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Aluminium 2024: A Glimpse of Optimism

– by Alican TARLAN

Together with the participants from all over the world, we got the feeling that all the stakeholders at the Aluminium 2024 fair felt and deep down wanted: Optimism.

Despite all the negative events with high geopolitical importance and many unresolved problems that have occurred in the world since 2020, all aluminium players expect 2025 to be much more progressive than previous years in terms of both technology and sustainability.

This expectation is that the European Union and the United States are trying to get back on track economically, even if only a little, after the internal/external turmoil they are experiencing, and that this positive atmosphere is slowly starting to be reflected all over the world.



Aluminium Prices Update

– by Candeniz YAVUZ



Aluminium prices climbed 0.72% to settle at 243.6, fuelled by growing concerns over potential alumina shortages. The recent suspension of bauxite exports from Guinea Alumina Corporation (GAC) by Guinea has tightened global alumina supply, prompting systematic buying from funds.

London Metal Exchange (LME) data reveals a significant shift in market positioning. Over 40% of open interest is concentrated in December buys, while 30-39% is held in January sales. This indicates a strong bullish sentiment among market participants.

Goldman Sachs has raised its 2025 aluminium price forecast to \$2,700 per ton, citing potential demand growth in China driven by stimulus efforts. However, the International Monetary Fund (IMF) has lowered its 2025 global growth forecast to 3.2%, citing rising global risks and central banks' efforts to control inflation.

Despite the IMF's cautious outlook, global primary aluminium production increased by 1.3% year-on-year in September, reaching 6.007 million tonnes, according to the International Aluminium Institute (IAI). China, the world's largest producer, saw a 1.2% year-on-year increase in September output, driven by strong demand and favourable producer margins.

Guinea: Bauxite Export Suspension

Aluminium prices jumped over 2% on the London Metal Exchange Friday after a key supplier, Emirates Global Aluminium (EGA), announced a suspension of bauxite exports from its Guinea Alumina Corporation (GAC) subsidiary.

The disruption, caused by customs actions, impacts the raw material essential for producing alumina, the primary ingredient in aluminium.

This suspension adds to a year of supply constraints in the alumina market.

Earlier disruptions included Alcoa's closure of its Kwinana refinery in Australia and Rio Tinto's declaration of force majeure at its Queensland refineries due to gas shortages. China has also faced alumina supply limitations from bauxite shortages amid environmental inspections.

Chinese alumina producers have ramped up output to capitalize on the high prices, with 6.4 million tonnes of new capacity expected in 2024. However, this additional supply could temper the price rally.

"Alumina prices have support in the short term from shortage of domestic Chinese bauxite supply, high price of imported bauxite and strong demand," said Chen Xinlin, managing consultant at Wood Mackenzie.