



TC still remains low

Research institute new energy & base metal Team

Researcher

Chen Sijie

☎ +86-21-60827968

✉ chensijie@htfc.com

Qualification Code: F3020232

Advisory Code: Z0016047

Shi Cheng

☎ +86-21-60828513

✉ shicheng@htfc.com

Qualification Code: F3046665

Advisory Code: Z0014806

Contact

Wang Yuwu

☎ +86-021-64405663

✉ wangyuwu@htfc.com

Qualification Code:
F03114162

Qualification of investment
consulting business:
Securities regulatory license
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Market analysis

Spot market & inventories:

According to SMM News, during the week of February 21st, the average price of SMM1 # electrolytic copper ranged from 76630 yuan/ton to 77330 yuan/ton, showing an upward trend in the middle of the week. SMM's premium quotation runs between -110 and 120 yuan/ton, showing a downward trend during the week.

In terms of inventory, during the week of February 21st, LME inventory increased by 12500 tons to 267800 tons, while the previous period's inventory increased by 29800 tons to 260100 tons. Domestic social inventory (excluding bonded zones) increased by 31400 tons to 357600 tons, while bonded zone inventory increased by 2600 tons to 38800 tons.

Viewpoint:

On a macro level, during the week of February 21st, the Federal Reserve released the minutes of its previous January interest rate meeting, which showed that according to the latest January policy meeting minutes, participants "generally pointed out the upward risk to the inflation outlook" rather than the risk to the job market. And most attendees expressed that they are not in a hurry to cut interest rates at present, but they also did not show any attitude towards raising interest rates due to concerns about rising inflation. Domestically, China's LPR remained unchanged in February. Central Bank Governor Pan Gongsheng stated in his speech that emerging market economies should further enhance their resilience, continue to improve their monetary policy frameworks, increase exchange rate flexibility, strengthen public debt management, and enhance macro prudential management and financial supervision.

On the mining side, during the week of February 21st, according to Mysteel, the activity of the domestic mineral spot market remained stable, but there were few spot transactions. A mining company in the south lowered its ex factory price coefficient by 0.5 in February, indicating sluggish demand for goods in the February market. The trading in the domestic market is limited, and the market activity is not high. Overall, there is a strong wait-and-see attitude, and the demand for domestic mines is average at the moment. Some market participants have expressed that the pricing coefficient quotes in the market are currently chaotic, and there has been a significant increase in domestic mine orders recently, mostly for African and Philippine goods. The TC price continued to drop to -10.8 USD/ton within the week.

In terms of smelting and imports, during the week of February 21st, some domestic sources from refineries continued to arrive and enter the warehouse, with a decrease in increment

compared to last week. At the same time, due to a significant loss in import prices, the import copper clearance inflow also showed little performance. Moreover, the maintenance plans recently announced by smelters are not centralized, but if TC prices continue to be negative, it cannot be ruled out that smelters may reduce production under the guise of maintenance.

In terms of consumption, during the week of February 21st, as copper prices continued to fluctuate at a high level, downstream processing enterprises found it difficult to show positive purchasing sentiment when entering the market. However, they maintained a cautious and rigid demand for goods during the day, and at the same time, the market's new orders performed averagely, with some companies even reporting a recent decline in orders. Therefore, there is little room for a significant boost in overall market consumption.

Overall, there are still relatively large macro uncertainties at present, and the recovery of demand is relatively slow on a fundamental level. However, at the same time, the processing fees at the upstream mining end remain low, which may make it relatively difficult for copper prices to fall. In terms of operations, it is still recommended for companies with buying hedging needs to actively buy on dips.

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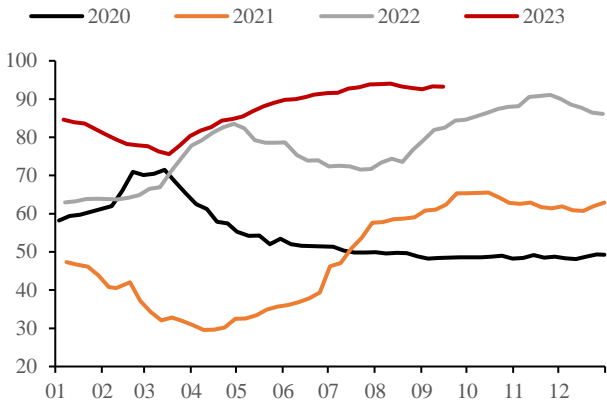
FIGURE 13: LME STOCKS | UNIT : T 6

