

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 neutral to bearish.

Ferrous Sector Money-flow:

DCE iron ore evaporated 15.62% open interests compared with May 29th. DCE iron ore sep contract has created significant roof areas declining from 798.0,788.0,778.0 to 772.0. During this consolidating June, daily slow stochastic and MACD have created bearish divergence with candles, indicating the previous rebound should not lasting in mid-run.

Macro

From global stock index and monthly industrial consumption numbers, global financial market has potentially recover "too fast" compared with real economy. This divergence may pull back financial products prices to return to a rational ground within the year.

China weather is continuously becoming a big concern, northern, eastern, southern and mid-China are suffering from heavy rains for entire June. Weather meteorology has warned flood level several times in many areas.

Steel Sector:

Steel price is bouncing around EAFs cost in June. Blast furnace increase scrap price to squeeze EAFs production out of the game. However when blast furnace production also exceed demand, then scrap will flow into EAFs again with much cheaper price.

Blast furnace utilization rate 93.42% reached several year high, however contributed by pre-holiday production last week. If utilization dropped this week or coming two weeks, the pig iron production has reached roof area of the year. Thus iron ore usage will be limited as well.

Iron Ore:

Mysteel Australia and Brazil iron ore shipments up 1.96 million tonnes w-o-w. Port stocks increased 1.64 million tonnes, first increase since April 24th. The marginal iron ore supply is recovering significantly. The daily evacuation potentially drop to 3 million level if pig iron reached limit in following weeks. Thus the port stock is expected to slightly grow in July as well.

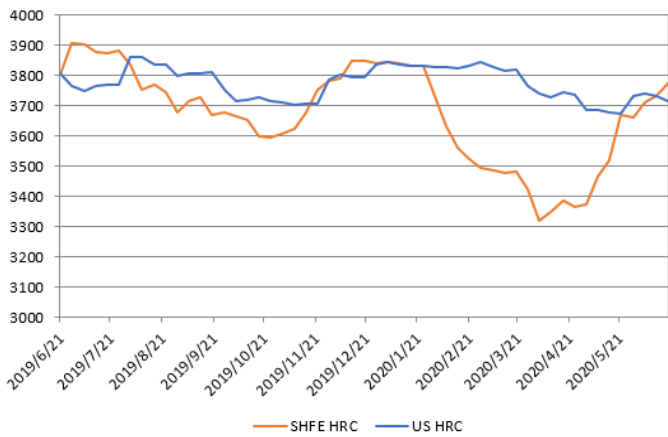
DCE iron ore sep down 19 yuan from June 19—29th. At the same time, JMBF down 22 yuan/dwt, PBF down 19 yuan/dwt. Iron ore futures are currently moving in line with physical, when iron ore consolidating in narrow range.

