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Vanadium suppliers point to positives on the price

LONDON
BY JANIE DAVIES

Increased vanadium demand from steel and alloy producers, in part from the growing concentration of vanadium used in steelmaking in developing markets, coupled with limited supply growth, will start to support languishing prices for ferro-vanadium, suppliers told Metal Bulletin.

Ferro-vanadium was among the worst performers of the ferro-alloys in 2011, falling more than 25% after peaking at around $31.75 per kg in February and March.

Initial hopes that rebuilding efforts following the Japanese earthquake and tsunami in March would increase demand for ferro-vanadium and ferro-molybdenum faded quickly as prices started their unbroken descent towards the end of the month.

The restart of the Windimurra plant in Western Australia has not been well received by traders, who say it will exacerbate an existing overhang.

Ferro-vanadium traded at $22.80-23.30 per kg in Europe on Wednesday January 11, compared with $22.90-23.65 per kg on January 4, when prices fell 15 cents at the high end of the range and 40 cents on the low.

Still, some significant suppliers told Metal Bulletin that they believe the market is relatively well balanced and that they expect higher prices in the medium to long-term.

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SINGAPORE

Indonesian tin market to launch in February

Indonesia will launch Inatin, its physical tin market, on February 1, a month and a half later than originally scheduled.

"The system is all ready to go, it's just a matter of timing," Retno Manuputty, head of product development in the Indonesia Commodity & Derivatives Exchange (ICDX), said.

"We think it's better to launch Inatin after the Chinese New Year holiday to accommodate more producers and buyers," she said.

Two producers have been registered as sellers in the market; Indonesia's largest tin producer and the world's largest exporter PT Timah and its subsidiary PT Tambang Timah.

Three other producers based in Bangka – Koba Tin, Latinusa, Refined Bangka Tin – are still processing their papers.

Korea's 3 H is the only company that has been registered as a buyer. Two Japanese traders, Toyota Tsusho and Mitsubishi, are still processing their papers.

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MOSCOW

Raspadskaya misses 2011 coal output target but Q4 production up 31%

Russian coking coal producer Raspadskaya's raw coal production ran to 6.25 million tonnes in 2011, falling short of its own production target for the year, the company said in a statement.

The miss came despite a 31% rise in its fourth-quarter coal output compared with the third quarter of the year, which the company said was due to the start of production at two faces.

Raspadskaya, part-owned by London-listed steelmaker Evraz, said the fourth-quarter production and sales "could have been higher" if not for the "unstable coke and metallurgical markets conditions" in the last two weeks of December.

Raw coal sales in the last three months of the year fell by 22% quarter-on-quarter to 151,000 tonnes, while concentrate sales were up by 5% compared with the third quarter, at 969,000 tonnes.

The total raw coal production in the fourth quarter stood at 1.58 million tonnes.

Raspadskaya cut its 2011 production forecast last month to 6.4 million tonnes, from 6.8 million tonnes of coal targeted previously.

This was due to delays in the regulatory approvals required for its reconstruction work at the main Raspadskaya mine. The mine was closed after the fatal blast in May 2010 and has only been partially reopened.

Raspadskaya said the mine produced 1.25 million tonnes of coal in 2011, and raw coal

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Non-ferrous metals

EU duty-paid Al premium rises on capacity closures ...

LONDON
BY JETHRO WOOKEY

European duty-paid aluminium premiums climbed by as much as $20 per tonne on Friday January 13 in response to recent capacity closures and announcements of further curtailments to come.

Metal Bulletin's European duty-paid cash aluminium premium rose to $160-190 per tonne from $140-175 previously, with business booked across the range in moderate volumes.

"Even though we're still staying at lower volumes, of below 500 tonnes, we are now selling between $160 and $180, with the lower end going to traders," a producer said.

The December closure of the Zalco smelter in the Netherlands followed the announcement in November that Rio Tinto would close its Lynemouth smelter in the UK.

In 2012, Alcoa has said it will close the Portovesme smelter in Italy as well as the La Coruña and Avilés smelters in Spain, and, further afield, Norsk Hydro is considering cutbacks at its Kurri Kurri smelter in Australia.

"You can't take that amount of tonnage out of the market without it having an effect, but everybody is surprised by how quickly it has turned around," a trader said.

The European shutdowns will take a large amount of duty-paid material out of the market. While the volumes curtailed are more than made up for by new production in the Middle East and elsewhere, that will be duty-unpaid material, and buyers in Europe will have to pay 3% on top of the price to have it delivered into Europe.

