

## Macro

	Last	Previous	% Change
USDCNY	6.8654	6.9194	-0.8%
Repo 7 Days	1.35	1.8	-25.0%
Repo 1 Day	1.35	1.5	-10.0%
Dollar Index	92.371	93.247	-0.9%
China GDP Constant Price YOY %	3.2	-6.8	NA
China PMI (Caixin)	53.1	52.8	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 consolidation. In mid-run bearish.

### Money Movement and Macro Market:

U.S. equities have created historical high current week, while Shanghai equity tanked and recovered. Industrial sectors in general become more attractive compared with agricultural commodities, absorbing more money inflow during previous week and first half of this week. CNY also appreciate 4.88% over past three months, economists believed CNY has entered an appreciating stage and will strengthen further more in next few months.

### Steel Sector:

The cement price picked up to a yearly high at 600 yuan in some mid-China area, the yearly –high. Construction steel price up 4.7% daily average compared to previous week. Flat glass futures rejected by yearly high and corrected. China official media CCTV reported the flat glass capacity shortage, however mostly focusing on some enterprises without covering whole industry.

Tangshan areas are more interested in trading flat steel after seeing HRC picked up faster than rebar. HRC marginal demand is expected better since Japan and Korea imports warm from August. At the same time, rebar production per ton is suffered a marginal loss in Hebei area.

### Iron Ore:

Port congestion is still harsh problem with 188 vessels, increased 3 more compared to previous week. Port arrivals at 24.55 million tonnes, down 439,000 tonnes w-o-w. From delivery side, Australia decrease is neutralized by Brazil increase. Market expect Australia port overhaul end by mid-September and iron ore delivery from Australia should recover from then on.

Tangshan execute three times unexpected environment curb during previous two week, indicating the capacity inspection will last at least few more weeks. Thus daily pig iron usage is either decrease or flat from current level in most circumstances.

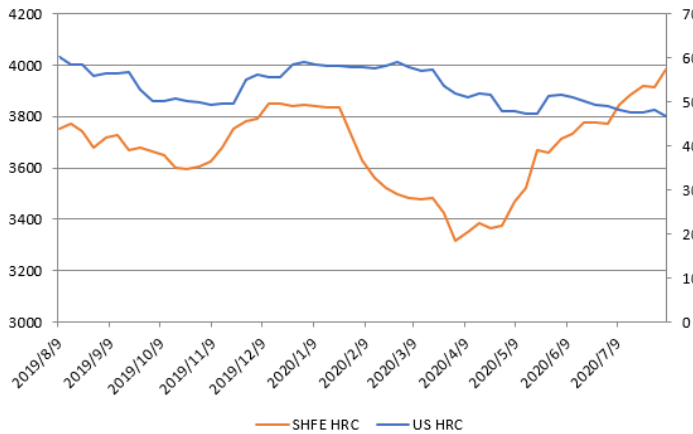
DCE front months are bind with cheapest delivery brand, Yandi Fines, with no chance to see market corner since current flat price and sufficient port stocks.

Senior Researcher: Hao Pei

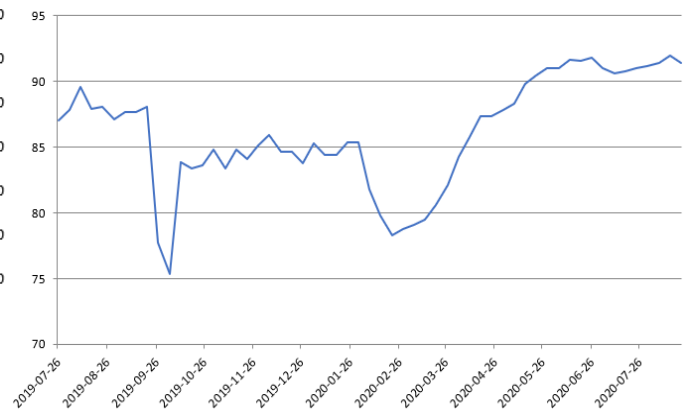
## Steel

	Last	Previous	% Change
<b>US HRC Front Month</b>	518	449	15.4%
<b>SHFE Rebar Major Month(May)</b>	3726	3737	-0.3%
<b>China Hot Rolled Coil</b>	3972	3991	-0.5%
<b>China Monthly Steel consumption Unit 000's mt</b>	91788.8	89758.8	2.3%
<b>Five Major Steel Inventories Unit 10,000 mt</b>	2225.28	2241.85	-0.7%
<b>Construction Steel Total Inventory unit 10,000 mt</b>	1497.27	1487.94	0.6%
<b>Crude Steel Production China Unit 000's mt</b>	93359	91579	1.9%
<b>China Volume of Commodity Imports Unit 000's mt</b>	2610	1880	38.8%
<b>China Volume of Commodity exports Unit 000's mt</b>	4180	3700	13.0%

