
Indian SS demand to put pressure on world nickel market - CVRD

Thursday, 14 Jun, 2007

Brazilian miner Companhia Vale do Rio Doce recently said that the tight nickel market could see increased pressure in the years ahead if Indian economy increases its use of the key stainless steelmaking ingredient.

Mr Fabio Barbosa CFO of CVRD said that CVRD forecasts that nickel prices will remain elevated in a range between USD 40,000 and USD 45,000 a ton in 2008-09, unless the latent price pressures from India emerge. Mr Barbosa said that "Pressure from India is not yet included in the price. Demand could be even more intense if India effectively grows its use of the metal. The gap between supply and demand is growing rapidly."

He added that demand has continued to rise as China, India and other developing markets increase their production of stainless steel, with few new nickel projects coming on line to ease the shortage. The imbalance between supply and demand should be maintained for several years, given that the current nickel projects under development won't be in operation until between 2009 and 2011. He said "Our expectations are very positive for the next few years and decades."

He said that CVRD plans to be the world's largest producer of nickel at a production of 500,000 tonnes a year by 2012. CVRD expects to produce 287,000 tonnes of nickel in 2007, up from pro forma output of 251,000 tonnes in 2006. In October 2006, it had completed its USD 17.6 billion purchase of Canadian nickel miner Inco.

Mr Barbosa added that CVRD is on target for a December 2008 completion of its much troubled Goro project in the French territory of New Caledonia. The Goro project is one of the world's largest nickel mines currently under development, with expected production capacity of 60,000 tonnes a year. Goro has 120 million tonnes of nickel reserves. CVRD's Onca Puma nickel project in Brazil's Para state is also scheduled for completion in the fourth quarter of 2008, Barbosa said. The USD 1.4 billion project is expected to start production in 2009, with output of 58,000 tonnes of nickel annually when it reaches full production.

For more news visit at www.steelguru.com