
Aluminium premiums seen up on RUSAL and Glencore deal talk

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Reuters reported that aluminium premiums in Asia and parts of Europe are expected to rise on the back of speculation Russian aluminium giant RUSAL has agreed to sell another 500,000 tonnes of the metal to trading house Glencore.

As per report, both Glencore and UC RUSAL declined to comment on the talk. Heavily indebted RUSAL was reported in to have sold Glencore 800,000 tonnes of aluminium in June in a bid to raise cash. If the current talk holds true, a total 1.3 million tonnes of aluminium, out of a 37 million tonne per year market will be held by the Swiss trading house.

A London based physicals trader said that "It's going to affect long term premiums in the Mediterranean region. Previously Rusal used to sell to a few companies directly people used to buy metal from St Petersburg and ship it directly to consumers. Now Glencore has control of that metal and nobody knows what Glencore will charge them."

The RUSAL Glencore deal talk is also expected to lift premiums in the Adriatic and Black Sea region as dealers said part of RUSAL's production was headed there. Meanwhile in Japan, most term premiums for Q4 aluminium have been agreed at around USD 115 per tonne a 14 year high compared to around USD 70 for the Q3.

When RUSAL reportedly first sold Glencore metal in June, it told Japanese consumers it had no supplies to offer for the Q3 forcing buyers to accept a 30% hike from producers.

RUSAL has since said that it will supply aluminium to Japan in the Q4 but Japanese buyers remain cautious with some saying their buying program is based on the possibility there will be no supplies from the firm.

Premiums for physical metals are the charges paid by the consumer to cover the costs of shipping and delivery on top of the price levied by the exchange.

(Sourced from Reuters)

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