

## Macro

	Last	Previous	% Change
USDCNY	7.071	7.0842	-0.2%
Repo 7 Days	2.14	1.85	15.7%
Repo 1 Day	2.13	1.51	41.1%
Dollar Index	97.623	97.319	0.3%
China GDP Constant Price YOY %	-6.8	6	NA
China PMI (Caixin)	50.7	49.4	NA
China Industrial Production MOM %	1.53	2.2	NA
Commercial Space Under Construction	2.3	2.5	NA
Commercial Space Completed	236.9	192.9	NA
Commercial Building Space Sold, YTD YOY%	-12.3	-19.3	NA
Residential Space Under Construction, YTD YOY%	3.5	3.8	NA
Residential Space Completed, YTD YOY%	-10.9	-14.5	NA
Residential Floor Space Sold, YTD YOY%	-11.8	-18.7	NA

## Ferrous Weekly Comment

### Market Summary:

Iron ore consolidation.

### Ferrous Sector Money-flow:

DCE iron ore September consolidate in 750—770 yuan area in June. The open interest peak saw by end of May and evaporated significantly in June. Short-run money failed to create any real trend. Previous long positions should be aware of the bearish divergence created by slow stochastic KD and MACD in daily level, normally a warning sign of market reversal.

Investors should also be aware that DCE will increase margin level on some commodities pre-holiday, effective on this night session.

### Macro

The Covid-cases are still moving into a dreadful condition globally. Many countries are starting to be aware that stimulus strategies are becoming marginal weaker in practice. However the systematic risks have also priced-in in secondary market since U.S. stocks are approaching new high again.

On China side, interest rate cut failed the expectation in June. The next economists expected time window will be in August. However the money tight potentially not happen during this year since central bank has try every attempt to inject liquidity to market in H1 2020.

### Steel Sector:

The rebound of steel over previous week was trading the support on EAFs cost. Some EAFs decreased cost due to furnace technical improvement. However most of EAFs is on the edge of breakeven after another round of scrap price increase. Thus EAFs production is reaching a limit.

The apparent consumption of construction steels start to come off from may. Steel daily consumption moving average also moved down to 200,000 tonnes/day from 260,000 tonnes/day. The upside room looks limited on steel.

The rainfall weather is still ongoing in western, southern, eastern and mid-China in June. The rainfall season used to be in different time of summer in different areas. The concentrating rainfall has delayed many construction activities.

### Iron Ore:

The platform traded very actively during this week because HBIS opened a new sector in Corex. Tender traded light, indicating the restock of iron ore before holiday is coming to an end. The port stocks is expected to pile up in July because Brazil export to China significantly increase in each week of June compared to May.

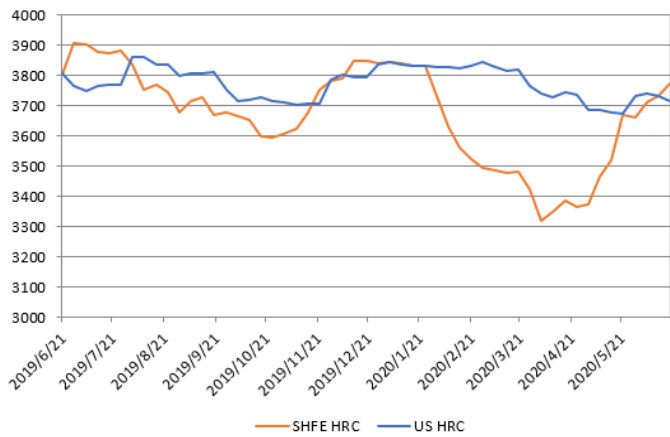
Iron ore operation rate first time saw decrease week-on-week, indicating the blast furnace iron ore demand approached the turning point. On the valuation side, SHFE rebar/ DCE iron ore ratio bounced from 4.6—4.76 area since a quick upstick of steels during last week. However this ratio is still in a historical low area, indicating futures steel margin is oversold.

