



Weekly Virtual Steel Margin Report

Market Verdict:

Iron ore ended the oversold rebound and facing correction risk.

Macro Market Change and Money Movement:

Moody sent report Global Economy Macro Outlook, to maintain China year 2021 GDP at 7%, because of the strong performance in Q2. The major contributors were industry and fixed-assets investments. Moreover infrastructure, housing expenditures and pandemic related medical products also became key components of GDP growth.

The new Delta pandemic impact was eased as China has 3 consecutive days with 0 new cases. Global threatening was also lightened and expected to decrease significantly in the coming September. Major road and water transportation recovered, downstream industry also restart their works.

	Last	Previous	% Change
USDCNY	6.472	6.5015	-0.45%
Repo 7 Days	2.3	2.1	9.52%
Repo 1 Day	1.85	2.06	-10.19%
Dollar Index	92.686	93.496	-0.87%
China GDP Constant Price YOY %	7.9	18.3	NA
China PMI (Caixin)	50.3	51.3	NA
China Industrial Production MOM %	0.3	0.56	NA
Commercial Space Under Construction	9	10.2	NA
Commercial Space Completed	417.8	364.8	NA
Commercial Building Space Sold, YTD YOY%	21.5	27.7	NA
Residential Space Under Construction, YTD YOY%	9.4	10.5	NA
Residential Space Completed, YTD YOY%	27.2	27	NA
Residential Floor Space Sold, YTD YOY%	22.7	29.4	NA

Iron ore Market :

August 22- 28th: Rio Tinto shipped 6.56 million tonnes of iron ores from Port Dampier and Port Cape Lambert, up 7.17% w-o-w. BHP delivered 4.39 millions of iron ore from port Hedland, down 20.03% w-o-w. Vale exported 7 million tonnes of iron ore, up 6.91% w-o-w. FMG shipped 3.9 million tonnes of iron ores, up 38.88% w-o-w. MySteel Australia and Brazil iron ore delivered 26.15 million tonnes, down 42,000 tonnes w-o-w. Australia delivered 18.47 million tonnes, up 880,000 tonnes w-o-w. Brazil delivered 7.68 million tonnes, down 930,000 tonnes w-o-w. China 45 iron ore ports arrivals at 23.07 million tonnes, down 349,000 tonnes w-o-w. Northern six ports iron ore arrivals at 12.698 million tonnes, down 1.52 million tonnes w-o-w.

China 247 sample steel mills pig iron production at 2.27 million tonnes, down 4,700 tonnes w-o-w. The decrease in August totaled 11,400 tonnes, which was significantly slower than previous 12 months average at 20,000 tonne. Currently the environment protection inspection team entered Guangdong Province, major EAFs closure resulted in approximately 14,300 tonnes of pig iron decrease. The virtual steel margin recovered to 1327 yuan/tonne, a yearly high area, an increase by 14.2% in last week.

Steel Market:

Construction steel weekly apparent consumption decreased to 4.43 million tonnes at the beginning of August, and then rebounded by 10% and maintained at 4.88 million tonnes in current three weeks. HRC was stable at 3.18-3.26 million tonnes level from the beginning of July. Both major steel types expected to rebound on their consumption after the recover of transportation caused by last round of pandemic.

Coal Market:

Some coal importers heard Mongolia ports potentially reopen today, which was early than expected date. China National Development of Reform Commission: 16 Erdos miners obtained approval of the mining rights, totaled 25 MTPA. There are 50 MTPA miners which will get approved operation in mid-September.

