

Report for week beginning 20 Jun 2017

Indian Steel Raw Material Price Outlook Summary

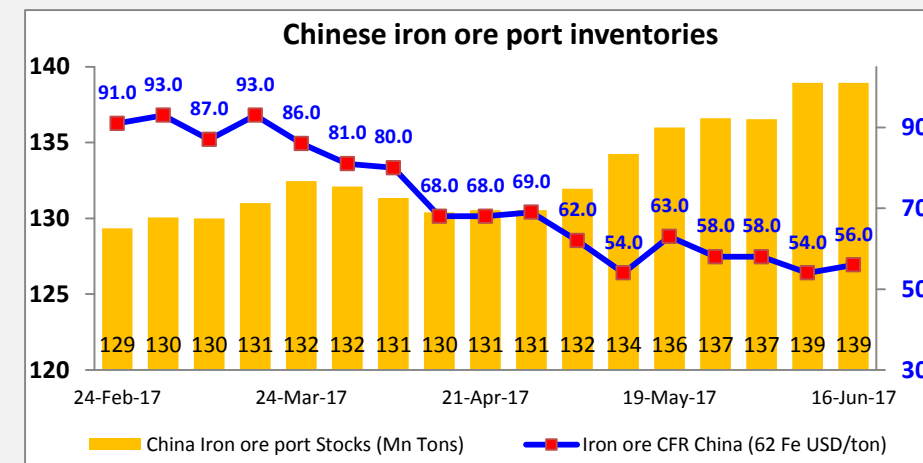
16 Jun 2017	Iron ore Lumps (Fe 63%), CFR China(Australia), USD/MT	Coking Coal (Prime Hard 0-50), FOB Australia, USD/MT	Met Coke (> 62 CSR), FOB China, USD/MT	Melting Scrap HMS 80:20, EXW Mumbai, INR/MT
Closing Prices	56	146	246	20450
Change	2	-2	0	-650

Fundamental Summary	Critical Price drivers		Price Direction
	China iron ore inventory – Iron Ore		Downward
	Resumption of export shipments in Australia – Coking Coal		Downward
	Rapid fall in Coal prices – Met Coke		Downward
Subdued demand for secondary steel – Scrap		Downward	

Price Outlook Summary	Iron Ore	Coking Coal	Met Coke	Scrap
	Prices are likely to remain weak owing to elevated inventory levels	Prices are expected to consolidate	Prices to remain in line with coking coal	With demand for secondary steel seen subsiding, scrap prices are expected to moderate

existing inventory which comprises of low grade iron ore that was imported earlier. Chinese iron ore imports for the month of May have risen by 5.5% YoY and 11.3% MoM..

❖ Iron ore inventories at Chinese ports have moderated over the last two weeks by around 2 million tons. However, they still remain at elevated levels. Iron ore inventory levels remain at elevated levels causing worries of eventual supply glut which has pressured the prices in the last few months.



❖ Coking coal prices have continued their falling streak last week. Prices have fallen back to USD 146 from USD 302 recorded in mid-April. Met coke prices have also moderated to USD 246 from USD 304 recorded in April. With sudden rise in Coking coal prices due to cyclone impact, negotiations to set quarterly coking coal prices that the Japanese steel companies will pay to the Australian miners have resumed. Also, with prices falling down, steel producer’s margins have risen over the past few weeks.

❖ **At the Indian front**, NMDC has kept its lumps and fines prices unchanged for the past four months. Despite a fall in global ore prices and domestic steel prices over the past two months, NMDC has not altered the prices owing to steady sales at the domestic front.

