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Antimony

Market Review & Analysis

In October of 2014, antimony market demand was weak with smaller trading volume. Antimony price was in a small downturn. According to the prices information collected by Antaika's antimony research team, 2# antimony in Chinese market retained at RMB 55,000-56,500/t in early and middle October but it slipped to RMB 54,500-56,000/t from October 21st and retained at this level until the end of this month. In October, 2# antimony price was averaged at RMB 54,750-56,250/t, down 0.5% against that in September and down 15.3% y-o-y. Chinese antimony oxide price did not have big change as antimony trioxide (99.5%) price mainly remained at RMB 48,000-49,000/t and antimony trioxide (99.8%) price mainly remained at RMB 49,000-50,000/t. As downstream application field requires different standard and grade of antimony products, prices between high quality and low quality antimony ingot or antimony trioxide are quite different. Product with some impurity should be cheaper.

The slipping of antimony price in October was mainly caused by the weak demand and sufficient supply. EU economy that is still in the process of weak recovery influenced the antimony consumption. When the antimony market was low, consumer would rather to purchase small volume and push the price down. Traders were not very active, without strong willing to hold stocks. Furthermore, the price of antimony smuggled from China to Europe was also very low, which depressed the normal antimony market.

Table 1 Monthly Average Antimony Ingot Price Oct 13-Oct 14

MONTH	MONTHLY AVERAGE ANTIMONY (2#) (RMB/T)	(%) Y-O-Y	MONTHLY AVERAGE MB STANDARD II ANTIMONY (US\$/T)	(%) Y-O-Y

	Low	High		Low	High	
10/2013	64,000	67,000	-9.0	10,256	10,556	-16.8
11/2013	60,000	62,000	-12.8	9,533	9,878	-20.7
12/2013	57,500	59,350	-14.8	9,108	9,500	-21.7
01/2014	58,000	59,500	-13.0	9,456	9,778	-13.8
02/2014	58,000	59,500	-13.5	9,600	9,850	-11.2
03/2014	57,000	59,400	-14.3	9,525	9,781	-11.8
04/2014	56,000	57,800	-15.7	9,333	9,622	-9.4
05/2014	55,500	57,500	-16.3	9,333	9,633	-7.3
06/2014	55,500	57,500	-12.7	9,400	9,700	-4.0
07/2014	55,195	56,890	-7.7	9,356	9,622	2.1
08/2014	55,000	56,500	-11.1	9,178	9,378	-5.4
09/2014	55,000	56,500	-14.5	9,038	9,238	-11.7
10/2014	54,750	56,250	-15.3	8,935	9,155	-13.1

