

Macro

	Last	Previous	% Change
USDCNY	6.54	6.5462	-0.1%
Repo 7 Days	2.05	2.2	-6.8%
Repo 1 Day	1.71	1.6	6.9%
Dollar Index	90.016	90.976	-1.1%
China GDP Constant Price YOY %	4.9	3.2	NA
China PMI (Caixin)	54.9	53.6	NA
China Industrial Production MOM %	1.03	0.78	NA
Commercial Space Under Construction	3.2	3	NA
Commercial Space Completed	591.7	492.4	NA
Commercial Building Space Sold, YTD YOY%	1.3	0	NA
Residential Space Under Construction, YTD YOY%	4	3.8	NA
Residential Space Completed, YTD YOY%	-5.8	-7.9	NA
Residential Floor Space Sold, YTD YOY%	1.9	0.8	NA

Market Summary:

Iron ore neutral.

Steel:

Steel market saw a biggest price increase cross weekends historically—Tangshan narrow belt steel up 230 yuan/tonne. Tangshan billet up 390 yuan from last Saturday to this Tuesday morning. Steel physical traders started to stock steels on hand to wait for higher bids. From both China's exchange data, ferro-alloys, flat glass, cements and every related material to steel making or downstream steels were all spiking over the past few days. This was contributed by a strong expectation of inflation next year as well as expensive iron ore price finally conduct to related commodities.

Some Tangshan physical steel buyers said that they were concerning the default risk of their previous orders. SHFE rebar had rebounded 830 yuan during December and HRC had rebounded near 900 yuan, both had created biggest single month increase on price since listed.

Iron ore:

Iron ore continued market squeezing over the week. Many physical traders decreased their hedging ratio after a big climb on iron ore price. Some eastern mills indicated they were pre-purchasing on futures in case the big spike on seaborne cargoes. However the risk exposure became bigger as both of them were facing less protective tools to avoid unexpected correction or liquidity risk on physical trading before or on Chinese New Year.

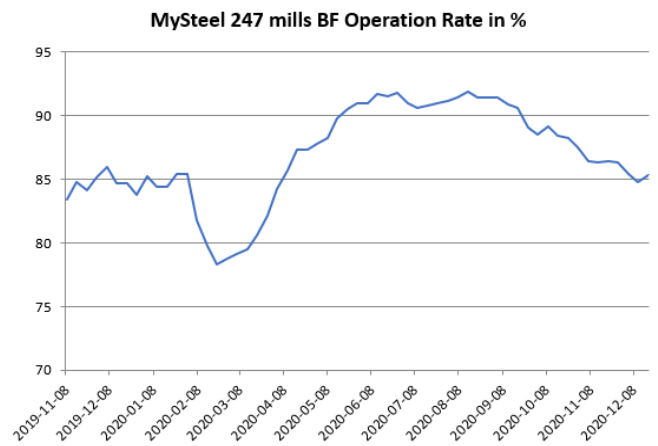
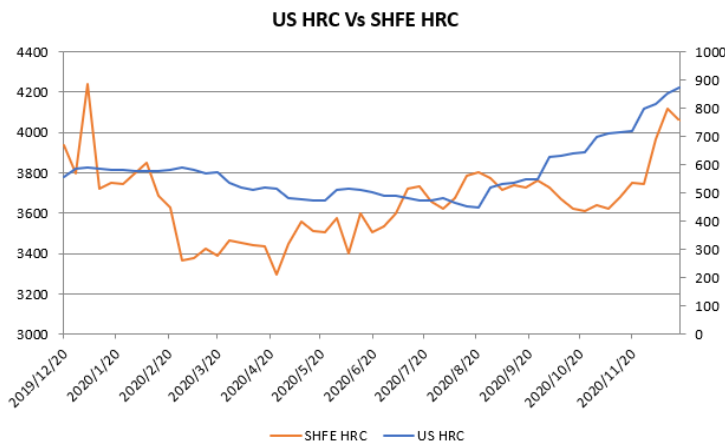
DCE was planning to set more deliverable iron ores to increase the delivery sample base, thus avoid market squeezing before physical delivery. The seaborne iron ore premium narrowed from \$5.5-6 at early December to \$1.5-2 current week, indicating the premium was squeezed by high index.

