Relative Strength of Price

All products were weak: try to short the cobalt coin with limited position. All commodities were weak this week, especially the ferrous metals. Propane is trading at long position of the sugar and short position of the cobalt coin according to the situation.

Macro Headlines

This week, two sessions have drawn all the attentions from the public, and key topics such as the fiscal control, financial regulations have been discussed. In general, the economy situation is better than the last week's situation, under the pressure of tight capital liquidity in 2017, the economy is expected to keep rising by regulations for supply side, state-owned enterprises, and finance, which can improve the emer Chiy structure and release internal demand. The PPI of February released this week rose more than expected and the prices of downstream products kept increasing, but CPI dropped significantly due to the food price. High PPI and low CPI created a market environment with drive supply and demand structure, which made the economy begin to recover in a small cycle along with the probability of enterprises increased. The foreign exchange reserves rebounded for the first time in February in a stable trend. Due to the short-term export deficit in February, there exists a trade deficit caused by the exchange settlement. More attention should be paid to liquidity pressures results from rising interest rate, devaluation of exchange rate, and capital outflow.

Copper

As the delivery of the future approaching, spot prices converged to the future prices. The spot price rose, and the price differences between different regions became smaller. In eastern China, speculators were quite active this week; the discount reduced, while the high quality copper traded with a premium. Downstream manufactures increased purchases when the price is low. Similar to Shanghai, producers in Shandong purchased actively after the decrease of the prices. Many downstream manufacturers from Henan purchased copper from Shandong since local scrap holders were unwilling to sell at low price as well as some smelters in Henan overhauled their facilities, which made spot price in Shandong increased from a discount of 60 RMB to a premium of 20 RMB per ton. In northern China, the production of some unqualified wire productions was restricted according to the environmental policies, and many projects were delayed during the two sessions. The order status of copper stick enterprises was still pessimistic. Holders had to follow offers in Shanghai, and tried hard to push up the discount from $230 to $100 RMB per ton, which is the lowest in China. In southern China, transactions were active in Guangdong since majority downstream producers restarted their production to the normal level and consumption of raw materials was quick. Both holders, and producers kept purchasing when the price is low, making the inventories less than 45,000 tons. The price offered in southern China was at a premium from 40 to 100 RMB per ton. The order status of copper stick enterprises was still pessimistic. Holders had to follow offers in Shanghai, and tried hard to push up the discount from $230 to $100 RMB per ton, which is the lowest in China. In southern China, transactions were active in Guangdong since majority downstream producers restarted their production to the normal level and consumption of raw materials was quick. Both holders, and producers kept purchasing when the price is low, making the inventories less than 45,000 tons. The price offered in southern China was at a premium from 40 to 100 RMB per ton, which is the highest among three regions.

Silver

Due to the expectation of increasing FOMC interest rate along with the strong US economy and employment data, the future price of silver dropped. The price difference between Ag T+D and Ag1706 converged from $40 RMB to $68 RMB per kilo. Holders offered a minor discount of 2 RMB per kilo at the beginning of this week, and the price increased to a minor premium of 2 RMB per kilo later. With the dipping price, downstream enterprises purchased actively, smelters were economy statistic to read the long-term orders. With increasing demand from downstream manufacturers and smaller spot future price spread, transactions between traders active, inventory shortage and cornered even occurred in some enterprises and the spot price was also pushed up from the discount to a premium.