

## Basic Materials - China

# Metal prices gained on RRR cut; coal stocks rose on news of market cap mgmt

Industry Overview

## Coal: Steady price amid weak S/D

The QHD 5,500kcal price was down 0.4% WoW at RMB908/t amid weak supply and demand before Spring Festival. NEWC 6,000K price was down 0.9% WoW at US\$126.80/t, at 11.1% of premium vs QHD price. The Liulin No.4 HCC price was flattish WoW at RMB2,480/t. As of Jan 20, the water inflow of Three Gorges Reservoir was 7,700 cm/s, 37% higher than 2005-23 avg. of 5,624 cm/s, while storage was 31.5 bn cm, 12% lower than 2005-23 avg. of 35.6 bn cm.

## Cement: Price downturn continued

The average national cement price was down by 1.37% to RMB360/t as of 26 Jan. Cement prices in Shanghai, Zhejiang, Henan, Chongqing, Guizhou, and Shaanxi decreased by RMB10-30/t. Subject to the approaching of festival seasons and bad weather conditions, national cement demand continued to shrink. In order to boost shipment before festival, cement producers lowered prices voluntarily.

## Steel: Price up amid cost & macro policy support

The rebar price was up 1.1% WoW to RMB4,026/t and HRC was up 1.1% WoW to RMB4,116/t. Iron ore prices +4.2% WoW to US\$136.6/t. Spot rebar cash margin - RMB71/t to -RMB408/t, and spot HRC cash margin -RMB29/t to -RMB532/t. Weekly rebar/HRC production was -3.1%/+5.4% and apparent consumption -14.8%/+4.2% WoW. Mill inventory +2.2% WoW, while social inventory +5.2% WoW. Supported by higher iron ore price and macro policy, steel prices were up WoW. As Spring Festival approaching, rebar consumption trended lower, while social inventory continued to ramp up.

## Metals: Major metal prices recovered

LME aluminum price was +2.6% WoW to US\$2,239/t, responding to RRR cut, strong US economic data & speculation of sanctions against Russia aluminum products, while SHFE +1.9% WoW to RMB19,040/t. Domestic Al ingot inventory was down 0.9% WoW to 435kt. LME copper price +2.6% WoW at US\$8,569/t, SHFE was +2.12% WoW to RMB69,030/t. The Comex gold price down 0.38% WoW at US\$2,022/oz. Battery grade lithium carbonate price was flattish WoW at RMB96.5k/t and battery grade lithium hydroxide price was down 0.1% WoW to RMB84.6k/t.

## Paper: Price edged lower; more suspension ahead

Paper price was down by 0.11% WoW to RMB3,855/t as of 24 Jan. Market sentiment saw mild improvement amid supply contraction after regional production suspension and downstream restocking.

## Glass: Steady price amid weaker demand

National float glass price was flattish WoW as demand came weaker. According to SCI99, despite order from several large processors, most small-scale processors have already suspended before the festival, causing demand shrinkage.

29 January 2024

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China  
Basic Materials

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Refer to important disclosures on page 20 to 22.

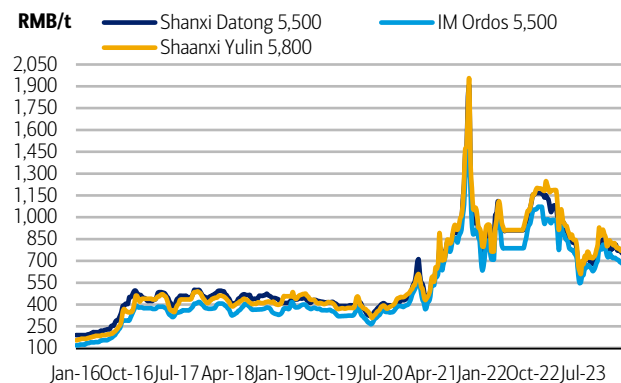
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Timestamp: 28 January 2024 04:42PM EST

# Key charts

## Exhibit 1: ASP at coal mine pits since 2016

Thermal coal prices at mine pits changed by -1%/-1%/+0.3% WoW to RMB750/680/771 in Shanxi (Kcal5.5k), Inner Mongolia (Kcal5.5k) and Shaanxi (Kcal5.8k)

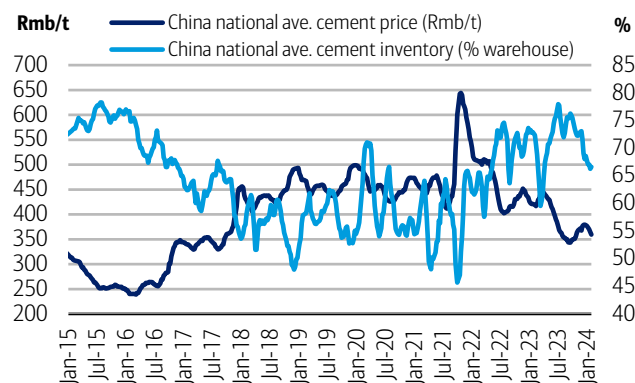


Source: Sxcoal, BofA Global Research

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## Exhibit 3: China national average cement price and inventory level

Price was down WoW while inventory was up WoW

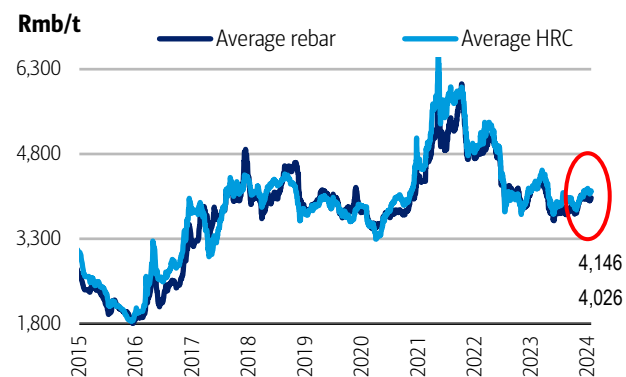


Source: Digital Cement, Company data, BofA Global Research

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## Exhibit 5: China domestic steel prices at key cities

Chinese steel prices at key cities +1.1%/+1.1% WoW for rebar/HRC

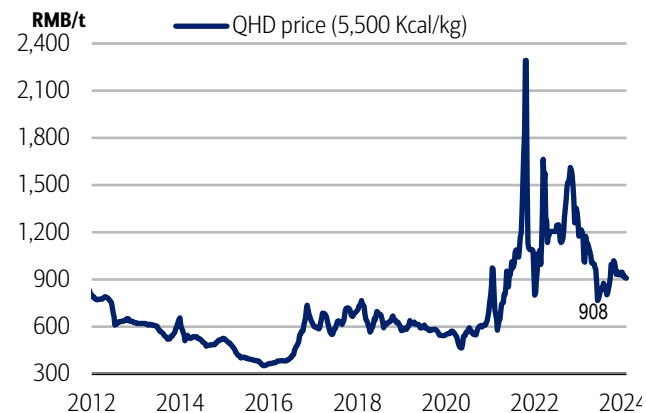


Source: Bloomberg, Wind, Sxcoal, BofA Global Research

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## Exhibit 2: ASP at Qinhuangdao port (Kcal5,500)

ASP of QHD 5,500kcal spot price down 0.4% WoW to RMB908t as of 26 Jan

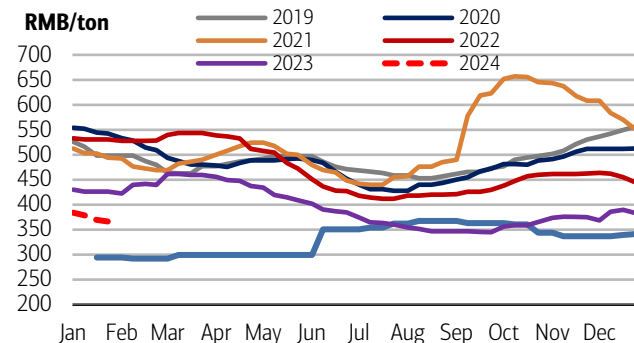


Source: Sxcoal, BofA Global Research

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## Exhibit 4: East China average cement price

East China cement prices down 0.4% WoW

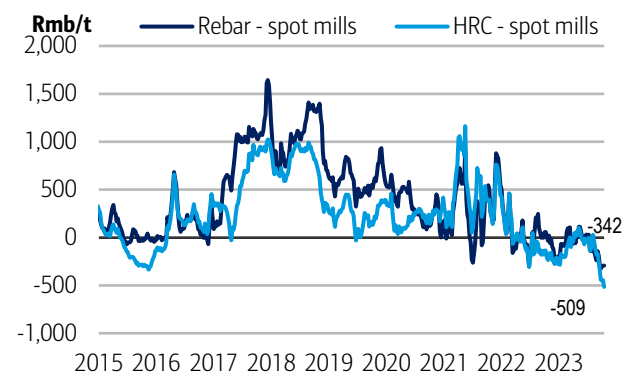


Source: Digital Cement, Company data, BofA Global Research

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## Exhibit 6: Spot cash margins at steel mills

Spot rebar cash margin -RMB71/t to -RMB408/t, and spot HRC cash margin -RMB29/t to -RMB532/t

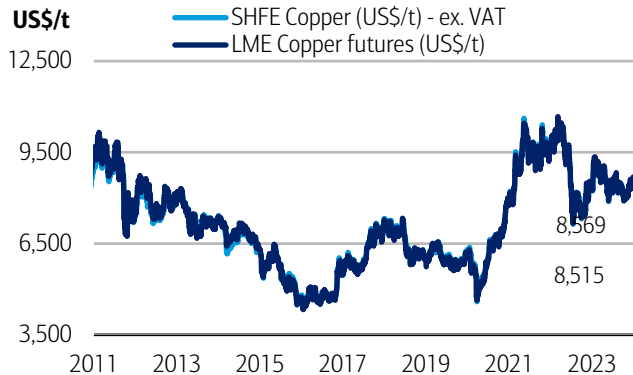


Source: Wind, BofA Global Research

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**Exhibit 7: Price comparison in LME & SHFE copper**

LME copper price up by 2.6% WoW to US\$8,569/t during the week ended 26 Jan, while SHFE +2.12% WoW to RMB69,030/t. SHFE is at a discount of 0.6% to LME price

