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China's Maike diverts copper imports as oversupply cuts prices

SHANGHAI — One of China's biggest copper importers, Xi'an Maike Group, has been diverting as much as a quarter of its imports to buyers elsewhere in Asia in recent months as emerging oversupply in China sends prices lower.

"Maike hasn't been selling anything in the physical market since a couple of weeks ago...it's not only sold copper to Taiwanese and South Korean buyers without adding to the price, but it's also delivered to LME [London Metal Exchange] warehouses in Busan and Gwangyang [in South Korea]," a source close to the company said.

Maike has long-term contracts to import 20,000 tpm of copper this year, or about 13 percent of China's imports in the first quarter. It buys under contracts from suppliers including Codelco and hedge fund Red Kite, the source said.

The Chinese trading house has long-term contracts with domestic buyers covering 15,000 tpm and has been looking to sell the remaining 5,000 tpm into the spot market in China when local prices make it profitable to do so.

But domestic prices have slipped recently as traders warned that supply will outstrip demand. Spot copper traded on the Shanghai Changjiang Nonferrous Metals Market was quoted at 70,120-70,320 yuan ($9,113-9,140) per tonne on Thursday, down 1,680 yuan per tonne from the previous day.

An importer selling copper on the Chinese spot market would have made losses of around 4,000 yuan per tonne based on the comparison between Thursday's spot prices in China and prices based on the LME, including premiums and freight, according to a senior sales official with Maike.

Trading in the physical market has been extremely sluggish, with Shanghai's trading volume barely reaching 2,000-3,000 tpd on Thursday from 20,000-40,000 tpd earlier this year, according to traders.

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Thai copper smelter no longer taking in raw material

NEW YORK — Thai Copper Industries Public Co (TCI), Thailand's sole copper smelter, is not taking delivery of copper concentrate as rumours continue to surround the full extent of production problems at the facility.

TCI reportedly turned away a delivery of copper concentrate destined for the smelter and is no longer actively seeking raw material on the spot market, trade sources said.

The company was reportedly producing at less than 50 percent of capacity as it adjusts its facilities to use concentrate rather than anode copper, a source close to TCI said last month. It is not expected to return to full output until September, he said.

But other sources said they heard the smelter had encountered a host of issues and that there were no assurances when it would restore normal operations.

"The facility is shut to concentrate deliveries. A cargo of about 20,000 tonnes that was being shipped to Thailand has now been turned away," one trader said. "Thai Copper is not in the spot market for material and as far as we are aware it did not have any long-term agreements."

Brazil's MMX may go it alone at Corumbá

RIO DE JANEIRO — Brazil's MMX may buck a recent trend of teaming up with fellow iron ore miners and instead go it alone at its Corumbá project, the company's chief executive officer said.

"We may possibly not set up a partnership at MMX-Corumba... due to the special circumstances there," Eike Batista told journalists in Rio. "But nothing has been decided yet."

MMX has set up successful partnerships on bigger projects such as Minas-Rio with Anglo American and MMX Amapá with Cleveland-Cliffs, but Batista noted that conditions at Corumbá were unique.

"Corumbá is the only part of the world where the ore is [almost] exclusively lump. The area is also very suitable for forestry schemes. The conditions at Corumbá are special and the project is already very profitable," he said.

The $72 million MMX Corumbá iron ore mine came on stream in December 2005 with capacity of 4.9 million tpy. The company is shipping iron ore via barge down the Paraná river to Argentina, where some is used by Techint Group and the rest exported from San Nicolás port to Europe.

Next month the first of two 200,000 tpy charcoal-based pig iron furnaces will start up at Corumbá, with the second due to come on stream shortly afterwards. Most of the pig iron produced will be sold under a contract already established with trader Cargill. Later, 500,000 tpy of billet production should also be added to the Corumbá operation.

