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Tuesday

Australia finds 16% AD duty on China Al extrusions

SINGAPORE
BY DIONNE THOMPSON

Australia has imposed a preliminary anti-dumping duty of 16% on certain aluminium extrusions from China from November 6.

"In reaching this preliminary decision, Customs and Border Protection is satisfied that the dumped and subsidised goods appear to have caused material injury to the Australian industry producing like goods," said the Australian Customs and Border Protection Service.

"It is necessary to require and take securities to prevent material injury to the Australian industry occurring while the investigation continues," it added.

Customs will report its recommendations to the Home Affairs minister by April 15, 2010, and depending on the decision, any securities taken may be converted to interim dumping duty or acquitted.

Customs also said that "there appears to be sufficient grounds for the publication of a dumping duty notice and countervailing duty notice".

Countervailing duties have yet to be assessed but "industry sources consider [that they] should be assessed on the same basis as those found in an April 2009 Canada Border Protection Service case involving similar products," said John Heslop, director at Heslop Consulting.

The Canadian International Trade Tribunal imposed dumping margins of 42.4% to 101% on exporters of certain Chinese aluminium extrusions earlier this year and has declined to review its decision despite appeals from Canadian companies.

Australia is not a main market for Chinese aluminium extrusions but the move is a further blow to Chinese producers looking for new markets while North American demand remains weak, said Chinese sources.

Chinese imports have grown to supply about 34% of the Australian extrusion market, the same proportion as Australia's biggest producer Capral Ltd, which has eight presses with a combined extrusion capacity of 75,000 tpy.

The Australian domestic market, which was already declining before the financial crisis, has weakened considerably in the last year or so, Australian analysts pointed out.

Capral, which has reported lower earnings and been forced to suspend one of its presses, initiated the anti-dumping action in June on behalf of the industry, which has seen cheaper Chinese imports increase along with declining building activity in Australia, particularly in 2008/9.

Aluminium extrusions demand is not expected to return to 2007 levels of around 200,000 tpy until the year ended June 30 2011, Capral said, citing industry forecasts.

SHANGHAI
CHINA STEEL WRAP

Spot prices rise further

Spot prices for rebar and wire rod surged another 50-60 yuan per tonne on Tuesday, supported by Shagang's price hike announcement on Monday.

In the Shanghai spot market, HRB335 20mm rebar was being sold at 3,540-3,570 yuan per tonne, while wire rod was going at 3,560-3,610 yuan per tonne. Hot rolled coil rose 30 yuan to 3,530 yuan per tonne.

The November price hike by Shagang, China's largest private steelmaker, led to another round of ex-works price hikes at steel mills, which pushed up spot prices, said a Shanghai trader.

However, steel contracts at the Shanghai Futures Exchange dipped on profit-taking on Tuesday after longs rushed in yesterday at Shagang's announcement.

The benchmark January rebar contract fell 0.74% to 3,881 yuan per tonne while at the Shanghai steel exchange centre (SSEC), the January hot rolled coil contract was down 28 yuan to close at 3,672 yuan per tonne.

"The upward trend will remain intact as long as the January hot rolled coil contract price closes above 3,590 yuan per tonne. Today's drop is regarded as a technical correction to the strong and swift increase," said a Shanghai trader.

Support also came from spot iron ore prices which widened to $96-97 per tonne cfr China from $96 yesterday.

More are starting to agree that Chinese steel prices have, at last, bottomed out.

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Non-ferrous metals

Engelhard will pull out of base metals trading

LONDON
BY ALEX HARRISON

Engelhard International, a category II member of the London Metal Exchange, has stopped trading base metals to focus on precious metals in emerging markets, the company's owner BASF Catalysts said.

Two traders, Geoffrey Sambrook and Steve Murton, look set to lose their jobs in a move the traders did not expect. Nick McKeiver will remain at Engelhard, though, MB understands.

