

Macro

| | Last | Previous | % Change |
|--|--------|----------|----------|
| USDCNY | 6.4577 | 6.4583 | 0.0% |
| Repo 7 Days | 1.5 | 2 | -25.0% |
| Repo 1 Day | 1.46 | 1.65 | -11.5% |
| Dollar Index | 90.364 | 90.48 | -0.1% |
| China GDP Constant Price YOY % | 6.5 | 4.9 | NA |
| China PMI (Caixin) | 51.5 | 53 | 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.

Macro and Money Movement:

Some U.S. based investment banks believed that “the super commodity cycle” has come and significantly increase the expected price on copper and zinc. If compared with the financial crisis during 2007–2008, the assumption was less likely to be proven since the big increase on copper price by then was under the hyper-inflation. Currently market expected a “mild” inflation as most of monetary strategy were leading the warming of global economy, thus less likely to enter a stage of hyper inflation.

Steel:

Steel mills maintained a high utilisation rate during CNY since most of workers were not travelling during the big holiday avoiding spread of pandemic. The EAFs also recovering next week significantly. Eastern mills expected EAFs would reach seasonal high capacity in the second week of March. Thus, steel inventories expected to reach the highest level of the year, and similar level compared to last year during mid-March.

Tangshan started two restriction curb last through mid-February till mid-March(expected) respectively, to control the carbon emission. MySteel estimated the recent restriction would impact 65,000 tonnes per day. Tangshan billet up 400 yuan compared to pre-Chinese New Year level. MySteel researched 10 Tangshan mills with 74 yuan/tonne of profit last week, the biggest number in the previous two months with negative numbers in most of times. U.S. HRC sold at \$1312/tonne, created a 60 year-high.

Steel production also restricted under the policy of capacity and production control, as well as a carbon-neutral strategy in several political conferences from mid-2020.

Iron ore:

Iron ore port inventories up 1.875 million tonnes, partially contributed by a decrease on port congestion by 54 ships. Daily evacuation decreased by 431,600 tonnes. Iron ore had become a half financial and half industry products since 2019, many China domestic and western funds were structurally long iron ore as part of their metal book. As a result, iron ore look sometimes resilient when the rest of ferrous products softened.

The financial property of iron ore has made the value of iron ore becoming hard to measure, as 70% of iron ore value has transferred into a intangible part. In other words, iron ore miner cost as well as supply demand have becoming less relevant to the price.

One important finding was iron ore tend to exhaust steel margin to negative on both physical and futures market, so this positive margin on steel market potentially not lasting unless steel mills start to initiate a decrease on their prices or start to offer some discount.

FMG expected FY2021 delivery target 178–182 million tonnes, higher than previous prediction.

