

Metal firms see China re-opening as boost to commodities

IN THE MARKET

A mixed bag

(As on Feb 20)	1D (%chg)	MTD (%chg)	YTD (%chg)
LME	2.5	-4.2	4.7
Copper	1.6	-0.7	7.5
Lead	1.9	-2.6	-10.6
Aluminium	2.4	-5.6	1.3
Zinc	2.4	-8.8	2.8
Tin	-1.6	-10.8	5.2
Nickel	1.4	-11.7	-14.7
China Steel (CNY/tonne)	0.76	1.33	4.97

Source: Bloomberg; Compiled by BS Research Bureau

Most metal firms in red

(As on Feb 21)	1D (%chg)	MTD (%chg)	YTD (%chg)
S&P BSE METAL	-0.3	-3.6	-2.2
APL Apollo Tubes	0.7	11.1	16.6
Jindal Steel & Power	-0.9	1.0	1.5
JSW Steel	-0.3	0.6	-6.1
NALCO	0.9	-1.6	2.0
Hindustan Zinc	0.1	-3.3	-0.2
SAIL	1.3	-3.8	5.6
Coal India	-1.9	-4.8	-4.9
Tata Steel	0.8	-5.4	0.5
Vedanta	-0.9	-7.4	0.0
Hindalco	-0.7	-7.9	-8.8

VIVEAT SUSAN PINTO
Mumbai, 21 February

The re-opening of the Chinese economy, as it moves away from its zero-Covid policy, could help stabilise commodity prices, according to some of the country's top metal companies.

They view this as a positive for demand, at a time when markets such as the US and Europe have been largely weighed down by slowdown concern now. "Most of us in the metals business are hoping the Chinese economy picks up because half of any metal demand, including demand for aluminium, comes from China. If it does, metal prices have an upside," said Satish Pai, managing director, Hindalco.

On Tuesday, shares of metal companies, including Hindustan Zinc, Hindalco, National Aluminium Company, Tata Steel, and Steel

Authority of India (SAIL), closed trade in the green on the BSE as sentiment remained positive in the sector.

The BSE Metal index, however, was marginally down 0.3 per cent versus the previous day's close amid a broader weakness in the market ahead of the release of the minutes of the latest US Federal Reserve meeting on Wednesday.

While the prices of base metals such as zinc, lead, nickel, aluminium, and copper are up 1.4-2.4 per cent versus the previous day's close as on February 20 on the London Metal Exchange (LME), commodities such as tin are down 1.6 per cent for the period, according to the data compiled by BS Research Bureau.

Year-to-date, the prices of zinc, aluminium, copper and zinc are up 3-7 per

cent on the LME, while those of lead and nickel are down 10-14 per cent.

In a recent analysts' call, Vedanta CEO Sunil Duggal said: "The exit of the Chinese from their zero-Covid policy should help frontload investment in infrastructure and construction, which is a positive for global metals demand."

Hindustan Zinc CEO Arun Misra said he saw the global consumption of zinc rising by 1.4 per cent year-on-year in CY2023 to nearly 14 million tonnes from 13.8 million tonnes reported the previous year. "The rapid easing of Covid restrictions and slowing in US inflation have boosted the price of zinc. We hope this trend continues," he said in a call with analysts.

In a recent conversation with

Business Standard, Misra said India and China would be major consuming nations, thanks to an infrastructure push in these markets. "We expect 3-4 per cent growth in demand here (India and China). Global demand will be around 2.5 per cent higher this year."

In its outlook for CY23, global miner BHP said on Tuesday it saw metal prices to be higher this year as against last year.

"2023 metal prices are expected to be higher than they were in the second half of 2022, when pessimism on Chinese growth prospects was at its height, the US Fed was at its most hawkish, and the energy price shock was at its peak. At the same time, we gauge that the constellation of prices observed in late January overstates how tight physical commodity markets are likely to be over the full year," BHP said.

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