FIGURE 14: SHFE STOCKS | UNIT : T 6

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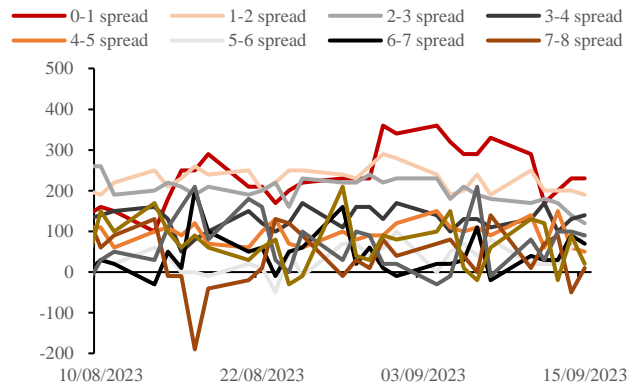
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Figure 1: TC price on imported mines | unit : \$/T



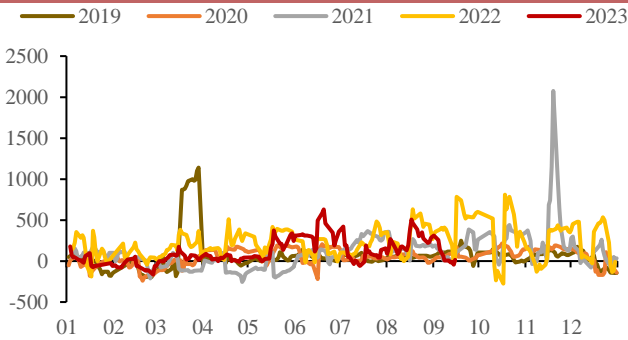
Source: SMM Huatai Futures Research

Figure 2: calendar spread | unit : ¥/T



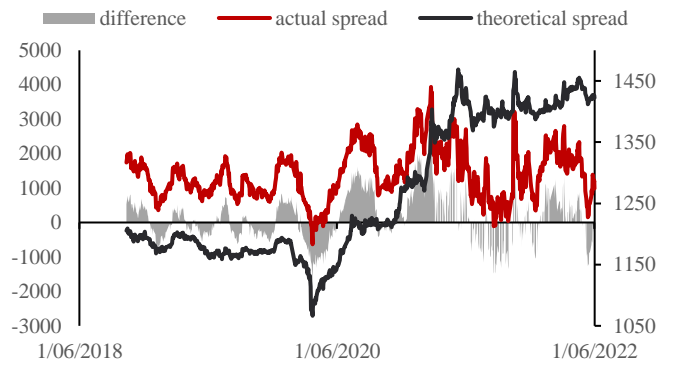
Source: SMM, Huatai Futures Research

Figure 3: SH metal market premium | unit : ¥/T



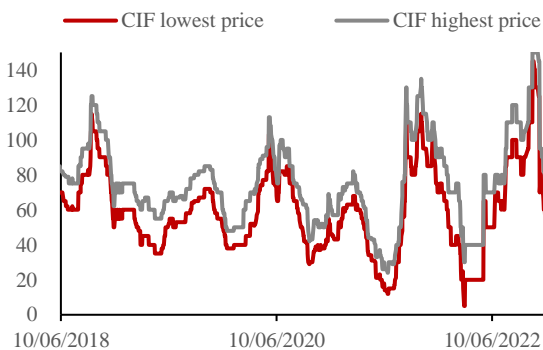
Source: SMM, Huatai Futures Research

Figure 4: spread on refined & scarp | unit : ¥/T



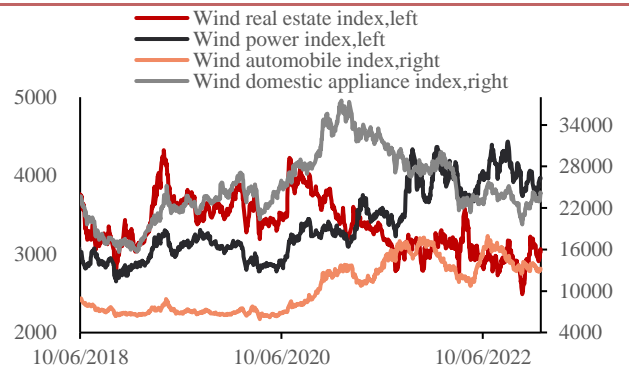
Source: Wind, Huatai Futures Research

Figure 5: CIF | unit : \$/T



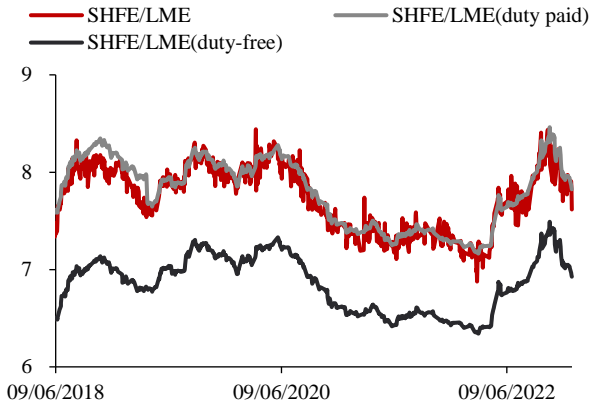
