

# INSIDE METALS



MONDAY, DECEMBER 17, 2018

*(Inside Metals will not be published through the year-end holiday season from December 24, 2018 to January 1, 2019. Normal service will resume from January 2, 2019. Season's Greetings and Happy New Year.)*

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## TOP NEWS

### ANALYSIS-China's outcast steel machines find unwelcome home in Southeast Asia

China banned induction furnaces last year in a crackdown on polluting producers of low-quality steel, but these machines have made their way to parts of Southeast Asia, hitting domestic steelmakers and fueling safety and environmental concerns. The Philippines and Indonesia have seen an influx of these furnaces since China prohibited their use for steelmaking in June 2017, eliminating 140 million tonnes of capacity - or just over the combined output of the United States and Germany.

### Australia's Fortescue expects to produce 5-10 mln T of new mid-grade iron ore in 2019

Australia's Fortescue Metals Group on Monday announced the first shipment of its new mid-grade iron ore and said it expected to produce 5-10 million tonnes of the commodity next year. The shipment of 60.1-percent West Pilbara Fines iron ore went to customers in China, but Fortescue did not disclose volumes.

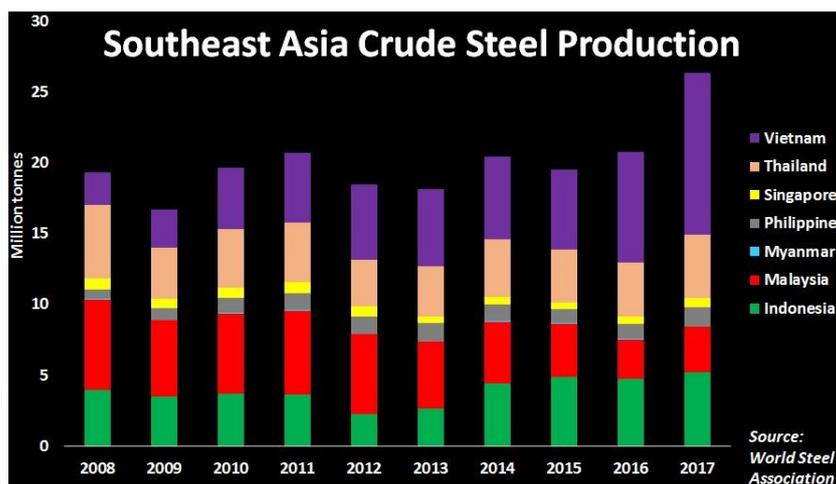
### COLUMN-China steel prices tick up on winter curbs, stimulus hopes: Russell

China's steel and iron ore prices have started to climb in response to winter production curbs, but recent gains are far from suggestive of a rosy outlook for the sector. The catalyst for the rebound in prices would appear to be signs that the authorities in steel-making centres are starting to clamp down harder on air pollution, after earlier indications that this winter's output curbs wouldn't be as severe as those for the previous cold season.

### Indian court clears way for reopening Vedanta copper smelter, state govt to appeal

An Indian environment court set aside on Saturday the Tamil Nadu state government's order to close Vedanta's copper smelter plant permanently, taking the company closer to reopening its facility in southern India. The green court's decision came months after the smelter was ordered shut by Tamil Nadu over alleged pollution that led to violent protests in May, which culminated in police opening fire on demonstrators and killing 13.

## CHART OF THE DAY



**Albemarle closes \$1.15 bln deal for Australian lithium joint venture**

Albemarle Corp said on Friday it had finalized an agreement to form a lithium joint venture with Australia's Mineral Resource Ltd for \$1.15 billion. The deal, announced last month, will give U.S.-based Albemarle a 50 percent stake in Mineral Resource's Wodgina lithium project in Western Australia which exports unrefined hard rock ore.

**Colombia tribunal suspends awarding of mining licenses, gov't to appeal**

A Colombian tribunal ordered the government on Friday to suspend the awarding of mining licenses until it establishes protected areas, while the mines and energy ministry said it would appeal against the decision. The ruling by a tribunal in Cundinamarca province is the latest headache for miners in Colombia, where a series of referendums to ban mining led to the closure of at least one major project. The constitutional court then said the votes could not stop projects.

**Thyssenkrupp fills key management posts after year of turmoil**

Thyssenkrupp moved on Friday to fill key management positions, preparing for the spin off its capital goods business after a tumultuous year that saw the resignation of the conglomerate's top leadership. The German steel-to-elevators group said it would propose Johannes Dietsch, finance chief of pharmaceuticals group Bayer until May, as chief financial officer from February 2019 with a three-year contract.

**Shares of Qatar Aluminium surge above IPO price on debut**

Shares of Qatar Aluminium opened at 18.00 riyals on Sunday, 78 percent above their initial public offer price of 10.10 riyals, capping a successful run for Qatar's biggest equity listing this year. State-owned Qatar Petroleum sold 49 percent of its shares in its subsidiary Qatar Aluminium Manufacturing Co in late October in a deal that raised roughly \$758 million.

**Tokyo Steel to hold Jan prices steady amid weaker overseas market**

Tokyo Steel Manufacturing Co Ltd, Japan's top electric-arc furnace steelmaker, on Monday said it will hold steel product prices steady in January amid a weaker overseas market. The company raised prices for its heavy plates in December by 2.5 percent to reflect tight market conditions, but kept prices unchanged for other products, including its main one, H-shaped beams.

**Speculators switch to a net long position in Comex gold -CFTC**

Hedge funds and money managers switched to a net long position in Comex gold in the week to Dec. 11, the U.S. Commodity Futures Trading Commission (CFTC) said on Friday. They also cut a net short position in silver contracts and switched to a net short position in copper contracts in the week, the data showed.

**Canada's Imperial Metals hires BMO to speed up restructuring -sources**

Canadian copper producer Imperial Metals has hired Bank of Montreal(BMO) to speed up a restructuring process that could include the sale of the company for up to \$1 billion, two sources familiar with the matter said. Imperial Metals, backed by Canadian billionaire Murray Edwards, earlier this year set up a special committee to identify strategic alternatives including joint ventures and a total or partial sale of the business.

**First Quantum Minerals to cut over 1,000 jobs at Zambia mine**

Canada's First Quantum Minerals plans to lay off more than 1,000 workers at Zambia's Kalumbila copper-nickel mine when the government hikes taxes in January, the minister of labour said on Saturday. Labour Minister Joyce Simukoko told Reuters that the management at Kalumbila mine wrote to her office last week informing her of the planned job cuts.

**MARKET NEWS**

**Gold** prices inched lower as the **dollar** held firm below a 19-month peak on safe-haven demand amid concerns of a global economic slowdown, and as investors awaited cues on U.S. interest rate hikes from a Federal Reserve meeting this week. Most **base metals** rose starting the week with cautious optimism that China and the United States will be able to resolve a trade row that has weighed on prices for most of this year, although weak economic indicators capped gains.

(Inside Metals is compiled by Shaina Ahluwalia in Bengaluru)

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