

# Metal Bulletin Daily

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## ArcelorMittal increases investments in Brazil

**LONDON**
**BY JANA MARAIS**

The world's largest steelmaker ArcelorMittal will invest in excess of \$1 billion in iron ore and port assets in Brazil after deals were concluded with two junior miners this week.

After four months of discussions with various interested parties, London Mining has sold its Brazilian iron ore mine, in the state of Minas Gerais, to ArcelorMittal for \$809.9 million. The mine was bought in May 2007 for \$89 million, while capex of about \$30 million was invested to ramp up production to the current 1.4 million tpy.

Current investments will see the mine and sinter feed plant produce 3.2 million tpy by 2009. ArcelorMittal is considering investing a further \$700 million to increase production in the medium term to 10 million tpy. Though the steelmaker is investing in raw materials assets to secure supply for its own steel mills, the Minas Gerais mine has an offtake agreement with Vale, which should be fulfilled by January 2009.

A deal was also concluded with Canadian junior Adriana Resources, which will see ArcelorMittal pay \$40.5 million for an 80% ownership of a port, to be developed on

land owned by Adriana. To develop a port with a 10 million tpy capacity, costs are expected to total \$250 million, of which ArcelorMittal will pay \$200 million.

Adriana, with iron ore exploration projects in Canada and Finland, said previously that port construction will start in the fourth quarter 2008 and take 18–24 months to complete. The aim is to develop a deep water port with a 50 million tpy capacity over five years.

Port access was one of the major problems facing London Mining in Brazil, after the company could not negotiate firm contracts based on the memorandum of understanding signed with the Brazilian steelmaker CSN in 2007.

ArcelorMittal will also buy up to 19.9% of Adriana's common shares and will assist Adriana in securing funding for its portion of the port development costs.

Earlier this month ArcelorMittal announced a \$1.6 billion investment in its Brazilian long carbon steel operations to increase capacity to 6.5 million tpy from 3.9 million tpy. It also acquired a 49% stake in MPP, an iron ore and manganese exploration company.

**LONDON**

## Corus begins talks to sell aluminium plants to Klesch as AIAC pulls out

Anglo-Dutch steelmaker Corus has started negotiations with Klesch Group to sell its remaining primary aluminium business, which includes two smelters in the Netherlands and Germany, after the previous buyer, US private equity firm American Industrial Acquisition Corp (AIAC), walked away.

"Corus has started discussions with Klesch & Co Ltd, which has been granted a period of exclusivity for due diligence to be carried out," the company said.

News that AIAC has dropped out comes after Corus signed a non-binding letter of intent to sell the smelters – Voerde in Germany and Delfzijl in the Netherlands with combined capacity of 200,000 tpy – to an AIAC affiliate last December.

"Following further discussions with AIAC, a decision has been taken not to proceed any further," the company said, without explaining why. The works council and trade unions have been informed of the latest developments.

This would be the second acquisition of an aluminium smelter by Klesch, a London-based private equity firm, in the last year. The company bought Alcan's 200,000 tpy Vlissingen smelter in the Netherlands last summer.

The company, run by Gary Klesch, has ambitious plans to expand in aluminium. In February, it signed a joint-venture agreement with the Libyan government to build the country's first primary aluminium smelter with capacity to produce 725,000 tpy (MB Feb 19).

High energy costs in Europe – energy accounts for a third of aluminium production costs – have been a major burden for producers in the region in recent years.

Corus had been close to shutting the 90,000 tpy Voerde smelter because of high energy costs before it managed to sign a new power deal with better rates in October 2005. The future of the Delfzijl plant was uncertain while negotiations for a long-term energy deal dragged on. A long-term contract was signed last year, a Corus spokesman said on Wednesday.

**LONDON**

## High-grade cobalt falls below low-grade in 'incredible' market twist

High-grade cobalt moved to trade below low-grade material on Wednesday, as producers and traders reported concluding business as low as \$24 per lb.

High-grade material dropped to \$24–26.50 per lb on Wednesday from \$27–28 per lb previously, while low-grade material fell to \$24.50–26 per lb compared with \$25–26.50 previously.

Traders reported booking significant tonnages of material from producers towards the bottom end of the new high-grade range, but were unable to report any business larger than three tonnes on low-grade cobalt.

"This is certainly anomalous, unusual and rare," said one UK trader.

"This is pretty unique – it's incredible," agreed a consumer.

The majority of high-grade business was booked between \$24 and \$24.40 per lb, but small tonnages are still fetching a premium close to \$26.25, traders said.

