

Weekly Update

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Tushar Chaudhari

tusharchaudhari@plindia.com | 91-22-663222391

Some relief from steel input prices

- Indian Benchmark HRC price declined 0.2% WoW to Rs 52,600/t. Spot spreads for the week increased 6% WoW to Rs 21,953/t owing to a sharp decline in coking coal prices.
- Chinese HRC price was flat WoW at USD 540/t while European HRC price declined 1% WoW to USD 590/t. Spot spreads for China and Europe increased 19% and 10% respectively to USD 147/t and USD 197/t due to sharp decline in input prices.
- Coking coal price declined 6.4% WoW to USD 270/t as on 19th Mar and declined further to USD262/t today. Iron ore prices declined 4.5% WoW to USD 104/t.
- Better industrial output data from China has raised hopes of recovery again while domestic market is awaiting elections. Chinese steel demand is giving mixed signals. Near term risk of higher material inflows in domestic markets remains keeping the domestic steel prices muted. The cooling off of input prices shall provide relief to the industry in 2QFY25. However, in the near term we expect domestic steel companies to witness some margin pressure.
- LME Aluminium is holding up above USD2250/t while Novelis performance is expected to improve going forward. JDSL is expected to deliver strong volume growth as it is supplying material to key infrastructure projects. Top picks: JSP, HNDL and JDSL.

Exhibit 1: Weekly Metal Prices

Particulars	Metric	CMP 19-Mar-24	Weekly performance		Monthly performance		Qtrly Performance		Yearly Performance	
			12-Mar-24	WoW gr. (%)	13-Feb-24	MoM gr. (%)	19-Dec-23	QoQ gr. (%)	21-Mar-23	YoY gr. (%)
HRC, ex-Mumbai (250 grade 2.5-8mm)	Rs/t	52,600	52,700	(0.2)	54,000	(2.6)	55,000	(4.4)	60,000	(12.3)
HRC, CNF West Europe	USD/t	590	595	(0.8)	620	(4.8)	630	(6.3)	785	(24.8)
HRC, FOB Rizhao, China	USD/t	540	540	-	565	(4.4)	575	(6.1)	695	(22.3)
Rebar Ex- Mumbai, 12-32mm, BF Route	Rs/t	52,000	51,900	0.2	52,100	(0.2)	53,800	(3.3)	60,800	(14.5)
Stainless Steel 304 Grade, HRC ex-Mumbai	Rs/t	180,000	180,000	-	173,000	4.0	180,000	-	225,000	(20.0)
Sponge Iron, DRCLO, ex-Raipur, India	Rs/t	30,650	30,900	(0.8)	29,408	4.2	30,608	0.1	34,158	(10.3)
Pig Iron, ex-Durgapur, India (Steel grade)	Rs/t	37,900	38,175	(0.7)	38,475	(1.5)	38,400	(1.3)	40,267	(5.9)
Iron Ore Fines Fe 62%, CNF Rizhao (Aus)	USD/t	104	109	(4.5)	129	(19.3)	135	(22.9)	125	(16.5)
Iron Ore Lumps Fe 63% Odisha, India	Rs/t	6,700	6,700	-	7,100	(5.6)	7,500	(10.7)	8,500	(21.2)
Coking Coal, FOB Hay Point, Australia	USD/t	270	288	(6.4)	316	(14.6)	317	(14.9)	338	(20.3)
Thermal Coal, FOB Richards Bay, SA RB1 6000	USD/t	98	98	-	92	6.5	101	(3.0)	132	(26.0)
Melting Scrap, CFR Nhava Sheva, Shredded	USD/t	400	396	1.0	412	(2.9)	412	(2.9)	460	(13.1)
LME Aluminium Spot	USD/t	2,218	2,219	(0.0)	2,198	0.9	2,208	0.5	2,218	0.0
Alumina Spot 99% in East China	USD/t	450	452	(0.4)	455	(1.1)	414	8.8	425	5.9
LME Copper Spot	USD/t	8,871	8,561	3.6	8,156	8.8	8,501	4.4	8,761	1.3
LME Nickel Spot	USD/t	17,190	18,325	(6.2)	16,005	7.4	16,517	4.1	22,259	(22.8)
LME Zinc Spot	USD/t	2,459	2,524	(2.6)	2,291	7.3	2,585	(4.9)	2,888	(14.9)
LME Lead Spot	USD/t	2,048	2,138	(4.2)	2,008	2.0	2,029	0.9	2,119	(3.3)
Exchange Rate	USD/INR	83.04	82.78	(0.3)	83.01	(0.0)	83.18	0.2	82.67	(0.5)

