

# Aluminum & Alumina Weekly

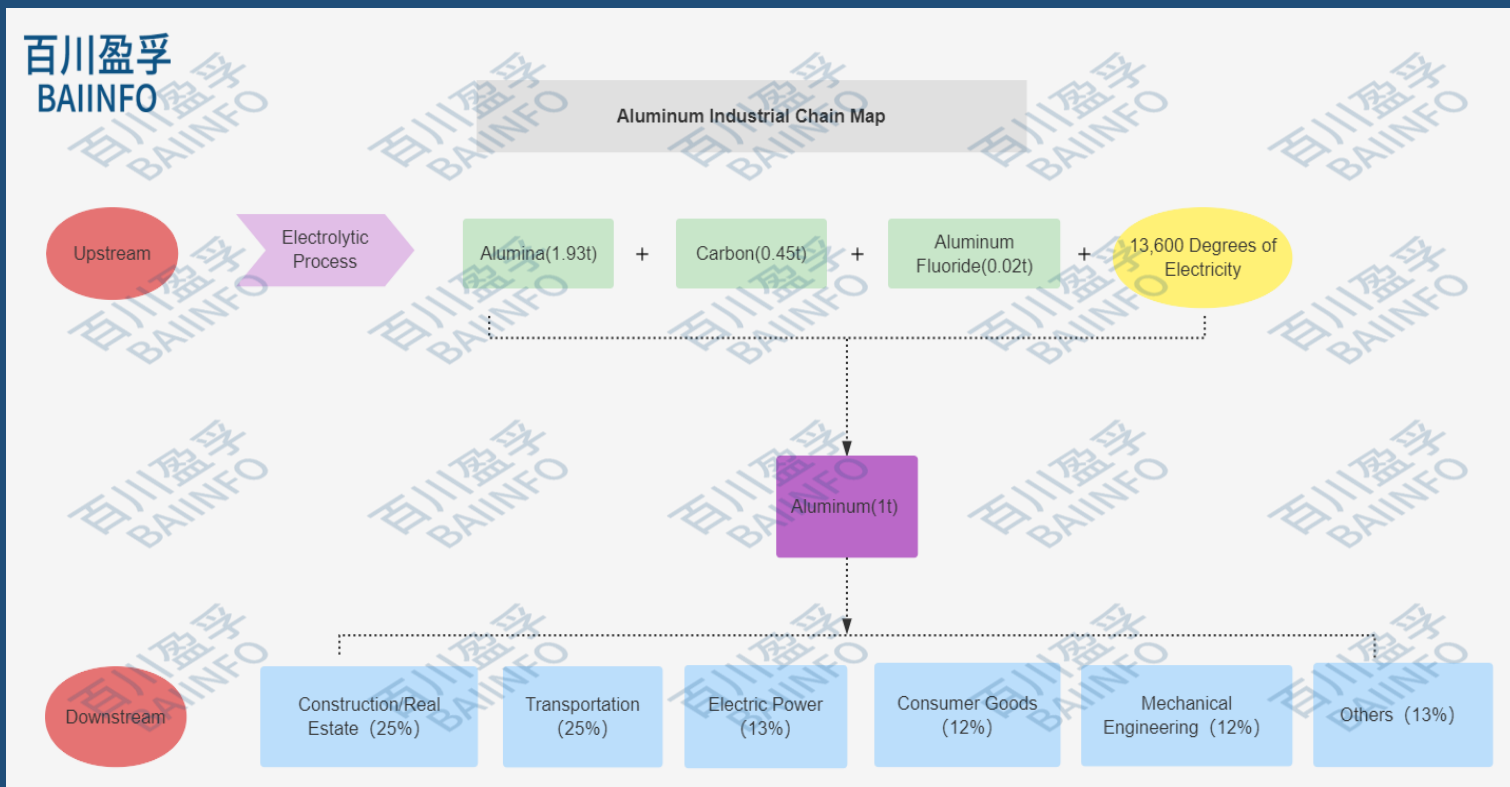
Jul. 6, 2023

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# ALUMINUM

## ➤ Review & Analysis

Aluminum prices registered a downward trend. LME aluminum price ran at USD 2,157/T, down 0.69% WoW. Mainstream SHFE price decreased to RMB 17,959/T (USD 2,491/T). Spot price stood at RMB 18,452/T (USD 2,559/T) in East China, down 0.37% WoW and RMB 18,634/T (USD 2,584/T) in South China, down 0.1% WoW, because of the inventory accumulation of aluminum ingot.