Low-grade material was booked by Ross and Catherall at close to \$24 per lb, traders said, but added that online tenders are being used to show the rest of the market how low prices can go on the fast-falling metal.

"I am watching these tenders more for my own amusement than anything else at the moment," a second trader told MB.

BHP Billiton also booked five tonnes of high-grade material on its sales screen on Wednesday at \$26 per lb and is now offering ten tonnes of material at \$26 per lb.

# Non-ferrous metals

## Zinc treatment charges slip alongside LME price

**LONDON**  
**BY KIERAN LEAHY**

Spot treatment charges (TCs) for zinc concentrates in Europe have fallen as de-escalators kick in to protect miners from the decline in the zinc metal price on the London Metal Exchange.

TCs stand at around \$240–280 per tonne cif main port, but the spot market in Europe is very thin, market participants said, with most smelters covered by long-term contracts in the quiet summer season.

"TCs are tending to follow the price at the moment – you're looking at \$250 cif or \$260 depending on the quality. It's mainly in line with domestic prices and it's nothing too dramatic – it's steady as she goes for the time being," one concentrates trader said.

De-escalators – one of the key elements of price participation in TCs and which come into effect when the LME metal price sinks below certain thresholds – have reduced

current realised treatment charges.

"If you have a good de-escalator, then the TC goes with it. Because the market is thin, there's also a wide range at the moment – you're looking at \$230–290 per tonne," a second trader said.

This compares with the last spot quotation for TCs of \$300–360 per tonne when LME prices were around \$3,000 per tonne. Current three-month LME prices are around \$1,700 per tonne.

The European market is well-supplied with concentrates and talk of possible mine closures in Bulgaria, North America and Australia, in addition to stoppages already announced due to the low LME price, has not yet affected concentrate supplies in Europe, market participants said.

"It's too early to say. It takes a long time of low prices for mine closures to happen. The closure of mines in Eastern Europe wouldn't make a difference," a mining source said.

[→Click here for full story](#)

**LONDON**

### Zinc mine closures will boost prices – Terramin

Zinc prices are unsustainable at current low levels and will recover in the near future on the back of more mine closures and continuing strong demand from China, executive chairman of Australian miner Terramin, Kevin Moriarty, told MB.

Prices will rebound as demand from China remains strong and an increasing number of mines come under pressure of closure.

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**SINGAPORE**

### Kagara targets 35% rise in copper output

Australian miner Kagara said it will increase copper output in the 2008/9 financial year by 35% to more than 35,000 tonnes.

The company will launch construction and commissioning of a fourth copper treatment plant at Mungana in North Queensland during the next 12 months.

Its net profit in the year ended June 30 was \$65 million, down from \$89 million in the previous year.

**SHANGHAI**

### Yunnan Copper, Tongling focus on concentrates

Two major Chinese copper smelters saw copper concentrate output grow faster than cathode output in January–July, in what was seen as a response to a tighter concentrates market.

In the first seven months of the year, Yunnan Copper Co produced 82,500 tonnes of copper concentrates, up 23% year-on-year, while Tongling Nonferrous produced 28,800 tonnes of copper concentrates, up 11% year-on-year.

[→Click here for full story](#)

**NEW YORK**

### US aluminium wheel maker to close plant

US aluminium wheel supplier Superior Industries International plans to close a plant and lay off hundreds of workers in response to a precipitous decline in demand for trucks and sports utility vehicles (SUVs).

The California-based company said on Tuesday it will close its Pittsburg, Kansas, facility and slash 600 jobs effective from December 19.

#### LME Stocks (tonnes)

Copper	fell	25	to	156,125
Tin	fell	150	to	5,760
Lead	rose	300	to	90,050
Zinc	fell	150	to	163,675
Aluminium	rose	25,050	to	1,156,150
Aluminium Alloy	rose	2,860	to	62,980
Nickel	rose	138	to	45,774
NASAAAC	rose	3,620	to	168,280
Comex Gold Dec		\$811.50		
Comex Silver Sep		\$13.21		
Nymex Platinum Oct		n/a		
Nymex Palladium Sep		n/a		

#### London Precious Metals

Gold am	\$806.75 per oz
Spot Silver midday	\$13.27 per oz
Platinum am	\$1,357.00
Palladium am	\$285.00

#### Bardays Bank

\$/£	1.8561–1.8563
\$/£ 3 months	1.8424–1.8427
€/¥EN	204.24–204.27
€/£	1.4722–1.4723

**NEW YORK**

### Canada launches anti-dumping probe

The Canada Border Services Agency is launching anti-dumping and countervailing duty investigations into aluminium extrusions from China.

