Coverage	Emerging markets steel, five countries
Report type	Sector strategy

Emerging markets steel: one Chinese export benchmark links the coverage, and import barriers sustain the premium to parity

One trade. The five countries do not provide the diversification their number suggests. All five pricing structures rest on one input, China's 2026 export FOB price of $485.98/t. On 17.07.2026 the wedge to China's domestic price was +$29.65/t (Mysteel, Tianjin). A ±10% move, or ±$48.60/t, moves 8% to 958% of the intrinsic value of the eight stocks whose channels were measured by recalculating the models. Seven others were excluded from the recalculation, at a cost Section 8 quantifies. A +10% move changes two recommendations: NLMK becomes BUY at +0.61% FOB and Kardemir loses its SELL at +8.57%. For investors assessing the pricing regime and cycle, the fifteen tickers offer exposure to a shared Chinese export price. That input drives correlation across the investment theses.

A premium requires import protection. A domestic premium only persists when concentration and import barriers are both high. Russia has an index of 2,522–2,666 and a top-three share (CR3) of 86%, with a premium of 26% of the domestic price. Brazil imposes a 25% out-of-quota duty and has a 13–33% wedge. Turkey defeats a concentration-only model: at a 0.86% import barrier it has a −0.85% discount to parity. The threshold lies between 0.86% and 19.75%. No premium is observed below it across the covered markets. The sample has no high-concentration, low-barrier observation, and the interval applies only to the measured markets. A ±10% premium move is worth RUB 93.71 per Severstal share. A +$10/t premium changes NLMK to BUY.

Steel stocks with currency exposure. Foreign exchange is the second common driver after the China benchmark. India gives up to 469% of intrinsic value for the model currency shock, Brazil up to 217% at ±10% of FX using absolute intrinsic value, Russia 28–44%, and Turkey 5% from translation alone with US dollar functional currency. Four of eleven measured ratings change inside the test step: NLMK at +0.25% FX, Gerdau at −0.95%, Severstal at +3.75%, and CSN from SELL to BUY at +9.07%. Portfolio risk should treat those positions as currency exposures.

No stock meets the quality hurdle. Zero of fifteen stocks across five countries pass all four quality tests. Neither BUY qualifies on quality. MMK is a special situation with the mechanism and timing in its country report. CITIC is a price-based BUY that passed two of four tests, ranking second and also a potential value trap under Sections 4 and 5. Erdemir is closest to clearing the hurdle. It misses the advantage test by −$0.0153/t at $0.2/t measurement precision, within noise. Tata Steel is next, needing 3.55% of the Indian price ceiling to pass the return test. The sector offers no holdings based on quality alone. Special situations require a stated mechanism and timeline.

Country coverage rates all fifteen stocks as follows. BUY: MMK, a special situation with a TSR − H spread of +105 pp, and CITIC Pacific at +22. TSR is 12-month total shareholder return. H is the hurdle for the same stock, model and currency. HOLD: NLMK +7 and Gerdau −7. SELL: Baoshan −13, Hunan Valin −28, Severstal −39, Kardemir −70, Tata Steel −78, Erdemir −88, JSW Steel −98, Jindal Steel −108, Usiminas −195, HBIS −213 and CSN −353. For investors assessing the pricing regime, the top of the ranking rests on the Chinese benchmark and currency. Both reverse calls on smaller moves than investors would usually count as a margin of safety. Country reports retain ownership of ratings, targets and valuation ranges.

Table 1. Fifteen stocks in five countries. TSR against each stock's own H = Ke, the cost of equity in the same model, currency and date (decision map, entry 96). Spreads range from −353 to +105 pp.

Company	Country	Currency	Share price	Target TP_{12m}	TSR, %	H, %	TSR − H, pp	Rating
MMK	Russia	₽	19.07	44.08	+131.1	25.8	+105.3	BUY
CITIC Pacific	China	HK$	13.89	17.49	+30.6	8.7	+21.9	BUY
NLMK	Russia	₽	65.86	83.21	+32.6	25.4	+7.2	HOLD
Gerdau	Brazil	R$	24.90	27.80	+13.3	19.8	−6.5	HOLD
Baoshan	China	¥	5.76	5.18	−4.9	8.2	−13.1	SELL
Hunan Valin	China	¥	3.73	2.85	−19.4	8.4	−27.7	SELL
Severstal	Russia	₽	592.00	516.92	−12.7	25.8	−38.5	SELL
Kardemir	Turkey	Lira	41.48	17.33	−58.2	11.9	−70.1	SELL
Tata Steel	India	₹	187.55	65.74	−62.5	15.4	−78.0	SELL
Erdemir	Turkey	Lira	38.24	8.68	−75.9	11.9	−87.7	SELL
JSW Steel	India	₹	1,299.50	216.29	−82.7	14.8	−97.6	SELL
Jindal Steel	India	₹	1,103.00	62.88	−94.1	14.3	−108.4	SELL
Usiminas	Brazil	R$	7.15	−5.42	−175.8	19.3	−195.2	SELL
HBIS	China	¥	2.13	−2.11	−197.4	15.9	−213.3	SELL
CSN	Brazil	R$	4.57	−9.70	−312.2	40.5	−352.7	SELL

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Part I. Four conclusions that require a cross-country comparison

