

Macro

	Last	Previous	% Change
USDCNY	6.9503	6.968	-0.3%
Repo 7 Days	2.2	2.05	7.3%
Repo 1 Day	1.65	2.06	-19.9%
Dollar Index	93.096	93.435	-0.4%
China GDP Constant Price YOY %	3.2	-6.8	NA
China PMI (Caixin)	52.8	51.2	NA
China Industrial Production MOM %	0.98	1.3	NA
Commercial Space Under Construction	3	2.6	NA
Commercial Space Completed	332.5	290.3	NA
Commercial Building Space Sold, YTD YOY%	-5.8	-8.4	NA
Residential Space Under Construction, YTD YOY%	4.1	3.8	NA
Residential Space Completed, YTD YOY%	-10.2	-9.8	NA
Residential Floor Space Sold, YTD YOY%	-5	-7.6	NA

Ferrous Weekly Comment

Market Summary:

Iron ore consolidate in high level.

Ferrous Market Dynamics and Money-movement:

Iron ore total supply and demand is a static indicator. However marginal supply and demand is dynamic indicator. The current problem for iron ore market is investors are becoming more aware on static indicator and ignored the loose of marginal supply. The market squeeze related growth from June will potentially end with similar results as last August.

Be aware of unsymmetrical risk as in a bull market correction are normally smaller even the previous push is totally based on a rumor.

Macro

China central bank PBOC has been injected cash into financial system since last week, however many security analysts said money market liquidity is likely to remain at a tight balance in mid-term. China national conference over previous week released a positive expectation on more money injection to equity market. Iron ore follow the equity push in this Monday.

DCE sent out several warning notice over previous few weeks and also an expansion on deliverable sources, which were \$2.5-3 lower than current deliverable brands. The expansion on deliverable sources is becoming a trend since the first change on fixed-premium/penalty on delivery brands in the year 2018, more tradeable sources will be include in this delivery category in the future.

Steel Sector:

The cement price is strong during August and inventories becoming significant lower, indicating construction materials demand is meeting the strong expectation. However flat glass stuck from previous week, as well as seeing massive position loss on open interest. Construction steel trading volume up 3.2% in daily average at 220,820 tonnes. However apparent consumption is slightly coming down. Thus some trading volume is expected as a speculative position.

Iron Ore:

Iron ore September has the highest position level than any pre-delivery historically, indicate iron ore sellers have sufficient deliverable sources, which limit the growth of iron ore September to some extent. Moreover DCE Jan is also related with winter stock value before Chinese New Year, which is normally the weakest month as spot market tend to be less active and many trades are booked in long-term.

Australia and Brazil iron ore delivery at 25.64 million tonnes, up 1.59 million tonnes. The daily evacuation at 3.28 million tonnes reached yearly-high, indicating some port operation recover to normal. The port stock slight decrease last two weeks are due to the port congestion and import license extension. However these issues are expected to resolve in next few weeks.

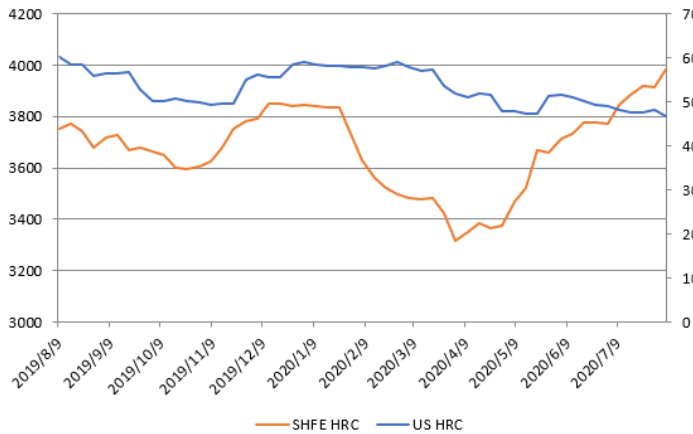
The daily pig iron growth is related to capacity change on some mills, creating some statistic difference.

