

## China Commodities

## Tariffs - China steel and metals, and ag commodities

On April 2nd, President Trump announced “reciprocal” tariffs on trading partners, resulting in what we estimate to be an increase of 26pp in the average effective US tariff rate on China, which would bring the total effective tariff rate on Chinese goods to 58% ([link](#)). In response, on April 4th, Chinese policymakers announced a 34pp tariff increase on all US exports to China, in addition to retaliatory tariffs increase by 10-15% for imports of agricultural products and processed foods from US. We assess potential impact of US tariffs on China domestic demand of various commodities, as well as the effect on agricultural commodities on the back of higher import tariffs.

While we do not take a view on the progress of tariff hikes and the durability, the analysis suggest modest downside risk on Chinese demand for steel, aluminum and copper demand, in the context of demand elasticity to higher price of finished goods, but potentially deeper should recession emerge ([link](#)).

We estimate indirect exports of Chinese commodities (through finished goods) to the US account for 1.3% of production of Chinese steel, 0.7% in aluminum, and 1.5% in copper; a scenario of 30% reduction in exports to the US (assuming half of the tariff impact is to be absorbed by consumers) could lead to 0.2-0.5% softening in Chinese demand, all else equal. The change is meaningful in the context of 2025E China demand growth estimates (-1.3% to +3.0%), and the possibility of a global recession could lead to additional downside of 0.7-1.5%, due to broader impact on exports, based on historical range of OECD industrial growth in recession periods (0% to -6% in most cases) ([link](#)). On the other hand, enhanced policy on supply discipline on oversupplied sectors with high export exposures (steel), and potential more stimulus on demand becomes more important ([1H25 China trip link](#)).

On another note, the higher tariff China imposed on US goods import would add inflationary pressure to major grains. We estimate US Ag imports account for 21% of total China import of soybean, 15% in corn, 6-11% in major proteins in poultry, pork and beef. However, the level of inflation is likely to be more modest than the incremental 44% tariff in our view, due to a strong harvest year in Brazil soybean, and relatively soft domestic demand for animal protein.

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Our preferences are on Chinese cement and steel, and domestic seeds names - highlight our Buy ratings on Conch-H (on CL), Baosteel and DBN.

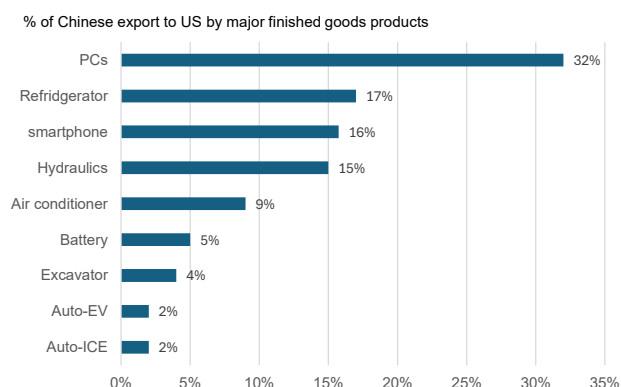
### Hard commodities

China's direct export of hard commodities to the US is marginal, after several rounds of anti-dumping and S232 measures - we estimate direct export to US is only 0.1% for steel and 0.6% for fabricated aluminium products in 2024. Indirect export of Chinese commodities to US through finished goods are a more meaningful part of the China commodities demand.

- We estimate between 2-32% of the Chinese exports of finished products, such as auto, battery, machinery, appliances and consumer electronics, were exported to the US.
- The exposures would translate to related Chinese copper demand at 1.5%, mostly in consumer electronics and air conditioner.
- The exposures would translate to related Chinese steel at 1.3%, driven by machinery, appliances and auto.
- The exposures would translate to related Chinese aluminium at 0.7%, driven by machinery, appliances and auto.

