

Base metals

the demand calculation of metals," he said.

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LONDON

Alex Stewart International expands to serve growing metal markets

The new laboratory, which opened in July, trebles the company's base metals analysis capacity and doubles its precious metal capacity, Stewart said, adding that the facility will contribute to a 10-15% projected increase in revenues for the next 12 months.

Even as the commodities boom of the past decade fades, Alex Stewart International expects business conditions to remain strong in markets that have, in some cases, expanded by several million tonnes in recent years, and are continuing to grow.

Copper, which was a 15 million-tonne market in 2003, has grown by 33% over the past ten years, despite its chronic supply constraints. The 48-million tonne aluminium market is 70% larger than it was a decade ago.

Alex Stewart expects to inspect, sample and assay more than 5 million tonnes worth of traded copper, zinc and lead over the coming year and also forecasts further expansion in markets such as cobalt and tantalum, Stewart said.

It also expands continued growth in its scrap inspection business from operational bases across the USA, Europe, Southeast Asia and China, Stewart said.

"Having a reliable inspection network is very important because the quality of the

samples can affect the quality of the assay as a whole. Due to the diversity in materials being traded, inspection experience in the field is vital; laboratory testing is by comparison less risky," he said.

The explosive growth in concentrates, metals and scrap markets has stretched the assaying industry as a whole, and the company expects to continue to operate at or near full capacity following its Liverpool expansion, he said.

"The assaying industry probably as a whole hasn't quite grown as quickly as forecast in recent years, but as a company we've performed our own kind of miracle in coming as far as we have during that time," Stewart told Metal Bulletin.

"While there is room for other companies to enter the sector, success within the assaying and inspection industry is built upon trust, experience and reputation, which takes a long time to establish," Stewart said.

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LONDON

LME WEEK: Metal prices driven more by fundamentals than macro factors - SocGen

Industrial metals prices are now driven more by fundamentals of supply and demand than by macroeconomic factors, Société Générale metals analyst Robin Bhar said on Tuesday October 8.

"Some of the factors that have been prevalent in the last 5 years, the so called macro factors - the dollar factor, the liquidity factor - that had all been very dominant drivers of price variability, we find are becoming less and less important," Bhar told clients at SocGen's breakfast event during LME week.

"With all the talk of the [US Federal Reserve] tapering further quantitative easing, this whole question of liquidity becomes of lesser importance going forward," he said.

Fundamentals are the driver for industrial metal prices, and these now account for between 70-80% of price variability, he said.

Prior to the Lehman Brothers collapse the price variability of aluminium was about 75% from fundamentals, he said.

"During and after the collapse of Lehman Brothers that fell to about 63%," Bhar added. "And this year we are seeing an average of about 80% of aluminium's price variability that can be explained from supply demand fundamentals."

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