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SS sector still feeling LME's headwinds: BIR

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LME nickel trading was suspended on Mar 8-16, causing a loss of confidence in the LME's ability to provide transparency and liquidity at a time of rising geopolitical risks. Rosie Hill, business development manager at UK-based Ireland Alloys noted.

Moreover, factors such as the war in Ukraine and associated sanctions on Russian nickel exports, higher energy prices and their impact on production costs, rising inflation, lowered economic growth projections, major supply chain disruption, and labour shortages added to the headwinds in this sector, Hill said. She added that Safeguards and antidumping measures failed to prevent duty-free Asian products from filling the European market at lower prices, prompting mills to seek a price reduction for scrap.

However, Robin Martin, the LME's Head of Market Development, explained that the suspension of LME trading had followed a price spike in Asia, which was regarded as disconnected from any observed fundamentals.

LME nickel volumes declined by 15-20pc after March compared to the corresponding period last year, indicating that users were nervous about re-committing to the market. Martin conceded adding that the LME was on the long road towards rebuilding the market's confidence.

As part of this process, the LME was reviewing these events internally and through regulators as well as independent reviewers. Martin highlighted measures, which were already introduced, including the indefinite implementation of limits on price movements, initially pegged at 15pc.

Zinc and Lead

Zinc SHG premium del US consumer
USD0.335 | +0.01 | +3.08%

New zinc diecast del US consumer
USD1.04 | 0 | 0.00%

Zinc galvanizers top dross del US consumer
USD1.465 | 0 | 0.00%

Zinc galvanizers bottom dross del US consumer
USD1.221 | -0.001 | -0.08%

Lead batteries (undrained, whole) del US consumer
USD0.27 | -0.014 | -4.93%

Heavy soft lead del US consumer
USD0.89 | 0 | 0.00%

Lead ingot premium del US consumer
USD0.203 | 0.001 | 0.50%

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