STEEL MONITOR

STRONG Q2

8 March 2010

Investors should revisit Chinese and Asian steel shares ahead of the seasonal recovery in Q2. Demand should grow 16%, allowing steel prices to strengthen further. Price increases so far have been ahead of expectations and should be enough to cover 40-50% higher iron ore prices. We think Asian steel shares have been unduly hit by fears of credit tightening in China. These are now due for a rerating. See our top picks below.

China Demand: Averaging 50mn tonnes/month Since June 09

- Crude Steel Up 40% y-o-y in December
- Up 21% From Pre-Crisis June 2008
- Long Products Up 21%, +30% From June 2008
- Flat Products Up 50%, +25% From June 2008

China Production: Holding Steady

- Crude Steel Up 37% y-o-y, +10% From June 2008
- Long Products Up 19%, +20% From June 2008
- Flat Products Up 49%, +19% From June 2008

Inventory and Trade: Inventory Accumulating for Q2 Pick Up

- Inventory Tight in December, 3-5 Days Turnover
- But Has Built Up to 4-7 Days at end February

Steel Prices: Expect Continued Strength in Q2

- Up 10-30% from October Prices
- Against Our Expectation of 8-10% Increases
- Expect 2010 Average 15-30% Above 2009

Share Prices: Chinese Shares Hit By Credit Fears

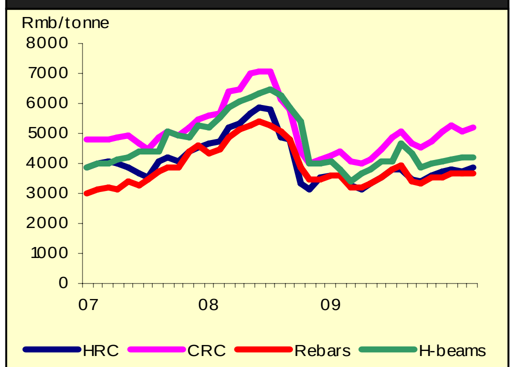
- Down 10-25% in Past Three Months
- POSCO Down 7%

Data To Watch: For Signs of Reversal

- Inventory Turnover: Back to Five Days - Happening
- OECD Demand: Real Recovery

Better Than Expected

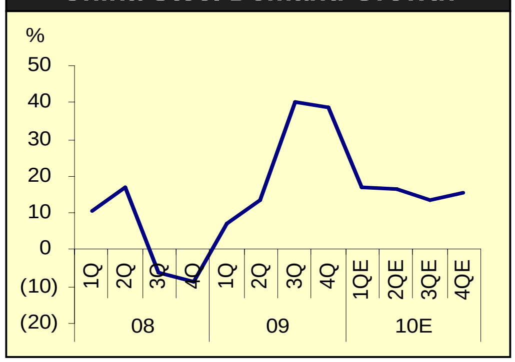
Chinese Steel Prices



Source: Steel Business Briefing

Strong

China Steel Demand Growth



Source: CMN, Research-Works est.

Recommendations

Top Picks:	Maanshan
	Baosteel
	Wuhan
	Angang
	POSCO
	JFE

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COMMENTARY

Chinese steel prices have remained firm after the fourth quarter recovery and are likely to strengthen with the seasonal pick up in demand in Q2. We expect credit tightening to be gradual and demand to remain strong.

Strong Q2

Steel demand in China looks set to see a strong seasonal pick up in the second quarter, when we expect growth to be 16% y-o-y after an estimated 17% in the first quarter (on a low base) before slowing, on a higher base, to 13% in the second half. Chinese steel demand so far has been very much in line with our expectations, with the fourth quarter seeing a 46% recovery.

Demand remains strong in all sectors except shipbuilding. Whilst foreigners are unduly worried about credit tightening, the industry in China is relatively upbeat about upcoming activity. In March and into the second quarter, activity is expected to pick up with the warmer weather. Baosteel reports that the company has been overbooked in auto steel since May last year and is now operating at or close to full capacity for other products.

We think tightening measures will be gradual, to prevent overheating rather than lead to a dramatic slowdown in economic activity. Since October 2009, when we published our annual forecasts, we have anticipated some slowdown in property construction from the third quarter of 2010 anyway, which should be partially offset by demand from manufacturing. Our views have not changed.

The greatest risk is outside China. It remains to be seen whether underlying demand in the OECD will recover after the restocking. Whilst strong Chinese demand growth may pull world capacity utilisation up to 83-85% and allow steelmakers to cover cost increases, a double-dip recession may set the industry back.

Yet it is the Chinese and Asian steel shares that were hit in the last two to three months as investors worried about tighter credit in China. We think these shares should now be rerated ahead of the Q2 seasonal recovery. Our top picks are **Maanshan, Baosteel**, **Wuhan Steel**, **Angang**, **POSCO** and **JFE**. The Chinese shares are trading at 8-12x 2010 earnings, POSCO at under 11x and JFE at 14x March 2011 earnings.

Price Increases Should Cover Cost Rises

Steel prices have remained stable after the fourth quarter recovery and are looking set to increase further in the second quarter. Price increases since October have been better than expected, up 10-30% against our expectation of 8-10%. Baosteel has already increased March prices by 4-7%. At current prices, steel producers should see better margins than in 2009 even if iron ore costs increase 40-50%.

Miners are asking for even larger increases. Vale has already increased its domestic prices by 47% in March and is reportedly planning another 33% increase in April, totalling 80%. This would seem excessive for international prices. A 40-50% increase would be more likely, taking contract prices to spot levels. Even if iron ore prices increase 70-80%, we think Asian steel producers should be able to pass them on. We expect 2010 average steel prices can be 15-30% above 2009, which will cover 70-80% increases in iron ore costs.

Although demand growth may slow down in the second half, Chinese steelmakers should still be in a relatively strong position to pass on cost increases. Steel supply in China is likely to tighten later in the year as demand growth exceeds production growth.

Steel FAI in 2009 was actually down 1%. Hence capacity growth is likely to be a more moderate 8% a year in the next couple of years, much slower than an expected 14-15% growth in demand. By 2011, China may even be short of steel and turn into a net importer again.

