
Nickel market developments in April 2008

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Analysts said that rising supply, high stocks and lower than expected consumption from the key stainless steel industry point to weaker nickel prices in the coming months. Demand from stainless steel producers has fallen short of expectations so far in the seasonally stronger second quarter and fears are growing for impending weakness in the Asian market.

Standard Chartered said in its latest report that "The market is likely to remain over supplied for the time being unless there is acceleration in growth in the stainless sector. The recent softness in Asia suggests that the worst is not yet over."

Standard Chartered predicts 3 month nickel prices will average USD 27,900 a tonne in the second quarter of 2008, falling to USD 24,000 in the third quarter and to USD 22,000 in the final quarter.

Nickel prices held relatively steady in April 2008, ending the month at USD 28,700 a tonne as compared with USD 29,800 at the end of March 2008. A move above USD 30,000 up to USD 30,300 mid month, helped by optimism about stronger demand, proved short lived as worries about increasing supply gained the upper hand.

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