

## Macro

	Last	Previous	% Change
USDCNY	6.4809	6.4746	0.1%
Repo 7 Days	2.01	1.98	1.5%
Repo 1 Day	1.75	0.94	86.2%
Dollar Index	90.772	90.098	0.7%
China GDP Constant Price YOY %	6.5	4.9	NA
China PMI (Caixin)	53	54.9	NA
China Industrial Production MOM %	1.1	1.03	NA
Commercial Space Under Construction	3.7	3.2	NA
Commercial Space Completed	912.2	591.7	NA
Commercial Building Space Sold, YTD YOY%	2.6	1.3	NA
Residential Space Under Construction, YTD YOY%	4.4	4	NA
Residential Space Completed, YTD YOY%	-3.1	-5.8	NA
Residential Floor Space Sold, YTD YOY%	3.2	1.9	NA

### Market Summary:

Iron ore neutral to bearish.

### Macro and Money Movement:

U.S. dollar index recovered during the week, indicating Biden stimulus of 1.9 trillion yuan was neutralized by market sentiments before money hit the ground. In addition, Goldman Sachs analysts predicted the actual stimulus would be approximately 1.1 trillion yuan.

Bloomberg source indicated Brazil government announced starting to take vaccines, market expect Brazil export iron ores and grains become more efficient on logistics. China Hebei province daily new Covid case drop from 80-90 to 30-40 level significantly this week. Road transportation was more efficient and most areas recover to normal in Hebei.

### Steel:

China eastern and northern physical steel traders were less reluctant to have winter stock, complaining the mills discount were not big enough to cover potential price loss cross Chinese New Year, said by Tangshan steel trader. MySteel construction daily steel trading volume dropped from 185,000 tonnes level from beginning of the January to 140,000 tonnes level per day during this week. Weekly construction steel apparent consumption in mid-Jan has fallen 21.6% from mid-Dec last year. HRC apparent consumption down 7.85% over same period. The peak electricity timing passed as most of China areas in eastern and southern warmed up. EAFs potentially recover to high utilisation rate as most of EAFs were in eastern and southern China areas. Mysteel 247 mills daily pig iron production dropped to 2.42 million tonnes, from 2.44 million level in early January. This level was same to last May.

Rebar may futures increased 9 yuan/tonne during this January, however Shanghai 25mm physical rebar down 200 yuan/tonne during same period. In addition, may contract has 4 month before expired. The far futures contract premium over physical spot price would normally indicating an overvalue on futures price. Tangshan billet profit was 73 yuan/tonne estimated in mid-Jan by Tangsong Index, dropped 86 yuan during January.

### Iron ore:

PDM Tier 4 South Berth fire accident triggered some market sentiments on delayed shipment for some VLOC laycans, however PDM official said no impact on monthly shipments over weekends. Australia meteorology department indicated a potential hurricane impacting Pilbara mining areas in this Friday.

Rio Tinto quarter report indicated Pilbara iron ore production in Q4 reached 85.96 million tonnes, unchanged from Q3, up 3% y-o-y. Production in the year 2020 at 333 million tonnes, up 2%. Pilbara delivery 88.87 million tonnes, up 8% from last quarter, up 2% y-o-y. Year 2020 iron ore delivery at 331 million tonnes, up 1% y-o-y. Rio Tinto expect the year 2020 target at 325–340 million tonnes, higher than 324–334 million tonnes previous expectation.

MySteel iron ore weekly delivery at 21.34 million tonnes, down 1.5 million tonnes. Australia delivery down 2.5 million tonnes, Brazil delivery up 1 million tonnes. Iron ore port stock expected to grow due to port recovering operation after weather warmed up.

Iron ore on Monday increased 18,000 lots by Asian opening and closed same amount during same period on Tuesday observed from DCE data, indicating some short-run money entered market.. Thus be aware of quick change of market by speculating money.

