
Jinchuan to raise electrolytic nickel price to CNY 92,000 a tonne

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Asian top nickel producer Jinchuan Group said it will raise its ex factory price of electrolytic nickel from CNY 89,000 per tonne to CNY 92,000 per tonne, the third time for its price hike in a month.

Jinchuan adjusted down its ex factory price of nickel from CNY 86,000 per tonne to the year's bottom of CNY 84,000 per tonne on March 12th 2009, but then raised the price to CNY 86,000 per tonne on March 20th 2009 and further to CNY 89,000 per tonne on April 3rd 2009.

It's learned that LME nickel stocks still hovered at around 106,000 tonnes, but the nickel price, pushed by bottom fishing, had surged from USD 9,500 at the end of March to USD 11,000 recently. It continued to demonstrate rallying trend this week.

Market analysts note that Jinchuan is unwilling to sell on expectation for higher price, leading to tight supply of nickel. Meanwhile, speculators rush for stockpiling and the downstream manufacturers prepare to add stocks at a low price. All these factors serve to boost nickel price on Shanghai market.

A report by BOC International Limited predicted that the domestic stainless steel production capacity stayed about 10 million tonnes, with annual capacity of 7.2 million tonnes and demand of seven million tons.

According to the report, quick capacity expansion of nickel in the past two years has led to its glut on the domestic market and the government is considering purchase of 30,000 to 50,000 tonnes for reserve. However, as the government's purchase price is lower than the cash price, producers are reluctant to sell and the deal hasn't been carried out yet.

Meanwhile, Mr Yang Zhiqiang president of Jinchuan revealed that the company plans to expand nickel output when the price is at a low level. It aims to produce 120,000 tonnes of nickel and about 400,000 tonnes of copper in 2009.

(Sourced from China Mining)

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