



Weekly Ferrous Report

Macro

	Last	Previous	% Change
USDCNY	6.6065	6.6124	-0.1%
Repo 7 Days	2.65	1.65	60.6%
Repo 1 Day	1.6	1.79	-10.6%
Dollar Index	92.755	92.229	0.6%
China GDP Constant Price YOY %	4.9	3.2	NA
China PMI (Caixin)	53.6	53	NA
China Industrial Production MOM %	0.78	1.15	NA
Commercial Space Under Construction	3	3.1	NA
Commercial Space Completed	492.4	413.4	NA
Commercial Building Space Sold, YTD YOY%	0	-1.8	NA
Residential Space Under Construction, YTD YO	3.8	4	NA
Residential Space Completed, YTD YOY%	-7.9	-10.5	NA
Residential Floor Space Sold, YTD YOY%	0.8	-1	NA

Ferrous Weekly Comment

Market Summary:

Iron ore neutral to bullish, however limited room upside in short-run since futures value is converging with DCE deliverable physical value.

Macro:

RECP signature in 15 Asian countries(Reuters) indicated industrial commodities facing more tax exemption in next few years. In the other way, it will also help to build a transparent and fair price market among different countries in the members. Australia export ban on coal is expected canceled in next year. Iron ore in fact is not impacted before and after RECP. Late last week, China Ministry of Industrial and Information Technology researcher indicated currently making benchmark for HBI, and will import HBI as normal commodity instead of waste metals.

Moderna Vaccine found 94.5% effective on preventing Covid-19(Bloomberg), which also triggered spikes on both equity market and commodity market.

Steel:

The real demand benefited from RECP is yet confirming since most of statements are not officially announced. However China steel export orders were booming in October, which might help the growth of steel export tonnages in November and early December. Market is trading expectation after the news.

Domestically, rebar created 4.65 million tonnes of apparent consumption according to MySteel data, created the second high of the year. The growth also expanded consecutively over the previous four weeks, which potentially drive the high inventory level back to similar level last year by end of November.

China Blast furnace utilisation rate decreased slower than operation rate. Daily pig iron production stay around 2.45 million tonnes for past three weeks. However major mills will have maintenance in next two weeks.

Iron ore:

MySteel iron ore port arrivals at 24.34 million tonnes, up 515,000 tonnes w-o-w, which was a slight change. Port evacuation stayed at 3.15-3.17 million tonnes during November. The supply decrease from Australia and Brazil was filled up by the more ships loading on ports, which weren't counted as inventory before. As a result, port inventory expected flat in November.

Northern steel mills also control the seaborne iron ore concentrates input since marginal demand is turning weaker seasonally, which would finally cause port inventory pick up in mid-run. Northern China mills indicated lump, low aluminum and low sulfur become popular again since mills will need different contents of ores to balance the acid and alkali levels of blast furnace.

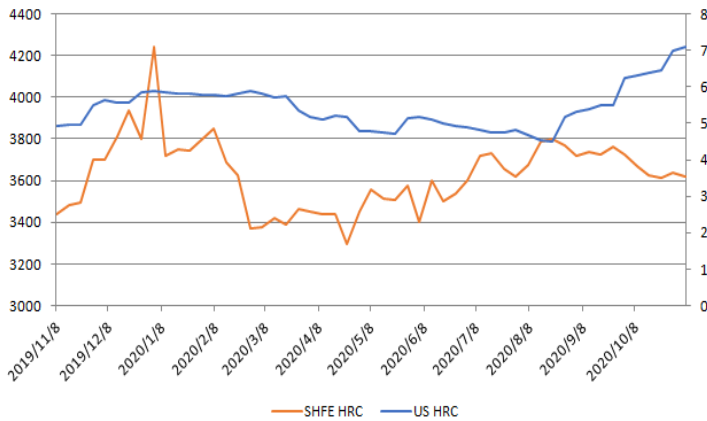
DCE iron ore Jan contract is approaching the deliverable vale on physical side. Thus futures have limited potential to make a new push. In most circumstances, futures tend to expand the discount from physical after the delivery.

