

# MetalBulletin

## Mn Ore Index

Market Report

17 October 2017

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INDICES	code	Incoterm	Measure	This week's Price	Previous Price	Weekly Change	Monthly Average	Previous Month	Quarter Average	Previous Quarter
MANGANESE ORE 44% INDEX	MBMn44	CIF Tianjin	\$/dmtu (weekly)	6.54	6.54	0.00	6.54	6.40	6.54	6.17
MANGANESE ORE 37% INDEX	MBMn37	FOB Port Elizabeth	\$/dmtu (weekly)	5.08	5.10	-0.02	5.09	5.01	5.09	4.59
ESTIMATES										
Freight rate South Africa - China	Estimate	-	\$/dmtu (weekly)	0.70	0.57	+0.13	0.64	0.57	0.64	0.55
MANGANESE ORE 37% CIF EQUIVALENT	Estimate	CIF Tianjin	\$/dmtu (weekly)	5.78	5.67	+0.11	5.73	5.58	5.73	5.15

### MARKET COMMENTARY

#### Ore prices broadly stable amid thin trading; alloy prices dragged lower by lacklustre demand

Manganese ore prices were stable to slightly softer on Friday October 13 amid a lack of significant trading activity following the Chinese Golden Week holiday, while alloy prices were weighed down by lacklustre demand.

Ore prices broadly stable

Manganese ore prices were broadly stable this past week amid thin trading activity, with the 37% index seeing a marginal decline due to a lowering in Chinese silico-manganese and ferro-manganese prices, while the 44% held steady, supported by firm offer prices from major miners.

Metal Bulletin's 44% manganese ore index, cif Tianjin was flat week on week at \$6.54 per dmtu on October 13, supported as major miners maintained firm offer prices for November delivery.

"A major manganese ore miner has rolled over their 45.5% manganese contained Australian lump November delivery offer price at \$6.85 per dmtu, while their South African lump offer price for November delivery was not released, possibly due to transportation delays at the South African port of Richard's Bay," a source told Metal Bulletin.

South Africa's state-owned freight and logistics company Transnet is working on recovering its terminal facilities in Richards Bay, where exports of manganese and chrome are shipped to Asia and Europe, after severe storms last week.

"Australian lump has been dealt at the miner's offer price [\$6.85 per dmtu] in the Chinese market. Given the yuan appreciation from September to October, the offer price on a dollar basis is rather fair," a major buyer of Australian lump said.

"Prices are quite stable and there are positive indications. Manganese ore stocks are not high and the fact that we saw no big move lower [in prices] even with China out of the market is a good sign," a trader source said.

Others reflected on the delicate balance in the market, given that trade activity has slowed in recent weeks due to the Chinese holiday.

"We are more cautious. There's not been a correction yet, and that's not to say there will be, but people are focused on the potential downside – it's a fragile balance at the moment," a second trader said.

Meanwhile, a France-based mining company has also slightly raised its offer price for 44.5% manganese ore contained lump from Gabon for November delivery, according to a third trader.

"The company set its November delivery offer price at \$6.50 per dmtu, up \$0.10 from October's level," the trader said.

"Gabon's 44.5% manganese contained lumps are the first replacement for Australian cargoes," the second trader added.

Meanwhile, Metal Bulletin's 37% manganese ore index, fob Port Elizabeth dipped two cents to \$5.08 per dmtu on October 13, due to a weakening in Chinese alloys prices and the expectation of decreased demand for ore from the steel industry.

"With the Chinese government's great determination to improve air quality in winter, steel output is forecast to decrease ... from November until next March. With steel production down, alloys demand will also decrease, which will result in decreased demand for manganese ores," a northern Chinese manganese trader said.

Chinese silico-manganese prices slide on weak demand  
Chinese silico-manganese prices fell this past week due to weakened demand following the Chinese Golden Week holiday.

Metal Bulletin's price quotation for physical spot Chinese silico-manganese prices dropped to 7,000-7,200 yuan (\$1,062-1,092) per tonne on October 13, from 7,300-7,400 yuan per tonne previously.

"Spot trading activity has been thin after the holiday, while the depressed futures price has also cast a shadow on the spot market," a trader said.

The most-traded January silico-manganese contract on the Zhengzhou Commodity Exchange closed at 6,600 yuan per tonne on October 13, significantly lower than the September high of 7,506 yuan per tonne reached on September 18. Days after the futures price had reached its September high, the spot silico-manganese price climbed to its highest level since January at 7,350-7,500 yuan per tonne on September 22.

Metal Bulletin's quotation for Chinese ferro-manganese (min 65% Mn) prices remained stable at 6,750-7,000 yuan per tonne on October 13, as spot supply is still in tight hands.

However, traders have taken a more cautious approach to buying large volumes of the alloy, with the view that prices could decline in the near term.

"There might be a downward pressure for high-carbon ferro-manganese after weeks of rallying, or at least some consolidation," a trader said.

