

Macro

| | Last | Previous | % Change |
|---|--------|----------|----------|
| USDCNY | 6.5418 | 6.54 | 0.0% |
| Repo 7 Days | 2.16 | 2.05 | 5.4% |
| Repo 1 Day | 0.77 | 1.71 | -55.0% |
| Dollar Index | 90.223 | 90.016 | 0.2% |
| 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 to bearish.

Steel:

Tangshan flat steels slumped over 200 yuan during the weekends. HRC may contract corrected 500 yuan from the high of last week. Flat steels were squeezing bubbles out of the market and potentially return to its fundamental side of the market.

Physical steel traders were not default on previous orders, which outperformed the expectation previously. SHFE rebar January had many registered warrants to deliver rebars, which created roof area for front month. Construction steels daily trading volume at 206,000 tonnes, November average at 221,300 tonnes. The marginal steel demand was obviously decreasing, however seasonally were still stronger. The biggest drop on physical steel trades expected to happen in January.

Iron ore:

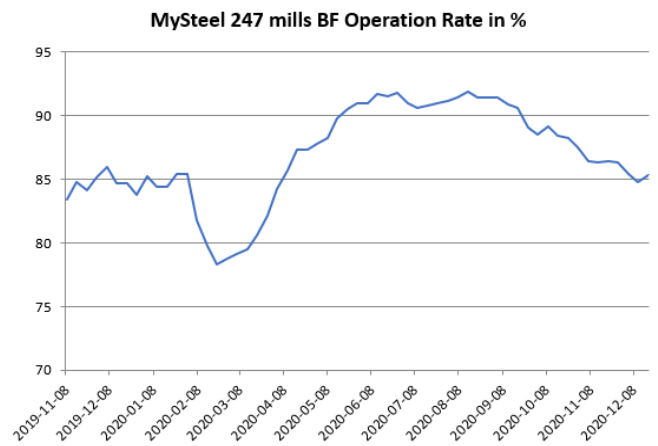
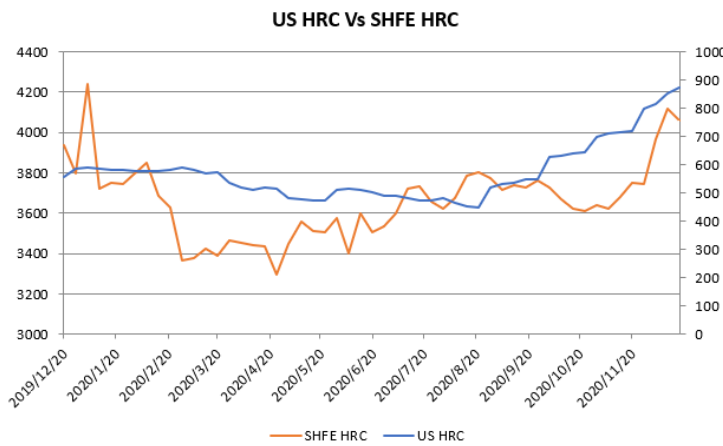
Iron ore ended the big climb during November and December, may contract corrected 9.68% from the high of the year created by last Monday. Exchange introduced more deliverable iron ore brands, which decreased the market squeezing risk. The money flow out of iron ore market significantly by 3-4% on weekly basis since beginning of December, which indicated marginal participants on iron ore market were majorly short-run traders.

MySteel 19 ports iron ore global delivery 35.56 million tonnes, up 3.11 million tonnes w-o-w. Australia delivery to China up 4.23 million tonnes at 18.54 million tonnes. The weekly iron ore delivery to China were staying at historical high area over the past two weeks. Daily evacuation were 3 million tonnes, which were lower than early December, caused by the partial suspension on some eastern ports.