Aluminum supply raised continually following production resumption in Southwest China.

Theoretically demand for aluminum sank due to some production cuts from downstream processing industries. Moreover, end users of new energy, household and other industries continued to be affected by macro-policies.

In cost, alumina prices inched higher. Trading price for prebaked anode kept stability. And electricity prices fell further according to power cycles. On balance, theoretical cost of aluminum industry was maintained lower.

As such, aluminum profit margins raised slightly by steeper drop in cost.

For inventory, LME inventory increased due to large delivery from a warehouse. And China's social inventory of aluminum ingot started to pile up.

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## ➤ Demand

The output of aluminum plate, strip and foil reduced over one week ago. Operation rate of aluminum rods slipped due to large-scale production cut caused by soft demand. And no capacity was increased recently. For aluminum plate, many plants indicated that they cut production because of the sluggish trade, and would resume when demand recovered during the peak season.

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## ➤ Imp. & Exp.

Imp.: According to data released by the General Administration of Customs of China, in May. 2023, China imported 74,033.746 tonnes of unwrought unalloyed aluminum (aluminum content<99.95% & aluminum content≥99.95%), up 98.46%, YoY. Major supply countries were Russia, Australia and Iran. Major imported provinces/municipalities were Shanghai, Jiangsu and Beijing.

Exp.: According to data released by the General Administration of Customs of China, in May. 2023, export volume of unwrought unalloyed aluminum (Al ratio<99.95%) was 11,523.658 tonnes, down 82.29%, YoY. Major demand countries were Japan and Indonesia. Major exported provinces/municipalities were Guangdong and Shanghai.

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China Aluminum Imp. & Exp. by Countries/Regions in May 2023			
Countries/Regions	Quantity (T)	Value (US\$)	Category
Oman	506.1	1,286,271.0	Import
Australia	2,140.8	5,364,362.0	Import
Germany	27.7	512,083.0	Import
Russia	68,300.0	158,103,186.0	Import
Kazakhstan	103.0	158,513.0	Import
South Korea	2.1	3,696.0	Import
Malaysia	804.0	1,914,260.0	Import
Japan	4.0	118,539.0	Import
New Zealand	427.7	1,057,717.0	Import
Iran	1,321.2	3,117,424.0	Import
India	396.9	1,041,847.0	Import
Taiwan, China	0.2	18,000.0	Import
Germany	0.0	3,701.0	Export
Russia	0.008	772.0	Export
South Korea	1,005.0	2,383,039.0	Export
United States	25.6	125,049.0	Export
Mexico	6.7	15,329.0	Export
Nigeria	600.8	1,586,230.0	Export
Japan	8,171.739	19,676,548.0	Export
Tanzania	316.748	1,108,618.0	Export
Indonesia	1,397.1	3,381,832.0	Export
Taiwan, China	0.007	50.0	Export

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## ➤ Upstream & Downstream

**Alumina:** China's alumina prices extended slight uptrend. Up to this Thursday, domestic alumina prices averaged at RMB 2,807/T (USD 389/T), up 0.1% WoW. Spot deals were only heard in South China this week, with trading prices rising slightly to RMB 2,855/T (USD 396/T). However, the price adjustment range was relatively limited in the lack of continuity in deals. More enquiries emerged in Southwest China as regional downstream aluminum plants continued resuming production, and meanwhile, regional sellers became adamant on offers. Spot deals were limited as sellers and buyers stayed at a standstill. In North China, alumina market was in a watching mood. The majority of suppliers kept stable production and prices ran stable overall. On the supply side, alumina supply seldom changed this week. On the demand side, aluminum supply raised further in the wake of production resumption from Southwest China. On the cost side, industry's cost decreased marginally this week as liquid caustic soda prices edged down amid slack demand. Bauxite prices kept firm on tight supply and coal prices trended upwards in some regions. On the profit side, the level of profit margins across alumina industry inched higher owing to spot price hike. Alumina inventory edged up at supply side while edged down at demand side. Aluminum suppliers reserved certain inventory for regular production. In conclusion, alumina spot price rose on demand recovery in some regions. Nevertheless, downstream aluminum plants mainly concluded long-term deals rather than to replenish stock. Spot trade stayed stagnant overall.

