

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:

U.S. dollar index flattened from late December at \$90. U.S. economic stimulus was becoming marginal weaker to support financial market. Ferrous and Non-ferrous market both reacted in a three-day correction from last Friday.

China Hebei new spread Covid cases were all traced and all residents finished first round of test. Some downstream projects were taking spring break earlier due to both half-decade cold weather and panic on regional pandemic.

Steel:

Bloomberg indicated Shanghai 25mm rebar corrected 5% from 4720 yuan/tonne in late December 2020, since construction steels daily trading volume dropped from 180,000 tonnes-190,000 tonnes/day to 140,000– 150,000 tonnes/day. The frozen weather and new virus cases caused the road transportation became slower. Thus the northern steels sold to southern areas were delayed for more than 1 week.

Bloomberg indicated Shanghai 8mm heavy scrap created 5-year-high at 3230 yuan/tonne. China eastern EAFs utilisation impact was limited since only few furnaces were restricted because they reached the roof area of usage. Electricity shortage also caused some downstream close early and waiting for more electricity quotas or operating in non-peak hours. The electricity shortage expected to ease after weather warm up. Theoretically the bad weather had both impacted on supply and demand of steels. However market speculated on supply concerns first and then demand concerns on the back of a previous spike.

Iron ore:

Iron ore Australia and Brazil delivery last week 22.84 million tonnes according to MySteel, down 5.62 million tonnes w-o-w. Many northern ports were frozen and ice-breaking ships were running overtime. The evacuation on the ports also became very slow. The port congested in 80 days from MySteel survey, compared with 70 days last year same time. Iron ore at mills turnover in 25-26 days from last Q4, however this number were 35 days in mid or late January historically because of winter restock (except 42 days in 2020), indicating mills still have potential to stock more iron ores.

MySteel iron ore utilisation rate decrease inline with last few weeks, however daily pig iron production were stable at 2.44 million tonnes, which was a seasonally high level. The iron ore consumption indicated iron ore demand was currently resilient.

Be aware of a big shift from iron ore market to other commodities or equity market. Iron ore open interest loss more than 20% from the historical high price on May contract in December 21st, 2020.

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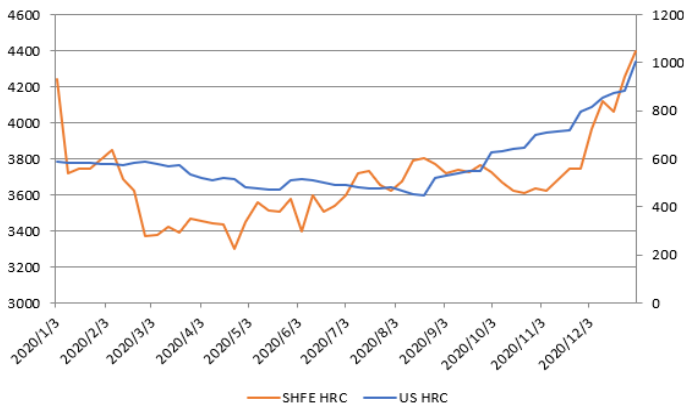


