



# The UPM Market Informer

## London Metal Exchange Takes Aim at Booming Electric Car Market with New Contracts for Battery Metals

The London Metal Exchange will begin offering contracts in metals used in batteries within 18 months to capture the huge opportunities created by the rise of the electric car, according to its chief.

Demand for metals including lithium, cobalt, nickel, graphite and manganese has surged with the growth in electric vehicles, particularly in China, which has become the largest electric car market worldwide as the government aggressively pushed development to deal with serious pollution problems.

"The battery industry is a big part of metal contracts now trading, as a result of the increasing popularity of electric cars," LME chief executive Matthew Chamberlain told the annual LME Asia Week forum in Hong Kong on Thursday.

New futures contracts to be launched may include lithium, graphite and manganese, while additional contracts for the already tradeable nickel, copper, cobalt and aluminum will be explored, he said.

Chamberlain also said that alongside the battery sector, other new products in the pipeline included gold and silver options.

"The LME will introduce a new platform by the end of this year to make it quicker and easier to launch new products. The range of new products should be launched over the next 18 months," he said.

The LME is the world's largest metals exchange and is owned by Hong Kong stock market operator Hong Kong Exchanges and Clearing (HKEX). Some 900 people attended the annual conference, including representatives of electric vehicle makers. *Source: CNBC*



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## Global Market for Automotive Fasteners to Grow

DALLAS—The future of the global automotive fastener market looks promising with opportunities in the passenger car and light commercial vehicle segment.

According to market research firm Lucintel, the global automotive fastener market is expected to reach an estimated \$25.9 billion by 2022, and it is forecast to grow at a cumulative annual rate of 3.1 percent from 2017 to 2022. The major growth drivers for this market are increasing vehicle production and increasing migration of OEMs from standard fasteners to customized fasteners.


Emerging trends include the development of fasteners for lightweight materials and self-contained in-die fasteners. Lucintel forecasts that fasteners for aluminum and plastic are expected to show above average growth during the forecast period. *Source: Assembly.com*





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## Stainless Steel MMI: Subindex Inches Upward on Rising LME Nickel Prices

In May, the **Stainless Steel Monthly Metals Index (MMI)** once again inched one point higher. The current reading stands at 77 points. The subindex inched higher driven by increasing LME nickel prices. Meanwhile, other related metals in the stainless steel basket traded flat. Chinese ferrochrome alloy decreased for the second consecutive month, this month by 3.2%.

**LME Nickel** - In April, LME nickel prices increased sharply, following some of the other base metals uptrends (such as aluminum and copper). LME nickel prices went up to \$16,685/mt and then corrected. LME nickel prices in May remain in an uptrend, with current prices around \$13,900/mt. LME nickel prices remain in a long-term uptrend that started back in June 2017, when LME nickel prices hovered around \$8,900/mt. However, nickel price momentum seems slower now than it was back in 2017. Since February, LME nickel prices have traded more sideways. Buying trading volume still supports the uptrend, which may result in increasing nickel prices in the coming months.

**Domestic Stainless Steel Market** - Following the recovery in stainless steel price momentum, domestic stainless steel surcharges increased again this month. The 316/316L-coil NAS surcharge reached \$1.01/pound, while the 304/304L-coil NAS surcharge increased to \$0.71/pound. After last month's sideways trend for NAS stainless steel surcharges, the uptrend has started again. The 316/316L-coil NAS surcharge is currently moving toward the January 2013 peak of \$1.12/pound. The surcharge has breached previous high peaks already.

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## GE Engines Power USS CINCINNATI; Christened by United States Navy

GE Marine Solutions' LM2500 marine engines now power the United States Navy's Littoral Combat Ship (LCS) USS Cincinnati (LCS 20), which was recently christened at the Austal USA shipyard in Mobile, Alabama.

EVENDALE, Ohio – GE Marine Solutions' LM2500 marine engines now power the United States Navy's Littoral Combat Ship (LCS) *USS Cincinnati* (LCS 20), which was recently christened at the Austal USA shipyard in Mobile, Alabama. “Our skilled and diverse workforce proudly manufactures the LM2500 gas turbines used to power this sophisticated surface combatant at GE Aviation’s hometown just a few



minutes-drive from downtown Cincinnati,” said GE’s Brien Bolsinger, Vice President, Marine Operations. “The May 5 christening is another way to celebrate the LCS 20, its namesake city and GE’s contribution to our country’s national security,” he added.

Representing GE at the christening was Steve Maynard, Director, Customer Application Engineering with GE’s marine gas turbine business. Maynard, a retired U.S. Navy Captain, also is the President of the Greater Cincinnati chapter of the Navy League of the United States.

Each of the two LM2500 engines produce over 29,500 horsepower, propelling the *USS Cincinnati* to speeds in excess of 40 knots or 46 miles per hour. To date, GE has contracts to provide gas turbines for ships up to LCS 30 (even ship numbers are Austal *Independence* class ships). In addition, Austal is one of five shipyards that have been awarded a concept design contract for the U.S. Navy’s new missile guided frigate FFG(X), based on the *Independence* class LCS.

LCS 20 is the fifth ship in naval history to be named Cincinnati with the first playing an integral part in the Civil War; the second enforcing neutrality laws during the Cuban Revolution and seeing service during the Spanish-American War; the third acting as a patrol and flagship during World War II; and the fourth, a *Los Angeles* class submarine, commissioned in 1978 and serving during the Cold War.

