

Macro

	Last	Previous	% Change
USDCNY	6.6947	6.7908	-1.4%
Repo 7 Days	1.8	2.45	-26.5%
Repo 1 Day	1	1.9	-47.4%
Dollar Index	93.057	93.844	-0.8%
China GDP Constant Price YOY %	3.2	-6.8	NA
China PMI (Caixin)	53	53.1	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 bearish.

Money Movement and Macro Market:

Observed from Dalian Commodity Exchange and Shanghai Futures Exchange data, industrial sector is generally less supportive comparing with agricultural sector when expecting second round of pandemic come and also sustainability of current economic growth. China Central Bank, PBOC sets Yuan fixing weaker than estimated, security analysts believed yuan appreciation potentially limited in the last quarter.

Equity market impact on commodity is becoming less significant when commodity market mostly come back to their own fundamental logic during this week.

Steel Sector:

Eastern China HRC exporters indicated some HRC export orders recovered from July. Tangshan government also sent draft on winter production curb, which majorly narrow the production on flat steels including HRC. However construction steels have entered "off-season", since major construction activities will call an end when weather get cold in late November in northern areas. Mysteel sources indicated five typical steel inventories decrease slower than expected and last week, which is 45% higher than previous four-year average.

The winter production curb in general is less harsh than the year 2019. Mysteel suggest the winter blast furnace utilisation rate around 85%, compared to 81% in 2019. The actual impact on steel production should be 2.7 million tonnes, which was 7.3 million tonnes in the year 2019. Tangshan billet reached 3420 yuan, 30 yuan lower than the yearly high at 3450 yuan. However the actual practices are yet to see and alternative related to environment pollution level. Some northern mills believed the total impact should be much smaller compared to previous years.

Iron Ore:

From Tangshan mills surveys, Iron ore blast furnace utilisation rate dropped from 91% in September to 89% in October. Tangsong indicated PBF up 5-8 yuan across golden weeks, however DCE iron ore Jan contract up 16-21 yuan during same period. This divergence is not persistent since physical side is fearing high price risk since port stocks are getting sufficient in every iron ore brand.

Mysteel data indicated iron ore port stock increased 8.5% from mid-August at 121.09 million tonnes. Australia and Brazil iron ore shipments weekly at 22.15 million tonnes in the first five months of the year, however this number increase to 25.67 million tonnes during June to October. If we trace on before and after golden weeks, daily evacuation at 3.1 million tonnes, which equaled 21.7 million tonnes in weekly. This weekly evacuation is much smaller than port arrivals at 24.5 million tonnes. As a result, port stocks expected to grow potentially in the last quarter of the year.