Data Source: Antaike, MB

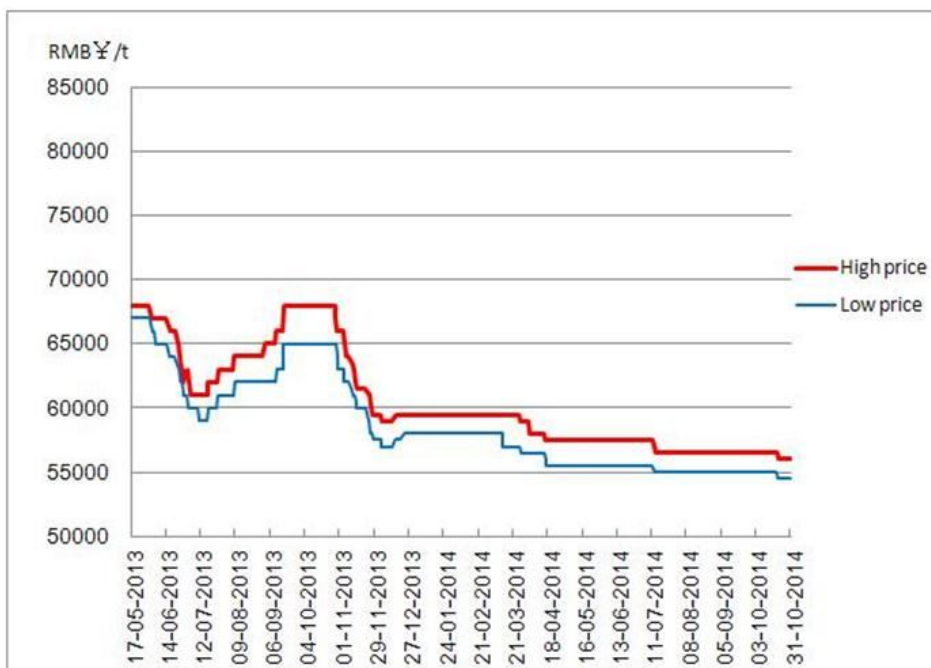


Figure 1 2# Antimony Quotation by Antaike Feb 13-Aug 14

Data Source: Antaike

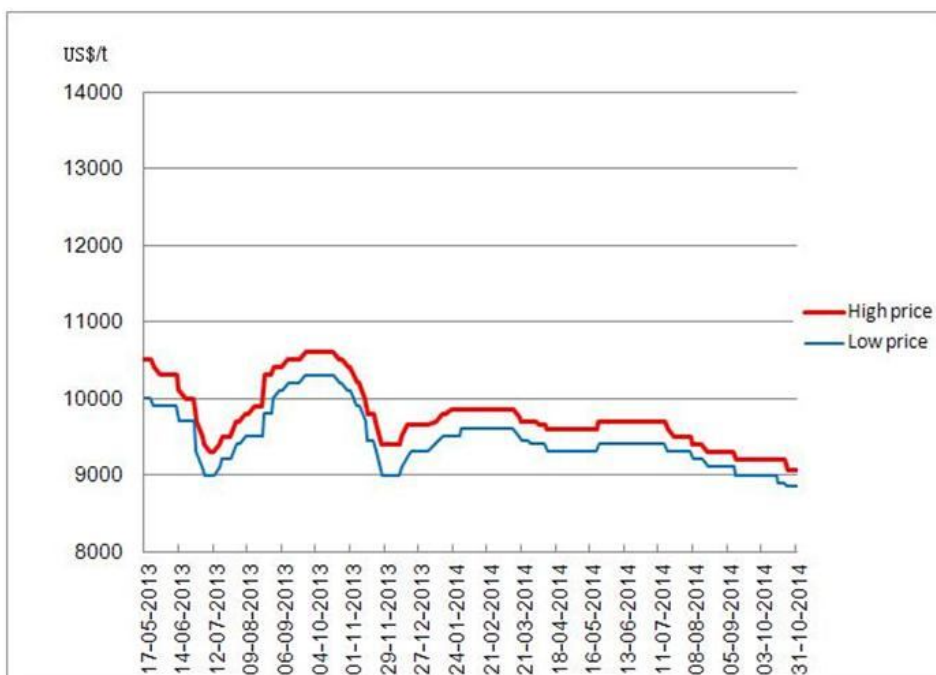


Figure 2 MB Standard Level II Antimony Price May 13-Oct 14

Data Source: MB

Supply & Demand

According to the statistics of National Bureau of Statistics (NBS), in September of 2014, China produced 8,700 tons of antimony concentrate (metal content), down 26.5% y-o-y; from January to September of this year, China accumulatively produced 88,800 tons of antimony concentrate (metal content), down 3.6% y-o-y. In September, Antimony related products output was 21,600 tons (physical quantity), down 6.9% y-o-y; from January to September of this year, antimony related products output was 188,900 tons, up 2.0% y-o-y.

According to China Customs, from January to September, China imported 45,200 tons of antimony ores and concentrates (physical quantity), down 15% y-o-y; during this period the imported crude antimony was 3,476.9 tons, up 160.1% y-o-y; the imported antimony oxide was 837.1 tons, down 4.99% y-o-y.

According to our survey, the global total output of antimony concentrates in H1 of 2014

was around 77,800 tons (metal content), down 0.8% y-o-y. Output of antimony ore production in the first half of 2014 increased in the following countries: Tajikistan produced 4,056 tons (antimony metal content), up 20.7% y-o-y; Kyrgyzstan produced 1,242 tons, up 586.2% y-o-y; Australia produced 1,713 tons, up 13.9% y-o-y. Output of antimony ore production in the first half of 2014 decreased in the following countries: Bolivia produced 1,963 tons, down 17.9% y-o-y; South Africa produced 1,090 tons, down 30.1% y-o-y; Myanmar produced 959 tons, down 63.5% y-o-y; Kazakhstan produced 402 tons, down 18.6% y-o-y. In the first half year of 2014, Russia produced 3,200 tons of mine antimony, basically flat with a year earlier. Considering that China's mine production of antimony shows a downturn trend, mine antimony output of the world's total this year is expected to be slightly lower than last year.

With regard to the antimony downstream application field, we can see that the output of lead acid battery, plastics products, chemical fibers and synthetic rubber all retained a small scale growth in the past nine months. Chinese statistics data indicate that from January to September, the national lead acid battery output was 170.368 million KVAH, up by 10.9% y-o-y. Of that, the output of lead acid batteries in September was 20.816 million KVAH, up 8.4% y-o-y. From January to September of 2014, the national plastics products output was 53.395 million tons, up by 7.8% y-o-y. Of that, in September, the national plastics products output was 6.653 million tons, up 7.2% y-o-y. From January to September, Chinese synthetic rubber products output was 3.869 million tons, up by 11.9% y-o-y. Of that, the national synthetic rubber output in September was 466,000 tons, up 12.7% y-o-y.

From January to September of 2014, Chinese electrical wire and cable output was 40.522 million km, up by 7.0% y-o-y. Of that, the national electrical and wire and cable output in September was 5.547 million km, up 25.0% y-o-y. From January to September of 2014, Chinese chemical fibers output was 32.745 million tons, up by 7.3% y-o-y. Of that, the national chemical fiber output in September was 3.761 million tons, up 3.3% y-o-y. From January to September of 2014, Chinese PET output was 8.689 million tons, down 0.5% y-o-y. Of that, the national PET output in September was 995,000 tons, up 3.3% y-o-y. The

above data shows that these industries have stable demand for antimony.

Import & Export

1. Import

According to the statistics of China Customs, in September, China imported 7078.0 tons of antimony related products (physical quantity), up 42.1% m-o-m. From January to September of 2014, China accumulatively imported 49,719.7 tons of antimony related products, down 10.6% y-o-y. Of that, China imported 6,169.4 tons of antimony ore and concentrate, up by 44.6% m-o-m and up by 61.7% y-o-y. From January to September 2014, the total imported antimony ore and concentrate by China was around 45,209.1 tons, down 15% y-o-y. In a breakdown by countries, China imported 14,045t from Russia down 16% y-o-y; 11,744t from Tajikistan up 45.8% y-o-y; 8,992t from Australia up 2.8% y-o-y; 3,341t from Myanmar down 59.7% y-o-y.

Table 2 Import and Export of Chinese Antimony Products Jan-Sep 2014

Unit: t (physical quantity)

Commodity	Import			Export		
	Sep	Jan-Sep	% y-o-y	Sep	Jan-Sep	% y-o-y
Crude antimony	818.2	3,476.9	160.1	0	0	-
Antimony ores and concentrates	6,169.4	45,209.1	-15.0	0	0	-
Antimony oxide	61.5	837.1	-5.0	3,209.9	25,932.7	7.6
antimony sulphide	28.6	165.7	14.7	5.0	275.8	10.8
Unwrought antimony	0.1	27.1	-67.1	65.2	754.2	-55.9
Antimony powder	0.1	0.3	-12.7	0	0	-
Other antimony and products	0.1	3.6	207.1	0	0	-
Total	7,078.0	49,719.7	-10.6	3,280.1	26,962.7	3.5

Data Source: China Customs

Table 3 Antimony Cons Import from Different Countries Jan-Sep 2014

(Unit: t physical quantity)

Country	In Sep	% y-o-y	Jan-Sep	% y-o-y
Myanmar	293.1	-12.9	3,341.4	-59.7
Iran	10.0	-13.0	10.0	-76.7

Laos	70.5	-	70.5	-
Thailand	0	-	195.0	-7.8
Turkey	0	-	490.9	-48.2
Kazakhstan	0	-	1,289.2	-72.1
Tajikistan	0	-	480.5	-
Morocco	119.3	-33.4	1,239.7	-8.59
South Africa	1,428.7	91.8	11,744.2	45.8
Zimbabwe	0	-	69.0	-
Russia	0	-	23.1	-87.9
Bolivia	71.3	-9.4	606.8	-5.1
Honduras	2,068.1	22.6	14,044.6	-16.0
Peru	39.3	-39.9	1,179.3	-16.2
Australia	0	-	256.5	342.3
Total	771.1	-	771.1	17,667.2

