MELINDA MOORE'S BIOGRAPHY

Melinda Moore is a Director of Credit Suisse in the Investment Banking division, based in London. She is a Global Commodities Analyst within equities and is responsible for co-ordinating the Global Metals and Mining quarterly commodity pricing forecasts and industry research efforts.

Ms. Moore joined Credit Suisse in 2009 from BHP Billiton Marketing Asia, where she was a member of the Carbon Steel Materials analytical team, based in Shanghai and Singapore since 2007. Prior to that, she served as the China Chief Representative for Steel Business Briefing since 2004 in Shanghai. Before this, Ms. Moore held various positions in the investment industry and was based in Melbourne and Sydney.

Ms. Moore holds a Bachelor of Economics (Hons) degree from Monash University.

Global Steel – What to Expect

IMnI 37th Annual Conference

Presenter: Melinda Moore
Date: 25 May 2011

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Key Thematics

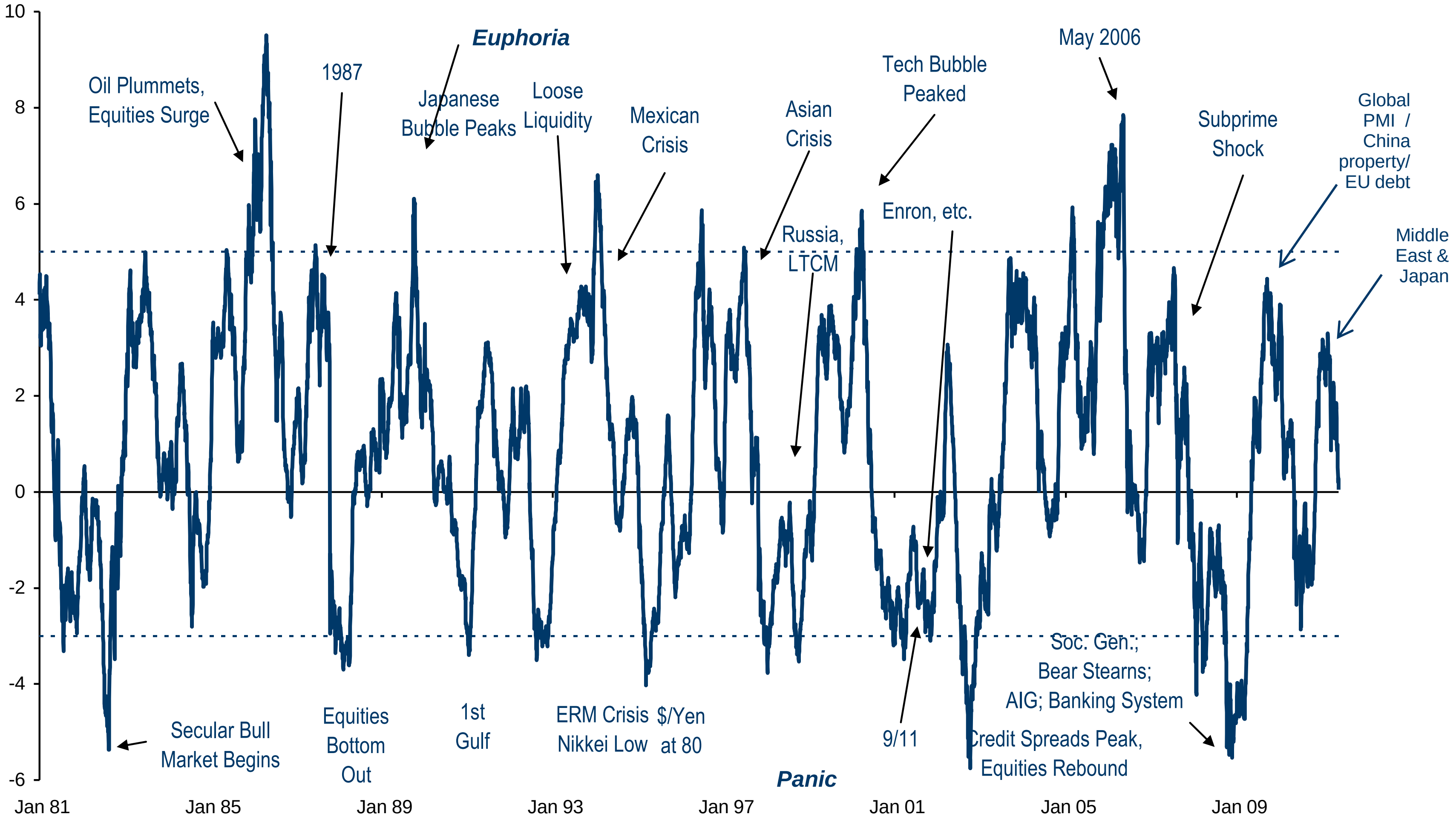
1) Short Term Outlook

1) Macro & Micro Indicator Backdrop
2) Steel-making key RM costs => powering at their peaks
3) Restock Cycle => margin recovery => Chinese exports

⓾ Long Term Outlook

1) Urbanisation Trends
2) Regional Winners and Losers from steel consumption growth

Global Risk Appetite Flashbacks – *Chaos is our only Certainty*



Last data point: 20.05.2011

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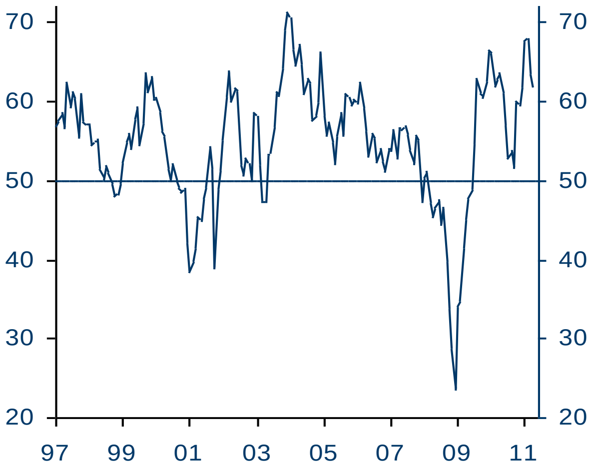
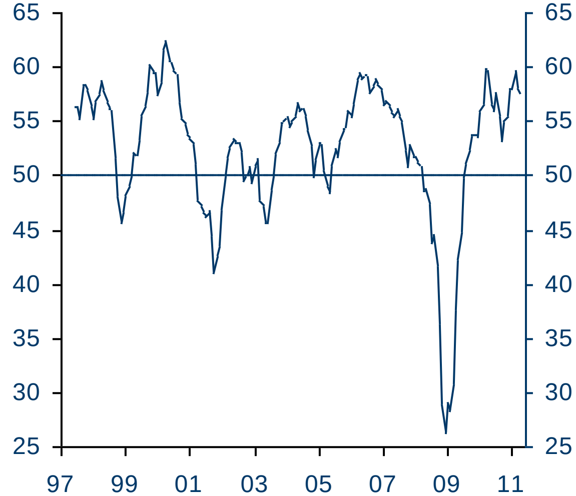
Macro Backdrop: what we are watching…