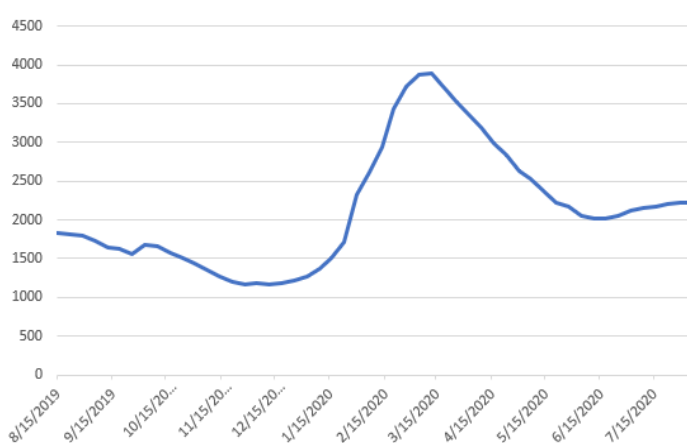
US HRC Vs SHFE HRC



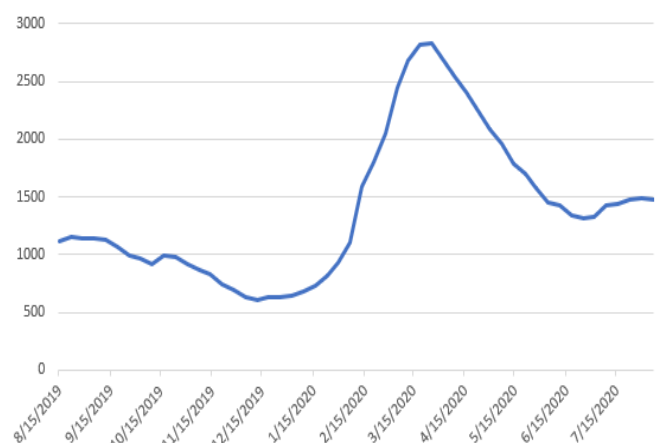
MySteel 247 mills BF Operation Rate in %