Inventory has been building up in recent weeks, after falling to tight levels in December. We hear as much as 16mn tonnes, or seven days, of inventory are being held by traders, but this is due to the seasonally lowest point in activity – the spring festival holidays – and in anticipation of the pick up in Q2. Now workers are returning and projects are restarting. Inventory should be absorbed quickly in the next few weeks.

China Steel Demand Breakdown - Quarterly												
	08				09				10E			
mn tonnes	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE
Construction	61	68	58	65	69	85	84	90	79	96	95	101
Mid to High-End Housing	22	24	17	19	23	26	23	26	28	32	26	28
Economy Housing	4	5	5	5	5	7	6	7	7	10	8	9
Office & Retail	13	15	11	13	12	17	17	16	10	14	14	15
Factories	8	9	7	6	6	9	8	8	6	9	8	8
Infrastructure	14	15	18	22	22	25	30	33	28	31	38	41
Machinery	23	27	26	17	21	24	33	27	28	31	37	31
Other Manufacturing	22	20	14	13	22	20	19	20	24	24	22	25
Shipbuilding	3	4	4	4	5	6	6	6	5	7	6	5
Auto	5	5	4	3	4	5	6	7	6	6	7	8
Household Appliances	2	2	2	1	2	2	2	2	2	2	2	2
Total Crude Steel	115	125	107	103	123	142	150	151	144	166	169	173
% Change y-o-y												
Construction	9.4	12.3	(9.6)	(1.6)	12.9	24.9	45.4	39.2	14.9	13.2	12.2	11.8
Mid to High-End Housing	20.0	19.0	(20.0)	(15.5)	9.0	8.5	35.0	40.0	20.0	20.0	15.0	7.5
Economy Housing	15.0	26.0	5.0	20.0	25.0	40.0	40.0	30.0	30.0	30.0	30.0	30.0
Office & Retail	5.0	6.0	(17.0)	(10.0)	(5.0)	13.5	50.0	30.0	(15.0)	(15.0)	(15.0)	(10.0)
Factories	0.0	1.0	(18.0)	(30.0)	(30.0)	5.0	15.0	25.0	5.0	0.0	0.0	0.0
Infrastructure	3.5	12.0	10.0	34.0	55.0	70.0	65.0	50.0	25.0	25.0	24.5	25.0
Machinery	30.0	40.0	25.0	(12.5)	(9.0)	(12.5)	27.5	55.0	30.0	30.0	12.5	15.0
Other Manufacturing	(5.0)	5.0	(32.5)	(30.0)	3.0	0.5	30.0	50.0	10.0	20.0	21.0	30.0
Shipbuilding	30.0	45.0	35.0	25.0	60.0	80.0	70.0	60.0	10.0	6.0	(5.0)	(10.0)
Auto	20.0	25.0	5.0	(20.0)	(2.0)	15.0	70.0	110.0	30.0	5.0	10.0	17.5
Household Appliances	0.0	(9.0)	(10.0)	(30.0)	(10.0)	(5.0)	20.0	50.0	20.0	20.0	10.0	10.0
Total Crude Steel	10.5	16.8	(6.1)	(8.7)	6.9	13.6	40.3	46.3	17.1	16.4	12.5	14.2

Sources: Industry sources, Research-Works estimates

China Steel Demand Breakdown 2004-2013E

mn tonnes	04	05	06	07	08	09	10E	11E	12E	13E
Construction	170	189	219	246	251	328	370	422	461	509
Mid to High-End Housing	58	67	77	82	81	99	114	125	138	152
Economy Housing	9	8	11	17	20	26	34	41	47	54
Office & Retail	37	41	50	54	51	62	53	50	47	50
Factories	27	30	31	34	30	31	31	33	36	41
Infrastructure	38	43	49	60	69	110	138	173	192	212
Machinery	48	54	64	78	94	105	127	146	160	172
Other Manufacturing	48	72	83	81	68	80	96	110	124	136
Shipbuilding	4	7	8	10	14	23	23	22	20	18
Auto	8	11	13	15	16	23	27	30	34	37
Household Appliances	6	8	8	8	7	8	9	10	11	13
Total Crude Steel	283	341	395	439	450	567	651	741	810	885
% Change y-o-y										
Construction	12.7	11.2	15.9	12.4	2.0	30.7	12.9	14.0	9.1	10.5
Mid to High-End Housing	19.0	14.7	14.6	6.0	(1.0)	22.3	15.5	10.0	10.0	10.0
Economy Housing	(6.3)	(12.0)	27.7	56.7	18.0	32.5	30.0	20.0	15.0	15.0
Office & Retail	10.3	10.4	23.3	6.5	(4.0)	20.6	(13.8)	(7.0)	(5.0)	5.0
Factories	10.3	12.2	4.8	8.8	(12.0)	2.4	0.8	5.5	10.0	15.0
Infrastructure	12.7	13.2	14.1	21.6	15.0	59.8	25.0	25.8	11.0	10.3
Machinery	11.4	12.2	18.7	21.8	20.0	12.2	20.7	15.0	10.0	7.5
Other Manufacturing	19.1	50.0	14.8	(2.1)	(15.6)	16.8	20.0	15.0	12.0	10.0
Shipbuilding	12.7	71.9	15.3	31.2	35.0	65.7	0.0	(5.0)	(10.0)	(10.0)
Auto	4.5	44.3	19.9	15.9	7.0	42.0	15.0	13.0	12.5	10.1
Household Appliances	2.5	38.4	0.8	0.0	(12.5)	9.7	14.0	20.0	10.0	10.0
Total Crude Steel	12.7	20.3	15.9	11.1	2.6	25.9	14.9	13.7	9.3	9.3
% Breakdown										
Construction	60	55	55	56	56	58	57	57	57	58
Mid to High-End Housing	21	20	19	19	18	17	18	17	17	17
Economy Housing	3	2	3	4	4	5	5	5	6	6
Office & Retail	13	12	13	12	11	11	8	7	6	6
Factories	9	9	8	8	7	5	5	4	4	5
Infrastructure	14	13	13	14	15	19	21	23	24	24
Machinery	17	16	16	18	21	19	19	20	20	19
Other Manufacturing	17	21	21	19	15	14	15	15	15	15
Shipbuilding	1	2	2	2	3	4	4	3	2	2
Auto	3	3	3	3	4	4	4	4	4	4
Household Appliances	2	2	2	2	2	1	1	1	1	1
Total Crude Steel	100	100	100	100	100	100	100	100	100	100

