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## LME explores options to widen Ni trading specifications

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London, 24 May (Argus) – The London Metal Exchange (LME) is in discussions with nickel market participants over potential options to widen the scope of nickel product specifications tradeable on the exchange, LME head of market development Robin Martin said at the Bureau of International Recycling (BIR) conference on 24 May.

"There is a question over whether there is an opportunity to create more pricing data around nickel pig iron (NPI), sulphate, nickel matte, where historically there has been a very stable price correlation with the LME nickel price," Martin said, speaking on the BIR stainless steel scrap division panel.

"We are in discussions with the market on whether we should be looking at extending delivery specifications for LME nickel, right now it is a very high purity quantum with plates and briquettes."

He also said another potential solution that could be introduced into the market would be the launch of a separate contract settled against an NPI price.

The LME has implemented a wide range of measures to improve oversight and control over general trading activity in response to the collapse of nickel trading following a vast short squeeze in the early hours of 8 March.

But up to now there has been little indication of a response to structural issues specific to the nickel market that exacerbated the crisis – namely, that class 1 nickel is the only nickel product deliverable to LME warehouses and is a rapidly dwindling proportion of overall global nickel consumption.

Martin warned that the feedback the LME has received from the market to date is that it should not launch separate contracts because it could fragment liquidity for overall nickel trade.

By Ronan Murphy

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