Senior Researcher: Hao Pei

Steel

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| US HRC Front Month | 885 | 875 | 1.1% |
| SHFE Rebar Major Month | 4209 | 4328 | -2.7% |
| China Hot Rolled Coil | 4771 | 4588 | 4.0% |
| China Monthly Steel consumption Unit 000's mt | 85109.8 | 90092.4 | -5.5% |
| Five Major Steel Inventories Unit 10,000 mt | 1465.27 | 1502.49 | -2.5% |
| Construction Steel Total Inventory unit 10,000 mt | 827.09 | 831.58 | -0.5% |
| Crude Steel Production China Unit 000's mt | 87660 | 92202 | -4.9% |
| China Volume of Commodity Imports Unit 000's mt | 1850 | 1930 | -4.1% |
| China Volume of Commodity exports Unit 000's mt | 4400 | 4040 | 8.9% |

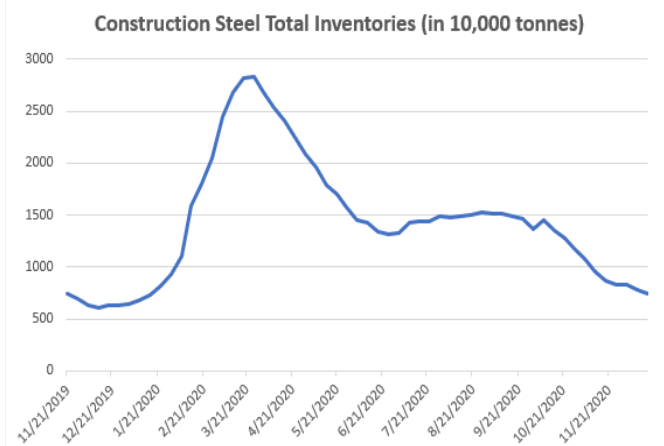


Sources from Bloomberg



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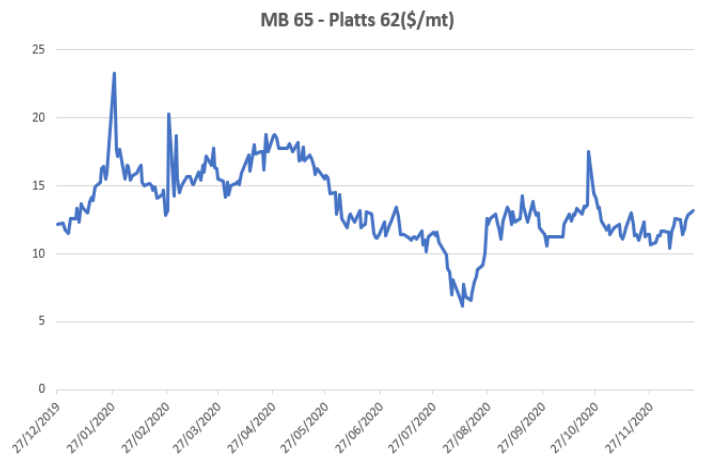
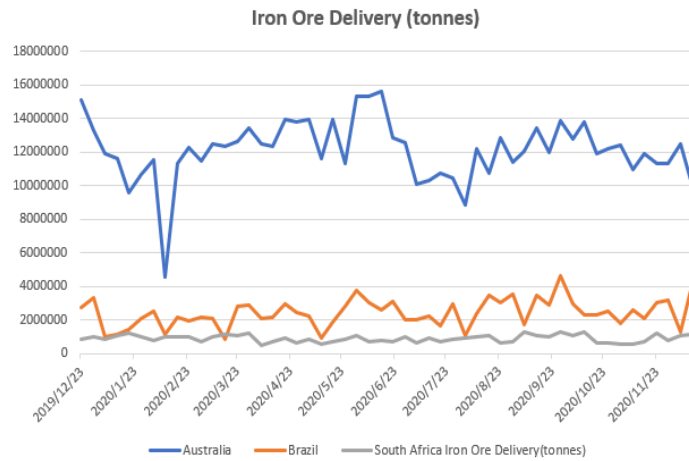


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- ◆ Five major steel inventories expected to pick up in January, however seasonally the restock normally happen in late December. This was due to greater year-to-year consumption.
- ◆ The daily pig iron production is stable at 2.44-2.45 million tonnes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