Rizhao, Lanqiao and Lanshan port suspended operation on early Monday morning, however limited impact on later of the week. More ships congested indicated by Mysteel data last Friday also due to pollution and cold weather slowed down the clearing process. Mysteel port inventory increase 2.01 million tonnes while daily evacuation down 89,900 tonnes last week. Port arrivals 26.31 million tonnes last week, up 9.1% w-o-w, reaching four-year-high. Blast furnace utilisation rate slight up by 0.52% to fill the decrease gap on some EAFs closure in eastern China.

Senior Researcher: Hao Pei

Steel

	Last	Previous	% Change
US HRC Front Month	852	815	4.5%
SHFE Rebar Major Month	4400	4258	3.3%
China Hot Rolled Coil	4514	4216	7.1%
China Monthly Steel consumption Unit 000's mt	89654.4	90092.4	-0.5%
Five Major Steel Inventories Unit 10,000 mt	1553.87	1646.28	-5.6%
Construction Steel Total Inventory unit 10,000 mt	870.36	952.81	-8.7%
Crude Steel Production China Unit 000's mt	92202	92555	-0.4%
China Volume of Commodity Imports Unit 000's mt	1854	1930	-3.9%
China Volume of Commodity exports Unit 000's mt	4402	4040	9.0%

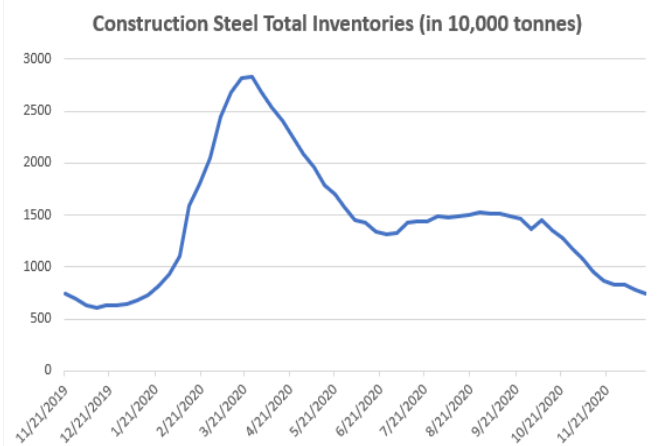


Sources from Bloomberg



Sources from MySteel

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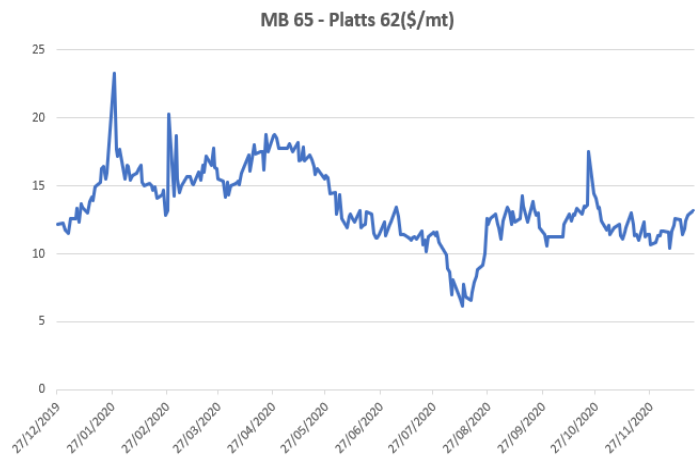
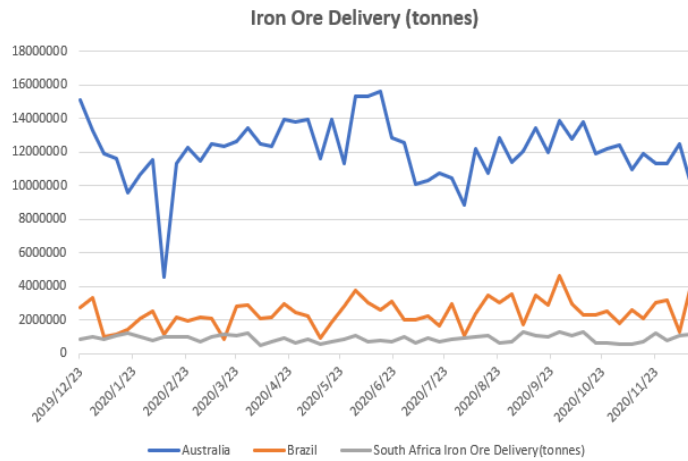


Sources from MySteel

- ◆ Five major steel inventories expected to pick up in January, however seasonally the restock normally happen in late December. This was due to greater year-to-year consumption.
- ◆ The daily pig iron production is stable at 2.44-2.45 million tonnes level last three weeks.

