Metal Bulletin daily
Tuesday 27 March 2007
Issue No: 8989.2

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Huludao Mo mines to resume output this year

HONG KONG — The molybdenum mines in the Huludao region of northeastern China's Liaoning province, where output has been halted for over two years, are expected to re-open by the end of this year, traders and producers told MB.

Miners in the region are installing ecological and safety facilities, repairing mining machinery and clearing water in mine tunnels, which will take between three and six months, molybdenum traders told MB on the sidelines of its 8th Asian Ferro-Alloys Conference.

A source from a major Huludao molybdenum producer said that his company's three mines will be ready to resume mining by the end of the year, having invested tens of million yuan in environment and safety facilities.

"The smaller the miners are, the sooner they will be able to get back on track," he added.

Huludao had over 20,000 tpy of molybdenum concentrate production before the mines were shut down in February 2005. Since the closures, production has fallen by 64 percent to a maximum of 600 tpm of concentrate.

The mines were shut down by local authorities, which wanted to tackle problems including illegal mining, pollution and mining safety once and for all.

The local government retrieved all the mining licences and put 49 percent of ownership in all the mines up for open tender in the first half of last year, with the local government holding the remaining 51 percent, the Chinese molybdenum producers told MB.

China to issue 30 Mo export licences next week

HONG KONG — China is expected to issue the first batch of around 30 molybdenum export licences to producers and trading houses next week.

"Altogether 54 producers applied for the licence, but due to failing to meet one or more of the twelve criteria, only around 50 percent of them will be granted a licence," said Lu Jingyou, vp of Jinduicheng Molybdenum Group, China's largest molybdenum producer, at MB's 8th Asian Ferro-alloys Conference.

"I expect the list to be announced next week," he added.

Lu participated in the appraisal of the licences in his capacity as vice chairman of China's Ferroalloy Industry Assn, before submitting the list of qualified companies to the Ministry of Commerce on March 20.

He did not say how many trading houses would qualify, but market participants believe the total number to be up to 31.

SA tribunal charges Mittal Steel with 'excessive pricing'

LONDON — Mittal Steel South Africa said it will consider its legal options following a competition tribunal ruling that the company had charged "excessive prices" to domestic consumers.

The competition authorities upheld a complaint submitted by Harmony Gold and Durban Roodeport Deep (DRDGold) that Mittal exploited its dominant position in the South African flat carbon steel market.

The tribunal decided that Mittal had flouted the country's Competition Act by "charging an excessive price for its flat steel products to the detriment of consumers", according to the judgment published on Tuesday.

The tribunal will decide how to punish Mittal following examination of further evidence, but the judgment document delivered an unequivocal verdict on Mittal's powerful position in the South African steel market.

"Mittal SA is no mere 'dominant firm' — it is 'super-dominant', a 'monopoly' in the parlance of US anti-trust law. It is, to all intents and purposes, an uncontested firm in an uncontested market," the document said.

The investigation found that Mittal was able to manage the domestic market through its relationship with Macsteel International, a company that is 50-percent owned by Mittal and which handles 100 percent of its export sales.

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Nickel market faces major surplus by 2010 — analyst

HONG KONG — High nickel prices will spark an increasing amount of substitution in the coming years, resulting in major oversupply by the end of the decade, according to Beatrix Nowak, chief analyst at Heinz Pariser Alloys.

The nickel market is facing a "bull trap" under which rising primary and scrap supply will outstrip growth in demand, Nowak told MB's 8th Asian Ferro-Alloys Conference.

"By 2010, we might see a considerable oversupply in the market which could be almost 400,000 tonnes," she said.

Nowak's comments are in sharp contrast to a number of recent predictions from analysts at firms such as Calyon and Macquarie, who expect nickel prices to stay strong.

Macquarie analyst Jim Lennon told MB earlier this week that the nickel boom could last another 15 years (MB Mar 25).

But Nowak warned that the impact of substitution in end-use sectors other than the stainless industry has been underestimated.

The nickel alloy and plating industries, which together account for almost 25 percent of demand, are especially vulnerable to the switch to cheaper alternatives, she said.

