



BHP highlights challenging environment for nickel producers in Australia

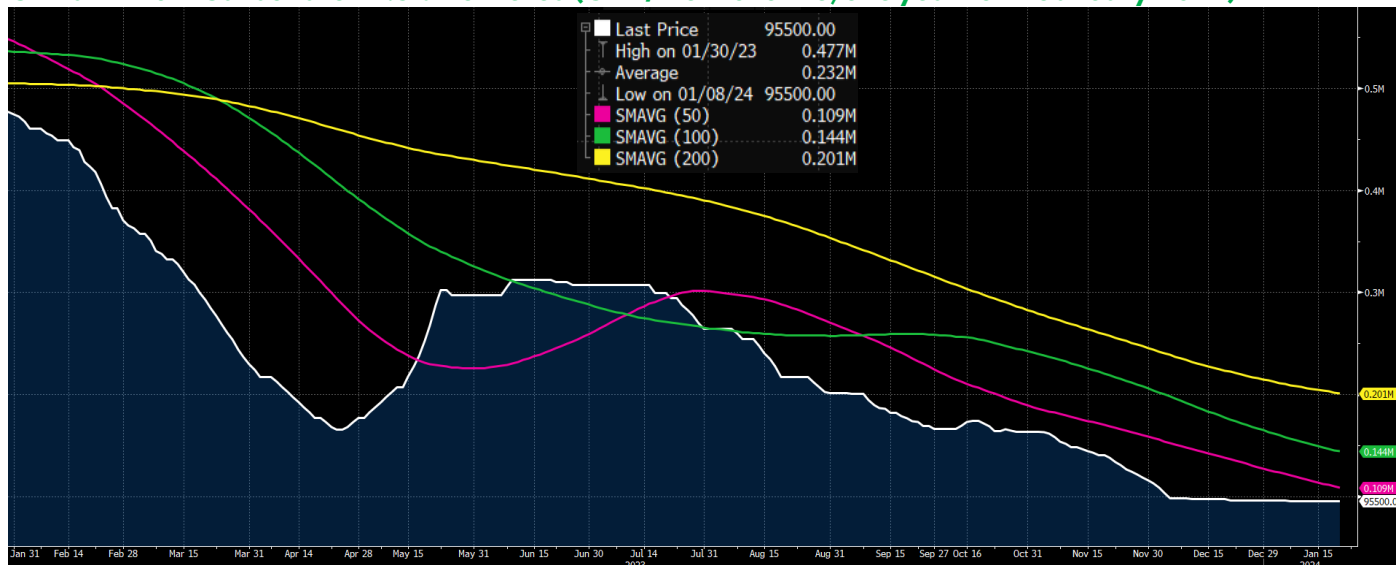
The week saw operational updates from [BHP](#) and [Rio Tinto](#). BHP reported copper production of 894kt in the six months to 31 December 2023 (HY24), a 7% increase on HY23. It maintained full year guidance at 1,720 – 1,910kt. Nickel production, which comes from [Nickel West](#), grew by 4% to 39.8kt, however the market environment is challenging. BHP stated that, “options are being evaluated to mitigate the impacts of the sharp fall in nickel prices. Given the market conditions, a carrying value assessment of the Group’s nickel assets is ongoing.” An update will be provided with the half-year results on 20 February. BHP is just one of the nickel producers in Australia [feeling](#) the squeeze of the emergence of Indonesia as a major producer.

Rio’s fourth quarter production results showed that full year mined copper production at 620kt was 2% higher than in 2022. The rebuild of the smelter and refinery in Kennecott meant that refined copper production was 16% lower at 175kt. Guidance for mine copper production in 2024 is 660–720kt and for refined copper is 230–260kt. Copper production at Oyu Tolgoi in Mongolia is expected to ramp up to around 500ktpa between 2028 and 2036 (110.9kt in 2023).

On the back of lithium price weakness, Albemarle [announced](#) spending cuts, including reductions in capital expenditure, which, in 2024, will be in the range of \$1.6 billion to \$1.8 billion compared to approximately \$2.1 billion in 2023. Focus will be on projects that are significantly progressed, near completion and in startup. These will include commissioning the [Meishan](#) lithium conversion facility in Sichuan Province.

Reuters [reported](#) that the Serbian president, Aleksandar Vucic, had indicated that Serbia would like to hold talks with Rio Tinto about the Jadar lithium project. In January 2022, following pressure from environmental groups, Serbia cancelled the spatial plan for the Jadar lithium-borates project and revoked Rio Tinto’s licences. Rio Tinto, which is committed to the project, [estimates](#) that it could deliver annual production of about 58kt of refined battery-grade lithium carbonate.

China Lithium Carbonate 99.5% Delivered (CNY/metric tonne, one year to 19 January 2024)



Source: Bloomberg

Metal prices

Metal	Price USD (19 January)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Copper	8275	-0.2%	-2.4%	99.5%	88.5%
Cobalt	28114	-0.4%	-3.7%	87.3%	72.0%
Nickel	15935	-0.9%	-2.2%	81.1%	53.0%
Palladium	942	-5.4%	-17.1%	75.8%	54.4%
Platinum	908	-2.2%	-9.2%	95.2%	80.5%

Bloomberg codes: LOCADY, BYW1, LONIDY, PLDMLNPM, PLTMLNPM

Notes. All performance data to 19 January 2024. Past performance is not an indicator of future performance and the value of an investment may fall as well as rise. Investors take on currency risk when taking unhedged exposure to commodities.

The week ahead

22 Jan	CN: Loan Prime Rate 1 Year & 5 Year
23 Jan	AU: NAB Business Confidence; JP: BoJ Interest Rate Decision, Balance of Trade, Export YoY
24 Jan	JP, EU, DE, FR, UK, US: Manufacturing, Services & Composite PMIs Flash; UK: CBI Business Optimism Index, CBI Industrial Trends Orders; CA: BoC Interest Rate Decision
25 Jan	FR: Business Confidence; DE: Ifo Business Climate; EU: ECB Interest Rate Decision US: Durable Goods Orders, GDP Growth Rate QoQ, Chicago Fed National Activity Index
26 Jan	DE, FR, UK: Consumer Confidence; US: Core PCE Price Index, Personal Income

Further reading

Bloomberg	Danish Investors Sketch Idea for \$160 Billion Offshore ‘Energy Islands’
Bloomberg	Europe Car Sales Drop in December Led by EV Slump
Bloomberg	LG Chem Sees Battery Industry Still Robust Despite Slowdown
Reuters	Surging exchange stocks pile the pressure on nickel
Reuters	Battery maker Northvolt looks at sourcing cobalt from Congo
Reuters	RWE plans further Japan offshore wind push after Niigata win, S.Korea in focus

Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 19 January 2024

Source: Bloomberg

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