.5
Bhushan Steel	377	297	(21.3)	Sell	80	49.2	51.0	4.3	30.7	31.5	5.5	6.4	7.7	7.4	1.4	1.1
Sesa Goa	198	188	(5.3)	Reduce	172.3	42.0	43.2	(4.2)	33.7	33.2	2.2	1.7	4.7	4.6	0.9	0.8
Hindustan Zinc	132	132	(0.0)	Reduce	558	13.3	14.3	9.0	52.0	52.1	6.0	5.1	9.9	9.2	1.8	1.6
NALCO	59	42	(29.1)	Sell	151.2	2.9	3.0	(10.5)	16.9	16.8	8.7	7.7	20.0	19.7	1.2	1.2
Hindalco #*	132	122	(7.7)	Sell	252	16.1	13.5	1.8	12.2	11.9	5.0	5.3	8.2	9.8	1.1	1.0
Sterlite #*	114	113	(1.1)	Reduce	382.6	15.4	18.4	9.4	26.7	27.6	3.8	2.9	7.4	6.2	0.8	0.7

Source: Company, PINC Research; Note: TP and valuation ratios factor in CWIP at (discount to) book value and VOI, * EV/EBITDA based on proportionate consolidation # equity value for P/BV & RoE adjusted for goodwill; Sesa Goa's TP is SOTP based, calculated for proposed Sesa Sterlite, however, other financials pertain to Sesa Goa and not proposed Sesa Sterlite; Sterlite valued at 0.6x Sesa sterlite value; ^Monnet Ispat's valuation ratios adjusted for value of Monnet Power

Global Valuations - Iron ore

Company	Mcap	Curr EV	Curr	Stock perf. (%)			OPM (%)			EV/EBITDA (x)			P/E (x)			P/B (x)			ROE (%)		
	(USD mn)	USD mn)	D/E (x)	5D	3M	1-Yr	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E
Iron ore - CFR China (USD/t)	168			0	(1)	(21)															
Industry average				(7)	(2)	(25)	46.2	43.5	43.9	4.3	4.2	3.3	6.6	6.7	6.2	1.5	1.3	1.1	25.9	21.5	19.8
Vale SA	123,945	163,750	0.3	(6)	3	(16)	58.7	56.9	53.6	4.5	4.6	NA	4.9	5.5	5.8	1.0	0.9	0.8	30.1	23.0	21.4
Rio Tinto PLC	103,844	122,062	0.4	(10)	1	(20)	45.1	43.2	44.9	4.4	4.6	4.1	6.5	6.8	6.1	1.5	1.4	1.2	24.8	23.0	21.4
BHP Billiton Ltd	181,096	203,730	0.3	(5)	(7)	(27)	50.0	51.2	51.6	5.5	5.0	NA	9.8	8.8	8.5	2.8	2.2	1.9	31.2	27.6	23.7
Anglo American PLC	52,234	57,472	0.3	(8)	1	(24)	39.6	38.2	39.6	4.4	4.3	3.7	8.3	8.2	6.9	1.1	1.1	0.9	15.7	15.4	15.2
Cliffs Natural Resources Inc	8,571	12,987	0.5	(8)	(15)	(37)	40.8	38.0	40.3	4.7	4.6	3.9	5.4	6.2	5.2	1.4	1.2	1.0	26.8	19.8	19.0
Sesa Goa Ltd*	3,421	1,289	0.1	(5)	3	(28)	43.0	33.7	33.2	2.0	2.2	1.7	4.4	4.7	4.6	1.1	0.9	0.8	26.7	20.4	17.8

Source: Bloomberg, PINC Research * PINC Estimates; Sesa Goa's financials and valuation ratios are pertaining to Sesa Goa and not proposed Sesa Sterlite. We have valued Sesa Goa's 20% stake in Cairn India at 15% discount to CMP.