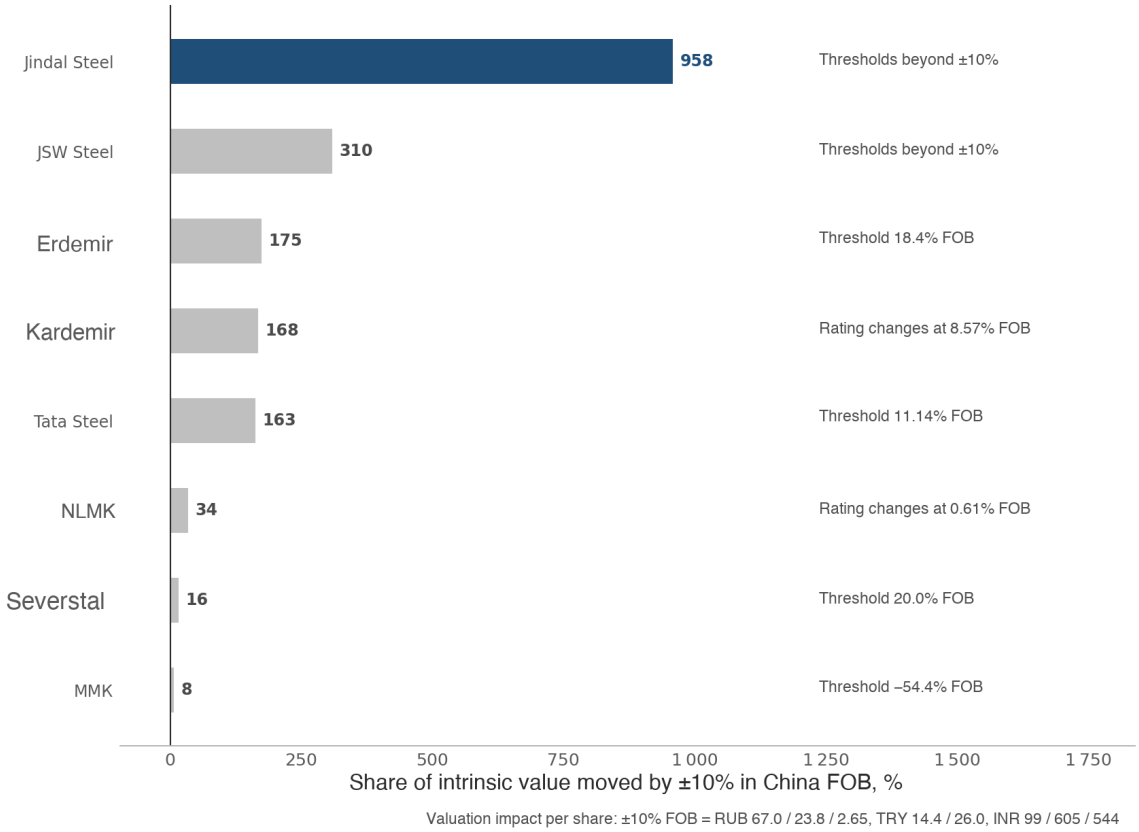
1. One trade: the matrix and removal test quantify eight stocks' exposure to China FOB

Analytical basis: value chain and profit pools, for investors assessing the pricing regime and cycle, and portfolio managers assessing correlation across investment theses.

Five markets that appear independent trade as one. Each market's pricing structure links to China's export price through a tariff ceiling, import parity or an export benchmark. The section measures the link in value per share. An emerging markets steel risk limit is a limit on a single input.

Figure 1 shows why owning stocks in all five countries provides less diversification than expected. Each country model traces prices back to China's export price, making one input common to all five profit pools. The matrix prices the linkage per share. China is the marginal global supplier, and its $485.98/t FOB in 2026 reaches the other four models through four different mechanisms. In India it sets the domestic ceiling: CIF (cost, insurance and freight to the import port) plus an 8.25% duty and 11.5% safeguard, with a 2.56% gap below the ceiling. In Turkey, duty-free parity is $648/t versus $642.5/t domestically, a 0.86% barrier, and parity passes through one for one. Russia uses the $490/t Black Sea HRC export benchmark. Research assumes a one-for-one proportional link from China FOB to that benchmark based on the China report's cost curve. At 0.5 the NLMK reversal moves from 0.61% to 1.22% FOB. In Brazil, the quota and 25% out-of-quota duty sever the link from parity. The $986/t import parity is already below Gerdau's $1,062.9/t revenue. The Brazil report owns the question of why the barrier still holds, with the uncertainty quantified in Section 8.

Figure 1. One benchmark across five markets. A ±10% move in China FOB (±$48.6/t from $485.98/t) moves 8% to 958% of intrinsic value for eight stocks measured by model recalculation. Seven are unpriced: the sensitivity is unpublished for four Chinese stocks, and the three Brazilian models do not use the channel. Section 8 quantifies the gap. Reversal thresholds: NLMK becomes BUY at +0.61% FOB and Kardemir loses its SELL at +8.57%. Input size: ±10% FOB = ±$48.60/t. Mysteel observed a +$29.65/t wedge at Tianjin on 17.07.2026. Source: research strategy model. Calculated 28.08.2026.