Data Source; China Customs

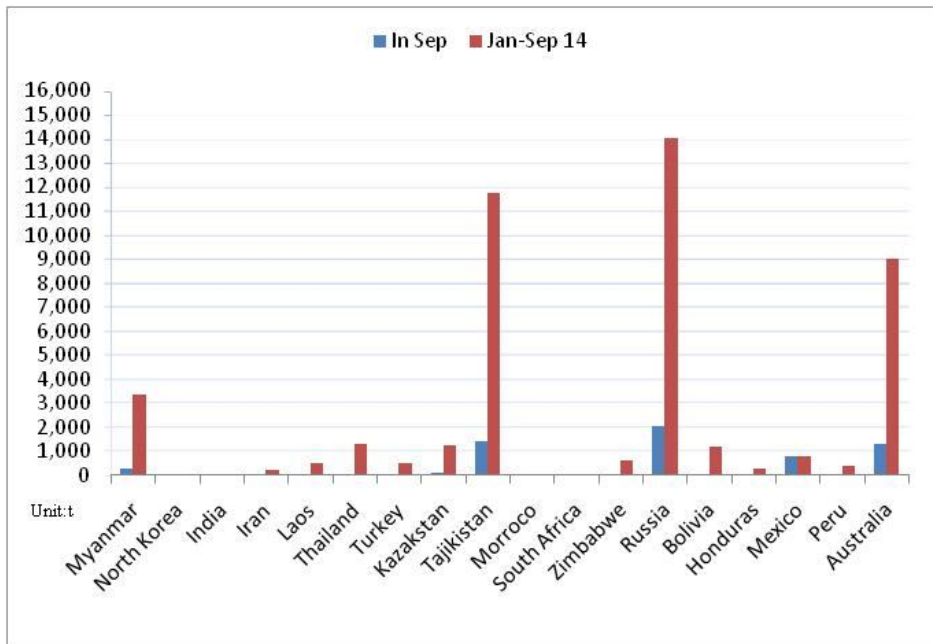


Figure 3 China Antimony Ores and Cons Import from Different Origins Jan-Sep 2014

Data Source: China Customs

2. Export

According to China Customs, in September of 2014, China exported 3,280.1 tons of antimony products (physical quantity), down 24.4% m-o-m and up 4.1% y-o-y; from January

to September of 2014, China exported 26,962.7 tons of antimony products, up 3.5% y-o-y. In September of 2014, China exported 3,209.9 tons of antimony oxide, down 23.5% m-o-m and up 5.6% y-o-y; from January to September of 2014, China accumulatively exported 25,932.7 tons, up 7.6% y-o-y. From the table we can find during this period, Chinese exported antimony oxide was mainly sourced to U.S., Taiwan, Japan and HK, with 9,407t up by 0.3% y-o-y, with 4,909t down by 8.9% y-o-y, with 3,618t up by 24.4% y-o-y, with 2,970t up by 10.3% y-o-y, respectively.

China Customs' data indicate in September China exported 65.2 tons of unwrought antimony, up by 48.2% m-o-m and down by 40.8% y-o-y; from January to September of 2014, China exported 754.2 tons of unwrought antimony, down 55.9%, which were mainly sold to U.S., Japan and South Africa with 346t down 56.9% y-o-y, with 221t up 56.7% y-o-y, with 45t up 87.5% y-o-y, respectively.

Table 4 Main Destinations of Chinese Exported Antimony Oxide Jan-Sep 2014 (Unit: t)

Countries/Regions	In Sep	y-o-y %	Jan-Sep	y-o-y %
HK	421.5	1.03	2,969.7	10.27
India	101.0	98.04	1,175.0	29.47
Indonesia	5.0	-50	100.0	25
Iran	0	-	1.0	-
Israel	0	-	120.0	-
Japan	701.0	106.18	3,617.9	24.36
Malaysia	10.0	233.33	177.0	56.64
Saudi Arabia	15.0	-	15.0	-
Singapore	0	-	18.0	-18.18
South Korea	103.8	41.05	875.2	44.79
Thailand	50.0	-16.67	200.0	3.09
Turkey	0	-	15.0	-25
United Arab Emirates	5.0	-	18.5	-22.92
Vietnam	1.5	-	32.5	282.35
Jinma, Taiwan	607.0	-8.08	4,909.3	-8.9
Kazakhstan	0	-100	26.0	-50
Egypt	0	-	12.0	-
South Africa	20.0	100	41.0	-48.75
Belgium	0	-	315.0	-17.11

UK	20.0	-	20.0	-
Germany	20.0	-	248.0	283.23
Italy	5.0	-	25.0	-79.17
Netherlands	24.0	4.35	162.5	-60.01
Spain	0	-	40.0	73.91
Poland	0	-100	60.0	-40
Romania	0	-	20.0	-
Lithuania	0	-100	20.0	-
Russia	110.0	175	844.0	502.86
Ukraine	0	-	40.0	100
Czech	0	-	6.1	-
Argentina	0	-	2.0	-
Brazil	10.0	-	30.0	-
Ecuador	0	-	1.0	-
Mexico	0	-	60.0	-
Canada	0	-	220.0	1.85
US	979.1	-23.63	9,407.0	0.34
Australia	1.0	-	62.0	55
New Zealand	0	-100	27.0	125
Total	3,209.9	5.55	25,932.7	7.63

Data Source: China Customs

From the data given by China Customs, from January to September of 2014, Chinese exported unwrought antimony volume was quite small, just 754 tons. But according to the statistics from U.S. and Japan, their imported antimony volume from China is far bigger than this figure. Some industry players indicate that a huge volume of antimony ingots was smuggled to foreign countries. This not only disturbed the normal market order but also caused substantial loss to Chinese assets. We expect related government agencies will take measures to tackle this problem to crack down the illegal activity of antimony ingots smuggling.

