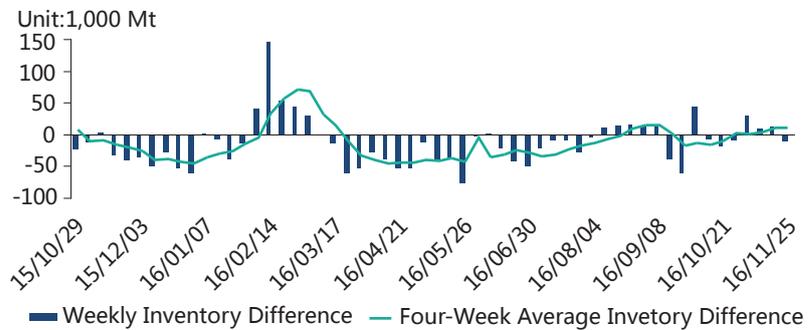


China Aluminum Weekly

November 28 2016
Published by SMM



SMM Focus



Source: SMM

SMM Aluminum Price

Unit: RMB/mt

Date\ Region	Shanghai	Wuxi	Guangdong	Premium, Guangdong to Shanghai
2016/11/21	14,575	14,575	15,170	595
2016/11/22	14,920	14,915	15,640	720
2016/11/23	14,960	14,950	15,845	885
2016/11/24	14,900	14,895	15,580	680
2016/11/25	14,625	14,615	15,155	530

Source: SMM

Highlights

Macro:

Base Metals to Carry on Rising Momentum

Fundamentals:

As of November 25, aluminum ingot stocks were 87,000 mt in Shanghai, 80,000 mt in Wuxi, 63,000 mt in Nanhai, 11,000 mt in Hangzhou, and 28,000 mt in Gongyi, bringing total stocks in these five regions to 269,000 mt, down 10,000 mt on a weekly basis.

Futures:

SHFE 1701 aluminum rebounded during the night session on November 18 after a brief retreat to below the 20-day moving average. The most active SHFE aluminum contract, which turned from 1701 to 1702 contract, moved mainly between RMB 13,200-14,000/mt.

News:

- Chinese Yuan Keeps Falling, with Offshore Yuan Closer to 6.95
- China Huarong Buys Chalco HK's USD 80 Mln Senior Perpetual Capital Securities
- EGA Set to Load First Bauxite Sample to China from Guinea Mine

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SMM Survey on Chinese Companies through Aluminum

Value Chain (Weekly Update)

Many Aluminum Billet Producers in Northwest China Cut or Halt Production

Slow transport has been bothering aluminum ingot and billet producers in northwest China since September. This has caused finished product inventories to pile up at aluminum billet producers, tightening their cash flows. As such, many aluminum billet producers in Xinjiang, Gansu and other parts of northwest China were forced to cut aluminum liquid purchases and aluminum billet output, with some already closed. As a result, some aluminum smelters in northwest China reported growing share of aluminum ingot output.

China Aluminum Semis Exports Fall in October on Rising SHFE/LME Aluminum Price Ratio

Customs data showed China exported 509,000 mt of aluminum semis in October, down 8.77% MoM, but up 4.69% YoY. YTD exports through October totaled 5.38 million mt, down 1.64% YoY. In October, aluminum foil exports were 88,300 mt, up 1.12% MoM and 17.89% YoY; aluminum extrusion exports were 121,400 mt, down 23.14% MoM, but up 6.29% YoY; aluminum tube/pipe exports were 8,900 mt, down 11.72% MoM and 0.22% YoY; exports of aluminum plate/sheet, flake and strip were 128,900 mt, down 2.94% MoM, but up 1.72% YoY; aluminum product exports were 161,900 mt, down 4.89% MoM, but up 0.05% YoY. The US remained the top destination.

Aluminum Rod Processing Fees Unchanged, Despite Rising Aluminum Prices

Aluminum rod producers in Shandong, Inner Mongolia and Henan used to cut processing fees against rising aluminum prices so as to attract buying from wire & cable producers. However, aluminum rod processing fees changed little last week, despite rising aluminum prices. One aluminum rod producer in Shandong, who also produces aluminum liquid, kept offers for processing fees stable in the morning and even raised offers in the afternoon because of strong orders. Aluminum rod producers who need to buy aluminum liquid made no adjustments to processing fees since they are already operating around cost lines. One aluminum rod producer in Inner Mongolia, whose aluminum rod prices were below aluminum prices earlier, has now offered aluminum rod prices on par with aluminum prices.

Operating Rates Remain Low at Secondary Aluminum Alloy Producers in Hebei on

Environmental Protection Pressure

Secondary aluminum alloy producers in Hebei's Baoding and Handan maintained low operating rates last week due to strong environmental protection pressure. Hebei began environmental protection inspections since September, asking all coal-powered secondary aluminum alloy producers to shut down for corrections. A few producers have resumed production after changing coal-fired furnaces into natural gas-powered ones, but operating rates remain low. One medium secondary aluminum alloy producer in Dacheng County said only six local secondary aluminum alloy producers have passed environment impact assessment. More than ten other producers have not submitted environment impact assessment applications and are in the process of changing coal-fired furnaces into natural gas-

powered ones. Whether they will resume production depends on enforcement of environmental protection inspections. Environmental protection pressure in Hebei will not ease this year.

Chalco (Henan) Breaks Big Breakthrough in Bauxite Mine

Chalco(Henan)'s Changtong bauxite mining site made big breakthrough and is now able to produce bauxite. The mining site, located in Shangwo Village, Shidao Town, Dengfeng City, has 600,000 mt of bauxite reserves, with alumina content at 53% and Al/Si ratio averaging around 5.5. The mining site will guarantee raw material supply for Chalco (Henan)'s upgrade project.

Macro Economy

Base Metals to Carry on Rising Momentum

Base metals drifted higher last week, with prices for some metals exceeding high levels posted three weeks ago. Chinese yuan's depreciation remained the major driver behind the rally. A strong US dollar caused yuan to depreciate sharply and US Fed's November meeting minutes further strengthened the US dollar. The negative impact on commodity market from a firm dollar was reflected mainly on precious metals rather than base metals, though.

As of 4 pm, November 24, Beijing time, offshore yuan was reported as low as 6.9650, down 4.37% from before the Chinese National Day holiday in early October. Yuan devalued 0.84% against the US dollar last week. Yuan kept crashing through key support levels, but the People's Bank of China (PBOC) has taken no action. This strengthened expectations for further devaluation of yuan. With growing inflationary pressure in China, prices of commodities priced in yuan rose sharply.

Sources from Chinese banks said many state-owned banks have received instructions to take yuan's selling orders when yuan's exchange rate reaches 6.9200 so as to prevent further fast fall in yuan. While it is difficult for the PBOC to prevent yuan from depreciating against the US dollar, the PBOC hopes to control the pace of yuan's devaluation.

Hawkish minutes of the US Fed's November meeting, released last Thursday, strengthened expectations for US rate hike in December. According to the US Mortgage Bankers Association (MBA), interest rate for 30-year mortgages shot up rapidly in recent two weeks to 4.16%. The high level was seen early this year shortly after the US Fed ended QE and announced the first interest rate hike in December 2015.

The US dollar index has been hovering at above 100 for many days, partly due to growing expectations for US rate hike and partly because of doubt over stability in the euro zone's political outlook. Despite positive manufacturing PMIs in main members of the euro zone in November, possibility is high for change of leadership in major euro zone countries next year since leaders failed to properly handle European debt crisis and refugee issue. Concerns are growing that there may be black swans in the euro zone's political situation following UK's decision to leave the EU and Trump's success in US presidential election.

This week, market will continue closely watching changes in Chinese yuan. Base metals will extend gains. But, investors should also be alert to potential risks for downward corrections.

