

## Macro

	Last	Previous	% Change
USDCNY	6.8344	6.8425	-0.1%
Repo 7 Days	2.17	2.2	-1.4%
Repo 1 Day	1.52	2	-24.0%
Dollar Index	93.333	92.719	0.7%
China GDP Constant Price YOY %	3.2	-6.8	NA
China PMI (Caixin)	53.1	52.8	NA
China Industrial Production MOM %	1.02	0.98	NA
Commercial Space Under Construction	3.3	3	NA
Commercial Space Completed	371.1	332.5	NA
Commercial Building Space Sold, YTD YOY%	-3.3	-5.8	NA
Residential Space Under Construction, YTD YOY%	4.3	4.1	NA
Residential Space Completed, YTD YOY%	-9.7	-10.2	NA
Residential Floor Space Sold, YTD YOY%	-2.5	-5	NA

## Ferrous Weekly Comment

### Market Summary:

Iron ore short-run neutral to bearish, the reversal is approaching.

### Money Movement and Macro Market:

From DCE exchange data, iron ore jan has significant money inflow over the past five trading days. HRC and flat glass have significant money outflow in comparison. According to historical rule, iron ore potentially see a reversal in particular on and after physical delivery window.

More housing restriction strategies related to leveraging ratio landed in September, suggested by top 5 housing companies. They said fixed investments on housing might suffer big pressure in the last quarter of 2020. However, land investment normally has 6 or more months to transfer to constructions. As a result, some housing analysts believed the H1 land investments will result in house buildings in last quarter of the year.

### Steel Sector:

The blast utilisation rate at 94.5% as September average from Mysteel data, indicated the previous Tangshan production curb didn't result in significant decrease on steel making. Construction steel apparent consumption is matching supply, which explained the lower volatility on steel price compared to other ferrous products.

The rebar October contract is consolidate around EAF cost, and tend to deepen the basis to physical. Which is to say, if physical rebar is consolidate narrow at current level, rebar futures tend to correct because approaching delivery rebar physical normally need to have 200 yuan over futures (brands discount, transportation, other charges).

### Iron Ore:

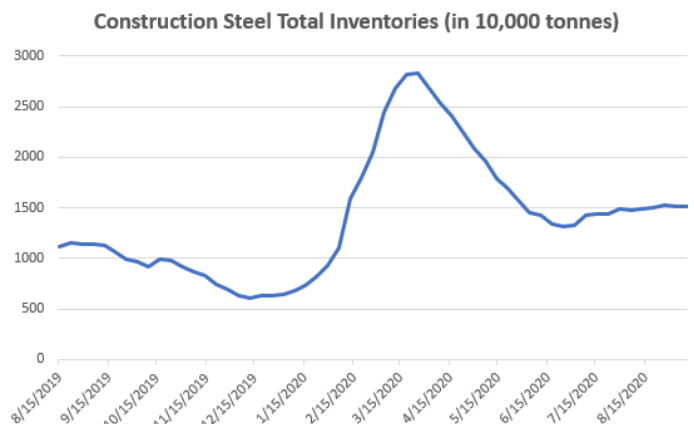
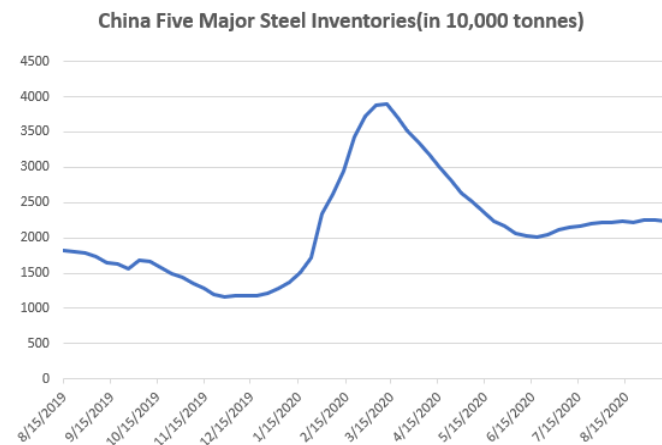
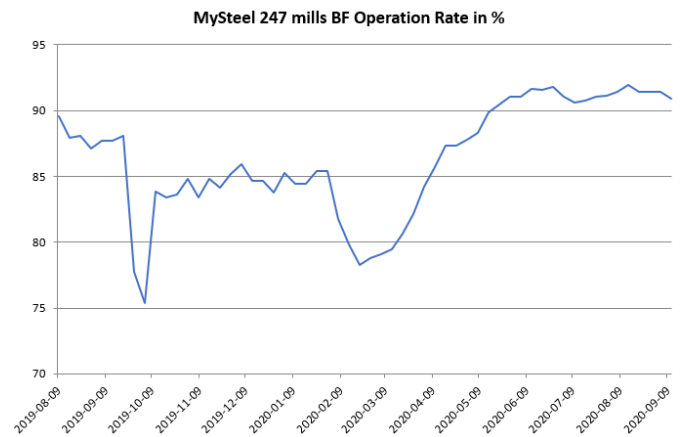
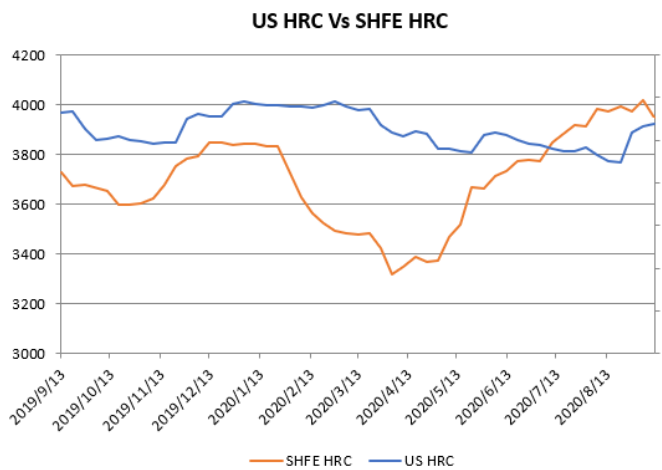
Mysteel iron ore delivery and port arrivals are overall flat during September, some difference are created because the statistic windows but should look flat if stretching to longer period. Port stocks accumulated for three weeks, among which, mid-grade major brands also increased for three weeks. At the same time, port congestion is gradually eased from early September. The "invisible port inventories" are now count as real inventories, iron ore port stocks expected to grow continuously.