LME Stocks (tonnes)

Copper	fell	1,050	to	180,500
Tin	unchanged at			9,495
Lead	rose	1,125	to	33,050
Zinc	fell	1,550	to	107,925
Aluminium	fell	375	to	811,775
Aluminium Alloy	fell	40	to	96,520
Nickel	rose	468	to	5,370
NASAAC	fell	940	to	142,760

Comex Gold Apr	$664.70 per oz
Comex Silver May	$13.375 per oz
Nymex Platinum Apr	$1,241.50 per oz
Nymex Palladium Jun	$356.00 per oz

London Precious Metals

Gold am	$665.15 per oz
Spot Silver midday	$13.34 per oz
Platinum am	$1,237.00 per oz
Palladium am	$353.00 per oz

Barclays Bank

$/£	1.9644 - 1.9646
$/£ 3 months	1.9637 - 1.9638
$/€	1.3340 - 1.3342
£/Yen	232.50 - 232.55

Ivernia seeks temporary shipping plans during Esperance probe

LONDON — Ivernia's wholly-owned subsidiary Magellan Metals is seeking alternative shipping arrangements for its lead concentrates due to continued uncertainty over when it might be able to resume operations at Port Esperance.

Operations were suspended after about 4,000 birds died from suspected lead poisoning between December and January.

Zijin extends Monterrico deadline

SINGAPORE — A consortium of Chinese metals companies, led by Zijin Mining, bidding to take over London-based miner Monterrico Metals has extended its $186 million offer to April 13.

The consortium is offering £3.50 ($6.88) per share in cash for Monterrico and needs acceptances from investors holding at least 70 percent of the company.

Chile's mining minister job reduced

SANTIAGO — Chile's mining and energy minister Karen Poniachik has seen her responsibilities reduced following a reshuffle by President Michelle Bachelet.

Under the changes, the mining and energy ministry will be spilt into two, with Poniachik heading the mining ministry and Marcelo Tokman heading the energy ministry.

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Al continues to fall

LONDON — Aluminium fell in Tuesday's official session at the London Metal Exchange, as pressure on the metal showed no signs of abating, with the widening of the cash-to-three-month contango.

Aluminium traded at $2,739.5/740 per tonne basis three months in the official session, after opening at $2,730 per tonne, down from Monday's close of $2,763. The contango rose to $24 per tonne from around $15 on Monday.

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Chalco to advance Vietnam project this year

SINGAPORE — Aluminium Corp of China (Chalco) expects to advance plans this year for its $1.6 billion bauxite mining and alumina project in Dak Nong, southern Vietnam.

Chalco expects to complete and receive approval for the project's feasibility study report in August, it said in its annual report released on Monday.

The company aims to complete the final negotiations of the joint-venture agreement with Vietnam National Coal-Mineral Industries Group (Vinacomin) in the third quarter of 2007, before receiving approval from the Chinese and Vietnamese governments by the end of 2007.

Global finalises deal for $3bn alumina refinery

NEW YORK — Global Alumina has finalised a joint-venture deal for its $3-billion alumina refinery in the Republic of Guinea with BHP Billiton, Dubai Aluminum (Dubal) and Mubadala Development.

The project is planned in two stages, Michael Cella, Global Alumina's senior vp and cfo, said. The first of two 1.5-million-tpy lines is expected online by mid-2010.

Rusal, Sual, Glencore complete merger deal

NEW YORK — The three-way merger of OAO Rusal, OAO Sual Holding and the alumina assets of Glencore International AG, Zug, Switzerland, has been completed, creating the world's largest producer of primary aluminium.

Alexander Bulygin, formerly ceo of Moscow-based Rusal, will be the merged company's ceo.

LionOre bid may affect BHP Nikkelverk contracts

LONDON — Xstrata's takeover bid for second-tier nickel producer LionOre on Monday has prompted market participants to question the future of BHP Billiton's arrangement with Xstrata to ship nickel concentrate to the Nikkelverk refinery in Norway.

Some argue that LionOre could satisfy most of the concentrate requirements of the Nikkelverk works, which Xstrata acquired when it bought Falconbridge last year, making the BHP deal redundant.

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Beijing likely to relax operating standards for ferro-alloy industry

HONG KONG — China could relax the operating standards for qualified ferro-alloy producers to ensure production capacity totals some 14-16 million tpy, said Xie Xinmin, former chairman of China Ferro-Alloys Industry Association (CFAIA).

The central government has yet to complete checks on all 1,530 ferro-alloys producers and may yet expand its list of qualified ferro-alloy companies. And to ensure a final capacity of 14-16 million tpy, current criteria may have to be lifted, Xie hinted.

China's National Development & Reform Commission listed the third batch of 282 qualified ferro-alloy producers at the end of last month, raising the total number of approved ferro-alloy producers to around 620.