The investigations follow a trade complaint filed by Almag Aluminium Inc, Apel Extrusions Ltd, Can Art Aluminum Extrusion Inc, Metra Aluminium Inc, Signature Aluminum Canada Inc, Spectra Aluminum Products Ltd, and Spectra Anodizing Ltd.

"If there is a large increase in harmful imports and the tribunal decides that the retroactive application of anti-dumping or countervailing duty is justified, duty could be levied on the goods brought into Canada as of [August 18]," the agency said on its website.

[→Click here for full story](#)

**LONDON**

### LME copper spikes above \$7,700 on short-covering

Copper rose to over \$7,700 per tonne in Wednesday afternoon trading at the London Metal Exchange on short-covering and a rebound in oil prices.

Earlier in the day in the official session, copper drifted lower on a lack of direction, but the red metal surged to an intraday high of \$7,740 per tonne on LME Select trading on Wednesday afternoon due to fund investment on short-covering and a rebound in oil prices to over \$117 per barrel.

[→Click here for more prices](#)

# Non-ferrous metals

## Moly braced for higher prices as supply concerns grow

**LONDON**  
**BY CLEMENTINE WALLOP**

The European molybdenum market is braced for higher prices in September on increased buying activity from stainless steel mills and mounting concerns over supply from Armenia.

The market was stable on Wednesday, but traders and producers told MB that they are expecting prices to edge higher from the last week of August as stainless steel production rebounds.

"It's been very stable, but now we see low-carbon ferro-chrome and nickel's looking better on the LME. I have a lot of hope for moly," said one European trader.

Traders also voiced concerns about spot market supply from Cronimet's Zangezur Molybdenum and Copper Combine in Armenia, which ships material to Europe via the port of Poti in Georgia. The port has been damaged by recent bombing by Russian forces.

Cronimet said last week it has no immediate plans to declare *force majeure* at the operation and that its supply is secure until September (MB Aug 15), but European market participants are still nervous about the effect of the port damage on Cronimet's ability to transport material.

"Even if [the port] isn't damaged, then you're going to have to find a vessel that wants to go to Georgia," said one trader, who said he had already heard rumours that Cronimet was not planning to offer any material into the spot market until the situation had settled down.

"[Cronimet is] going to be offering nothing additional. They are fulfilling their contracts, but nothing else," he said.

Western-grade ferro-molybdenum continued to trade at \$80-81.50 per kg on Wednesday, while Chinese-grade ferro-molybdenum was stable at \$78.75-79.50 per kg. Drummed molybdenic oxide remained at \$33.75-34.20 per lb.

**SINGAPORE**

### China's Mg export offers plunge to \$3,800/T

Chinese magnesium export offer prices have plunged to \$3,800-4,300 per tonne fob, down 12% from last week's transaction prices, with no enquiries from overseas.

European prices have stabilised at \$4,750-5,000 per tonne in a quiet market that has hit the Chinese export market hard.

Chinese magnesium export prices have dropped sharply from \$4,500-4,700 yuan per tonne last week, and \$6,100-6,295 per tonne fob at the end of May.

"European customers in the second quarter did purchase a lot from China, and some Chinese producers are so uncertain about the future that they are desperate to sell any quantity left," a magnesium producer in Shanxi said.

But other Chinese exporters put their hopes on an improvement in September and October.

"There are no enquiries at all. I just hope the market will revive around September and October, as customers are not likely to have bought so much that they can stay away for the rest of the year," a magnesium exporter in Shanxi told MB.

**SHANGHAI**

### FeCr market remains quiet in China

China's high-carbon ferro-chrome market remained quiet this week as the Asian stainless steel market showed little sign of revival.

High-carbon ferro-chrome was trading at 13,200 yuan-14,200 yuan (\$1,926-2,072) per tonne in the Chinese domestic market on Wednesday, level with a week ago.

"Demand from stainless mills remains slow. We had expected the downstream stainless market to revive at the end of August and push up demand for ferro-chrome, but so far the stainless market is still under pressure," said a trader in Beijing.

**SINGAPORE**

### Chinese Mo exports thin

China's molybdenum export prices have slipped slightly in spite of a strong and steady European performance.

Chinese molybdenic oxide fell to \$33-33.6 per lb fob from \$33.5-34 per lb fob last week, while molybdenum concentrate dropped to 4,000-4,050 yuan (\$584-591) per mtu from last week's 4,050-4,100 yuan per mtu.

**LONDON**

### AngloPlats, AngloGold report four miner deaths

Four workers have died at Anglo Platinum (AngloPlats) and AngloGold Ashanti operations in the past week.

