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Xstrata's CCR refinery declares force majeure

NEW YORK — Xstrata Plc's Canadian Copper Refinery (CCR) in Montreal has declared force majeure on copper deliveries, less than three days after approximately 400 unionised workers walked out on strike, a company spokesman confirmed.

Customers were informed of the decision yesterday afternoon, the spokesman added.

It comes despite plans by CCR to ramp the facility back up to about 35 percent of its capacity of 370,000 tpy by reassigning workers from other departments.

Industrial action started on Monday after conciliated talks between the company and officials from Local 6887 of Le Syndicat des Métallos au Québec, an affiliate of the United Steelworkers' Union, collapsed.

No further negotiations are planned at this stage.

Last week, workers at CCR voted by a 91.5-percent margin to reject the company's last three-year offer. The dispute centres on wage increases and pension improvements.

The old agreement covered 430 union members and expired on May 30. The facility currently employs about 590 workers.

Traders said that the company was unable to meet all of its commitments even though it was running at a reduced capacity and said it was unlikely that the refinery had much of a stockpile.

The situation at CCR has caused US copper premiums to shoot up as consumers rush into the cathode spot market in an attempt to cover their needs, traders said, adding that many are already living hand-to-mouth and carrying no inventory.

Premiums in the northeast and midwest have risen more acutely as CCR is a major supplier to many rod and tube mills in those regions.

Sources put cathode premiums at 8-8.5 cents per lb delivered to most US destinations, up from 7-7.5 cents per lb previously.

Supplies of cathode are already tight as regular shipments from South America to the Port of Providence in Rhode Island have stopped and stocks held in Comex and London Metal Exchange-registered warehouses tumble.

Fears of supply disruptions have also been exacerbated in the wake of threats of strikes by unionised workers at two copper mines and a smelter in Peru owned by Southern Copper after wage talks broke down. Grupo Mexico SA de CV, majority owner of Southern Copper, is also facing strikes at Cananea, Mexico's largest copper mine, and at other facilities in Mexico beginning on Friday.

"People are starting with zero inventory and are now panicking. Everyone is under-bought. We've had people calling this morning looking for deliveries anywhere between this Monday through to August," one trader said, adding that premiums could touch 9 cents per lb in some regions.

"The arbitrage is also about 3 cents, so if you want an LME warrant, you're going to have to pass that cost along. You then have the freight and shipping charges on top," he said.

Copper product manufacturers were preparing for the possibility of the strike dragging on as the union and Xstrata, the new owners of the facility, test each other out, he added.

MJunction set to launch index-based HR coil futures contract

HANOI — MJunction Services, an electronic steel marketplace co-owned by Tata Steel and the Steel Authority of India (Sail), will launch a regional steel pricing index for hot rolled coil in six month's time, md Viresh Oberoi told MB on the sidelines of MB's Southeast Asian Steel conference in Hanoi.

The company is launching the index so that it can begin developing a physically-deliverable hot rolled coil futures contract with India's NCDEX futures exchange, according to Oberoi, who said this "will allow users to hedge on steel contracts".

"90 percent of transactions would not be delivered," he predicted.

"There is a need for the service due to the volatility of steel prices," he said. "You need to hedge to limit your risk."

MJunction, which has been operating for five years and was previously known as MetalJunction, currently provides an electronic platform for steelmakers and buyers to trade physical steel within India.

Oberoi said the company is the world's largest electronic trading platform for physical steel, having traded 5 million tonnes of steel, 2 million of which was traded in the last year.

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Dubal, L&T submit second proposal for Orissa Al project

MUMBAI — Dubai Aluminium (Dubal) and Larsen & Toubro (L&T) have proposed to jointly set up a 3 million tpy alumina refinery and a 220,000 tpy aluminium smelter in the Indian state of Orissa, an official from the state industries department confirmed.

The proposal, which has been submitted to the state government, will be vetted by the project clearance authority, headed by Orissa chief minister Naveen Patnaik, the official said.

Dubal and L&T's earlier proposal of a 1 million tpy refinery failed to obtain approval as the state government wanted the project to include a smelter to convert at least 25 percent of the alumina into aluminium within Orissa.

The new project, which includes a smelter, should obtain the green light from the state as it meets all the requirements, the official said.

Included in the proposal are a 1200MW captive power plant and a 76km railway track linking the refinery to the smelter.

If implemented, the project will also produce enough alumina to supply at least 1.5 million tpy to Dubal's smelters in the Gulf.

