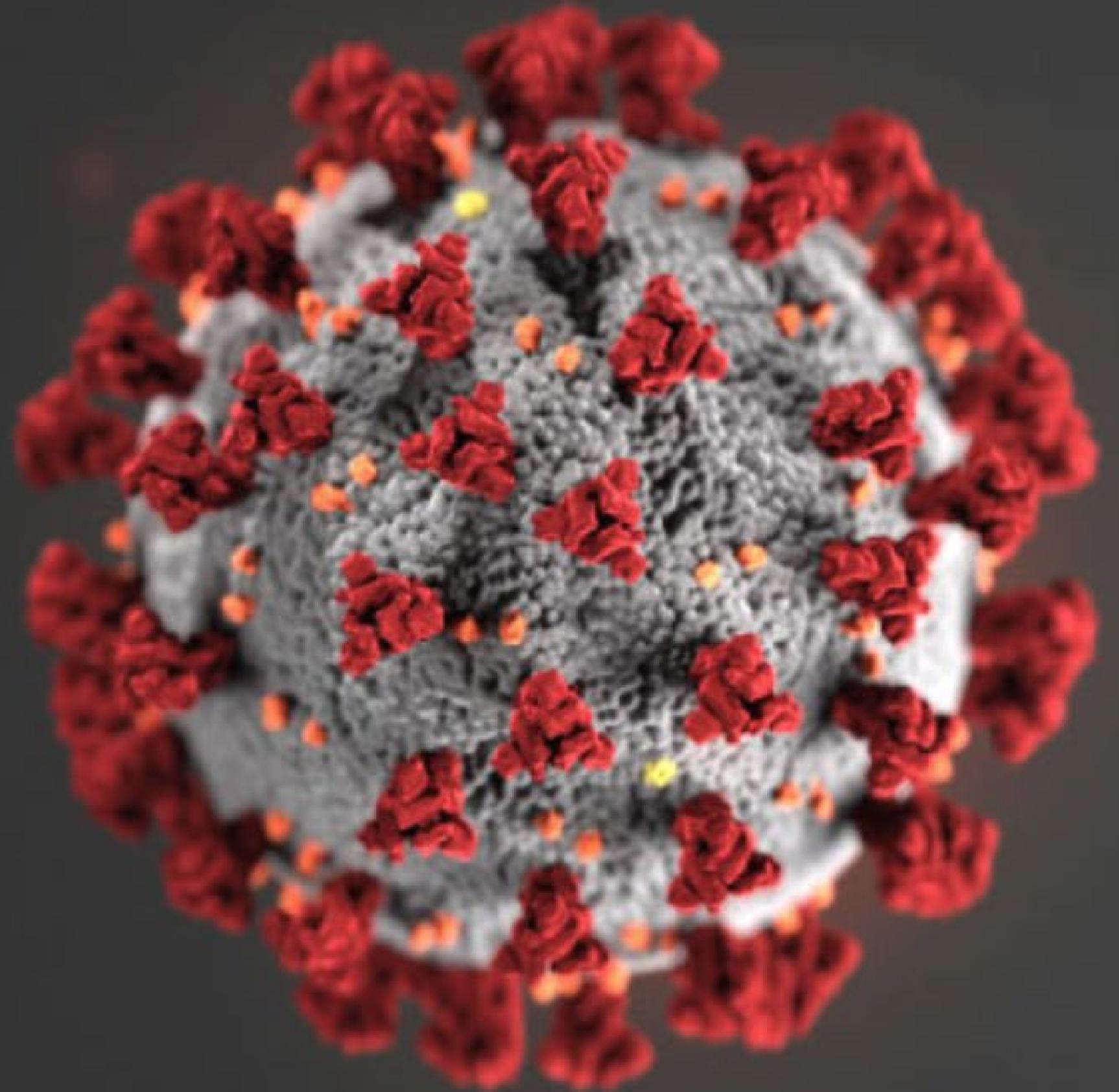




Corona virus – Impact Assessment – Metals & Mining

April 2020



Impact Assessment : Metals and Mining

Advisory Insights

- The steel prices are expected to embark on a downtrend in the upcoming months. Buyers in the US are reluctant to place orders even at attractive prices due to the unprecedented the public health crisis caused by the virus. It remains unclear when they will be able to get the virus under control and when demand might rebound. Although the Chinese government has lessened its travel restrictions and certain mills have restarted production, the demand outlook remains pessimistic with downstream companies either reporting marginal profits and even losses in some cases due to a shrinking export market due to the Covid-19 pandemic.
- In the EU, demand for flat steel has been handicapped severely by the massive productions stoppages among automotive producers. To balance the supply-demand scenario, several steel mills had limited production levels in the earlier months. Despite this, the sentiment in the market is likely to remain bearish and transaction prices are likely to drop even when the market activity starts to recover.
- Prices of minor metals will continue to remain weak in China and other international markets following the outbreak of the novel corona virus. Demand is likely to remain under pressure as major international markets continue to remain under lockdown. In China, production at major facilities are likely to resume gradually and logistics restrictions are expected to ease in upcoming weeks .
- In China, bauxite prices are anticipated to follow upward trend owing to the continuous supply shortage coupled with plunging demands from the downstream market. Also, the prices of white fused alumina(WFA) will tick upward, while that of brown fused alumina(BFA) will continue to remain flat in short term. With the coronavirus outbreak getting serious outside China, buyers are delaying their demand. In the domestic markets, with the downstream refractory and abrasive factories operating at relatively low levels, therefore the demand is lukewarm.

Commodity / Category	Impact Assessment
Carbon Steel	
Steelmaking Raw Material-Iron Ore	
Minor Metals	
Mining Equipment	
Nickel	
Refractory	

Supplier & End User News Alert

- Key end users in the automotive sector such as BMW, Honda and Hyundai Motor India have shut their plants due to the 21-day lockdown period to help prevent the spread of the novel coronavirus (2019-nCoV) pandemic.
- The Spanish government decreed on March 29 to shut down all non-essential production as part of the battle to contain the Covid-19 pandemic. Work at steel plants and distribution has not been deemed essential business in the decree.
- Ukrainian steelmaker Metinvest may put a complete stop to slab production at its Azovstal facility in Mariupol if quarantine measures in Italy, are extended after April 3.
- Australian based graphite producer Syrah Resources has halted its operations at “Balama site” in Mozambique since 28th March owing to Covid-19 pandemic.
- US based construction and mining equipment manufacturer Caterpillar may temporarily suspend operations at certain facilities amid coronavirus pandemic.





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