"Engelhard are pulling out of base metals. It came as a bolt from the blue when they [Sambrook and Murton] were told yesterday afternoon," one source said, noting that the decision was effective immediately.

Sambrook is senior commercial manager, base metals; Murton is precious metals and base metals dealer at Engelhard.

Chemicals producer BASF decided to pull out of base metals, where market participants said Engelhard was running a profitable book, because it wants to focus on precious metals in emerging markets.

"We have made the strategic decision to exit our non-core base metal brokerage business, based in London," a spokesman told MB.

"This move will allow us to focus our resources on our core precious metals business, particularly in emerging markets such as China and India, where we see the greatest opportunity to drive long-term profitable growth," he added.

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LME Stocks (tonnes)

Copper	rose	1,625	to	373,800
Tin	fell	110	to	26,465
Lead	rose	50	to	129,650
Zinc	fell	450	to	428,075
Aluminium	fell	3,475	to	4,552,050
Aluminium Alloy	fell	180	to	84,720
Nickel	fell	144	to	129,384
NASAAC	fell	240	to	186,220

Comex Gold Nov	$1,057.20
Comex Silver Dec	$16.365
Nymex Platinum Jan	$1,330.00
Nymex Palladium Dec	$319.90

London Precious Metals

Gold am	$1,058.00 per oz
Spot Silver midday	$16.35 per oz
Platinum am	$1,334.00
Palladium am	$321.00

Barclays Bank

$/£	1.6300-1.6305
$/£3 months	1.6293-1.6298
£/YEN	146.97-147.01
€/$	1.4652-1.4654

LONDON

Two die in attack at Monterrico Metals' Rio Blanco copper deposit

Two people were killed and four more are missing after an attack on Sunday at Monterrico Metals' Rio Blanco mining campsite facilities in Peru.

"On November 1, 2009, at approximately 3:00 or 4:00 am [local time], a heavily-armed group of 20 persons invaded and set fire to the Rio Blanco mining campsite facilities, located in the Carmen de la Frontera District, Huancabamba Province, Piura Department," according to Monterrico Metals' website.

The raid resulted in the deaths of at least two V-Sur security guards, who were protecting the site. At least four people are missing, including V-Sur and Rio Blanco Copper's employees, the company said.

"Our subsidiary, Rio Blanco Copper, has filed a complaint with the government authorities, who are currently carrying out a search to locate the missing persons," Monterrico Metals said while condemning the attack.

The news comes as the company faces a claims case brought against it by 31 indigenous Peruvians who allege they were tortured by the police, with the assistance of mine employees and security guards, at the mine site in August 2005 (MB Oct 26).

LONDON

Trafigura closes $700m credit facility

Trader Trafigura Beheer has closed a syndicated revolving credit facility amounting to $700 million, with two one-year extension options on the original 364-day tenor.

Provided mainly by Asian financial institutions, the facility follows the $520 million syndicated revolving credit facility successfully closed in March 2009 with predominantly European banks.

The facility was originally launched at $505 million but, following keen interest on the part of subscribers to the facility, that amount was increased.

"It was apparent from our activity in Asia, and numerous trips there, that there was ample liquidity in that market and, although we are very pleased with the result, it was not completely unexpected," a spokeswoman for Trafigura told MB.

NEW YORK

Novelis hikes some European product prices

Novelis has increased prices on several aluminium coil and sheet standard products sold to European distributors and industrial customers.

The Atlanta-based company will increase rolled aluminum products for those customers by €30 ($44) a tonne for all 1000-, 3000- and 5000-series alloy products and all 6000-series 0 temper products effective immediately for all new orders and for all shipments on or after January 1, 2010.

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NEW YORK

Wise Metals' Bobby David announces retirement

Bobby David, senior vp of Wise Metals Group, will retire on December 31 after a 30-year career in the aluminium industry.

He plans to set up a company that will offer consultancy services to non-ferrous metals businesses.