The current qualified producers have a combined production capacity of 11 million tpy, accounting for around 58 percent of China's ferro-alloy production capacity, excluding 2 million tpy under construction, according to Xie.

Ferro-alloy producers that conform to the new operating standards China announced in July 2005 benefit from lower power prices (MB Jan 4).

Beijing imposed discriminatory electricity prices in a bid to regulate the high-pollution, energy-intensive ferro-alloy industry, but the policy is still a long way from having any impact, Xie admitted.

Jinchuan will reduce nickel exports this year

LONDON — China's Jinchuan Group will reduce its export target of nickel for the year, after the Chinese government increased the export tax on the metal on November 1 to 15 percent from 2 percent previously.

The company said it will reduce its export target to 3,000 tonnes of electrolytic nickel, including the 1,100 tonnes that the company has exported in the first quarter of the year, which went into London Metal Exchange warehouses last week to cover the company's short position.

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Hunan Nonferrous may develop King Island tungsten mine

SINGAPORE — China's Hunan Nonferrous Metals Corp has signed a letter of intent with Australia's King Island Scheelite to redevelop the latter's tungsten mine in Tasmania, Australia, the Chinese producer said.

Detailed terms including financing from Hunan Nonferrous and payment terms have not been finalised and will require further negotiation between the two companies, it said.

Turkey's chrome ore exports to China to hit 1m tonnes in 2007

HONG KONG — Turkey's chrome ore exports to China are expected to increase by over 28 percent to 1 million tonnes in 2007, according to chrome ore traders.

This is because of China's booming stainless steel industry and the reluctance of India and South Africa to export chrome ore, said Tu Kung, gm of China Minmetals Co's ferro-alloys department, at MB's 8th Asian Ferro-Alloys Conference.

"Turkey is very competitive and it is the second-largest supplier after India, and given that both India and South Africa are making efforts to curb the exports of the chrome ore, Turkey has good demand from the market," said a chrome ore trader based in Japan.

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Chinese Fe-Si prices seen rising 10% in H2 — Erdos

HONG KONG— Chinese ferro-silicon prices are expected to rise by 10 percent on tighter supply in the latter half of 2007, said Zhang Hai, president of Erdos Metallurgy Group, China's largest ferro-silicon producer.

"China's ferro-silicon output will be reduced in the latter half of this year, which will result in higher domestic and export prices, at least up by 10 percent," he said at MB's 8th Asian Ferro-Alloys Conference.

Beijing is drafting stricter requirements on electric furnaces, eco-friendly facilities and power consumption in the ferro-alloy industry.

MBR's prediction of FeCr price fall riles producers

HONG KONG — Metal Bulletin Research analyst Denny Sabah courted controversy with producers at MB's 8th Asian Ferro-alloys Conference when he predicted ferro-chrome prices will fall in the second half of the year.

In a presentation, Sabah told delegates extra supply later this year could prompt weaker prices after the summer. High-carbon prices are unsustainable at a high of 74 cents per lb, compared with 62 cents in 2006, he said.

Representatives from ENRC and Kermas disputed Sabah's predictions, citing still strong demand and shortages of chrome ore.

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Timet to build huge titanium sponge plant

LOS ANGELES — Titanium Metals Corp could regain the title of the largest domestic sponge producer based on its evaluation of a new plant.

Timet has begun "design and engineering efforts for the construction of a new premium-grade titanium sponge facility" that would produce some 10,000 to 20,000 tpy, and allow for further expansion, it said.

Gold steadies as traders speculate profit taking could pressure prices

LONDON — Gold remained steady on Tuesday, although traders suggested that prices may peak soon leading to profit-taking.

Gold reached an intraday high of $666 per oz on Tuesday on the spot market, but fell back to an afternoon fix of $664 per oz, after a morning fix of $665.15, only a slight rise from Monday's afternoon fix of $663.

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Arcelor Mittal's China march halted for now

GUANGZHOU — Arcelor Mittal is not extending its business interests in China for now and will focus on operating its joint venture with Valin Steel Tube & Wire Co, Arcelor Mittal vp Dirk Matthys said.
The world's largest steel conglomerate has a 29.48-percent stake in the 10 million tpy Valin Steel Tube and expects to increase its stake to 40.84 percent through a share issue (MB Mar 6).
It is also eyeing a 38-percent stake in Laiwu Iron & Steel Co, but its 2 billion yuan ($259 million) bid, made in February 2006, has yet to be approved by Beijing (MB Mar 12).
Industry players were sceptical about Arcelor Mittal's chances of winning Beijing's approval as the company already owns a third of Valin, based in eastern China.
More recently, Mittal Arcelor's attempt to buy a 49-percent stake in a Baotou Iron & Steel Co subsidiary was frustrated when the northern-China-based company backed off from talks (MB Mar 8). Matthys would not comment on the issue.
Meanwhile, the steel giant has agreed to put up $1.5 million of the $1.7 million needed in a UN-led plan to reduce carbon emissions in China (MB Feb 7).