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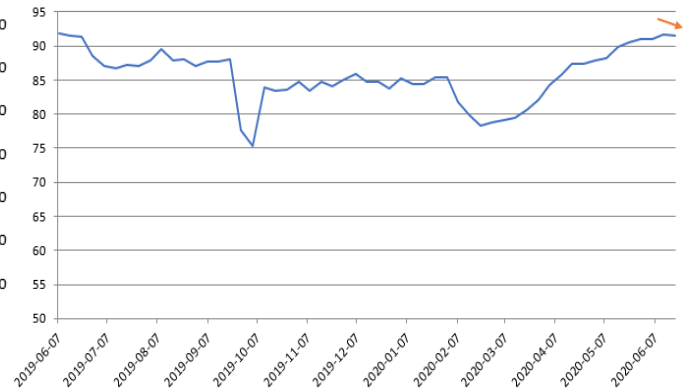
## Steel

	Last	Previous	% Change
US HRC Front Month	501	511	-2.0%
SHFE Rebar Major Month(May)	3629	3597	0.9%
China Hot Rolled Coil	3775	3733	1.1%
China Monthly Steel consumption Unit 000's mt	81912.3	79723.3	2.7%
Five Major Steel Inventories Unit 10,000 mt	2015.16	2021.92	-0.3%
Construction Steel Total Inventory unit 10,000 mt	1325.01	1319.29	0.4%
Crude Steel Production China Unit 000's mt	85033	78975	7.7%
China Volume of Commodity Imports Unit 000's mt	1280	1010	26.7%
China Volume of Commodity exports Unit 000's mt	4401	6320	-30.4%

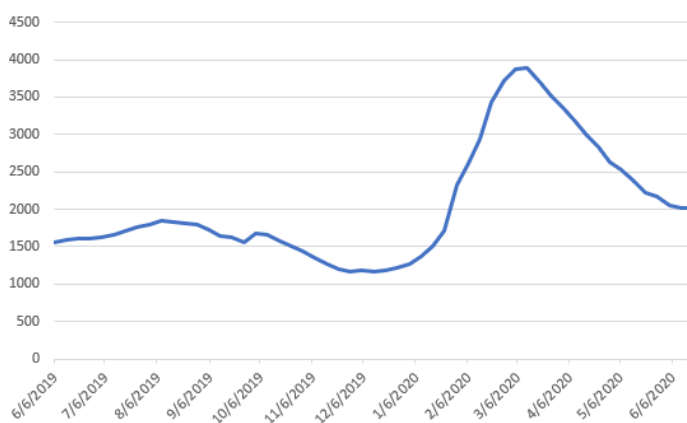
US HRC Vs SHFE HRC



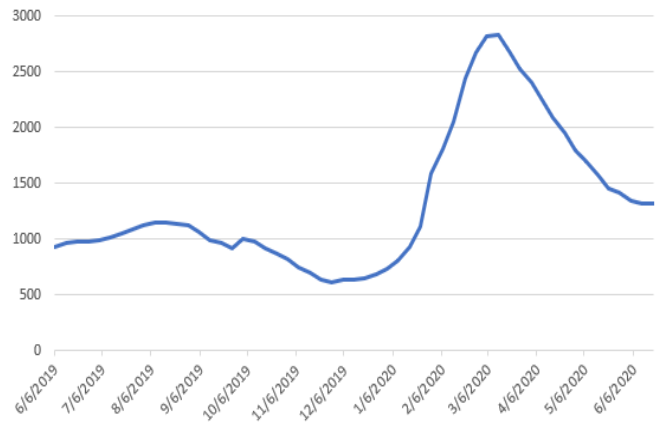
MySteel 247 mills BF Operation Rate in %



China Five Major Steel Inventories(in 10,000 tonnes)



Construction Steel Total Inventories (in 10,000 tonnes)

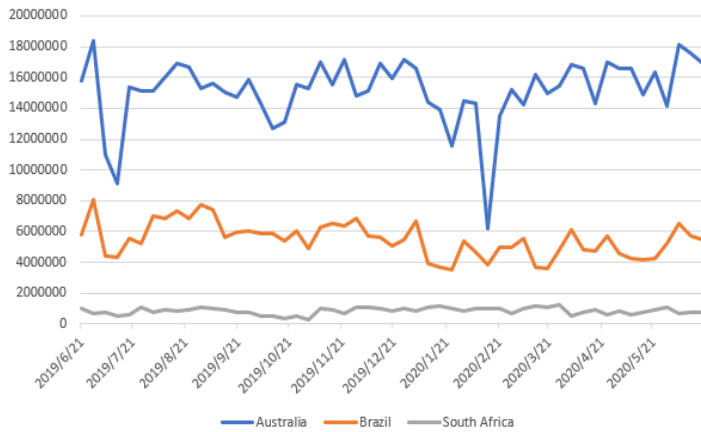


- ◆ Five major steel inventories are decreasing faster since production pick up is slower than resilient apparent consumption. However national rainy season in China is lasting through June and early July.
- ◆ The blast furnace operating rate reached the peak and flat from last week. Utilisation rate is growing slower.