Source: BigMint, PL,

Exhibit 2: China Data Points

Particulars	Metric	CMP	Weekly performance		Monthly performance		Quarterly Performance		Yearly Performance	
		18-Mar-24	11-Mar-24	WoW gr. (%)	19-Feb-24	MoM gr. (%)	18-Dec-23	QoQ gr. (%)	20-Mar -23	YoY gr. (%)
China weekly steel inventory	(10,000 ton)	555	542	2.4	531	4.5	279	98.8	527	5.4
China iron ore inventory	(10,000 ton)	12,537	12,446	0.7	12,304	1.9	10,446	20.0	12,551	(0.1)
China weekly iron ore imports	(mn ton)	15.1	11.9	26.3	12.7	18.6	4.1	267.2	12.8	18.1
China aluminium spot inventory	(mn ton)	0.89	0.87	2.4	0.64	38.5	0.45	99.3	1.18	(24.8)
China I&S Products exports (Dec; monthly)	(mn ton)	6.9			7.1	(2.4)	7.1	(3.0)	4.8	42.2
China I&S Products imports (Dec; monthly)	(mn ton)	0.48			0.44	8.0	0.46	3.4	0.56	(15.0)
China Mfg. PMI (Feb'24; monthly)	Points	49.1			49.2		49.5		52.6	
New Housing start (Feb'24; monthly)	(in %)	-30.6			-20.9 [^]		-23.6		-8.7	

Source: PL; * I&S – Iron and Steel, ^- Data for Jan'24 was not published.

Exhibit 3: Economic Indicators (in %)

Particulars	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
India IIP	10.87	6.35	11.89	2.4	4.25	3.8	NA
China IIP	4.5	4.5	4.6	6.6	6.8	NA	NA
USA IIP	-0.12	-0.22	-0.83	-0.07	1.19	-0.31	-0.23
UK IIP	1.2	1.2	-0.5	0.1	0.6	0.5	NA
Russia IIP	5.6	5.7	5.3	4.5	2.7	4.6	NA
Japan IIP	-4.4	-4.4	1.1	-1.4	-1	-1.5	NA

Source: PL

Exhibit 4: Region-wise monthly production (mt)

Region	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	YoY gr.	MoM gr.
Africa	1.2	1.1	1.4	1.3	1.3	1.3	1.4	1.5	1.3	1.9	1.8	1.9	2.0	66.7%	5.3%
Asia & Oceania	107.5	106.6	124.8	121.1	119.5	119.7	119.9	115.7	110.7	108.8	104.8	96.4	107.6	0.1%	11.6%
CIS	6.5	6.4	7.6	7.5	7.9	6.8	7.4	7.5	7.3	7.4	7.4	7.1	7.2	10.8%	1.4%
EU (27)	10.3	10.5	11.9	11.1	11.6	10.6	10.3	9.1	10.6	10.6	10.6	9.1	10.2	-1.0%	12.1%
Other Europe	3.3	2.7	3.5	3.5	3.7	3.7	3.6	3.4	3.5	3.6	3.7	3.9	3.9	18.2%	0.0%
Middle East	3.8	3.5	3.1	4.2	4.4	4.2	3.1	2.8	3.6	5	4.8	4.9	4.7	23.7%	-4.1%
North America	9.1	8.3	9.3	9.2	9.6	9.2	9.4	9.2	9	9.3	8.9	9.3	9.2	1.1%	-1.1%
South America	3.6	3.2	3.5	3.6	3.6	3.3	3.4	3.4	3.4	3.4	3.5	3.2	3.4	-5.6%	6.3%
Total 71 countries	145.3	142.3	165.1	161.5	161.6	158.8	158.5	152.6	149.4	150	145.5	135.8	148.2	2.0%	9.1%

