

## Macro

|  | Last   | Previous | % Change |
|--|--------|----------|----------|
| USDCNY   | 6.6867 | 6.6976   | -0.2%    |
| Repo 7 Days                                    | 2.4    | 2.19     | 9.6%     |
| Repo 1 Day                                     | 2.15   | 2        | 7.5%     |
| Dollar Index                                   | 92.768 | 93.682   | -1.0%    |
| China GDP Constant Price YOY %                 | 4.9    | 3.2      | NA       |
| China PMI (Caixin)                             | 53     | 53.1     | NA       |
| China Industrial Production MOM %              | 1.18   | 1.03     | NA       |
| Commercial Space Under Construction            | 3.1    | 3.3      | NA       |
| Commercial Space Completed                     | 413.4  | 371.1    | NA       |
| Commercial Building Space Sold, YTD YOY%       | -1.8   | -3.3     | NA       |
| Residential Space Under Construction, YTD YOY% | 4      | 4.3      | NA       |
| Residential Space Completed, YTD YOY%          | -10.5  | -9.7     | NA       |
| Residential Floor Space Sold, YTD YOY%         | -1     | -2.5     | NA       |

## Ferrous Weekly Comment

### Market Summary:

Iron ore short-run bearish.

### Macro and Money Movement:

Financial market remained conservative before U.S. president election. In addition, Europe and U.S. suffered the second round of pandemic. Many countries' Covid-19 infectors have created single day high. From China exchanges data, equity market corrected and industrial commodity sector in general corrected. Agricultural commodity sector supported on the other way. From China's commodity exchanges data, ferrous commodity sector open interest down 13% from the same period last year, however the margin size is similar to last year since prices are much higher.

### Steel Sector:

Some eastern steel physical traders indicated HRC export only boom in September and early October. The export became weak again when entering late October. The HRC futures are supported because Tangshan started several rounds of production curb. MySteel data indicated construction steel daily trading volume maintains around 230,000–240,000 tonnes, which was a seasonally high level, however marginal increase is not expected by most of physical traders.

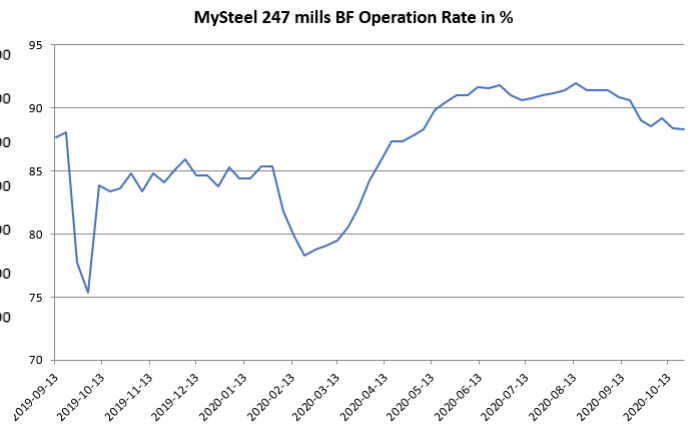
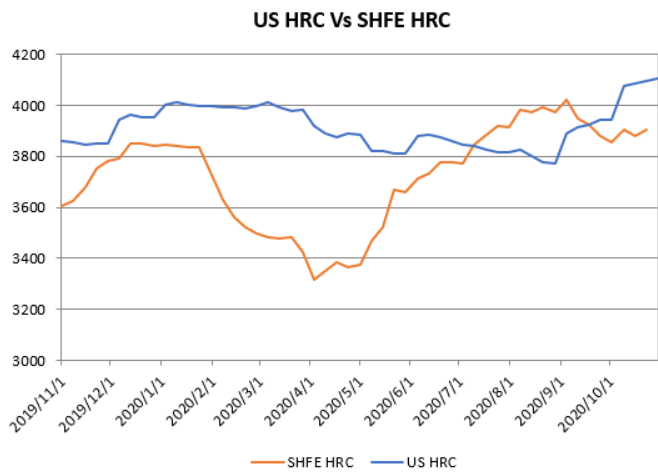
### Iron Ore:

MySteel Australia and Brazil delivery gradually pick up since port maintenance ended at early October. Thus China port arrivals almost create a surplus of 2 million tonnes versus port evacuation on weekly basis. Bloomberg data indicated port congestion also eased and caused more ships iron ores entering port areas. MySteel blast furnace operation rate decrease from 91.9% in mid August to 88.41% last week. During the same period, MySteel estimated daily pig iron production drop from 2.52 million tonnes to 2.45 million tonnes. Iron ore market is experiencing a surplus obviously from the past two months. However this surplus is extending to potentially end of year since 150 ships are on the line at port areas, which will counted into port stocks later. Current shipments will keep adding numbers to port stocks as well since daily evacuation is not able to catch up supply. Moreover, Vale last week sent Q3 report and from the data, Vale is also confident to meet their production and delivery target.