Fundamental Analysis: Raw Material

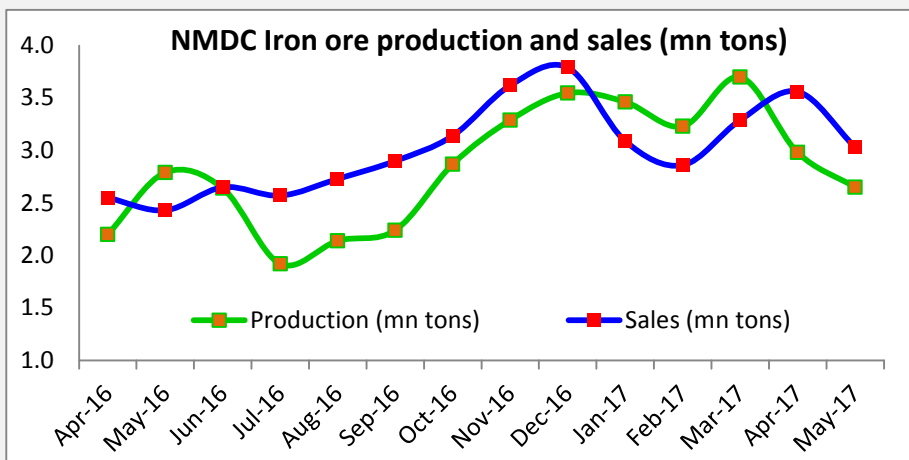
- ❖ Global iron ore prices have found support over the previous week due to rise in Chinese steel prices. Higher billet prices have led to rise in steel prices which in turn led to iron ore prices rise.
- ❖ Meanwhile, amid strong demand for high grade iron ore due to the Chinese push for greener steel industry, imports continued to remain higher than previous levels despite already

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❖ NMDC iron ore production for the month of May has fallen by 5% YoY and 11% MoM. Iron ore sales have also fallen by 15% MoM whereas it has risen by 25% YoY. Strong iron ore sales over the past four months have supported the price over the last few months.



❖ Domestic iron ore production is expected to have reached 190 million tons in FY'17 as compared to 156 million tons recorded in FY'16. With ongoing steel capacity expansion, many integrated players have raised their mine output to meet their expansion needs. However, with supply surpassing demand, this has led to heavy supply glut at the domestic front, further weighing on prices.

❖ Strong Indian pig iron exports created tightness in the in the domestic supplies led to surge in domestic pig iron prices during Mar-Apr. However, prices have remained weak since then undermined by lower downstream steel prices and RM prices. Higher export demand has limited fall in pig iron prices over the last few weeks.

Iron ore Fines (Fe 63.5%)	CFR China(CIS), USD/MT	70	68	2	2.94%
Coking Coal (Prime Hard 0-50)	FOB Australia, USD/MT	146	148	-2	-1.35%
Coking Coal (Prime Hard 0-50)	CFR China(Australia), USD/MT	154	157	-3	-1.91%
Coking Coal (Hard 0-50)	FOB Australia, USD/MT	134	140	-6	-4.29%
Coking Coal (Hard 0-50),	CFR China(Australia), USD/MT	143	148	-5	-3.38%
Met Coke (> 62 CSR),	FOB China, USD/MT	246	246	0	0.00%
Iron ore fines, NMDC	NMDC INR/MT	2085	2085	0	0.00%
Iron ore lumps, NMDC	NMDC INR/MT	2325	2325	0	0.00%
Iron ore Lumps (63% 10-30)	EXW Barbil, INR/MT	3400	3400	0	0.00%
Iron ore Lumps (63% 5-18)	EXW Barbil, INR/MT	3100	3100	0	0.00%
Sponge Iron	EXW Bellary, INR/MT	15200	15200	0	0.00%
Sponge Iron	EXW Raipur, INR/MT	14800	15700	-900	-5.73%
Sponge Iron	EXW Kolkata, INR/MT	15550	15400	150	0.97%
Sponge Iron	EXW Rourkela, INR/MT	14300	14400	-100	-0.69%
Sponge Iron	EXW Raigarh, INR/MT	14400	14650	-250	-1.71%
Pig Iron Steel grade	EXW Raipur, INR/MT	22150	22650	-500	-2.21%
Pig Iron Steel grade	EXW Kolkata, INR/MT	22300	22450	-150	-0.67%
Pig Iron foundry grade	EXW Raipur, INR/MT	23500	23650	-150	-0.63%
Pig Iron foundry grade	EXW Kolkata, INR/MT	23700	23850	-150	-0.63%
Melting Scrap HMS	EXW Mumbai, INR/MT	20450	21100	-650	-3.08%