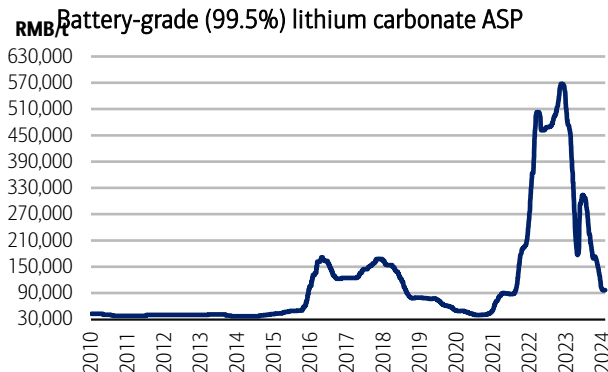


Source: Bloomberg, BofA Global Research

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**Exhibit 9: Domestic battery-grade lithium carbonate ASP**

Average price of domestic battery-grade lithium carbonate (99.5%) was flattish WoW to RMB96.5k/t

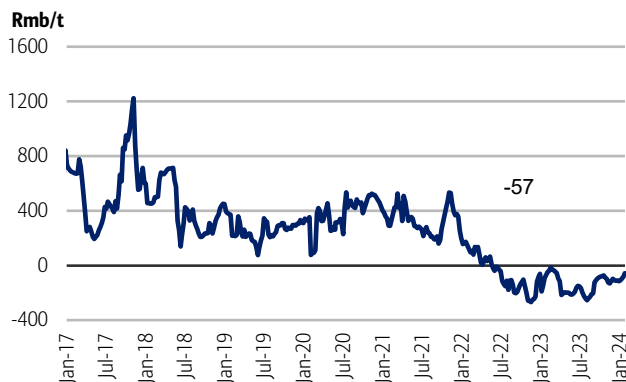


Source: SMM, BofA Global Research

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**Exhibit 11: Containerboard margin tracker**

The Nine Dragons margin tracker is now indicating NP/t of -RMB57/t for this week, up 30.5% WoW.

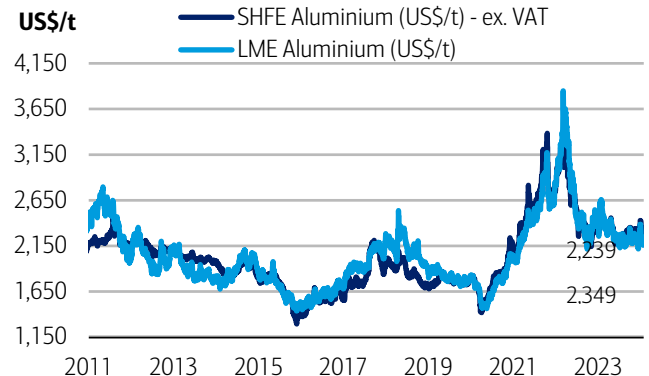


Source: BofA Global Research

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**Exhibit 8: Price comparison in LME & SHFE aluminium**

LME aluminium price +3.3% WoW to US\$2,239/t during the week ended 26 Jan, while SHFE up 1.9% WoW to RMB19,040/t

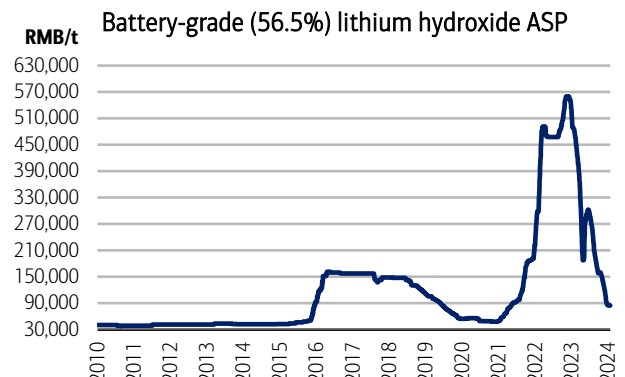


Source: Bloomberg, BofA Global Research

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**Exhibit 10: Domestic battery-grade lithium hydroxide ASP**

Average price of domestic battery-grade lithium hydroxide down by 0.1% WoW to RMB84.6k/t

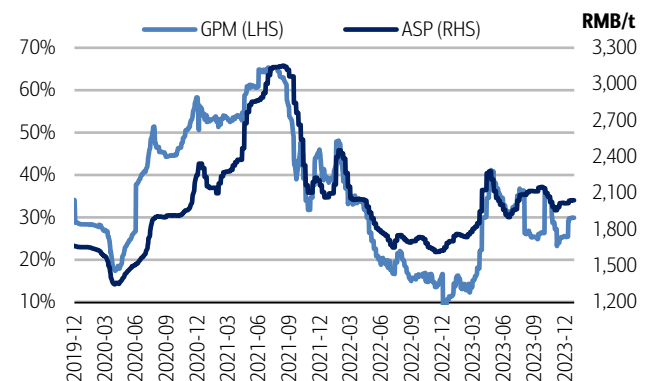


Source: SMM, BofA Global Research

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**Exhibit 12: National Float Glass Price and Xinyi float glass GPM**

As of 25 Jan, the national average float glass price was up 0.02% WoW to RMB2,041/t. Our analysis shows Xinyi float glass GPM was flattish WoW at 29.9%



Source: Wind, BofA Global Research, SC199

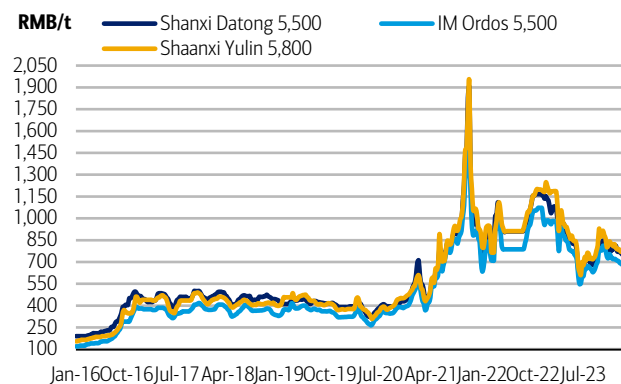
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## Coal: Steady price amid weak S/D

The QHD 5,500kcal price was down 0.4% WoW at RMB908/t amid weak supply and demand before Spring Festival. NEWC 6,000K price was down 0.9% WoW at US\$126.80/t, at 11.1% of premium vs QHD price. The Liulin No.4 HCC price was flattish WoW at RMB2,480/t. As of Jan 20, the water inflow of Three Gorges Reservoir was 7,700 cm/s, 37% higher than 2005-23 avg. of 5,624 cm/s, while storage was 31.5 bn cm, 12% lower than 2005-23 avg. of 35.6 bn cm.

### Exhibit 13: ASP at coal mine pits

Thermal coal prices at mine pits changed by -1%/-1%/+0.3% WoW to RMB750/680/771 in Shanxi (Kcal5.5k), Inner Mongolia (Kcal5.5k) and Shaanxi (Kcal5.8k)

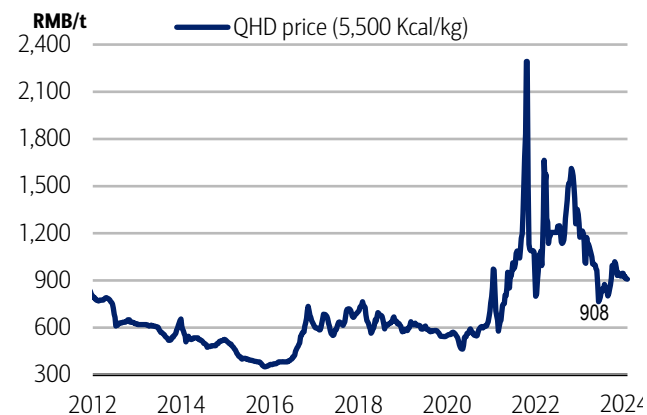


Source: Sxcoal, BofA Global Research

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### Exhibit 14: ASP at Qinhuangdao port (Kcal5,500)

ASP of QHD 5,500kcal spot price down 0.4% WoW to RMB908t as of 26 Jan

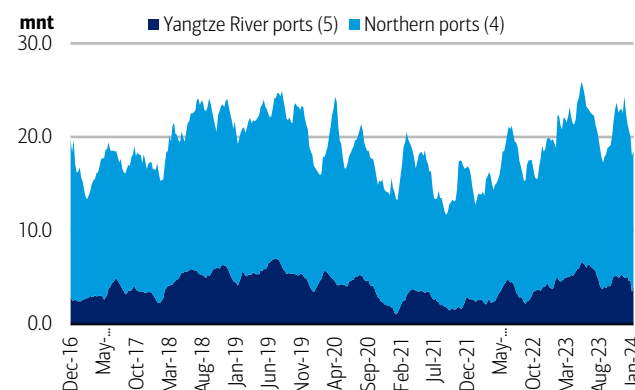


Source: Sxcoal, BofA Global Research

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### Exhibit 15: Ports inventory (Northern and Southern)

Ports inventory (Northern and Southern) +2.9% WoW to 18.49mnt as of 26 Jan

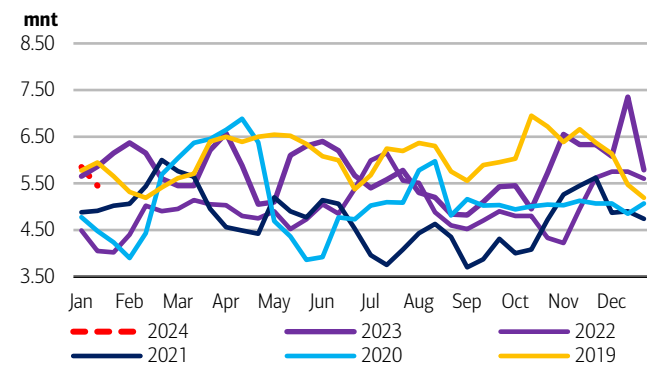


Source: Sxcoal, BofA Global Research

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### Exhibit 16: QHD port inventory

QHD port inventory was down 0.9% WoW to 5.40mnt

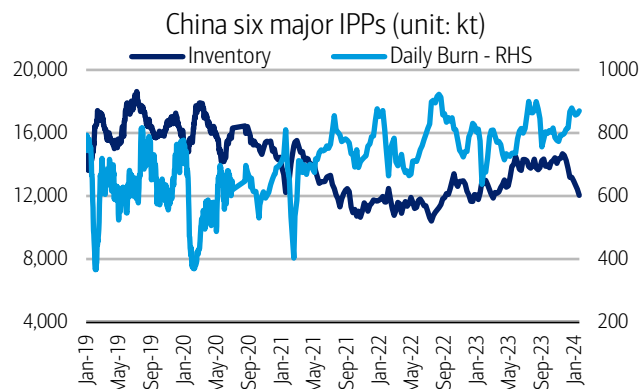


Source: Sxcoal, BofA Global Research

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**Exhibit 17: China six major IPPs (unit: kt)**