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LME Stocks (tonnes)

Copper	fell	800 to	119,075
Tin	fell	5 to	11,365
Lead	fell	325 to	42,975
Zinc	rose	1,825 to	75,875
Aluminium	rose	50 to	830,850
Aluminium Alloy	fell	120 to	81,380
Nickel	rose	78 to	9,126
NASAAC	fell	280 to	131.260

Comex Gold Aug	$652.80 per oz
Comex Silver Jul	$13.06.50 per oz
Nymex Platinum Jul	$1,282.00 per oz
Nymex Palladium Sep	$366.40 per oz

London Precious Metals

Gold am	$650.75 per oz
Spot Silver midday	$13.04.00 per oz
Platinum am	$1,281.00 per oz
Palladium am	$369.00 per oz

Barclays Bank

$/£	1.9701 - 1.9703
$/£ 3 months	1.9684 - 1.9685
$/€	1.3304 - 1.3306
£/Yen	242.21 - 242.24

Southern Copper pay talks break down as strike is considered

LIMA — Union leaders at Southern Copper's Ilo, Toquepala and Cuajone units in Peru have broken off talks with company representatives and are seeking a strike mandate from workers.

Jorge Chavez, secretary general of the Toquepala unit, said that all three unions are holding assemblies and will probably present a strike notice at the end of this week.

Japanese Q3 Al premiums settling $3-4 per tonne lower

SINGAPORE — Negotiations for third-quarter aluminium premiums in Japan are mostly settling at $68-70 per tonne, $3-4 lower than second-quarter premiums on ample supply and weak demand, traders said.

While there has been bidding by buyers at $67 per tonne, no settlement has been reported at that rate so far, they said.

Ambrian hires former LN Metals traders

LONDON — Ambrian Commodities Ltd has announced it has hired three metals traders from LN Metals to bolster its commodities trading business and is set to launch coffee and cocoa trading.

At the same time, LN Metals announced plans to expand its physical activities and restructure its brokerage business.

Mike Baker, Michael O'Sullivan and Don Fraser are all to join the London Metal Exchange Category IV member. Baker and O'Sullivan left LN Metals in 2006 and Fraser will leave on Friday, LN Metals said in a statement.

Peru Copper to back Toromocho Cu project even if buyout falters

LIMA — Peru Copper will go ahead with the $1.5-billion Toromocho copper project even if Aluminum Corp of China (Chinalco) does not buy the company, according to the chief executive of the Vancouver-based company.

"We are ready to continue as a company and continue developing the project... the future of the project does not depend on this purchase," Gerald Wolfe told journalists.

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RRC to double wire rod output to 200,000 tpy

LONDON — Russian Copper Co will begin operations at a new wire rod production unit next month, which is expected to double its total wire rod output, as the company seeks to become Russia's second-largest copper wire rod producer.

The start-up of the new unit at the Kyshtymsk plant is planned for mid-July to coincide with Metallurgists' Day in Russia and the plant's 250th anniversary, a company official told MB.

LME nickel breaches $40,000, rises $2,000

LONDON — Nickel put on more than $2,000 in trading at the London Metal Exchange on Thursday, breaching $40,000 in early trading on renewed supply concerns.

The alloying metal recorded an official three-month price of $40,345/350 per tonne, up from $39,850 per tonne at the 7pm close previously. It had opened at $40,000 in Thursday's pre-market and traded as high as $42,150.

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Investec's Marchant to join UBS

LONDON — Investec's senior base metals trader Bradley Marchant has left the company and will be joining UBS in the next few weeks.

Marchant, who is currently on gardening leave, had been with the South African bank since January 2006.

His was one of several appointments made at that time in a bid to boost the company's London-based commodities and resources team.

Prior to joining Investec, Marchant had been employed by London Metal Exchange ring trading firm Natexis.

European nickel premiums resist LME weakness

LONDON — Nickel has lost almost $9,000 in value and the backwardation has plummeted since the beginning of the month, prompting a tentative return to the physical market by consumers, but physical traders said prices need to fall further and more material must become available before premiums come under any real pressure.

Nickel premiums were unchanged on Wednesday, with briquettes still the grade in shortest supply, although traders conceded that premiums could fall by as much as $200 in the coming weeks if London Metal Exchange prices continue their descent.

"There hasn't been a change yet, but it all depends on how long this lasts," said one trader.

A second agreed that it will take a little more time before premiums fall: "In due course, premiums will drift as more material becomes available," he said.

Uncut cathode premiums remain at $200-400 per tonne in-warehouse Rotterdam, while 4x4 cut cathode is steady at $800-1,200. Briquettes are also unchanged at $1,000-1,200 per tonne.