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	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E
Steel - World HRC (USD/t)	715			0	6	(15)															
Industry average				(6)	6	(32)	13.4	14.2	15.7	6.9	6.2	5.4	22.5	13.1	8.4	0.9	0.9	0.8	7.8	9.0	10.7
ArcelorMittal	29,673	56,057	0.4	(10)	3	(44)	10.9	11.1	12.4	5.5	5.4	4.7	8.8	9.1	6.2	0.5	0.5	0.5	5.3	5.5	7.4
ThyssenKrupp AG	12,726	21,464	0.6	(8)	4	(36)	7.3	6.5	8.5	4.5	5.8	4.2	NA	NA	NA	0.8	1.1	1.0	8.7	3.1	12.1
Voestalpine AG	5,499	10,130	1.0	(10)	14	(25)	12.7	13.4	14.1	5.2	4.9	4.5	8.9	7.6	6.3	0.9	0.9	0.8	11.4	11.6	12.5
SSAB AB	2,941	5,687	0.7	(9)	2	(35)	11.2	11.9	13.7	7.5	7.0	5.7	12.1	10.6	7.5	0.7	0.6	0.6	5.4	5.4	7.9
Nucor Corp	13,091	15,041	0.6	(6)	0	(12)	9.7	11.2	12.7	7.8	6.4	5.3	18.0	13.1	10.0	1.8	1.6	1.5	10.0	12.6	15.1
United States Steel Corp	3,811	7,276	1.1	(10)	(11)	(54)	5.0	7.6	8.7	7.4	4.8	4.0	NA	NA	NA	0.9	1.0	0.9	1.0	8.9	14.8
Cia Siderurgica Nacional SA	14,470	21,207	2.6	(0)	14	(35)	39.8	37.9	39.4	5.6	5.5	4.7	8.2	10.0	7.9	2.5	2.2	1.9	30.8	23.7	24.6
Usinas Siderurgicas de Minas Gerais SA	7,950	10,511	0.4	(1)	(18)	(45)	10.7	12.8	17.4	14.0	10.7	6.6	49.1	38.6	15.7	0.9	0.8	0.8	1.2	2.4	4.7
Gerdau SA	15,749	21,453	0.5	(3)	19	(23)	13.5	14.2	16.2	7.8	6.8	5.6	14.3	12.2	8.8	1.1	1.0	0.9	8.5	9.3	10.7
Evrz Group SA	8,011	14,327	1.3	(9)	(1)	NA	19.1	19.3	20.7	4.9	4.9	4.4	11.2	8.2	6.1	1.2	1.1	NA	12.2	13.7	16.4
Nippon Steel Corp	18,357	42,220	0.6	(7)	12	(26)	9.0	10.5	11.8	9.3	8.1	7.1	299.7	15.2	11.1	0.8	0.8	0.7	1.7	5.1	6.7
JFE Holdings Inc	11,964	33,298	1.0	(10)	8	(38)	9.4	10.8	11.6	8.9	8.0	7.1	(20.7)	15.0	9.5	0.6	0.6	0.5	(1.6)	4.8	6.1
Kobe Steel Ltd	4,932	14,966	1.5	(9)	0	(42)	9.2	10.1	10.3	7.1	6.5	6.1	(45.2)	19.1	13.2	0.7	0.7	0.7	0.4	3.7	5.2
POSCO	31,206	40,336	0.3	(3)	3	(13)	17.4	16.7	17.8	6.7	6.9	6.3	9.2	9.3	8.4	0.9	0.8	0.8	10.8	9.5	9.5
Baoshan Iron & Steel Co Ltd	14,145	25,515	0.6	(3)	5	(28)	11.2	11.8	13.3	6.5	6.1	5.3	10.8	8.3	7.8	0.8	0.8	0.7	7.2	8.5	8.6
Angang Steel Co Ltd	5,419	11,259	0.7	(14)	2	(51)	7.8	9.8	11.2	9.6	7.5	6.3	(35.1)	33.4	13.9	0.6	0.6	0.6	(1.9)	1.7	3.6
Wuhan Iron & Steel Co Ltd	5,020	10,603	1.0	(2)	(0)	(29)	8.3	9.1	10.7	8.1	6.9	6.3	11.8	8.7	7.2	1.0	0.9	0.9	6.7	9.1	9.5
Hebei Iron & Steel Co Ltd	5,331	12,252	1.5	(2)	(6)	(19)	5.1	5.1	5.1	11.3	10.4	9.8	16.1	12.5	10.0	0.7	0.7	0.6	4.0	6.1	6.9
Maanshan Iron & Steel	3,084	5,960	0.8	(11)	3	(45)	7.5	8.2	9.7	6.3	5.6	4.7	60.3	18.8	8.6	0.5	0.5	0.5	1.2	3.0	5.5
Steel Authority of India Ltd *	7,586	8,175	0.5	(7)	8	(40)	13.7	17.6	20.4	5.1	5.1	4.5	9.8	8.1	6.8	1.0	0.9	0.8	10.2	11.4	12.3
Tata Steel Ltd *#	8,219	18,307	1.5	(7)	4	(31)	10.0	11.8	13.2	4.9	4.9	4.1	16.2	10.5	8.2	1.5	1.4	1.2	10.1	13.5	15.6
JSW Steel Ltd *#	3,146	6,871	1.2	(11)	16	(25)	16.4	18.1	18.9	5.7	4.7	4.2	9.8	9.1	8.4	1.0	0.9	0.8	10.5	10.6	10.6
Bhushan Steel Ltd *	1,589	5,648	4.7	(3)	18	(5)	29.5	30.7	31.5	6.2	5.5	6.4	8.3	7.7	7.4	1.6	1.4	1.1	21.9	19.4	16.8
Usha Martin Ltd *	206	646	1.2	(7)	39	(34)	14.9	15.1	18.8	5.9	6.0	4.3	51.4	24.2	5.4	0.6	0.6	0.5	1.1	2.3	9.9
Monnet Ispat & Energy Ltd **	600	1,032	1.3	(2)	22	(14)	26.1	25.2	25.1	3.4	4.2	4.4	4.0	2.7	2.9	0.5	0.4	0.3	13.8	17.1	14.3
Godawari Power and Ispat *	65	229	1.5	(3)	(8)	(43)	12.9	13.3	13.9	3.8	3.3	2.9	4.1	3.6	3.6	0.5	0.4	0.4	12.6	12.6	11.5

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 (discount to) book value; # equity value for P/BV & RoE adjusted for goodwill

