

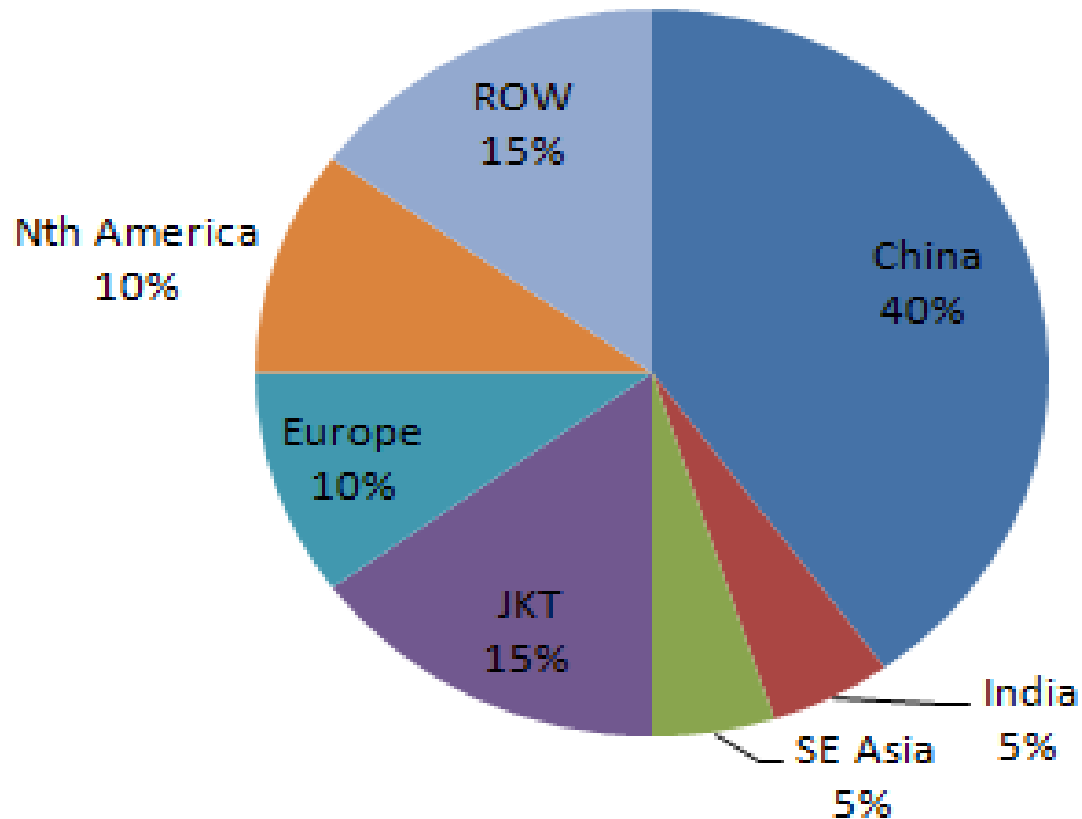
Drivers of Global Trade...*even in a GFC*

The impact of the GFC on global minerals trade
(the critical themes & drivers affecting the GLOBAL economy)

Melinda Moore – CleanUp Commodities
17 November 2011

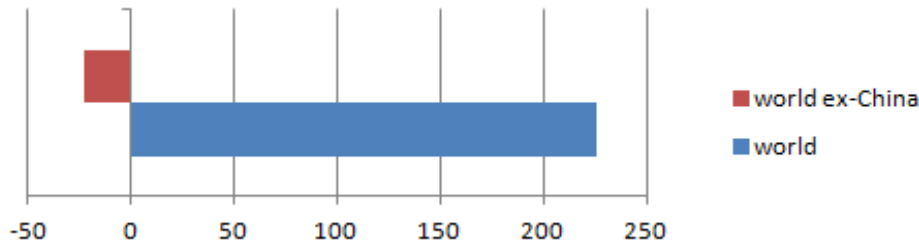
Demand - who wants what?

Commodity Consumption - share of the world



Demand - who wants what?