SGX rebound much more compared to DCE since the end of May, because the two benchmark are becoming different approaching DCE delivery. DCE iron ore is ultimately close to the cheapest deliverable port iron ore, which is Yandi fine in this September. However SGX is still branded in PBF and Newman by sea-borne value. The supply and demand market are different as well.

The Monday and Last Friday push was mostly impacted by a Bloomberg news saying "Australia has a nuclear option to China", related to iron ores. Media over-interpreted the impact of the article. Iron ore once again led growth of all commodities after hearing this news.

## Steel

	Last	Previous	% Change
<b>US HRC Front Month</b>	538	532	1.1%
<b>SHFE Rebar Major Month(May)</b>	3647	3758	-3.0%
<b>China Hot Rolled Coil</b>	3947	4020	-1.8%
<b>China Monthly Steel consumption Unit 000's mt</b>	91920.8	91788.8	0.1%
<b>Five Major Steel Inventories Unit 10,000 mt</b>	0	2249.36	-100.0%
<b>Construction Steel Total Inventory unit 10,000 mt</b>	0	1523.27	-100.0%
<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>	2240	2610	-14.2%
<b>China Volume of Commodity exports Unit 000's mt</b>	3678	4180	-12.0%

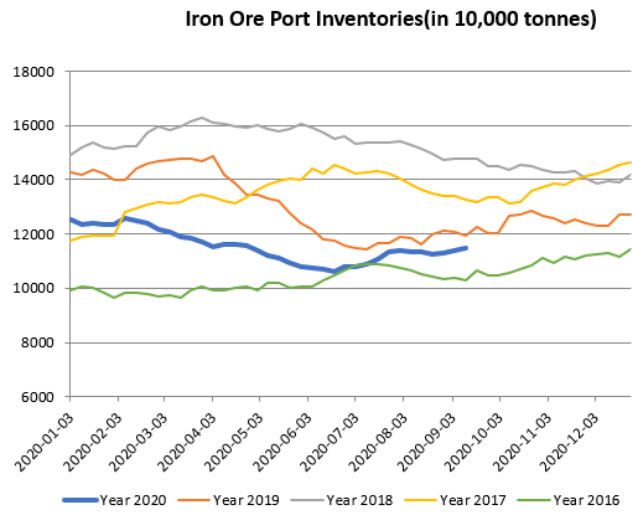
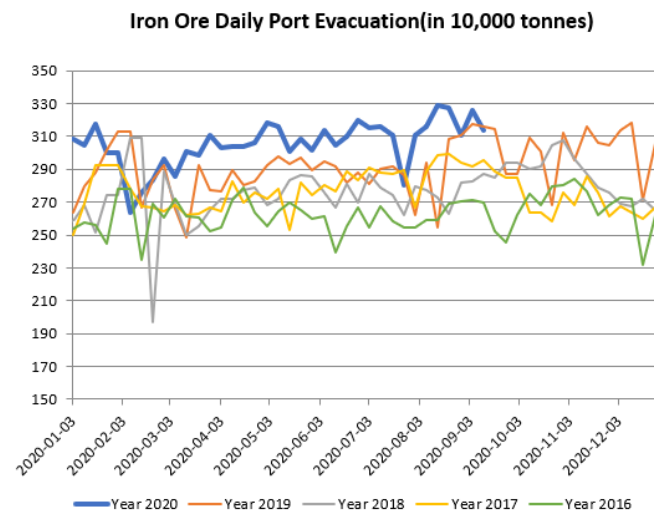
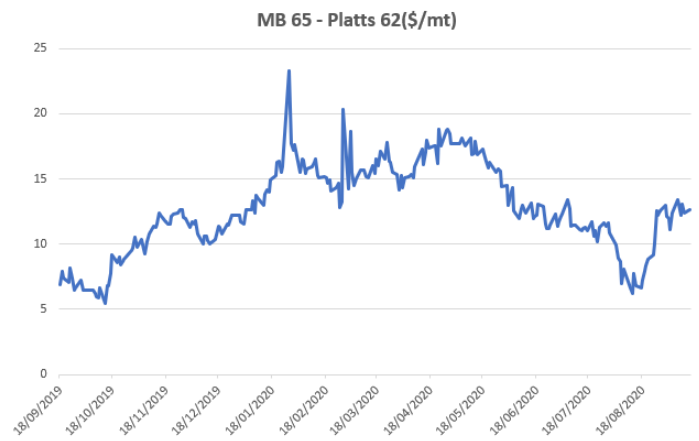
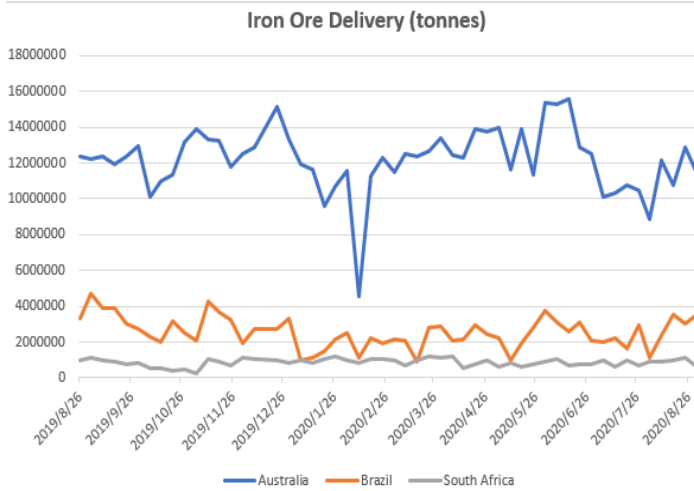


- ◆ Five major steel types inventories are running at historical high level, expectation is obviously becoming higher than reality.
- ◆ The daily pig iron production is maintain at 2.5 million tonnes level for past eight weeks, a historical high level, indicating the iron ore demand is resilient.

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## Iron Ore

	Last	Previous	% Change
<b>Platts 62% Fe</b>	130.5	129.05	1.1%
<b>MB 65% Fe</b>	143.1	141.4	1.2%
<b>Capesize 5TC Index</b>	15737	15248	3.2%
<b>C3 Tubarao to Qingdao</b>	15.955	15.605	2.2%
<b>C5 West Australia to Qingdao</b>	7.373	7	5.3%
<b>Billet Spot Ex-Works Tangshan MT</b>	3430	3480	-1.4%
<b>SGX Front Month(Jun)</b>	123.32	122.97	0.3%
<b>DCE Major Month(Sep)</b>	828.5	849	-2.4%
<b>China Port Inventory Unit 10,000 mt</b>	10,785	10,926	-1.3%
<b>Australia Iron Ore Weekly Export Unit 10,000 mt</b>	1,205.60	1,141.70	5.6%
<b>Brazil Iron Ore Weekly Export Unit 10,000 mt</b>	175.50	352.40	-50.2%