Inventory at the six major IPPs down 3.1% WoW to 12.04mnt as of 21 Jan; daily burn up by 1.2% WoW at 870kt

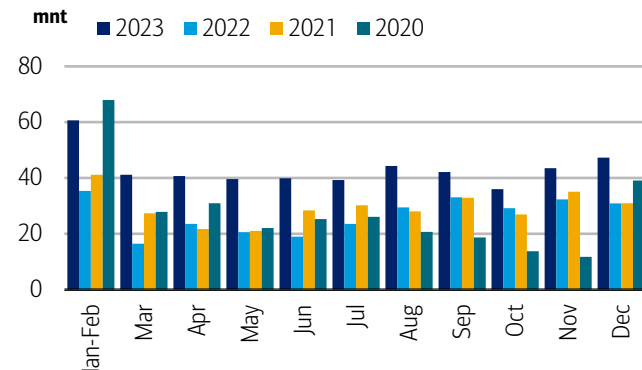


Source: Sxcoal, BofA Global Research

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**Exhibit 18: China monthly coal imports**

Total coal (incl. lignite) imports +47.2% YoY to 53.2mnt in Dec 2023



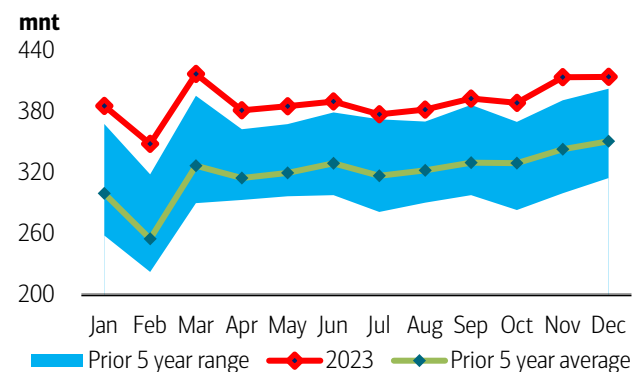
Source: China Customs, Wind, BofA Global Research

Note: Since 2020, no single-month trade data are available for Jan-Feb

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**Exhibit 19: YTD China coal production**

China coal production in Dec 23 increased 1.9% YoY to 414.3mnt

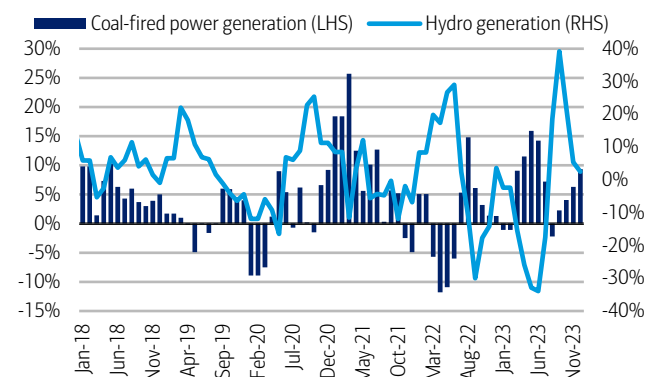


Source: China NBS, Wind, BofA Global Research

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**Exhibit 20: Monthly power generation growth**

Thermal power generation up 9.3% YoY in Dec'23, total power generation up 2.5% YoY in Dec'23

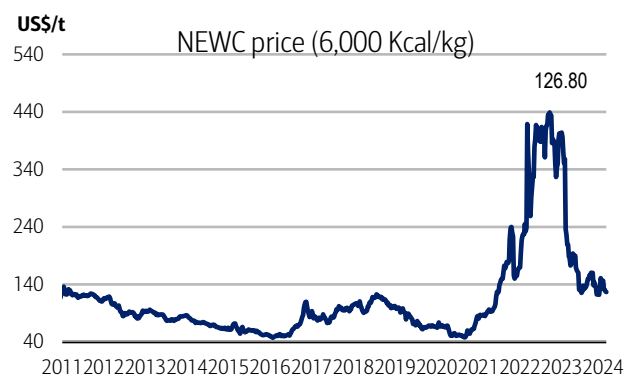


Source: Wind, BofA Global Research

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**Exhibit 21: NEWC 6,000K thermal coal**

NEWC 6,000K thermal coal was down 0.9% WoW to US\$126.80/t, at 11.1% of premium vs QHD price



Source: Sxcoal, Wind, BofA Global Research

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**Exhibit 22: Liulin No. 4 hard coking coal price (incl. VAT)**

Liulin No. 4 hard coking coal price was flattish WoW at RMB2,480/t during the week ended 26 Jan

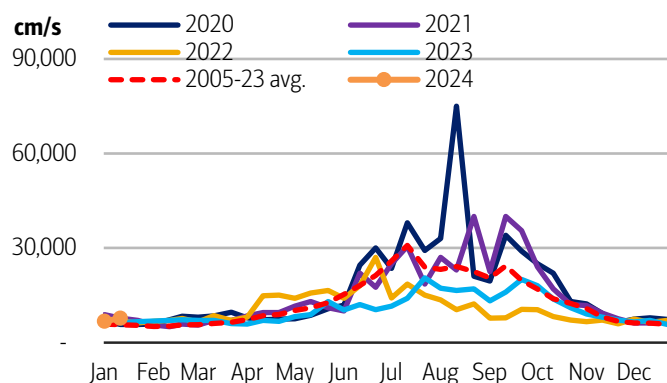


Source: Sxcoal, BofA Global Research

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**Exhibit 23: Three Gorges Reservoir water inflow (cm/s)**

As of Jan 20, the water inflow of Three Gorges Reservoir was 7,700 cm/s, 37% higher than 2005-23 avg. of 5,624 cm/s

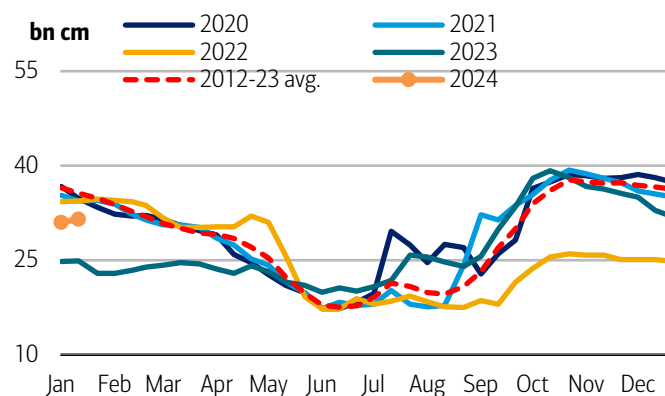


Source: Wind, BofA Global Research

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**Exhibit 24: Three Gorges Reservoir water storage (bn cm)**

As of Jan 20, the water storage of Three Gorges Reservoir was 31.5 bn cm, 12% lower than 2005-23 avg. of 35.6 bn cm



Source: Wind, BofA Global Research

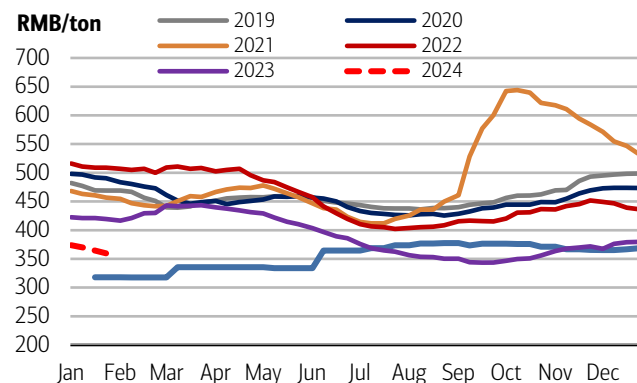
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# Cement: Price downturn continued

The average national cement price was down by 1.37% to RMB360/t as of 26 Jan. Cement prices in Shanghai, Zhejiang, Henan, Chongqing, Guizhou, and Shaanxi decreased by RMB10-30/t. Nationwide shipment ratio came at 22.4%, -8.4% WoW, while nationwide inventory ratio reached 66.6%, +0.3% WoW. Subject to the approaching of festival season and bad weather conditions, national cement demand continued to shrink. In order to boost shipment before festival, cement producers lowered prices voluntarily.

## Exhibit 25: National average Cement price

Average national cement price down 1.37% to RMB360/t as of 26 Jan

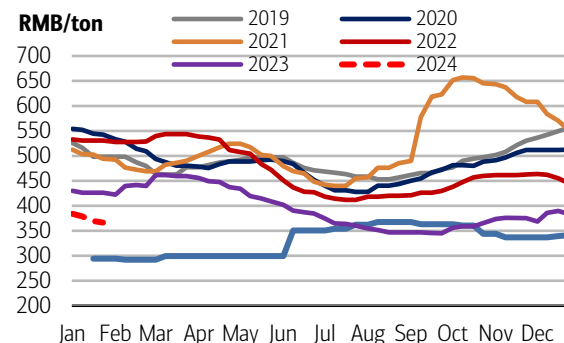


Source: Digital Cement, BofA Global Research

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## Exhibit 26: East China average cement price

East China cement prices down 0.4% WoW

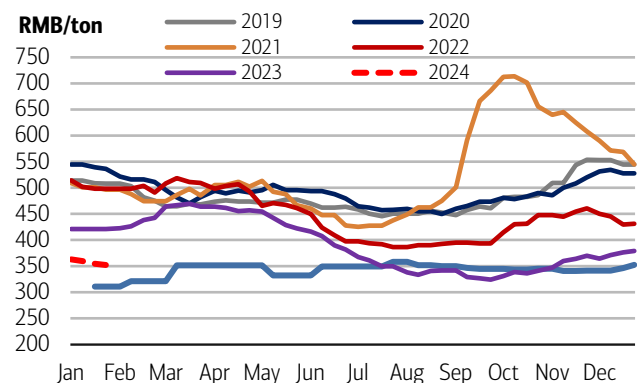


Source: Digital Cement, BofA Global Research

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## Exhibit 27: Central South China average cement price

