

## 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 at high level, be aware of gains taking.

### Ferrous Sector Money-flow:

DCE iron ore saw significant money flow in the market and rebounded from a few weeks of consolidation. However during this Asian morning iron ore stuck in 5-7 yuan again. DCE iron ore Index created a gold cross on Monday near oversold area. The high of September contract also broke previous high at 772.0. However technically there has no solid evidence to confirm a bullish market in mid-run yet.

### Macro

Some securities analysts in China believed the bull stock market has returned, since Shanghai Composite created a three year high above 3300. The ferrous and non-ferrous were linked to the big rebound of U.S. and China stock market.

China housing is supporting steel usage because of big market base and resilient demand. The infrastructure projects have limited increase on steel usage since some of investment were used to balance the debt structure on the programs. Advanced infrastructure also has some double counting areas with previous traditional infrastructure from last year.

### Steel Sector:

The apparent consumption of construction steels have slide to five year average from five year high area last for 2- 3 months. The consumption is tend to going down in following weeks as production reached equilibrium and inventories are entering a restocking phase.

The early month Tangshan environment production curb raised some speculation sentiment on steels. However rebar only rebounded for a previous Thursday and then consolidate in narrow range for rest of days.

### Iron Ore:

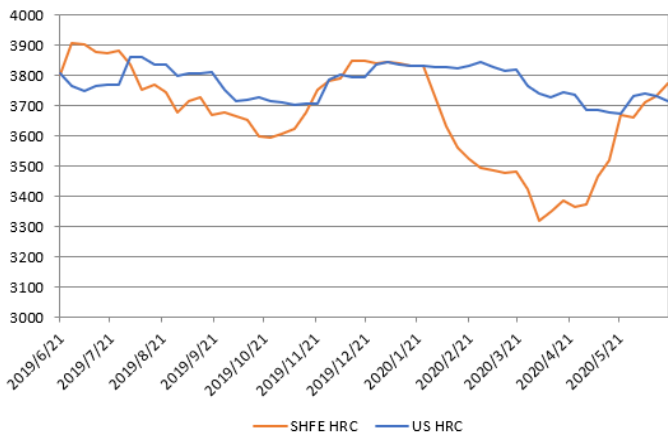
Iron ore port inventories started to pick up steadily from mid-June. Daily pig iron production reached 2.48 million tonnes, the high of the year and also because blast utilisation rate reached a full capacity. Then assume daily evacuation also firm on 3.15 million tonnes, the daily arrivals is 3.44 million tonnes, which is higher than demand. Thus, iron ore port stock is expected to keep growing currently. However iron ore is strong since mid-grade iron ore is tight balanced on port.

