Monday 14 January 2008 / Number 9029 / World steel and metal news

MARKETS

Turkish debar export prices rise $20

Scrap costs soar and demand in Dubai is booming: page 16

NEWS

First Quantum hopes to end export row

Future plans at Lonshi in doubt, Clive Newall tells MB: page 6

FUTURES

First-day value: 27.3 billion yuan

Gold futures take Shanghai by storm: page 8

MetalBulletin

'TAX ISSUE ADDS DIFFICULTY'

Ire in ore talks grows

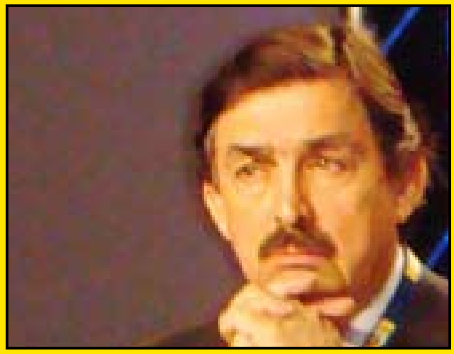
Annual iron ore deal hard to agree because of Indian export tax and Australians' insistence on changing settlement basis, Chinese official says: page 25

CHANGES BY INDICES SPARK BUYING AT LME

Lower prices possible: 'The question is what happens once this feeding frenzy is finished'

Market assesses reweighting of Dow Jones AIG and Goldman Sachs commodity indices, page 5

GRUPO MEXICO COPPER STRIKE



Gomez defiant in Canadian exile, page 6

CONTENTS

MetalBulletin

The confident and the cautious

Gold futures trading got off to a stunning start in Shanghai last week as Chinese investors bet that US Federal Reserve chairman Ben Bernanke will slash interest rates by 50 basis points later this month and analysts pointed out the advantages the contracts may bring to the country's fast-developing gold industry.

The Shanghai Futures Exchange's latest successful launch, which comes after copper and zinc, follows news that trading in contracts at the London Metal Exchange rose by 7 percent overall. LME volumes fell only in nickel, whose surge to more than $50,000 per tonne in the second quarter led to outrage in the stainless steel industry.

LME's growth plans

The LME must hope volumes will rise higher still this year as it presses on with its plans to launch steel billet contracts, which have the potential to transform the steel industry (as well as the LME), and studies doing the same in minor metals and ferro-alloys.

As 2008 comes into sharper focus to those trading contracts and managing risk, concerns about a possible recession in the USA, further repercussions from the sub-prime crisis, liquidity and consumer confidence are balanced against predictions that consumption in China, India and Russia will continue to grow.

Volatility and uncertainty are generally good for futures contracts, as industry seeks certainty and investors take advantage of fast-moving markets.

Polarised

Still, it's a complicated picture and one that encouraged a senior participant in the markets at the LME to comment last week on how polarised opinions are between the camps of the cautious and the confident.

Markets that are generally very liquid such as oil and gold are making big, sudden moves — upwards for now — and nobody wants to be caught on the wrong side of them.

Fear and excitement

Fear and excitement are near neighbours: there's going to be plenty of both to go around as 2008 progresses.

China's gold futures contracts soar on debut in Shanghai, page 8

Published by the Metals, Minerals and Mining division of Euromoney Institutional Investor PLC. Metal Bulletin Ltd is a Euromoney Institutional Investor PLC company. Metal Bulletin Ltd, Nestor House, Playhouse Yard, London EC4V 5EX. UK registration number: 00142215.
Editorial headquarters: 16 Lower Marsh, London SE1 7RJ. Tel: +44 20 7827 9977.
Fax: +44 20 7928 6892 and +44 20 7827 6495.
E-mail: Editorial@metalbulletin.com
Website: http://www.metalbulletin.com

Non-ferrous Editor: Chris Evans;
Steel Editor: Bob Jones;
Deputy Editor Steel: Dilip Lal;
Newsdesk Editor: Alex Harrison;
Deputy Editor Non-ferrous: Josephine Mason;
Correspondents: Natalia Kassakovich, Bianca Markram, Ben Garside, Phillip Price;
Reporters: Clementine Wallop, Stacy Irish, Barbara O'Donovan, Rob Hartley, Andrea Jezovit, Laura Staples;
Senior Sub-Editor: Laura Fleet;
Sub-Editor: Jon Dolan;

Customer Services Department:
Tel +44 (0)20 7779 7390
Publisher: Raju Daswani

Advertising: Tel: +44 20 7827 5220
Fax: +44 20 7827 5206.
e-mail: advertising@metalbulletin.com.
Head of Sales: Stefano Di Nardo.
Sales Team: Chantal Fourie, Julius Pike, Natalia Strigoun, Andrew De Lavis-Trafford, James Brunt.
Advertisement Production: Martin McDougall.

USA Editorial & Sales: Metal Bulletin Holdings Corp, 26th floor, 1250 Broadway, New York, NY 10001. Tel: (212) 213 6202.
Toll free number: 1-800-METAL-25. Editorial Fax: (212) 213 6617. Sales Fax: (212) 213 6273.
North American Editor (Non-ferrous): Sean Barry. Pittsburgh: Four Gateway Center, Suite 205, Pittsburgh, PA 15222.
Tel: (412) 765 2580. Fax: (412) 765 3073.
E-mail: Srobertson@amm.com
American Editor: Scott Robertson.
Singapore: 10 Anson Road, International Plaza #23-06, Singapore 079903. Tel: +65 6333 5523.
Fax: +65 6333 5501.
Email: MBSingapore@metalbulletin.com.sg;
Singapore Editor: Martin Ritchie;
Copy Editor: Dionne Kho; **Correspondents:** Vivian Teo, Hongmei Li; **Reporter:** Carrie Ho.
Shanghai: Metal Bulletin Plc, England Suite, 26th Floor, Shanghai Times Square Office Tower, 93 Huai Hai Zhong Road, Shanghai 200021. Tel: +86 21 5117 9333. Fax: +86 21 5117 9300.
Brazil: Metal Bulletin, Rua Miguel de Rezende 320, Casa 3, Santa Teresa, 20251-380 Rio de Janeiro, RJ. Tel: +55 21 2293 0799. Fax: +55 21 2293 0799. E-mail: diana.constance@terra.com.br
Latin American Editor: Diana Kinch.

MBM: Editor: Richard Barrett;
Associate Editors: Sandra Buchanan, Stephen Karpel; **Staff Writer:** Jennifer Staves.

Annual Subscription: Metal Bulletin is only available on subscription at: UK delivery only £1,036.84 (£977+£59.84 VAT), USA/Europe $2,397, Europe Euro Zone* €2,007, Rest of the World $2,517. Single copy: £45, USA/Europe $125, Europe Euro Zone* €95, Rest of the World $125.
*For subscriptions to European addresses, please quote your sales tax number, otherwise VAT may be charged.

Subscription Enquiries
Sales Tel: +44 (0)20 7779 7999
US sales Tel: +1 212 224 3570
Sales Fax: +44 (0)20 7246 5200
Sales E-mail: ehayward@metalbulletin.com
Book sales: books@metalbulletin.com.

Fulfilment administrator: Paul Abbot.

Registered as a Newspaper at the Post Office.
ISSN 0026-0533.
Printed by The Magazine Printing Company, Enfield, EN3 7NT, UK.

Non-ferrous metals

Trouble ahead? 'No concerns about Xstrata project – except for what it symbolises', says local group

Tampakan raid incites Manila to train civilian security for mine patrols

SINGAPORE
BY CARRIE HO

Manila will train more civilian security forces within local communities to guard foreign-operated mine sites from attacks like the recent raid on Xstrata's Tampakan project by Communist rebels, a government spokesman said, as the $1.9-billion project moved up the agenda of local anti-mining groups.

After the New Year's day raid on the copper-gold tenement by the rebels, the government had sent "sufficient" police and military troops to the site to secure the tenement, director of the Mines & Geosciences Bureau (MGB) Horacio C. Ramos told MB.

"The government automatically sends troops to police areas right after raids like that," he said, "but this is not a permanent strategy. Going forward, we will focus on training local communities to provide security to the mines."

Civilian forces like this are already in place in several mine sites in the country, he revealed, but did not say which projects are employing them.

The initiative will be implemented by the Mineral Development Council (MDC), which is made up of twelve government agencies including Philippines' National Defence Dept, the Dept of the Interior & Local Government and the Dept of Environment & Natural Resources, he said.

The MDC condemned the raid on Tampakan, which it called "unconscionable" and said it resulted in damages of 12 million pesos ($295,730).

Anti-mining group Kalikasan People's Network for the Environment said that the raid by Communists indicated the strength of local opposition to mining in the Philippines.

"We recognise the Communists' attack as one way of expressing the people's rejection of the kind of mining that is happening in the Philippines. That attack would not have happened without the support of the local communities," the group's spokeswoman Lisa Ito-Tabang told MB.

The group may campaign against Tampakan, she added. "Kalikasan has already planned to launch a campaign to investigate the Tampakan project some time this year, after our grassroots contact in the area voiced their concerns about the project to us."

"We plan to visit the site to talk to communities and to gauge their sentiments on whether they accept the project."

At the moment, the group does not have particular concerns about Tampakan's environmental management or social impact, Ito-Tabang admitted.

But it sees the massive deposit as one of the symbols of the Philippines' mining law, since it is listed as one of the country's main mining projects, she said.

"We are against everything about the mining law, which we think is unconstitutional. Filipinos are entitled to their 'patrimony', that includes minerals and other resources on their lands," she charged.

"However the mining law gives foreign companies tax breaks and the right to everything on their tenements, including the mineral resources, water, timber, etc. They even have the right to evict indigenous communities from these lands."

MGB's Ramos shot back: "The mining law has been declared constitutional by the Supreme Court. So I wonder which constitution of which country are the anti-mining protestors referring to? Perhaps they are referring to a government that is not yet in existence?"

"I believe that the left-leaning anti-mining community is trying to change the government, and mining and the environmental issues are just a gateway towards that.

"The debate should be about whether mining is done responsibly and not whether we should allow foreign investment. The current constitution allows foreign participation if it involves investment so large that Philippine companies cannot come up with."

The Communist rebels attack on the Tampakan mine site on New Year's Day caused severe fire damage to the camp's administration building and six other smaller structures, said Xstrata's subsidiary Sagittarius Mines Inc in an earlier statement.

A final feasibility study on the project is scheduled to be completed next year, Xstrata said.

LONDON

Reweighting triggers buying at LME – but correction may follow

Base metals, in particular zinc and nickel, are attracting more buying at the London Metal Exchange as index funds adjust their exposure for 2008, triggering price rallies that may continue into this week, market participants said.

The comparative weakness of base metals in relation to energy and agricultural commodities in 2007 means that they will be beneficiaries of the index reweighting this year, as funds that track indices such as the Dow Jones-AIG Commodity Index and Goldman Sachs Commodities Index increase their exposure.

"With an estimated $140 billion invested in commodity index products at the end of 2007, changes in the weightings of the indices can prompt a significant amount of buying or selling," said Macquarie Bank analyst Adam Rowley.

Zinc, nickel and aluminium may be the biggest winners because they have fallen the most since the start of last year: three-month prices at the start of 2008 are around 40 percent, 20 percent and 10 percent lower respectively than at the start of January 2007.

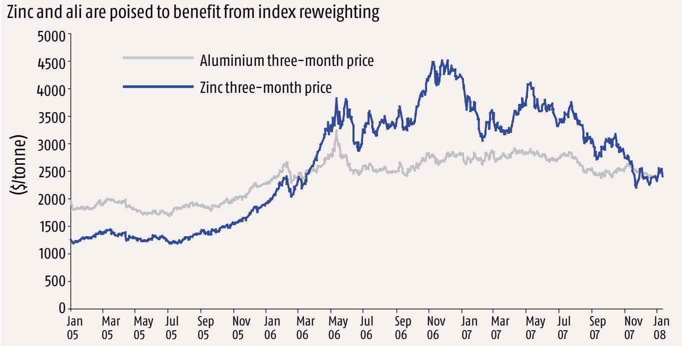
The AIG index alone is expected to account for new longs of some 12,000 lots of zinc, 18,000 lots of aluminium and 2,800 lots of nickel, according to some estimates.

"Even spread out over five days, these are not small volumes," a broker noted.

But the price rally may be short-lived, market observers forecast.

Once speculative and investment interest has subsided, physical demand will be needed to maintain prices at current levels, which is unlikely to happen given slowing growth in demand and most metals moving into surplus.

Zinc and ali are poised to benefit from index reweighting



Source: LME

Defiant Union leader says workers will remain on strike until demands are met

Grupo Mexico strikers will not surrender: Napoleón Gómez

NEW YORK
BY SEAN BARRY

Striking workers at Grupo Mexico SA de CV's Cananea copper mine in Sonora state remain defiant and are prepared to remain on strike until the company meets their demands, according to Napoleón Gómez Urrutia, fugitive head of Mexico's national mining and metalworkers union, the Sindicato Nacional de Trabajadores Mineros, Metalurgicos y Similares de la Republica Mexicana (SNTMM).

In an interview with MB sister publication *AMM*, Gómez, who has been living in exile in Canada for nearly two years after being accused of misusing union funds, said the industrial action could drag on for months unless the company reinstates collective bargaining agreements and improves health and safety conditions.

"We are prepared to strike for as long as it takes. They can never defeat thousands of workers and families who are against the company and its policies," he said. "It may take weeks or even months, but whatever it takes we are prepared and will defend our union, the policy agreements and safety conditions."

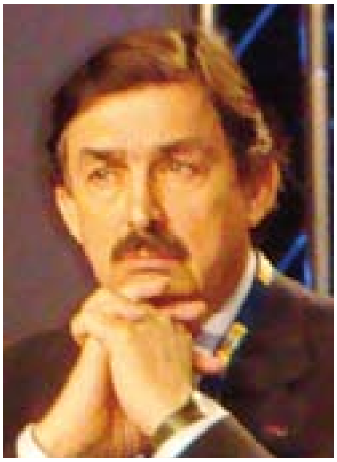
Workers downed tools on July 30 to protest issues related to collective contracts as well as safety conditions at the group's Mexican mining operations. Industrial action also affects Grupo Mexico's Taxco zinc, lead and silver mine in Gurrero state and its zinc, copper, lead and silver concentrate facility at Sombrerete.

"In 2006 they did not sit with the union to negotiate the collective bargaining agreements and also in 2007," Gómez said. "Safety is also a major concern. Workers are at risk all the time. There is a lot of pollution at the mine that is putting not only the miners at risk but also their families and friends in the regions they operate."

No further talks between the two sides are planned.

The labour minister has reportedly requested that the union appoint a single representative for future negotiations. But Gómez, who has been involved in the labour talks through a video conference link, said the union was not willing to appoint one person to lead the negotiations.

A Grupo Mexico spokesman did not return calls for comment.



Gómez: workers are at risk

The company said previously that during a meeting in December arranged by the labour ministry it had offered to meet all the contract demands put forward by the union.

Union sends striking workers Christmas bonus

Striking workers at Grupo Mexico's Cananea copper mine in Sonora state received a Christmas payment and a turkey as exiled union leader Napoleón Gómez called for them to maintain a firm resolve as the strike passed 150 days.

Gómez called on members of the union to contribute funds so that it could make a Christmas payment of 3,500 pesos ($322) to each of the 1,200 striking workers and twelve tonnes of meat and other food for the holiday period.

A local farmer provided a turkey for each striker.

Union section leader Sergio Tolano said the Cananea workers are prepared to strike for another 150 days "if necessary", to resist what the union perceives as attempts by Grupo Mexico's owner, Germán Larrea, to break it.

"None of the strikers has folded despite the strategy of Germán Larrea to break the strike movement," he said.

Grupo Mexico used the holiday period to address the Cananea community via radio commercials asking workers to negotiate individually with the company, and by sending letters to the families of strikers about its willingness to find a solution to the action, the union said.

Workers are protesting about issues relating to collective contracts as well as poor safety conditions and hygiene at Mexican mining operations. Grupo Mexico threatened to close Cananea and two smaller mines if an agreement is not reached and has called the strike illegal.

A decision on the legality of the industrial action at Cananea is expected by Mexico's labour court early this year, after a federal court ruled in December that the strike could continue.

LONDON

First Quantum hopes to resolve Lonshi dispute

First Quantum hopes to end a dispute soon over exports from the Lonshi mine in the Democratic Republic of Congo (DRC), which has affected copper production at the Bwana SX/EW facility in neighbouring Zambia, First Quantum Clive Newall told MB.

Plans to prolong the life of the site could also be impeded by the increasing intervention of the local authorities, he said.

The company has been trying to end the ban imposed last year by the governor of the DRC's Katanga province, Moise Katumbi, last year on exports of copper ore and exploration core samples from the Lonshi mine to Zambia.

Such exports are pivotal to the operation, which consists of two parts located in two countries.

The open pit mining of high-grade oxide ore is carried out at Lonshi in the DRC and then transported into Zambia where it is processed at the Bwana SX/EW facility.

"We are still producing from stockpiles, but the output is nowhere near where it would be normally," Newall said.

First Quantum has been working with the governor's office since the end of November to ensure that issues – including how the final remaining oxide ore at Lonshi will be mined and the mine's various social programmes – are addressed. The dispute is expected to be resolved soon, Newall said.

But he insists that the company has never broken any laws by exporting its raw materials.

"All of our operations comply with the mining law," said Newall.

It is not only the current works that are suffering because of the unexpected ban but also the company's further plans for Lonshi, which would involve constructing an underground mine.

"Lonshi only has six months to run before we shut it down as an open pit. Our plan is to go underground, and we are planning a feasibility study, but if we can't export ore from the mine there will be no point in going ahead with the investment," Newall said.

The oxide orebody at Lonshi will be exhausted in 2008, completing the seven years of open pit mining. Last year, the mine is estimated to have produced some 45,000 tonnes of copper cathode, compared with a record output of 51,068 tonnes in 2006.

The company has been assessing the alternative and most beneficial uses for the Bwana processing plant after the Lonshi ore body has been depleted.

There are still significant resources there which could justify extending the operations to underground mining, Newall claimed.

Such a project would require a lot of investment, he warned, as two major issues the company would need to tackle are the amount of water around the site and rock mechanics, which means it could be hard to physically support the underground mine.

"We are going to have to crack the problem first. All the works we are doing now are part of the feasibility studies," Newall said.

SINGAPORE

Alumina prices under pressure from cuts in Chinese Al output

Alumina prices, which have risen very rapidly in recent weeks, may come under pressure as a result of aluminium production cuts in Guizhou and Shaanxi in China, analysts said.

The Guizhou plant of Aluminiuim Corp of China (Chalco) and Zunyi Aluminium, also controlled by Chalco, have cut production because of power shortages in southwestern China's Guizhou province, *Reuters* reported.

Chalco has cut production at its 450,000 tpy Guizhou plant by a third, industry sources said, while *Reuters* reported that the cut at Zunyi is about 30 percent of its 110,000 tpy capacity.

Chalco's Guizhou and Zunyi plants are likely to be affected by the power shortages in the province, a spokeswoman said, though she could not quantify the effect on production.

The shutdowns are expected to put pressure on alumina prices in China, which have surged to 4,100-4,300 ($565-592) yuan per tonne delivered duty-paid from 3,200-3,300 yuan in November, analysts said.

"200,000 tonnes of smelting capacity is around 400,000 tonnes of alumina. This could cause pressure to prices in the short-term," said a Shenzhen-based aluminium analyst.