Sources: Industry sources, Research-Works estimates

Steel Valuations

		Price	Mkt Cap US$ bn	EPS 09E	EPS 10E	EPS 11E	PER X 09E	PER X 10E	PER X 11E	EPS Growth % 09E	EPS Growth % 10E	EPS Growth % 11E	EV/EBITDA X 09E	EV/EBITDA X 10E	EV/EBITDA X 11E	Yield % 10E
Asia																
POSCO	W '000	541	41.2	38.0	49.6	90.8	14.2	**10.9**	6.0	*(34.4)*	***30.3***	*83.3*	6.5	**5.2**	3.4	***1.8***
Nippon Steel*	¥	338	26.0	1.3	19.1	42.7	252	**17.7**	7.9	*(94.6)*	***nm***	*124*	13	**8.0**	5.4	***0.3***
JFE Holdings*	¥	3,345	23.2	45	238	476	74.6	**14.1**	7.0	*(86.8)*	***430***	*101*	12	**7.3**	4.9	***0.2***
Sumitomo*	¥	259	14.1	(3.6)	14.8	33.5	(72)	**17.6**	7.7	*nm*	***nm***	*127*	20	**9.3**	6.1	***1.9***
China Steel	NT$	32.60	13.4	0.75	2.33	4.86	43.6	**14.0**	6.7	*(62.2)*	***212***	*109*	15	**8.1**	4.6	***5.7***
Baosteel	Rmb	8.07	20.7	0.34	0.90	1.74	23.7	**9.0**	4.6	*(7.6)*	***163***	*93.9*	6.9	**4.5**	3.0	***2.2***
Wuhan Steel	Rmb	6.66	7.6	0.30	0.81	1.62	22.4	**8.3**	4.1	*(55.1)*	***171***	*101*	9.5	**5.5**	3.4	***4.5***
Angang Steel	HK$	14.70	12.8	0.39	1.22	2.22	38.1	**12.0**	6.6	*(17.0)*	***218***	*81.5*	12	**6.9**	4.6	***1.6***
Maanshan	HK$	4.89	4.9	0.10	0.59	1.28	47.9	**8.3**	3.8	*(9.9)*	***478***	*117*	7.5	**4.6**	2.9	***0.0***
Taigang Stainless	Rmb	7.71	6.4	0.03	0.47	1.06	295	**16.3**	7.3	*(88.5)*	***nm***	*124*	13	**8.2**	5.6	***1.3***
CITIC Pacific	HK$	17.28	8.1	1.42	1.62	2.33	12.2	**10.7**	7.4	*nm*	***14.3***	*43.8*	13	**10**	7.6	***1.0***
SAIL*	Rs	237	21.4	15.2	22.1	36.9	15.5	**10.7**	6.4	*2.0*	***45.2***	*66.6*	7.8	**5.6**	3.4	***1.9***
Tata Steel*	Rs	618	12.0	40	122	286	15.4	**5.1**	2.2	*(31.8)*	***203***	*135*	8.8	**4.9**	2.6	***2.6***
JSW Steel*	Rs	1,160	4.7	66	96	211	17.6	**12.1**	5.5	*412*	***45.0***	*121*	8.9	**7.5**	4.6	***0.3***
Others																
Arcelor Mittal	US$	40.86	63.8	2.5	4.4	5.5	16.3	**9.3**	7.4	*(63.1)*	***75.9***	*24.7*	7.7	**5.8**	4.9	***1.9***
Thyssenkrupp#	€	24.92	17.5	0.9	2.2	3.7	28.6	**11.1**	6.7	*(81.0)*	***159***	*64.4*	5.6	**4.0**	3.2	***1.7***
Severstal	US$	12.00	12.1	(0.8)	0.8	1.1	(15)	**15.9**	11.3	*nm*	***nm***	*39.8*	24	**6.8**	5.1	***0.0***
Evraz	US$	34.70	15.2	(2.2)	1.7	4.0	(16)	**20.5**	8.7	*nm*	***nm***	*136*	19	**7.5**	5.7	***0.0***
Magnitogorsk	US$	1.00	11.2	0.0	0.1	0.1	31.3	**13.5**	12.0	*(66.8)*	***131***	*12.2*	12	**6.6**	5.2	***0.0***
Novolipetsk	US$	3.20	19.2	0.0	0.2	0.2	86.5	**16.8**	16.3	*(90.3)*	***414***	*3.2*	14	**7.8**	5.9	***0.2***
Nucor	US$	43.16	13.6	2.0	3.7	5.1	21.3	**11.7**	8.5	*(66.3)*	***82.1***	*37.0*	8.9	**5.6**	4.4	***3.3***
US Steel	US$	56	8.1	0.3	5.3	5.2	181	**10.7**	10.9	*(98.3)*	***nm***	*(1.9)*	12	**5.1**	4.8	***0.4***
Gerdau Ameristeel	US$	7.63	3.3	0.4	0.9	1.1	19.8	**8.4**	6.9	*nm*	***135***	*22.0*	6.5	**5.2**	4.2	***0.6***
CSN	BRL	61	25.5	4.4	5.6	7.6	13.9	**10.8**	8.0	*(42.7)*	***28.7***	*35.4*	9.7	**8.1**	7.0	***2.4***
Acerinox	€	12.96	4.4	0.7	1.1	1.6	19.7	**11.5**	8.1	*nm*	***70.7***	*42.5*	9.6	**6.8**	5.6	***3.1***
Outokumpu Oyj	€	13.83	3.4	0.5	1.4	1.9	25.9	**9.9**	7.4	*nm*	***163***	*34.1*	11	**7.0**	5.6	***2.6***
Daido Steel	¥	356	1.7	(37)	15.3	24.1	nm	**23.3**	14.8	*nm*	***nm***	*57.2*	43	**9.8**	7.5	***0.3***
Sanyo Special Steel	¥	354	0.7	(14)	29.2	39.7	nm	**12.1**	8.9	*nm*	***nm***	*36.0*	14	**4.7**	4.0	***0.6***
Asian Average							57.2	**11.9**	6.0	*(6.2)*	***183***	*102*	11	**6.9**	4.4	***1.8***
Others Average							34.4	**13.2**	9.7	*(72.6)*	***140***	*38.8*	14	**6.5**	5.2	**1.2**

