



Non-Ferrous Metals Dynamics in 2024 and Way Forward

The non-ferrous metals market in 2024 has been highly volatile, with different metals experiencing distinct drivers. Zinc, Copper, and Tin have faced significant supply constraints, contributing to their price fluctuations. In contrast, Aluminum has been bolstered by strong demand, while Lead and Nickel have remained relatively stable due to a balanced market.



By Aurobinda Gayan

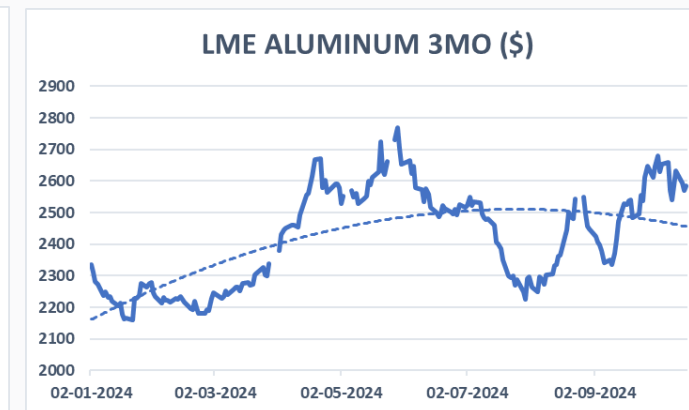
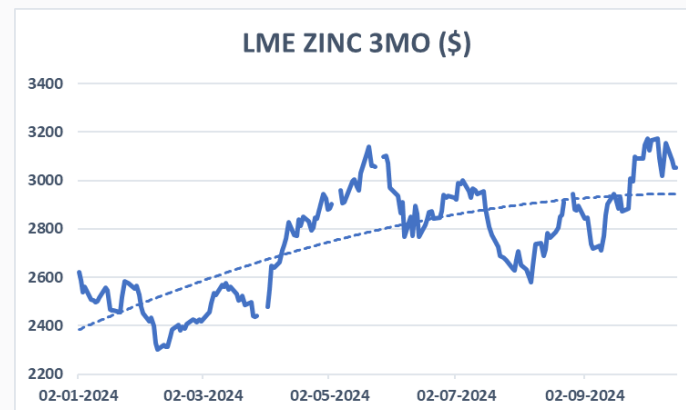
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18th October 24

Non-Ferrous Metals Performance in 2024

Homogeneity to Heterogeneity move within the peer

Non-Ferrous	31-12-2023	17-10-2024	291 Days Change	A key factor that defines the metal's performance in 2024
Al	2389	2560	7.16%	China's role in the market has caused fluctuations in the global aluminum prices with high volatility
Cu	8562	9460	10.49%	Tight Ore & Concentrate supply
Pb	2067	2070	0.15%	Low demand with adequate source from the scrap supply
Zn	2662	3000	12.70%	The import of zinc concentrate has declined due to tight availability and record-low treatment charges (TCs)
Ni	16620	16940	1.93%	Increased supply from Indonesia and moderation of demand growth in Evs sector ~ Balanced the market
Sn	25300	31270	23.60%	Supply shortages caused by mining and export challenges, coupled with increased demand, have kept tin prices significantly elevated.



Annualised Vol > 25%

Factors to Consider in the medium term: Non-Ferrous

China's NPC Meeting

- Pro growth policy
- Large Stimulus
- Chinese domestic demand

The US Election on 5th Nov.

