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Metals Week

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Magnesium contract bookings point to uncertain spot outlook

LIGHT METALS

Washington—As more 2012 magnesium supply contracts have been booked at levels below most recent spot deals, buyers and sellers hold widely varied views on future spot price direction. Nevertheless, most pure magnesium supply contracts for aluminum users have been booked at fixed annual prices, rather than floating against a spot indicator, market sources said.

Following tenders in September and early October by four US aluminum sector companies for more than 20,000 mt of pure magnesium for 2012 (*MW*, October 17, page 2), two other US aluminum users issued tenders for 1,500 mt and 3,000 mt, and as of last week, they had booked on a fixed-price basis or were close to booking. Smaller aluminum buyers needing 500 mt to 1,000 mt/year were in the market for 2012 as well, a trader said.

"We're 80% done," said one of the mid-sized aluminum buyers. He said that he bought on a fixed price, rather than floating, because it was a small cost impact and a key alloying input. "It's important, so you wouldn't want to be in the spot market; we could leave 25% to spot but it's not worth it," he explained. "Our job is to make metal."

Several aluminum buyers have reported buying pure magnesium for 2012 at $2.00-2.05/lb, though one acknowledged that included some non-US business. Another aluminum buyer with a 2012 tender out last week thought secondary 90/10 magnesium was selling at $1.85/lb, delivered US, and lower. The buyer wanted $2.05-2.10/lb for pure magnesium and was not going to buy any pure if he

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Molybdenum oxide prices edge higher on sentiment, tight supply

STEEL & FERROALLOYS

Platts Bureaus—Molybdenum oxide prices edged higher last week with reports of tightness of both powder and briquettes in Europe and expectations consumers would soon be back in the market, market sources said.

At the beginning of last week a consumer was understood to have bought 12 mt of oxide powder for November delivery at $12.80/lb delivered, while in the US a producer reported offering oxide powder in cans at $13.00/lb on an in-warehouse basis, but said he was concluding business "near $12.80" in cans on an in-warehouse basis to the trade, netting back to around $12.70, excluding canning costs, but keeping the freight.

A South American producer was understood to have sold a container load at $12.75/lb in-warehouse Rotterdam to the trade.

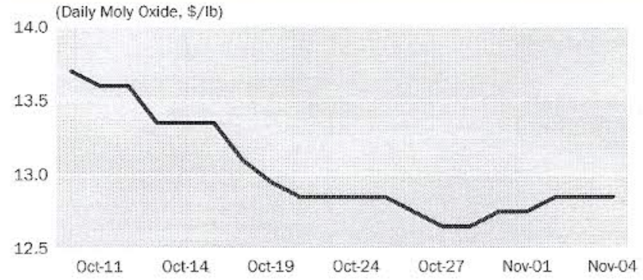
The Platts daily dealer oxide price assessment, which began October 10, rose to $12.80-12.90/lb and a midpoint of $12.85 on November 2, which was maintained in the second half of the week, having started the week at $12.70-12.80, up from $12.60-12.70 on October 28.

Despite the uptick in pricing, consumer business was fairly slow and not helped by the November 1 All Saints Day holiday that is observed in several European countries. Among European business reported was a sale of a truckload to a consumer at $13/lb, delivered customer's works, for delivery in the week of November 7.

Some German consumers were due in the market for three truckloads of moly oxide briquettes with decisions likely

(continued on page 14)

Moly oxide edges up on tight supply



Moly oxide prices have seen a slight uptick on improved sentiment, tight supply in Europe and consumers seen testing the market again, after a lengthy decline. The Platts Daily Dealer Moly Oxide assessment, which was launched October 10, rose 10¢ to a midpoint of $12.85 on November 2, which it held for the rest of the week. This was up from $12.65 on October 28. Consumer business was seen in a range of $12.80-12.90/lb in-warehouse Rotterdam by the end of the week.

Data Source: Platts

This Week in Metals

COMMODITIES

Markets shrug off MF Global news as positions are transferred

Platts Bureaus—Metals investors last week largely brushed aside news of the ongoing implosion at commodities brokerage MF Global and focused instead on events in Europe and broader macroeconomic data.

Three-months copper on the London Metal Exchange finished the week down $305.05/mt at $7,870.15/mt, while its sister benchmark contract aluminum closed the week $97.65/mt lower at $2,144.15/mt. Most of the losses came November 1 on news that an agreed-upon package of Greek budget austerity measures would be put on a ballot referendum. The plan was later rescinded.

After weeks of speculation about the company's financial health, commodities brokerage MF Global filed for Chapter 11 bankruptcy protection in the US Bankruptcy Court, Southern District of New York (Manhattan), on October 31.

Shortly after the Chapter 11 filing, IntercontinentalExchange and CME Group, parent company of NYMEX, barred customers from opening new positions with MF Global. ICE and CME limited MF Global customers to liquidating positions only. Later that day, LCH.Clearnet — the clearing house for the London Metal Exchange — declared MF Global a "defaulter" under its bylaws.

According to court documents, JPMorgan Chase is the largest unsecured creditor at more than $1.2 billion, followed by Deutsche Bank at more than $1 billion. On October 25, MF Global announced it had a $191.6 million net loss in the second quarter and that it held a portfolio of $6.3 billion in short-term European debt.

Later in the week, JPMorgan in court filings acknowledged that it had five operating accounts with MF Global which the bank estimates have balances of about $26.6 million. But the bank claimed it may already have a lien on the balance of the accounts due to setoff rights, a legal term dealing contractual rights in the event of a default.

Market players take wait-and-see approach

But most financial and physical traders of industrial metals maintained a wait-and-see approach, noting that all of MF Global's trades had to be guaranteed under the clearing regulations of markets in London and New York.

"The on-exchange business is pretty much secured, and so it should be with the way we've handled Refco, Lehman Brothers, Drexel Burnham Lambert," said a long-time base metals trader and analyst, speaking on condition of anonymity. "Certainly on the LME side, the transfer and holding of positions has been pretty well handled," he said October 31.

The trader noted, however, that MF Global may have also been a small player in over-the-counter markets, where trades are conducted directly between the parties outside an

Metals Week price index

	Nov 3	Week Ago	Month Ago	Year ago
MW Base Metals	368.5	370.8	357.9	423.0
MW Precious Metals	428.3	413.7	389.3	399.0
MW Nonferrous Composite	392.4	388.0	370.4	413.4

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The McGraw-Hill Companies

exchange. The effect of the bankruptcy on those transactions was less clear, he said.

"It's far tougher to obviate a position out of an OTC transaction than across an exchange," the trader said.

A long-time physical/financial trader in the Northeast said it was too early to know the effects of the MF Global bankruptcy or prepare for worst-case scenarios. "I don't know that it will have any effect on the price. A lot of people will either leave their positions the way they are and see what happens when the dust clears or sell the positions to someone else," he said.

"But I think everyone is comfortable with what they see so far," he said. "It would have to be orderly. With all the contracts guaranteed by the LCH, no one should be panicking."

Later in the week, a physical trader of platinum-group metals in the Northeast similarly dismissed the likelihood of any significant impact. "They're really not a player; they just hold customer positions," the trader said. "The biggest aggravation with somebody like that is transferring positions from them to someone else. So it's really not a market event;it's much more of a clearing house event."

LCH.Clearnet on November 2 said it was managing all MF Global accounts and associated client positions. "LCH. Clearnet continues to transfer client positions from MFG to other brokers, and the LME is assisting them in their efforts," he said.

Reports surface about missing money

But speculation then began to surface about whether the company might have been using money from segregated customer accounts to bolster its financial position.

Late October 31, the US Securities and Exchange Commission and the US Commodity Futures Trading Commission issued a joint statement saying that a deal to acquire MF Global fell apart because nearly $700 million was discovered missing from customer accounts. The statement followed a notification by MF Global much earlier in the day that a proposed acquisition of MF Global by Interactive Brokers had not been agreed upon and that possible deficiencies in customer futures segregated accounts may have been held by the firm, the CFTC and SEC stated.

According to a November 1 report by the *New York Times*, as much as $700 million was missing from customer accounts. Then on November 2, the CME Group, operators of the New York Mercantile Exchange, said the potential millions in customer funds may have been transferred sometime after a CME audit the previous week and were possibly moved in a way to avoid detection by the exchange and federal regulators.

"It now appears that the firm made subsequent transfers of customer segregated funds in a manner that may have been designed to avoid detection insofar as MF Global did not disclose or report such transfers to the CFTC or CME until early morning on Monday [October31]," the CME said.

Positions closed or transferred

On November 4, however, the CME issued a statement saying it had "successfully transferred nearly 5,300 MF Global customer accounts and more than $410 million of CME Clearing-held collateral to other qualified clearing firms. CME Clearing continues to hold MF Global proprietary and customer collateral that will be distributed upon instructions from the trustee and the bankruptcy court." The group added: "CME Group expects transfers for additional accounts at CME and the other exchanges and clearinghouses to continue throughout the day today [November 4]."

The LME also issued a statement November 4, saying LCH. Clearnet was continuing to work with the LME and administrators of MF Global UK to transfer client positions held within LCH.Clearnet from MF Global UK to other clearing members. "Clients should be made aware that positions are being transferred without collateral (any surplus collateral will be returned to the administrator in due course)," the LME said.

The Singapore Exchange on November 3 said MF Global had no proprietary open positions left on the exchange's trading and clearing platforms, and that almost all of MF Global's client positions had been transferred to other clearing members or closed out by the brokerage.

Testifying before a Senate subcommittee November 3, US CFTC Chairman Gary Gensler said his agency was looking into how the money went missing from US customer accounts. "The most troubling aspect about the MF Global situation is the shortfall of customer money at the firm," Gensler said at the hearing. CFTC attorneys said MF Global's customer accounts showed a $633 million shortfall.

