



The Monthly Metals Index: China's demand picture powers gains; seven MMIs increase August 2020

MetalMiner®

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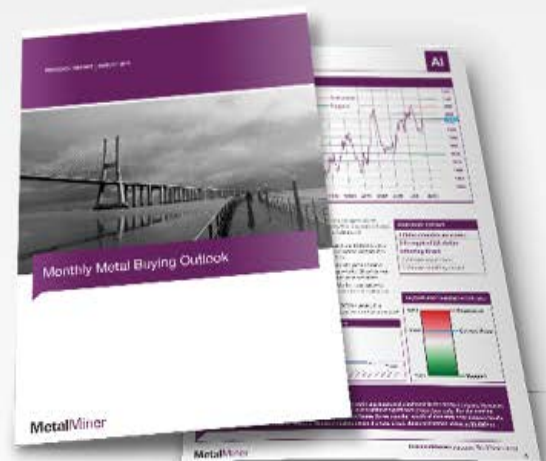
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Metal prices fluctuate. Key is knowing when to buy.

Improve your metal purchase timing and mitigate price risk: Use MetalMiner's buying strategies and pinpoint when to adjust your metal spend.

The monthly Buying Outlook reports give you insight, expert recommendations and specific buying strategies (including real-time alerts) for 10 metal types:

- Aluminum
- Copper
- Nickel
- Lead
- Zinc
- Tin
- Hot-Rolled Coiled Steel (HRC)
- Cold-Rolled Steel (CRC)
- Hot-dip Galvanizing Steel (HDG)
- Steel Plate



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Introduction and Overview

To help you understand month-to-month metal price trends across industries and within specific metal markets, MetalMiner issues the **Monthly Metals Index (MMI)** reports on 10 subindexes:

- Aluminum
- Copper
- Stainless
- Raw Steels
- Rare Earths
- Automotive
- Construction
- Renewables
- Grain-Oriented Electrical Steel
- Global Precious Metals

How MetalMiner Shapes the MMI Reports

Many indexes bear little resemblance to what you actually pay for the range of metals you buy. MetalMiner uses the following guidelines to ensure index relevance:

1. Each index represents a basket of metals or raw materials (depending on the category, e.g. coking coal, scrap and iron ore for steel prices) that impact the cost structure for that particular metal market.
2. The inputs reflect the global market for that commodity, with the goal of more accurately representing underlying global price trends.
3. We've added three key industry verticals — Automotive, Construction and Renewables — that impact multiple metal markets, as metal prices often depend upon the underlying demand for various industries (e.g. steel prices relate to construction industry activity).

How You Can Use the Monthly MMI

Use this report as an economic indicator, much like the ISM Purchasing Managers' Index (PMI) or the BLS Producer Price Index (PPI), for forecasting, predictive analytics and tracking which commodities have the greatest volatility.



MetalMiner Monthly Metal Buying Outlook: Generate hard savings on your metal buys year-round (MMO)

Want to improve purchase timing and develop price risk mitigation strategies? Get access to MetalMiner's **monthly metals price outlook (MMO) report** including:

- HRC
- CRC
- Aluminum
- HDG
- Steel Plate
- Lead
- Tin
- Copper
- Zinc
- Nickel

It's the most accurate forecast in the business, and here's why: MetalMiner does NOT predict the future.

Instead, MetalMiner analysts constantly monitor metals and influencing markets, interpret movement and issue buying recommendations throughout the year. After all, for purchasing organizations, trying to forecast the future is not as important as knowing when and how to react.

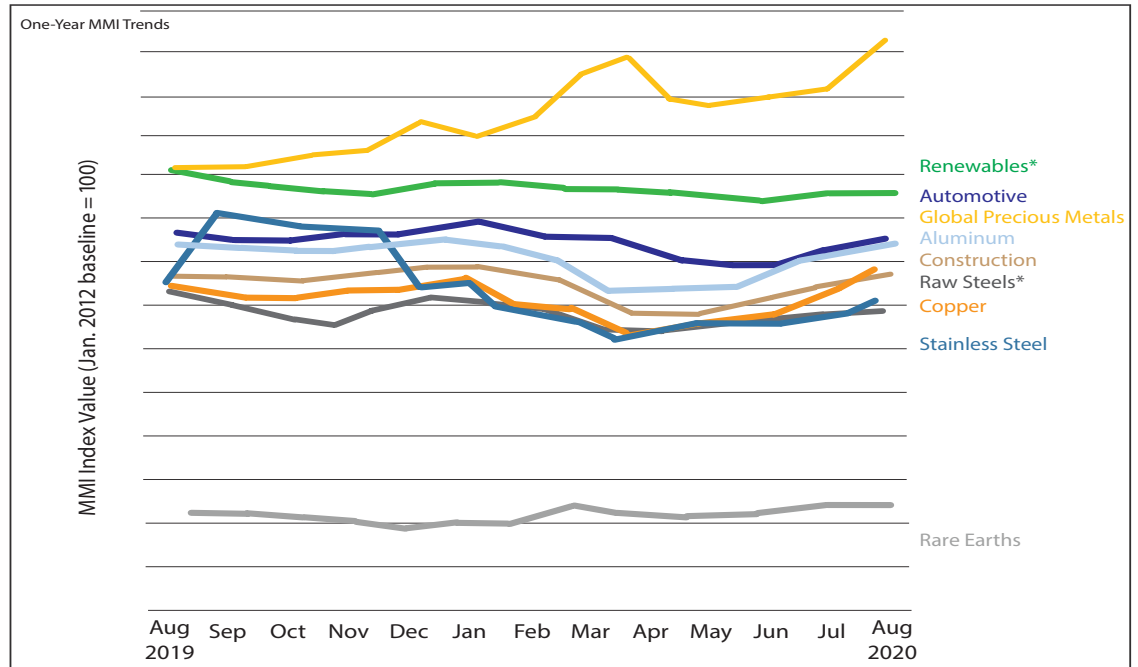
Benefit from the metal buying strategies MetalMiner identifies throughout the year — take a look at MetalMiner's [impeccable forecasting track record](#) and the hard-dollar savings achieved by subscriber companies.