Senior Researcher: Hao Pei

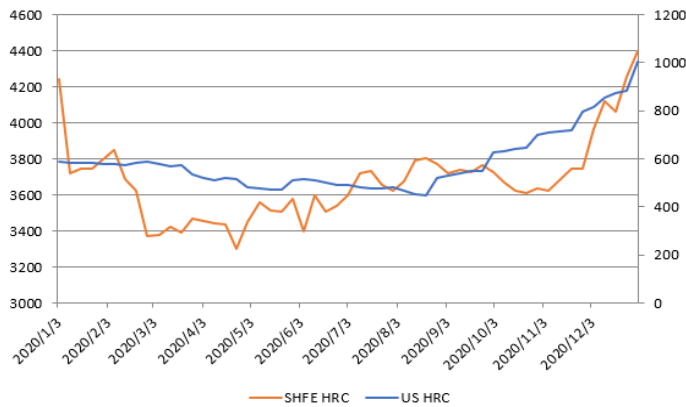


# Weekly Ferrous Report

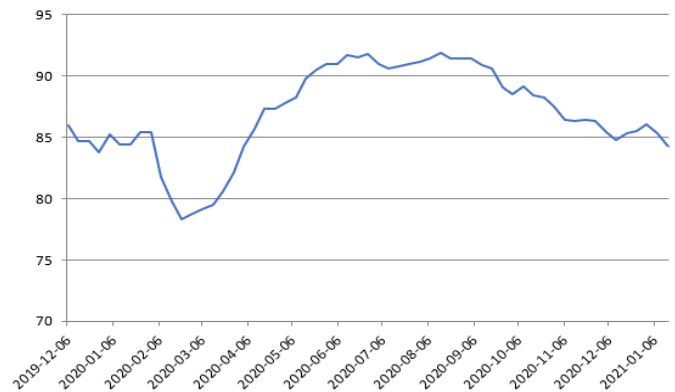
## Steel

	Last	Previous	% Change
<b>US HRC Front Month</b>	1066	1070	<b>-0.4%</b>
<b>SHFE Rebar Major Month</b>	4206	4270	<b>-1.5%</b>
<b>China Hot Rolled Coil</b>	4542	4650	<b>-2.3%</b>
<b>China Monthly Steel consumption Unit 000's mt</b>	84179.8	85109.8	<b>-1.1%</b>
<b>Five Major Steel Inventories Unit 10,000 mt</b>	1397.05	1465.27	<b>-4.7%</b>
<b>Construction Steel Total Inventory unit 10,000 mt</b>	780.46	827.09	<b>-5.6%</b>
<b>Crude Steel Production China Unit 000's mt</b>	87660	92202	<b>-4.9%</b>
<b>China Volume of Commodity Imports Unit 000's mt</b>	1370	1850	<b>-25.9%</b>
<b>China Volume of Commodity exports Unit 000's mt</b>	4850	4400	<b>10.2%</b>

US HRC Vs SHFE HRC



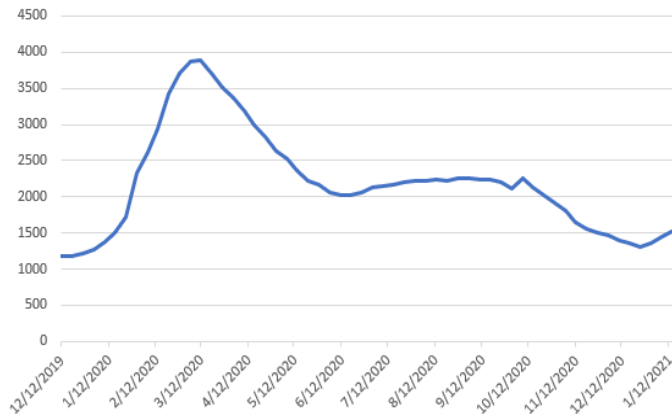
MySteel 247 mills BF Operation Rate in %