GE has delivered gas turbines onboard 646 naval ships serving 35 navies worldwide. The U.S. Navy is GE’s largest marine gas turbine customer, with more than 700 LM2500 family engines. GE has provided 97% of the commissioned propulsion gas turbines in the U.S. Navy fleet. With a GE gas turbine, the U.S. Navy has support worldwide whether onshore or at sea, and interoperability benefits with other U.S. and allied naval ships. *Source: GE Aviation*

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**China Stainless Steel Market** - An abundance of stainless steel in China came as a result of new production in Indonesia. The Chinese-owned stainless company **Tsingshan** started production last August in Indonesia, with an annual capacity of around 3 million tons by the end of 2018. This annual capacity equates to 6% of last year's global stainless steel capacity. Due to this increased production, China became a net importer of hot-rolled stainless coil already in December 2017 for the first time in more than seven years, according to the International Steel Statistics Bureau. Chinese stainless steel stocks have risen, while Chinese stainless steel prices have not. In fact, Chinese stainless steel price currently trade sideways. The current divergence between increasing LME nickel prices and Chinese stainless steel prices, plus increasing stainless steel stocks, may drive some mills to cut production.

**What This Means for Industrial Buyers** - Stainless steel price momentum appears to be strong this month, as stainless steel surcharges increased sharply. With nickel in a bull market, buying organizations may want to follow the market closely for opportunities to buy on the dips. Hedging nickel may result in potential savings opportunities for buying organizations. *Source: MetalMinor*



## Surcharge Totals February 2018— August 2018

	Feb	Mar	Apr	May	Jun	Jul	Aug
15-5	0.4861	0.5036	0.5662	0.5677	0.5769	*	*
15-7	0.6970	0.7596	0.8407	0.8336	0.8410	*	*
17-4	0.4829	0.4973	0.5622	0.5631	0.5713	*	*
17-7	0.5609	0.6002	0.6745	0.6788	0.6959	*	*
201	0.4665	0.4927	0.5632	0.5668	0.5778	*	*
301 7.0%	0.5551	0.5932	0.6683	0.6725	0.6892	*	*
302/304/304L	0.6066	0.6502	0.7290	0.7334	0.7524	*	*
304-8.5%	0.6280	0.6744	0.7535	0.7579	0.7781	*	*
305	0.7820	0.8474	0.9309	0.9356	0.9641	*	*
309	0.8131	0.8758	0.9722	0.9767	1.0052	*	*
310	1.1297	1.2333	1.3389	1.3440	1.3892	*	*
316/316L	0.8643	0.9460	1.0358	1.0288	1.0445	*	*
316LS/316LVM	1.2700	1.4100	1.3400	1.3700	*	*	*
317L	1.0197	1.1205	1.2244	1.2119	1.2258	*	*
321	0.6401	0.6892	0.7660	0.7704	0.7918	*	*
347	0.9497	0.9988	1.0756	1.0800	1.1014	*	*
409/409 Mod	0.2003	0.2003	0.2512	0.2551	0.2251	*	*
410/410S	0.2072	0.2072	0.2604	0.2642	0.2642	*	*
430	0.2473	0.2473	0.3133	0.3169	0.3169	*	*
434	0.3185	0.3287	0.4004	0.3997	0.3967	*	*
439	0.2557	0.2557	0.3247	0.3283	0.3283	*	*
440A	0.2473	0.2473	0.3133	0.3169	0.3169	*	*
2205	0.8158	0.8859	0.9965	0.9831	0.9835	*	*
263	7.4595	7.8741	8.7194	9.5493	10.2029	11.1034	11.7569
276	4.1660	4.4784	4.4253	5.2620	5.6690	5.7616	5.8231
A286	1.1137	1.2366	1.1441	1.3667	1.5171	1.5406	1.6053
330	1.3971	1.5744	1.4251	1.7052	1.8860	1.9053	2.0069
400	2.5921	2.9235	2.7200	3.2672	3.5440	3.4534	3.6420
455	0.7200	0.7600	0.7500	0.7800	*	*	*
465	0.8800	0.9200	0.9200	0.9400	*	*	*
600	2.6794	3.0531	2.7863	3.3635	3.6864	3.6633	3.8717
601	2.3837	2.6895	2.4443	2.9180	3.1917	3.2043	3.3755
617	5.7558	6.1427	6.5170	7.3342	7.8691	8.3732	8.7729
625	4.5376	5.0202	4.8678	5.5352	5.8802	5.9397	6.0507
718	4.4733	5.0118	4.8374	5.3154	5.5832	5.6130	5.7371
X-750	3.2293	3.6314	3.3689	3.9301	4.2455	4.2267	4.4293
825	1.8995	2.0984	1.9619	2.3473	2.5689	2.6100	2.7003
HX	2.7218	2.9709	2.8885	3.4680	3.7769	3.8670	3.9584
188	17.2000	18.4500	19.9700	21.3600	*	*	*
CCM	30.0800	31.2200	33.3100	34.2600	*	*	*
L-605	21.0400	22.4400	24.3700	26.0500	*	*	*

\*Surcharge currently not available