Senior Researcher: Hao Pei

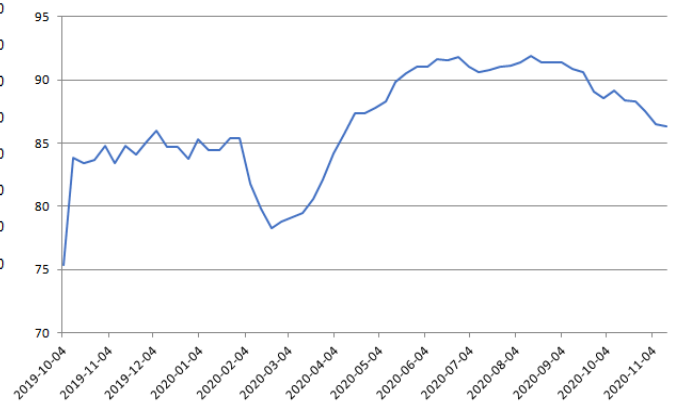
Steel

	Last	Previous	% Change
US HRC Front Month	716	711	0.7%
SHFE Rebar Major Month	3968	3744	6.0%
China Hot Rolled Coil	4022	3960	1.6%
China Monthly Steel consumption Unit 000' s m	90448.4	91605.4	-1.3%
Five Major Steel Inventories Unit 10,000 mt	2029.63	2123.91	-4.4%
Construction Steel Total Inventory unit 10,0	1276.74	1349.8	-5.4%
Crude Steel Production China Unit 000' s mt	92555	94845	-2.4%
China Volume of Commodity Imports Unit 000' s	1932	2880	-32.9%
China Volume of Commodity exports Unit 000' s	4039	3830	5.5%

US HRC Vs SHFE HRC



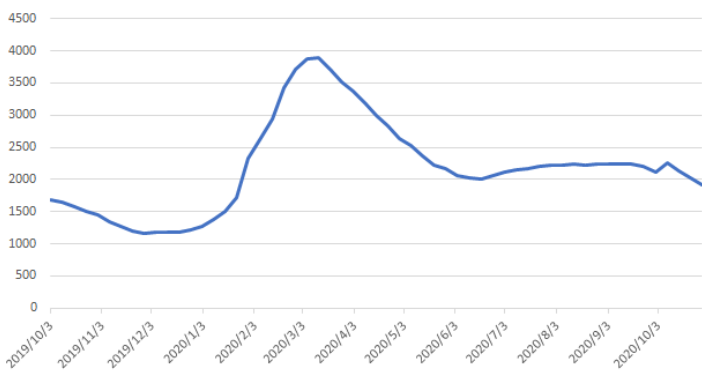
MySteel 247 mills BF Operation Rate in %



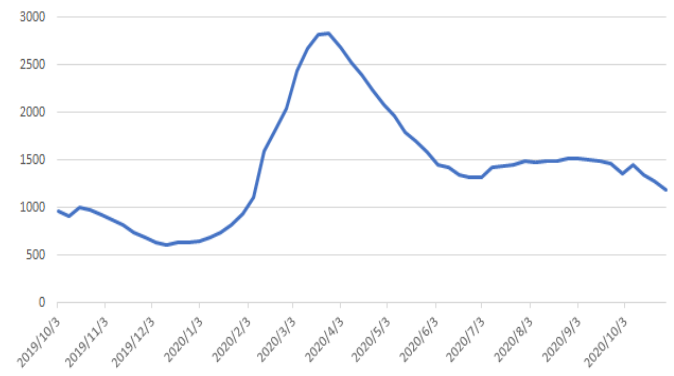
Sources from Bloomberg

Sources from MySteel

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



Construction Steel Total Inventories (in 10,000 tonnes)



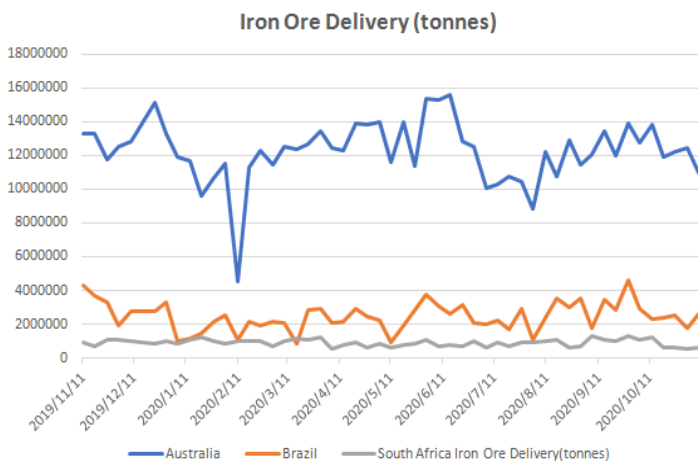
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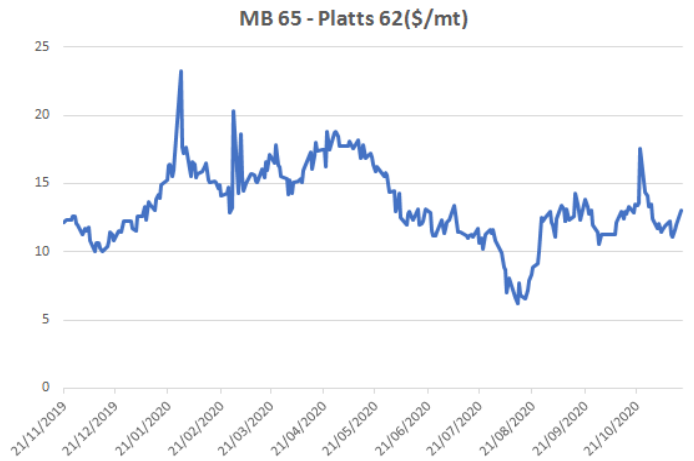
- ◆ Five major steel inventories decreased approaching the fastest on weekly basis, indicating demand of steel is picking up.
- ◆ The daily pig iron production is stable at 2.45 million tonnes level last three weeks.