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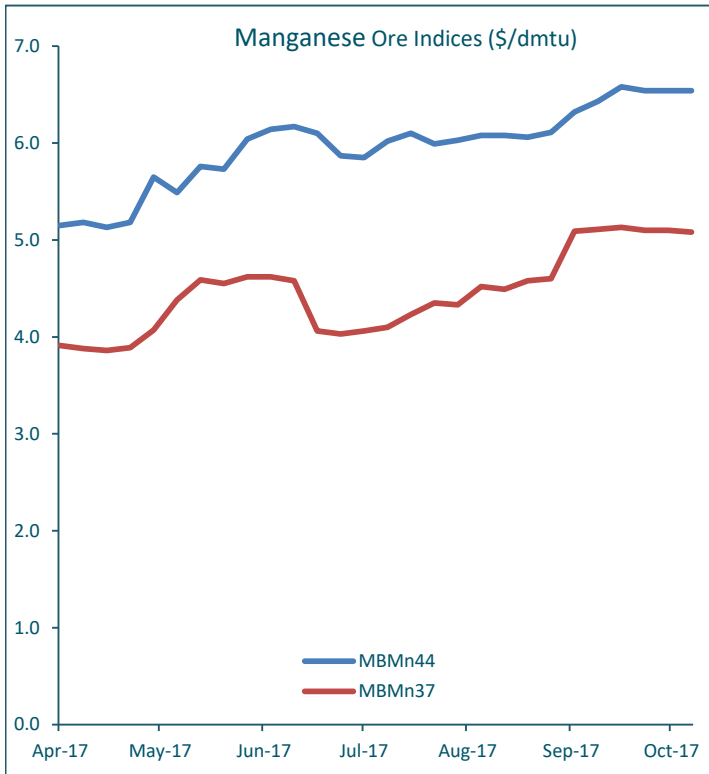
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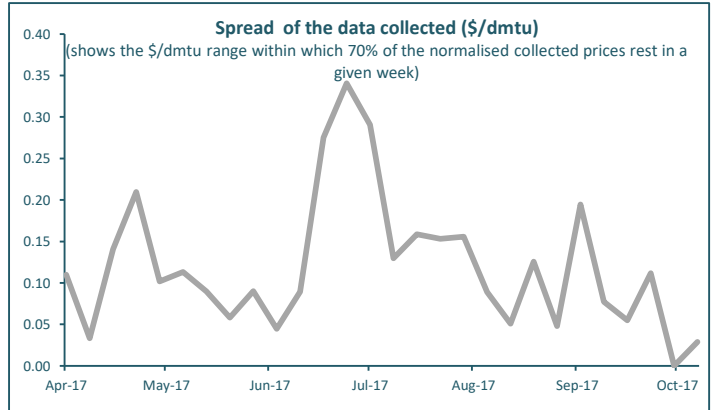
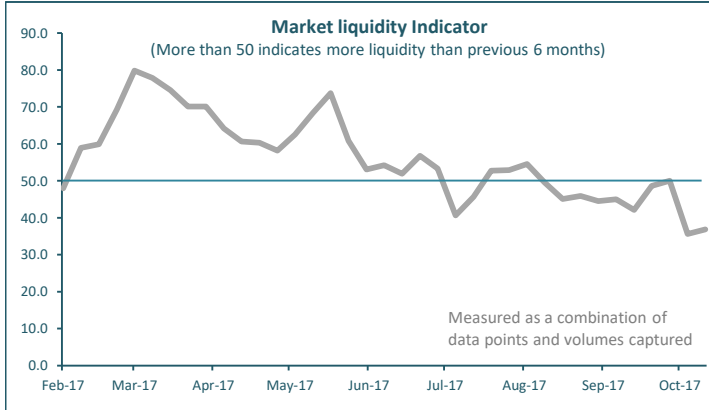
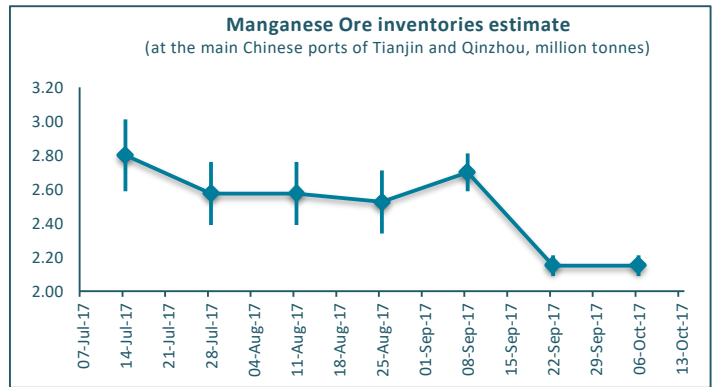
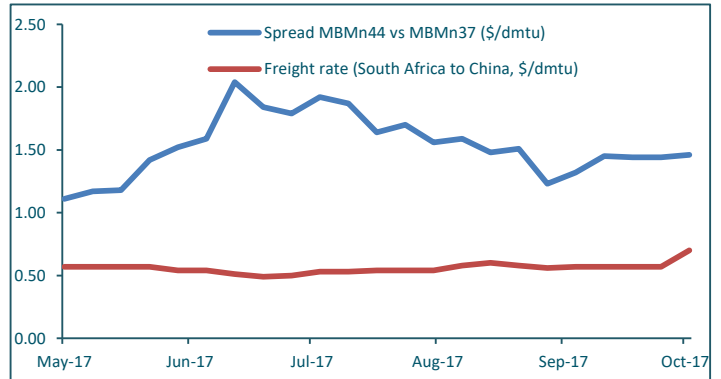
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### MANGANESE ORE INDICES



### INDICATORS



### Mn VIUs

	Q4 2017	Previous Quarter	Year 2017	Previous year
Mn VIU 44% range (\$/dmtu)	0.17	0.14	0.14	0.08

The Mn VIU measures the relation between % Mn content in the ore and Price in \$/dmtu as seen in the market. The VIU is calculated using statistical methods and the large amount of Mn ore prices and data collected by Metal Bulletin. The Mn VIU shown is the value implied by the market and not an in-house assessment. Bear in mind that other factors such as company, other chemistries, delivery terms, etc... do affect Manganese ore prices.

Example: A Mn VIU of \$0.15/dmtu means that material with 45%Mn content is on average \$0.15/dmtu more expensive than 44%Mn content material other things equal.