Sensitivities come from reruns of the country models. Russia's ±5% benchmark shock gives RUB 6.70, 2.38 and 0.27 per share per 1% of FOB for Severstal, NLMK and MMK. The largest difference between the up and down branches, at MMK, is 0.7% of the branch, bounding non-linearity within the measured step. India's export premium impact per $/t is INR 2.04 per Tata share, 12.44 at JSW and 11.19 at Jindal. Turkey's $20/t margin shock is worth TRY 5.93 at Erdemir and 10.70 at Kardemir. Thresholds beyond the test step, 8.57% FOB for Kardemir and 11.14% for Tata, are linear extrapolations outside the measured range and should be read with caution, as the calendar also records. A +10% FOB move changes two calls, NLMK from HOLD to BUY and Kardemir from SELL to HOLD. A −10% move changes one, NLMK from HOLD to SELL. NLMK's 0.61% threshold is about $3.0/t, below weekly Mysteel volatility. India stands apart: even +10% FOB removes no SELL. Tata reaches only INR 160 versus 187.55, and JSW INR 800 versus 1,299.50.

The country-removal test shows what the claim needs. Removing the China model eliminates the input to all eight matrix rows, so the claim cannot be calculated. Removing India eliminates its column, INR 99, 605 and 544 per share at ±10%, and takes three of fifteen names out of the shared-exposure claim. Removing Turkey removes TRY 14.4 and 26.0 and the 8.57% threshold. Correlation across country theses cannot be inferred from a single country report.

Effect on value and rankings. An investor holding NLMK as a HOLD with room to spare sees it become BUY at +0.61% FOB, with a RUB 83.21 target, and SELL at −10% FOB with a RUB 45.84 intrinsic value. NLMK's rating band is narrower than a week of input volatility, at RUB 2.38 per share per percentage point of FOB. The top stocks in Section 5 depend on the same benchmark. At +10% FOB, NLMK is the third BUY. At +8.57%, Kardemir returns to

HOLD. The claim fails if China FOB stops passing through to local benchmarks, first visible in paired Mysteel and Metal Expert data (Section 8). Follow the Tianjin series weekly.

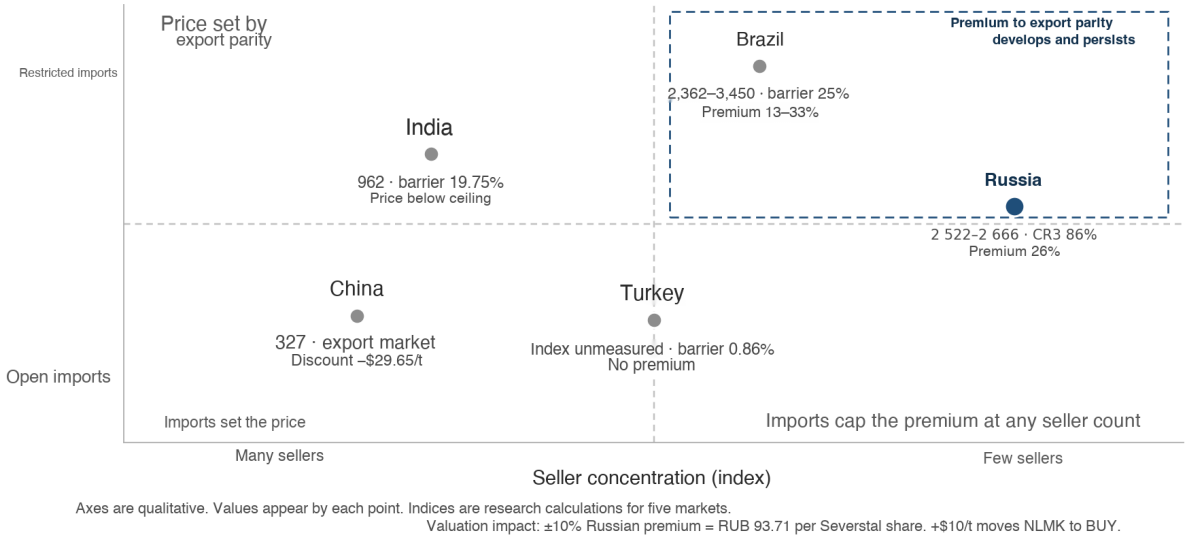
2. A premium requires both concentration and import protection: Turkey as counterexample

Analytical basis: concentration, for investors seeking sustainable returns or assessing the pricing regime (decision map, entry 41).

Import protection is necessary for pricing power. The five markets show that domestic premiums hold only when concentration and import barriers are simultaneously high. A low reading on either erodes the premium. Investors extrapolating a company's premium need to check the height of the barrier.

Figure 2 puts five markets on two axes: seller concentration and import barriers as a percentage of domestic prices. Neither measure alone explains the premium. Russian flat steel has an index of 2,522–2,666 including imports and an 86% top-three share against a 70% FAS threshold. The domestic premium was 26% in 2025 versus 8–11% in 2021–2023. Brazil's indices are 2,362 for all steel and 3,450 for flat products. The 25% out-of-quota duty is a legal measure and appears in the input snapshot as $986/t import parity. Domestic prices exceed exports by 13.1–33.2% across three stocks. India's index is 962, with a nominal barrier of 19.75% and a +16.6% premium to duty-free parity. The price sits 2.56% below the ceiling, limiting the premium. All premiums are measured against barrier-free parity, duty-free or export. China's index is 327. Its domestic price is $29.65/t below export FOB. Turkey is the counterexample to concentration alone: a 0.86% barrier ($648/t parity versus $642.5 domestic) and a −0.85% discount. The strategy records Turkey's concentration as unmeasured by the country coverage and quantifies the gap in Section 8. The two Turkish coordinates are the same $5.5/t gap under different denominators. Evidence is limited to near-zero protection and no premium, not two independent observations (repeat of issue class, entry 14, under the committee protocol). The strongest alternative is freight. Russia's route-specific rail tariffs lower the ratio of highest to lowest premium from 3.93× to 2.01× (Russia snapshot, railway route section), explaining the spread between mills. Geography did not change from 2021–2023, when the premium was 8–11%, to the later 26%. The annual release on shares and premiums in February 2027 will distinguish explanations.