Iron Ore

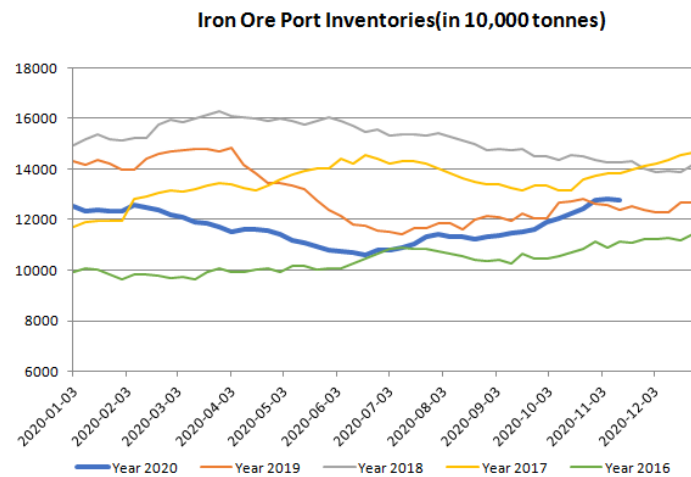
	Last	Previous	% Change
Platts 62% Fe	124	122.65	1.1%
MB 65% Fe	137	134.6	1.8%
Capesize 5TC Index	12282	12498	-1.7%
C3 Tubarao to Qingdao	13.69	13.705	-0.1%
C5 West Australia to Qingdao	6.577	6.55	0.4%
Billet Spot Ex-Works Tangshan MT	3570	3550	0.6%
SGX Front Month	120.89	117.52	2.9%
DCE Major Month	866	849.5	1.9%
China Port Inventory Unit 10,000 mt	12,778	12,812	-0.3%
Australia Iron Ore Weekly Export Unit 10,000	1,098.30	1,242.30	-11.6%
Brazil Iron Ore Weekly Export Unit 10,000 mt	264.00	177.90	48.4%



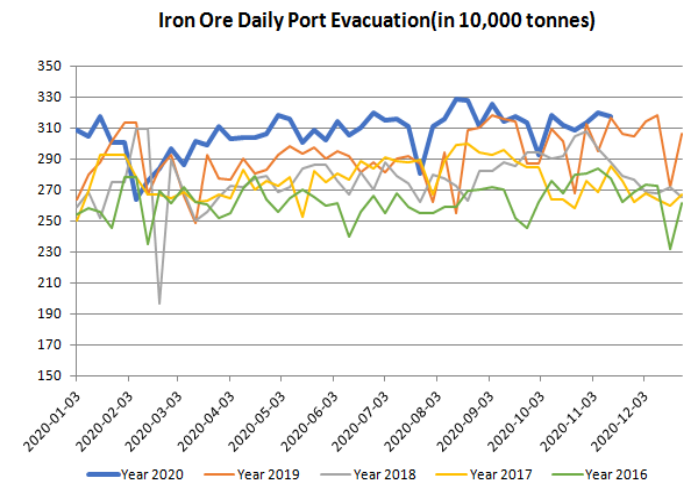
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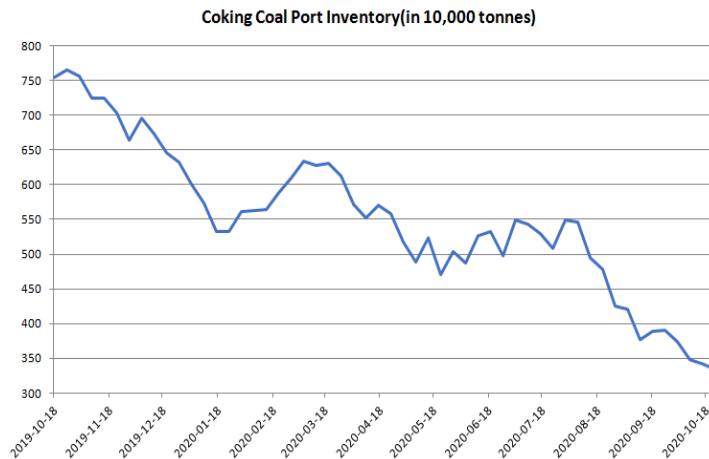
◆ Port evacuation is stable around 3.15-3.17 million tonnes in November. Port stocks also reached a stable level with slowing pick up trend.



