

Macro

	Last	Previous	% Change
USDCNY	6.9194	6.9503	-0.4%
Repo 7 Days	1.8	2.2	-18.2%
Repo 1 Day	1.5	1.65	-9.1%
Dollar Index	93.247	93.096	0.2%
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 short-run bearish.

Policy Related change on Ferrous Market and Money Movement:

After exchange change rules, Ministry of Industrial and Information Technology and CISA discussed on the over-stretched on iron ore, some previous iron ore long positions take profits over the week. Relevant inspected team start to punish the illegal production during shifting capacity to new mills. Onshore industrial sectors during August saw a faster money flow out compared with agriculture and financial sectors. Be aware of disconnection between ferrous sector and equity market, since Shanghai Composite has stuck in current level since early July, while iron ore rebound 30% by last Tuesday during same period.

Environment protection look quite loose during the year since China saw a most rainy year and server pollution hasn't come from the past 9 months. However late Q4 is normally related to pollution weather seasonally.

Steel Sector:

The cement price rebounded since structure shortage, indicating construction activity is resilient. However, China Indices Research Institution indicated 300 sample cities housing land area 600 million square meters, down 7.5% m-o-m, 400 million square meters traded down 5.9% m-o-m. Land sales are cooling down significantly. Shanghai 16-25mm rebar consolidate from 3670- 3690 yuan for previous 6 weeks. However Rizhao PBF increased 18.63% during the same period. Thus many northern mills rebar profit has been squeezed to negative area. Mills started to think about decrease sintering ores and increase proportion of lumps, which currently running at historical low area. Some mills indicated they will start to overhaul during summer.

Construction steel weekly trading volume is 213,000 last week, close to 214,000 previous week. The apparent consumption also remain flat during last week. The supply and demand on steel is current balanced. However some southern physical steel traders indicate there will be Japan import steels flowing in China market. Europe and U.S. steel production picked up since July, but south-eastern Asian demand is slow.

Iron Ore:

The only or major logic to support iron ore price is port congestion. Port ships reached 185 vessels, a historic high. Port congested 73– 84 days during August. Last year high at 70 days, however decreased to below 60 days level in two weeks. Port officials indicated port congestion needs several weeks to see some change, current pandemic screening and related process have slowed down the ships loading.

Dollar based iron ore is 58 yuan higher than port iron ore. However seaborne iron ore trades are becoming less during past two weeks. When DCE September almost pegged on stable value related with Yandi fine, DCE jan is cooling down fast as traders concerning the time value decay during extra four months.

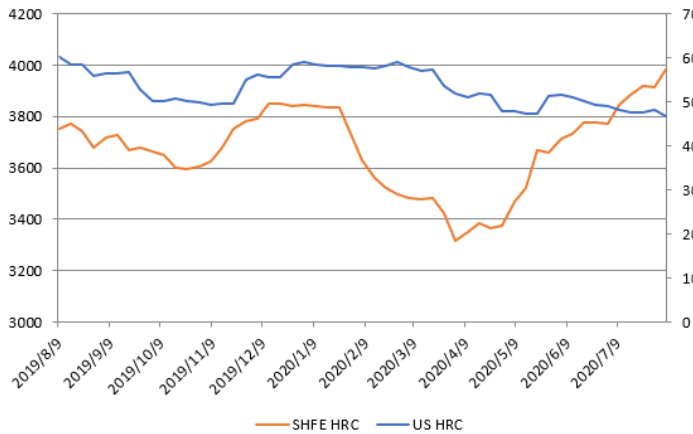
Iron ore price potentially entered a correction phase earlier than inventory turning, after exhaust every bullish factor in previous 8 months.