* Year ending Mar 31, 2010-2012. # Year ending Sep 30, 2009-2011. *Source: Bloomberg, Research-Works estimates for Asian companies*

Absolute Price Performance for Steel Companies

% Chg	Currency	Price	1 Mth	3 Mths	6 Mths	12 Mths	24 Mths
Asia							
POSCO	W '000	541	(1.1)	(6.6)	17.1	68.8	4.8
Nippon Steel	¥	338	3.7	(2.6)	(1.7)	32.5	(36.3)
JFE Holdings	¥	3,345	3.2	4.5	6.2	55.2	(23.5)
Sumitomo	¥	259	3.2	9.7	16.1	43.1	(38.2)
China Steel	NT$	32.60	1.2	8.1	8.5	54.6	(25.1)
Baosteel	Rmb	8.07	6.2	(11.8)	14.8	44.1	(50.9)
Wuhan Steel	Rmb	6.66	(0.7)	(22.8)	(16.2)	7.1	(65.7)
Angang Steel	HK$	14.70	4.3	(10.4)	(5.4)	104.7	(25.8)
Maanshan	HK$	4.89	3.6	(9.9)	(3.4)	97.2	6.8
Taigang Stainless	Rmb	7.71	2.1	(25.4)	(6.1)	42.0	(47.8)
CITIC Pacific	HK$	17.28	2.1	(20.4)	(18.3)	116.3	(56.4)
SAIL	Rs	237	11.4	11.8	44.2	212.7	3.4
Tata Steel	Rs	618	6.9	7.2	43.5	294.2	(20.6)
JSW Steel	Rs	1,160	13.4	14.0	67.4	552.1	15.1
Others							
Arcelor Mittal	€	29.90	6.4	10.8	20.7	84.6	(41.2)
Thyssenkrupp	€	24.92	10.4	(0.9)	7.9	68.2	(34.8)
Severstal	US$	12.00	5.2	45.1	84.6	226.1	(53.4)
Evraz	US$	34.70	14.8	33.5	48.3	267.2	(59.8)
Magnitogorsk	US$	1.00	3.6	17.6	49.3	na	(16.7)
Novolipetsk	US$	3.20	10.0	13.9	34.5	251.6	(28.9)
Nucor	US$	43.16	9.3	0.0	(2.3)	24.3	(35.3)
US Steel	US$	56.38	27.9	27.0	33.1	197.8	(48.4)
Gerdau Ameristeel	CN$	7.86	0.9	(9.7)	(0.9)	63.8	(44.8)
CSN	BRL	60.55	10.9	1.3	21.0	81.9	(6.4)
Acerinox	€	12.96	(1.1)	(6.5)	(11.3)	52.2	(21.0)
Outokumpu Oyj	€	13.83	10.6	19.2	(0.9)	65.6	(46.0)
Daido Steel	¥	356	8.5	15.2	1.1	51.5	(48.6)
Sanyo Special Stee	¥	354	(2.7)	(5.1)	(1.4)	65.4	(39.9)
Asian Average			**4.2**	**(3.9)**	**11.9**	**123.2**	**(25.7)**
Others Average			**8.2**	**11.5**	**20.3**	**115.4**	**(37.5)**

* Prices are quoted at 4 Mar 2010. *Source: Bloomberg*

Quarterly Steel Prices 2007-2010E

Asian Import Prices

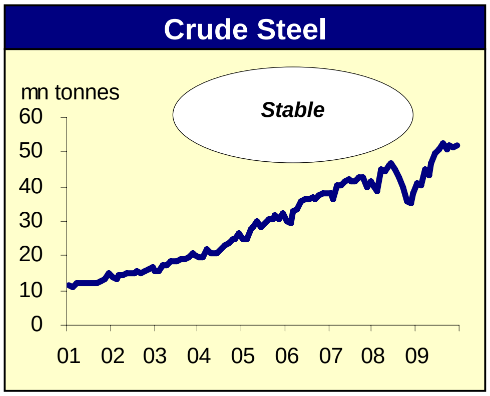
	2007			2008				2009				2010			
US$/tonne	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2E**	**Q3E**	**Q4E**
Long Products															
Re-Bar	500	547	610	773	977	903	457	450	457	511	497	543	**600**	600	615
Wire Rod	500	550	617	773	963	913	437	463	463	537	500	540	**595**	595	615
H-beam	767	760	783	857	1,183	1,273	867	640	573	620	598	637	**715**	715	740
Commodity-Grade Flat Products															
Hot-Rolled Coil	567	557	633	750	993	953	508	446	440	547	501	570	**600**	600	615
Plate	607	620	687	823	1,033	983	550	527	470	547	530	590	**635**	635	650
High-End Flat Products															
Cold-Rolled Coil	653	627	683	793	1,077	1,073	647	520	520	653	607	710	**780**	780	780
Galvanised Sheet	743	710	753	870	1,190	1,133	760	660	603	703	657	747	**810**	810	810
Stainless Steel	4,967	4,167	3,900	4,033	4,033	3,583	2,210	1,957	2,087	2,676	2,567	2,796	**2,965**	3,080	3,180
Semi-Finished Steel															
Slab	540	543	577	697	980	967	473	367	353	462	453	487	**520**	520	535
Billet	510	543	582	723	943	870	390	386	416	474	462	508	**530**	530	550