Figure 2. Pricing power depends on both concentration and protection. The domestic premium holds in Russia (2,522–2,666 concentration, 86% CR3 and 26% premium) and Brazil (25% barrier, 13–33% wedge). Turkey has no premium at a 0.86% barrier. Reversal threshold: the import barrier threshold lies between 0.86% and 19.75% of domestic prices. No covered market shows a premium below it. The interval applies only to measured markets. Valuation impact: ±10% premium = RUB 93.71 per Severstal share. A +$10/t premium changes NLMK to BUY. Source: research strategy model. Calculated 28.08.2026.



The reversal threshold is an interval between 0.86% in Turkey, where no premium holds, and 19.75% in India, where one holds below the ceiling. Brazil has a 13–33% wedge at 25%. A sixth market or a change in a barrier could narrow the interval, both listed in the calendar. Removing Turkey leaves four points without a counterexample. The lower bound ceases to be calculable, losing 0.86% and weakening the claim to a positive association. Removing Russia leaves no market with high readings on both dimensions and a premium measured as 26% of price, weakening the upper end.

Effect on value and rankings. A ±10% Russian domestic premium move is worth RUB 93.71 per Severstal share, the largest regional input, and +$10/t changes NLMK to BUY. This finding puts Russia first in the Section 5 country ranking. Top-three share below the 70% FAS threshold or an import share rising from 12% would turn concentration rent into a freight premium, returning 26% towards its historical 8–11% band. The thesis fails if the premium survives the loss of protection or concentration. Share disclosure in February 2027 will test it.

3. Four steel recommendations are currency positions

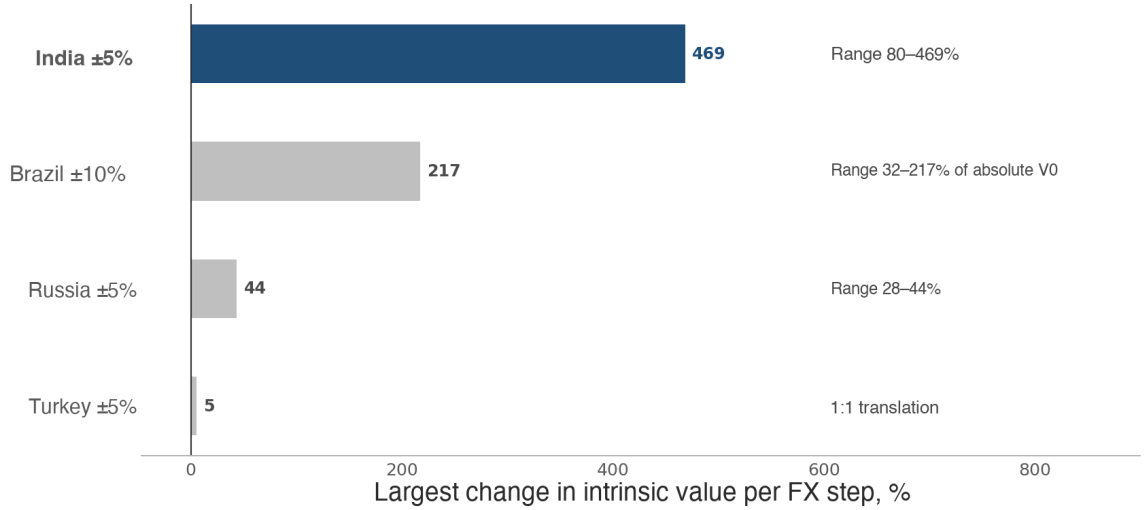
Analytical basis: cost of capital and financing, with the exchange-rate regime covered by PEST. For investors assessing the value reaching minorities and portfolio risk managers.

Some stocks are particularly sensitive to currencies. The common measure is how much intrinsic value moves per model currency shock. It identifies which ratings depend on the currency market and should be subject to FX position limits.

Country models set required returns in their own currencies for fifteen stocks, with hurdles from 8.2% to 40.5%. Currency therefore enters cash flow and translation. Figure 3 compares how much intrinsic value moves per model rerun: ±5% in Russia and India, ±10% in Brazil, and translation in Turkey. Across countries, India loses or gains 80% (Tata) to 469% (Jindal) of intrinsic value on ±5% FX because values are small relative to quotes and prices are dollar-based. Brazil moves 32–217% on ±10%, using absolute V0 for Usiminas and CSN, whose intrinsic values are negative. Russia moves 28–44%. Turkey moves exactly 5%. Erdemir's functional currency is the dollar

and Kardemir reports under TAS 29 hyperinflation accounting, so the lira enters through target translation. No country report measures China's FX sensitivity. Section 8 quantifies that gap.