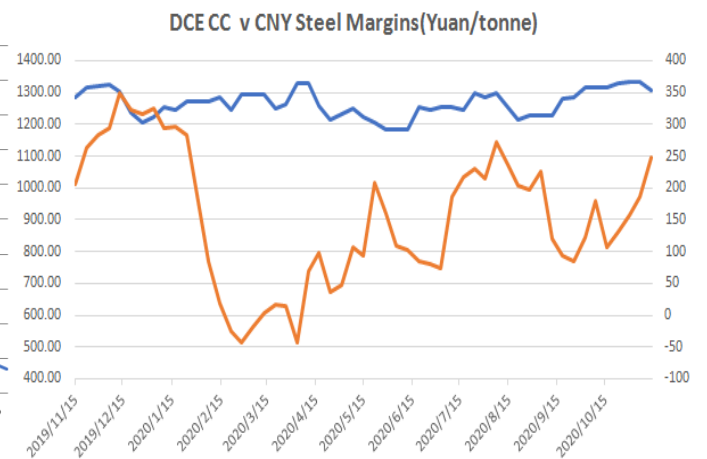
Weekly Ferrous Report

Coking Coal

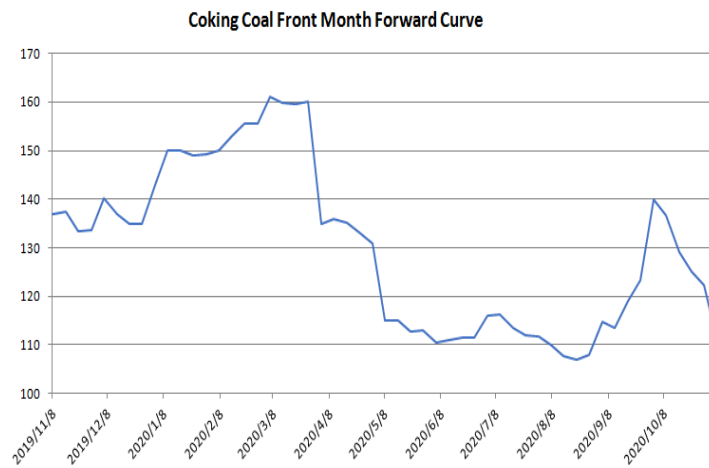
	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	103	103.6	-0.6%
Coking Coal Front Month	104.86	111.07	-5.6%
DCE CC Major Month	1306	1334.5	-2.1%
Coking Coal Port Inventory Unit 10,000mt	335	342	-2.0%
China Custom total CC Import Unit mt	6,718,058.00	7,171,781.00	-6.3%



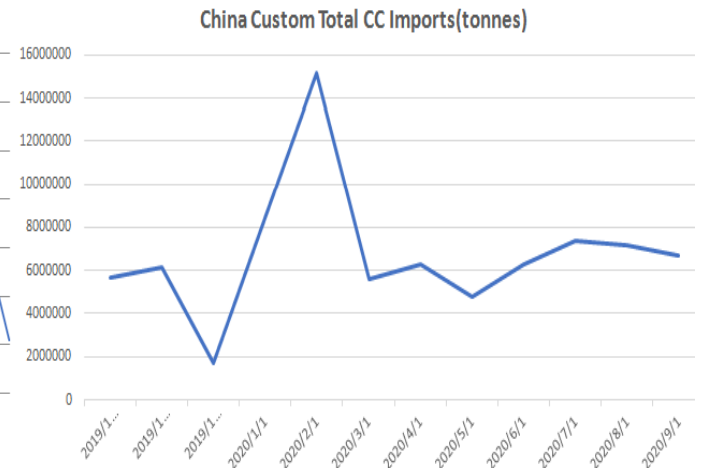
Sources from MySteel



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◆ Coking coal corrected as China unofficial ban on Australia coals. However as the agreement of RECP, coking coal tend to recover and bounce back as the ban is potentially cancel next year.