

Macro

	Last	Previous	% Change
USDCNY	6.5272	6.5418	-0.2%
Repo 7 Days	2.3	2.16	6.5%
Repo 1 Day	0.8	0.77	3.9%
Dollar Index	89.937	90.223	-0.3%
China GDP Constant Price YOY %	4.9	3.2	NA
China PMI (Caixin)	53	54.9	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.

Macro and Money Movement:

China commodity market saw a money flow out for the second half of December, however massive open interest built during the first day of the year 2021. Metals were outperforming after CNY reached 6.5, first time since 2018 June, strengthened USD based commodity price. However the approaching of Chinese New Year normally come with the industry capacity maintenance.

Steel:

Steel price was trapped into a passive increase phase following the spur of coke and iron ore. However physical trade volume of construction steels decreased to 180,000 tonnes daily average level from 200,000 tonnes level according to construction steel physical traders. MySteel inventories data also indicated the apparent consumption of construction steels had decreased for the third consecutive week, and also created the biggest weekly drop by 786,600 tonnes from Oct, 2020. All major types of steels were expected to increase before Chinese New Year. The recovery of oversea steel import orders was yet to confirm at this timing.

Iron ore:

Iron ore was potentially structurally purchased following the sentiments of inflation related to USD depreciation and CNY appreciation on the opposite. However the currency linked change should impact limited if compared with yearly average on 2020 and the year 2021, the marginal increase potentially included the currency expectation from last Q4.

Blast furnace utilisation rate at 91-92% during December was a historic high and seasonally high level. Blast furnace cost was 100-200 yuan higher than EAFs according to eastern mills at China. Mysteel 64 sample steel mills inventory turnover in 29.55 days, lower than 34 days same time last year.

Big miners started to increase delivery by the end of year seasonally. Rio increased 2.1 million tonnes w-o-w. BHP increased 1.69 million tonnes w-o-w. FMG increased 260,000 tonnes w-o-w. Vale increased by 810,000 tonnes w-o-w. Eastern congestion expected to ease by mid or late January, which would potentially add numbers to port stocks.

Senior Researcher: Hao Pei

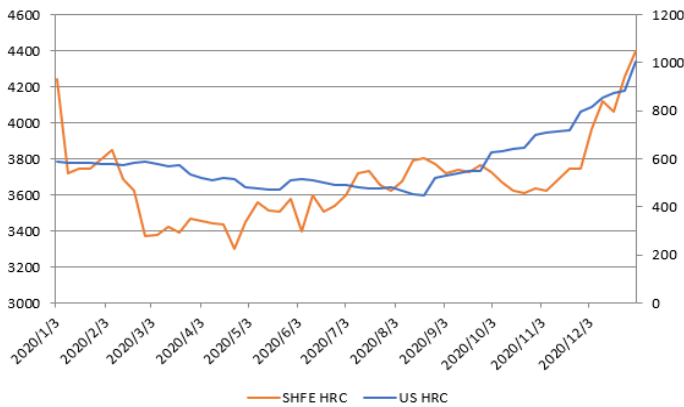


Weekly Ferrous Report

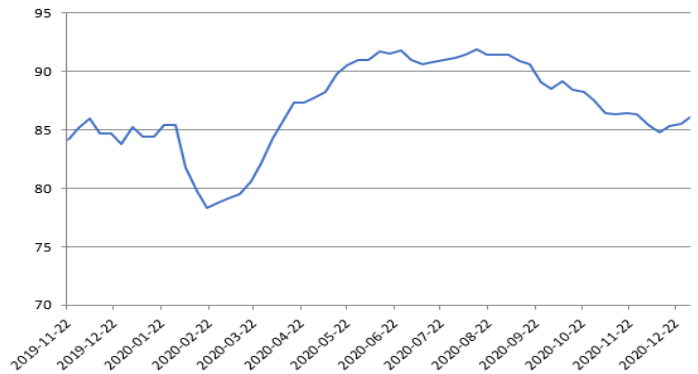
Steel

	Last	Previous	% Change
US HRC Front Month	1005	885	13.6%
SHFE Rebar Major Month	4220	4209	0.3%
China Hot Rolled Coil	4575	4771	-4.1%
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%

