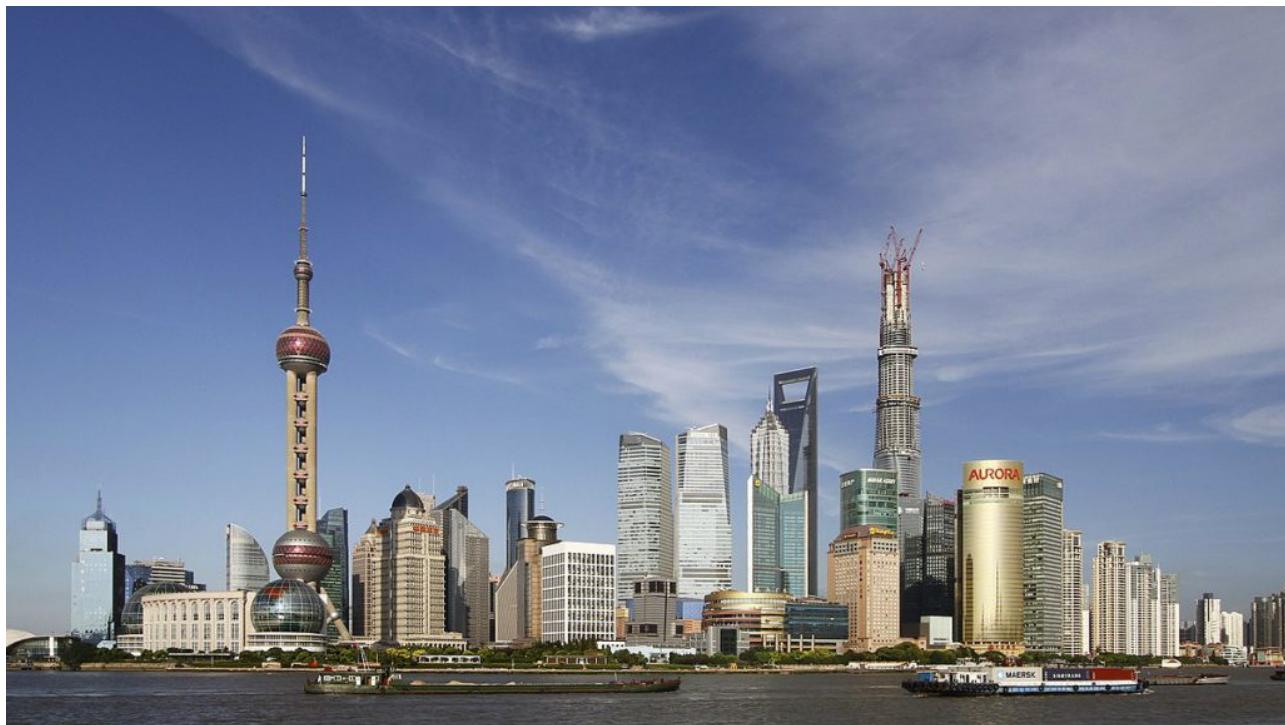


Nickel price soars to record in Shanghai on strong demand, low stocks

MINING.COM Staff Writer | August 31, 2021 | 10:35 am | [Intelligence Markets](#) [China](#) [Nickel](#)



Shanghai – Pudong. Credit: Wikimedia Commons

Nickel prices in Shanghai soared to their highest on record Tuesday, supported by solid demand from industrial sectors and low inventories across the world.

The most-traded October nickel contract on the Shanghai Futures Exchange hit a record 149,870 yuan (\$23,197) a tonne, up 21% year-to-date. Three-month nickel on the London Metal Exchange also touched its highest since July 30 at \$19,810 a tonne, having risen 17% so far this year.