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



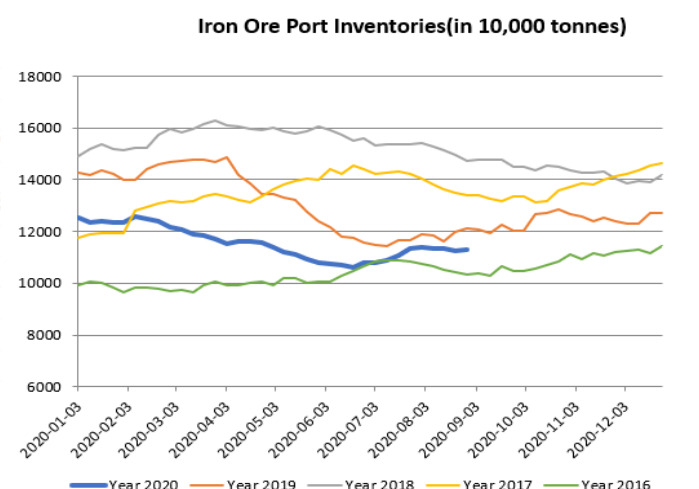
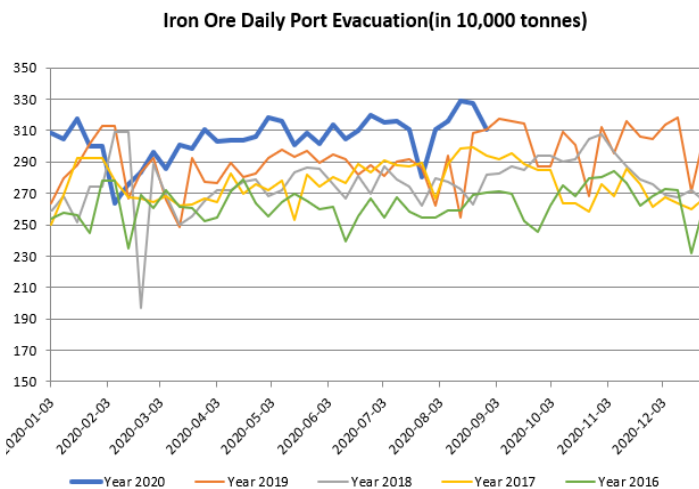
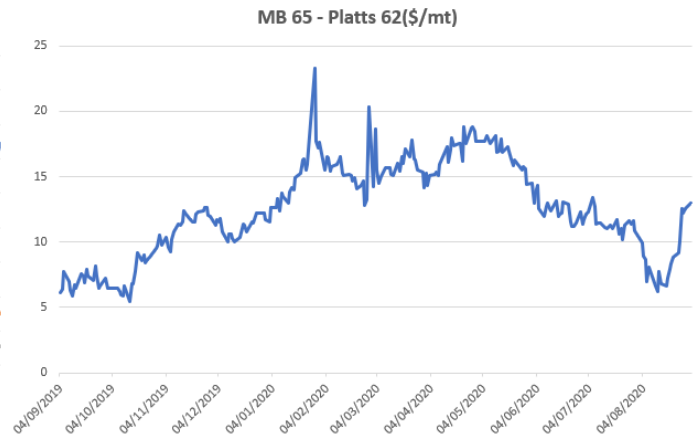
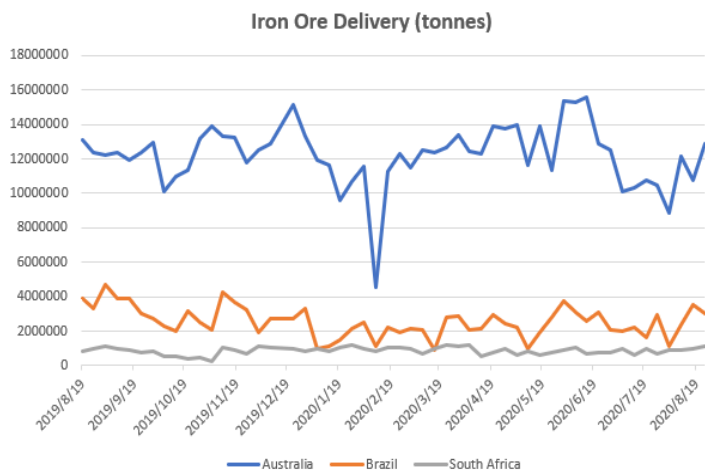
Construction Steel Total Inventories (in 10,000 tonnes)



