LingTong Update Information Of Metal Actual Market

A door to the real China metal market, we provide accurate information of metal actuals' price

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South China(Nanhai)			**June 7, 2010** RMB/T,1ton≈2204.62lbs		
1#bare bright	47000-47200	**-2800**	copper cathode(domestic standard)	47500-47700	**-3000**
clean cable nodules	47100-47300	**-2800**	oxygen free rod 8mm	48700-48900	**-3000**
candy	46400-46600	**-2800**	low-oxygen copper rod 8mm	48400-48600	**-2800**
tube of copper radiators(clean)	45800-46000	**-2800**	copper wire (1.13-2.52mm)	49500-49700	**-2800**
USA 2#copper (94-95%)	44300-44600	**-2800**	copper wire2.6mm	49300-49500	**-2800**
2#copper(92-93%)	42900-43200	**-2800**	H65copper strap(0.3-0.8mm,y2)	45300-45600	**-2000**
motor copper(91-92%)	42100-42400	**-2800**	H62copper strap(0.18-0.25mm.y.y2)	39900-40200	**-2000**
shredded copper (91-92%)	41700-42000	**-2800**	rod brass(14mm-120mm)	33400-33600	**-2100**
shredded copper (89-90%)	40600-40900	**-2800**	clean copper clippings	46600-46800	**-2800**
chopped copper nodules（90-92%）	40900-41100	**-2800**	high grade phosphor copper clippings	50800-51000	**-2700**
mixed copper scrap（79-81%）	34200-34400	**-2800**	tinned phosphor-copper clippings	47500-47700	**-2700**
USA honey (Fe < 2%)	32200-32400	**-2000**	tinned brass clippings	32600-32800	**-2000**
shredded brass (Fe⩽3%)	30500-30700	**-2000**	65 brass clippings（clean）	35200-35400	**-2200**
H59 honey (impurity rate ≈7%)	30100-30300	**-2000**	62 brass clippings（clean）	34100-34300	**-2100**
USA brass radiator	31000-31200	**-2000**	Al/Cu radiator (Cu≈45% Al≈53%)	25300-25500	**-1700**
shredded brass radiator	26000-26200	**-2000**	irony al/cu radiator	23400-23600	**-1700**
Aluminum					
Domestic Al ingot (delivered to local places) *				13980-14080	**-650**
Alumina *	2600-2700		Al ingot from Chalco(south China market)	15000	
import 6063 extrusion	11950-12150	**-600**	electric alum rod coil9.5mm *	14650-14750	**-650**
domestic clean 6063 extrusion	12100-12300	**-600**	electrophoresis alum profiles	19500-19700	**-650**
domestic 6063 extrusion scrap	11350-11550	**-600**	spray-painting alum profiles	19500-19700	**-650**
import 6061 aluminum extrusion	10700-10900	**-600**	frosted alum profiles	18100-18300	**-650**
clean tablet(litho sheet)	12050-12150	**-600**	Al ingot(made by Al radiator)	12600-12800	**-650**
aluminum from radiator(85-87%)	10100-10300	**-650**	EC wire	12650-12850	**-600**
bulk UBC	9700-9900	**-600**	clean Al from ACSR	12600-12800	**-600**
Zinc,Lead, Tin					
nanhua brand 0#zinc *	14100-14300	**-700**	1#tin ingot(yunnan) *	140000-142000	**-1000**
electrolytical 0#zn (Guangxi, Yunnan)	13050-13250	**-700**	1#electrolysis lead ingot *	14250-14450	**-300**
electrolytic1#Zn(yunnan, guangxi,hun	12950-13150	**-700**	clean snake lead	12400-12600	**-300**
flame melting1#Zn(Guizhou)	12900-13100	**-700**	shredded lead (large size)	12000-12200	**-300**
Alloy					
high grade alum alloy ADC12 *	15800-16000	**-600**	3# zinc alloy *	14800-15000	**-800**
standard alum alloy ADC12	14700-14900	**-600**	5# zinc alloy	14000-14200	**-800**
alum alloy 7#	13400-13600	**-600**	shredded zinc（84-86%）	11000-11200	**-700**
shredded tense（91-93%）	12100-12300	**-600**	shredded taint（90-92%）	11100-11300	**-600**