Senior Researcher: Hao Pei

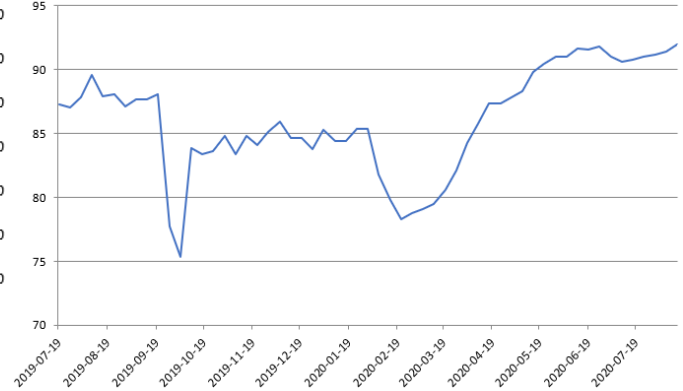
Steel

	Last	Previous	% Change
US HRC Front Month	452	467	-3.2%
SHFE Rebar Major Month(May)	3718	3771	-1.4%
China Hot Rolled Coil	3974	3983	-0.2%
China Monthly Steel consumption Unit 000's mt	90008.8	89758.8	0.3%
Five Major Steel Inventories Unit 10,000 mt	2213.94	2222.36	-0.4%
Construction Steel Total Inventory unit 10,000 mt	1479.06	1494.12	-1.0%
Crude Steel Production China Unit 000's mt	91579	92267	-0.7%
China Volume of Commodity Imports Unit 000's mt	2606	1880	38.6%
China Volume of Commodity exports Unit 000's mt	4176	3700	12.9%

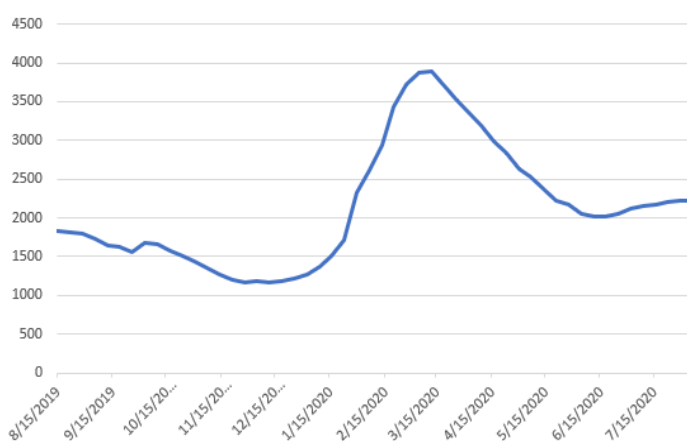
US HRC Vs SHFE HRC



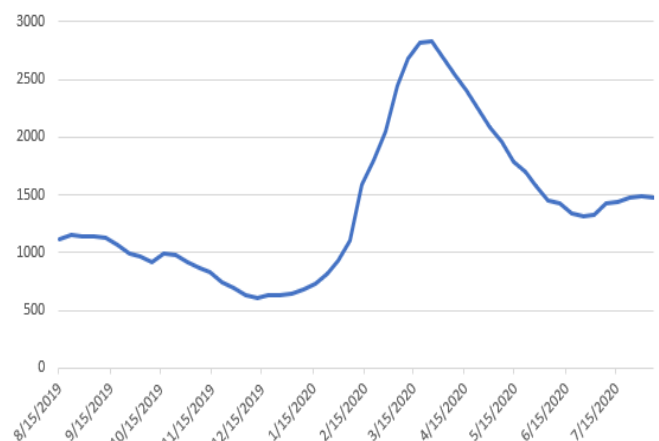
MySteel 247 mills BF Operation Rate in %



