19 January 2012/ Number 9235.4

Metal Bulletin Daily

Thursday

Lonmin mulls court action in SA: 2
Timken expansion plans stalled by union rejection: 3
US ferrous scrap export prices soften: 4

Zim Alloys halts Zimbabwe chrome mining as ban bites

LONDON
BY FELIX NJINI

Zim Alloys Chrome has stopped mining chrome because of a lack of working capital and rising stockpiles of chrome ore as the effects of a government-imposed ban on exports of unprocessed ore chokes miners' balance sheets.

Zim Alloys is among the Zimbabwean chrome producers that have limited smelting facilities, and it has stockpiled ore since the export ban on lumpy chrome ore came into force in April 2010.

Jasper Pieters, Zim Alloys ceo, told Metal Bulletin that the company has stopped all mining operations, but refused to disclose when they would resume or comment on the fate of the mine workers.

Zim Alloys has now resorted to selling stockpiled chrome ore to local users to finance its operations.

Zimbabwean chrome producers with smelting capacity are Sinosteel Corp-owned Zimasco, Maranatha and Oliken.

Zim Alloys resumed mining at its Lalapanzi and Darwendale mines early in 2011.

"All mining operations have been stopped and we are busy selling stock-piled chrome ore to local markets. We are selling between 4,000 and 6,000 tonnes of stockpiled chrome ore into various local users.

"The ban on ore exports does have a negative impact on the chrome industry as a whole as well as on Zimbabwe Alloys."

➔Click here for full story

Spot 63.5% iron ore price eases amid thin trading

China's imported iron ore market slipped for the first time in nearly a month on Wednesday January 18 as trading activities thinned ahead of Chinese New Year.

Mainstream prices of 63.5% Indian fines stood at $145-146 per tonne cfr China during the day, down from $145-147 cfr on Tuesday.

One cargo of 65% Fe South African concentrated fines was traded at $150.5 cfr today, sources said.

While Australian tenders were heard at $142.5 cfr for Newman fines and $138.5 cfr for Mining Area C fines, down about $1 from previous tenders earlier this week.

"A major Indian miner finalised its two 54% Fe cargos at $106.75 cfr yesterday, indicating that Indian prices are still at a high level," one iron ore trader in Hong Kong said.

The market almost came to a standstill, as steel mills shelved their purchase plans and suppliers decided to hold off sales until early February in the hope of better prices, several market participants said.

➔Click here for full story

SHANGHAI

BHP sees Cu, Pb, Zn up in Chile but iron ore faces weather wipeout in Western Australia

BHP Billiton pushed its copper output up by 27% and expanded production of lead, zinc and silver in the December 2011 quarter, but its output of aluminium and alumina fell slightly, according to its half-year results published on Wednesday January 18.

The miner's attributable copper output was 280,300 tonnes in the quarter ended December 31, which was 27% higher than in the preceding period but 7% lower year-on-year.

Escondida in Chile, in which BHP holds a 57.5% stake, has ramped up output since a strike in the September quarter, but is still likely to post lower year-on-year output for the twelve months to June.

Meanwhile, poor weather and mine development in Western Australia is likely to disrupt BHP Billiton's iron ore output in the first half of this year, the company said.

Output from four BHP-controlled mines in the Pilbara reached 38.19 million tonnes in the December quarter, up 4.3% from the previous quarter and up 24.5% on the year.

This was an annualised run-rate of 178 million tonnes, the company said.

But BHP indicated that output would be hit by various factors during the first six months of the year.

"Scheduled maintenance, tie-in activities and the wet season in the Pilbara are expected to affect Western Australia iron ore production," the company said.

➔Click here for full story

Click here for contacts and subscriptions

Non-ferrous metals

'A no-brainer': Lonmin mulls court action against rights grant to Keysha

JOHANNESBURG
BY BIANCA MARKRAM

Lonmin is questioning the legality of a decision made by the South African government to grant prospecting rights to Keysha Investments for chrome, nickel and copper at a site where the platinum producer holds the rights to mine platinum group metals (PGMs).

The miner last year appealed the decision by the dept of mineral resources (DMR) to award Keysha the rights to mine chrome, nickel and copper – by-products associated with the extraction of PGMs – but the department's director-general rejected the appeal, Lonmin said on January 12.

"We don't envisage this would work and we are confident of our legal position," Tanya Chikanza, head of investor relations at Lonmin, told Metal Bulletin.

"It's a no-brainer. We mine PGMs there and you can't mine unless you have byproducts like chrome and nickel," she added. "But we are where we are and we're taking legal advice on this. We will take the necessary action when we've made a decision."

A similar case was overturned in December where the North Gauteng High Court ruled in favour of Kumba Iron Ore in a dispute over prospecting rights.

