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INSIDE TODAY

Manufacturing bill clears House, still facing hurdle

Sources skeptical on steel industry impact

PITTSBURGH — The House of Representatives has passed the U.S. Manufacturing Enhancement Act, but industry sources remain skeptical about its eventual impact on manufacturing and job creation.

Many in the steel and nonferrous metals industries say the legislation, also known as the Miscellaneous Tariff Bill (H.R.4380), might not affect their businesses much even if it passes into law following Senate consideration.

The House passed the bill just as the American Iron and Steel Institute (AISI) released its 2009 analysis of indirect steel trade and called on Washington to adopt a pro-manufacturing policy that contains stronger enforcement against unfair trade (*see related story, right*).

Daniel R. DiMicco, chairman, president and chief ex-

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Indirect steel imports take bigger share

PITTSBURGH — U.S. indirect steel imports slipped during what is now known as the "Great Recession" but still managed to gain a larger share of U.S. apparent steel consumption.

A new report by the American Iron and Steel Institute shows that U.S. indirect steel imports totaled about 27 million tons in 2009, down 27 percent from 37 million tons the previous year. Meanwhile, U.S. indirect steel exports that peaked at about 25 million tons in 2008 declined 26 percent to 18 million tons last year, resulting in an indirect steel trade deficit of 9 million tons vs. 12.6 million tons in 2008. On a value basis, the 2009 deficit of $130 billion was down 22 percent from 2008.

But the AISI expressed concern that, in the midst

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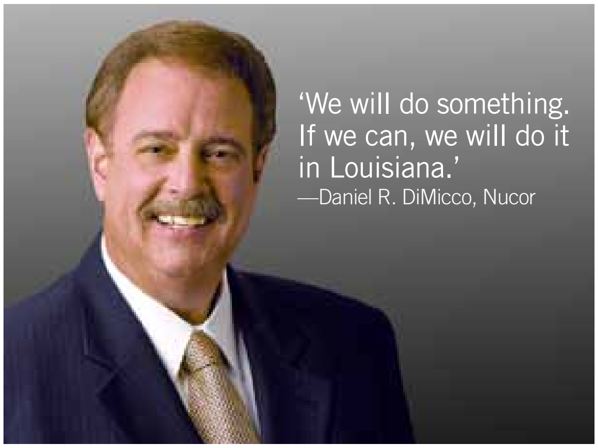

Nucor mulling options for ironmaking supply

PITTSBURGH — Nucor Corp. has looked south—to Louisiana, and even as far as Brazil—for potential sites for a $2-billion pig iron project.

The Charlotte, N.C.-based company also has looked to the northeast, although company officials say a bid for the Sparrows Point, Md., mill now owned by Severstal N.A., Dearborn, Mich., is unlikely.

There also are increasing questions about just what form Nucor's investment will take. Nucor officials said during a second-quarter conference call with analysts that the company may consider investing in less-expensive direct-reduced iron or HIsmelt technology rather than a blast furnace as a means of getting better control of its iron costs.

Daniel R. DiMicco, Nucor's chairman, president and chief executive officer, said the impact of proposed cap-and-trade—

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NUMBER OF THE DAY

$90.9M

Nucor Corp.'s second-quarter earnings vs. a $133-million loss a year earlier.

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OTHER TOP STORIES

CFTC offering further breakdown of large trader futures positions

The U.S. Commodity Futures Trading Commission (CFTC) will provide in its weekly reports a more detailed breakdown of large traders holding futures positions, the independent agency announced Thursday, to improve transparency in futures markets. Page 7

Tax hikes may prompt service center M&A: Reliance's Hannah

Expectations of higher federal taxes in 2011 might lead some service center owners to sell their businesses this year rather than wait for them to reach a higher market value as the economy recovers further, Reliance Steel & Aluminum Co.'s David Hannah said. Page 8

Tin, indium offtake partner sought for Adex's Canadian project

Canadian junior Adex Mining Inc. is looking for an offtake partner as it prepares to start tin and indium mining at its Mount Pleasant property in southwest New Brunswick. The mine would be North America's first tin operation in decades. Page 10

QUOTE OF THE DAY

"It is apparent that some competitors have become more volume driven as they appear to try and take market share and that will have an adverse impact on the fourth quarter." **Insteel Industries Inc. chief executive and president H.O. Woltz warns of further wire rod price weakness ahead, page 7**

Global copper mart swings to surplus in April, ICSG says

NEW YORK — The world copper market returned to a seasonally adjusted surplus in April from a deficit in March, according to the latest data from the International Copper Study Group (ICSG).

The refined copper market had a seasonally adjusted surplus of 29,000 tonnes in April, in contrast to a 77,000-tonne deficit in March. Without the adjustments, April's market balance showed a deficit of 60,000 tonnes compared with a 121,000-tonne deficit in March.

The seasonally adjusted market balance showed a surplus of 119,000 tonnes for January-to-April 2010 compared with a 244,000-tonne surplus in the same 2009 period. Without seasonal adjustments, the market shows a deficit of 67,000 tonnes for the first four months vs. a surplus of 74,000 tonnes in the comparable 2009 period.

Global copper mine output increased 1.4 percent in the first four months of 2010 to nearly 5.1 million tonnes from slightly more than 5 million tonnes in the same year-ago period. However, mine production remained 6.8 percent lower than during the last four months of 2009, the ICSG said.

A 3.7-percent increase in Chilean mine output failed to outpace aggregated production cuts of 7.5 percent at other major producers, including Peru, the United States, Australia and Indonesia, which together represent about 25 percent of world output.