David was instrumental in helping Wise grow to become the world's third-largest manufacturer of can sheet, serving the food and beverage industries, Wise said.

LONDON

Copper drops in LME officials

Copper dropped in the official session on the London Metal Exchange on Tuesday under pressure from the stronger US dollar.

Three-month copper ended the official session at $6,415/16 per tonne compared with its opening price of $6,498 per tonne.

The red metal dipped as low as $6,372.25 per tonne by 13:23 GMT.

"The dollar's rise is copper's downfall," a category I trader told MB.

➔Click here for further prices

Non-ferrous metals

China moly conc output to rise 9%, says JDC

NANNING

China's molybdenum concentrate output is expected to increase by about 9% this year due to higher demand from stainless producers, said Jinduicheng Molybdenum Co (JDC).

Output of concentrate of around 45% moly content is expected to rise to 196,000 tonnes, 16,000 tonnes more than last year, said Ma Quanzhi, deputy gm at JDC, the country's largest moly producer.

"The increase is mainly concentrated in the provinces of Henan, Inner Mongolia and Hebei," Ma told delegates at the China International Tungsten & Molybdenum Forum in Nanning, Guangxi.

China's stainless steel industry has been recovering alongside the global economy, which will support moly prices and push domestic consumption to 50,000 tonnes this year, nearly 5% higher than in 2008, Ma forecast.

From January-September, China produced 142,600 tonnes of molybdenum concentrate, he noted, citing the national statistics bureau data.

However, China's moly exports are facing increased trade protection, Ma said.

In the first eight months of the year, almost 20 countries have launched 79 anti-dumping investigations into Chinese moly exports, up 16% from last year, according to the Chinese commerce ministry.

MANGALORE

OMC still not supplying FeCr mills outside Orissa

Orissa Mining Corp (OMC) has allocated 112,000 tonnes of chrome ore to ferro-chrome producers in Orissa state for the fourth quarter, ignoring pleas from clients elsewhere.

"This is not only inadequate, but cuts out all the [producers] in other states like West Bengal, Andhra Pradesh, from the vital raw material,"a spokesman for the Indian Ferro Alloy Producers' Assn (Ifapa) told MB.

"Therefore, we are seeking a meeting with the state chief minister Naveen Patnaik to plead for a change in the policy," he said.

OMC, India's largest state-owned chrome ore producer, stopped supplying chrome ore on September 17 due to a mining halt over forest clearance permits. It resumed supply on September 30 but only to those within Orissa on state government orders (MB Oct 12).

More recently, OMC reiterated to ferro-chrome producers outside the state that it is unable to supply them as state policy is to add value to the ore within the state, the Ifapa spokesman said.

Orissa state produces over 98% of India's 4 million tpy chrome ore output, with OMC producing nearly 1 million tpy.

OMC's change in policy leaves ferro-chrome producers outside Orissa scrambling for supplies as private ore producers prefer to export material at higher prices.

SINGAPORE

Indonesian tin miners return to work after police crackdown

Indonesia's independent tin miners have nearly all returned to work, although ore production remains low due to seasonal rains, sources told MB.

A two-month police crackdown on illegal mining stopped in early October but miners took their time to return, unsure if the arrests had stopped for good.

Now, many independent tin miners have started work again, Dharmansyah Nawawi, Koba Tin's Bangka-based spokesman said.

The crackdown, organised directly from Jakarta, gave "shock therapy" to illegal miners who have since left the island, said Johan Murod, director at private tin consortium Bangka Belitung Timah Sejahtera (BBTS).

BBTS has re-activated two more smelters since mid-October in response to the greater ore output bought from independent tin miners.

This means an additional 250-300 tpm in refined tin production and increases BBTS' utilisation to 20% of its 2,800-3,500 tpm capacity.

BBTS had hoped to operate at 20-30% of capacity, but tin ore supply has become difficult to secure since the seasonal rains started at the end of October (MB Oct 21). The rains are expected to continue until next year.