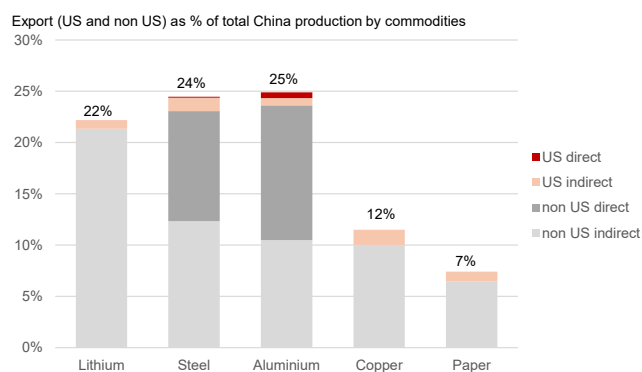
A separate discussion on US tariffs for imported steel, aluminum, and potentially copper suggests limited impact to ROW on steel and aluminum, given US's small shares of global consumption - 6% in steel, 7% in copper and 8% in aluminum. However, the impact on copper would be mixed in near-term and longer run (see [GS global commodity notes](#)).

**Exhibit 1: Between 2-32% of the Chinese finished goods products were exported to the US**



Source: China customs, Goldman Sachs Global Investment Research

**Exhibit 2: Export related commodity demand as % of total China production**



Source: China customs, Goldman Sachs Global Investment Research

### Ag commodities

According to USDA ([link](#)), China imported US\$24.7bn of agriculture products from the US in 2024A, or 14% of total US farm and food products exported for the year, mainly in soybean, beef, cotton, coarse grains (ex corn), tree nuts, dairy products, poultry meat and products. Specifically, US soybean imports to China, 22.1mnt, accounted for 21% of the 105mnt soybean imported by China in 2024A, equivalent to 19% of Chinese

demand.

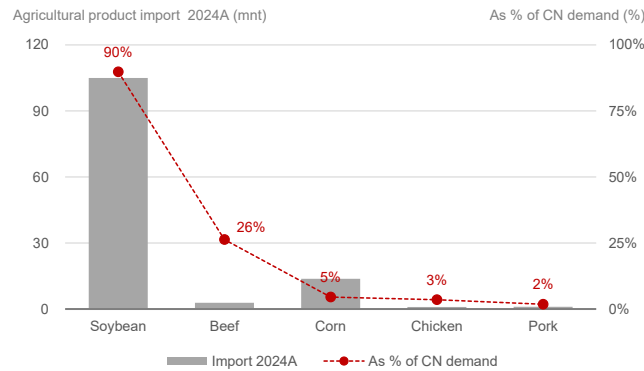
In 2018, when a 25% retaliatory tariff was imposed on US soybean, the CNF China price of US soybean declined by nearly US\$100/t, while prices from Brazil remained mostly unchanged. A 44% tariff would lead to a wider disparity and inflationary pressure, in theory, but could be partly offset by other supply factor (alternative supplies) and demand (domestic protein demand has been weak). Specifically, strong harvest season in Brazil suggests record levels of soybean output, reaching 170mnt for 2024/25, and or 173mnt for 2025/26, versus 153mnt in 2023/24 ([link](#)), with exports from Brazil projected to reach 10.7-14.4mnt higher for the period versus 2023/2024. On the demand side, domestic protein demand has been soft ([GS ag quarterly](#)), and soybean import into China is expected to reach 95.8mnt in 2024/25, or 9mnt lower than prior year, based on feedback from our 2H24 China trip ([link](#)).

Exhibit 3: Major ag product import to China 2024A - from USA, and other countries



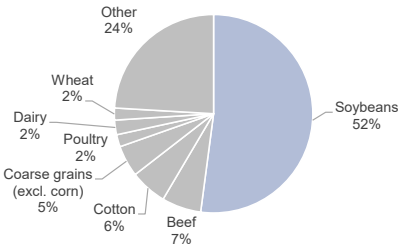
Source: Customs, USDA, Goldman Sachs Global Investment Research

Exhibit 4: Domestic import reliance of major ag product - highest in soybean and beef



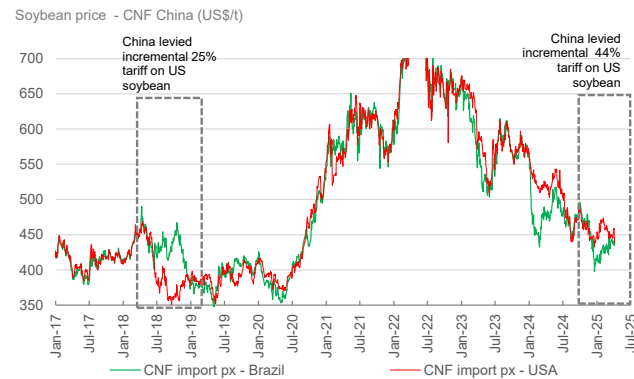
Source: Customs, USDA, Goldman Sachs Global Investment Research