Weekly Ferrous Report

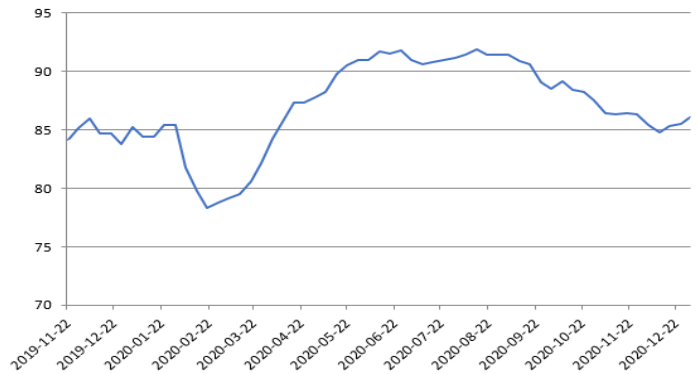
Steel

	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

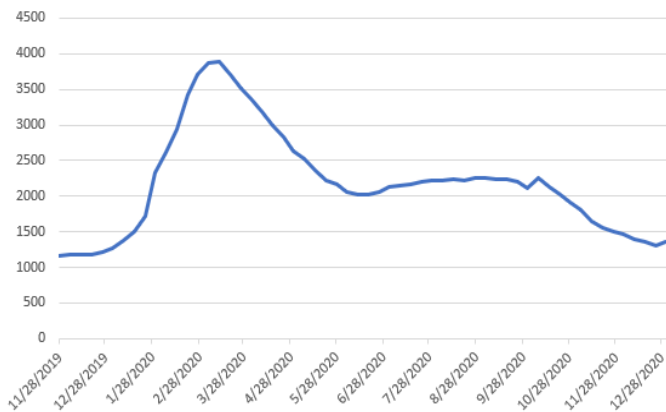


MySteel 247 mills BF Operation Rate in %



Sources from Bloomberg

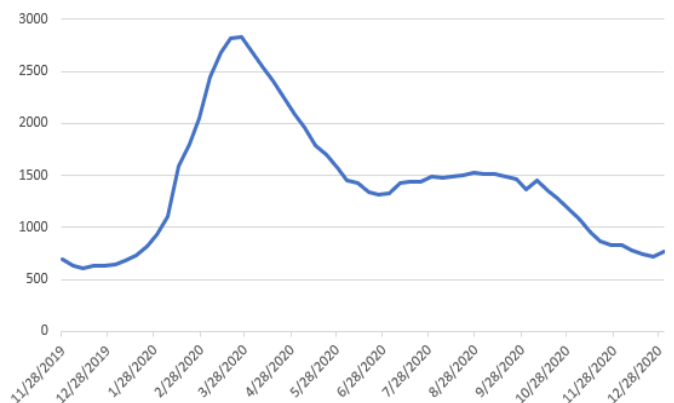
China Five Major Steel Inventories (in 10,000 tonnes)



Sources from MySteel

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Construction Steel Total Inventories (in 10,000 tonnes)