Meanwhile, neither Murod or Nawawi can say for sure if and when a crackdown may happen again.

Crackdowns on illegal mining happen regularly in the tin-rich province of Bangka and Belitung. The most recent one caused a standstill in the market as most private smelters and independent miners stopped working for fear of being indicted.

Only state-controlled smelters, PT Timah and Koba Tin, say they have not been affected.

NEW YORK

Eramet Marietta secures power deal approval

Columbus Southern Power Co will provide power to Eramet Marietta until 2018 following approval by the Public Utilities Commission of Ohio.

The arrangement sets a rate of 4.224 cents per kilowatt hour until the end of 2011, after which the rate will be calculated as a percentage discount off the applicable tariff rate.

The Ohio-based manganese alloy producer, a US subsidiary of France's Eramet, must also make a capital investment of at least $40 million by 2014, including the installation of a bag house to reduce emissions on one furnace and a complete upgrade of a second, as part of the arrangement. It must also maintain a minimum average annual employment of 200 workers during the term of the arrangement.

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NEW YORK

US antimony, indium prices ease

Antimony and indium prices have decreased as hesitant buyers hold out for cheaper material.

Antimony, which saw offers from China nearing $7,000 per tonne at the start of October, is now trading in a range of $6,300 to $6,600 in the USA, traders said.

The earlier high prices stemmed from supply concerns following severe flooding in a number of antimony-producing regions in China, as well as a fatal accident and subsequent mine suspension at Hsikwangshan Twinkling Star in China's Hunan province. Since then, prices have started to fall as more material becomes available and buyers, expecting a slower fourth quarter, sit on the market sidelines.

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Iron and steel

Turkish rebar producers slash offers by $30 to Persian Gulf

LONDON
STACY IRISH

Turkish rebar exporters have lowered offers by as much as $30 per tonne to buyers in the Persian Gulf for November production but have so far failed to secure orders, MB was told.

The latest round of offers quoted to buyers in the UAE, Saudi Arabia and Qatar were at $450-460 per tonne cfr Persian Gulf.

Bookings remain scarce due to sluggish demand from the construction sector.

The latest booking was concluded last week for a medium sized tonnage at $470-480 per tonne cfr Persian Gulf for November production and delivery, according to market sources.

"I had an offer for 10,000 tonnes of rebar from Turkey at $450 per tonne cfr. We haven't made the order yet but we might next week," said a trader based in Dubai.

He added: "Demand for rebar is not good in Dubai. There have been no new announcements of new construction projects in Dubai. There is more demand for steel in Abu Dhabi."

Local rebar suppliers in the UAE and Saudi Arabia have the capacity to supply domestic buyers who have been purchasing small quantities to replenish stocks, MB was told.

"People in Saudi Arabia are not buying much. There are very limited quantities of rebar that is imported to Saudi Arabia. Most of the construction projects are government infrastructure projects which requires steel from local producers," said a trader based in Saudi Arabia.

Turkish rebar exporters have been selling small parcels of rebar at $450-460 per tonne fob main Turkish port for November production and delivery. Turkish producers have been having difficulties in securing bookings to buyers in north Africa and the Persian Gulf due to high stocks and weak demand.

LONDON

EU heavy plate prices continue to fall on weak demand

European heavy plate prices have fallen for the second successive week on sluggish end user demand, traders and stockholders told MB.

Prices now stand at €390-400 ($571-585) ex-works (exw), a fall of €10 from last week.

A lack of orders from the construction and shipbuilding industries could see prices fall even further before Christmas, market participants said.

"Consumption is very low," one trader said. "Enquiries tumbled in October."

But plate market participants are hoping that the recent resurgence in crude oil prices will trigger new investment in exploration projects from the oil industry.

Crude oil prices currently stand at $77 per barrel.

"The oil industry has performed well of late and high commodity prices trigger investment," one trader said. "Oil companies look to explore and dig for oil when the price is high: they don't when it's €50 per barrel."