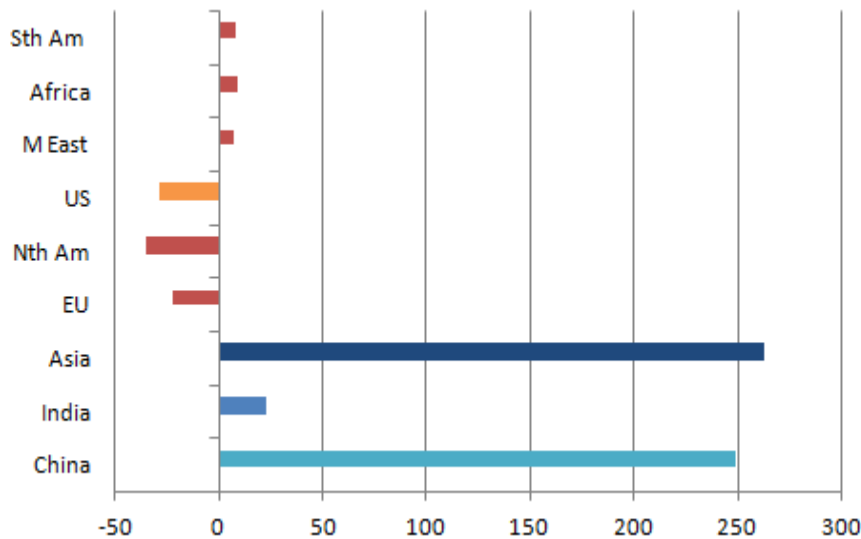
2010 vs 2005 global steel incremental consumption delta (mt)



- **Push-Pull: Developed vs Developing**

- Growth or Contraction
- Structural vs Cyclical drivers
- Policy prescriptions / Fire-power

