

Nickel market summary Sep 12- 18

With the strengthening expectation on FED's interest rate increase, prices for three-month nickel moved down sharply this week in accompanied with slipping nickel cathode in the Chinese market. Due to current unstable nickel prices, downstream consumers held watchful attitude, leading to limited deals concluded. Meanwhile, nickel sulfate market was also impacted. The demand from ternary material and electroplating surface processing remained sluggish, but nickel sulfate prices stable. However, the market could only saw limited deals. Consumers believed that nickel prices may slip further and therefore they were in low interest to make purchases.

Due to slipping nickel prices, prices for high grade ferronickel lacked upward momentum. Prices for low grade material increased, but purchasing saw no significant improvement as downstream consumers controlled purchasing cost and the conclude prices remained stable in the market. The Chinese lateritic nickel ore market saw stable prices this week and some ferronickel producers started to send enquiries in order to rebuild stocks for the material. It is predicted that deals will increase slightly in the coming week.

Company news

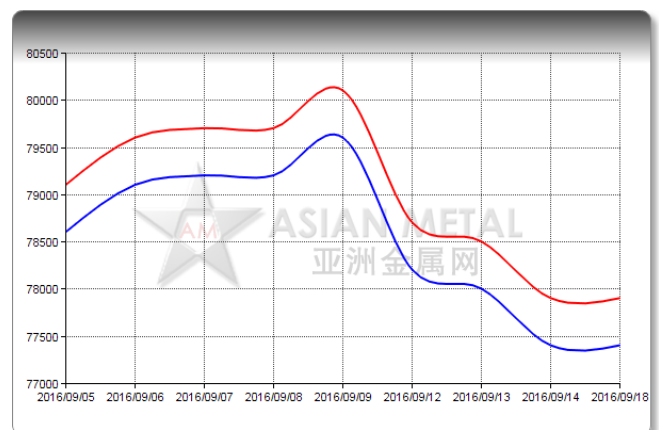
With an annual capacity of 1,08t for nickel cathode, Anhui Yalade New Energy Material Co., Ltd. has gradually operated at full capacity and suspended purchasing the material from the market in September based on sufficient stocks. The company usually purchases about 700tpm of the material with 200-300t purchased from the market. They still hold about 200t of stocks at present.

With running capacity of 360t, Tianjin B&M Science and Technology Joint-Stock Co., Ltd. plans to add a new production line of ternary material in late September, which is expected to adjust this line from late September with products achieved in late October. The company trades on basis of bad to back and expects that their consumption of precursors will be no more than 100tpm. They hold no stocks of precursors currently.

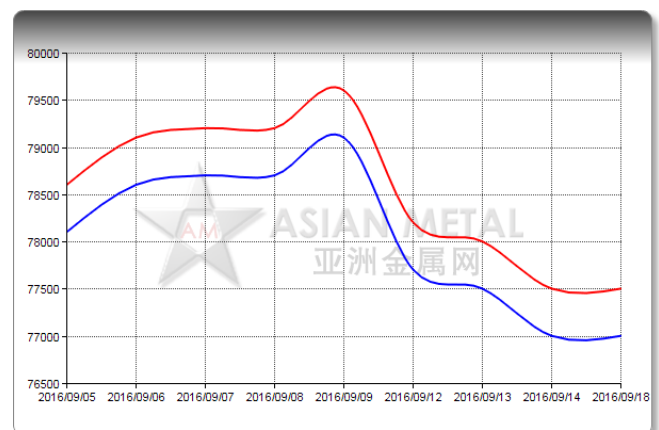
Domestic market review

Nickel cathode prices move down sharply

Due to declining international nickel prices, prices for nickel cathode moved down rapidly in the Chinese market in accompanied with lower interests from downstream consumers, leading to rare deals concluded in the market. This week, mainstream transaction prices for Chinese Jinchuan brand nickel cathode slumped to RMB77,400-77,900/t (USD11,604-11,679/t), down by RMB2,200/t (USD330/t) from last week and with premiums up to RMB400/t (USD60/t). Mainstream prices for Russian nickel cathode held at RMB77,000-77,500/t (USD11,544-11,619/t), down by RMB2,100/t (USD315/t) from last week with most deals concluded with no premium. Market participants believed that the interest rate increase by FED is approaching and prices for domestic nickel cathode still bear severe downward pressure.