Questions? Contact Us!

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Executive Commentary on This Month's MMIs



MetalMiner®. All rights reserved. *Renewables and Raw Steels MMIs restated for May to map the underlying markets more effectively.

After all 10 MMIs rose last month, this month saw seven post increases. Two held flat and one declined (GOES).

As China's economic recovery continues, metals have received price support from surging demand. China imported a record amount of aluminum in July and its steel demand has helped send the iron ore price upward (in addition to supply concerns out of iron ore producer Vale in Brazil).

As MetalMiner's Maria Rosa Gobitz noted in this month's Aluminum MMI report, both LME and SHFE prices trended upward, but the SHFE price showed greater strength. LME warehouse stocks were at their highest level since May 2017.

As for copper, the metal's price resurgence hit a bit of a wall last month. Despite copper appetite in China — which imported a record amount in July — the copper price appears to be waiting for the demand picture to improve elsewhere before it will start moving upward again.

The same general trend can be seen in steel markets. Chinese HRC and CRC prices have increased over 20% in recent months, Gobitz noted. U.S. HRC and CRC prices, meanwhile, have gone in the other direction, depressed by weaker demand.

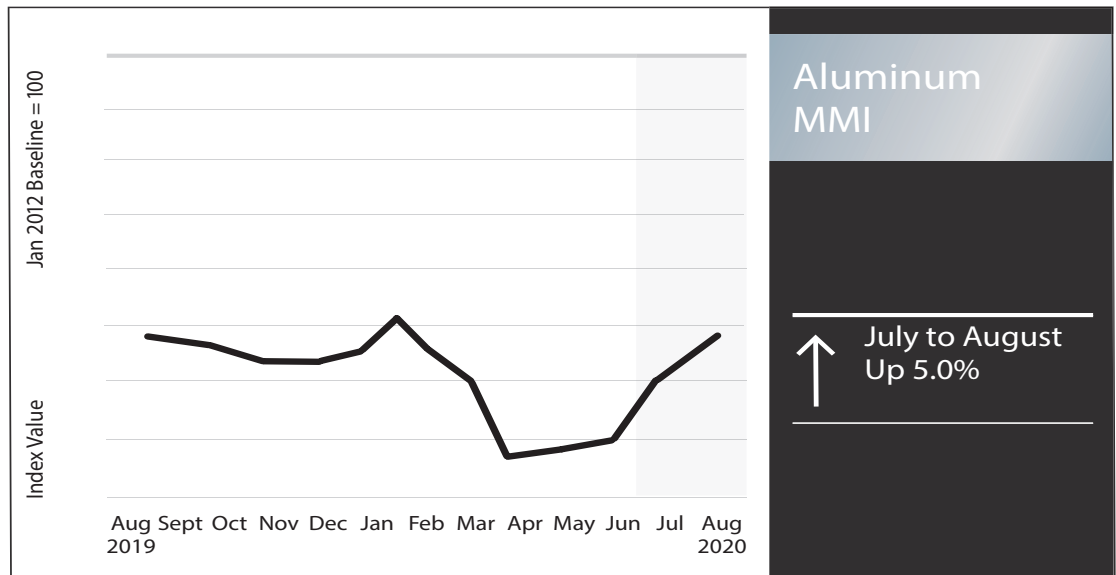
U.S. steel mills, however, have started to ramp up incrementally, with the steel capacity utilization rate reaching 60.4% for the week ending Aug. 8. While the figure has been gaining week by week, the most recent weekly rate was still well below the 79.1% posted during the same week in 2019.

In trade news, President Donald Trump opted to reinstate the 10% Section 232 tariff on some Canadian aluminum, prompting an uptick in tensions between the two countries. Earlier this month, Canada announced retaliatory tariffs targeting U.S. aluminum.

The reinstated tariff applies to unalloyed aluminum, not downstream aluminum products.

— Lisa Reisman, Executive Editor, MetalMiner

Monthly Aluminum MMI Rises 5.0%



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Source: [MetalMiner IndXSM](#).

The **Aluminum Monthly Metals Index (MMI)** increased by 5% for this month's MMI value.

SHFE prices stronger than LME prices

LME and SHFE aluminum prices continued to trade up.

The LME price reached \$1,783/mt on Aug. 10, a six-month high. Meanwhile, the SHFE price reached CNY 14,820/mt on Aug. 3, a year-to-date high.

