

SE Front Page Stories
HD **Bargain-hunting, low freight lifts Australian alumina \$2**

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Australian **alumina** prices climbed \$2/mt after recent low prices, a fall in freight rates and higher domestic **alumina** offers enticed some bargain hunters in **China** back to the Australian market, which took the Platts daily Australian assessment to \$309/mt FOB on June 25, up from \$307.

Spot negotiations appeared to be CIF **China**-driven, rather than FOB Australia basis, possibly because freight rates have fallen to a new low for the year to date. In addition, CIF buying rates appeared to be more competitive than FOB Australian buying rates, in freight parity terms.

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Platts assessed the Handysize freight market for **alumina** from Western Australia to Lianyungang in northeast **China** unchanged at \$20/mt on June 25, for 30,000 mt cargoes for late July/August loadings. The assessment is down \$2.50/mt from a week ago and \$4 from a month ago, dragged down by a large number of underutilized ships.

CIF **China** spot discussions centered around \$330/mt, with buyers testing a few dollars below and sellers a few above. Trader and consumer sources also said that the lower freight rates could lend some support to the FOB Australia price.

A **Chinese** consumer said he would be keen to pick up an August shipment from Australia when his **company's** credit line is restored. The buyer has been in talks with his lender for weeks about his credit limit, and said he was expecting to be able to enter the market soon.

Another **Chinese** consumer/reseller was on the lookout for Australian material for shipment in September and October. He cited buying interest at \$306/mt, FOB Australia, and \$326-327/mt CIF **China**. "July is too prompt, and I'm done for August," he said.

A third **Chinese** consumer/reseller indicated buying rates at \$326-327/mt CIF, while a fourth **Chinese** consumer/reseller said she would not go over \$300/mt, FOB Australia, but it was clearly very much below-market.

A trader said he was in talks for a prompt **sale** at above \$310/mt, FOB Australia, while another put selling interest at \$310-313/mt. However consumer/resellers were generally a couple of dollars below \$310/mt. Consumer and trade sources added that the rising offers for domestic **alumina** across **China** may lend some support to Australian prices, in import parity terms. The domestic **alumina** price sets the price floor for Australian material, sources said.

In addition, port stock **alumina** prices appeared to be relatively affordable compared with domestic tonnage. Port stock prices were pegged at Yuan 2,480-2,490/mt (\$403-405/mt) ex-Lianyungang on June 24, down from Yuan 2,490-2,500/mt in early June and also down from Yuan 2,510-2,550/mt at the start of May.

The Platts **China** daily **alumina** assessment for Henan province was stable at Yuan 2,440/mt ex-works for 70:30 cash and credit payment terms on June 25, ahead of negotiations for July spot talks slated to conclude next week. The assessment was up Yuan 10/mt on the week.

In neighboring Shanxi region, **alumina** prices were stable, too, at Yuan 2,400-2,420/mt cash to partial credit terms, but were up from Yuan 2,380-2,400/mt in early June. Down south, Guangxi prices were rangebound at Yuan 2,250-2,280/mt cash to partial credit terms, but up from Yuan 2,230-2,260/mt at the beginning of the month.

Buying and selling sources said any upswing in **alumina** prices would be capped by low aluminum prices and possible smelter curtailments.

On June 25, the front-month July aluminum contract on the Shanghai Futures Exchange closed at Yuan 13,440/mt, up from Yuan 13,325/mt a week earlier and but down from Yuan 13,565/mt on June 11.

Joanna Lim, with Sui Ling Phang in Singapore

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