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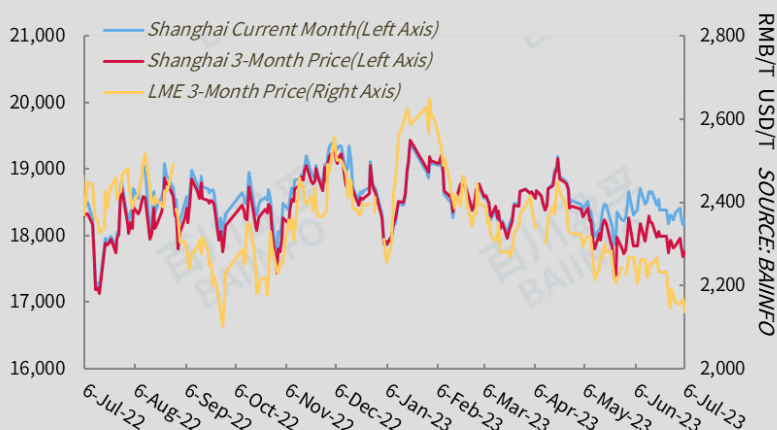
**Prebaked Anode:** Up to Jul. 6, mainstream trading prices for prebaked anode were USD 627/T in Shandong and USD 625/T in Henan, respectively. China prebaked anode trading price stayed stable. Purchasing price of a major aluminum smelter

in Shandong remained stable at USD 586/T, cash payment. Both green petroleum coke (GPC) and coal tar pitch prices slightly rebounded, with a bit more pressure on prebaked anode producers. Partial producers ran at full capacity, and the overall utilization rate of the industry climbed. Downstream aluminum price fluctuated down, but production resumption of smelters boosted demand for prebaked anode. On supply end, prebaked anode production slightly rallied. In Shandong, partial producers ran at full capacity. Individuals were under maintenance. Overall supply kept steady, and later, prebaked anode output is expected to slightly grow amid stability. On demand end, aluminum price sustained down-trend. Production cut was mainly heard in Shandong, while production recovery was seen in Yunnan. Overall, aluminum supply continued increasing, being favorable to prebaked anode consumption. As for international market, export quantity in May decreased MoM. The new capacity and production recovery of overseas aluminum industry in 2023 was limited. In this case, overseas demand growth was small. Coupled with the declines of feedstock prices, export unit price of prebaked anode kept falling. On feedstock end, raw materials prices climbed slightly. GPC spot average price edged up WoW. Major refineries maintained stable shipment, while shipment of local refineries was smooth. Coal tar pitch average price moved up, but fresh order price tended to go down later. Cost support was acceptable as a whole. On profit end, producers' profitability slightly improved as cost pressure eased. On inventory end, market inventory was at medium-to-low level. Many producers committed to earlier orders. As downstream demand rallied, shipment increased.

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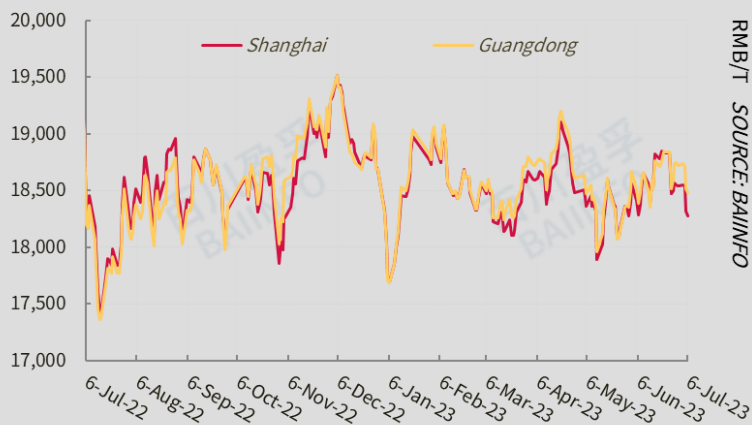
➤ Price Trend

