

Macro

	Last	Previous	% Change
USDCNY	6.563	6.6065	-0.7%
Repo 7 Days	2.2	2.65	-17.0%
Repo 1 Day	1.93	1.6	20.6%
Dollar Index	92.392	92.755	-0.4%
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 YOY%	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 – Neutral.

As expected from previous report, iron ore rebounded and corrected from new high.

Coals:

MySteel research suggested Mongolia pandemic caused a supply disrupt on coals export to China. Mongolia was the second largest coal exporter of China. The disruption expected to last since the port areas are lack of inspection equipments. The coal trucks near port areas started to drive back to their origins. Australia export to China also stay low since the very limited import quota by the end of year. In addition, northern China snowy weather also decreased the transportation efficiency.

Steels:

Some mills in north China indicated physical steel price started to touch roof earlier compared to futures. Tangshan ribbon steel(flat steel) down 40 yuan from the high at 3960 yuan over weekends. However rebar futures still up 65 yuan in last Friday to last Friday night. HRC futures up 41 yuan during same period. The futures had premium to physical last Friday, which normally not lasting following historical patterns.

From Mysteel statistics, five major types of steel inventory decrease slower. Early November the weekly steel inventory decrease at 1.51 million tonnes, however last week decrease 970,000 tonnes, Physical traders started to expect the stock start to pick up by end of November. Stocks seasonally pick up during the last two weeks of November.

Winter steel mills maintenance become frequent operations. At the same time, Tangshan Area start different scales and levels of production curb every two weeks, to reach the environment protection goals set by government. From Tangsong statistics, the decreasing operation rate and daily pig iron production also proved the fact that the marginal demand of steels were decreasing, however on year-to-year basis this demand was strong.

Iron Ore

Iron ore was similar to rebar on the futures flat to physical during last Friday, which is usually an overbought sign for futures. Following the previous DCE exchange data, iron ore normally tends to reverse partially if a long/short squeeze happen.

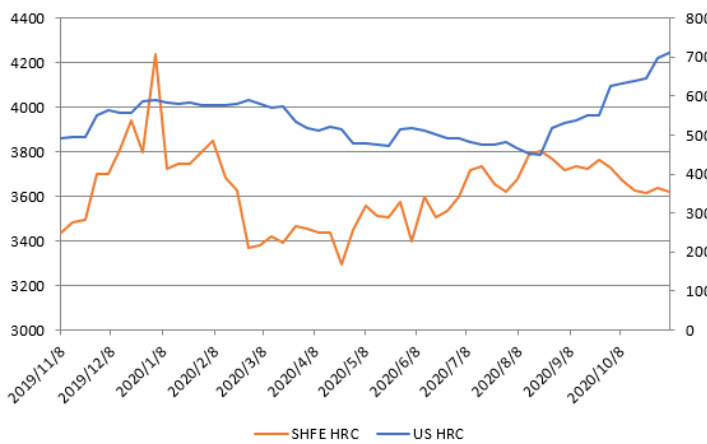
The Mysteel 45 port arrivals slight drop, however the northern 6 ports port arrivals picked up, majorly contributed by the increase on major mid-stream like PB fines and Mac fines. This increase tend to solve the structural shortage of iron ore. It is also worth noticing that Guangzhou warehouses data suggestion the construction steels inventory reached 1.12 million tones, doubling from previous and the year 2018.

PBF at premium \$3-3.5 offer was drawn back several times heard from mills, indicating the high index number limited the premium at the moment, which potentially become an early signal of reaching the roof area.

Steel

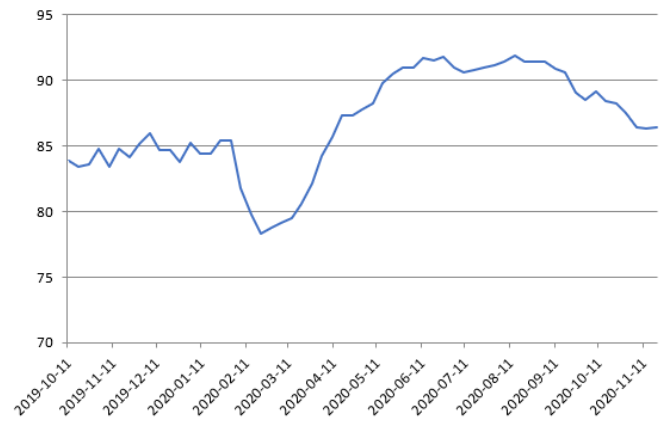
	Last	Previous	% Change
US HRC Front Month	718	716	0.3%
SHFE Rebar Major Month	4119	3968	3.8%
China Hot Rolled Coil	4084	4022	1.5%
China Monthly Steel consumption Unit 000's mt	90445.4	91605.4	-1.3%
Five Major Steel Inventories Unit 10,000 mt	1915.67	2029.63	-5.6%
Construction Steel Total Inventory unit 10,000 mt	1181.79	1276.74	-7.4%
Crude Steel Production China Unit 000's mt	92555	94845	-2.4%
China Volume of Commodity Imports Unit 000's mt	1930	2880	-33.0%
China Volume of Commodity exports Unit 000's mt	4040	3830	5.5%