Figure 3. Currency is the second common sensitivity after China FOB. At tested steps, India moves up to 469% of intrinsic value (80–469%), Brazil up to 217% on ±10% of FX using absolute V0, Russia 28–44% and Turkey 5% from translation. Four of eleven measured ratings depend on currency. Reversal thresholds within the test step: NLMK +0.25% FX (interpolated), Gerdau −0.95% (published), Severstal +3.75% and CSN +9.07% to BUY (published). The models test ±5% in Russia and India and ±10% in Brazil. China remains unmeasured, as Section 8 records. Source: research strategy model. Calculated 28.08.2026.



Model tests: ±5% in Russia and India, ±10% in Brazil. China's gap is quantified separately.

Four of eleven measured recommendations are currency positions. NLMK flips at +0.25% USD/RUB on interpolation, an ordinary daily move. Gerdau loses HOLD at −0.95% BRL appreciation and becomes a BUY at +4.54%. The Brazil model publishes both, with FX at BRL 5.0908/USD, quotes on 07.08.2026 and valuation on 18.08.2026. Severstal loses SELL at +3.75%. CSN loses SELL at +8.57% and becomes BUY at +9.07% depreciation, both published. At −BRL 6.90 intrinsic value, BRL 13 per share on a 10% currency move crosses zero. NLMK is close to the band, with a +7.2 pp spread and 2.8 pp of headroom. Three inputs can reverse it: 0.25% FX, 0.61% FOB and +$10/t premium. The reason to treat it as currency is that FX gets there first and is observed daily. The India SELLs are different. Even +5% rupee depreciation leaves valuations far below quotes: INR 109 versus 187.55 at Tata, 491 versus 1,299.50 at JSW and 323 versus 1,103 at Jindal.

The removal test quantifies how the ranking depends on multiple countries. Removing India loses the 469% high and removing Turkey loses the 5% low. The remaining three countries can still be ranked, but the evidence of dispersion loses a measured endpoint. This checks the construction under a distinct rule set for this candidate (Table 3). Effect on value and rank: a basket of NLMK, Gerdau and CSN is a rouble–real spread position. A 1% coordinated FX move changes two of the three calls, and the third, CSN, changes at the ninth percentage point. This is the business-model ranking's second reversal threshold after China FOB (Section 5). The claim fails if currency ceases to reach the band first for these names. It currently does and is observed daily at NLMK, Gerdau, Severstal and CSN.

4. None of the fifteen stocks passes all four quality tests

Analytical basis: owner earnings and capital allocation discipline, for investors seeking sustainable returns on capital.

Buying the best stock to ride out the cycle has no basis in this coverage. The four preannounced quality tests are brought together for all fifteen stocks. The list is empty. Special situations require a mechanism and deadline.

The country reports set four tests before stock selection. Through-cycle return clears the cost of capital, actual maintenance meets the standard, the competitive advantage keeps its sign in the weakest year, and one third of earnings reaches shareholders. All four must pass. Table 2 compiles the results for the first time. Zero of fifteen pass. In Russia each of the three passes one of four. China: 2, 3, 2 and 2. Turkey: Erdemir 3 of 4 and Kardemir 0 of 4, with −0.61% measured return versus 11.17%, a maintenance gap of −$20.2m and 0% reaching owners. India: 3, 2 and 1. Brazil: 2, 2 and 1. For each stock the table gives the failed tests and, where country reports provided them, the threshold for passing in the issuer's own disclosure units, including multiples of depreciation, dollars per tonne and EBITDA (earnings before interest, taxes, depreciation and amortisation) per tonne.

Table 2. None of the 15 EM steel stocks passes all four tests, 0 of 15. Erdemir is closest, missing T3 by −$0.0153/t versus $0.2/t measurement precision.

Company	T1 Return	T2 Maintenance	T3 Advantage	T4 One-third payout	Passed	Level needed to pass
Severstal	No	No	No	Yes	1	No published numerical thresholds. See Section 8 for the impact.
NLMK	No	No	No	Yes	1	Same as above
MMK	No	No	No	Yes	1	Same as above
Erdemir	Yes	Yes	No	Yes	3	T3: advantage ≥ 0 versus −$0.0153/t measured at $0.2/t resolution, within noise
Kardemir	No	No	No	No	0	T1: return of 11.17% versus actual −0.61%
Baoshan	No	No	Yes	Yes	2	T2: coverage rises from 0.898 to 1.0. T1: return of 8.2% versus 5.0%.
Hunan Valin	No	Yes	Yes	Yes	3	T1: return of 8.37% versus 4.7%
CITIC Pacific	Yes	No	Yes	No	2	T2: maintenance coverage rises from 0.279 to 1.0. T4: payout rises from 32.13% to 33.33%.
HBIS	No	Yes	Yes	No	2	T1: return of 15.94% versus 1.7%. T4: owner earnings of −¥3,303m.
Tata Steel	No	Yes	Yes	Yes	3	T1: ceiling 3.55% higher or costs 4.58% lower
JSW Steel	No	Yes	No	Yes	2	T1: ceiling 3.61% higher. T3: costs 3.74% lower.
Jindal Steel	No	Yes	No	No	1	T1: ceiling 8.66% higher. T4: return INR 398 crore per year.
Gerdau	No	No	Yes	Yes	2	T1: EBITDA increases BRL 714/t. T2: spending increases BRL 924m per year.
Usiminas	No	Yes	No	Yes	2	T3: costs $3.1/t lower
CSN	No	No	Yes	No	1	T1: EBITDA increases BRL 1,272/t. T4: burden falls BRL 2,058m per year.