— Nick Jonson

ALUMINUM

Japanese spot premiums hold at $117-118/mt amid mixed signs

Tokyo—Spot premiums for primary aluminum imported into Japan held stable at $117-118/mt plus London Metal Exchange cash CIF Japan, unchanged from the previous week, amid mixed market signals following floods in Thailand, market sources said last week.

Japanese trading firms are seeking to re-route to Japan some December term shipments of primary aluminum products initially destined for Thailand, as the Bangkok area continues to suffer from floods, market sources said last week. Japanese buyers with operations in Thailand will hold talks with producers and overseas traders by November 15 on changes to be made to December shipments, mainly from Australia.

The buyers hold quarterly and annual term contracts. Three Japanese traders with operations in Thailand said they plan to receive November cargoes, but as some flood-hit end users around Bangkok are not expected to restart operations within the year, deliveries in the coming months need to be re-arranged, traders said. "Buyers cannot declare *force majeure*, as the Bangkok port is still in operation and it is not as if every end user in Thailand was affected," one Japanese trader said.

Japanese trading houses and overseas producers with term contracts for multiple locations — Thailand, Japan, Indonesia and others — will seek to re-route shipments to other countries, the trader added. One Australian producer confirmed there has been no cancellation of contract shipments to Thailand by Japanese buyers and that some cargoes for Thailand have been re-routed to Japan and other countries. Japanese traders, however, said that they plan to honor the term contracts, while seeking flexibility with producers.

At the same time, some rolling mills in Japan are raising output to cover for output losses from the floods. Lixil, Japan's largest aluminum housing materials manufacturer, plans an output hike after closing the flood-hit Thai Nava Nakorn plant on October 18, said company spokesman Kaku Sakamura. Sakamura declined to elaborate on the run rates or production schedules, but another company source said the increase would be more than 1,000 mt/month.

At least one rolling mill plans to raise output of aluminum heat exchangers and hard disk drive parts, also due to the Thai flood impacts. But mill sources also reported cutbacks in orders for electronics-related aluminum products, due to the idling of manufacturing in the Bangkok and Ayutthaya regions. One mill source said one customer had reduced orders as early as October, while others started trimming orders for November and December.

A second mill source said he planned to consolidate a forecast for November-December aluminum products demand last week and that he thought output increases in Japan won't be enough to offset the losses in Thailand.

Platts maintained its spot assessment the CIF Japan spot premium for primary aluminum imports at $117-118, after another $118 deal reported early last week. "The buyer wanted to buy, so they accepted our premium, which was at Q4's contract level," said one supplier source.

A Tokyo-based trader added overseas aluminum sellers were generally expecting Chinese buyers to pay higher — $120/mt plus LME cash CIF Shanghai — for spot cargoes, and thus were not willing to sell to Japan at less than a $118/mt premium.

The arbitrage advantage is currently limited as the Chinese importers buying on the basis of the LME price will pay around $2,450/mt ($2,092/mt plus 17% value-added tax), which is only marginally lower than the domestic Shanghai price. But there is a possibility that Chinese buyers will buy from the international market as LME prices may fall, pressured by the European debt crisis, the trader added.

Meanwhile, two slight backwardations in LME futures prices — December to January and February to March — if they should widen, could cause Japanese and overseas traders to destock, which will put downward pressure on the premiums, the trader said.

— *Mayumi Watanabe*

European aluminum alloy prices drop on uncertainty, Greek crisis

London—Secondary aluminum alloy prices pulled back across Europe last week in reaction to continued economic uncertainty and the unfolding Greek crisis, market sources said.

Both the London Metal Exchange and financial exchanges across the world were on a roller coaster last week as markets reacted positively to the EU's solution to the Greek debt crisis, then negatively to the Greek prime minister's calls for a referendum on the bailout, sources said.

"The market is a mess," said an Italian alloy producer last week. "All the exchanges rose by 5-6% last week as we thought we had found a solution to the Greek problem. Then we get back from the weekend and hear that the Greek PM wants a referendum, and now today it looks as though it won't happen," he said, adding that the physical markets were "running behind" this news.

A German producer said as physical 226 alloy prices came down last week, scrap prices had also dropped in tandem. On demand, he said: "We see business as usual in Germany. I can't see any sign of a dramatic change in the situation."

A European producer echoed this sentiment, saying that in spite of the Greek debt crisis, the volumes in the physical alloy market were still there. "People are still purchasing. None of our consumers have told us they need less until the end of the year," he said.

Spot inquiries for 226 alloy were relatively quiet last week, said a trader. The usual end-of-year stock-squaring has also kept spot activity to a minimum, as have weeks of declining physical prices.

The bulk of physical market prices in Germany ranged from Eur1,700-1,730/mt, delivered works, including credit terms, down from Eur1,740-1,780/mt a week earlier. A number of sources talked of a two-tiered pricing system developing in Germany — higher prices for German ingot and well-known importers and lower prices for product from outside of Germany such as from Italy or Spain.

"German product is achieving prices of around Eur1,730/mt delivered, while imports from Italy are at Eur1,700/mt delivered," said one source.

The Platts physical 226 alloy price assessment fell by Eur40/mt to Eur1,700-1,750/mt delivered Germany last week from Eur1,740-1,790/mt the previous week.

Southern European prices were even lower than in Germany, sources said. In Italy, prices fell below Eur1,700/mt delivered in some cases. "Most sales in Italy are done at

Eur1,670-1,680/mt, delivered, although I heard of a couple of deals for cash at Eur1,750/mt," said a consumer. An Italian producer said that he was resisting selling at below Eur1,700/mt delivered Italian works as this would be "below the cost of production."

Prices in Spain were similar, at just under Eur1,700/mt delivered, said a Spanish seller, while in France, the most competitive spot offers were similar to those in Germany at around Eur1,700-1,710/mt delivered.

Low prices may tempt buyers

Extremely low 226 prices in the physical market were expected to tempt buyers to settle January 2012 or even Q1 contracts as soon as possible, sources said.

"I've had some customers asking for Q1 pricing as they feel this price level is convenient to buy at," said an Italian seller. He said that he had already sold around 100 mt for January but that the "most speculative buyers" would want to fix for Q1. "We will try to get prices up to Eur1,720-1,730/mt delivered Germany to cover scrap costs," he added.

A large German diecaster said that he was assessing the market situation and would probably enter the market next week for Q1 supplies.

A European alloy producer said that some large foundries had requested prices for Q1. "Now is probably the right time to purchase because as soon as something positive happens in the markets then prices will rise," he said.

Scrap prices have fallen back over the past few weeks, sources said, but secondary aluminum producers warned that many scrap merchants would prefer to wait for better prices in the New Year than sell at low levels now. "There will be less scrap available in the winter months," said an alloy producer.

A German alloy producer said that they had only been selling 226 for the month of January so far. "We're not selling February or March yet as everybody's buying at the last moment. It makes it difficult for us to buy scrap in advance," he said.

— Suzie Windsor

US aluminum processor Aleris preparing for weaker Q4 demand

Washington—US aluminum sheet maker and recycler Aleris on November 4 said it was bracing for a weaker fourth-quarter demand picture versus last year, based on headwinds in Europe and caution in the US. And the North American building and construction market remains a laggard, Aleris Chairman and CEO Steven Demetriou told investors during a call.

During the typically slower Q4 months, Aleris expects lower demand and EBITDA, said Demetriou. But on the positive side, the European aerospace market is ending multi-year inventory destocking, and demand for plate is much more closely linked to increased airplane manufacturer build rates.

"Aleris's European automotive sales performance was solid given our exposure to the premium car market, which so far has not been impacted by the slowdown and uncertainty in general in Europe," said Demetriou. And Aleris also remains cautious over its general coil and distribution customers in Europe — areas that have seen softness due to the effects of the European debt crisis.

In the US, there is also caution, "given the unsteady or uncertain [economic] recovery," said Demetriou. "There continues to be low inventory at our building and construction and distribution customers." On a global basis, he said that, overall, the economic recovery, while choppy at times, "has benefited our results in almost every end-use industry we serve, with the exception of North American building and construction."

Aleris' volumes were up 3% in Q3 year on year, with particular strength seen from the aerospace and automotive industries. "As expected, we saw European distribution volumes experience the negative effects of customer inventory destocking and generally lower demand in the quarter, especially in southern Europe, which saw cautious sentiment across the region given the sovereign debt crisis," said Demetriou.

Q3 European volumes were flat versus Q3 2010, and the region saw customer inventory destocking and lower demand from the general coil and distribution sectors. However, aerospace volume sales were up more than 50% versus the prior year, "indicating strength in the market," Demetriou said, adding that European automotive sheet sales saw double-digit growth. In European recycling, volumes were up modestly compared with strong demand in 2010.

North American rolled-products demand in Q3 "was down as the building and construction industry continues to be the biggest challenge, with housing starts remaining depressed," added Demetriou. Building and construction volumes were down 15% in Q3 versus the prior year. On the positive side, the commercial truck/trailer sector posted double-digit growth, benefiting from higher build rates for cargo transport units.

Third-quarter volumes to the North American service centers "exceed the prior year but were impacted by cautious inventory management by customers due to the uncertainty in US economy and LME volatility in the course of the quarter."

North American recycling and specialty alloys business was up 9% in Q3 versus last year, led by the recovery in US auto build rates. "As expected, the domestic Japanese customers who were negatively impacted by the earthquake [in Japan March 11] did come back strong in Q3, and we experienced solid demand from the domestic automotive market," said Demetriou.

— Tina Allagh

Elsewhere in aluminum...