Alumina

Alumina Market

Alumina Price Weekly Change in China

Product	2016-11-18	2016-11-25	+/-	Notes
West Australian alumina (FOB)	312	315	3	Unit: USD/mt
At port	2,780 - 2,840	2,820 - 2,880	40	Spot price at port, including tax (Unit: RMB/mt)
Domestic goods	2,680 - 2,820	2,720 - 2,850	35	Unit: RMB/mt

UPDATE : 2016-11-28

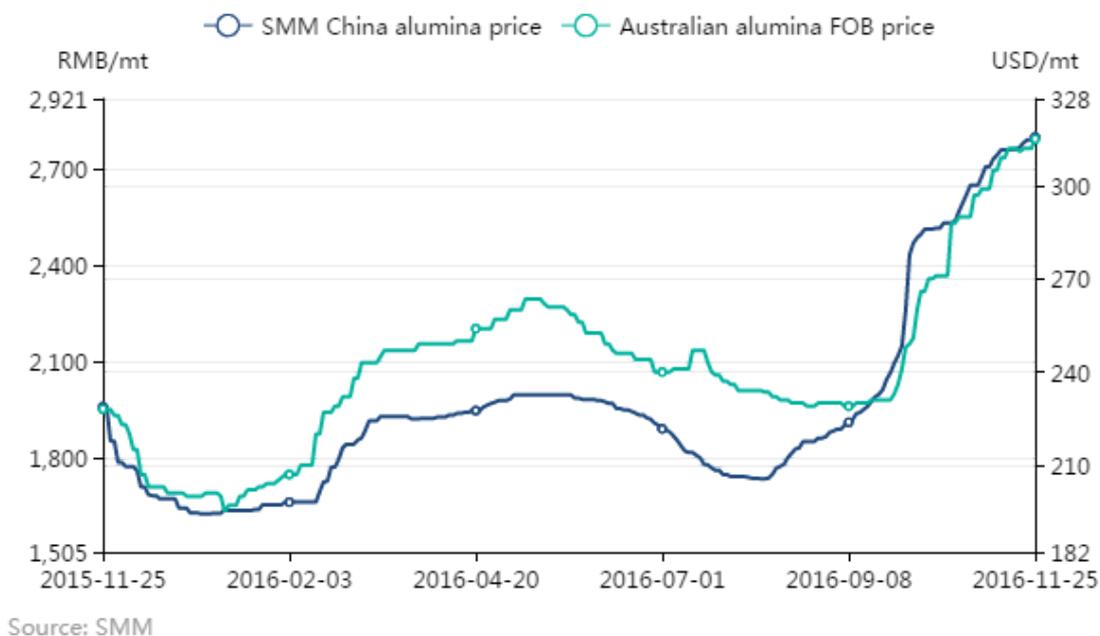
Source: SMM

Note: Prices at Port and for domestic goods listed above refer to mainstream traded prices, not all market traded prices.

Domestic Alumina Prices Follow Aluminum Prices Up Further

Big rally in aluminum prices encouraged domestic alumina producers to raise offers last week. Despite poor trading, one state-owned alumina producer hiked quotes, allowing other producers to follow suit. The hike in offers was limited, though. SMM data showed the weighted average traded price in domestic four major alumina markets was RMB 2,793/mt on Thursday, and was RMB 2,780/mt for the week, up 0.82% on a weekly basis, with the gains slowing down slightly. Alumina prices stabilized in the second half of the week. As of November 25, alumina was mainly offered between RMB 2,750-2,800/mt in Shandong, RMB 2,810-2,850/mt in Henan, RMB 2,750-2,790/mt in Shanxi and RMB 2,720-2,800/mt in southwest China.

Domestic and Imported Alumina Prices



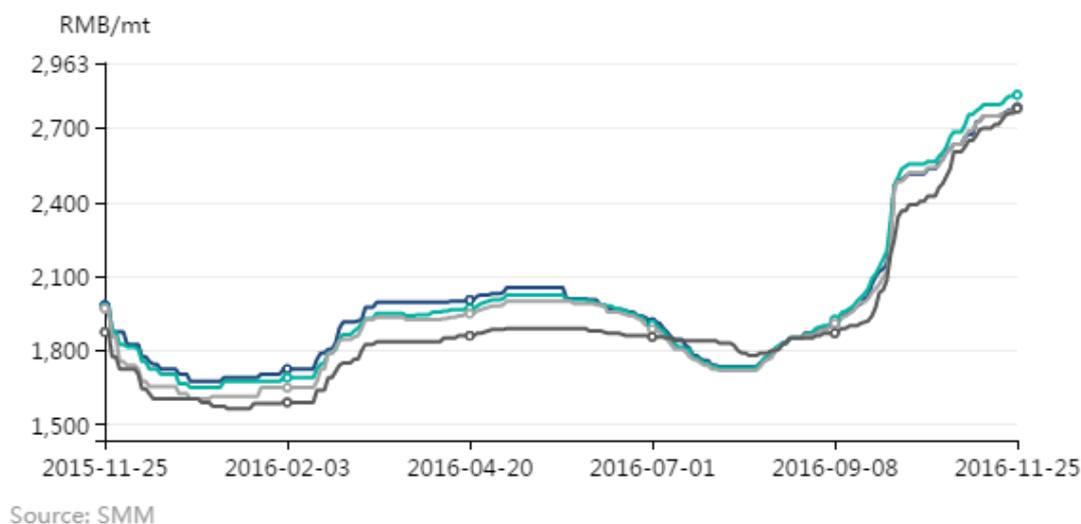
Price Advantage of Imported Alumina Weakens Slightly

FOB prices of West Australian alumina were steady early in the week, trading at USD 312/mt most of the time before climbing to USD 315/mt on November 25. Yuan's depreciation slightly weakened price advantage of imported alumina. Imported alumina at domestic ports was offered around RMB 2,770/mt. After counting in freight charges from ports to aluminum smelters, prices for imported alumina were slightly higher than mainstream traded prices in domestic market.

Alumina Prices by Region

China Alumina Price by Region

—○— Shandong —○— Henan —○— Shanxi —○— Guangxi, Guizhou



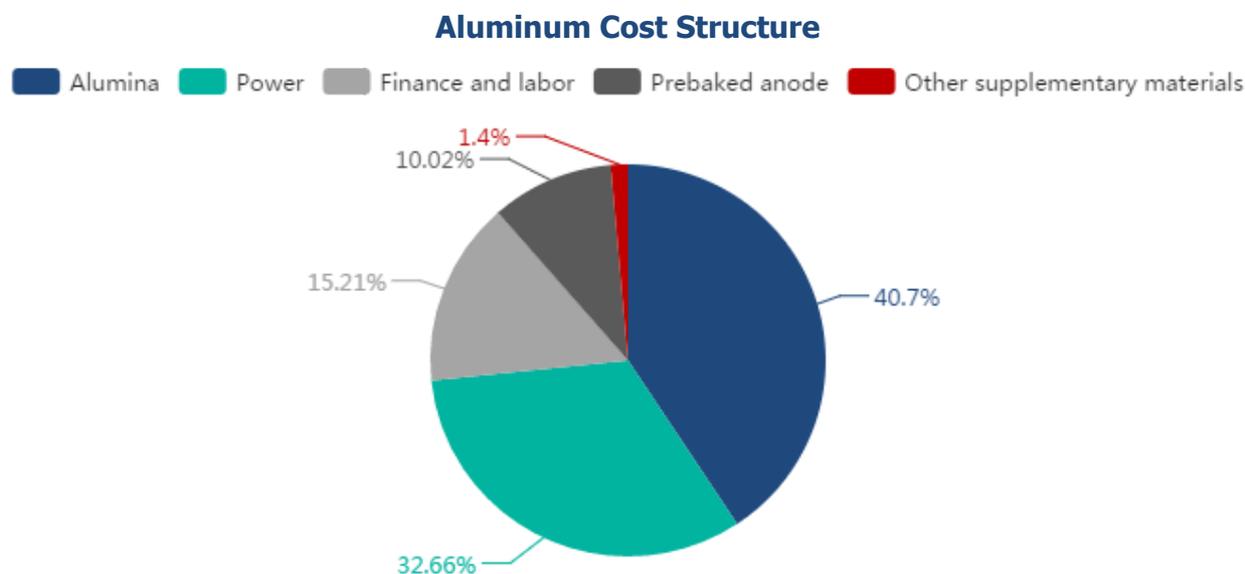
Alumina Price Forecast

Trading was poor in domestic alumina market and traded prices rose only slightly last week. One large alumina producer hiked offers every day and even raised offers to RMB 3,000/mt in some regions, but traded prices were below offers. Large deals were reported earlier, but trading turned thin this month. Aluminum smelters continued buying under term contracts. Overall, alumina supply remains in shortfall. Alumina capacity to be commissioned later this year and new alumina capacity next year cannot match new and restarted aluminum capacity for the rest of this year and next year.

There is still room for alumina prices to rise. But, it takes time for downstream buyers to accept high offers.

Aluminum

Aluminum Cost



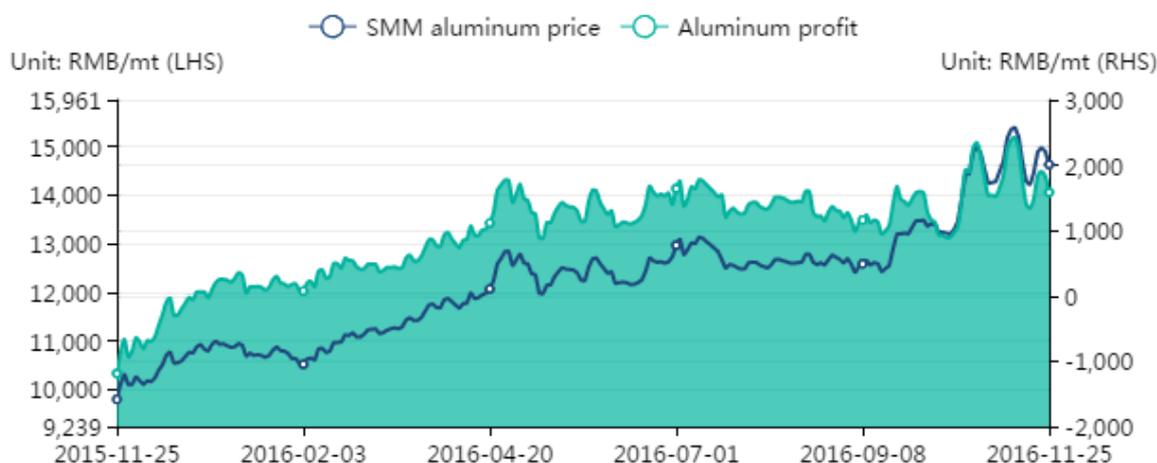
UPDATE : 2016-10
Source: SMM

Rising Aluminum Prices Expand Average Profit to RMB 1,700/mt at Chinese Aluminum

Smelters

The average spot aluminum price in Shanghai gained RMB 20/mt on a weekly basis to RMB 14,774/mt last week. The average profit expanded to around RMB 1,700/mt at domestic aluminum smelters surveyed by SMM. Alumina cost rose RMB 100/mt week-on-week to RMB 5,400/mt, while the average power tariff for aluminum smelters was up RMB 0.005/kwh week-on-week to RMB 0.285/kwh. Chalco and other alumina producers continued raising offers. Steam coal prices slipped this past week, but this has not passed through to power costs.