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Stainless steel					
1# Jin Chuan nickel plates *	148000-149000	**-7000**	304/2B Rolling sheet0.4mm(Zhangpu)	20100-20200	**-900**
316 stainless steel scrap	19100-19300	**-200**	304/2B Rolling sheet0.5mm(Zhangpu)	19200-19300	**-900**
imported 304sabot18/8	13000-13200	**-200**	304No.1 Hot Rolled sheet3mm	17500-17600	**-800**
domestic 304sabot Ni≈7.6-7.8%	12400-12600	**-250**	201No.1 Rolling sheet3mm(Taiwan)	9300-9400	**-100**
shredded stainless steel Ni≈7.7-7.9%	12400-12600	**-250**	430/2B Rolling sheet 0.4mm(Baoxin)	13100-13200	**-100**
shredded stainless steel Ni≈7.4-7.6%	12200-12400	**-250**	430/2B Rolling sheet 0.5mm(Baoxin)	12100-12200	**-100**
remelt stainless steel scrap Ni≈7.0-7.2	11100-11300	**-150**	202 stainless steel scrap (Ni≈3.5-3.8	8500-8800	**-100**
301scrap (Ni≈5.9-6.1%)	9550-9750	**-150**	201SS	5450-5650	
430solids	4350-4550		201SS (old pipe scrap)	4800-5000	
Nanhai Ferrous					
Scrap Iron(leftover material)	2600-2650		HRB335(shaoguan)12mm	4280-4330	**- 30**
cast iron	2440-2490		HRB335(shaoguan)18-25mm	4060-4110	**- 30**
stainless clippings (thickness≥4mm	2550-2600		Q235Φ6.5mm	4150-4200	**- 30**
mix steel scrap	2150-2200		cold rolled sheet(anshan) 0.7mm	6000-6050	**- 80**
electric motor(Cu≈13%Fe≈78%Al≈5%)	7360-7460	**-450**	cold rolled sheet(anshan) 1.0mm	5750-5800	**- 80**
electric motor(Cu≈11%,Fe≈84%)	6160-6260	**-370**			
South China (Qingyuan)					
1#bare bright	46900-47100	**-2800**	clean tinned copper wire	45400-45600	**-2800**
copper transformer（94-95%）	43500-43700	**-2800**	clean tinned copper net	43400-43600	**-2800**
clean copper nodules (95-96%)	43800-44100	**-2800**	tinned copper scrap (90-91%)	41100-41300	**-2800**
motor copper(90-91%)	41400-41700	**-2800**	lead-coated copper wire	44800-45000	**-2800**
copper brick(93%)	41600-41800	**-2700**	motor iron	2550-2600	
copper clad laminate Cu≈45%	16800-17000	**-2000**			
clean industrial castings	11900-12100	**-700**	aluminum transformer （94-95%）	11450-11600	**-700**
industrial castings (Fe 6%-8%)	11000-11200	**-700**	UBC Baled Densified (impurity≤4%)	9100-9200	**-600**
Plastics					
clean black PVC plastic husk(small)	2200-2300		flame retardant materials	59500-60500	**+1000**
clean white PVC plastic husk	3900-4000		flame retarded PVC sheath	3000-3100	**+200**
clean greyish-white PVC plastic husk	3950-4050		high-pressure PE(clean plastic husk)	6200-6300	
clean PVC plastic husk (pigment)	3300-3400		high-pressure & high-temperature PE husk(mic	2400-2500	
clean black PVC plastic husk (large)	3700-3800		high-pressure fragmentized PE(humid	2050-2150	
East China (ShangHai)					
copper cathode *	50100-50300	**-3100**	low-oxygen copper rod 8mm *	51000-51200	**-3000**
domestic Al A00 *	13810-13910	**-700**	1#bare bright	46700-46900	**-3000**
electrolytical 0#Zn Ingot *	13550-13750	**-700**	2#copper (94-95%)	44100-44400	**-3000**
1# nickel plates *	148000-149000	**-7000**	American honey (Fe < 3%)	32200-32400	**-2000**
1# tin *	140000-142000	**-1000**	304/2B Rolling sheet 0.4mm(Baoxin)	21100-21200	**-1000**
1# lead *	14150-14350	**-300**	304/2B Rolling sheet0.5mm(Baoxin) *	20200-20300	**-1000**
oxygen free rod 8mm *	51200-51400	**-3100**	304No.1 Hot Rolled sheet 3mm *	18500-18600	**-800**

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TaiZhou,YongKang (Zhejiang Province)					
low-oxygen copper rod 8mm	47900-48100	**-3000**	316 stainless clips（Ni10Mo2）	19100-19300	**-200**
1#bare bright	46700-46900	**-3000**	imported 304 sabot (Ni≈8.2-8.3%)	13050-13250	**-200**
candy	46000-46200	**-3000**	domestic 304sabot (Ni≈7.6-7.8%)	12500-12700	**-200**
tube of copper radiators (clean)	45400-45600	**-3000**	430 solids	4350-4550	
2#copper (94-95%)	44100-44400	**-3000**	202 stainless steel scrap (Ni≈3.5-3.8%	8550-8750	**-100**
copper transformer（Cu≈95%)	44300-44500	**-3000**	201SS	5350-5550	
motor copper(92-93%)	42700-43000	**-3000**	201SS (old pipe scrap)	4750-4950	
burnt wire(97-98%)	45600-45900	**-3000**	scrap iron (leftover material)	2630-2680	**- 50**
American honey (Fe < 3%)	32200-32400	**-2000**	motor iron	2500-2550	**- 50**
pure aluminum wire	12750-12950	**-600**	mix steel scrap	2190-2240	**- 50**
clean 6063 extrusion scrap	11950-12150	**-600**	Al/Cu radiator (Cu≈48% Al≈50%)	25550-25750	**-1600**
aluminum from radiator(89%)	10550-10750	**-600**	irony al/cu radiator (Cu≈48% Al≈44	24000-24200	**-1600**
tense (Fe < 3%)	11900-12100	**-600**	electric motor(Cu≈9-10%)	5870-6890	**-330**
Al ingot(made by Al radiator)	12700-12800	**-650**	lead sheath	12500-12700	**-300**
North China (TianJin, BaoDing)					
low-oxygen copper rod 8mm	48200-48400	**-2800**	2#copper(94-96%)	44200-44500	**-2800**
1#bare bright	46900-47100	**-2800**	motor copper(92-93%)	42900-43200	**-2800**
1#copper 97%	45800-46000	**-2800**	Al/ Cu radiator(Cu≈45% Al≈53%)	25400-25600	**-1600**
burnt wire(95-94%)	44600-44900	**-2800**	tense (Fe < 3%)	12050-12250	**-600**
Rare Metals					
Fe mo60 *	137000-138000	**-3000**	1#chromium *	70000-71000	
Jinchuan 1#cobalt *	357000-360000	**-20000**	electrolytic manganese *	14400-14600	
CIF China					
USA 1#Bare bright	5830-5850$/T	**-450**	USA 6063 Alum Extrusion	1690-1710$/T	**-100**
USA cliff/birch (94-96%)	5520-5550$/T	**-450**	USA clean taint	1390-1410$/T	**-100**
USA honey (Fe < 3%)	3930-3950$/T	**-250**	zorba	1500-1520$/T	**-100**
USA clean ocean	3750-3770$/T	**-250**	USA ACSR (Al68%)	1380-1400$/T	**-100**
USA304ss18-8	1620-1640$/T	**- 50**	USA clean Al Radiator	1400-1420$/T	**-100**

currency rate	USD	Inverse	GBP	Inverse	EUR	Inverse	AUD	Inverse
CNY	0.14645	6.8283	0.10157	9.8450	0.12300	8.1301	0.179950	5.55723

Metal scrap performances in Nanhai market on June 7

Copper:

LME copper hit a seven-month low on Friday (June 4), after a government data showed U.S. nonfarm payrolls rose 431,000 in May, the fastest pace in 10 years. Hungary's debt problems also spurred investors to dump riskier assets, including base metals. “The jobs number was very bad. It means that the economy doesn’t get any traction. People are going to sell base metals. And everything went into melt.”, a copper trader said.