Noranda reports solid Q3 demand, growth: Noranda Aluminum saw stable demand across key product groups in its primary aluminum products and flat-rolled product segments in the third quarter of 2011, President and CEO Kip Smith said on an earnings conference call. The company shipped 149 million lb of primary aluminum in Q3, up from 141 million lb in the year-ago period and 144 million lb in Q2, while rolling mill shipments reached 95 million lb of flat-rolled product in the quarter, up from 92 million lb in Q3 2010, but down 5 million lb from Q2 on a lack of pre-built inventory that it had in the preceding quarter, CFO Robert Mahoney said. Noranda expects Q4 shipments of primary aluminum to total 140 million to 145 million lb and 70 million to 75 million lb of rolling mill products. Noranda's outlook remains positive as the company plans to support growth and productivity with the initiation of two new projects, the engineering phase of which will cost $2.4 million. The first $40 million project is for a state-of-the-art rod mill at its New Madrid, Missouri, smelter, and the second is a $35 million project to build recycling and remelt facilities at its Huntington, Tennessee, mill. Noranda's ongoing $38 million project to increase output by 35 million lb (16,000 mt) at its 263,000 mt/year New Madrid smelter is around 30% completed and is both on time and on budget, Noranda said last week.

Century, Alcoa seek lower electric rates: With the 224,000 mt/year Mt. Holly aluminum smelter in South Carolina saddled with high electricity costs, even by North American standards, Century Aluminum is working with co-owner Alcoa on a new power deal it hopes to secure in the coming months, a Century spokesman said last week. Mt. Holly's existing long-term power arrangement runs through 2015 with the South Carolina Public Service Authority, the state-owned utility. Century, which owns 49.7% of the smelter, compared with Alcoa's 50.3%, hopes for a new contract long before then. Alcoa operates the smelter. "We are working with Alcoa to negotiate a more competitive energy contract," said the Century spokesman, Michael Dildine. During its recent third-quarter earnings conference call, Century officials said Mt. Holly cannot continue to operate profitably under the existing power contract. The plant has about 620 employees. Mt. Holly has the highest power costs among all aluminum smelters in the US, according to a recent independent survey submitted in a Big Rivers Electric rate case in Kentucky. The study, prepared for the Kentucky Industrial Utility Customers, a trade group, listed Mt. Holly's power costs at $52.26/MWh. That was higher than Alcoa's 270,000 mt/year Intalco smelter in Ferndale, Washington, which placed second at $49.71/MWh. Electricity accounts for about a third of a smelter's total operating costs.

CVG-Alcasa and Chalieco strike deal: CVG-Alcasa and China's Chalieco have signed a $403 million contract to improve the performance of the Venezuelan company's primary aluminum smelters, Alcasa press sources in Puerto Ordaz said last week. "We don't know what the precise terms of the contract are quite yet, but in general it is for technological improvements and updates," an Alcasa spokeswoman said. The deal was signed by Alcasa's Elio Sayago and Chalieco's Niu Heng. Chalieco is a unit of the Aluminum Corp. of China. The agreement follows months of negotiations between the parties in which the Chinese were said to be unhappy with the financial terms offered by the Chavez government. Chalieco was said to have been seeking at least $800 million to undertake modernization projects at Alcasa's foundry, reduction and lamination units, in addition to building a 40,000 mt/year aluminum extrusion facility. But Alcasa officials held firm on the $403 million amount, claiming that it could not ask for more money from the government. Although sources had speculated that Alcasa might seek to strike a deal with another company, it apparently never seriously considered such an option given that Venezuela has already established strong economic ties with China's government through a $20 billion loan. The $403 million for the Alcasa deal will be drawn from that loan. Cash-strapped and raw materials-poor Alcasa has struggled lately to maintain primary aluminum output at even near-normal levels. Production at the 170,000 mt/year smelter fell to 95,000 mt last year.

Alouette smelter buys power for expansion: Canada's Aluminerie Alouette has signed a memorandum of understanding for long-term energy supplies, which will support the smelter's technological growth and development projects, Norwegian shareholder Hydro Aluminum said last week. Hydro has a 20% stake in Alouette. The other shareholders are Rio Tinto Alcan (40%), Austria Metall (20%), Investissement Quebec (13.33%) and Marubeni (6.67%). Under the agreement, the government authorizes utility Hydro-Quebec to sell an additional energy block with a capacity up to 500 MW to Aluminerie Alouette. Alouette will pay Hydro-Quebec's large power rate approved by the Energy Board (known as the "L rate"), a requirement for the expansion project known as Phase III. The Quebec government has also authorized Hydro-Quebec to renew the electricity supply contracts for the first two phases until 2041 at the L rate. The expansion would increase Alouette's production to about 930,000 mt/year of primary aluminum from the current 575,000 mt/year.

Rusal completes stage 1 of mill upgrade: Russian aluminum producer Rusal has completed the first stage of its modernization program at its 40,000 mt/year Sayanal foil mill, the company said in a statement last week. The modernization will boost the plant's production capacity and quality of aluminum strip for the construction, decoration, engineering and packaging industries. Stage one, which cost $1.5 million, included changing the rolling mill's thickness gage and strip profile management system to improve overall quality. The upgrade was done jointly with specialists from German manufacturer Achenbach. Stage two will include replacing the rolling mill units that are affecting productivity, which will increase metal processing efficiency by 5-10% of the total volume, the company said. "Rusal's Packaging Division has about 40% [of the] foil market in Russia, and we export up to 70% of the foil produced. We have ambitious plans for further development of this business," said Rusal Packaging Division Director Sergey Goryachev.

China Yunnan delays alumina startup: China's Yunnan Aluminium has again delayed the startup of its new 800,000 mt/year alumina refinery, this time until December, a company source said last week. The project was originally slated to start up in May, but has since been pushed back several times. It was last postponed to October. The company attributed the delays to technical issues, which resulted in an extended trial period. "We are now hoping to see output in December," the source said. The refinery, when in operation, will mark the company's debut in alumina production. Output will be used mainly to feed the company's 500,000 mt/year smelter. It currently sources alumina from both overseas imports and domestic purchases. Meanwhile, Yunnan Aluminium's smelter operations have also seen a lower-than-planned capacity cutback of around 10%, from a previously scheduled 15%. "We have not cut as much as expected as the power supply situation stabilized and there was no more pressure from the authorities to cut back further," the source said. Yunnan started scaling back its 500,000 mt/year smelting capacity in September on the back of prevailing power shortages. The smelter had earlier expected to reach a full 500,000 mt output in 2011, but will now see output reduced 10,000-15,000 mt by year's end.

COPPER

Alaska appeals anti-Pebble Mine ballot victory

New York—The state of Alaska has filed a constitutional challenge in state superior court to strike down a municipal ordinance recently enacted by a local ballot measure to block the controversial Pebble copper-gold-molybdenum mine, the mine developer said last week.

Voters in the Lake and Peninsula Borough passed a ballot initiative to block the mine, planned by UK-listed Anglo American and Canada's Northern Dynasty Minerals, borough officials announced October 18. A vote against the mine, which opponents say would damage one of Alaska's most important salmon fisheries, passed 280-246.

The Alaska Department of Law has said in a statement that the Lake & Peninsula Borough ordinance was invalid as it seeks to "nullify state permitting processes and prevent the development of certain large-scale resource development activity." "While boroughs have limited power to regulate some of the activities associated with resource development, a small majority of voters in a local community cannot usurp the more comprehensive state authority and eliminate the entire state permitting process," the Law Department said..

"[This case] is about upholding the state's constitutional authority and responsibility to evaluate whether, on balance, development of Alaska's resources is beneficial to all Alaskans," state Attorney General John Burns said in the statement. "This administration has consistently maintained that the state will not sacrifice one resource for another," Burns said. "In the case of Pebble, we haven't yet even considered the pros and cons of any development that may be proposed. But the Alaska Constitution requires the state — not the borough — to fairly and completely conduct this evaluation."

The Pebble Partnership — a 50:50 joint-venture company formed by Anglo American and Northern Dynasty — has filed its own legal challenge against the ballot measure and resulting ordinance, which is set to be considered in Alaska Superior Court on November 7. "We agree that development of state-owned resources on state lands in Alaska should not be restricted by municipal ordinance, particularly when the basis for such legislation is a misleading ballot measure that would have disastrous consequences for Southwest Alaska," said Ron Thiessen, president and CEO of Northern Dynasty.

According to information on Anglo American's website, the Pebble project has the potential to be a large-scale mining operation, producing up to 350,000 mt/year of copper when it ramps up to full production, plus significant gold (600,000 oz/year) and molybdenum (12,000 mt/year) byproducts.

The operation is expected to be in the lower half of the cost curve once at full production. Work on Pebble is at the prefeasibility stage, which is expected to be completed in 2012.

— *Richard Rubin*

Copper premiums fall in China on rising LME, more supply

Hong Kong—Chilean copper premiums fell last week in China due to higher London Metal Exchange prices and more supply, market participants in Asia said.

Deals were reported at $150/mt plus LME cash in-warehouse China, while CIF Shanghai premiums were offered at $110-120/mt, the participants said. "This week, we sold several thousand tonnes of Chilean copper at premiums of $150/mt, in-warehouse China," a copper trader in Asia said, adding that premiums this week were lower than $160-170/mt last week. LME three-months copper closed at $7,865/mt in on November 4, down from $8,164/mt a week earlier.

In south China, a source with the subsidiary of a copper smelter said: "In-warehouse premiums are lower this week due both to better LME copper prices, and growing inventories at bonded warehouses." Meanwhile, in the US and Asia, copper traders said offers for Grade A Chilean copper were at $110-120/mt plus LME CIF Shanghai last week. A US trader said: "A miner is offering ENM [LME] registered cathodes ... at $110-120/mt. Two weeks ago, the cathodes were auctioned at $124/mt for 1,000 mt."