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



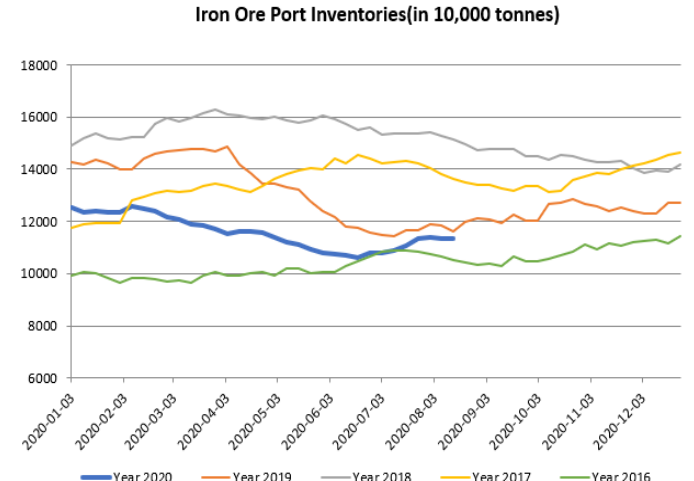
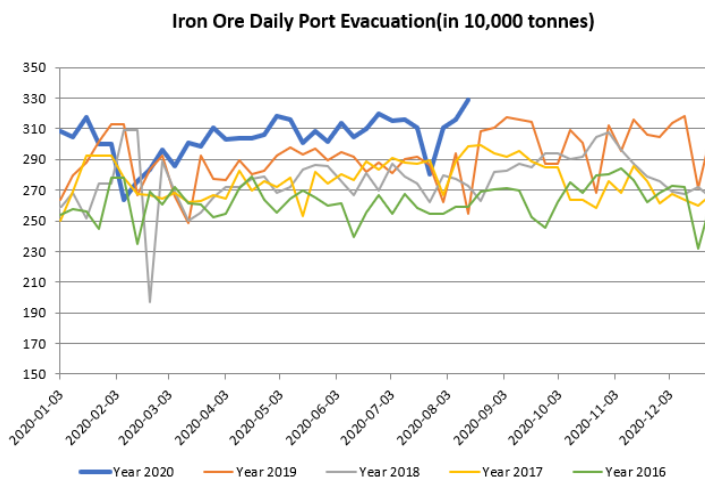
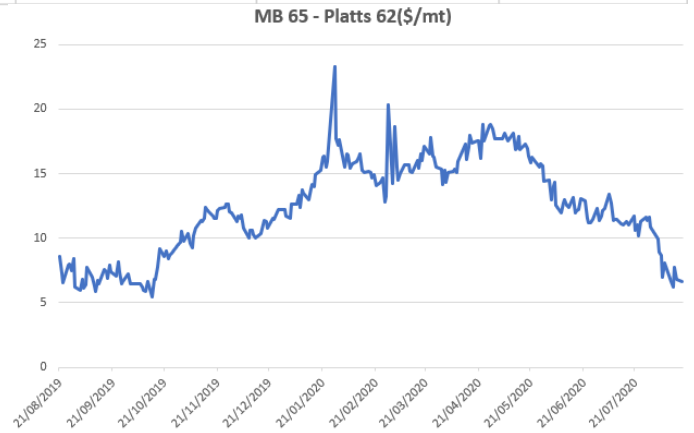
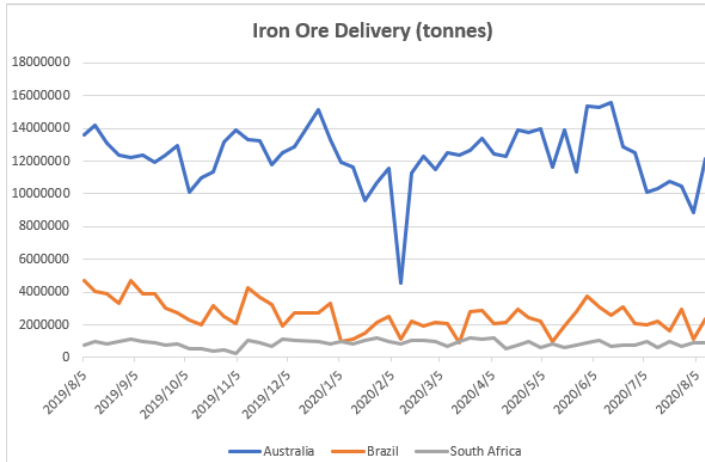
Construction Steel Total Inventories (in 10,000 tonnes)



- ◆ Five major steel inventories gradually picked up as marginal apparent consumption become weaker.
- ◆ The daily pig iron production reached historical high at 2.53 million tonnes, which is related to steel capacity switch from mid-small mills to high blast.