Senior Researcher: Hao Pei

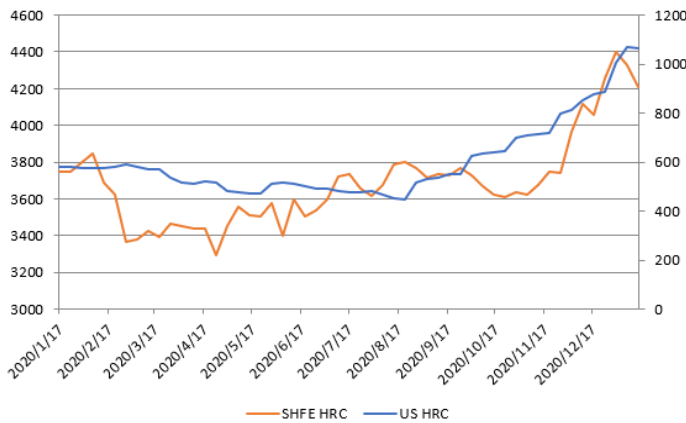


Weekly Ferrous Report

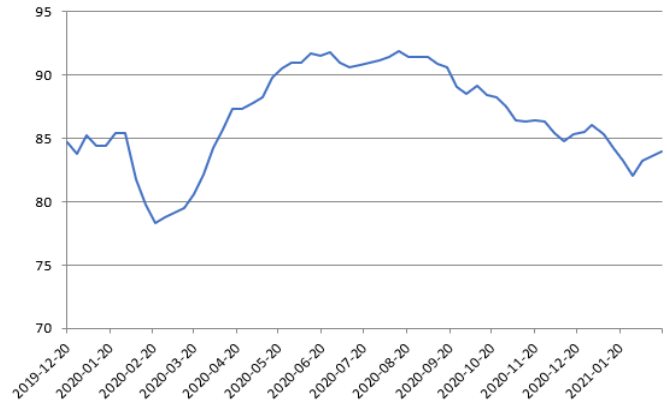
Steel

| | Last | Previous | % Change |
|--|---------|----------|---------------|
| US HRC Front Month | 1162 | 1170 | -0.7% |
| SHFE Rebar Major Month | 4399 | 4294 | 2.4% |
| China Hot Rolled Coil | 4522 | 4508 | 0.3% |
| China Monthly Steel consumption Unit 000's mt | 87772.1 | 85109.8 | 3.1% |
| Five Major Steel Inventories Unit 10,000 mt | 1785.26 | 1615.92 | 10.5% |
| Construction Steel Total Inventory unit 10,000 mt | 1132.42 | 975.48 | 16.1% |
| Crude Steel Production China Unit 000's mt | 91252 | 87660 | 4.1% |
| China Volume of Commodity Imports Unit 000's mt | 1370 | 1850 | -25.9% |
| China Volume of Commodity exports Unit 000's mt | 4850 | 4400 | 10.2% |

US HRC Vs SHFE HRC



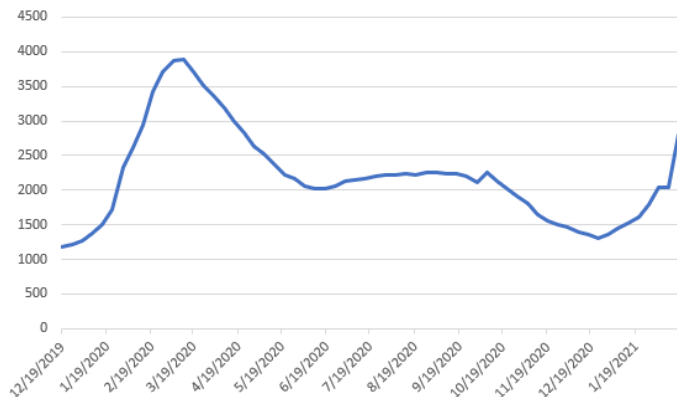
MySteel 247 mills BF Operation Rate in %



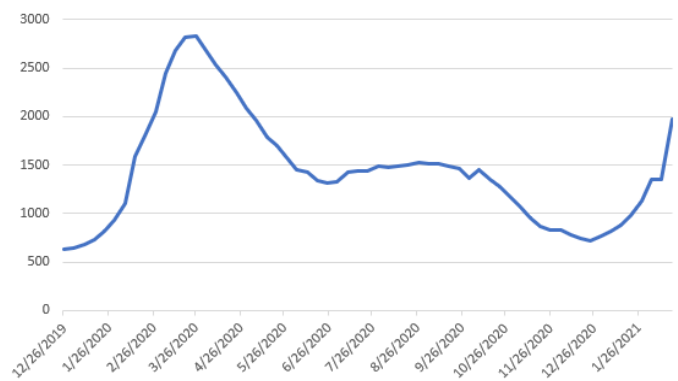
Sources from Bloomberg

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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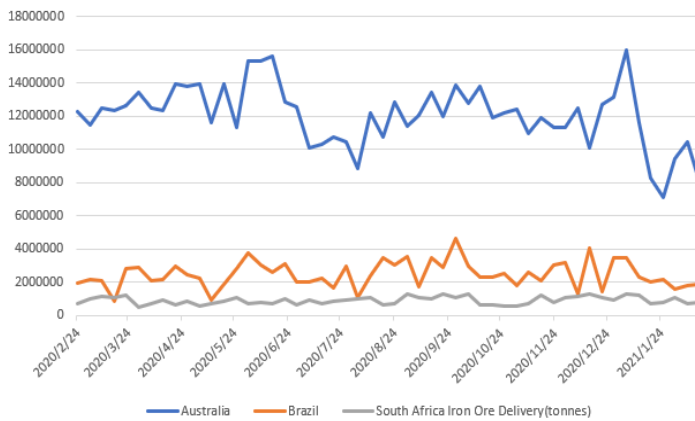