- Mr. Trump winning streak??
- Tariff Play!!!
- Rate Cut Decision~~~~
- Compulsion on others for quick rate cut

^^^

Middle East Tension

- Supply Chain Disruptions
- High Energy Price
- Demand Shift
- Investor Confidence

Tightness in Metals Supply

- Copper Concentrate Supplies tightness
- Zinc TC/RC margins are at the lowest
- Alumina/ Bauxite supply tightened



Continue to witness high volatility

Absence of Linear trend within peer

Risk on/ Risk off play

Supply and Demand dynamics of prevalent metal: Cu

1

Raw Material availability & Rise in demand

Copper: Surplus turned to deficit

Closure of the Cobre Panama mine, Production Cut: Anglo American & BHP. – 600K MT (Reduction), No new mines, Environmental permitting delays

2

Renewable energy demand & EVs

Excessive demand may keep the Copper market in deficit

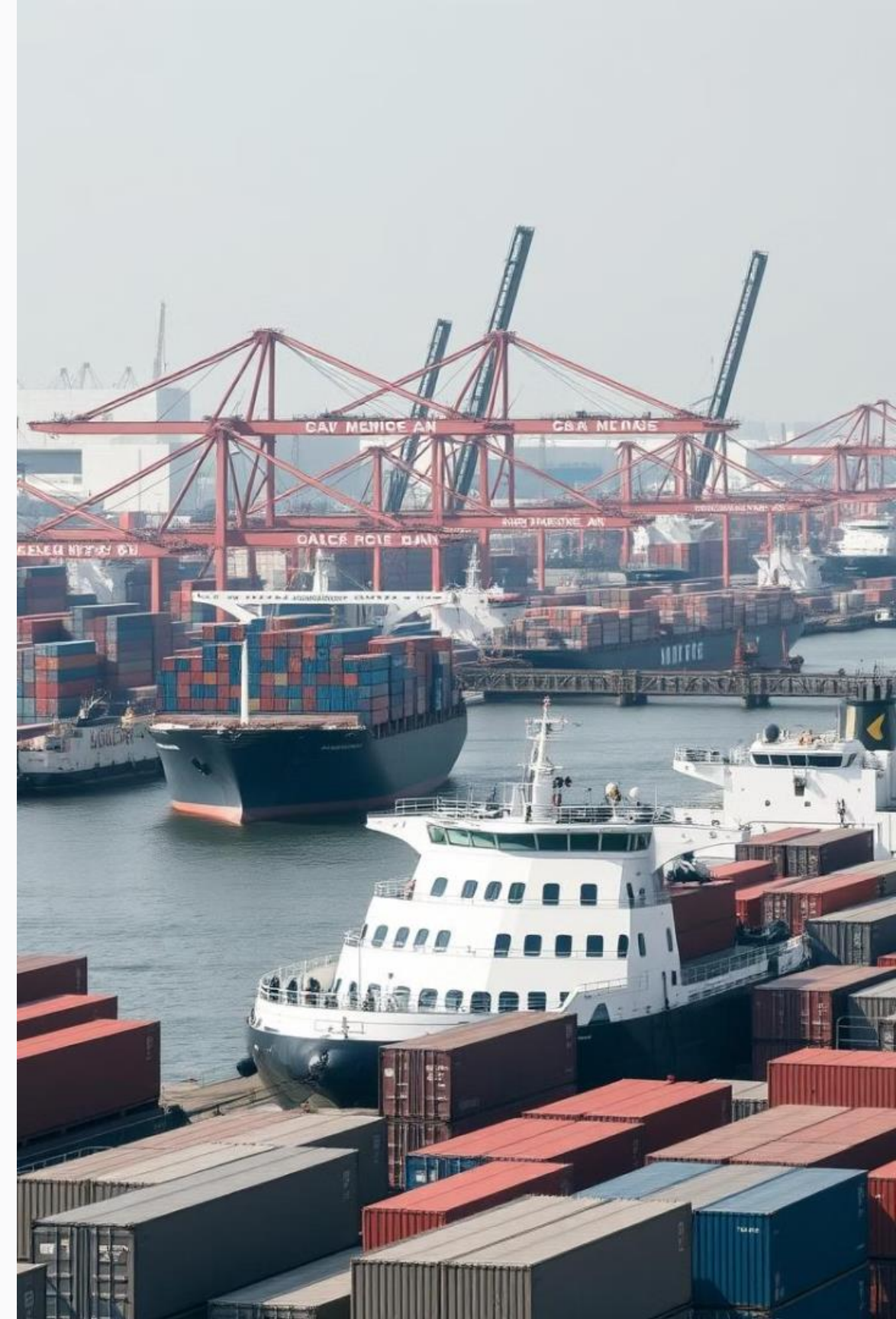
By 2030, Cu may see a deficit of 2.6 Million MT.