... but postpones pellet plant project

RIO DE JANEIRO — Brazilian iron ore miner MMX has postponed plans to set up a 7 million tpy pelletizing plant at its Açu port in Rio de Janeiro state, company director general Rodolfo Landim announced.

"This is because the customers prefer pellet feed to pellets," he told journalists.

The pelletizer was originally planned to start up in 2010 as part of MMX's Minas-Rio project. This will produce 26.6 million tpy iron ore and start up in the last quarter of 2009. It is being developed in a joint venture with Anglo American.

The pellet plant, which would have been developed solely by MMX in a $433 million investment, has been postponed because of demand for pellet feed from the mine.

CVRD to buy 85 percent of Kazakhstan copper prospect

RIO DE JANEIRO — Brazil's Cia Vale do Rio Doce (CVRD) has entered an agreement to purchase 85 percent of Kazakhstan's Vostok copper project from London-based resource finance and investment company Scarborough Minerals Plc.
This is the first time CVRD has taken an interest in Kazakhstan, representing a further step in its current geographical diversification strategy, a CVRD spokeswoman said on Wednesday.
Scarborough will retain the remaining 15 percent of Vostok, which is still at the pre-feasibility stage and whose reserves are estimated at 2 million tonnes of copper.
CVRD will invest an initial $4 million over the next two years on preparing the Vostok project for a feasibility study, according to a statement from Scarborough. As part of this initial $4-million expenditure, Scarborough will be reimbursed all expenditures on Vostok from January 2005 to the date on which CVRD acquires its interest in Vostok, the statement said.
Upon completion of the initial spending commitment, CVRD will have the option to retain its 85-percent interest in Vostok through the payment of $1 million to Scarborough and funding 100 percent of a bankable feasibility study.

LME Stocks (tonnes)

Copper	fell	1,650 to	144,050
Tin	rose	50 to	8,045
Lead	fell	200 to	44,450
Zinc	fell	175 to	86,700
Aluminium	fell	525 to	835,075
Aluminium Alloy	fell	360 to	87,740
Nickel	fell	12 to	4,446
NASAAC	fell	140 to	135,040

Comex Gold Jun	$675.40 per oz
Comex Silver Jul	$13.31 per oz
Nymex Platinum Jul	$1,332.00 per oz
Nymex Palladium Jun	$364.00 per oz

London Precious Metals

Gold am	$677.85 per oz
Spot Silver midday	$13.29 per oz
Platinum am	$1,323.00 per oz
Palladium am	$365.00 per oz

Barclays Bank

$/£	1.9916 - 1.9918
$/£ 3 months	1.9900 - 1.9901
$/€	1.3533 - 1.3535
£/Yen	238.90 - 238.95

Codelco plans to restart Andina mine

SANTIAGO — Corporacion Nacional del Cobre de Chile (Codelco) plans to restart production from the underground copper mine at its Andina division after it was closed following the death of a worker on Wednesday.
Emerson Alex Rojas Torres, 31, was killed after a rockfall inside the mine.
The state-owned copper miner suspended all underground operations while it ensured that there were no risks to workers and to investigate the cause of the accident. Production is expected to resume within the next 12 hours, a Codelco spokeswoman said.

Hindalco and Sterlite set minimum copper TC/RCs at $45/4.5

MUMBAI — Indian copper smelters Hindalco and Sterlite Industries have said they will not accept treatment and refining charges (TC/RCs) of below $45 per tonne/4.5 cents per lb.
TC/RCs, which miners pay smelters to turn concentrate into refined copper, have been dropping as tightness in the concentrate market grows.
But an official from a leading trading company dismissed their decision as posturing.
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US aluminium premiums soften

NEW YORK — US aluminium premiums have softened in very thin trading as producers and traders described weak market conditions and reported little buying activity.
The US midwest aluminium premium slipped to a range of 3-3.5 cents per lb from a previous range of 3.75-4.25 cents per lb. Overall softness in the US economy is leading to fewer if any new orders for primary aluminium, sources said.

