

Shanghai nickel rallies on renewed concerns over Indonesia export ban

SHANGHAI, Aug 5 (SMM) – Shanghai nickel prices jumped on Monday August 5, bolstered by renewed concerns over Indonesia's export ban on nickel ore.

The most active October contract on the Shanghai Futures Exchange hit a fresh 13-month high of 119,360 yuan/mt this morning, above the highest level of 119,240 yuan/mt in the previous rally in early July. It finished the trading day 3.64% higher at 118,010 yuan/mt.

Concerns about Indonesia's export ban was rekindled by market talk that the country's Minister of Energy and Mineral Resources (MEMR) has approved the ban on raw ore exports and that details about the decision will be announced on Monday August 5.

This means that Indonesia, a major source of nickel ore, will likely advance its export ban from the previously scheduled 2022.

Some Chinese nickel ore traders told SMM that they did hear of the market talk, but Indonesian miners such as Antam and Sumbas said that they have yet to receive any notices.

Growth in domestic nickel ore supply missed forecast while demand grew significantly, with downstream plants stockpiling raw materials for the rainy season. Traders have reported limited cargoes available. SMM expects tightened supply to keep nickel ore prices robust in August.

SMM data showed that nickel ore inventories across all Chinese ports expanded 80,000 wmt from a week ago to 13.49 million wmt as of Friday August 2. Stocks in metal content rose 700 mt on the week to stand at 113,000 mt. Stocks across seven major Chinese ports grew 60,000 wmt, and came in at 11.08 million wmt.

Cif prices of medium- and high- grade nickel ore extended growth last week. A downstream plant in the south purchased medium-grade ore with 1.65% Ni at \$43/wmt cif, up \$1.3/wmt on the week. Traded prices of high-grade nickel ore with 1.8% Ni also grew \$1.3/wmt on the week, to stand at \$54-55.5/wmt cif.