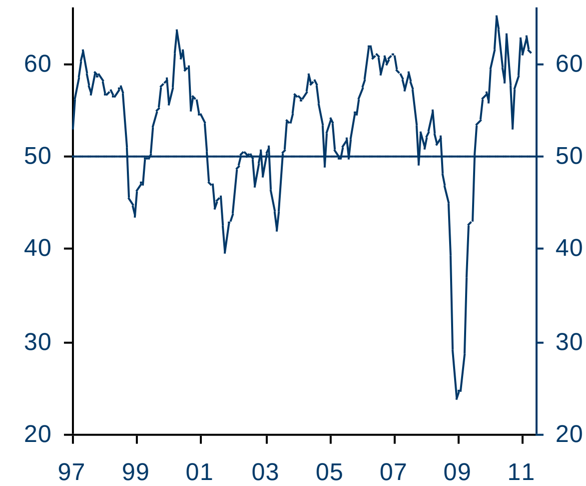
US ISM new orders



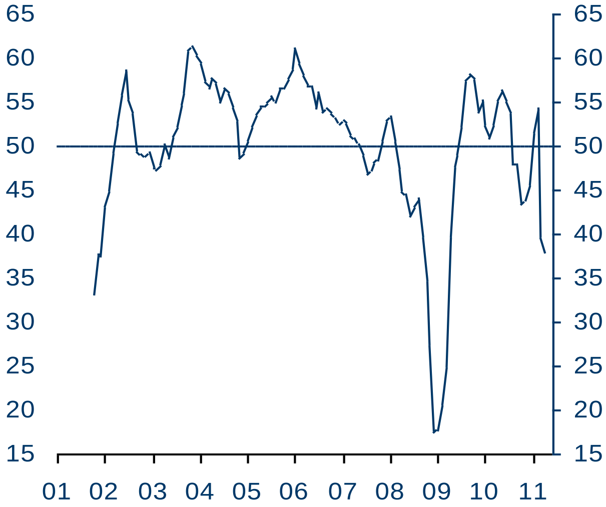
EU PMI new orders



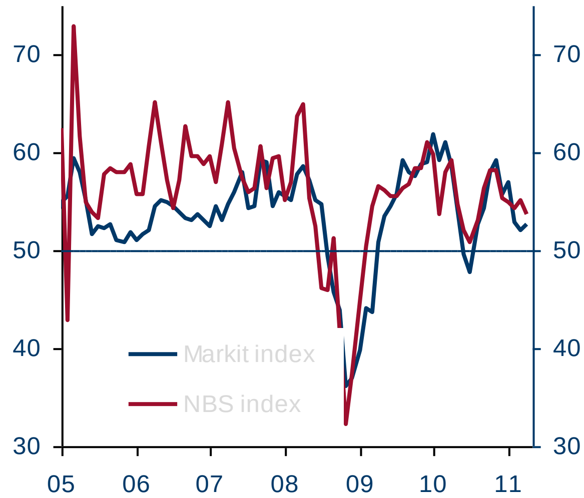
Germany new orders



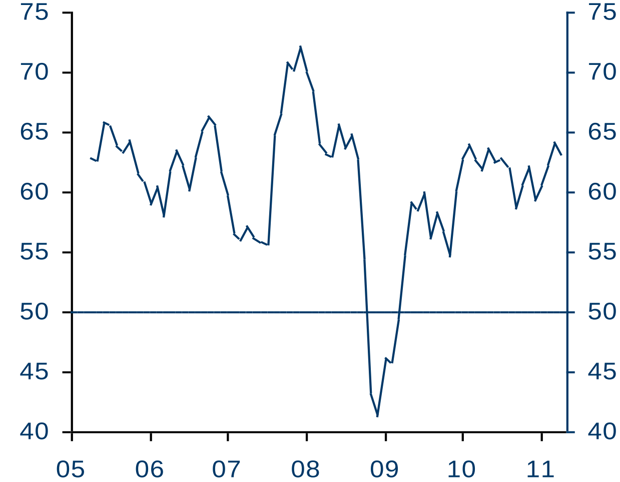
Japan new orders



China new orders



India new orders



Source: Credit Suisse; China Federation of Logistics and Purchasing; China NBS, Markit Economics

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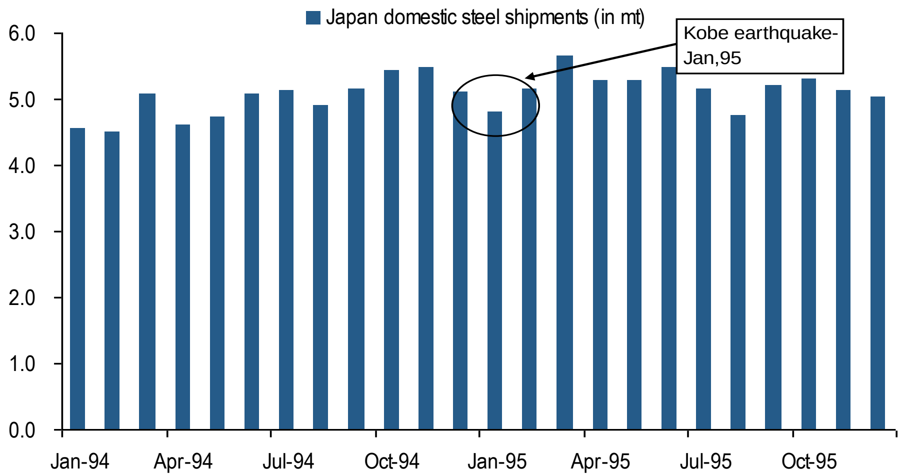
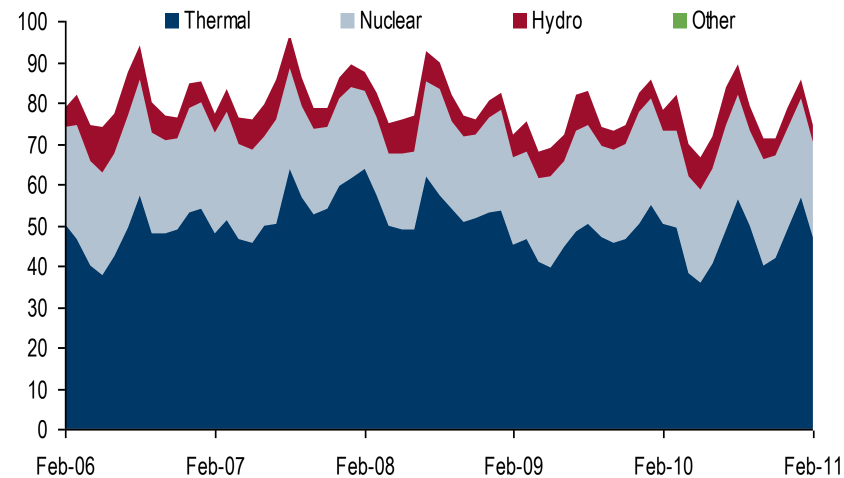
Japan – Trust in Recovery

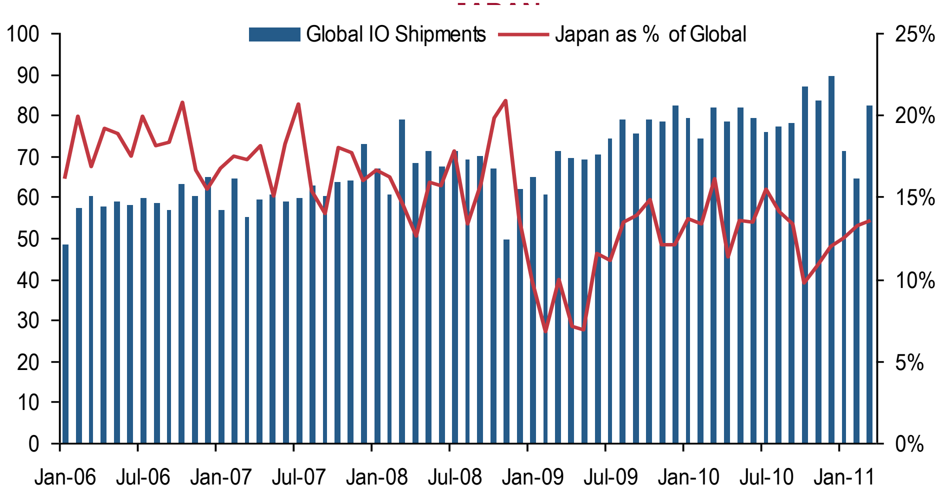
JAPAN steel shipments – *post-Kobe earthquake Jan '95*