Glencore takes control of Sherwin Alumina

NEW YORK — Glencore International has taken 100-percent ownership of Sherwin Alumina, a 1.6 million tpy alumina refinery in Sherwin, Texas. The price of the acquisition was not disclosed.
A spokeswoman for Glencore, one of the world's largest commodities traders, confirmed that the company had purchased Sherwin, which had previously been owned 51 percent by China Minmetals Corp and 49 percent by Houshang LLC, an investment vehicle of Houshang Shams, the former chief executive officer of Sherwin.

Breakwater stock climbs on takeover talk

NEW YORK — Shares of Breakwater Resources rose more than 7 percent on the Toronto Stock Exchange on Wednesday amid rumours of a pending takeover bid by fellow Canadian miner HudBay Minerals.
HudBay, an integrated producer of zinc, copper, gold and silver, is expected to make an offer for Breakwater, a Toronto-based zinc miner, very shortly, sources said.
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LME Cu falls below $8,000 in official LME

LONDON — Copper settled below $8,000 per tonne in the official session on the London Metal Exchange on Thursday, as cancelled warrants for the red metal fell and the market relaxed following news that the US Federal Reserve left interest rates unchanged.
Prices fell on Wednesday afternoon ahead of the US news, leaving prices rangebound in Thursday morning's pre-market trading.
"I think a lot of people were surprised by yesterday's sell-off but there has been a big correlation between the complex and US equities in the last week, and when we came back from the holiday and the USA had run out of steam, the metals lost momentum," said one ring trader.
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Scandinavian Steel lodges claim against Xiangxi Minmetals in Rotterdam

LONDON — Scandinavian Steel has lodged papers in a Rotterdam court demanding that material from Xiangxi Minmetals Co be arrested after the Chinese company allegedly breached its contract to deliver electrolytic manganese metal to the Stockholm-based company earlier this year.

In the court filing, which MB has obtained, the steel raw materials distributor alleged that Xiangxi had failed to deliver against a contract for 600 tonnes of electrolytic manganese signed in December.

Xiangxi was allegedly due to ship the material in January at $1,600 per tonne on a cif Rotterdam basis, but failed to deliver at all, either then or later.

According to the court papers, the contract had a penalty clause, under which if any material was delayed or not delivered, the Chinese supplier would have to pay 20 percent of the contract, equalling some $192,000.

Scandinavian Steel alleges that Xiangxi failed to pay up despite repeated requests and warnings, leading to a further breach of the contract.

Xiangxi has denied the allegations.

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Galico president Shao Boxuan to become Camec shareholder

SHANGHAI — Zhejiang Galico Cobalt & Nickel Material Co president, Shao Boxuan, will become a main shareholder in Central African Mining and Exploration Co (Camec) under a recent deal between the two companies.

"The deal is an asset injection into Camec in exchange for a stake in the company," Shao told MB.

Shao will either directly hold a stake in Camec or do so through a holding company, while Galico will become a subsidiary of Camec.

The exact shareholding has not been finalised, but he will be among the "top few shareholders" of Camec, he added.

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Finnish nickel firm plans London IPO to start production

LONDON — Finnish nickel company Talvivaara will seek to raise €250 million ($339 million) through a listing on the London Stock Exchange in the next two to three weeks to bring its project near Sotkamo in Finland to production late in 2008.

The initial public offering (IPO) will complete the financing the company requires to bring the project to production, said chief financial officer Saila Miettinen-Lähde.

"We have just secured a $320 million debt package, and the capital we will raise will fulfil our full capital expenditure requirement to bring the project into production," she told MB.

"We plan to come to London in the next two to three weeks."

Chinese ferro-chrome prices continue to climb

SHANGHAI — High-carbon ferro-chrome prices in China have continued to rise on stubbornly high ore prices and strong demand.