➔Click here for full story

LME Stocks (tonnes)

Copper	fell	925	to	352,500
Tin	fell	50	to	10,885
Lead	fell	1,775	to	349,300
Zinc	rose	4,750	to	839,450
Aluminium	fell	1,375	to	5,005,150
Aluminium Alloy	rose	140	to	138,500
Nickel	fell	126	to	91,908
NASAAC	unchanged		at	156,280

Comex Gold Feb	$1,647.60
Comex Silver Jan	$30.300
Nymex Platinum Jan	$1,517.10
Nymex Palladium Mar	$658.25

London Precious Metals

Gold am	$1,657.00 per oz
Spot Silver midday	$3,015.00 per oz
Platinum am	$1,512.00 per oz
Palladium am	$649.00 per oz

Barclays Bank

$/£	1.536 -1.5362
$/£ 3 months	1.5347-1.535
£/YEN	117.92-118.08
€/$	1.2808-1.28089

LONDON

Lonmin enters share deal with Wallbridge Mining

Lonmin has agreed to buy units of Canada-based nickel-copper-platinum explorer Wallbridge Mining worth $2.5 million.

A wholly owned subsidiary of Lonmin, 6529241 Canada Inc, has subscribed for 13.2 million units of Wallbridge at a price of 19 Canadian cents (18.7 cents) each.

The units each make up one common share in Wallbridge and half of one common share purchase warrant.

After the completion of the placement, Lonmin will own about 19.8% of Wallbridge.

SHANGHAI

China metal consumption growth to halve in 2011-15

The annual average growth rate in China's apparent non-ferrous metal consumption will halve between 2011 and 2015, according to the government's 12th five-year plan.

The expected annual growth for the period will be 7.4%, compared with 15.5% between 2006 and 2010.

The plan will contain the output growth rate of ten major non-ferrous metals at an average annual rate of 8%, compared with 13.7% in the 11th five-year period.

➔Click here for full story

SINGAPORE

Toledo gives Jinchuan deadline for Ipilan deal

Toledo Mining has given Jinchuan Group until February 10 to decide whether to buy out Ipilan Nickel Corp (INC).

Jinchuan Group has been doing due diligence on INC, which controls the Ipilan nickel deposit in the Philippines.

"Given the positive statements made by Jinchuan in relation to completion [of due diligence], the joint-venture partners [Toledo Mining and Nickel Laterite Resources] intend to continue to negotiate and have communicated their willingness to agree to a request from Jinchuan to extend the deadline to February 10, 2012," Toledo Mining said.

➔Click here for full story

LONDON

DCM will lose 3,000t of FeCr during maintenance

DCM Decometal will lose around 3,000 tonnes of high carbon ferro-chrome production at its Elbasan plant in Albania over six to eight weeks as a result of scheduled maintenance, the company said.

One of the plant's two ferro-chrome furnaces was taken offline for realignment in the past week, md Barry Gidwani said.

"We took down the older plant and should have it on maintenance for six to eight weeks," Gidwani told Metal Bulletin.

DCM will continue to offer material during the maintenance period, he added.

LONDON

Rusal secures holiday option in credit facilities

UC Rusal has completed talks with lenders for the option to introduce a covenant holiday in 2012-13 in its credit facilities.

The company has agreed with its lenders to amend the terms of the credit facilities to "better reflect the global market environment", it said on January 18.

Rusal now has the option to introduce a twelve-month covenant holiday, starting from any quarter this year.

The definition of the interest cover ratio under the credit agreements has also been altered to bring it in line with the standard market approach, Rusal said.

LONDON

Copper slips in officials as choppy trading continues

Copper prices fell for the first time in a week in official trading on the London Metal Exchange on January 18, fluctuating on rumours surrounding the International Monetary Fund's plans to boost its lending firepower.

Three-month copper settled at $8,171/71.50 per tonne on Wednesday, down from $8,202/03 previously.

➔Click here for full story

Iron and steel

Timken expansion plans stalled by union rejection

LONDON
KEITH NUTHALL

A deal between the USA's United Steelworkers (USW) union and the American steel company Timken Co collapsed over the weekend after workers voted it down, scuppering the company's plans for a $225 million expansion project in Ohio.

The agreement, for which Timken believed it had tentative approval, would have replaced the current contract, which expires in September 2013.

United Steelworkers Local 1123, the union branch representing 2,200 paid-by-the-hour workers at three Timken steel plants at its home town of Canton, Ohio, refused the new contract, claiming the company had failed to address several important concerns.

Dennis Brommer, a sub-district director for the US steelworkers union identified a lack of equal benefits between new and established workers and no pension improvements as the main reasons for rejecting the deal.

"These two issues seem to be leading the charge right now," Brommer said in an interview with Metal Bulletin. "It was a little over 900 'no' and 600 'yes', there were probably 700-750 members who didn't vote at all."