Senior Researcher: Hao Pei

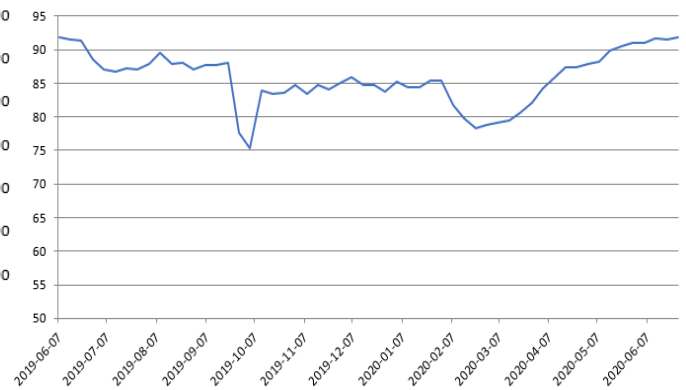
Steel

	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%

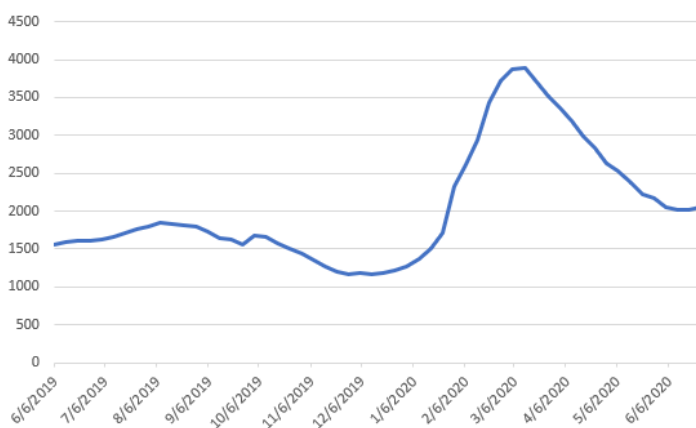
US HRC Vs SHFE HRC



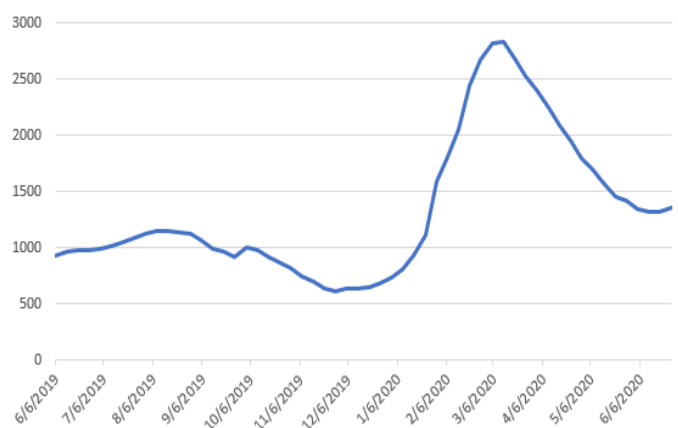
MySteel 247 mills BF Operation Rate in %