From market research, copper scrap in Nanhai market dropped by about 2,000 yuan/ton on the weekend. Trading in the market was very low. Most copper traders started a strong watch-and-see attitude after this round of steep fall. “Many we are very cautious in placing orders presently. It seems the price still hasn’t touched the bottom.”, a Nanhai copper scrap trader said. Moreover, copper cathode and copper scrap have been at a very close level now. Copper manufacturers and fabricators favor the former (copper cathode) as the raw material.

But many the holders (copper scrap) were still reluctant to do sales at the lows. There are three reasons for the response. First of all, copper has dropped to a very low level. It should be the time to get somewhat recovered. Secondly, many the holders already suffered heavy loss from the slumping price (copper). Finally, there is not much the scrap in the market at present. The tightening market shall offer some support to the price.

Shanghai copper futures hit its downside limit in the morning session today (June 7). Investors get more cautious in the market. “Market attention remains focused on macro uncertainties with China and the euro zone, rather than the fundamentals. Perhaps the floor will be lower, the third quarter is quiet anyway because of the summer.", a Nanhai copper trader said.

According to market research, copper scrap in Nanhai market is lower by about 2,800 yuan/ton from that of last Friday. Trading in the market is still very low. Buying sentiment in the market drops to the “freezing point” after this round of slump.

Insiders are now divided over how deep copper will go. Some believe copper would see support at a level of 6,000 dollar/ton. On the one hand, liquidity in the market is sufficient at present. Funds buying would be seen increasing after the price falls to the level (6,000 dollar/ton). On the other, the economic hurricane in the year of 2008 is completely unexpected and unprepared. But this round of crisis is predictable and prepared. The extent of spread should not be as wide as it did in 2008.

However, others hold copper would drop below a level of 6,000. (Some pessimists even think it would fall to around level of 5,400 dollar/ton.) First of all, the euro has touched a four-year low against the dollar. The lackluster euro will greatly limit copper exports to those countries. Secondly, U.S. has already conducted anti-dumping investigations on China's some metal products. The move will also leads to a further decline in copper demand. Finally, China demand for copper is still not as strong as the desire since China's crackdown on property market is taking effect. And the market is moving forward to global slack period for sales.

Aluminum:

Shanghai aluminum slide by its 5% daily limit in the morning session today (June 7).

From market research, spot aluminum in Nanhai market falls by about 700 yuan/ton today. Trading in the market slows to a pause. Most the users pick up a strong wait-and-see attitude in the market after the price slump. In face of high stockpiles, even the cost factor cannot offer any support to the price. Many insiders are not optimistic about the coming market.

Zinc:

Shanghai zinc futures limit down in the morning session today (June 7).

According to market research, spot zinc in Nanhai market drops by about 700 yuan/ton today. Transactions in the market are very low. Presently, both the buyers and sellers prefer a wait-and-see attitude in the market. The users are very cautious in making purchases at the lows as they fear the price may slide further. "Headache. Is it already the bottom price? We wonder..", a Nanhai zinc trader sighed.

Stainless steel:

At the moment of this writing, LME nickel has already fallen below a level of 18,000 dollar/ton. From market research, stainless steel scrap in Nanhai market is seen lower about 250 yuan/ton today. Trading in the market is very low. Many steel mills start again a strong wait-and-see attitude in the market. And many stainless steel scrap recycling companies choose to stop procuring the scrap temporarily.

Copper dip to a level of 6,100 dollar/tonne; Some traders poised to buy

LME copper fell from a high level of 7,500 in May to 6,100 dollar/tonne this morning. Shanghai copper futures also extended losses, from 60000 yuan/tonne to 50000yuan/tonne. Such market response is due to two reasons. For one, uncertainties over euro's debt crisis still linger in the market. For another, China's central government rolled out a string of measures which aimed at the property market, the biggest user of the metal.

From our data, LME copper dived below 6,300 dollar/tonne last Friday, and hover around 6,100 dollar/tonne this morning. That's because investors worry that Europe's sovereign debt troubles could spread flared again after a Hungarian official said the country was at risk of a Greek-style crisis. Worse still, the worry drove the euro to a more than four-year low against the dollar. Tracking LME losses, Shanghai copper futures hit its downside limit at the open in the morning session today.

According to market research, copper scrap in Nanhai market is very quiet today, and market confidence gets greatly shaken. Some buyers pressed down their purchasing prices by 2000 yuan/tonne in the past weekend. Counted in this way, copper scrap is already accumulated to fall by over 4000 yuan/tonne this week.

Insiders are not optimistic over the coming market as copper losses the persistence progressively. Most they believe the market is still under the shadow of macro backdrop inside and outside China. First of all, the euro continues to fall against the dollar as mounting worries about the region's debt problems fueled investors to sell the single currency. Next, the latest government policy to tighten second-home purchases is also expected to further cool the housing market. Further, the market is proceeding to the traditional dull season for sales. That's also the reason why they believe copper may continue to dip further.