Source: World Steel Association, PL

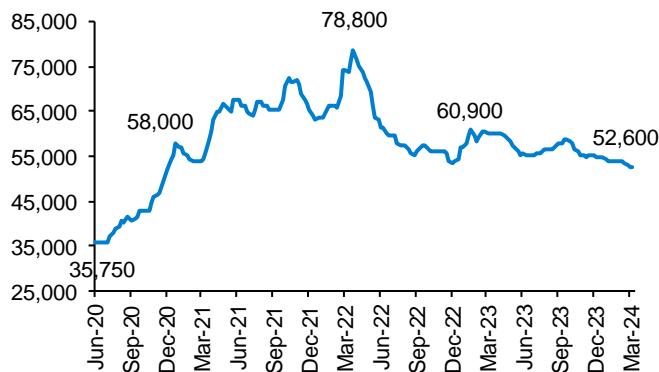
Exhibit 5: Top 10 Crude Steel Producing Countries (mt)

Countries	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	YoY gr.	MoM gr.
China	79.5	80.1	95.7	92.6	90.1	91.1	90.8	86.4	82.1	79.1	76.1	67.4	77.2	-2.9%	14.5%
India	10.9	10	11.4	10.7	11.2	11.2	11.5	11.9	11.6	12.1	11.7	12.1	12.5	14.7%	3.3%
Japan	7.2	6.9	7.5	7.2	7.6	7.3	7.4	7.1	7	7.5	7.1	7	7.3	1.4%	4.3%
USA	6.5	6	6.7	6.6	6.9	6.8	6.9	7	6.7	6.8	6.6	6.8	6.8	4.6%	0.0%
Russia	5.8	5.6	6.6	6.4	6.8	5.8	6.3	6.4	6.2	6.3	6.4	6	6.2	6.9%	3.3%
South Korea	5.5	5.2	5.8	5.7	5.8	5.5	5.7	5.6	5.5	5.5	5.4	5.4	5.7	3.6%	5.6%
Germany	2.9	3	3.3	3.2	3.2	2.9	3	2.8	2.9	2.9	2.7	2.6	2.9	0.0%	11.5%
Turkey	2.6	2.1	2.7	2.7	2.9	2.9	2.9	2.8	2.9	3	3	3.2	3.2	23.1%	0.0%
Brazil	2.8	2.5	2.7	2.8	2.8	2.6	2.7	2.7	2.6	2.6	2.7	2.5	2.5	-10.7%	0.0%
Iran	2.7	2.4	2.2	3.1	3.3	3.2	2	1.6	2.4	3.1	3	2.9	2.6	-3.7%	-10.3%
Top 10 Countries	126.4	123.8	144.6	141	140.6	139.3	139.2	134.3	129.9	128.9	124.7	115.9	126.9	0.4%	9.5%

Source: World Steel Association, PL

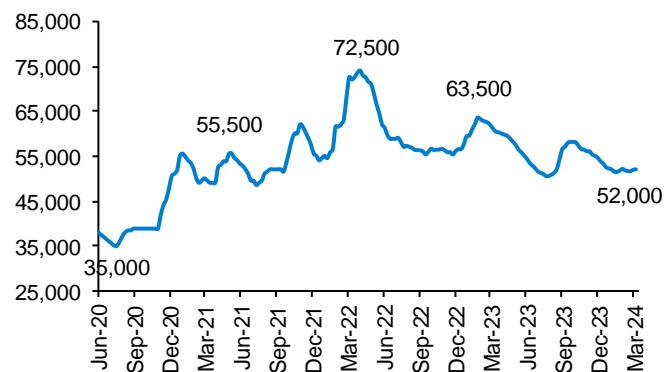
India Snapshot

Exhibit 6: HRC ex-Mumbai, 2.5-8mm (Rs/t)