Table 5 Destinations of China Exported Unwrought Antimony Jan-Sep 2014 (Unit: t)

Countries/Regions	In Sep	% y-o-y	Jan-Sep	% y-o-y
HK	5.0	-	25.1	-87.5
Indonesia	20.0	-	44.0	780.0

Japan	20.0	-	221.0	56.7
Thailand	0	-	24.0	-70.0
Jinma, Taiwan	20.0	-	20.0	-
South Africa	0	-	45.0	87.5
Belgium	0	-	5.0	-
Germany	0	-	0.3	-
Russia	0	-	2.5	400.0
Mexico	0	-	20.0	-
Canada	0	-	1.5	114.3
US	0.2	-99.8	345.8	-56.9
Sum	65.2	-40.8	754.2	-55.9

Data Source: China Customs

Market Outlook

According to China Federation of Logistics & Purchasing (CFLP), the nation's October PMI was 50.8, with 0.3 percentage points lower than September, but still higher than the tipping point. This data indicate that Chinese manufacturing industry continues to retain a growing trend in general. Since antimony is applied in quite a lot of different fields in Chinese national economy, Chinese stable economy will provide positive support to the antimony consumption.

At present, when the antimony market operates in a weak and slow moving way, both supplier and consumer are very cautious. Consumers adopt on-demand procurement strategies, buying less and reducing purchase price. Suppliers are reluctant to sell their products at low price due to increase of production cost and difficulty in operation. Then they take measures of production reduction and limitation and arrange production according to received orders.

Chinese domestic output of antimony concentrate declined. Now antimony concentrates prices remained at a high level. Smelters who use raw material purchased from abroad face more difficulties and can only retain a low operating rate.

The Ministry of Environmental Protection of China has recently launched a six-month winter air pollution prevention and control work. Through October 2014 to March 2015, the Ministry of Environmental Protection will conduct a routine monthly inspection and preliminary investigations. Companies will increase environmental protection investment and operating costs, and Companies that have not met the environmental protection

standards will be suspended in production for rectification.

According to the data from Fanya Metal Exchange, on Oct 31st, antimony's daily inventory in Fanya increased to 13,207 tons, with an increase of 5,568 tons than September. This is a special month when Fanya's antimony inventory increases the largest for any single month, which will help to reduce the pressure on spot market, useful to the stabilization of antimony price.

Based on a comprehensive analysis to all sorts of factors mentioned above, we predict that in November, the antimony price in China will remain stable. We estimate that in November, the monthly price of antimony ingots (99.65%) in China will be averaged at around RMB 55,000/t and the monthly price of antimony (99.65%) in the international market will be averaged at around US\$ 9,200/t.

Cobalt

Market Review

The global cobalt price continued to fall in October, and the price gap of low grade and high grade is narrowing. China factors dragged global price, and the trend is lasting currently. The significant price drop is not in the expectation of most people, and many suppliers also do not have enough confidence on market, so the price is difficult to recovery before the end of 2014. MB high grade cobalt prices are averagely about \$14.02-14.83/lb, and low grade average prices are about \$13.85-14.62/lb in October.

Table 6 Average Quotation of Cobalt on Chinese Spot Market and MB

	Changjiang Spot Market (RMB/t)	MB	
		Cobalt 99.8% (USD/lb)	Cobalt 99.3% (USD/lb)
Jan.2014	194,400-198,800	12.46-13.49	12.20-13.36
Feb.2014	200,500-206,700	14.04-14.99	13.68-14.70
Mar.2014	200,800-207,200	14.28-15.53	14.15-15.06
Apr.2014	200,000-208,000	14.11-15.06	13.91-14.83
May 2014	200,000-208,000	13.61-14.41	13.30-14.13
Jun.2014	202,400-209,500	13.53-14.61	13.26-14.28
Jul.2014	213,800-222,100	14.48-15.29	14.12-14.89
Aug.2014	225,200-235,200	14.91-15.78	14.47-15.45
Sep.2014	222,300-232,300	14.57-15.50	14.31-15.23
Oct.2014	211,800-225,600	14.02-14.83	13.85-14.62

Source: MB, Antaike



Figure 4 MB Cobalt Quotation

In this October, LME 3-month cobalt buying price is \$30,665 per ton (\$13.91/lb), selling price is \$31,685 per ton(\$14.38/lb). The inventory also falls in this month.

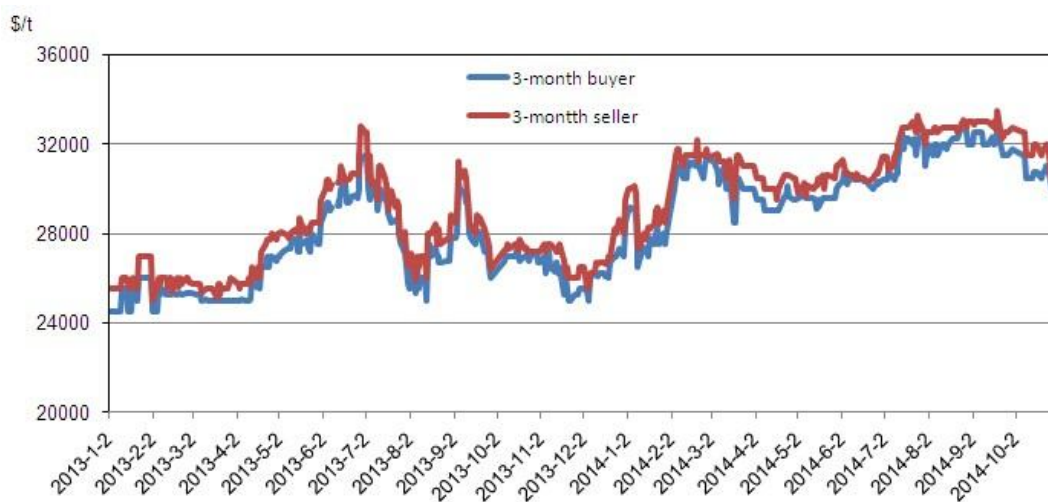


Figure 5 LME 3-Month Cobalt Price

Domestic cathode cobalt price also drops in October, and the decrease rate of imported cobalt is the highest, reaching 13,500 yuan per ton. The poor deals of cobalt salt and oxide combines with the price drop of cathode cobalt, making the market gloomy. The average cobalt price on Shanghai Changjiang Spot Market is RMB 218,700/t in Q3, down by 3.8% compared with September.