"A mineworker died at [AngloPlats'] Mogalakwena mine outside Mokopane, while another mineworker lost his life at another Anglo Platinum operation at Amandeubult," the National Union of Mineworkers (NUM) in South Africa said on Tuesday. Two workers died at AngloPlats and two at AngloGold.

The deaths were confirmed by an AngloPlats spokesman, who told MB that the mines have not been closed and production is unaffected.

The fatality at Mogalakwena mine occurred on Saturday while the other worker was killed at Amandeubult mine on Monday.

"Full investigations were being carried out," the AngloPlats spokesman said.

NUM said two miners at AngloGold had died, although AngloGold was not available to confirm it.

**LONDON**

### FeTi edges higher on increased buying

Ferro-titanium 70% prices edged higher on Wednesday with producers reporting a sudden increase in offers, as consumers swapped from more expensive 30% material.

Ferro-titanium basis 70% rose to trade at \$8.10-8.55 per kg from \$8.10-8.50 previously, as consumers returned to the market from their summer holidays and looked to secure material for September delivery.

"There's just a load of enquiries coming in from Europe. I think we're going to be mega busy in the next few weeks," said one producer.

"It's not jumped up massively, but it has firmed up at the bottom," a second producer said.

The price of 30% ferro-titanium, which is trading at around \$9.30 per kg, is encouraging consumers to buy and use 70% material, traders and producers said.

"They just can't manufacture at lower levels, because their break-even cost is about \$9," the first producer said.

Producers are now selling material for no less than \$8.20, they told MB, but traders said they have yet to notice the upturn and are still selling as low as \$8.10.

# Iron and steel

## JMC purchase heralds more aggressive NLMK strategy

**LONDON**  
**BY ROB HARTLEY**

The acquisition of US tube and pipe producer John Maneely Co (JMC) by Novolipetsk Steel (NLMK) signals a more aggressive development strategy from the Russian company, according to analysts.

NLMK agreed a price for JMC of \$3.5 billion and the deal is expected to be concluded by the end of the year.

"They have been more careful than other Russian producers. But recently they have been more active in acquisitions," said one prominent Moscow-based analyst. "They obviously have the financial resources and, like everyone else, they have an opportunistic approach to mergers and acquisitions."

JMC operates eleven plants in five US states and one Canadian province. It has 3 million tpy of capacity, but produced 2.1

million tonnes of pipe in the year ended June 30, 2008.

"They were really quiet and sitting on their facilities in Russia when everyone else was expanding, but now it seems to be changing," added another Moscow analyst.

Ratings agency Moody's kept the company's family rating stable at Ba1.

"This acquisition is seen as complementary to the existing US business of NLMK via its joint venture with Duferco Group, which is already a major supplier of input materials to JMC facilities," said Moody's.

"Nonetheless Moody's note that NLMK appears to have somewhat shifted its very-conservative financial strategy, as evidenced by the acceptance of a marginally-higher leverage and the arrangement of bridge financing, which possibly raises moderate re-financing issues," it added.

**LONDON**

## London Mining mulls new acquisitions

London Mining is considering acquiring new iron ore and coal assets following the sale of its sole revenue-earner, an iron ore mine in Brazil, to ArcelorMittal.

The world's largest steelmaker paid \$809.9 million for the mine in the Minas Gerais state of Brazil, which London Mining bought in May 2007 for \$89 million and developed to its current production rate of 1.4 million tpy.

London Mining will use the proceeds of the sale to return \$427 million to shareholders, pay off outstanding bonds and invest in its existing iron ore projects in Greenland, Saudi Arabia, Mexico and Sierra Leone, and a newly acquired coal asset in South Africa. None of these projects are in operation yet.

Subject to final due diligence, an investment of \$46 million in an operating iron ore mine, and an investment of up to \$75 million in a coal asset in South America is currently under consideration, London Mining said.

**LONDON**

## Lower Chinese coil offers still too high for Europe

Despite making more reductions to their offer prices, Chinese strip product exporters are yet to tempt European buyers into making new purchases, traders and stockholders told MB.

Most buyers have sufficient inventory for the near-term and are waiting to see if offers will fall further in the next couple of weeks, according to the latest reports.

"Offers from China are lower than they were, but they are still not good enough to buy," said one stockist.

The latest offers for China-origin hot rolled coil were quoted at €710-750 (\$1,045-1,104) per tonne cfr main EU port for October delivery. This was €30 lower than offers of €720-780 reported two weeks ago, although no new bookings were confirmed at these levels.

One trader in eastern Europe confirmed a booking for Chinese cold rolled coil at €780-815 per tonne cfr main EU port, slightly down from the last recorded bookings at €820-850 at the start of July.