Comparison of Aluminum Profit and SMM Aluminum Price



Aluminum Inventory

China Aluminum Market Inventory

Date	Shanghai	Wuxi	Hangzhou	Gongyi	Nanhai	Sum
2016-11-18	85.0	75.0	12.0	41.0	66.0	279.0
2016-11-25	87.0	80.0	11.0	28.0	63.0	269.0
Weekly change	2.0	5.0	-1.0	-13.0	-3.0	-10.0

UPDATE : 2016-11-25

Source: SMM

Unit: 1,000 mt

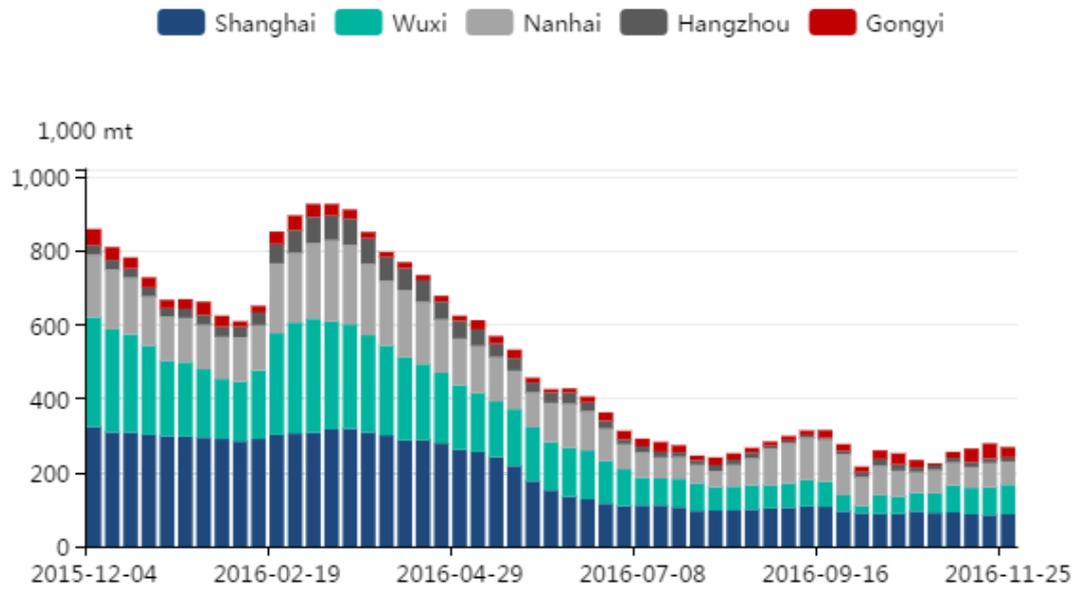
China Aluminum Inventories Remain Low, Despite Growing Arrivals

As of November 25, aluminum ingot stocks were 87,000 mt in Shanghai, 80,000 mt in Wuxi, 63,000 mt in Nanhai, 11,000 mt in Hangzhou, and 28,000 mt in Gongyi, bringing total stocks in these five regions to 269,000 mt, down 10,000 mt on a weekly basis.

Total inventories fell after consecutive weeks of growth. Aluminum prices in south China were much higher than in east China, attracting goods outflows from Gongyi to aluminum processors in south China. Despite growing shipments from northwest China, especially Xinjiang, lots of aluminum ingots are still on the way. Smelters said newly produced aluminum ingots in Xinjiang could be shipped out, but shipments of backlogged inventories in the region remain slow. More aluminum ingots were shipped from Shandong to Wuxi and Shanghai last week. This, together with inflows of imported aluminum ingots, pushed up inventories in east China.

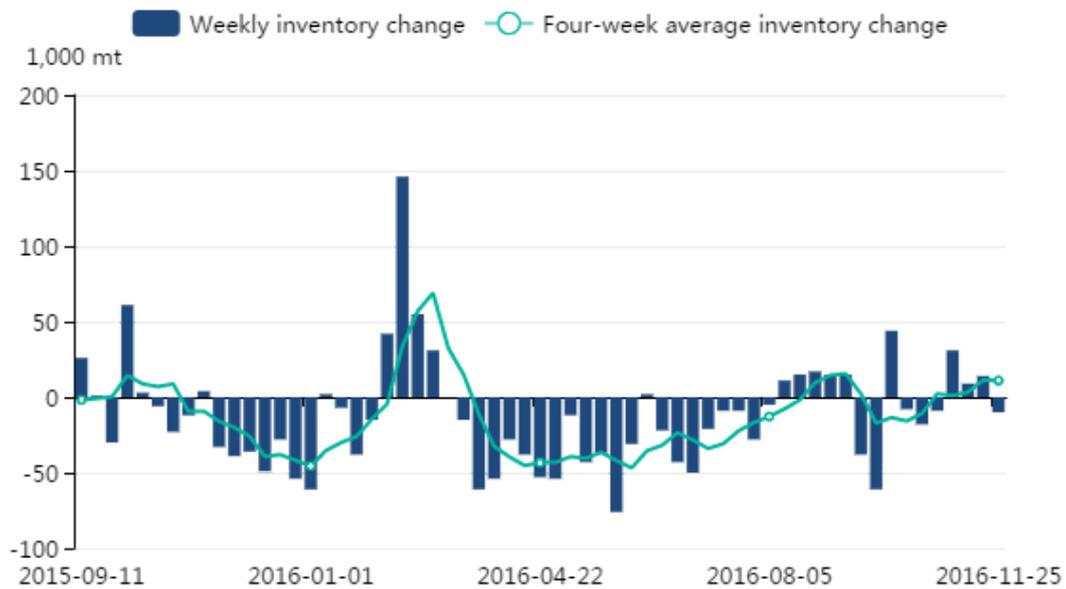
SMM will closely track arrivals from northwest China this week. Some suppliers expect aluminum ingot shipments from Inner Mongolia to east and south China to increase over the next two weeks, citing weaker consumption in north and northeast China.

Aluminum Inventory in China Spot Markets



Source: SMM

Aluminum Inventory Weekly Change and Four-Week Average Aluminum Inventory Change



Source: SMM

Primary Aluminum Market

Spot Aluminum Price by Region

Date	Shanghai	Wuxi	Guangdong	Premiums of Guangdong over Shanghai	Spot Premiums in Shanghai
2016-11-21	14,575	14,575	15,170	595	340
2016-11-22	14,920	14,915	15,640	720	330
2016-11-23	14,960	14,950	15,845	885	305
2016-11-24	14,900	14,895	15,580	680	310
2016-11-25	14,625	14,615	15,155	530	335