However, the SHFE aluminum price has continued to diverge from LME aluminum prices since April, with the SHFE being higher than the LME.

As a consequence, LME warehouse stocks have remained above 1.6 million tons since mid-June. These are the highest levels seen since May 2017.

The elevated stock level is due to a combination of low raw material prices and the high cost of shutting down primary smelters. This is in line with the estimated market surplus for January to May of 908,000 tons, as reported by the World Bureau of Metal Statistics.

Record imports amid strong Chinese aluminum demand

The price arbitrage between the LME and the SHFE, along with the strong Chinese demand, have incentivized traders to purchase aluminum at the discounted price overseas.

As a consequence, China imported 816,592 metric tons of aluminum, up 219.2% year on year for the first half of the 2020. [Continued...]

[CLICK HERE FOR THE FULL ARTICLE, MORE CHARTS AND ALL GLOBAL PRICES.](#)

The Aluminum MMI collects and weights [12 global aluminum price points](#) to provide a unique view into aluminum price trends over a 30-day period. For more information on the Aluminum MMI, how it's calculated or how your company can use the index, please drop us a note at: [info \(at\) agmetminer \(dot\) com](mailto:info@agmetminer.com).

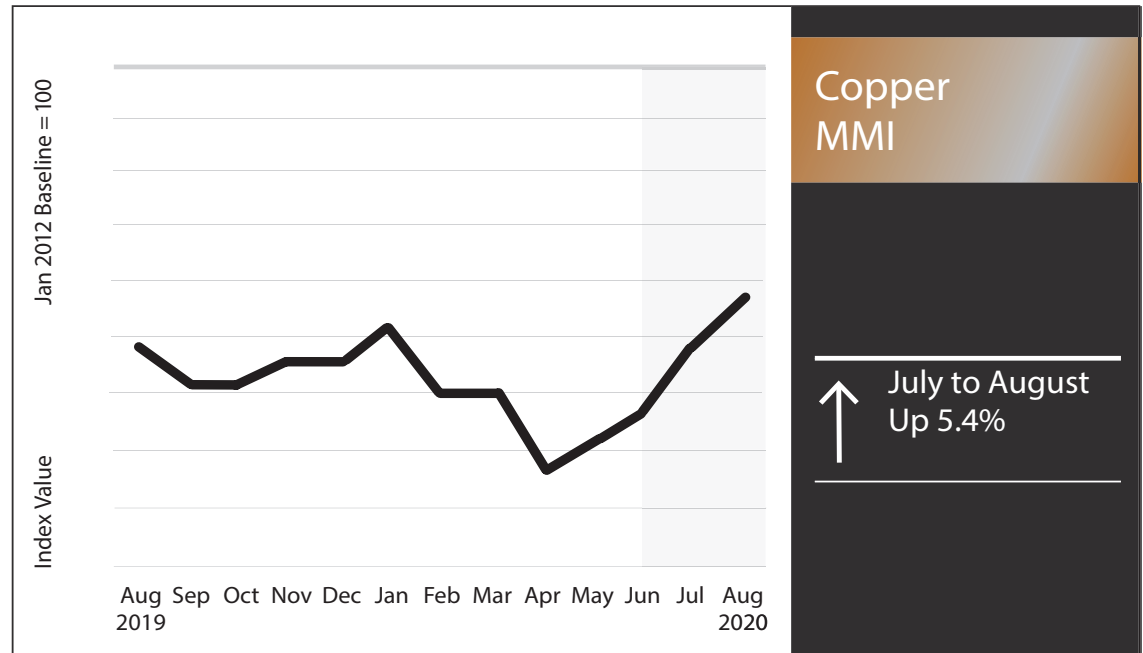
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Monthly Copper MMI Jumps 5.4%



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Source: [MetalMiner IndXSM](#).

The **Copper Monthly Metals Index (MMI)** increased 5.4% for this month's MMI reading.

LME copper prices increased through the first half of July and have traded sideways since mid-July.

However, the price remains well above \$6,000/mt. Chinese demand remains strong and market sentiment remains positive.

Will prices temporarily slow down?

LME copper prices continued to rise throughout July. The price reached a 14-month high by surpassing the \$6,400/mt level.

SHFE prices followed a similar trend.

However, the price increase seems to have slowed. LME and SHFE prices have trended sideways for the last three weeks.