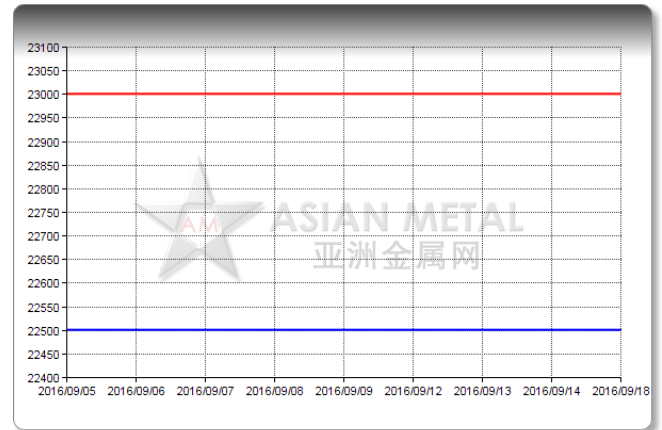
Price movement for Jinchuan nickel cathode (RMB/t)



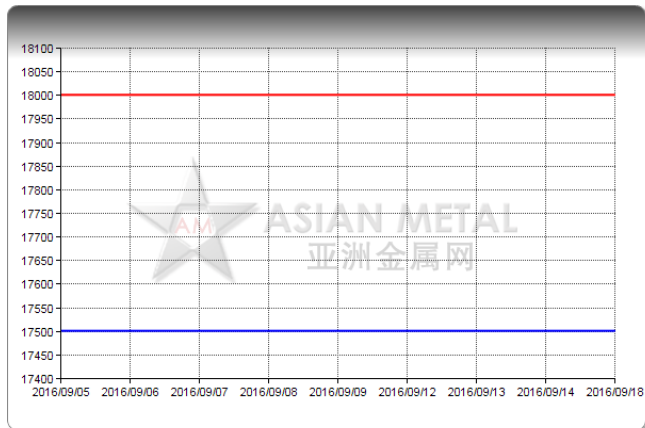
Price movement for Norilsk nickel cathode (RMB/t)

Battery grade nickel sulfate market sees limited deals

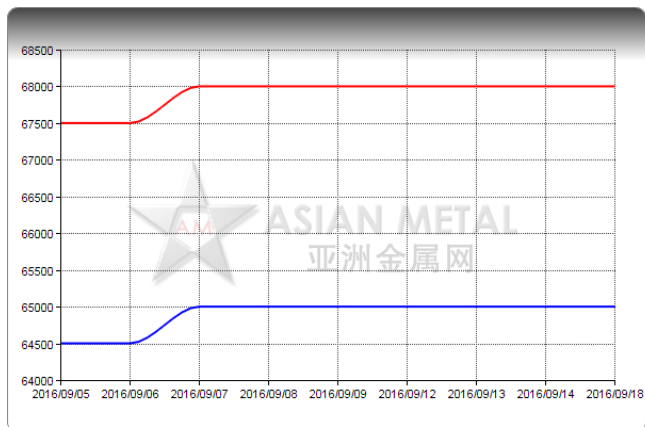
This week, prices for Chinese nickel sulfate remained stable, which were RMB17,500-18,000/t (USD2,624-2,699/t) and RMB22,500-23,000/t (USD3,373-3,448/t) respectively for battery grade products (Ni>22% Co<0.4%) and plating grade products (Ni>22% Co<0.05%). However, downstream demand showed low interest in purchasing due to slipping nickel prices, resulting in limited deals of nickel sulfate and some producers were in high pressure of large stocks. Market participants believed that the price for the material will decrease slightly next week.