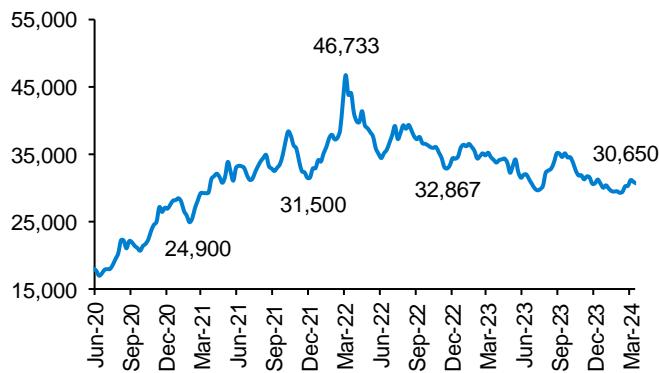
Source: BigMint, PL

Exhibit 7: Rebar ex-Mumbai, 12-32mm, BF Route (Rs/t)



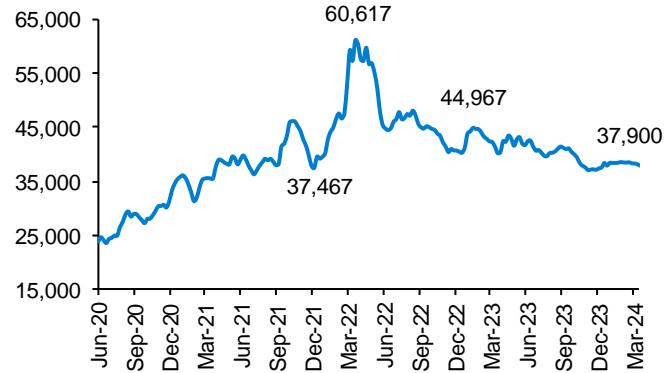
Source: BigMint, PL

Exhibit 8: Sponge iron, ex-Raipur (Rs/t)



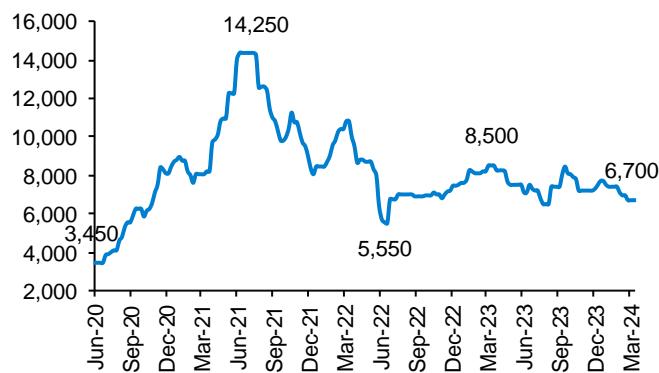
Source: BigMint, PL

Exhibit 9: Pig Iron, steel grade, ex-Bhilai (Rs/t)



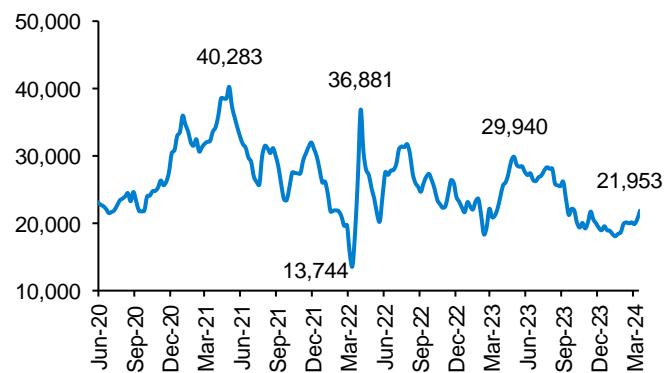
Source: BigMint, PL

Exhibit 10: Iron ore Lumps Fe 63%, DR grade, Odisha (Rs/t)



Source: BigMint, PL

Exhibit 11: Mumbai HRC Spot Spreads (Rs/t)



Source: BigMint, PL

Inference: Sponge iron and pig iron prices declined 0.8% and 0.7% WoW to Rs 30,650/t and Rs 37,900/t. Rebar prices remained flat at Rs 52,000/t.