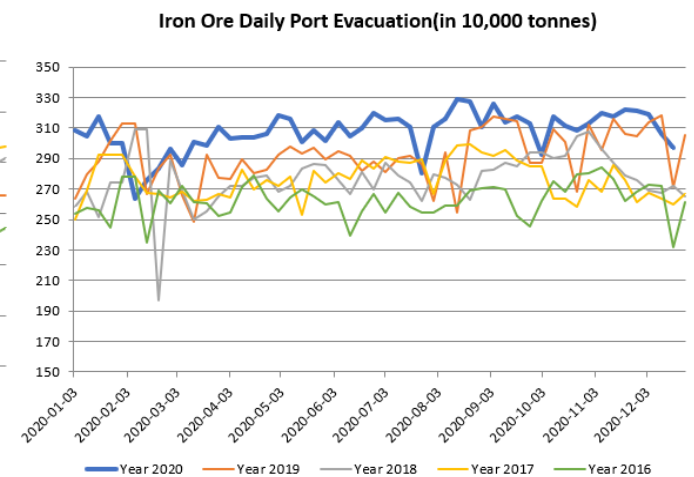
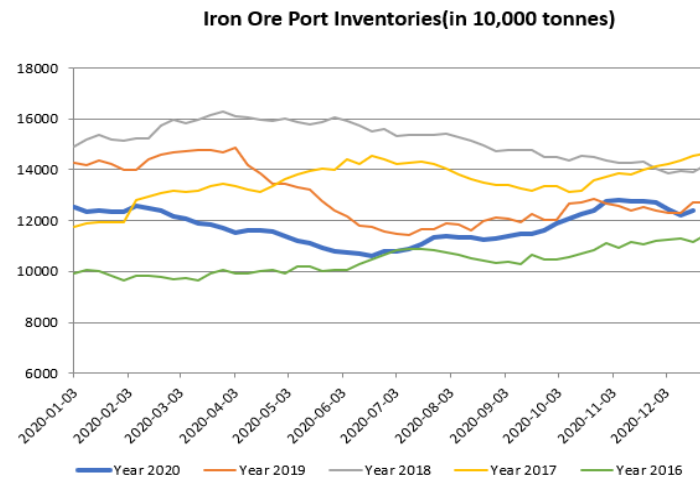
Iron Ore

	Last	Previous	% Change
Platts 62% Fe	176.9	164.15	7.8%
MB 65% Fe	190.1	177	7.4%
Capesize 5TC Index	15085	14943	1.0%
C3 Tubarao to Qingdao	15.715	15.64	0.5%
C5 West Australia to Qingdao	7.264	7.236	0.4%
Billet Spot Ex-Works Tangshan MT	3880	3640	6.6%
SGX Front Month	155.64	155.18	0.3%
DCE Major Month	1093.5	1024.5	6.7%
China Port Inventory Unit 10,000 mt	12,404	12,203	1.6%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,011.60	1,247.40	-18.9%
Brazil Iron Ore Weekly Export Unit 10,000 mt	409.20	126.80	222.7%