"There's not enough duty-paid material around so you'll have to pay on top of the unpaid premium, and the unpaid premium is being extremely well supported by the warehouses," the trader said.

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SHANGHAI

... as Chinese buyers pull Q1 premiums down to $115

Chinese aluminium buyers have bargained down contract supplies for the first quarter after higher London Metal Exchange prices closed the arbitrage window for imports.

Premiums settled at around $115 per tonne cif China, instead of $120-130 which suppliers had offered previously, sources told Metal Buleltin. Big suppliers such as Rio Tinto Alcan may have fixed premiums at $110-120 for the whole year, a source said.

"The LME's climb has wiped out the discount to Shanghai so importing is money-losing now,'' a trader said from Shanghai. "There's no sense doing spot orders now and the contracts should settle lower.''

"Given the SHFE market is almost dominated by physical people with few speculators, we only need to watch future LME moves to see if the arbitrage window opens again,'' he said.

Prices on the Shanghai Futures Exchange started to move closer to the London Metal Exchange in the third quarter of 2011 after power problems hit some producers in the summer, and domestic inventories declined.

LONDON

European aluminium cuts will not help prices as production heads east

The recent shutdowns of aluminium production facilities in Europe highlight the process by which production is shifting from western markets to regions where power is cheaper, sources said.

"Most European aluminium production should actually be closed, full stop," a trader said. "There's no chance for it to survive. It really makes for grim reading."

Aluminium prices have been below the cost of production for the majority of European producers since late in the third quarter last year, when prices fell to around $2,200 per tonne on the London Metal Exchange, and curtailments have now begun after several months of loss-making production, with prices falling below $2,000 in December.

"It's purely the power; it's the biggest common denominator," the trader told Metal Bulletin, adding that increases in other costs have pushed European production costs even higher, towards $2,500 per tonne.

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LME Stocks (tonnes)

Copper	fell	1,425	to	356,825
Tin	fell	45	to	11,205
Lead	fell	150	to	352,500
Zinc	fell	1,000	to	817,500
Aluminium	fell	3,175	to	4,970,550
Aluminium Alloy	unchanged		at	138,560
Nickel	rose	126	to	92,460
NASAAC	fell	240	to	156,520

Comex Gold Jan	$1,641.60
Comex Silver Jan	$29.735
Nymex Platinum Jan	$1,479.80
Nymex Palladium Mar	$ 628.55

London Precious Metals

Gold am	$1,642.00 per oz
Spot Silver midday	$2,964.00 per oz
Platinum am	$1,483.00 per oz
Palladium am	$632.00 per oz

Barclays Bank

$/£	1.534 -1.5343
$/£ 3 months	1.5327-1.533
£/YEN	117.68-117.78
€/$	1.27822-1.2783

WINDHOEK

Rosh Pinah will terminate Trafigura offtake deal

The Rosh Pinah lead and zinc mine in Namibia will terminate its offtake agreement with Trafigura in mid-2012 as the mine comes under new ownership, Metal Bulletin understands.

Trafigura was awarded the offtake agreement to market Rosh Pinah's zinc and lead concentrates following a tender in 2010. But the agreement will not be renewed beyond June 2012, sources said.

Glencore International, which is in the process of acquiring an 80.04% stake in Rosh Pinah, will take over the marketing of the concentrates.

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LONDON

Base metals price rally slows in LME officials

The base metals price rally on the London Metal Exchange showed signs of slowing during the official session on Friday January 13 as aluminium fell to $2,139/40 per tonne.

Market participants' warning that the recent uptick in prices would be short-lived appeared to come true as the light metal settled just $5 above its intraday low, set during the pre-market.

"The euro crisis is alive and will not go away. Sentiment may be temporarily buoyed, but the structural issues that are the causes of the euro crisis remain, and have not been addressed," an analyst said in a note.

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Iron and steel

CIS billet exporters raise offer prices by $15 to Turkish re-rollers, traders

LONDON
BY STACY IRISH

CIS billet exporters increased offer prices to Turkish consumers last week without securing sales, Turkish market participants told Metal Bulletin.

Offers were quoted last week at $630-635 per tonne cfr Turkey for February production and shipment, up by $15 per tonne from previous deals concluded at $610-620 cfr at the end of December.

Most Turkish traders and re-rollers have been shunning offers from CIS exporters in favour of purchasing small volumes of a few thousand tonnes from local producers.

Domestic billet has been changing hands at $630-640 per tonne exw for February casting, which is the same price level as CIS billet import offers. Consumers prefer to buy billet from domestic producers because of the shorter lead times.