Senior Researcher: Hao Pei

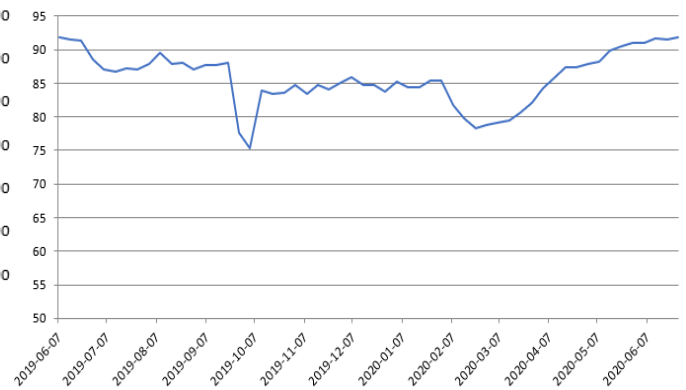
## Steel

	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%

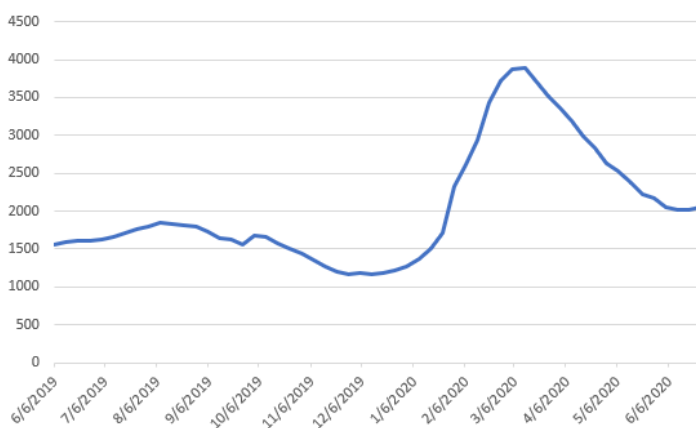
US HRC Vs SHFE HRC



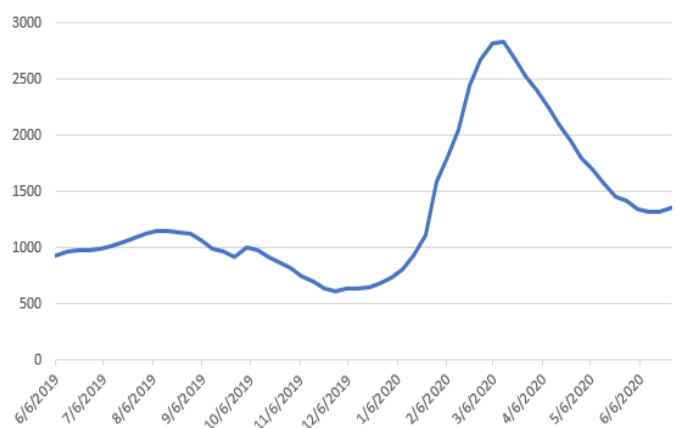
MySteel 247 mills BF Operation Rate in %