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



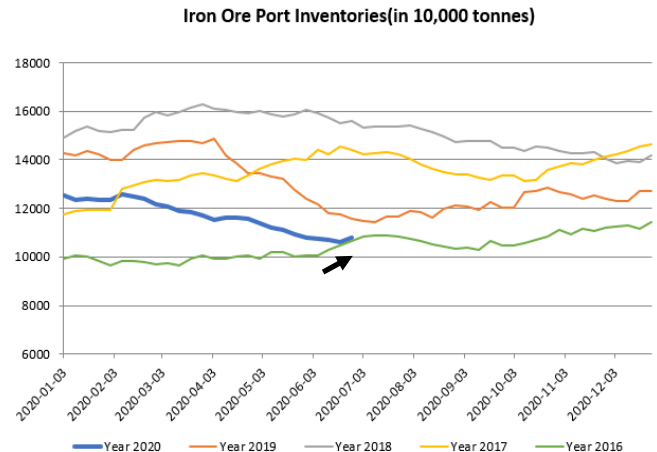
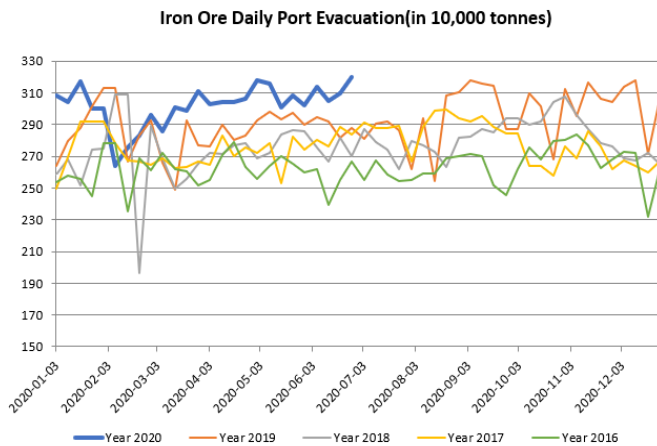
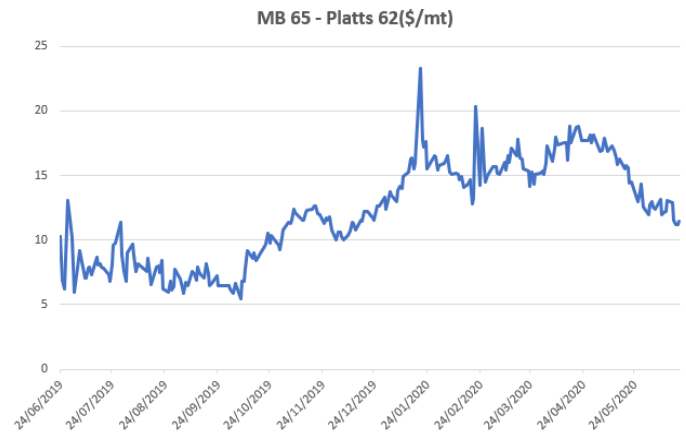
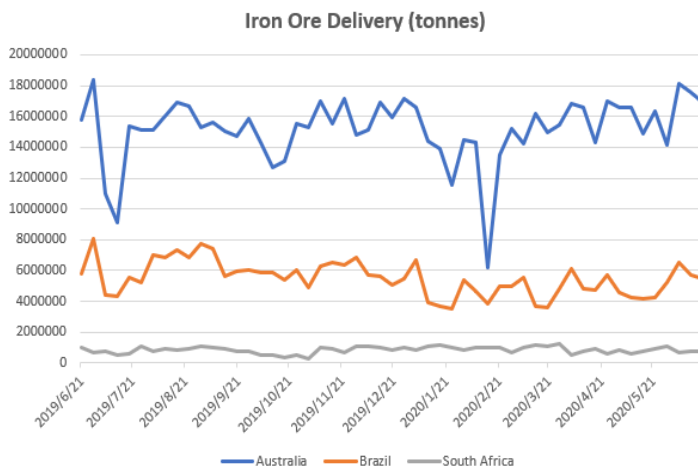
Construction Steel Total Inventories (in 10,000 tonnes)