UPDATE : 2016-11-28

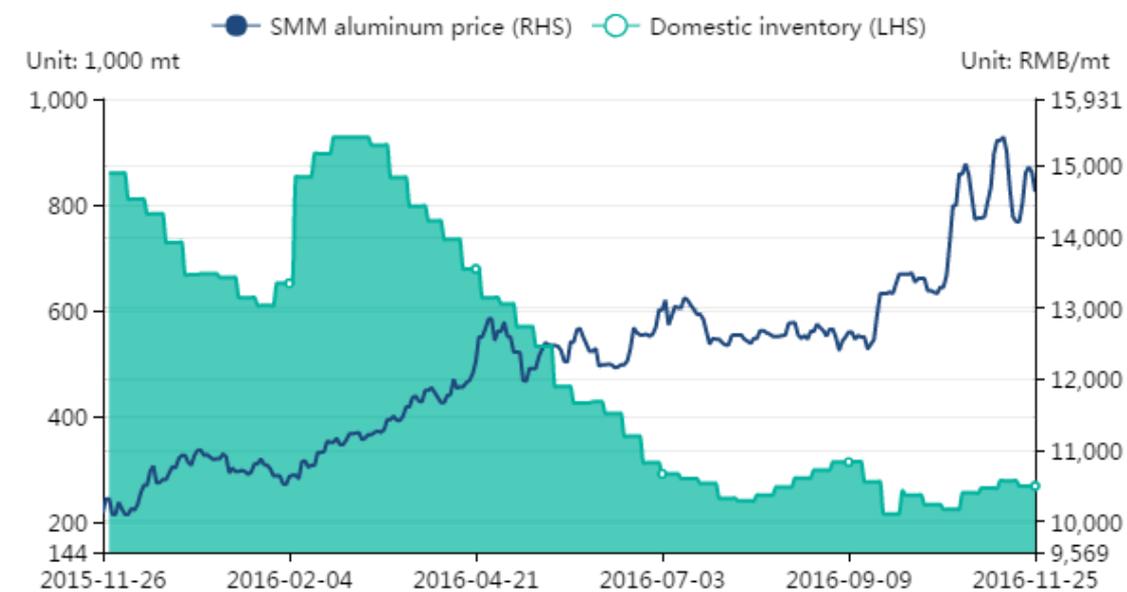
Source: SMM

Unit: RMB/mt

Spot Aluminum Premiums Narrow in East China

SHFE 1702 aluminum rebounded last week and fluctuated widely around RMB 13,800/mt, with strong resistance at above RMB 14,000/mt. Aluminum stocks in east China grew due to increasing arrivals from Xinjiang and Shandong, causing spot premiums to narrow from RMB 360/mt to RMB 300/mt over SHFE 1612 aluminum. Suppliers showed stronger selling interest, with growing supply of Weiqiao, Xinfu and Hope brand aluminum ingots, etc. Big swing in aluminum prices triggered strong wait-and-see sentiment among downstream producers, so trading activity was down.

Domestic Inventory and Shanghai Spot Aluminum Price



Source: SMM

Spot Aluminum Price Comparison: Shanghai vs Guangdong

—○— Shanghai —○— Guangdong —○— Premiums of Guangdong over Shanghai



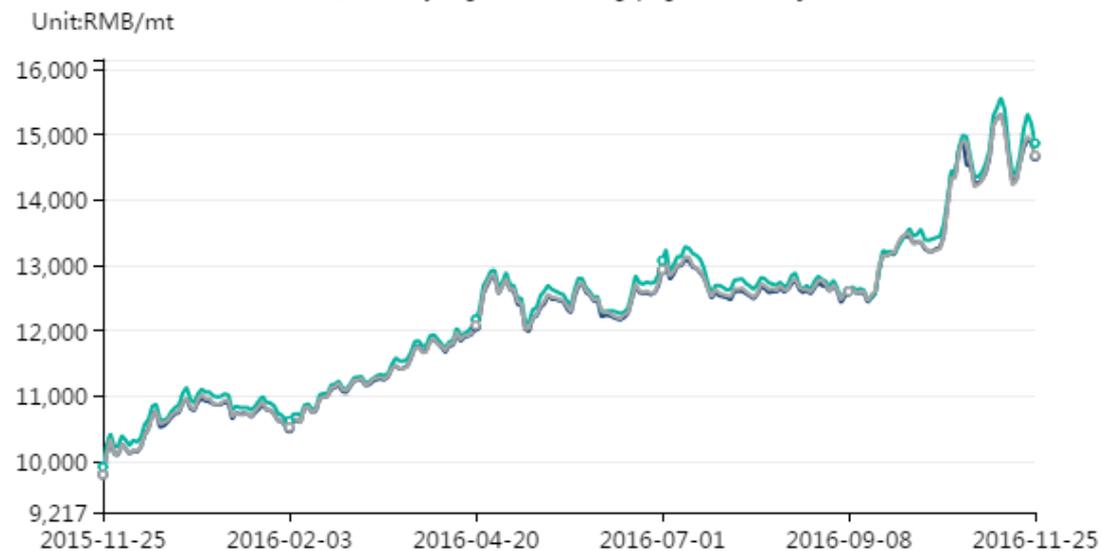
Source: SMM

Supply Tightness Eases in South China Aluminum Market

Trading was thin in south China aluminum market last week, with the weekly average price up RMB 300/mt to RMB 15,480/mt. Snowfalls in northwest China affected shipments, tightening supply and allowing suppliers to raise offers. So, aluminum prices rose early in the week, with premiums in Guangdong over Shanghai expanding to around RMB 900/mt at one point. However, aluminum prices fell back to RMB 15,150-15,160/mt last Friday, the lowest for the week, due to inflows from east China by trucks and expectations for growing supply of certain brand aluminum ingots. Aluminum premiums in south China should continue falling this week.

China Spot Aluminum Prices

—○— Shenyang —○— Chongqing —○— Tianjin



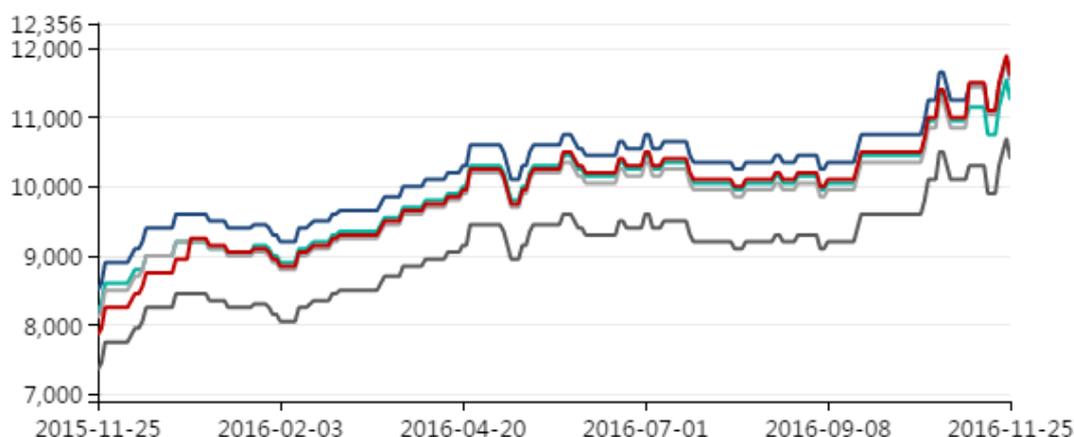
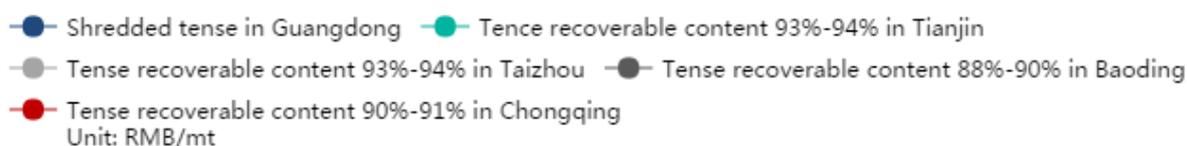
Source: SMM

Trading Thin in Tianjin; Downstream Producers in Shenyang Rush to Buy

Spot aluminum prices rose last week, but gave back some gains in the middle of the week due to strong selling interest in east China. Aluminum ingot shipments in Tianjin were unaffected by cold wave. Downstream producers in Tianjin showed low buying interest against rising aluminum prices and poor orders. Some traders said sales volumes last week were lower than weekly purchasing volumes from aluminum smelters and decided to use the rest aluminum ingots as hedge in futures market. Aluminum stocks in Tianjin increased 1,000 mt to 19,000 mt. Heavy snows in Inner Mongolia affected shipments by trucks and left railway transport extremely tight in the first half of the week. Downstream producers in Shenyang could not pick up goods immediately. This, combined with high aluminum prices, triggered strong wait-and-see sentiment among downstream producers in Shenyang. However, downstream producers had to make purchases later in the week, due to strong bullish sentiment in other base metal market, the need to deliver goods before the month's end and fear of rise in aluminum prices. Aluminum stocks in Shenyang changed little last week.

Scrap Aluminum

China Scrap Aluminum Price Trend



Source: SMM

Scrap Aluminum Market Weekly Review

Scrap aluminum prices in domestic market fell back briefly, but overall rose last week due to price lagging behind and tight supply. SMM survey found scrap aluminum supply remained tight in east and southwest China, where secondary aluminum alloy producers rushed to make purchases, driving scrap aluminum prices up. Scrap aluminum supply was relatively ample in south China, where scrap aluminum prices closely tracked the movement of primary aluminum prices. Scrap aluminum prices are expected to drop this week due to declines in aluminum prices earlier. In the long run, though, supply shortfall will keep scrap aluminum prices at highs.