At present, traders with sufficient funds are considering to enter the market to make some purchases. “It’s more preferable to buy now, ahead of the interest rate discussion in the U.S., 23rd and 24th in June. Most we assume the interest rate may increase. Besides, copper scrap have also dropped to a relatively low level presently.” a trader in Nanhai market said.

Chile raises 2010 copper view to $3.20 a lb

Chile copper output seen up in 2010, 2011
Global copper demand seen jumping in 2011
World mined copper output seen stable over next 2 years

Chile's state copper think tank Cochilco said Friday it raised its forecast for copper prices to $3.20 per lb in 2010 despite the ongoing market volatility stemming from Europe's debt woes.

Cochilco, which helps set price views for the world's top copper miner Codelco, said it also raised its 2011 average copper price forecast to $3.30 from $3.20.

"Better economic projections in some developed countries like the United States and Japan and a slower fall in demand in China have improved the price forecast for the year," said Cochilco's head of studies, Ana Isabel Zuniga.

Stronger global demand expectations have also increase price forecast.

Cochilco added that the current global financial turbulence stemming from Europe's debt woes will have little impact on price projections.

U.S. copper futures on the New York Mercantile Exchange were at about $2.90 per lb on Friday after trading this year between $2.80 and $3.60. Copper prices have been steadily rising since late 2008 when prices fell to nearly $1.25 as the global recession cut demand for the metal used in power and construction.

World copper demand is seen jumping 5.5 percent in 2011 to 19.1 million tonnes after a slight drop in 2010, Cochilco said. Global mined copper output would be relatively stable over the next two years, said Cochilco. Copper output is seen falling sligthly to 15.9 million tonnes in 2010 from the previous year and later recover to reach 16.3 million tonnes in 2011.

Cochilco said it sees prices of molybdenum, a metal used to strengthen steel, ranging between $14 and $18 a lb in 2010.

Codelco copper output to rise to 2.1 mln T

Codelco sees robust 2010 copper demand, long-term strong
No plans to privatize state-owned copper company-CEO
Development plan financing to be decided over 12 mos-CEO

Codelco, Chile's giant copper miner, plans to expand production in the next five to six years to 2.1 million tonnes from current annual output of 1.7 million tonnes to address what it sees as growing global demand.

"In total, we have a portfolio of $15 billion for the next eight years to develop current mine projects -- some to replace resources that have been exhausted, some to increase production," Chief Executive Officer Diego Hernandez told Reuters in an interview on Thursday.

The new CEO, who took up his post on May 19, also said he expects copper prices to remain volatile for the rest of this year, adding that the industry sees long-term prices below current levels around $3 a pound. To expand less competitive projects it would need a higher long-term price view.

Pegging the current consensus long-term price outlook at $2.20, he said, "At that price, you will probably see some projects going on. But if the market was a bit more optimistic about the long-term price, say around $2.50 or $2.60, then that would trigger more projects that could satisfy demand."

Codelco is profitable on average with copper above $1.80.

The state-owned miner will begin its massive project development plans this year by committing to projects costing $2.3 billion, but will not spend that amount this year.

Current production forecasts come to 1.7 million tonnes for each of the next three years, plus 190,000 tonnes from its El Abra stake, a mine controlled by Freeport-McMoRan.

CEO of the world's largest copper miner, in New York to receive the Copper Club's Copper Man of the Year award, laid out some of his mine expansion plans.

Investment will be required to move open pit mine Chuquicamata underground to maintain its production level. El Teniente also needs to develop at lower mine levels and needs additional investment to keep the current production level.

Mina Ministro Helas, or MMH, is a project that would add capacity. Close to Chuquicamata, he said, MMH is an old project that Codelco has studied for awhile, but is now ready to make an investment in during the second half.

Expansion of the Andina mine should be decided next year, along with other projects that will add production.

"These are the main projects in our portfolio for the time being that will secure current levels of production for 15 years. At the same time, two additional projects should take us from 1.7 million tonnes today to around 2.1 million tonnes."

It will take five or six years to reach that output level, he said, with the MMH mine expected to be commissioned in about 3- years to produce 150,000 to 160,000 tonnes of copper a year and another mine coming online two or three years later.

Codelco plans to finance its slate of projects over the next two years with additional debt and reinvestment money.

Hernandez said he and the Ministers of Finance and of Mines will layout a financing strategy for the entire $15 billion package over the next 12 months.

The added supply would support the miner's outlook for healthy long-term demand for copper. "We have seen firm demand growth over the last 20 years. If we project similar demand growth, as we are experiencing now with China growing and India and so on, the medium and long-term looks quite healthy."

Codelco's 2010 order books are already sold out at levels similar to "the normal years" preceding the economic crisis.

"We have seen some ups and downs during 2010, but overall the year has been quite good," he said, adding that orders from its annual or long-term contracts were much better than 2009. "We don't see any signs of lower demand from our clients."

Similarly, he said, molybdenum demand was firm. While it has been an important bi-product for Codelco in recent years, "This year it is less important. Our main focus is copper."

Codelco also has property on lithium deposits, of interest because of its use in car and other batteries, but Hernandez said lithium was not a near-term priority for the miner.

"We own some lithium. It could be developed long-term, not now. Our priorities, and the market, is not there," he said.

The executive sought to allay union fears of privatization of the state-owned company by saying, "It's not a goal."

Instead, he said, it was Chile's ministers of finance and of mining who would make that decision and, "they have declared and the President has declared that he will not look to change Codelco's ownership during his term. And, I don't expect any change in Codelco in the future."

The CEO also said labor talks at the Radomiro Tomic mine will start in the second half of the year, with its contract due to expire in late November. He said negotiations should proceed in a "business as usual" manner.

"Codelco has not gone through many conflicts in the last 10 years. In general, the trade union leaders are mature. I don't see any difference now."

Instead, he views his biggest challenges at Codelco, "to keep production at current levels, improve costs and increase production through execution of these new projects."