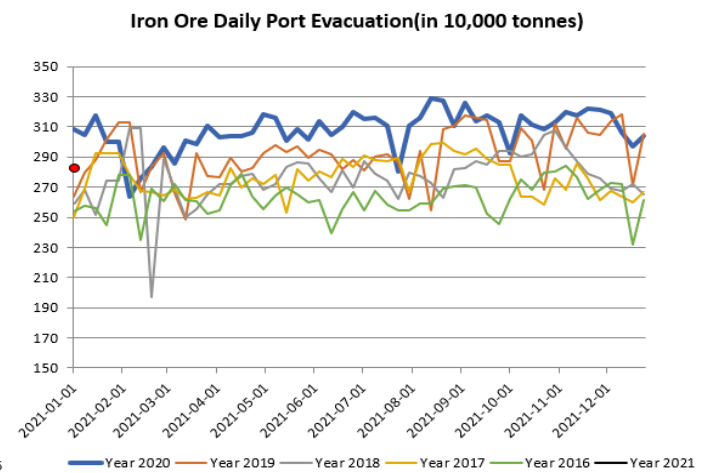
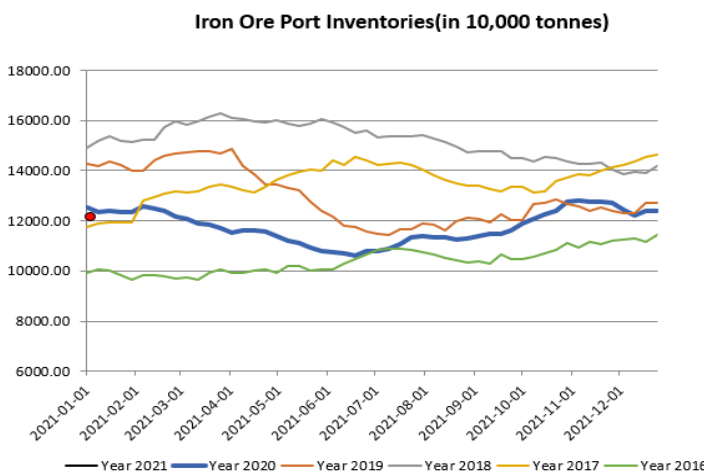
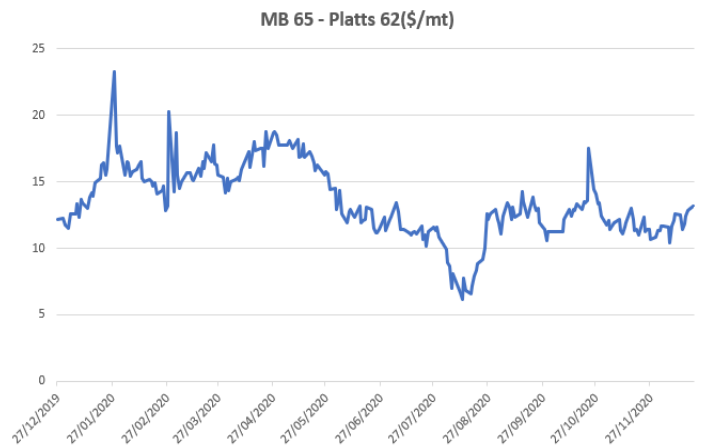
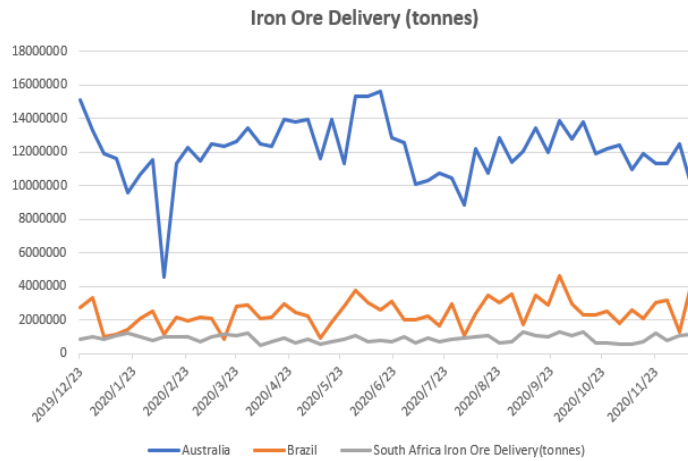


Sources from MySteel

- ◆ 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.