US HRC Vs SHFE HRC

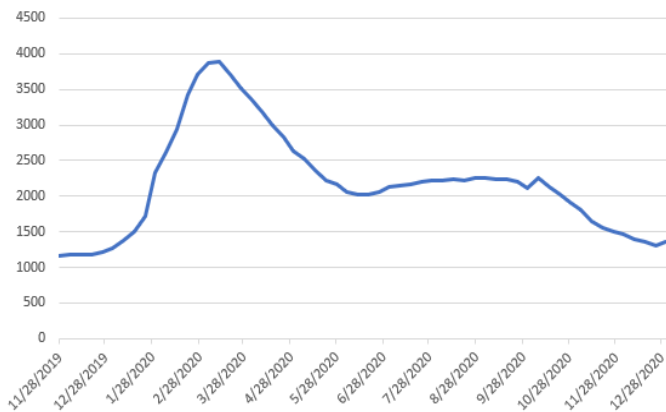


MySteel 247 mills BF Operation Rate in %



Sources from Bloomberg

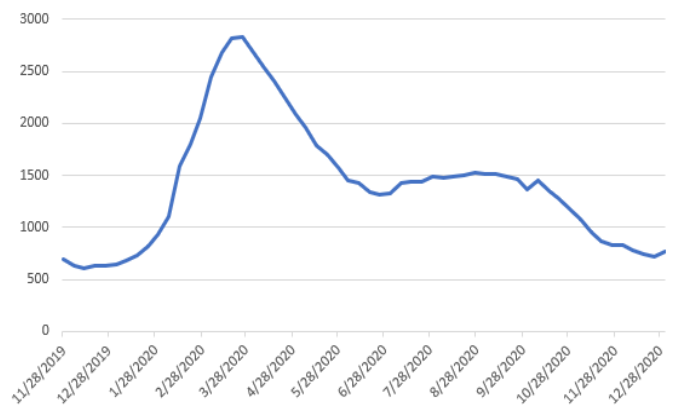
China Five Major Steel Inventories (in 10,000 tonnes)



Sources from MySteel

Sources from MySteel

Construction Steel Total Inventories (in 10,000 tonnes)



Sources from MySteel

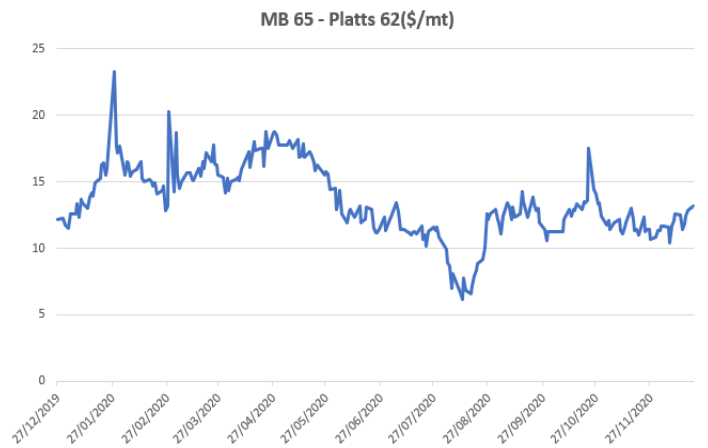
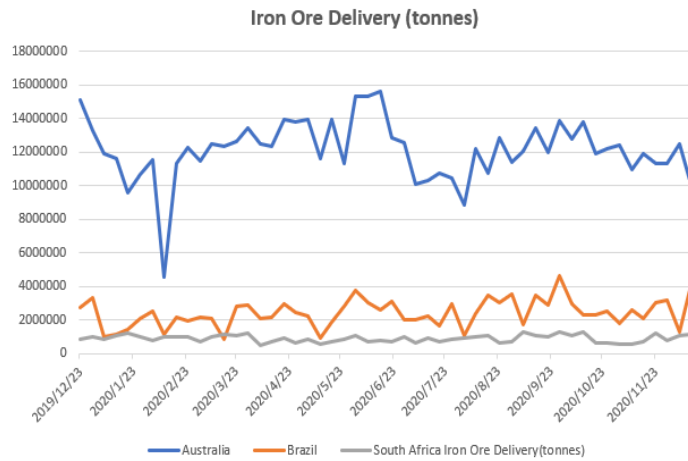
- ◆ Five major steel inventories started to pick up from late December, apparent consumption expected to decrease significantly in January on a month to month basis.