In Japan, a Japanese trader said his Chinese buyer bid for Chilean copper at $105-110/mt premiums CIF Shanghai last week, but reported no sales. "We didn't agree to any dealsl as we haven't finalized the delivery and payment terms," he said. In southwest China, a Chinese copper trader said he got offers for Chilean copper from Japan at $110-120/mt premiums plus LME CIF Shanghai, but reported no deals. "We heard a small number of deals done at the $110-120/mt premiums," she said.

And despite some non-LME-registered copper being offered at just $10/mt plus LME CIF Shanghai last week, the southwest China trader said that "as her clients in China sought just Chilean Grade A we got no trade. The bigger downstream copper processing buyers require Grade A material, while the smaller ones wanted the 98% or 99.9% material." Platts assessed CFR China premiums for Chilean copper at $105-115/mt last week, down from $110-120/mt the previous week.

The European copper business remained fragile last week, with little in the way of change and minimal deals concluded as woes in the eurozone continued. One European trader said that he had sold a "small tonnage in Europe at $80 [CIF Rotterdam, plus LME cash] last week. In Shanghai I sold at $125." Regarding the market, he said: "I think Chinese buying will keep the market at the level it is, and keep premiums firm."

In response to the trader's European premium level, a broker said: "That's high," adding that for the past three months copper had been offered at premiums of $40-60 in Europe. "I am guessing that people aren't willing to sell below $50," he said.

A producer source also put Grade A premiums at around $40-60/mt in Europe. "I would say there is little going on. There may be a shift of some material from Rotterdam to China as the premiums are higher in Asia," he said. The producer source said that the discounts on non-LME material were falling or "thinning. There is a shortage of high-grade scrap. Merchants don't want to sell because the market is so volatile."—*Joshua Leung, with Ben Kilbey in London*

— Joshua Leung

Freeport Indonesian mine strike may extend to mid-December

Jakarta—Union workers at the Indonesian unit of US copper and gold company Freeport-McMoRan may extend their strike for another month if wage talks with management fail, a union spokesman said last week.

"We will likely extend the strike for another a month, until December 15, if we can not reach a deal on wages," Juli Parorrongan told Platts. The two sides are due to resume wage talks November 7, he added. Unionized workers at Freeport Indonesia launched a month-long strike demanding wage adjustments September 15 and subsequently extended it to November 15. While up to 11,025 workers had joined the strike initially, only 8,000 workers still remain on strike, Parorrongan said.

At full capacity, Freeport Indonesia processes 221,000 mt/d of ore, but since October 22, milling operations have been temporarily suspended pending repairs to concentrate pipelines damaged as a result of civil unrest that has occurred during the course of the strike. Freeport has initiated repairs to the damaged pipelines but said it had not been able to gain full access to the affected areas of the pipelines because of road blockages by striking workers.

The Grasberg complex is the world's largest copper and gold mine in terms of recoverable reserves. Operations at the Grasberg open-pit mine and the DOZ underground mine continue to run at reduced rates using non-striking employees and contractors, Freeport Indonesia's US parent company said last week.

Last month the US parent company reported fourth-quarter 2011 sales estimates of 915 million lb of copper and 305,000 oz of gold, including 185 million lb of copper and 280,000 oz of gold from the Grasberg mine — average daily production of 2 million lb of copper and 3,000 oz of gold. But so far in the quarter output has been running below this level, the company said.

"These estimates were based on Freeport's Indonesian operations achieving Q4 mill throughput averaging approximately 175,000 mt/day, approximately 75% of normal rates," Freeport said in a statement. "The quarter-to-date average through October 31 ..., including the currently ongoing suspension of milling and concentrate delivery operations since October 22 ..., has been approximately 120,000 mt/day." The company declared *force majeure* October 26 on concentrate shipments from the Grasberg mine.

Meanwhile, trade union group International Federation of Chemical, Energy, Mine and General Workers' Unions November 2 called for "restraint" from both sides in the Grasberg strike. An ICEM delegation, which visited Indonesia last week at the request of the PT Freeport Indonesia Workers' Union, was "highly concerned with the volatile situation that exists on picket lines leading to the mine, and urges restraint by all parties in order to avoid further violence and physical conflict," ICEM said in a statement.

There have been several fatalities at the operation since the strike began as workers clashed with police and gunmen targeted contract workers brought in to replace striking miners. The delegation, including leaders of ICEM's six affiliated trade unions in Indonesia and a representative from Australia's Construction, Forestry, Mining and Energy Union, met with Indonesian governmental ministries involved in the strike, with the chief human resource representatives of PT Freeport Indonesia and with leaders of PT Freeport Indonesia Workers' Union.

"We know that the company has now taken the dispute to the industrial court, but resolution there could take months," said CFMEU mines and energy general vice president, Wayne McAndrew. "The best and most successful agreement is one that is negotiated between the parties directly involved with an agreement reached that will benefit both sides." ICEM said it was "encouraged" that the two sides had shown a willingness to return to bargaining. "We're here to diffuse a labor dispute that is literally a powder keg," said Dick Blin, ICEM's information and campaigns officer.

Freeport-McMoRan Copper & Gold has a 90.64% stake in Freeport Indonesia and the Indonesian government a 9.36% stake.

— Anita Nugraha, with Andy Blamey in London

Elsewhere in copper...

Congo's Tenke moves to phase 2: The board of directors at US-based Freeport-McMoRan Copper & Gold has approved the second expansion phase of the giant Tenke Fungurume mine in the Democratic Republic of Congo, Freeport's Canadian project partner Lundin Mining said last week. The \$850 million Phase 2 expansion aims to increase production of copper cathode by 150 million lb/year (68,000 mt/year). The expansion is expected to increase copper production by 50% to about 195,000 mt of copper cathode and 15,000 mt of cobalt in hydroxide, targeted for completion in 2013. The expansion includes additional mining equipment and mill upgrades, as well as the expansion of the acid plant and a doubling of existing tank house capacity that will result in excess SX-EW capacity of copper cathode production, Lundin said. Funding for the expansion project is split 70-30 between Freeport-McMoRan and Lundin. "However, subject to metal prices being strong, it is anticipated that the capital cost for the Phase 2 expansion will be funded out of surplus cash from Tenke Fungurume operations," Lundin said.

LME copper margins raised: London clearing house LCH.Clearnet has raised its margin rates for the London Metal Exchange's copper contracts, a move that took effect November 1 at the close of business.The rate covers the market risk it takes on when it accepts trades for clearing and reflects the extent of any losses a contract might show. Margin rates typically rise during increased market volatility. Basic inputs to the LCH calculations of initial margins are the so-called "scanning range" and the volatility change for options. After consultation with the LME, LCH raised the scanning range for copper to \$820/mt from \$750/mt. The changes were first reflected in margin calls November 2. The margin rates for LME's primary aluminum and nickel contracts were also increased.

Antofagasta to boost capacity: Antofagasta is planning to triple treatment capacity at its Sierra Gorda operations in northern Chile from late 2016, the UK-listed copper producer said last week. Antofagasta recently approved the start of a \$109 million feasibility study to develop the Telegrafo and Caracoles deposits in the area where the company already operates the Esperanza and El Tesoro mines. In addition to increased production of concentrates, the new mines would supply oxide ores that would allow the company to continue to operate the El Tesoro SX-EW facilities at full capacity until the end of the decade. The study is scheduled for completion in early 2013. El Tesoro produced 71,400 mt of copper cathode last year while Esperanza, inaugurated earlier this year, is set to produce 190,000 mt/year of copper and 230,000 oz/year of gold over the next 10 years. In 2008, Antofagasta signed a deal with Marubeni giving the Japanese trading house a 30% stake in El Tesoro and Esperanza and other projects that it develops in the Sierra Gorda area. Meanwhile, the company said it has largely completed a feasibility study for the Antucoya project. Although the results are still being assessed, the company has begun early works on the proposed mine, which will have the capacity to produce 80,000 mt/year of high-purity copper cathode.

Grupo Mexico's Q3 profit up 74%: Copper producer Grupo Mexico's net income for the third quarter jumped 74% year on year to \$693 million, mostly because of production increases due to the restart of its Buenavista mine and higher metals prices, the company said last week. Cumulative net income for the first three quarters of this year totaled \$1.88 billion, up 76% from a year ago. Grupo Mexico's mining division Americas Mining Corp. produced 203,917 mt of copper during July-September, up 14.6% year on year. "This increase was mainly due to the restart of production at the Buenavista mine, which has been operating at its maximum capacity since April, contributing 49,860 mt in Q3 2011," the company said. The Buenavista mine, formerly known as Cananea, had been under the control of striking workers for years but Grupo Mexico regained control and resumed operation in the third quarter of 2010. AMC's copper anode, cathode and rod production all posted year-on-year growth in Q3, with rod production in particular jumping 82% due to greater demand, resulting in a greater premium on copper prices.

LIGHT METALS

Uncertain spot Mg outlook

...from page 1

didn't find that range.

A consumer who said he booked his 2012 contract needs early at around the \$2/lb level thought that the cost of production for both US Magnesium and Dead Sea Magnesium is low enough that they were making a comfortable profit, since both now have low-cost natural gas.

Agreed a trader, "I was surprised at that kind of a number, but then again, not surprised. It's going to be a tough year next year, and the two guys will make money either way. If you're US Magnesium, you're more concerned to sell that 40,000 mt/year and not to get top dollar."