Chinese plating grade nickel sulfate price movement (RMB/t)



The price trend of battery grade nickel sulfate (RMB/t)

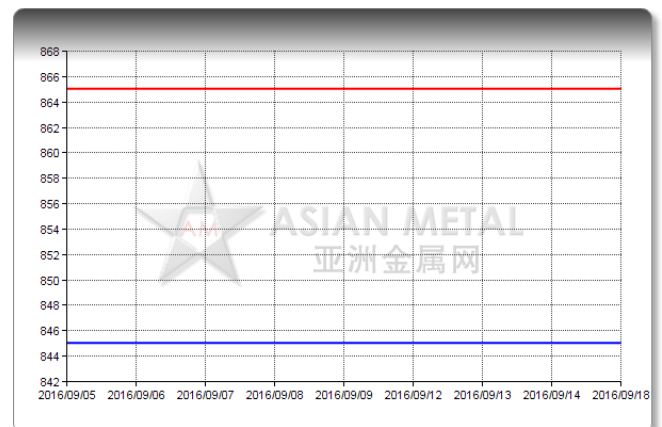


Ternary material precursor (523) prices movement (RMB/t)

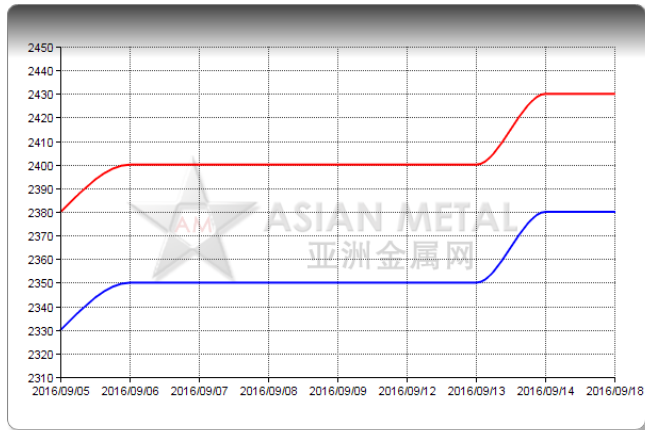
Ferronickel prices still in stability

Currently, Chinese ferronickel producers still maintained operating rate at low level due to environmental factor. This week, some ferronickel plants in Northeast China reduced output due to environmental factor, resulting in decreasing market supply. However, ferronickel consumers were in low interests in purchasing due to declining stainless steel prices based on low nickel cathode prices. The market saw limited deals with stable prices.

Ferronickel prices this week were stable from those last week. Prices for ferronickel 10%min held at RMB845-865/mtu (USD127-130/mtu) delivered to plants while those for ferronickel 4-6% were RMB850-870/mtu (USD127-130/mtu) delivered to plants. Prices for ferronickel 1.5-2% were RMB2,380-2,430/mtu (USD357-364/t) ex works.



Price movement for ferronickel 10% min (RMB/mtu)



Price movement for ferronickel 1.5-2%min (RMB/mtu)

Chinese ferronickel prices by region on Sep 18

Region	Spec.	Price	Up/Down	Unit	Basis
Liaoning	10%min	845-865	0	RMB/mtu	D.D.P
Shandong	1.5%min	2380-2430	0	RMB/t	Ex works
	4%min	850-870	0	RMB/mtu	D.D.P
	10%min	845-865	0	RMB/mtu	D.D.P
Jiangsu	10%min	845-865	0	RMB/mtu	D.D.P
Inner Mongolia	10%min	845-865	0	RMB/mtu	D.D.P

Major stainless steel mills' purchasing prices for ferronickel on September 18

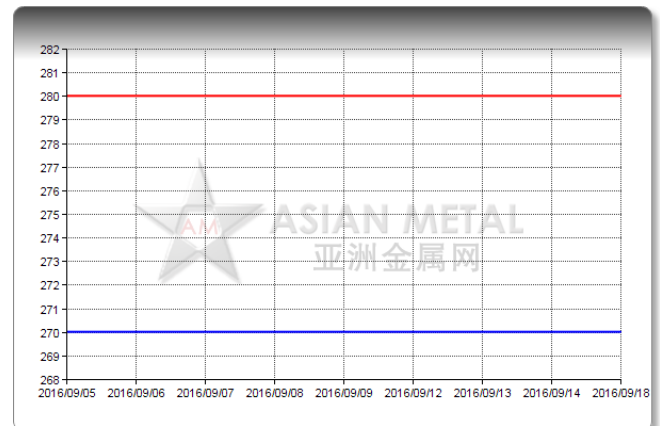
Company	Spec.	Price	Up/Down	Unit	Basis
Tisco	1.5-2%	2350-2400	0	RMB/t	D.D.P
	10%min	830-840	0	RMB/mtu	D.D.P
Posco	4%min	855	0	RMB/mtu	D.D.P
	10%min	850	0	RMB/mtu	D.D.P
Jisco	10%min	840	0	RMB/mtu	D.D.P