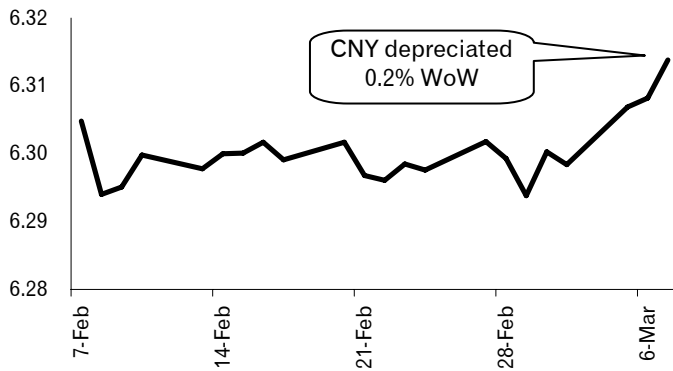
Global Valuations - Base Metals

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	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E	CY11/ FY12	CY12/ FY13E	CY13/ FY14E
LME Copper	8,287			(4)	6	(16)															
Industry average				(7)	7	(32)	16.6	17.8	19.3	11.5	11.3	11.1	18.3	15.9	15.8	1.6	1.5	1.4	12.8	13.0	13.7
Cameco Corp	9,071	9,092	0.2	(7)	21	(39)	30.0	33.8	39.0	13.8	11.3	8.8	22.8	17.4	14.5	1.8	1.8	1.6	6.4	9.0	12.3
Jiangxi Copper Co Ltd	11,946	12,725	0.4	(11)	2	(24)	10.3	10.6	10.5	7.8	7.9	7.8	7.3	7.4	7.6	1.4	1.2	1.1	19.2	17.1	15.1
Yunnan Copper Industry Co	4,000	6,379	4.4	(3)	(1)	(34)	9.5	8.9	8.3	12.9	14.7	16.5	24.8	22.8	25.2	NA	NA	NA	-	-	-
LME Aluminium	2,192			(4)	4	(15)															
Industry average				(5)	2	(38)	18.4	17.4	19.1	6.5	7.0	5.7	14.5	46.9	23.0	3.3	2.9	2.6	10.1	7.9	9.1
Alcoa Inc	10,096	20,934	0.5	(9)	(4)	(42)	13.4	11.8	14.2	6.3	7.3	5.6	13.0	18.3	10.6	0.7	0.7	0.7	5.4	3.1	5.4
Anglo American PLC	52,234	57,472	0.3	(8)	1	(24)	39.6	38.2	39.6	4.4	4.3	3.7	8.3	8.2	6.9	1.1	1.1	0.9	15.7	15.4	15.2
United Co RUSAL PLC	12,783	24,245	1.0	0	15	(47)	20.7	18.7	21.4	9.6	10.8	9.4	13.3	17.8	127.5	19.4	16.8	14.9	15.0	-	-
Century Aluminum Co	779	845	0.2	(13)	(15)	(47)	8.6	6.9	12.6	7.2	8.8	4.4	45.9	324.8	11.2	0.7	0.7	0.7	1.2	(1.3)	6.9
Nippon Light Metal Co Ltd	802	2,909	1.9	(4)	16	(32)	7.1	8.0	8.3	8.1	7.0	6.6	14.4	9.6	8.9	0.6	0.6	0.6	3.0	5.9	6.8
Aluminium Bahrain BSC	1,846	2,457	0.4	8	(7)	NA	NA	NA	NA	NA	NA	NA	4.2	8.1	6.4	NA	NA	NA	-	-	-
Sterlite Industries India Ltd* #	7,597	8,216	0.3	(6)	6	(32)	25.4	26.7	27.6	4.2	3.8	2.9	8.4	7.4	6.2	0.9	0.8	0.7	11.6	11.8	12.6
Hindalco Industries Ltd* #	5,012	9,043	1.0	(10)	(3)	(37)	11.9	12.2	11.9	4.2	5.0	5.3	6.6	8.2	9.8	1.3	1.1	1.0	20.8	14.3	10.8
National Aluminium Co Ltd*	3,001	2,104	0.0	(5)	9	(47)	20.3	16.9	16.8	7.5	8.7	7.7	16.1	20.0	19.7	1.3	1.2	1.2	8.2	6.3	6.1
LME Zinc	1,991			(6)	(2)	(18)															
Industry average				(7)	7	(16)	33.3	34.5	38.6	5.8	5.4	4.5	11.1	10.9	8.7	1.4	1.2	1.1	15.9	14.5	15.0
Lundin Mining Corp	2,628	2,372	0.0	(12)	6	(40)	49.5	45.8	53.8	6.2	6.9	4.7	12.0	12.0	8.0	0.8	0.7	0.7	6.7	5.4	10.0
Volcan Cia Minera SAA	4,778	4,684	0.0	2	16	4	54.6	58.2	67.3	7.0	6.1	5.1	10.6	9.4	8.8	NA	NA	NA	29.1	26.5	23.9
HudBay Minerals Inc	1,877	1,043	-	(10)	2	(35)	29.2	34.0	44.6	4.2	4.3	3.0	16.6	22.3	15.1	1.0	1.0	0.9	5.6	2.3	4.4
Nyrstar	1,427	1,799	0.6	(10)	(2)	(38)	9.0	12.1	15.3	4.8	3.3	2.5	11.4	6.9	4.1	0.8	0.7	0.6	8.4	11.7	16.2
Korea Zinc Co Ltd	6,771	6,441	0.1	(8)	12	22	19.8	20.9	20.3	7.0	6.5	6.5	10.1	9.4	8.9	2.2	1.8	1.6	24.8	22.0	18.8
Xstrata PLC	53,172	63,631	0.2	(8)	9	(20)	34.3	35.1	36.5	5.5	5.2	4.6	9.4	9.2	7.6	1.2	1.1	1.0	13.0	12.5	13.2
Boliden AB	4,514	5,301	0.3	(3)	10	(20)	17.2	18.1	18.8	5.1	5.0	4.7	8.5	8.2	7.7	1.4	1.3	1.1	17.7	16.0	15.3
Hindustan Zinc Ltd*	11,070	8,444	0.0	(7)	4	(2)	52.7	52.0	52.1	6.9	6.0	5.1	10.5	9.9	9.2	2.1	1.8	1.6	21.7	19.4	18.1

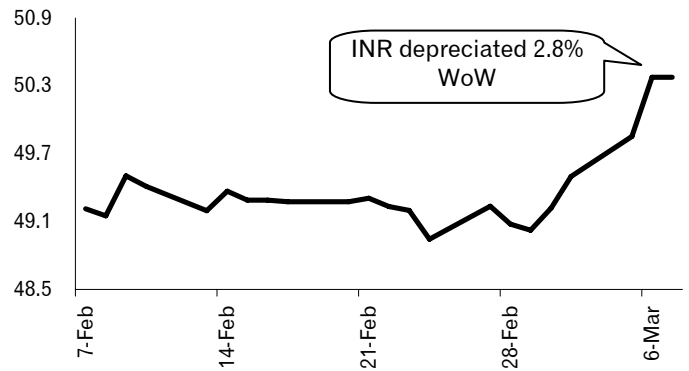
Source: Bloomberg, PINC Research; * PINC estimates; valuation ratios factor in CWIP at (discount to) book value and VOI, # EV/EBITDA based on proportionate consolidation and equity value for P/BV & RoE adjusted for goodwill. Sterlite Ind. financials and valuation ratios are for Sterlite Ind. without factoring-in the impact of proposed Sesa Sterlite.

