

Nickel - Market report

October 2007

The downward slide in the price of nickel is keeping producers, suppliers and users on their toes.

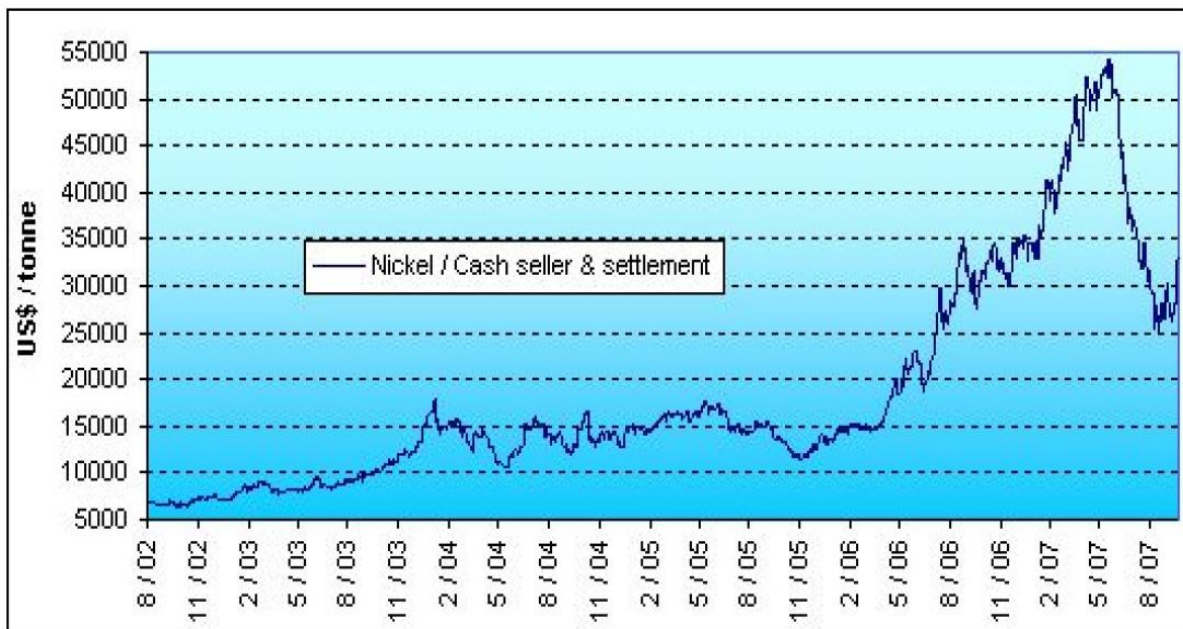
A reminder: in spring 2006, nickel stood at approx. USD 15,000/Tonne. This June, it broke all records at USD 54,000/Tonne – and within the past few weeks, it fell back to about USD 25,000/Tonne within a very short time.

What do the analysts think will happen next? Because the speculative exaggerations of the past may be coming to an end, the major finance firms expect the price to stabilise at about USD 25,000 to 30,000/Tonne. Even though it was possible to detect a tendency to a slight supply surplus in the stainless steel sector during the past few weeks, the slowdown in production at companies such as ThyssenKrupp Stainless and other major producers has led to the price of nickel and scrap starting to rise again already.

The main victims of the fall in the price within the past two months have been stock holders, who had to buy material when the nickel prices were high in order to guarantee supplies to their customers.

But what are the prospects now? As a result of the reluctance of stainless steel traders and users world-wide to order from production or stock, we can expect a significant increase in demand during the third quarter. This theory is further supported by the scrap price for stainless steel, which has risen again already. The fall in price during the past few months was not quite as dramatic for in-stock or new-production nickel-based materials as it was for stainless steel. The demand for special materials is still continuous, and is significantly greater than supply from the comparatively few producers.

Price development over the 5 past years:



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