The Guizhou provincial government said that from January 1 it would cut power supplies to all primary aluminium producers by 40 percent from the average level of provision during December.

Cold weather has resulted in surging heating demand, a shortage of thermal coal, and extremely tight supply of electricity, with electricity supply likely to be resumed only when the coal supply situation improves, it said.

Cuts are likely to have started last week, market participants said.

Pressure on Chinese alumina supply may also result from problems at Tongchuan Xinguang Aluminium Industry Co, under the Chinalco umbrella of smelters, in Shaanxi province, which recently caused the company to close down 170,000 tpy of its 230,000 tpy smelting capacity, industry sources told MB.

The company is in the midst of restart but it may take up to a month to bring the smelter back up to full capacity, one source said, though Xinguang officials could not be reached for comment.

How much prices will be affected depends on how long the shutdowns continue, but the effects could be mitigated by strong demand and tight supply in the lead up to the Chinese New Year in early February, market participants said.

The total capacity closed down in Guizhou is around 250,000 tpy, including from those two smelters, estimates an aluminium analyst from Chinese research firm CBI (China).

"There is no immediate effect [on alumina prices] for now due to tight supply in the market but pressure [on prices] will build and may become apparent after Chinese New Year," said Shan Guibin, manager with Chinese information provider Chinaccm.

Diana Kinch

Letter from Brazil

Brazil's rush forward with Amazonian hydropower projects Estreito, Santo Antonio and Jirau allays the threat of power rationing feared by the Lula government.

On the surface it is good news for the country's primary aluminium producers, particularly Vale, CBA and Alcoa, which are racing to find the best bauxite reserves in the Amazonian state of Para.

But Brazil's aluminium producers, investing $4 billion in no fewer than 14 new hydro projects, would be foolish to commit to new greenfield primary aluminium capacity in today's Brazil. Environmental pressures could slow or halt such endeavours and the development of the energy sources they would rely upon.

International and national green pressure against new hydro dams is on the up. Amazonian forest devastation levels rose in 2007, particularly in the so-called "conservation areas". Some saw an end-of-year statement by Vale's president Roger Agnelli that Vale can help the Para state government to control the devastation almost as recognition that the situation regarding the preservation of Amazonia is out of control.

Instead of thanking Vale for its potentially valuable support, Para state environmental secretariat Sema tells MB that there is "no way" Vale will gain an environmental licence for its planned 600 MW coal-based thermoelectric plant at Barcarena, near the Albras primary aluminium smelter joint venture with Japan's Nippon Amazon Aluminium Co. "It's all to do with ashes," a Sema officer said.

"Producers would be foolish to commit to new greenfield primary aluminium capacity in today's Brazil"

One of the new hydro plants to get the go-ahead, the 1,087 MW Estreito, in which Vale and Alcoa are partners, is already more than three years behind schedule and is unlikely to make it now for 2010.

CBA's Tijuco hydro project has remained inoperative for more than seven years after its construction was completed as it has been unable to gain an operating licence from the state environmental authorities.

Despite the odds, and due to sheer persistence, CBA has still become Brazil's biggest primary aluminium producer, boasting 65 percent energy self-sufficiency for its 475,000 tpy capacity.

CBA foresees no smelting opportunities in north Brazil, where the best bauxite is located and where it is busy prospecting at Paragominas.

Talk from Alcoa on the possibility of smelting its Juruti bauxite in Para seems overly optimistic.

Vale and BHP Billiton have made it plain they do not intend to risk primary aluminium expansions in north Brazil.

Nobody doubts the need to preserve the rainforests. But everybody should be aware of the price Brazil must pay – without projects such as these it will continue being an exporter of raw materials, rather than having the opportunity to produce and sell higher value-added products.

SHFE launch Futures prices climb over $1,000 per oz

China's gold futures contracts soar on debut in Shanghai

SHANGHAI

China's first gold futures contracts soared by up to 10 percent on their debut last week, as the launch by the Shanghai Futures Exchange (SHFE) coincided with new global highs for the yellow metal.

Several contracts hit the 10 percent maximum increase allowed by the SHFE during first-day trading, and total trading volume – more than 27.3 billion yuan ($3.75 billion) – was widely seen as bigger than anticipated.

"Gold futures were being much more active than expected," Tao Jinfeng, a trader from Donghua Futures Co, told MB.

The SHFE has launched the futures contracts just as gold has reaffirmed its traditional status as a safe haven in periods of economic uncertainty by soaring close to $900 per oz mid-week.

"The Chinese government has chosen a good time to launch, with growing inflation concerns domestically and surging gold prices internationally. Local investors have long awaited the listing of these contracts," said Tao.

China's consumer price index (CPI) grew 6.5 percent year-on-year in October, matching the near 11-year high in August, according to the National Bureau of Statistics (NBS) (MB Nov 14 2007).

"I've quit from the stock market and turned to gold instead," said a Shanghai-based investor. "To judge from the growing CPI figure in China, I think it will be much safer if I invest in the inflation hedge."

Speculative activity pushed the most traded June contract to close 6.3 percent up at 223.30 yuan per g on the first day, on around $1,024 per oz.

Trading volume for the contract was 103,364 lots.

China is the world's third largest gold producer and is expected to overtake the USA this year to reach second place behind South Africa. There is a hunger for more transparent pricing tools, said Chinese industry sources.

"The listing of gold futures helps gold companies to overcome the volatility of global gold prices and avoid possible risks in the spot market," said an official from Shandong Gold Co, a major gold producer in China whose shares rose by more than 3.7 percent on gold's SHFE debut day.

There was a slight decline for both gold prices and trading volume of gold contracts on January 10, the second day of trading, and the full importance of the contract will not become clear for at least a few weeks if not months, observers said.

Much attention will be paid to the correlation between Shanghai gold prices and prices on other exchanges around the world, with potential for arbitrage between China and other markets.

Shang Fulin, the director of China Securities Regulatory Commission (CSRC), said in local press reports that the launch of gold futures will provide a proper pricing platform for Chinese gold prices, "while integrating the local market with the global one".

A Shanghai trader said: "In the first stage, Shanghai gold futures will be greatly affected by global gold prices, just like copper a few years ago. And then, step by step, the local gold market will exert influence to its counterparts as well."

Each gold futures contract traded in Shanghai will represent 1 kilogram of the metal, with the minimum margin requirement set at 9 percent. From the second day of trading and onwards, the maximum price fluctuations were limited to 5 percent from the previous day's settlement price.

Read Metalbulletin.com for a daily report on SHFE gold

LONDON

GFMS doubts SA's ability to make up lost growth in platinum

South African platinum supply fell last year and is unlikely to make up the ground it lost in 2008, according to GFMS senior consultant Peter Ryan.

"It looks to us that production in 2007 has fallen by a significant amount, and its ability to recover that ground in 2008 is in doubt," Ryan told MB.

Autocatalyst producer and precious metals refiner Johnson Matthey estimates that global platinum supply fell by 2 percent in 2007 to 6.66 million oz.

"Given the challenges of 2007, it's unlikely that they're going to be able to wave a magic wand this year and make up for 2007's lack of growth," Ryan said, noting that Anglo Platinum, Impala and Lonmin expect to release production figures for 2007 in February.

Safety issues, high input costs and a lack of skilled workers hit platinum production in 2007.

The South African government adopted a tougher stance on mining deaths by enforcing shutdowns of affected shafts. This "new environment as far as safety is concerned is a key issue for most companies this year as they look to improve the fatality numbers, which will obviously slow things down", Ryan said.

SINGAPORE

Beaconsfield doubles gold reserves to 346,000 oz

Australia's Beaconsfield gold mine, whose fatal 2006 rockfall accident inspired a rock ballad by the Foo Fighters, has doubled its gold reserves to 346,000 oz of contained gold.

The latest figure is 48 percent more than its previous proved and probable reserve estimate of 233,000 oz of contained gold, while total mineral resource continues to stand at 444,000 oz of contained gold, said operator Beaconsfield Gold.

The news sent the company's share price up 7.14 percent on January 8 to A$0.30 at 4.42pm Australian Eastern Standard Time on the Australian Securities Exchange.

"Given the significantly increased tonnes of reserves and the spare capacity available in the ore treatment plant, planning will now focus on increasing mining rates to lift annual gold production," the company said.

The Tasmania-based mine re-opened in October, after going into administration during investigations into the 2006 accident.

One miner was killed while two were trapped for a fortnight as rescue afforts attracted extensive worldwide coverage.
Dave Grohl, lead singer of rock group Foo Fighters, later met one of the survivors and recorded a song in tribute to them named "The Ballad of the Beaconsfield Miner".

Song tribute: Dave Grohl

RBG Resources fraud trial SFO's Paige Rumble argues trade documents irrelevant

SFO investigator did not verify RBG Resources' transactions, court hears

LONDON
BY ANDREA JEZOVIT

Paige Rumble, the principal investigator from the Serious Fraud Office (SFO) involved in investigating RBG Resources, did not verify any of RBG's transactions, feeling it was unnecessary due to evidence the company was trading with related parties, which would make trade documentation irrelevant, Southwark Crown Court heard on January 9.

Rumble was speaking as a prosecution witness in the fraud trial of Viren Rastogi, Anand Jain, Gautam Majumdar and Jay Patel.

In his cross examination, defence counsel Lord Carlile asked Rumble whether documents from RBG's files showed at face value there were transactions and movements of metals, and Rumble agreed.

Carlile then asked about whether it was possible to check the whereabouts and the contents of containers that held metal, noting that the court had already heard evidence from American investigators who had been able to do so.

"We didn't check, for a very specific reason – because evidence suggested companies RBG traded with were related to them," Rumble replied, noting that this would make the related trade documentation irrelevant.

"If they are related parties, the profit arising [from the transactions] is not a real profit," she said.

Carlile suggested it is normal in certain industries for related parties to make transactions with one another, giving the example of an industrial group with a company gathering stone from a quarry, a company hauling the stone, a company processing the stone and a building company that builds with it.

"In that case the quarry company is perfectly entitled to pay the hauling company," he said, and Rumble agreed.

"But when all those transactions are complete, they net off," said Rumble of Carlile's example. "If they are in a group, they cancel out."

Rumble said the allegation that RBG was trading with customers it was connected with was the same thing as if she gathered her extended family together, gathered money and re-pooled it among the group, and decided to buy and sell goods between each other.

If she then bought a car from her sister, "we could complete all the appropriate documentation for that transaction", she said, adding she could then sell the car to her uncle and again create appropriate documentation.

"If you look at just me, I appear to have made a profit. But if you look at the whole group, there's the same amount of money there always was," Rumble said.

"At the end, if I take all my transactions to the bank and say I've been making a profit, can I have a loan to expand the business...if they knew I'd been trading with my family [and the pool of money was the same as it was in the beginning], they wouldn't [provide a loan]."

> "If they are related parties, the profit arising [from the transactions] is not a real profit"

"Would it have been possible to track the progress of metal on the high seas, follow up on containers, ask through diplomatic trade channels for containers to be opened, and follow up on bills of lading?" Carlile asked, and Rumble replied it would have been possible.

On trial: Virendra Rastogi

"You were aware the burden of proving fraud lies on the prosecution, but you didn't allow for these things to be checked?"

Rumble replied that she had not as it would not have advanced the Serious Fraud Office's understanding of whether customers were related.

Carlile asked if Rumble could show the court a bill of lading that wasn't genuine.

"I can't, because I didn't look," she replied.

"I suggest one of the first things you should have done was to check the transactions in progress," Carlile said.

Rumble said that had occurred to her, but she had dismissed it due to her hypothesis.

Carlile then addressed evidence Rumble gave showing payments had been made from RBG on behalf of its customers into receivables programmes.

Rumble had said she knew of no good reason why the customers could not pay into the accounts at Lloyds TSB and West LB directly.

Carlile asked whether it was reasonable to assume the customers might have paid RBG in error and RBG forwarded the funds directly to the banks instead of sending them back to the customers, and Rumble agreed that it was.

Earlier in his cross-examination, Carlile had also suggested a spike in trades by Anand Jain's trading team at RBG's Piccadilly office between March and May 1999 occurred because that was when Jain came to London permanently to join the office.

When Rumble said she had investigated and established June 6 1999 as Jain's start date in the London office, Carlile replied: "He says he started a little earlier than that, in April."

Cobalt up Prices may rise above $50 in the next fortnight

Cobalt prices rise on tight supply and growing demand

LONDON
BY CLEMENTINE WALLOP

Cobalt prices rose again on Wednesday on tight supply and growing demand, with market participants telling MB that prices over $50 in the next fortnight are becoming ever more likely.

Low-grade material rose to $43.50-44.50 per lb from $42-43.50, while high-grade cobalt rose to $43.75-46.75 per lb from $43-45 on Friday.

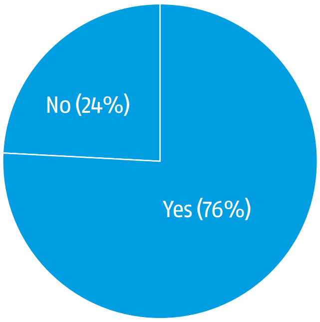
"Cobalt's hot – it seems to have taken another jump... I won't offer below $42 on low grade any more," said one trader.

Market participants told MB trading activity and price levels have picked up considerably, with a second trader describing the week as a "game of two halves".

"This is the first full week back. At the end of last week it was something of a sloppy start with some traders taking profits. Today alone I'm looking at 100 tonnes of spot enquiry, which should sort the men from the boys," he said.

Although some market participants were able to report business completed below $42 per lb on low-grade material last

Online poll: Are cobalt prices being manipulated by speculators?



week, those levels have now disappeared, leaving the basement at $43.50.

"I couldn't buy for love nor money below [$42] any more, and if I could then I'd be buying all day," a third trader noted.

Meanwhile, high-grade material has soared as high as $47, market participants said. Sales shown on the BHP Billiton screen were supportive of this, at $46.25.

The BHP screen was showing an offer price of $47.50 late last week, up from $45.75 on January 9.

Some traders thought BHP's first move last week to $45.75 from $45 was timid given current market conditions, they told MB.

"I'm a bit surprised that BHP didn't move the price more. Given that the website was hit twice this week, I thought that they might raise it more than 75 cents," said the first trader on January 9.

"Maybe BHP need to sell a bit, maybe they're sitting on some stock and they are trying to create an incentive to buy," a fourth trader speculated.

Norilsk also moved its sale price last week to $42.50 per lb, although traders told MB that the Russian company is reluctant to offer material into the market.

Bullish market sentiment was buoyed further last week by the news that the US Defense Logistics Agency's stockpile has now fallen to 1.5 million lb (666 tonnes). It sold 105,000 lb in December.

At its current sales rate, the stockpile is now likely to be gone by June, possibly putting the agency back into the position of buyer, rather than seller as early as 2009, traders said.

The dwindling stockpile is lending support to market sentiment, but is also representative of the genuine tightness in the market, market participants said.

> "If there was hedge fund activity, I'm sure we'd have heard about it. You can't just orchestrate a market that is fundamentally tight"

Although a recent MB poll showed that 76 percent of those polled think cobalt prices are being manipulated by speculators, market participants told MB that they increasingly believe true fundamentals are winning out over speculative activity.

"I hear a lot about hedge fund activity in cobalt, but it's actually a lot more simplistic than that. It's fundamentally a very strong market...if there was hedge fund activity, I'm sure we'd have heard about it. You can't just orchestrate a market that is fundamentally tight," said the second trader.

Producers and consumers agreed that tight fundamentals and speculative activity has helped to propel prices to today's highs, but said that speculators do not have to put any unusual pressure on to a market where the fundamentals speak for themselves.

LONDON

Chromium eyes $10,000 in a tight market

Chrome metal prices are near $10,000 per tonne with market participants scrambling for material in a tight market.

The minor metal rose to $9,500-9,800 per tonne for alumino-thermic grade minimum 99 percent purity on an in-warehouse Rotterdam basis on Wednesday from $9,200-9,500 per tonne previously.

"The market is tighter than ever. Offers in Rotterdam are above $10,000, and this is not for prompt. They talk about delivery in February/March," a trader said.

The Russian plants, a major source of chrome metal in the global market, have just resumed production, with the first material that's already on order not anticipated to reach customers before the end of the month. The new orders will take longer.

Meanwhile, demand from super-alloy producers remains high, market participants said.

"I have here enquiries for 60 tonnes and I can't get five tonnes," the trader complained.

The lack of material also means that trading volumes are extremely low, making it increasingly hard to nail the working pricing range.

SHANGHAI

China's electrolytic manganese prices rise

Chinese electrolytic manganese prices have risen strongly on decreased production and higher raw materials costs, but market supply remains sufficient, said market participants.

Most electrolytic manganese prices were quoted at around 18,000 yuan ($2,478) per tonne on Tuesday, up about 1,600 yuan per tonne from end-December, according to traders.

"The prices started growing during the last two days. We sold products at 17,500 yuan per tonne on Monday and raised our offers to 18,000 yuan per tonne because other companies have done so already," said an official from a Sichuan-based metals producer.

In line with the domestic market, export offers from major electrolytic manganese traders climbed strongly to around $3,500 per tonne fob on Tuesday, up around $500 per tonne from just one week ago.

"The prices have risen suddenly. Some overseas buyers have accepted prices as high as $3,550 per tonne fob, although most of the transaction prices were still around $3,150 per tonne fob," said a Shanghai-based trader.

Nickel Only metal to see a fall in LME contract volumes

Lower volumes a result of high prices and volatility, say traders

LONDON
BY CLEMENTINE WALLOP

Nickel traders are blaming last year's market volatility for the drop in volumes on the London Metal Exchange in 2007, they told MB.

The LME announced on January 4 that the volume of contracts that changed hands in 2007 had fallen to 4 million from 4.4 million, and traders have pointed to the alloying metal's aggressive rise and subsequent correction as the reason behind the drop.

Nickel was the only base metal to see a fall in volumes last year as the LME reported a 7-percent rise in futures and options trading.

Nickel rose to all-time-highs over $51,000 per tonne basis three months in May 2007, before collapsing to around $26,000 by mid-August. Prices are currently hovering close to $30,000.

"The main reason for [the falling volumes] was the price explosion...It was caused by the prices over $51,000 per tonne – when the prices first got to $50,000 [in May 2007], a lot of people pulled out. With a truckload costing over $1 million at the time, people wanted to finance other things," said one nickel trader.

Part of the reason for the reduction in volumes was the changes the LME made to the lending guidance on the contract at the beginning of June, traders agreed.

"Once the LME changed its lending guidance [on nickel] some seriously heavy positions had to be liquidated, which goes some way to explain why the price fell so far. After this happened, no one really knew where the market was and volumes all but disappeared. It was very hard to trade nickel after that because you could get caught on the [bid-offer] spread really easily," said second trader.

> "With a truckload [of nickel] costing over $1 million at the time, people wanted to invest in other things"

The LME announced on June 6 last year that a special committee had modified the lending guidance on the contract in circumstances where two or more members or clients each held 25 percent or more of the warrants and/or today/cash positions in relation to nickel stocks.

"The changes made to the lending guidance were quite significant in bringing the volumes down...The x million [traded contracts used in the total futures and options trading total] includes everything," said the first trader.

"It's not just three-month, it's also all the carry trades and everything else and a lot of the volume is Tom/Next. This was reduced when the lending guidance came in," he added.

He also noted that open interest on the contract was down sharply by the end of May, only to rise again in early June after the changes were made to the lending guidance.

"Open interest fell dramatically as we approached $52,000 and took off thereafter as more people re-entered the market from the short side," he said.