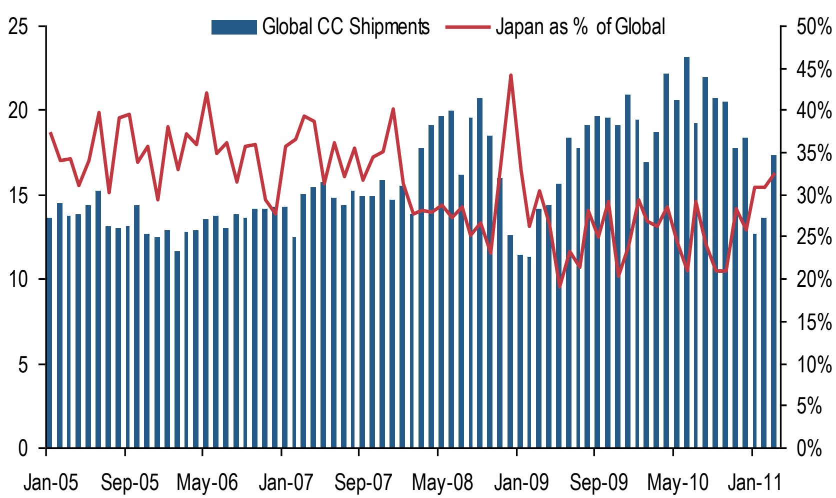
JAPAN POWER AVAILABILITY



IRON ORE SHIPMENTS TO JAPAN



COKING COAL SHIPMENTS TO JAPAN



Source: Japan Iron and Steel Federation ; CEIC; Credit Suisse estimates

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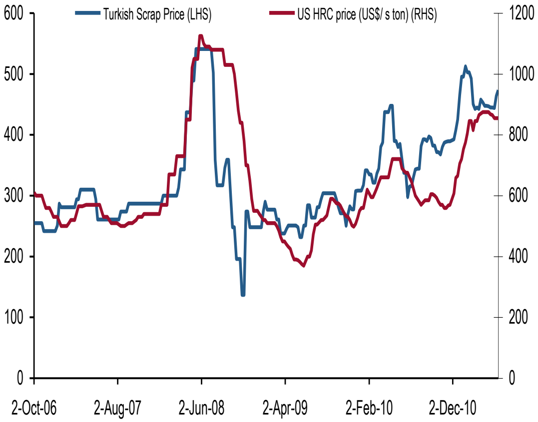
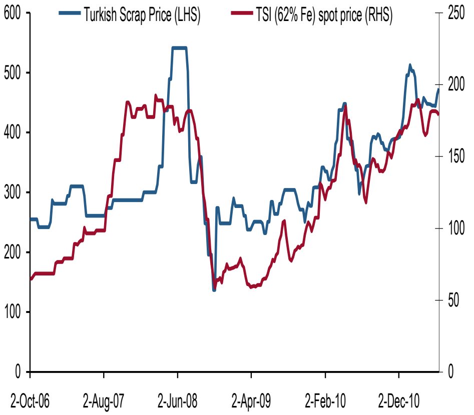
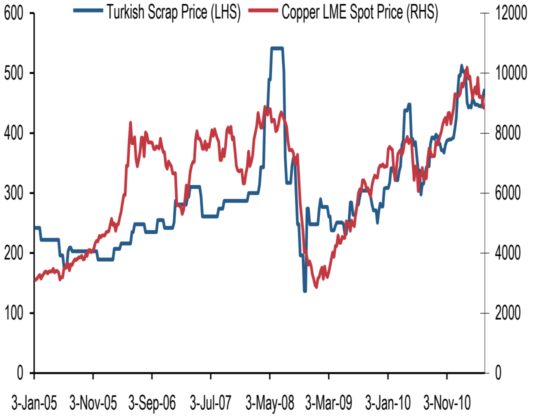
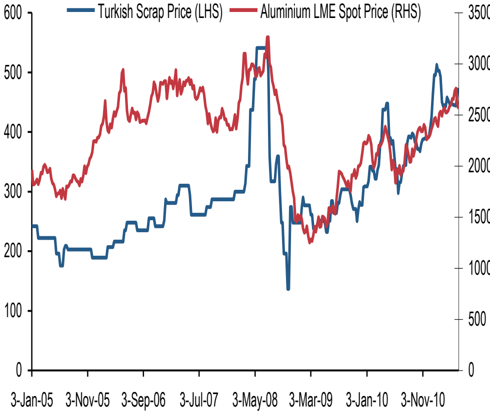
Turkish scrap chapters the globe's commodity heartbeat





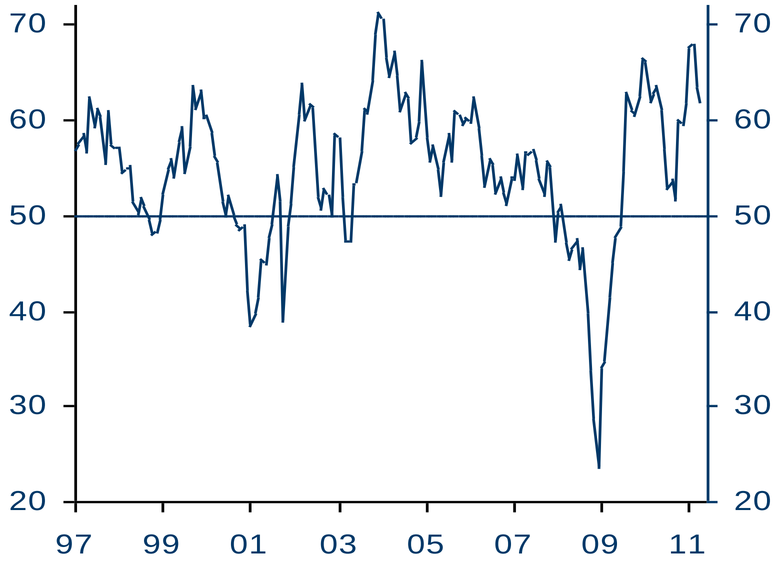




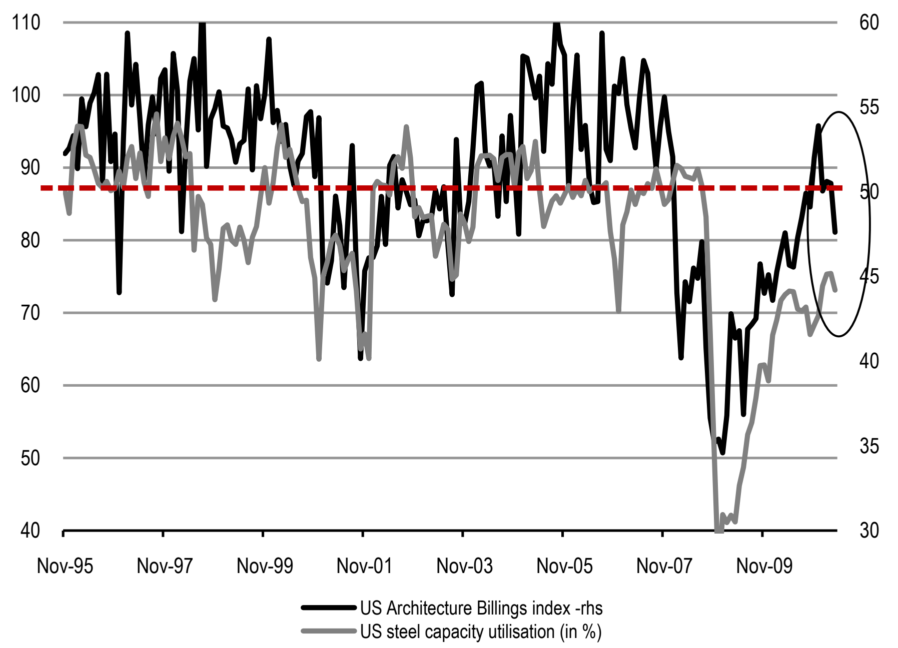
Source: Credit Suisse; the BLOOMBERG PROFESSIONAL™ service

US …a double dip in the offing before QE2 ends?

