

US Al extrusions recover as anti-dump duties kick in

NEW YORK
BY SUZIE WAITE

The North American aluminum extrusions market is showing signs of renewed strength, with Sapa North America's top executive forecasting a 5-7% pick-up in demand in the region this year.

"Overall, we're optimistic about the 2012 outlook. We're not coming back to the extrusion consumption level of 2007, but we foresee an extrusion demand increase in the 5-7% range for 2012," Patrick Lawlor, president of Sapa North America said.

Market demand decreased by 40% between 2008 and 2009, but logged a 15% rebound between 2010 and 2011 and continues to trend upwards, according to Lawlor.

Some of that renewed strength appears to be the result of new anti-dumping duties

on certain Chinese aluminum extrusions, he said. "Chinese imports of extrusions have dropped substantially. There are very few Chinese extrusions coming in today. The replacement extrusions have been sourced domestically, which has helped the industry come back a bit [now that] Chinese extrusions are not hitting US shores."

With expectations of a stronger year, the company is positioning itself to grow.

"We have gained significant market share over the past 18 months," Lawlor said, citing parent company Sapa Group's acquisitions in Asia, including a 65% stake in Vietnam Japan Aluminum Co in November 2010 and its acquisition of an aluminum profiles unit in Jiangyin, China, in September. "Sapa is much happier with the footprint in Asia (now)."

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JOHANNESBURG

Amsa resumes smelting after four-month outage

ArcelorMittal South Africa (Amsa) resumed full production at its Newcastle smelter near Durban on December 9, after nearly four months of inactivity following an accident at the plant, the steelmaker said.

The plant was shut down after a furnace failure in August 2011, costing the company about 1 billion Rand (\$122 million).

In August, the company said the gas cleaning plant failed, which led to the dust catcher partially collapsing. The damage put the blast furnace out of operation, which resulted in a loss of steel production of about 445,000 tonnes of steel production.

At the time of the incident, Amsa said it had secured about 240,000 tonnes of steel from external sources to boost supplies to its customers from mid-October.

The shutdown put pressure on the company's financial performance for the third quarter, along with higher electricity and raw material costs and weaker sales.

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SHANGHAI

Asian stainless steel prices rebound in January

Stainless steel import prices in Asia have risen by around \$50 per tonne in January, tracking higher nickel prices and stronger trader sentiment.

Purchases of 304 cold rolled coil have been reported in the range \$2,800-2,950 per tonne, up from \$2,800-2,900 per tonne in late December.

Stainless hot rolled coil prices are at \$2,700-2,750, up from \$2,660-2,680 per tonne in late December.

"We have pushed up our prices by \$50 on average in January, following nickel prices," a stainless exporter in Taiwan, who mainly ships to east Asian destinations, said.

Import prices of stainless steel in Asia have been falling since March 2011. In late December prices were at their lowest level since January 2010.

"Our export prices rose \$50-60 since the

beginning of January due to rising nickel prices, but trading volume is very low," a stainless exporter in China, who mainly exports to South Korea and Taiwan, said.

The market has become more optimistic since the rebound in London Metal Exchange nickel prices since late December.

"Exports to eurozone countries are picking up slightly, as sentiment among stockists is warming up," a South Korean stainless steel importer said.

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Non-ferrous metals

Codelco prepared to tackle Anglo in international court

SÃO PAULO
BY JUAN WEIK

Codelco is prepared to tackle Anglo American's "different strategies" regarding the companies' dispute over shares in Anglo American Sur (AAS), ceo Diego Hernández said.

This includes facing a possible move by UK-based Anglo to take the matter to the international courts, the head of the Chilean state-owned copper miner announced late on Thursday January 12.

"So far, these are only threats," Hernández said.

On Thursday, Santiago's Court of Appeal approved Codelco's request to cancel an injunction filed in November in which it had asked the court to prevent Anglo from

selling further AAS shares following its \$5.39 billion deal with Mitsubishi Corp.

"Giving up [the action] was entirely appropriate since Codelco has already exercised its right to buy 49% of AAS," Codelco's lawyer, Pedro Pablo Gutiérrez, said.

The Court of Appeal determined, though, that Codelco must pay Anglo's legal costs related to such an action. The Chilean company said it will appeal that decision.

Codelco exercised its right to purchase AAS shares on January 2, but Anglo refused to sell the shares.

As a consequence, the miner filed an action demanding that the Chilean court oblige Anglo to transfer the shares.