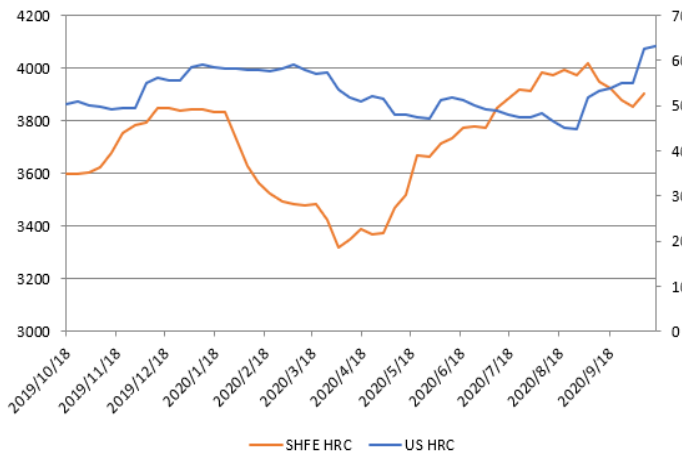


Weekly Ferrous Report

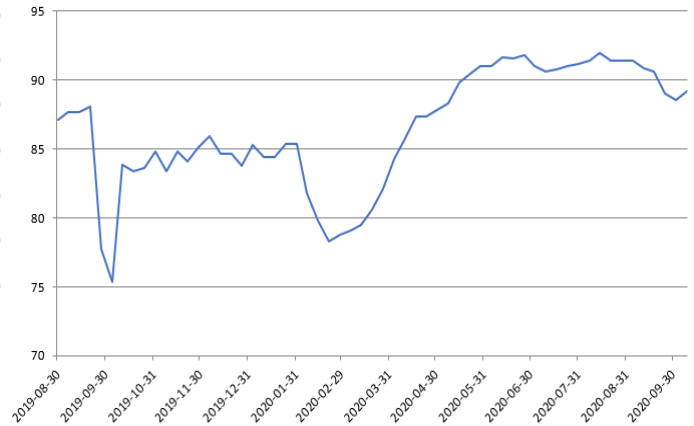
Steel

	Last	Previous	% Change
US HRC Front Month	633	626	1.1%
SHFE Rebar Major Month(May)	3612	3553	1.7%
China Hot Rolled Coil	3902	3853	1.3%
China Monthly Steel consumption Unit 000's mt	93901.7	93404.7	0.5%
Five Major Steel Inventories Unit 10,000 mt	2233.79	2242.26	-0.4%
Construction Steel Total Inventory unit 10,000 mt	1489.96	1508.59	-1.2%
Crude Steel Production China Unit 000's mt	94845	93359	1.6%
China Volume of Commodity Imports Unit 000's mt	2885	2240	28.8%
China Volume of Commodity exports Unit 000's mt	3828	3680	4.0%

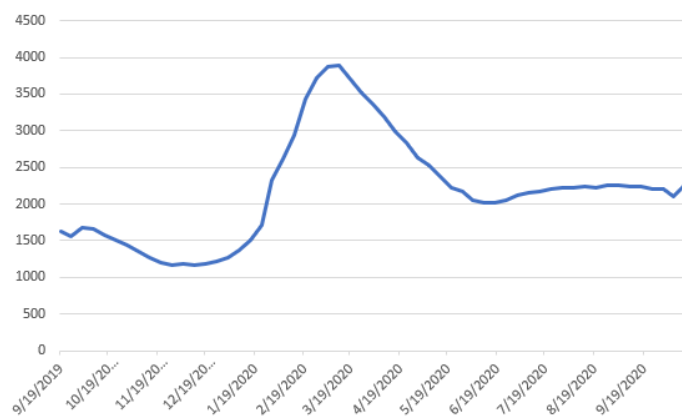
US HRC Vs SHFE HRC



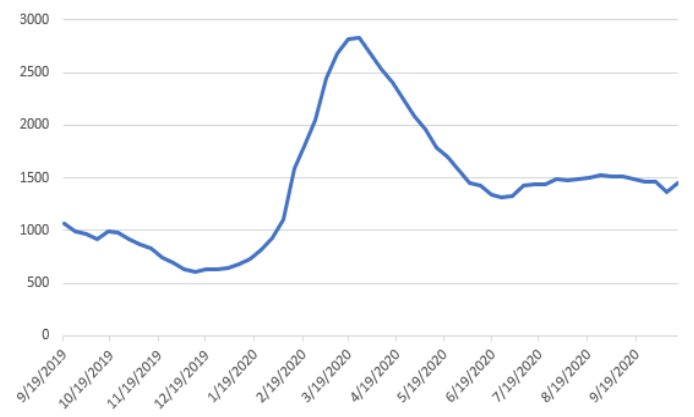
MySteel 247 mills BF Operation Rate in %



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



Construction Steel Total Inventories (in 10,000 tonnes)