Senior Researcher: Hao Pei

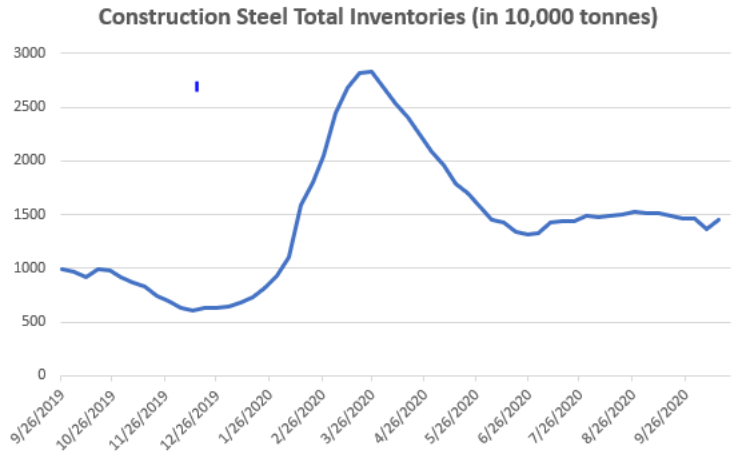
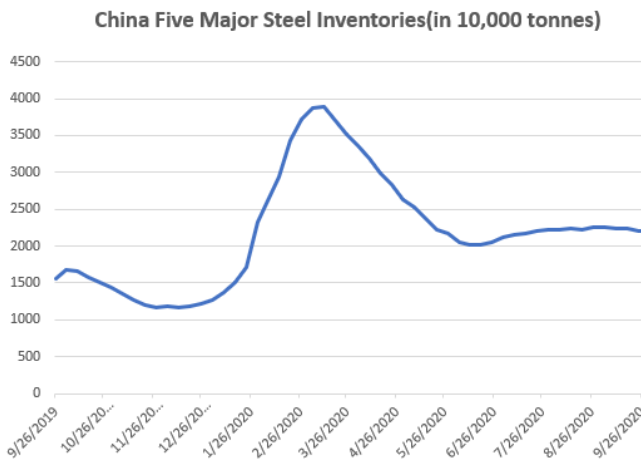
## Steel

|  | Last    | Previous | % Change     |
|--|---------|----------|--------------|
| <b>US HRC Front Month</b>                                | 645     | 639      | <b>0.9%</b>  |
| <b>SHFE Rebar Major Month</b>                            | 3651    | 3613     | <b>1.1%</b>  |
| <b>China Hot Rolled Coil</b>                             | 3904    | 3881     | <b>0.6%</b>  |
| <b>China Monthly Steel consumption Unit 000's mt</b>     | 91605.4 | 93404.7  | <b>-1.9%</b> |
| <b>Five Major Steel Inventories Unit 10,000 mt</b>       | 2211.38 | 2233.79  | <b>-1.0%</b> |
| <b>Construction Steel Total Inventory unit 10,000 mt</b> | 1466.18 | 1489.96  | <b>-1.6%</b> |
| <b>Crude Steel Production China Unit 000's mt</b>        | 92555   | 94845    | <b>-2.4%</b> |
| <b>China Volume of Commodity Imports Unit 000's mt</b>   | 2880    | 2240     | <b>28.6%</b> |
| <b>China Volume of Commodity exports Unit 000's mt</b>   | 3830    | 3680     | <b>4.1%</b>  |