Senior Researcher: Hao Pei

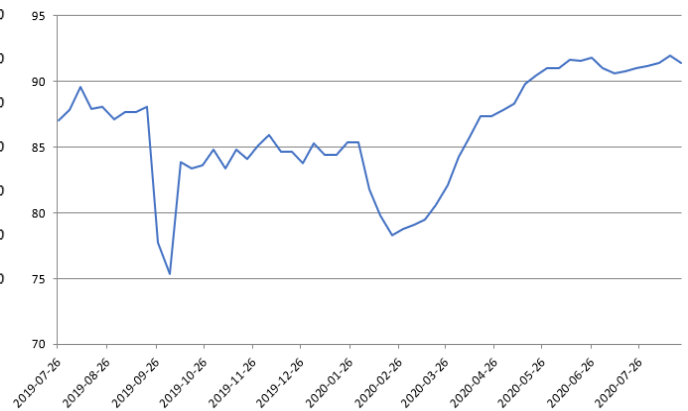
Steel

	Last	Previous	% Change
US HRC Front Month	449	452	-0.7%
SHFE Rebar Major Month(May)	3737	3718	0.5%
China Hot Rolled Coil	3991	3974	0.4%
China Monthly Steel consumption Unit 000's mt	91788.8	89758.8	2.3%
Five Major Steel Inventories Unit 10,000 mt	2241.85	2213.94	1.3%
Construction Steel Total Inventory unit 10,000 mt	1487.94	1479.06	0.6%
Crude Steel Production China Unit 000's mt	93359	91579	1.9%
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%

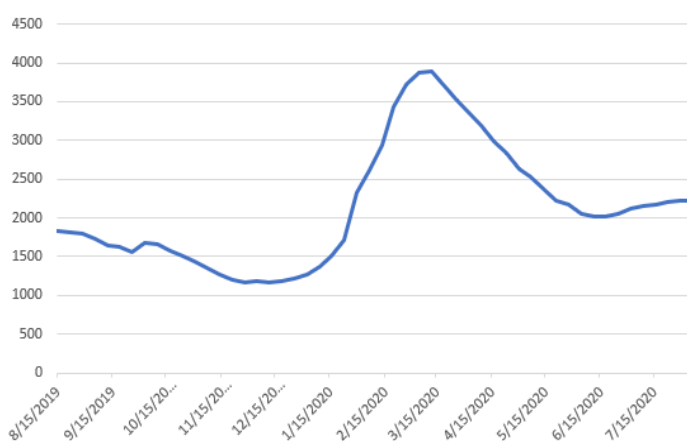
US HRC Vs SHFE HRC



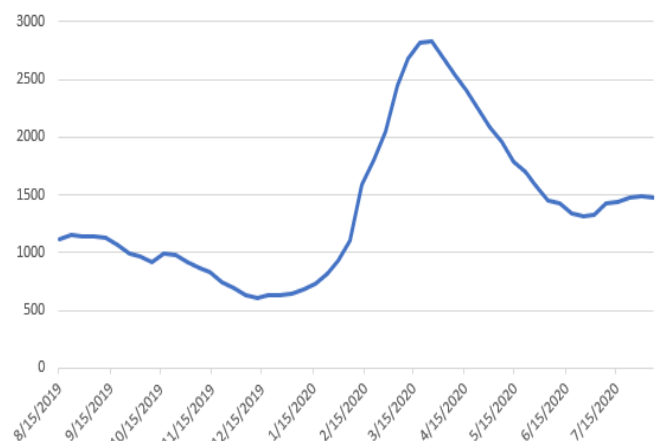
MySteel 247 mills BF Operation Rate in %