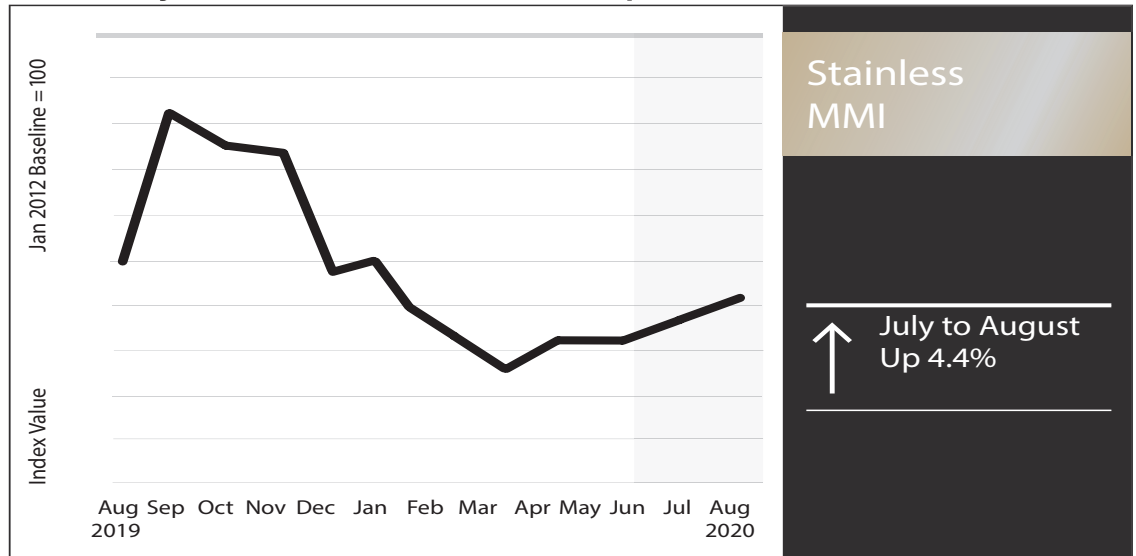
Copper inventories in LME warehouses decreased nearly 60% to 128,125 tons in July, reaching the same low levels seen in mid-January.

On the other hand, SHFE stocks had the exact opposite trend.
[Continued...]

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The Copper MMI collects and weights [12 global copper metal price points](#) to provide a unique view into copper price trends over a 30-day period. For more information on the Copper MMI, how it's calculated or how your company can use the index, please drop us a note at: [info \(at\) agmetminer \(dot\) com](mailto:info@agmetminer.com).

Monthly Stainless MMI Jumps 4.4%



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Source: [MetalMiner IndXSM](#).

The **Stainless Monthly Metals Index (MMI)** increased by 4.4% for this month's MMI value.

Surcharges increase for a third month

While stainless demand continues to remain in line with U.S. flat-rolled producer supply, alloy surcharges are rising for the third month in a row.

Why? The surcharge increases are again due to an increase in the nickel price.

Over the past month, the LME nickel price increased over 6% to \$14,433/mt as of Aug. 6.

Similarly, the Chinese nickel price increased to \$16,515/mt (or CNY 113,850/mt).

Are [rising surcharges causing concern](#)? Make sure your base prices are held fixed. See how service centers negotiate with you.

Nickel price jumps over supply fears

The Mines and Geosciences Bureau reported that Philippines nickel exports declined by 28% year on year to 102,310 tons during the first half of the year.

The export decline made waves on the LME and SHFE, where the nickel price increased.

Top producers reassured the market that no further disruptions are anticipated for the remainder of the year, despite coronavirus cases having increased since the first half of the year. [Continued...]

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The Stainless MMI collects and weights [12 global stainless and nickel price points](#) to provide a unique view into stainless price trends over a 30-day period. For more information on the Stainless MMI, how it's calculated or how your company can use the index, please drop us a note at: [info \(at\) agmetalmminer \(dot\) com](mailto:info@agmetalmminer.com).

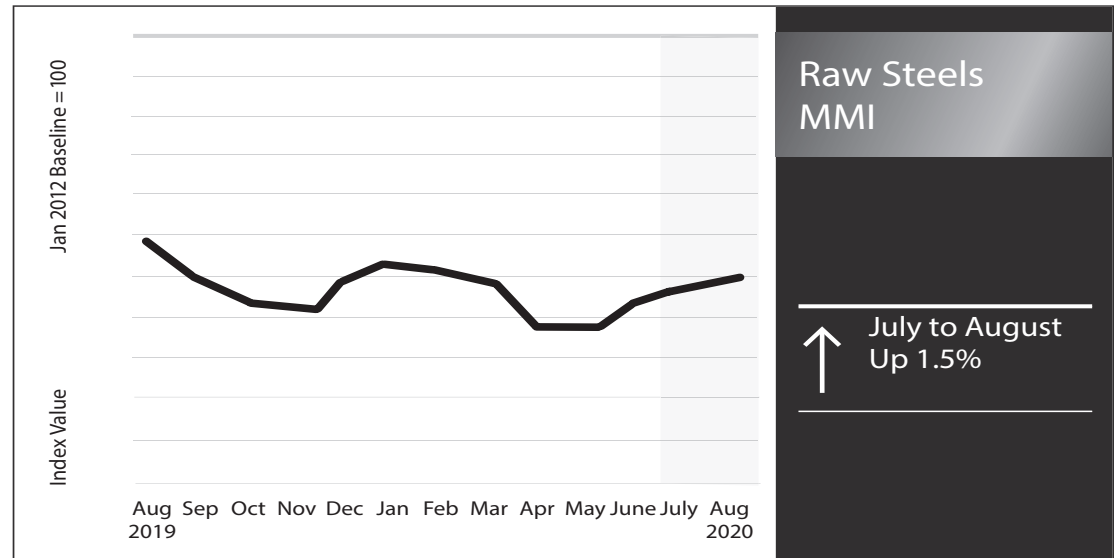
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Monthly Raw Steels MMI Gains 1.5%



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Source: [MetalMiner IndX](#).