A third trader agreed that volatility had helped to bring the volumes down, but said that it was nickel's collapse in July and August that affected the transacted volumes rather than the rise to over $51,000.

The LME's volumes data was supportive of this, with volumes falling to their year low of 288,536 lots in July compared with 362,244 lots in July 2006. This compares with 312,512 lots in May 2007.

The high prices on the exchange also led to traders limiting their positions as they sought to protect themselves against the high prices and the eventual correction, the second trader said.

"Nickel volumes were down because of the high prices and the volatility, both of which discouraged having larger positions...That's the best explanation I can give you, and with the amount of uncertainty that there was in the market, it's the best explanation you're going to get," the third trader told MB.

But a fourth trader was more circumspect, noting that 4 million transacted contracts for nickel is still a healthy level.

"4 million lots is reasonable, it's quite high," he said, adding that the volumes stayed at what he considers to be a good level because of the amount of speculation on the LME.

Despite the fall in last year's total, volumes were at their highs at the end of the year. December's volumes were 377,081 lots compared with 303,778 lots in December 2006, while November saw 376,310 lots traded compared with 255,061 in 2006.

Traders now think it likely that this recovery in the volumes will continue once fund reweighting on the exchange has subsided and prices calm down, they told MB.

"If you see the price come down and level out volatility wise you can expect to see more volumes returning to the market accordingly, it's as simple as that," said the second trader.

A fifth trader pointed out that prices remain strong despite last year's correction and that, as such, traders are content to begin transacting regular volumes again.

Market perception is that much of the speculative froth has left the nickel market and that base metals are once more trading according to supply and demand fundamentals, market participants said.

"Volumes did fall after the price dropped but people should remember that nickel prices are still historically high," said one.

LONDON & SINGAPORE

FeW moves up despite market weakness

Ferro-tungsten edged higher last week following the changes to the Chinese export tax despite persisting weakness in demand.

Ferro-tungsten prices rose to $33.50-34.50 per kg compared with $32.30-33.30 previously.

The tax on ferro-tungsten has increased to 20 from 10 percent, but prices have not moved up in line with other ferro-alloys.

Chinese exporters confirmed deals at $34-34.5 per kg fob up from $32.5-33 per kg fob.

"Transaction volumes have been small, but they reflect that customers are willing to share the burden with us when we now have to pay a 20-percent export tax," one exporter told MB.

LONDON

FeMo eyes $80 after Chinese tax changes

Western-grade ferro-molybdenum closed in on $80 per kg as healthy demand and Chinese export tax changes pushed prices higher.

Western-grade FeMo rose to $78.50-79.50 per kg last week from $76.50-78.50 previously.

Traders and producers have been swamped with enquiries after consumers returned following the new year holiday.

Chinese ferro-molybdenum also leapt higher, rising to $76.50-78.50 per kg from $71-72.50 previously.

LONDON

FeV jumps higher

Ferro-vanadium stormed higher following the imposition of a Chinese export tax on vanadium pentoxide (V205).

Ferro-vanadium rose to $38-40 per kg basis 70-80 percent from $35.60-36.50 previously.

"I said at the end of the last year that the market was going to explode and, look, it's exploded. Everybody is crying for material," said one producer.

V205 rose to $7.80-8.10 per lb last week, compared with $7.40-7.90 previously.

Record prices US ferrous auction witnesses unprecedented increase

Factory bundles rocket $95 per ton in January

PHILADELPHIA
BY MICHAEL MARLEY

Spurred by strong domestic demand for steel scrap and the absence of cheaper alternative steelmaking materials, prices paid for Chrysler LLC's factory bundles rose by a record $95 a long ton in sales that closed in the first week of January, industry sources said.

That raised the AMM Factory Bundles Index for January to $393 a ton, up dramatically from $298 a ton in December, although still below the record $442.50 a ton registered in November 2004.

The gain surpassed what many had anticipated prior to the sales. Several brokers and mill buyers had predicted prices could be up by anywhere from $40 a ton to as much as $80 a ton in the delayed sale of the Chrysler bundles.

Indications of higher bundle prices were evident as early as the first week of December, when prices for the comparable dealer market grades, like No 1 bundles and No 1 bushelling, rose as much as $40 a ton, outpacing the now-modest $15-a-ton rise seen a week earlier on December factory bundles.

How the big increase will affect dealer scrap market prices was still uncertain last week. Although only about 20,000 to 25,000 tons of factory bundles are sold on the open market each month, many in the scrap and steel industries still await the results of the bundle sales before making deals.

Prices at east coast export yards have risen sharply in the past week in response to strong offshore demand. As a consequence some domestic mills near ports – and as far inland as Ohio – have paid as much as $395-400 a ton for shredded scrap and $315 for No 1 heavy melting steel scrap in an effort to keep the material from going overseas.

Pointing to the higher prices being offered by some steel mills inland, one buyer at a midwest steel mill said he believes his counterparts in Ohio are worried that the higher prices at the docks will draw scrap away from their local markets.

Thus far, he said, he had bought little scrap for this month's melt programme.

Much like last month, he added, dealers might be holding back because they expect later sales to be at higher prices.

Another scrap buyer said dealers in his region were unwilling to make any "reasonable" offers. "They think the first sales of scrap this month will be at the low end of the market and if they wait they'll get higher prices for their scrap," he said.

One midwest trader said he doubted the prices for No 1 bundles and No 1 bushelling in the dealer markets will take the same $95 leap as the auto bundles. Part of the gain in the auto bundle offers reflects the higher prices paid for dealer scrap last month after the December auto bundle sales.

"I have no doubt prices will be up, but I don't think they will be up as much as the industrial bundles. At least $15 to $20 of that increase is the industrial bundles catching up to the dealer bundles," he said.

But other industry sources said some mills might be forced to pay the higher prices for prime scrap. Some are said to be short of scrap.

LONDON

Turkish bookings lift prices by $15-20

A new booking by a Turkish mini-mill last week pushed ferrous scrap prices $15 higher than their already record levels, market participants told MB.

New business has been reported from a northern European merchant at $456 per tonne cfr Turkey for mostly shredded scrap with smaller amounts of HMS1&2 (90:10) and HMS1&2 (80:20) material for March shipment.

A UK booking has also been made into Turkey at $460 per tonne cfr for a high-quality cargo of bonus grade, shredded and HMS1&2 (80:20) material in similar proportions for February shipment.

The bookings are $15-20 higher than a week earlier when a US east coast yard sold HMS 1&2 (80:20) scrap for $433 per tonne.

Since early December ferrous scrap prices paid by Turkish mini-mills have risen by about $80 per tonne. Freight rates have remained stable from Western Europe to Turkey at about $55-60 per tonne.

LONDON

UK merchants fight for £45 ferrous scrap rise

UK ferrous scrap merchants were last week battling with UK steelworks to get a price increase of £45 ($88) per tonne on all grades after one mill announced it would be prepared to pay that much more to secure material.

Merchants doubt any further increases will be possible £45 per tonne above, but are still in talks with other UK steelmakers to secure similar increases.

"I don't think we are looking at any more than £45 per tonne, which I think is a record monthly price increase, but it remains to be seen whether other steelworks will be prepared to pay as much and they are still negotiating," said a UK merchant.

Merchants had been expecting a steep price rise in the new year as prices paid by Turkish steelmakers for imported scrap have risen by about $80 per tonne since early December.

US factory bundle prices also rose $95 per tonne from December into January.

LONDON

FeTi firms as buyers return to market

Ferro-titanium prices firmed last week on increased buying activity and strong scrap prices.

Ferro-titanium basis 70 percent rose to $7.70-8.15 per kg last week from $7.60-8.10 previously.

Steady business and continuing strength in the titanium turnings scrap prices are helping to support the price, producers told MB.

"We're selling at decent prices... we're happy enough at the moment. There's no argument [on prices] from customers and people are asking for material a month or two ahead," one producer said.

Market participants told MB that ferro-titanium has shrugged off the increase in Chinese export taxes to 20 from 15 percent. The European market is sufficiently well supplied by the UK producers for the market to continue as normal, they said.

Titanium turnings basis 0.5 percent tin max slipped a little to $1.90-2.10 per lb from $1.95-2.10 previously, while turnings basis 2 percent tin max stayed at $1.70-1.95 per lb.

MANGALORE

Indian steel scrap soars

Prices for imported steel scrap in India have risen by nearly $100 per tonne in the past month due to an acute shortage and rising demand, importers told MB.

"Shredded scrap prices in containers cfr India have now touched $500 per tonne cfr. HMS 1&2 in containers is around $475-480 cfr India," a prominent importer told MB.

Sources said buyers are now reluctant to enter the market and are waiting for prices to drop.

"Buyers are hesitant to buy at these prices," said a source at state-run Metals and Minerals Trading Corp. "We are waiting for another 15 to 20 days before we venture into the market."

However, the price hike has not come as a surprise to some observers, who have seen other metals rise.

"The price increase in scrap was expected," said a second source. "Prices of iron ore, manganese ore, coal and coke have seen new heights in the spot market and the contagion has spread to scrap."

Licence concerns Scrap exporters await news on their renewal applications

BIR airs concern over China scrap licence delay

NEW YORK
BY SEAN BARRY

The Bureau of International Recycling (BIR), the Brussels-based scrap industry trade group, has written to the Delegation of the European Commission to China expressing concerns over the delay to renewals of Chinese scrap export licences.

About 2,000 scrap exporters globally are still waiting to hear whether their renewal applications to China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) have been accepted.

"The situation is still very unclear and this is why we're extremely concerned," said Francis Veys, BIR director general, adding that the BIR raised concerns over the timeframe for renewals at a meeting with officials from AQSIQ and the European Commission in March last year.

"There are still around 2,000 companies that are waiting to hear from AQSIQ as to whether their renewal applications have been accepted or simply that the applications are being processed," Veys said.

AQSIQ is backlogged because of the large number of applications it received and a longer-than-expected processing time.

AQSIQ issued more than 3,000 licences to scrap companies globally when the programme was introduced at the beginning of 2005. Those licences expired at the end of December and traders said that some companies are now unable to ship material to China because cargoes might not be covered by the old licence when they arrive at port.

"It's a real concern for some companies because they can't do business with their Chinese customers and ship material until they receive notification that their renewal has been accepted," one trader said.

"If you put a cargo on a vessel now without your renewal it could be rejected when it arrives in China. Demand from Chinese customers has been very strong ahead of the country's [Lunar] New Year" in early February.

But some traders still plan to ship scrap to China using the licence number issued to the broker or trading company that booked the order, or the smelter or steel mill the scrap is destined for.

LONDON & PHILADELPHIA

Interseroh takes 25% stake in US merchant

German scrap processor Interseroh AG has bought a 25-percent stake in ProTrade Group LLC, a Hudson, Ohio-based scrap processor and trader, exercising an option secured as part of a strategic alliance the companies signed in April.

"We are following our customers, the steel mills, in this market of continued consolidation and concentration," said Christian Rubach, Interseroh board member responsible for metal recycling, adding that ProTrade's trading competence was an important aspect of the deal.

Jack Kessick, ProTrade's ceo, said he sees many advantages in the alliance with Interseroh.

"After less than a year of highly constructive cooperation, we are benefiting from this leading European company," he said in a statement. "Interseroh enables us to realise the growth we are aiming for. With regard to production and environmental protection, we count on the German expertise in order to further optimise our processes and to support their effect on sustainability."

NEW YORK

Japanese trio forms US venture to collect, manage e-cyclables

Three Japanese-owned electronics manufacturers have announced the formation of a US joint venture to collect and manage recyclables, describing it as already active in Minnesota and hoping to expand into Connecticut, North Carolina, Oregon, Texas and Washington.

The move by Panasonic of North America, Sharp Electronics Corp, and Toshiba America Consumer Products LLC, is partly a response to state legislation.

Maine, Minnesota, Oregon and Washington have passed laws requiring manufacturers to play a role in the handling of discarded equipment. Most of the state laws encourage computer and television makers to join forces, either in a central state plan or in smaller consortiums.

LONDON

UK secondary Al rises as scrap holds firm

UK secondary aluminium prices increased last week as business started to pick up in the new year, market participants said.

LM24 pressure diecasting ingot was trading at £1,220-£1,260 ($2,392-2,470) per tonne, up from £1,210- £1,250 the previous week.

LM6/LM25 gravity diecasting ingot also increased slightly to £1,400-1,440 per tonne last week from £1,400-1,430 per tonne previously.

"The exchange rate is causing many to sell their ingot to Europe but the market trend in the UK is certainly showing an upward trend," a producer said.

Prices for UK scrap remain unchanged as market participants wait to see what 2008 holds.

LONDON

Latvia's Dilers to begin construction of plant

Latvian aluminium alloys producer Dilers will begin to build its new plant in March, a company official told MB.

The plant is expected to be completed by March 2009 and will raise the company's output of secondary ingot to around 13,000 tpy.

Dilers will build the plant on an area of around 12,000 sq metres outside the Latvian capital, Riga, which it ordered a project design for back in September 2007.

The new design will hold three new refractory furnaces, employ around 45-50 new people and cost $6.6 million.

Most of the company's old equipment will be sold once the plant construction is finished.

Dilers will continue to produce DIN226 and DIN231 at the new plant and will also begin production of 230 and 239, the official said.

The price of DIN226 pressure diecasting ingot in Europe was last week at $2,679- 2,753 per tonne on a delivered works duty-paid.

PHILADELPHIA

Schnitzer earnings up despite shipping woes

Schnitzer Steel Industries Inc posted fiscal first-quarter earnings of more than $24.7 million, up 16.8 percent from less than $21.2 million in the same period a year earlier, on sales that rose 18.4 percent to $603.9 million.

But the results were down sharply from income of $38 million on sales of $749 million in the 2007 fiscal fourth quarter.

The Portland, Oregon-based scrap processor said that shipping problems had hurt its scrap export operations. "Our metals recycling business was impacted by both the high cost of ocean freight as well as the tight supply of ships to carry export cargoes," John Carter, Schnitzer's president and ceo, said in a statement. "The latter resulted in the delay of five shipments, which should be reflected in our [fiscal] second-quarter sales volumes."

EU strip mills see respite in higher spot prices

Dire predictions of cost rises exceeding contract price rises at the end of 2007 have been overtaken by better spot prices, *Phillip Price* reports

As 2007 drew to a close reports continued to circulate through the European strip products market that annual long-term contract negotiations were running late and steelmakers would be forced to wait until the second quarter of this year to push through spot market price increases.

Facing significant increases in their costs, and with the prospect of only small increases on their long-term sales contracts, steelmakers were expecting to begin 2008 in a more difficult position than they have experienced in the last few years.

The latest estimates from industry sources indicate that steelmakers will have to deal with cost increases of €40-80, depending on the producer's position in the market, thanks to soaring energy, transport and raw materials prices. This is far more than the contract price increases European producers were facing at the end of last year.

"It's quickly become apparent that we're facing some quite significant increases in our costs this year, particularly for energy and raw materials, which won't be covered by the increases we've already written into 2008 contracts," says a source at a major north European steelmaker. "And negotiations are running late due to conflicting opinions."

According to reports from other producers, negotiations with end-users in a variety of sectors have been delayed. Those with European automakers have been among the most fractious on record, for example.

"The contracts still outstanding are mostly with consumers in the white goods industry, although some auto customers are yet to settle," says a sales manager at a mid-tier re-roller.

"The contracts we've settled so far have been settled at increases of about 8 percent [about €50 per tonne on cold rolled or hot-dip galvanized coil]," the ceo of one major European producer told MB in December. "That's less than our costs will rise next year."

Consumers have repeatedly pointed to the significant price increases and large inventories built up in the market during the first half of last year, while steelmakers have argued that the destocking which began last year is nearing completion. Consumers held out in the hope that they would be able to limit any increases the longer they delayed, while producers banked on the destocking cycle coming to an end to give them leverage to push through larger increases this year.

"These negotiations have been extremely difficult because, quite simply, no one was sure where the market was going to go at the end of last year," says a purchasing manager at a north European service centre group.

Volumes in the European strip products spot market were low towards the close of 2007 and prices for hot rolled coil declined to as little as €450 per tonne delivered to domestic customer, down from €490-510 at the beginning of the month.

"It was extremely quiet in December and the phone hardly rang at all," a Mediterranean trader reports. "It did seem that inventories were falling, but demand remained at very low levels, while I know of a number of European [producers] that were offering special prices just to keep business ticking over."

Market recovery

But now that the commercial offices of European steelmakers have reopened after the holidays, the situation is very different. The European strip products spot market is showing strong signs of recovery.

"Prices into the upstream market are definitely increasing and it's quickly become obvious that inventories are very low because the destocking cycle has been going on for so long," says a second trader. "Because they are falling to such low levels I think a significant increase in demand could be coming."

European producers of HRC have already achieved increases of around €20 per tonne on their latest spot market sales, closing contracts over the last week at €480-500 per tonne. They are now touting further increases of around €30 per tonne, which they hope to achieve by the end of the quarter.

Cold rollers and galvanizers have reacted by raising offers by a similar amount, although MB heard few reports of completed bookings last week.

"We estimate that the impact of rising costs will be €45-50 per tonne this year based on the hot rolled coil increases," says a source at one European cold roller. "With our sales prices where they are ... they're just not workable. So we've decided to also increase all our quotations by €30."

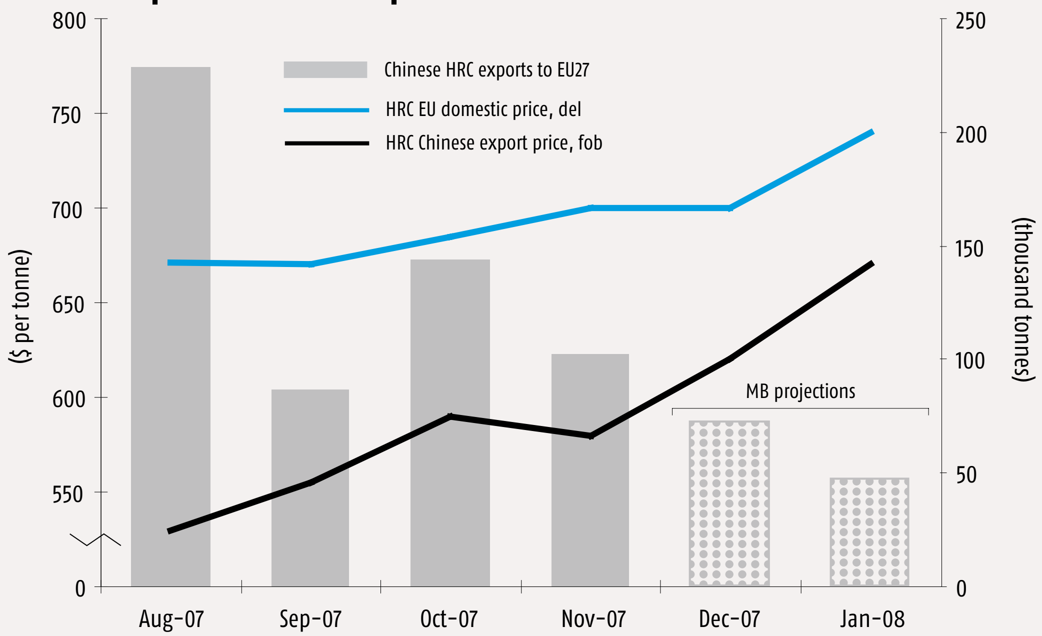
As a result the latest CRC offer prices quoted by European producers to domestic customers have been at €550-580 per tonne delivered, up from €530-560 in late December, according to MB's pricing archive.