- ◆ 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

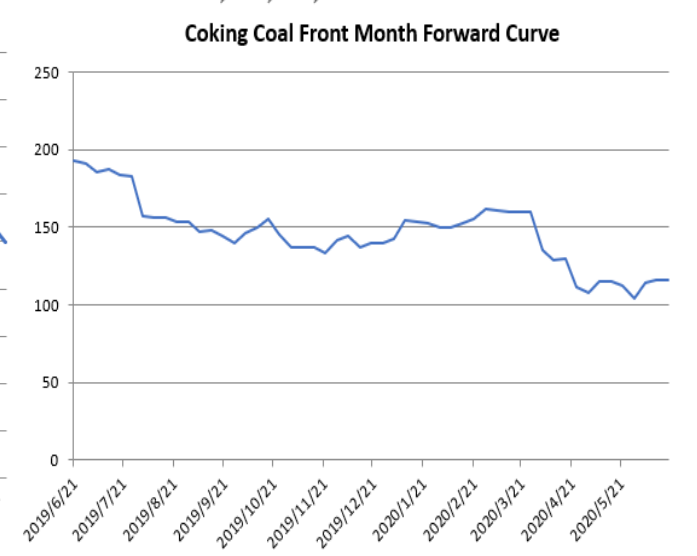
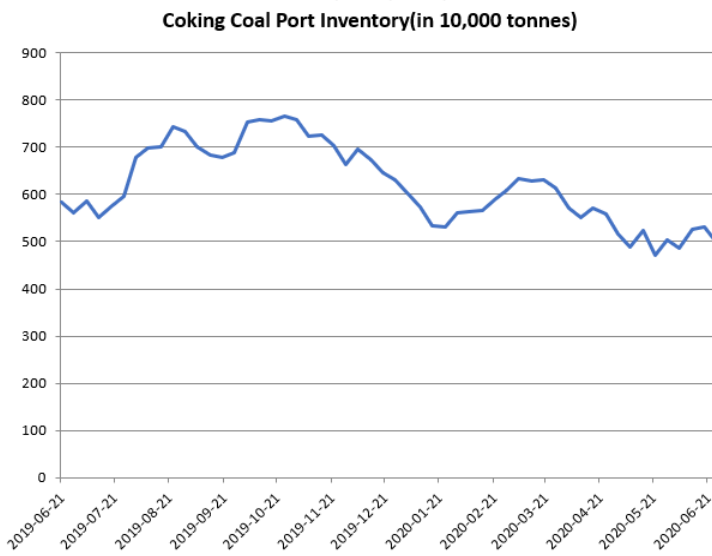
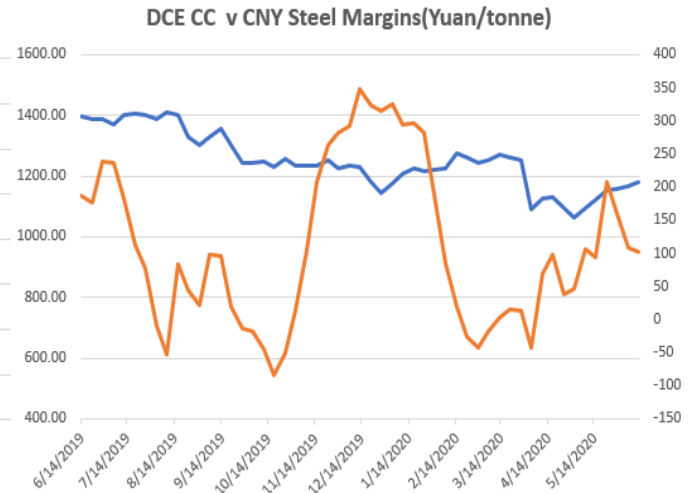
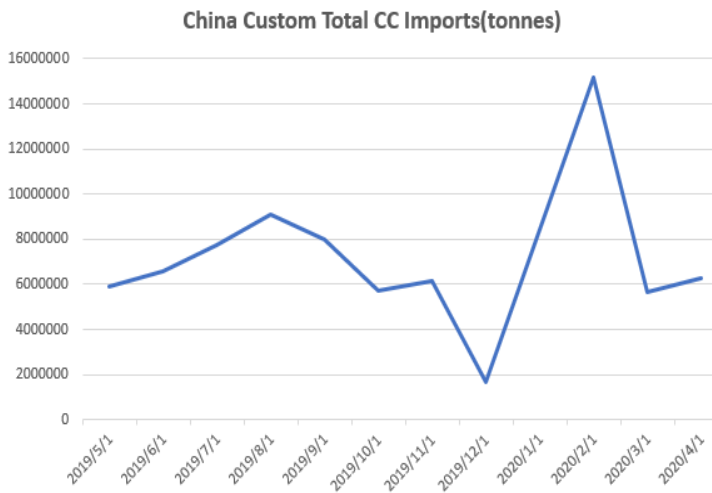
	Last	Previous	% Change
Platts 62% Fe	104.35	104.6	-0.2%
MB 65% Fe	115.8	115.8	0.0%
Capesize 5TC Index	29641	29395	0.8%
C3 Tubarao to Qingdao	21.415	21.71	-1.4%
C5 West Australia to Qingdao	9.723	9.745	-0.2%
Billet Spot Ex-Works Tangshan MT	3310	3330	-0.6%
SGX Front Month(Jun)	100.39	102.15	-1.7%
DCE Major Month(Sep)	770.5	762.5	1.0%
China Port Inventory Unit 10,000 mt	10,785	10,926	-1.3%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,689.70	1,754.60	-3.7%
Brazil Iron Ore Weekly Export Unit 10,000 mt	543.50	573.00	-5.1%



- ◆ 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
TSI FOB Premium Hard Coking Coal	113.7	113.6	0.1%
Coking Coal Front Month	116	116.36	-0.3%
DCE CC Major Month(May)	1188	1182	0.5%
Coking Coal Port Inventory Unit 10,000mt	498.5	532	-6.3%
China Custom total CC Import Unit mt	6,282,402.00	5,637,057.00	11.4%



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