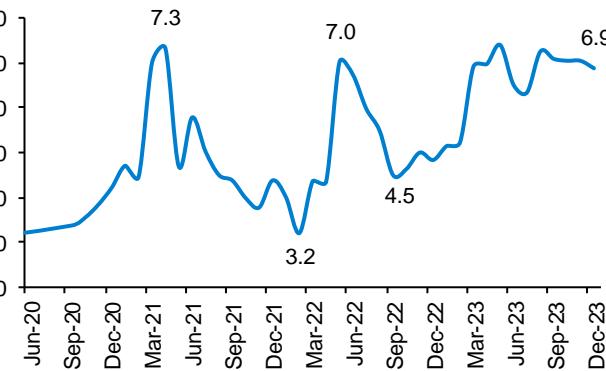
China Snapshot

Exhibit 12: China HRC, FOB Rizhao, 3-12mm (USD/t)



Source: BigMint, PL

Exhibit 13: China iron and steel products exports (mt)



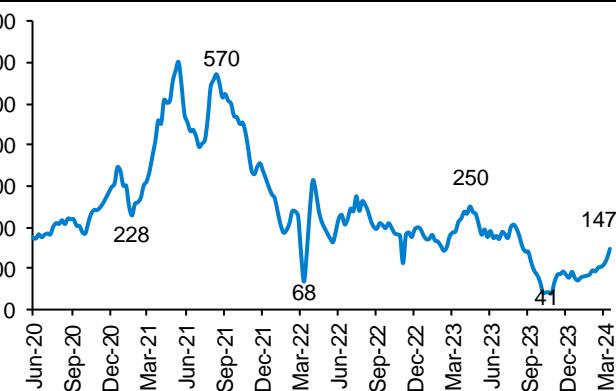
Source: PL

Exhibit 14: China iron and steel products imports (mt)



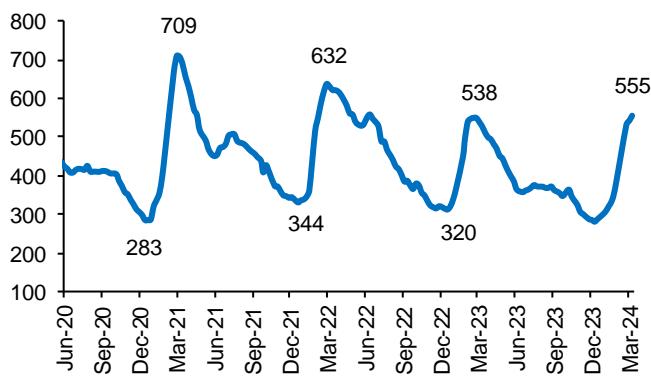
Source: PL

Exhibit 15: China HRC Spot Spreads (USD/t)



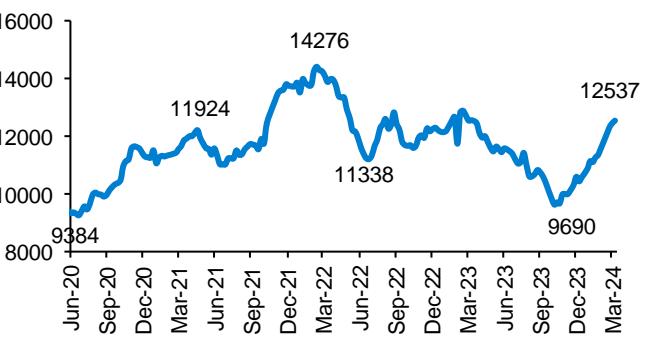
Source: BigMint, PL

Exhibit 16: China weekly steel inventory ('10kt)



Source: PL

Exhibit 17: China weekly iron ore inventory ('10kt)