China Aluminum Forward Price Trend

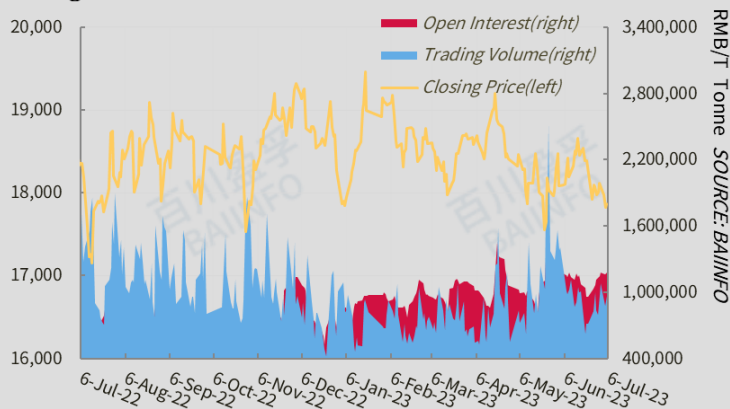


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## China Aluminum Ingot Spot Price Trend



## Shanghai Aluminum Main Positions



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### ➤ Forecast

1. Aluminum plants will resume production in a faster speed because they plan to complete it before late-August. Aluminum supply will increase constantly.
2. Demand for aluminum may reduce following continuous production cut from downstream processing industries amid poor sales.
3. Social inventory of aluminum ingot will accumulate with the increase of ingot cast by plants.
4. Overseas aluminum plants will have big cost pressure, because higher demand for electricity and natural gas during high temperature will lead to their price increase.
5. The attitude of FRB to raise interest rates is still biased towards hawks. Pay attention to overseas economic data and the probability of raising interest rates.

Rising supply and sapped demand may cause a decline in spot aluminum price. Domestic aluminum market price may fluctuate between the range of RMB 17,800-19,000/T (USD 2,469-2,635/T) next week.

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# ALUMINA

## ➤ Review & Analysis

China's alumina prices extended slight uptrend. Up to this Thursday, domestic alumina prices averaged at RMB 2,807/T (USD 389/T), up 0.1% WoW. Spot deals were only heard in South China this week, with trading prices rising slightly to RMB 2,855/T (USD 396/T). However, the price adjustment range was relatively limited in the lack of continuity in deals.

More enquiries emerged in Southwest China as regional downstream aluminum plants continued resuming production, and meanwhile, regional sellers became adamant on offers. Spot deals were limited as sellers and buyers stayed at a standstill. In North China, alumina market was in a watching mood. The majority of suppliers kept stable production and prices ran stable overall.

On the supply side, alumina supply seldom changed this week.

On the demand side, aluminum supply raised further in the wake of production resumption from Southwest China.

On the cost side, industry's cost decreased marginally this week as liquid caustic soda prices edged down amid slack demand. Bauxite prices kept firm on tight supply and coal prices trended upwards in some regions.

On the profit side, the level of profit margins across alumina industry inched higher owing to spot price hike.

Alumina inventory edged up at supply side while edged down at demand side. Aluminum suppliers reserved certain inventory for regular production.

In conclusion, alumina spot price rose on demand recovery in some regions. Nevertheless, downstream aluminum plants mainly concluded long-term deals rather than to replenish stock. Spot trade stayed stagnant overall.

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## ➤ Demand

Some aluminum plants cut production in Shandong, due to local capacity transfer. And meanwhile, production was continued resuming rapidly in Southwest China, which led to a dramatic supply increase. However, with the upcoming of dry season, regional plants may also cut production later.

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## ➤ Imp. & Exp.

Imp.: According to data released by the General Administration of Customs of China, in May. 2023, China alumina imports were 113,800 tonnes, up 59.23%, YoY. In terms of importing countries, main suppliers were Australia and Indonesia. Main importing provinces were Fujian, Inner Mongolia and Beijing. In terms of trade methods, alumina importation was mainly conducted by general trade.

Exp.: According to data released by the General Administration of Customs of China, in May. 2023, China alumina export volume was 110,200 tonnes, down 41.64%, YoY. From the perspective of exporting countries, main exporting country was Russia. From the perspective of exporting provinces, they were Beijing and Zhejiang. From the perspective of trade methods, alumina exportation was mainly conducted by general trade.