Central South China cement prices down 0.7% WoW

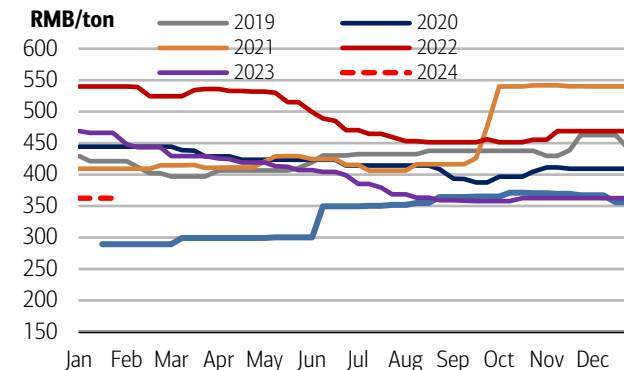


Source: Digital Cement, BofA Global Research

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## Exhibit 28: North China average cement price

North China cement prices were flattish WoW

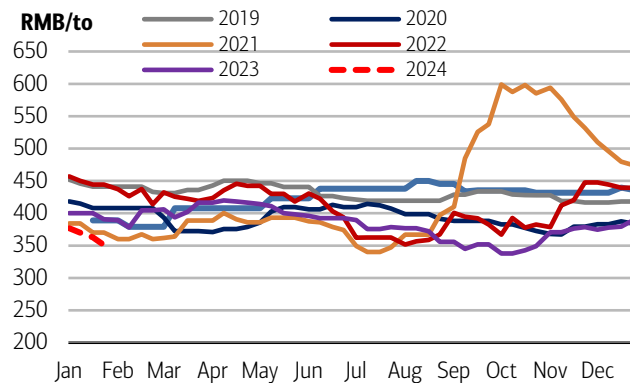


Source: Digital Cement, BofA Global Research

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**Exhibit 29: South West China average cement price**

SW China cement prices down 3.3% WoW

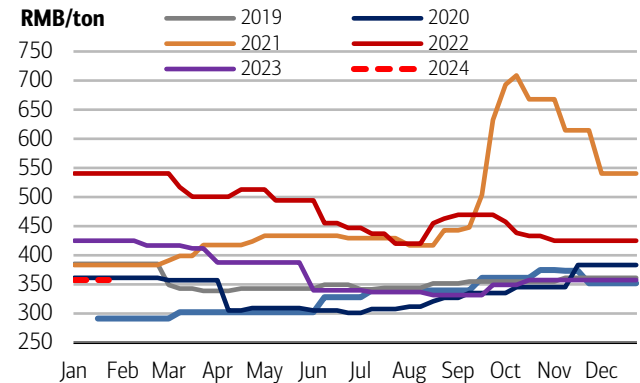


Source: Digital Cement, BofA Global Research

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**Exhibit 30: North East China average cement price**

NE China cement prices were flattish WoW

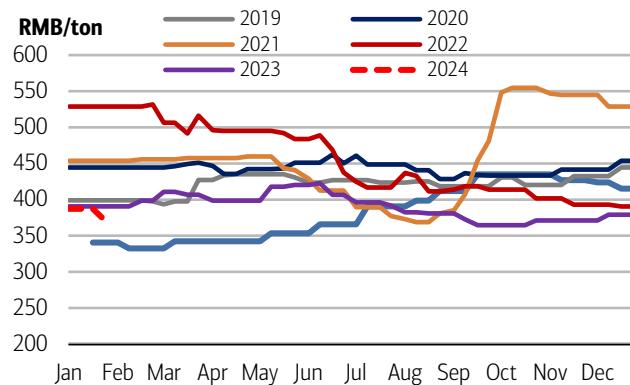


Source: Digital Cement, BofA Global Research

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**Exhibit 31: North West China average cement price**

NW China cement prices down 3.8% WoW

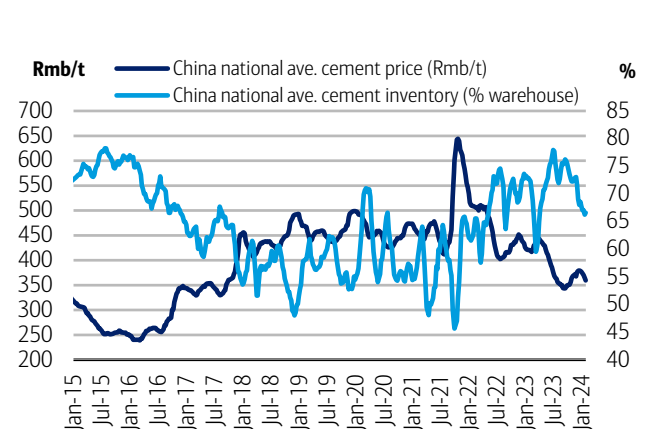


Source: Digital Cement, BofA Global Research

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**Exhibit 32: China national average cement prices vs inventory**

Price were down WoW while inventory was up WoW



Source: Digital Cement, BofA Global Research

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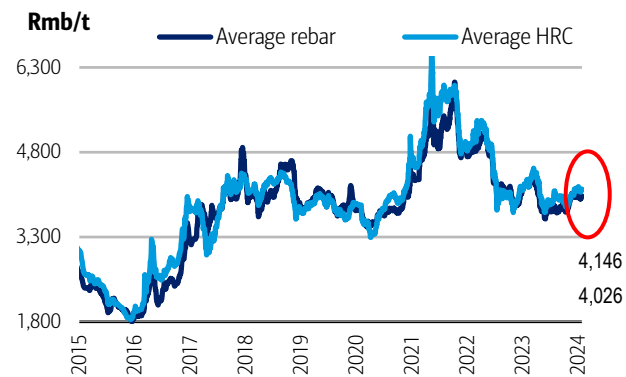


# Steel: Price up amid cost & macro policy support

The rebar price was up 1.1% WoW to RMB4,026/t and HRC was up 1.1% WoW to RMB4,116/t. Iron ore prices +4.2% WoW to US\$136.6/t. Spot rebar cash margin -RMB71/t to -RMB408/t, and spot HRC cash margin -RMB29/t to -RMB532/t. Weekly rebar/HRC production was -3.1%/+5.4% and apparent consumption -14.8%/+4.2% WoW. Mill inventory +2.2% WoW, while social inventory +5.2% WoW. Supported by higher iron ore price and macro policy, steel prices were up WoW. As Spring Festival approaching, rebar consumption trended lower, while social inventory continued to ramp up.

## Exhibit 32: China domestic steel prices at key cities

Chinese steel prices at key cities +1.1%/+1.1% WoW for rebar/HRC

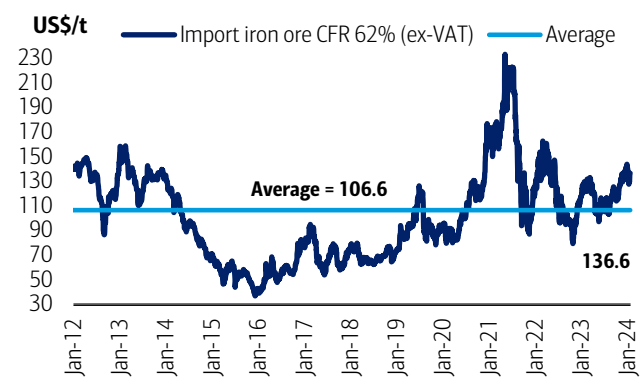


Source: Wind, BofA Global Research

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## Exhibit 33: Imported iron ore CFR 62% prices at Tianjin Port

Iron ore price +4.2% WoW to US\$136.6/t as of 25 Jan

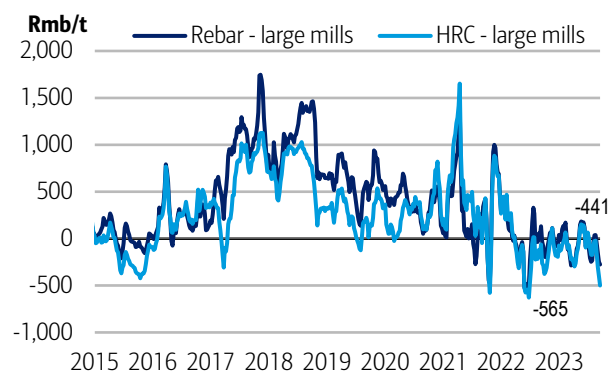


Source: Wind, BofA Global Research

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## Exhibit 34: Cash margins at large mills (inventory lag)

Rebar cash margin at large mills -RMB333/t to -RMB441/t, and HRC cash margin at those mills +RMB10/t to -RMB565/t

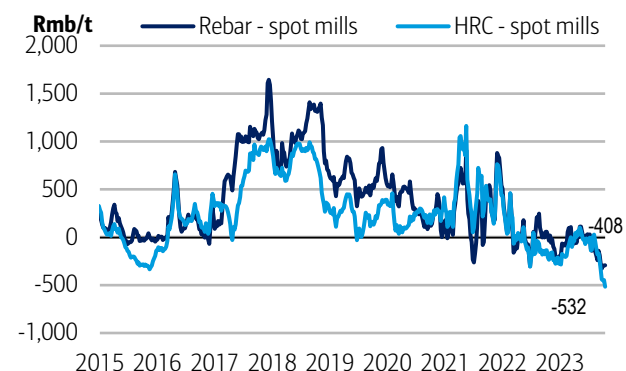


Source: Wind, BofA Global Research

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## Exhibit 35: Spot cash margins at steel mills

Spot rebar cash margin -RMB71/t to -RMB408/t, and spot HRC cash margin -RMB29/t to -RMB532/t

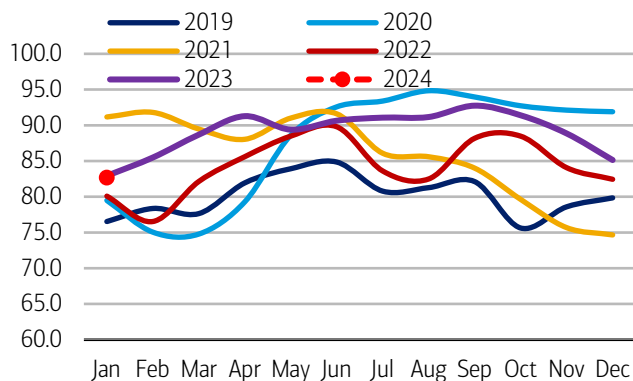


Source: Wind, BofA Global Research

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**Exhibit 36: Utilization rates of blast furnaces across the nation**

Utilization rates of blast furnaces across the nation +0.52ppt WoW to 83.50% as of 26 Jan