New agreement puts end to Voisey's strike

NEW YORK— Members of the United Steelworkers union at CVRD Inco Ltd's Voisey's Bay nickel mine in Newfoundland and Labrador ratified a new three-year labour agreement with the company's contractors late on Wednesday.

A majority of the 120 USW members who were flown into Goose Bay to vote on the two separate deals approved of the proposed contract for workers from Ushitau Maintenance Ltd and Torngait Services Inc (TSI) on Wednesday evening.

"I'm pleased to say that at about 7:15 pm, both collective agreements were ratified by the union, and were adopted by the board of directors of the two companies," Harold Smith, a lawyer for TSI, said on Wednesday. "The strike ended shortly thereafter and the process for getting workers back on site started immediately."

The vote put an end to a nearly eight-week strike at the mine.

Contract workers from TSI walked off the job in late April and were followed a week later by Voisey's contract workers.

Indian high-carbon FeCr hits Rs50,000 per tonne

MUMBAI — Prices of high-carbon ferro-chrome in India have pierced Rs50,000 ($1,223) per tonne on strong demand. Sellers are now achieving Rs51,000 and more, compared with Rs46,000-48,000 per tonne at the start of May. Export prices range from $1.05 to $1.15 per lb, according to exporters.

A producer source reported selling around 1,500 tonnes of material at $1.15 per lb and is confident that these price levels will be maintained.

ENRC to re-start chrome production

LONDON — Eurasian Natural Resources Corp may re-open its idled chrome metal plant in Kazakhstan to take advantage of current high prices.

The plant could come back on stream by the end of the year, initially with some 2,500 tpy of chrome metal, and potentially reaching its installed capacity of around 5,000 tpy at later stages, a source who understands the situation told MB.

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Further $20 falls may be in store for gold

LONDON — Gold recovered slightly on Thursday on rising oil prices, but news of Swiss Central Bank sales and the possible breach of a two-year rising trend suggest that a further fall of $20 per oz is possible.

"Gold has not been too active and we have seen a test of the lower end with lows of $646.50 per oz. Gold only bounced back up in the last hour. Overall I think it is being torn between the two directions because of two very different kinds of news," Wolfgang Wrzesniok-Rossbach, a precious metals trader at Hereaus, told MB.

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CNMC gets approval for ferro-nickel project

SHANGHAI — China Nonferrous Metal Minig Group Co (CNMC) has gained approval from China's National Development & Reform Commission (NDRC) to develop its Tagaung Taung (Dagongshan) nickel mine in Myanmar.

The state-owned company is now waiting for final approval from the Myanmar government before commissioning the project construction, which is scheduled to start in September.

CNMC plans to build an 85,000 tpy ferro-nickel plant at the mine site. It is targetting production in 2009, a company official told MB.

"We will adopt pyrometallurgical technologies to process the laterite nickel ores there, and products will mainly supply stainless production," he said.

Wogen eyes further expansion in China

LONDON — Wogen is eyeing further expansion in China, the UK minor metals trading company announced as it revealed a 4.5-percent increase in profits.

The company recently opened an office in Chengdu but plans to establish itself in Xinjiang and Kunming, chief executive Alan Kerr told MB.

"We think these are areas where there is relatively fast growth," Kerr said. "It's not quite so well trodden as in coastal cities."

Half of Wogen's workforce of 60 is already located at its Shanghai, Beijing and now Chengdu offices. New local representative offices in outerlying areas of China will boost business further, the company hopes.

Norilsk resumes loading at Dudinka

LONDON — Dudinka, the export port for Russian producer Norilsk Nickel, has re-opened after a month-long closure and the Russian nickel and palladium producer has begun unloading cargo at the port in preparation to resume shipments.

Norilsk has begun unloading cargo from two ships for the company's Polar division and will then load the ships ready to return to Murmansk.

The port, which is a river and sea port, suspends operations every year due to spring flooding from the Enisey river, as the winter ice melts. The port's loading operations were stopped on May 15.

Kibar plans strip mills and coating lines in Turkey

LONDON — Turkish industrial group Kibar Holding AS and unnamed partners plan to invest around $1 billion to build a 2 million tpy flat products plant in the country, replacing imports and bringing competition to Erdemir in the domestic hot rolled coil market.

Construction will start at the end of 2007 on 1.7 million square miles of land near Karasu, Sakarya province, on Turkey's Black Sea coast, according to Veysel Yayan, general manager of the Turkish Iron & Steel Producers Assn.