Currency movements

USD/CNY



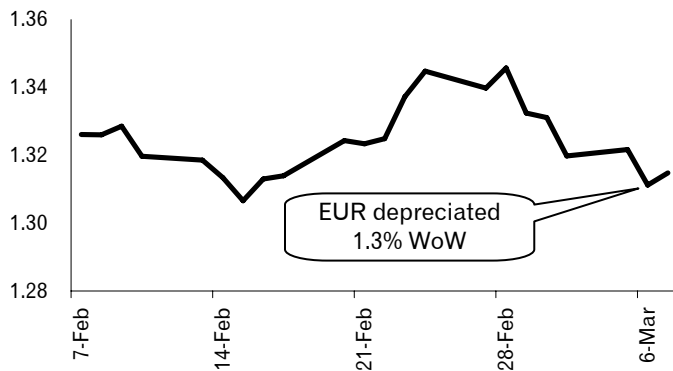
USD/INR



Source: Bloomberg, PINC Research

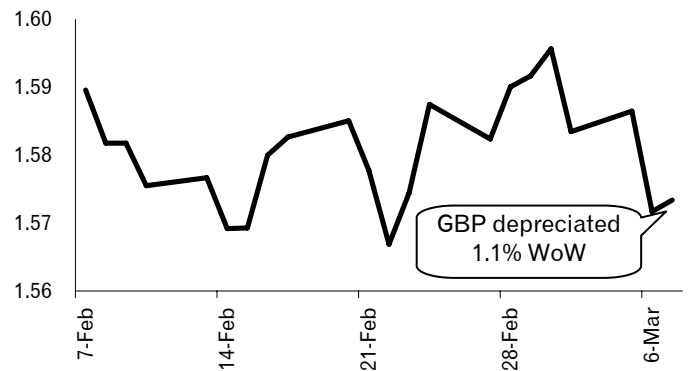
Source: Bloomberg, PINC Research

EUR/USD



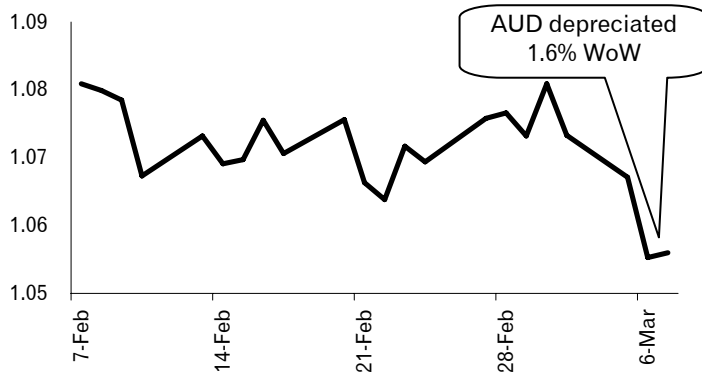
Source: Bloomberg, PINC Research

GBP/USD



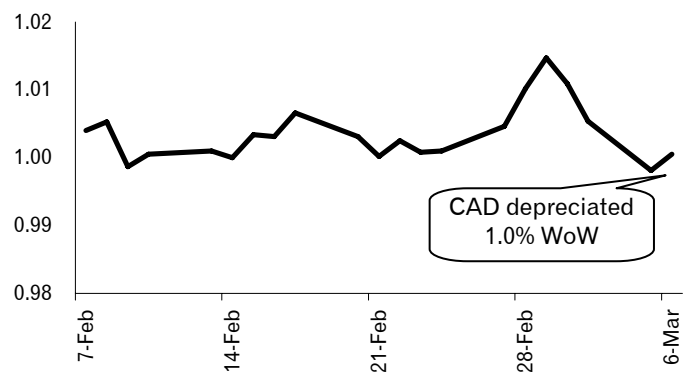
Source: Bloomberg, PINC Research

AUD/USD



Source: Bloomberg, PINC Research

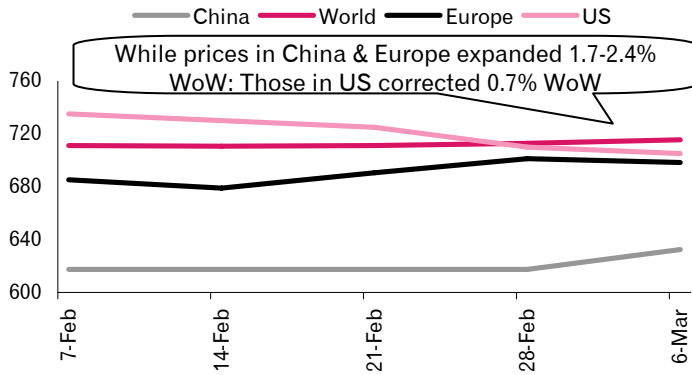
CAD/USD



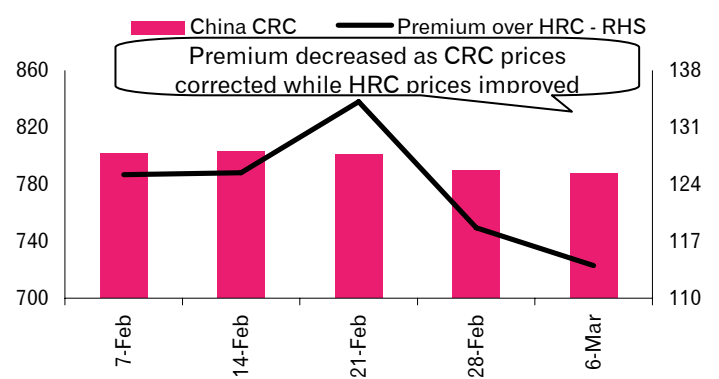
Source: Bloomberg, PINC Research

Steel

HRC Prices (USD/t)