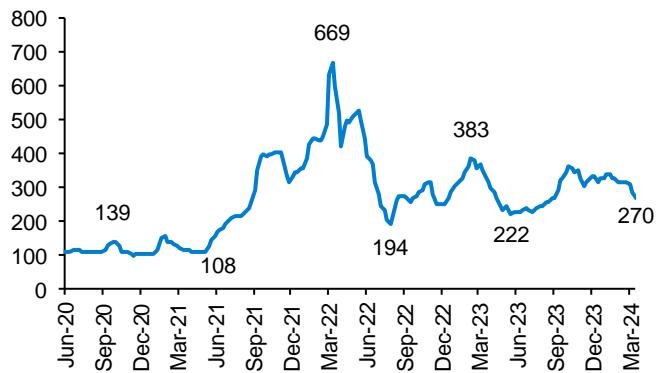


Source: PL

Inference: Chinese steel inventory increased 2.4% WoW to 5.6mt while iron ore inventory increased 0.7% WoW to ~125mt. Chinese spot spreads increased to USD 147/t from USD 124/t on lower input prices.

Others

Exhibit 18: HCC Premium Coking coal, FOB, Aus. (USD/t)



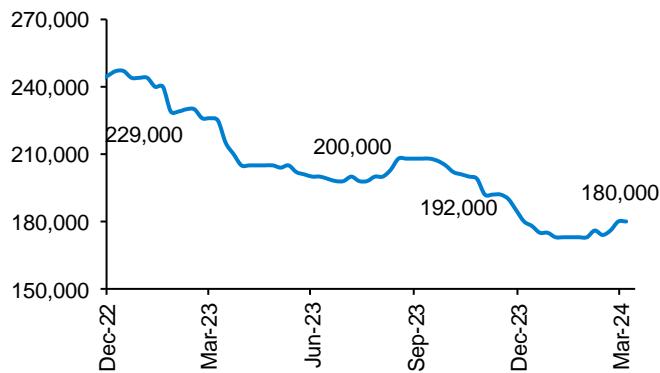
Source: BigMint, PL

Exhibit 19: HRC, CNF West Europe (USD/t)



Source: BigMint, PL

Exhibit 20: Stainless Steel 304 Grade, ex-Mumbai (Rs/t)



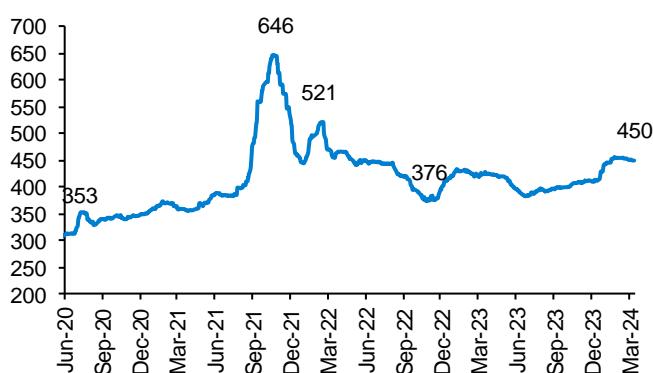
Source: BigMint, PL

Exhibit 21: China Iron Ore 62% Fines, CNF Rizhao (USD/t)



Source: BigMint, PL

Exhibit 22: East China Alumina price, 99% spot (USD/t)



Source: PL

Exhibit 23: LME Aluminium spot price (USD/t)



Source: PL

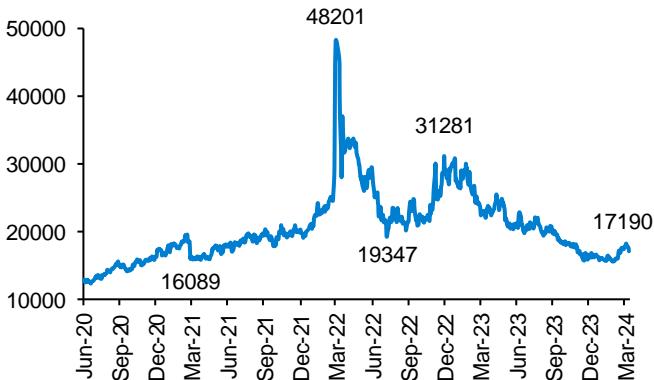
Inference: LME Copper rose 3.6% WoW to USD 8,871/t as Chinese smelters have agreed to cut production as treatment and refining charges have collapsed amidst concentrate shortage. LME Aluminium prices remained flat in the week. Nickel prices have fallen 6.2% WoW to USD 17,190/t.