The new plant will import slab and re-roll it into hot rolled coil and might move downstream to produce cold rolled coil in the future. Kibar is also planning to build a 400,000 tpy galvanizing line and a 100,000 tpy pre-painted line, Serdar Koçturk, a trader at Kibar, said in a statement.

"Kibar is forming a partnership with investors in Russia," Yayan said. There is speculation that Russian steelmaker Evraz might be involved.

Russian companies export significant volumes of slab and hot rolled coil to Turkey.

"It's not economically feasible for them [Kibar] to produce slab because there are slab producers in the region that are close to Turkey," said Yayan.

Turkey has a strong domestic market for flat products and will need to produce larger amounts of flat products to satisfy domestic demand. Demand for flat products is 10 million tpy, but domestic production is only 3.2 million tpy, Yayan said.

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ArcelorMittal defends share swap merger agreement

LONDON — Adam, France's minority shareholder lobby group, has launched a formal appeal for French regulators to investigate ArcelorMittal's planned buyout of minority shareholders.

At the time of the merger agreement between Arcelor and Mittal Steel last year, part of Mittal's offer included a share swap of eleven Mittal shares for seven Arcelor shares, but has subsequently reduced the ratio for remaining minority shareholders to eight-for-seven following an independent re-evaluation after the merger.

"Given this measure, can the intentions contained in the original memorandum of understanding [supplied to regulators] be considered as misleading?" said Adam's chairman Colette Neuville in a letter to the Autorite de Marches Financiers (AMF).

The new offer has roused suspicion in a number of quarters, although the company says the process has been entirely transparent and the re-evaluation was envisaged under the original terms of the merger.

French politician Philippe Marini has asked the French finance minister to examine the matter, which he said "could set a worrying precedent for the treatment of minority shareholders in France".

Jon Wood, who owns one of Europe's biggest hedge funds and is a minority shareholder has, according to an *FT* report, met with the AMF to outline his concerns.

Alstom to supply thermal power plant to CSA

LONDON — France's Alstom has signed a contract for the supply of a 490MW thermoelectric power station to new Brazilian slabs-for-export work Cia Siderúrgica do Atlântico (CSA), a joint venture between ThyssenKrupp Stahl and CVRD.

The €330 million contract involves the supply of the power station on a turnkey basis. It is due to be in full commercial operation at CSA's Santa Cruz, Rio de Janeiro state site by September 2009, using residual gas produced by the steelworks' blast furnaces.

The steelworks is due to start up late 2008 with production of 5 million tpy slabs for export. Excess power produced by the thermal power plant will be sold to the Brazilian national grid.

SOUTHEAST ASIAN STEEL CONFERENCE:

VSC to commission 500,000 tpy bar & billet mill in 2009

HANOI — Vietnam Steel Corp (VSC) expects to commission a 500,000 tpy billet and bar mill at its Quy Xa iron ore mine site in the northern province of Cao Lao in 2009.

Construction has begun on the small blast furnace works, a VSC spokesman told MB ahead of the Southeast Asian Steel conference in Hanoi.

The mine and mill project is a joint venture between VSC, China's Kunming Iron & Steel and Lao Cao Mineral Company (MB Feb 8).

VSC and Kunming Steel each hold 45 percent of the joint venture with Lao Cao Mineral Company holding the rest.

Quy Xa is Vietnam's second-largest mine after Thach Khe, which has reserves of 120 million tonnes of iron ore, said the VSC spokesman.

G Steel targets 6m tpy HR capacity by 2010

HANOI — Thailand's G Steel expects to control around 6 million tpy of hot rolled coil capacity by 2010, said president and director Ryuzo Ogino.

G Steel has plans to expand capacity to 3.5 million tpy by 2010, while fellow Thai producer, Nakornthai Strip Mill (NSM), in which GSM took 19 percent last year, is also expected to increase production to 2.5 million tpy, from 1.5 million tpy, said Ogino at the conference in Hanoi.

To facilitate the rise, G Steel has been embarking on an expansion programme, which includes raising capacity of its EAF-based raw steel plant in Bangkhai, Rayong, to 3.4 million tpy from 1.8 million tpy by the third quarter of 2007.

"We have successfully turned NSM around. In particular, they have been able to source far cheaper raw materials with our help," said Ogino.

According to a presentation by central information manager Pichisini Tepa-Apirak from the Iron and Steel Institute of Thailand, the outlook for HRC producers in the near future is positive, as Thailand still relies on imports of both semi-finished and finished steel products, especially for its flat product needs.