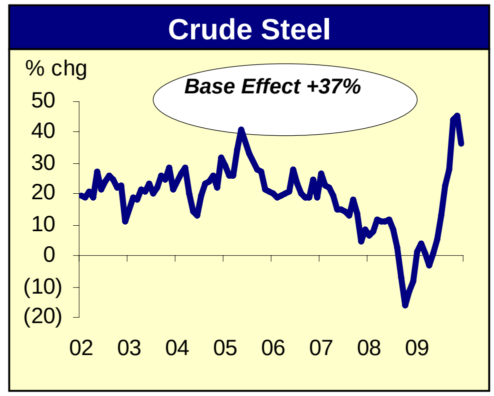
China Domestic Prices

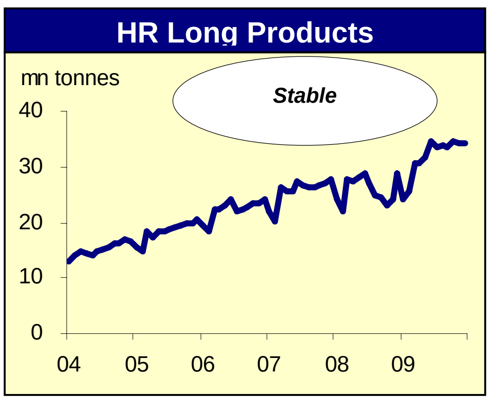
	2007			2008				2009				2010E			
Rmb/tonne	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2E**	**Q3E**	**Q4E**
Long Products															
Re-Bar	3,277	3,703	4,283	4,550	5,287	5,021	3,595	3,442	3,363	3,736	3,467	3,670	**4,110**	4,210	4,420
Wire Rod	3,493	3,703	4,117	4,713	5,437	5,217	3,357	3,563	3,357	3,903	3,517	3,950	**4,345**	4,345	4,560
H-beam	4,237	4,623	5,037	5,550	6,193	6,210	4,460	3,757	3,867	4,373	3,973	4,183	**4,600**	4,715	5,050
Commodity-Grade Flat Products															
Hot-Rolled Coil	3,863	3,947	4,350	4,887	5,620	5,157	3,348	3,510	3,348	3,676	3,565	3,808	**4,095**	4,240	4,480
Plate	4,067	4,440	4,903	5,500	6,350	6,000	3,867	3,617	3,357	3,577	3,647	3,937	**4,230**	4,336	4,470
High-End Flat Products															
Cold-Rolled Coil	4,850	4,800	5,193	5,893	6,867	6,340	4,176	4,229	4,177	4,866	4,782	5,162	**5,680**	5,680	5,795
Galvanised Sheet	5,333	4,913	5,157	5,937	6,950	6,643	4,393	4,367	4,293	4,810	4,727	5,083	**5,595**	5,681	5,880
Stainless Steel	40,967	32,333	32,300	31,967	28,967	26,233	17,900	15,967	16,533	21,000	19,167	21,967	**23,065**	23,065	23,480
Semi-Finished Steel															
Slab	3,352	3,567	4,127	4,683	5,333	5,083	3,133	3,250	2,983	3,133	3,133	3,483	**3,745**	3,850	4,080
Billet	3,257	3,517	4,163	4,613	5,430	4,850	3,207	3,303	3,157	3,527	3,207	3,500	**3,765**	3,860	4,050

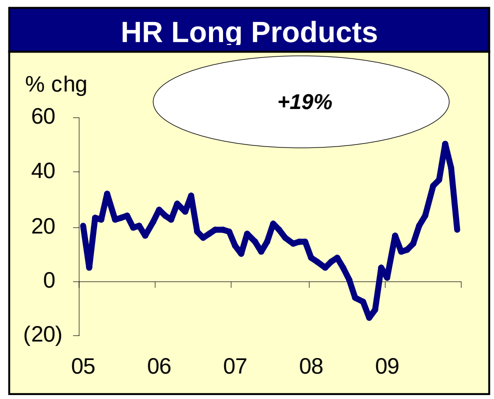
Sources: Steel Business Briefing, Research-Works estimates