Both BUYs warrant separate examination. The Russia coverage labels MMK a special situation. Its notes dated 18.08.2026 give the mechanism and deadline, which were omitted from the strategy snapshot. Execution requires the MMK note (Section 8 quantifies the gap). CITIC Pacific is the second-ranked stock and a potential value trap. It passes two of four tests and qualifies on price. China coverage did not publish a label, so the defect register assigns this item and its impact to China coverage (Section 8). Its BUY is removed by minus 9.1% intrinsic value (HK$16.68 to HK$15.17). The input shock that would cause this is unpublished and Section 8 quantifies the gap. Only Turkey measured returns on replacement capital against WACC, the weighted average cost of capital: 3.15% at Erdemir and 2.78% at Kardemir versus 11.17%, gaps of −8.02 and −8.39 pp. Four countries lack this measure. The strongest alternative explanation for zero out of fifteen is the cycle trough and high hurdles (H of 8.2% to 40.5%). Thirteen of fifteen fail T1, enough to fail the combined screen. The differentiating test is that Tests 2–4 do not depend on the hurdle. Removing T1 would let only Valin and Tata pass the other three together, two of fifteen. The shortfall goes beyond the rate. A single country's absence of ideas is a country result. The sector-wide action of ruling out quality holdings requires the full set. Removing Turkey shrinks it to thirteen stocks and shifts the nearest threshold from Erdemir’s −$0.0153/t, within noise, to 3.55% of Tata’s ceiling.

Effect on value and rank. A reader requiring quality buys nothing. This forgoes +105 pp of spread at MMK, which requires a defined special situation, and +22 pp at CITIC, which is a price-only call. The claim fails when the first stock passes all tests. Erdemir is closest, at +$0.0153/t of advantage needed in the weakest year, a move within measurement precision. Its 2026 results in February–March 2027 will answer the question.

Part II. Rankings and rejected claims

5. Rankings of countries, business models and stocks, with the claim and reversal threshold for each

The owner approved three rankings before compilation: countries, business models and stocks (decision map, entry 95). Each ranking must rest on a claim and has a reversal threshold.

Country ranking, based on Claims 2 and 3. Russia ranks first. It alone has both premium coordinates high (2,522–2,666, CR3 of 86%) and a premium measured as a share of price (26%), with mid-range FX sensitivity of 28–44%. Brazil is second, with a 25% barrier supporting a 13–33% wedge, while currency reverses two of three stocks within ±10%. India is third. Its premium extends only as far as the measure allows, with a 2.56% gap below the ceiling and the highest FX sensitivity at 80–469%. Turkey is fourth, with a 0.86% barrier, no premium, 5% FX sensitivity and Erdemir closest to passing quality at 3 of 4. China is fifth with a −$29.65/t export-related discount and two of three measures absent from its export. Russia loses first place if the top three fall below 70% under FAS Section 7.2 or import share rises above 12%.

Business model ranking, based on Claims 1 and 4. Groups follow measured leverage to the benchmark, regardless of production route. High leverage, a move above 150% of value on ±10% FOB: Erdemir 175, Kardemir 168, Tata 163, JSW 310 and Jindal 958. Moderate at 8–34%: Severstal 16, NLMK 34 and MMK 8. Unmeasured: Baoshan, Valin, CITIC and HBIS, with the gap in Section 8. Model excludes the channel behind a 25% tariff: Gerdau, Usiminas and CSN. All fifteen fit one of the four groups. Relative intrinsic value drives leverage more than business model. Small V0 makes an input shock decisive for the rating. The Russian benchmark assumes 1:1 transmission. At 0.5 the three thresholds double and NLMK goes from 0.61% to 1.22%.

Stocks are ranked on TSR − H across the coverage. H is each stock's hurdle in the same model, currency and date (decision map entry 96). MMK's +105.3 pp spread and CSN's −352.7 pp spread each use their own hurdle. The strategy did not introduce a single benchmark. Rank on incomparable hurdles would be as flawed as judging quality by price. Table 1 gives the full ranking. The top stocks are MMK +105.3 pp (special situation), CITIC +21.9 and NLMK +7.2. The bottom stocks are Usiminas −195.2, HBIS −213.3 and CSN −352.7. MMK loses BUY with a −$41/t domestic premium shock. This is a linear estimate using RUB 0.351 per share per $/t far beyond the ±$10/t step and requires caution. CITIC loses BUY at minus 9.1% of intrinsic value, with the relevant input unpublished (Section 8). At +0.61% China FOB, NLMK becomes the third BUY. At +9.07% BRL depreciation, CSN goes from last in the ranking to BUY, as the Brazil model shows. The bottom is less stable than the middle.

Impact in three lines. Earnings: ±10% FOB moves Turkish margins by ±$48.6/t, worth TRY 14.4 and 26.0 per share. Cash flow: Kardemir owners received 0% of earnings in the measured period and HBIS's owner earnings were −¥3,303m. Cash not reaching minorities defines the bottom. Value: the gap between MMK and CSN is 458 pp, the price of stock selection in the same sector. Half the spread moves with FOB and currency, both observable at least weekly (Section 7).