SIGN UP FOR THE AUSTRALASIA DIGEST

[Sign Up](#)

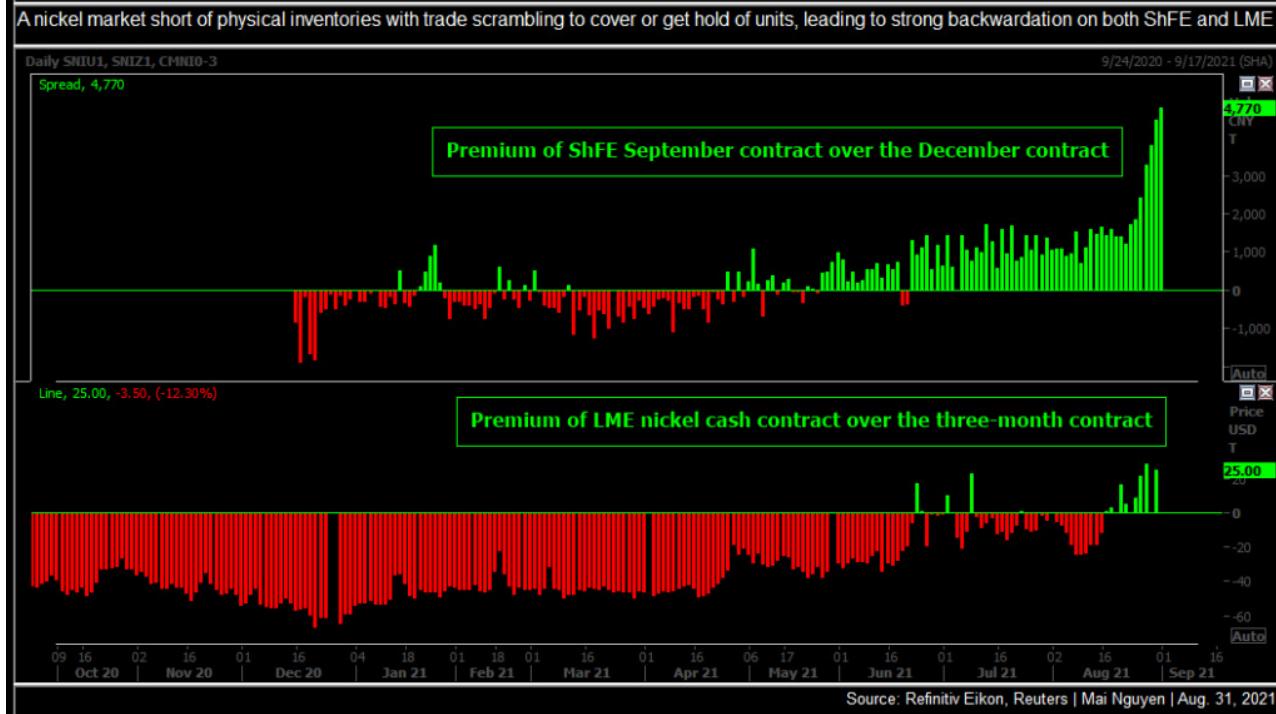
[\[Click here for an interactive chart of nickel prices\]](#)

Shanghai nickel prices hit record high on solid demand and record low stocks



"Orders for stainless (steel) product extend to the end of the year, primarily due to the strong post-lockdown rebound in demand and covid-19 related disruption to distribution. Shipping delays have forced consumers to post orders well ahead of need," Andrew Mitchell, head of nickel research at Wood Mackenzie, told Reuters.