China's latest offers of hot dipped galvanized coil were quoted at €815-1,020 per tonne cfr main EU port for October delivery, in the meantime.

**LONDON**

## Chinese heavy plate prices stay steady

Healthy demand in the European market has allowed Chinese heavy plate exporters to keep their export prices steady, traders told MB.

"There is not much plate being produced and demand from the oil, gas and shipbuilding sectors has continued, meaning prices have remained stable," said one trader.

The latest bookings of Chinese heavy plate were completed at €860-880 per tonne cfr main EU port, the same level as bookings reported last week, according to MB's archive.

"September will be an interesting month when business picks up again, the plate market is likely to go from strength to strength," a trader said. "Although we are in the holiday season now, traders are continuing to buy."

The reduction of Chinese capacity due to the Olympics and fourth quarter price increases planned by European producers have kept prices firm, traders said.

"Some traders claim the plate market is as volatile as any other, but I am not worried so long as demand remains strong," a plate trader said.

**LONDON**

## CIS mills continue to slash Persian Gulf billet offers

CIS exporters have made further reductions to billet offer prices quoted to Middle Eastern buyers in a bid to attract new bookings, traders told MB.

Buyers in the region have stayed out of the market in recent weeks thanks to a downturn in demand for finished long products and a build-up of stocks booked earlier in the year.

"No one in the Middle East is booking billet because they are still trying to consolidate previously-booked cargoes," one trader said. "They will not buy now as it's extremely likely that offer prices will continue to decline over the next four to five weeks."

The CIS-origin billet offers were quoted at \$900-920 per tonne cfr main Gulf port for delivery in September, down as much as \$240 on the last confirmed bookings. But the only exporters to successfully complete business agreed lower prices for small parcels, traders said.

"I've had an offer from Ukraine's Istil and there are rumours that some Turkish mills are offering at around the same levels," said a second trader.

MB was unable to confirm details of any completed transactions.



# Iron and steel

## Sichuan province needs 37m tonnes of steel for rebuild

### SHANGHAI

China's earthquake-hit Sichuan province needs 37 million tonnes of steel for reconstruction in the coming three years, according to officials from the province.

The extra demand could bolster China's steel market, although it may do little to boost falling domestic steel prices this year, market participants said.

"The amount is higher than what we estimated earlier, but it may not boost weakening local demand in the near term, especially as the property sector is slowing down," said a Shanghai-based analyst.

Infrastructure and buildings in Sichuan and surrounding provinces were left in ruins after a powerful earthquake struck in May.

The predicted increase in demand, announced by Sichuan officials at a Beijing press conference, is only 2.3% of anticipated Chinese crude steel output this year of 540 million tonnes, according to China Iron & Steel Assn forecasts.

The property sector, which accounts for around 13% of China's steel consumption,

has suffered from a stricter monetary policy and a fall in market activity this year. Some developers do even not have enough funds to buy construction materials.

Total planned investment in new projects fell 2.9% year-on-year in the first seven months to 4.67 trillion yuan (\$680 billion). The index is an important leading indicator for fixed-asset investment, a key indicator of steel consumption.

Reconstruction demand will have little impact on spot markets in other parts of the country as mills in Sichuan are expected to supply most of the material.

"Sichuan mills can basically meet the reconstruction demand given their capacities," Sichuan vice-governor Huang Yanrong said, according to local media reports.

As a whole, Sichuan mills produced 15.89 million tonnes of steel products last year, and this could rise to around 18 million tonnes this year, said Cisa.

Sichuan has not previously been a key supplier of steel to the rest of the country.

### MANGALORE

## Chhattisgarh DRI plants close on ore shortage

One fifth of the direct reduction iron (DRI) plants in India's Chhattisgarh state have closed due to an iron ore shortage, according to the Chhattisgarh Sponge Iron Manufacturing Assn.

Twenty-five out of 125 DRI producers, with a total requirement of 12 million tpy of iron ore at full capacity, are affected.

The state-owned DRI producers want state-owned iron ore producer NMDC to increase its supply to them to 4 million tpy from 2.5 million tpy to maintain production.

The producers have called on the state chief minister Raman Singh to intervene.

NMDC produces around 32 million tpy of ore, of which around 4 million tpy is exported. It is the major supplier of iron ore to Vizag Steel, Ispat Industries, Essar Steel and JSW Steel. It also supplies ore to other pig iron and DRI producers and at present has no surplus.

### SHANGHAI

## Wuhan Steel and Shanxi Coking Coal to build Fangchenggang coke plant

Chinese integrated steelmaker Wuhan Iron & Steel will build a coking plant at its Fangchenggang steel base, in a joint venture with Shanxi Coking Coal Group.