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SHANGHAI

China selenium dioxide price up 10% this year

Selenium dioxide prices have risen rapidly since the start of 2012, but some market participants doubt if anything but speculation is driving the market upwards.

Metal Bulletin selenium dioxide advanced by 40–50 yuan in China last week to 670–700 yuan per kg, compared to 610–630 yuan per tonne on January 4.

Prices for the minor metal have advanced more than 10% since January 4, helped, according to suppliers, by end users securing material before Chinese New Year. But several other market participants were more sceptical.

"They say prices are rising because of low inventory and tight supply triggered by end-user buying before the Chinese New Year. I can't find anything farther from the truth," one market participant said. "There is plenty of supply."

She pointed to customs statistics for November, the last month for which figures are available, which showed that China imported 170 tonnes of selenium during the month, a 44.5% increase from the previous month.

Selenium metal stayed stable at 960–990 yuan per kg (\$69–71 per lb) in China. Metal Bulletin's selenium free market prices are also unchanged at \$60–66 per lb.

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NEW YORK

Nautilus seeks funding for Solara 1 project

Nautilus Minerals is seeking financing to bring its underwater Solara 1 copper-gold project into production, according to its top executive.

The Vancouver, British Columbia-based company, which explores the deep ocean floor for copper, gold, zinc and silver sulfide deposits, plans to launch production of the Solara 1 project in the Bismarck Sea, off the coast of Papua New Guinea, in the fourth quarter of 2013, said Nautilus president and ceo Stephen Rogers.

Nautilus will have to find funding through a mining partner, establishing offtake agreements or issuing equity, Rogers told Metal Bulletin's sister publication AMM in an interview before Dahlman Rose & Co LLC's 3rd Annual Emerging Miners CEO Conference in New York. "Debt markets are not readily available" as Nautilus is using an unproven method of metal production, he said.

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NEW YORK

Seller pushback lifts US silico-manganese

Silico-manganese prices in the US domestic market have risen as sellers have begun to push back against recent low prices,

LME Stocks (tonnes)

Copper	fell	2,250	to	354,575
Tin	fell	45	to	11,160
Lead	fell	300	to	352,200
Zinc	fell	775	to	816,725
Aluminium	fell	3,100	to	4,967,450
Aluminium Alloy	fell	180	to	138,380
Nickel	fell	228	to	92,232
NASAAAC	unchanged		at	156,520

Comex Gold Jan	\$1,645.60
Comex Silver Jan	\$29.525
Nymex Platinum Jan	\$1,497.70
Nymex Palladium Mar	\$641.00

London Precious Metals

Gold am	\$1,643.50 per oz
Spot Silver midday	\$2,990.00 per oz
Platinum am	\$1,489.00 per oz
Palladium am	\$640.00 per oz

Bardays Bank

\$/£	1.5314–1.5316
\$/£ 3 months	1.5301–1.5303
€/¥EN	117.46–117.63
€/¥	1.26712–1.2672

according to market participants.

Prices now stand at 53–56 cents per lb (in warehouse), up from 49–53 cents per lb previously.

"There was no reason for prices to be at that [previous] level," one trader said.

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LONDON

Mt Kellett responds to Baja board offer

Mount Kellett, the 19.9% owner of Baja Mining, has responded to the company's invitation to one of the firm's proposed candidates to join its board and to take on its suggestions for amendments to its stock options plan by describing the moves as a "window dressing" initiative.

Baja said on Friday January 13 that it would be willing to bring Mt Kellett nominee Lorie Waisberg onto its board of directors, but refused to offer a place to Stephen Lehner, an md at Mt Kellett.

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LONDON

Copper prices hold above \$8,000 in LME officials

Copper prices held above \$8,000 per tonne in official trading on the London Metal Exchange on Monday January 16 as the euro traded sideways against the dollar. US markets were closed for a national holiday.

Three-month copper settled at a high of \$8,025/25.50 per tonne, up from \$7,979/80 per tonne on Friday.

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Iron and steel

Hyundai Steel to raise HRC export prices again

SHANGHAI

South Korea's Hyundai Steel hopes to push up hot rolled coil (HRC) export prices for March shipment, citing higher production costs and an increase in demand.

After achieving deals \$20–30 higher at \$700 per tonne cfr Southeast Asia for February shipment, the steelmaker decided to push offer prices to the region to \$730–740 per tonne cfr for March.

As a result, average HRC price increases for the company are expected to reach \$50–70 per tonne, according to the steelmaker.

The steel mill told Metal Bulletin the market bottomed out in December and price recovery has begun in the US, Southeast Asia and Middle East markets.