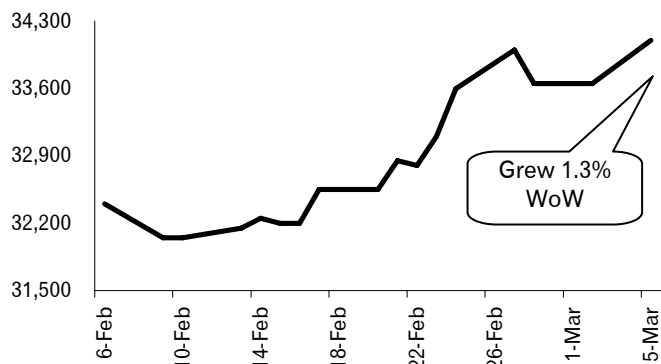
China CRC & premium over HRC (USD/t)



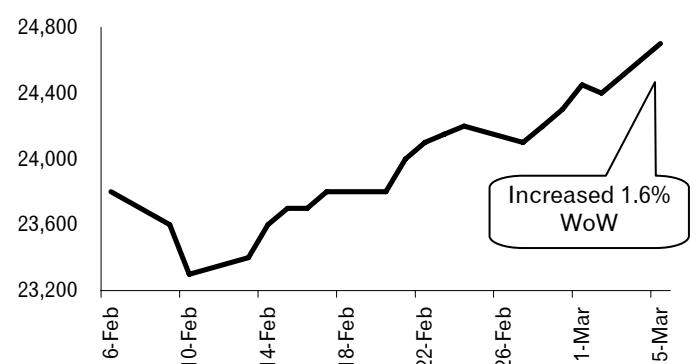
Source: Bloomberg, PINC Research; China Export FOB Shanghai, South Europe port CIF, US FOB Midwest mill

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

India Billets prices (Rs/t)*



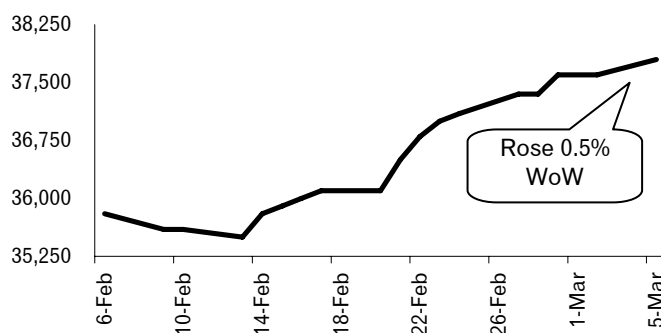
India Sponge Iron prices (Rs/t)*



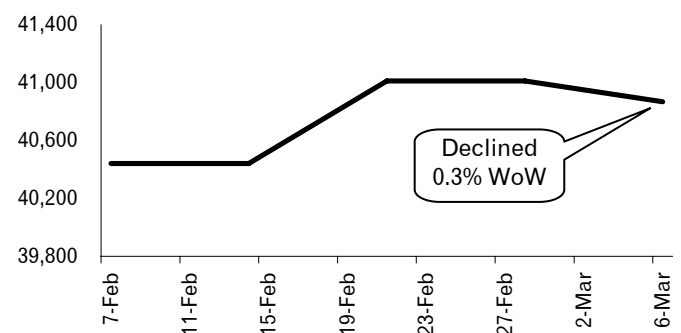
Source: Steel Mint, PINC Research * Raipur, Inclusive of 10% excise duty

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

India TMT prices (Rs/t)*



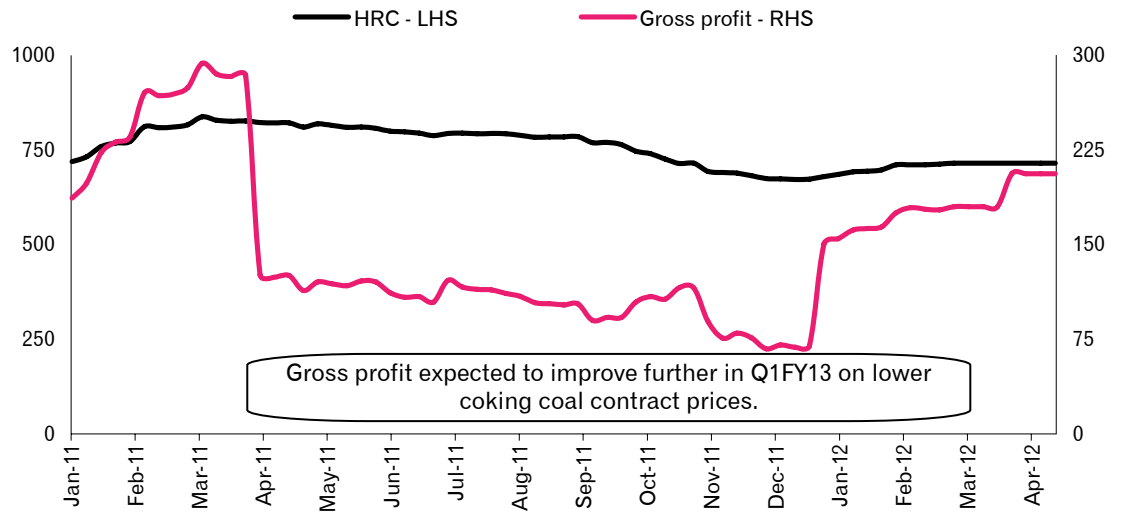
India HRC prices (Rs/t)