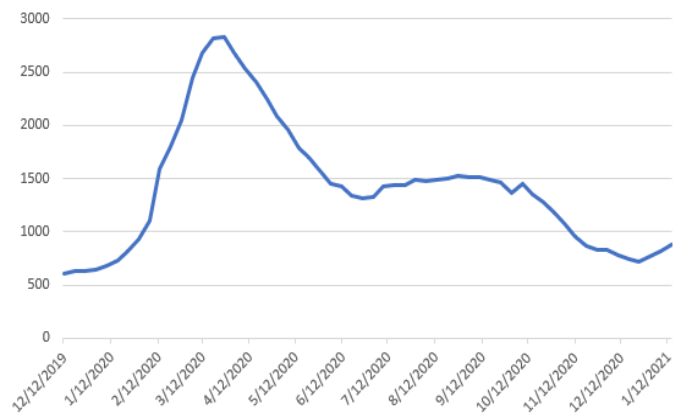
Sources from Bloomberg

Sources from MySteel

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



Construction Steel Total Inventories (in 10,000 tonnes)



Sources from MySteel

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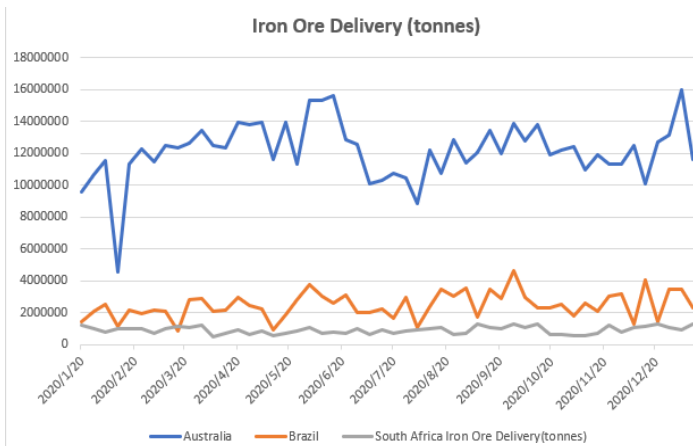
- ◆ Five major steel inventories started to pick up from late December, apparent consumption expected to decrease significantly in January on a month to month basis.



