

Macro

	Last	Previous	% Change
USDCNY	6.4971	6.4789	0.3%
Repo 7 Days	2	2.21	-9.5%
Repo 1 Day	1.6	2.12	-24.5%
Dollar Index	91.977	90.879	1.2%
China GDP Constant Price YOY %	6.5	4.9	NA
China PMI (Caixin)	50.9	51.5	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. Commodity Research Bureau Index CRB increased 90.63% over the past ten months, however this index up only 66.53% from 2007 to 2008 (last 18 months). The inflation support on commodities to some extent approached an interval, although inflation on monetary side did exist and expected to last through until the M2 increase start to slow or interest rate raise in U.S. However there are major differences on investments between the two inflation period. The major money flow into housing and related sub-debt market in the year 2008, while major money went into equity and commodity market in terms of financial tools, along with some leverages which were hard to quantify.

U.S. dollar started to strengthen to hedge the risk of inflation. Metals market react gently on the back of Biden's 1.9 trillion U.S. dollar bill passed, which was traded several times from January to February.

Steel:

Tangshan area started a few rounds of pollution and carbon emission control before and during political conference, as well as a smog weather hit Tangshan from late February till present. Tangshan mills believed that the environment protection curb would potentially become a very frequent policy through the year 2021, to complete the carbon emission goal.

Mysteel five typical steel inventories expected to reach the peak of the year in next two weeks, the high of inventory in 2021 expected to be 40% higher than the year 2019. Year 2020 was hard to compare since the high inventory was caused by a panic of pandemic spread. Most of surveyed physical steel traders in eastern and northern China believed a high demand consistency last through the first half of the year. Thus steel stocks expected to decrease fast as well in late March and April. However this good demand expectation has been the major support reason all through February. When expectation realised, market always start to trade the price-in.

Iron ore:

Bloomberg news indicated a small fire accident near a port of Pilbara mines, with no causality and impact on operation. Friday iron ore spiked in last minute of night session and early Monday morning, also related to Biden's stimulus. However iron ore physical retreated from 1185 yuan/tonne last week to 1168 yuan/tonne on early Tuesday. Iron ore import margin (import price – port price) started to narrow from 20 yuan in February to 8 yuan this week, potentially reach 0 if physical keep showing stable price or futures pick up again.

The Australia and Brazil delivery and arrivals were not major drivers to iron ore market in the current two weeks, as mostly following a seasonally features. However both expected to grow as weather become better in April MySteel iron ore port stocks were 7.12 million tonnes higher than same time last year. MySteel iron ore port inventories up 1.45 million tonnes from previous week because some northern ports stopped operation for several days during China's political conference. Road transportation, ships loading, and port evacuation expected to fully recover from this Friday or next Monday.

Senior Researcher: Hao Pei

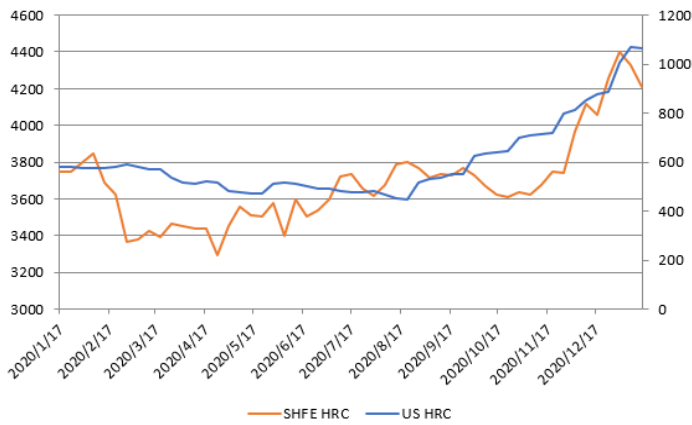


Weekly Ferrous Report

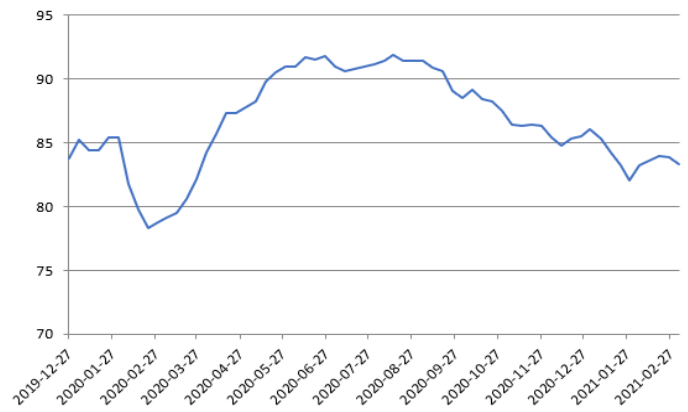
Steel

	Last	Previous	% Change
US HRC Front Month	1260	1264	-0.3%
SHFE Rebar Major Month	4592	4587	0.1%
China Hot Rolled Coil	4888	4878	0.2%
China Monthly Steel consumption Unit 000's mt	86756.3	87772.1	-1.2%
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	90236	91252	-1.1%
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