- =====> 2 tones / 2 speeds

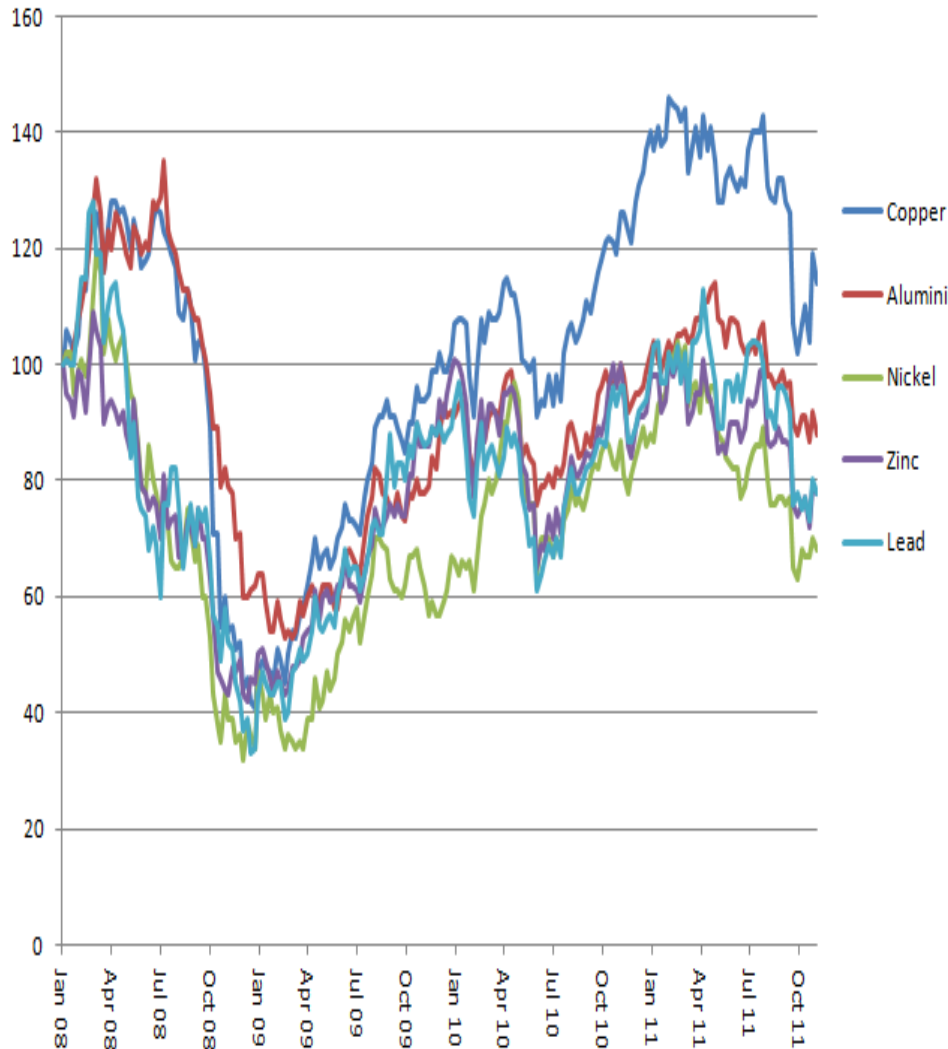


Iron Ore Seaborne-Reliant Pig Iron production
in million tonnes



Source: World Steel

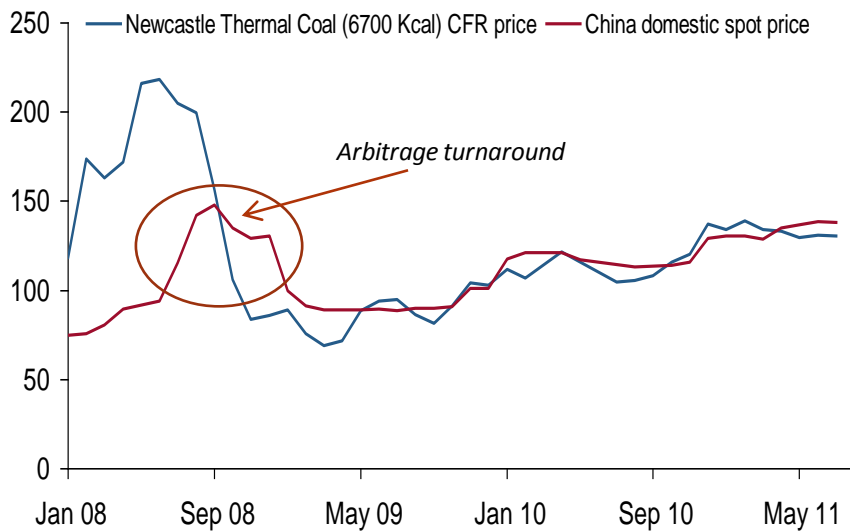
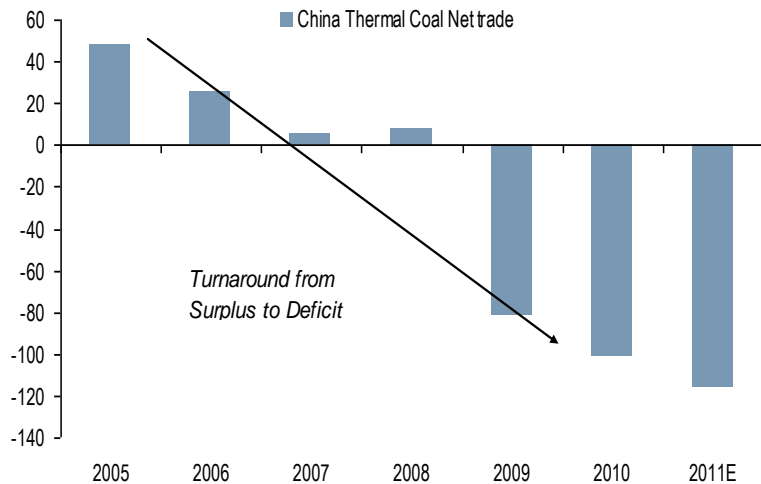
Supply – who has what?



Bloomberg; Note: 1 Jan '08=100

- Domestic Short or Longs?
- Operating Disruptions
 - Weather
 - Mechanical failures
 - Labour disputes
 - Grade declines & mine depletions
- Cost Curve Positioning
 - CFR (*transport*), not FOB;
 - Total, not Cash cost
- Investment Disruptions
 - Macro conditions (*“risk-off”*)
 - Nationalistic fervour (*ownership*)
 - Political climate (*taxes*)
 - Approvals processes (environment)
 - Equipment / Labour shortages
 - Pricing conflicts

Price - Negotiating a worthy outcome



- Arbitrage beneficiaries
- Affordability – not limitless
 - *beware Commodity Strangulation*