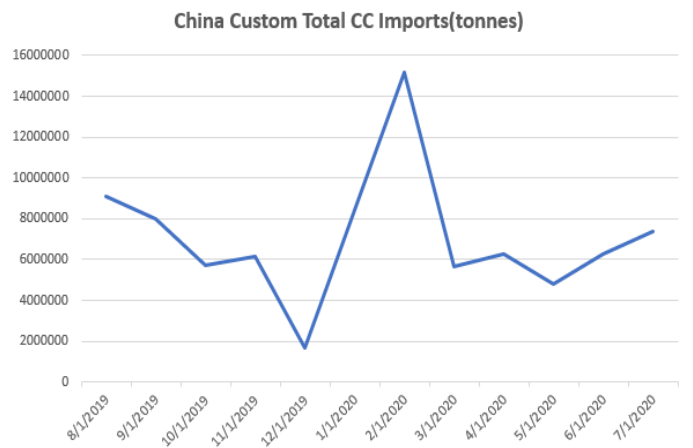
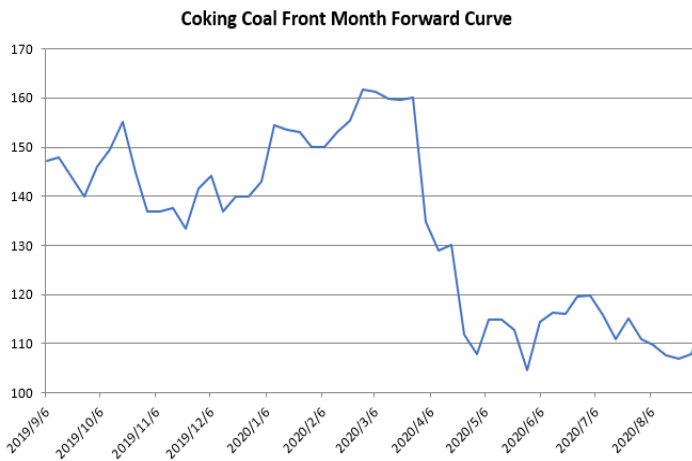
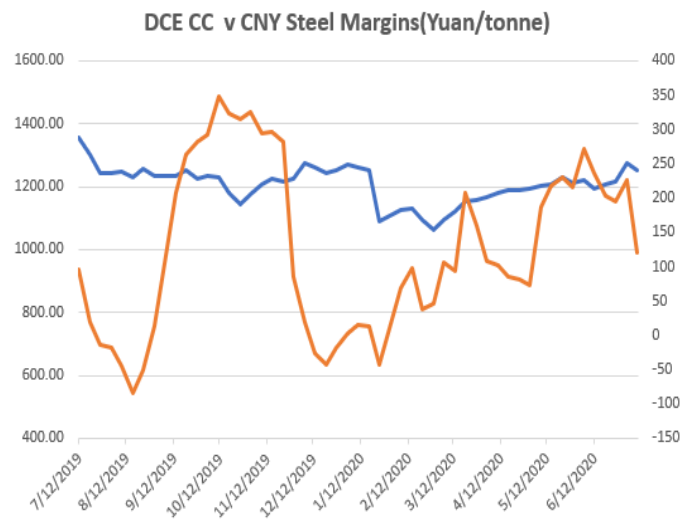
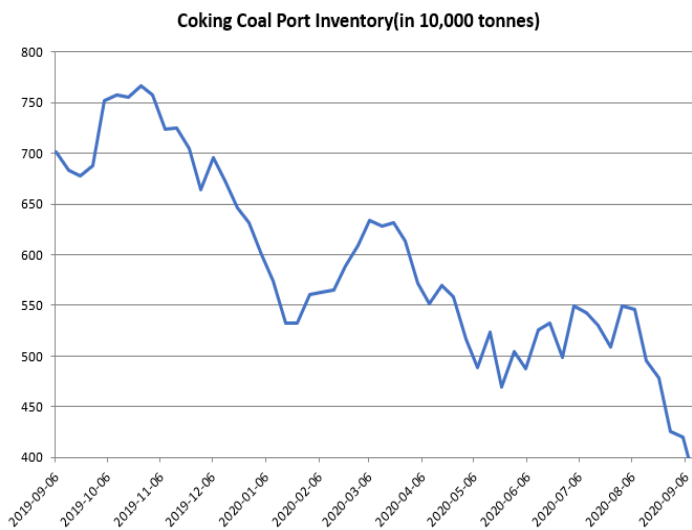
◆ Port inventories are increasing because port congestion eased and many port area stocks are count in the statistics.



# Weekly Ferrous Report

## Coking Coal

	Last	Previous	% Change
<b>TSI FOB Premium Hard Coking Coal</b>	107	107	<b>0.0%</b>
<b>Coking Coal Front Month</b>	113.5	114.75	<b>-1.1%</b>
<b>DCE CC Major Month(May)</b>	1252	1277	<b>-2.0%</b>
<b>Coking Coal Port Inventory Unit 10,000mt</b>	376.8	420	<b>-10.3%</b>
<b>China Custom total CC Import Unit mt</b>	7,367,674.00	6,255,913.00	<b>17.8%</b>



◆ Coking coal port inventories are tanking.