The **Raw Steels Monthly Metals Index (MMI)** increased 1.5% for this month's MMI value.

Learn when you should use a [steel scrap cap collar contract](#) versus a finished price index (such as CRU).

Chinese demand on the rise

In the past few months, Chinese HRC and CRC prices have increased over 20%. Meanwhile, their U.S. counterparts have followed the opposite trend. This is due to weaker U.S. demand and stronger-than-expected Chinese demand.

China produced a record amount of crude steel in July as the government boosted infrastructure spending. In addition, the manufacturing sector rebounded as the government lifted lockdown restrictions.

China produced 93.36 million tons of crude steel in July, up 1.9% higher from June. The July total marked a 9.1% increase from July 2019, according to the National Bureau of Statistics of China.

Most of China's steel production comes from integrated mills. As a result, iron ore prices continue to increase as China's demand remains strong.

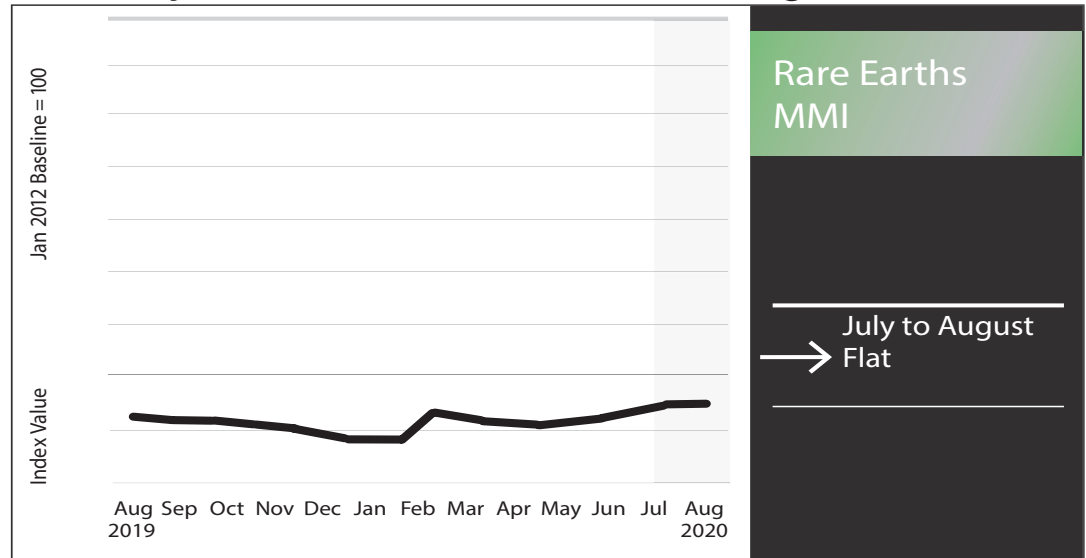
China continued to increase its iron ore imports. In the first half of 2020, China imported 546.91 million tons of iron ore, or a 9.6% year-over-year increase.

[Continued...]

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The Raw Steels MMI collects and weights [13 global steel and raw material price points](#) to provide a unique view into global steel price trends over a 30-day period. For more information on the Raw Steels MMI, please drop us a note at: info@agmetalminer.com.

Monthly Rare Earths MMI Unchanged



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Source: [MetalMiner IndXSM](#).

The **Rare Earths Monthly Metals Index (MMI)** posted no change from last month's MMI reading.

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Pentagon moves ahead with rare earths projects

After awarding Phase 1 contracts to Lynas Corporation and MP Materials in April, the Department of Defense (DoD) opted to freeze funding for the projects pending further review. However, the DoD last month [agreed to resume funding](#) and move forward with the projects, as Reuters recently reported.

The projects entail the building of heavy rare earth separation facilities by the two firms in Texas and California, respectively.

The U.S. has long sought to curb its dependence on China for critical rare earths. Rare earths, while not actually rare, are used in a variety of high-tech capacities, including military applications.

Lynas announced July 27 that the [Department of Defense had signed a contract](#) for the work on the project, which Lynas will develop with Texas-based Blue Line Corp.