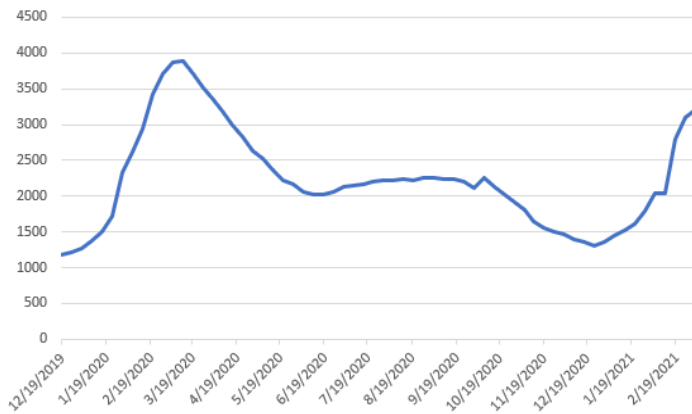


MySteel 247 mills BF Operation Rate in %



Sources from Bloomberg

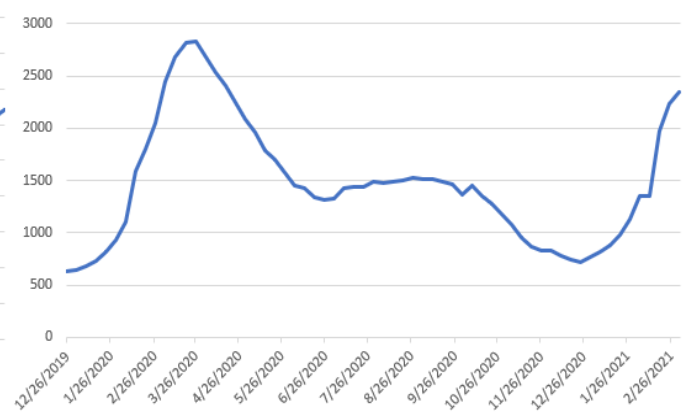
China Five Major Steel Inventories(in 10,000 tonnes)



Sources from MySteel

Sources from MySteel

Construction Steel Total Inventories (in 10,000 tonnes)



Sources from MySteel



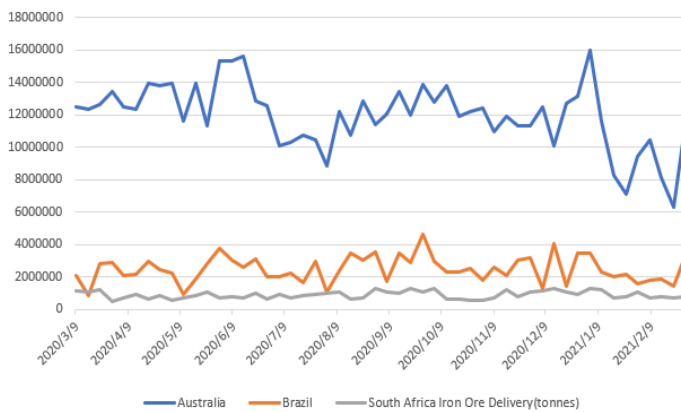


Weekly Ferrous Report

Iron Ore

	Last	Previous	% Change
Platts 62% Fe	174.15	174.65	-0.3%
MB 65% Fe	198.4	199.2	-0.4%
Capesize 5TC Index	15138	14794	2.3%
C3 Tubarao to Qingdao	17.345	16.78	3.4%
C5 West Australia to Qingdao	8.959	8.959	0.0%
Billet Spot Ex-Works Tangshan MT	4410	4270	3.3%
SGX Front Month	172.56	165.61	4.2%
DCE Major Month	1272	1251.5	1.6%
China Port Inventory Unit 10,000 mt	12,789	12,645	1.1%
Australia Iron Ore Weekly Export Unit 10,000 mt	1,125.50	630.10	78.6%
Brazil Iron Ore Weekly Export Unit 10,000 mt	323.20	141.10	129.1%

Iron Ore Delivery (tonnes)

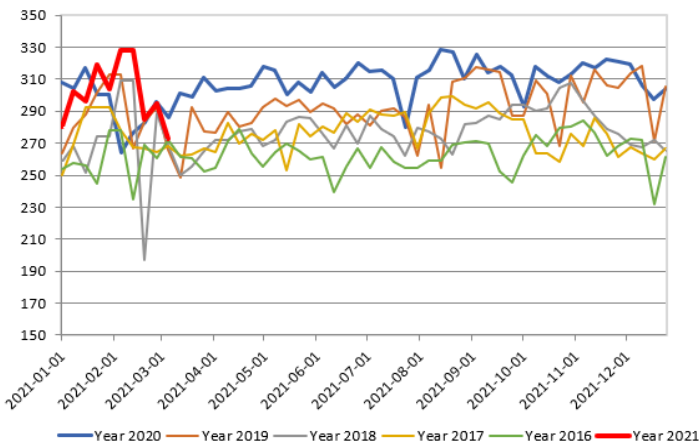


MB 65 - Platts 62(\$/mt)