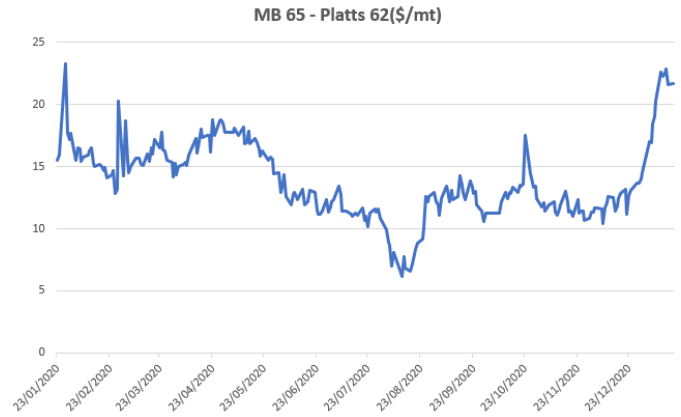
# Weekly Ferrous Report

## Iron Ore

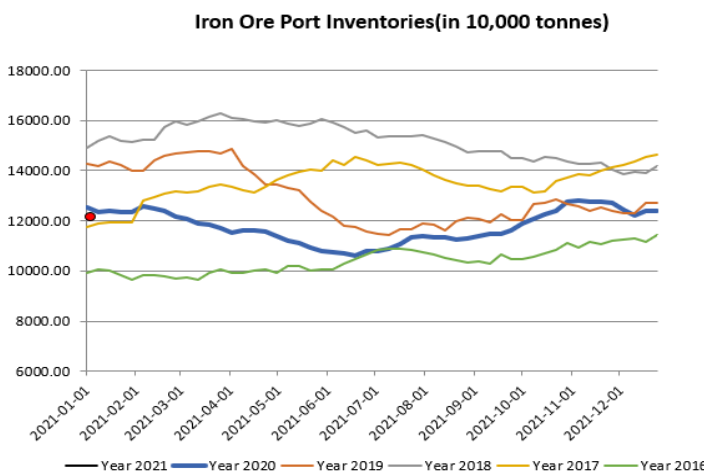
	Last	Previous	% Change
<b>Platts 62% Fe</b>	173.6	172.8	0.5%
<b>MB 65% Fe</b>	195.3	194.4	0.5%
<b>Capesize 5TC Index</b>	23541	23989	-1.9%
<b>C3 Tubarao to Qingdao</b>	19.47	19.56	-0.5%
<b>C5 West Australia to Qingdao</b>	8.536	8.814	-3.2%
<b>Billet Spot Ex-Works Tangshan MT</b>	3810	3800	0.3%
<b>SGX Front Month</b>	170.15	169.86	0.2%
<b>DCE Major Month</b>	1119.5	1134	-1.3%
<b>China Port Inventory Unit 10,000 mt</b>	12,412	12,267	1.2%
<b>Australia Iron Ore Weekly Export Unit 10,000 mt</b>	1,159.00	1,595.10	-27.3%
<b>Brazil Iron Ore Weekly Export Unit 10,000 mt</b>	229.60	347.10	-33.9%