> **"It's quickly become obvious that inventories are very low because the de-stocking cycle has been going for so long"**
> EU trading source

European hot-dip galvanizers are looking for €560-600 per tonne delivered after booking at €530-560 in December, according to reports from mills and traders, thanks mostly to soaring offer prices from third-country suppliers.

"If we're going to be forced to pay the latest HRC offers from third-country sources at €500 cfr, then €560 is not enough [for us to charge for HDG]," says a sales executive at a southern European mill. "We're already looking for at least €560 basis and we're going to

EU mills have profited as Chinese imports have waned



Source: ISSB, MB (Dec and Jan export volume stats are MB projections)

push for more soon."

A significant jump in the offer prices quoted by third-country suppliers, particularly Chinese producers, to European customers has given domestic steelmakers room to push through the latest rises.

"Import prices from third countries, particularly for slab and hot rolled coil, have risen to very high levels since last year and, thanks also to long lead times, aren't really workable at the moment," says one European importer. "Import prices from these sources are quoted at much the same level as prices from European mills so, thanks to shorter lead times, domestic business is more attractive."

European buyers reported that the latest round of HRC offer prices from third-country suppliers were at €500-520 per tonne cfr European ports, up from €460-490 according to MB's pricing archive.

Freight and taxes

Chinese prices have switched from being among the cheapest options for European buyers to being among the most expensive.

"Freight costs have been a big factor," says Metal Bulletin Research analyst Mark Beveridge. "Fob [China] prices that were once being happily accepted by European buyers in Q1 2007 had become unacceptable by Q3 and Q4 because freight costs between China and Europe, for example, had risen to $100 per tonne plus."

Chinese HRC exports to EU27 countries fell from around 230,000 tonnes in August last year to slightly more than 100,000 tonnes in November, according to figures provided by the Iron and Steel Statistics Bureau (ISSB), while market sources tell MB that the drop-off since then has been even more significant.

According to the ISSB, China's exports of CRC to the EU27 fell from a high of 71,130 tonnes in July to 34,312 tonnes in November, while HDG exports fell from 195,000 tonnes in August to 85,000 tonnes in November.

Market sources also report offers have decreased further since the Chinese government increased export taxes from January 1 on some finished products from 10 to 15 percent, although Beveridge believes this has only been a small factor in the European price rises.

"The changes appear to have had a negative impact on exports, but I doubt whether they were the key factor in reining them in," he says. "Domestic prices in China have risen since Q1 2007 – the attractiveness of opportunistic exporting is no longer as strong for many Chinese mills."

Room to breathe

Whatever the reason, the increases have finally given European producers room to breathe and, according to latest reports, have helped bring some resolution to the late-running annual contract negotiations for this year.

"High steelmaking and freight costs should favour regional rather than global patterns of trade," Beveridge continues. "The period during which China was the world's source of cheap steel has passed and it's no longer viable for Chinese mills to import large quantities of iron ore and export processed steel to far-flung destinations."

Industry sources go so far as to tell MB that increases in excess of those written into agreed contracts before the end of last year are achievable.

"Long-term contract negotiations for 2008 have become a very interesting issue," says a partly mill-owned service centre source. "We are now realising that the long-term contracts we closed last year will be at lower levels than the prices we are able to realise now and those customers yet to complete negotiations will be forced to pay more. We're kicking ourselves."

"We closed most of our annual contract negotiations last year, but now we think it was a pity," says the re-roller sales manager. "It's obvious we could have got more if we'd waited."

European steel consumers may be being forced by high freights to rely more heavily on nearby suppliers, but lower-cost offer prices from third-country suppliers should continue to keep a cap on European mills' domestic prices.

"All the signs suggest that European buyers started importing less steel in the second half of the year as they were uncertain about where domestic European prices were going and they were going through a period of de-stocking," a trader in London tells MB. "Now that stocks have dropped, I suspect that Europeans will once again start looking at Chinese material – the only thing preventing them at the moment is the price, and that's perhaps why [EU steel producers' lobby] Eurofer is so keen to push ahead in its anti-dumping action."

In November 2007 Eurofer filed anti-dumping complaints against imports of hot-dip galvanized sheet from China, stainless cold rolled flat products from China, South Korea and Taiwan and wire rod from China and Turkey. Two months earlier the European steel Tube Assn persuaded the European Commission to start investigating imports of certain types of welded tube from four countries, including China.

The decline in Chinese export volumes may reduce the chances of any trade case succeeding. In the meantime European flat products mills have entered 2008 in more bullish mood than they were expecting to towards the end of 2007. The increased costs they feared being unable to recoup this year appear less of a threat and some even feel they might increase their margins further.

For a full round-up of market developments, metalbulletin.com

Consolidation Nucor keen to expand its Castrip technology

Nucor-Duferco beam alliance may lead to further ties

YPSILANTI, MICHIGAN
BY MICHAEL COWDEN

Nucor Corp and Duferco SA have forged an alliance to produce steel beams in Italy and distribute them in Europe and North Africa.

The move encompasses Duferco's beam-making subsidiary Duferdofin and associated distribution facilities. It could serve as a launching pad to further alliances with Nucor on its Castrip direct strip casting technology, which the steelmaker is keen to promote internationally.

"In a rapidly consolidating steel industry environment, Duferco has chosen the direction of strategic alliances with major players in order to continue operating on a global level," said Bruno Bolfo, the company's chairman.

Analysts generally welcomed the announcement. To thrive in today's environment, they said, steelmakers must have a presence in all major global markets, but many US companies have been hesitant to make big moves abroad. But some said Nucor is capable of a larger deal.

"Nucor is getting its feet wet, moving overseas and getting some experience," independent steel industry expert Nicholas Tolerico said. "Hopefully, they'll like it and keep going."

Nucor is flush with cash and recently borrowed roughly $1.5 billion at the end of last year, several analysts said.

A 1 million tonne steel mill costs roughly $300 million to build, said John Tumazos of John Tumazos Very Independent Research LLC, so Nucor probably paid between $150 million and $300 million for its stake in the joint venture. "I would think that Nucor has the potential to do a much bigger deal than this if they wanted to," he said.

The deal will give Nucor international experience and exposure to the beam market in the Middle East, which is experiencing strong infrastructure growth, UBS AG analyst Timna Tanners said. It also means that Nucor will follow through on its announced plans, she said.

However, she said the deal is not the monumental one some are expecting. "It's not the expenditure we've been waiting for," she said. "We think they have more to announce."

Duferco is probably very happy to be entering a joint venture with Nucor, Tumazos said. "Anyone can buy an electric arc furnace if they give a cheque to a machinery company, but very few people run things as well as Nucor."

The two companies signed the memorandum of understanding to establish a 50-50 joint venture and will begin talks immediately to establish the venture by the middle of this year.

RIO DE JANEIRO

Ferrous Resources to launch IPO in September

New Brazilian iron ore miner Ferrous Resources plans to launch an IPO on the London Stock Exchange in mid-September 2008, company representatives told MB last week. The idea is to raise financial resources for further development of the company, which was formed only nine months ago and has already acquired four iron ore properties and part of fellow new Brazilian iron ore miner London Mining, the representatives said.

"The IPO is confirmed for mid-September, but we can't yet give further details," said Belo Horizonte-based company manager Marcelo Domingos.

Ferrous Resources has already announced it plans eventually to produce up to 50 million tpy of iron ore in Brazil, for both domestic and export markets. According to its geological director Afonso Figueiredo, its existing reserves in Brazil total some 1.2 billion tonnes of iron ore in Minas Gerais state's iron ore quadrangle, all with existing access to the MRS railway, partly owned by steelmaker CSN.

Ferrous Resources is registered in the Isle of Man, a UK offshore tax haven, and has a Brazilian operating subsidiary, Ferrous Resources do Brasil Ltda. One of the company's current owners is its chairman Gordon Toll, formerly chairman of Australian iron ore miner Fortescue and previously with Rio Tinto and BHP Billiton. The other directors are mainly from the UK and Australia, according to Domingos.

LONDON

Soaring scrap costs push Turkish debar export prices up $20

Turkish rebar exporters successfully achieved further increases this week due to rocketing scrap costs and soaring demand in Dubai.

Turkish rebar for export is being transacted at $735-745 per tonne fob February rolling, up $20 per tonne from $700-725 per tonne fob last week, according to Turkish market participants.

Buyers are anticipating further rebar export price increases in Q1 and they expect prices to stabilise in Q2, traders told MB.

"There continues to be strong demand in Dubai. We've made small bookings in Romania and Bulgaria for 3,000 tonnes of rebar February rolling," said a rebar buyer based in Turkey.

SHANGHAI

Shagang buys stake in Xinrui Special Steel

Jiangsu Shagang Group has agreed to a joint venture based on the existing assets of Jiangsu Xinrui Special Steel, officials from both companies told MB.

But they declined to disclose the ratio of the shareholdings.

"We have dispatched staff to work in Xinrui, and the co-operation seems to be going smoothly," said a Shagang official.

Privately-owned Xinrui Special Steel has a capacity of 350,000 tpy and rents the facilities of larger steelmaker Jiangsu Tieben Corp, which has stalled after its owner and nine other executives were arrested for alleged illegal construction.

Many market participants see Shagang's move to invest in Xinrui Special Steel as a step towards targeting Tieben's assets, which include the halted construction of an 8.4 million tpy integrated strip products project in Changzhou city, Jiangsu province.

Beijing halted the project in March 2004 after 10 months as work had begun before an environmental assessment and land use laws had been breached (MB Apr 30 2004).

SINGAPORE

Rio raises Dampier port capacity to 140m tpy

Rio Tinto has completed its expansion of Dampier Port in Western Australia to 140 million tpy, bringing its total port capacity to 195 million tpy.

The $1.4 billion project, completed on time and within budget, has raised the Dampier port's capacity by 90 percent from 74 million tpy four years ago, Rio said last week.

The installation of two new ship loaders at the Parker Point wharf allows two vessels to be simultaneously loaded and a 600-metre wharf extension lets up to four vessels berth at the same time, reducing ship waiting time, said Rio.

Iasco Invites bids for the supply of a 650,000 tpy carbon steel meltshop

Iran's Iasco plans carbon and alloy steel expansions

TEHRAN
BY OUR TEHRAN CORRESPONDENT

Iran Alloy Steel Co (Iasco) will this week open bids for a contract to supply a 650,000 tpy carbon steel meltshop for the production of 150mm sq billet.

The plant will be built on a site adjacent to Iasco's existing works 30km from Yazd. It will take two years to build at an estimated cost of 1,600 billion rials ($170 million). Site preparation in under way.

In a second phase Iasco will add a 650,000 tpy rolling mill to produce wire rod in diameters of 5.5-15mm and bars. A feasibility study has been completed and basic engineering work has started.

Iasco, Iran's only alloy steels producer, was commissioned in March 1999 with an initial capacity of 140,000 tpy. The equipment – a meltshop; two rolling mills for merchant bar (rounds, flats, squares and hexagons); and heat treatment and finishing facilities – was designed and supplied by a consortium of Danieli and Mitsubishi.

The company operates two 40-tonne EAFs and two 40-tonne LFs; an ingot casting facility; a degasser; a continuous twin-strand bloom caster (for 230x250 blooms); an ingot and bloom preparation area; and a primary billet rolling mill.

Iasco plans to increase crude steel capacity at its existing site to 360,000 tpy from 200,000 by installing a new meltshop. It has signed a contract with a consortium of unnamed foreign firms for the supply of a third 40-tonne electric arc furnace, a 40-tonne ladle furnace, a dedusting plant and a 4-strand continuous caster capable of making 130-180mm sq billet. Work on the €55 million contract will start in May and commissioning is due in March 2010.

The project is designed to increase Iasco's range of alloy steels to include, among other grades, stainless, micro-alloy, heat resistant, plastic mould, bearing, case hardening, free cutting, spring and valve steels.

RIO DE JANEIRO

ArcelorMittal to acquire Venezula's Unicon

ArcelorMittal is to acquire Unicon, a Venezuelan manufacturer of welded pipes, as part of its strategy to strengthen its welded pipes business in South America.

Unicon supplies the oil and gas sector, industrial and construction industry, in Venezuela and internationally. The company recorded shipments for year ended March 2007 of 552,000 tonnes.

ArcelorMittal's cfo Aditya Mittal said: "Unicon is an excellent company, commanding a leading position in Venezuela. The highly complementary acquisition will help us expand our position in the fast growing Americas market."

PITTSBURGH

Severstal NA furnace down after accident

A breakout at the 'B' blast furnace at Severstal North America could idle the smaller of the steelmaker's furnaces for "a substantial period", a company executive said.

The incident occurred at around 11:45pm on January 5 when molten metal breached the furnace's outer shell. The leakage caused heated raw materials and some liquid metal to spill from the furnace to the floor.

One worker, a contractor with utilities infrastructure company Dano Corp, was injured.

The 'B' blast furnace is one of three at the plant. The 'A' furnace was mothballed nearly two decades ago, while the large 'C' furnace has just undergone a major upgrade and is still being heated up. It was not damaged in the incident, but Severstal said it might be forced to delay operations while an investigation into the incident takes place.

MANGALORE

DP Jindal buys seamless plant in Romania

India's DP Jindal group has completed the acquisition of a 200,000 tpy seamless tube plant in Romania through its flagship company, Maharashtra Seamless Ltd (MSL).

MSL has bought the equipment of Republica, which includes a piercing mill but no meltshop, and plans to dismantle and relocate the plant to India, the company said.

The site of the plant has not been disclosed, but is likely to be in Maharashtra state where the company's other plants are located.

The cost of relocation and a complete modernisation of the facility is estimated at Rs3 billion ($76 million) and the company expects the plant to be operational in India within two years.

Republica, which has not been operational in the past seven years due to its equipment being sold off, has been acquired on an asset-sale basis without any liability.

MSL is working in collaboration with Germany's Mannesmann Demag, a well-known producer of seamless pipes. It produces large diameter ERW pipes from 8 to 20 inches in size.

DP Jindal's seamless portfolio includes Hydril Jindal International, a 50:50 joint venture with US-based Hydril Co, which was set up in 2004 to manufacture premium threaded seamless connections.

Briefs

● Alchevsk Iron & Steel Works (AMK) has ordered a new blast furnace to become the centrepiece of its hot metal capacity expansion and modernisation efforts at its integrated steel plant in Alchevsk, Ukraine. Expected to startup during the first half of 2009, the 13.8-metre hearth diameter, conveyor belt-fed No 2 furnace will produce 10,500 tpd of hot metal to be delivered to a new converter steelmaking shop. AMK has awarded the contract for the design and supply of a new generation two-hopper BLT charging system to the Paul Wurth Group, part of the ArcelorMittal group, which has recently designed a blast furnace for Russia's Novolipetsk Steel (NLMK).

● Tata Group's proposal to produce pellet, direct reduced iron and steel in Bangladesh may be revived now India is lifting a ban on Bangladeshi investment in India. Tata wants to invest $3 billion to use Indian ore to produce pellet, DRI and steel in Bangladesh and use the country's rich gas reserves to produce power and fertilizer. "Our proposal to invest in Bangladesh stands and we are awaiting a formal invitation from them," a Tata spokesman said. Jairam Ramesh, India's minister of state for commerce, who spear-headed the move to lift the Indian ban, told press it was "hypocritical on the part of India to push for Tata's investment while not allowing Bangladesh to invest in India".

● A ruling by Brazil's Supreme Court of Justice that Vale must abide by competition rules established by anti-trust body Cade opens the way for steelmaker CSN to proceed with an IPO of its Casa de Pedra iron ore mine, according to CSN sources quoted by *Valor Economico* newspaper. CSN has been toying with the idea of putting up to 10 percent of the capital of Casa de Pedra mine on the stock exchange for around two years. But the 30-year accord struck between CSN and Vale in 2001 which gave Vale rights of first refusal on ore from Casa de Pedra surplus to CSN's own needs is understood to be one reason for the delay in the launch of the IPO.

Chinese exports Cisa denies commerce ministry is seeking cuts

Beijing in no hurry to cut steel exporter numbers, says Cisa

SINGAPORE
BY HONGMEI LI

A senior China Iron & Steel Assn (Cisa) official has shot down rumours that the commerce ministry will require a minimum steel export volume of 10,000 tpy in a bid to further cut the list of steel exporters.

"As far as I know, the ministry of commerce is quite satisfied with what it has achieved in curbing steel exports in the past year by only adjusting export taxes," he said.

"With monthly steel export volumes expected to drop further with the latest adjustment on January 1, it is in no hurry to reduce the players in the market."

Earlier speculation had put the minimum export volume at 30,000 tpy but this has also been denied by the Cisa official.

There has been speculation about the details of qualifying criteria for steel exporters after Beijing introduced a system to license them (MB Jan 4 2007). Before then Beijing required no more than simple registration at Customs.

"Both the figures are inaccurate. Cisa's concerns go beyond the minimum export volume: we would also like to make sure that all qualified steel mills have sufficient, efficient and eco-friendly facilities and that their energy consumption is within the limit," he said.

Speculation that Beijing intends to reduce the number of steel exporters and may regulate steel exports with a quota first arose around last May (MB May 18) after China's finished steel exports hit a high of 7.16 million tonnes in April.

But the country's steel exports have been declining since, falling to 4.1 million tonnes in November.

"We did start working on the criteria last April when the steel export volume was alarmingly high and we were experiencing steel trade friction with various countries. We have submitted two sets of proposals, one from us, one from CCCMC to the ministry of commerce for its review and reference. Now it is up to the ministry to make the final decision," he said.

SHANGHAI

Chinese reject US report's claims of steel subsidies

Chinese government sources and analysts have attacked a report from a US manufacturing association which claims China's steel export surge in recent years was a result of "massive, trade-distorting energy subsidies".

The Alliance for American Manufacturing (AAM)'s 43-page report claims that from 2000 to the middle of last year, Chinese steel mills benefited from a total of $27.11 billion in energy subsidies.

"This shift from a net importer to the largest exporter in a span of only two or three years is staggering," said Usha Haley, the report's author. "Our analysis shows that energy subsidies have a very strong correlation with Chinese steel exports. In fact, the connection is so clear that, essentially, it's possible to almost perfectly predict China's steel exports from its energy subsidies."

Chinese mills have benefited from subsidised supplies of thermal and coking coal, iron ore, electricity, and natural gas, the report said. These could amount to as much as $15.7 billion in the full year 2007.

The research apparently provides some statistical back-up to repeated claims by foreign steelmakers – vehemently denied by the Chinese industry – that China's steel mills are competing unfairly on the global market thanks to government support.

It is also being used by AAM to support renewed calls for Washington to take punitive measures against the Chinese steel industry.

But an official from China's ministry of commerce told MB that there is no basis for anti-subsidy or anti-dumping duties against the Chinese industry.

"I have not got hold of the report you mentioned, but what I can say generally is that the US has so far not acknowledged China as a market economy country, which has left it no grounds to launch any anti-dumping and anti-subsidy investigations against Chinese products or accuse us of any subsidies," he said.

SINGAPORE

Nippon and JFE keen to build mills in Thailand

Japan's Nippon Steel Corp (NSC) and JFE Steel Corp have separately expressed interest to the Thai government in building steel mills in Thailand, officials from the companies and a Thai government spokesman confirmed.

"Nippon Steel is investigating and studying [the] possibility of a blast furnace plant [in Thailand]," said an NSC spokesman.

"The Thai government wants integrated steelworks in the country," a JFE spokesman said.