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



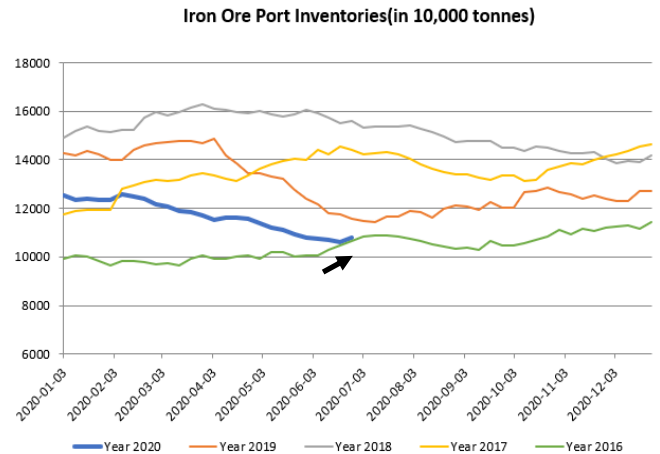
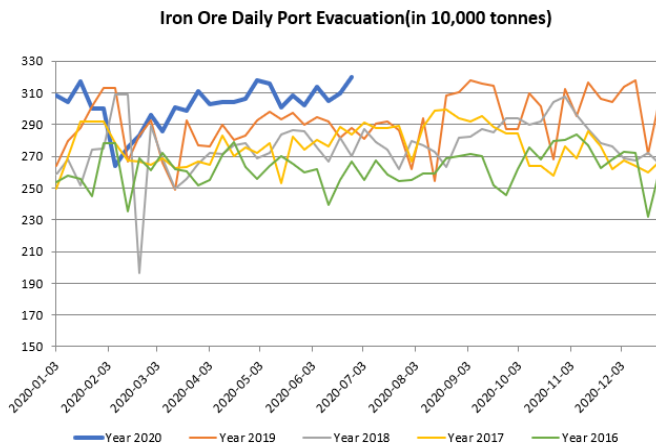
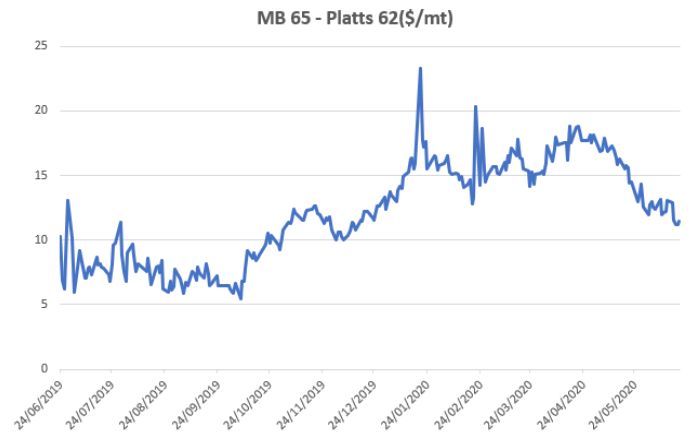
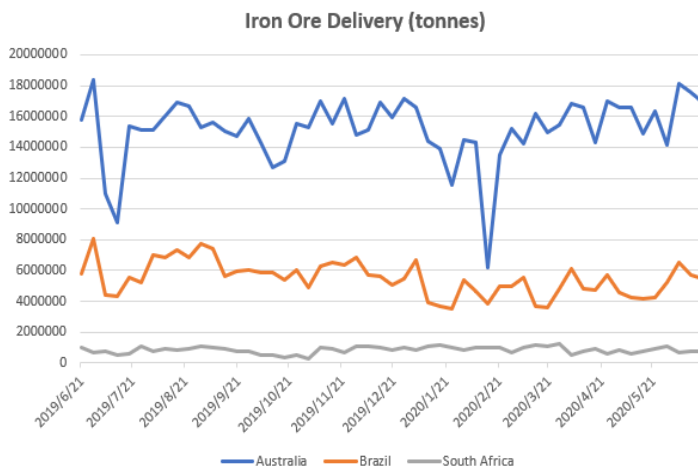
Construction Steel Total Inventories (in 10,000 tonnes)