Source: Wind, Huatai Futures Research

Figure 6: Indexes on terminal industries | unit : point



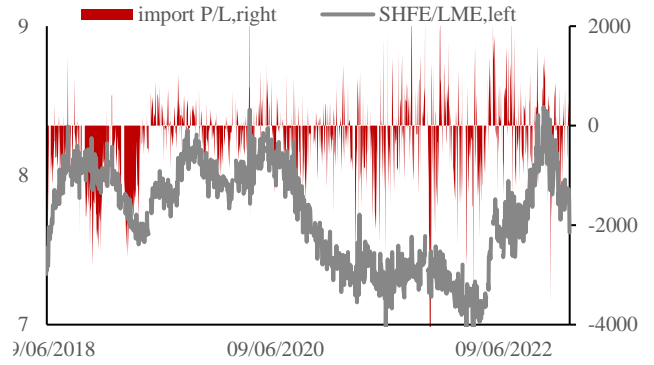
Source: Wind, Huatai Futures Research

Figure 7: SHFE/LME | unit : multiplier



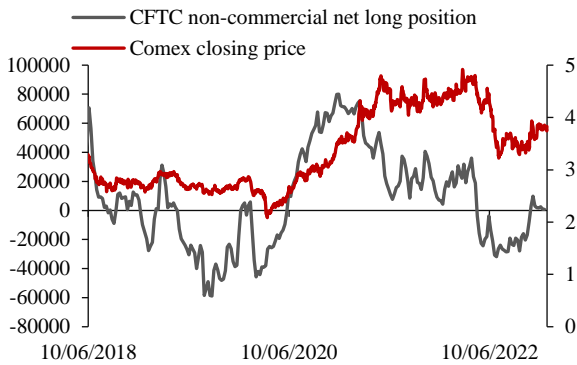
Source: Wind, Huatai Futures Research

Figure 8: import P/L | unit : ¥/T



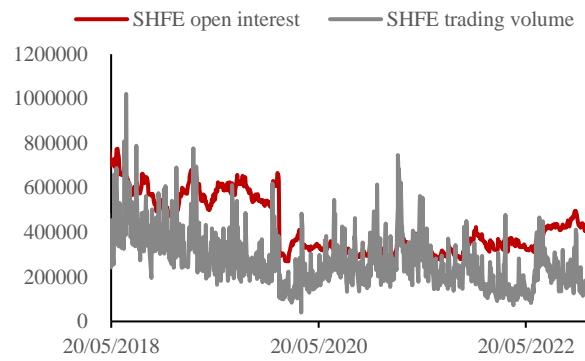
Source: SMM, Huatai Futures Research

Figure 9: CFTC positions | unit : contracts



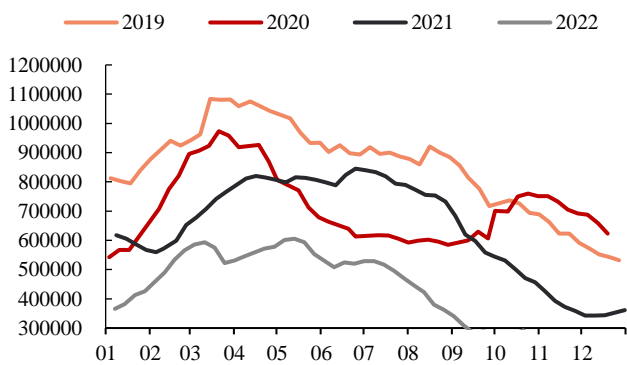
Source: Wind, Huatai Futures Research

Figure 10: SHFE trading volume&OI | unit : contracts



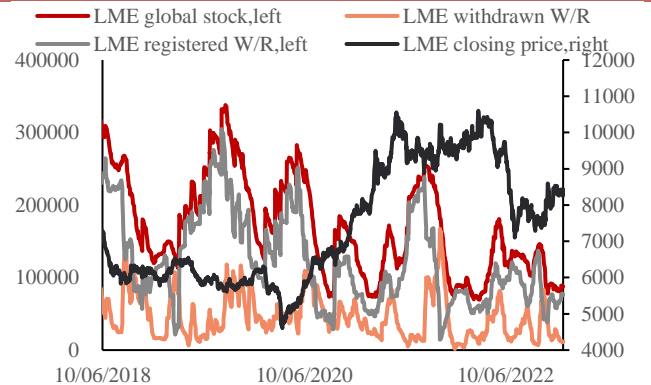
Source: Wind, Huatai Futures Research

Figure 11: Global explicit stock | unit : T



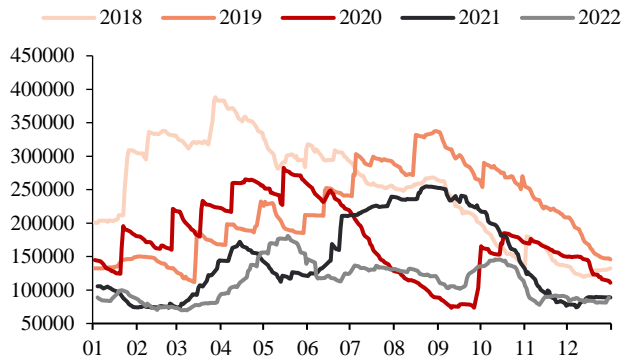