Thailand's Board of Investment (BOI) had issued an announcement for parties interested in producing high quality steels suitable for automotive and white goods in Thailand to submit their interests by January 31, Chodechai Suwanaporn, a government spokesman, told MB.

"The projects need to be at least 2 million tpy," he said, adding that they would be located in southern Thailand, where industry is being promoted.

MUMBAI

JSW to start work on 12m tpy mill in February

India's JSW Steel will begin construction on a 12 million tpy steel project in West Bengal next month, a company official told MB.

This annnouncement is significant as industrial projects in other parts of the state, notably Singur and Nandigram, have been held up because of violent protests by political and community activists. These include Tata Motors' car project and Salim Group's chemicals project, in which more than 50 people died in police shootings and other violence.

JSW Steel is completing land acquisition for the project but iron ore supply has yet to be secured, company finance director Seshagiri Rao told MB.

It has received a possession order for 4,300 acres at Salboni in West Medinipur from the West Bengal government, and will soon complete direct negotiations with land owners for a further 560-570 acres, the official said.

MUMBAI

Tata's Iranian steel project hit by political uncertainties

Tata Steel's 3 million tpy greenfield steel project in Iran has effectively been put on hold because of political uncertainty, a Tata Steel official told MB.

Industry sources in Iran said activities on the Iran project have been at a complete standstill over the past two months.

A Tata spokesman in Jamshedpur stressed the project has not been officially put on hold, but there are "issues to be resolved" before progress can continue.

Tata Steel signed a memorandum of understanding last year with Persian Gulf Special Economic Zone (PGSEZ) for land and facilities in the economic zone at Bandar Abbas.

PGSEZ is a subsidiary of the Iranian Mines and Mining Industries Development and Renovation Organisation (Imidro), the state holding body for the metallurgical industry.

CMIC Ambitious plans to add new capacity as Iranian appetite for pellet grows

Chador Malu Mining: Iran's latest investment in pelletizing

TEHRAN
BY OUR TEHRAN CORRESPONDENT

Chador Malu Mining and Industrial Co (CMIC) started up two major iron ore projects in the latter half of 2007 – the Ardakan pellet plant and a fourth concentrates line – and plans to build more concentrating and pelletizing capacity.

Construction of the 3.4 million tpy Ardakan pellet plant, 110 miles north of Yazd, started in the second quarter of 2004 with a consortium comprising Kobe Steel, ABB and Taim TFG of Spain acting as design consultants. Their part of the project cost $85 million, while the work done by local contractors cost 1,500 billion rials ($160 million).

The plant, CMIC's first foray into pelletizing, is fed with concentrates from the Chador Malu mine and started up in September. Commercial production started last week. CMIC expects it to produce 550,000 tonnes of 9-16mm pellet by March 2008 and 2 million tonnes by March 2009. It should reach nominal capacity in the next Iranian year.

Construction of the 1.7 million tpy No 4 concentrates line started in April 2006 and was completed 2½ months early at a cost of $55.6 million in foreign currency and 374 billion rials.

Trial production started in October and the plant is expected to produce 400,000 tonnes of concs by March 2008 and 1.25-1.5 million tonnes by March 2009.

A consortium of Kobe Steel, Mitsubishi and Marubeni arranged supply of the equipment that was sourced overseas and supervised installation, commissioning and performance testing of both the local and foreign equipment.

CMIC plans to set up a fifth 1.7 million tpy concentrates line costing €37.5 million and 335 billion rials. Mahmoud Noriyan, CMIC's md, said late last year that negotiations for local equipment supply had started and that a Letter of Credit was opened in the middle of 2007 in favour of Iranian engineering firms Iritec and Irasco, which are registered in Germany and Italy, for the foreign equipment.

But MB understands the L/C has yet to become operative – one of the effects of UN sanctions.

CMIC is also planning to set up two more pellet plants, each with a capacity of 800,000 tpy, in the Behabad region, 30km southeast of the Chador Malu mine. Capacity could be raised to 2.5 million tpy. Iranian consultancy Pamidco is carrying out a feasibility study.

The Chador Malu deposits contain 400 million tonnes of iron ore, of which 320 million tonnes are mineable.

CMIC, which was founded in 1992 and started mining in 1995, expects to produce 200 million tonnes of concentrates over 40 years at its existing production rate. The mine has a capacity of 4.5 million tpy of concentrates on its three lines and 800,000 tpy of natural lump and fines in a 75/25 ratio.

But its output exceeded capacity in the last Iranian year to March, when it produced 6.44 million tonnes of iron ore (of 55.2 percent Fe, 0.94 percent phosphorus and 0.19 percent sulphur); from this it produced 5.08 million tonnes of concentrates (of 67.5-68 percent Fe) and 877,116 tonnes of lump and fines (of 60-64 percent Fe).

CMIC became a public joint stock company in July 2003 and was listed on the Tehran Stock Exchange in the same year. Omid Investment Co, with 37 percent, is its biggest shareholder, although it remains effectively under state control.

The developments are aimed initially at providing the raw materials required for the expansion plans of two of Iran's largest steelmakers, Mobarakeh (MSC) and Khouzestan (KSC), at the behest of its 8 percent shareholder, the state metals and mining holding body, Imidro.

Imidro's steel plants will require a large volume of concentrates in the near future to feed their development projects.

But CMIC management fears that UN sanctions will delay the No 5 line's completion till February or March 2010.

The company's pellet capacity is 6.3 million tpy, which is due to be lifted to 7 million tpy after the existing pelletizers receive some investment, but MSC's total pellet requirement will rise to at least 11.5 million tpy when the additional capacity at Mobarakeh comes on stream.

The two steelmakers' pellet requirements next Iranian year are due to rise by 2.5-3 million tonnes. But there is greater demand on the horizon for pellet in Iran apart from the expanded requirements of MSC and KSC.

Ardakan: a chilly first winter for Iran's newest pellet plant

KSC will put its second Zamzam direct reduced iron (DRI) plant into operation by April 2008. This 1 million tpy unit will require about 1.5 million tpy of pellet.

Meanwhile MSC will increase the crude steel capacity at its main Mobarakeh plant site near Esfahan to 5.4 million tpy next year. Two other investments – the 2 million tpy Shahid Kharrazi plant and the doubling of the 700,000 tpy Saba mini-mill, which stands adjacent to the third major Iranian steel company, Esfahan Steel Co – will lift its overall crude steel capacity to almost 9 million tpy.

One example is Hormuzgan Steel Co's first-phase direct reduced iron (DRI) plant, which is due to start up in 2008.

CMIC is also a shareholder in some greenfield projects: Ghadir Iranian Iron & Steel, in which it has paid for a 16-percent stake, and Arfa, in which it has 25 percent. These DRI and steel projects will require about 2.4 million tpy of pellet and are due for completion within the next three-to-four years.

When all the above is considered, Iran's pelletizing capacity looks set to become insufficient.

Ire in ore talks grows Clash as Australian suppliers push for cfr settlements

Benchmark talks complicated by prospect of Indian export tax

SINGAPORE
BY HONGMEI LI

Iron ore benchmark price talks have been complicated by the prospect of an Indian iron ore export tax increase and Australian producers' insistence on a cfr settlement, a senior official from the China Iron & Steel Assn (Cisa) told MB.

India's steel ministry has recommended raising the duty to 15 percent of the fob value from 10 percent in a move that could affect the country's export volumes from April 1 (MB Jan 2).

"The price talks have not been very smooth and the Indian tax issue will add even more difficulty to it, as another possible spot price increase will make it even harder for the two parties to reach agreement on the increase and the price mechanism, that is, fob or cfr," the official said.

India's move is further confirmation that the country will reserve its ore for its domestic steel industry, limiting the extent to which China can rely on India as a strategic supplier.

Both BHP Billiton and Rio Tinto are pushing for a cfr settlement in order to make Asian steelmakers pay the same price on a port of destination basis that they pay for Brazilian ore, the official said.

"Australian iron ore suppliers have long been unhappy with fob prices and this year they are pushing hard for a cfr settlement, which of course we will not agree to."

The additional freight costs of shipping material from Brazil have long been shared between what is now Vale, and Asian consumers. This arrangement means Brazilian fob prices are lower than Australian, a difference which has grown hugely as freight rates have ballooned.

But the Chinese are still resisting any changes to the status quo and are refusing to consider a cfr settlement.

"Having purchased the iron ore from them, we should be able to decide which ship we want to rent and how much we want to pay," the Cisa official said.

The spectre of a potential takeover of Rio Tinto by BHP Billiton is also hanging over the talks, as it may be the last time the Chinese negotiate with two separate Australian iron ore suppliers.

The official also warned that Rio Tinto's move to increase supply to the spot market to 15 million tonnes announced in the midst of efforts to prove long-term value in the face of BHP's takeover attempt is short-sighted.

"Spot market prices are much higher and profitable than long-term contracts but have their ups and downs. Rio is risking hurting its long-term relationship with Chinese steel mills," he said.

Given the sticking points, the benchmark talks will not be easy and appear to still have a long way to go, he said. He did not confirm when the two sides were due to sit down again for talks.

"I want to emphasise again that we feel this year's demand and supply will generally be balanced, and our long-term suppliers need to be long-sighted rather than short-sighted."

LONDON

ArcelorMittal in deal for Mauritania mine ...

ArcelorMittal has signed a memorandum of understanding (MoU) with Mauritania's state-owned miner, Snim, to develop a 25 million tpy iron ore mine to supply its European steel plants.

Under the deal Snim and ArcelorMittal will jointly develop the El Agareb tenement, which is estimated to contain more than 1 billion tonnes of ore.

"Mauritania's strategic location in West Africa makes it an ideal choice for iron ore supplies to ArcelorMittal's European steel mills," said ArcelorMittal cfo Aditya Mittal in a statement.

During exploration and prospecting of the project, ArcelorMittal will take a 30-percent share with an option to increase the stake to 70 percent later.

Snim produces about 12 million tpy of iron ore from its Kedia d'Idjil, Guelb El Rhein and M'Haoudat deposits. ArcelorMittal's European steelplants have been supplied with Snim's ore for more than 20 years.

LONDON

... as Minmetals, Snim plan underground mine

Mauritanian iron ore miner, Société Nationale Industrielle et Minière (Snim) has signed a memorandum of understanding with Chinese trading house Minmetals to develop an underground mine in the West African country.

Under the deal Minmetals will finance exploration and drilling to define a reserve and produce a bankable feasibility study to develop an underground mine at Snim's Tazadit 1 deposit, according to Brahim Ould M'Bareck, md of Snim's office in Paris.

"The deposit was mined from the 1960s until the early 1990s when the mine got too deep to continue open pit operations. The only way mining can continue is to go underground," he said.

Minmetals is expected to start work by the end of the first quarter. Estimates suggest a production rate of 2.5 million tpy of finished products to be mined.

RIO DE JANEIRO

Vale halts Itaguaí shipments for repairs

Iron ore producer Vale will suspend shipments from Itaguaí port, Rio de Janeiro state, until early February for reconstruction work following an accident on December 8.

Operations will be stopped altogether at Itaguaí, also known as Porto de Sepetiba, for this period, representing an average loss of 60,000 tpd of iron ore shipments, the company said.

Itaguaí has been operating on a limited basis since mid-December after a period of *force majeure* immediately following the accident where a vessel hit and damaged two of the berth's dolphins.

MB understands at least four vessels have had their shipments delayed so far as a result of the incident.

Itaguaí, with shiploading capacity of 25 million tpy of iron ore, is Vale's smallest dedicated maritime iron ore terminal.

LONDON

Territory looks to boost stockpiles at port

Territory Resources plans to more than triple its storage capacity at the port of Darwin to help it to reach its target of exporting at a rate of 3 million tpy by the end of 2008.

Territory shipped five Panamax-sized vessels out of Darwin with a total of 340,000 tonnes of iron ore from its Frances Creek mine to Chinese steelmakers in 2007.

Territory is in talks with the Darwin Port Corporation to acquire more land at the port to stockpile up to 1.25 million tonnes of ore.

"This will more than triple our current stockpile facilities, and will provide more flexibility for railing and shipping schedules," said Territory chairman Michael Kiernan in a statement.

"Ongoing improvements are being gained from the recently commissioned DPC ship loading circuit, and we are currently investigating overland conveying systems which would increase productivity and significantly reduce operating costs."

Chinese imports for November, January–November 2007

	Nov (tonnes)	Nov change % year-on-year	Jan-Nov (tonnes)	Jan-Nov change % year-on-year
Iron ores and concentrates	35,463,680	24.1	49,033,091	17.2
Manganese ores and concentrates	861,028	43.7	5,903,590	3.8
Copper ores and concentrates	391,779	16.5	4,133,104	27.3
Nickel ores and concentrates	1,167,077	104.4	14,277,354	316.7
Cobalt ores and concentrates	13,195	-14.1	108,235	-28.0
Aluminium ores and concentrates	1,702,192	150.5	21,200,279	143.7
Lead ores and concentrates	125,938	-12.2	1,183,915	11.2
Zinc ores and concentrates	211,997	100.1	1,932,713	172.3
Tin ores and concentrates	568	-22.1	19,867	205.2
Chromium ores and concentrates	644,733	98.1	5,629,268	39.6
Molybdenum ores and concentrates	671	-26.5	13,524	-41.1
Alumina, except artificial corundum	373,969	-42.6	4,795,194	-25.7
Pig iron and spiegeleisen in pigs, blocks or other primary forms	64,803	717.1	606,739	597.9
Ferro-silicon (silicon content>55% in weight)	413	-15.8	4,420	-26.3
Silico-manganese	2,047	-38.7	23,299	31.7
Ferro-chrome (carbon content>4% in weight)	130,952	327.1	1,196,794	213.2
DRI & sponge iron	6,713	3,001.5	279,146	-8.3
Ferrous waste and scrap; remelting scrap ingots of iron or steel	336,468	13.0	3,038,812	-41.0
HRC (width>=600mm)	161,967	-16.7	2,039,391	-13.3
CRC (width>=600mm)	314,721	-4.3	3,509,705	-3.5
Flat carbon steel products (width>=600mm, clad, plated or coated)	364,506	-2.1	4,151,534	-1.0
Bars and rods of iron or non-alloy steel, hot rolled	33,229	-35.0	495,616	-14.3
Angles, shapes and sections of iron or non-alloy steel	18,694	-22.7	232,527	8.6
Stainless steel, in the forms of ingots and other semi-finished shapes	4,660	-91.0	198,981	2.1
Refined copper rods, sections & profiled bars	1,292	-32.6	20,117	-1.4
Nickel, not alloyed, unwrought	9,598	-8.6	94,288	9.2
Unwrought aluminium	27,979	-20.1	252,905	-47.3
Unwrought aluminium alloy	16,310	-14.2	153,801	-24.5
Aluminium scrap	208,285	19.9	1,920,310	20.7
Unwrought lead, refined	114	-97.1	21,756	-28.4
Unwrought zinc	29,010	38.3	299,016	-37.2
Unwrought zinc alloy	13,982	10.3	154,356	-23.0
Zinc scrap	3,621	-42.9	39,898	-40.1
Unwrought tin	2,080	36.4	15,544	-27.4
Unwrought tin, not alloyed	1,643	87.4	11,852	-22.2
Cobalt	2,044	10.9	18,228	59.1
Cadmium	597	-37.4	5,782	-42.7
Titanium	546	-29.4	5,069	-33.4
Antimony	45	-95.3	223	-96.4
Manganese	21	-9.9	234	34.8

Chinese exports for November, January–November 2007

	Nov (tonnes)	Nov change % year-on-year	Jan-Nov (tonnes)	Jan-Nov change % year-on-year
Molybdenum ores and concentrates	2,842	-2.4	23,189	-14.2
Coke	1,176,239	-26.5	4,353,842	4.9
Alumina, except artificial corundum	545	-83.9	31,229	54.0
Pig iron and spiegeleisen in pigs, blocks or other primary forms	80,701	-36.9	655,587	-13.9
Ferro-manganese (carbon content>2% in weight)	11,103	-44.1	126,795	-21.6
Ferro-silicon (silicon content>55% in weight)	123,737	-14.8	1,398,946	17.6
Silico-manganese	68,149	29.3	766,146	67.2
Ferro-chrome (carbon content>4% in weight)	25,730	2,038.8	285,884	2,634.0
Ferro-molybdenum	2,112	45.2	19,260	11.0
Ferro-tungsten and ferro-silico-tungsten	702	5.1	5,643	-2.1
DRI & sponge iron	1,137	102.9	7,410	-47.3
Iron and non-alloy steel in ingots or other primary forms	118	-98.4	35,351	-34.9
CRC (width>=600mm)	156,300	7.7	1,670,811	13.6
Bars and rods of iron or non-alloy steel, hot rolled	295,299	-44.9	5,688,883	13.7
Tubes, pipes and hollow profiles, of cast iron	78,029	135.1	683,625	44.8
Refined copper & copper alloys, unwrought	16,376	288.8	119,034	-50.3
Copper, refined, in the form of cathodes and sections	16,266	287.1	118,758	-50.4
Nickel, not alloyed, unwrought	807	-60.0	16,451	-16.7
Nickel waste & scrap	44	84.0	411	-49.1
Unwrought aluminium	44,859	-53.6	489,586	-56.7
Unwrought aluminium alloy	38,756	25.3	339,677	-1.3
Unwrought lead, refined	24,352	-45.0	222,605	-53.6
Unwrought zinc	6,704	-85.6	264,965	2.0
Unwrought zinc alloy	-	-100.0	1,065	-92.9
Unwrought tin	826	-72.5	22,232	18.8
Unwrought tin, not alloyed	826	-72.0	22,126	28.5
Unwrought magnesium (magnesium content>=99.8%)	23,214	30.0	183,039	18.9
Cobalt	258	-44.6	2,667	-6.8
Bismuth	274	-71.4	4,544	-31.6
Cadmium	10	0.8	338	419.0
Titanium	1,589	58.1	14,523	78.6
Antimony	859	-59.8	7,770	-60.4
Manganese	22,977	-8.9	293,826	-6.8
Semi-finished carbon steel products	1,216,023	-4.0	5,751,891	44.9
Refined copper rods, sections & profiled bars	252	8.9	3,948	36.8
Aluminium scrap	57	-61.5	2,701	165.3

Daily metal

London forward

LME settlement prices. All prices per tonne, unless otherwise stated, in LME warehouse, EU duty, if any paid, for buyer's account.