Exhibit 5: US ag import to China was US\$24.7bn in 2024A - soybean accounting for 52% followed by beef and cotton



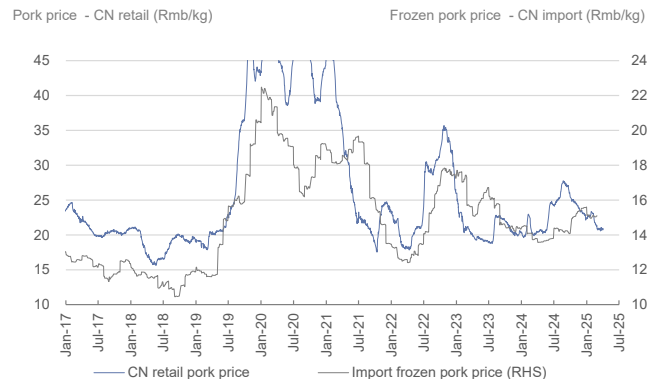
Source: USDA, Goldman Sachs Global Investment Research

**Exhibit 6: CNF China soybean price - a disparity of ~US\$100/t in 2H18, and potentially ~US\$200/t disparity ahead based on current tariffs imposed**



Source: Wind, Customs, Data compiled by Goldman Sachs Global Investment Research

**Exhibit 7: Downstream protein price trend - domestic retail pork vs. imported (incl. frozen) pork**



Source: Wind, Customs, Data compiled by Goldman Sachs Global Investment Research

## Exhibit 8: Coverage summary - China commodities

Company	Ticker	Price	Target	Trading	Rating	Upside	Mkt cap	EPS(rpt ccy/sh)	PE	ROE	PB	Div yield	Perf.	ADTV
Price as of 3-Apr-2025		Tccy	Tccy	ccy		%	US\$ bn	25E 26E	25E 26E	25E 26E	25E 26E	25E 26E	YTD US\$ mn	
<b>Basic materials</b>														
Angang-H	0347.HK	1.67	2.40	CNY	Buy	44%	2.02	(0.109) (0.026)	n.a. n.a.	-2% -1%	0.3 0.3	0.0% 0.0%	16%	2.7
Angang-A	000898.SZ	2.45	2.60	CNY	Neutral	6%	3.17	(0.109) (0.026)	n.a. n.a.	-2% -1%	0.5 0.5	0.0% 0.0%	5%	14.2
Baosteel	600019.SS	7.26	8.10	CNY	Buy	12%	22.08	0.551 0.617	13.2 11.8	6% 6%	0.7 0.7	3.8% 4.2%	5%	70.7
Maanshan-H	0323.HK	1.80	1.60	CNY	Neutral	-11%	1.78	(0.104) (0.067)	n.a. n.a.	-4% -2%	0.6 0.6	0.0% 0.0%	29%	5.2
Maanshan-A	600808.SS	3.17	2.30	CNY	Sell	-27%	3.36	(0.104) (0.067)	n.a. n.a.	-4% -2%	1.1 1.1	0.0% 0.0%	7%	50.0
Shenhua-H	1088.HK	32.60	29.50	CNY	Neutral	-10%	83.23	3.000 2.940	10.2 10.4	14% 13%	1.4 1.3	7.1% 6.9%	0%	85.2
Shenhua-A	601088.SS	38.96	32.50	CNY	Neutral	-17%	106.45	3.014 2.967	12.9 13.1	14% 13%	1.7 1.7	5.6% 5.5%	-9%	174.1
Chinacoal-H	1898.HK	8.05	6.00	CNY	Sell	-25%	13.72	0.904 0.945	8.3 8.0	8% 8%	0.6 0.6	4.4% 4.6%	-12%	21.6
Chinacoal-A	601898.SS	10.40	8.70	CNY	Sell	-16%	18.96	0.904 0.945	11.5 11.0	8% 8%	0.9 0.8	3.2% 3.4%	-13%	45.5
Yankuang-H	1171.HK	8.28	7.30	CNY	Neutral	-12%	10.68	1.148 1.339	6.7 5.8	19% 20%	1.2 1.1	8.2% 9.5%	-5%	29.9
Yankuang-A	600188.SS	13.21	10.00	CNY	Sell	-24%	18.24	1.148 1.339	11.5 9.9	19% 20%	2.1 1.9	4.8% 5.6%	-4%	47.2
