

Chromite prices close 2016 on five-year high

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Suppliers of chromite have been busy as both foundry and chemical grade material posted price upticks right up to Christmas, while buyers hope the market will slow down in 2017.

The chromite market closed 2016 at fresh highs, as spot prices for both chemical grade and foundry grade material edged up further during the final weeks of last year.

The chemical chrome market has maintained its slow but steady up-trend right up to the Christmas holiday period, with mid-December deals showing another slight increase compared with previous weeks.

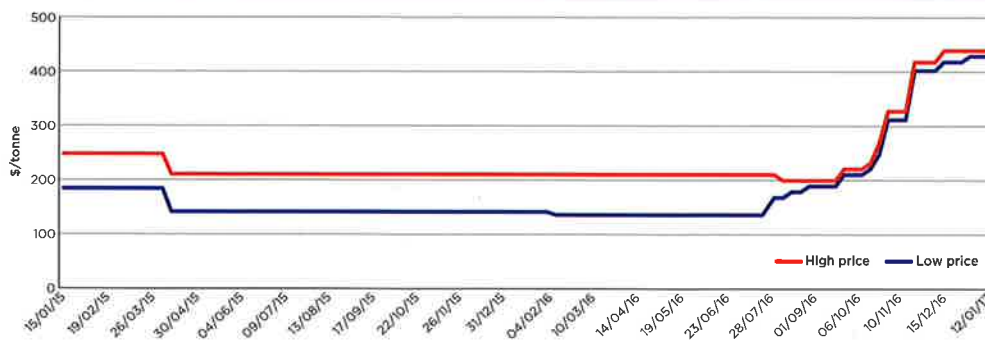
High demand for the material in China – the largest buyer of chemical-grade product – has been driving the uptrend, together with the appreciation of metallurgical UG2 chrome ore, which hit a high of \$400/tonne CIF China as of mid-December.

On top of that, consistently low inventory levels in the country – where stocks of chrome material held at Chinese ports have been below last-year's levels for many months now – is pushing local companies' determination to replenish their stocks.

One market participant estimated that chrome stockpiles in China were at 700,000-800,000 tonnes, about half of 2015 inventory levels.

This has prompted a pickup in the spot market prices for all chromite grades, metallurgical and non-met alike, which gathered speed through the summer months and took the commodity's prices to fresh highs in Q4.

Graphite, flake, 94-97% C, +80 mesh, FCL, CIF Europe port, \$/tonne



Source: Industrial Minerals

The appreciation continued right up to the end of the year, as buyers restocked before their suppliers closed for business during the Christmas holiday seasons.

Chemical grade chromite, 46% Cr₂O₃, wet bulk, was trading at \$430-440/tonne FOB South Africa, according to **IM**'s assessment on 22 December.

According to **IM**'s pricing database, chemical grade chromite 46% Cr₂O₃, wet bulk last traded at prices above this in September 2011.

Some chemical chrome buyers who normally cover their requirements with quarterly contracts held off from buying during October and November, in the hope that prices may stabilise or come down a little.

The market however kept rising, forcing them to step in to secure volumes over the last few weeks of 2016 to cover immediate needs prior to the end-of-year office closures.

"We bought some volumes at very high prices. I am now covered until February 2017," one large chemicals producer in India told **IM**, adding that he has not been able to offset the increase by raising his sales prices to his own customers.

"There is cutthroat competition in the chemicals market. To date, I haven't been able to shift my increase in costs on to my consumers."

Foundry chromite picking up

The foundry and refractory grade chromite sand also followed a similar upward trend in prices, although this varies depending on areas.

As previously reported by **IM**, the market continues to show a wide spread in spot offers between geographical regions, with high prices in China offset by much lower rates in Europe and other western markets.

At the same time, sources stated they are seeing some of the slower markets picking up as of late. One

supplier told **IM**: "There is still the major difference between the rest of the world and China, but some more pockets are increasing."

He cited specifically the US and Asia (ex-China) as two areas where the market is showing more activity in December.

Foundry grade chromite sand, 46% Cr₂O₃, wet bulk, was assessed at \$410-450/tonne FOB South Africa on 22 December. As in the case of chemical chrome, foundry grade material also increased month-on-month albeit at a slower pace.

The latest price levels also point to what could be a progressive rebalancing of quotes between chemical and foundry, where the latter usually carries a premium over lower-priced chemical chromite.

Refractory grade chromite, 46% Cr₂O₃, wet bulk, was priced at \$400-450/tonne FOB South Africa, while lower-purity foundry grade chromite, 45.8% Cr₂O₃, wet bulk, traded at \$400-440/tonne FOB.

PRICING NOTICE

Industrial Minerals is proposing to delist its chromite 47% dried and bagged grade from the IM Pricing Database.

Industrial Minerals proposes to delist the following chromite grade, effective 9 February 2017:

- Chromite foundry, +47% Cr₂O₃, dried, 1 tonne big bags, FOB South Africa, \$/tonne

If you have any comments please contact Industrial Minerals' head of market reporting Yoke Wong at yoke.wong@indmin.com.