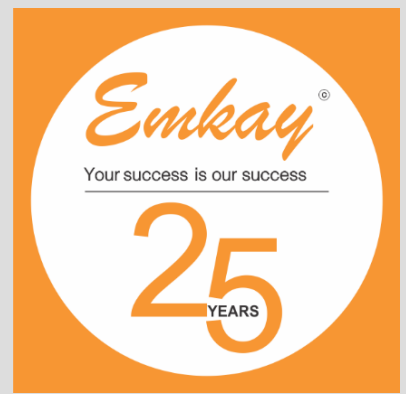


# Metals & Mining

Refer to important disclosures at the end of this report

## Baosteel raises steel price for Jul with massive \$40/t hike



We appreciate your support in the [Asiamoney Brokers Poll 2020](#)

- China's Baosteel raised prices for July deliveries: (1) HRC prices up by \$40/t; (2) Heavy plate prices up by \$21/t; (3) Galvanized prices up by \$37/t. Domestic steel prices in China are currently in the range of \$519-521/t compared to \$482-484/t a month ago.
- This was on the back of a mild hike for Jun deliveries. For June deliveries, HRC was up \$7/t and heavy plate up \$14/t, while no hike in galvanized.

### Key reasons for hike in steel price in China:

- Iron ore has crossed \$100/t again due to the closing of Itabira iron ore mining complex of Vale, where 188 workers tested Covid-19 positive. This will keep the seaborne price of iron ore strong in the near term.
- Demand for steel has been robust in China after Covid-19 due to govt stimulus to complete infra projects.
- Liquidity in the Chinese main markets have been plentiful following the issuance of Special Purpose Bonds. Hence, traders are not hard pressed to liquidate their inventory despite high levels.

### Outlook

- Domestic steel prices softened by Rs500-1000/t due to (1) tepid demand and (2) falling input costs, especially iron ore.
- International prices remained strong due to (1) high international iron ore prices and (2) robust demand from China on the back of stimulus-driven infrastructure projects.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Metals & Mining](#)

<b>Tata Steel</b>	BUY
CMP: 324	
<b>JSW Steel</b>	SELL
CMP: 191	
<b>SAIL</b>	SELL
CMP: 32	
<b>NMDC</b>	BUY
CMP: 90	

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**Vishal Chandak**  
vishal.chandak@emkayglobal.com  
+91 22 6612 1275

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 11 Jun 2020 14:04:59 (SGT)

Dissemination Date: 11 Jun 2020 14:05:59 (SGT)

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CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com