But producer sources said there was no need to cut prices. "I'm not believing the [low] \$2s," said a source with one company that was reported to have sold at that level. "There is a definite lack of suppliers out here and no Russians." Agreed another producer source: "Surely, contracts have been signed at higher numbers than the ones [reported]."

"The ITC decision on China [maintaining US antidumping duties] will reinforce strong prices going forward even though the Chinese aren't bringing in much material today," the first producer source noted. "The decision affects the general psyche of the marketplace, and in light of almost non-existent Russian activities I'm going to predict that spot prices will climb in 2012."

Traders tended to agree, having heard that the two Russian producers would probably produce 20,000 mt at most between them next year, and that Chinese producers are cutting production as their export prices keep drifting lower.

Chinese producers seen idling capacity

"We are hearing we're near the pain threshold in China and some producers are threatening to turn off production," said a European trader. Another European trader had heard plants in Ningxia, Shanxi and Shaanxi provinces had idled capacity or were considering shutting, at the same time liquidating inventory. He suggested that Chinese capacity cuts could make for a tight market when demand does return.

"With the European crisis, people are taking positions or only buying metal when they really need it," said the first European trader. "Consumer stocks are non-existent; it just needs a little pickup in demand and people will be buying like there's no tomorrow."

Noted a US trader, "There's not a lot [of magnesium] on the ground. I'm almost sold out." Yet one of the European traders admitted being a bit longer on magnesium inventory than he'd like.

Another US trader said he thought primary producers were cutting contract prices for pure magnesium to put pressure on the secondary producers.

One of the US aluminum buyers was able to book secondary 90/10 magnesium in the low to mid-$1.80s last week for 2012. A recycler had previously complained that levels below $1.85 did not allow for any profit with current scrap prices. A trader said he would still want $1.90 on a spot basis for 90/10.

For specification diecast alloys, two diecasters said they had started talks for next year but others were just "sending out feelers," a supplier said. One diecaster said he might only lock in Q1 and Q2 because he thought prices were likely to come down. He and another diecaster thought they could do at or better than their 2011 levels, which one said was around $2.25/lb.

A trader said that for specification diecast alloy, the price is still "above $2." He said one diecaster had floated a tender for 2012 and then decided to hold off because he had lost some orders, power tool applications going from magnesium to aluminum.

Spot above contracts in US, maybe not in Europe

Despite the lower contract bookings, suppliers were trying to hold higher spot prices. While several of the aluminum buyers thought they could probably get at or just above their 2012 contract level for any spot needs for the rest of the year, one said he thought smaller buyers would pay $2.20-2.25/lb on a spot basis.

"I don't think [the producers] would throw around $2.05s to the onesie guys," a trader said of the smaller spot users. The trader saw US spot pure magnesium business in a range of $2.15-2.23/lb and had some recent sales around $2.20. Other spot deals were reported at $2.17 and $2.26, though producers said they'd offer $2.30-2.40.

In the diecast alloy spot market, a diecaster had been offered Chinese alloy for North America outside the US at $1.81/lb. In the US, he thought spot prices were around $2.10-2.20. A third diecaster had been offered just over $1.90/lb, delivered US, for imported diecast alloy.

The Platts US Dealer Import price assessment for 99.8%-pure magnesium edged down last week to $2.12-2.25/lb, while the Platts US Spot Western price for pure magnesium fell to $2.20-2.32. The diecast alloy assessment slipped to $2.05-2.20.

In Europe, a few aluminum buyers still had magnesium tenders for 2012 pending, while a couple of large buyers were not yet out with their requirements and were not expected to put them out until December. "Consumers are transfixed by the euro/Greece crisis, and some promise an answer tomorrow, some next week, some next month," said a trader. "Nobody seems in a particular hurry to buy."

Traders noted that the European tender volumes were way down on previous volumes. One trader had offered $3,300/mt in-warehouse Rotterdam on a 2012 contract for a buyer seeking around 1,000 mt total.

On a spot basis, a global aluminum consumer saw pure prices at $3,000/mt FOB China and $3,200/mt in-warehouse Rotterdam. Traders put the spot bid/offer spread in Rotterdam at $3,150-3,250. One saw offers at $3,000 FOB Tianjin or "in extreme cases a shade under — depending on brand and international reputation."

Another trader had been offered $3,025-3,050/mt FOB China. Chinese sellers agreed that spot prices had fallen further last week in the face of cautious buying from overseas markets, but they said they were offering $3,050-3,150/mt FOB China.

The Platts European free market price for pure magnesium narrowed last week to $3,150-3,200/mt in-warehouse Rotterdam from $3,150-3,250 the previous week. Platts lowered the weekly FOB China magnesium ingot (minimum 99.8%) assessment to $3,050-3,150/mt, down from $3,150-3,200, while the magnesium diecast alloy assessment fell to $3,350-3,450/mt FOB China from $3,450-3,500/mt.

— *Karen McBeth*

Elsewhere in light metals...

Commerce opens Chinese Mg review: The US Department of Commerce is giving interested parties the opportunity to request an administrative review of the antidumping duty order for granular pure magnesium from China, for the period November 1, 2010, through October 31, 2011. Requests are due by November 30. Commerce gives interested parties the opportunity to request a review each year during the anniversary month of the publication of the antidumping or countervailing duty order. Importers normally must show that they had shipments to the US during the period of review.

PRECIOUS METALS

Palladium supply to tighten on demand, spent stockpiles: Norilsk

Washington–Palladium supplies are likely tighten on growing demand from the auto sector and the steady depletion of Russian government stockpiles, Norilsk Nickel official Anton Berlin told reporters last week.

According to an official statement recently released to the Russian media, 2011 will be the last for "significant deliveries" of material to the stockpiles, said Berlin, director of markets and analysis for the company.

The government next year plans to deliver 150,000 oz, or about 4.5 mt, to the stockpile and no deliveries will be made in 2014, Berlin said, citing the statement. For each of the last three years, Russia has added 800,000 oz, or about 25 mt, to its stockpile.

The selling of material from Russian state stockpiles has been a key supply component for the market, according to analysts. Russia began selling palladium to Western countries in the early 1970s. "I think for many people in the market, this will be a shock," Berlin said.

Over the past 10 years, one of the principal missions of the Russian state depository, Gokhran, was to convert less-liquid assets like palladium, gemstones and diamonds into more liquid assets to cover any budget deficits, Berlin said. "It was just a question of time when they would run out the stockpile, and eventually this is happening," he added.

Palladium supplies are also being constrained by a number of factors in South Africa, the world's second-largest producer, including a lack of qualified labor, power shortages, active labor unions and political initiatives, Berlin said.

"They would like to grow, and they initially envisioned 5% per annum [production] growth, but they have been late on this number during the past 10 years," he said. "They are very much restricted by their environment."

Moreover, spent catalytic converters are unlikely to be a significant source of palladium in coming years because of higher platinum content. Catalytic converters for gasoline-powered vehicles use more palladium to reduce emissions, while those for diesel-powered vehicles use mostly platinum.

Catalytic converters with the most palladium content were made in the 1990s. But in recent years, the amount of platinum used in catalytic converters for gasoline-powered vehicles has grown. "So there will not be a huge stream of palladium coming with the recycled catalysts," Berlin said.

Meanwhile, palladium demand from the auto sector, especially in China, continues to grow. Norilsk Nickel estimates that the global automotive sales will increase on average 5%/year over the next three years.

Hybrid-electric vehicles and alternative-fuel vehicles have lower exhaust temperatures which require greater platinum and palladium content to reduce pollutants, Berlin said. "So as we see changes in the car fleet, we will probably see consumption growth in PGMs," he said.

But global mining production is expected to grow only 2% per year in the near term, he said. Palladium production at Norilsk Nickel's mines is not expected to increase until after 2020, Berlin said. The company produced 2.102 million oz of palladium in the first nine months of this year, down from 2.215 million oz in the corresponding period in 2010.

Other high-demand sectors include electronics, such as Blu-ray discs made by Japanese electronics giant Sony, which contain about 1 mg of palladium. If the Blu-ray market were to reach the same scale as the current DVD market, it would consume an additional 300,000-400,000 oz of palladium, Berlin said.

Fuel cell production is likely to be another growing sector for PGM consumption over the next five years, Berlin said.

— *Nick Jonson*

High silver production to keep world market in surplus: Barclays

Washington—Producers looking to take advantage of high silver prices are likely to keep the global silver market in surplus this year, UK investment bank Barclays Capital said last week. Silver fixed in London of November 4 at $33.95/oz, down from $35.42 on October 28. previous week.

"Although grades at some mines have fallen and geopolitical risks have risen in key countries, given the marginal cost of production for primary producers, current price levels continue to provide a favorable environment to extend mine lives, reduce cut-off grades and develop new projects," BarCap precious metals analyst Suki Cooper said. "In turn, we expect the silver market to remain within a sizable surplus despite our expectations of industrial demand growth."

Silver production has continued to reach new records since 2004. Mexico, the largest silver-producing country, will likely lead the output growth this year and next, with growth from China and Canada offsetting declining supply from Peru and Australia, Cooper said.

Output from Mexico fell by 1% year over year in August to 318 mt, the first year-over-year decline since April 2009. However, output for the year to August remains strong with growth of 14% year over year at 2,543 mt, according to data from INEGI, Mexico's national statistics institute.

By contrast, Peru's output fell by 5.6% year over year in August to 299 mt, marking the 21st month of consecutive year-over-year declines, while output for the year to August is down 9% year, Cooper noted.

On a company basis, silver output at GoldCorp's Penasquito mine in Mexico has grown by one-third over the first three quarters to 363 mt compared with the year-ago period , while output at Fresnillo's mine in Mexico has fallen by 1% to 724 mt over the same period.

