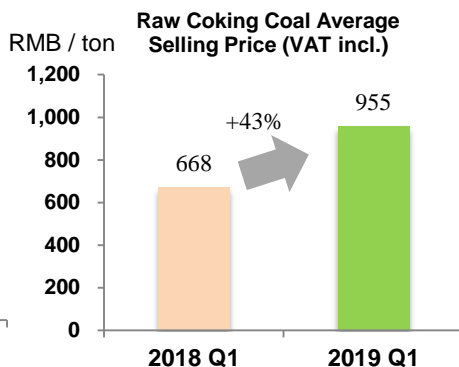
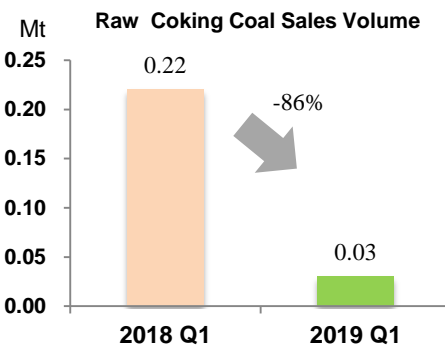
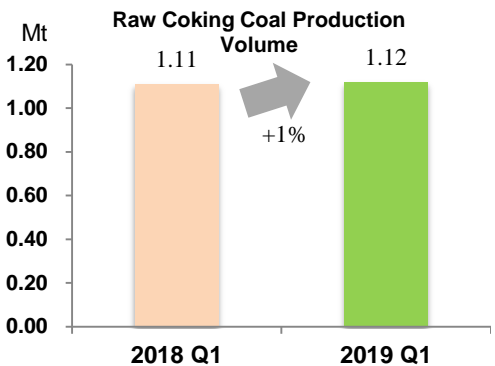
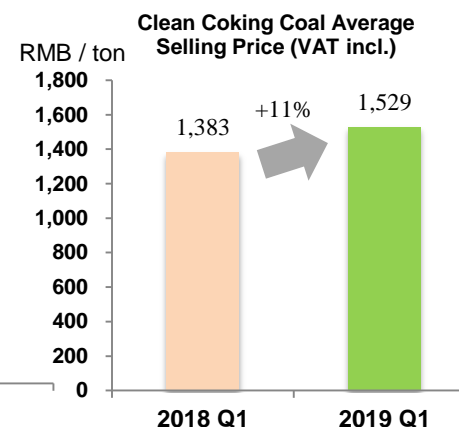
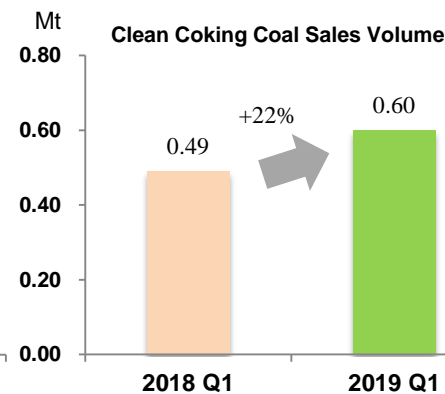
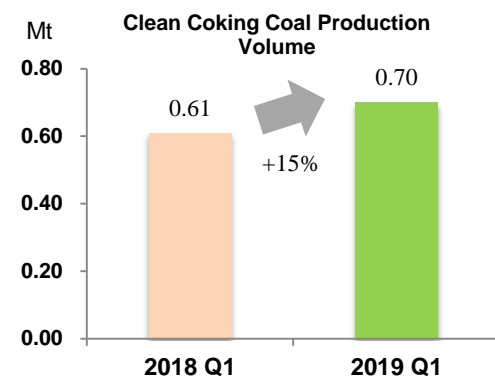




2019
Q1



Note: Raw Coking Coal Selling Price increased significantly in 2019 Q1 as we did not sell #4 raw coal in 2018 Q1. Besides, coking coal market price increased comparatively in 2019 Q1.



Q1 Sector Overview

Macroeconomic Data:

From January to March, 2019

- GDP of China increased by 6.4% YOY
- PPI of China increased by 0.2% YOY
- Investment in Fixed Assets (peasants excluded) of China increased by 6.3% YOY
- Investment in Infrastructure Construction of China increased by 4.4% YOY
- Investment in Real Estate Development of China increased by 11.8% YOY

Steel Sector:

From January to March, 2019

- National crude steel production was approximately 231 million tons, increased by 9.9% YOY
- National pig iron production was approximately 195 million tons, increased by 9.3% YOY
- National automobile production was approximately 6.34 million, decreased by 9.8% YOY
- National excavator sales was 74.8 thousand, increased by 24.5% YOY

Coal Sector:

From January to March, 2019

- National coal production was approximately 813 million tons, increased by 0.4% YOY
- National imports of coking coal was approximately 16.42 million tons, increased by 34.7% YOY

(Source: National Bureau of Statistics of China, General Administration of Customs, China Iron and Steel Association, China Association of Automobile Manufacturers, China Construction Machinery Association)

Outlook:

China first quarter GDP increased by 6.4% YOY, beat market consensus. We see positive growth in national Real Estate and Infrastructure FAI, Machinery Sales in Q1 this year, representing an upside improvement of fundamentals of China's economy. We see demand for steel remain healthy and hence the demand and price of coking coal will still remain at a relatively high level.

Disclaimer

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