Refined copper output rose 5.8 percent to 6.2 million tonnes during the first four months of 2010 from 5.9 million tonnes in the same period of 2009. Output of concentrates grew 1.3 percent during the period, while solvent extraction-electrowinning (SX-EW) output rose 2.1 percent

Primary copper production rose 2.2 percent to 5.2 million tonnes from nearly 5.1 million tonnes, led by a 34-percent increase in African production, 11-percent rise in Asia and 8-percent jump in Europe, which outpaced a 28-percent drop in Oceania and a 2.4-percent decline in the Americas.

Refined copper made from scrap rose 28.2 percent to 1.1 million tonnes from 831,000 tonnes. "The large relative increase in secondary refined copper production reflects in part the lower copper prices and consequent tight scrap market that existed in early 2009," the ICSG said.

Global copper usage grew 5.8 percent to 1.7 million tonnes in April vs. the same month last year as demand in Japan. World usage increased 8.3 percent to 6.3 million tonnes in the first four months of 2010 from 5.8 million tonnes in the same period last year.

MARKET PRICES

Prices are in cents per pound except as otherwise noted.

AMM Free Market	July 22	Revised	Prior Price
Copper cathode	321.05-322.55	07/22/10	313.70-315.20
Zinc	90.26-91.26	07/22/10	88.72-89.72
Aluminum	98.84-99.09	07/22/10	96.95-97.20
Lead	90.85-92.85	07/22/10	88.58-90.58
Nickel, melting	998.87-1,033.87	07/22/10	971.20-1,006.20
Nickel, plating	1,033.87-1,073.87	07/22/10	1,006.20-1,046.20
Tin ($/tonne)	18,890-19,010	07/22/10	18,775-18,895
Comex copper settlement	316.05	07/22/10	308.70
No. 2 copper scrap	286.00*	07/22/10	278.00*
Silver, Handy and Harman (¢/troy oz)	1,814.00	07/22/10	1,785.50

* Nominal for spot sales

Adex seeks tin, indium offtake partner

NEW YORK — Canadian junior Adex Mining Inc. is looking for an offtake partner as it prepares to start tin and indium mining at its Mount Pleasant property in southwest New Brunswick.

A decision on pushing ahead with the mine, which would be North America's first tin operation in decades, is expected by year-end, but hinges on signing an offtake deal.

Toronto-based Adex has run a variety of pilot production programs over the summer and a feasibility study is due by the end of the year, but the miner needs a financing partner to provide Canadian $200 million ($193 million) to build the mine and an end-user for the metals Mount Pleasant would produce.

Adex hopes to find the two in one: a strategic partner that is both financier and customer.

"We're looking at developing a customer relationship that includes offtake arrangements for all our metals. Certainly having our production subject to an offtake agreement will benefit our ability to finance the construction of the property," president and chief executive officer J. Errol Farr told *AMM*. "Finding a strategic partner would be the most interesting and viable financing strategy. Finding a partner that has a broad interest in mining or one that has a specific interest in the metals we produce continues to be our strategy."

Farr said he hopes to have the financing in place by February or March next year.

Adex owns North America's largest tin resource at a former Billiton mining site at Mount Pleasant. The company's preliminary economic assessment shows the site's north zone could produce 3,200 tonnes of tin per year, or around 1 percent of global supply, for about 12 years, while indium production would total around 40 tonnes per year, or roughly 10 percent of global supply. The mine also would produce around 4,000 tonnes of zinc per year.

'We're looking at developing a customer relationship that includes offtake arrangements for all our metals.'
—J. Errol Farr, Adex Mining

Molybdenum and tungsten would be added when Adex develops the Fire Tower zone later on. The company hopes to operate both zones simultaneously over the next 10 to 15 years, but the plunge in molybdenum prices in 2008 forced the company to focus on tin, Farr said.

"Tin has shown some strength through the recession relative to the other metals, and we're bullish on the tin market long term. It hit a low in 2008-09. We used that low number in our economic analysis and it still proved robust so we're quite high on tin," Farr said.

The company has overhauled the metallurgical processes for extracting the tin, indium and zinc from the ore in the north zone. This has been no easy feat, given the ore's complexity: tin exists in oxide form while the indium and zinc are sulfides.

Adex has run a 100-tonne pilot plant to produce tin concentrate using a flotation method that separates out the indium and zinc sulfides. The results are due in 30 days. "That's the test work needed for final feasibility," Farr said.

The company also ran a bench test program with the remaining indium-zinc mixture to separate the indium metal through a chemical reaction, using a zinc plate to electroplate pure zinc out of the remaining solution. Adex is now starting a pilot program to produce the two metals.

It also is considering a third test to process its tin concentrate into metal using a small induction furnace, which would boost Adex's chances of securing an offtake partner. "We've been working with our metallurgists on using a small induction furnace to produce tin metal, which is really early on in conception. It's a very short program to prove the conceivability of producing tin metal. Tin metal is sold on the LME, so theoretically it's infinitely more marketable," Farr said.

The company likely would struggle to sell the tin concentrates, he said. "To sell the tin concentrates, you'd have to ship them either to China, Malaysia or Thailand, and that's a long way away. And there's not too many buyers of tin concentrate."

Adex expects to receive metallurgical test results by the end of the summer, which will be used to complete a feasibility study by year-end.

Three-month tin closed the official session on the London Metal Exchange at $18,400 per tonne Thursday, up 5.1 percent from $17,500 at the start of July.

Tatyana Shumsky
tshumsky@amm.com