# Iron Ore

	Last	Previous	% Change
<b>Platts 62% Fe</b>	103	103	0.0%
<b>MB 65% Fe</b>	116.1	115.2	0.8%
<b>Capesize 5TC Index</b>	44001	44000	0.0%
<b>C3 Tubarao to Qingdao</b>	44001	44000	0.0%
<b>C5 West Australia to Qingdao</b>	44001	44000	0.0%
<b>Billet Spot Ex-Works Tangshan MT</b>	3310	3330	-0.6%
<b>SGX Front Month(Jun)</b>	100.39	102.15	-1.7%
<b>DCE Major Month(Sep)</b>	770.5	762.5	1.0%
<b>China Port Inventory Unit 10,000 mt</b>	10,785	10,926	-1.3%
<b>Australia Iron Ore Weekly Export Unit 10,000 mt</b>	1,689.70	1,754.60	-3.7%
<b>Brazil Iron Ore Weekly Export Unit 10,000 mt</b>	543.50	573.00	-5.1%

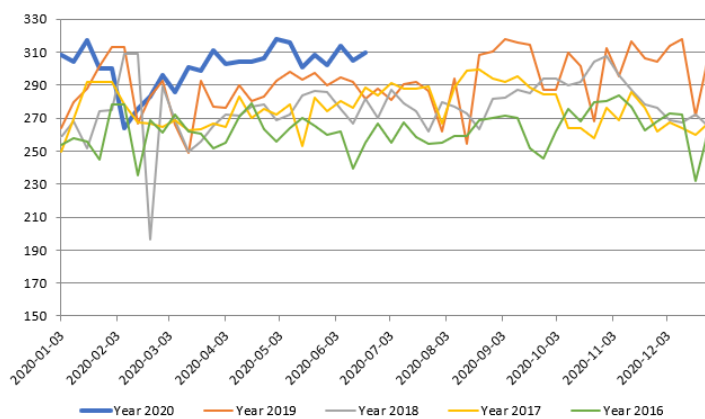
Iron Ore Delivery (tonnes)



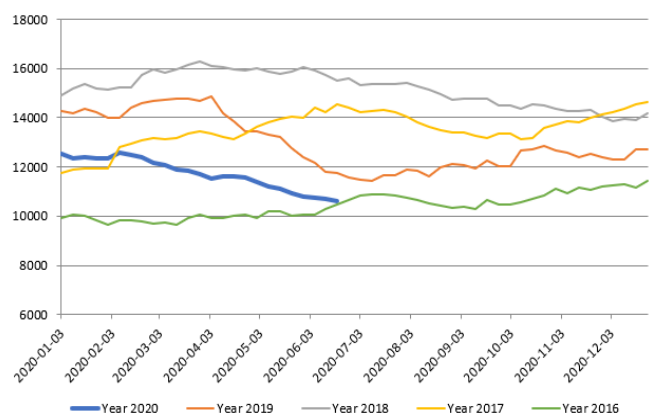
MB 65 - Platts 62(\$/mt)



Iron Ore Daily Port Evacuation(in 10,000 tonnes)