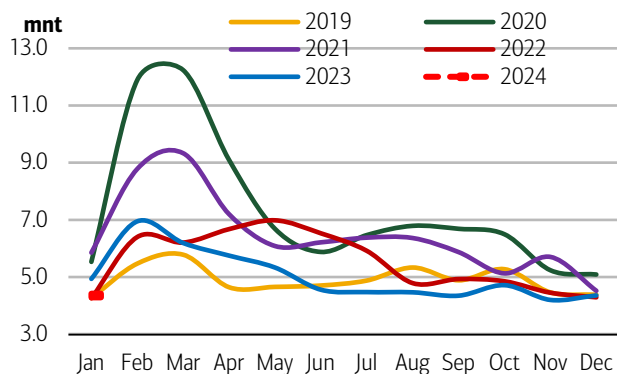


Source: Mysteel, BofA Global Research

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**Exhibit 38: Steel inventory at mills**

Steel inventory at mills up by 2.2% WoW to 4.39mnt

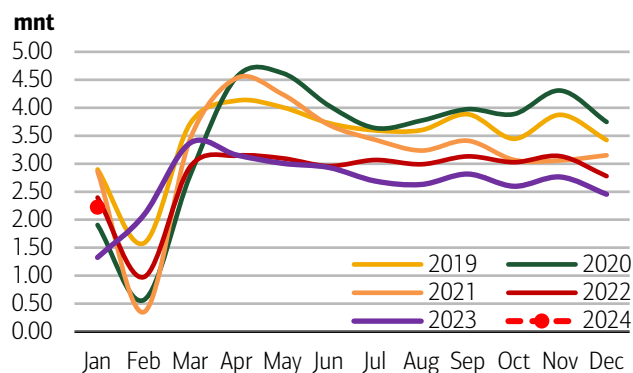


Source: Mysteel, BofA Global Research

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**Exhibit 41: Weekly rebar apparent consumption**

Weekly rebar apparent consumption was -14.8% WoW to 1.85mnt

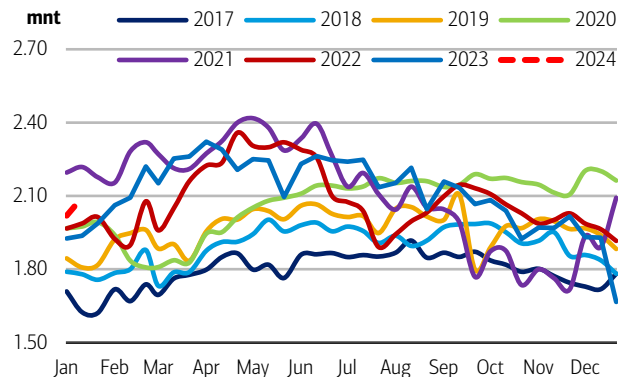


Source: Mysteel, BofA Global Research

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**Exhibit 37: CISA crude steel output for large and median mills (10-day)**

Daily crude steel production at CISA's sample was reported to be 2.094 mnt/day as of 20 Jan, compared with 2.019 mnt/day in the previous 10 days

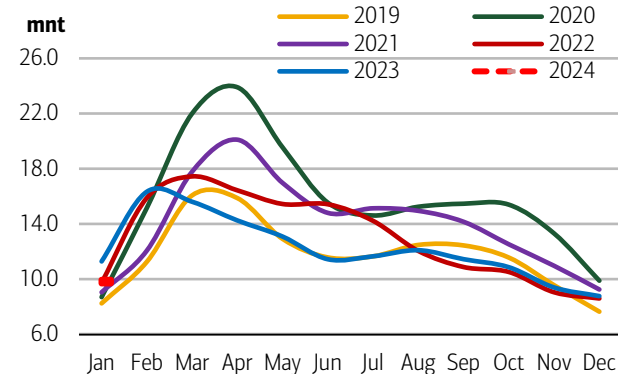


Source: CISA, BofA Global Research

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**Exhibit 39: Steel inventory at key cities (traders)**

Steel inventory at key cities (traders) up by 5.2% WoW to 10.45mt

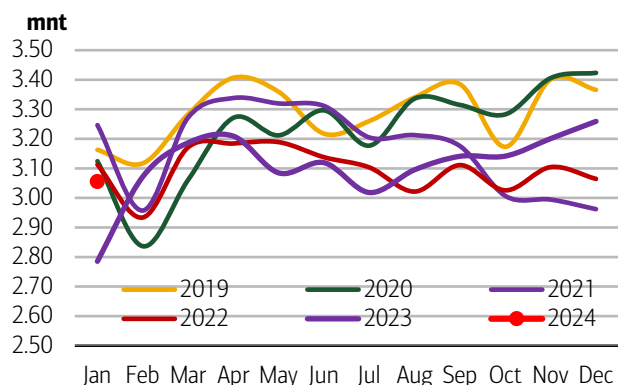


Source: Mysteel, BofA Global Research

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**Exhibit 41: Weekly HRC apparent consumption**

Weekly HRC apparent consumption was +4.2% WoW to 3.06mnt

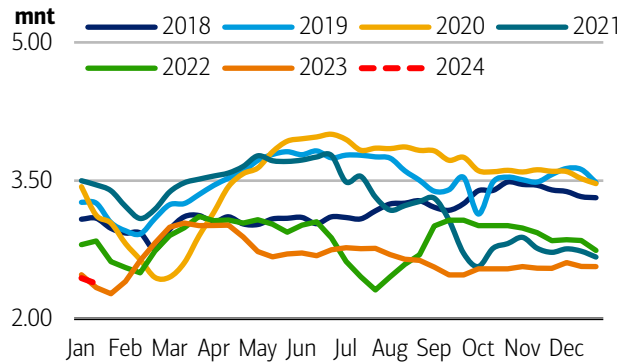


Source: Mysteel, BofA Global Research

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**Exhibit 42: Weekly rebar output**

Rebar output for the week ended 26 Jan decreased 3.1% WoW to 2.27mnt

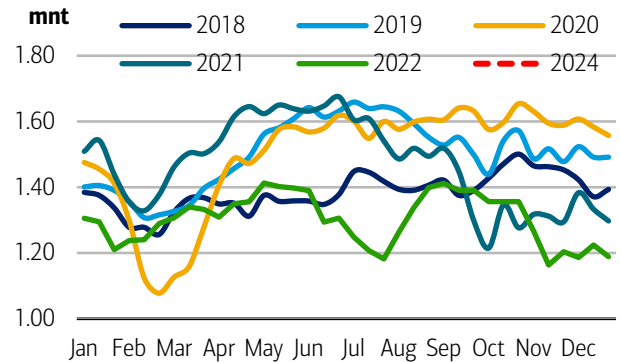


Source: Mysteel, BofA Global Research

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**Exhibit 43: Weekly HRC output**

HRC output for the week ended 26 Jan up by 5.4% WoW to 3.10mnt

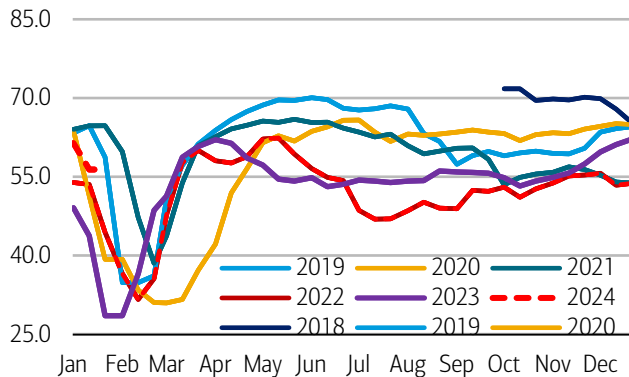


Source: Mysteel, BofA Global Research

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**Exhibit 44: Operating rate of Electric-arc-furnace (EAF) mills**

The operating rate of EAF mills -2.28ppt WoW to 56.38% in the week ended 26 Jan

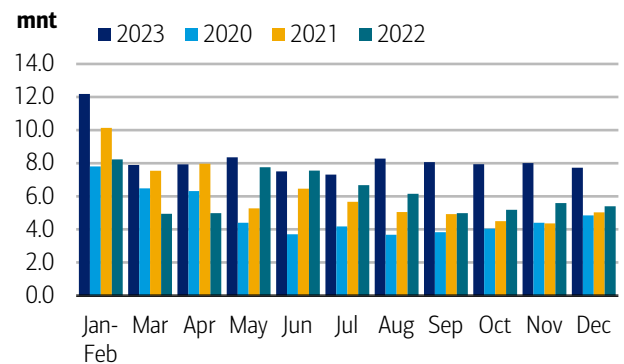


Source: Custeel, BofA Global Research

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**Exhibit 45: China monthly steel product exports**

In Dec 23, Chinese exports of steel were 7.73mnt, +43.1% YoY. YTD net exports reached 83.6mnt, +47% YoY

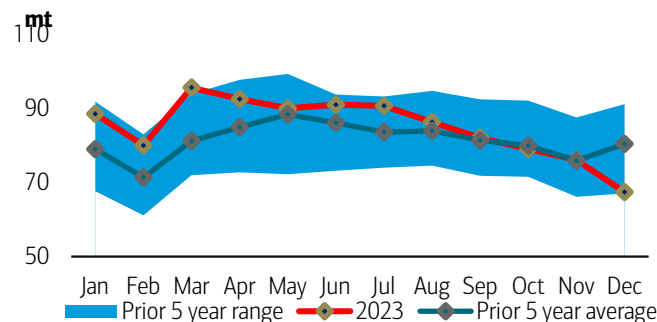


Source: China Customs, CEIC, BofA Global Research

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**Exhibit 46: YTD China crude steel production**

China produced 67.4mnt of crude steel in Nov 2023, -14.9% YoY

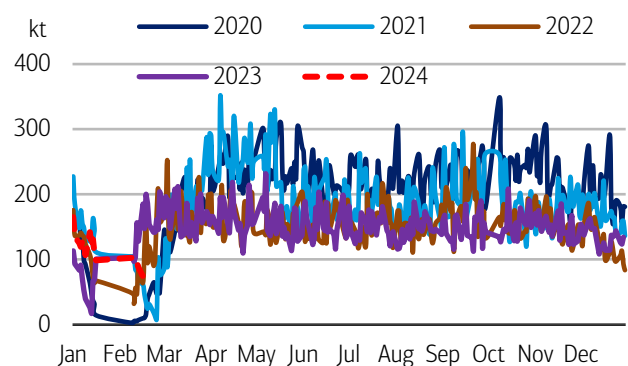


Source: NBS, CEIC, BofA Global Research

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**Exhibit 47: Construction steel trading volume**