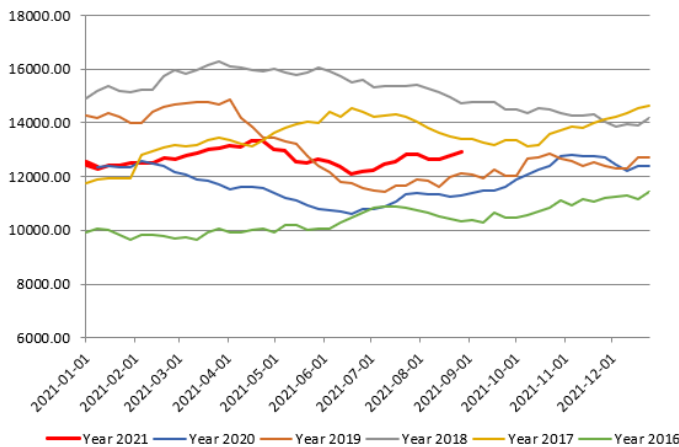


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Iron Ore

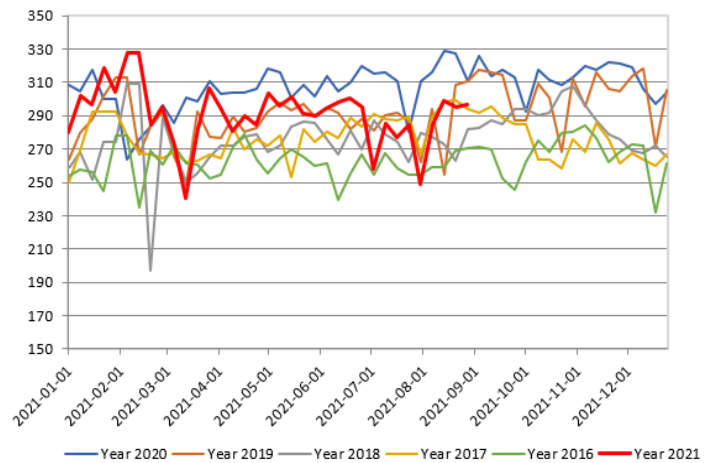
	Last	Previous	% Change
Platts 62% Fe	157.75	159.05	-0.82%
MB 65% Fe	174.8	176.1	-0.74%
Capesize 5TC Index	51099	50113	1.97%
C3 Tubarao to Qingdao	35.77	35.565	0.58%
C5 West Australia to Qingdao	14.95	14.982	-0.21%
Billet Spot Ex-Works Tangshan MT	4950	4910	0.81%
SGX Front Month	157.63	138.63	13.71%
DCE Major Month	829.5	765	8.43%
China Port Inventory Unit 10,000 mt	12,921	12,796	0.98%
Australia Iron Ore Weekly Export Unit 10,000 mt	965.00	527.70	NA
Brazil Iron Ore Weekly Export Unit 10,000 mt	336.60	48.60	NA

Iron Ore Port Inventories(in 10,000 tonnes)



Sources from MySteel

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



Sources from MySteel

MB 65 - Platts 62(\$/mt)



Sources from Platts

Iron Ore Indicator Analysis:

- **MB65-P62 spread dumped since steel making decrease disappointed high grade and prime iron ores expectation.**
- **Iron ore port stocks gradually pick up, however the long-term run was to build both inventories on ports as well as in mills and traders to avoid the shortage of iron ore in future.**

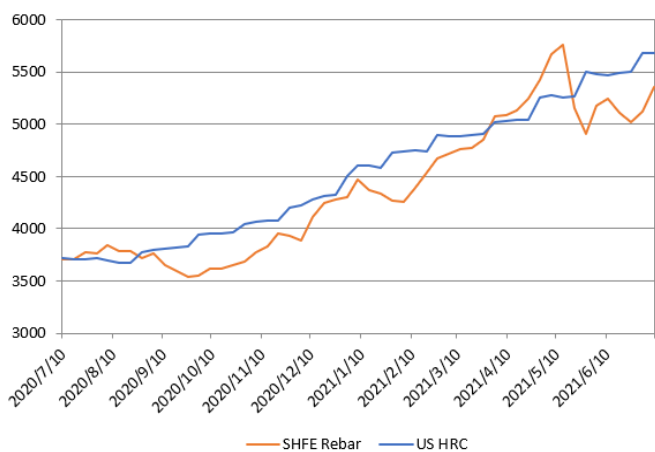


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Steel

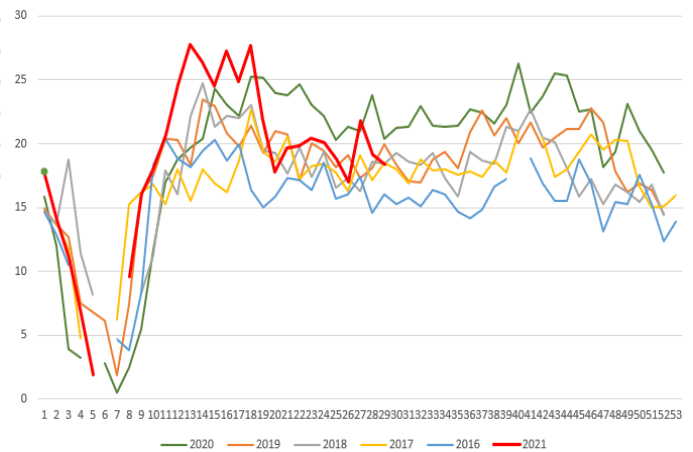
	Last	Previous	% Change
US HRC Front Month	1941	1880	3.24%
SHFE Rebar Major Month	5148	5024	2.47%
China Hot Rolled Coil	5649	5632	0.30%
China Monthly Steel consumption Unit 000's mt	82170	88670	-7.33%
Five Major Steel Inventories Unit 10,000 mt	2104.47	2127.24	-1.07%
Construction Steel Total Inventory unit 10,000 mt	1363.95	1376.81	-0.93%
Crude Steel Production China Unit 000's mt	86790	93880	-7.55%
China Volume of Commodity Imports Unit 000's mt	1050	1250	-16.00%
China Volume of Commodity exports Unit 000's mt	5670	6460	-12.23%