"It is our long-term strategy to develop coking plants together with China's top ten steel mills, particularly Baosteel, Wuhan Steel, Tangshan Steel and Shougang, which have integrated projects in coastal cities," a senior manager at Shanxi Coking Coal said.

The two companies have signed a long-term strategic co-operation agreement that covers the project, an increase in hard coking coal supply and further market exploration, according to Wuhan Steel's website.

Wuhan Steel officials could not be reached for comment.

Shanxi Coking Coal expects to double its coking coal supply to Wuhan Steel to 6 million tpy in 2013, according to a local media report.

Wuhan Steel has received approval to develop a 10 million tpy greenfield steel project in Fangchenggang, Guangxi province, with construction expected to start at the end of this year and commissioning by 2012.

### SHANGHAI

## Taiwan temporarily lifts ban on rebar export

Taiwan is lifting its ban on rebar exports from September 5 till the end of the year, according to a government notice.

But, rebar exporters will still need to seek government approval and mills can export no more than 90% of their rebar export volume in the second half of last year.

The lifting of the ban was expected due to rising domestic steel and scrap prices, according to Taiwan market participants (MB Aug 11).

Rebar exports in the last four months of the year are expected to be 116,000 tonnes, according to steel analyst Charles Chen of Metal Industries Research & Development Centre in Taiwan. Taiwan exported around 400,000 tonnes of rebar last year.

Taiwan's economic affairs ministry imposed a ban on rebar and billet exports on March 5, and tightened the regulation of H-beam exports to ease rising domestic construction steel prices (MB Feb 25).

The regulator is maintaining the ban on scrap and steel plate exports which it imposed on February and June respectively.

### SHANGHAI

## Anyang Steel hit by summer power shortage

Production at China's Anyang Iron & Steel has been hit by a power shortage that started in mid-July and is expected to continue until September.

"One 100-tonne electric arc furnace has been forced to halt for several hours every day, and some rolling mills have also followed," a company official told MB, without disclosing Anyang Steel's losses.

China, one of the world's largest coal producers, has been unable to secure enough thermal coal to feed its power plants this summer. Affected mills include Jinan Steel, Laiwu Steel and Rizhao Steel in Shandong province.

Anyang Steel, the Shanghai-listed arm of Anyang Steel Group, lifted its crude steel output by 33% year-on-year to 4.51 million tonnes during the first half of this year.

Output of pig iron and finished steel products grew to 3.81 million tonnes and 3.9 million tonnes separately during the same period, up from 2.32 million tonnes and 2.8 million tonnes one year ago.

# Scrap and secondary

## Ferrous scrap prices to stabilise at lower levels

**LONDON**  
**BY JANA MARAIS**

Ferrous scrap prices are expected to stabilise at "significantly lower levels" than the peaks of nearly \$700 per tonne fob for shredded material seen this year, market participants said on Wednesday.

"I think things will be clearer in the next two weeks, when the Spanish buyers are back from holiday and the Turks are – hopefully – buying again," one European exporter said.

The last verified transactions in Turkey, conducted in the past 12 days, were conducted at levels of \$560 per tonne cfr for shredded and \$545 per tonne cfr for HMS1&2 (80:20 mix), for US material, and 70:30 mix from northern Europe at \$530 per tonne cfr.

Russian exporters are offering A3 material at \$500 per tonne cfr, while offers for lower quality Ukrainian material are around \$450

per tonne cfr, Turkish sources said.

One Turkish trader said the market is very quiet, with buyers ignoring the lower offers as they do not need material yet.

"Stock levels are still okay, and the ports are very busy. A number of small vessels are waiting to be discharged; it is not as much as before, but there is some congestion," the Turkish trader said.

"Everyone will tell you the same thing – business is very quiet. We've seen a falling scrap market for the past four to six weeks and prices have not settled yet. Everybody's waiting to see what the new levels will be," one European exporter said.

A shipping broker expects business to start picking up in September. "The steel market from Turkey to the Persian Gulf is still very active. The Turks are still doing very good business and at some point they will have to start buying scrap," he said.

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**LONDON**

### Positive conditions boost Sims' earnings

Sims, the world's largest listed metals recycler, has updated its earnings forecast for the 2007/8 financial year for a second time, saying its net profit will beat its revised consensus earnings forecast of \$364 million by more than 10–15%.

The update comes two months after the company said it will beat the initial consensus earnings forecast of \$314 million by 10–15%.

**LONDON**

### UK secondary Al prices ease as market returns from seasonal holidays

UK secondary aluminium prices eased in the first week of business after the end of the summer holidays in a quiet market.