Weekly Ferrous Report

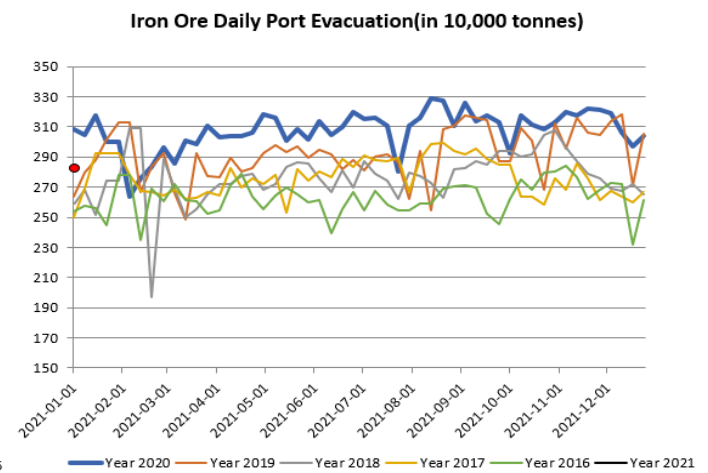
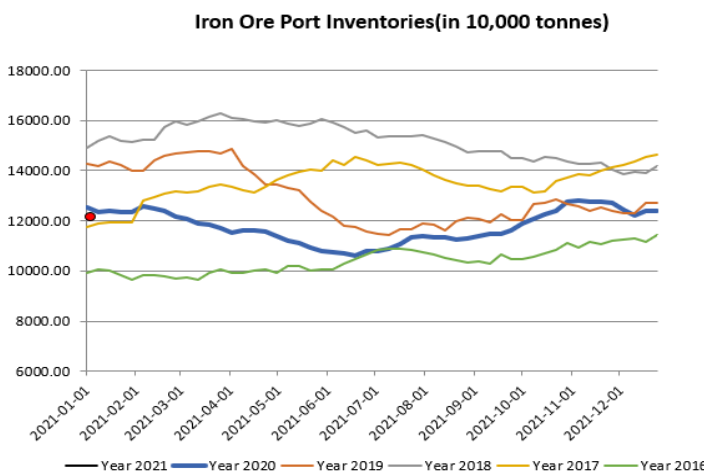
Iron Ore

	Last	Previous	% Change
Platts 62% Fe	164.5	159.2	3.3%
MB 65% Fe	181.5	173.7	4.5%
Capesize 5TC Index	16656	16633	0.1%
C3 Tubarao to Qingdao	15.74	16.085	-2.1%
C5 West Australia to Qingdao	8.309	8.141	2.1%
Billet Spot Ex-Works Tangshan MT	3810	3820	-0.3%
SGX Front Month	155.84	156.75	-0.6%
DCE Major Month	1079	1100	-1.9%
China Port Inventory Unit 10,000 mt	12,513	12,696	-1.4%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,311.90	1,273.00	3.1%
Brazil Iron Ore Weekly Export Unit 10,000 mt	346.40	148.00	134.1%