Conch-H	0914.HK	22.20	29.00	CNY	Buy*	31%	15.1	2.758 2.844	7.5 7.3	8% 7%	0.6 0.5	6.8% 7.0%	16%	21.1
Conch-A	600585.SS	24.16	29.00	CNY	Buy	20%	17.6	2.758 2.844	8.8 8.5	8% 7%	0.6 0.6	5.9% 6.0%	3%	51.5
BBMG-H	2009.HK	0.74	0.80	CNY	Neutral	8%	1.0	0.012 0.007	59.0 94.9	0% 0%	0.1 0.1	7.2% 7.2%	-3%	0.7
BBMG-A	601992.SS	1.64	1.25	CNY	Sell	-24%	2.4	0.012 0.007	139.9 n.a.	0% 0%	0.2 0.2	3.0% 3.0%	-6%	11.4
CNBM	3323.HK	4.25	4.60	CNY	Buy	8%	4.1	0.564 0.617	7.0 6.4	4% 4%	0.3 0.3	7.1% 7.8%	22%	17.5
CRBMT	1313.HK	1.82	2.10	CNY	Buy	15%	1.6	0.235 0.241	7.2 7.1	4% 4%	0.3 0.3	6.5% 6.6%	17%	2.7
WCC	2233.HK	1.43	1.30	CNY	Neutral	-9%	1.0	0.202 0.336	6.6 4.0	9% 13%	0.6 0.5	4.5% 7.4%	-9%	7.6
Chalco-H	2600.HK	4.69	6.30	CNY	Buy	34%	10.34	0.664 0.703	6.6 6.2	16% 15%	1.0 0.9	4.9% 6.0%	6%	24.6
Chalco-A	601600.SS	7.17	6.80	CNY	Neutral	-5%	16.92	0.664 0.703	10.8 10.2	16% 15%	1.6 1.4	3.0% 3.7%	0%	145.5
Hongqiao	1378.HK	14.60	11.50	CNY	Neutral	-21%	17.78	2.092 2.021	6.5 6.8	18% 16%	1.1 1.1	9.7% 9.4%	28%	61.9
JXC-H	0358.HK	13.28	21.00	CNY	Buy	58%	5.91	2.523 2.600	4.9 4.8	11% 10%	0.5 0.5	7.1% 7.3%	7%	28.1
JXC-A	600362.SS	22.34	28.00	CNY	Buy	25%	10.64	2.523 2.600	8.9 8.6	11% 10%	0.9 0.9	4.0% 4.1%	10%	78.3
MMG	1208.HK	2.53	3.40	USD	Buy	34%	3.94	0.041 0.075	8.0 4.4	13% 21%	1.0 0.8	0.0% 0.0%	1%	19.5
CMOC-H	3993.HK	6.16	8.60	CNY	Buy	40%	17.10	0.719 0.850	8.0 6.8	20% 21%	1.5 1.3	5.0% 6.0%	17%	41.3
CMOC-A	603993.SS	7.23	11.00	CNY	Buy	52%	21.48	0.719 0.850	10.1 8.5	20% 21%	1.9 1.7	4.0% 4.7%	10%	227.0
Zijin-H	2899.HK	16.94	24.50	CNY	Buy	45%	57.85	1.739 1.813	9.1 8.7	29% 25%	2.4 2.0	3.5% 3.6%	19%	123.5
Zijin-A	601899.SS	17.11	27.00	CNY	Buy	58%	62.54	1.739 1.813	9.8 9.4	29% 25%	2.6 2.2	3.2% 3.3%	13%	439.3
Zhaojin	1818.HK	15.06	17.00	CNY	Buy	13%	6.58	0.952 0.878	14.8 16.0	14% 12%	2.0 1.8	0.8% 0.7%	32%	29.5
Ganfeng-H	1772.HK	20.60	18.90	CNY	Neutral	-8%	5.34	0.411 0.774	46.8 24.9	2% 4%	0.9 0.9	0.2% 0.4%	3%	20.6
Ganfeng-A	002460.SZ	33.70	21.30	CNY	Sell	-37%	9.35	0.411 0.774	82.0 43.5	2% 4%	1.6 1.6	0.1% 0.2%	-1%	129.4