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

Source: Bloomberg, PINC Research

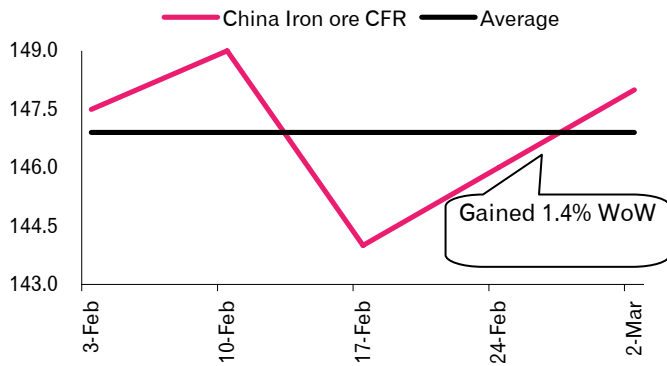
Steel price & gross profit (USD/t)



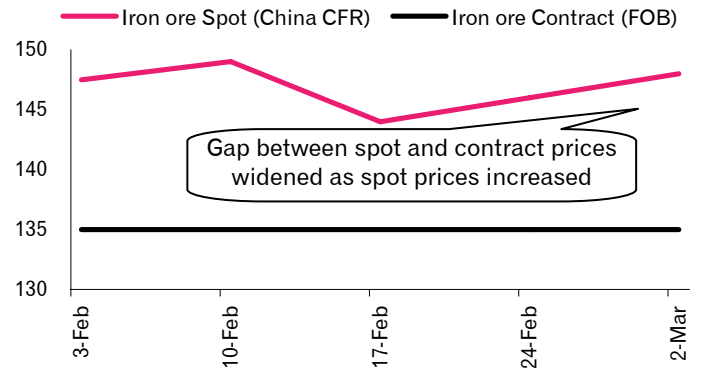
Source: Bloomberg, Industry, PINC Research; Note: Steel gross profit for non-integrated producers is as (steel spot prices) less (iron ore cost at a mix of prevailing spot and contract prices and coking coal cost at prevailing contract prices and 5% of steel prices as other RM costs); Iron ore Q1FY13 contract prices assumed to be flat QoQ.

Iron Ore

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



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

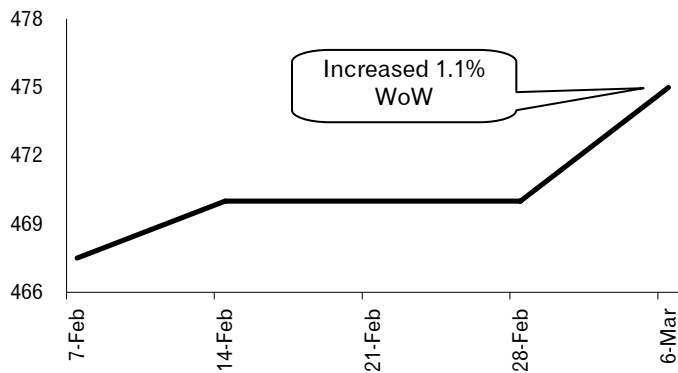


Source: Bloomberg, PINC Research

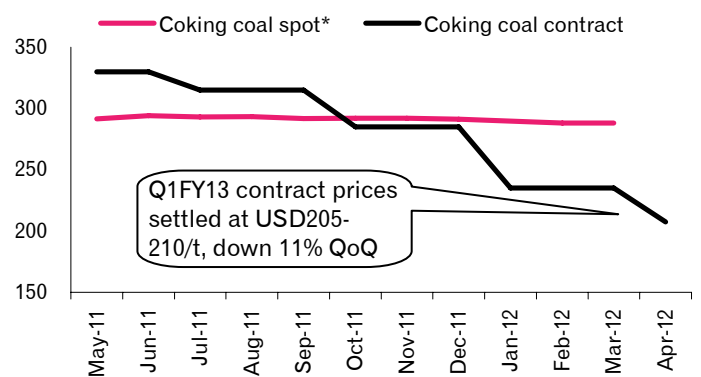
Source: Bloomberg, PINC Research;

Coking Coal

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



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

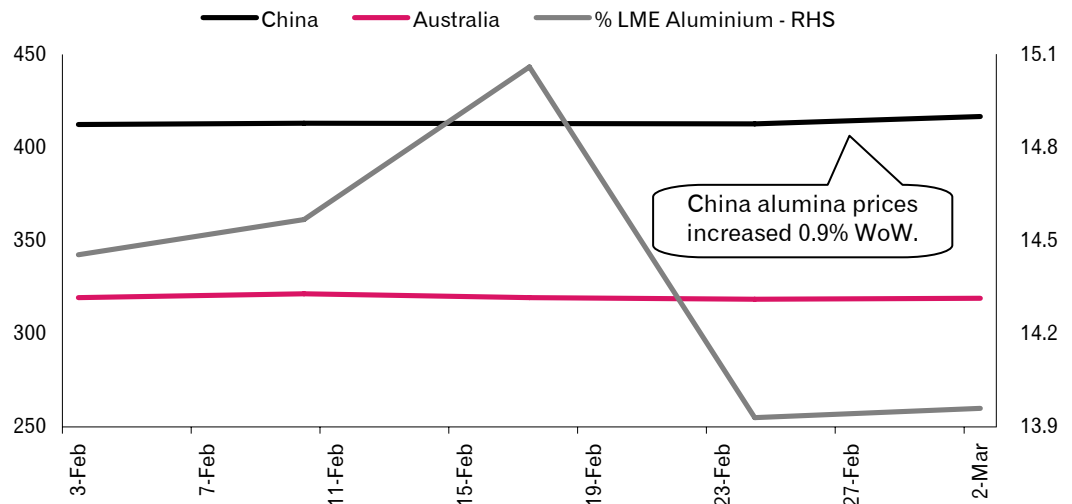


Source: Bloomberg, PINC Research

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

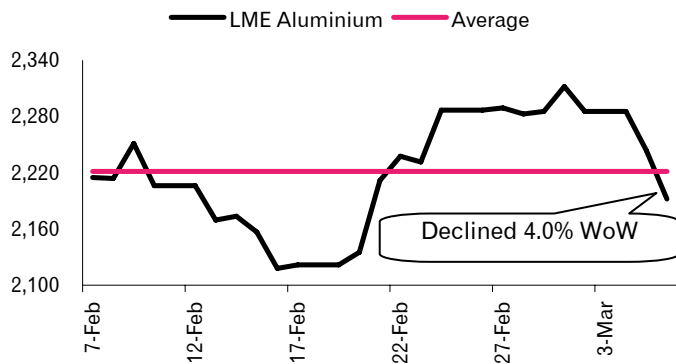
Base Metals
Aluminium

Alumina prices (USD/t)



