

MMCZ PRESENTATION ON COMMODITY MINERAL PRICES & OUTLOOK

BY O. E. FURUSA

3RD AUGUST 2017



INTRODUCTION

- MMCZ was established under the MMCZ Act of June 1982 and began operations in March 1983, as the exclusive agent for the selling and marketing of all minerals produced in Zimbabwe, except gold and silver.
- MMCZ is a wholly owned government parastatal which falls under the ambit of the Ministry of Mines and Mining Development.



MMCZ FUNCTIONS

- Market and sell all minerals except gold and silver
- Research and develop minerals markets
- Conduct own trading in minerals
- Facilitate the local beneficiation and value addition of minerals
- Provide advisory services on mineral marketing issues
- Design mechanisms geared at effective accounting for the country's mineral resources



PRESENTATION CONTENT

- **GENERAL MARKET OUTLOOK**
- **HCFC**
- **CHROME ORE**
- **PGMs**
- **NICKEL**
- **DIAMONDS**
- **GRANITE**
- **COAL**



GENERAL MARKET OUTLOOK

- The general mineral outlook is not bright given the fact that most commodities are not doing very well on the international market
- Most producers are operating just above break-even point
- Demands is relatively high for most commodities especially in China and the Far East markets
- Europe and the States are the markets giving the highest prices.



HIGH CARBON FERROCHROME PRICES

QUARTER	2010	2011	2012	2013	2014	2015	2016	2017
Q1	1.01	1.25	1.15	1.125	1.18	1.08	0.92	1.65
Q2	1.36	1.35	1.35	1.27	1.22	1.08	0.82	1.54
Q3	1.30	1.20	1.25	1.125	1.19	1.08	0.98	
Q4	1.30	1.20	1.10	1.125	1.15	1.04	1.10	
Note: All prices are United States cents / lb cr contained, delivered consumers' works								



HCFC OUTLOOK

- The increase in prices is set to continue this year owing to a rise in demand for ferrochrome by Chinese stainless steel companies.
- High demand prospects for ferrochrome by the stainless steel industry in China could translate to a 3,1 percent growth in chrome production, from 2, 6 percent last year, according to a global chrome industry barometer.



CHROME ORE

CHROME ORE PRICES :						
ACHIEVED AVERAGE QUARTERLY PRICES (US\$/MT)						
QUARTER	2015	2016	2017			
Q1	-	79.74	209.20			
Q2	-	74.30	140.00			
Q3	-	92.09	80.00			
Q4	86.13	124.10	-			

Note: All prices are United States dollars / metric tonne, Ex-works basis



CHROME ORE OUTLOOK

- Chrome ore had been on the rise since November 2016- around \$65 /Mt
- December prices rose to \$185 / Mt up until April 2017
- April to June average achieved price was \$ 140/ Mt
- July-August average achieved prices are around \$80/ Mt
- However, prospects of it rebounding are bright although stocks at the south African and Chinese ports are currently high- Est 3million.



PGMS PRICE MOVEMENT

Month	Pt	Pd	Rh	Ru	Ir	Ni	Cu	Co
17-Jan	974	752	834	40	698	9,984	5,737	34,962
17-Feb	1,010	776	871	40	720	10,620	5,942	43,233
17-Mar	968	779	958	41	763	10,230	5,849	52,996
17-Apr	965	803	1,024	58	869	9,669	5,698	55,556
17-May	935	798	958	65	937	9,154	5,592	54,917
17-Jun	937	868	980	65	950	8,931	5,699	57,691
17-Jul	922	862	1,025	65	965	9,476	5,978	58,429
17-Aug								
17-Sep								
17-Oct								
17-Nov								
17-Dec								
TOTALS								
AVE/YR								



PGM MARKET OUTLOOK

- Demand for PGMs appears robust –
- Developments in the investment market witnessed an increase in demand for platinum bars as a way of storing value
- China and India's jewellery desires are now a force to recon
- Increasing demand from the automobile sector
- Potentially interesting knock-on effect from rising oil prices.
- However, the investment community is likely be the prime driver of PGM price movements in the future; but whether it's a chicken-and-egg situation (rising prices spurring investment activity, or vice versa) – it remains to be seen!



NICKEL MARKET OUTLOOK

- Low grade high iron nickel ore price has been stable in this quarter due to low operation rates as most plants in China are still on care and maintenance due to closure following environmental concerns by the Chinese Government
- The LME nickel price went up by US\$425/TON in June although most plants for high ferronickel are still under care and maintenance.
- Output of high grade ferronickel increased -two low grade ferronickel plants in Hebei and Shanxi have resumed operations
- Prices are however expected to average between \$8500-9500/Mt until end of 2017.



DIAMOND SALES

- Diamond trade is expected to improve in 2017.
- Mined world diamond production in 2017 was estimated to be 142.3 million carats worth \$15.6 Billion, an 11.5% increase in carat volume produced over 2016 and an 9.9% increase in total value produced.
- The top 10 largest mines in the world by value produced are estimated to represent 58% of global production.
- The costs of diamond extraction are however expected to increase as more rough stones are located deep in the mines.



Diamond/.....

- The demand for rough diamonds is expected to recover from the recent downturn that diamond industry faced.
- Rough and polished prices are likely to rise at a modest pace in 2017, reflecting an improvement in end-demand.
- Jewellery demand should improve slightly this year driven by a lower US savings rate and an improvement in Chinese jewellery demand.
- Growing demand from China, India and the US, provided numerous opportunities of growth to the diamond industry.
- Production of synthetic diamonds is however expected to continue expanding, although some still argue that these are not a threat to the diamond industry as nothing could ever replace the “natural” diamond.



GRANITE PRICE MOVEMENT

SIZE (CM)	GRADE				
	1ST CHOICE/ FINE DARK	COARSE/C OARSE DARK	2ND CHOICE /COMMERCIAL	3RD CHOICE /FLOWERED	NON STANDARD MATERIAL
300 x 150	820.00	770.00	620.00	550.00	430.00
270 x 130	780.00	730.00	580.00	550.00	430.00
240 x 120	740.00	690.00	540.00	470.00	430.00
200 x 100	680.00	610.00	510.00	470.00	430.00
Below 200	600.00	560.00	470.00	470.00	430.00
F.O.T QUARRY:	LESS US\$85.00/M ³				
F.O.B BEIRA:	+/- US\$220.00/M ³				



GRANITE OUTLOOK

- Strong economic recovery of target markets since 2009 depression in the USA, EU (France & Germany , Spain , Poland) has resulted in stable and growing demand for both raw and cut granite
- The dimension stone market has continued to grow in sync with the target markets' economic improvements in the following sectors:
 - The construction, building and monumental industries.
 - Trend and desire for use of natural stone which began centuries ago drives demand for use of natural stone.



Granite Outlook/.....

- Increase in building and memorial material demand
- Incentives offered in the EU to target market industries has contributed to the firm demand
- 3% average growth is expected in the EU economies
- Far East markets like China are very price sensitive - therefore it is difficult to sell here when compared to EU and USA
- Demand is however expected to remain high



COAL MARKET OUTLOOK

- Recent market developments have shown that the market for coal was still strong as coal still makes up 29% of global primary energy and 41% of global electricity.
- China is expected to remain the world's largest market for coal, accounting for nearly half of global coal consumption in coming years to 2035.
- India is also expected to grow with its share of world coal demand doubling from around 10% in 2015 to 20% in 2035.
- Demand for coke within the regional markets increased in the 2nd quarter of 2017 pushing prices up slightly despite competition from Chinese products.



- A BLESSED
DAY TO YOU ALL AND

THANK YOU