LONDON

Ezz Steel lowers domestic rebar prices by E£200 for November production

Egypt's market leader Ezz Steel has slashed domestic rebar prices by E£200 on weak demand and falling raw material costs, MB was told.

Its latest offer price for November production is E£2,800 ($511) per tonne ex-works, down from the last month's price of E£3,000.

"Rebar prices have fallen due to softening ferrous scrap and billet prices," said a market source.

Ezz steel is likely to move prices in line with raw material costs rather than demand which continue to be weak in Egypt, according to local traders.

MB was told that Beshay Steel is offering E£2,740 per tonne ex-works and it has informed customers that further price falls are likely, according traders.

Domestic re-rollers in Egypt have lowered their prices to E£2,700 per tonne to compete with the leading producers Ezz Steel and Beshay Steel.

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TEHRAN

Khouzestan Steel increases year-on-year output by 20%

Khouzestan Steel produced 1.47 million tonnes of crude steel in the first seven months of the current Iranian year (started March 21), 20% higher than the corresponding period last year when it produced 1.23 million tonnes of crude steel, according to its md, Abdolreza Sharifi.

"Our direct reduced iron making plant also produced 1.67 million tonnes in the first seven months, an increase of 27% compared with the corresponding period last year," he added.

Khouzestan Steel exported 180,000 tonnes of semi-finished steel (billet, bloom and slab) in the previous year, he said, adding that it had managed to export about 250,000 tonnes of semis in the first seven months, mainly to Kuwait, the United Arab Emirates, the Philippines, Indonesia and Pakistan.

"We are planning to increase production to 5 million tpy by 2013 and, in tandem with this, we are setting up two 500 MW power plants to generate the necessary electricity," Sharifi said.

Khouzestan Steel is located in southwest Iran, close to the Persian Gulf, and has a current nominal capacity of about 3.2 million tpy crude steel.

It commissioned its new direct reduction iron plant, Zam Zam II, and upgraded some of its electric arc furnaces in early 2009.

LONDON

Russian CRC prices hold steady

Russian domestic cold rolled coil prices denominated in roubles remain largely unchanged at the start of November, market participants told MB, although exchange rates have pushed down dollar-quoted prices.

Sales have taken place in the past week at about 19,600-20,500 roubles ($664-697) per tonne ex-works (exw), sources said. The prices are unchanged from quotations on the same terms in late October.

Demand has remained steady in the country and mills are still taking export orders, another trader told MB.

But at least one trader told MB that he was still awaiting November prices. But the trader continued to sell some material from October at the same prices on ex-stock basis.

Iron and steel

China stainless list prices flat in weak market

SHANGHAI

China's major stainless mills are keeping list prices unchanged next week to try to boost ailing sales and support weak market prices.

Market participants, however, do not expect prices to slide much further.

Stainless mills had already slashed prices by up to 1,100 yuan ($161) per tonne last week, after holding them stable for the previous four weeks.

Shanxi Taigang Stainless Steel, the country's largest producer, is keeping its list price for Grade 304 2B 2mm cold rolled coil at 20,820 yuan per tonne, and Grade 304 2B 2mm hot rolled coil at 19,320 yuan.

It is also keeping its price for Grade 430 2B 2mm cold rolled coil at 12,020 yuan per tonne.

Zhangjiagang Pohang Stainless Steel continues to supply Grade 304 CRC at 20,400 yuan per tonne, and hot rolled coil at 18,700 yuan.

"It seems that mills are trying to buttress [market] prices by not changing their list prices, as, if they again slash list prices, agents and traders will be dumping their stuff through price cuts," said a stainless trader in Shanghai.

Raw material costs were also preventing mills from further price cuts.

"Production costs of mills are relatively high, so it is not easy to cut list prices," said a Pohang Stainless official.