Tianqi-H	9696.HK	23.90	19.00	CNY	Sell	-21%	5.04	0.953 1.587	23.4 14.1	4% 6%	0.7 0.8	1.3% 2.1%	1%	5.8
Tianqi-A	002466.SZ	30.26	21.00	CNY	Sell	-31%	6.83	0.953 1.587	31.7 19.1	4% 6%	1.0 1.1	0.9% 1.6%	-7%	102.8
Yahua	002497.SZ	11.95	11.00	CNY	Sell	-8%	1.89	0.350 0.451	34.2 26.5	4% 5%	1.3 1.2	0.3% 0.4%	5%	18.0
Yongxing	002756.SZ	32.97	29.00	CNY	Sell	-12%	2.44	1.349 1.722	24.4 19.1	6% 8%	1.5 1.4	3.4% 4.4%	-13%	18.2
QH Salt Lake	000792.SZ	16.49	13.70	CNY	Sell	-17%	12.32	0.886 0.900	18.6 18.3	12% 11%	2.2 1.9	0.0% 0.0%	1%	16.3
Huayou	603799.SS	33.23	24.00	CNY	Sell	-28%	7.76	1.219 1.399	27.3 23.8	6% 6%	1.5 1.5	0.7% 0.8%	17%	209.6
GEM	002340.SZ	6.50	6.70	CNY	Neutral	3%	4.59	0.163 0.249	39.9 26.1	4% 6%	1.7 1.6	0.5% 0.8%	3%	21.8
NDPaper	2689.HK	3.28	3.80	CNY	Neutral	16%	1.98	0.319 0.396	9.6 7.7	2% 3%	0.3 0.3	1.5% 1.9%	5%	3.2
Sunpaper	002078.SZ	14.60	11.70	CNY	Sell	-20%	5.61	1.251 1.341	11.7 10.9	12% 11%	1.3 1.2	2.3% 2.5%	1%	31.0
<b>Agriculture</b>														
Muyuan	002714.SZ	39.49	55.00	CNY	Buy	39%	28.58	6.066 7.464	6.5 5.3	39% 37%	2.2 1.7	6.1% 7.6%	5%	196.4
Wens	300498.SZ	17.06	17.50	CNY	Neutral	3%	14.95	1.949 2.178	8.8 7.8	30% 27%	2.2 1.8	3.1% 3.4%	5%	95.1
New Hope	000876.SZ	9.73	6.80	CNY	Sell	-30%	6.03	0.691 0.830	14.1 11.7	12% 13%	1.6 1.4	0.0% 0.0%	11%	54.7
Haid	002311.SZ	51.24	56.00	CNY	Buy	9%	11.71	3.170 3.673	16.2 13.9	21% 21%	3.1 2.7	1.9% 2.2%	7%	44.7
Longping	000998.SZ	10.29	12.00	CNY	Buy	17%	1.86	0.332 0.460	31.0 22.4	6% 8%	1.9 1.8	0.6% 0.9%	-5%	29.8
Dabeinong	002385.SZ	4.06	9.50	CNY	Buy	134%	2.31	0.473 0.651	8.6 6.2	21% 23%	1.6 1.3	0.0% 0.0%	-4%	35.3
Denghai	002041.SZ	10.31	9.50	CNY	Neutral	-8%	1.25	0.265 0.352	39.0 29.3	6% 8%	2.3 2.1	0.3% 0.4%	-6%	38.0
Adisseo	600299.SS	10.48	8.00	CNY	Sell	-24%	3.87	0.326 0.375	32.1 27.9	6% 6%	1.7 1.7	1.2% 1.4%	-13%	18.2
Ringpu	300119.SZ	18.97	18.00	CNY	Buy	-5%	1.22	1.145 1.432	16.6 13.2	11% 13%	1.7 1.6	2.5% 3.1%	2%	15.9

TPs are on a 12-month time frame; \*denotes stock is on the APAC Conviction List

Source: Company data, Goldman Sachs Global Investment Research

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