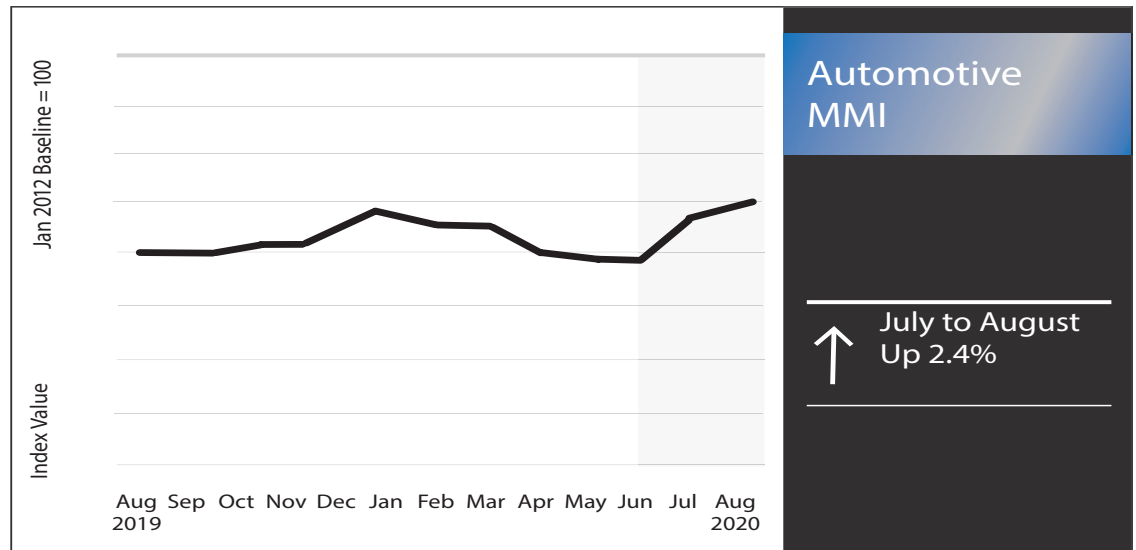
"As noted in our ASX announcement on 22 April 2020, Phase I funding provided by the DoD will allow Lynas and our U.S. partner Blue Line to complete a detailed market and strategy study plus detailed planning and design work for the construction of a Heavy Rare Earth separation facility," Lynas said in the release.

[Continued...]

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The Rare Earths MMI collects and weights [14 global rare earth metal price points](#) to provide a unique view into rare earth metal price trends over a 30-day period.

Monthly Automotive MMI Moves Up 2.4%



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Source: [MetalMiner IndXSM](#).

In this month's **Automotive Monthly Metals Index (MMI)** report: Ford CEO Jim Hackett will retire, the company announced this week; General Motors has plans to add more than 2,700 electric vehicle charging stations across the U.S.; and U.S. sales continue to show signs of recovery, but July sales remained down compared with a year ago.

The Automotive Monthly Metals Index (MMI) gained 2.4% for this month's MMI reading.

U.S. automotive sales

Last month, General Motors reported [second-quarter deliveries](#) of 492,489 vehicles, down 34% year over year.

The automaker reported a [net loss of \\$800 million](#) in the second quarter, down 132% year over year.

"During the quarter, GM implemented zero-based budgeting and aggressively reduced its ongoing costs through significant austerity measures, including reductions in advertising and other discretionary spending, compensation deferrals and certain employee furloughs," the automaker said in its Q2 2020 earnings release. "These austerity measures are expected to normalize as production and demand stabilize, with some of the austerity measures remaining permanent."

Ford Motor Co., meanwhile, saw [second-quarter sales drop](#) 33.3% year over year.

Even so, the company touted better-than-expected financial results for the second quarter.

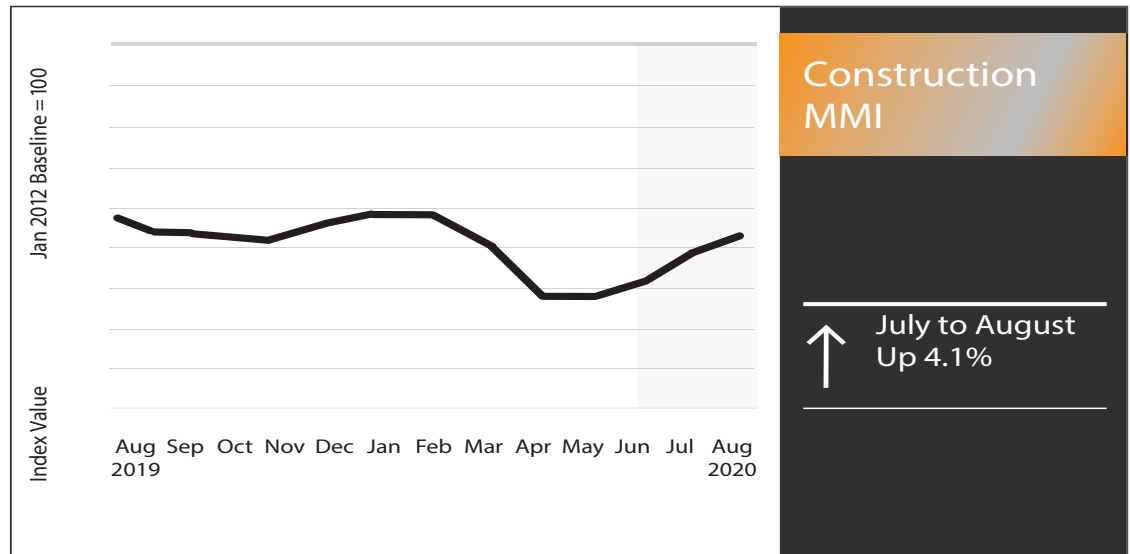
Ford [posted net income](#) of \$1.1 billion in Q2, up from \$100 million in Q2 2019.

[Continued...]

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The Automotive MMI collects and weights [7 metal price points](#) used in automotive production to provide a unique view into automotive metal trends over a 30-day period.

Monthly Construction MMI Up 4.1%



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Source: [MetalMiner IndXSM](#).

In this month's **Construction Monthly Metals Index (MMI)**: U.S. June construction spending fell compared with the previous month; the Architecture Billings Index showed signs of recovery; and metals in the Construction MMI basket made price gains.