Year ago Jan 10			*Jan 4*	*Jan 7*	*Jan 8*	*Jan 9*	*Jan 10*
Aluminium High Grade $							
2744.00-**2745.00**	LME Cash	official	2446.00-**2447.00**	2403.00-**2404.00**	2441.50-**2442.00**	2450.00-**2450.50**	2415.00-**2415.50**
		"unofficial"	2428.00-2429.00	2409.00-2410.00	2443.50-2444.50	2444.00-2445.00	2426.00-2428.00
2665.00-2666.00	LME 3 months	official	2497.00-2498.00	2458.00-2459.00	2491.00-2491.50	2501.00-2502.00	2466.00-2467.00
		"unofficial"	2476.00-2477.00	2460.00-2461.00	2494.00-2495.00	2492.00-2493.00	2474.00-2476.00
	LME Tapo Notional Average Price(NAP) for Jan 2008		2423.49	2422.42	2453.64	2442.97	2442.97
	LME stocks (tonnes)		934,350	935,150	935,525	936,475	939,325
Aluminium Alloy (A380.1/DIN226/D12S) $							
2220.00-**2221.00**	LME Cash	official	2305.00-**2310.00**	2305.00-**2306.00**	2305.00-**2310.00**	2339.00-**2340.00**	2280.00-**2281.00**
		"unofficial"	2290.00-2310.00	2280.00-2290.00	2310.00-2320.00	2315.00-2325.00	2295.00-2305.00
2240.00-2250.00	LME 3 months	official	2340.00-2350.00	2335.00-2340.00	2340.00-2345.00	2370.00-2380.00	2315.00-2325.00
		"unofficial"	2320.00-2340.00	2315.00-2325.00	2345.00-2355.00	2350.00-2360.00	2330.00-2340.00
	LME stocks (tonnes)		45,760	45,720	45,660	45,600	45,400
N. American Special Aluminium Alloy							
2110.00-**2115.00**	LME Cash	official	2310.00-**2320.00**	2280.00-**2281.00**	2299.00-**2300.00**	2309.00-**2310.00**	2280.00-**2281.00**
		"unofficial"	2275.00-2295.00	2265.00-2275.00	2295.00-2305.00	2300.00-2310.00	2285.00-2295.00
2150.00-2160.00	LME 3 months	official	2355.00-2365.00	2330.00-2340.00	2345.00-2350.00	2360.00-2370.00	2325.00-2335.00
		"unofficial"	2320.00-2340.00	2315.00-2325.00	2345.00-2355.00	2350.00-2360.00	2330.00-2340.00
	LME stocks (tonnes)		108,160	107,840	107,720	107,720	107,720
Copper Grade A$							
5710.00-**5715.00**	LME Cash	official	6990.00-**6990.50**	6915.00-**6915.50**	7105.00-**7106.00**	7350.00-**7351.00**	7120.00-**7120.50**
		"unofficial"	6905.00-6915.00	6834.00-6836.00	7142.00-7147.00	7235.00-7240.00	7142.00-7147.00
5730.00-5730.50	LME 3 months	official	7030.00-7035.00	6950.00-6950.50	7140.00-7140.50	7370.00-7370.50	7130.00-7135.00
		"unofficial"	6940.00-6950.00	6874.00-6876.00	7175.00-7180.00	7250.00-7255.00	7160.00-7165.00
	LME Tapo Notional Average Price(NAP) for Jan 2008		6871.95	6870.82	7133.78	7143.38	7143.38
	LME stocks (tonnes)		201,000	200,975	200,750	199,650	199,275
Lead $							
1624.00-**1625.00**	LME Cash	official	2660.00-**2665.00**	2600.50-**2601.00**	2580.00-**2580.50**	2629.00-**2630.00**	2525.00-**2525.50**
		"unofficial"	2614.50-2624.50	2582.50-2587.50	2626.00-2631.00	2587.00-2597.00	2541.50-2551.50
1585.00-1590.00	LME 3 months	official	2665.00-2670.00	2610.00-2611.00	2590.00-2600.00	2620.00-2620.50	2535.00-2535.50
		"unofficial"	2620.00-2630.00	2590.00-2595.00	2630.00-2635.00	2590.00-2600.00	2550.00-2560.00
	LME stocks (tonnes)		48,900	49,200	49,300	49,325	49,250
Nickel$							
32875-**32900**	LME Cash	official	29510-**29515**	27900-**27905**	28850-**28855**	28700-**28800**	28150-**28155**
		"unofficial"	28125-28225	27725-27825	29025-29125	29325-29425	28325-28330
31450-31455	LME 3 months	official	29800-29825	28200-28205	29130-29135	29100-29200	28495-28500
		"unofficial"	28400-28500	28000-28100	29300-29400	29600-29700	28600-28605
	LME stocks (tonnes)		48,126	48,156	48,036	47,886	47,544
Tin $							
10565.00-**10570.00**	LME Cash	official	16545.00-**16550.00**	16150.00-**16200.00**	16350.00-**16400.00**	16425.00-**16450.00**	16145.00-**16150.00**
		"unofficial"	16265.00-16290.00	16105.00-16110.00	16400.00-16450.00	16270.00-16370.00	16150.00-16175.00
10595.00-10600.00	LME 3 months	official	16575.00-16580.00	16275.00-16300.00	16425.00-16450.00	16545.00-16550.00	16250.00-16300.00
		"unofficial"	16375.00-16400.00	16205.00-16210.00	16500.00-16550.00	16400.00-16500.00	16300.00-16325.00
	LME stocks (tonnes)		12,060	12,060	12,060	11,995	11,935
Zinc Special High Grade $							
3670.00-**3670.50**	LME Cash	official	2562.00-**2563.00**	2475.00-**2475.50**	2533.50-**2534.00**	2526.00-**2527.00**	2409.00-**2409.50**
		"unofficial"	2530.00-2534.00	2474.50-2476.50	2545.00-2550.00	2503.00-2513.00	2373.00-2378.00
3615.00-3620.00	LME 3 months	official	2550.00-2555.00	2481.00-2482.00	2540.00-2540.50	2530.00-2531.00	2400.00-2405.00
		"unofficial"	2530.00-2534.00	2478.00-2480.00	2550.00-2555.00	2515.00-2525.00	2385.00-2390.00
	LME stocks (tonnes)		95,150	94,825	94,700	94,200	94,175
Gold $/troy oz							
610.75	London	morning	858.75	857.50	873.25	887.85	874.25
608.40	London	afternoon	855.00	859.25	873.50	877.00	884.25
608.40	Handy/Harman		855.00	859.25	873.50	877.00	884.25
Silver per troy oz							
642.25/1245.00	London Spot	pence/cents	772.83/1527.50	772.43/1524.00	784.05/1548.50	814.66/1600.00	795.72/1562.00
1245.00	Handy/Harman	cents	1538.50	1522.50	1560.50	1578.00	1593.00
Palladium $/troy oz							
332.00	London	morning	372.00	367.00	374.50	377.00	373.00
329.00	London	afternoon	372.00	370.50	372.00	374.00	370.00
Platinum $/troy oz							
1134.00	London	morning	1545.00	1529.00	1541.00	1555.00	1542.00
1143.00	London	afternoon	1545.00	1531.00	1543.00	1550.00	1538.00

New York futures

Year ago Jan 9			*Jan 3*	*Jan 4*	*Jan 7*	*Jan 8*	*Jan 9*
(Comex) Aluminium cents/lb							
119.00	Jan`08		110.50	108.50	108.50	109.75	109.25
593	Open Interest		0	0	0	0	0
142,607	Stocks (short tons)		34,927	33,969	33,460	33,460	33,460
(Comex) Copper high grade cents/lb							
254.20	Jan `08		317.30	314.15	312.50	327.35	326.45
69,879	Open Interest		73,876	74,023	74,577	75,606	75,782
36,070	Stocks (short tons)		15,091	14,931	14,926	14,611	14,611
(Comex) Gold $/troy oz							
611.70	Feb `08		858.50	862.00	864.90	874.30	878.70
347,491	Open Interest		568,421	543,562	545,933	558,309	572,024
7,530,811	Stocks (troy oz)		7,375,310	7,375,310	7,424,848	7,412,674	7,412,672
(Nymex) Palladium $/troy oz							
328.00	Nymex	Sett Mar	373.75	376.10	374.35	379.00	376.00
7,151	Stocks (troy oz)		5,615	5,615	5,615	5,615	5,607
(Nymex) Platinum $/troy oz							
1126.50	Nymex	Sett Jan	1539.50	1549.50	1531.00	1553.00	1555.00
638	Stocks (troy oz)		969	969	969	969	969
(Comex) Silver cents/troy oz							
1241.00	Mar `08		1527.00	1530.00	1542.00	1557.50	1570.00
101,420	Open Interest		160,771	163,350	165,369	168,508	168,871

Kuala Lumpur futures

Year ago Jan 10	*Jan 4*	*Jan 7*	*Jan 8*	*Jan 9*	*Jan 10*
Tin $/tonne					
10,050	16,500	16,250	16,200	16,400	closed

Shanghai futures

Year ago Jan 10	*Jan 4*	*Jan 7*	*Jan 8*	*Jan 9*	*Jan 10*
Aluminium yuan/tonne (January delivery)					
20,990	18,070	17,890	17,900	18,010	17,970
Copper yuan/tonne (January delivery)					
55,980	60,970	60,790	60,970	62,740	62,320
Zinc yuan/tonne (January delivery)					
n/a	20,000	20,240	20,280	20,700	20,385

Dubai

Dubai Gold & Commodities Exchange settlement prices. All prices per tonne fca on truck Jebel Ali free zone duty-unpaid customs-cleared

	Jan 7	Jan 8	Jan 9	Jan 10
Rebar $				
February Delivery	767.00	767.00	764.40	closed
March Delivery	776.80	785.00	798.60	closed

LME & SHFE stocks (tonnes effective 9 January)

Note: deliveries in and out for the week Jan 03–09

Aluminium

	Delivered in			Delivered out			Total		
	Ingots	T Bars	Sows	Ingots	T Bars	Sows	Ingots	T Bars	Sows
Antwerp	nil	nil	nil	nil	nil	nil	nil	nil	nil
Bremen	nil	nil	nil	nil	nil	nil	nil	nil	nil
Hamburg	nil	nil	nil	nil	nil	nil	nil	nil	nil
Trieste	nil	nil	nil	nil	nil	nil	nil	nil	nil
Moji	nil	nil	nil	nil	nil	nil	50	nil	nil
Yokohama	nil	nil	nil	nil	nil	nil	nil	nil	nil
Busan	nil	nil	nil	400	nil	nil	35,725	2,800	1,250
Gwangyang	nil	nil	nil	nil	nil	nil	14,000	1,825	nil
Johor	nil	nil	nil	300	nil	300	43,000	1,100	4,475
Rotterdam	nil	nil	nil	25	nil	nil	45,250	17,550	25,725
Vlissingen	nil	nil	nil	nil	nil	nil	nil	10,200	nil
Singapore	900	nil	250	3,650	150	1,375	175,700	31,050	112,300
Barcelona	nil	nil	nil	nil	nil	nil	nil	nil	nil
Bilbao	nil	nil	nil	nil	nil	200	14,375	nil	775
Gothenburg	nil	nil	nil	nil	nil	nil	nil	1,650	2,275
Helsingborg	nil	nil	nil	nil	nil	nil	nil	3,025	nil
Hull	nil	nil	nil	nil	nil	nil	nil	12,900	nil
Liverpool	nil	nil	nil	nil	nil	nil	nil	13,100	nil
Baltimore	nil	4,950	2,175	50	nil	nil	6,000	143,500	71,675
Chicago	125	5,125	250	nil	nil	nil	825	50,250	18,000
Detroit	nil	nil	nil	nil	nil	nil	400	15,575	32,375
Long Beach	nil	nil	nil	nil	200	nil	nil	6,700	575
New Orleans	nil	nil	nil	nil	nil	150	850	4,075	3,525
St Louis	nil	nil	nil	nil	nil	nil	nil	10,525	1,525
Total	1,025	10,075	2,675	4,425	350	2,025	336,175	325,825	274,475

Al.alloy

	Delivered in			Delivered out			Total		
	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/JS
Antwerp	nil	nil	nil	nil	nil	nil	nil	20	nil
Rotterdam	nil	nil	nil	nil	nil	nil	nil	1,100	nil
Vlissingen	nil	nil	nil	nil	nil	nil	nil	180	nil
Singapore	nil	nil	nil	nil	nil	nil	nil	160	nil
Total	nil	nil	nil	nil	nil	nil	nil	1,460	nil

Alum.alloy

	Delivered in			Delivered out			Total		
	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/JS
Antwerp	nil	nil	nil	nil	nil	nil	nil	980	nil
Bremen	nil	nil	nil	nil	nil	nil	120	nil	nil
Hamburg	nil	nil	nil	nil	nil	nil	60	nil	nil
Genoa	nil	nil	nil	180	nil	nil	19,500	nil	nil
Trieste	nil	nil	nil	nil	nil	nil	2,500	20	80
Rotterdam	nil	nil	nil	nil	nil	nil	100	5,360	nil
Vlissingen	nil	nil	nil	nil	60	nil	600	2,940	nil
Johor	nil	nil	nil	nil	nil	nil	nil	2,980	nil
Singapore	nil	nil	nil	nil	nil	nil	40	6,860	300
Bilbao	nil	nil	nil	nil	nil	nil	500	nil	nil
Liverpool	nil	nil	nil	nil	nil	nil	720	480	nil
Total	nil	nil	nil	180	60	nil	24,140	19,620	380

Nickel

	Delivered in			Delivered out			Total		
	Cats	Pellets	Briqs	Cats	Pellets	Briqs	Cats	Pellets	Briqs
Rotterdam	nil	nil	nil	nil	nil	6	nil	nil	102
Gothenburg	nil	nil	nil	nil	nil	nil	24	nil	nil
Singapore	nil	nil	nil	nil	nil	36	nil	nil	1,032
St Louis	nil	nil	nil	nil	nil	6	nil	nil	6
Total	nil	nil	nil	nil	nil	48	24	nil	1,140

Nickel full plate cats

	Delivered in	Delivered out	Total
Hamburg	nil	nil	1,380
Busan	nil	nil	36
Rotterdam	396	432	32,634
Vlissingen	nil	6	420
Singapore	nil	nil	102
Gothenburg	60	nil	684
Helsingborg	nil	24	3,174
Liverpool	nil	48	3,858
Tyne & Wear	nil	nil	2,694
Baltimore	96	nil	1,254
Chicago	nil	nil	486
Total	552	510	46,722

Nickel cats (50x50mm)

	Delivered in	Delivered out	Total
Genoa	nil	nil	nil
Total	nil	nil	nil

Nickel cats (25mm x 25mm)

	Delivered in	Delivered out	Total
Genoa	nil	nil	nil
Total	nil	nil	nil

Copper

	Delivered in	Delivered out	Total
	cats	cats	cats
Antwerp	625	75	1,625
Leghorn	nil	nil	10,750
Trieste	nil	nil	5,250
Busan	3,750	2,500	44,350
Gwangyang	nil	nil	35,175
Rotterdam	nil	625	16,225
Vlissingen	nil	125	7,250
Singapore	nil	450	12,750
Bilbao	nil	nil	2,775
Helsingborg	nil	nil	nil
Dubai	nil	nil	25
Hull	nil	nil	1,725
Liverpool	nil	nil	200
Baltimore	nil	nil	75
Long Beach	nil	nil	nil
New Orleans	75	nil	37,500
St Louis	800	nil	23,850
Total	5,250	3,775	199,650

Lead

	Delivered in	Delivered out	Total
Antwerp	nil	nil	600
Hamburg	nil	nil	750
Genoa	nil	50	4,900
Leghorn	nil	nil	1,350
Trieste	1,675	nil	5,250
Rotterdam	nil	nil	550
Vlissingen	nil	nil	5,425
Singapore	750	150	10,600
Bilbao	nil	nil	150
Liverpool	nil	nil	425
Baltimore	50	nil	125
Chicago	nil	nil	25
Detroit	nil	500	4,100
Long Beach	575	nil	14,150
New Orleans	225	nil	925
Total	3,275	700	49,325

Zinc

	Delivered in	Delivered out	Total
Antwerp	nil	nil	500
Vlissingen	nil	nil	4,675
Johor	6,775	175	21,900
Rotterdam	nil	25	18,125
Singapore	200	nil	1,625
Dubai	nil	775	7,800
Bilbao	nil	nil	600
Tyne & Wear	nil	50	475
New Orleans	nil	nil	38,500
Total	6,975	1,025	94,200

Tin

	Delivered in	Delivered out	Total
Antwerp	nil	nil	5
Busan	nil	nil	210
Gwangyang	nil	40	1,185
Rotterdam	nil	15	25
Johor	nil	nil	3,500
Singapore	nil	65	7,070
Total	nil	120	11,995

NASAAC ingots

	Delivered in	Delivered out	Total
Baltimore	nil	480	44,100
Chicago	20	nil	6,460
Detroit	nil	nil	2,000
Owensboro	nil	nil	1,060
St Louis	nil	nil	1,140
Total	20	480	54,760

NASAAC T-Bars

	Delivered in	Delivered out	Total
Baltimore	nil	nil	3,960
Detroit	nil	nil	7,860
Owensboro	nil	20	2,160
Total	nil	20	13,980

NASAAC large sows

	Delivered in	Delivered out	Total
Baltimore	nil	220	6,940
Chicago	nil	nil	160
Owensboro	nil	nil	780
Total	nil	220	7,880

NASAAC small sows

	Delivered in	Delivered out	Total
Chicago	40	nil	18,100
Detroit	nil	nil	11,360
Louisville	nil	nil	440
Owensboro	nil	nil	980
St Louis	nil	nil	220
Total	40	nil	31,100

Shanghai Futures Exchange

	Deliverable
Aluminium	116,994
Copper	26,187
Zinc	57,463

Exchange Rates

	Jan 4	Jan 7	Jan 8	Jan 9	Jan 10
LME Settlement Conversion Rates					
$/£	1.9751	1.9713	1.9771	1.9611	1.9554
$/Yen	109.38	109.18	109.53	109.43	109.92
$/euro	1.4713	1.4707	1.4720	1.4690	1.4643
Closing Rates, Midpoint					
$/£	1.9742	1.9756	1.9736	1.9583	1.9575
$/Yen	108.22	108.69	109.71	109.53	109.48
$/euro	1.4775	1.4718	1.4715	1.4669	1.4736
£/euro	1.3363	1.3423	1.3412	1.3350	1.3284

Standard Bank prices

Standard Bank's rand fixing prices per tonne for London Metal Exchange trade

	Jan 4	Jan 7	Jan 8	Jan 9	Jan 10
Copper	R47,780.07	R47,789.56	R48,825.33	R50,442.56	n/a
Aluminium	R16,725.25	R16,612.84	R16,778.98	R16,815.33	n/a
Lead	R18,215.28	R17,974.21	R17,730.62	R18,047.060	n/a
Zinc	R17,518.11	R17,106.94	R17,411.11	R17,340.270	n/a
Nickel	R201,735.03	R192,837.50	R198,262.71	R197,625.60	n/a
Tin	R13,119.25	R111,950.10	R112,684.40	R112,879.90	n/a

Non-Ferrous Primary Metals

Base Metals

	Jan 9	Jan 11
Aluminium		
LME prices: see Daily Metal		
European free market: $/tonne in warehouse		
min 99.7% ingot duty unpaid premium indicator	45-50*	45-50*
LME duty-paid Premium Indicator/HG Cash	105-110*	105-110*
HG duty-paid three months	115-120*	115-120*
Cif Japan: 99.7% duty unpaid premium indicator		
Spot: 3 months	64-66*	64-66*
CIS-origin: indicators in warehouse Europe: A7e premium	45-50	45-50
LME warehouse premium Singapore:	10-15*	10-15*
Extrusion billet premium 6063, EC duty paid,		
in warehouse Rotterdam ($/tonne)	440-460	440-460
US free market: P1020 US midwest		
premium indicator ($/lb)	0.033-0.040*	0.033-0.040*
MB free market alumina: Metallurgical grade,		
spot fob, $/tonne	350-370	350-370
MB Chinese free market,		
Metallurgical grade, delivered duty paid RMB/tonne	4,100-4,300*	4,200-4,300*
Copper & Brass		
LME: see Daily Metal		
Producer premium		
(Codelco): contract 2008 Grade A cathode (average)	115	115
MB free market US: High-grade cathode		
premium indicator, $/tonne	110.00-120.00*	110.00-120.00*
MB European free market premium: $/tonne		
N. Europe Grade A	60-80*	60-80*
LME warehouse premium Singapore:	50-80*	50-80*
Chinese Grade 1:	55-60*	55-60*
Cif Shanghai premium LME Grade A:	120-140*	120-140*
Germany: (VDM) Electro, €/tonne wirebar (DEL):	4,531.00-4,606.00	5,087.00-5,161.00
cathodes:	4,520.00-4,600.00	5,080.00-5,100.00
South Africa: Phalaborwa W/B, Rand/tonne	54,990.66	54,990.66