"The market is a bit weaker since we've returned," one ingot producer told MB.

LM24 pressure diecasting ingot decreased to £1,410–1,430 (\$2,624–2,661) per tonne from £1,420–1,440 per tonne previously.

"We're just starting to come back

and it's very quiet. We've had so few enquiries," a second producer said. But others maintained that, despite the quiet conditions, demand is stable.

"We've still got reasonable demand. Yes, prices have slipped a bit, but that's to be expected," the first producer said.

**LONDON**

### UK docksides drop scrap prices on low demand

UK scrap merchants have reported further drops in dockside prices since the start of August due to a lack of international demand.

One merchant, who sells to exporters, reported one price drop since the beginning of the month, with most grades declining by £10 (\$18.5) per tonne. Turnings declined by £20 per tonne, while prices of bales and cuttings remained stable, the merchant said.

Other merchants reported price declines of £5–10 per tonne, depending on the grade.

UK domestic prices slid by up to £80 per tonne this month on low demand and decreasing export prices. No substantial price increases are expected in September, market participants said.

#### UK non-ferrous scrap

Aluminium	£/tonne	
Group 1 Pure 99% min (baled)	1310–1350	MB LME Discounts
Group 1 Litho (baled)	1310–1350	110–150
Commercial pure cuttings	1000–1030	430–460
Clean HE9 extrusions	1340–1380	80–120
Mixed alloy/Old Rolled cuttings	730–750	557–577
Baled Old Rolled	800–840	467–507
Commercial cast	860–880	427–447
Commercial turnings	690–720	587–617
Group 7 turnings	660–690	617–647
LME primary avge	1460.25	
LME alloy avge	1307.78	
Novelis Recycling UBC price	850–900	

Titanium	\$/lb cif	
Turnings, unprocessed type 90/6/4 (0.5% Sn max)		1.75–2.00
Turnings, unprocessed 90/6/4 (over 0.5%, max 2% Sn)		1.70–1.95

#### Non-ferrous foundry ingots

Aluminium UK	(£/tonne)
MB free market	
LM24 Pressure diecasting ingot	1,410–1,430
LM6/LM25 Gravity diecasting ingot	1,600–1,640

NB: prices expressed delivered consumer works, LM series as specified in BS1490  
Reminder: Prices are MB copyright. All prices assessed Aug 20

**NEW YORK**

### No impact from Chinese aluminium export tax

China's decision to impose a 15% tax on exports of aluminium alloy is expected to reduce exports from the world's largest producer of the metal, but may not have an immediate impact on London Metal Exchange prices given current oversupply, analysts and traders said.

Pressure has been mounting on China to curb exports as it seeks to control its energy use and subsequent pollution. The country has been struggling with power shortages due largely to annual economic growth of more than 10% over the past five years.

The new export tax is the second proactive move by the Chinese government and aluminium industry in recent weeks to restrain production and exports. In July, 20 of China's largest aluminium producers agreed to curtail 5–10% of production to conserve energy. That reduction equated to about 3% of the nation's production last year. China produced 12.6 million tonnes of aluminium in 2007, according to Citigroup Inc. On the back of that news, the three-month LME price hit a record \$3,375 per tonne on July 9.

But this time around the news came as little surprise to Western analysts. "We have been anticipating a tax on aluminium alloys for a while now and this tax change is in line with the ongoing clampdown by Chinese authorities on energy-intensive industries," Barclays Capital said in a note.