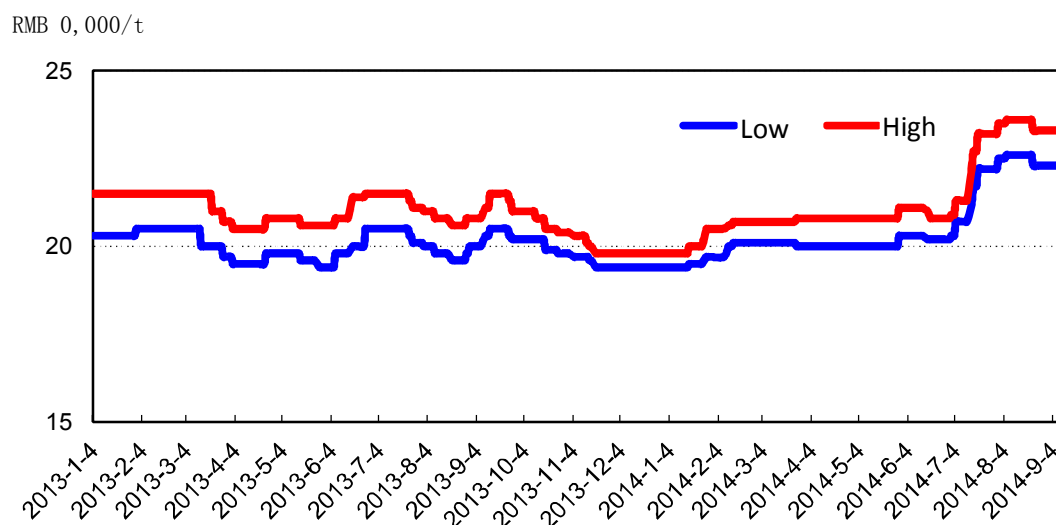


Figure 6 Cobalt price on Shanghai Changjiang Spot Market

Import & Exports

According to the data of Chinese Customs, China imported 224t of cobalt cathode in September, and the accumulated imports from Jan. to Sep. are 1,492t, down by 43.5% y-o-y. The drop reason is supply decrease of ENRC and high cobalt inventory in China.

Table 7 Cobalt Imports in Sep 2014, t / ,000\$

Commodity	Import			
	Quantity in Sep	Value in Sep	Quantity in Jan-Sep	Value in Jan-Sep
Cobalt ores & conc.	22,157	4,905	143,146	28,795
Cobalt tetroxide	10	19	195	418
Unnamed cobalt oxides and hydroxide	2	13	129	263
Cobalt nitrate	0	0	0	0
Cobalt carbonate	0	0	0	1
Other metal salts	859	1,778	6,918	14,821
Cobalt and cobalt salts	18	175	124	1,391
Ni-Co-Mn hydroxide	4	57	184	303
Cobalt oxalate	0	0	0	0
Cobalt hydro-smelting intermediate products	5,883	4,159	80,439	40,700
Intermediate products of other cobalt; and cobalt powder	247	370	3,506	3,189
Scrap	0	0	0	0
Wrought cobalt and products	40	526	229	3,901

Source: China Customs

According to the data of Chinese Customs, China exports 1,009t of LCO in September, with 79% of processing trade with imported materials. The Accumulated imports are 7,057t in the first nine months of 2014, including large amount from Hunan Ruixiang, Jiangmen Changyou and Tianjin Bamo. The exports of cobalt cathode are 166t in September, and the accumulated export is 1,404t. The exports of cobalt powder in September are 26t, and the accumulated amount is 515t. Cobalt cathode exports are from JNMC mainly and powder exports are from Nanjing Hanrui mainly. The cobalt salts exports in Sep. are only 620t in metal content, down by 23.8% y-o-y. Co3O4 exports are 643t in September, and the export country is South Korea mainly.

Table 8 Cobalt Exports in Sep 2014, t / ,000\$

Commodity	Export			
	Quantity in Sep	Value in Sep	Quantity in Jan-Sep	Value in Jan-Sep
Cobalt ores & conc.	0	0	0	0
Cobalt tetroxide	643	15,670	6,980	163,62
Unnamed cobalt oxides and hydroxide	123	2,470	478	9,660
Cobalt nitrate	0	0	52	390
Cobalt carbonate	63	940	908	13,030
Other metal salts	3908	29,940	27482	210,030
Cobalt and cobalt salts	0	0	6	500
Ni-Co-Mn hydroxide	160	2,210	1412	17,99
Cobalt oxalate	106	1,090	1777	18,60
Cobalt hydro-smelting intermediate products	0	0	38	190
Intermediate products of other cobalt; and cobalt powder	40	1,520	839	30,62
Scrap	0	0	10	7
Wrought cobalt and products	5	210	33	1,880

Data Source: China Customs

Forecast

Cobalt prices drop to the level of June currently. The consumption is soft and there is no signal of recovery for price. People hold wait and see attitude currently. Under cash and finance pressure at the end of year, we do not have optimistic attitude for market in November. Year end is approaching, and some producers may sell products in low price for the completion of annual target. The cobalt price may fall further in November.

Indium

Domestic indium supply and demand was stable, and the prices remained unchanged in recent two months. The indium products import slipped down, while the export maintained in a low level. The growth of raw material demand made enterprises in fierce competition. The indium demand is expected to represent big growth in copper-indium-gallium-selenium thin-film solar battery industry. The investment growth rate keeps shrinking, and the indium prices will face stress when entering the end of this year.