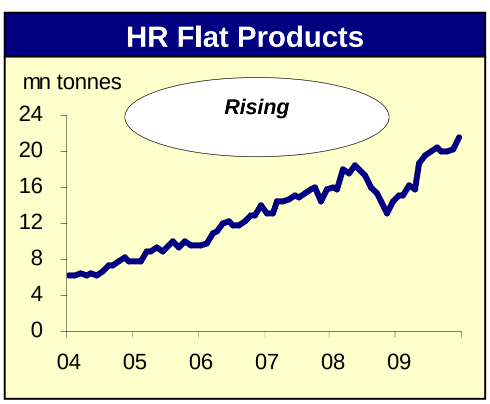
PRODUCTION

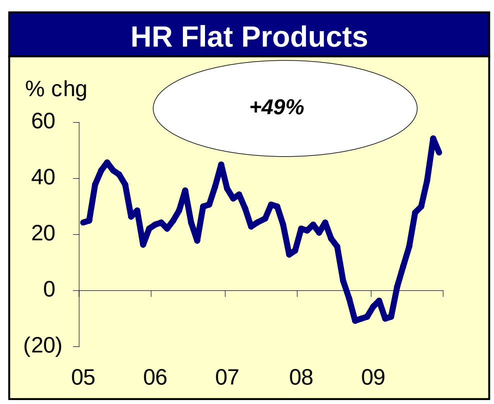






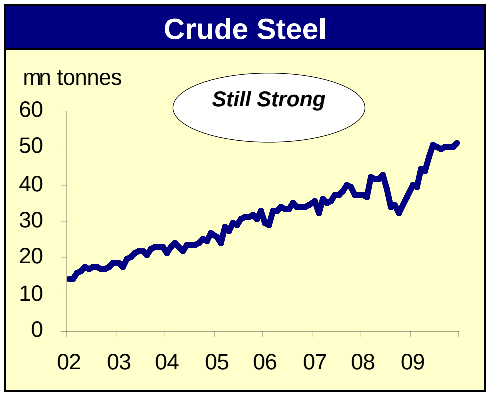


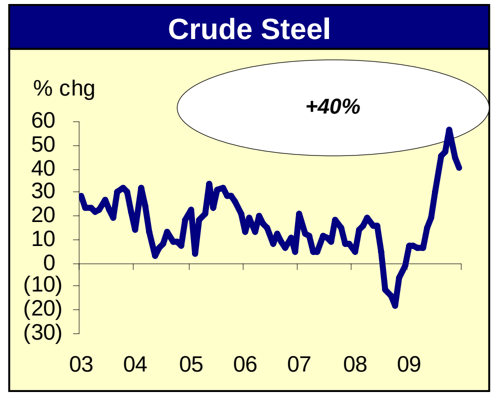


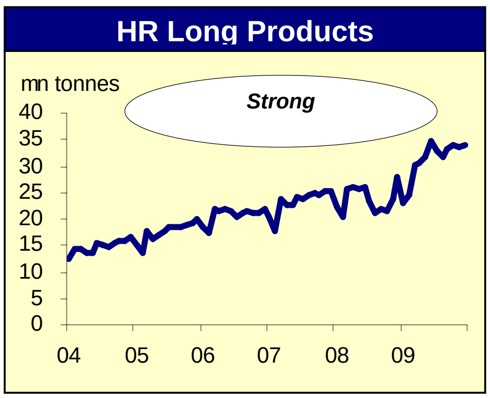


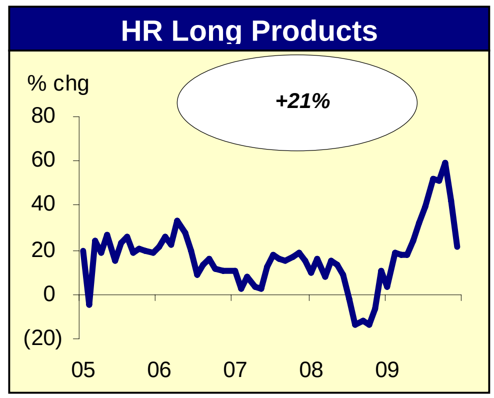
Source: CEIC

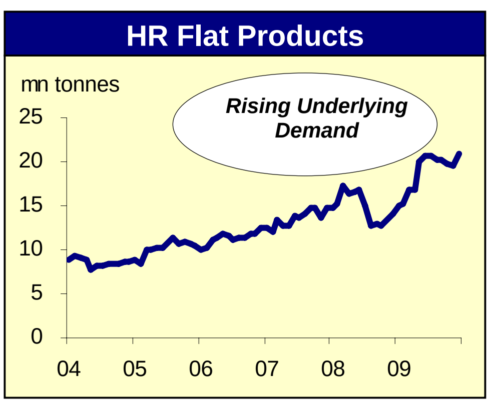
CONSUMPTION

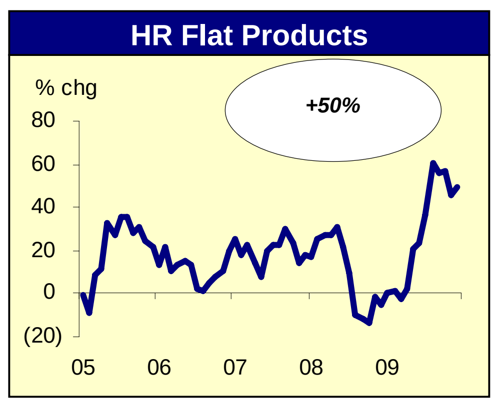






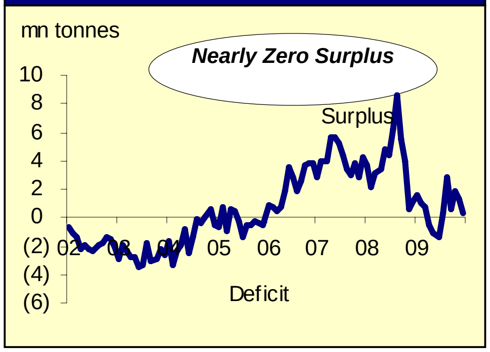




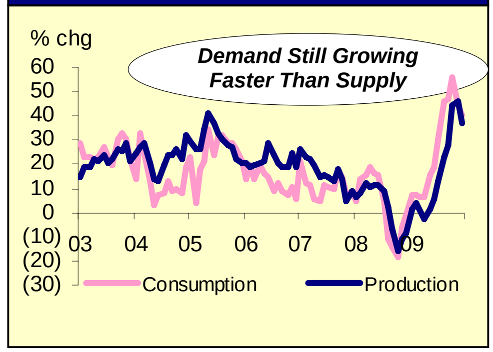


Source: CEIC, Research-Woks est.