Fuxin Special Steel	10%min	850	0	RMB/mtu	D.D.P
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Lateritic nickel ore spot prices stable

Some traders of spot materials intended to withdraw from the market and sold some lateritic nickel ore stocks due to continuously lowering nickel prices based on price disparity; some ferronickel producers preferred to purchase spot lateritic nickel ores due to limited consumption and higher prices for nickel ore with delivery of one month, leading to gradual decreases for Chinese lateritic nickel ore stocks. However, traders refused to sell at low prices as those stocks were purchased at higher prices one or two years ago and prices for lateritic nickel ore continued to hold stable.

This week, spot prices for lateritic nickel ore 1.5% held at RMB270-280/t (USD40-42/t) while prices for lateritic nickel ore 1.8% and lateritic nickel ore 0.8-1% Fe 49%min respectively remained stable at RMB390-400/t (USD58-60/t) and RMB170-180/t (USD25-27/t).



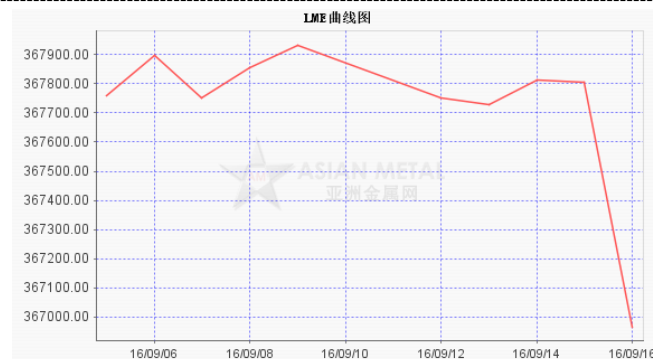
The price trend of lateritic nickel ore 1.5% in the ports (RMB/t)



The price trend of lateritic nickel ore 1.8% in the ports (RMB/t)

Chinese Philippines lateritic nickel ore prices by port September 18

Port	Spec.	Price	Up/Down	Unit	Basis
Tianjin	0.8%min	170-180	0	RMB/t	FOT
	1.5%min	270-280	0	RMB/t	FOT
	1.8%min	395-405	0	RMB/t	FOT
Lianyungang	0.8%min	165-175	0	RMB/t	FOT
	1.5%min	260-270	0	RMB/t	FOT
	1.8%min	390-400	0	RMB/t	FOT



LME nickel spot stocks (t)

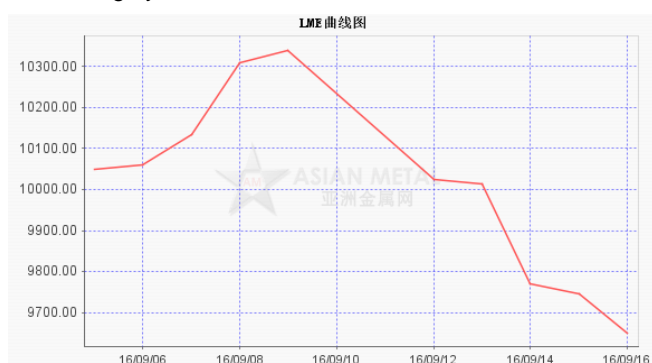
Philippine lateritic nickel ore prices stable

Rainy season will come for mines in the Philippines in late October and Chinese ferronickel producers consecutively rebuilt stocks of ferronickel for rainy season, leading to more enquiries of lateritic nickel ores. However, the market could still see limited deals. Ferronickel producers were in low interests due to weak ferronickel prices based on slipping nickel prices and lateritic nickel ores prices remained stable. This week, prices for Philippine lateritic nickel ores with a 30-day delivery period slipped. This week, prices for Philippine lateritic nickel ore 1.5% with a 30-day delivery period held at USD34-36/t and those for lateritic nickel ore 1.8% were USD47-49/t CIF China with some offers at USD50-52/t. Prices for lateritic nickel ore 0.8-1% Fe 49% continued to rest at USD17-19/t.