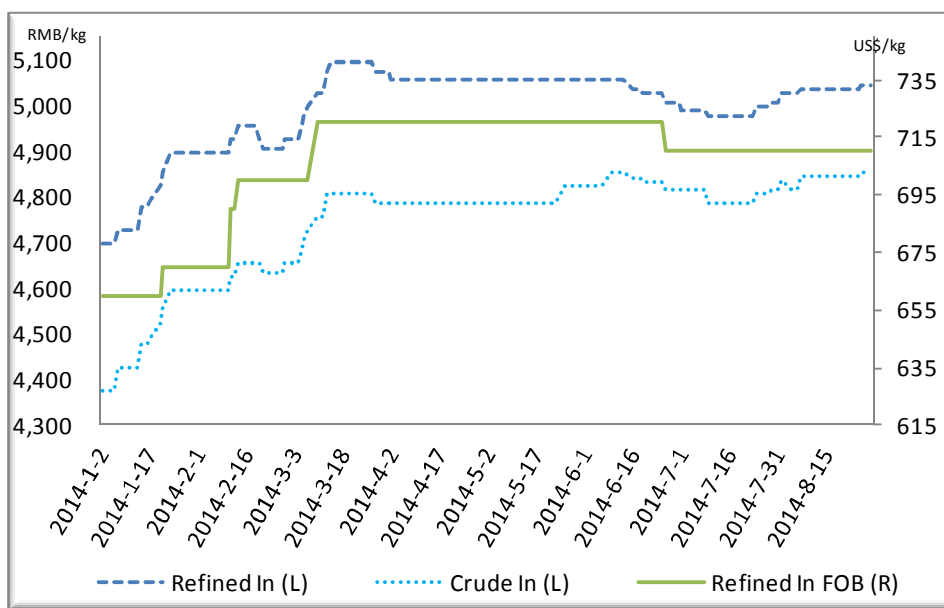


Figure 7 Chinese Spot Refined Indium Quotation

Unit: RMB/kg, US\$/kg

Data Source: The Indium, Bismuth and Germanium Branch of CNIA

Supply and demand stable, indium prices unchanged

Domestic spot refined indium prices (quotation) maintained unchanged at RMB 5,030-5,060/kg, and averaged at RMB 5,045/kg in October, up 12.31% y-o-y. Meanwhile, spot crude indium quotations kept at RMB 4,840-4,870/kg, and averaged at RMB 4,855/kg in the month, up by 16.21% y-o-y. The FOB prices moved at US\$ 690-730/kg, and the monthly average price was US\$ 710/kg, up by 7.04% y-o-y.

After the Chinese National Day Holidays, domestic indium prices became stable. There were transactions with RMB 10/kg of growth. In late October, indium prices slipped slightly on stronger refined indium supply. In that case, the indium prices declined a bit, but were

still stable at RMB 5,030-5,060/kg.

Import declines, export keeps in low position

The profit of indium import dropped on unchanged domestic indium prices, which led to decrease of import in September. China imported 6,878 kg of indium in September including 6,727 kg of unwrought indium and 151 kg of wrought indium, down by 42.49% m-o-m and up by 64.23% y-o-y, respectively. In the first 9 months, the accumulative import was 34,908 kg including 33,957 kg of unwrought indium and 951 kg of wrought indium, down by 65.38% on yearly basis.

The indium export was zero in September as same as August. In the first 9 months, China exported 523 kg of unwrought indium and 97 kg of wrought indium, which totaled 620 kg, down by 63.93% on yearly basis.

Indium inventory in Fanya exchange exceeds 3.3 kt, indium price declines in Wuxi

The refined indium inventory in Fanya Nonferrous Metals Exchange touched 3,363.38 tonnes on October 31th, up by 3.89% m-o-m and 100.07% y-o-y. The inventory increased by 126 tonnes during October, an increment increased by 0.03% m-o-m and 8.27% y-o-y in the month.

The indium price index opened at RMB 5,081/kg and closed at RMB 5,079/kg in Wuxi Stainless Steel Exchange in October. The close price decreased by RMB 19/kg or 0.37% on monthly basis. The transaction was 155,792 lots in the month, up by 9,336 lots or 6.37% compared with September.

Raw material demand increases, more difficult to obtain

The expansion of domestic indium refineries broke the supply and demand balance, bringing much fiercer competition in struggling for raw materials than ever. Actually, raw material supply would not see much change when indium prices are stable, and the supply growth would not be seen on the strict environmental protection regulation. For the purpose

of getting more raw materials, some refineries tried to import lead and zinc conc., and to use domestic used ITO that implies the saturation of domestic raw material supply. Accordingly, the prices of raw materials are stable, mainly supporting indium prices.

Indium prices to maintain in uptrend, and may slip down in short term

The indium price tendency became bright within this year after October. The investing volume is still stable, but the growth rate slows down. Whatever for cold treatment of exchanges or other reasons, the slowed down growth of investment should be helpful for indium industry and up and down streams sectors. The indium price is in a suitable level avoiding risks of big change (up or down), good for long term development of the whole industrial chain. It is estimated the investment demand will be still stable, and some producers will be willing to sell indium on increasing financial stress, which may force indium prices to slip in a short range.

News in Brief

Antimony

Chinese antimony ore and concentrate import from Jan to Sep down 15% y-o-y According to the statistics of China Customs, from January to September 2014, the total imported antimony ore and concentrate by China was around 45,209 tons, down 15% y-o-y. In September, China imported antimony ore and concentrate was around 6,169 tons, up by 44.6% m-o-m and up by 61.7% y-o-y. In a breakdown by countries, China imported 14,045t from Russia down 16% y-o-y; 11,7445t from Tajikistan up 45.8% y-o-y; 8,992t from Australia up 2.8% y-o-y; 3,341t from Myanmar down 59.7% y-o-y.

Chinese mine antimony output from Jan to Sep down 3.6% y-o-y According to the statistics of National Bureau of Statistics (NBS), in September of 2014, China produced 8,700 tons of antimony concentrate (metal content), down 26.5% y-o-y; from January to September of this year, China accumulatively produced 88,800 tons of

antimony concentrate (metal content), down 3.6% y-o-y. In September, Antimony related products output was 21,600 tons (physical quantity), down 6.9% y-o-y; from January to September of this year, antimony related products output was 188,900 tons, up 2.0% y-o-y.

Chinese antimony oxide export for the first 9 months up 7.9% y-o-y China Customs' data indicate that from January to Sep 2014, China totally exported around 25,933 tons of antimony oxide, up by 7.7% y-o-y. In September, China exported around 3,210 tons of antimony oxide, down by 23.5% m-o-m and up by 5.6% y-o-y. From January to September, Chinese exported antimony oxide was mainly sourced to U.S., Taiwan, Japan and HK, with 9,407t up by 0.3% y-o-y, with 4,909t down by 8.9% y-o-y, with 3,618t up by 24.4% y-o-y, with 2,970t up by 10.3% y-o-y, respectively.