	Jan 9	Jan 11
Nickel		
LME prices: see Daily Metal		
Europe: $/tonne in warehouse Rotterdam		
uncut cathodes premium indicator	150.00-250.00*	150.00-250.00*
4x4 cathodes premium indicator	350.00-550.00*	350.00-550.00*
briquettes premium indicator $/lb	400.00-600.00*	400.00-600.00*
US: melting premium indicator $/lb	0.50-0.55*	0.50-0.55*
plating premium indicator $/lb	0.70-0.75*	0.70-0.75*
Lead		
LME prices: see Daily Metal		
Germany: (VDM) virgin soft, €/tonne	1,830.00-1,980.00	1,940.00-2,000.00
MB US: High Grade ingot premium indicator, $/lb	0.0600-0.0800*	0.0600-0.0800*
MB European free market:		
in warehouse Rotterdam €/tonne	170-200*	170-200*
European Automotive battery premium free market (Eurobat)		
in warehouse Rotterdam €/tonne		
Soft lead (average)	159.81*	159.81*
Ca/Ca grid lead (average)	206.64*	206.64*
Connector lead (average)	175.26*	175.26*
European Industrial battery		
premium free market (Eurobat)		
in warehouse Rotterdam €/tonne **(average)**	153.36*	153.36*
LME warehouse premium Singapore:	50-70*	20-30*
Lead concentrates: 70/80% Pb $/tonne T/C, cif.	200-250	200-250
Tin		
Kuala Lumpur and LME prices: see Daily Metal		
MB European free market		
Spot premium $ per tonne	270-320*	270-320*
Spot - 3 months premium $/tonne	320-340*	320-340*
MB US free market: Grade A tin premium $/lb	0.19-0.22*	0.19-0.22*
Zinc		
LME prices: see Daily Metal		
Germany: (VDM) virgin, €/tonne	1,780-1,900	1,930-2,050
UK: ThyssenKrupp Metallurgie GMbH		
contract price for January 2008		
Special high grade, £/tonne	1,332.00	1,332.00
MB US: Special high grade, $/lb	0.0500-0.0700*	0.0500-0.0700*
MB EU: Special high grade, fot Rotterdam, $/tonne	200.00-250.00*	200.00-250.00*
LME warehouse premium Singapore:	80-90*	80-90*
Zinc Concentrates: cif main port $/tonne	300-360*	300-360*

Precious Metals

	Jan 9	Jan 11
Iridium		
MB free market: min. 99.9%, $/troy oz in warehouse	400-450*	400-450*
Johnson Matthey base price: (unfab) $/troy oz (09.00 hrs)	450	450
Engelhard base price: $/troy oz	450	450
Palladium		
World prices: see Daily Metal		
European free market: min. 99.9%,$/troy oz		
in warehouse	375-380*	373-378*
Engelhard base price: $/troy oz	376	373
Johnson Matthey base price: (unfab) $/troy oz (09.00 hrs)	380	378

	Jan 9	Jan 11
Platinum		
World prices: see Daily Metal		
European free market: min. 99.9%, $/troy oz		
in warehouse	1,545-1,550*	1,557-1,562*
Engelhard base price: $/troy oz	1,545	1,542
Johnson Matthey base price: (unfab)		
$/troy oz (09.00 hrs)	1,558	1,562
Rhodium		
European free market: min. 99.9%, $/troy oz		
in warehouse	6,995-7,025*	7,020-7,050*
Engelhard base price: $/troy oz	6,975	7,050
Johnson Matthey base price: (unfab)		
$/troy oz (09.00 hrs)	7,025	7,050
Ruthenium		
European free market: min. 99.9%, $/troy oz		
in warehouse	375-405*	380-410*
Engelhard base price: $/troy oz	405	405
Johnson Matthey base price: (unfab) $/troy oz (09.00 hrs)	405	410

Minor metals

The specification for all minor metals will be as laid down by the Minor Metals Trade Assn and published on their website (www.mmta.co.uk), unless otherwise indicated. Prices will be basis in warehouse Rotterdam, unless otherwise stated, and will reflect a trading range of business done at the time of the assessment.

	Jan 9	Jan 11
Antimony		
MB free market		
Regulus, min 99.65%, max Se 50 ppm, max 100 ppm Bi,		
$/tonne in warehouse Rotterdam	5,550-5,650*	5,550-5,650*
MMTA Standard Grade II, $/tonne in warehouse Rotterdam	5,500-5,650	5,500-5,650
MB Chinese free market		
MMTA Standard Grade II, delivered duty paid RMB/tonne	39,000-40,000*	39,000-40,000*
Arsenic		
MB free market $/lb	0.83-0.88*	0.83-0.88*
Bismuth		
MB free market $/lb	12.40-13.20*	12.00-12.80*
Cadmium		
MB free market		
min. 99.95%, cents/lb	330-350*	330-350*
min. 99.99%, cents/lb	350-385*	350-385*
Chromium		
MB free market		
alumino-thermic, min. 99%, $/tonne	9,500-9,800*	9,700-10,000*
western un-degassed AT, min. 99.4%, $/kg d/d	10.25-10.65*	10.25-10.65*
Cobalt		
MB free market		
High Grade, $/lb	43.00-45.00*	43.75-46.75*
Low Grade, $/lb	42.00-43.50*	43.50-44.50*
MB Chinese free market		
Concentrate min 8% cif main Chinese ports $/lb	30.00-33.00*	30.00-33.00*
Germanium dioxide		
MB free market $/kg	840-890*	840-890*
Indium		
MB free market $/kg	480-590*	480-590*
MB Chinese free market		
Crude min 98% duty unpaid in w/house China RMB/kg	2,200-2,800*	2,200-2,800*
Indium Corp ingots min. 99.97%, $/kg fob	685	685

	Jan 9	Jan 11
Magnesium		
European free market $ per tonne	4,200-4,600*	4,400-4,700*
China free market		
min 99.8% Mg, fob China main ports, $ per tonne	4,200-4,900*	4,200-4,900*
MB Chinese free market min 99% Mg, ex-works RMB/tonne	28,000-32,000*	28,000-32,000*
Manganese		
MB free market $/tonne	3,200-3,400*	3,400-3,650*
Mercury		
MB free market $ per flask	500-600*	500-600*
Rhenium in warehouse Rotterdam duty unpaid		
Metal Pellets, min 99.9% $/lb	4,000-4,500	4,000-4,500
APR catalytic grade $/kg	8,800-9,200	8,800-9,200
Selenium		
MB free market $/lb	30.00-33.50*	30.00-33.50*
Silicon		
MB free market €/tonne	1,950-2,050*	2,000-2,050*
US free market cents/lb	135-140*	135-140*
Hong Kong		
min. 98.5%, $/tonne fob main Chinese ports	1,660-1,800*	1,890-2,150*
Titanium		
MB free market ferro-titanium		
70% (max 4.5% Al), $/kg Ti d/d Europe	7.70-8.15*	7.70-8.15*
Titanium Ores $/tonne		
Rutile conc min. 95% TiO_2 bagged, fob/Aus	650-700	650-700
Rutile bulk conc min. 95% TiO_2 fob/Aus	475-500	475-500
Ilmenite bulk conc min. 54% TiO_2 fob/Aus	75-85	75-85

Noble Alloys & Ores

	Jan 9	Jan 11
Lithium Ores		
Petalite, 4.2% Li_2O bagged fob Durban, $/tonne	165-260	165-260
Spodumene > 7.25% Li_2O cif Europe, $/tonne	600-640	600-640
Molybdenum		
Molybdic oxide		
Europe		
Drummed molybdic oxide, $/lb Mo	33.00-34.00*	33.20-34.20*
US		
Canned molybdic oxide, $/lb Mo	32.75-33.00*	32.75-33.00*
Ferro-Molybdenum		
basis 65-70% Mo, $/kg Mo	78.50-79.50*	78.50-79.50*
basis 60% Mo, $/kg Mo, duty unpaid in warehouse Rotterdam	76.50-78.50*	76.50-78.50*
US free market, 65-70% Mo, $/lb in warehouse Pittsburgh	35.00-36.00*	35.00-36.00*
Hong Kong, min. 60% Mo, $/kg Mo, fob main Chinese ports	70.00-72.00*	78.00*
MB Chinese free market		
Concentrate 45% Mo, in warehouse China RMB/mtu	4,000-4,050*	4,050-4,100*
Tantalite		
25/40% basis 30% Ta_2O_5 cif, max 0.5% U_3O_8 and ThO_2		
combined $/lb Ta_2O_5	34.00-36.00*	34.00-36.00*
Uranium		
Nuexco spot price indicator $/lb U_3O_8	89.00	89.00

	Jan 9	Jan 11
Tungsten		
European free market		
APT, $/mtu	234-236*	234-236*
US free market		
APT, $/stu	250-255*	250-255*
Hong Kong		
APT Chinese No1, $/mtu fob main Chinese ports	235.00-242.00*	235.00-242.00*
MB Chinese free market		
Concentrate 65% W03, in warehouse China RMB/tonne	92,000-97,000*	86,000-93,000*
Ferro-Tungsten		
basis 75% W min, $/kg W, in warehouse Rotterdam,		
duty unpaid	33.50-34.50*	33.80-34.50*
Hong Kong, min. 75% W, $/kg W, fob main Chinese ports	32.50-33.00*	34.00-35.00*
Tungsten Ore		
Min. 65% WO_3 $/mtu WO_3	160-170*	160-170*
Vanadium		
Ferro vanadium basis 70-80%, $/kg V	38.00-40.00*	38.00-40.00*
US free market ferro-vanadium, $/lb, in warehouse Pittsburgh	18.00-18.75*	18.00-18.75*
Vanadium pentoxide cif Europe min 98% V_2O_5	7.80-8.10*	7.80-8.10*
Zircon		
Foundry grade bulk, $/tonne fob Australia	725-800	725-800
Premium bulk, $/tonne fob Australia	775-800	775-800

Bulk Alloys

	Jan 11
Ferro-chrome $/lb Cr	
Lumpy Cr charge, basis 52% Cr, (and high carbon) quarterly	1.20-1.22*
6-8% C basis 60% Cr, max 1.5% Si	1.75-1.95*
0.10% C average 68-70% Cr	2.60-2.80*
European low carbon, in warehouse, 0.06% C max – 65%Cr	2.65-2.85*
US free market, in warehouse Pittsburgh, 6-8% C basis 60-65% Cr, max 2% Si	1.500-1.650*
US free market, low carbon, duty paid, fob Pittsburgh,	
0.05%C – 65% min Cr	2.25-2.40*
0.10%C – 62% min Cr	2.15-2.30*
0.15%C – 60% min Cr	1.75-1.90*
Spot 6-8% C, basis 50% Cr, delivered duty paid China RMB/tonne	9300.00-9850.00*
Contract 6-8% C, basis 50Cr, delivered duty paid China RMB/tonne	9250.00*
Ferro-manganese	
basis 78% Mn (Scale pro rata), standard 7.5% C, €/tonne	1000-1250*
US free market, 78% Mn, standard 7.5% C, $/long ton in warehouse Pittsburgh	1900-1975*
US free market, medium carbon, duty paid, fob Pittsburgh,	
80% min Mn, 1.5% max C, $/lb	1.55-1.65*
Hong Kong, min. 75% Mn, 7.5% C, fob main Chinese ports	1300-1450*
MB Chinese free market	
min 65% Mn, max 7.0% C, in warehouse China RMB/tonne	9700-10500*

	Jan 11
Manganese Ore	
48/50% Mn Max 0.1%P, $/mtu metallurgical Mn, fob	6.50-8.00*
Ferro-silicon	
Lumpy, basis 75% Si (Scale pro rata), €/tonne	960-995*
US free market, $/lb in warehouse Pittsburgh:lumpy basis 75% Si – imported	0.70-0.72*
Hong Kong, min. 75%, fob main Chinese ports	990-1000*
MB Chinese free market	
min 75% in warehouse China RMB/tonne	5800-6000*
Silico-manganese	
Lumpy, 65-75% Mn basis, 14-25% Si (Scale pro rata) €/tonne	1100-1180*
US free market, $/lb in warehouse Pittsburgh:	0.83-0.85*
Hong Kong, min. 65% Mn, max 17% Si, fob main Chinese ports	1600-1700*
MB Chinese free market	
min 65% Mn max 17% Si, in warehouse China RMB/tonne	10000-11000*

● All prices $/tonne, duty paid, delivered consumers' works, unless otherwise shown. Other currency prices are given where the local markets are dominant or active.
Date indicates last price change. These markets last assessed on Jan 11 (UK), Jan 10 (US).
● Reminder: prices marked * are MB copyright. These markets were last assessed on Jan 11 (Europe and Asia) and Jan 10 (USA).
● All Chinese domestic prices include VAT of 17.5%

World Steel

European Union

Product	Price	Date	Month
EU Imports			
Metal Bulletin's appraisal of cfr prices for imported, non-EU origin, commercial-quality carbon steel, € per tonne cfr main EU port (€/$=0.68).			
Rebar	450-490	02/01	Jan
Wire rod (mesh quality)	440-450	02/01	Jan
Plate (up to 10mm)	500-530	02/01	Jan
Plate (10-50mm)	590-640	02/01	Jan
Hot rolled coil	500-520	09/01	Apr
Cold rolled coil	550-570	09/01	Apr
Hot-dip galvanized	560-600	04/01	Mar
EU exports			
Metal Bulletin's appraisal of EU mills' prices for export outside the EU of commercial-quality carbon steel, $ per tonne fob main EU port.			
Rebar	610-620	02/01	Jan
Wire rod (mesh quality)	630-650	02/01	Jan
EU domestic			
Metal Bulletin's appraisal of prices within the EU (excluding the UK) for commercial-quality carbon steel of EU origin, € per tonne delivered basis point (€/$=0.68).			
Rebar	480-485	09/01	Feb
Wire rod (mesh quality)	440-450	02/01	Jan
Plate (10-50mm)	590-640	01/12	Dec
Hot rolled coil	480-500	09/01	Feb
Cold rolled coil	540-570	04/01	Mar
Hot-dip galvanized coil	580-610	04/01	Mar

CIS

Product	Price	Date	Month
CIS Exports (Black Sea)			
Metal Bulletin's appraisal of CIS mills' prices for export outside the CIS of commercial-quality carbon steel, $ per tonne fob stowed main Black Sea port.			
Billet	545-560	31/12	Jan
Slab	510-575	31/12	Jan
Rebar	580-590	31/12	Jan
Wire rod (mesh)	570-600	31/12	Jan
Heavy plate (10-50mm)	640-700	31/12	Jan
HR coil	560-620	31/12	Jan
CR coil	650-680	31/12	Jan
CIS Domestic			
Metal Bulletin's appraisal of prices within Russia and Ukraine for commercial-quality carbon steel of CIS origin, $ per tonne ex-works			
Rebar	13,415-14,620	01/12	Dec
HR coil	14,620-16,325	07/12	Dec
CR coil	15,965-18,405	07/12	Dec

Middle East and Africa

Product	Price	Date	Month
Turkish Exports			
Metal Bulletin's appraisal of Turkish mills' prices for export of commercial-quality carbon steel, $ per tonne fob main Turkish port.			
Billet	670	10/01	Feb
Rebar	735-745	10/01	Feb
Wire rod (mesh quality)	740	10/01	Feb
HR coil	620-650	04/01	Feb
CR coil	700-710	04/01	Feb
Turkish Domestic			
Metal Bulletin's appraisal of prices within Turkey for commercial-quality carbon steel of Turkish origin, TNL per tonne ex-works (TNL/$=1.67).			
Billet	670	10/01	Feb
Debar	720-750	10/01	Feb
Wire rod (mesh quality)	720-730	10/01	Feb
Turkish imports			
Metal Bulletin's appraisal of prices for imported commercial-quality carbon steel, $ per tonne cfr main Turkish port.			
Billet	650-655	10/01	Feb
Hot rolled coil	600-650	04/01	Mar
GCC country imports			
Metal Bulletin's appraisal of prices for imported commercial-quality carbon steel, $ per tonne cfr main Gulf port.			
Billet	660-690	08/01	Mar
Rebar	750-770	08/01	Mar
Hot rolled coil	700-740	04/01	Mar
Cold rolled coil	750-770	04/01	Mar

Product	Price	Date	Month
Iran Domestic			
Metal Bulletin's appraisal of prices within Iran for commercial-quality carbon steel of Iranian origin, million rials per tonne delivered warehouse Tehran (rials/$=9,400).			
Rebar(12-25mm)	7.40-7.45	09/01	Jan
Equal Angles	7.45-8.15	09/01	Jan
I-beams	7.74-8.00	09/01	Jan
Plate	8.05-8.10	31/12	Jan
Hot rolled coil	7.80-7.85	09/01	Jan
Cold rolled coil	7.25-7.80	09/01	Jan
Hot-dip galvanised coil	9.60-9.95	09/01	Jan
Hollow sections	8.60-9.00	31/12	Jan

South America

Product	Price	Date	Month
South American exports			
Metal Bulletin's appraisal of South American mills' prices for export outside South America of commercial-quality carbon steel, $ per tonne fob stowed main South American port.			
Billet	490-510	20/12	Jan
Slab	480-500	14/12	Jan
Rebar	550-570	20/12	Jan
Merchant bars (equal angles)	550	06/12	Jan
Wire rod mesh quality	550-570	12/12	Jan
Wire rod drawing quality	550-580	12/12	Jan
Medium plate: 3-10mm	600-610	06/12	Jan
Heavy plate: over 10mm	610	06/12	Jan
HR coil (dry)	600-610	06/12	Jan
CR coil	650-680	06/12	Jan
Galvanized coil	800	02/12	Jan

Nafta

Product	Price Jan 10
US Imports	
Metal Bulletin's appraisal of prices for imported, non-Nafta origin, commercial-quality carbon steel, $ per short ton cfr Gulf.	
Slab	500
Rebar	720
Wire rod (low carbon)	640
Merchant bars	640-650
Medium sections	630-640
Heavy sections (over 24)	750-760
Medium plate	720-740
Heavy plate	840-860
Hot Rolled coil (commodity)	560
Cold Rolled coil	640
Galvanized coil (base US)	820-860
US domestic	
AMM's appraisal of prices within the USA for commercial-quality carbon steel of US or Canadian origin, $ per short ton, delivery terms as indicated.	
Rebar(fob mill)	595
Wire rod (mesh quality; delivered)	610
Plate(fob mill)	800-840
Hot rolled coil(fob mill)	590
Cold rolled coil(fob mill)	690
Hot-dip galv coil(fob mill)	810

Asia

Product	Price	Date	Month
China Exports			
Metal Bulletin's appraisal of Chinese mills' prices for export of commercial-quality carbon steel, $ per tonne fob main China EU port.			
Billet	500-520	23/11	Dec
Rebar	710-720	09/01	Mar
Wire rod (mesh quality)	700-720	09/01	Mar
Heavy plate	810-820	10/01	Mar
Hot rolled coil	670-680	10/01	Mar
Galvanized coil 1mm	810-830	10/01	Mar
China Imports			
Metal Bulletin's appraisal of prices for imported, non-EU origin, commercial-quality carbon steel, $ per tonne cfr main China port.			
Cold rolled coil 1mm & below	625-630	04/01	Jan
Hot dip galvanized coil	760-800	04/01	Jan