- ◆ 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

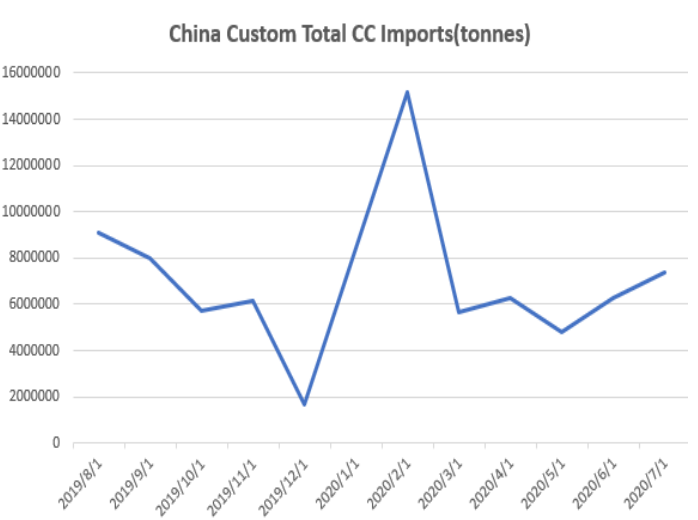
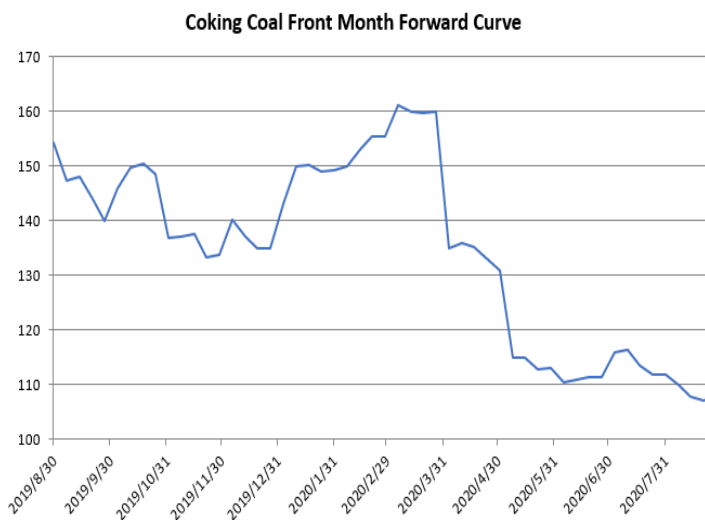
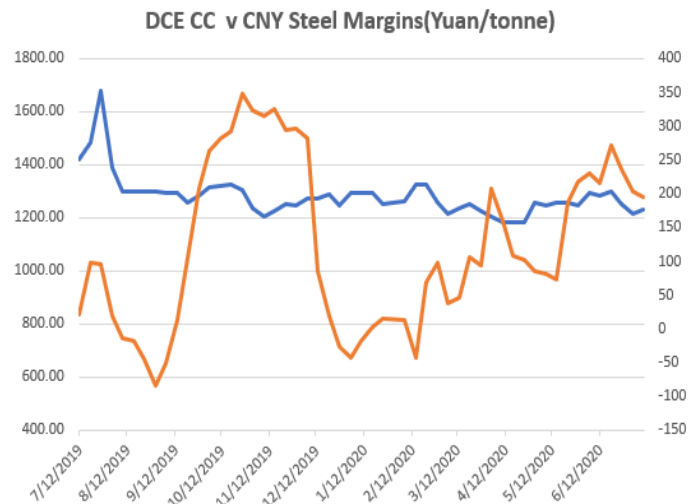
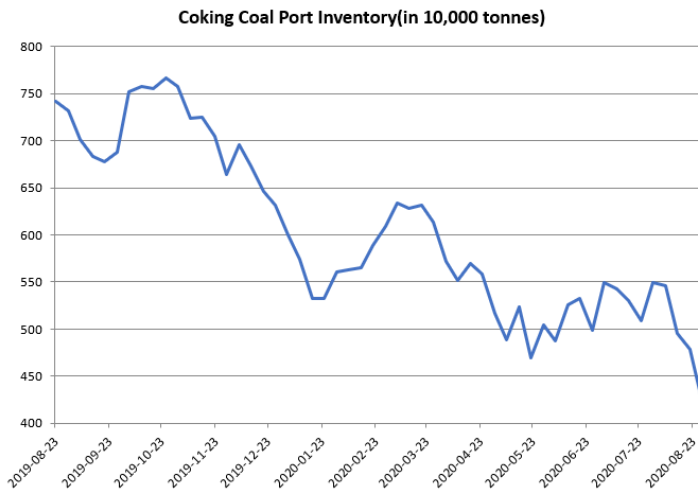
	Last	Previous	% Change
Platts 62% Fe	124.35	123.25	0.9%
MB 65% Fe	137.3	135.8	1.1%
Capesize 5TC Index	18394	18775	-2.0%
C3 Tubarao to Qingdao	18.245	18.32	-0.4%
C5 West Australia to Qingdao	8.105	8.25	-1.8%
Billet Spot Ex-Works Tangshan MT	3450	3410	1.2%
SGX Front Month(Jun)	122.48	123.43	-0.8%
DCE Major Month(Sep)	918.5	920	-0.2%
China Port Inventory Unit 10,000 mt	10,785	10,926	-1.3%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,286.80	1,074.20	19.8%
Brazil Iron Ore Weekly Export Unit 10,000 mt	303.60	351.40	-13.6%



- ◆ 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	107.86	107	0.8%
DCE CC Major Month(May)	1229.5	1213	1.4%
Coking Coal Port Inventory Unit 10,000mt	426	478	-10.9%
China Custom total CC Import Unit mt	6,255,913.00	4,785,514.00	30.7%



◆ Coking coal port inventories are tanking.