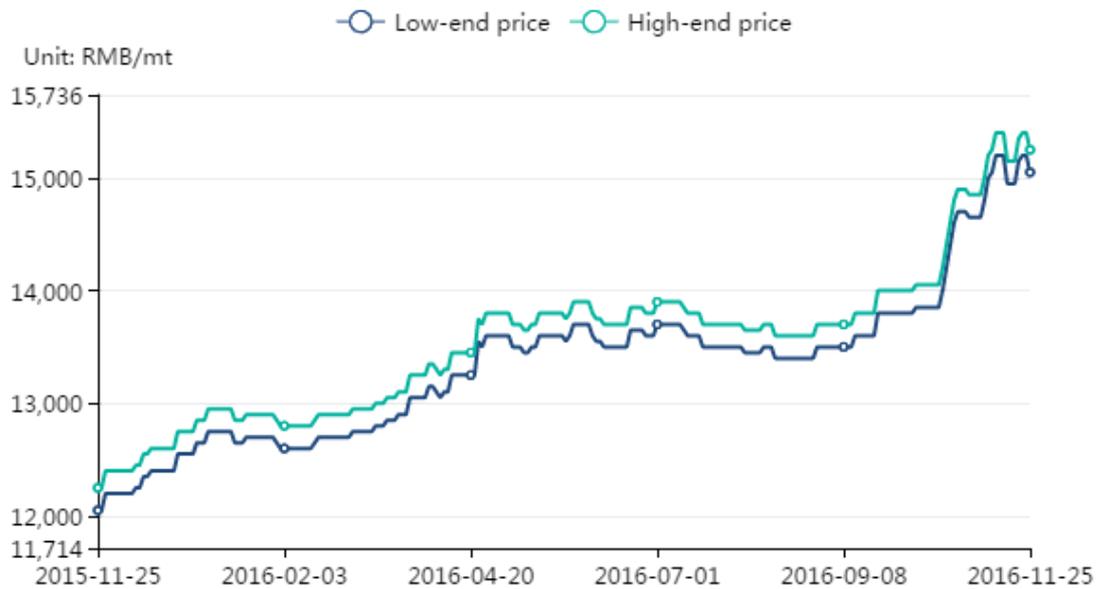
Aluminum Alloy Ingot

ZLD102, ZLD104, and A356 Aluminum Alloy Ingot Price in China



Source: SMM

SMM Price for ADC12 Aluminum Alloy Ingot



Source: SMM

Secondary Aluminum Alloy Market Weekly Review

Prices for ADC12 secondary aluminum alloy rose last week due to tight scrap aluminum supply and rising scrap aluminum prices. Mainstream traded prices were RMB 15,200-15,400/mt in east China, RMB 15,050-15,250/mt in south China, and RMB 14,950-15,150/mt in southwest China. Scrap aluminum supply was relatively ample in south China, but was tight in east and southwest China. Die-casters mostly purchased as needed due to recent big volatility in aluminum prices, leaving trading modest. Prices for ADC12 secondary aluminum alloy should stay high this week since tight scrap aluminum supply will keep scrap aluminum prices firm.

SMM ADC12 Aluminum Alloy Ingot Prices

Date	2016-11-18	2016-11-25	Up/Down
Zhejiang	15,050	15,150	100
Shanghai	15,050	15,150	100
Guangdong	14,900	15,100	200
Chongqing	14,700	14,900	200

UPDATE : 2016-11-28

Source: SMM

Unit: RMB/mt

Silicon Metal

Weakening Demand Slows Down Silicon Metal Price Gains

Silicon metal prices continued rising last week, but the gains slowed down significantly. The number of closed silicon metal producers continued increasing in Sichuan. There are only about 10 producers and 13 electric arc furnaces still in operation in Sichuan's Liangshan Prefecture, which is main oxygen-free #553 silicon metal producing region. Power tariffs in Mianning County, Liangshan Prefecture, were hiked to RMB 0.42/kwh on November 26, so more local silicon metal producers will cut or halt production. Many traders and downstream producers showed lower buying interest. This is because some buyers have hoarded enough stocks. Besides, some buyers see little chance for silicon metal prices to rise markedly in the short term on the ground that positive impact from rising raw material costs and nearing dry-season has been digested. Those buyers thus slowed down purchases. Market supply increased as a result. Some suppliers released small amounts of goods into the market due to uncertainty over price outlook, but most market players remain bullish over market outlook.

Silicon Metal Price Trend at Huangpu Port

Date	Metallurgical grade			Chemical grade
	#553	#441	#3303	#421
2016-11-21	10,800 - 10,900	11,800 - 11,900	12,100 - 12,200	11,800 - 11,900
2016-11-22	10,800 - 10,900	12,000 - 12,100	12,100 - 12,300	12,000 - 12,200
2016-11-23	10,800 - 10,900	12,000 - 12,100	12,100 - 12,300	12,000 - 12,200
2016-11-24	10,900 - 11,000	12,000 - 12,100	12,200 - 12,300	12,000 - 12,200
2016-11-25	10,900 - 11,000	12,000 - 12,100	12,200 - 12,300	12,000 - 12,200
Weekly change	2.34%	3.43%	1.66%	2.98%

UPDATE : 2016-11-28

Source: SMM

Unit: RMB/mt

Prebaked Anode

Prebaked Anode Prices in China

Region	2016-11-18	2016-11-25	+/-
East China	2,505 - 2,745	2,505 - 2,745	0
Central China	2,485 - 2,705	2,485 - 2,705	0
Southwest China	2,655 - 2,755	2,655 - 2,755	0
Northwest China	2,705 - 2,805	2,705 - 2,805	0

UPDATE : 2016-11-28

Source: SMM

Unit: RMB/mt

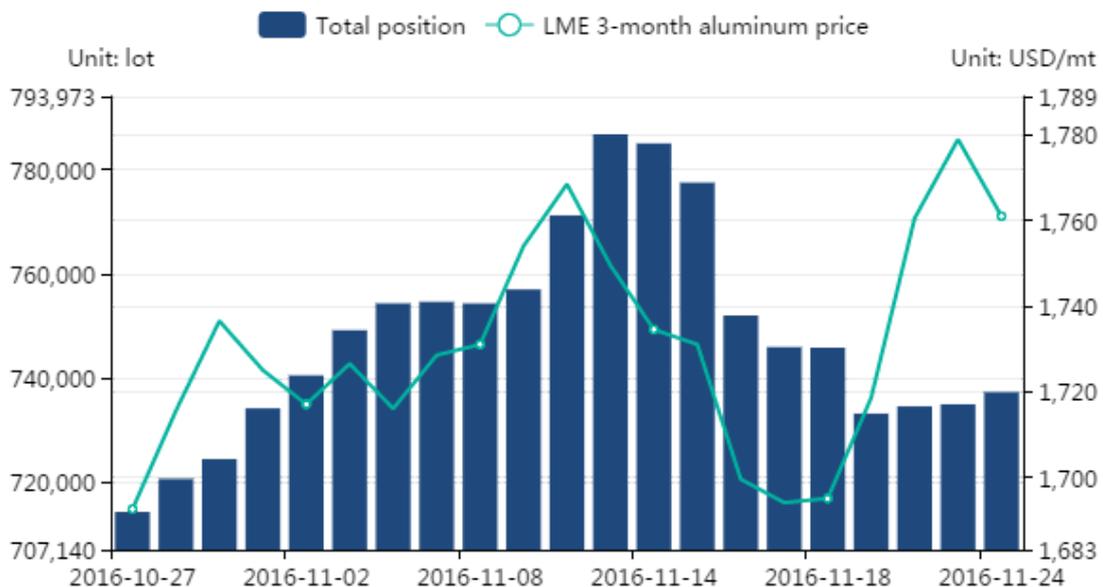
Note: Prices listed in above table are ex-works prices (including tax).

Prebaked Anode Market Weekly Review

Prebaked anode prices inched up last week. Mainstream traded prices were RMB 2,485-2,705/mt in central China, RMB 2,505-2,745/mt in east China, RMB 2,655-2,755/mt in southwest China and RMB 2,705-2,805/mt in northwest China. Petroleum coke prices have been steady recently, but are expected to rise in the future due to growing demand. In the short term, prebaked anode producers will see little change in costs, except rising transport costs. Despite recent rise in aluminum prices, prebaked anode purchasing prices were relatively low. Prebaked anode producers and aluminum smelters will begin a new round of price negotiation as the month is coming to an end. Prebaked anode producers will demand higher prebaked anode prices, citing higher production costs.