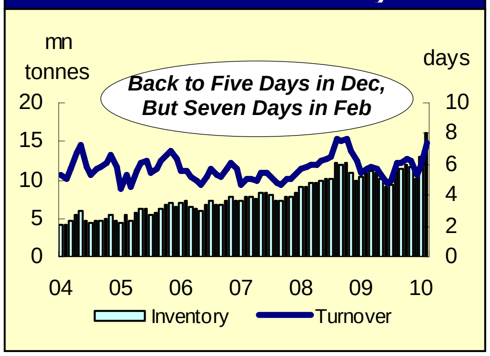
Steel Demand-Supply Balance



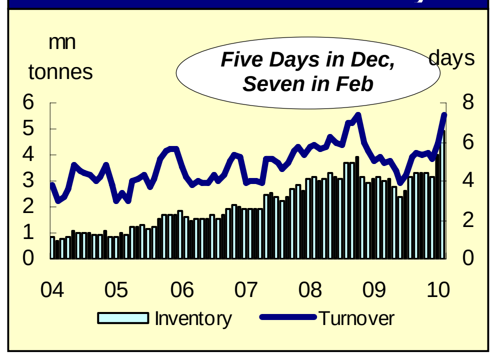
Steel Demand-Supply Balance



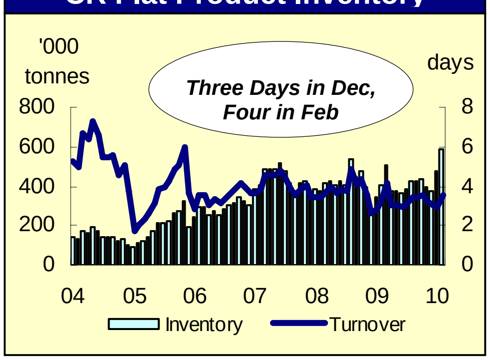
Total Steel Inventory



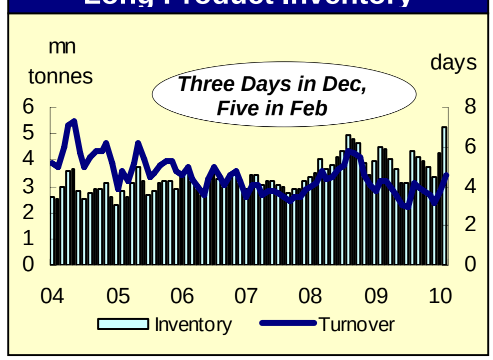
HR Flat Product Inventory



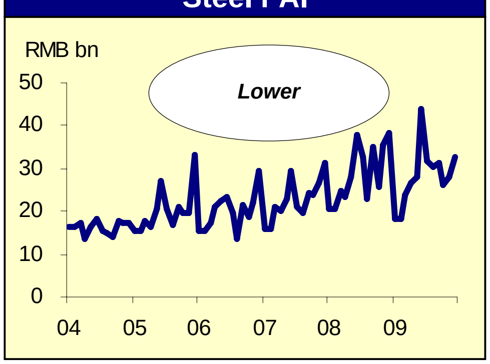
CR Flat Product Inventory



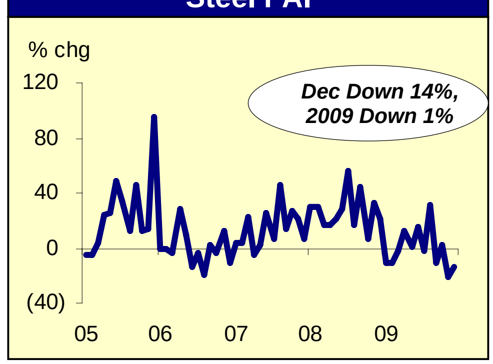
Long Product Inventory



Steel FAI

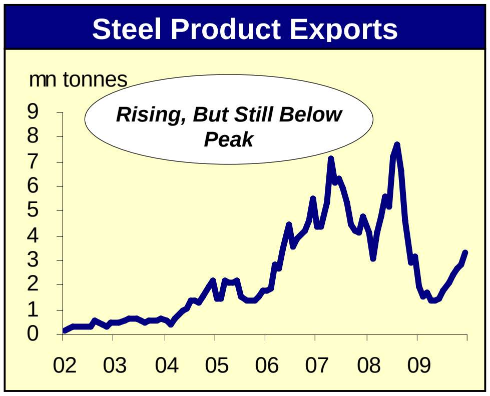


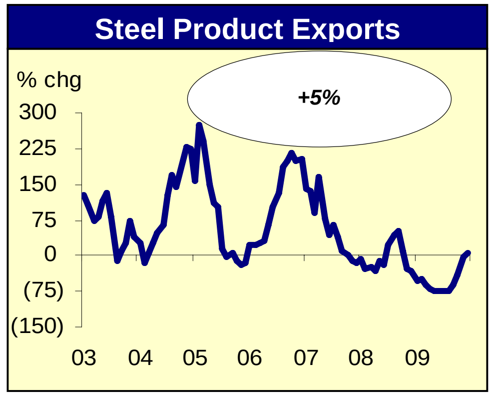
Steel FAI

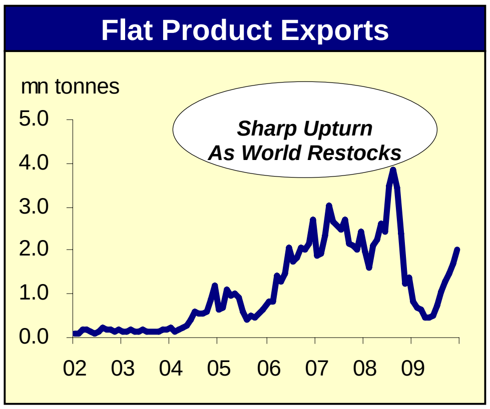


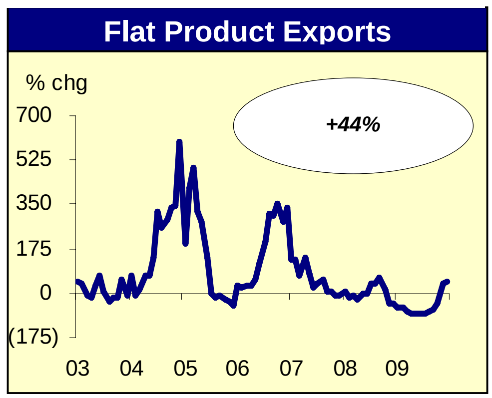
Source: CEIC

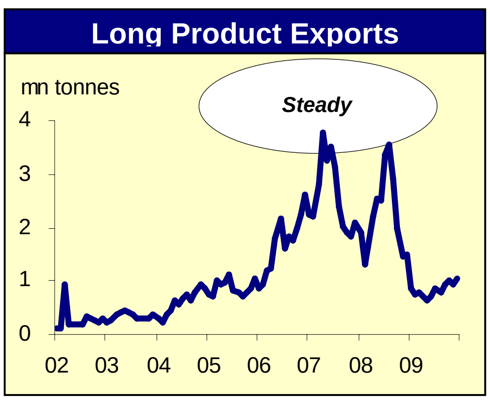
EXPORTS

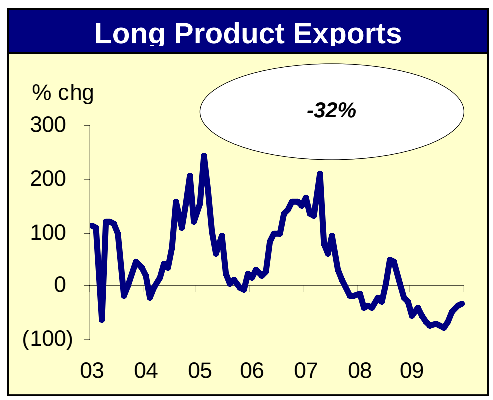






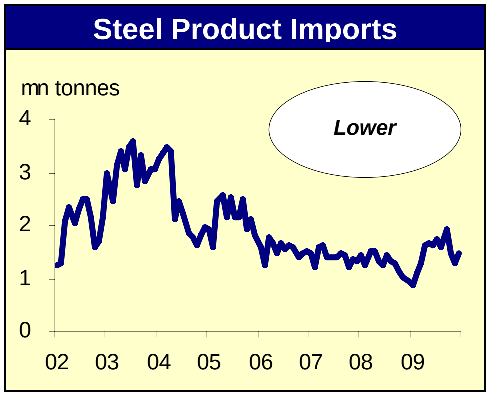


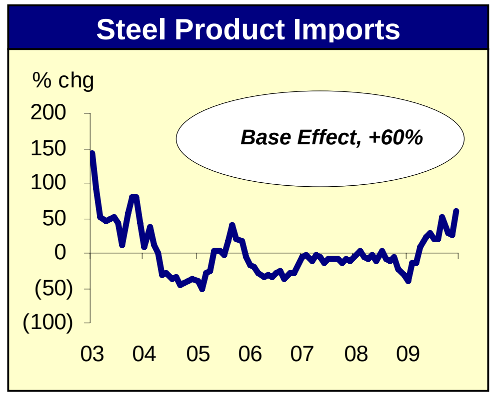


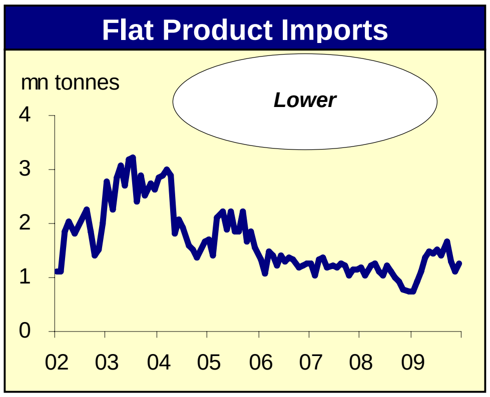


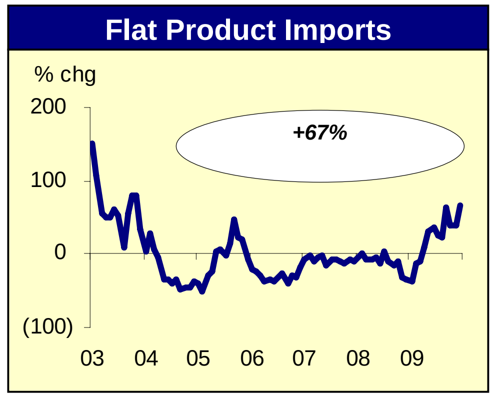
Source: CEIC

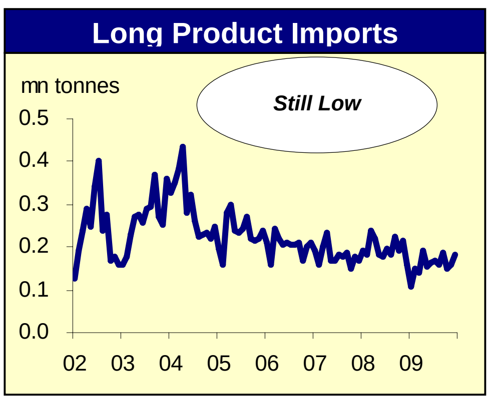