Survey shows US buyers seeing few foreign offers

CHICAGO — Steel buyers surveyed by the US Institute for Supply Management (ISM) in May said the interest being shown to them by foreign mills was at the lowest level seen in recent years and that offering prices of foreign products were frequently significantly higher than domestic prices.

The monthly survey of ISM's Steel Buyers Forum said 75 percent of buyers responding thought foreign mills were showing subnormal or no interest in US business. That compares with readings earlier this year and late last year when more than 50 percent of respondents said they were getting offers for foreign-made steel products, the Tempe, Arizona-based group said.

More than 46 percent of the steel buyers surveyed last month said that, compared with three months ago, foreign mills were now less active in seeking US business, the highest response shown to that question in recent years.

Also at a recent high was 23.5 percent of buyers reporting that foreign mills offering prices were "well above" domestic steel offering levels, up from 5.9 percent in April.

Forty percent of the buyers responding said they expected that in comparison to their past practices, their dependence on offshore sources of steel would decrease in the next six months.

Other survey responses showed the steel buyers were continuing to seek tighter inventories, although some suggested they were reaching the limits of those efforts.

Wide-flange beams hold firm for 3rd month

LOS ANGELES — Nucor-Yamato Steel Co, the leading price-setter in the US beam market, will keep its wide-flange beam prices at the same effective level in July, the third month in a row it has done so.

Despite what some market sources see as a gradual build-up in mill inventories — and indications that availability is easing in the most popular sizes — the lack of meaningful import competition and continuing vigorous demand in non-residential construction are helping to maintain a steady market.

Nucor-Yamato, the Arkansas beam joint venture, told customers this week that it will offset a $5-a-ton increase in its structural products raw materials surcharge next month to $105 a ton ($5.25 per hundredweight) with a corresponding decrease in its base price, "leaving the net transaction price unchanged for July".

China's top steel mills unite to cut pollution and consumption

SINGAPORE — Six top steel mills in China have formally launched a collective bid to reduce resources consumption and pollution.

The six steelworks: Baosteel; Anshan Steel; Wuhan Steel; Tangshan Steel; Shougang Group and Jinan Steel, will be joined by four research institutions and all have agreed to co-operate in the next three to five years to find solutions to the bottleneck problems in resources, energy and pollution that have hindered the development of the Chinese steel industry, according to Wuhan Steel.

The union, initiated by the central government and with Beijing's policy and financial support, aims to improve steel product quality and develop more high value-added products, which could not be achieved alone by any individual steel mills, said Wuhan Steel.

Beijing will sponsor the union with funding of 180 million yuan ($23.6 million) for the research, said China Iron & Steel Association.

Beijing has asked steel mills to reduce their consumption of coal and the emission of sulphur dioxide and carbon dioxide since 2005.

China emitted 25 million tonnes of sulphur dioxide in 2006, as the country produced 2.38 billion tonnes of coal.

Nucor's Ala. unit to get new temper mill

PITTSBURGH — Siemens Energy and Automation Inc in Atlanta said its Siemens Metals Technologies Division was recently awarded a contract for a new temper mill for Nucor Steel Tuscaloosa Inc in Alabama.

Financial terms were not disclosed.

The 4-high temper mill will be equipped with hydraulic gap cylinders and an electrical and automation package consisting of drives, high-speed stand controller, laser-speed sensors for automatic elongation control and an adaptive temper rolling model. In addition to the temper mill, the contract includes the replacement of the existing pay off reel, coil car, coil preparation equipment and new entry guiding system.

SOUTHEAST ASIAN STEEL CONFERENCE: No end in sight to Malaysian steel protectionism

HANOI — Malaysian cold rollers will continue to suffer under the country's quota systems, which force them to buy sub-standard hot rolled products at inflated prices, an official from a leading cold roller said.

"Over-protection is damaging the industry," Mycron Steel ceo Azlan bin Abdullah told MB's Southeast Asian Steel Conference in Hanoi.

Under Malaysian regulations, cold rollers are required to buy 40 percent of their hot rolled coil requirements from the domestic market before they can apply for permission to import the remaining 60 percent, he said.

As well as limiting choice, the rules are damaging cold rollers' profits and productivity because domestic HRC, which uses scrap as a raw material, is of lower quality than that available on the international markets, Abdullah said.

Despite this, prices of domestic HRC are between 5 and 55 percent higher than on the import market, while the product range is limited, he added.

"The quality is poor… deliveries are also consistently late, anything up to three months — in other industries, if you are three months late you lose the contract," he told the conference.

Mycron Steel and other cold rollers have complained repeatedly to the government since the regulations were imposed in the late 1990s, but to no avail.

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