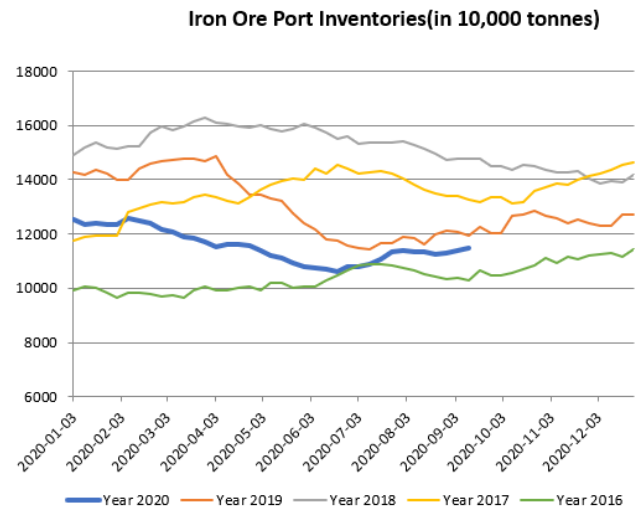
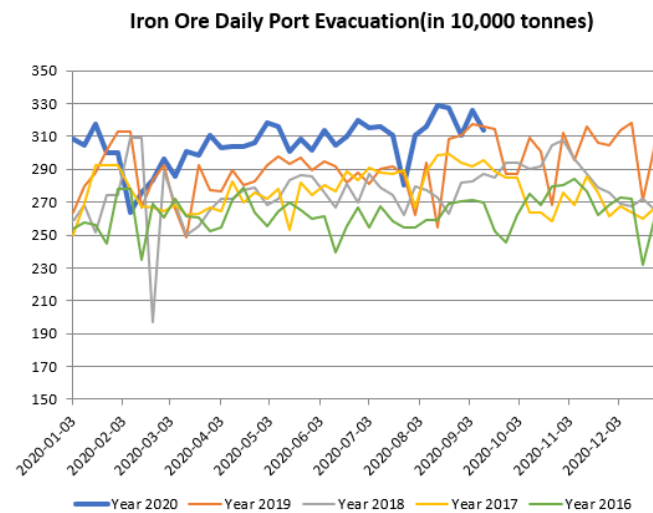
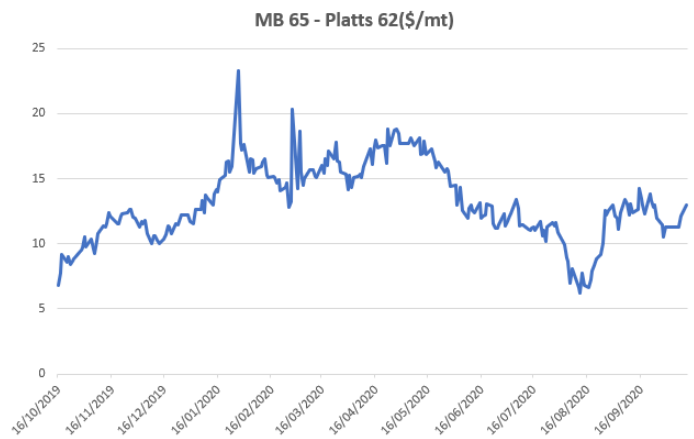
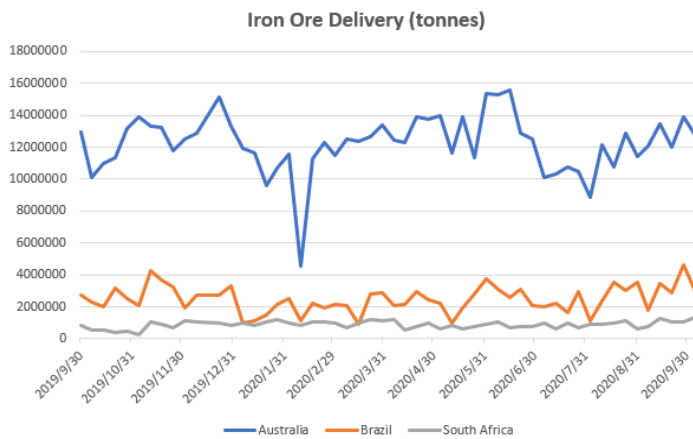


- ◆ Five major steel types inventories are running at historical high level, expectation is obviously becoming higher than reality.
- ◆ The daily pig iron production is maintain at 2.5 million tonnes level for past eight weeks, a historical high level, indicating the iron ore demand is resilient.

