



**INTERNATIONAL
NICKEL STUDY GROUP**
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PRESS RELEASE

INSG OCTOBER 2013 MEETINGS

The International Nickel Study Group (INSG) met on 30 September to 2 October 2013 in Lisbon, Portugal, under the chairmanship of Mr. Mattia Pellegrini (European Union).

Around 60 government and industry representatives from member countries, including observers and several international organizations, participated in the meetings.

Nickel market observations for 2011, 2012, 2013 and 2014

The government and industry participants extensively discussed current nickel market trends during the meetings. Slower Chinese economic growth so far this year has not affected the domestic nickel market as much as had been anticipated earlier this year. Nickel production and usage (consumption) will remain strong this year, but with growth lower than in recent years. The implementation of the Indonesian export ban of nickel ore in 2014 could affect both tonnages exported and prices paid. Nickel ore exports from the Philippines have increased as a result of increased nickel pig iron production in China in recent years.

Nickel demand so far in 2013 has improved relative to the same period of 2012; this was most visible in China. With new nickel projects recently coming on stream, particularly nickel pig iron projects in China, nickel production so far this year has increased and will likely continue to increase in coming months.

World primary nickel production was 1.61 Mt in 2011, increased to 1.76 Mt in 2012 and could reach 1.91 Mt in 2013. INSG projects an increase to 1.97 Mt in 2014. These indicative production figures include uncertainty in regard to Chinese nickel pig iron production, particularly in latter years. The estimates do not include any general adjustment factor for possible production disruptions.

World primary nickel usage (consumption) was 1.58 Mt in 2011 and increased to 1.66 Mt in 2012, and could approach 1.77 in 2013. For 2014 INSG estimates an increase to around 1.85 Mt.

According to INSG data, 2012 saw a stock build up and further stock builds are anticipated in both 2013 and 2014. Reasons for the increase in stocks include the number of new nickel projects which will start up, existing projects which will ramp up production this year, including nickel pig iron production in China, and disappointing usage figures outside of China and India.

The macro picture has marginally improved in Europe and the US since the April Study Group meeting, and remains generally supportive in Asia. INSG recognizes the significant impact of the current financial, economic and political uncertainty in many parts of the world. The effects of the above on both the supply and demand for nickel are not fully known. The Study Group cautions that future market developments could alter the forward-looking market balance.

Statistics Committee

The Statistics Committee received valuable input to its work through a series of presentations and discussions.

Mr. Markus Moll, Managing Director, Steel and Metals Market Research (SMR), Austria, made a presentation on “Megatrends and their impact on the stainless steel and nickel industries”.

Mr. Peter Kaumanns, ISSF, Belgium, made a presentation on latest developments in the world of stainless steel and its markets.

Mr. Ryan Dong, Shanghai Metals Market (SMM), made a presentation on “Nickel Pig Iron Evolution and its Influence on Nickel Price”.

Industry Advisory Panel

The Study Group received valuable input on its work program priorities from the INSG Industry Advisory Panel, comprised of representatives from the world’s nickel producing, using and recycling industries. During the meeting of the Panel the following presentations were made and discussed:

Mr. Nikhil Shah, Senior Analyst, CRU, London, made a presentation on the subject “Nickel Supply and Demand in 2013 and 2014”.

Mr. Benno Kratz, Managing Director, ELG Haniel Trading, Germany, spoke on the latest world trends in the supply and demand for stainless steel scrap from the point of view of a large processor.

The secretariat presented some recent information to initiate a discussion on the latest trends and developments in nickel pig iron.

Environmental & Economics Issues

Discussions in the Environmental and Economics Committee covered a wide range of topics including economic trends and changes in regulations relating to environment, health and safety relating to nickel. The secretariat presented a report on progress on the work program for the current year.

During the meeting the following presentations were made and discussed:

Dr. Mark Mistry, Technical Director - EU Public Affairs, Nickel Institute, spoke on recent Nickel Institute work, including on the nickel life cycle.

Mr. Mattia Pellegrini, Head of Unit, DG Enterprise and Industry, European Commission, spoke on the “European Innovation Partnership on Raw Materials”.

Mr Peter Willis, Senior Economist, Oakdene Hollins, made a presentation on the “Study of Risk Factors in Developing Mineral and Metals Projects”.

Dates of Next Meetings of INSG

The next meetings of the Study Group will be held in Lisbon, Portugal in the period 2 to 4 April 2014, with a Joint Study Groups’ Seminar to be held on Wednesday 2 April.

Presentations will be available on the INSG website. For further information please contact the secretariat at insg@insg.org or visit the website www.insg.org.