"CIS billet producers have been selling at $610-615 fob Black Sea. The freight is around $20 per tonne, which equates to offers of $630-635 cfr Turkey," a trader in Istanbul said. "These prices are not attractive for Turkish importers. They could buy from domestic suppliers."

SHANGHAI

Spot iron ore inches up by $1 this week

China's imported iron ore market rose by $1 last week, although prices are unlikely to move further before the Chinese New Year.

Prices of 63.5% Fe Indian fines stood at $145-147 per tonne cfr Chinese ports on January 13, unchanged for two days.

"The market is getting quieter towards the end of the week, and the majority of Chinese market participants are stepping out of the market," a trader in Shanghai said.

With the iron ore market so short of buyers at the moment, severe weather issues in Australia and Brazil have prevented prices falling, an analyst in Shanghai said.

"Looking back, iron ore didn't advance much in the past two weeks, weighed down by the weak steel market. But the upward trend is likely to continue after the Chinese New Year as seaborne supply is relatively tight due to adverse weather, while the steel market could rebound to some extent in February," he added.

Many expect that Chinese iron ore buyers will have to restock after the holiday, but it is still too early to say whether prices will expand significantly, a steel mill source said.

"Although stockpiles at Chinese ports are close to record-high levels, most of them are high-priced, and cannot be used or traded in the near term," the source said, adding that prices of 63.5% Fe Indian fines could reach $155 in the first quarter."

SÃO PAULO

Mexico's car output up 13% on higher exports

Mexico's car industry produced 2.55 million vehicles last year, up by 13% from the 2.26 million units manufactured in 2010, the country's automobile association, Amia, said in a statement.

The increase is mainly down to higher exports.

In 2011, Mexican carmakers exported 2.14 million vehicles, a 15.3% increase compared with the previous year, when exports totalled 1.85 million cars.

Amia noted, however, that current uncertain market conditions, and the lack of confidence in the measures taken by the national governments to deal with the crises in the USA and Europe, forced Mexican car companies to be cautious in their expectations for 2012.

The US market took 63.5% of Mexico's vehicle exports in 2011, and Europe 10.3%.

Sales in the domestic market continued to grow only slowly, with 2011's sales still far away from pre-crisis levels – down by 17.6% against the 2007 mark.

Car sales in Mexico came to 905,886 units last year, up from 820,406 vehicles in 2010.

Amia noted in the statement that, for 2012, the Mexican car industry will continue to urge government action to improve competition in the domestic market, including barriers aganist imported second-hand cars and fleet renewal plans.

LONDON

304 stainless CR sheet prices up in Europe on start-of-year restocking

Base prices for 2mm 304 cold rolled sheet in Europe increased last week on a surge of restocking in the first month of the year, market participants told Metal Bulletin.

Prices were at €1,130-1,170 ($1,441-1,492) per tonne for material produced in January, up from €1,030-1,080 on December 2.

The rise in prices has come on the back of seasonal restocking, stockholders said.

"We worked on running down stocks in Q4 2011. It is exactly the same every year," a stockholder explained.

A second stockholder said there was no choice for mills but to increase prices from where they were at the end of last year.

"The prices from European mills were so low, they were unable to make money," he said.

"There has been some restocking, but not normal [restocking] like [last year]," he added, explaining that there is no speculation on stocks so far this year, because of nervousness in the market about the direction prices will take in the coming months.

In December, Outokumpu announced that it was to increase its domestic European prices for coil and plate by 5% for deliveries in the first quarter of 2012. This move has been followed by other mills, the second stockholder said.

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LONDON

Turkish wire rod mills hold export prices steady

Turkish wire rod producers held export prices steady for the second week in a row last week to encourage sales.

The main export markets have been the USA and the Middle East and North Africa (Mena) region, according to Turkish wire rod market participants.

Deals were concluded last week at $700-705 per tonne fob main Turkish port for February production and delivery, unchanged for two consecutive weeks.

Some mills have increased export offers to $710 fob, but Metal Bulletin has not heard of any confirmed deals at that price.

Ferrous scrap prices from North American suppliers softened last week, which has made it difficult for Turkish producers to increase wire rod prices, participants said.

Scrap and secondary

Dalian operation to deliver first ferrous scrap in May

SHANGHAI

Dalian New Green Recycle & Resources, a scrap-processing operation 75%-owned by Japan's Itochu, will begin to deliver ferrous scrap to Chinese customers in May.

"Facilities are being installed, and normal production is expected to start this May," a steel mill source told Metal Bulletin.

"Its equipment, if running at full capacity, could produce 500,000-600,000 tpy of ferrous scrap," he said.

