

Mineral Industry Surveys

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NICKEL IN JANUARY 2007

Reported domestic nickel consumption in January, on a daily average basis, was 24% greater than the revised total for December 2006, according to the U.S. Geological Survey. Daily average use of nickel metal and ferronickel for stainless and heat resisting steels was 13% greater than the corresponding revised average for December 2006. Use of nickel metal to make superalloys (such as INCONEL 718 and WASPALOY) increased by 19% from revised December levels, on a daily average basis. The increase in the superalloy category was accompanied by a 32% increase in the "Other nickel & nickel alloys" category (such as INCONEL 600 and Nickel 200). Sales to plating companies averaged 28.7 metric tons per day (t/d), 28% greater than the revised December figure of 22.4 t/d. Percentages reported in this paragraph are based on data concealed to avoid revealing individual company proprietary data.

The United States imported 153,000 metric tons (t) of primary nickel during 2006, about 7% more than the 143,000 t for 2005. About 87%, or 133,000 t, of the primary nickel was Class I materials. Class I materials are refined products with a nickel content of 99% or greater (electrolytic cathode, briquets, granules, pellets, powders, rondelles, etc.). Trade data for January 2007 will appear in a subsequent report.

On January 31, stocks in London Metal Exchange (LME) warehouses worldwide totaled 3,366 t, the lowest end-of-month figure reported in at least 12 years. LME stocks have been minimal since mid-2006 owing to growing demand for

austenitic stainless steel in Asia (International Nickel Study Group, 2007). World prices reflected the critically low stock levels. The average LME cash price for January was \$36,795 per metric ton (\$16.690 per pound), a record high at that point in time.

Nickel consumers, producers, and traders continued to be concerned about tight nickel supplies and record high prices, as the LME cash price outpaced forecasts made only one or two months earlier (Metal Bulletin, 2007). Underlying market fundamentals remained strong and hedge funds continued to buy into the market. Nickel prices could remain high for some time if institutional investors do not exit the LME nickel futures market. The average LME three-months mean nickel price for January was \$34,832 per metric ton (\$15.799 per pound) (Markram, 2007; Platts Metals Week, 2007).

References Cited

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