High-carbon ferro-chrome is selling at 8,600-8,800 yuan ($1,118-1,144) per tonne on the spot market, up an average of 200 yuan or about 2 percent from two weeks ago.

Some new tenders for long-term contracts have been made, including Baosteel's offer of 8,200 yuan per tonne delivered duty-paid, and Jiuquan Iron & Steel's offer of 8,450 yuan per tonne.

Baosteel's low offer may be an attempt to depress prices, with the company arguing that ferro-chrome producers are using raw materials purchased one or two months ago, before ore prices reached current highs, said a Shanghai-based trader.

China expects cobalt ore, concs imports to slump on DRC ban

SHANGHAI — Cobalt concentrate and ore imports to China will fall substantially this year as a result of the Democratic Republic of Congo's (DRC) ban on hand-picked ores, which will extend to concentrates in the second half of the year, according to Chinese cobalt market participants.

The forecast comes despite officials from the African country insisting that certified concentrates will still be allowed out.

"From our understanding, the five concentrate producers will only be allowed to export concentrates till the end of August," said an official from Shanghai Ningxi Industrial Resources on the sidelines of the Cobalt Development Institute's Cobalt Conference.

Mary Chi, a Beijing-based consultant at CRU, told MB that exports of concentrates with less than 10 percent cobalt are banned.

However, officials at state-owned mining company Gécamines maintain that certified concentrates from the five main concentrate producers in the DRC will still be allowed out.

"The companies can export carbonates, concentrates, whatever. There is no deadline, no schedule," said Claude Kiswaka, Gécamines commercial director.

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Gold loses $10 as US dollar rally continues

LONDON — Gold took a further tumble on Thursday as low prices triggered a sell-off, but with the US dollar's rally expected to be shortlived, so is the yellow metal's fall, according to analysts.

"I think that investors have thrown in the towel for a while. The price is near $670 per oz again and drifting down; I think that the people who had been hoping that prices may rise have lost that hope and started selling," Matthew Turner of Virtual Metals, told MB.

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Lundin increases stake in Sunridge Gold

LONDON — Lundin Mining has increased its stake in Sunridge Gold Corp in a deal worth C$6.75 million ($6.09 million) that will take the Canadian company's holding to almost 20 percent and enable Sunridge to continue drilling in Eritrea.

2006 stockbuilding may force EU steel prices down

LONDON — Projections for steel use in 2007 compiled by Eurofer, the European steelmakers' association, could indicate that prices are set to fall this year.

Eurofer expects growth in EU apparent steel consumption to fall below growth in actual steel consumption for the first time since 2005, according to a report published this month.

These figures suggest 2006 saw significant stock-building in Europe, which could force prices downwards in 2007, particularly if imports continue to rise, according to one industry analyst.

"There is some danger of a weakening market as growth in apparent consumption was 11.7 percent last year whilst real consumption growth was only 6.2 percent," he said.

"The message is that customers have been buying steel [apparent consumption] faster than they have been using it [real consumption]."

"Even if real consumption continues to increase, there is a danger of destocking," he explained, pointing out that this is indicated by Eurofer's projection of a reduced rate in growth of apparent steel consumption.

Eurofer has increased its forecasts for growth in apparent steel consumption from 0.6 percent in February to growth of 1.5 percent in 2007 compared with 2006, while it has predicted that real consumption will only grow by 3.4 percent.

The potential for price decline could be increased by a change in Europe's trade balance, which saw steel imports to EU countries increase to 23.6 million tonnes in the first eleven months of 2006 from 16.3 million tonnes in the whole of 2005.

Turkish debar down $5 to $625-630 cfr Gulf for June

LONDON — Turkish mills have settled debar contracts with buyers in the Persian Gulf at $625-630 per tonne cfr this week, down around $5 from last week's business, traders told MB.

The reports came shortly after Turkish mills confirmed they had reduced export offer prices to as little as $610 per tonne fob Mediterranean port in order to sustain business in the region.