The Construction MMI gained 4.1% for this month's MMI reading.

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U.S. construction spending

U.S. construction spending in June [reached a seasonally adjusted annual rate](#) of \$1,355.2 billion, according to the U.S. Census Bureau.

The June rate marked a 0.7% decline from the previous month. Meanwhile, the figure was up 0.1% from the June 2019 rate.

However, during the first six months of this year, construction spending reached \$667.9 billion, up 5.0% year over year.

Broken down further, spending on private construction was at a rate of \$1,001.9 billion, or down 0.7% from May.

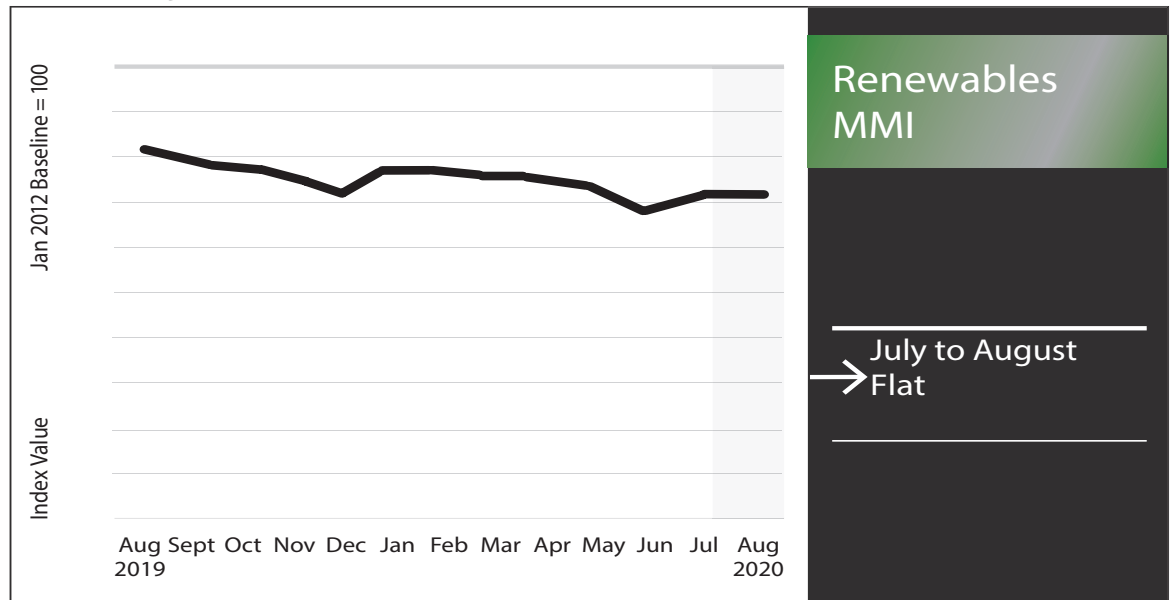
Within private construction, residential construction came in at a rate of \$534.2 billion, down 1.5% from the revised May estimate. Nonresidential construction was at a rate of \$467.7 billion, down 0.2% from the May estimate.

[Continued...]

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The Construction MMI collects and weights 9 metal price points used within the construction industry to provide a unique view into construction industry price trends over a 30-day period.

Monthly Renewables MMI Posts No Movement



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*Index had been recalibrated in May 2017 to better account for cobalt price fluctuations

Source: [MetalMiner IndXSM](#).

The **Renewables Monthly Metals Index (MMI)** held flat for this month's MMI value. (*Editor's Note: This report also includes coverage of grain-oriented electrical steel.*)

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'We saved \$1M
on carbon last year'



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Chinese firm to pause purchasing from two Congo artisanal mines

Chinese firm Huayou Cobalt will temporarily [cease buying from two artisanal mines](#) in the Democratic Republic of the Congo (DRC), Reuters reported. The Chinese company has opted to pause purchases from the mines until it is sure the cobalt mined there is free from human rights abuses.

A majority of the world's cobalt is mined in the DRC. Manufacturers covet cobalt for its use in a variety of high-tech capacities, including lithium-ion batteries.

According to the report, Huayou will continue to cooperate with the [Better Mining program](#) developed by RSG Group. The initiative aims to facilitate "active and permanent monitoring of artisanal mine sites (ASM) and trading chains in all minerals for adherence to responsible sourcing market expectations."