Source: Wind SMM, Huatai Futures Research

Figure 12: Global registered W/R | unit : T



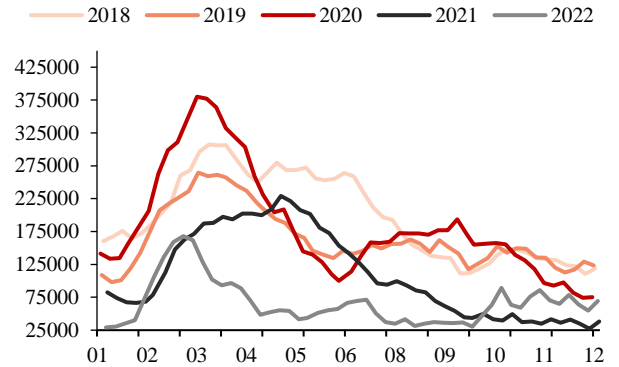
Source: Wind, Huatai Futures Research

Figure 13: LME stocks | unit : T



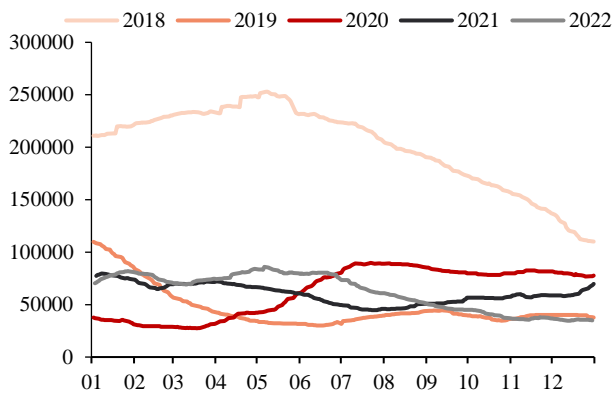
Source: Wind, Huatai Futures Research

Figure 14: SHFE stocks | unit : T



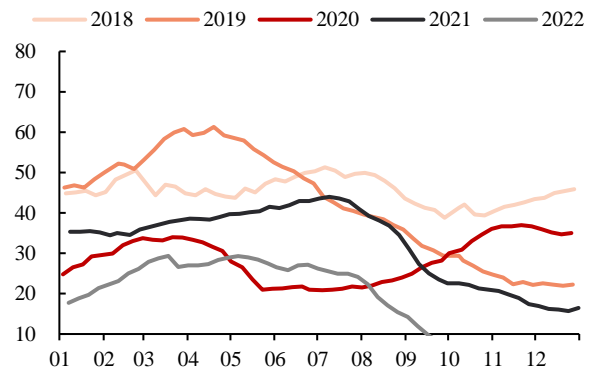
Source: Wind, Huatai Futures Research

Figure 15: Comex stocks | unit : T



Source: Wind SMM, Huatai Futures Research

Figure 16: bonded area stocks | unit : T



Source: Wind SMM, Huatai Futures Research

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Corporate headquarters

Unit 2101-2106, No.1, Linjiang Avenue, Tianhe District, Guangzhou City, P.R. China | Postal code:510000

Telephone:400-6280-888

Website:www.htfc.com