Product	Price	Date	Month
Eastern China Domestic			
Metal Bulletin's appraisal of prices in eastern China for commercial-quality carbon steel of Chinese origin, yuan per tonne delivered warehouse (yuan/$=7.27).			
Rebar	4,450-4,550	11/01	Jan
Wire rod (mesh)	4,500-4,650	11/01	Jan
Hot rolled coil (min 2mm)	4,800-5,000	10/01	Jan
Cold rolled coil (0.5 - 2mm)	5,530-5,600	10/01	Jan
Sections	5,050-5,080	10/01	Jan
Plate	5,080-5,100	10/01	Jan
Hot-dip galvanized coil	5,480-5,600	10/01	Jan
Southern China Domestic			
Metal Bulletin's appraisal of prices in southern China for commercial-quality carbon steel of Chinese origin, yuan per tonne delivered warehouse (yuan/$=7.27).			
Rebar	4,550-4,700	11/01	Jan
Wire rod (mesh)	4,500-4,800	11/01	Jan
Hot rolled coil (min 2mm)	4,880-5,000	11/01	Jan
Cold rolled coil (0.5 - 2mm)	5,700-5,780	11/01	Jan
Sections	5,250-5,350	11/01	Jan
Plate	5,080-5,100	10/01	Jan
Hot-dip galvanized coil	5,700-5,750	11/01	Jan
Indian exports			
Metal Bulletin's appraisal of Indian mills' prices for export of commercial-quality carbon steel, $ per tonne fob main India EU port.			
Billet	625-630	11/01	Mar
Plate(20-60mm)	762-769	21/12	Feb
Hot rolled coil(commodity)	670-680	11/01	Mar
Hot rolled coil(CR grade)	670-680	11/01	Mar
Hot-dip galvanized coil	850-870	14/12	Feb
Indian imports			
Metal Bulletin's appraisal of prices for imported, non-EU origin, commercial-quality carbon steel, $ per tonne cfr main India port.			
Plate(20-60mm)	750-760	14/12	Feb
Hot rolled coil(commodity)	640-645	14/12	Feb
Hot rolled coil(CR grade)	640-645	14/12	Feb
Indian domestic			
Metal Bulletin's appraisal of prices within India for commercial-quality carbon steel, rupees per tonne ex-works (Rs/$=39.15).			
Heavy plate	30,000-31,000	21/12	Feb
Hot rolled coil(commodity)	28,000-28,500	11/01	Mar
Hot rolled coil(CR grade)	28,000-28,500	11/01	Mar
Cold rolled coil	32,500-33,500	21/12	Feb
Hot-dip galvanized coil	36,000-37,000	21/12	Feb

SteelBenchmarker™ Prices

Product	Price Dec 24
Prices in $/metric tonne, except (short ton) and {€ per tonne}	
Region: USA, East of the Mississippi	
Hot rolled coil	621 (563)
Cold rolled coil	720 (653)
Standard plate	878 (796)
Region: Mainland China	
Hot rolled coil	525
Cold rolled coil	629
Rebar	510
Standard plate	569
Region: Western Europe	
Hot rolled coil	686 {476}
Cold rolled coil	793 {550}
Region: World Export Market	
Hot rolled coil	601
Cold rolled coil	678

Stainless Steel

Product	Price	Date	Month
Stainless Steel - Asia import			
$/tonne cif East Asian port			
Grade 304 2mm CR coil, 2B	3,650-3,800	11/01	Feb
Grade 304 HR sheet	3,550-3,650	11/01	Feb
Stainless Steel - China Domestic			
yuan/tonne, in warehouse (yuan/$=7.27)			
Grade 304 2mm CR coil	32,000-32,900	11/01	Jan
Grade 430 2mm CR coil	11,500-12,200	11/01	Jan
Stainless Steel - EU export			
$/tonne fob N. European port. Min 100 tonne lot			
Grade 304 2mm CR sheet	5,100-5,300	21/12	Jan
Stainless Steel - EU domestic			
2mm 304 cold rolled stainless strip €/tonne (€/$=0.68)			
base price	1,050-1,100	10/01	Mar
Alloy Surcharge	1,595-1,635	03/01	Jan

Key:
Date: Date of last reported transactions
Month: Month of production in the case of export or domestic tables; month of delivery in the case of import tables
● All prices are MB copyright except SteelBenchmarker

Scrap, Secondary Metals, Scrap Substitutes & Iron Ore

Ferrous scrap

MB ferrous scrap index

The following indices of UK ferrous scrap prices were compiled by Metal Bulletin from information supplied by UK steelmakers and iron-founders (Sept-Nov 1976 average = 100).

Week ended	*Jan 2*	*Jan 9*
"A" Basic Scrap	332.18	332.18
"B" Low Residual Scrap	326.42	326.42
"C" Cast Iron Scrap	306.08	306.08
"D" Low Grade Scrap	365.26	365.26
Master Index	334.73	334.73

UK ferrous scrap

The following is Metal Bulletin's evaluation of UK prices for processed scrap delivered to consumers and docksides. Prices may vary according to region and destination, and should therefore be read in conjunction with editorial comment on the Scrap & Secondary Metals pages.

£/tonne	*Jan 2*	*Jan 9*
Cut Grades		
0A plate and structural	128-143	173-198
1 Old steel	118-128	168-178
2 Old steel	108-118	158-168
12A/C/D New Production heavy and shovellable steel	133-143	183-193
Frag and Frag Feed		
3B Fragmentised	125-140	175-190
5C Loose old light	80-95	130-145
Bales and Cuttings		
4A New steel bales	122-142	172-192
4C New steel bales	117-137	167-187
8A New loose light cuttings	102-122	152-172
8B New loose light cuttings	97-117	147-167
Turnings		
7B Heavy steel turnings	82-97	127-142
Cast Iron		
9A/10 Heavy and light cast iron	100-110	145-155
9B/C Cylinder block scrap	134-164	179-209
11A Cast iron borings	82-92	132-142

Prices relate to new UK scrap specifications.

Alloy steel scrap

UK wholesale merchants' stainless (£/tonne)	*Jan 11*
18/8 turnings	840-870
18/8 solids	1,200-1,230
12-13% Cr solids	170-190
16-17% Cr solids	190-200
Cif Europe stainless ($/tonne)	
18/8 solids	2,550-2,600
18/8 turnings	1,860-2,000
UK home high speed (pence/kg)	
6-5-2 solids	140-150
6-5-2 turnings	75-80

Rotterdam export

MB assessment, $/tonne fob Rotterdam

	Jan 3	*Jan 10*
HMS 1&2 (80:20 mix)	373-378	397-402
HMS 1&2 (50:50 mix)	353-358	377-382
Shredded	378-383	402-407

US export

MB assessment, $/tonne fob East Coast

	Jan 3	*Jan 10*
US Export HMS 1&2 (80:20 mix)	348-353	367-377
Shredded	353-358	372-382

USA

Iron Age scrap price bulletin composite - $/long ton delivered Pittsburgh/Chicago.

Week ending	*Jan 3*	*Jan 10*
No 1 heavy melting	270.83	287.50
No 2 bundles	232.00	232.00

China domestic

yuan/tonne delivered mill	*Jan 11*
Heavy Scrap	2,880-3,060

Germany

€/tonne, delivered at scrapyard. Source: BDSV

	Dec	**Jan**
West		
No E2 (new steel scrap)	n/a	n/a
North		
No E1 (old steel scrap)	n/a	n/a
East		
No E3 (old thick steel scrap)	n/a	n/a
South West		
No E1 (old steel scrap)	n/a	n/a
South		
No E3 (old thick steel scrap)	n/a	n/a

This price has been temporarily suspended and will be published again in February.

Non-Ferrous scrap Europe

Aluminium

European free market (MB assessment. €/tonne eff Jan 11)	
Floated Frag	1,320-1,360
Cast	1,210-1,260
Mixed turnings 6%	1,210-1,260
LME Cash primary (lowest midday bid)	$2,415.00
LME Cash alloy (lowest midday bid)	$2,280.00
Germany (per 1000kg eff **Jan 9**)	€
Pure Cuttings	1,200-1,500
Commercial Cast	1,050-1,450
H9 Extrusions	1,550-1,700
Alloy Turnings	850-1,250
Source:VDM	
France (per 1000kg eff **January 8**)	€
Pure Cuttings	1,450-1,470
Old Rolled	900-920
Commercial Cast	950-980
Source: Lettre d'Information Métaux	
Italy (per 1000kg eff **Jan 4**)	€
Pure Cuttings	1,480-1,530
Old Mixed Scrap	1,240-1,290
Commercial Cast	1,240-1,290
Source: Assomet	

Copper

Germany (per 1000kg eff**Jan 9**)	
Copper Wire (Berry)	4,400-4,450
Heavy Copper	4,250-4,280
Heavy Brass	3,900-3,950
Brass Turnings (MS 58)	3,000-3,200
Brass Sheet (MS 63)	3,200-3,550
Source:Verein Deutscher Metallhändler	
France (per 1000kg eff **January 8**)	
Electro Cuttings	4,400-4,450
No 1 Bright Wire	4,250-4,280
Mixed (96%)	3,900-3,950
Brass Plate Cuttings 70/30	3,450-3,500
Brass Turnings	2,950-3,000
Mixed Brass	2,750-2,850
Source: Lettre d'Information Métaux	
Italy (per 1000kg eff **Jan 4**)	€
Electrolytic dd EN 12861-S-Cu-2	4,463-4,515
Enamelled wire EN 12861-S-Cu-3	4,303-4,355
New from tubes, strips etc EN 12861-S-Cu-4	4,118-4,170
Old from tubes, strips etc 12861-S-Cu-7	4,158-4,210
EN 12861-S-Cu-Zn-1-A-Cu 63.5%	3,487-3,565
Mixed from valves/taps EN 12861-S-Cu-Zn-6	2,707-2,785
Several 95% m/m 12861-S-Cu-Zn-7	2,577-2,655
Source: Assomet	

SteelBenchmarker™ scrap prices

Prices in $/metric tonne, except [gross ton]

Region: USA, East of the Mississippi Dec 24

†Shredded Scrap	294	[299]
No 1 Heavy melting scrap	264	[268]
No 1 Bushelling scrap	316	[321]

†For shredded scrap the region is for all but the West Coast

Register as a price provider at www.steelbenchmarker.com

Scrap Substitutes

Product	*Price*	*Date*	*Month*
EU Imports €/tonne cfr Western Europe			
Pig Iron	260-280	20/12	Jan
South American exports $/tonne, delivery terms as stated			
Hot briquetted iron	290-310	14/12	Jan
Pig Iron basic steelmaking Vitorio/Rio	340	20/12	Jan
Pig Iron basic steelmaking Ponta da Madeira	350	20/12	Jan
US Imports $/short ton cfr Gulf of Mexico			
Pig Iron	390-395	12/12	Jan
CIS Exports $/tonne fob main Black/Baltic sea port			
Pig Iron	410-420	20/12	Feb
China Domestic yuan/tonne, delivered warehouse			
Pig Iron	3400-3700	04/01	Jan

China Iron ore

cfr main China port $/tonne

Product	*Price*	*Date*	*Month*
Iron ore fines	185-195	09/01	Feb
Iron ore pellets	220-230	31/12	Feb

UK non-ferrous scrap

The following UK prices were assessed on **Jan 9**

Aluminium £/tonne

	Actual Price	MB LME Discounts
Group 1 Pure 99% min (baled)	1105-1125	108-128
Group 1 Litho (baled)	1085-1095	138-148
Commercial pure cuttings	890-930	303-343
Clean HE9 extrusions	1105-1125	108-128
Mixed alloy/Old Rolled cuttings	680-700	471-491
Baled Old Rolled	780-800	371-391
Commercial cast	820-850	321-351
Commercial turnings	620-650	521-551
Group 7 turnings	570-590	581-601
LME primary avge:		1233.49
LME alloy avge		1171.71
Novelis Recycling UBC price		700-750

Titanium $/lb cif

Turnings, unprocessed type 90/6/4 (0.5% Sn max)	1.95-2.10
Turnings, unprocessed 90/6/4 (over 0.5%, max 2% Sn)	1.70-1.95

Non-ferrous foundry ingots

Aluminium UK effective Jan 9 £/tonne

MB free market	
LM24 Pressure diecasting ingot	1,220-1,260‡
LM6/LM25 Gravity diecasting ingot	1,400-1,440‡

NB: prices expressed delivered consumer works, LM series as specified in BS1490

Aluminium Europe effective Jan 11 $/tonne

MB free market	
Duty unpaid in warehouse alloy premium	70-80‡
Duty paid delivered works pressure diecasting ingot price (DIN226/A380)	€/tonne 1,790-1,850‡

Aluminium US effective Jan 10 $/lb delivered Midwest

A380.1 alloy	1.09-1.11

AFFIMET prices effective Jan 1 €/tonne

AS 12	2,825
AS 12 UN	2,950
AS 9 U3	2,480
AS 5 U3	2,825

Reflects generally larger traded lots

VDM effective Jan 9 €/1000 kg delivered

DIN 226	2,150-2,270
DIN 231	2,240-2,360
DIN 311	2,190-2,310

Aluminium Bronze UK effective Jan 8 £/tonne

AB1 ex-works	3,800
AB2 ex-works	4,310

Source: C.F. Booth Ltd

Brass UK effective Jan 8 £/tonne

SCB3 ex-works	2,970
High Tensile HTB1 ex-works	3,370

Source: C.F. Booth Ltd

Gunmetal UK effective Jan 8 £/tonne

LG2 85/5/5/5 ex-works	3,510
LG4 87/7/3/3 ex-works	3,700
G1.11.5 Pb ex-works	3,990

Source: C.F. Booth Ltd

Phosphor Bronze UK effective Jan 8 £/tonne

PB1 ex-works	4,500

Source: C.F. Booth Ltd

Phosphor Copper UK effective Jan 8 £/tonne

10% P ex-works	4,960
15% P ex-works	5,070

Source: C.F. Booth Ltd

Zinc Alloys UK £/tonne

Brock Metal Co **January** Contract Alloy Price (delivered UK, min 25 tonne lots)

Brock Metal ZL3	1,847
Brock Metal ZL5	1,869

‡Lots up to 5 metric tonnes.

Key:
Date: Date of last reported transactions
Month: Month of production in the case of export or domestic tables; month of delivery in the case of import tables
● All prices are MB copyright; except SteelBenchmarker

Hotline

Rio questions mills as ore talks heat up

This year's iron ore price negotiations are heating up as anonymous steelmakers complain of alleged supply manipulation by Rio Tinto, which in turn shot back with queries about the rumour-mongers' motives.

One Chinese steelmaker told Hotline that Rio had indefinitely delayed iron ore shipments to China, and that he expected these 'delays' to reduce Rio Tinto's China-bound shipments by 10 percent.

News agency *Interfax China* last week quoted an unnamed official in Tangshan Iron and Steel Group's iron ore import department saying: "The notice we received from Rio Tinto at the beginning of the year did not specify how long it will take to resume normal iron ore deliveries.

"However, regardless of whether a *force majeure* has coincidentally cropped up during negotiations or the miners are playing some kind of game of their own calculation, the delay will definitely tighten iron ore market supply and make it more difficult for steel mills to gain the upper hand in the [iron ore benchmark price] negotiations."

Rio vehemently denied these reports.

A spokesman told Hotline that a recent cyclone in Western Australia had briefly, but not substantially, affected its iron ore shipping.

"Cyclone Melanie and the heavy rains it brought did result in the closure of our ports for two or three days at the end of last year. But mine and rail operations were not affected at all. We haven't quantified the cost and production impact involved, but the port closure was only for a few days. That is why I'm surprised at where the prediction [that 10 percent of our shipments for the year will be delayed] came from," he said.

"I have no further comment on this, only that I'm curious as to why these remarks have emerged now," he added.

Another Chinese steelmaker said that talk of a 10-percent shipment reduction from Rio may stem from a volume offtake option clause in the long-term contract between Rio and its Chinese customers.

Alphasteel loses rating

Troubled UK mini-mill Alphasteel has more financial problems to contend with. The secondary and prime rebar in its yard no longer carries Cares approval, a fact that will devalue its remaining stock by thousands of pounds. Hotline understands that the steelmaker had Cares approval but this was cancelled when the company went into administration at the end of last year.

MILLING ABOUT

LN Metals, which is the sole agent for the sale of **Katanga Mining**'s copper and cobalt for this year, has employed **David Rawlings** from Balli to lead its steel trading team. The company's new head of credit and risk control is Mathilde Taylor who previously worked at Gerald Metals and Refco Overseas.

Severstal has bolstered its efforts to expand into Ukraine by appointing a new director of trade at its **Dnepropetrovsk office**. Severstal told Hotline that it wanted to plug the deficit of construction and machine building material in Ukraine and **Igor Goutorov** will be the man to take on the task. Goutorov was born in **Cherepovets** and graduated from the military academy in St Petersburg.

The **London Metal Exchange** board will consider membership applications from **Ashton Commodities Ltd** and **ArcelorMittal Sourcing SA**. London-based Ashton Commodities has applied to be a category 5 associate trade member. Luxembourg-based ArcelorMittal has applied for category 3 associate trade clearing membership.

Dog days in DRC

Uncertainty is mounting among investors in the Democratic Republic of Congo (DRC) despite the government's assurances last year that it was working to create a better environment for investors.

"In a way, the investor climate is getting worse – not better – because of different parts of the government trying to get in on the action. There is no agreement between the central government and local governments," one producer source told Hotline.

Such a divide creates problems for any company operating in the country.

Another issue of particular concern is a delay in announcing the results of the mining licence review the government has been carrying out.

There is a rumour among local investors about a settlement that one western company agreed with the DRC, which allegedly involved a change in shareholdings as well as different royalties.

If true, such an approach would mean prolonged negotiations with every individual company, the absence of a level playing field for investors, and continuing uncertainty over the future, sources well-used to operating in the mineral-rich country said.

"All of our information is based on rumours, which is a real problem," a producer told Hotline, adding that until the official conclusions about the mining licences are public and irrefutable the uncertainty will grow. The DRC has much to do if investors are not to be spooked.

Countdown to steel

Last week was a busy one for the London Metal Exchange as it geared up for the fast-approaching launch of steel futures with a roundtable press briefing with ceo Martin Abbott.

With 47 days to go before the 'soft' launch of its two steel billet contracts on Select and over the telephone, Abbott said the LME's plans are progressing well and that it will soon announce the listing of more brands and the listing of its approved delivery locations.

But the news for those hoping to see a magnesium contract launched on the LME was less positive. Abbott said that, having looked at the feasibility study on the subject, the exchange had decided to put its plans on hold.

"We will continue to monitor the magnesium market [but] having considered the study we have decided not to proceed with the contract," he said. "We are looking at other metals [and] in the next three months we will begin serious consideration of minor metals."

Mentioning cobalt and molybdenum specifically, Abbott said the LME would look to launch any new contracts on exchange where possible, although it has an over-the-counter platform it will "be able to roll out if necessary".

US Si customs fraud

Martha Mathews and Daniel McGuire and the two companies they operated, North Star Metals and McGuire Steel Erection, have been ordered by the US Court of International Trade to pay more than $36 million in anti-dumping duties and penalties for misrepresenting silicon metal imports from China.

The judgment came to light amid allegations that silicon metal is being shipped to Canada and mixed with aluminium to circumvent US duties of 139.49 percent on Chinese-origin silicon metal.