

Palladium's Stretch of Deficits to Finally End, Nornickel Says
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(Bloomberg) -- Palladium's eight-year run of deficits may be about to end as the coronavirus crisis saps demand, top producer MMC Norilsk Nickel PJSC said.

Supply may outstrip usage by 100,000 ounces this year, according to the Russian miner, which had forecast a shortage of almost 1 million tons just a couple of months ago. Demand expectations are being dialed back as the pandemic forces automakers, the biggest users of the metal, to shutter plants. Palladium has been in deficit since 2012 as stricter emissions standards boosted usage in autocatalysts, sending prices surging to a record in late February. Since then, it has tumbled about 33% as car companies in the U.S. and Europe idled operations in response to the crisis, while a stronger dollar has also weighed on commodities.

Nornickel's palladium outlook excludes exchange-traded fund and other investment demand, it said on its website. The company reiterated its 2020 output guidance for now and sees palladium production as high as 2.78 million ounces this year, with most of its operations not impacted by the pandemic.

It said there are downside risks for sales and possibly for capital expenditure guidance that stands at \$2.2 billion to \$2.5 billion for 2020.

Spot palladium slumped as much as 15% to \$1,849.79 an ounce on Tuesday, touching the lowest in almost a month.

Prices have dropped even as the platinum-group metals industry experience shutdowns at the start of the month, with 42% of platinum mining capacity and 20% of palladium closed, according to VTB Capital. South Africa allowed mining companies to resume operations at reduced capacity last week.

More Nornickel outlooks for 2020:

- * The company expects the nickel surplus to total 149,000 tons, from 108,000 forecast in March.

- * The copper market should be in a surplus of 80,000 tons.

- * Platinum's surplus is pegged at 500,000 ounces, compared with previous outlook of 600,000 ounces.

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