US HRC Vs SHFE HRC



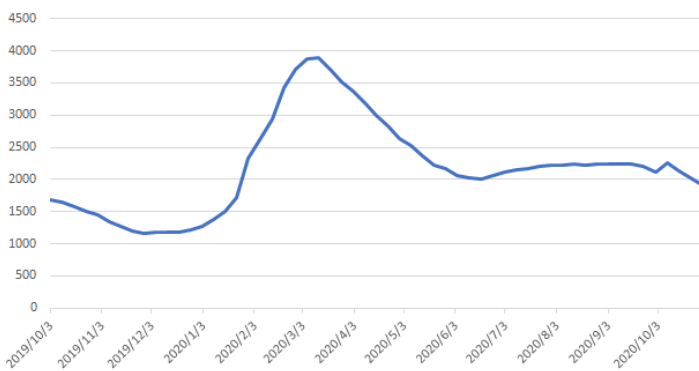
Sources from Bloomberg

MySteel 247 mills BF Operation Rate in %



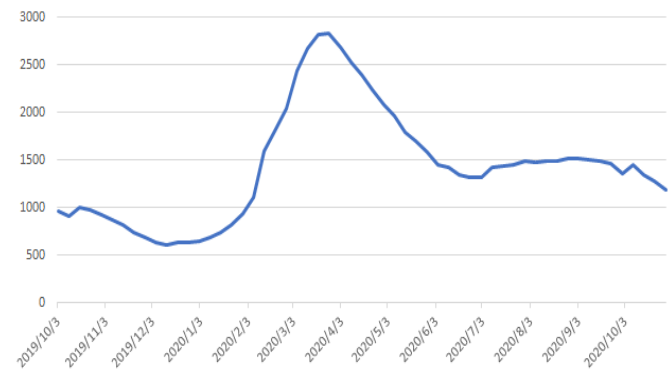
Sources from MySteel

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



Sources from MySteel

Construction Steel Total Inventories (in 10,000 tonnes)

