

Metal Bulletin

JANUARY 24, 2018

LOCATION	INCO TERM	PREMIUM IN USD/TONNE	PREVIOUS PRICE ASSESSMENT	NOTES
ALUMINIUM				
Japan	P1020A cif	100	98	Spot cif main Japanese port (MJP) premium rises in quiet market, with deals heard at \$100/t. Indications as high as \$115/t but no deals reported at that level. Bullish tone fueled by higher US Midwest premium and threat of import duties in the US. Some destocking activity expected in Q1 as the financial year in Japan ends for most companies on March 31. Q1 MJP premium settled on Dec 14 at \$103/t, up 9% from Q4 premium of \$94-95/t, with more than 35kt of trades reported to Metal Bulletin at that level.
Japan	P1020A cif	95-110	95-105	
Shanghai	P1020A in-whs	90-100	90-100	Premium flat amid weak demand and closed import window. Import loss at \$493/t on Jan 22. Chinese electrolytic aluminium production totaled 32.27 million tonnes in 2017, up 1.6% from the prior year. SHFE aluminium stocks rose 9,818t - or 1.3% - vs last week to 783,759t on Jan 19. Market participants eyeing impact on supply of new aluminium projects this year.
Shanghai	P1020A cif	95	95	Same as bonded Shanghai.
Shanghai	P1020A cif	90-100	90-100	
Taiwan	P1020A cif	95-103	95-103	Offers heard on in-warehouse basis but deals lacking on both in-warehouse and cif basis.
Singapore	P1020A fob	90-105	90-105	Premium unchanged amid lack of spot trading. One offer heard on in-warehouse basis but no deals done.
Republic of Korea	P1020A cif	97	96	
Republic of Korea	P1020A fca	98-118	98-118	Premium unchanged as spot trading activity stayed slow at beginning of year. Offers, deals heard at \$105/t in Busan. Lower end seen as achievable for non-duty-free material, higher end seen as achievable for delivery to Incheon. Some concerns in market about Chinese coils being sold in Asia as substitutes for ingots.
Malaysia	P1020A fob	90-105	90-105	Trading still lackluster on fob basis. Offers heard on fca basis but most not accepted by buyers. Some deals reportedly done on fca basis at \$90-95/t but demand still seen as slow and supply ample within Malaysia.
Republic of Korea	P1020A cif	90-105	90-103	Premium in slightly wider range, cif spot trading remains slow on sufficient stocks in Korea. See fca Korea comments.
South East Asia	P1020A Warrants in-whs	10-15	5-15	No business concluded at \$5/t anymore as majority of market sees \$10/t as low end of range. One offer up to \$25/t for good western brands. "Live" LME stocks fell just 850t this week with little change in Asian locations. C/3M back in contango at \$4/t while Feb/March is at \$4/t backwardation.
East Asia	P1020A Warrants in-whs	10-15	5-15	See Southeast Asia warrants.
Antwerp	P1020A in-whs DUP	98-103	95-100	Premiums move higher to track Rotterdam range this week. Antwerp still seen by most as \$2/t below Rotterdam on top end due to higher costs.
Antwerp	P1020A in-whs DP	160-168	160-167	Premiums move higher to reflect Rotterdam duty-paid premiums. Top end of Antwerp range seen \$2/t below top end of Rotterdam range due to higher costs.
Vlissingen	P1020A in-whs DUP	98-103	95-100	See Antwerp duty-unpaid.
Vlissingen	P1020A in-whs DP	160-168	160-167	See Antwerp duty-paid.
Italy	P1020A fca DP	190-200	187-197	Participants see increasing premium in the US supporting higher numbers in Italy. Business at \$200/t now possible and buying below \$190/t difficult. Salerno premium at higher end while Trieste and Genoa at lower end or middle of range. Market still relatively quiet, expected to pick up in February.

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ALUMINUM (cont'd)				
Spain	P1020A fca DP	185-195	180-190	Participants bullish about market in Spain. Interest in region has picked up this session but confirmed business still limited. Tight supply and increased logistics costs are supporting prices in the region. Market is more focused on doing business for higher-purity material.
Turkey	P1020A cif DUP	120-145	120-145	Market sentiment stays bullish, making business below \$120/t difficult to achieve. Most contracts for Q1 now completed, participants starting to discuss Q2 contracts.
Rotterdam	P1020A in-whs DUP	100	99	Purchasing below \$100/t has become more difficult but not impossible to achieve, while numerous trades at \$100-105/t have been reported in recent sessions. Traders said to be short covering and looking for material to ship to the US. Market not too worried about tight LME spreads and focused on potential US aluminium import duties instead. LME C/3M spread back in \$4/t contango but Feb/Mar backwardation widens to \$4/t, a level which makes stock-holding unprofitable.
Rotterdam	P1020A in-whs DUP	98-105	95-102	
Rotterdam	P1020A in-whs DP	160-170	160-169	Market widens upward with duty-paid market active this week. Some tenders reportedly on lower end of range but business at \$170/t now possible. One isolated deal above \$170/t reported to Metal Bulletin. Market focused on US premium ahead of potential aluminium import tariffs instead of tight LME spreads. Business reported around the upper end of the spot range, majority of deals done on floating basis using the MB index.
United States	P1020A Warrants in-whs	115-125	115-125	LME stocks at 1.086 million tonnes, down 15,175t - or 1% - in January, including a drop of 2,225t on Jan 22. In 2017, stocks fell 1.101 million tonnes - or 50% - after falling 687,000t - or 24% - in 2016.
Midwest United States	P1020A DLVD DUP	10.5-11.5 cents/lb	10.25-10.75 cents/lb	Transactions were reported at a wide range this week, with one supplier reporting a deal at only slightly above 10 cents per lb and multiple sellers reporting sales into the Midwest at 11.5 cents per lb. A confluence of factors – principally, rising trucking rates and decreasing scrap availability - driving the premium up. Uncertainty regarding the Section 232 report, as well as reported issues with one major supplier, are also contributing to the premium's rise.
Brazil	P1020A DLVD	230-240	230-240	Domestic premium kept in check by weak spot demand. Several industry sources expect premium to move up due to higher US Midwest premium.
Brazil	P1020A cif	160-170	160-170	Premium unchanged despite pressure coming from higher US Midwest premium. Weak spot demand in Brazil hinders premium increase.

Premiums are paid on top of London Metal Exchange cash prices to acquire ownership or secure delivery of physical metal at an agreed location and date. Rates vary according to brand, specification, purity, tonnage, payment terms and warehouse operator. (Table compiled by *Metal Bulletin* and *AMM* Newsdesks)

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