LME and SHFE

LME 3-Month Aluminum Price and Positions



Source: LME

SHFE 3-Month Aluminum Price and Positions



Source: SHFE

LME Aluminum Inventory

Date	Total Inventories	Cancelled Warrants
2016-11-18	2,157,600	783,500
2016-11-21	2,152,150	778,300
2016-11-22	2,144,100	769,925
2016-11-23	2,136,300	786,150
2016-11-24	2,137,200	782,025
Weekly change	-26,300	13,625

UPDATE : 2016-11-24

Source: LME

Unit: mt

LME Aluminum Inventory in Different Regions

Date	Europe	Asia	North America
2016-11-18	1,055,825	820,475	281,300
2016-11-21	1,051,900	819,250	281,000
2016-11-22	1,048,850	814,725	280,525
2016-11-23	1,044,200	812,000	280,100
2016-11-24	1,039,450	818,150	279,600
Weekly change	-19,525	-4,750	-2,025

UPDATE : 2016-11-24

Source: LME

Unit: mt

SHFE Aluminum Inventory

Date	Total Inventories	Warrants
2016-11-25	75,362	5,828
Weekly change	-12,373	-5,270

UPDATE : 2016-11-25

Source: SHFE

Unit: mt

SHFE Aluminum Inventory in Different Regions

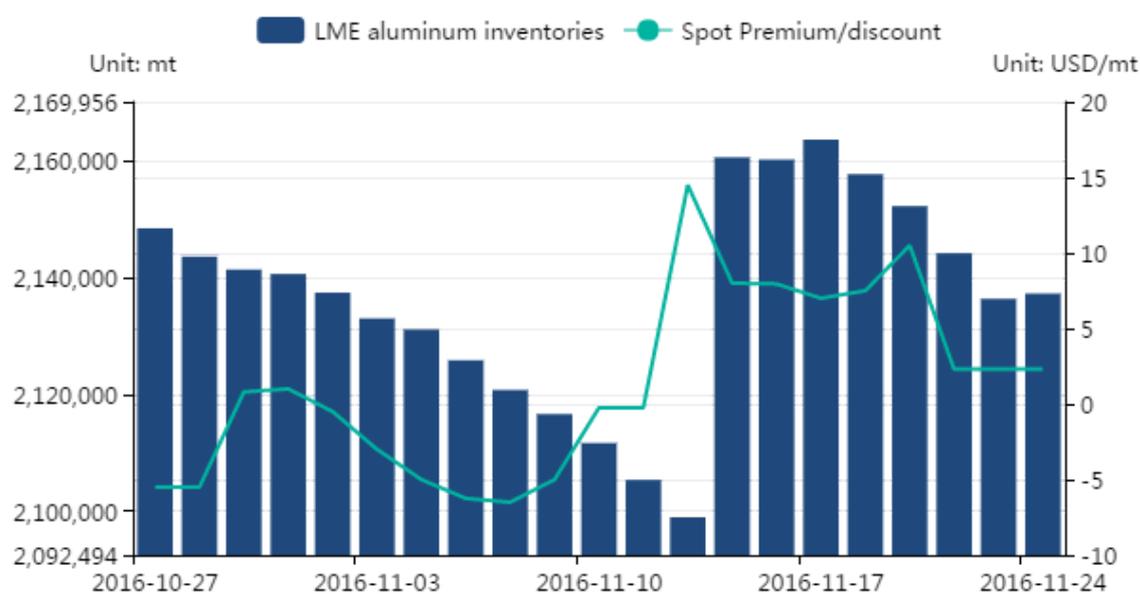
Date	Shanghai	Guangdong	Wuxi and Zhejiang
2016-11-25	22,088	14,693	38,581
Weekly change	-3,790	-6,254	-2,329

UPDATE : 2016-11-25

Source: SHFE

Unit: mt

LME Aluminum Inventory and Spot Premium/Discount



Sources: LME, SMM

Aluminum Price Review & Forecast

LME and SHFE Aluminum to Swing Wildly at Highs

Chinese yuan's sharp depreciation allowed commodity prices to rise across the board last week. LME aluminum stopped falling after touching the 40-day moving average and shot up from USD 1,682.5/mt to a weekly high of USD 1,789/mt. LME aluminum ended the week up nearly 4.8%, with positions down slightly.

SHFE 1701 aluminum rebounded during the night session on November 18 after a brief retreat to below the 20-day moving average. The most active SHFE aluminum contract, which turned from

1701 to 1702 contract, moved mainly between RMB 13,200-14,000/mt, hitting a weekly high of RMB 14,115/mt and ending the week up 4.3%. Trading volumes increased noticeably.

In east China spot market, rising SHFE aluminum and tight supply encouraged suppliers to raise offers early in the week, and traders were active in the market. However, cargo holders rushed to sell in the second half of the week due to growing arrivals and falling SHFE aluminum, while traders turned cautious about buying. Downstream producers showed low buying interest, purchasing mainly as needed. Spot premiums were stable around RMB 350/mt over SHFE 1612 aluminum for most of the week.

This week, market will continue closely watching movement of Chinese yuan, which is expected to keep depreciating sharply and benefit commodity market. LME aluminum, still subject to SHFE aluminum and other base metals, will probably follow SHFE aluminum in swinging widely between USD 1,720-1,790/mt.

Aluminum ingot arrivals and inventories will remain major factors that affect aluminum prices in domestic market. Market supply is relatively ample because of arrivals from Shandong and inflows of imported goods. But, uncertainty over future weather conditions will trigger wild swing in aluminum prices. SHFE 1702 aluminum should fluctuate widely at highs of RMB 13,350-14,250/mt.

In east China spot market, aluminum stocks are unlikely to post big growth in the short term since it takes time to ship goods from Xinjiang. So, spot premiums will remain high at RMB 300-400/mt over SHFE 1612 aluminum.

Economic News

Chinese Yuan Keeps Falling, with Offshore Yuan Closer to 6.95

Onshore yuan against US dollar depreciated below 6.90 and 6.91 in a row on November 23's night, hitting eight and a half-year low. Offshore yuan also beat a record low to nearly 6.95. US dollar index increased in a row while Chinese yuan dropped below 6.70 and 6.80 after Trump won presidential election. Chinese yuan against US dollar declined 1.11% from the week ending November 28, beating the year's largest weekly decline.

Zhou Hao, Senior Economist of Commerzbank, Asia Branch, said to Wallstreet that Chinese yuan will not reverse its downward trend if US dollar keeps firm. There is a big possibility for Chinese yuan to fall below 7 in the next year, or even drop to 7.2-7.3. People's Bank of China is expected to take action in December, and Chinese yuan is expected to increase around Merry Christmas, when trading is quiet, to provide room for next year's decline.

PBOC Deepens Free Trade Zone Financial Reform

People's Bank of China (PBOC) announced at a news conference in Shanghai on November 23 the notice of extending cross-border financial services in the Shanghai Free Trade Zone (FTZ) to encourage scientific and technological innovation and the real economy.

Main contents of the notice include providing full life-circle cross-border financial services for enterprises in the "Made in China 2025" strategy, the public entrepreneurship and the multitude

innovation, providing free trade account services for technological innovation enterprises to introduce overseas talents, providing cross-border financial services of integration of domestic and foreign currency for cross-border e-commerce business, providing one-stop, all-round cross-border financial services for enterprises in the "Made in China 2025" strategy to support their foreign-related economic activities, such as in the Belt & Road Initiative and Going Out, encouraging financial institutions to develop international trade financing and re-financing business, supporting cross-border equity investment in free trade zone, and building an all-dimensional risk management mechanism.

China Income Tax Reform to Progress in Phases

A new Chinese individual income tax regime is quickly taking shape and may make its long-awaited debut in the first half of next year. The goal of individual income tax reform is to establish an income tax system that combines classified and comprehensive taxation systems. The most watched and important part of the reform is tax deduction, and education expenses will likely become the first item to be deducted, and mortgage payments may also be added to the list of tax deductions. And it will be a practical way for the reform to progress in phases. In the long run, expenditures such as those on eldercare and raising second child will be also added to the list with optimizing of matched requirements and taxation mechanism.

Reporter learns that income from salaries, remuneration for labor and equity transfer will be most likely to be included in the comprehensive taxation system.

Most Fed Officials Expect Interest Rate Hike to Come Soon in November's Meeting

US Federal Reserve released November's meeting minute on November 24. Most Fed officials indicated that interest rate hike will come soon with falling unemployment. And some officials even pointed out that it is appropriate to hike the rate in December. Wallstreet reported that the minutes strengthened market expectation on US hike interest in December. According to the minutes, most officials indicated that Fed should hold interest rate unchanged in November's meeting, waiting for more market direction. And interest rate hike will come soon if economic data improves further. Fed officials are generally positive toward employment condition as labor market improves continuously. However, some said that unemployment rate should decline below normal level to push inflation.

Industry News

China Huarong Buys Chalco HK's USD 80 Mln Senior Perpetual Capital Securities

China Huarong Asset Management announced to buy USD 80 million senior perpetual capital securities of CHALOC Hoongkong Limited (Chalco HK) for the company's development strategy. The trade will optimize the company's investment portfolio and decentralizes investment risks as well as brings stable revenues.

One 500 Mln-Hi-Tech Project Settles in Hejin Aluminum Industry Park

The signing ceremony of Aluminum-base new catalytic materials project of Hejin Aluminum Industry Park was held on November 16 at the conference center of Shanxi Aluminum Plant. This is also the first project being settled in Hejin Aluminum Industry Park after the completion of the park, which

was jointly constructed by Yuncheng and Hejin's governments and Shanxi Aluminum Plant. And this indicates that the park enters into positive development.

Thermal Coal Price Cut Down

Thermal coal reduced significantly after National Development & Reform Commission carried out various policies. After Shenhua Group, China National Coal Group, Datong Coal Mine Group, Inner Mongolia Yitai Group and Mengtai Group announced to cut thermal coal spot prices. The five companies mentioned above will executive the 5,500 kcal/kg of thermal coal price at port at RMB 680/mt from late November, down by RMB 5/mt.

Henan to Build Secondary Aluminum Smelting and Aluminum Pop Cans Recycling Project

Henan Jinyang Aluminum Industry, after building Henan Haoyijia Aluminum Industry and Henan Aipusheng Recycling New Materials, is now building a 500,000 mt/yr secondary aluminum project. After completing the project, the company will become the first one in Henan to build the first large environmental smelting park and scrap aluminum pop cans recycling program with annual capacity of 100,000 mt. And this will bring to an end of the condition of zero scraps contents in can body stocks made in China.