Deals have already been made in early January at \$740 per tonne cfr to the USA and \$690–700 per tonne cfr to the Middle East.

Last week, Japan's JFE Steel said it had

been negotiating with customers for another rise of \$50 per tonne after it achieved a rise of \$10 per tonne for mid-January shipment and an increase of \$20 per tonne for February deliveries.

At the same time, Chinese steel exports also seem to have stabilised, with most producers receiving more enquiries.

"Numerous steelmakers have finished their export bookings for March shipment," an exporter in Shanghai said, adding that the stable domestic price was quite helpful for export activities.

Transactions for Chinese boron-containing HRC of 5–12mm thickness have been reported in the range of \$610 per tonne fob, up \$5 per tonne from a month ago, while domestic prices of 5–12mm thick HRC were at 4,220–4,240 yuan (\$671–674) per tonne in Shanghai on January 16, up 20 yuan from a week ago.

LONDON

CIS billet exporters to offer Feb rolling in days

CIS billet mills are expected to return to the export market with fresh offers for February rolling in a few days, according to CIS market participants.

Russian and Ukrainian traders have not heard of any new offers since the Orthodox Church Christmas last week.

The last reported deals for CIS billet were concluded at \$590–600 per tonne fob Black Sea at the end of December, unchanged for four consecutive weeks.

"I can confirm that \$590–600 fob was the last price I heard. Last week the expectation was that offer prices would go up to \$610 fob, but I haven't heard of any offers at that level," a trader in Moscow told Metal Bulletin.

"The market is slowing down and people are not buying. Mills are expected to offer over the next couple of days. I'm not buying but, if I was, I would bid \$575–580 fob – the expectation is that prices are softening because of lower ferrous scrap costs," he added.

CIS billet producers have been holding their cards close to their chests and they have been assessing the market before they offer to export consumers, Metal Bulletin was told.

SHANGHAI

Spot 63.5% iron ore price steady on thin trading

China's spot iron ore market was quiet on January 16, as Chinese market participants exited the market ahead of a week-long national holiday.

Mainstream prices of 63.5% Fe content Indian fines were flat at \$145–147 per tonne cfr, unchanged since January 10.

A major Indian producer was selling two cargoes of 54% fines on January 16, expected to settle at \$90 fob, sources said.

"Fewer enquiries and offers were heard today, and I only received one offer of 65% Fe Canadian pellet at \$178 cfr," an iron ore trader in Shandong said.

"The festival mood has already set in, and anyone who wanted to buy or sell ahead of Chinese New Year has already concluded their business," a trader in the port city of Dalian said.

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LONDON

FMG's North Star iron ore resource expands by 72%

The discovery of additional resources by Australia's Fortescue Metals Group (FMG)

has increased its North Star magnetite deposit by 72%, the miner said on January 16.

North Star is 100km south of FMG's Port Hedland operation in Western Australia and is within 25km of the existing rail line.

The new addition takes the total resource to 2.12 billion tonnes at 31.6% Fe content, up from an original 880 million tonnes, the company said in a statement.

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SÃO PAULO

Beltrame's heavy plate mill expected to start up soon in Argentina

Laminados Industriales, a 250,000-tpy heavy plate mill that Italy-based AFV Beltrame Group is building in Argentina, is expected to come on stream within the next few months.

"They are planning to inaugurate the mill in February and begin production in May," a well-placed source told Metal Bulletin.

The total cost for the mill is estimated at about \$50 million. It will be the first in Argentina to produce heavy plates.

Brazil's Usiminas and Mexico's Ahmsa are the only major heavy plate producers in Latin America for the moment.

Located in Villa Constitución city, in Santa Fe province, Laminados Industriales plans to buy slabs from both Ternium Siderar, Argentina's largest flat steel producer, and foreign mills, especially Brazilian ones, the source told Metal Bulletin.

More than half of its output of 250,000 tpy is expected to be sold in the domestic market, with the remainder to be exported to neighbouring Latin American countries.

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SHANGHAI

Baosteel posts 57% fall in Q4 net profit

Baosteel's net profit more than halved in the final quarter of 2011 after Chinese steel prices fell. Net profit in October–December was 981 million yuan (\$154.8 million), down 57.2% from a year earlier.

"The lower profit has reflected less steel demand, especially in the fourth quarter when prices saw a sharp decrease," a trader in Shanghai said.

Net profit for the full year was 43.4% lower at 7.3 billion yuan, as cost increases offset broadly higher revenues. Revenues were 10.2% higher at 223.1 billion yuan.