Stainless-Steel Output to Increase 25% This Year, Recyclers Say

World stainless-steel production will increase by at least 25 percent this year because of demand from China, according to the Bureau of International Recycling.

Output will increase to more than 30 million metric tons, from 24 million tons last year, according to forecasts from recyclers supplying stainless-steel scrap, said Michael Wright, president of the Brussels-based BIR’s Stainless and Alloy Board. The forecast in February was 28 million tons, he said. Output may expand to 32 million tons next year, Wright said.

“Production has come back much faster than anticipated,” Wright, who is also chief operating officer of Sheffield, England-based stainless-steel recycler ELG Haniel Group GmbH, said in an interview in London yesterday.

Stainless-steel output slumped more than 5 percent to 24.6 million tons last year, after dropping almost 7 percent in 2008, according to the Brussels-based International Stainless Steel Forum.

Production jumped 55 percent in the first quarter as the global economy rebounded, spurring demand for everything from houses to cars, ISSF estimates show.

Steel mills may reduce inventories in the third quarter, usually the weakest period in the year as people go on vacation, Wright said.

“We are having a lot of mills telling us that their order intake has dropped,” he said. “The fourth quarter I’m more optimistic and I think there is a good possibility that demand will return.”

Investors Creating Copper Price Volatility

The traditional relationship between copper prices and inventories has been displaced by index and hedge fund investors, and an investment bubble with high-price volatility is being created, the president of Commodity Risk Management Associates said last Thursday.

David Waite told the Metal Bulletin copper conference in New York that until very recently, when copper stocks fell, prices rose--and when stocks rose, prices fell. But there has been a change in the way the economic drivers influence copper prices: Stocks rose along with prices in July 2009 until March 2010, while falling stocks since then has translated into falling prices.

"Clearly there is something other than supply-demand involved," he said. According to Waite, investment in commodities by index and hedge funds, along with the sector rotation of these investors between commodities, equities and bonds, have been added to the traditional drivers such as the U.S. Dollar and stocks.

Waite, who was involved with the setting up of the Red Kite metals-focused hedge fund in 2005, said increased price volatility will be the result of the speculative interest.

"The investment bubble may have created demand destruction, increased production and an unsustainable overhang of stocks--all financed by investment activity," Waite said. "The result could be massive price volatility, and if long-term investors lose interest in commodities, 'locust years' for metals," he added.

The equivalent of about 1.2 million metric tons of copper is tied up in index fund positions, Waite said, citing data by analysts at Bloomsbury Minerals Economics. "The index funds are holding virtual stocks that are as large as the physical market," he said.

Longer term, Wate said the threat of $4-a-pound copper prices could create a gradual increase in oversupply that, if financed by investment money, will lead to an overhang that the industry can't absorb.

Index funds also have changed since Goldman Sachs pioneered its commodity indexes, Waite said.

Waite noted that from 2004 to 2008, the buy-and-roll strategy by investors in indexes generated its yield from the backwardation, which is when future prices are lower than the cash price.

But since early 2008, the volume of the roll has been "killing the backwardation, despite the market shortage."

"By 2009, the yield of index funds has been decimated by the contango--when future prices are higher than the cash price--which was an outstanding year for the market bulls," he said. "Maybe there will never be a backwardation again."

Investors are now adjusting to the world they've helped to create, Waite told delegates, and are trading down the futures curve instead of just buying the nearby and rolling it. But investors still need to eventually roll positions, with it becoming increasingly more difficult to find buyers and sell positions more profitably, he said.

The future price structure for copper is now "inherently unstable," Waite said, being subject to swings in investment mood rather than supply-demand factors.

"These conditions encourage a permanent contango and the resumption of selective forward hedging by both producers and consumers," Waite said. "Investment buying coincides with physical surpluses and higher tolerated stock levels."

China Iron Ore Stockpiles Rise 2.1%, Researcher Says

Iron ore inventories at major Chinese ports rose 2.1 percent this week as falling steel prices prompted some mills to cut production and buy less of the raw material, researcher Mysteel.com said.

Stockpiles at 23 major ports, including Rizhao and Qingdao, increased by 1.43 million metric tons to 70 million tons from a week ago, Mysteel.com said today on its website.

Chinese steel prices have fallen 8.8 percent from an 18- month high on April 15 amid concerns government measures to curb speculation in the property market may trim demand.

Baoshan Iron & Steel Co., the country’s biggest publicly trader steelmaker, may cut automotive steel prices by 17 percent, the Shanghai Securities News reported today.

“Smaller mills continue to cut production, curbing demand for imported ore,” Mysteel said in its weekly inventory report. “The market will remain weak over the short term. Most traders held off sales as bidding prices from the steelmakers were too low.”

Rising stockpiles may lead steelmakers and traders in China, the biggest consumer of iron ore, to cut imports. The cost of 62 percent iron-content ore delivered to Tianjin port has fallen 21 percent to $147.20 a ton as of yesterday from $186.50 on April 21, according to The Steel Index.

Steel Production

Of the 150 blast furnaces in China’s Tangshan city, Hebei province, 18 stopped producing in late May, affecting 8.5 percent of local production, Hu Yanping, an analyst at UC361.com, said June 2.

Inventories of steel products, including reinforcing bars used in construction, rose last month in China, Hebei Iron & Steel Co.’s Board Secretary Li Bohai said today in an online conference with investors. Stockpiles of hot-rolled and cold- rolled coil didn’t increase, he said.

The Chinese government has limited loans for third-home purchases and tightened payment requirements, as it sought to cool a market where growth in property prices topped 10 percent for three months.

Brazilian ore stockpiles rose by 540,000 tons to 16.6 million tons, and Indian ore gained 400,000 tons to 18.49 million tons at Chinese ports, Mysteel said. Stockpiles of Australian ore remained unchanged at 21.97 million tons, it said.