6. Rejected and unconfirmed claims: capital-cycle measures are incomparable

Table 3 records rejected claims. Candidate U-5, the capital-cycle ranking, failed measurement. The same maintenance requirement has four definitions that cannot be reconciled without rerunning country models, which are read-only for this strategy. Turkey uses dollars per tonne against a $35/t benchmark, with maintenance surpluses or shortfalls of +$225.8m at Erdemir and −$20.2m at Kardemir. India uses multiples of depreciation (1.183, 1.235 and 1.382). Brazil uses multiples of depreciation with a 0.90 threshold (0.686, 0.942 and 0.838). China compares actual with required yuan per tonne (0.898, 1.506, 0.279 and 2.003). Russia published pass/fail

results only. A capacity series is available for two of five countries. India gives FY2027–FY2036 volumes. Turkey gives 3.6m tonnes added at $2,822m in 2023–2025. China's five-year plan evidence, 80–113% delivery on named targets and 0–72% on structural targets, appears in country protocols outside the snapshot and was not passed to the strategy. No country completes the investment-to-capacity-to-supply link. Section 8 quantifies missing inputs.

The initial expectation that reversing the wedge would cost 13.24% of India's price ceiling was not reproduced. The wedge from China domestic to FOB reverses at −$29.65/t, equal to 6.1% of FOB or about 5.7% of the $516.2/t CIF base of India's ceiling. The strategy publishes its own calculation and refers the discrepancy to China coverage. The other expected figures were confirmed: a +$29.65/t wedge, Russia's 2,522–2,666 index and 86% CR3, RUB 93.71 per share on ±10% premium, NLMK flipping at +$10/t, and Kardemir Test 1 of −0.61% versus 11.17%.

Table 3. Five candidate claims, with measured outcomes and country-removal tests.

Candidate	Source framework	Outcome	Quantified country-removal test	Reversal threshold
U-1 One benchmark across five markets	Value chain and profit pools	SURVIVED	Without China, 0 of 8 rows can be calculated. Removing India costs INR 99, 605 and 544 per share.	NLMK flips at +0.61% FOB, Kardemir at +8.57% (linear estimate)
U-2 Premium = concentration × import protection	Concentration	SURVIVED	Without Turkey, the 0.86% to 19.75% interval loses its lower bound and cannot be calculated.	No premium below a 0.86% barrier
U-3 Currency sensitivity	Cost of capital and financing	SURVIVED	Without India, the ranking loses the 469% high. Without Turkey, it loses the 5% low.	Rating changes at 0.25–9.07% in FX
U-4 No stock passes quality	Owner earnings and capital allocation discipline	SURVIVED	Without Turkey, the nearest threshold moves from −$0.0153/t, within noise, to 3.55% of Tata's ceiling. The action covers 13 of the original 15 stocks.	First stock that could pass all tests: Erdemir, +$0.0153/t
U-5 Capital cycle	Capital cycle	REJECTED	Incomparable measures: four definitions of the same variable	—

The removal tests measure each country's contribution to whether the claim can be calculated. They do not constitute external observations (repeat of issue class, entry 14). U-3 and U-4 use forms specified in their task briefs and are weaker than the genre's general Rule 1. The committee protocol records the difference.

The release covers fifteen stocks and has fifteen directional calls from the country reports, with zero undetermined. The strategy produced four surviving claims from four independent frameworks, against a requirement of three from three.

Part III. Investment action

7. Strategy calendar: what to watch and at what threshold

Table 4 gives each surviving claim's threshold and the date to watch.

Table 4. Eight observations, each with a threshold and an investment action.

Observation	Frequency and next date	Threshold	What changes
Mysteel SS400 hot-rolled coil, Tianjin (FOB and wedge)	Weekly	+0.61% FOB from $485.98/t	NLMK becomes BUY (U-1)
Same series	Weekly	+8.57% FOB (linear extrapolation beyond the measured range)	Kardemir loses SELL (U-1)
USD/RUB exchange rate	Daily	+0.25% / +3.75%	NLMK becomes BUY; Severstal loses SELL (U-3)
USD/BRL exchange rate	Daily	−0.95% / +9.07% (published in the model)	Gerdau loses HOLD; CSN becomes BUY (U-3)
Russian domestic premium to export parity	Monthly	+$10/t or −$41/t (linear estimate) from $155/t	NLMK becomes BUY or MMK loses BUY (U-2)
Suppliers' shares of Russia's flat steel market	Annual disclosure, February 2027	Top three below the 70% FAS threshold or imports above 12%	The 26% premium returns to 8–11%, overturning the country ranking (U-2)
Erdemir's 2026 results	February–March 2027	Worst-year advantage ≥ $0/t (actual −0.0153)	First stock passes the sector quality screen (U-4)
CITIC intrinsic value	Next China coverage window	−9.1% V0 (input unpublished, see Section 8)	CITIC loses BUY, displacing the second-ranked stock
Review of India's 11.5% safeguard	Regulatory decision. The model phases the rate down to 0.6% by FY2029.	Extend the safeguard or let it phase out	Indian ceiling and premium. A permanent safeguard recalculates to +INR 79.5, +486 and +443 per share.