Indicators to Watch or Avoid

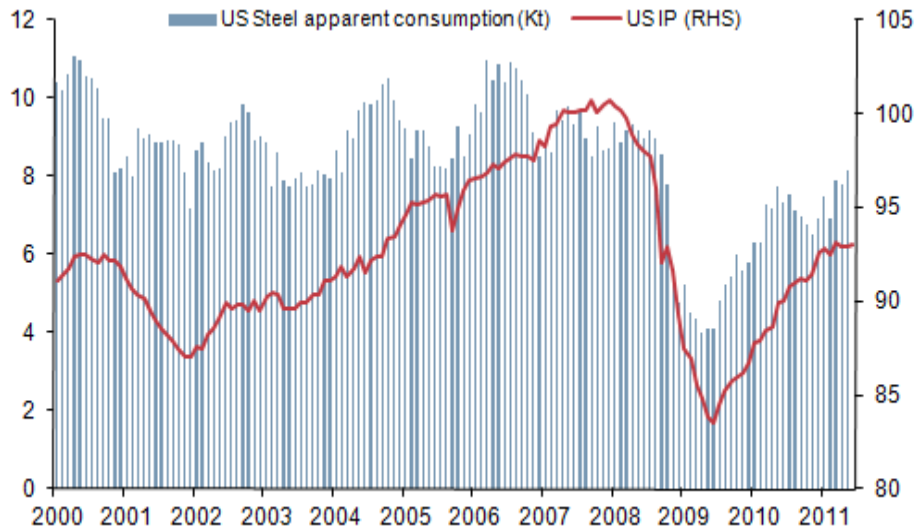
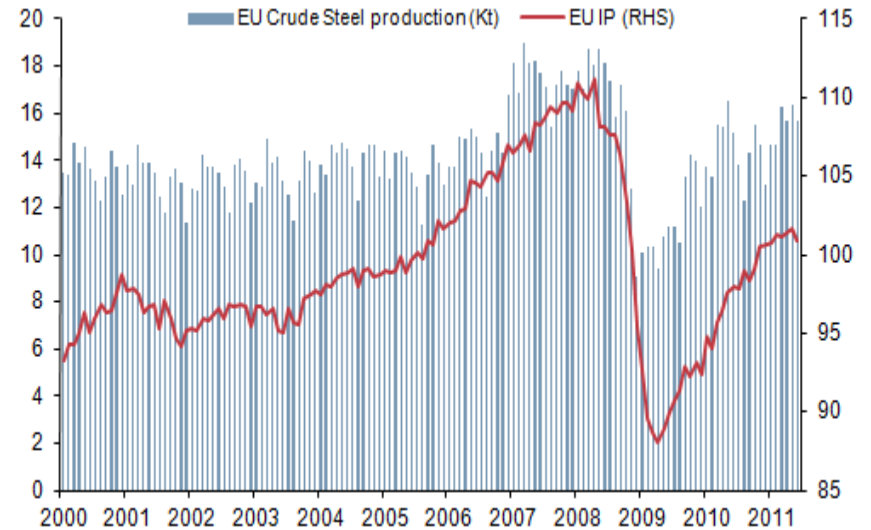
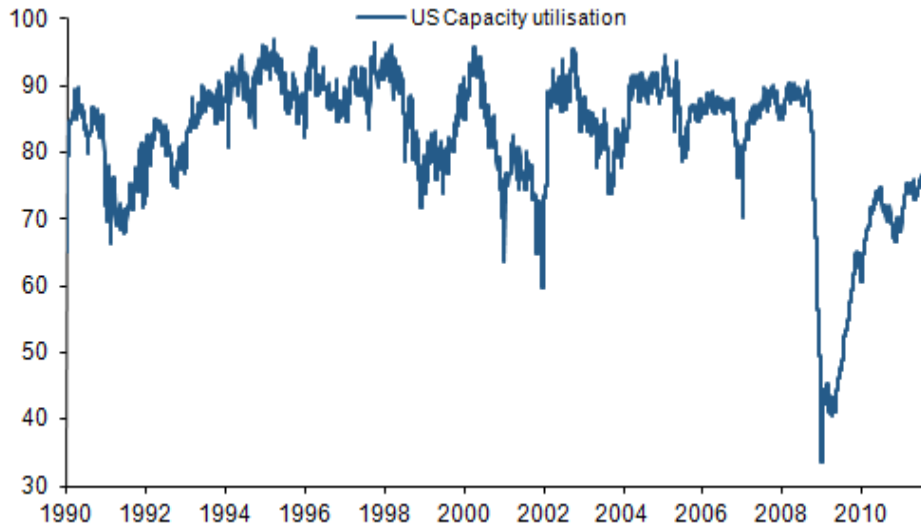
WATCH