Iron Ore

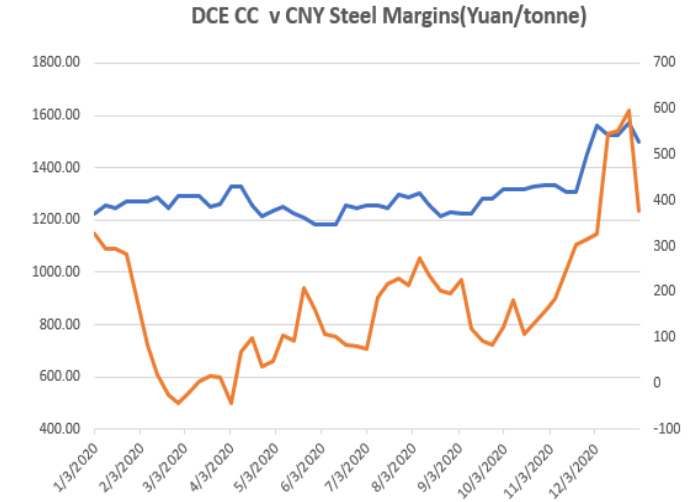
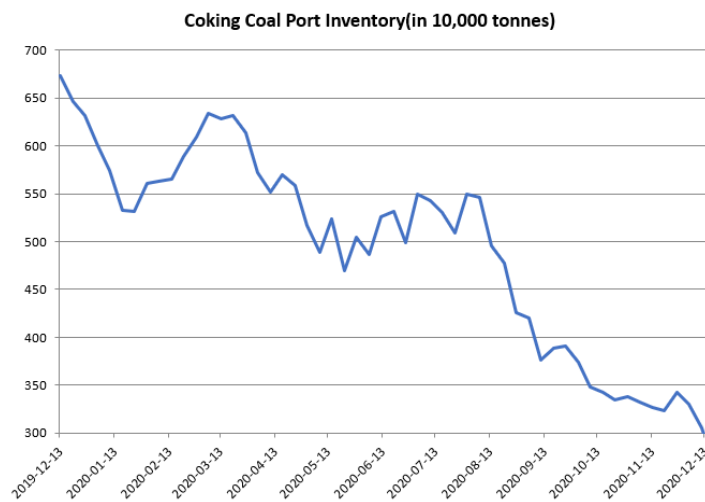
	Last	Previous	% Change
Platts 62% Fe	164.5	159.2	3.3%
MB 65% Fe	181.5	173.7	4.5%
Capesize 5TC Index	16656	16633	0.1%
C3 Tubarao to Qingdao	15.74	16.085	-2.1%
C5 West Australia to Qingdao	8.309	8.141	2.1%
Billet Spot Ex-Works Tangshan MT	3810	3820	-0.3%
SGX Front Month	155.84	156.75	-0.6%
DCE Major Month	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%



- ◆ Port congestion became panic because of new Covid-cases found in northern China and half decade coldest weather in China.

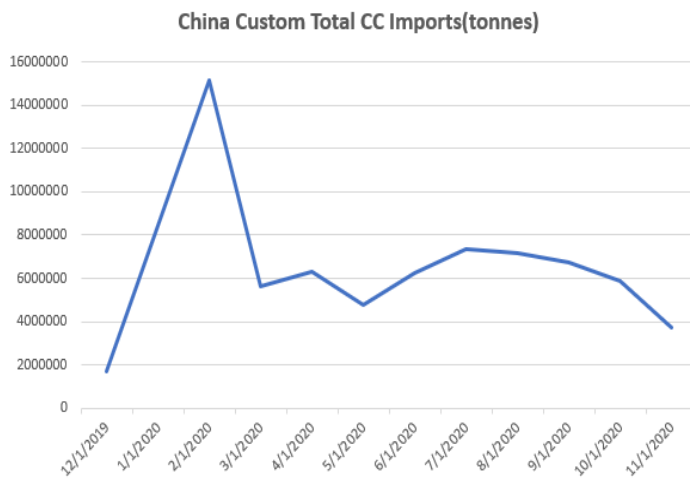
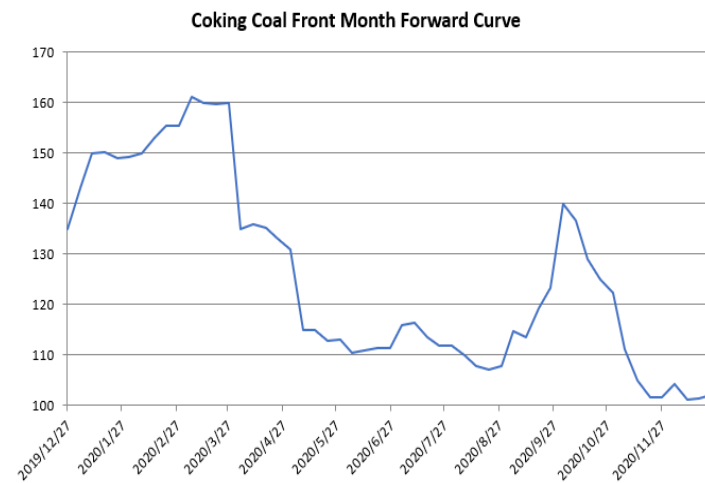
Coking Coal

	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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◆ DCE coke price softened to hedge the high physical coke price risk, as coke market were diverging in directions.