Source Retrieved from Bloomberg

Source Retrieved from MySteel



Source Retrieved from MySteel

Source Retrieved from MySteel

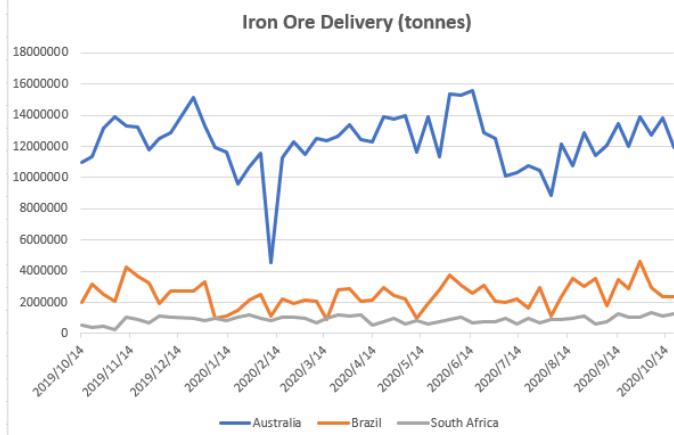
- ◆ Five major steel types inventories are running at historical high level, expectation is obviously becoming higher than reality.
- ◆ The daily pig iron production is maintain at 2.5 million tonnes level for past eight weeks, a historical high level, indicating the iron ore demand is resilient.



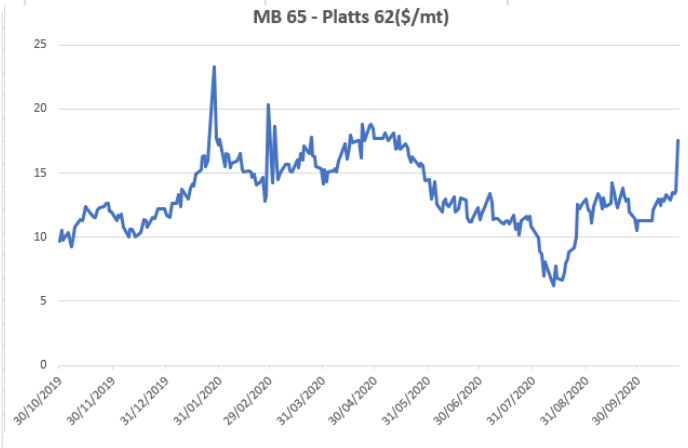
# Weekly Ferrous Report

## Iron Ore

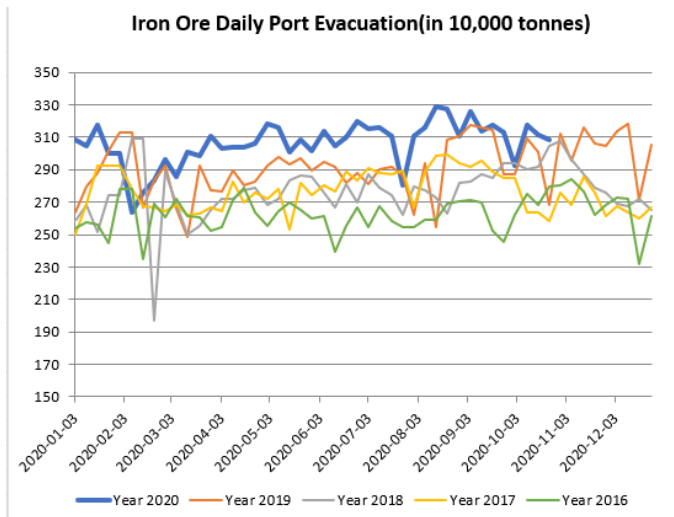
|  | Last     | Previous | % Change      |
|--|----------|----------|---------------|
| <b>Platts 62% Fe</b>                                   | 115.55   | 119.75   | <b>-3.5%</b>  |
| <b>MB 65% Fe</b>                                       | 133.1    | 133.3    | <b>-0.2%</b>  |
| <b>Capesize 5TC Index</b>                              | 18749    | 18537    | <b>1.1%</b>   |
| <b>C3 Tubarao to Qingdao</b>                           | 17.425   | 17.375   | <b>0.3%</b>   |
| <b>C5 West Australia to Qingdao</b>                    | 7.823    | 7.782    | <b>0.5%</b>   |
| <b>Billet Spot Ex-Works Tangshan MT</b>                | 3440     | 3410     | <b>0.9%</b>   |
| <b>SGX Front Month</b>                                 | 113.07   | 114.94   | <b>-1.6%</b>  |
| <b>DCE Major Month</b>                                 | 786.5    | 784      | <b>0.3%</b>   |
| <b>China Port Inventory Unit 10,000 mt</b>             | 12,416   | 12,239   | <b>1.4%</b>   |
| <b>Australia Iron Ore Weekly Export Unit 10,000 mt</b> | 1,190.60 | 1,382.20 | <b>-13.9%</b> |
| <b>Brazil Iron Ore Weekly Export Unit 10,000 mt</b>    | 235.20   | 235.00   | <b>0.1%</b>   |