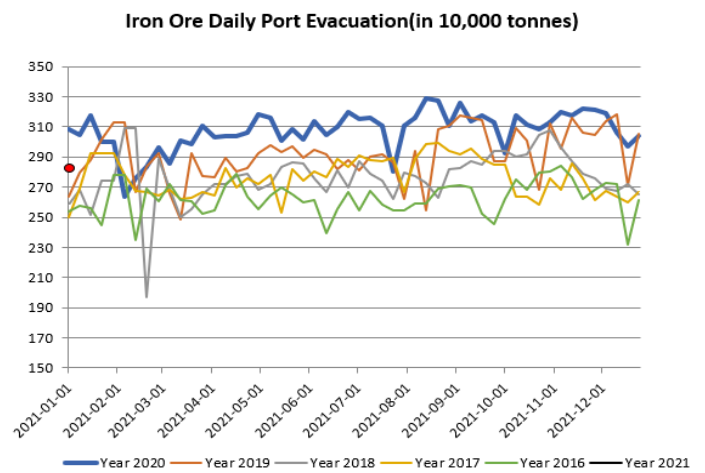
Sources from Bloomberg



Sources from Platts



Sources from MySteel



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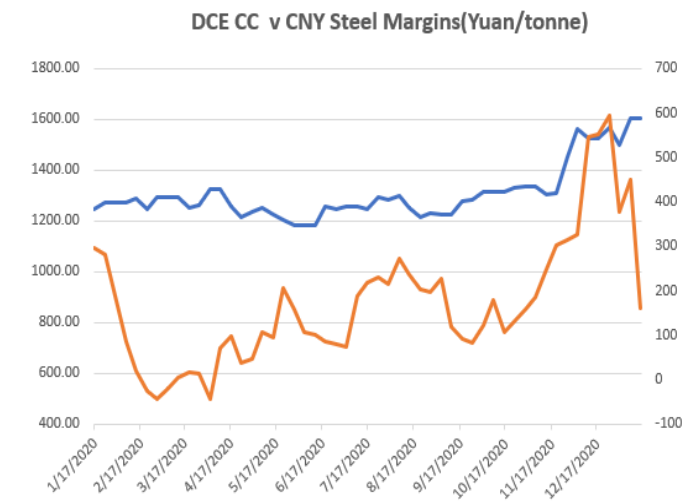
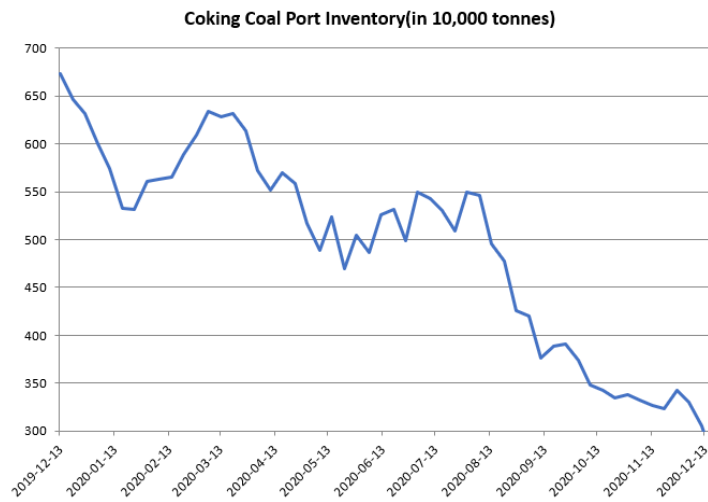
- ◆ Port congestion became panic because of new Covid-cases found in northern China and half decade coldest weather in China.



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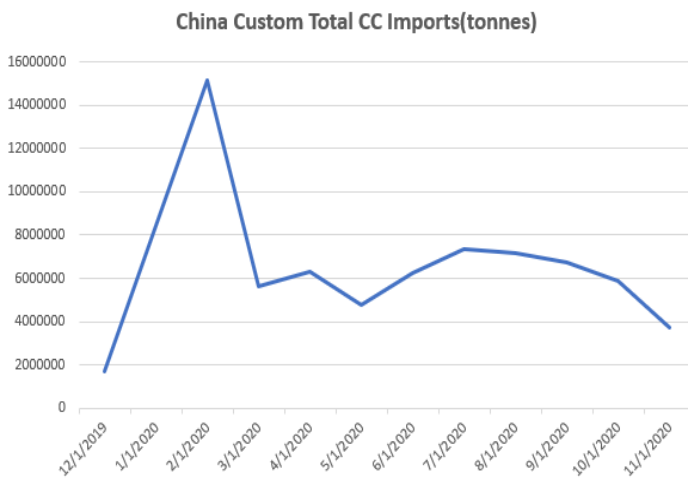
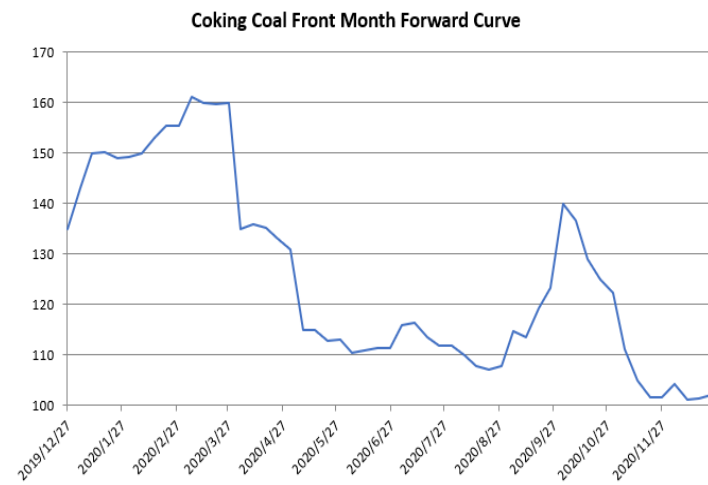
## Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	120.4	112.8	6.7%
Coking Coal Front Month	110.5	108.1	2.2%
DCE CC Major Month	1603	1604	-0.1%
Coking Coal Port Inventory Unit 10,000mt	261	274	-4.7%
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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Sources from Bloomberg

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