- Turkish Scrap price – real economic activity

AVOID

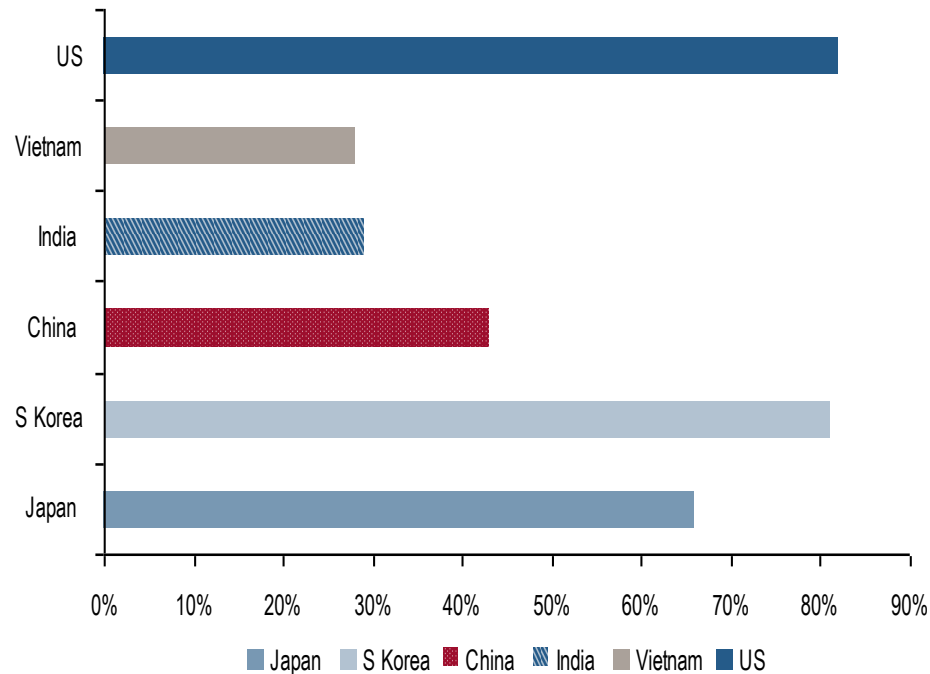
- Freight rates – Baltic Dry Index

US and EU capacity recovery rates

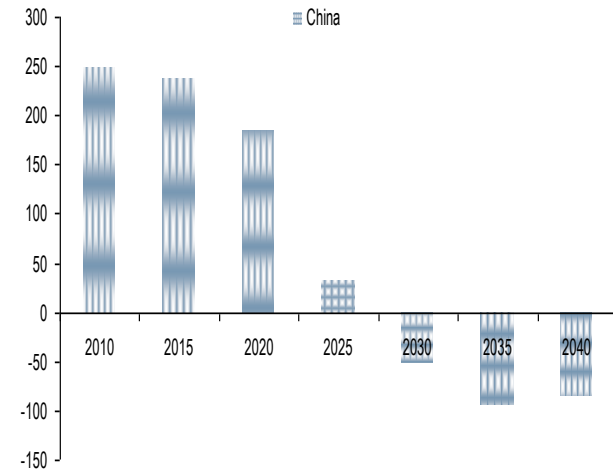
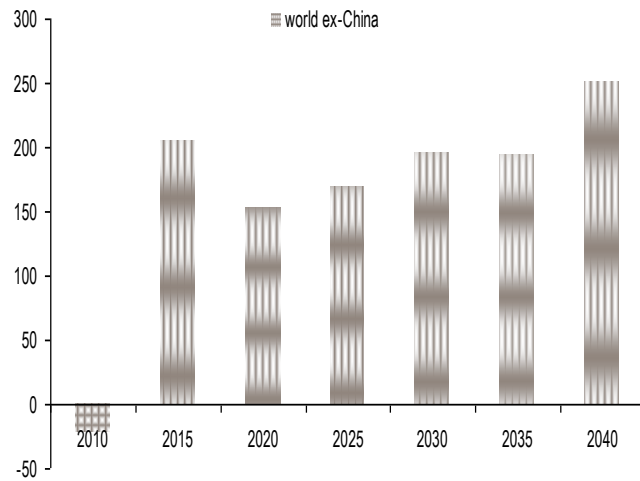