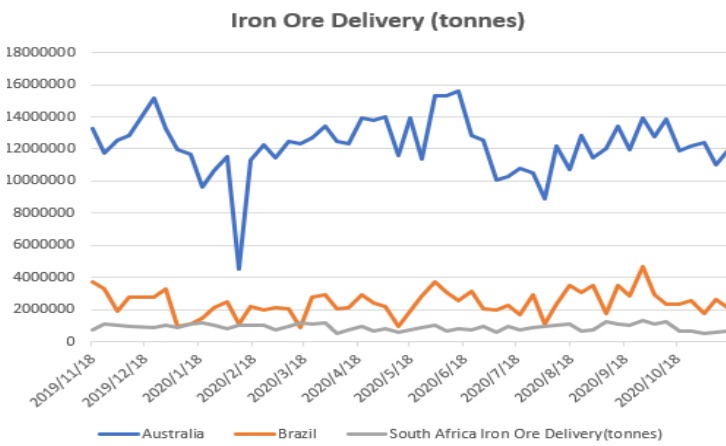


Sources from MySteel

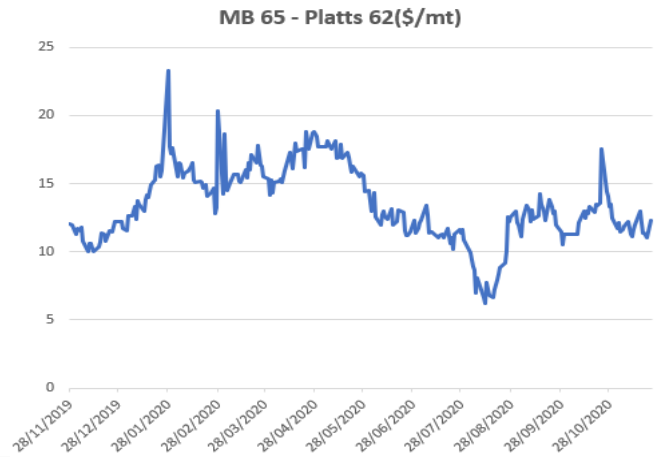
- ◆ Five major steel inventories decreased approaching the fastest on weekly basis, indicating demand of steel is picking up.
- ◆ The daily pig iron production is stable at 2.45 million tonnes level last three weeks.

Iron Ore

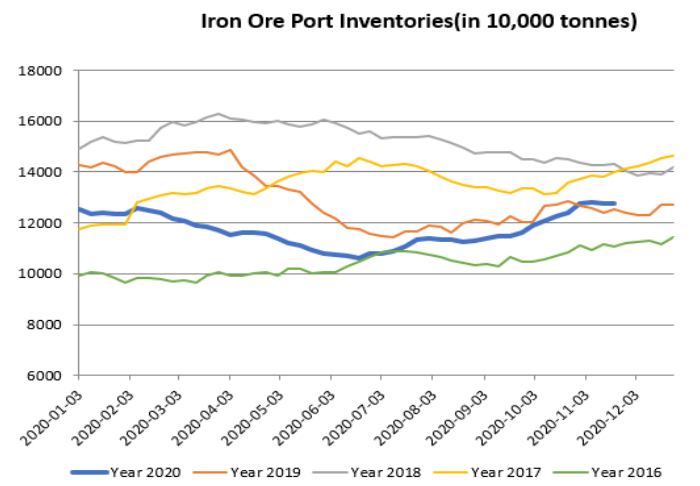
	Last	Previous	% Change
Platts 62% Fe	126.8	129.5	-2.1%
MB 65% Fe	139.1	140.5	-1.0%
Capesize 5TC Index	12021	11897	1.0%
C3 Tubarao to Qingdao	13.475	13.425	0.4%
C5 West Australia to Qingdao	7.159	6.973	2.7%
Billet Spot Ex-Works Tangshan MT	3620	3570	1.4%
SGX Front Month	124.17	120.89	2.7%
DCE Major Month	913	866	5.4%
China Port Inventory Unit 10,000 mt	12,751	12,778	-0.2%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,189.60	1,098.30	8.3%
Brazil Iron Ore Weekly Export Unit 10,000 mt	210.30	264.00	-20.3%