US HRC Vs SHFE Rebar



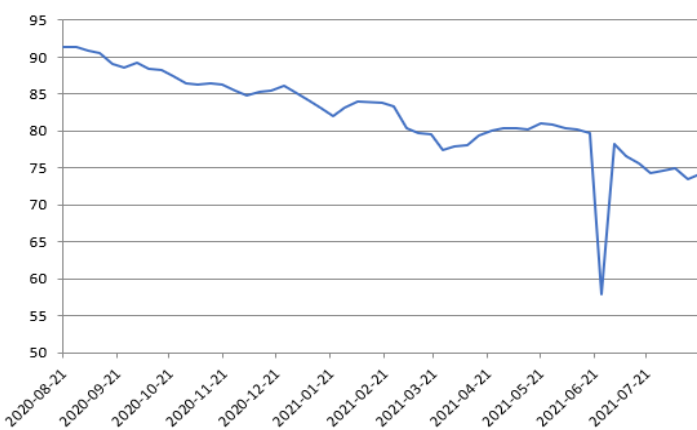
Sources from Bloomberg

Construction Steel Trading Volume Moving Average (in 10,000 tonnes)



Sources from MySteel

MySteel 247 mills BF Operation Rate in %



Sources from MySteel

Steel Indicator Analysis:

- **Construction steel physical trading volume dropped to a two year low level seasonally.**
- **Blast furnace utilisation rate has a downward trend since the low production target would restrain the total production in the second half of the year 2021.**



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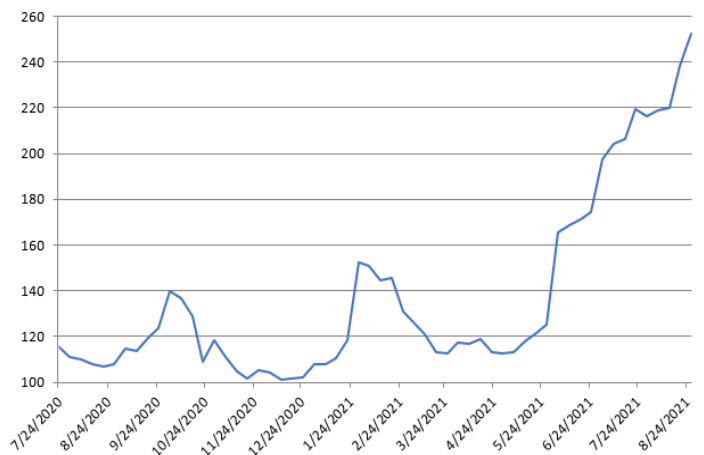
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal	253	248	2.02%
Coking Coal Front Month	252.17	238	5.95%
DCE CC Major Month	2492	2242	11.15%
Coking Coal Port Inventory Unit 10,000mt	414	419	-1.19%
China Custom total CC Import Unit mt	3,771,291.00	4,134,210.00	-8.78%

Coking Coal Port Inventory(in 10,000 tonnes)



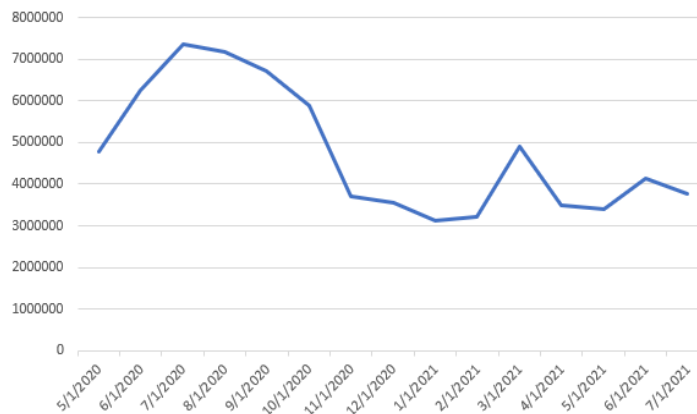
Coking Coal Front Month Forward Curve



Sources from MySteel

Sources from Bloomberg

China Custom Total CC Imports(tonnes)



Sources from Bloomberg

Coking Coal Indicator Analysis:

- Mongolia coking port export port closed again because of a round of screening Delta COVID cases. At the same time, China started country-wide safety inspection.**