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China Alumina Imp. & Exp. by Countries/Regions in May 2023			
Countries/Regions	Quantity (T)	Value (US\$)	Category
Austria	0.8	6,467.0	Import
Australia	61,000.1	23,769,222.0	Import
Denmark	0.006	1,140.0	Import
Germany	1,949.8	7,045,503.0	Import
Russia	0.047	2,782.0	Import
France	806.2	1,746,569.0	Import
South Korea	871.5	904,791.0	Import
Netherland	1.039	3,494.0	Import
Canada	4.9	14,046.0	Import
Kuwait	10.6	191,014.0	Import
Liechtenstein	0.004	1,576.0	Import
United States	538.37	2,029,151.0	Import
Japan	1,561.6	3,791,223.0	Import
Switzerland	0.01	1,584.0	Import
Slovakia	0.001	177.0	Import
Thailand	0.1	271.0	Import
Singapore	90.0	465,000.0	Import
Italy	1.0	2,036.0	Import
Indonesia	46,914.0	19,939,289.0	Import
United Kingdom	1.9	13,176.0	Import
China	14.2	37,571.0	Import
Taiwan, China	8.6	88,343.0	Import
Argentina	203.0	140,183.0	Export
United Arab Emirates	30,518.701	13,074,971.0	Export
Austria	0.000	5.0	Export
Australia	154.0	135,680.0	Export
Pakistan	89.5	57,657.0	Export
Brazil	10.205	12,305.0	Export
Belgium	22.0	30,036.0	Export
Poland	105.0	303,883.0	Export
North Korea	240.0	102,240.0	Export
Germany	1.4	11,835.0	Export
Russia	61,963.2	26,851,529.0	Export
France	0.049	243.0	Export
Finland	1.0	6,778.0	Export
Kazakhstan	197.0	196,900.0	Export
South Korea	911.4	984,888.0	Export
Netherland	10.0	55,486.0	Export
Kyrgyzstan	0.0	20.0	Export
Canada	15.0	14,550.0	Export
Ghana	55.860	41,148.0	Export
Czech Republic	2.3	25,277.0	Export

Qatar	31.9	29,637.0	Export
Ivory Coast	27.9	6,375.0	Export
Malaysia	244.8	301,852.0	Export
United States	737.1	1,048,046.0	Export
Bangladesh	120.4	102,756.0	Export
Mexico	460.4	269,696.0	Export
South Africa	2.3	1,800.0	Export
Nigeria	5.00	5,438.0	Export
Portugal	10.0	128,001.0	Export
Japan	287.9	312,038.0	Export
Sweden	0.01	5.0	Export
Switzerland	0.003	3.0	Export
Senegal	56.000	42,560.0	Export
Saudi Arabia	153.0	158,343.0	Export
Slovenia	20.0	58,174.0	Export
Thailand	79.4	107,633.0	Export
Tanzania	58.0	37,696.0	Export
Turkey	68.7	332,167.0	Export
Uzbekistan	138.4	67,979.0	Export
Spain	0.001	63.0	Export
Greece	24.0	17,940.0	Export
Singapore	141.0	168,704.0	Export
New Zealand	41.6	40,576.0	Export
Israel	60.2	40,346.0	Export
Italy	25.6	22,022.0	Export
India	1,020.704	783,891.0	Export
Indonesia	10,166.8	4,259,346.0	Export
United Kingdom	12.0	173,624.0	Export
Jordan	19.000	99,750.0	Export
Vietnam	251.3	235,768.0	Export
Taiwan, China	1,379.9	1,164,381.0	Export
Hong Kong, China	12.8	18,965.0	Export

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## ➤ Upstream & Downstream

**Bauxite:** Domestic bauxite market price edged up in new month, mainly averaging around RMB 450.6/T (USD 62/T). In Shanxi, mainstream price of domestic ore with 60% aluminum (Al/Si-5.0) stood between the range of RMB 460-490/T (USD 64-68/T). In Henan, mainstream price of domestic ore with 60% aluminum (Al/Si-5.0) was around RMB 500-550/T (USD 69-76/T). In Guizhou, mainstream price of domestic ore with 60% aluminum (Al/Si-6.0) was around RMB 420-470/T (USD 58-65/T).

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accumulation of aluminum ingot. Aluminum supply raised continually following production resumption in Southwest China. Theoretically demand for aluminum sank due to some production cuts from downstream processing industries. Moreover, the government continued to issue macro-boosting policies on new energy, household and other industries. In cost, alumina prices inched higher. Trading price for prebaked anode kept stability. And electricity prices fell further according to power cycles. On balance, theoretical cost of aluminum industry was maintained lower. As such, aluminum profit margins raised slightly by steeper drop in cost. For inventory, LME inventory increased due to large delivery from a warehouse. And China's social inventory of aluminum ingot started to pile up.