- ◆ Five major steel inventories started to pick up quickly as consumption marginally come down.
- ◆ The blast furnace operating rate reached the peak and daily pig iron production reached a limit around 2.48 million tonnes.

## Iron Ore

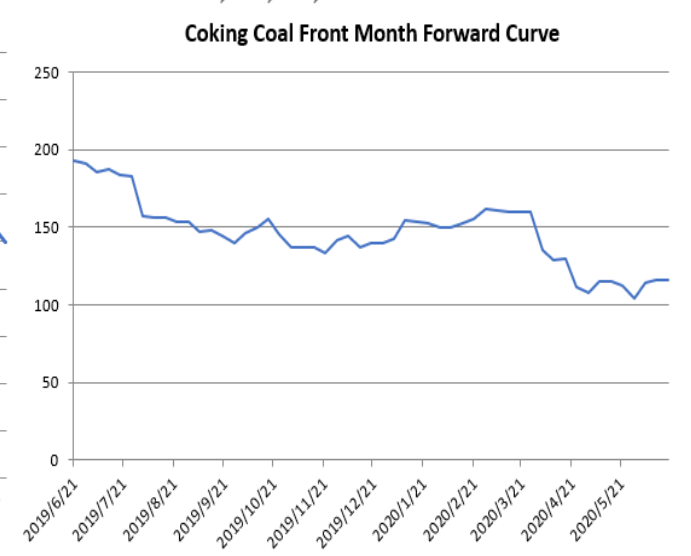
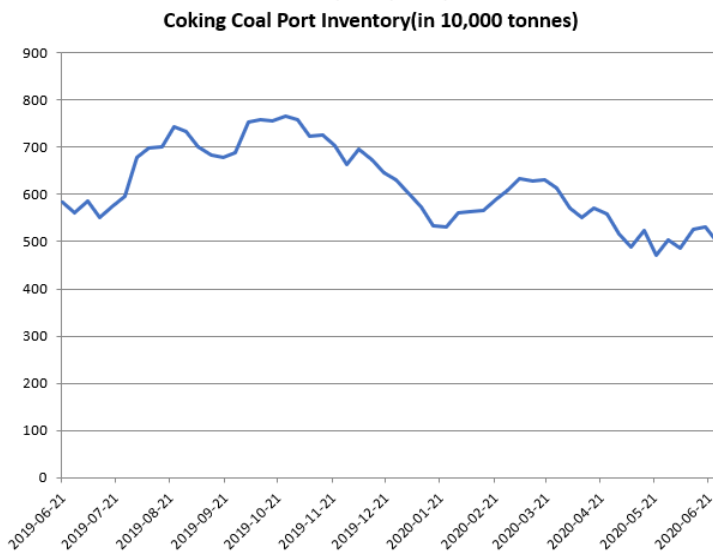
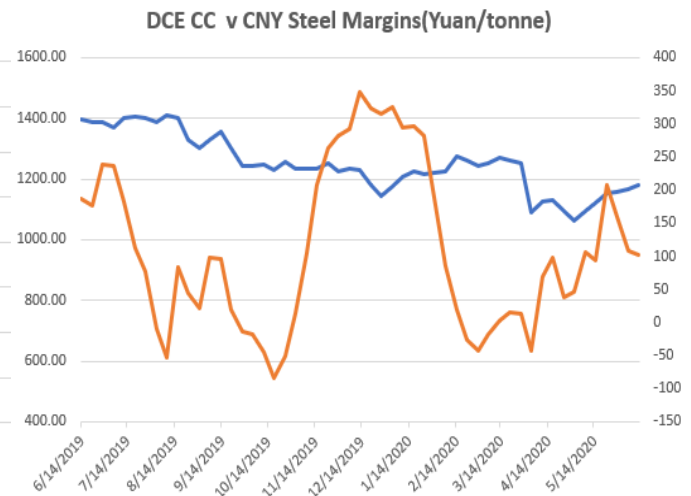
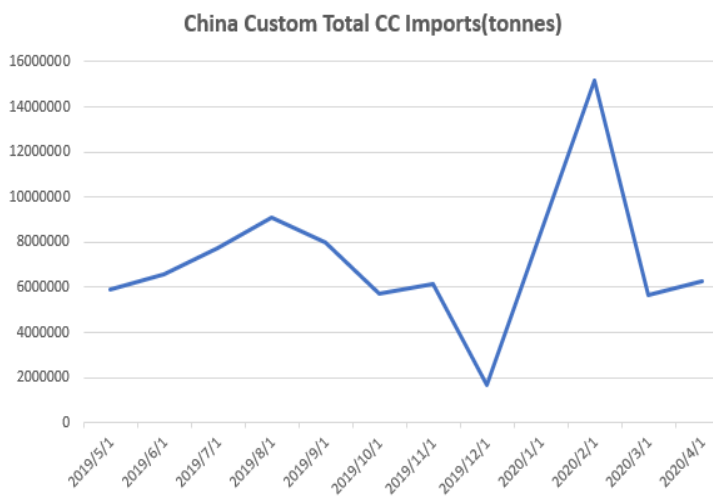
	Last	Previous	% Change
Platts 62% Fe	104.35	104.6	-0.2%
MB 65% Fe	115.8	115.8	0.0%
Capesize 5TC Index	29641	29395	0.8%
C3 Tubarao to Qingdao	21.415	21.71	-1.4%
C5 West Australia to Qingdao	9.723	9.745	-0.2%
Billet Spot Ex-Works Tangshan MT	3310	3330	-0.6%
SGX Front Month(Jun)	100.39	102.15	-1.7%
DCE 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%



- ◆ Iron ore port inventory start to pick up as evacuation is becoming smaller than port arrivals.

# 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	549	498.5	10.1%
China Custom total CC Import Unit mt	6,282,402.00	5,637,057.00	11.4%



◆ Coking coal port inventories start to pick up and still tight since import quotas are restricted for Australian sources.