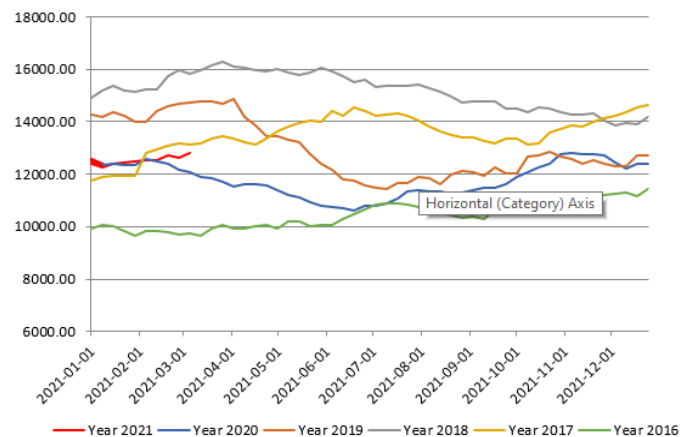
Sources from Bloomberg

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



Sources from Platts

Iron Ore Port Inventories (in 10,000 tonnes)



Sources from MySteel

Sources from MySteel





Weekly Ferrous Report

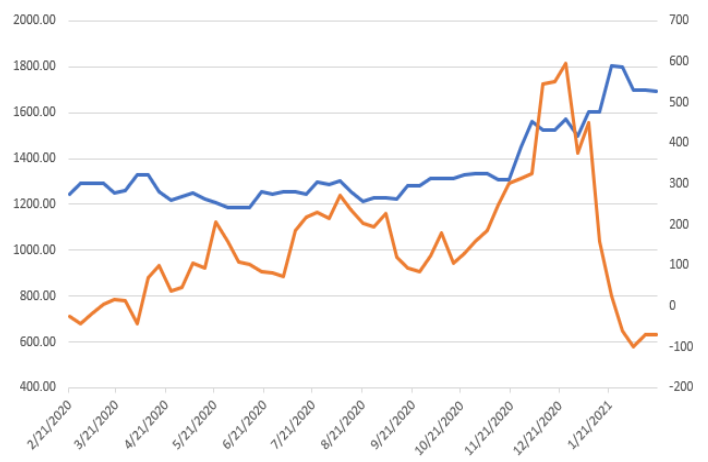
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	119.3	123.4	-3.3%
Coking Coal Front Month	122.05	146.41	-16.6%
DCE CC Major Month	1601.5	1484.5	7.9%
Coking Coal Port Inventory Unit 10,000mt	245.7	250.7	-2.0%
China Custom total CC Import Unit mt	3,570,270.00	3,722,090.00	-4.1%

Coking Coal Port Inventory(in 10,000 tonnes)

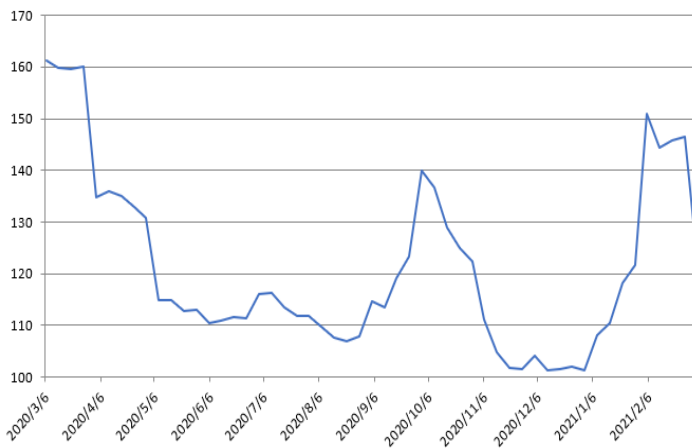


DCE CC v CNY Steel Margins(Yuan/tonne)



Sources from MySteel

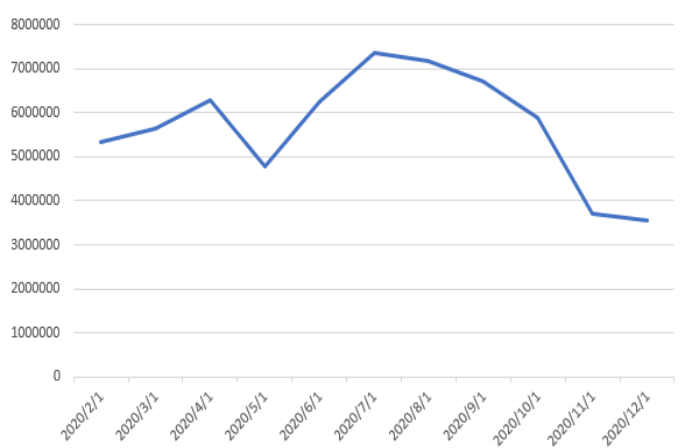
Coking Coal Front Month Forward Curve



Sources from Bloomberg

Sources from Bloomberg

China Custom Total CC Imports(tonnes)



Sources from Bloomberg