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# Daily prices

Base metals		
Description	Low price	High price
Aluminium min 99.7% ingot duty unpaid premium indicator		
\$ per tonne in warehouse	35*	40*
Aluminium High Grade Cash Min 99.7% ingot EU duty paid		
LME premium indicator \$ per tonne in warehouse	55*	70*
Aluminium High Grade 3 months Min 99.7% ingot EU duty paid LME premium indicator \$ per tonne in warehouse	55*	70*
Aluminium Spot 3 months 99.7% cif Japan duty unpaid premium indicator	83*	85*
Aluminium Metal, US free market — P1020 US midwest premium indicator \$ per lb	0.044*	0.048*
Copper High grade cathode US premium indicator \$ per tonne	132.00*	143.00*
Lead High grade ingot US premium indicator \$ per lb	0.0500*	0.0700*
Nickel uncut cathodes premium indicator		
\$/tonne in warehouse Europe	150.00*	220.00*
Nickel 4x4 cathodes premium indicator		
\$/tonne in warehouse Europe	450.00*	600.00*
Nickel briquettes premium indicator \$/lb	300.00*	500.00*
Nickel Melting US Free market premium indicator		
\$ per lb in warehouse	0.43*	0.48*
Nickel Plating US Free market premium indicator		
\$ per lb in warehouse	0.65*	0.70*
Tin Spot – 3 months European MB free market premium indicator \$ per tonne	370*	400*
Tin Grade A US MB free market premium indicator \$ per lb	0.19*	0.22*
Zinc Special High Grade US MB free market assessment \$ per lb	0.0300*	0.0350*
Minor metals		
Description	Low price	High price
Antimony free market \$/tonne	6,650*	6,850*
MMTA standard grade II, \$/tonne	6,575	6,675
Arsenic MB free market \$ per lb	0.65*	0.70*
Bismuth MB free market \$ per lb	9.70*	11.25*
Cadmium MB free market Cts per lb	240*	270*
Chromium MB free market alumino-thermic 99% min \$/tonne	13,500*	14,000*
Cobalt Low Grade MB free market \$ per lb	24.50*	26.00*
Cobalt High Grade MB free market \$ per lb	24.00*	26.50*
Cobalt MB Chinese free market concentrate min 8% cif main Chinese port \$/lb	19.00*	20.00*
Indium, Indium Corp ingots min. 99.97% \$ per kilo, fob	745	
Indium ingots MB free market \$ per kilo	490*	580*
Indium MB Chinese free market crude min 98% duty unpaid in w/house China RMB/kg	2,400*	2,500*
Magnesium min. 99.8% MB European free market \$ per tonne	4,750*	5,000*
Manganese MB free market \$ per tonne	3,900*	4,100*
Mercury MB free market \$ per flask in warehouse	500*	600*
Rhenium Metal Pellets, min 99.9% in warehouse Rotterdam duty unpaid \$/lb	4,600	4,850
Rhenium APR catalytic grade in warehouse Rotterdam duty unpaid \$/kg	10,300	10,800
Selenium MB free market \$ per lb in warehouse	31.00*	33.00*
Ferro-titanium 70% (max 4.5% Al), \$/kg Ti d/d Europe	8.10*	8.55*

Precious metals		
Description	Low price	High price
Iridium ingot min 99.9% Europe Free market \$ per troy oz in warehouse	400*	450*
Palladium Johnson Matthey base price (unfab) \$ per troy oz (08.00 hrs)	290	
Palladium min 99.9% European free market \$ per troy oz in warehouse	285*	290*
Platinum min 99.9% European free market \$ per troy oz in warehouse	1,360*	1,365*
Platinum Johnson Matthey base price (unfab) \$ per troy oz (08.00 hrs)	1,365	
Rhodium min 99.9% European free market \$ per troy oz in warehouse	4,170*	4,200*
Ruthenium min 99.9% European free market \$ per troy oz in warehouse	270*	300*

Alloys & Ores		
Description	Low price	High price
Molybdenum Canned molybdic oxide US Free market		
\$ per lb Mo in warehouse	32.75*	33.00*
Molybdenum Drummed molybdic oxide Free market		
\$ per lb Mo in warehouse	33.75*	34.20*
Molybdenum MB Chinese free market concentrate 45% Mo, in warehouse China RMB/mtu	4,000.00*	4,050.00*
Ferro-molybdenum Basis 65-70% Mo major European destinations		
\$ per kg Mo	80.00*	81.50*
Ferro-molybdenum Basis 60% Mo Rotterdam \$ per kg Mo in warehouse	78.75*	79.50*
Ferro-molybdenum 65-70% Mo US free market Pittsburgh \$ per lb in warehouse	35.00*	36.00*
Ferro-molybdenum min 60% Mo per kg Mo fob main Chinese ports \$ per kg	80.00*	
Tungsten Ore European min. 65% content W03, Cif. \$ per mtu W03	160*	170*
Tungsten APT United States Free market \$ per stu	250*	255*
Tungsten APT European free market \$ per mtu	252*	256*
Tungsten MB Chinese free market concentrate 65% W03, in warehouse China RMB/tonne	85,000*	88,000*
Tungsten APT Chinese Noi Hong Kong fob main Chinese ports \$ per mtu	255.00*	257.00*
Ferro-tungsten basis 75% W Rotterdam duty unpaid		
\$ per kg W in warehouse	34.25*	35.25*
Ferro-vanadium basis 70-80% V major European destinations \$ per kg V	63.00*	66.00*
Ferro-vanadium US free market 70-80% V in warehouse, Pittsburgh \$ per lb	32.00*	35.00*
Vanadium Ore min 98% Europe \$ per lb V2O5	16.00*	17.00*

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