Nippon and Tata Steel discuss auto steel venture in India

SINGAPORE & MUMBAI — Japan's Nippon Steel Corp and India's Tata Steel are in talks about a project to jointly manufacture auto grade steel in India, a spokesman for Tata Steel said.
"We are still at the initial stage of negotiations," he said.
But the spokesman said that if the joint venture comes off, it will produce auto grade steel.
Japan's Nippon Steel Corp and India's Tata Steel are in talks on the prospects for automotive steels in India, an NSC spokesman earlier confirmed.
"We have started a discussion with Tata Steel about … the demand for products like automotive steel in India," he said, adding that the talks began in recent days.
But he declined to say whether the two companies might embark on joint production of automotive sheet in India if they decide demand is strong enough.
"We haven't decided to start a joint venture," he said.
Nippon, Tata Steel and Arcelor signed an automotive steel technology co-operation agreement in 2002 to work jointly on technical developments. The agreement was intended to help meet the needs of the Indian automotive steel sector (MB July 29 2003).

QCM strikes 2007 ore price deal with ThyssenKrupp

LONDON — Canadian iron ore miner and pelletizer Quebec Cartier Mining (QCM) has reached a price agreement with German steelmaker ThyssenKrupp Stahl for its 2007 iron ore pellet and concentrates deliveries.
QCM's acid grade blast furnace pellet price for 2007 contracts rises 5.8 percent to 122.58 US cents per metric tonne unit fob Port Cartier, up from 115.86 cents in 2006.
The new 2007 QCM price for iron ore concentrates is 86.40 US cents per metric tonne unit fob Port Cartier, up 10.4 percent from its 2006 concentrates price of 78.25 cents.
The price will be a benchmark for all deliveries to QCM's European customers.
The percentage increases are the same as those agreed by Rio Tinto's Iron Ore Co of Canada, which settled terms with ThyssenKrupp on March 9.

Czech distributor Ferona expands into Poland

LONDON — Czech steel distributor Ferona is expanding its distribution network to Myslovice in the Katowice area of Poland.
The new facility is scheduled to open on July 1, according to business director Miroslav Horák.
In the first phase of the Polish expansion the company will invest around €15 million ($20 million) to construct a 7,000 sq metre service centre that will handle long, flat and tubular steel products in commercial and stainless steel as well as non-ferrous metals.
According to Horák, the new service centre's processing services will include bending rebar, slitting hot and cold rolled coil, plasma cutting and special format blanking.
"We will create a distribution network similar to [those we operate in] the Czech and Slovak Republics. Our target is to be in the top three companies there within three years. There are some other sites in Poland that are in the process of preparation," said Horák.

Turkish debar mills get $650 in Persian Gulf

LONDON — Turkish debar exporters have settled contracts at $650 per tonne cfr Persian Gulf after it became clear Russian rebar producers will not offer May production for export, traders told MB on Tuesday.
Domestic demand in Russia is too good for Russian mills to be offering May production for export and mills in Ukraine and eastern Europe are looking to export their own output to Russia.
"Steel prices definitely aren't stopping and demand is high," one trader said. "There's less and less material available in the market at the moment."
According to latest reports, Turkish mills have settled contracts with customers in the Persian Gulf at $640-650 per tonne cfr, up from $620-640 per tonne last week and 30 percent higher than the $500-520 transacted at the start of 2007.
Last week buyers in the region expressed concern that some Turkish mills were looking for as much as $660 per tonne cfr for June rolling. The latest reports indicate exporters remain confident this will be achieved.
"I'm still hearing offers of $660 per tonne cfr, even though no one has booked [at this level]," another trader said. "This is a balloon which will puncture soon. It's not sustainable."

Arcelor Mittal and Nippon agree to expand I/N Kote

PITTSBURGH — Arcelor Mittal and Nippon Steel have agreed to expand the production capacity of their joint venture operations in New Carlisle, Indiana, according to reports from Japan.

The Nikkei business daily reported on Monday that the two companies have agreed to invest about $254 million to double the capacity of I/N Kote LP, a steel galvanizing plant that produces automotive sheet. Capacity would be increased by 500,000 short tons, to 1 million tpy, according to the report.