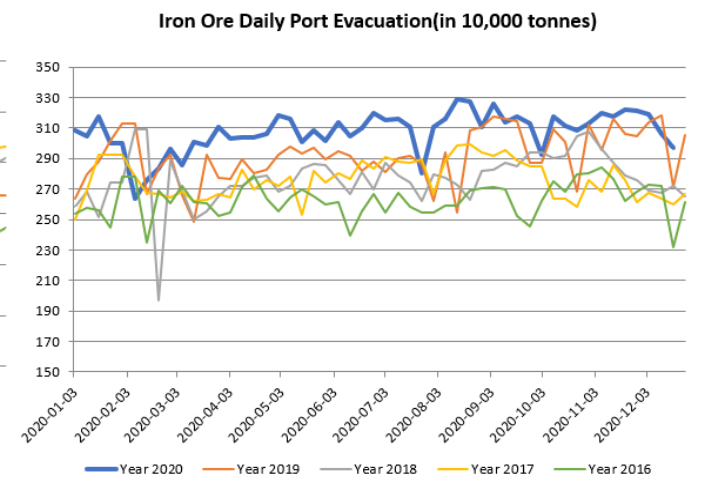
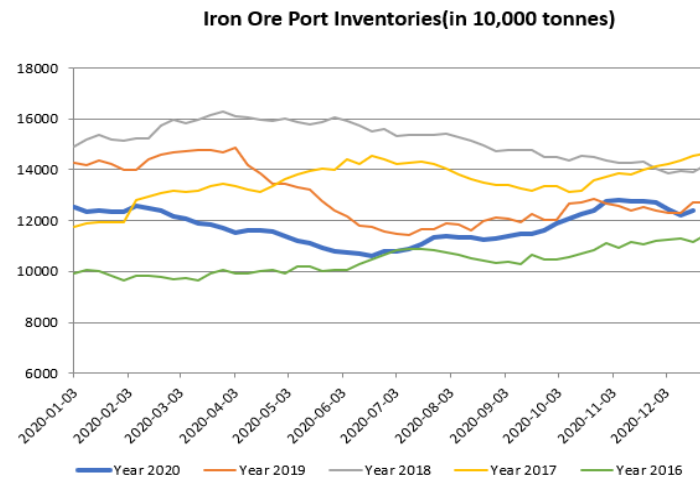
Iron Ore

| | Last | Previous | % Change |
|---|----------|----------|----------|
| Platts 62% Fe | 166.5 | 163.05 | 2.1% |
| MB 65% Fe | 179.6 | 175.7 | 2.2% |
| Capesize 5TC Index | 16633 | 16409 | 1.4% |
| C3 Tubarao to Qingdao | 16.085 | 16.09 | 0.0% |
| C5 West Australia to Qingdao | 8.141 | 8.132 | 0.1% |
| Billet Spot Ex-Works Tangshan MT | 3870 | 3880 | -0.3% |
| SGX Front Month | 156.75 | 155.64 | 0.7% |
| DCE Major Month | 1100 | 1093.5 | 0.6% |
| China Port Inventory Unit 10,000 mt | 12,409 | 12,404 | 0.0% |
| Australia Iron Ore Weekly Export Unit 10,000 mt | 1,273.00 | 1,011.60 | 25.8% |
| Brazil Iron Ore Weekly Export Unit 10,000 mt | 148.00 | 409.20 | -63.8% |