In Peru, output at Antamina's silver mine is down 22% for the year to September, while output from Hochschild's Peruvian operations is down 16% year over year. Silver output at Buenaventura's mines is up 13% year over year at 342 mt.

In Australia, the world's largest silver producing mine, Cannington, owned by BHP Billiton, has suffered a decline of 12% year over year to September at 800 mt.

Reported company data from key silver mines thus far show third-quarter output falling 2% year over year but up 1% from the second quarter. Output over the first three quarters of the year was mostly flat compared with the same year-ago period. "Globally, we expect mine supply to grow by 1.9% year over year this year to a record 24,500 mt and by 3.9% year over year to 25,500 mt in 2012," Cooper said.

But analyst Nicholas Brooks of ETF Securities, which offers the ETFS Physical Silver exchange-traded fund, said in a report last week that a solution to the eurozone debt crisis and a subsequent rise in equity markets could lift silver given its heavy usage in industrial applications. More than 55% of overall demand for silver is industrial-related, Brooks noted.

"Silver has the potential to benefit if global growth and risk appetite show signs of improving, while at the same time sovereign uncertainty is still high – a halfway house investment," he said

The current situation is very similar to last year, when silver prices rallied strongly, Brooks said. "In the coming weeks and months as it becomes clear whether European policymakers are able to effectively stabilize eurozone sovereign debt and banking issues, and whether global growth can regain its footing, it will also become clear whether silver will again be in a position to benefit from its dual safe-haven and industrial characteristics," he said.

— Nick Jonson

Elsewhere in precious metals...

Price adjustments: Platts has made the following adjustments to its NY dealer PGMs prices: platinum, $1,559-1,650/oz; palladium, $625-675/oz; and rhodium, $1,575-1,650/oz.

Xstrata, NUM strike labor deal: South Africa's National Union of Mineworkers and local management of the Anglo-Swiss resources company Xstrata will spend the next few days working out the terms of a deal over an employee share ownership scheme that will pave the way for the company to achieve its black empowerment targets. More than 5,000 workers went on strike in October at Xstrata's South African platinum, coal and ferrochrome operations in protest against the share ownership scheme. The unions claimed the scheme, costing more than Rand 2 billion ($284 million), was biased in favor of management. Frans Baleni, the general secretary of the NUM, said November 3 the two sides would spend time over the next week working out the terms of the deal. Xstrata confirmed that a settlement had been reached with the union. The share ownership scheme will pave the way for the company to achieve the 26% black ownership target by 2014, as laid down by the country's Mining Charter — an agreement between industry and government to promote black empowerment in the industry.

Ruthenium slips on lack of demand: Ruthenium prices fell further last week as lower offers failed to generate any industrial interest. The Platts New York dealer ruthenium price spread slipped to $90-125/oz from $100-130/oz the previous week. "I think the bids are there [at $90-95], but I don't know if anyone is selling there," one physical trader said. "I don't know where it has to go before someone will buy it on spec, but it doesn't look like we're there yet," he added. An investment bank trader felt that a handful of market players were offering lower in hopes of finding a bottom to the market. "I just think we're in one of those situation we're they're just trying to get the market to where someone would buy," the trader said, adding that if he offered to buy a substantial volume at $100/oz, it was unlikely the sellers would agree to the deal.

Randgold Q3 output down 1.3%: Africa-focused Randgold produced 182,362 oz of gold for the quarter ended September 30, down 1.3% from the second quarter, the company said last week. Q3 gold output was 87,070 oz from its flagship Loulo/Gounkoto complex in Mali, Africa, up 9.3% from Q2 mainly due to a ramp-up in output from Gounkoto. The London-listed company added that Gounkoto's higher-grade and lower-cost ore in the plant feed mix had reduced total cash costs by $21/oz to $818/oz in Q3, which lifted the complex's profit from mining by more than 50% to $77.9 million. Meanwhile, the company reported an overall net profit of $122.9 million for Q3, up 29% from Q2 and up sharply from $28.16 million in Q3 2010. Major discoveries to date include the 7.5 million oz Morila deposit in southern Mali, the 7 million oz Yalea deposit and the 5 million oz Gounkoto deposit, both in western Mali, the 4 million oz Tongon deposit in the Cote d'Ivoire and the 3 million oz Massawa deposit in eastern Senegal.

LEAD & ZINC

Zinc miner HudBay sees its zinc output rising 60% in five years

Washington—Canadian zinc and copper miner HudBay Minerals said last week it expects its zinc production to rise 60% over the next five years.

"We are at the start of becoming a significant polymetallic producer," HudBay President and CEO David Garofalo said during a third-quarter earnings conference call. He said HudBay also anticipates its copper output will soar by 155% in five years, and its gold production by 105% in that time frame.

During the conference call, HudBay officials explained the company's decision to spin off its zinc oxide-making subsidiary, Zochem, and its zinc production strategy going forward. "We continue to produce special high-grade zinc and we expect to continue to realize a premium over LME as the result of our sale of the refined zinc metal," a HudBay official said. "The Zochem operation in and of itself was a source of offtake and we expect for the next couple of years to continue to sell a significant amount of zinc to Zochem and [zinc producer] Horsehead on that asset."

He added, however, that "the actual economics of Zochem on a stand-alone basis weren't compelling enough ... that it made sense for us to hang on to that asset."

HudBay officials said the company would continue to buy zinc ore for its zinc refinery for the time being. Said one official: "It's largely an exercise in taking advantage of some of the available capacity that we have in the zinc plant over the next couple of years while [copper-gold mine] Lalor's ramping up ... once Lalor's at full production in 2015, we'll have enough zinc on production from Triple 7 and Lalor to fill that plant." The official said Lalor's development is "proceeding well," with first production expected by mid-2012.

HudBay said zinc grades at the Tripe 7 mine are expected to be lower than 2011 guidance, but that the reduced zinc grades should be partly offset by higher zinc grades from Trout Lake, which are expected to average 3.4% for 2011 compared with previous guidance of 2.8%. On the other hand, HudBay added that, because of extraction of higher-value copper ore, copper and gold grades at the mine are expected to beat 2011 guidance.

Meanwhile, HudBay officials said during the conference call that the ramp-up of the latest section of Triple 7 is on schedule. "The ramp[-up is] going well, it's on budget," an official said, adding HudBay expects to produce ore from the mine "very early in 2012."

In its Q3 results, HudBay reported refined zinc sales at 23,587 mt, down 8% from Q3 2010. Q3 zinc sales revenue fell 20% year on year to C$35.1 million ($34.7 million), accounting for 17% of total revenue.

In its financial results, HudBay said its Q3 net loss widened to C$41.1 million from a C$1.7 million loss in the same period last year, from what it described as several post-tax, non-cash and unusual charges. The largest negative item was from the disposal of its Fenix nickel project in Guatemala, which resulted in C$22.5 million of foreign currency translation and other losses. The company said it also sustained a C$19 million loss from the negative impact of changes in Peru's tax law. But the company's Q3 revenue was C$212.3 million, up 27% year-on-year, as it benefited from higher sales volumes and prices.

— Laura Gilcrest

Elsewhere in lead & zinc...

China hikes resource taxes on zinc, lead: China's revised resource tax rates came into effect on November 1 and the country's lead and zinc ores have all seen a rise in rates, according to a detailed list published by the Ministry of Finance last week. The resource tax for lead and zinc ores has been increased to Yuan 10-20/mt from Yuan 2-4/mt, the ministry data showed. Other materials affected by the China's new tax hike include molybdenum, tungsten and manganese ore. Meanwhile, China's bauxite industry is unaffected by the new resource tax, as are tin and antimony ore, according to the data.

Mixed data on China lead/zinc—BarCap: Lead and zinc ended October as strong performers, which was likely due to perceived short-term deficits of both metals in China's domestic market, Barclays Capital said last week. "There have been reports that lower lead/zinc prices have discouraged the sale of ore from the highest-cost mines in China, and there is a growing likelihood that some of these facilities may be idled early for winter, thereby tightening the domestic concentrate markets, hence encouraging higher imports (differing between refined or concentrates depending on the relative signal provided by treatment costs for smelter behavior)," the bank said. But new data give a mixed picture as to when China's market will tighten, it said. On the one hand, the data showed China's lead concentrate output rose 32% year on year in September to 223,000 mt, secondary lead output rose 12% to 142,000 mt, while its zinc concentrate output jumped 23% to 389,000 mt. But at the same time, Barclays Capital said, China's zinc concentrate net imports fell 40% year on year, while its refined zinc net imports rose 18% in September compared with August. These are indicators that, when coupled with a dip in Shanghai Futures Exchange stocks, suggest a current deficit in the Chinese refined zinc market. Still, the 380,000 mt in China's warehouse zinc stocks provide a buffer against any big rise in import needs, particularly if resulting higher zinc prices relieve pressure on miners, the bank said. China's refined lead market should tighten even more in Q4, given the expected seasonal hike in lead-acid battery production, it added.

Used lead batteries sink to 26¢/lb: US used lead automotive battery prices have plunged to the mid-20¢ range from levels near 40¢ in mid-September, as the London Metal Exchange price, along with that of other metals, collapsed in recent days on macroeconomic uncertainty. LME lead closed at $2,045/mt November 4. Some buyers interviewed by Platts said they were concerned that a continuing LME lead-price slump might squeeze lead scrap. Market sources this week put 50% lead, starter-lighter-ignition automotive batteries, picked up, in a range of 25-28¢/lb, with most deals at about 27¢. "We're paying 27¢ currently," a battery buyer said. "We've moved the price down and we're seeing where it plays out. We may end up going down some more in another week or so" to 25-26¢. But for now, he added, "I would find it hard to believe that anyone's consistently buying at that number." However, one battery consumer said he paid 24¢ this week for the used commodities. As LME lead prices have tanked in recent weeks and the price swings get less predictable, battery buyers said they were worried that more downside may prompt scrapyards to hold onto their inventory until they can net a more-favorable price. "What we're finding is that people are hanging on to their scrap longer — there's no extra scrap out there," a battery consumer said.