Construction steel trading volume -28.1% WoW to 73.7kt/d as of 25 Jan

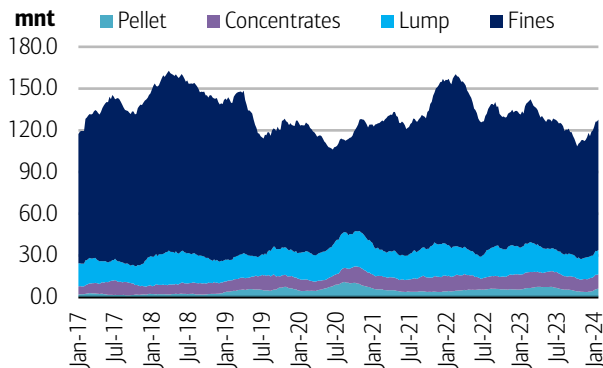


Source: Wind, BofA Global Research

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**Exhibit 48: Iron ore port inventory by product type**

Iron ore fine currently accounts for 73.4% of port inventory

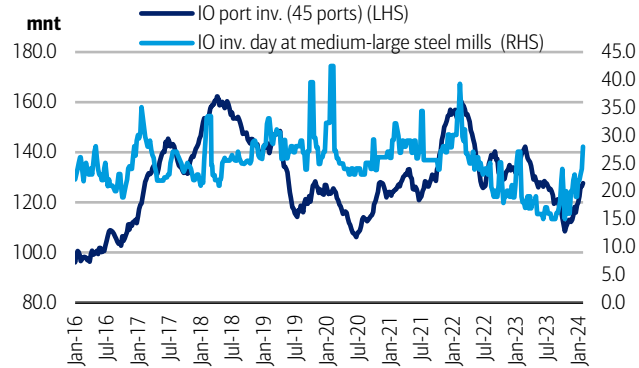


Source: Mysteel, BofA Global Research

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**Exhibit 49: Iron ore inventory at large-medium steel mills and at ports**

Iron ore port inventory ended at 127.66mnt, +1.0% WoW as of 26 Jan

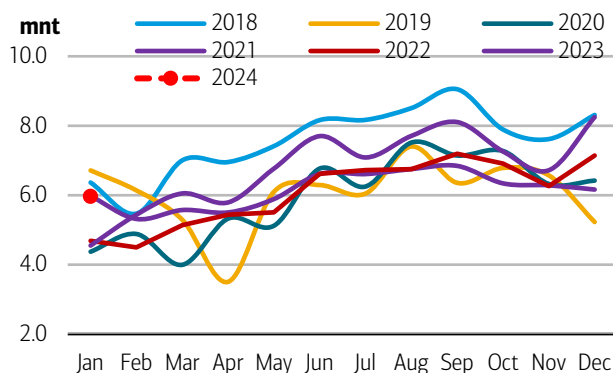


Source: Wind, BofA Global Research

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**Exhibit 50: Weekly iron ore exports from major Brazilian ports**

Weekly iron ore exports from major Brazilian ports – Jan 24 up 31.1% yoy as of 19 Jan

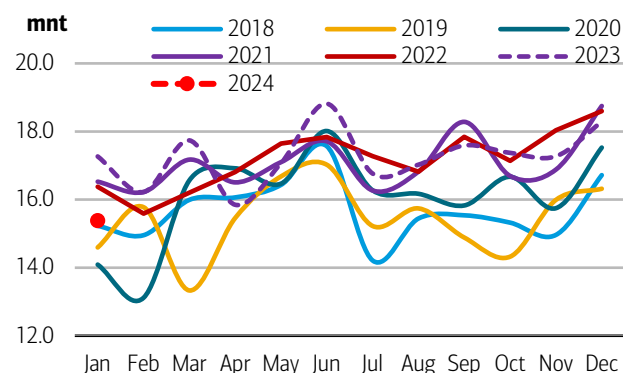


Source: Mysteel, BofA Global Research

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**Exhibit 51: Weekly iron ore exports from major Australian ports**

Weekly iron ore exports from major Australian ports – Jan 24 down 11.0% yoy as of 19 Jan

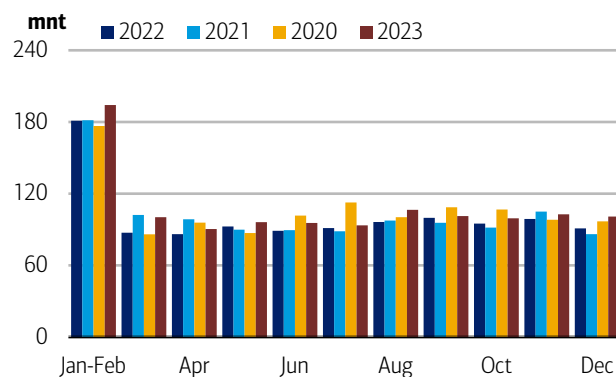


Source: Mysteel, BofA Global Research

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**Exhibit 52: China monthly iron ore imports**

Chinese imports of iron ore in Dec 2023 were 100.9mnt, +11.0% YoY

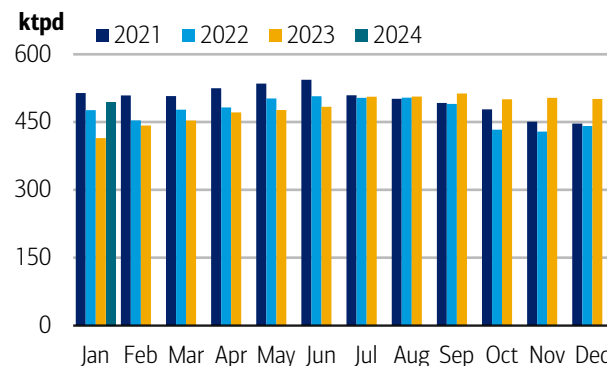


Source: China Customs, Wind, BofA Global Research

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**Exhibit 53: Daily domestic iron ore concentrate production**

Daily domestic iron ore concentrate production at 186 iron ore miners / 363 mines Jan 24 up 19.6% YoY, as of 26 Jan



Source: Mysteel, BofA Global Research

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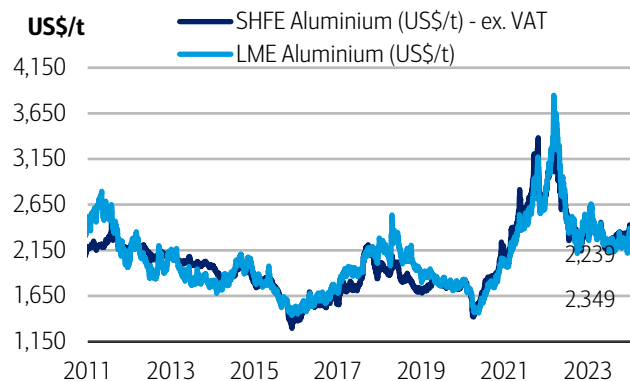
# Metals: Major metal prices recovered

LME aluminum price was +2.6% WoW to US\$2,239/t, responding to strong US economic data & rumor of sanction against Russia aluminum products, while SHFE +1.9% WoW to RMB19,040/t. Domestic Al ingot inventory was down 0.9% WoW to 435kt. LME copper price +2.6% WoW at US\$8,569/t, SHFE was +2.12% WoW to RMB69,030/t. According to Baiinfo, 1.5mt of capacity was expected to resume and 1.25mt of new capacity was expected to launch in 2024. The Comex gold price down 0.38% WoW at US\$2,022/oz. Battery grade lithium carbonate price was flattish WoW at RMB96.5k/t and battery grade lithium hydroxide price was down 0.1% WoW to RMB84.6k/t.

## Aluminum

### Exhibit 54: Price comparison in LME & SHFE Aluminum

LME aluminum price +3.3% WoW to US\$2,239/t during the week ended 26 Jan, while SHFE up 1.9% WoW to RMB19,040/t

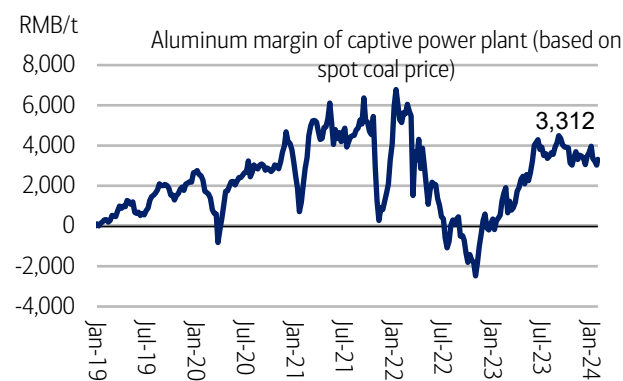


Source: Bloomberg, BofA Global Research

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### Exhibit 55: Aluminum margin of captive power plant

Aluminum margin of captive power plant +RMB282/t WoW to RMB3,312/t as of 26 Jan

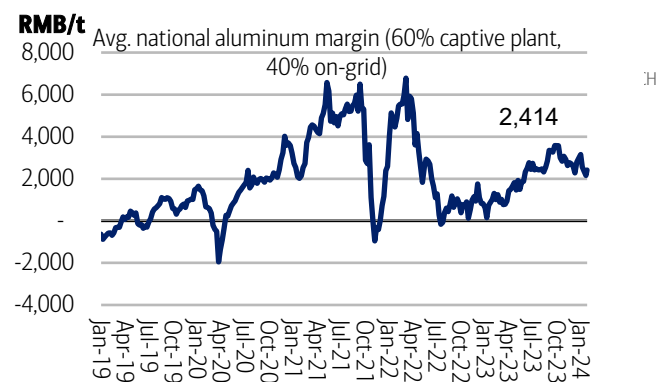


Source: Bloomberg, SMM, Wind, BofA Global Research

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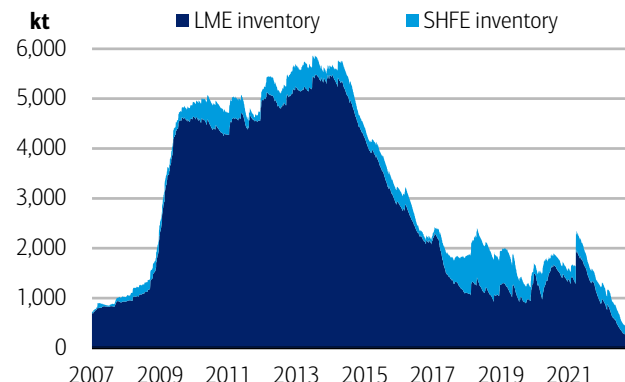
### Exhibit 56: Avg. national aluminum margin (60% captive plant)