Weekly Ferrous Report

Iron Ore

| | Last | Previous | % Change |
|---|--------|----------|----------|
| Platts 62% Fe | 172.2 | 174.45 | -1.3% |
| MB 65% Fe | 197.2 | 198 | -0.4% |
| Capesize 5TC Index | 14224 | 15690 | -9.3% |
| C3 Tubarao to Qingdao | 17.375 | 17.74 | -2.1% |
| C5 West Australia to Qingdao | 7.05 | 8.005 | -11.9% |
| Billet Spot Ex-Works Tangshan MT | 4140 | 3920 | 5.6% |
| SGX Front Month | 164.95 | 160.82 | 2.6% |
| DCE Major Month | 1160 | 1155 | 0.4% |
| China Port Inventory Unit 10,000 mt | 12,707 | 12,519 | 1.5% |
| Australia Iron Ore Weekly Export Unit 10,000 mt | 814.20 | 1,047.30 | -22.3% |
| Brazil Iron Ore Weekly Export Unit 10,000 mt | 189.80 | 179.10 | 6.0% |

Iron Ore Delivery (tonnes)



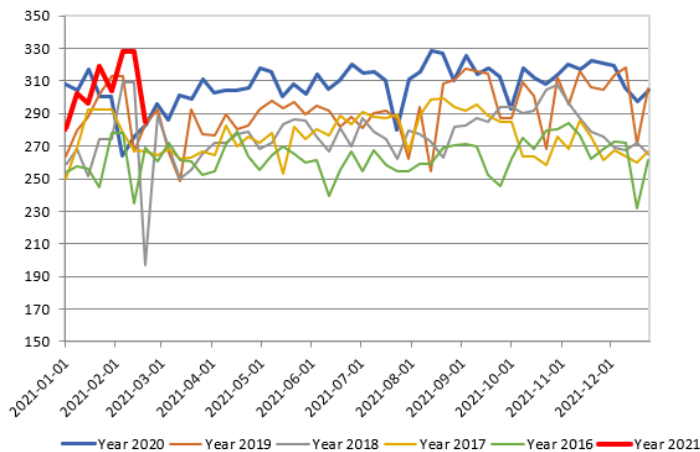
Sources from Bloomberg

MB 65 - Platts 62(\$/mt)



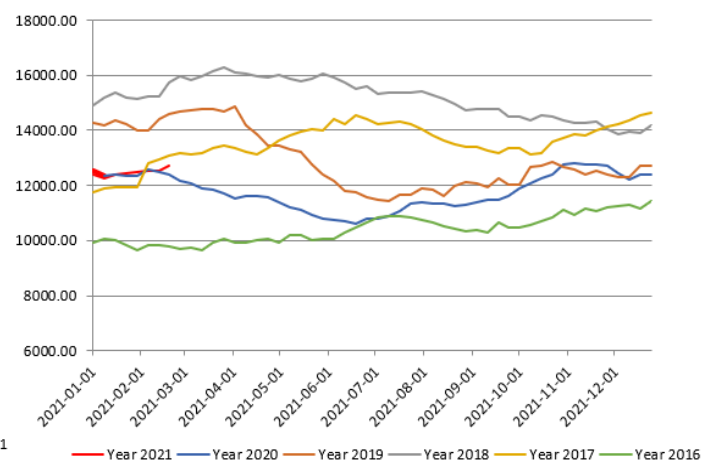
Sources from Platts

Iron Ore Daily Port Evacuation(in 10,000 tonnes)



Sources from MySteel

Iron Ore Port Inventories(in 10,000 tonnes)