Iron Ore

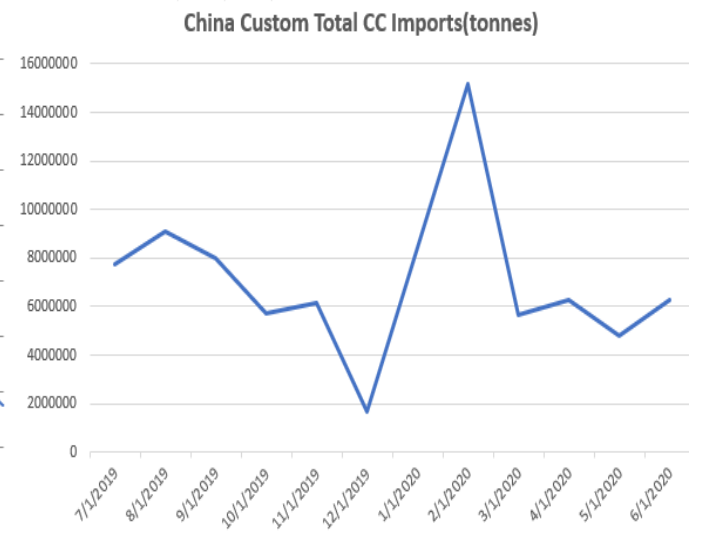
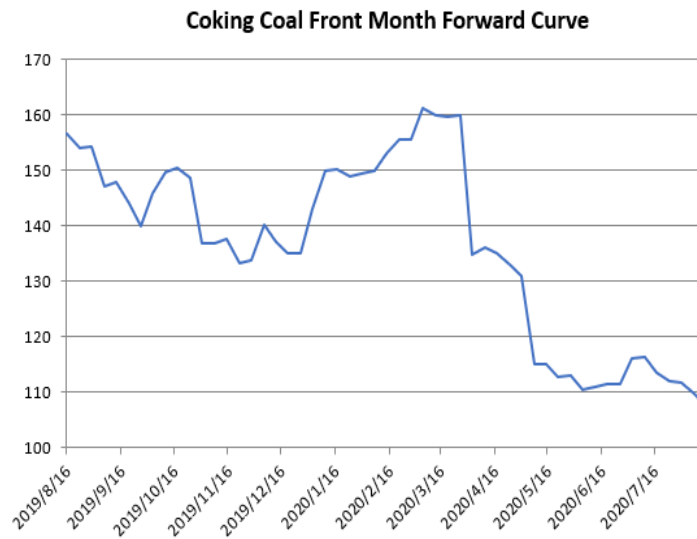
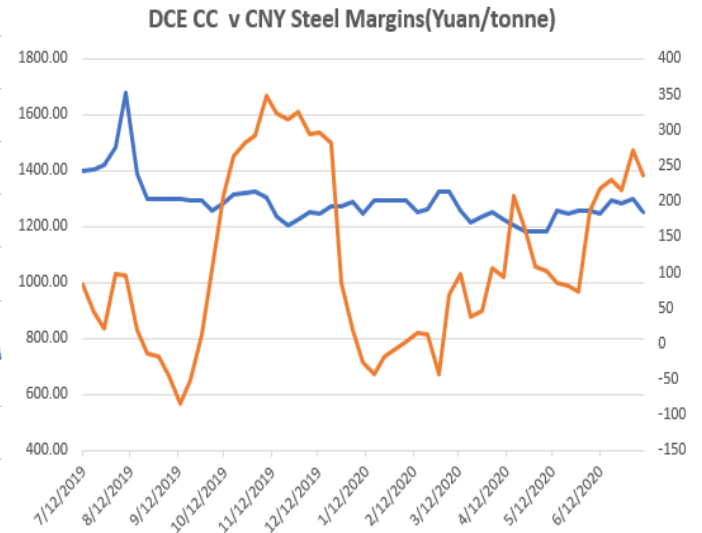
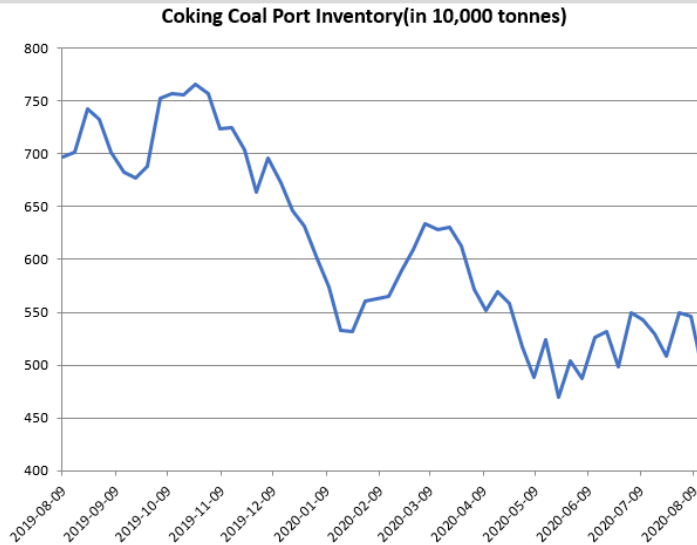
	Last	Previous	% Change
Platts 62% Fe	121.9	121.75	0.1%
MB 65% Fe	128.5	128.6	-0.1%
Capesize 5TC Index	19900	19916	-0.1%
C3 Tubarao to Qingdao	17.966	18	-0.2%
C5 West Australia to Qingdao	8.323	8.432	-1.3%
Billet Spot Ex-Works Tangshan MT	3420	3420	0.0%
SGX Front Month(Jun)	120.23	117.89	2.0%
DCE Major Month(Sep)	901.5	889	1.4%
China Port Inventory Unit 10,000 mt	10,785	10,926	-1.3%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,218.00	886.40	37.4%
Brazil Iron Ore Weekly Export Unit 10,000 mt	236.20	109.80	115.1%



- ◆ Port evacuation bounced up because operation reached normal. However port congestion prevent more arrivals from loading on ports.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	106.6	106.5	0.1%
Coking Coal Front Month	107.75	109.86	-1.9%
DCE CC Major Month(May)	1254	1300	-3.5%
Coking Coal Port Inventory Unit 10,000mt	495	546	-9.3%
China Custom total CC Import Unit mt	6,255,913.00	4,785,514.00	30.7%



◆ Coking coal port inventories are tanking.