STEEL & FERROALLOYS

Moly oxide edges higher

...from page 1

by the end of the week. Another German consumer was also expected in the market at the same time for two truckloads of ferromolybdenum, market sources said. However, some sources suggested that mills could shun briquettes, which are trading at a large premium, in favor of ferromolybdenum, instead.

Briquettes continued to be quoted with hefty premiums of around \$1/lb, although one trader said he had heard an instance of briqs being offered at a premium of \$1.50/lb. A trader said that briquettes business was starting to lose out to ferromoly. He said that some mills in Austria had asked for offers for briquettes and were quoted between \$13.50 and \$13.80/lb at the beginning of last week. "They rejected the offers and said they would buy FeMo instead," he said. "It makes sense, with briquettes being at such a huge premium; it puts them at only a small discount to FeMo and when you factor in the higher moly recovery from ferromolybdenum, then it makes sense that consumers would consider it."

Chinese moly oxide traders reported thin trade with Europe and Japan last week, although participants said they had received inquiries from both regions. "We offered moly oxide powder at \$13.10/lb in-warehouse Rotterdam, but got no deals as buyers could just pay \$12.80-12.90/lb," one moly trader in northwestern China said.

Another moly trader in Liaoning Province said: "We offered oxide at \$12.85/lb CIF Japan, but did no deals as buyers bid just \$12.60/lb." A third moly trader in Liaoning said he sold 20 mt oxide at \$12.70/lb in-China bonded warehouse, to a European trader. A US based trader said that he had sold a container at \$12.85/lb in-warehouse China to a South Korean consumer at the beginning of last week.

Later in the week, a Chinese trader reported selling Western-origin 57% moly oxide powder to several Northeast Asian buyers at \$12.90/lb CIF, while a Japanese trader reported buying 20 mt of powder at \$12.90-13.00/lb CIF Japan for November delivery.

Despite the small upturn in prices last week, a South Korean trader said that December was normally a slow month and prices edging up now may not be a "real bottom."

Another South Korean source thought prices could fall to \$10/lb, although that was discounted by other sources. A northwest Chinese trader said: "We see prices well supported at around \$12.50/lb, and not dropping to \$10-11/lb. There are some [economic] problems in Europe, but the US economy is recovering, while Indian demand has stayed stable," he said.

The Platts Weekly Dealer Oxide benchmark assessment rose to \$12.70-12.90//lb on November 3 from \$12.60-12.80/lb a week earlier.

— Staff

First Quantum restarts Australia's Ravensthorpe nickel

London—The Ravensthorpe nickel laterite project in Australia produced its first nickel contained in mixed hydroxide on October 4, and is ramping up as planned toward commercial operations before the end of 2011, Canadian owner First Quantum Minerals said last week.

When the Ravensthorpe mine starts commercial operations, it is expected to produce 39,000 mt/year of nickel for the initial five years and 28,000 mt/year over the life of the mine, the company said.

The phased commissioning of the project began in first-quarter 2011. The atmospheric leach plant was commissioned in September and operated at an average of over 90% of design during October, First Quantum said, adding that both pressure acid leach trains also were successfully brought online during October and have operated at up to 70% of design during their startup campaigns.

"Ramp-up of the AL and PAL will continue and it is expected that commercial operations will start before the end of the year," the company said in a statement.

The project's previous owner, BHP Billiton, began a feasibility study in 2002 for opening a nickel and cobalt mine and processing plant. The project was approved in 2004 and construction began shortly afterward. The plant was officially opened in 2008 and production was expected to total 50,000 mt/year of nickel, but in January 2009, BHP Billiton announced that it was suspending production indefinitely because of the collapse in nickel prices that the global economic crisis caused. Three-months nickel prices on the

Subscriber Note

Platts to broaden Dealer Moly Oxide assessments

After extensive consultation with the molybdenum industry, effective January 3, 2012, Platts plans to broaden the specifications of its Daily and Weekly Dealer Molybdenum Oxide price assessments to include the full range of business currently reflected in its Oxide Transaction assessment. Thus, in addition to the current dealer-to-consumer business in-warehouse European ports, delivered US and CIF Japan main ports, the assessments will include dealer-to-consumer, producer-to-consumer, producer-to-dealer and/or dealer-to-dealer spot business, in-warehouse European ports, delivered US, CIF Japan main ports, CIF South Korean ports and CIF Nhava Sheva/Mumbai, India.

All other specifications will remain unchanged, as will the names of the assessments. Platts intends to discontinue the weekly Molybdenum Oxide Transaction assessment after a period of time which feedback reveals to be acceptable to the market.

Please submit feedback, comments or questions to: Andy Blamey, andy_blamey@platts.com; Anthony Poole, anthony_poole@platts.com; Mayumi Watanabe, mayumi_watanabe@platts.com; or Jitendra Gill, jitendra_gill@platts.com, with a cc to Francis Browne, francis_browne@platts.com and pricegroup@platts.com by December 1, 2011.

London Metal Exchange, which slipped below $10,000/mt in February 2009, are currently trading at over $18,000/mt.

In December 2009, First Quantum entered into a binding agreement with BHP Billiton to acquire the project and the transaction was completed in February 2010.

Meanwhile, the company's Kevitsa nickel-copper-precious group elements project in Finland is over 90% complete and on schedule to begin precommissioning in December, with commercial operation expected to start in mid-2012, First Quantum said. Approvals are being sought to boost initial annual throughput capacity by 50% to 7.5 million mt.

With the current estimated measured and indicated resources, this increased rate is expected to lift the annual production to around 15,000 mt of nickel and 28,000-30,000 mt of copper while preserving a mine life in excess of 20 years.

Together, the two projects are expected to produce around 49,000 mt/year of nickel, which would place First Quantum among the top 10 nickel producers in the world, the company said.

— *Andy Blamey*

US silicon softens further on European uncertainty, more supply

New York—US silicon metal prices continued to soften last week as uncertainty about the European economy and an increase in availability of Brazilian silicon continued to put downward pressure on spot market and long-term contract pricing, market sources said

The Platts assessment for 553-grade silicon fell to $1.48-1.51/lb delivered Midwest November 2 from $1.50-1.55/lb a week earlier.

A consumer reported buying three truckloads of silicon metal for November delivery at $1.50/lb delivered, having received offers in a range of $1.50-1.52/lb. Another consumer was understood to have bought one or two truckloads of silicon at $1.48/lb for lump material that was less than the more standard 4 inch size.

A producer said that he had heard material down to 1 inch being offered on the market at the lower end of the price ranges, but the second consumer said the material he bought was not as small as that.

There were also reports of fines material being offered below $1.47/lb, although no business was reported. Market sources said that few consumers could take it and generally only those operating rotary furnaces, which is why fines tend to trade at a discount to the rest of the market. A trader said that material being offered as low as $1.47/lb was likely to be high-iron and high-calcium material.

The second consumer attributed the low price to the material being "available," rather than to being what he called "small lump." Several sources said that Brazilian material was increasingly being offered both on the spot market and for long-term contracts.

"The Brazilians are definitely trying to get a foothold in the US and nobody knows what's going to happen in Europe," said the producer. "A lot of that material is no longer going to Europe, so its finding its way to here."

The producer said he had seen spot market sales of $1.50-1.51/lb, but said there was also business at below $1.50. However, he said that very prompt requirements may still fetch closer to $1.52.

Negotiations on long-term contracts seem to be taking longer than had been expected because of the continuing economic uncertainty, sources said.

"The real sticking point in negotiations is the ongoing uncertainty in Europe," the producer said. "A week ago, we all thought there was a deal and then Greece called the referendum and, all of a sudden, we're back to where we were and with that uncertainty around, there's not a whole lot of confidence."

A second producer said that while some fixed-price business had been concluded, most of it would be carried out on formulas. "There's too much uncertainty on both sides for either a producer or a consumer to commit to a large tonnage at a fixed price right now," he said.

The first consumer said that he was still in negotiations for his annual requirements and was planning to do most of it on formula with a small proportion on fixed price. He said he was planning to book about the same tonnage for 2012 of silicon on long-term, annual contracts as this year, but declined to specify the actual amount.

The consumer said he hoped to have the business

Subscriber Notice

Platts seeks feedback on new manganese ore assessments

Platts invites feedback by November 11 on a proposal to launch on December 1 daily spot price assessments of high-grade manganese ore, assessed on a CFR Tianjin and FOB Australia basis. The prices will be assessed in US dollars per dry metric ton unit [dmtu] normalized to 44% content grade of manganese ore lump. All values deemed typical; specifications with Mn content ranging from 41% to 46% are to be normalized to a standard where Fe content is 6.00%, SiO2 8%, Al2O3 7.00% P 0.11%, moisture is 3.00% and sizing at 5mm to 80mm, 90% passing. Timing of cargoes assessed will be for delivery 2-8 weeks from date of publication, minimum 5,000 mt or full hatch, Handysize class vessel. Container shipment will be normalized to this standard using prevailing freight rates. Payment terms will be deemed 100% payment at sight with all variations normalized to this standard. Price assessments would reflect the close of the Asian/Australian markets time stamped at 1830 Singapore time. The assessments would be published in Platts Metals Alert, *Metals Week* and its *Metals Daily* supplement, and data-only packages will be available on Market Data, with monthly averages also available on the same services. Please submit feedback, comments or questions to: Karen McBeth, karen_mcbeth@platts.com; Anthony Poole, anthony_poole@platts.com, Jitendra Gill, jitendra_gill@platts.com, with a cc to Francis Browne, francis_browne@platts.com and the pricegroup@platts.com by November 11, 2011.

concluded by the middle of November. The second consumer said he had just concluded his annual requirements for 2012, with most of it on a formula basis, while fixed-price business was at around $1.48/lb, delivered, for lump.