Prices of nearby nickel contract leap to high premium over the further month

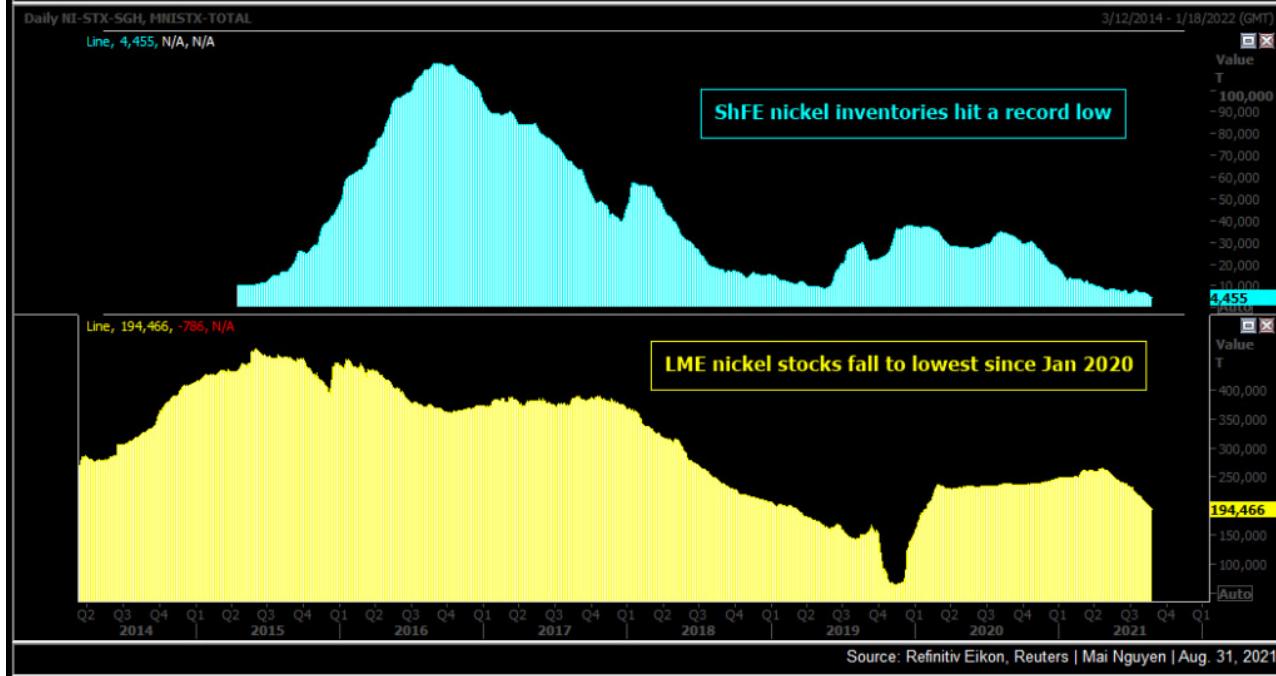


"At the same time expansion of the electric vehicle (EV) fleet is supporting a near doubling of nickel precursor chemical production in China," said Mitchell, adding that global nickel demand has risen by almost 18% in 2021 from last year. Stainless steel and EV batteries are the top nickel-consuming sectors.

On the supply side, refined nickel inventories in ShFE warehouses hit a record low of 4,455 tonnes, down 89% from a year earlier. Stockpiles in LME warehouses, too, fell to their lowest since January 2020 at 194,466 tonnes.

Nickel stocks fall on strong demand from stainless steel and electric vehicles

ShFE nickel inventories have tumbled nearly 90% in just a year to a record low of 4,455 tonnes, while LME stocks fell to their lowest since January 2020



According to a China-based nickel trader, the high Tuesday prices were partly due to a short squeeze in the market.

"Here is a market short of physical with trade scrambling to cover or get hold of units and which also exhibits a positioning short by our estimate," Alastair Munro of Marex Spectron said in a note.

However, nickel might face pressure for the rest of the year due to calls to trim stainless steel output in China on excess supply and power rationing at a time when macroeconomic data is subdued, Wood Mackenzie's Mitchell said.

A wave of automotive cutbacks due to semiconductor chip shortages is likely to reduce nickel demand in the fourth quarter and extend into 2022, Mitchell added.

Wood Mackenzie forecasts LME nickel prices to fall to \$18,000 a tonne on average in the fourth quarter, from \$19,050 in July-September, with an average of just over \$18,000 for the whole of 2021.

(With files from Reuters)

Share

MINING.COM
RECOMMENDS