US ISM new orders

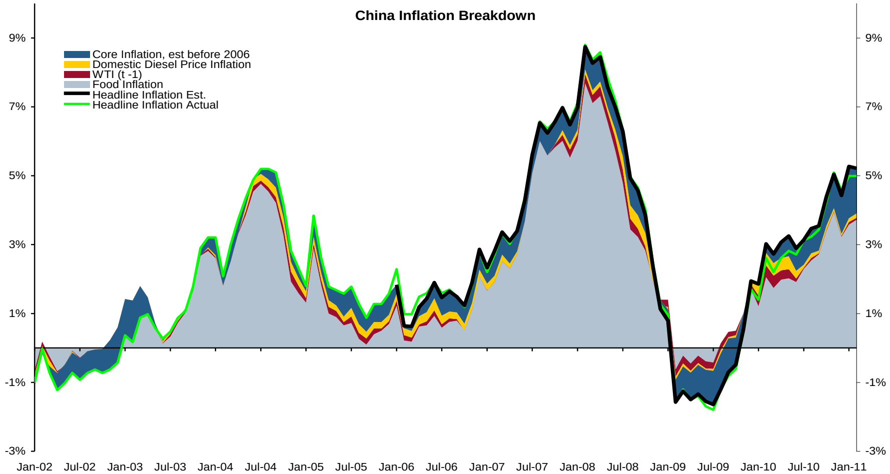


US Architectural Billings Index vs Steel Utilisation

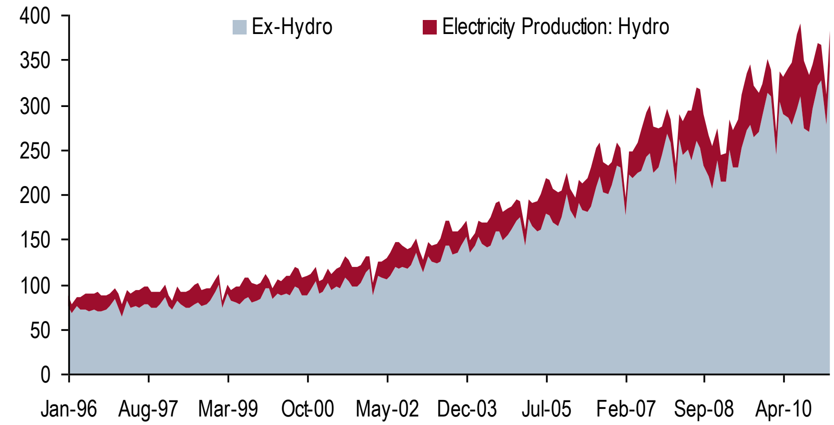


Micro Backdrop – what we are watching…

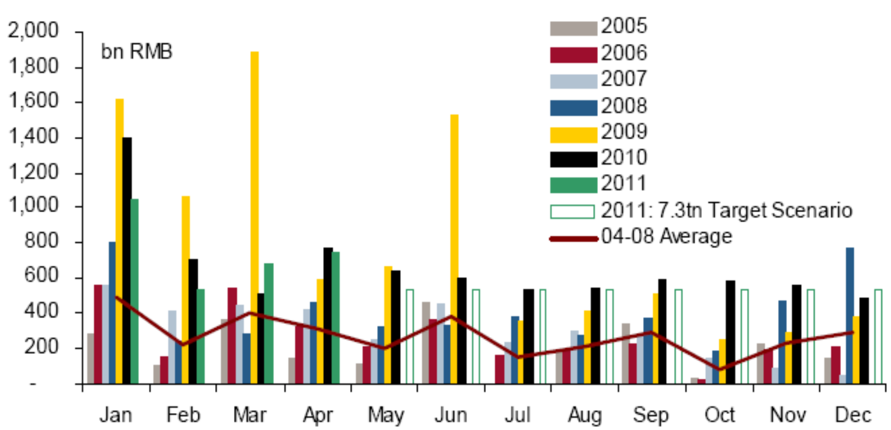
CHINA INFLATION



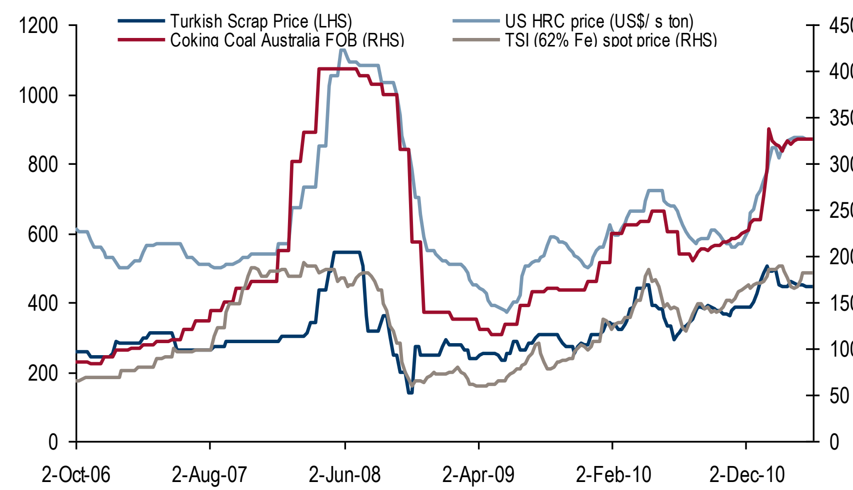
CHINA POWER AVAILABILITY



CHINA NEW LOAN ISSUANCE



STEEL COMMODITY PRICES



Source: China NDRC, the BLOOMBERG PROFESSIONAL™ service; CEIC; Metal Bulletin; TSI; Argus; Energy Publishing;

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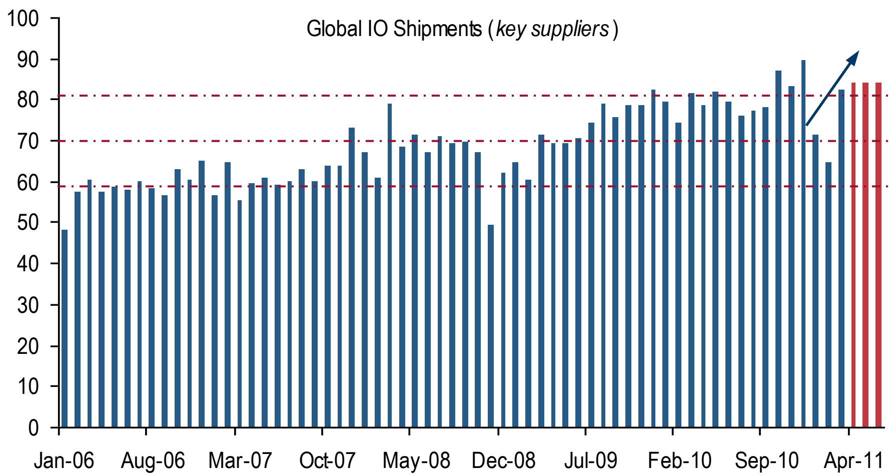
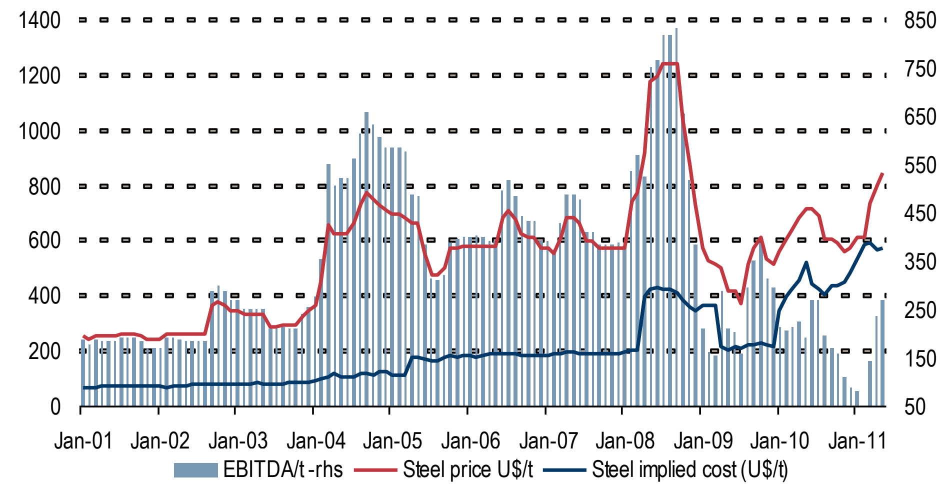
Steel Maker RM Margins – Powering at Peaks…