Chinese mills, however, have released no new offer prices this week, according to traders, who said the latest round of transactions for this business were done at $570-580 per tonne last week.

"There's been a total stop from China. They've been a little bit uncertain after the [recent changes in the export situation]," one trader told MB. "Turkey is looking for $640 [cfr], but customers are bidding at $620-625."

According to latest reports, contracts were settled at $625-630 per tonne cfr Persian Gulf, down slightly from contracts settled with Turkish mills last week at $630-640 but still up nearly 30 percent from transacted prices at the beginning of the year.

EU angles steady at $680-800 fob for June production

LONDON — EU mills have made no alterations to their offer prices for merchant bar produced in June after increasing prices by $20-30 per tonne in April, traders told MB on Thursday.

Healthy demand from both domestic and export customers, various summer holidays in Europe and scheduled shutdowns of mills for maintenance are likely to give support to the prices until September, one trader speculated.

"Prices are essentially the same whether it is being offered out of stock or for production in a month's time," one trader told MB. "Merchant bar is very stable at the moment."

According to the latest reports, European mills have continued to agree to merchant bar base prices at $440-450 per tonne fob European ports, the same level as in April, and have not made any further increases to size extras since then.

As a result, export contracts for European-origin angles, including extras, were transacted at $680-800, also the same level as last reported by MB.

LKAB strike ends as bosses agree to talk

LONDON — A strike among hundreds of workers at state-owned Swedish iron ore miner LKAB ended on Wednesday as management agreed to talk to unions over a pay disagreement.

The unofficial strikes brought work to a standstill at LKAB's Kiruna operations and elsewhere over Monday and Tuesday but the company does not believe it will have an effect on deliveries to its customers.

"Workers went back to work as normal [on Wednesday], which meant the strike only lasted for two days. Two days' lost production will obviously have some impact on our operations, but it's nothing that we cannot cope with and I don't believe it will have any impact on our customers," LKAB's vice president Bengt Hjärpe told MB.

About 500 of LKAB's 1,800-strong workforce were part of the strike action over the two days, according to Hjärpe.

LKAB management consulted with its employers' association and unions who advised them to return to negotiations with unions.

Talks with the unions are expected to begin this week.

Tubacex posts strong Q1 profits on good demand

LONDON — Spanish stainless seamless tube producer Tubacex increased its January-March pre-tax profit by 64.4 percent to €26.35 million ($35.65 million) compared with the same period in 2006, on favourable market conditions.

Tubacex saw its sales in the first quarter increase by 33.7 percent to €172.34 million, up from €128.85 million.

"Tubacex considers that it finds itself in an excellent situation in which improvements in productivity, industrial specialisation and its competitiveness are taking place in all its production centres at a time when the market is very favourable," the company said in a statement.

Due to strong demand and investment projects in the energy and petrochemical sectors the company expects a very positive year for the remainder of 2007 based on an extensive order book and its position in its main markets.

Rocca and Chávez to discuss Sidor next week

RIO DE JANEIRO — Techint group chairman Paolo Rocca is to hold a meeting next week with Venezuelan president Hugo Chávez to discuss the future of Venezuela's integrated steelworks Sidor, according to a report in Brazilian newspaper *O Estado de São Paulo*.

The meeting was arranged following intervention by Argentinian president Nestor Kirchner, according to the newspaper, which quoted "unofficial sources".

Kirchner is understood to have requested Chávez not to proceed hastily with his proposed renationalisation of the 5 million tpy Sidor, which is controlled by Ternium, a subsidiary of Argentina's Techint group.

According to local reports, Sidor will only be able to avoid renationalisation if it accepts Chávez's conditions on compulsory steel product sales at preferential (that is, cost) prices to the Venezuelan domestic market.

Kirchner, according to the unofficial sources, largely agrees with Chávez's policies to encourage domestic market growth.