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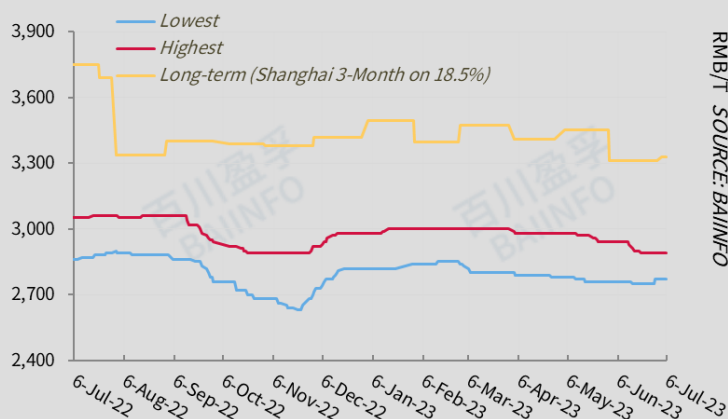
➤ **Forecast**

Downstream aluminum plants will resume production constantly, which may lead to regional rush of demand. But supply-demand stalemate will dampen opportunities for traders to enter the market suitably. It is expected that alumina prices may edge up to daily average at RMB 2,800-2,820/T (USD 388-391/T) next week.

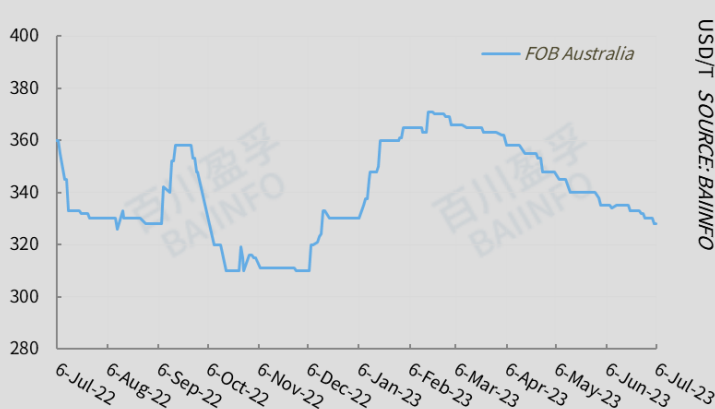
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➤ **Price Trend**