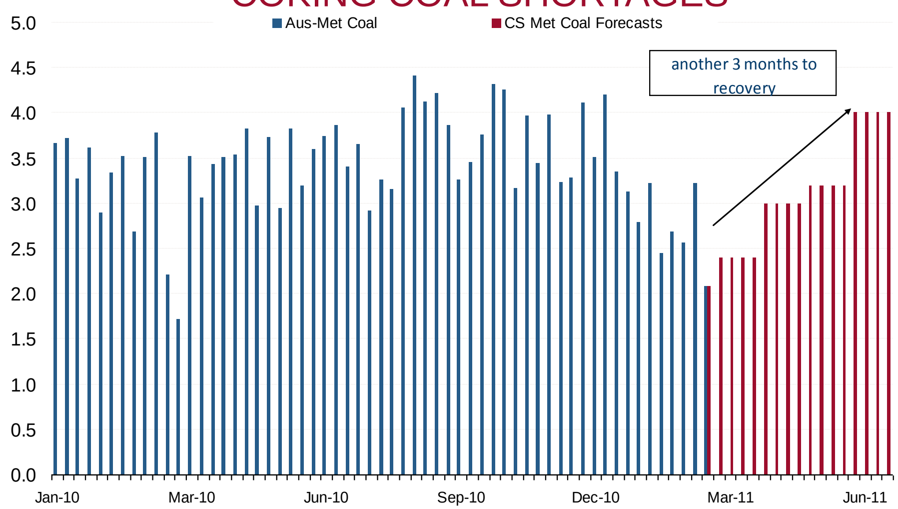
IRON ORE SHORTAGES



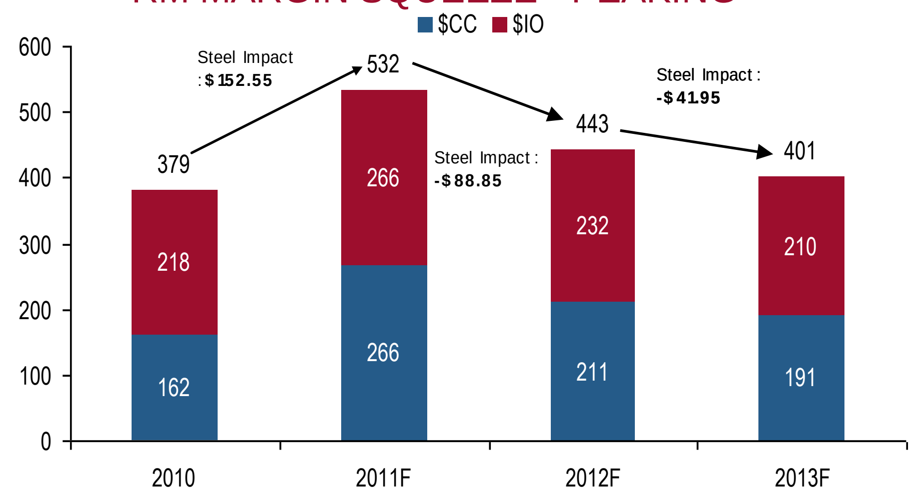
IMPLIED NET STEEL MARGINS



COKING COAL SHORTAGES



RM MARGIN SQUEEZE - PEAKING



Source: *WSA; Trade Data; Company Announcements; TSI; Energy Publishing; Credit Suisse estimates;*

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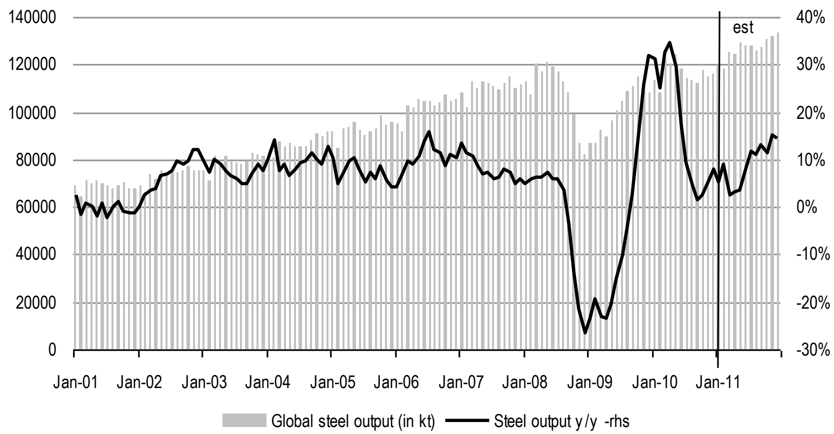
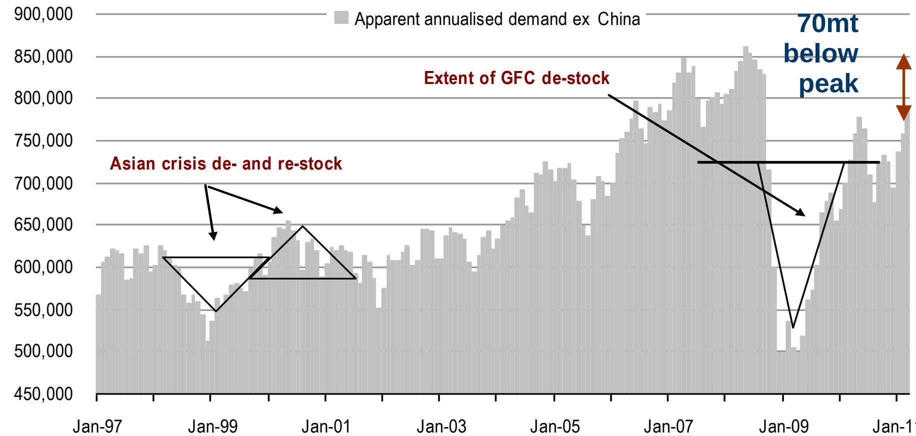
Steel Restock Recovery…*4-6 Quarter momentum?*