Avg. national aluminum margin +RMB261/t WoW to RMB2,414/t as of 26 Jan



### Exhibit 57: Inventory comparison in LME & SHFE Aluminum

LME aluminum inventory decreased by 1.8% WoW to 545kt, and SHFE inventory was up 5.5% WoW to 102kt

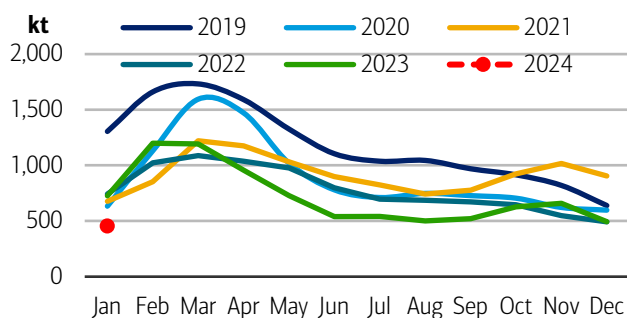


293Source: Bloomberg, BofA Global Research

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**Exhibit 58: Aluminum ingot inventory**

Domestic aluminum ingot inventory down 0.9% WoW to 435kt as of 25 Jan

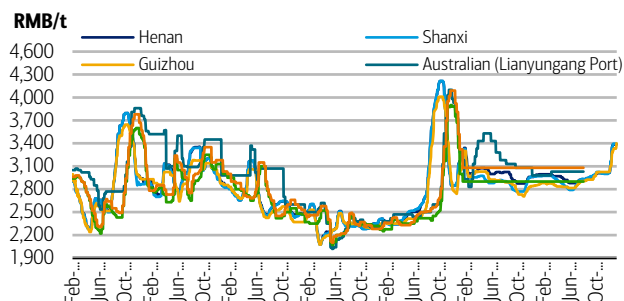


Source: SMM, BofA Global Research

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**Exhibit 59: Domestic alumina prices**

Domestic alumina prices up 0.69% to RMB3,393t as of 26 Jan



Source: Wind, BofA Global Research

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**Exhibit 61: Aluminum capacity change in 2024**

1.5mt of capacity was expected to resume and 1.25mt of new capacity was expected to launch in 2024

	Suspension	Resumption	Expected resumption in remaining-24	Total expected resumption in FY24	New start	Expected new start in remaining-24	Total expected new start in FY24
Yunnan	-	-	-	1,235	-	530	530
Inner Mongolia	-	-	-	-	-	420	420
Shanxi	-	-	-	45	-	-	-
Guangxi	-	-	-	20	-	-	-
Xinjiang	-	-	-	-	-	200	200
Henan	-	-	-	-	-	-	-
Guizhou	-	-	-	135	-	100	100
Liaoning	-	-	-	-	-	-	-
Chongqing	-	-	-	-	-	-	-
Qinghai	-	-	-	-	-	-	-
Gansu	-	-	-	-	-	-	-
Sichuan	-	-	-	110	-	-	-
Shandong	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>1,545</b>	-	<b>1,250</b>	<b>1,250</b>

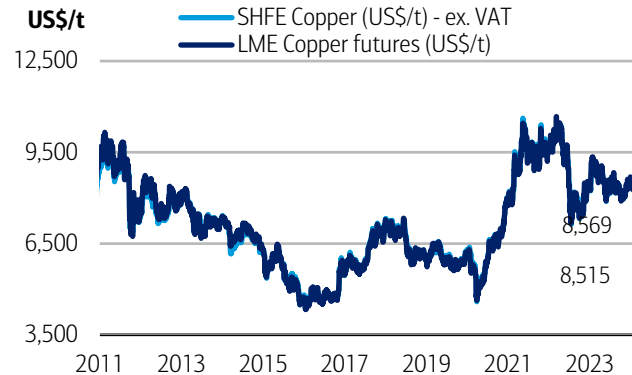
Source: Baiinfo, BofA Global Research

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**Copper & Gold**

**Exhibit 61: Price comparison in LME & SHFE copper**

LME copper price up by 2.6% WoW to US\$8,569/t during the week ended 26 Jan, while SHFE +2.12% WoW to RMB69,030/t. SHFE is at a discount of 0.6% to LME price

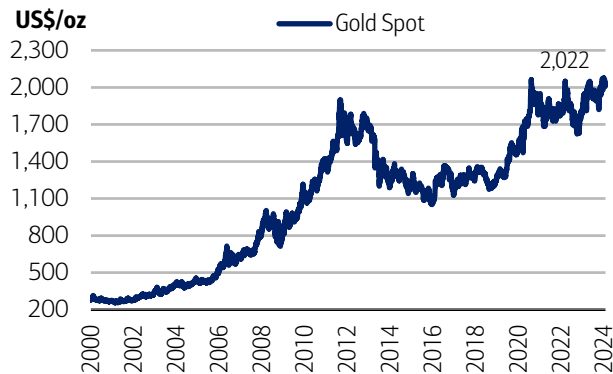


Source: Bloomberg, BofA Global Research

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**Exhibit 62: Gold spot price**

The Comex gold (spot) price down 0.38% WoW to US\$2,022/oz

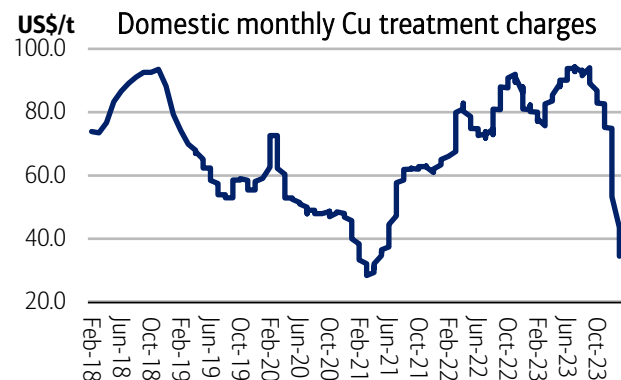


Source: Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 63: Domestic monthly treatment charges on Cu concentrate**

Domestic monthly treatment charges on copper concentrate: US\$34.5/t as of 19 Jan

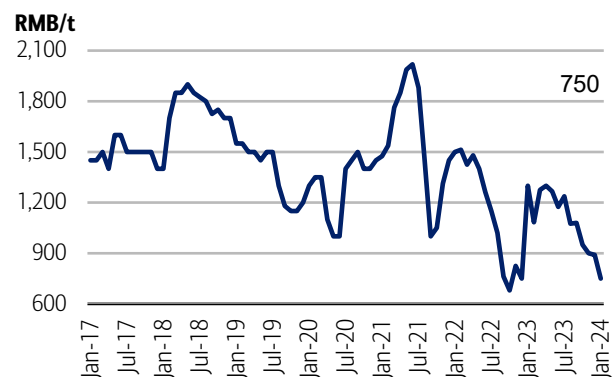


Source: Wind, BofA Global Research

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**Exhibit 64: Domestic monthly refining charges on blister copper**

Domestic monthly refining charges on blister copper: Jan-avg.: RMB750/t

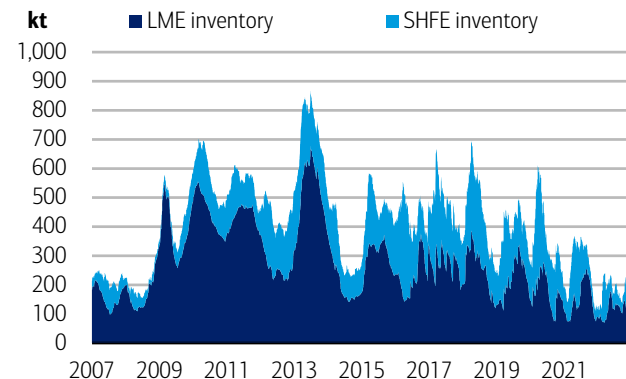


Source: Mymetal, BofA Global Research

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**Exhibit 65: Inventory comparison in LME & SHFE copper**

LME copper inventory -1.7% WoW to 155kt, and SHFE inventory +5.8% WoW to 51kt



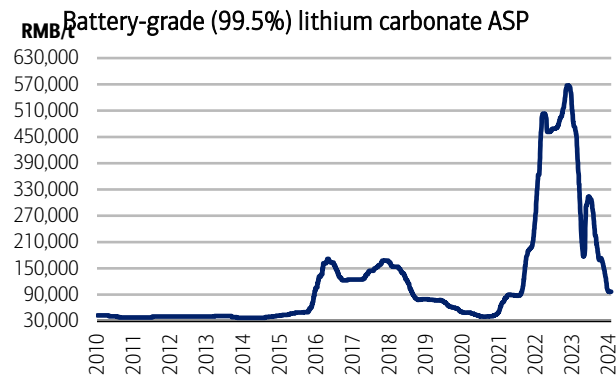
Source: Bloomberg, BofA Global Research

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## Lithium

**Exhibit 66: Domestic battery-grade lithium carbonate ASP**

Average price of domestic battery-grade lithium carbonate (99.5%) was flattish WoW at RMB96.5k/t

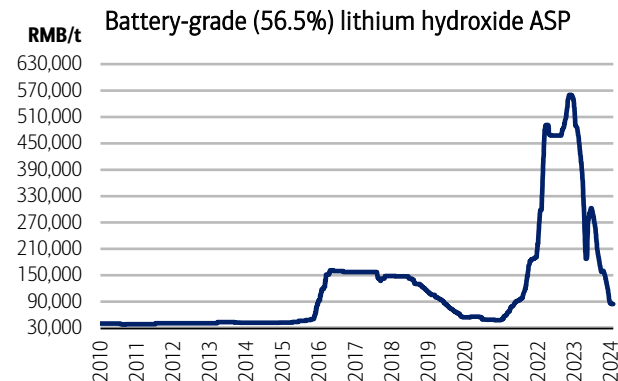


Source: SMM, BofA Global Research

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**Exhibit 67: Domestic battery-grade lithium hydroxide ASP**

Average price of domestic battery-grade lithium hydroxide down by 0.1% WoW to RMB84.6k/t

