

Title: Nickel and the wrong narrative

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This is the most adult forum of this GME so I hope to get some traction here:

The weekend FUD and the terminology of the Nickel squeeze branding it as "ah, one chinese Tycoon fucked the street" is mind-blowing.

It was Hedgefunds that cornered the "chinese Tycoon who was short on Nickel" (yes, all main triggers activated, "China" and "Rich" plus "bet" plus "short")

So many people jumping the MSM bandwagon without any questioning...that's so scary

The guy cornered is the owner of Tsinghsan group, which is not only the biggest Nickel producer, but also by far the biggest stainless steel producer in the world.

100mt of standard 304 stainless (more than 70% of Tsinghsan production) contain 8mt of Nickel

The stainless steel price is directly linked to the Nickel price with a correlation coefficient of more than 0,9, which is based on the stainless pricing called "base price at date of order plus Alloy surcharge at date of delivery"

<https://www.outokumpu.com/de-de/surcharges>

There is a volatility risk from sourcing/buying the Nickel (-> equivalent the stainless steel) until selling it which is a time frame of up to 6 months (production, shipment, stocking for call off to industry)

Stainless Steel companies MUST go short on Nickel to hedge their "physical" long position risk.

It's part of required risk management from banks for giving them revolving credit lines needed to operate this business.

I am in this industry for more than 15years and have hedged myself, although in a much lower scale

This is not a gambler being bailed out, but a system error exposed by Ukraine war that exposed the hedge, and then HF came in on the frenzy

It is not similar to GME, only in the meaning that banks/HF fucking the street, but the street is the chinese Tycoon in this scenario, so confusing this may sound

The scale down effect of the biggest stainless steels producer in the world to fail and go bankrupt (or being taken over by chinese government, and afterwards China controlling more than 50% of a stainless steel production with state owned mills) is already massive.

In the stainless industry, there were no price offerings last week..the market froze.

Annual contracts are being cancelled, and I receive many inquiries of medium sized companies asking me to send them stainless from Korea (I trade very special steels between Korea and Germany) by AIR! Which costs like 6-7\$/kg, which is factor 20 to what we usually do when shipping in Container.

Neither Europe nor the USA have an own production that can cover their own demand, we = our industry is crucially depending on imports from China/Indonesia/Vietnam/Korea

Edit: took out the emotional part