Three paths to permanent loss for investors using the rankings. Shorting last-ranked CSN within its ±10% FX step: on +10% depreciation, the target is +BRL 8.59 versus a 4.57 quote. Short losses exceed the initial quote. The HOLD range between 8.57% and 9.07% is narrower than a daily real move. Trading NLMK on every calendar crossing: the 0.25% FX threshold is daily noise, and repeated trades accumulate transaction losses. Use a confirmed weekly close. First-ranked MMK: its −$41/t headroom to losing BUY is less than half the 2021–2025 premium move, from 8–11% to 26% of domestic price or about $90/t. It is a special situation with an FX and premium floor.

8. Quantified limitations

Each outstanding item identifies what remains unmeasured and at what cost.

China coverage did not export the sensitivity of its four stocks to China FOB. U-1 lacks China's column, so the common input sensitivity is unknown at Baoshan, Valin, CITIC and HBIS. The cost is four of fifteen rows. Owner: next China coverage window.

China FX sensitivity is unmeasured. The U-3 ranking covers four of five markets.

Turkey concentration was not calculated in the strategy input. Its U-2 point has one of two coordinates and the counterexample rests on the 0.86% import barrier. Owner: Turkey coverage.

Russia published binary quality results and its export lacks numerical thresholds for all four tests. No passing threshold is available for three stocks in Table 2. Owner: next Russia coverage window.

One of five countries measured return on replacement capital. The U-4 threshold has two points out of fifteen (3.15% and 2.78% versus 11.17% WACC), with thirteen unmeasured. Outside Turkey, the nearest pass relies on T1 alone in place of two robustness measures.

Research set China FOB to Black Sea transmission at 1:1 from the China cost curve, without a measured series. A 0.5 link doubles the NLMK threshold from 0.61% to 1.22% FOB. Test with a paired Mysteel and Metal Expert series.

Non-linearity in U-1 is measured only in Russia, with at most 0.7% asymmetry on the ±5% steps. For thresholds beyond 5%, such as Kardemir at 8.57% and Tata at 11.14%, non-linearity is unmeasured. Beyond 5% the thresholds are linear extrapolations. Impact is up to ±0.7% of the Russian threshold and unknown elsewhere.

Brazil's barrier holds with $986/t parity below Gerdau's $1,062.9/t revenue. The Brazil coverage owns the question. Brazil supplies one of two high-barrier premium observations in U-2. If it moves, only Russia remains in the upper right.

FOB × FX interaction is unmeasured. NLMK thresholds of 0.61% FOB and 0.25% FX are observed concurrently and daily. Joint moves may narrow the rating range beyond either one-dimensional estimate. The interaction sign is unknown.

The B = 10 pp band is the same across currencies with different volatility. NLMK crosses it on 0.25% FX and CSN on 9.07%, a thirty-sixfold difference for equal width. The ranking is not risk-weighted at the edges.

The models hold D_{12m} constant in threshold shocks. NLMK's RUB 4.11 dividend is 6.2% of price. The −10% FOB and −5% FX cases assume a fixed dividend and dividend sensitivities are absent from exports.

MMK's special-situation mechanism and timing are in the country note and absent from the snapshot. The first-ranked stock cannot be acted on from the strategy alone. Refer to the 18.08.2026 MMK note.

China's snapshot lacks the CITIC label and sensitivities (defect register entry 28), so the second-ranked stock's −9.1% V0 threshold cannot be mapped to a series.

TRY 16.58 parity and the 2.31× hedge premium in the Turkey protocols cannot be reproduced from the snapshot (defect register entry 29). Two expected figures remain unconfirmed. Owner: Turkey coverage.

Kardemir's −0.61% return versus 11.17% comes from the 19.08.2026 Turkey acceptance record. It is U-4's only input outside the snapshot and the sole T1 cell in Table 2 out of sixty that rests on that record. Owner: Turkey coverage, to add it to the export.

9. Coverage universe, input snapshot and sources

The universe comprises fifteen stocks from five closed country coverage windows. The country reports selected the stocks and assigned their ratings. Three frameworks remain at their designated locations. Five forces is in each country's 'Market Summary'; competitive position is in the company notes; industry life cycle supplies no strategy input (framework protocol, entry 9). Country models are read-only (decision map, entry 97). The defect register quantifies any issue and assigns it to the relevant country window. This window opened three entries: 27, the expected 13.24% cannot be reproduced (Section 6, China and India); 28, CITIC label and sensitivities absent (China); 29, TRY 16.58 parity and 2.31× hedge premium cannot be reproduced (Turkey). Inputs were frozen before the first model line and the protocol has the full hashes. Snapshot: Russia model d65922f4…, export 1ab5c987… (window 4 added volumes of 11.40, 14.50 and 10.06m tonnes); Turkey 44bb38ae…, f6325385…; China 305a09bb…, 336614dd…; India 829f8b31…, 899514e9…; Brazil c3617e7d…, 801336cd…. The strategy workbook, cross-country handover schedule, strategy export and candidate register were released with this report. The formula layer reproduces the core identity $TP_{12m} + D_{12m} = V_o(1+H)$ across fifteen stocks, with residuals of at most 0.0024 pp. Both Turkish V_o values were reconstructed from that identity and are excluded from the independent comparison (model worksheet 07).

Source: five country exports and model workbooks under version 10.8, entries in REGISTER.md §3. Wedge observation: Mysteel, Tianjin, 17.07.2026. Russia market shares: Kommersant, 04.02.2026. Concentration index: research calculation dated 19.08.2026. Calculated 28.08.2026.