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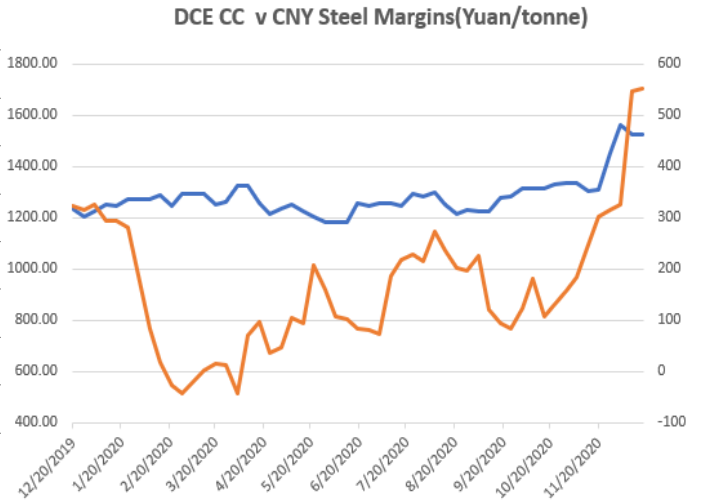
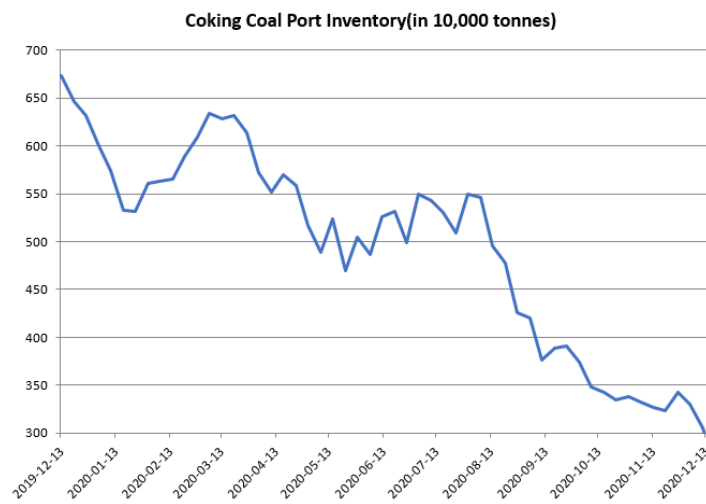
- ◆ Port evacuation slightly come off from the seasonally high level.
- ◆ Port inventories started to pick up from last week and port start to see some congestion.



Weekly Ferrous Report

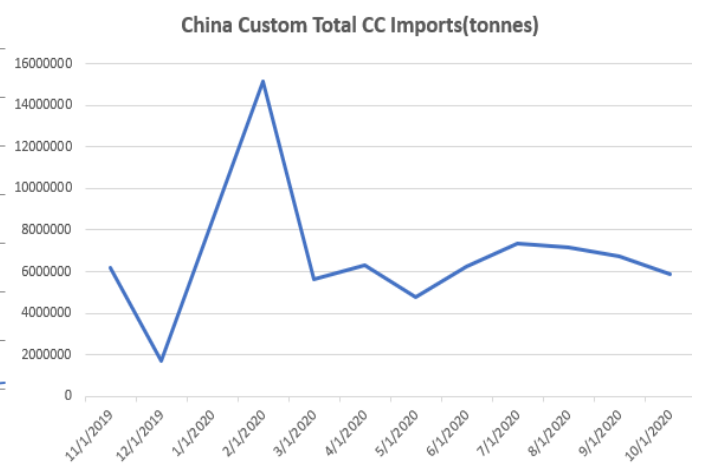
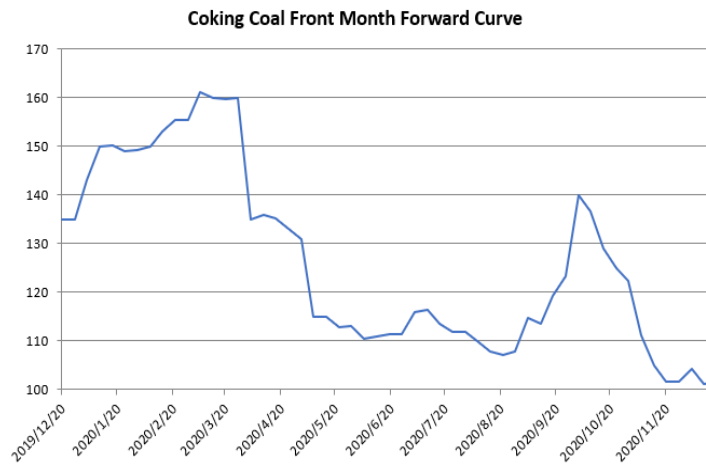
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	100.4	100.9	-0.5%
Coking Coal Front Month	101.5	101.21	0.3%
DCE CC Major Month	1525	1525	0.0%
Coking Coal Port Inventory Unit 10,000mt	270	306	-11.8%
China Custom total CC Import Unit mt	5,897,010.00	6,718,058.00	-12.2%



Sources from MySteel

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- ◆ Australian coking coal expected to recover early next year when quota become sufficient as expecting cooling on China and Australia trade tension.
- ◆ More coal trucks passed Mongolia ports to catch up on the normal export numbers to normal level before Mongolia found Covid cases.