Chinese unwrought antimony export for the first 9 months down 55.9% y-o-y China Customs' data indicate that from January to September of 2014, China exported 754.2 tons of unwrought antimony, down 55.9%. In September China exported 65.2 tons of unwrought antimony, up by 48.2% m-o-m and down by 40.8% y-o-y. During this period, China exported unwrought antimony was mainly sold to U.S., Japan and South Africa with 346t down 52.1% y-o-y, with 201t up 66.1% y-o-y, with 45t up 87.5% y-o-y, respectively.

Consumption of antimony family catalyst on polyester industry is low The problem of capacity excess of Chinese polyester industry is further worsened as its production capacity expands continuously. The market competition becomes fiercer as the industry contradiction is further intensified. In our knowledge, although the operation rate of polyester industry has been improved in these two months against the previous period, there is no sign showing that purchase of antimony trioxide and antimony triethylene glycol of catalysts is increasing. Suppliers indicate that the current price of antimony triethylene glycol is between RMB 44,000 to 45,000 yuan/t. Due to the continuous low purchase from the downstream consumers, the quotation of the

products has been forced to adjust lower. But at present, users show no clear willing for purchase.

Export quotas for Antimony and products is 59,400 tons in 2015 On Oct 28th 2014, the Ministry of Commerce of China issued a notification indicating the 2015 total export quotas for agricultural and industrial products. According to this notice, export quotas for Chinese antimony and products (metal content) in 2015 are 59,400 tons.

Nanxing Antimony is still in production suspension According to the statement made by Guangxi Wuzhou Communication Co., Ltd. (the Company) for its financial results for Q3 of 2014, due to the historic issue of Nanxing Antimony Co., Ltd. (Nanxing Antimony), a subsidiary of the Company acquired on April 15th of 2014, has not been solved, Nanxing Antimony is still in the status of production suspension. Then during the reporting period, there was no production values from Nanxing Antimony contributed to the Company. On April 15th 2014, the Company signed a share transfer agreement with Guangxi Chengyuan Mining and Metallurgy Co., Ltd. to acquire 100% shares of Nandan County Nanxing Antimony Co. Ld. Held by the latter and the business registration procedure has been finished on May 30th 2014.

Cobalt

Jinchuan cut half of cobalt output in September Jinchuan Group said that it would cut cobalt output in September due to the maintenance of equipments. One Manager said it would supply 200t of cobalt metal including exports in September, and domestic supply would be 120-140 tons. The normal supply level is about 400-500t per month.

Chinese cobalt firms sell cobalt materials inventory Currently, some cobalt firms are selling stocked cobalt materials due to cash problem, which may increase domestic supply of cobalt materials.

There is rumor that one large cobalt firm in eastern area is selling cobalt concentrate and hydrometallurgy intermediate products which

were prepared for its new project. The weak market, however, forces the new project to delay. The firm purchased this batch of materials at higher price last year, which will actually deficit its cobalt salt products sale. So the firm prefers to purchase cobalt chloride which has 6 month of payment period as raw materials, while selling concentrate materials at the same time will get cash at once. But related managers of this firm did not admit this thing, and said this batch of materials were to be processed by other firms.

The other firm sells 400t of cobalt concentrate for oversupply reasons.

Both these two firms have the long-term supply contracts with international material suppliers

**Domestic imported
cobalt materials up
by 7.9% from Jan. to
Aug.**

According to the latest data of China Customs, China imports 18,227t of cobalt concentrate, 7807t of hydrometallurgy intermediate products and none of alliage blanc in August. The accumulated imports are 120,632t of cobalt concentrate, 2,164t of hydrometallurgy intermediate products and 748,827t of alliage blanc, down by 7.4%, 31.2%, and up by 5.1% y-o-y respectively. In conclusion, the accumulated imported cobalt material is about 24,685t metal content, up by 7.9% y-o-y.

In August, there is 2,491t of imported concentrate for general trade, and 15,736t for processing trade with imported materials and goods in special supervision areas. There is only 3,559t of imported hydrometallurgy intermediate products for general trade, and 3528t for processing trade with imported materials and provided material. If we put these amounts into metal content, there is 1,960t cobalt in metal content exporting abroad, and there is only 842t left in domestic market. Chinese consumption is about 3000t per month, so the cobalt inventory reduces in quicker rate in the second half year than the first half.

In China, there is serious arrearage problem for battery firms, battery

material firms and cobalt firms, so Chinese firms always meet difficulties in cash flow. Chinese cobalt firms start to export for the reason of lower risks and better cash flow, even the export price of Co₃O₄ is lower than China. However, this kind of exports cut the materials supply of domestic lithium cobalt oxide. Furthermore, Chinese battery firms import lithium cobalt oxide by exported cheaper Co₃O₄, which make fierce competition for Chinese lithium cobalt oxide firms.

Jinrui shuts down Jintian Materials Jinrui Company stated that it will shut down its subsidiary of Jintian Materials Company, before the end of this year. The shut-down capacity will be replaced by Jinchi Materials Company, a joint venture of Jinrui and Changsha Research Institute of Mining and Metallurgy Co., Ltd. Jinchi will build one battery cathode materials base with annual capacity of 10,000t in Hunan province. Currently, the first phase of project has finished main building construction, and the new line will be fully prepared by the end of 2014. The new line will be in trial production in the Q1 of 2015, and put into commercial production in April of 2015. The first phase builds 3000t/a production line of cobalt coated spherical nickel hydroxide and 3000t/a of Li-ion battery anode precursors, which will replace all capacity of Jintian Company.

Chinese cemented carbide output up by 5% in H1 -According to data of Cemented Carbide Institute, there is 13,000t of cemented carbide output from 45 firms, up by 5% y-o-y. The total output in H1 is 15,000t combined with unaccounted part. The cobalt consumption is 1650t in this industry in the first half year of 2014,

Vanadium

A nitrided ferrovanadium project located in Panzhihua High Technology Zone The management committee of Panzhihua Vanadium and Titanium Higher Technology Industrial Zone signed an agreement with Sichuan Decaijianbei Technology Co., Ltd. in October to construct a 4 ktpa nitrided ferrovanadium project. The project will adopt competed technology, and use vanadium slag and vanadium contained tailings as

raw materials in production.

