



Daily Virtual Steel Mill Report

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Verdict:

- Short-run Neutral to Bullish.

Macro:

- China cut RRR by 50 bps, outperformed market expectations. Economists believed a 25-50 bps cut on the way in Q4. 7-day repo down from 1.7% to 1.5%. Mortgage rate for first home buying down 0.5%. The down payment for second home decreased from 25% to 15%. China Stock Index 300 up by 2.40% this morning, refreshed biggest single day increase since February 6th.

Iron Ore Key Indicators:

- Platts62 \$89.35, -2.00, MTD \$91.96. The big drop on iron ore derivatives market didn't create negative impact on physical market. Instead, physical buyers were staring to bottom hunting this week. The PBF was traded at \$88.40- 88.50/mt, which was seeing frequent during September. Iron ore potentially see recovery along with improvement on risk appetite.

SGX Iron Ore 62% Futures& Options Open Interest (Sep 23rd)

- Futures 155,649,300 tons(Increase 3,838,100 tons)
- Options 177,711,400 tons(Increase 1,206,100 tons)

Steel Key Indicators:

- China Shagang Group increased rebar price by 100 yuan/ton at 3600 yuan/ton for cargoes delivered in late September.

Coking Coal and Coke Indicators:

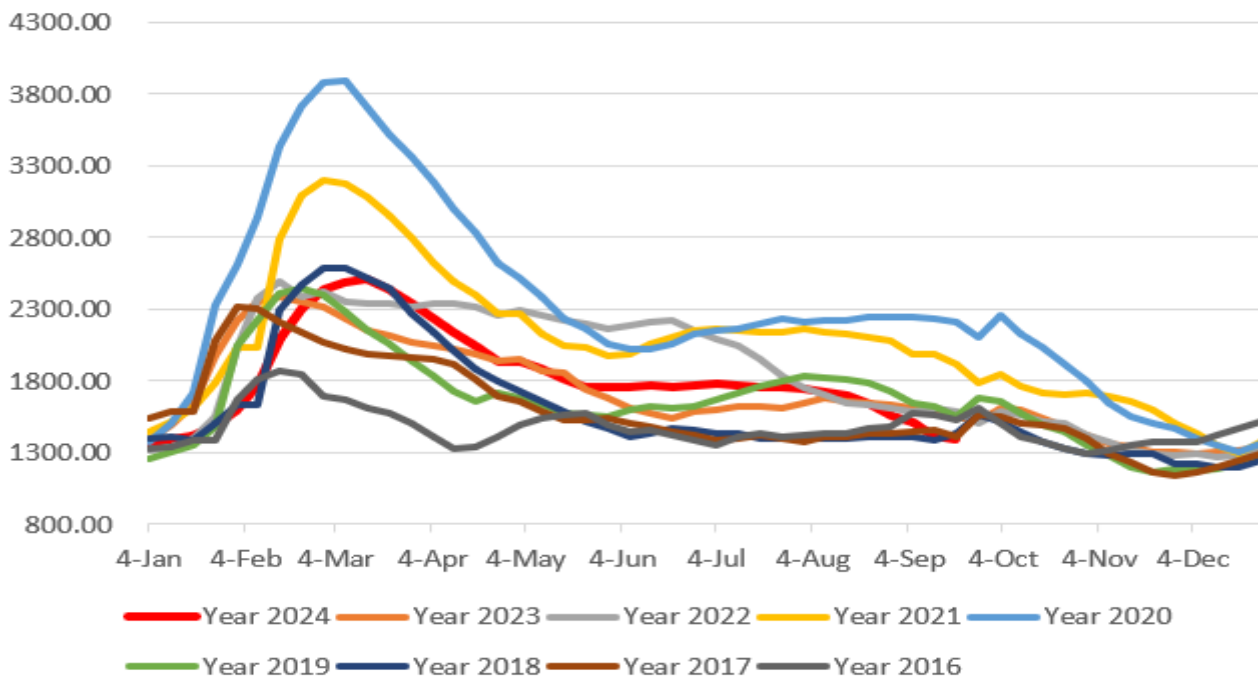
- China cokery plants started to propose price increase for steel mills for the second round by 50-55 yuan/ton



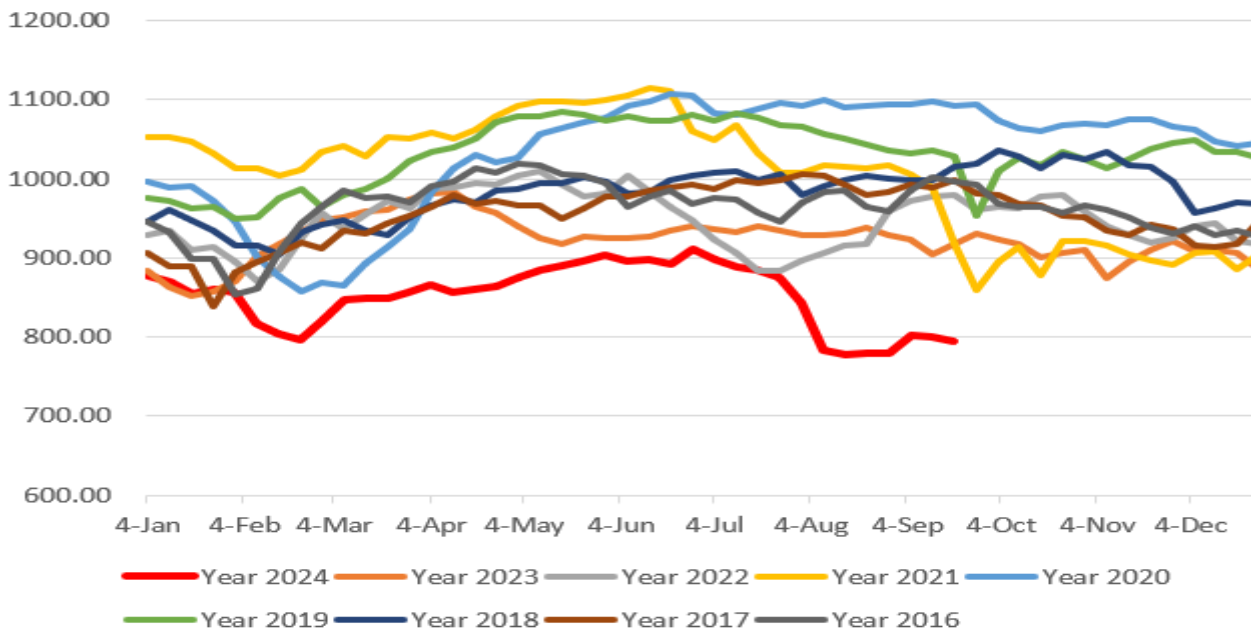
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Five Major Steels Inventories(10,000 tonnes)



Five Major Steels Production(10,000 tonnes)



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