

**HD** BHP Billiton channels Ebay with **alumina** tender

**BY** Jethro Wookey

**WC** 488 words

**PD** 14 March 2014

**SN** Metal Bulletin

**SC** METBUL

**LA** English

**CY** © 2014 Metal Bulletin Limited. All Rights Reserved.

**LP**

The latest **alumina** tender issued by BHP Billiton from the Worsley **alumina** refinery in Western Australia has a number of features that are more commonly found on online auction and shopping website Ebay.

The latest **alumina** tender issued by BHP Billiton from the Worsley **alumina** refinery in Western Australia has a number of features that are more commonly found on online auction and shopping website Ebay.

**TD**

BHP is offering 30,000 tonnes of **alumina** from Worsley in a tender that is scheduled to end at 14:00 GMT on Friday March 14.

For the first time, the **company** has included what it calls a BMAG price in its tender offer. The BMAG price is a price at which buyers can bid to immediately stop the tender process and secure the material.

"We are introducing a new feature in the Invitation to Bid, a 'BMAG price' which gives [BHP] the right to stop the bidding process and award the **sale** to the first bidder to bid the 'BMAG price'," the **company** said in its invitation email, seen by Metal Bulletin.

Several traders have said that the BMAG price very closely resembles Ebay's "buy-it-now" option, which gives bidders on auctions the chance to similarly halt the process by bidding a higher price set by the seller.

"It's exactly like Ebay," one trader said.

One slight difference, however, is that the BMAG price has been falling throughout the week.

"It was \$327 [per tonne] on Tuesday, \$325 on Wednesday, \$322 on Thursday, and now it's at \$321," the trader said.

Will it work?

Some sources have questioned the tactic, saying there are not enough buyers to justify such a move.

"Ebay lives because it has **millions** of customers. **Alumina** has got ten serious producers and only a few independent buyers – 90% of its customers are in **China**," a second trader said, adding that there is a supply surplus in **alumina** at the moment.

"I have people offering **alumina** every day, but there are no buyers. All consumers have full silos," he said.

But markets can turn quickly, and having the option to guarantee securing tender volumes may become very attractive to buyers in the future.

BHP has also set a reserve price on the tender of \$315 per tonne, below which it will not sell the offered material, sources said. Ebay also has a similar feature when people offer goods through its auctions.

Metal Bulletin's fob Australia **alumina** index fell to \$318 per tonne on Friday, from \$320.38 previously.

BHP at one time published offer prices for cobalt on its website, but stopped the online marketing in early 2009, a few months before it withdrew from the spot market for the metal.

BHP did not respond to requests for comment at the time of writing.

Jethro Wookey

jwookey@metalbulletin.com

Twitter: @jethrowookey\_mb

**CO** bkhlp : BHP Billiton Ltd | ebayus : eBay Incorporated | bltplc : BHP Billiton PLC

**IN** imet : Mining/Quarrying | i2245 : Aluminum | i22 : Primary Metals | i224 : Non-ferrous Metals | ibasicm : Basic Materials/Resources | i211 : Metal Ore Mining | i64 : Retail/Wholesale | i656000301 : Etailing | iecom : E-commerce | iint : Internet/Online | ionlauc : Online Auctions | iretail : Retail | itech : Technology

**NS** ccnttd : Contract Tenders | c33 : Contracts/Orders | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

**RE** austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**IPD** Aluminium

**PUB** Metal Bulletin Limited

**AN** Document METBUL0020140630ea3e000dh