The report said that Lakshmi Mittal, president and chief executive officer of Arcelor Mittal, and Akio Mimura, representative director and president of Nippon Steel, agreed the deal at a meeting in New Delhi on Sunday.

Nippon Steel has been considering expanding steel production in the USA for some time and would reportedly like the added capacity at I/N Kote to meet increasing demand from automotive customers such as Toyota and Honda.

The company said at that time it was considering expanding its US automotive steel capacity but was not, as some reports suggested, interested in building a new plant in the USA.

FMO to take over Opco from Japanese by May

RIO DE JANEIRO — The Japanese consortium that has run Venezuelan hot briquetted iron producer Opco (Operaciones al Sur de Orinoco CA) for the last 17 years will withdraw after its operational contract ends, miner Ferrominera Orinoco (FMO) said.

"This means that by May 2007, the 1 million tpy HBI plant will be transferred back to 100-percent operation by FMO, which is already responsible for HBI sales from the plant," Dario Rojas, head of FMO's marketing research, told MB.

The plant, which has one Midrex module, is owned by Venezuelan state-owned resources corporation CVG, which also owns FMO.

"It was CVG's option not to renew the contract with the Japanese consortium," Rojas said.

The plant, where a 300,000 tpy expansion project is likely to start towards the end of this year, will join FMO's direct reduced iron department, he said, adding that it is not yet clear whether it will still be called Opco.

The plant came to be known as Opco after the joint venture set up to run it.

Kobe Steel heads the consortium of Japanese companies that owns the majority of joint venture Opco, in which FMO has a minority stake.

WCI Steel posts net loss in fourth quarter

PITTSBURGH — One-off adjustments relating to fresh-start accounting from WCI Steel's May 1 2006 emergence from bankruptcy protection contributed to a $1.1 million net loss for the fourth quarter ended December 31, the company said on Monday.

In the same quarter a year earlier, WCI Steel had net income of $5.1 million. Net sales in the comparable period slipped 5 percent.

WCI, based in Ohio, posted an operating loss of $1.2 million for the most recent quarter compared with operating income of $9 million in the fourth quarter of 2005. With shipments of 283,000 short tons in the quarter, operating loss per ton shipped was about $4 compared with operating profit of about $28 per ton shipped on shipments of 323,000 tons in the prior year's fourth quarter.

Cynthia Bezik, WCI's chief financial officer, said the one-off adjustments included the fact that the May 1 valuation of property, plant and equipment was revised upwards, resulting in $8 million of depreciation and amortisation being recorded in the fourth quarter. WCI also, for accounting purposes, recognised during the quarter a net retiree heathcare obligation of $188.6 million May 1 that was subsequently reduced to $134.1 million at the year end, related to the company's obligation for United Steelworkers union-represented employees and retirees.

US Steel opposes TK mill in Alabama

PITTSBURGH — US Steel thinks that Alabama taxpayers' money will provide ThyssenKrupp AG with an unfair competitive advantage to its steel operations in the state and is urging the state government to stop its pursuit of a multibillion steel mill.

ThyssenKrupp previously announced plans to build a $3 billion carbon and stainless steel production facility in the southeastern USA to try to gain a foothold in the US automotive market. The German steelmaker has narrowed its choices down to sites in Alabama and Louisiana and officials from both states have been piecing together incentive packages aimed at luring the mill.

US Steel, which operates a steel mill in Fairfield, Alabama said it does not want taxpayers' money going into the equation. The company recently sent a letter to Alabama Governor Bob Riley noting that the new mill would be a direct competitor to its plant and the use of taxpayer money to fund the project would give ThyssenKrupp a significant competitive advantage.

Red Bud installs new blanking lines

CHICAGO — Red Bud Industries has installed blanking lines at three companies in plants in Ohio, California and Texas. Another line, a stretcher leveller and sheet cleaning line have been scheduled for installation in Ohio and South Carolina.

Red Bud said it had completed the installation of a 14-gauge precision blanking line at H&D Steel Service in Ohio, which will be used primarily to process mark-free stainless steel and aluminium blanks.

Executives said the line will allow H&D to offer blanks with length tolerances of plus or minus 0.005in at production speeds of up to 120 feet per minute. The line, which features Red Bud's patented motorised grip feed system, also includes a coil lift, peeler, straightener, shear, drop stacker and side discharge conveyers. It will handle coils up to 60in wide weighing up to 20,000 lb.

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