**China Domestic Alumina Price Trend**

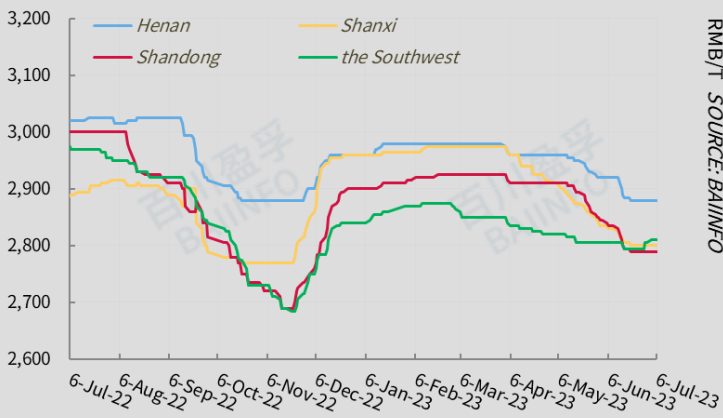


**China Imported Alumina Price Trend**

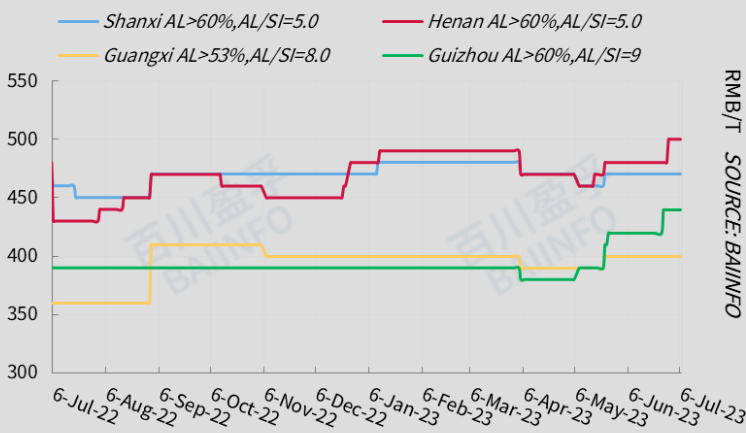


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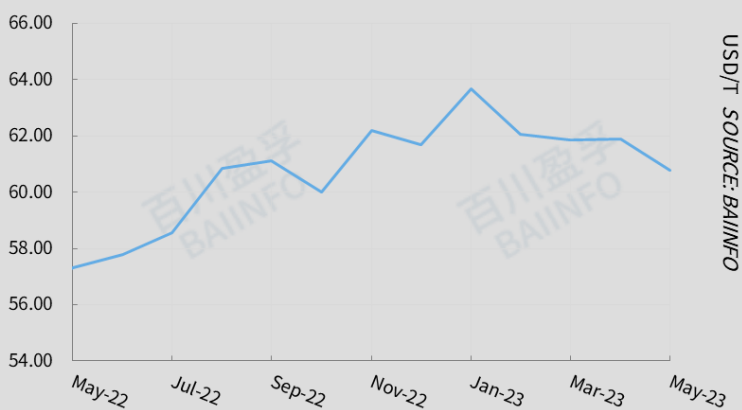
China Alumina Average Market Price in Four Regions



China Bauxite Market Price in Four Regions



China Imported Bauxite Average Price Trend (CIF)



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## Price Data

(Exchange Rate: 1 USD= 7.2105 RMB)

### ■ Aluminum

Aluminum Futures	This Thu	This Week Avg.	Last Thu	Last Week Avg.	WoW
SHFE Current Month (RMB/T)	18,235	18,285	18,245	18,260	0.14%
SHFE 3-Months (RMB/T)	17,760	17,821	17,810	17,845	-0.13%
LmeS_Aluminum 3 (USD/T)	2,137	2,157	2,177	2,172	-0.68%
LME Aluminum Spot (USD/T)	2,093	2,101	2,141	2,136	-1.67%

Aluminum Ingot Spot (RMB/T)	This Thu	This Week Avg.	Last Thu	Last Week Avg.	WoW	MoM	Price Chg. 3m
South China	18,480	18,634	18,750	18,653	-0.10%	0.49%	-1.49%
East China	18,280	18,452	18,550	18,520	-0.37%	-0.05%	-1.77%

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### ■ Alumina

Domestic Alumina (RMB/T)	30-Jun-23	3-Jul-23	4-Jul-23	5-Jul-23	6-Jul-23
Henan (avg.)	2,880	2,880	2,880	2,880	2,880
Shanxi (avg.)	2,800	2,800	2,800	2,800	2,800
North China (avg.)	2,830	2,830	2,830	2,830	2,830
Shandong (avg.)	2,790	2,790	2,790	2,790	2,790
Inner Mongolia (avg.)	2,860	2,860	2,860	2,860	2,860
Guangxi (avg.)	2,790	2,800	2,800	2,800	2,805
Guizhou (avg.)	2,815	2,815	2,815	2,815	2,815
Southwest China (avg.)	2,805	2,810	2,810	2,810	2,810

Imported Alumina	30-Jun-23	3-Jul-23	4-Jul-23	5-Jul-23	6-Jul-23
FOB (USD/T)	330	330	330	328	328
Qingdao Port (low-end price, RMB/T)	2,930	2,930	2,930	2,920	2,920
Qingdao Port (high-end price, RMB/T)	2,980	2,980	2,980	2,970	2,970
Lianyungang Port (low-end price, RMB/T)	2,930	2,930	2,930	2,920	2,920
Lianyungang Port (high-end price, RMB/T)	2,980	2,980	2,980	2,970	2,970

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### *Registered office*

501A, 5th Floor, Air Service Bld., Building 2, No. 39, Dongzhimenwai Street, Dongcheng District, Beijing, P.R. China

Tel: +86-10-5979 5659-8163

Fax: +86-10-5894 6899

Cell: +86 186 0090 5855 Ms. Monica Li

Email: [lxh@baiinfo.com](mailto:lxh@baiinfo.com)

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