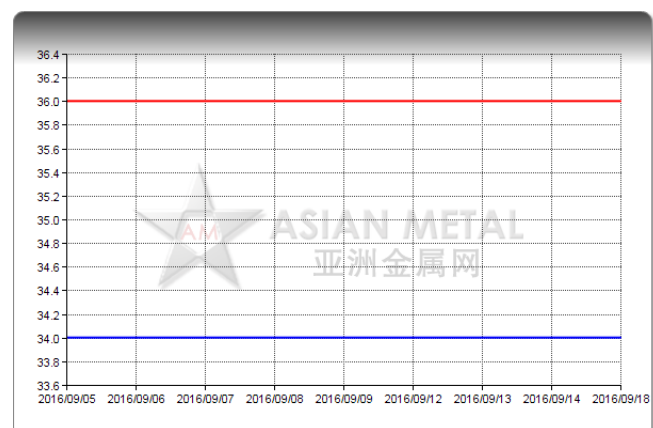
International market review

LME nickel prices rebound gradually

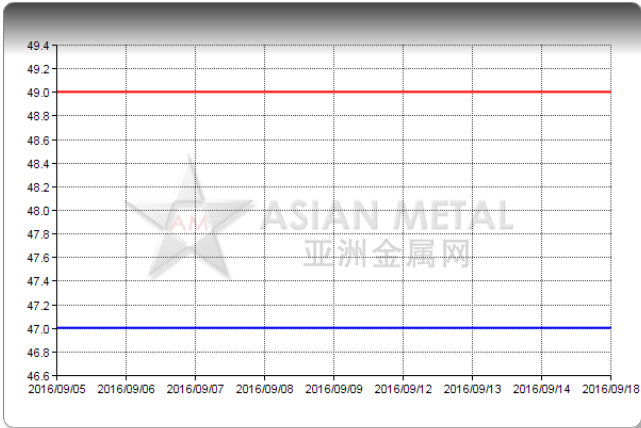
With the strengthening expectation on FED's interest rate increase, the nickel prices lacked further supports due to declining prices for downstream stainless steel despite slipping LME nickel prices. This week, prices for LME three-month nickel moved sharply by USD660/t to USD9,650/t from last week with LME nickel stocks decreasing by 1,000t to about 367,000t.



Cash settlement for LME nickel (USD/t)



The price trend of Philippine lateritic nickel ore 1.5% on CIF China basis (USD/t)



The price trend of Philippine lateritic nickel ore 1.8% on CIF China basis (USD/t)

Philippine lateritic nickel ore prices on FOB basis September 18

Grade	Price	Up/Down	Unit	Basis
0.8%min	11-13	0	USD/t	FOB
1.5%min	28-30	0	USD/t	FOB
1.8%min	41-43	0	USD/t	FOB

Market outlook

Nickel cathode

Trend ↓ Chance 60% Range -1,000

The demand from downstream stainless steel market was stable, but slipping prices for the material can't provide further support to increasing nickel cathode prices. In addition, the international prices are expected to be weak this week and therefore prices for Chinese nickel cathode are expected to move down slightly in the coming week.

Nickel sulfate

Trend ↓ Chance 60% Range -500

Nickel sulfate consumers were in low interests based on sufficient stocks and slipping nickel prices. Some nickel sulfate producers face more severe pressure of stocks. It is predicted that Chinese nickel sulfate producers will lower

prices for the material due to pressure in the coming week.

Ferronickel

Trend Stable Chance 60% Range +/-0

Currently, prices for Chinese low grade ferronickel have already hovered at low level and downstream stainless steel plants were unwilling to raise purchasing prices further. Prices for high grade ferronickel lacked upward momentum due to slipping nickel cathode prices. It is expected that prices for Chinese ferronickel will remain stable next week.

Lateritic nickel ore

Trend stable Chance 60% Range +/-0

Chinese ferronickel producers will continue to rebuild stocks for rainy season in the Philippines. However, they were unwilling to accept rising prices for nickel ores due to low level nickel prices. It is predicted that the price for the material will continue to be stable in the Chinese market in the coming week with a slight rebounding in sales.