"The current nickel price is not cheap compared to stainless prices. Last year, the [Grade 304 2B 2mm] cold rolled stainless steel price was at around 23,000 yuan per tonne when the nickel price was around the current level of $18,000 per tonne," said the trader.

Liquidity pressures are expected to pick up as stainless steel demand starts its seasonal wane towards the year end but mills' production costs, as well as stockpiling demand should underpin stainless prices.

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SHANGHAI

Baoshan Steel expects lower output, sales in Q4

Baosteel's listed arm, Baoshan Steel, expects finished steel sales to fall by 200,000 tonnes in the fourth quarter due to production maintenance.

"We have received full bookings so far, but we predict that our sales in the fourth quarter would be reduced by 200,000 tonnes from the third," said Baoshan Steel gm Ma Guoqiang in an online briefing.

This represents a drop of slightly over 3% after September quarter sales of 6.18 million tonnes.

Baoshan Steel plans to carry out annual maintenance on part of its facilities from October to December, including a hot rolling stainless mill and a cold rolling mill.

"The overhauling will continue to affect company production, and the gloomy market in the first quarter also affected output for 2009," said Ma, without providing output loss estimates.

The company had earlier warned that oversupply may worsen in the rest of the year, and steel prices would be threatened by high inventories (MB Oct 30).

Baoshan Steel's scheduled output drop is unlikely to trigger any wider output cut concerns as steel prices continue to rally.

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SINGAPORE

Vietnam's HRC prices fall despite China price hike rumours

Vietnam's domestic hot rolled coil prices continued to fall early this week despite rumours of Chinese price hikes, traders told MB.

Hot rolled coil prices in Vietnam are trading at $450-480 per tonne, down from $490-530 per tonne a fortnight ago.

Prices have weakened from $550 per tonne in early October as Chinese mills corrected offers at the end of September due to an oversupply, said sources.

"There are rumours that Chinese mills are going to increase prices," said a Ho Chi Minh-based trader. "The market is not sure whether to buy now or not."

"Some people in the market think it's impossible for Chinese mills to increase prices because there are still high stocks," he said.

"It is a very confused market," he added.

In Vietnam, sales continue to be weak, said a senior official at cold roller Phu My Flats Steel (PFS).

SHANGHAI

Spot iron ore prices rise to $96-97/T cfr

Spot iron ore prices continued to strengthen on recovering steel demand on the back of a two-week domestic price rally.

Spot prices for 63.5% Fe content Indian fines advanced to $96-97 per tonne cfr, from $96 yesterday and $94-95 last Friday.

"Prices for 63.5% grade material are all above $96 per tonne," a trader in Beijing said. "We are looking for material all around, but supplies from the Indian side are restricted."

Indian ore supply has been restricted for months due to rains and port congestion but this has had a lifting effect on prices only recently due to better demand.

Indian suppliers are taking the opportunity to hold out for higher offers, said the trader. "Since deliveries have been delayed, they can take the chance to wait for better prices."

The iron ore price rise is small but solidly supported as traders remain cautious and few dare to place orders if they did not have a mill booking to fill, said market participants.

SHANGHAI

Posco starts 300,000 tpy linepipe jv in US

Posco has started up a 300,000 tpy linepipe-making joint venture in the US called United Spiral Pipe.

United Spiral Pipe will produce spiral welded pipe with outside diameters of 24-64 inches (61-163cm) to meet anticipated demand from natural gas and oil transmission projects in North America, said Posco, which owns 35% of the venture.

US Steel owns another 35% of the pipe mill while Korea's SeAH Steel Corp owns the remaining 30%.

"We are also confident that supply of high-quality hot rolled coil from Posco and US Steel will make United Spiral Pipe win over its North American competitors," said Posco chairman and ceo Joon Yang Chung in the release.

Posco and US Steel jointly own USS-Posco Industries (UPI), a steel finishing joint venture in Pittsburg. The new spiral welded pipe facility is located on land owned by UPI.