According to a statement released by Timken, the new deal would have lasted until September 2017 and would enable the company to expand its Faircrest plant.

➔Click here for full story

LONDON

European domestic rebar static for second week

European rebar producers held domestic prices unchanged for a second week due weak demand from the construction sector.

Small parcels have been sold this week at €540-560 ($690-720) per tonne delivered for the end of January production, unchanged since last week, according to European market participants.

"I have no news," a trader in Spain said. "Nothing new has happened, the prices are the same."

Stockists and fabricators have been liquidating their existing rebar stocks to avoid being caught out by falling prices.

"The market is very quiet. There is no big news," a second trader told Metal Bulletin.

➔Click here for full story

LONDON

Tata Steel UK to supply Siemens wind project

Tata Steel has won a contract to supply 25,000 tonnes of high-quality steel plate for Siemens' latest wind project, the steelmaker said on Wednesday, January 18.

Siemens Wind Power will receive the Tata-manufactured profiled plate between April and September this year. The plate will be manufactured at Tata's wind tower hub in Scunthorpe, and at Dalzell, in Motherwell, Scotland.

The steel will be used to build approximately 150 onshore wind turbine towers, according to Tata. It is worth an eight figure (£) sum, Tata added.

The company has already supplied Siemens Wind Power with about 6,000 tonnes of steel plate for similar renewable developments in the UK and Europe, according to Tata.

In a statement, Tata steel commercial manager for power generation Phil Knowles highlighted the demand for steel in the renewable energy sector as one that "will continue to grow," adding that Tata's objective was to "be a key supplier in the offshore wind power market".

➔Click here for full story

SHANGHAI

Chinese exporters push HRC price to $615-620 fob

Chinese steelmakers won higher export prices for hot rolled steel coil for March shipment this week, backed by higher domestic prices and improved demand.

Booked prices were in the range $615-620 per tonne fob for March delivery, up from $610 fob for February delivery, and $10 more than the $605-610 fob for January shipment.

"Lots of steel mills are fully booked for HRC exports for March shipment," a trader in Shanghai said.

There have been few allocations for March this week, another exporter said.

Steel mills may consider further price rises for April shipment, he added.

In the Shanghai spot market, hot rolled coil of 5-12mm thickness was being traded at 4,220-4,250 yuan ($669-674) on Wednesday, up 20 yuan from a month ago and 60-70 yuan up on two months ago.

➔Click here for full story

JOHANNESBURG

Xstrata Coal sells two collieries to BEE group

The sale of Xstrata Coal South Africa's Spitzkop and Tselentis collieries to the black economically empowered (BEE) mining company Imbawula is seen as part of Xstrata's strategy to reduce its exposure to South Africa due to rising costs and political uncertainty, analysts said.

Imbawula has bought the opencast and underground mines and supporting infrastructure in Mpumalanga, as well as the coal beneficiation plants and prospecting and mining rights in the area, which supports the long-term operation of the business.

"We have seen over a period of time that a number of the majors, particularly Xstrata, has been reducing their exposure to South Africa," said Alison Turner, research analyst at Panmure Gordon. "This move could be seen as part of that in my view."

➔Click here for full story

DUBAI

Zamil Industrial sees net profits fall 27%

Net profits at Saudi Arabia's Zamil Industrial Investment for 2011 fell by 27% against the previous year, as increased competition and lower gross margins affected its steel business, the company's main enterprise.

The Al Khobar-based conglomerate made 154.2 million riyals ($41.1 million) after tax, down from 211.1 million riyals in 2010, following a fall in gross profits to 995.4 million riyals, down from 1.07 billion riyals.

Fourth-quarter profits slipped by 41.4% to 36 million riyals against 61.3 million riyals for the corresponding period in 2010, though this was up by 7.1% against the 33.6 million riyals posted in the third quarter of 2011.

➔Click here for full story

Scrap and secondary

US ferrous scrap export prices seen softening

NEW YORK
BY SEAN DAVIDSON

US ferrous scrap export prices are expected to soften in the next few days as consumers in the USA are shying away from both East and West Coast markets in anticipation of a weaker domestic market, exporters said.

Sources reported only two bulk shipments off the East Coast last week, with prices down by at least $5 per tonne from the start of the year.

One East Coast bulk cargo of HMS 1, shredded, and plate and structural scrap sold to Turkey at $468 per tonne cfr early last week, with shredded dominating the shipment. North American and Turkish sources confirmed the deal, saying these prices were $5 per tonne below transactions in the first week of January.

A second East Coast cargo to Turkey comprised 24,000 tonnes of HMS 1&2 (90:10) at $470 per tonne cfr and 16,000 tonnes of bonus-grade steel scrap at $490 cfr.

Exporters were not confident these price levels would hold in the coming days.

"Turkey is pulling back and, from what I understand, they sense a weaker domestic US scrap market and may stay out of future buying for a while," a large trader said.