Demand Drivers: seasonal + real + apparent

Global steel output and forecasts

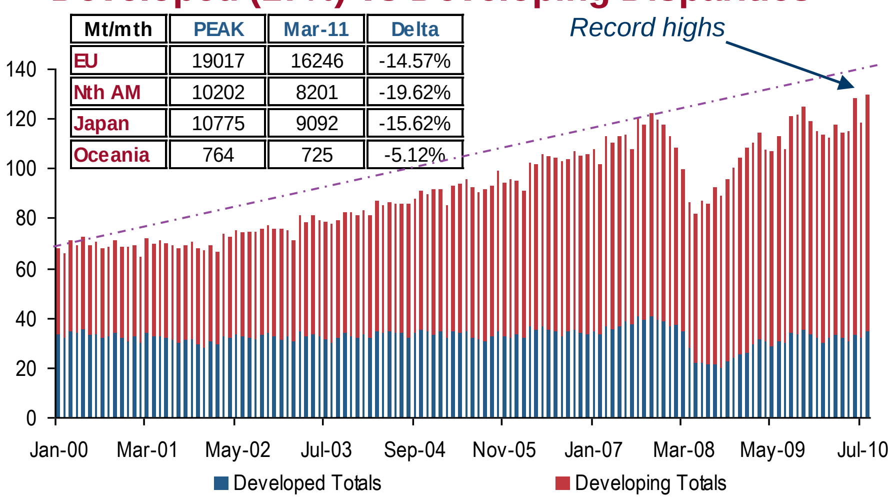


Ex-China Apparent Demand

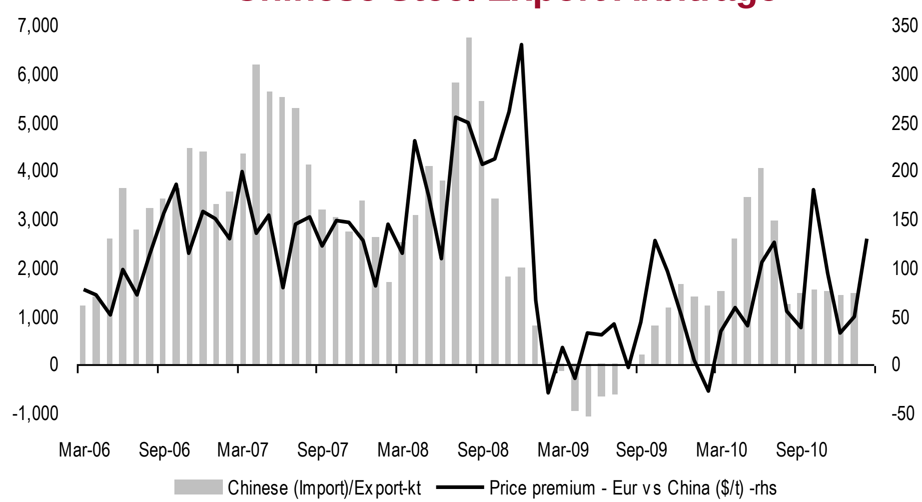


Developed (17%) vs Developing Disparities

Mt/mth	PEAK	Mar-11	Delta
EU	19017	16246	-14.57%
Nth AM	10202	8201	-19.62%
Japan	10775	9092	-15.62%
Oceania	764	725	-5.12%



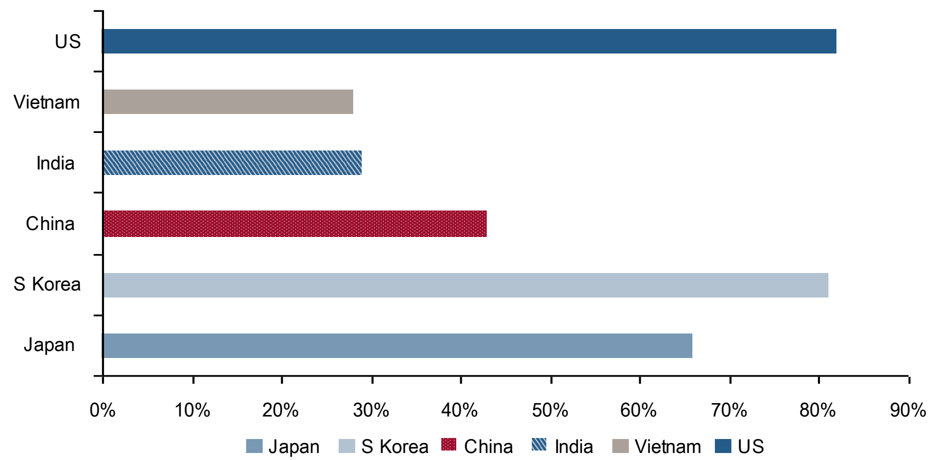
Chinese Steel Export Arbitrage



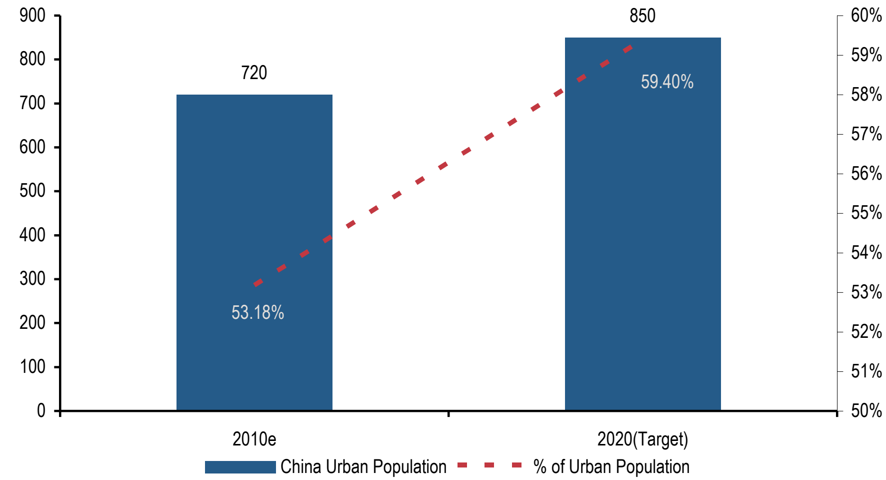
Source: Credit Suisse; WSA, CIA, IMF World Economic Outlook; China NBS; China Academy of Social Sciences

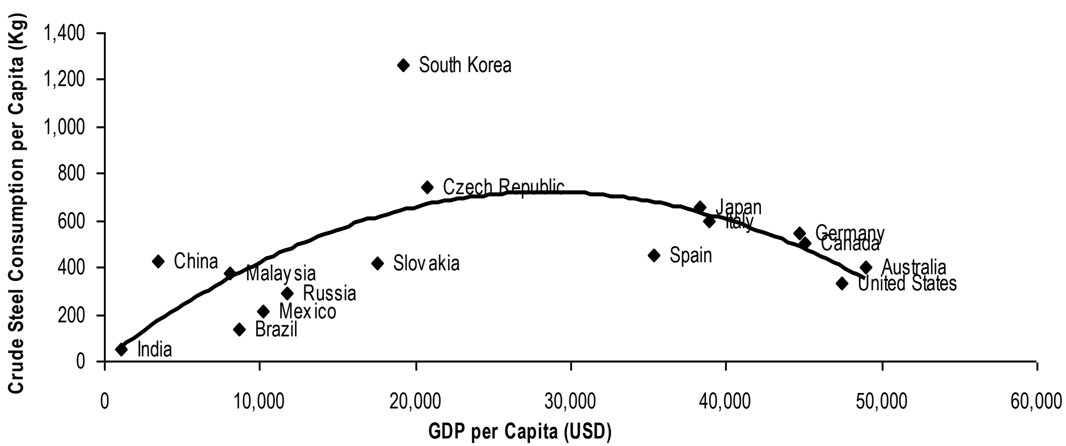
Long Term Macro China – overbuilt and over?