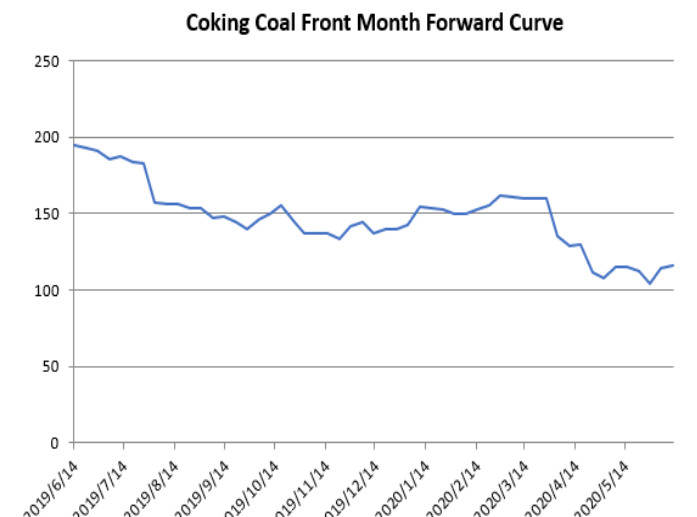
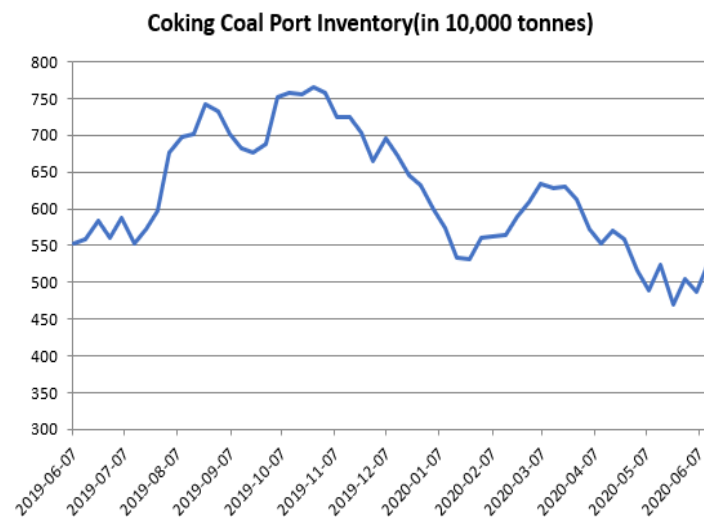
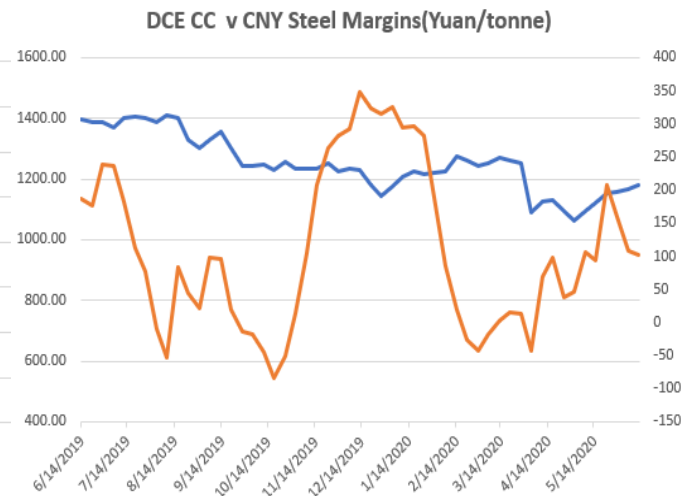
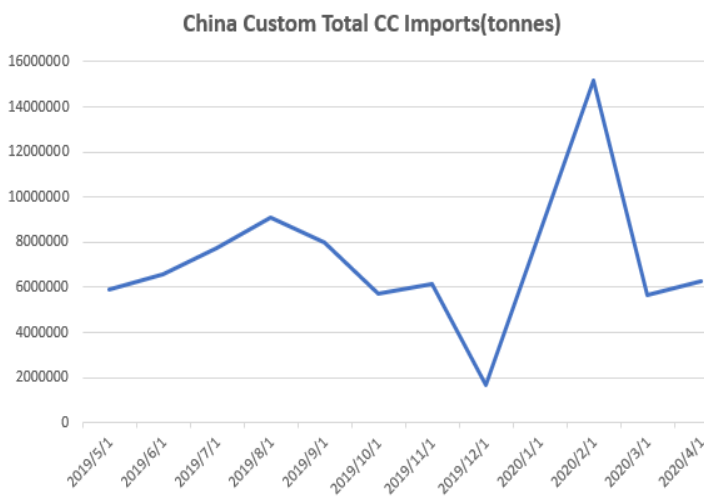
Iron Ore Port Inventories(in 10,000 tonnes)



- ◆ Brazil iron ore shipments are picking up first two weeks of June. However it will take 35 days more to reflect on ports.
- ◆ Iron ore port inventory start to move slower since port demand and supply look balanced at the beginning of June.

# Coking Coal

	Last	Previous	% Change
<b>TSI FOB Premium Hard Coking Coal</b>	112.6	112.2	0.4%
<b>Coking Coal Front Month</b>	116	116.36	-0.3%
<b>DCE CC Major Month(May)</b>	1188	1182	0.5%
<b>Coking Coal Port Inventory Unit 10,000mt</b>	532	526	1.1%
<b>China Custom total CC Import Unit mt</b>	6,282,402.00	5,637,057.00	11.4%



◆ Coking coal port inventories reached the same level of same period last year.