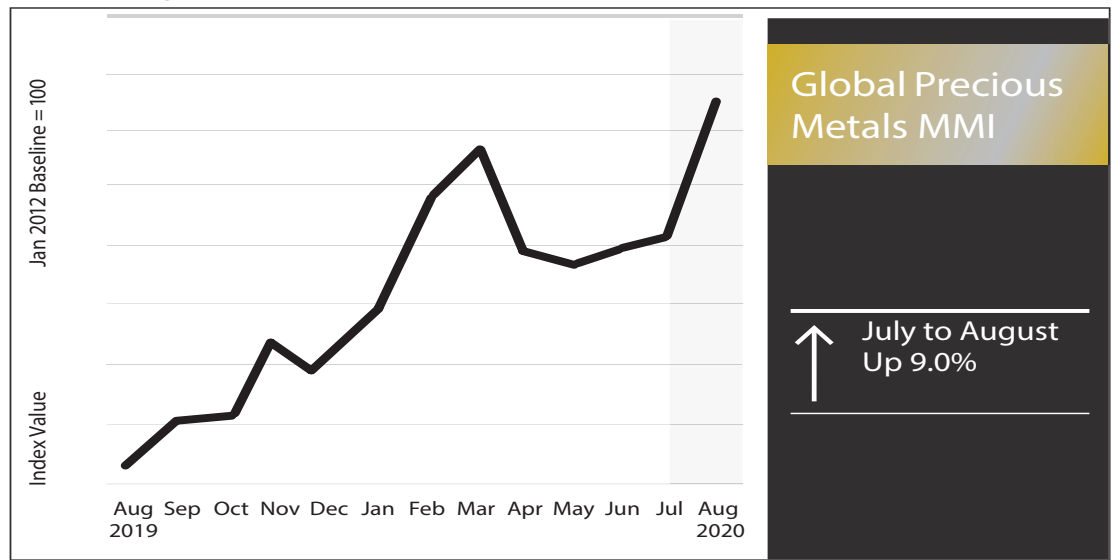
Glencore H1 2020 cobalt production down 33%

Miner Glencore reported its [first-half production results](#), detailing a 33% decline in cobalt production. [Continued...]

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The Renewables MMI collects and weights [8 metal price points](#) over a 30-day period.

Monthly Global Precious MMI Rises 9.0%



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Source: [MetalMiner IndXSM](#).

The **Global Precious Monthly Metals Index (MMI)** surged 9% for this month's MMI value.

Surging gold price

The [gold price recently soared](#) to an all-time high.

The gold price is inversely correlated with the U.S. dollar. As such, it is worth noting the U.S. dollar recently fell to a two-year low.

The [U.S. dollar fell](#) to 93.23 as of Thursday afternoon.

Silver rises but could be headed for short-term weakness

Meanwhile, the silver price has also been on the rise longer term.

MetalMiner's Stuart Burns has kept a close eye on the [resurgent silver market](#) in recent months.

"Early this year, the silver market was going through a tough time," Burns wrote last month.

"Its reaction to the growing pandemic was in stark contrast to that of gold. The disconnect between the two metals rose to historic proportions, as gold rose on the back of deeply negative real interest rates and expectations, justified or otherwise, of rising inflation as a result of massive fiscal stimulus."

Burns added the silver price could still have a ways to go.

[Continued...]

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The Global Precious Metals MMI® collects and weights 14 global precious metal price points to provide a unique view into precious metal price trends over a 30-day period.

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Compare Your Quotes to the Market



BASIC ANALYSIS RESULTS			
MATERIAL:	304 2B Coil/0.038-0.060 mm		
PRICE:	\$1.43 on 01/01/2018 equates to a normalized price of \$1.57 on 08/29/2018		
MATCHING:	896	% PAYING MORE:	45.41%
UNIQUE BUYERS:	747	% PAYING SAME:	12.34%
% PAYING LESS:	42.25%	MEDIAN:	\$1.57/lb

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About MetalMiner

Sourcing & Trading Intelligence for Global Metals Markets

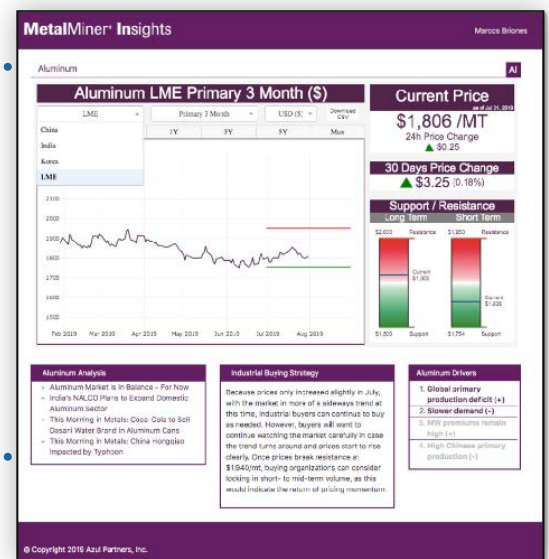
MetalMiner is North America's largest metals information site. This go-to resource for metal-buying organizations identifies metal market trends and price direction, provides daily metal market analysis and commentary, and offers insight and strategies to mitigate risk and reduce costs. [MetalMiner](#) is operated under management company [Azul Partners Inc.](#)

Metal prices fluctuate. Key is knowing when to buy.

MetalMiner is your best value resource for metals pricing information.

The MetalMiner Insights platform combines metal prices with forecasting and data analysis capability (such as correlation modeling), which no other market intelligence firm can provide:

- Current price data
- Historical price data
- Forecasting and buying recommendations
- Market news and analysis
- Cost savings diagnostic
- Bid and RFQ toolbox
- Price correlation modeling capability



"MetalMiner empowers metal buyers to be more intelligent when making metal purchases."

- Jack Bellissimo, Sourcing Manager, **Hubbell Incorporated**

"My success in controlling and reducing our costs last year was directly attributable to the information I obtained through MetalMiner."

- Bill Chapin, Procurement Manager, **Watson, Inc.**

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**Lower your spend
Lower your price risk
Time your buy**

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