Urbanisation Rates



China's Urbanisation Rates to 2020





Population Density 2009			
	Population Mn	Urban Area sq km	Density people/sq km
China			
Shanghai	**19.2**	**781**	**24,595**
Tianjin	12.3	500	24,553
Beijing	17.6	1182	14,844
Shenzhen	8.9	713	12,500
Chongqing	8.0	648	12,350
World			
Seoul	10.5	605	17,289
Taipei	2.6	272	9,588
Singapore	5.0	710	7,022
New York	8.4	1214	6,887
Hong Kong	7.1	1104	6,390
Tokyo	13.0	2187	5,939
London	7.7	1595	4,811
Paris	10.1	2723	3,725

Source: CEIC, City Yearbooks; Research-Works; CS estimates

Source: Credit Suisse; WSA, CIA, IMF World Economic Outlook; China NBS; China Academy of Social Sciences

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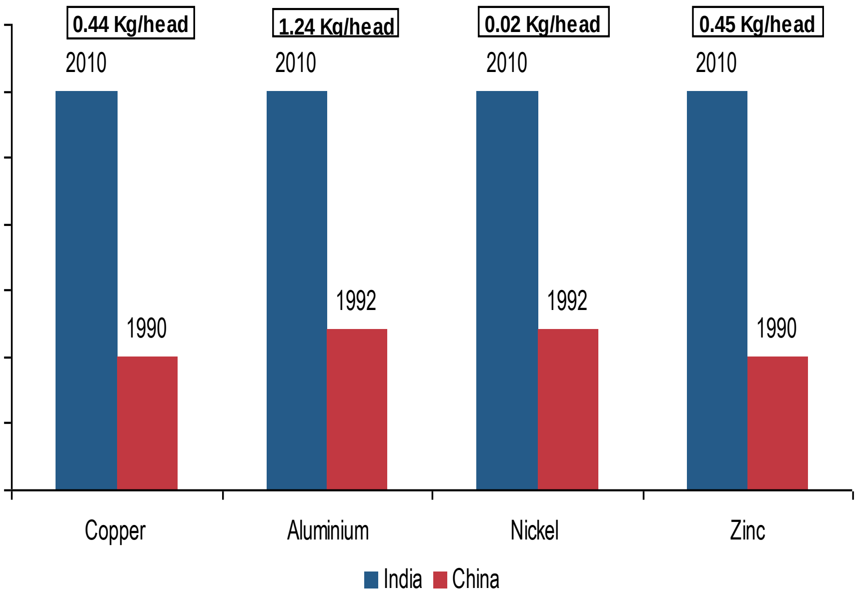
The China-India divide is glaring…

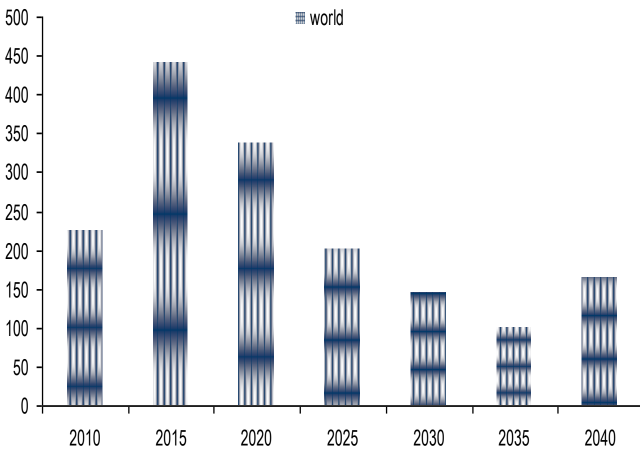


2010 (kg/head)	India	China
Copper	0.44	5.48
Aluminium	1.24	11.67
Nickel	0.02	0.41
Zinc	0.45	3.92

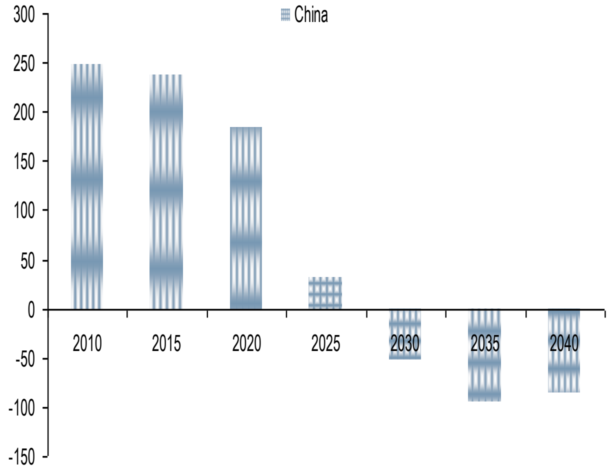
Source: Credit Suisse estimates ; WSA, WBMS

Expansion Trends – the most likely regional targets…

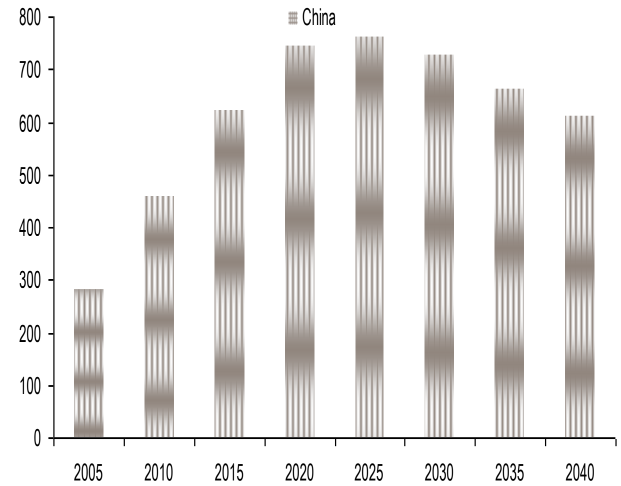
GLOBAL DELTAS



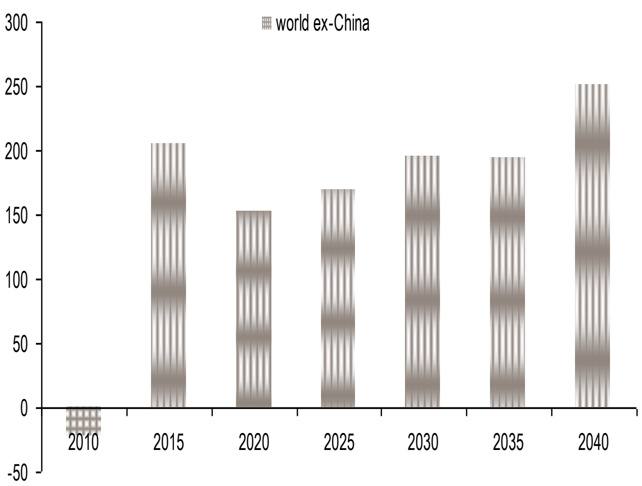
CHINA DELTAS (mt)