A second source on the West Coast echoed the sentiment. "Prices are now dropping for export. No-one is a buyer," he said. "Domestic markets are getting weaker and there is talk of prices going down between $20 and $30 per ton next month," he added.

In the containerised scrap market, a third source said prices for shredded steel scrap shipped off the East Coast were at $438 to $445 per tonne fas last week.

East Coast containerised scrap prices are in a $400-405 per tonne fas Newark range for HMS 1, a fourth source said, putting shredded scrap as high as $445 per tonne fas Newark and $435 fas Baltimore.

A fifth source said container sales of shredded scrap ranged from $430 to $445 per tonne fas, depending on the East Coast port.

➔Click here for full story

UK non-ferrous scrap

Aluminium	£/tonne	
	Actual Price	MB LME Discounts
Group 1 Pure 99% min (baled)	1,160-1,210	179-238
Group 1 Litho (baled)	1,160-1,210	179-238
Commercial pure cuttings	1,010-1,100	298-388
Clean HE9 extrusions	1,160-1,200	198-238
Mixed alloy/Old Rolled cuttings	840-900	444-504
Baled Old Rolled	900-980	364-444
Commercial cast	950-1,000	344-394
Cast wheels	1,180-1,250	94-164
Commercial turnings	700-780	564-644
Group 7 turnings	530-580	764-814
LME primary avge	1,398.60	
LME alloy avge	1,344.03	
Titanium	**$/lb cif**	
Turnings, unprocessed type 90/6/4 (0.5% Sn max)		2.30-2.40
Turnings, unprocessed 90/6/4 (over 0.5%, max 2% Sn)		2.20-2.30

Non-ferrous foundry ingots

Aluminium UK	
MB free market	*(£/tonne)*
LM24 Pressure diecasting ingot	1,450-1,500
LM6/LM25 Gravity diecasting ingot	1,760-1,800

NB: prices expressed delivered consumer works,
LM series as specified in BS1490
Reminder: Prices are MB copyright. All prices assessed Jan 18

LONDON

Sentiment turns in UK secondary Al market

UK secondary aluminium prices rebounded on January 18 as sentiment improved both domestically and in Europe, and the market reacted to higher aluminium prices on the London Metal Exchange.

Margins remained tight, however, with scrap prices also rising on higher LME prices.

LM24 pressure diecasting ingot climbed to £1,450-1,500 ($2,227-2,303) per tonne from £1,440-1,480 previously, while LM6/LM25 gravity diecasting ingot rose to £1,760-1,800 per tonne from £1,740-1,800 previously.

Three-month aluminium settled at $2,210/211 per tonne on January 17, from $2,078.5/079.5 a week ago.

"We're seeing the LME bounce back now. Last week we thought ingot prices had reached a bottom and that looks to be the case now," a producer said, adding that the demand picture has been relatively stable.

"The volumes have always been there in Europe, but the euro made it uneconomic to sell into the eurozone till now."

Some producers saw better demand as some customers looked to buy forward again after months of spot buying.

"Demand is reasonable, not stunning, but people are now looking to buy forward as they see the prices rising," a second producer said.

➔Click here for full story

LONDON

Market awaits new offers on uncertain price direction

Metal Bulletin's Daily Ferrous Scrap Index was unchanged on January 18 at $465.58 per tonne cfr Iskenderun for HMS 1&2 (80:20).

A lack of interest in scrap buying from mills has resulted in few offers coming to market this week.

On the short-sea market, offers from Romania and Russia are between $447-455 per tonne, traders say. However, bulk offer prices have been harder to come by.

Cargoes of HMS 1&2 (80:20) were rumoured to be offered around $465 per tonne cfr from the USA, down from offers of $470 cfr around a week ago. "The only truth is that prices have softened due to a lack of demand," the trader said.

A second trader said uncertainty dominated the market.

"Not heard of any new deep-sea bookings, but surely the mills will have to buy some more tonnage in the coming weeks. The big question is what price [will they book] at?" he said.

LONDON

Scrap offer prices to India fall in face of weak demand, currency shifts

Offer prices into India for ferrous scrap fell this week as international demand for material waned in the period leading up to the Chinese New Year, market participants told Metal Bulletin.

Merchants and traders reduced their prices for shredded ferrous scrap in containers to $470-480 per tonne cfr Nhava Sheva, down from higher offers of $480-495 cfr a week ago.

HMS 1&2 is being offered around $440-465 per tonne cfr, depending on origin and quality, widening from $450-460 cfr last week.

HMS 1 was also on offer at $475 per tonne cfr, a trader said.

The bulk of transactions are coming from the Middle East at prices of $445-465 per tonne cfr for HMS 1&2, due to the shorter transit time for scrap getting to India, traders said.

➔Click here for full story