Sources from Bloomberg

Sources from Platts



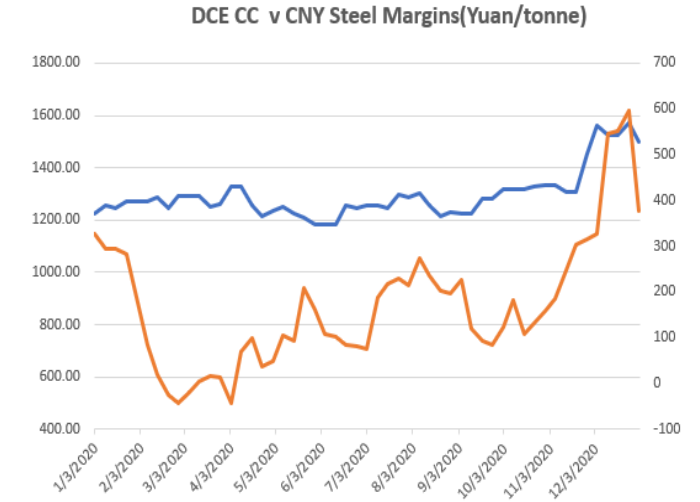
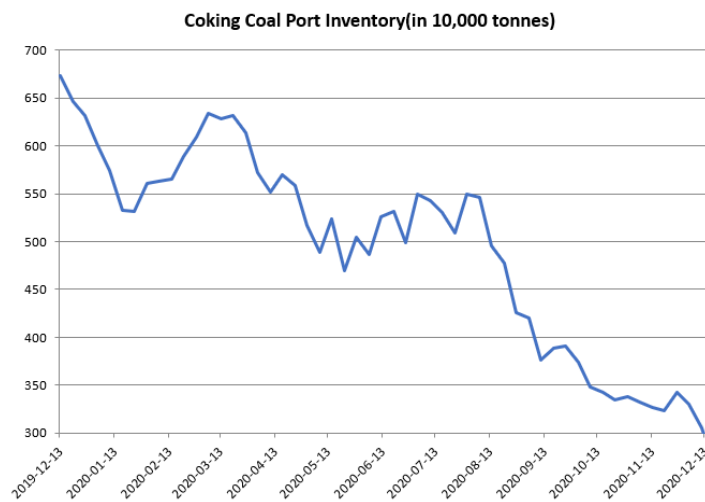
Sources from MySteel

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- ◆ Port evacuation slightly come off from the seasonally high level.
- ◆ Port congestion caused by eastern port operation expected to ease in mid or late January.

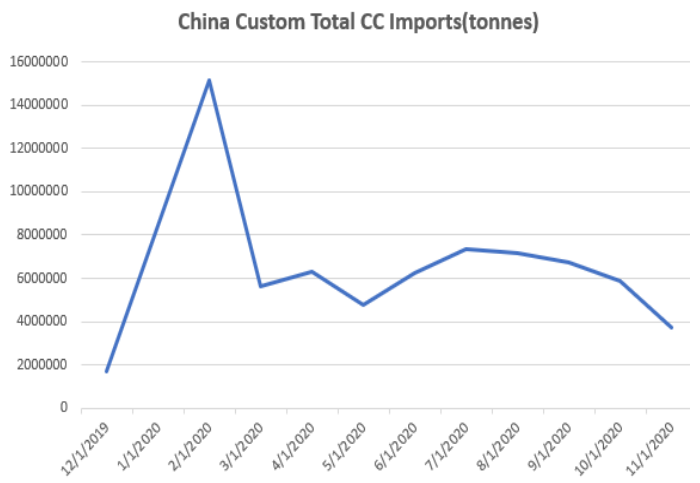
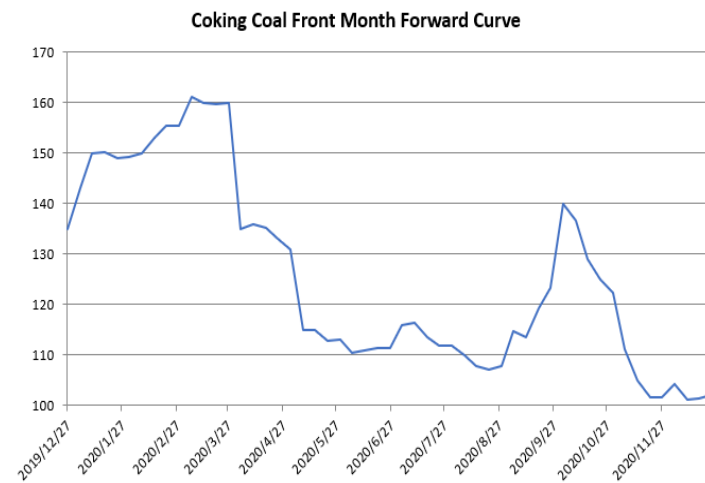
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	101.6	101.6	0.0%
Coking Coal Front Month	101.4	102	-0.6%
DCE CC Major Month	1500.5	1569.5	-4.4%
Coking Coal Port Inventory Unit 10,000mt	286	294	-2.7%
China Custom total CC Import Unit mt	3,722,090.00	5,897,010.00	-36.9%



Sources from MySteel

Sources from Bloomberg



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- ◆ More coal trucks passed Mongolia ports to catch up on the normal export numbers to normal level before Mongolia found Covid cases.