Crude steel output of super alloy is 9,882 from January to August According to the data of Chinese Special Steel Institute, Chinese crude steel output of super alloy reaches 9,882t, up by 105.5% y-o-y, due to the development of military products and equipment nationalization. It is forecasted that the cobalt consumption would be 1,400t in super alloy area.

Lithium

Espring not yet achieved mass production of lithium iron phosphate Beijing Espring Material Technology Co., Ltd. (Espring, SZ300073) issued a statement indicating it owned the technology of lithium iron phosphate, but had not start mass production of lithium iron phosphate. Espring's operation income of Li-ion materials declined by 15.21% in H1, and its gross profit rate reduced by 1.1%, due to the harsh competition.

The Li cathode materials' capacity is 4.33 times of real demand The development of Li-ion battery boosts the investment. According to current development rate, the demand of cathode materials will climb up to 60,000t in 2015, but the capacity would be 260,000t at that time. So the oversupply would be one serious problem.

Currently, the cathode materials are concentrated in lithium cobalt oxide for 3C products, but lithium cobalt oxide will be mixed by lithium magnate and NiCoMn materials due to cost problems.

Statistics

Table 9 Imports and Exports of Antimony Products in Sep 2014

Commodity	Quantity in Sep 14	Value in Sep 14	Quantity in Jan-Sep 14	Value in Jan-Sep 14
Import	Kg	USD	Kg	USD
Antimony ores & conc.	6,169,444	18,982,629	45,209,074	130,449,835
Antimony oxide	61,452	606,924	837,051	7,978,744
Antimony sulphide	28,601	355,525	165,678	1,703,263
Unwrought antimony	120	17,865	27,110	270,263

Commodity	Quantity in Sep 14	Value in Sep 14	Quantity in Jan-Sep 14	Value in Jan-Sep 14
Antimony powder	75	20,625	330	94,666
Other antimony product	53	9,555	3,575	262,729
Export	Kg	USD	Kg	USD
Antimony oxide	3,209,869	25,141,884	25,932,662	211,618,301
Antimony sulphide	5,000	65,952	275,840	2,056,673
Unwrought antimony	65,200	644,370	754,200	6,945,833

Source: the Customs General Administration of P.R.C

Table 10 Imports and Exports of Cobalt Products in Sep 2014

Commodity	Quantity in Sep 14	Value in Sep 14	Quantity in Jan-Sep 14	Value in Jan-Sep 14
Import	Kg	USD	Kg	USD
Cobalt ores & conc.	22,156,944	49,047,284	143,145,620	287,951,782
Cobaltous oxide	9,725	187,569	195,207	4,177,601
Cobalt hydro-smelting intermediate products	5,883,364	41,594,285	80,439,364	407,002,436
Intermediate products of other cobalt; and cobalt powder	246,946	3,695,232	3,505,700	31,889,398
Wrought cobalt and products	39,564	5,257,487	228,749	39,005,870
Export	Kg	USD	Kg	USD
cobaltous oxide	642,950	15,674,305	6,979,630	163,624,748
Cobalt hydro-smelting intermediate products	0	0	37,548	190,131
Intermediate products of other cobalt; and cobalt powder	39,904	1,524,970	839,367	30,620,730
Scrap cobalt			9,578	65,127
Wrought cobalt and products	4,589	205,915	32,681	1,878,838

Source: the Custom Generals Administration of P.R.C.

Table 11 Imports and Exports of Ferroalloys Products in Sep 2014

Commodity	Quantity in Sep 14	Value in Sep 14	Quantity in Jan-Sep 14	Value in Jan-Sep 14
Import	Kg	USD	Kg	USD
Ferro-silicon*1	1,892,383	2,467,887	17,366,511	19,869,442

Commodity	Quantity in Sep 14	Value in Sep 14	Quantity in Jan-Sep 14	Value in Jan-Sep 14
Ferro-silicon*2	229,935	244,733	3,193,423	4,005,120
Ferro-molybdenum	159,341	2,532,120	520,732	8,032,699
Ferro-tungsten	0	0	64,976	783,005
Ferro-vanadium*3	0	0	3,500	108,467
Ferro-vanadium*4	100	448	100	448
Ferro-niobium	2,078,120	49,145,795	12,967,125	314,397,513
Export	Kg	USD	Kg	USD
Ferro-silicon*1	40,755,389	55,941,452	292,796,557	409,293,662
Ferro-silicon*2	3,025,600	4,982,679	29,509,033	50,203,779
Ferro-molybdenum	297,486	4,892,981	1,558,097	29,691,294
Ferro-tungsten	3,000	140,918	331,500	14,008,866
Ferro-vanadium*3	504,000	9,990,685	5,005,700	95,800,056
Ferro-vanadium*4	300	6,844	3,500	59,184
Ferro-niobium	43,000	1,137,545	304,000	8,028,646

Note: *1. Silicon content more than 55%;

*2. Silicon content not more than 55%;

*3. Vanadium content not less than 75% *;

*4. Vanadium content less than 75%

Source: the Customs General Administration of P.R.C.

Table 12 Imports and Exports of Indium Products in Sep 2014

Commodity	Quantity in Sep 14	Value in Sep 14	Quantity in Jan-Sep 14	Value in Jan-Sep 14
Import	Kg	USD	Kg	USD
Unwrought indium, scraps and powder	6,727	4,670,844	33,957	22,949,482
Wrought indium and products	151	112,958	951	909,950
Export	Kg	USD	Kg	USD
Unwrought indium, scraps and powder	0	0	523	371,083
Wrought indium and products	0	0	97	167,270

Source: the Customs General Administration of P.R.C.

Table 13 Imports and Exports of Vanadium Products in Sep 2014

Commodity	Quantity in Sep 14	Value in Sep 14	Quantity in Jan-Sep 14	Value in Jan-Sep 14
Import	Kg	USD	Kg	USD

Unwrought vanadium, scraps and powder			176	22,050
Wrought vanadium and products	38,097	459,912	190,413	3,198,379
Vanadium pentoxide	20,000	150,000	40,060	401,367
Export	Kg	USD	Kg	USD
Unwrought vanadium, scraps and powder			188,879	3,824,397
Wrought vanadium and products	69,556	1,371,336	684,045	14,057,365
Vanadium pentoxide	351,240	3,555,361	4,562,621	47,344,761

Source: the Customs General Administration of P.R.C.