Xinjiang Silk Road Aluminum Trading Center Opens on November 18

Xinjiang Silk Road Aluminum Trading Center opened in Urumchi on November 18. Xinjiang, located at core area of Silk Road Economic Belt, is a bridgehead of opening to the west. Xinjiang enjoys abundant commodity resources, and thus it needs to build a commodity exchange based on local dominant variety, with outward radiation to Central Asia and countries along the One Belt & One Road initiative, to promote China's commodity influence. Consequently, Xinjiang Silk Road Aluminum Trading Center has been established with approval from Xinjiang's government.

EGA to Load First Bauxite Sample to China from Guinea Mine

Emirates Global Aluminium (EGA) plans to load its first sample shipment of bauxite from its Guinea mine to China, the chief executive officer AbdullaKalban told Arabian Business on November 23. The bauxite mine is expected to produce 12 million tonnes of bauxite annually after the commissioning of commercial operations in the fourth quarter of 2018, with total investment of USD 5 billion.

Century Aluminum CFO Rick Dillon to Succeed ATU CFO

Actuant (ATU) announced on November 18 that the company's CFO Andrew Lampereur will resign after releasing of Q1's revenue on December 21. And Century Aluminum (CENX) CFO Rick Dillon will join the company on December 5 and will serve as ATU's CFO on December 22.

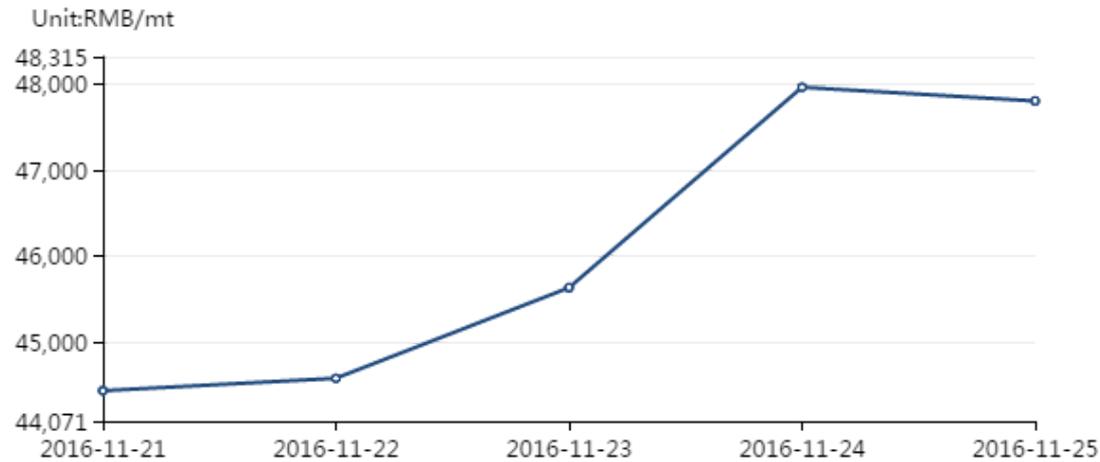
The effective date of Mr. Dillon's resignation will be December 2, 2016. ATU also said that former CEO and Chairman Robert Arzbaeher and Thomas Fischer, who led the audit committee, will retire from the company's board.

US's Boeing Company Visits Shandong Yuhang Alloy

Shandong Yuhang Alloy successfully produced 7055 and 7075 aluminum alloy through technical innovation in recent years and became the supplier for US's Boeing Company. US's Boeing Company President of Global Purchasing Department visited Shandong Yuhang Alloy on October 17 to negotiate cooperation.

Other Metals

Shanghai Spot Copper Prices



Source:SMM

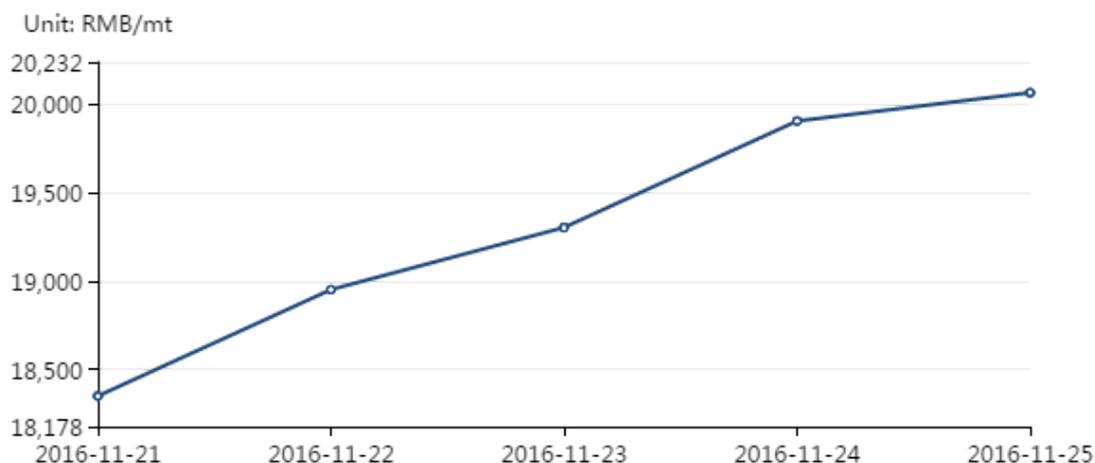
Copper

Last week, the commodity market advanced across the board. The US dollar index fell back after climbing to 100, sending up the commodity prices. After releasing of US's November hawkish meeting minutes, the index surged to a 14-year high of 102.5, as the minutes strengthen market expectations over a rate high in December's meeting. However, the commodity market shouldered off negative impact from the surging index and soared across the board instead, and global debt and gold markets tumbled, and equities in US, Japan, Europe and China hit new highs. This was because US positive results of most data, such as durable goods orders and consumer confidence index, which were much higher than estimation, and Donald Trump's infrastructure plan boosted market expectation over US economy and inflation. Moreover, Eurozone composite PMI reading for November registered the fastest growth since the beginning of the year, and the commodity market made a quick response to signs of world's economic recovery to lurch higher together.

Last week, LME copper opened at USD 5,446.5/mt and registered a 4-day rising streak after entering of longs and exit of shorts, briefly hitting USD 5,957.5/mt. The single day gain on last Wednesday reached USD 156/mt. Finally, LME nickel finished the week up by 7.65%. Positions held flat on a weekly basis, and trading volumes were up more than 10,000 lots. Technically, upward momentum is strong from major moving averages on the LME copper market.

Chinese yuan, a major driver behind recent gains in the commodity market, dived as low as to 6.9650, and its depreciation is expected to be continuing for the foreseeable future. Despite stricter measures introduced by domestic bourses, the commodity market neglected them and kept advancing. Last week, non-ferrous metals replaced ferrous metals to lead price gains in China's market, especially copper, which outshined others. SHFE 1701 copper, the most actively traded one, opened last week at RMB 48,900/mt, with the largest gain as much as 12.13%. The SHFE/LME copper price ratio rose to around 8.25. Positions on the SHFE copper market were up 43,000, and trading volumes were down by more than 1 million mt. As of Nov. 25, SHFE copper monthly increase was as high as 25%, the biggest monthly gain in 10 years. Technically, upward momentum has been asserted on the SHFE copper market.

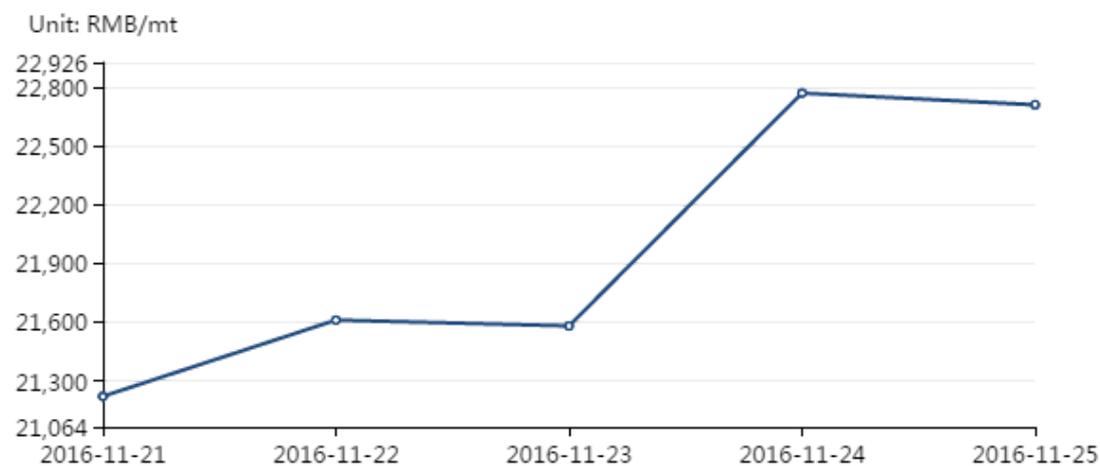
Shanghai Spot Lead Prices



Lead

Earlier last week, the US dollar index dropped slightly from 101 to 100 after a long rising streak, and later climbed above 102 after US's November hawkish meeting minutes, which strengthened market expectations over a rate hike in December's meeting. LME lead registered a 4-day rising streak and stood firm at USD 2,200/mt, briefly hitting USD 2,282.5/mt, a refreshed high. SHFE 1701 lead also reported a big rise last week. Chinese yuan kept depreciating, with offshore yuan briefly diving below 6.95. Commodity futures prices in China were buoyed up, and SHFE lead gained rising momentum and surged to a weekly high of RMB 20,475/mt. The SMM/LME lead price ratio surged to 8.96.