Iron ore imports unloaded at Chinese ports rose 4.5 percent to 56 million tons in May from a month earlier, the Ministry of Transport said. They were 2.5 percent lower from a year ago.

US sets hefty duties on steel product from China

The United States on last Friday set final duties ranging up to more than 437 percent on a steel wire product from China used in storage rack systems, the Commerce Department said.

The case, which affects hundreds of millions of dollars of "wire decking" from China, is one of many complaints of unfair pricing and subsidies that U.S. companies have brought against their Chinese competitors in recent years.

China has accused the United States of using its countervailing and anti-dumping duty laws in a protectionist fashion. The United States says the duties are justified to protect vulnerable companies from unfair practices.

Producers in Kentucky, Arizona, Minnesota, Tennessee and North Carolina filed a petition one year ago asking for protection against low-priced Chinese-made wire decking.

The Commerce Department approved anti-dumping duties ranging from 14.24 percent to 143.00 percent to offset below-market pricing by Chinese producers and exporters.

It also imposed countervailing duties ranging from 1.52 percent to 437.11 percent to offset Chinese government subsidies.

Commerce broadly estimated imports from China at $235.9 million in 2009, down from $316.9 million in 2008. But it noted those figures included some metal furniture parts not covered by the wire decking case.

The U.S. International Trade Commission must give final approval for the duties to remain in force. That vote is set for mid-July.

LME Nickel price may increase in June after consecutive decline during last month

LME's nickel price is predicted to rebound in June after a consecutive decline in May.

Some market analyst forecasted that nickel price may jump to above US$22,000/ton thanks to decrease in inventory and the sentiment on US dollar currency drop in the near future.

However, some take conservative attitude toward the metal price due to market uncertainty regardless of steady recovery in China and US market.

Nickel price was depressed in May due to Greek debt crisis and weak Euro.

China steel prices dip 2 pct on demand fears

China steel prices slumped last week in a torpid market, with traders still fretting about long-term demand after a number of medium-sized steel mills decided to make production cuts going into June.

Industry consultancy Mysteel said construction steel prices in Shanghai stood at 3,790-3,810 yuan per tonne on last Thursday, down 2 percent from the previous week.

"Because traders aren't very confident about the market right now, they are relatively inactive, and the sales they do make are usually from their inventories," said a dealer based in Shanghai.

"We don't know how long this can go on, but we should expect iron ore prices to start recovering and stimulate steel prices," he said.

Rebar contracts for October delivery on the Shanghai Futures Exchange closed at 4,200 yuan per tonne on last Thursday, down 1.66 percent from the previous week.

According to China Securities Journal, 19 steel enterprises in northern China are already planning significant production cuts this month, and rolling mills in the region are now running at less than 50 percent of total capacity.

The official reason is "maintenance", but analysts said the current state of the market made it unwise for mills to continue at full pelt.

"My view is that prices will not recover soon because the rising costs -- including coal and iron ore -- means that some small to medium-sized mills are cutting production," said Helen Lau, senior analyst with UOB Kay Hian in Hong Kong.

"The overall macro-economy in China is slowing down as we saw from the PMI a few days back," she said.

China's purchasing managers' index fell to 53.9 in May from 55.7 in April, according to data released by the China Federation of Logistics and Purchasing on last Tuesday.

Despite a collapse in export markets, China's steel sector remained afloat last year as a result of a massive stimulus package focusing on infrastructure and cheap housing, but regulators are now turning their attention to the threat of overheating, especially in real estate.

Luo Bingsheng, the vice-chairman of the China Iron and Steel Association, told a conference on Saturday that fixed asset investment was likely to weaken over the remainder of the year, and steel output would not remain at April's record high.

"Crude steel output from January to April was way too high," he said.

Some steel producers remain optimistic, saying that underlying demand from China's urbanisation programme is likely to remain, even if the real estate bubble bursts.

While uncertainties about prices and demand in the second half could force a number of industry minnows to close, the overall outlook was still positive, said Henry Yu, chief executive of the U.S.-listed General Steel Holdings.

"China's macro-economic control measures against real estate are mainly aimed at commercial housing, but affordable housing will still be built, and so, we think infrastructure investment won't fall very much," Yu told Reuters.

Colombia's Cerro Matoso sees fall in nickel output in Q1

Cerro Matoso's nickel output down 11.5 percent in Q1
BHP has concession rights until 2012, can extend

Nickel production at BHP Billiton's Cerro Matoso mine in Colombia fell 11.5 percent in the first quarter due to lower ore extraction and the repair of a transport system, the company said.

Colombia's only nickel mine, Cerro Matoso -- with 21 million tonnes of measured reserves -- produces about 4 percent of the world's nickel and 10 percent of global ferronickel, according to the Andean nation's government.

"The March 2010 quarter was impacted by the upgrading of lower grade materials, lower recovery due to repair to the fines transport system and lower utilization," Illtud Harri, a media relations director at the firm, told Reuters on Friday.

Cerro Matoso, which bills itself as the world's second largest producer of ferronickel, produced 11,600 tonnes of nickel in January to March from 13,100 tonnes in the same period last year, Harri said in an email statement.

Colombia's energy ministry says it expects Cerro Matoso output at 50,200 tonnes this year, 51,400 tonnes in 2011 and 51,100 tonnes in 2012. The mine produced 51,800 tonnes last year, a 24 percent rise from 2008, according to company statements.

Cerro Matoso has an estimated reserve life of 40 years based on current production levels. BHP says it has concession rights until 2012 with a possible 30-year extension.

Located in northern Colombia, the mine has a lateritic nickel ore deposit and a low cost ferronickel smelter. The smelter and refinery are integrated with an open-cut mine.

Nickel production at Cerro Matoso started in 1982 under the Colombian government, BHP and Hanna Mining. BHP gradually increased its stake to 99.9 percent from 53 percent.