The main output from the plant will be shredded scrap, while the majority of its raw material will be sourced from Japan.

Itochu has visited a number of Chinese steel mills seeking potential customers.

"It is good news that there will be a new supplier to China's scrap market. But its coming on line will have little effect on the domestic scrap market, as its annual production capacity is only a little more than a month's consumption by Shagang," a source at the major Chinese steelmaker said.

"Itochu will be able to enjoy some incentives [arising from] building a scrap processing centre in China, and as long as the product prices are of market levels, we would consider buying from the plant," the source added.

Dalian New Green, located at Dalian Changxing Island Harbor Industrial Zone in China, will recycle steel, nonferrous scrap, consumer electronic and home appliances, and plastic.

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LONDON

Anti-theft efforts must be co-ordinated nationally

The regional nature of the UK police's efforts to combat the trade in stolen metal is impairing their effectiveness, scrap dealers told Metal Bulletin.

"Unless they attack it from a national, co-ordinated standpoint, rather than piecemeal, the criminals will find a way around it," one scrap dealer said.

One measure, named Operation Tornado, was launched in Northumbria last week. It is a trial scheme involving scrap metal recyclers throughout the region and requires anyone selling scrap metal to participating dealers to provide photographic proof of identity.

"I hope the many legitimate members of the scrap metal recycling industry in the north-east will use this opportunity to help us to remove unscrupulous dealers who operate outside the law," UK home office minister Lord Henley said in a statement.

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SHANGHAI

China ferrous scrap market stalls as holiday nears

Heavy scrap prices in China are unlikely to change next week in the lead up to the Chinese New Year break, market participants said. Mainstream prices of heavy scrap in eastern China stood at 3,300-3,340 yuan ($523-530) per tonne, tax included, on January 12, unchanged for two weeks.

"The prices become meaningless when trade is reduced to this minimal level," a steel mill source in Shanghai said.

Smaller steel mills stopped buying altogether some time ago, while others have only been buying at low levels.

"The large ones have been keeping scrap stocks low, due to sluggish demand," a trader in Shanghai said.

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LONDON

European secondary Al climbs on LME gains

European secondary aluminium prices climbed strongly on January 13, as market participants reacted to the rally in London Metal Exchange prices during the week.

DIN226 pressure diecasting ingot rose to €1,680-1,780 per tonne from $1,620-1,720 previously, after three-month aluminium prices climbed more than 7% during the week to an official peak of $2,189 on Thursday.

"We've had a sharp move in the physical market because of the LME," one producer said. "Suddenly, from €1,620 last week, the price went up to €1,680 on Monday then up to €1,720. Now we won't sell below €1,750."

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Non-Ferrous scrap Europe

Aluminium	
European free market	(€/tonne eff Jan 13)
Floated Frag	1,300-1,370
Cast	1,200-1,300
Mixed turnings 6%	1,030-1,150
LME Cash primary (lowest midday bid)	$2,157.00
LME Cash alloy (lowest midday bid)	$2,091.00

Non-ferrous foundry ingots

Aluminium Europe	
MB free market	
Duty paid delivered works pressure ingot price (DIN226/A380)	€/tonne diecasting 1,680-1,780
Reminder: Prices are MB copyright.	

TOKYO

Tokyo Steel cuts scrap delivery prices for three works

Tokyo Steel cut its scrap purchasing price by ¥500 ($6.40) per tonne across all grades for delivery to three of its plants, effective from January 12.

Japan's largest scrap-based steel producer acts as the unofficial setter of benchmark prices, and has cut its purchase prices three times since the end of last month.

Other mini-mills, particularly in the Osaka area, are beginning to follow suit amid signs of weaker domestic steel prices.

The fall in scrap buying price has been accompanied by a fall in prices paid by dealers for scrap, with the latest national average Japan Steel Scrap Composite Price for HMS 2, published by Sangyo Press, down by ¥200 per tonne to ¥23,100 per tonne.

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LONDON

UK 18/8 stainless scrap solids prices up on LME nickel gains, competition

Prices for 18/8 stainless steel scrap solids rose on January 13, affected by gains in the London Metal Exchange three-month nickel market and increased competition between merchants.

UK inter-merchant solids prices increased to £1,230-1,280 ($1,885-1,962) per tonne on Friday, up from £1,150-1,200 per tonne a week before.

Competition between merchants increased last week, with some in the market bidding for material at very high numbers, merchants reported. This, in tandem with rises in the LME three-month nickel price, has increased inter-merchant prices for the stainless scrap grade.

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