Shanghai #0 Zinc Prices



Source: SMM

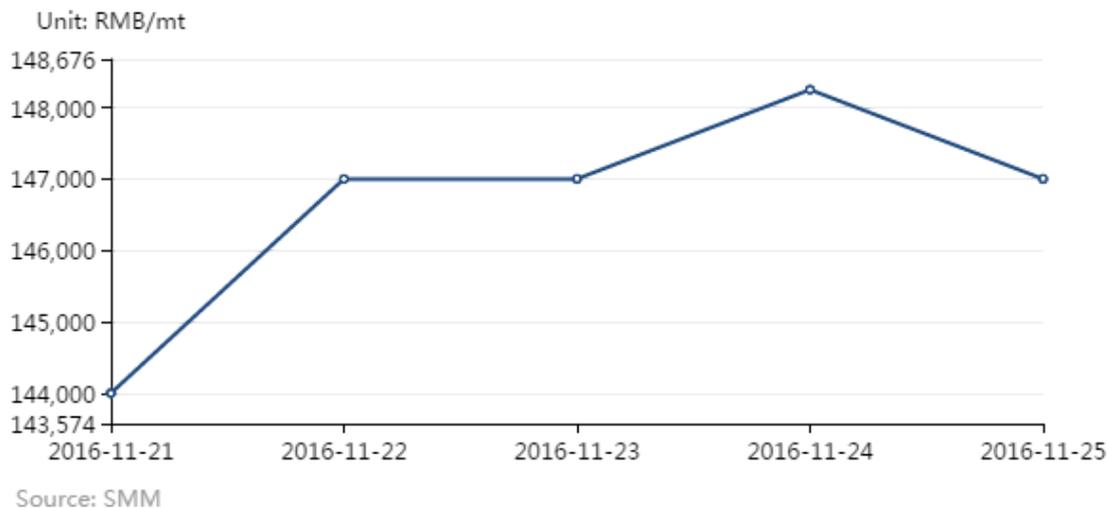
Zinc

LME zinc reported a 4-day winning streak and hit the highest in nearly 8 years last week. LME zinc dropped in the week ending November 18 and then rallied from USD 2,550/mt last week. According to Fed's November meeting minutes, many officials expect that a Fed interest rate hike is nearing, growing market expectations of a Fed rate hike in December. The US dollar index thus climbed to 102 at one point. But LME zinc breached USD 2,700/mt and touched USD 2,760/mt, the highest from March 2008. As of Thursday, trading volumes decreased 16,000 to 46,000 lots, and positions added 900 to 306,000.

SHFE 1701 zinc rose by daily limit last week. Chinese yuan weakened to 6.92 as the People's Bank of

China (PBOC) did not intervene, driving large amount of speculative capital into nonferrous metals, which rose over 9%. SHFE 1701 zinc rose from RMB 21,000/mt. Trading volumes broke through 1 million lots on November 21 and November 24, sending SHFE 1701 zinc to RMB 22,000/mt. The SHFE further hiked margin and enhanced restrictions on price change limit for many products, but did not dampen long momentum. SHFE zinc and copper rose by daily limit. As of Thursday, SHFE 1701 zinc pointed toward RMB 23,000/mt. Trading volumes on SHFE zinc decreased 900,000 to 3.80 million lots, and positions increased 29,000 to 470,000.

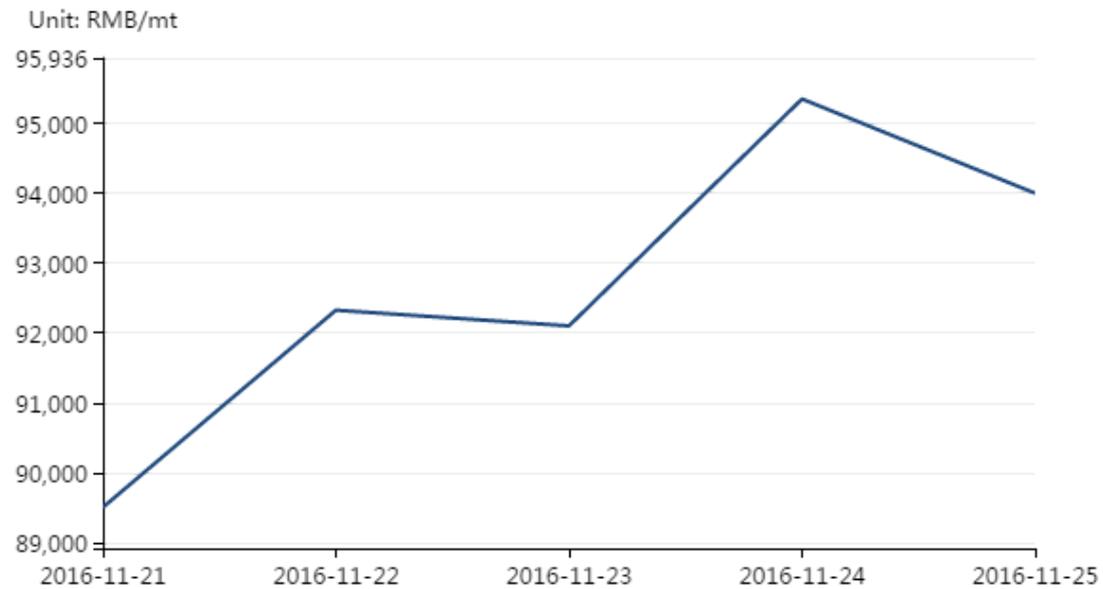
Tin Prices



Tin

LME tin dropped from highs last week, up to as high as USD 21,500/mt last Thursday. The contract later dropped slightly, hurt by strong US dollar index and slowing depreciation of Chinese yuan, and tested the 5-day moving average last Friday. LME tin closed last Thursday at USD 21,300/mt, up USD 1,090/mt or 5.4% on a weekly basis. Falling Chinese yuan was due large to the rising tin prices. SHFE 1701 tin increased at first and then dropped last week. The contract climbed to nearly RMB 150,000/mt last Monday and Tuesday, supported by increasing LME tin and other rising base metals. SHFE 1701 tin later dropped after meeting resistance last Wednesday and closed last Thursday at RMB 146,700/mt, up RMB 5,180/mt or 3.7% week-on-week.

Shanghai Spot Nickel Prices



Source: SMM

Nickel

The message of rate hike in December's meeting, indicated by US FOMC meeting minutes sent the US dollar index up to a new high of 102.05 while Chinese yuan kept falling, with offshore yuan once down to 6.965. Speculating investors dominated the market with dropping Chinese yuan and expectation on US's inflation after Trump coming into power. Last week, LME nickel regained the previously lost ground and moved above the 5 and 10-day moving averages, up to as high as USD 11,755/mt Thursday. On Friday, LME nickel moved weakly. As of 15:00 last Friday, LME nickel was USD 11,575/mt, up 5.95% on a weekly basis. SHFE 1701 nickel rallied to above the 5 and 10-day moving averages, up to as high as RMB 96,660/mt on Thursday. The contract closed Friday's mid-day trading at RMB 95,200/mt, up 4.94% week-on-week. Trading volumes fell 1.10 million to 3.05 million lots and positions reduced 80,000 to 290,000.

SMM Also Issues

Non-ferrous Metal Annual Reports:

- China Copper Industry Chain Annual Report, 2016-2019
- China Aluminum Industry Chain Annual Report, 2016-2020
- China Nickel Industry Chain Annual Report, 2016-2019
- China Lead Industry Chain Annual Report, 2016-2018
- China Zinc Industry Chain Annual Report, 2016-2019
- China Rare Earth Industry Chain Annual Report, 2016-2019
- China EMM Industry Chain Annual Report, 2016-2019

Non-ferrous Metal Regular Reports:

- China Base Metal Briefing (weekly)
- China Copper Weekly
- China Aluminum Industry Chain Weekly Report
- China Zinc Weekly
- China Lead Weekly
- China Copper Monthly
- China Aluminum Monthly
- China Nickel Monthly
- China Manganese Monthly
- China Silicon Metal Market Monthly
- China Rare Earth Quarterly

Steel Regular Reports

- China Steel Briefing
- China Iron Ore Weekly Monitor
- China Iron Ore Monthly Monitor
- China PMI Monthly
- China Iron & Steel Industry Quarterly

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