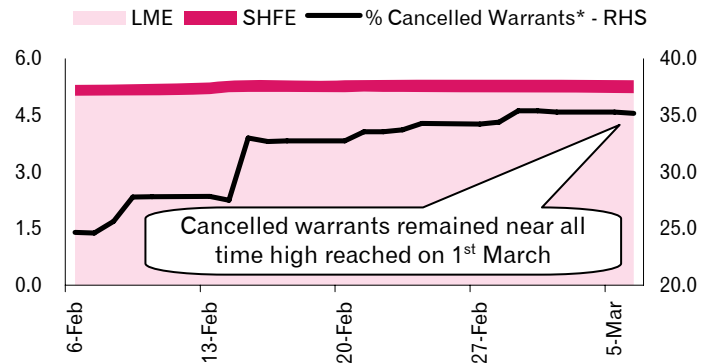
Source: Bloomberg, PINC Research; % LME Aluminium is Australia's alumina price as a % of LME Aluminium

LME Aluminium prices (USD/t)



Source: Bloomberg, PINC Research

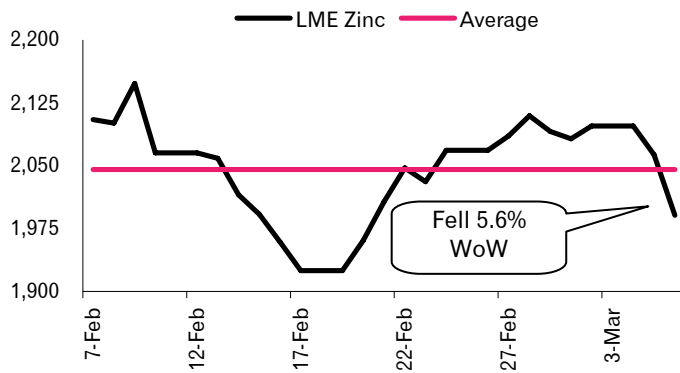
Aluminium Inventory (mnt)



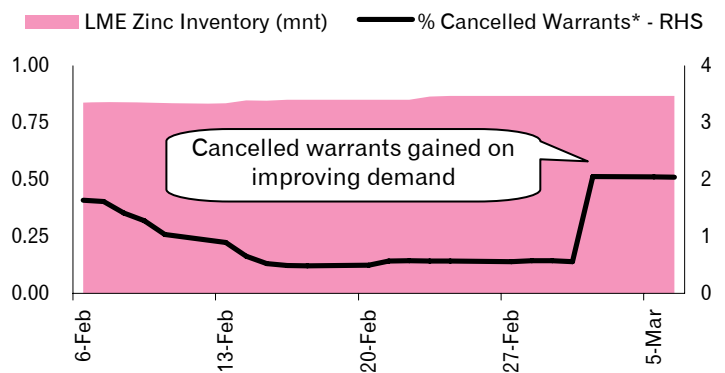
Source: Bloomberg, PINC Research; * Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

Zinc

LME Zinc prices (USD/t)



Zinc Inventory (mnt)

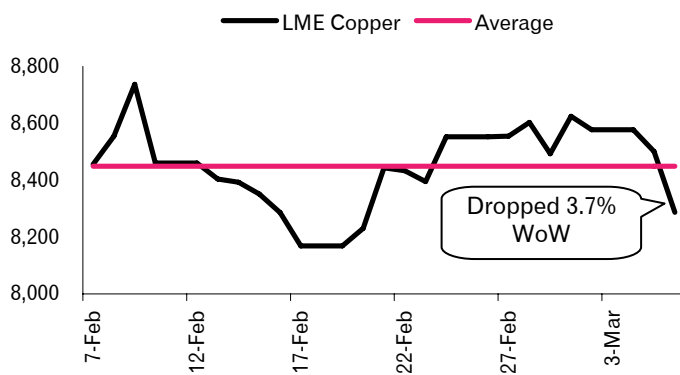


Source: Bloomberg, PINC Research

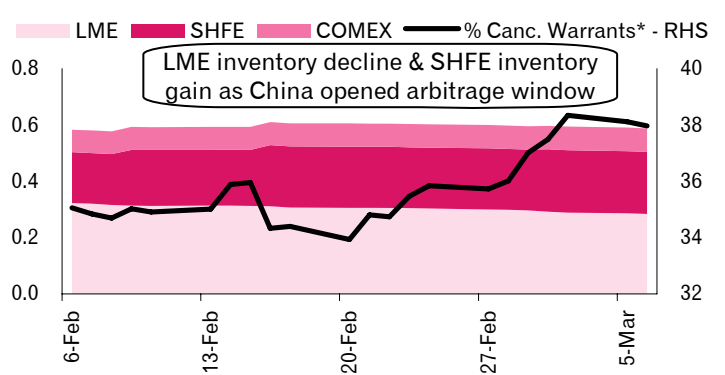
Source: Bloomberg, PINC Research* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

Copper

LME Copper prices (USD/t)



Copper Inventory (mnt)

