

# **Weekly Ferrous Report**

### Macro

|  | Last   | Previous | % Change |
|--|--------|----------|----------|
| USDCNY   | 6.5085 | 6.4971   | 0.2%     |
| Repo 7 Days                                    | 2.15   | 2        | 7.5%     |
| Repo 1 Day                                     | 1.8    | 1.6      | 12.5%    |
| Dollar Index                                   | 91.679 | 91.977   | -0.3%    |
| China GDP Constant Price YOY %                 | 6.5    | 4.9      | NA       |
| China PMI (Caixin)                             | 50.9   | 51.5     | NA       |
| China Industrial Production MOM %              | 0.69   | 0.66     | NA       |
| Commercial Space Under Construction            | 11     | 3.7      | NA       |
| Commercial Space Completed                     | 135.3  | 912.2    | NA       |
| Commercial Building Space Sold, YTD YOY%       | 104.9  | 2.6      | NA       |
| Residential Space Under Construction, YTD YOY% | 11.2   | 4.4      | NA       |
| Residential Space Completed, YTD YOY%          | 45.9   | -3.1     | NA       |
| Residential Floor Space Sold, YTD YOY%         | 108.4  | 3.2      | NA       |

#### Market Summary:

Iron ore neutral.

#### **Macro and Money Movement:**

U.S. 10 year treasury bonds broke 1.6% as the final sign off on Biden's stimulus plan of 1.9 trillion dollars. However, Biden also seeked to increase tax on high incoming class, which would also impact profits of enterprises. U.S. dollar index maintained at 91 –92 level during this week. Inflation speculation on commodities called an end, symbolised commodities entered their own fundamental cycle temporarily.

#### Steel:

The previous strict environmental control has decreased pig iron production at 120,000 tonnes a day(based on 2.4-2.5 million tonnes normal level), which forced some mills to start maintenance. However Tangshan and Hebei blast furnaces will reopen in late this week and next week since pollution level expected decrease and political conference ended. As a result, futures market long raw materials and short steels.

Mysteel five typical steel inventories decrease slight last week, symbolised the inventories reached peak seasonally and steel market entered a destocking phase. If a fast decrease on steel stocks compared with last few years, then steel would expect a very strong performance. The leading indicator on building season, China Cement Index corrected 6% from the high created in last December. This correction would potentially indicate the real demand market for construction was less than expected. If cement extend the correction, then rebar price will potentially be over valued.

#### Iron ore

Australia and Brazil new capacity expected to start on the late half of year 2021 according the Bloomberg. DCE September contract was weaker and has a big discount to May as a result. In addition, short positions on May is starting to roll to September contract. This rolling expect to finish by the end of March according to seasonal rules, because May contract will be pegging with physical approaching delivery window. Seaborne iron ore margin was 11 yuan/tonne, a low area compared with February and January.

MySteel Australia and Brazil iron ore delivery reached 23.42 million tonnes, up 1.34 million tonnes w-o-w. Iron ore port stock last week reached 128.8 million tonnes, up 3.74% from the beginning of the year 2021, up 8.14% compared with last year same period. As the recover on port operation and road transportation, iron ore supply shouldn't become an issue in March.

Senior Researcher: Hao Pei

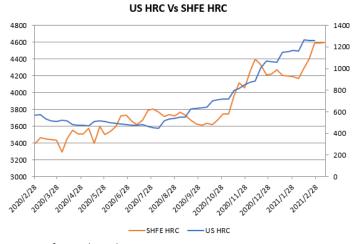
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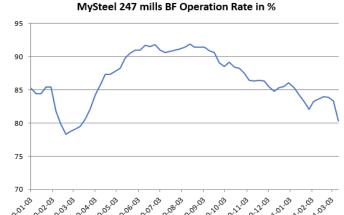
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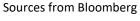
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### Steel

|   | Last    | Previous | % Change |
|---|---------|----------|----------|
| US HRC Front Month                                | 1258    | 1260     | -0.2%    |
| SHFE Rebar Major Month                            | 4598    | 4592     | 0.1%     |
| China Hot Rolled Coil                             | 4984    | 4888     | 2.0%     |
| China Monthly Steel consumption Unit 000's mt     | 86756.3 | 87772.1  | -1.2%    |
| Five Major Steel Inventories Unit 10,000 mt       | 2036.08 | 2036.08  | 0.0%     |
| Construction Steel Total Inventory unit 10,000 mt | 1356.31 | 1356.31  | 0.0%     |
| 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%    |