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



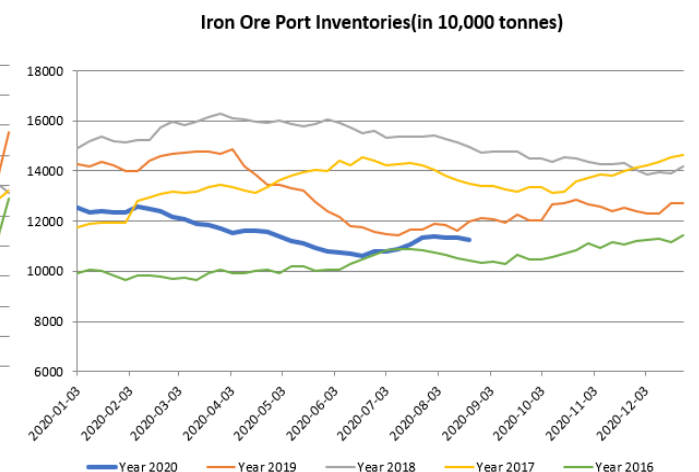
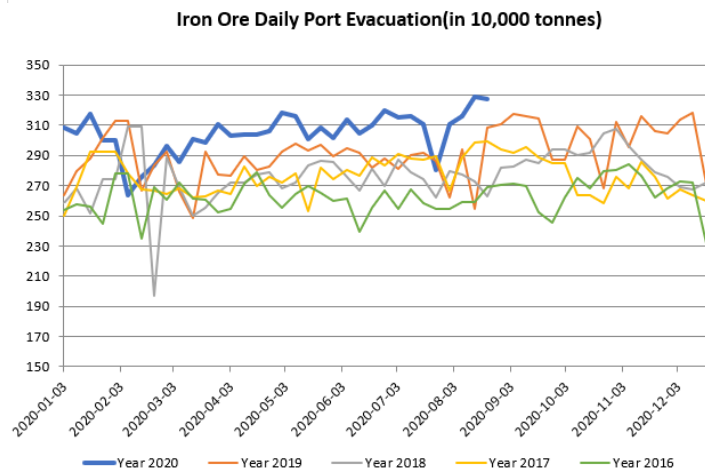
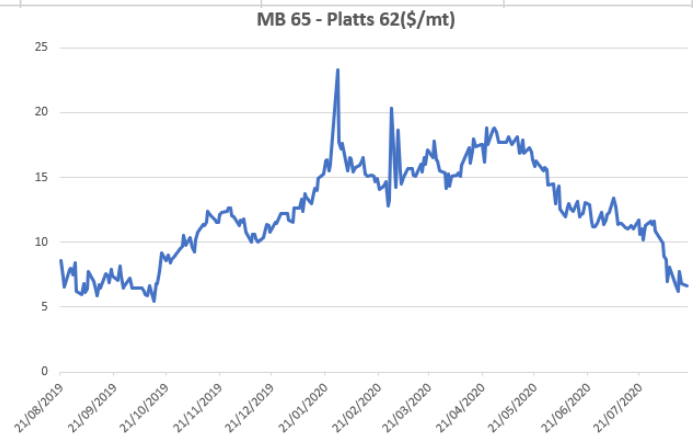
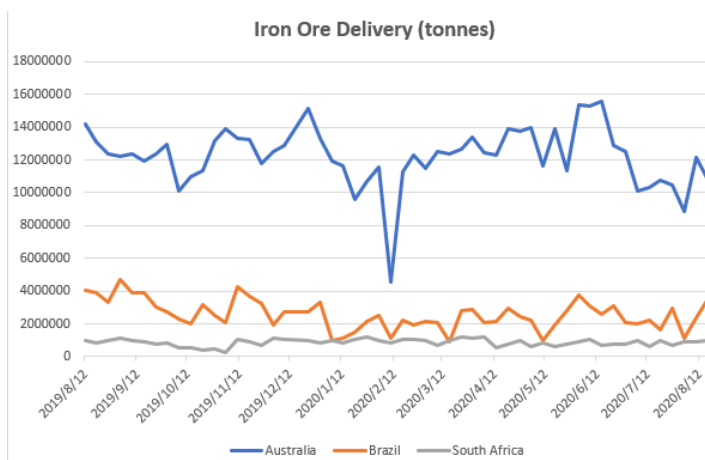
Construction Steel Total Inventories (in 10,000 tonnes)