Exhibit 24: LME Copper spot price (USD/t)



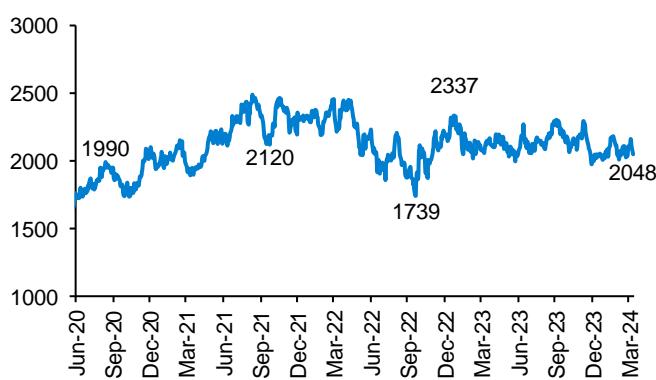
Source: PL

Exhibit 25: LME Nickel spot price (USD/t)



Source: PL

Exhibit 26: LME Lead spot price (USD/t)



Source: PL

Exhibit 27: LME Zinc spot price (USD/t)



Source: PL

Exhibit 28: Valuation Summary

Company Name	MCap (Rs bn)	CMP (Rs)	TP (Rs)	Rating	Net Debt (Rs bn)	BV FY23 (Rs)	EBITDA (Rs bn)			EPS (Rs)			EV/EBITDA (x)			ROCE (%)		
							FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Tata Steel	1,817	149	137	ACC.	610	84	235	331	408	4.4	11.1	16.1	10.7	7.6	6.1	7.8	12.9	16.0
JSW Steel	1,936	801	958	BUY	597	272	299	342	406	50.3	63.5	74.4	8.5	7.5	6.0	14.6	15.5	17.3
Jindal Steel & Power	798	794	842	BUY	70	385	104	122	143	61.0	65.0	74.3	8.4	7.2	6.0	14.7	15.8	17.3
SAIL	506	123	108	HOLD	341	126	93	119	131	5.0	9.8	11.6	8.7	6.8	5.9	6.1	8.9	9.7
Jindal Stainless	550	667	660	ACC.	26	145	52	62	71	36.6	46.4	55.8	11.5	8.9	7.1	24.6	25.1	26.8
NMDC	587	200	261	BUY	-57	77	77	88	105	20.1	22.5	27.1	6.5	5.5	4.3	32.1	32.7	34.6
Hindalco	1,185	534	597	BUY	371	427	236	262	282	44.7	51.4	55.7	6.5	5.8	5.3	11.4	12.2	12.7
Nalco	252	137	101	ACC.	-21	72	24	29	34	8.1	9.3	11.1	9.9	8.3	7.1	13.9	15.8	17.6

Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	3,522	2,639
2	Ambuja Cement	Hold	586	603
3	Dalmia Bharat	Accumulate	2,205	1,961
4	Hindalco Industries	BUY	597	510
5	Jindal Stainless	Accumulate	660	581
6	Jindal Steel & Power	BUY	842	755
7	JSW Steel	BUY	958	816
8	National Aluminium Co.	Accumulate	101	131
9	NMDC	BUY	261	247
10	Nuvoco Vistas Corporation	Accumulate	372	320
11	Shree Cement	BUY	28,966	24,754
12	Steel Authority of India	Hold	108	123
13	Tata Steel	Accumulate	137	134
14	Ultratech Cement	BUY	11,328	9,673

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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