All data is for China for December, except January data for iron ore imports and February estimates for inventory.
NB When we talk of highs we exclude Jan/Feb numbers that are distorted by the changing lunar New Year holiday.

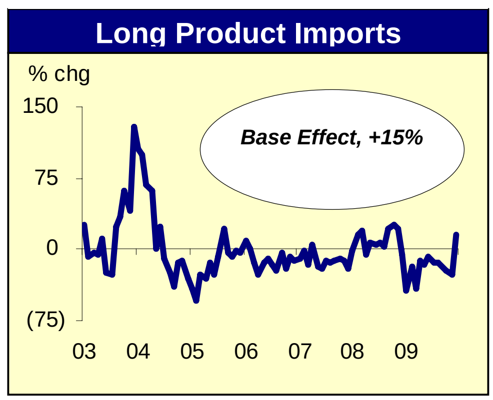

Steel Product Imports
mn tonnes
Lower
4
3
2
1
0
02 03 04 05 06 07 08 09

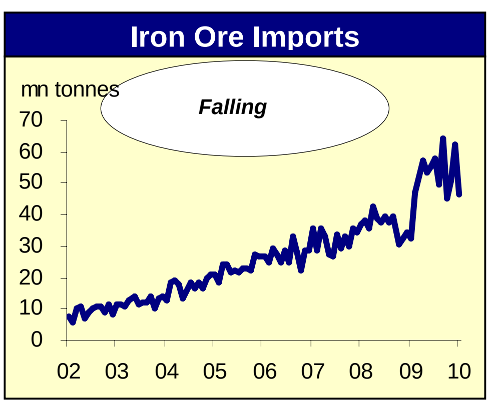

Steel Product Imports
% chg
Base Effect, +60%
200
150
100
50
0
(50)
(100)
03 04 05 06 07 08 09

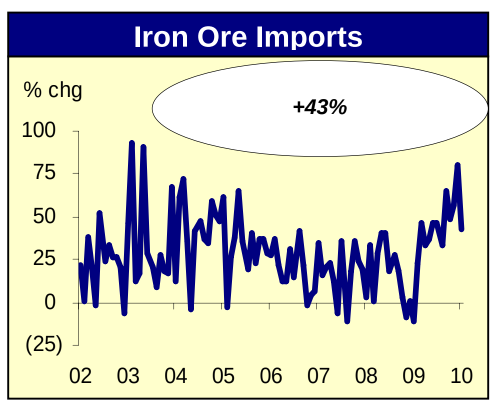

Flat Product Imports
mn tonnes
Lower
4
3
2
1
0
02 03 04 05 06 07 08 09


Flat Product Imports
% chg
+67%
200
100
0
(100)
03 04 05 06 07 08 09


Long Product Imports
mn tonnes
Still Low
0.5
0.4
0.3
0.2
0.1
0.0
02 03 04 05 06 07 08 09


Long Product Imports
% chg
Base Effect, +15%
150
75
0
(75)
03 04 05 06 07 08 09


Iron Ore Imports
mn tonnes
Falling
70
60
50
40
30
20
10
0
02 03 04 05 06 07 08 09 10


Iron Ore Imports
% chg
+43%
100
75
50
25
0
(25)
02 03 04 05 06 07 08 09 10

Source: CEIC