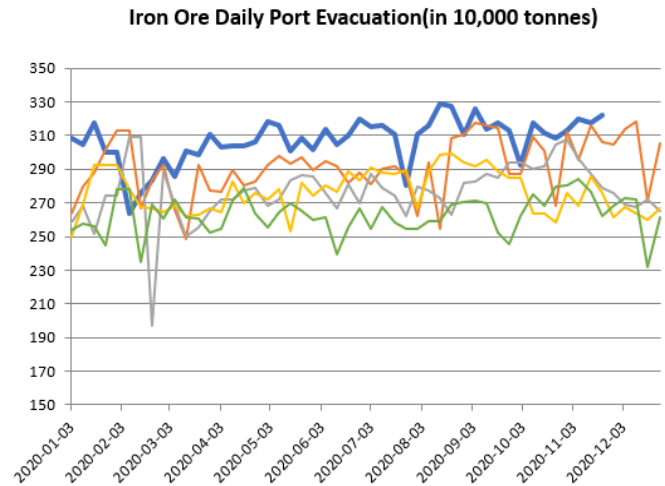
Sources from Bloomberg



Sources from Platts



Sources from MySteel



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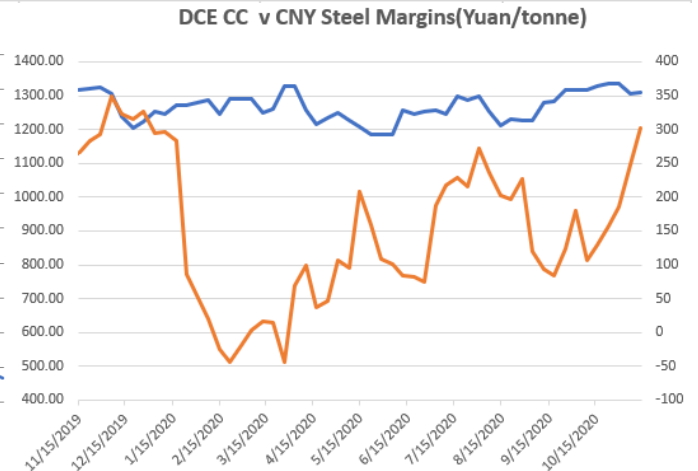
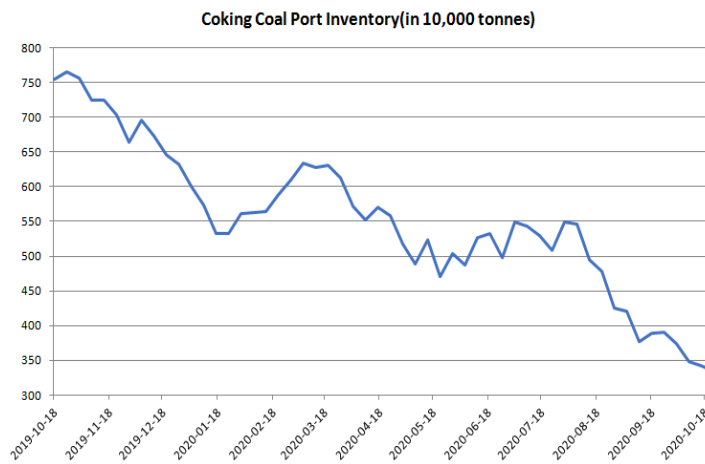
- ◆ Port evacuation is stable around 3.15-3.17 million tonnes in November. Port stocks also reached a stable level with slowing pick up trend.



Weekly Ferrous Report

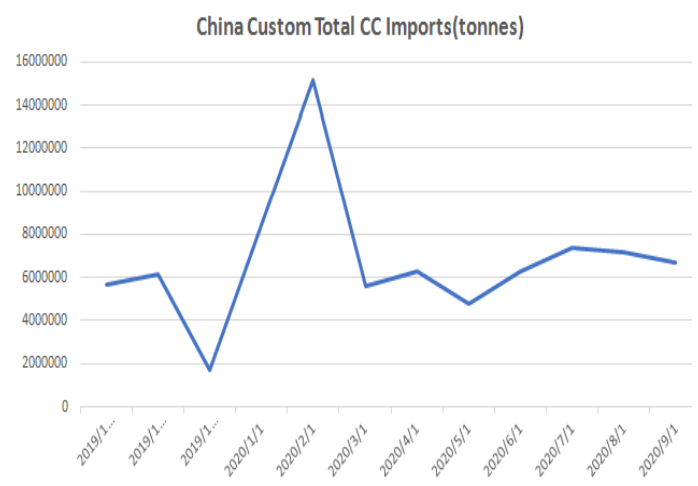
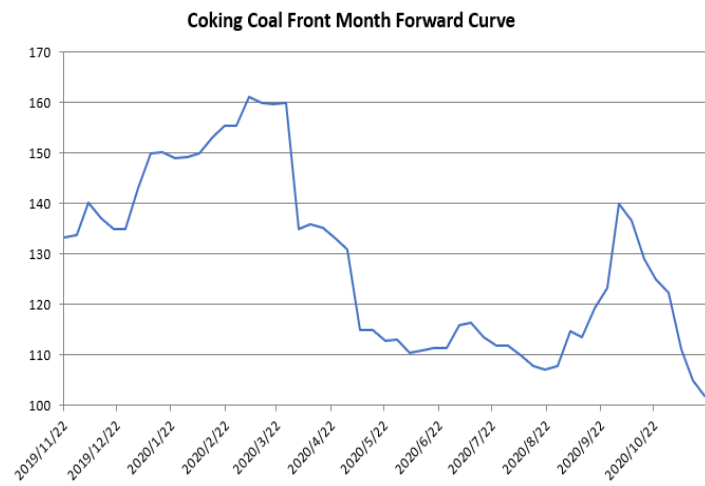
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	98.4	98.4	0.0%
Coking Coal Front Month	101.71	104.86	-3.0%
DCE CC Major Month	1310	1306	0.3%
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

Sources from Bloomberg



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Sources from Bloomberg

◆ 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.