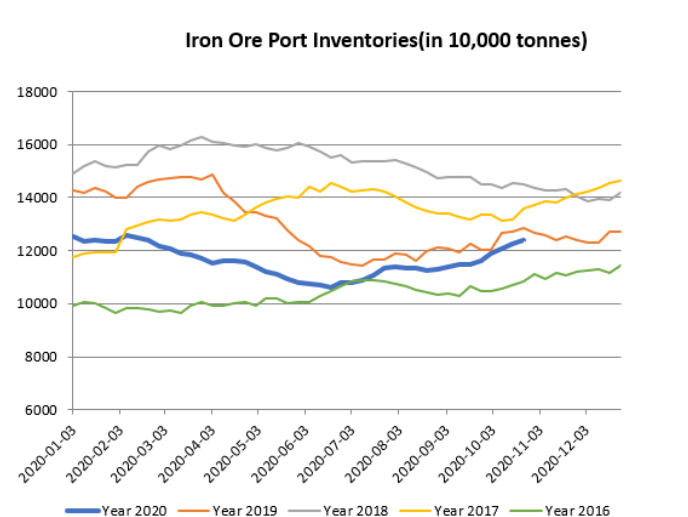
Source Retrieved from Bloomberg



Source Retrieved from Bloomberg



Source Retrieved from MySteel



Source Retrieved from MySteel

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

## Coking Coal

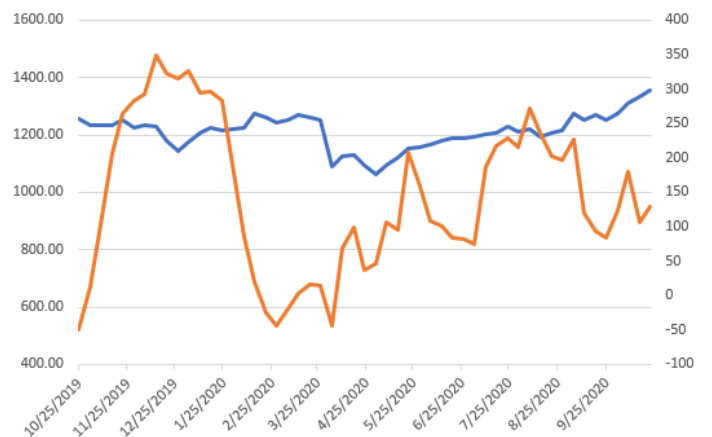
|   | Last         | Previous     | % Change     |
|---|--------------|--------------|--------------|
| <b>TSI FOB Premium Hard Coking Coal</b>         | 103.1        | 107.3        | <b>-3.9%</b> |
| <b>Coking Coal Front Month</b>                  | 125          | 129          | <b>-3.1%</b> |
| <b>DCE CC Major Month</b>                       | 1357.5       | 1332.5       | <b>1.9%</b>  |
| <b>Coking Coal Port Inventory Unit 10,000mt</b> | 335          | 342          | <b>-2.0%</b> |
| <b>China Custom total CC Import Unit mt</b>     | 6,718,058.00 | 7,171,781.00 | <b>-6.3%</b> |

Coking Coal Port Inventory(in 10,000 tonnes)



Source Retrieved from MySteel

DCE CC v CNY Steel Margins(Yuan/tonne)



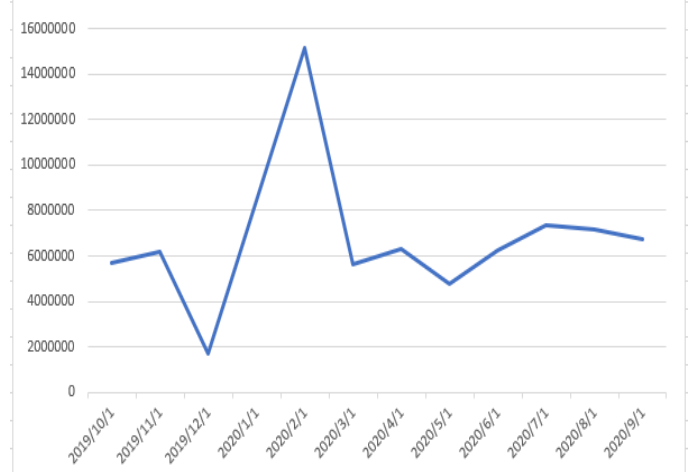
Source Retrieved from Bloomberg

Coking Coal Front Month Forward Curve



Source Retrieved from Bloomberg

China Custom Total CC Imports(tonnes)



Source Retrieved from Bloomberg

◆ Coking coal port inventories are tanking.