Sources from Bloomberg

Sources from Platts



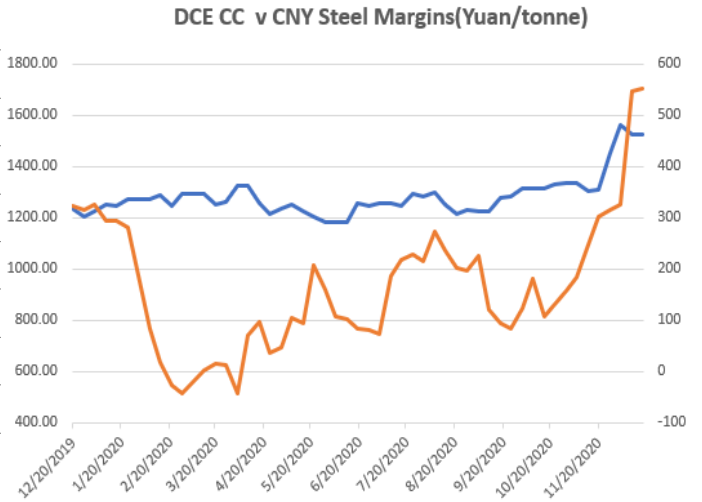
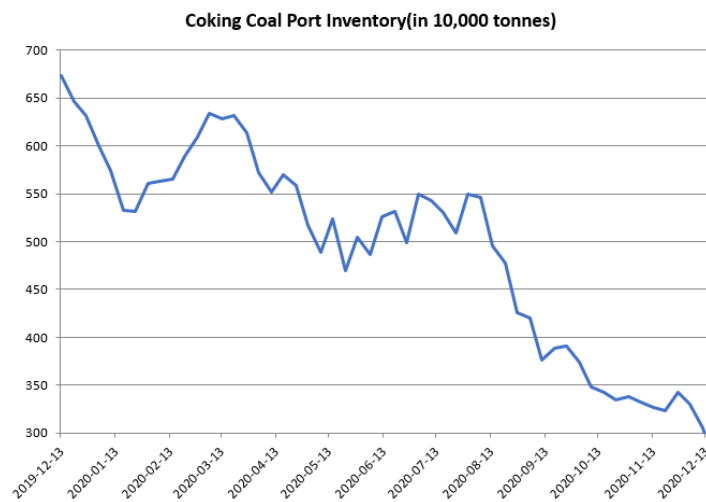
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- ◆ Port evacuation slightly come off from the seasonally high level.
- ◆ Port inventories started to pick up from last week and port start to see some congestion.

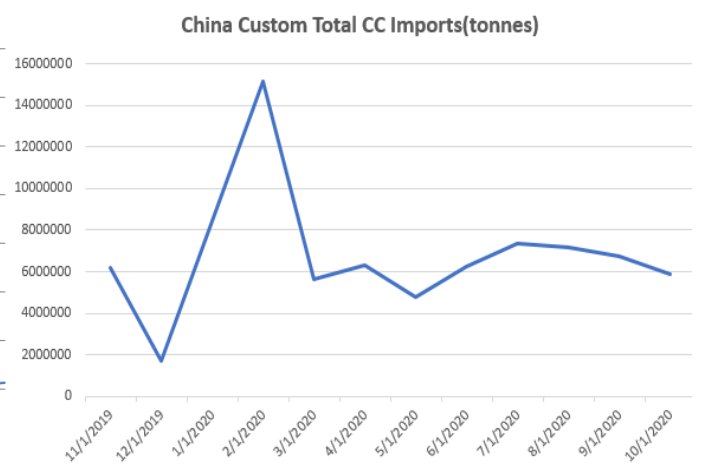
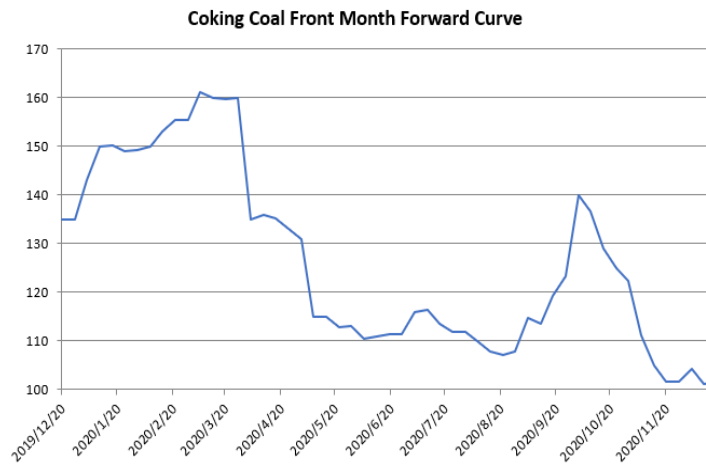
Coking Coal

| | Last | Previous | % Change |
|---|--------------|--------------|---------------|
| TSI FOB Premium Hard Coking Coal | 100.1 | 100.8 | -0.7% |
| Coking Coal Front Month | 102 | 101.5 | 0.5% |
| DCE CC Major Month | 1569.5 | 1525 | 2.9% |
| Coking Coal Port Inventory Unit 10,000mt | 270 | 306 | -11.8% |
| China Custom total CC Import Unit mt | 3,722,090.00 | 5,897,010.00 | -36.9% |



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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.