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Iron Ore

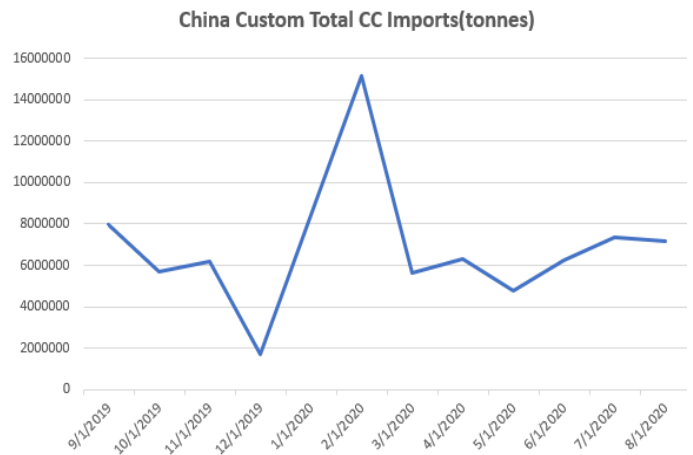
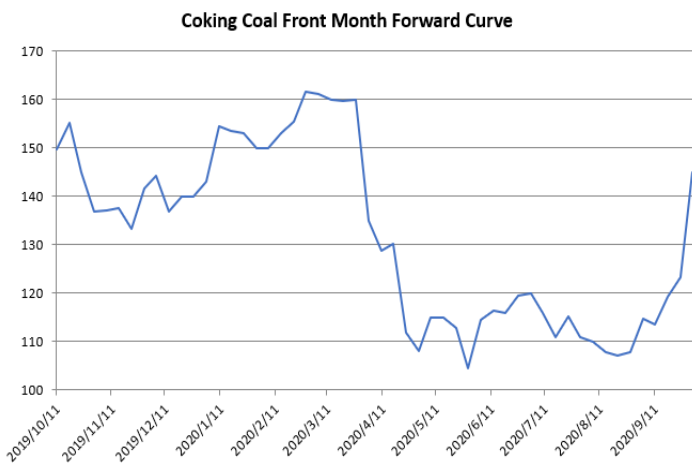
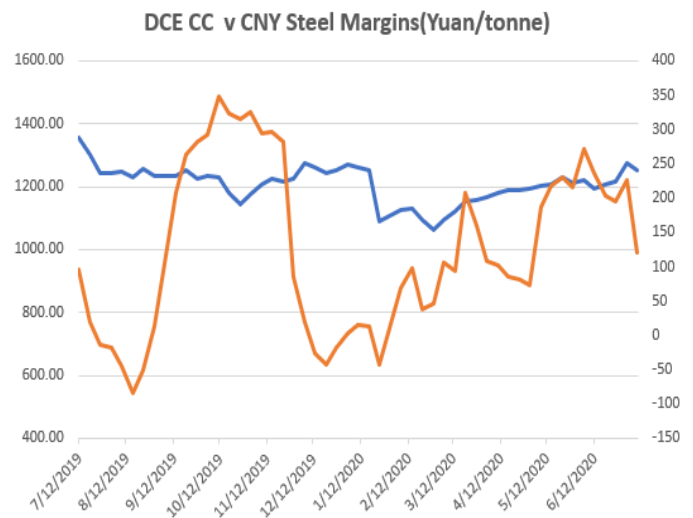
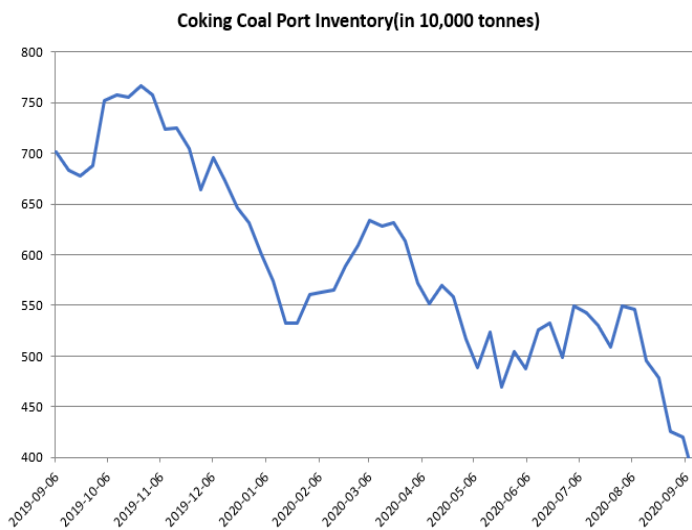
	Last	Previous	% Change
Platts 62% Fe	123.85	125.85	-1.6%
MB 65% Fe	136.8	138	-0.9%
Capesize 5TC Index	27333	29479	-7.3%
C3 Tubarao to Qingdao	19.14	20.122	-4.9%
C5 West Australia to Qingdao	9.377	9.709	-3.4%
Billet Spot Ex-Works Tangshan MT	3400	3300	3.0%
SGX Front Month(Jun)	121.08	116.22	4.2%
DCE Major Month(Sep)	822	792	3.8%
China Port Inventory Unit 10,000 mt	10,785	10,926	-1.3%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,276.50	1,389.20	-8.1%
Brazil Iron Ore Weekly Export Unit 10,000 mt	294.20	464.70	-36.7%



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

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	134.4	134.4	0.0%
Coking Coal Front Month	127.86	144.89	-11.8%
DCE CC Major Month(May)	1312.5	1273.5	3.1%
Coking Coal Port Inventory Unit 10,000mt	348	374	-7.0%
China Custom total CC Import Unit mt	7,171,781.00	7,367,674.00	-2.7%



◆ Coking coal port inventories are tanking.