Colombia has six nickel deposits with measured reserves totaling 37.8 million tonnes and

46.48 million tonnes in indicated reserves, the government says.

Korea PPS Buys 2,000 Tons Western Aluminum; $103/Ton Premium To LME

South Korea's Public Procurement Service, a state agency that stockpiles strategic commodities, said Friday that it has purchased 2,000 metric tons of western brand aluminum and 1,000 tons of non-western brand aluminum, both at premiums of $103 a metric ton to the prevailing London Metal Exchange price.

The tenders attracted more interest than the last PPS aluminum tender on May 19, and the premiums were 10% to 12% lower, indicating the aluminum market in Asia is less tight.

PPS purchased the western aluminum from Dong Hyun Metals at $123.57 including 1% duty. There were five other bidders.

It also purchased the non-western brand aluminum from Dong Hyun Metals at $123.57 including the 1% duty. There were three other bidders.

At 0825 GMT, LME three-month aluminum was trading at $1,978/ton, up $23 since Thursday's kerb.

China inflation could hit 4 pct in 2010

China Knowledge citing Mr Li Daokui a member of the People's Bank of China's monetary policy committee as saying that China consumer price index, the main gauge of inflation, could hit 3.7% this year due to price pressures in the second half and the figure surpassed the government's 3% target.

Mr Li's statement has further raised the pressure for a possible rate hike.

Mr Li said upside pressures on prices are significant due to rising labor costs, increasing international raw material prices and higher agricultural production costs caused by bad weather.

He said curbing inflationary expectations was the main task facing by policymakers and the time was ripe for an increase in deposit rates, but he did not mention whether the central government will adopt for contractionary fiscal policy in recent.

According to statistics released by the National Bureau of Statistics China CPI increased 2.8%YoY in April this year. The CPI in urban areas rose 2.7% from a year earlier in April while the CPI in rural areas increased 3.0%. Food prices went up 5.9% in April while the price of clothing fell 1.3%.

Stimulus exit a long way off

Analysts say private investment still unable to shore up economy

China's exit from economic stimulus remains far away as private investment and consumption are currently unable to shore up the economy, said analysts.

En route to the G20 finance ministers' meeting in South Korea, Canadian Finance Minister James Flaherty said on Thursday in Beijing that economies across the globe should start withdrawing stimulus measures.

But many Chinese economists do not agree.

Jia Kang, director of the Institute of Research at the Ministry of Finance, said that the nation should not consider any specific measures to end the stimulus until the private sector gets stronger.

"Currently China's economic growth still relies on policy boosts, but public investment mainly supported by the government is far from enough if we wish to have a steadily expanding economy," said Jia.

He called for immediate measures to stimulate private investment and consumption. "Now

China must pay more attention to encouraging private investment," he told China Daily.

Dong Xian'an, chief economist at Industrial Securities, said that domestic consumption could only become a reliable pillar of the Chinese economy once substantial improvements were made to social welfare and affordable housing.

Analysts said the tightening policies targeted at the real estate sector since April may accelerate the decline in fixed-asset investment and add an element of uncertainty to the country's economic growth until the private sector plays a more significant role.

In May, China's manufacturing index dropped 1.8 points to 53.9 from 55.7 in April after investment growth, mainly spurred by government investment, shrank 4.4 percentage points from January to April compared with the same period last year.

Lu Zhengwei, the senior economist of Industrial Bank Co Ltd, said the figure shows that private investment needs a further boost.

"The decision-makers are in a dilemma now. To solve the problem, the State Council has called for the opening of more areas of the economy to private capital," said Zhou Mingjian, an analyst with Pacific Securities, referring to a document released on May 13 to encourage private investment in fields such as infrastructure, healthcare and education.

Since the entrance of private capital would erode the influence of some monopoly groups, opposition would be very strong if there were no further detailed regulations.

Klaus Gerhaeusser, director-general of the Asian Development Bank's East Asia department, told China Daily private investment is not necessarily concentrated in the construction sector, but in a wider range of fields such as operations, management and the maintenance of investment projects in China.

"Traditionally, in many countries infrastructure is supported by public investment," he said, but partnership between the public and private sectors offers a better solution.

But he said that, as a macroeconomic decision, the timing of China's stimulus exit should not depend on whether the private sector is fully ready to take up the slack, but should be based on external factors.

"The stimulus package was mainly public investment in order to fill the demand gap which emerged because of the country's declining exports and trade."

Last week, Premier Wen Jiabao said in Tokyo that China will not pull back from economic stimulus measures due to uncertainties in the global economy, which may slip into a double-dip recession.

New housing policy 'difficult to implement'

The latest government policy to tighten second-home purchases is expected to further cool the housing market, but experts said it might be difficult to implement due to the independence of the country's housing registration and banking systems.

The policy, issued late on Friday, requires banks to ask for higher down payments and mortgage rates if one of the home-buyer's family members already owns property.

Even if an individual does not own any property at present, banks should also treat him or her as a second home-buyer if they have had a previous mortgage loan, the Ministry of Housing and Urban-Rural Development, the People's Bank of China and the China Banking Regulatory Commission said in a joint statement.

However, a manager with a commercial bank in Jinan of Shandong province, who wished to remain anonymous, said it is very hard for banks to decide whether the buyer and the family has had property or not.

"The housing registration system is not linked with the banking credit system nor the marriage registration system," he said. "At present, banks can only determine whether the buyer has taken a mortgage loan previously."

In many cases, a house is registered to a single owner instead of a married couple, so it is hard to heck whether the partner owns property, he added.

The new rule requires housing management authorities to produce a report on the property status of the family if they can. If authorities cannot determine the property status of the family, the person borrowing from a bank should offer a written statement regarding the family's housing situation.

A false guarantee will result in a negative credit record. But it remains unclear how a divorced person, who owns half of a house, will be treated when he or she applies for a loan for a second property.