Sources from MySteel



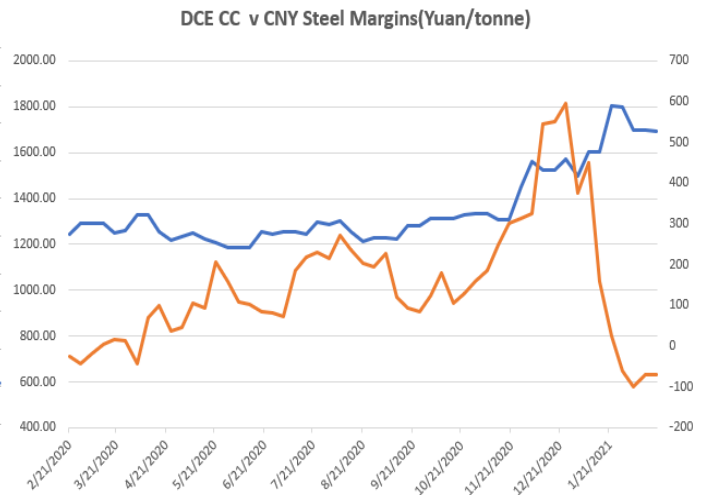
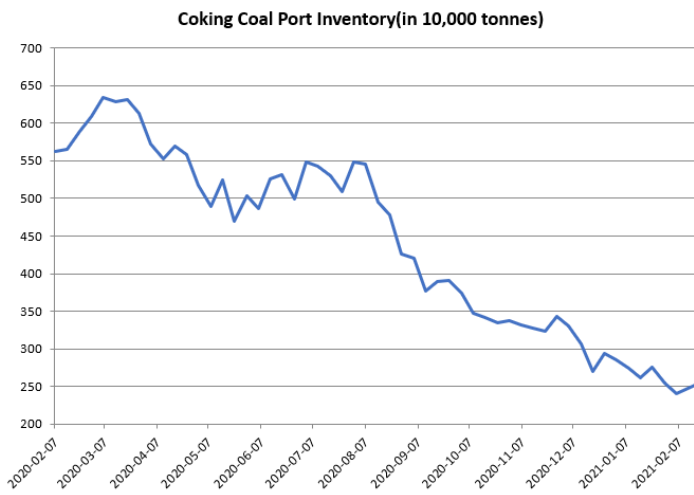
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Weekly Ferrous Report

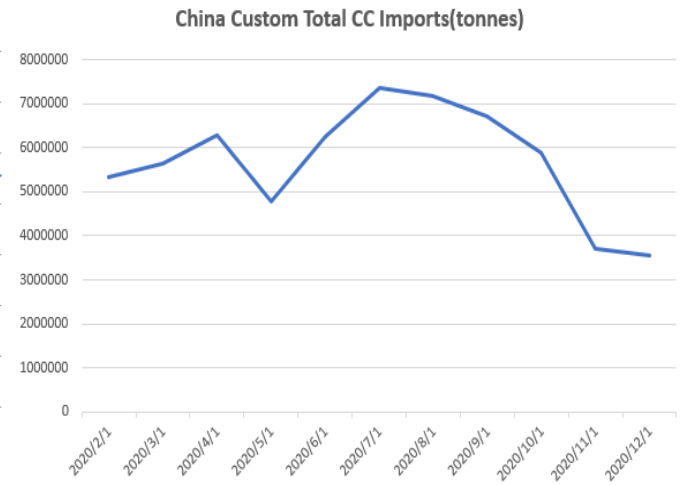
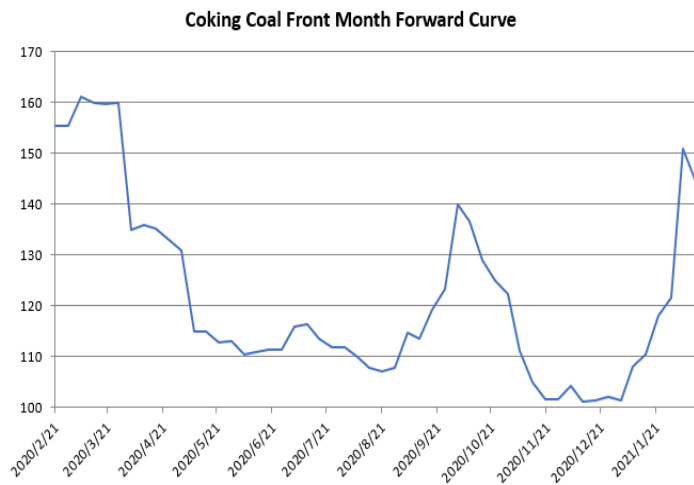
Coking Coal

| | Last | Previous | % Change |
|---|--------------|--------------|--------------|
| TSI FOB Premium Hard Coking Coal | 139.5 | 139.8 | -0.2% |
| Coking Coal Front Month | 145.75 | 144.5 | 0.9% |
| DCE CC Major Month | 1696 | 1700 | -0.2% |
| Coking Coal Port Inventory Unit 10,000mt | 255 | 241 | 5.8% |
| China Custom total CC Import Unit mt | 3,570,270.00 | 3,722,090.00 | -4.1% |



Sources from MySteel

Sources from Bloomberg



Sources from Bloomberg

Sources from Bloomberg