3

ETF Demand continues hold

Investors participate into Copper ETF- Largely as part of tactical trades

Global X Copper Miners ETF (COPX) and the United States Copper Index Fund (CPER)



Supply and Demand dynamics of prevalent metal: Zn

1

Raw Material Shortage and Supply

Chinese smelters – reduced output- lowered profit margins
TC/RC- Margins dropped sub-ZERO Vs. Refined Zinc supply (Relativenes
ILZSG anticipate deficit 2024, while may recover in 2025

2

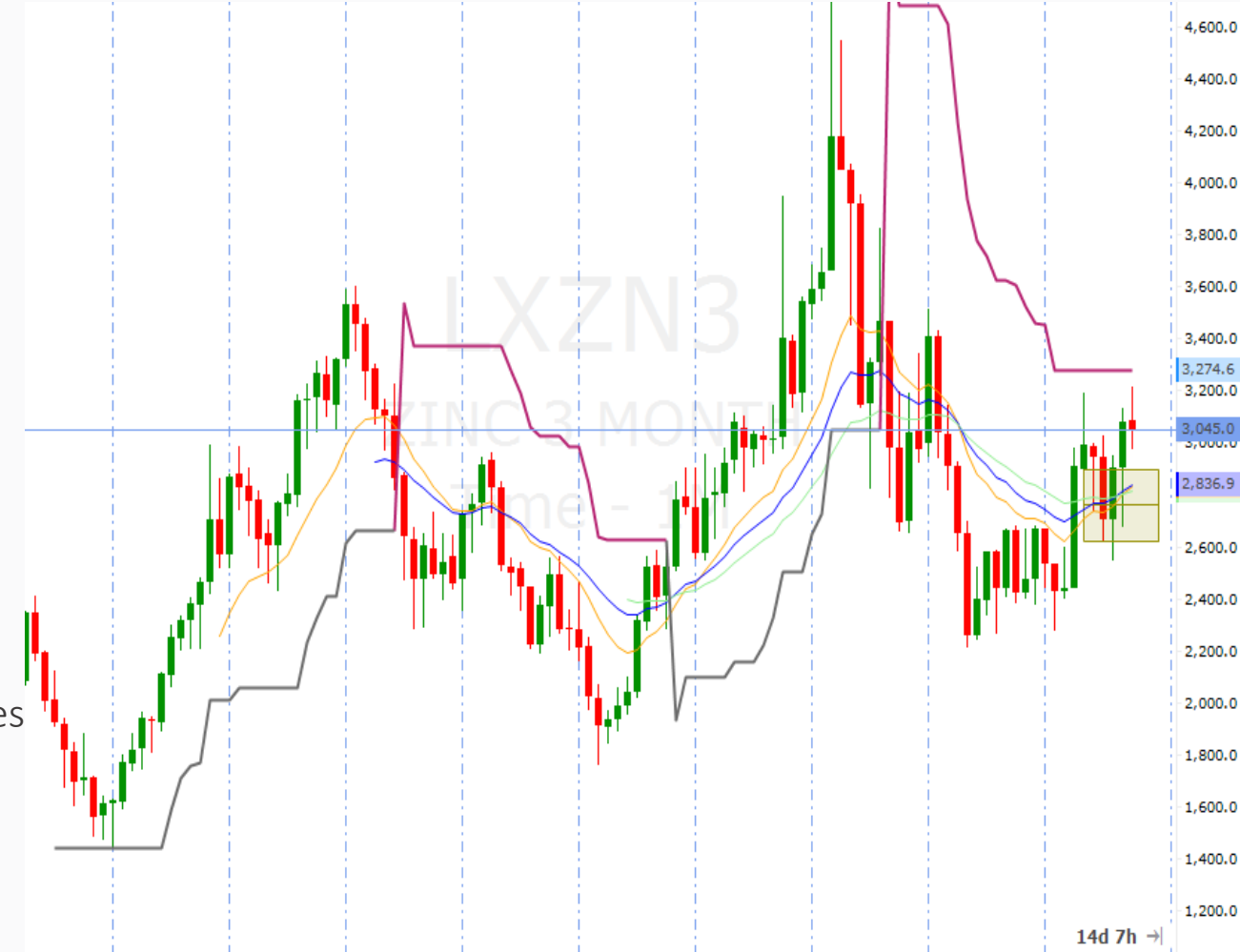
Demand Drivers

Global Demand is expected to grow only at 1.8% : 2024
China demand critical but slow growth at only 0.70%: 2024

3

Market Outlook 2025

Zinc market may shift from deficit to surplus in 2025
ILZSG, projects 1,48,000 MT Surplus
Demand may remain steady to higher amid green energy and infrastructure projects



Zn: 3M Forward LME Monthly Price Chart





Why Risk Management is very important for Metal industry

Price Volatility

- The average annualized volatility of metals falls in the range of 20% to 30%.
- Purchase-to-sale mismatch with price volatility can ruin the profit margin of the business

Supply Chain Disruption

- Amid potential unexpected risks that may create supply disruption.
- Unavailability of raw materials could delay the conversion process and led to deferring of finished goods

Operational Risks

- In absence of effective risk management can disturb the working capital and cash management of the business
- Purchase and sales terms must align to avoid market risk.
- Financial risk management is the key to filling the gap.

Market Dynamics

- Supply-demand mismatch
- Global Economic Conditions: USD, Rates, FX, etc.
- Market speculation and investment

Contd...



