



Crunch time for nickel operations in New Caledonia

Glencore [released](#) its 2023 production report, which showed small reductions in the annual production of copper, cobalt and nickel. Relative to 2022 levels, copper production was down 48,000 tonnes at 1,010,100 tonnes, cobalt production was 2,500 tonnes lower at 41,300 tonnes, and nickel production was 9,900 tonnes lower at 97,600 tonnes. It provided updated production guidance for 2024: copper (950-1010kt), cobalt (35-40kt), and nickel (80-90kt). In the case of nickel, the figure excludes any nickel production from its 49%-owned [Koniambo Nickel SAS](#) in New Caledonia. Glencore will cease funding operations there in March given that it is loss-making at current production rates (2023 production was 27.2kt) and realised nickel prices.

Glencore’s decision reflects the difficult situation facing the three nickel producers in New Caledonia with the emergence of Indonesia as a major production hub. Bloomberg [reported](#) that the French government has been in discussions with the external shareholders, Eramet, Glencore and Trafigura, about injecting funds. Trafigura, which has a 19% stake in [Prony Resources New Caledonia](#), has reportedly refused to provide additional funds. It is not clear how much funding is being sought from the companies, but Bruno Le Maire, the French finance minister, [indicated](#) a financing need of €1.5 billion across the three operations in November 2023. When discussing Koniambo in its production report, Glencore stated that “various future options are being considered in relation to this asset”. In the case of Eramet, it has previously indicated that it would not provide further financing for [Société Le Nickel](#).

ASX-listed IGO Ltd [announced](#) a new pricing model and a reduction in production guidance for the [Greenbushes Lithium Operation](#) in Western Australia. With effect from 1 January, pricing for spodumene concentrate with 6% lithium oxide content (SC6) is being priced monthly, referencing the average of four price reporting agencies less a 5% volume discount, FOB Australia. Output guidance for spodumene concentrate was cut to 1.3-1.4 million tonnes for FY24 (ending 30 June), a reduction of 100,000 tonnes on previous guidance. Sales for the second half are expected to be approximately 20% lower than production.

LME Cash Official Price Nickel (USD, 1 year to 2 February 2024)



Source: Bloomberg

Metal prices

Metal	Price USD (2 February)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Copper	8400	-0.6%	-0.9%	101.3%	89.9%
Cobalt	27557.78	-1.7%	-5.6%	86.7%	70.8%
Nickel	16125	-2.5%	-1.1%	83.7%	53.6%
Palladium	954	0.8%	-16.0%	78.4%	56.2%
Platinum	905	-0.2%	-9.5%	95.4%	80.2%

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

Source: LME

Notes. All performance data to 2 February 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

5 Feb	CN, JP, EU, DE, ES, FR, IT, UK, US: Services & Composite PMIs; DE: Balance of Trade
6 Feb	AU: RBA Interest Rate Decision; DE: Factory Orders; US: RCM/TIPP Economic Optimism Index
7 Feb	DE: Industrial Production; CA, US: Balance of Trade; JP: Current Account
8 Feb	CN: Inflation Rate, PPI; IN: RBI Interest Rate Decision; US: 30-Year Bond Auction
9 Feb	CN: Current Account; DE: Inflation Rate; IT: Industrial Production

Further reading

Bloomberg	Global Clean Energy Spending Surges to \$1.8 Trillion. It's Not Enough
Bloomberg	China's Sputtering Economy Has a \$1.6 Trillion Reason to Keep Going Green
Bloomberg	Germany Invests €1 Billion to Counter China on Raw Materials
Bloomberg	Wall Street Has a Dire Warning About Green Investments Under New 'Endgame' Rule
Reuters	Focus: Western miners lag as oil powers enter race for Africa's critical metals
Reuters	Pentagon plans AI-based program to estimate prices for critical minerals
Reuters	Google signs its largest offshore power agreement with Dutch wind projects

Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 2 February 2024

Source: Bloomberg

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