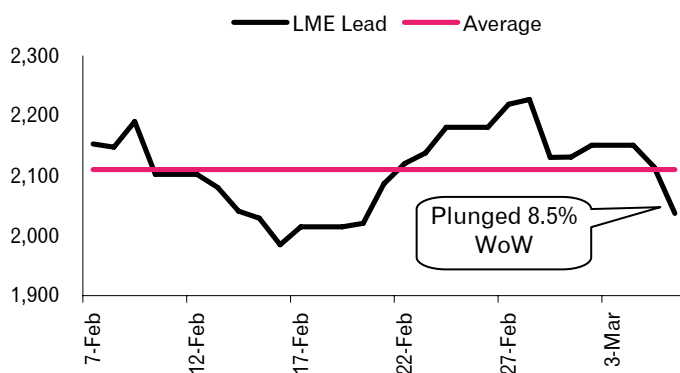


Source: Bloomberg, PINC Research

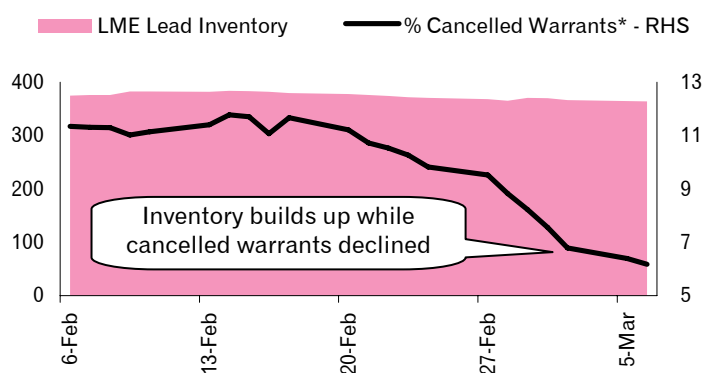
Source: Bloomberg, PINC Research* Note: It represents the amount of inventory actually marked for delivery as a %age of total closing stock

Lead

LME Lead prices (USD/t)



Lead Inventory ('000 tonnes)

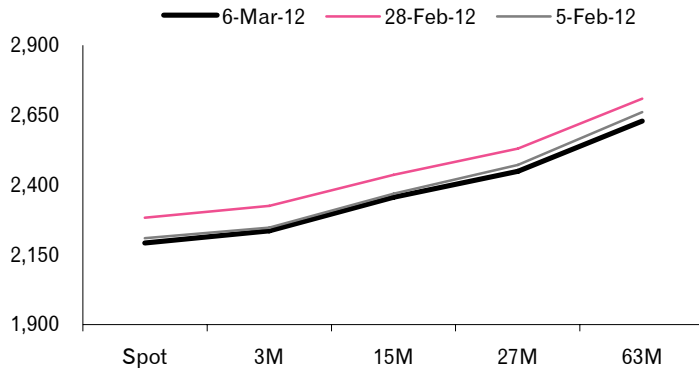


Source: Bloomberg, PINC Research

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

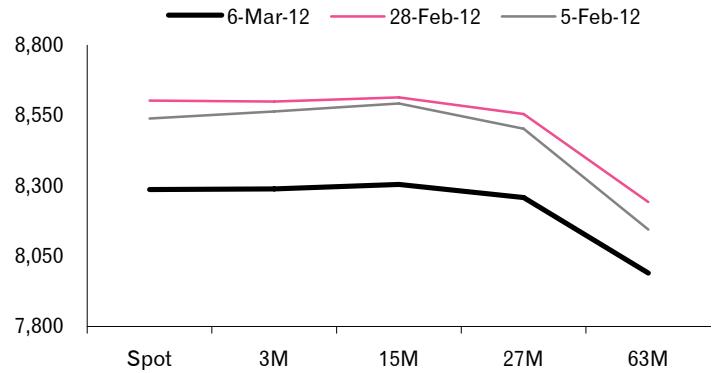
Future curves

LME Aluminium future curve (USD/t)



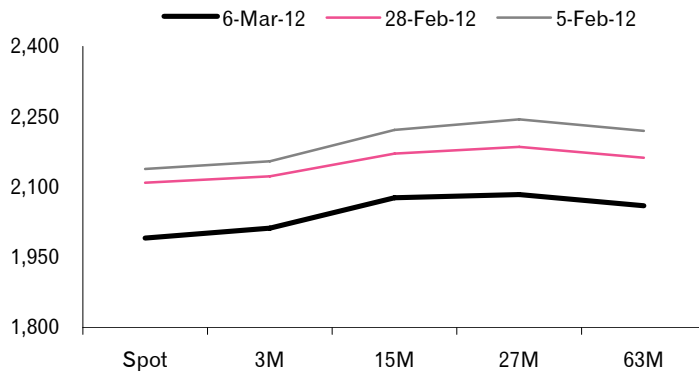
Source: Bloomberg, PINC Research

LME Copper future curve (USD/t)



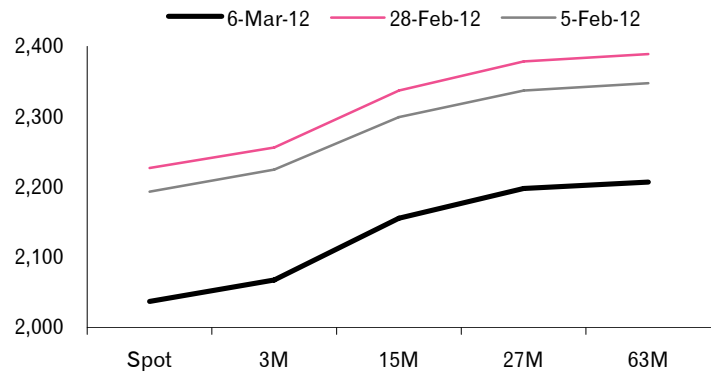
Source: Bloomberg, PINC Research

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 %		
BUY	More than 15	More than 20
Accumulate	5 to 15	10 to 20
Reduce	(-)5 to +5	0 to 10
Sell	Below (-)5	Less than 0



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