In addition, because the housing registration systems in different cities are not linked with each other, it is hard to determine whether a buyer has bought any property in other cities, insiders said.

However, despite all these uncertainties, the policy may cool down the real estate market as buyers for self-use will watch and see, Wu Yijun, deputy general manager of the personal loan department of the Nanjing branch of China Merchants Bank, was quoted by Xinhua Daily as saying.

Deals at the Guangzhou property transaction registration center have already dropped about 20 percent since last month, though a change in the procedure at the center may have also delayed the transactions, Information Times reported on Sunday.

However, the cooling effect will not lead to massive closure of agents' offices, said Zhou Feng, manager of the research department of MyTopHome, a Guangzhou-based real estate website.

"The market should warm up again in a few months," said an agent surnamed Liu in Haizhu district, adding rentals are rising amid the lull in the pre-owned market.

US copper ends at 7-1/2-mth lows on recovery fears

U.S. copper futures ended at a 7-1/2-month low below $2.85 per lb on Friday after disappointing U.S. jobs data rattled broader markets, already reeling from Chinese growth concerns and European debt contagion fears.

Copper for July delivery HGN0 plunged 12.70 cents, or 4.3 percent, to settle at $2.8195 per lb on the New York Mercantile Exchange's COMEX division. Lowest level on a settlement basis for second-position contract since October 13. Range extended down from $2.9920 to $2.8105.

COMEX estimated final copper futures volume at 47,142 lots, up from a previous 37,676 lots. Open interest climbed 2,182 lots to 130,659 contracts open as of June 3.

Copper sell-off tracks slide in euro and global equity losses after weaker-than-forecast U.S. employment data added to doubts about the economic recovery. Euro fell to a more than four year low against the dollar below $1.20 on concern Europe's debt crisis is expanding.

Copper market sentiment down on lingering worries that Chinese efforts to slow down economy will undermine demand for raw materials. Chinese buying helped lift copper prices up 140 percent last year.

London Metal Exchange copper stocks fell by 1,300 tonnes to 473,000 tonnes on Friday.

Copper stocks Shanghai fell 3 percent in the past week and now stand at 152,724 tonnes, their lowest in three months.

COMEX copper inventories up 89 short tons to 102,087 short tons on Thursday.

LME copper for three-month delivery CMCU3 last bid at $6,280 per tonne from Thursday close at $6,525.

Copper hits 7-1/2-month low on recovery doubts

U.S. jobs data clouds recovery outlook
Concerns over Europe debt, China growth, linger
Coming up: Chinese May import data June 10

Base metals fell again for a fourth day on Friday, with copper hitting its lowest price since October 2009, after disappointing U.S. jobs data added to doubts about the global economy.

Zinc plunged to a 10-month low, nickel and tin hit their lowest in nearly four months, aluminum sank to a near eight-month low, and lead crumbled to its lowest in almost a year.

"There is a double-dip sort of feel out there, especially after the jobs number this morning," said Zachary Oxman, managing director with TrendMax Futures in Encinitas, California.

The U.S. Labor Department said nonfarm payrolls in May rose by 431,000, far below a consensus estimate for 513,000 new jobs.

"The economy is just not recovering at the strength at which everybody is thinking. It's recovering at much slower pace, and the market is trying to re-price that," Oxman said.

Copper for July delivery HGN0 on the New York Mercantile Exchange's COMEX division sank 12.70 cents, or 4.3 percent, to settle at $2.8195 per lb, the lowest level on a closing basis for second-position contract since Oct. 13.

"We took out the February low ($2.8525), so contract-wise, we are basically at the lowest point since its been an active month," said Scott Meyers, senior trading analyst with Pioneer Futures in New York.

"I think we are on the tip of economic slowdown again ... we are going to see a period of time where there is going to be red flag after red flag, and there is just going to be concern," he said.

On the London Metal Exchange, benchmark copper for three-month delivery CMCU3 was last bid at $6,280 a tonne on the kerb, and fell to a late-session low at $6,235 per tonne, its lowest since Oct. 19.

Losses in the complex mounted in sympathy with a falling euro, which dropped below $1.20 versus the dollar for the first time in more than four years on fears Hungary could become the next casualty of the European debt crisis.

A weak euro makes metals costly for European investors. The market remained worried about demand in the world's top metals consumer after data this week pointed to a slower pace of manufacturing activity in China, analysts said.

"China's economic growth has shifted into a lower gear following a very strong period in Q4-2009 and Q1-2010," Standard Chartered said in a note. "We expect China to slow over the next six months, but not dramatically."

FUNDAMENTALS IMPROVE

On the plus side, LME copper stocks, which indicate demand trends, fell 1,300 tonnes to 473,000 tonnes -- their lowest level since late December -- down from 6-1/2-year highs at 555,075 tonnes in mid February.

In other metals traded, aluminum CMAL3 ended at $1,881, down from $1,955, having hit its lowest since mid-October at $1,880. LME stocks for the metal, used in transport and packaging, shed 9,075 tonnes to 4.53 million tonnes.

Zinc CMZN3 ended at $1,641 a tonne, down from $1,740, having hit its lowest since late July at $1,646. Tin CMSN3 finished at $16,005, down from $17,650 after sinking nearly 10 percent to $16,000, its lowest since early February.

Nickel CMNI3 ended at $17,950, down from $18,700, having hit a near four-month low of $17,975, while lead CMPB3 ended at $1,607, down from $1,645, after hitting a near one year low at $1,591.

On Thursday, lead canceled warrants -- material earmarked for delivery from warehouses -- rose to 14,550 tonnes from 6,975 tonnes the day before. LME lead stocks however, remain at highs not seen since October 2002 at 191,925 tonnes. Metal Prices at 1926 GMT Metal Last Change Pct Move End 2009 Ytd Pct.