The expectations in Buenos Aires are that Sidor's controllers will reach a compromise accord with Chávez on domestic market sales in next week's meeting, according to the Brazilian newspaper report.

This follows a statement by Ternium Sidor on Monday that renationalisation is "not a possibility it is considering for Sidor".

Jindal Steel to double Chhattisgarh capacity to 6m tpy

MUMBAI — India's Jindal Steel & Power Ltd (JSPL) has signed a memorandum of understanding to invest another Rs80billion ($1.95 billion) in Chhattisgarh to double its steel capacity in the state to 6 million tpy.

"Under this [agreement] we will expand the capacity of our steel plant from the present 3 million tpy to 6 million tpy in about the next two to three years," a spokesman said.

JSPL is an integrated steel producer and one of the lower cost producers in India. It has coal-based direct reduced iron (DRI) capacity of around 1.5 million tpy. It uses both mini blast furnaces and electric arc furnaces and also produces captive power supply from the flue gases of DRI kilns.

The spokesman said the company was considering the blast furnace and BOF route for the expansion, but that the decision had not been finalised.

The company's Chhattisgarh plant has its own captive iron ore reserves.

Taiwan's Tong Hwei plans 1m tpy billet plant in Vietnam

SINGAPORE — Taiwanese stainless producer Tong Hwei Enterprise plans to invest $60 million in a 1 million tpy billet plant in Vietnam's southern province of Ba Ria-Vung Tau, a company spokesman told MB.

The company was granted an investment licence last month to set up the wholly foreign-funded Trung Tuong Steel Co, according to the province's industrial zones authority.

Construction of the plant on a 30-hectare site in Phu My II is expected to be completed in three years with production scheduled to begin in 2010, it said.

... as Posco mulls stainless plant there

SINGAPORE — Posco has started a feasibility study on building a new cold rolled stainless plant in Vietnam, a company spokesman confirmed.

"There are no details yet as nothing is finalised," he said, however.

The stainless plant would be the latest in a string of investments planned by the South Korean steelmaker in Vietnam.

Posco is also planning to build a $361 million cold rolling mill in Ba Ria-Vung Tau province south of Ho Chi Minh City.

Construction of the 1.2 million tpy mill is expected to start in October while commissioning will start in December 2009 (MB Jan 12).

Nippon Steel talks to Arcelor Mittal about technology agreement

SINGAPORE — Nippon Steel is in talks with Arcelor Mittal on a new technology sharing agreement, a spokesman for the Japanese company confirmed.

Japan's biggest steelmaker has an existing agreement with Arcelor, and the company is striving to finalise a new deal as soon as possible, the *Nikkei News* reported.

Nippon Steel used to provide sheet manufacturing technology to Arcelor SA, which supplied Japanese carmakers' European factories, the report said. The steelmakers have been exploring a new partnership since Mittal Steel's finalised its acquisition of Arcelor in June.

Nippon Steel turned down a request from Arcelor Mittal to use its sheet production technology at its worldwide manufacturing bases, and the companies are now working towards a technology transfer agreement that would cover limited regions and customers, the *Nikkei* report said, citing unnamed sources close to both companies.

Noble Group Q1 profit rises 26% as revenue hits $4bn

SINGAPORE — Noble Group said net profit in the first quarter rose 26 percent year-on-year to $44 million on the back of investments in infrastructure and resources assets.

Revenue rose 47 percent to a record $4.1 billion, Noble said.

"Our recent investments demonstrate our ability to identify strategic opportunities which will create over time a higher margined business platform," said ceo Richard Elman in a statement. The company has now declared record revenues for the third consecutive quarter, he noted.

The Hong Kong-based company is one of the world's biggest traders of iron ore, and a major player in agricultural, industrial and energy products. It also trades ferro-alloys and base metals.

All Noble's business areas reported revenue growth with its agriculture, energy and metals, and minerals and ores divisions reporting a 47 percent increase in revenues.