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## **LME to list molybdenum oxide from July 2009**

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It is reported that London Metal Exchange has decided to list molybdenum oxide and is scheduled to be actually listed it from July 2009 as a trial case. Substantial dealings of molybdenum oxide at LME will commence from October 2009. The item to be listed on LME is molybdenum oxide, containing 59.5% of Mo with allowance of 2.5% of up-and-down and 0.5% of Cu, and the unit to deal is 2 tonnes. The terms for dealing are for cash on delivery, for three month futures and for fifteen month futures.

Such major molybdenum producers as Codelco, Freeport McMoRan, and so on are positively intending to acknowledge its meaning. Major producers have already well experienced deeply in dealing of copper cathode at LME and, accordingly, do not have a sense of incompatibility. LME started its operating from 1881 and has had a long history of dealings in futures for nearly 130 years. Therefore, LME has formed a center of metal trading in the world for its efficiency. On the occasion to list molybdenum oxide on LME, molybdenum trading has a large possibility to have more high transparency.

However, the world demand for molybdenum is a small scale of 180,000 tonnes per annum, corresponding 1,380,000 tonnes per year to be demanded for nickel. So far as the demand scales of commodities listed on LME are smaller, these LME commodities become objective materials for speculators and its prices more incline to be artificially moved.

In order to trade molybdenum, dealer oxide price published on Thursday of every week in a metal magazine of the USA has been far so referred in many cases. The contracts concluded between producers and traders and consumers have stipulated for dealer oxide price to be referred to fix molybdenum price. In view of the fact, which there is no measure to ensure a transparency like LME dealings, dealer oxide price has been so far evaluated as a fairness and has fully exhibited its function.

However, there is a view in the market that, when molybdenum oxide starts to be traded at LME from October of 2009, an aspect will completely change. LME indicates to move molybdenum price on a momentary pace but, on the other hand, dealer oxide price is reported on unit of one week as so far seen. It is questioned how to cope with a speedy change of market prices in both sides of supply and demand. Also, there is a big probability to be forced to choose between the two of dealer oxide price and LME price as the condition to be stipulated for fixing molybdenum price.

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