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## Update on Japanese ferroalloys imports - TEX

Saturday, 24 Jul, 2010

TEX reported that the market tendency by item on imports of ferroalloys into Japan at July 15th 2010 is as follows:

### General view

The price of manganese ore to import into China always continued to rise in the first half of 2010 but has currently moved to change. Apart from the price of manganese ore settled with major mines in overseas countries, spot price of manganese ore to be fixed with other mines has already started to weaken. Even the quantities of manganese ore sold by major mines for shipments to China in July and August have decreased. There is a view in the market that, since China had overcommitted their imports of manganese ore in 2009 to 2010, approximately 2,500,000 to 3,000,000 tonnes of manganese ore imported into China and stored at wharves of discharging ports are supposed to have become distressed cargoes. Because of this severe situation, Chinese consumers have held back their new imports of manganese ore. Spot price of high grade manganese ore has fallen to a level of USD 7 per Mn 1% CIF China at present and this movement of spot price for manganese ore is suggesting a possibility to weaken price of manganese ore to be settled by major mines with their customers for shipments in September and afterwards.

### Ferrosilicon

The price of standard ferrosilicon recently offered from China is on a level of USD 1,400 to USD 1,420 per tonne CIF Japan, having remained unchanged. However, it is difficult to obtain the offer at a lower price than USD 1,400 CIF. Domestic price of ferrosilicon in China is CNY 6,550 per tonne, which has fallen by CNY 150 per tonne from that in an early part of June and shown a further weakness.

### Silicomanganese

India has currently become a main source to import silicomanganese into Japan but price of Indian silicomanganese is still continuing to fall gradually. The price of USD 1,380 per tonne CIF Japan for Indian silicomanganese, having fallen to a lower level than USD 1,400 CIF, is being normalized. There is a view in the market that Indian silicomanganese is supposed to have been sold out up to August shipment. On the other hand, Indians produced silicomanganese with Mn 65% minimum, aiming to export, but this high grade of silicomanganese is presumed to have remained unsold. Therefore, as a matter of fact, Indian silicomanganese for shipments in August to September is still being offered and the offensive for sales of silicomanganese taken by Indian side has strongly rooted. Since price of Indian silicomanganese continued to fall for the last 2 months, the cost to produce silicomanganese in India is slowly coming down to a line to be not payable and the parties concerned are thought to be searching for the bottom of price for Indian silicomanganese. Owing to the fact that Chinese silicomanganese was once offered at high prices, Chinese product was not workable at that time but, following the discounted prices of Indian product, price of silicomanganese offered from China has been reduced to a level of USD 1,480 per tonne CIF Japan, having fallen to a lower level than USD 1,500 CIF. However, even the price of USD 1,480 CIF for Chinese product is still unable to locate buyers. If one buys Chinese silicomanganese at USD 1,480 CIF, this case becomes an entire loss. The cargoes of Chinese silicomanganese, which have been purchased at high prices for shipments in April to May, are currently being digested in Japan but a loss of USD 40 to USD 50 per ton will be charged on these buyers.

### Charge chrome

The price of South African charge chrome for shipments to Europe in July to September 2010 quarter has been finally settled by a reduction of 6 US Cents per pound of Cr and new benchmark price of charge chrome in Europe is thought to be 130 US Cents per pound of Cr on DDP base but the realities are supposed to be more severe, because domestic price of high carbon ferrochrome with Cr 60% min. currently transacted in China has fallen to a nearer level to 87 US Cents per pound of Cr. Many of stainless steel companies in Japan have been not satisfied with this settlement reached in Europe. A final decision of the benchmark price for South African charge chrome to be shipped to Japan in July to September quarter will be mostly probably made in next week.

### Manganese metal

Price of Chinese manganese metal in form of briquettes, which 5% of export tax rebate was revoked from the July 15th 2010, seems to do not put an influence on price of Chinese electrolytic manganese metal in form of flakes. Particularly, Japan has no import of manganese briquettes and, supposedly, no influence is put on the market of manganese metal in Japan. However, since South Korea and some of European countries have been importing manganese briquettes from China, it is marked to see how do these countries move on this problem. The price of manganese metal in form of briquettes offered newly from China in this week has risen by USD 100 to USD 120 per tonne to USD 2,480 to USD 2,520 per tonne FOB. The price of Chinese electrolytic manganese metal in form of flakes is being currently offered at USD 2,780 to USD 2,800 per

tonne CIF Japan, having fallen gradually as a whole.

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#### Molybdenum

Dealers are now offering molybdenum oxide at USD 13.75 to USD 14.00 per pound of Mo CIF Japan, which has fallen by USD 1 per pound of Mo from that in last week and returned to the lowest one in 2010 as recorded in the middle of June. The trade on molybdenum by China has turned from May and afterwards to the country to export molybdenum with net quantity on monthly base and this tendency is anticipated to continue until the time, when the quotas for molybdenum exports from China are filled up. China imported excessively molybdenum in 2009 and these imports have caused the excessive stocks of molybdenum in China, having resulted in a factor to put a serious impact on the market of molybdenum in China. Incidentally, stainless steel mills in China are entering into the structure to reduce their production of stainless steel from July and many factors, in relation to molybdenum, are forecasted to weaken molybdenum prices.

#### Silicon metal

It was informed from the USA that price of Chinese silicon metal with 5.5.3 grade for aluminum industry has risen by USD 220 per tonne of material from the beginning of July in the US market, and price of silicon metal in the USA has raised the tension. Globe Metallurgical Inc, as a producer of silicon metal in the USA, said that the Company is scheduled to sell silicon metal at USD 1.5 per pound of material for shipments in the second half of 2010 and this plan is thought to be a strong attitude for sales.

(Sourced from TEX Report Limited)

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