Market Prices

Commodity	Market	16-Jun-17	09-Jun-17	Change	%Change
Iron ore Fines (Fe 63.5/63%)	(Fe 63.5/63%), CFR China(India), USD /MT	56	54	2	3.70%
Iron ore Lumps (Fe 63%)	CFR China(Australia), USD/MT	60	58	2	3.45%

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80:20 Melting Scrap HMS	EXW Hyderabad, INR/MT	17000	17300	-300	-1.73%
80:20 Billet 125X125	EXW Mumbai, INR/MT	26300	26500	-200	-0.75%
Billet 125X125	EXW Raipur, INR/MT	24100	24700	-600	-2.43%
Billet 125X125	EXW Ludhiana, INR/MT	28100	28000	100	0.36%
Billet 125X125	EXW Kolkata, INR/MT	24700	24400	300	1.23%
Billet 125X125	EXW Hyderabad, INR/MT	25200	25500	-300	-1.18%
Pencil Ingot	EXW Mumbai, INR/MT	26200	26350	-150	-0.57%
Pencil Ingot	EXW Kolkata, INR/MT	23800	23800	0	0.00%
Pencil Ingot	EXW Hyderabad, INR/MT	25200	25500	-300	-1.18%
Pencil Ingot	EXW Ludhiana, INR/MT	27600	27750	-150	-0.54%
Pig Iron Steel Grade	FOB India, USD/MT	310	310	0	0.00%
80:20 Melting Scrap HMS	CFR Mumbai(MEA/SA), USD/MT	270	270	0	0.00%
80:20 Melting Scrap HMS	CFR Mumbai(Europe), USD/MT	270	275	-5	-1.82%
80:20 Billet 125X150, FOB India	USD/MT	405	400	5	1.25%

Our Extensive coverage of Industrial & Base Metals

Report	Coverage #	Price Outlook & Strategies
Daily Aluminium Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.AL3M.LME, IN.ALc1.MCX
Daily Copper Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.CU3M.LME, IN.CUc1.MCX
Daily Lead Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.PB3M.LME, IN.PBc1.MCX
Daily Zinc Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.ZN3M.LME, IN.ZIc1.MCX

Bi-Weekly Aluminium Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.AL3M.LME
Bi-Weekly Copper Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.CU3M.LME
Bi-Weekly Lead Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.PB3M.LME
Bi-Weekly Zinc Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.ZN3M.LME
Bi-Weekly Gold Technical Analysis and Price Outlook	EWA, PO, 6W, 4-6M	US.AU.SPOT, US.AG.SPOT, IN.AU.MCX, IN.AG.MCX
Weekly Indian Steel Flats Price Outlook and Strategy	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	IN.HRC.LUDHN
Weekly Indian Steel Longs Price Outlook and Strategy	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	IN.REBAR.MUM
Weekly Indian Steel Raw Materials Price Outlook and Strategy	NU, FA, PO, FF, MP, 2W, 6W	--
Monthly Aluminium Special Report	FA, BS, TA, PO, 2M	UK.AL3M.LME
Monthly Copper Special Report	FA, BS, TA, PO, 2M	UK.CU3M.LME
Monthly Lead Special Report	FA, BS, TA, PO, 2M	UK.PB3M.LME
Monthly Zinc Special Report	FA, BS, TA, PO, 2M	UK.ZN3M.LME
Monthly Indian Steel Flats Special Report	FA, BS, TA, PO, 2M	IN.HRC.LUDHN, IN.CRC.LUDHN
Monthly Indian Steel Longs Special Report	FA, BS, TA, PO, 2M	IN.REBAR.MUM

News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

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