- ◆ 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

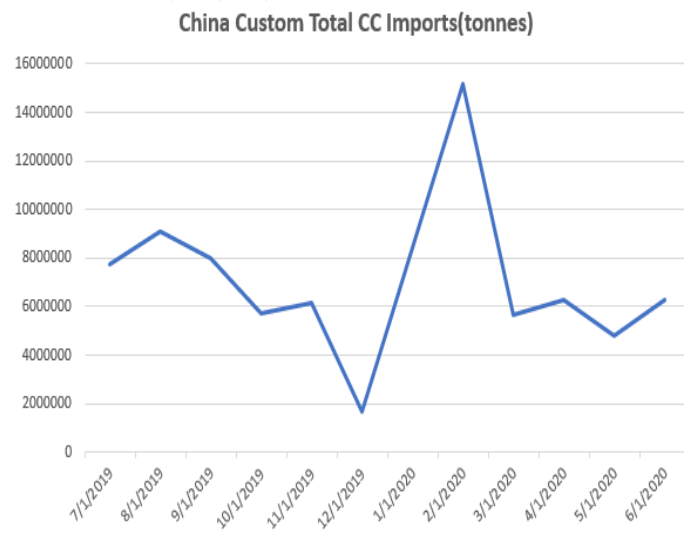
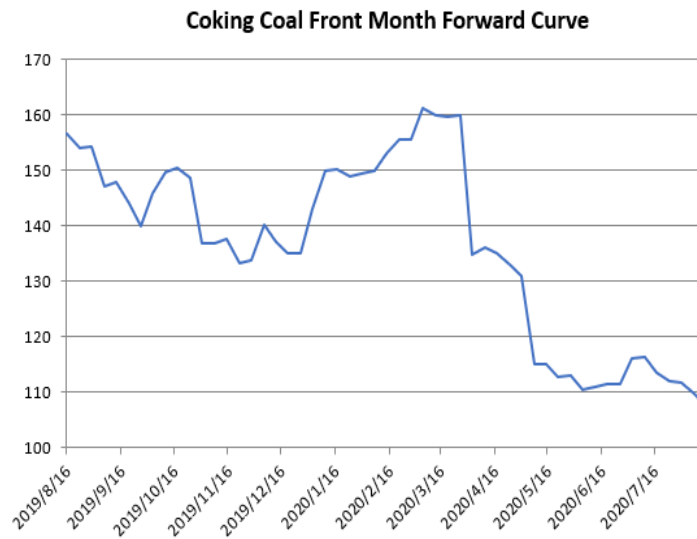
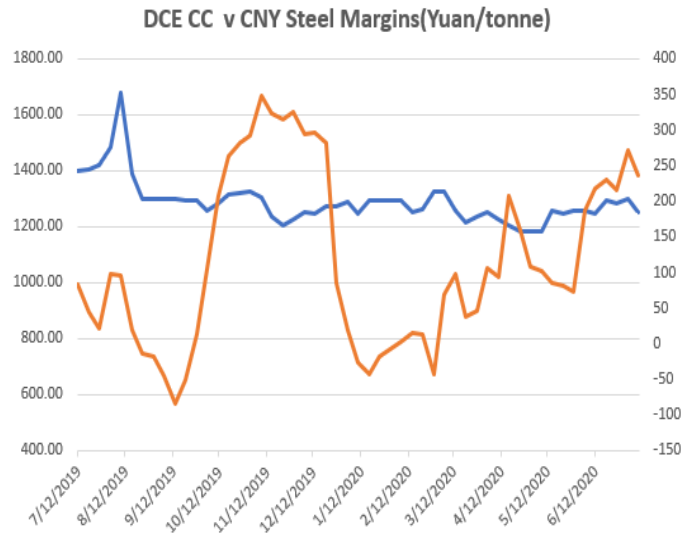
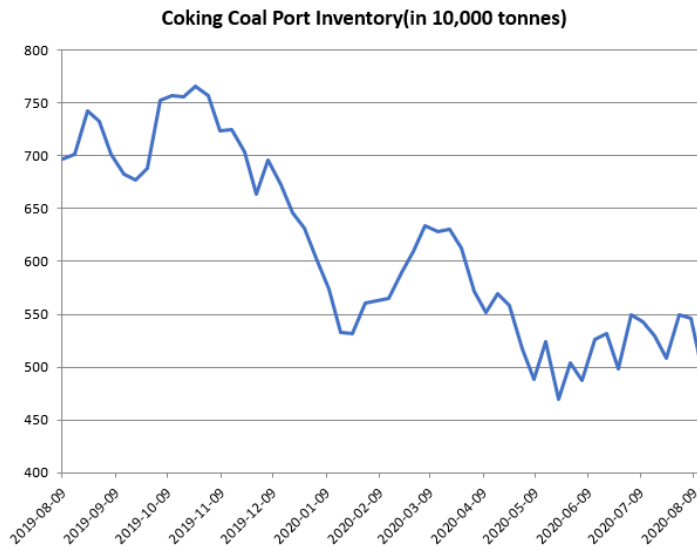
	Last	Previous	% Change
Platts 62% Fe	124.45	126.65	-1.7%
MB 65% Fe	133.6	135.5	-1.4%
Capesize 5TC Index	18305	17918	2.2%
C3 Tubarao to Qingdao	17.165	17.115	0.3%
C5 West Australia to Qingdao	7.605	7.232	5.2%
Billet Spot Ex-Works Tangshan MT	3410	3420	-0.3%
SGX Front Month(Jun)	123.43	120.23	2.7%
DCE Major Month(Sep)	920	901.5	2.1%
China Port Inventory Unit 10,000 mt	10,785	10,926	-1.3%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,074.20	1,218.00	-11.8%
Brazil Iron Ore Weekly Export Unit 10,000 mt	351.40	236.20	48.8%



- ◆ 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	107	107	0.0%
Coking Coal Front Month	107	107.75	-0.7%
DCE CC Major Month(May)	1213	1254	-3.3%
Coking Coal Port Inventory Unit 10,000mt	478	495	-3.4%
China Custom total CC Import Unit mt	6,255,913.00	4,785,514.00	30.7%



◆ Coking coal port inventories are tanking.