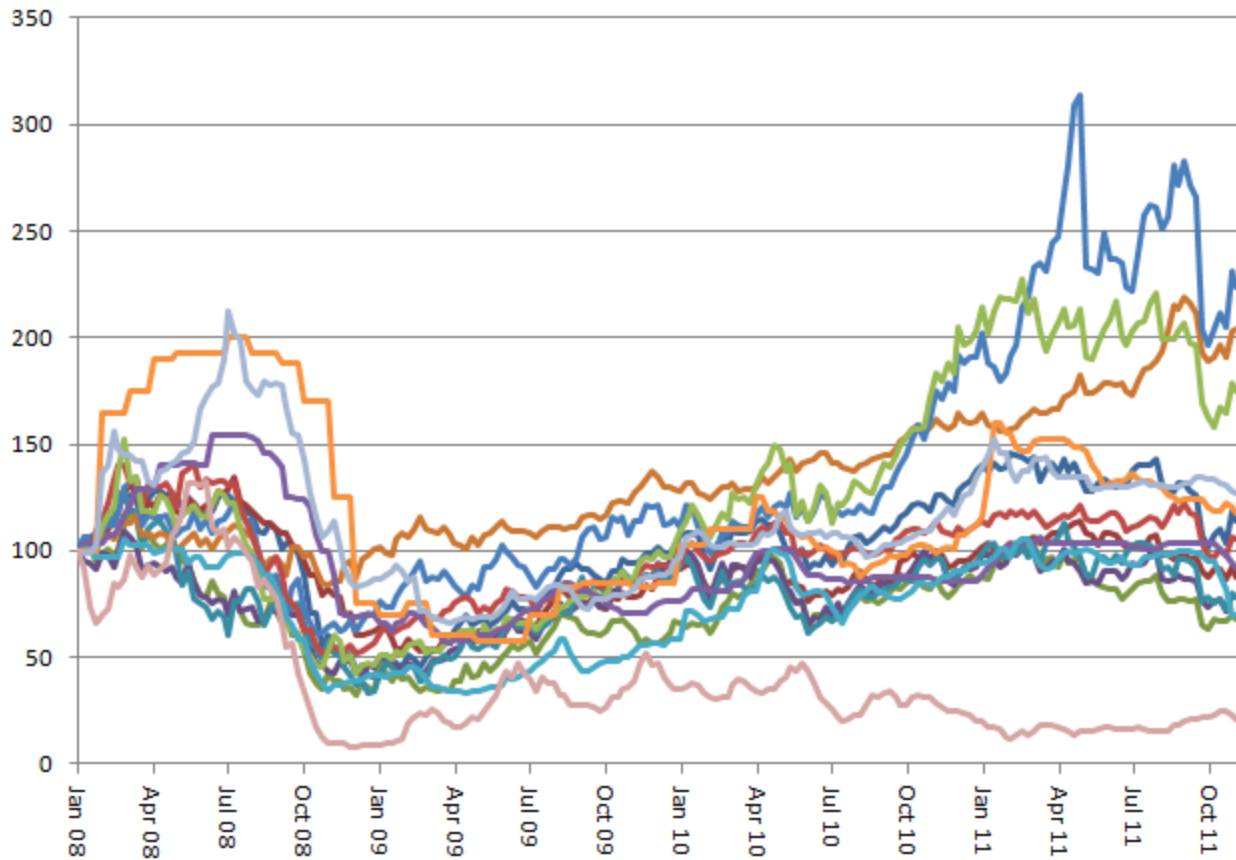
Urbanisation Rate Comparisons

Urbanisation Rates



China vs ex-China growth patterns





- Copper
- Aluminium
- Nickel
- Zinc
- Lead
- Gold
- Silver
- Platinum
- Palladium
- HRC
- Iron Ore
- Spot coking coal
- Newcastle spot
- BDIY