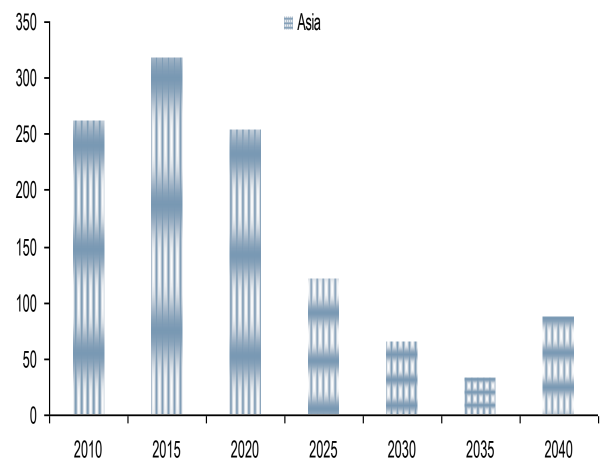
CHINA kg/head



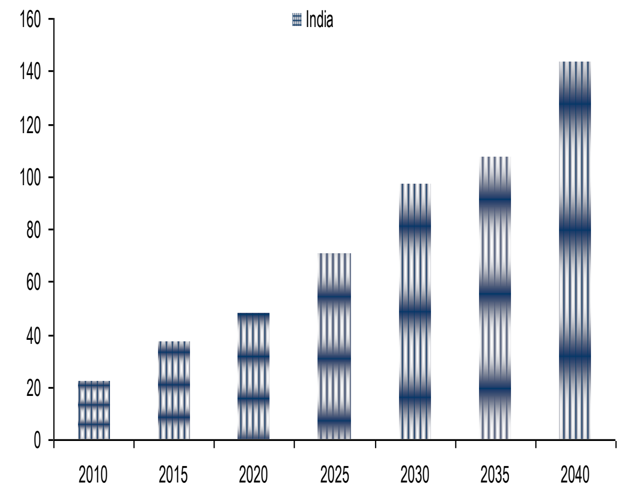
ex-CHINA DELTAS



ASIA EXPANSIONS



INDIA EXPANSIONS



Note 1: Steel consumption in million tonnes; 5-year period-on-period deltas. Note 2: India 2040 kg/head = 362 (f) China = 610. Source: WSA; Credit Suisse estimates

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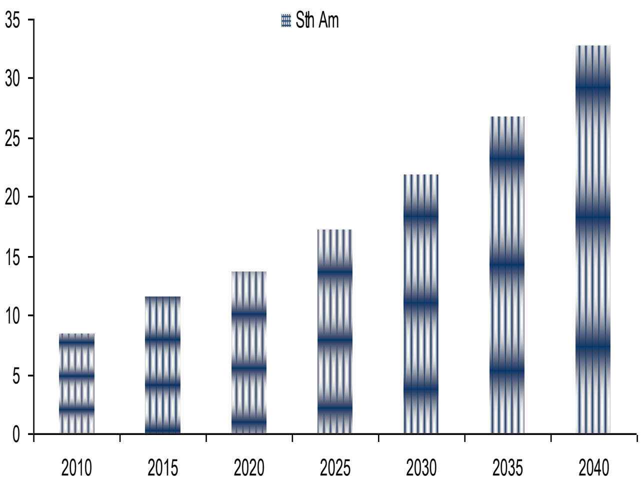
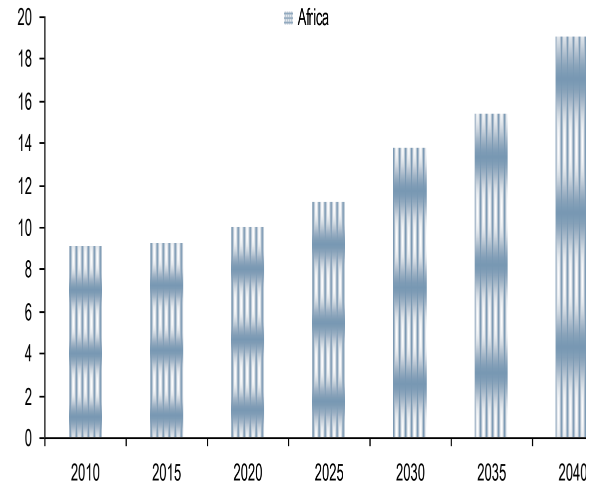
Ex-China/India Steel Expansion Opportunities

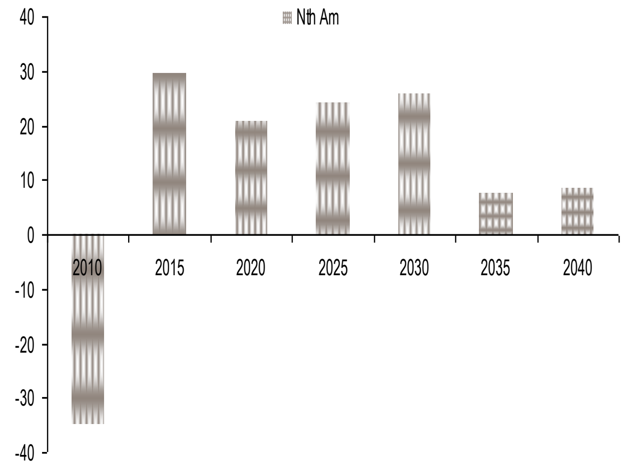
STH AMERICAN EXPANSIONS



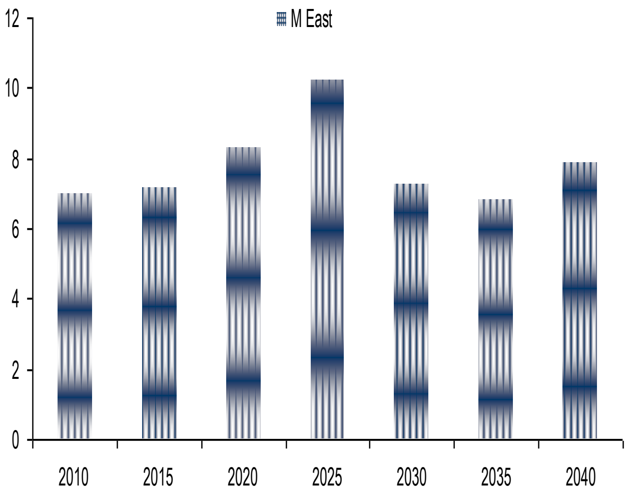
AFRICA EXPANSIONS



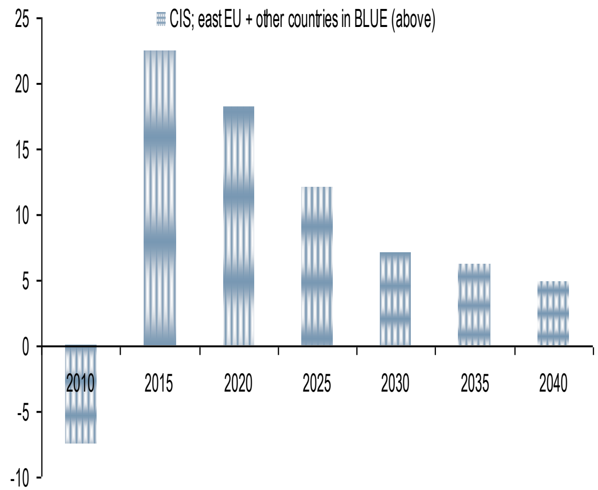
NORTH AMERICAN DELTAS



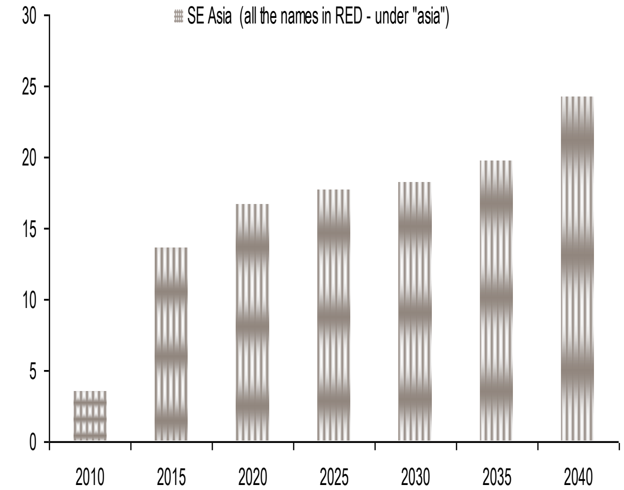
M.EAST EXPANSIONS



CIS DELTAS



SE ASIAN EXPANSIONS



Note 1: Steel consumption in million tonnes; 5-year period-on-period deltas; Note 2: Expect EU 10mt delta 2010-2015 Source: WSA; Credit Suisse estimates

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Restricted	2%¶	

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