— *Anthony Poole*

Elsewhere in steel & ferroalloys...

China cuts moly and tungsten quotas: China has cut 2012 export quotas for molybdenum and tungsten and a range of other metals commodities, according to a notice posted November 4 on the Ministry of Commerce's website. The molybdenum 2012 export quota has been cut to 25,000 mt from 25,500 mt this year, the notice said. The quota for tungsten and tungsten products has been set at 15,400 mt, down from the 15,700 mt allowed this year.

US crude steel output rebounds—AISI: US crude steel output rose by 0.8% to an estimated 1.796 million st at a capacity utilization rate of 72.5% in the week to October 29 from 1.782 million mt at a capacity utilization of 71.9% a week earlier, according to the latest data from the American Iron and Steel Institute. The gain followed a large decline of 80,000 st, or 4.3%, in the previous week. In the first 43 weeks of 2011 total US crude steel output was 78.9 million st at an average capacity utilization of around 75%, up 7% from the 73.7 million st and capacity utilization of around 71% in the corresponding 2010 period, according to the AISI data.

US FeSi steady ahead of tenders: Two US consumers were in the market last week for ferrosilicon for November-December deliveries in the biggest spot inquiry seen in the market in several weeks, market sources said. Prices were steady, with the Platts 75% Si ferrosilicon market unchanged at 97-99¢/lb, basis FOB Pittsburgh-Chicago warehouses. One consumer was in the market for around 300 mt of ferrosilicon with offers due November 3 and valid until November 4. Some sources speculated that the offers for this inquiry were likely to be very competitive. Another consumer was in the market for 200 mt and a decision was due at around press time, according to sources. This consumer has a wide tolerance on specification and can reportedly take material with 70% Si content. "It means that whatever he does it may not necessarily be representative," said a trader. Other spot market activity was scarce. A consumer was said to have bought two truckloads for December delivery at 97¢/lb, basis in-warehouse Pittsburgh.

Low-carbon FeCr prices slip: US low-carbon ferrochrome prices slipped further last week on slow demand in the stainless sector, as well as following recent downward moves in high-carbon ferrochrome. Several participants reported selling 0.10% C material at $2.18/lb on an in-warehouse basis, with some isolated reports of sales below that level that could not be verified. The Platts 0.10% C ferrochrome assessment fell to $2.18-2.20/lb, basis FOB Pittsburgh/Chicago warehouses on November 2 from $2.22-2.25/lb a week earlier. A similar move was seen in .05% C low-carbon ferrochrome, where the Platts assessment fell to $2.35-2.36/lb from $2.38-2.42, with multiple truckload business seen at $2.35/lb. One trader claimed to have sold at $2.45/lb, but did not report details and the business could not be verified.

Low-carbon FeMn steady: Trade in manganese alloys was quiet in the US last week, with activity largely confined to low-carbon ferromanganese, market sources said. A trader said he had bought 200 mt of low-carbon ferromanganese at $1.09/lb in-warehouse Ohio for December release because of delays to a shipment inbound from Asia. "We did it just to cover a slight delay on one of our ships coming in, that's all," the trader said. "It's just a logistical exercise." Platts does not assess low-carbon ferromanganese, but market participants pegged the market at $1.08-1.10/lb in-warehouse Pittsburgh basis, which is where the market has been for the last two to three weeks.

Alternative funds sought for Idaho cobalt: Formation Metals is looking for alternative sources of funding for its Idaho primary cobalt project after a commitment from BNP Paribas was terminated without the closing of the subject financing, the Canadian company said last week. The commitment provided for a $79.5 million senior secured letter of credit facility in support of the bonds issued for the construction and development of the 100%-owned cobalt project. "It is disappointing that the company has expended so much time and energy on the BNP facility only to come to this decision," said Mari-Ann Green, CEO of Formation Metals, in a statement. "However, the company remains in a strong financial position with a current cash balance at the end of the last quarter of approximately $54.7 million," she added. Construction has been advancing on the project since the spring and significant progress has been made with engineering, procurement and construction, the company said, adding that it will continue to advance the project and is reviewing the construction schedule. Production is estimated at 1,525 mt/year of super alloy-grade, high-purity cobalt metal over a minimum 10-year mine life.

MINOR METALS

Japanese indium prices flat as buyers focus on special grades

Tokyo—Spot prices of minimum 99%-purity imported indium ingot remained at $600-610/kg CIF Japan last week, unchanged from the previous week, as only high-grade ingot attracted buyers, Platts assessments showed.

Overseas traders and producers raised their offers for 99.995%-grade indium ingot by $10-20/kg from a week earlier. One Chinese producer source said the higher offer reflected the recent boost in domestic prices on the back of stable prices for 99% crude indium, the ingot feedstock. Crude indium traded locally at Yuan 3,700-3,800 ($582-598)/kg, including value-added tax, unchanged from the week of October 10 before the European leaders' summit on the Greek debt crisis. Traders raised their offers by $10-20/kg as well, Japanese sources said.

Offers were wide-ranging, with a Chinese producer offering $680/kg CIF Japan/Europe, a Chinese trader offering $620/kg CIF Japan and other sellers in South Korea and Hong Kong offering between the two levels, Japanese trade sources said. The offers were for 99.995%-grade indium ingot.

Only special-grade ingot of purity above 99.995% found buyers from Japan and Europe, with spot deals closing at $650/kg on a CIF main port basis, a northeast Asian seller said. Interest for standard 99.99-99.995% ingot, which is more widely available, was thin as consumer demand in Japan was lacking, Japanese traders said.

Another Japanese trader said spot buyers are unlikely to buy for the rest of the year as they want to reduce inventories in view of the economic uncertainty due to the European debt crisis.

Outside of Japan, South Korean traders were said to be stocking up but traded volumes seemed to be limited to several hundred kilograms, a Tokyo-based trader said.

China will allow 231 mt of indium exports for 2012, compared with 233 mt in 2011 and 2010, the Ministry of Commerce said on its website last week. The government will accept applications from local firms for the 2012 export quotas over November 1-15, the ministry added.

China restricts the export of indium to licensed exporters consisting of producers and trading firms, in an attempt to protect the country's natural resources. A total of 18 Chinese companies received export licenses in 2011.

— Mayumi Watanabe

TIN

Indonesian tin exports halted until year-end

Jakarta—Twenty-six Indonesian tin producers have agreed to halt tin exports until the end of this year to boost the price, the chairman of the country's tin industry association Rudi Irawan told Platts last week

Indonesia has 32 registered tin exporters, according to government data. "There are 28 tin producers in Bangka Belitung, and 26 out of 28 have agreed to extend the export ban until the end of this year. It is pointless for us to keep exporting while the tin price is low," Irawan said. The tin producers may resume exports early next year if the market price is considered "normal," i.e. is driven by supply and demand, Irawan said.

"We see that the current tin price is driven by fund managers, not by fundamental factors like supply and demand. The current price remains low despite the export ban which has been applied since October. It is abnormal. With a limited tin supply on the market, the price should be increasing," he added.

In October, a group of Indonesian tin producers vowed to halt exports until the price reached $25,000/mt. Three-months tin closedon the London Metal Exchange at $22,050/mt on November 4. Tin prices were last above $25,000/mt on the LME in early August.

Tin producers have also agreed to impose export quotas on a monthly basis. However, these could be applied once the Bangka Belitung tin market is formally set up, Irawan said. Indonesia plans to form a Bangka Belitung tin market to be the country's benchmark instead of the LME. In September, Indonesia's refined tin exports fell 39% to 5,233.06 mt from 8,559.61 mt in August, while the value of the exports fell to $115.62 million from $197.74 million. September exports were 24.2% lower year on year. The country has tin reserves of 338,115 mt, based on 2009 data.

— Anita Nugraha

Elsewhere in tin...

Timah's Q3 profit up on tin prices: Indonesian tin producer Timah last week posted a net profit of Rupiah 171 billion ($19.4 million) for the third quarter of 2011, up 11.8% year on year, due to higher tin prices. The refined tin price the company received averaged $25,970/mt in Q3, up from $19,166/mt in the same period a year earlier, the company said in a report. Revenue totaled Rupiah 1.986 trillion in Q3, up from Rupiah 1.866 trillion a year earlier, while gross profit totaled Rupiah 410 billion, up from Rupiah 294 billion in Q3 2010. Timah's tin-in-concentrate production rose to 10,464 mt in Q3 from 9,535 mt a year earlier, comprising 5,155 mt from onshore projects and 5,309 mt from offshore production. The company's refined tin production totaled 10,078 mt, down a marginal 0.5% year on year, while sales of refined tin totaled 7,809 mt, down 21.6% year on year, the company said in the report, without elaborating. For the nine months to end September, net profit totaled Rupiah 860 billion, up 81% year on year. The global refined tin price averaged $27,754/mt over the nine-month period. Timah's assets totaled to Rupiah 6.65 trillion as of September 2011, while liabilities amounted Rupiah 2.09 trillion, the company said.

China cuts 2012 tin export quota: China has reduced 2012 export quotas for tin, compared with the volumes allowed in 2011, according to latest information from the Ministry of Commerce website. Under the new regulations, for tin and tin products, the 2012 export quota will be 18,000 mt, compared with 18,900 mt in 2011.The other metals covered by the revised export quotas are: tungsten, antimony, molybdenum, silver and magnesia.