Risk Management Tools for financial hedging,

Plain Vanilla Derivative Contracts

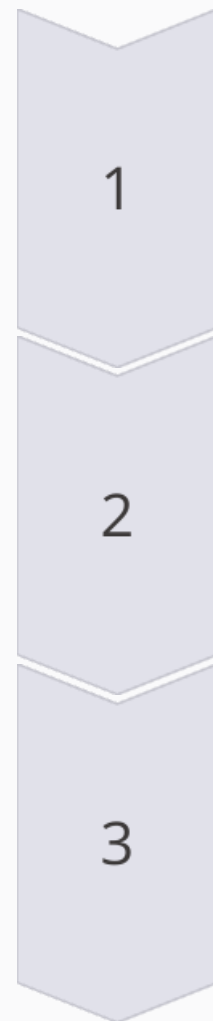
- Futures Contracts
- Options Contracts
- Arrangement with the Supplier
- Forward Contract

Exotic Structured Products

- Month Average Futures (MAF) Contract
- Asian Swap: Floating to Fixed OTC Contracts
- Purchase- Sale mismatch alignment contract

Are the Indian Commodities derivatives market equipped enough to meet importers'/exporters' booking terms using financial derivatives contracts?

Long-term perspectives and thoughts on non-ferrous Metals



Green Energy and Electrification Demand

- Renewable energy expansions: India's renewable sources are expected to provide 29.91% of the country's total energy consumption in 2025, and 43.33% by 2030.
- EVs: India's current EV market is around \$35 billion which is expected to grow 4X by 2030 – Metals consumption to be at a large means

Sustainability and Recycling

- Battery recycling, Automotive recycling, plastic recycling e-waste, and waste management.
- The battery recycling market is expected to grow from around \$100 million to \$2 billion by 2030.

India's Metal Industry Outlook

- With India's increasing focus on infrastructure development, manufacturing, and sustainability, the metal industry is well-positioned to become a major player in both the domestic and global markets.

“The World Bank predicts that copper prices will stabilize in 2025”

“The World Bank predicts that nickel and zinc prices will partially rebound in 2025”

“The World Bank predicts that aluminum and tin prices will increase further by 4% in 2025”

*** We may have different opinions on each of the metals**

Thank You!

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