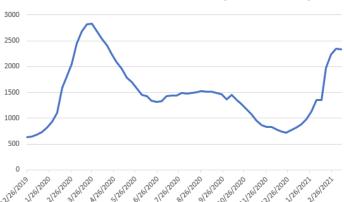








Construction Steel Total Inventories (in 10,000 tonnes)



Sources from MySteel

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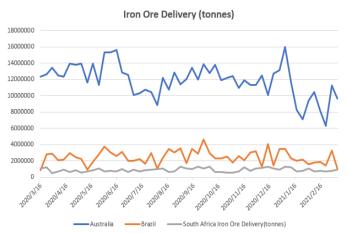
Sources from MySteel

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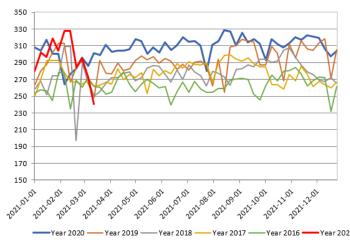
### Iron Ore

|   | Last   | Previous | % Change |
|---|--------|----------|----------|
| Platts 62% Fe                                   | 163.65 | 165.7    | -1.2%    |
| MB 65% Fe                                       | 189    | 190.6    | -0.8%    |
| Capesize 5TC Index                              | 17054  | 16741    | 1.9%     |
| C3 Tubarao to Qingdao                           | 18.83  | 18.55    | 1.5%     |
| C5 West Australia to Qingdao                    | 9.295  | 9.155    | 1.5%     |
| Billet Spot Ex-Works Tangshan MT                | 4410   | 4410     | 0.0%     |
| SGX Front Month                                 | 167.08 | 172.56   | -3.2%    |
| DCE Major Month                                 | 1264.5 | 1272     | -0.6%    |
| China Port Inventory Unit 10,000 mt             | 12,880 | 12,789   | 0.7%     |
| Australia Iron Ore Weekly Export Unit 10,000 mt | 967.90 | 1,125.50 | -14.0%   |
| Brazil Iron Ore Weekly Export Unit 10,000 mt    | 109.00 | 323.20   | -66.3%   |



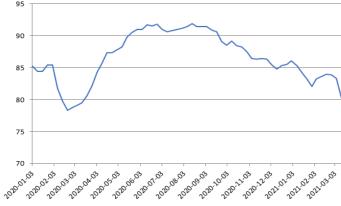
Sources from Bloomberg

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



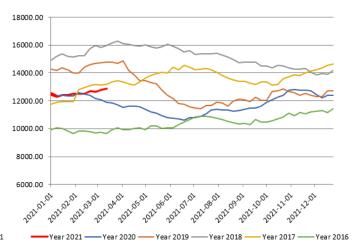
Sources from MySteel

MySteel 247 mills BF Operation Rate in %



Sources from Platts

### Iron Ore Port Inventories(in 10,000 tonnes)



Sources from MySteel

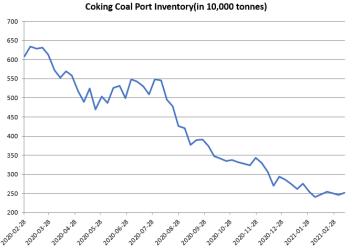
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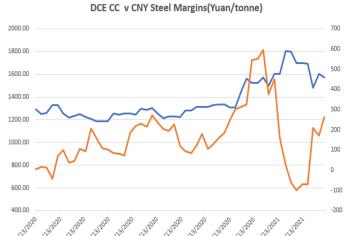
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# **Weekly Ferrous Report**

## **Coking Coal**

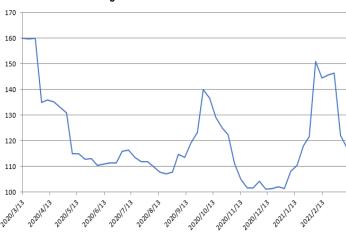
|  | Last         | Previous     | % Change |
|--|--------------|--------------|----------|
| TSI FOB Premium Hard Coking Coal         | 115.9        | 118.6        | -2.3%    |
| Coking Coal Front Month                  | 117.29       | 122.05       | -3.9%    |
| DCE CC Major Month                       | 1571.5       | 1601.5       | -1.9%    |
| Coking Coal Port Inventory Unit 10,000mt | 251.7        | 245.7        | 2.4%     |
| China Custom total CC Import Unit mt     | 3,570,270.00 | 3,722,090.00 | -4.1%    |



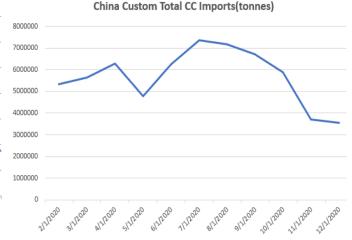


### Sources from MySteel





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