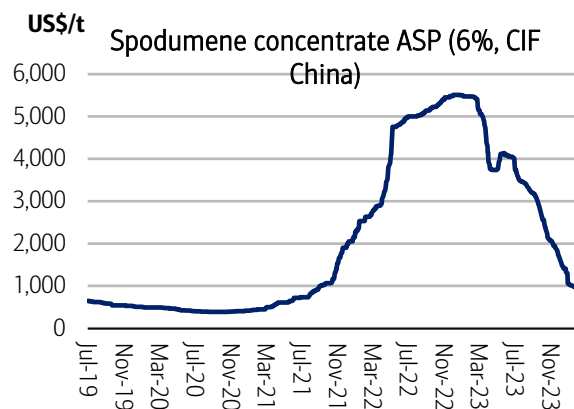


Source: SMM, BofA Global Research

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**Exhibit 68: Spodumene concentrate ASP (6%, CIF China)**

Average price of spodumene concentrate ASP (6%, CIF China) down 3.48% WoW to USD970/t

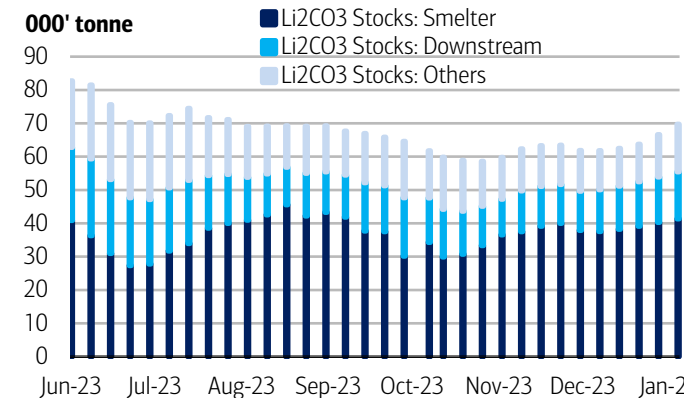


Source: SMM, BofA Global Research

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**Exhibit 69: Domestic lithium carbonate inventory**

Lithium carbonate inventory ramped up entering new year



Source: SMM, BofA Global Research

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## Paper: Price edged lower; more suspension ahead

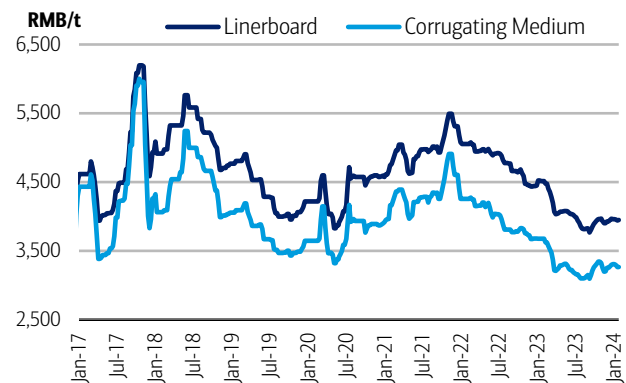
**Raw paper:** Paper price was down by 0.11% WoW to RMB3,855/t as of 24 Jan. Market sentiment saw mild improvement amid supply contraction after regional production suspension and downstream restocking. Given poor profitability, most small paper mills have already suspended production or plan to suspend production by end of January.

**Waste paper:** In the domestic market, the China OCC average was down by 0.5% WoW to RMB1,557/t.

**Spread:** The Nine Dragons margin tracker is now indicating NP/t of -RMB57/t for this week.

### Exhibit 70: China linerboard and corrugating medium price

Paper was down by 0.11% WoW to RMB3,855/t as of 24 Jan.



Source: UMPaper, RISI

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### Exhibit 71: Nine Dragons Margin tracker

The Nine Dragons margin tracker is now indicating NP/t of -RMB57/t for this week, up 30.5% WoW.



Source: UMPaper, RISI, BofA Global Research

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## Glass: Steady price amid weaker demand

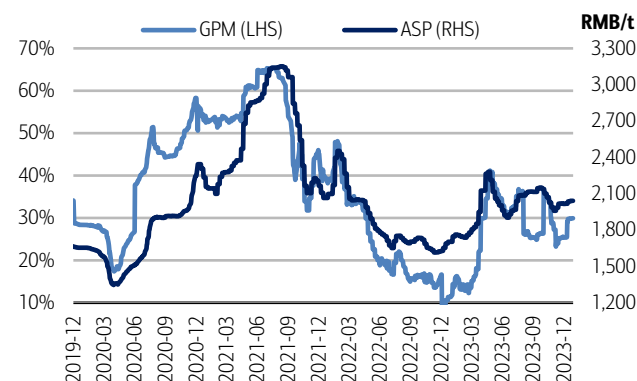
National float glass price was flattish WoW as demand came weaker. According to SCI99, despite order from several large processors, most small-scale processors have already suspended before the festival, causing demand shrinkage.

**Market price and raw materials prices:** As of 25 Jan, the national average float glass price (incl. VAT) was up by 0.02% WoW at RMB2,041/t. The soda ash price was flattish at RMB2,579/t as of 26 Jan. National direct supplied pipeline natural gas remains RMB2.30/cbm. Our analysis shows Xinyi float glass GPM was flattish at 29.9%.

**Inventory and capacity:** As of 25 Jan, national inventory was 29.74mn weight case, representing 14.17 inventory days. Nationally effective capacity of all float glass lines was 173,365t/d.

### Exhibit 72: National Float Glass Price and Xinyi float glass GPM

As of 25 Jan, the national average float glass price was up 0.02% WoW to RMB2,041/t. Our analysis shows Xinyi float glass GPM was flattish WoW at 29.9%

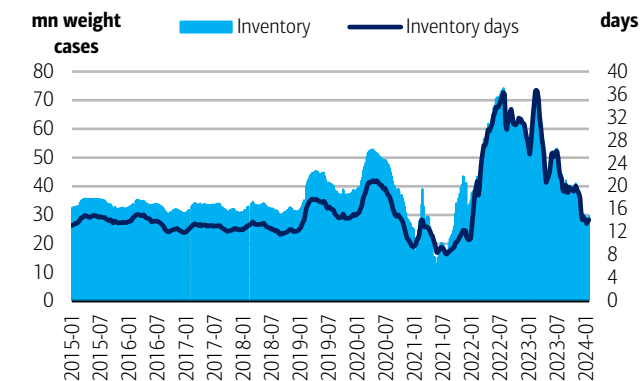


Source: BofA Global Research, Wind, SCI99

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### Exhibit 73: Inventory & Inventory day

As of 25 Jan, national inventory was 29.74mn weight case, representing 14.17 inventory days

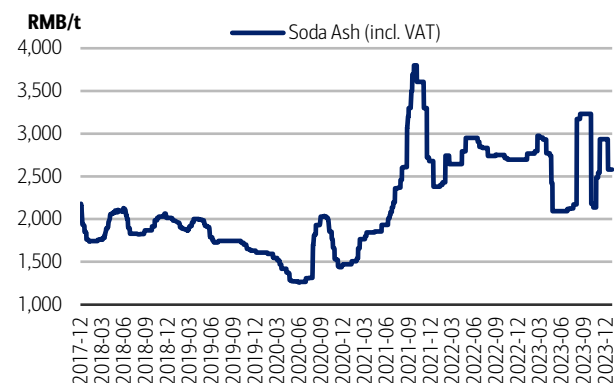


Source: BofA Global Research, Wind, SCI99

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### Exhibit 74: China Soda Ash Price (incl. VAT)

The soda ash price was flattish at RMB2,579/t as of 26 Jan

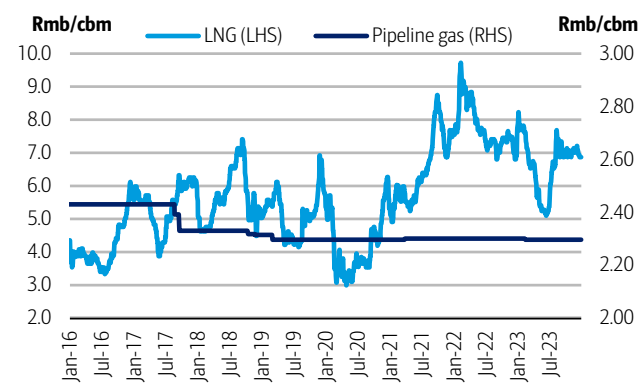


Source: BofA Global Research, Wind, SCI99

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### Exhibit 75: China Natural Gas Price

National direct supplied pipeline natural gas stayed at RMB2.30/cbm

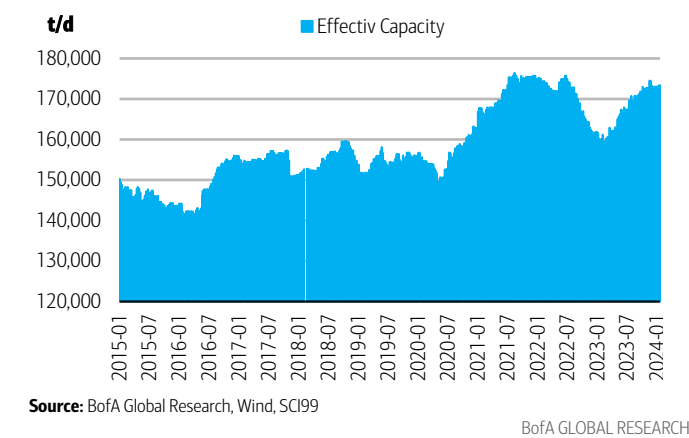


Source: BofA Global Research, Wind, SCI99

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Exhibit 76: Effective capacity % of total capacity

Nationally effective capacity of all float glass lines was 173,365t/d.



Appendix

Exhibit 78: Glossary

Summary of terminologies/abbreviation mentioned in the report

Abbreviation	Elaboration
WoW	Week-on-Week
ASP	Average Selling Price
HRC	Hot Rolled Coil
LME	London Metal Exchange
SHFE	Shanghai Futures Exchange
OCC	Old Corrugated Containers
ND	Nine Dragon Paper (02689 HK)
GPM	Gross Profit Margin
NP	Net Profit
QHD 5,500kcal	Qinghuangdao port 5,500kcal thermal coal
NEWC 6,000K	Newcastle 6000kcal thermal coal
Liulin No.4 HCC	Liulin No.4 hard coking coal

Source: BofA Global Research

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R1</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

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