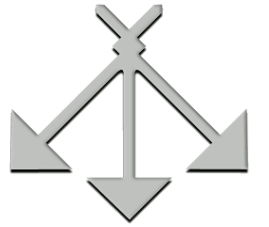




What goes up!!  
Should come down?



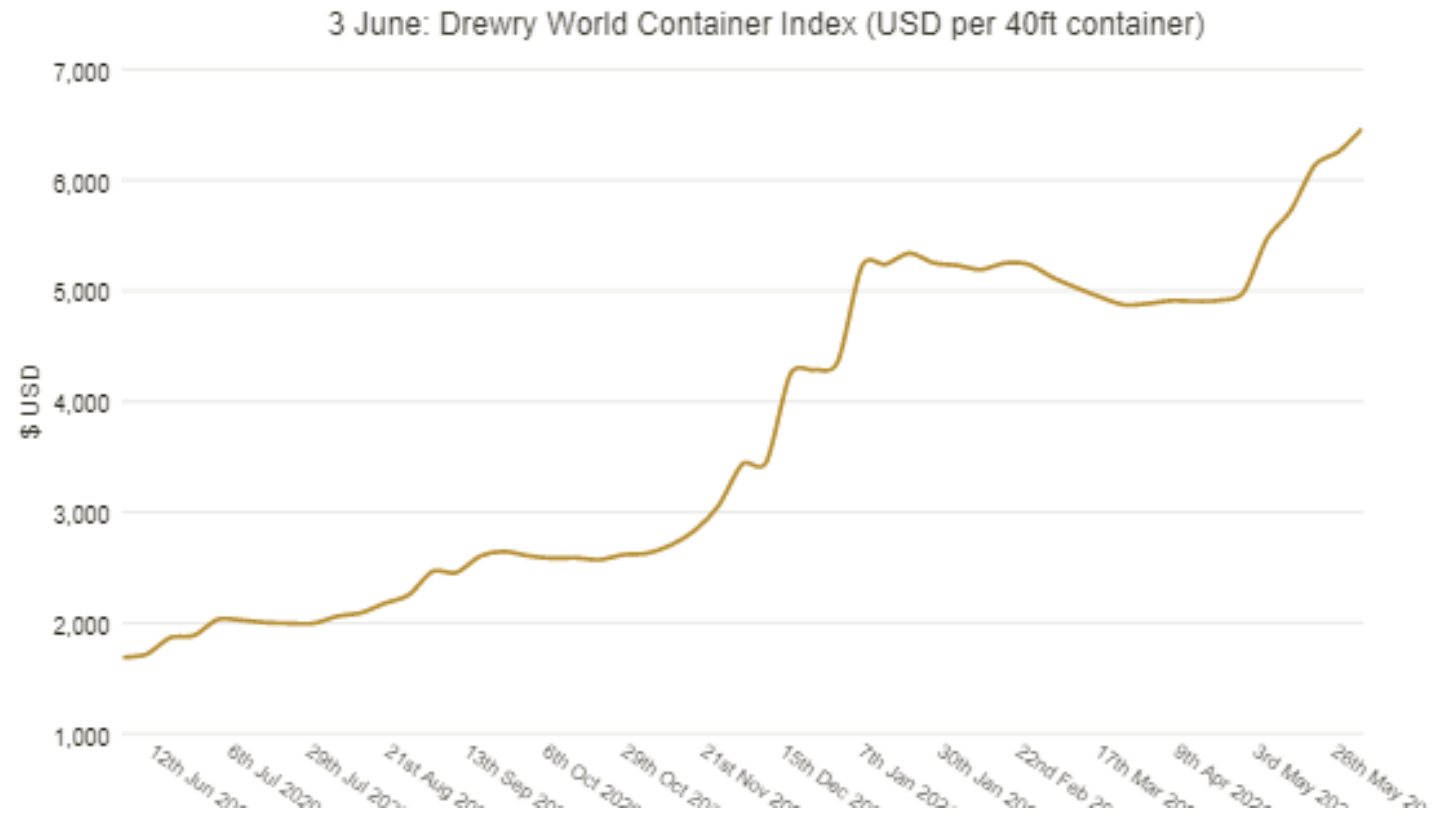
## What has happened to Commodity Prices?

- Over the last 18 months most commodity prices have increased by two to three times
- Shipping freight rates have increased ten fold
- COVID 19
- Russian Ukraine Conflict

## Economic Settings

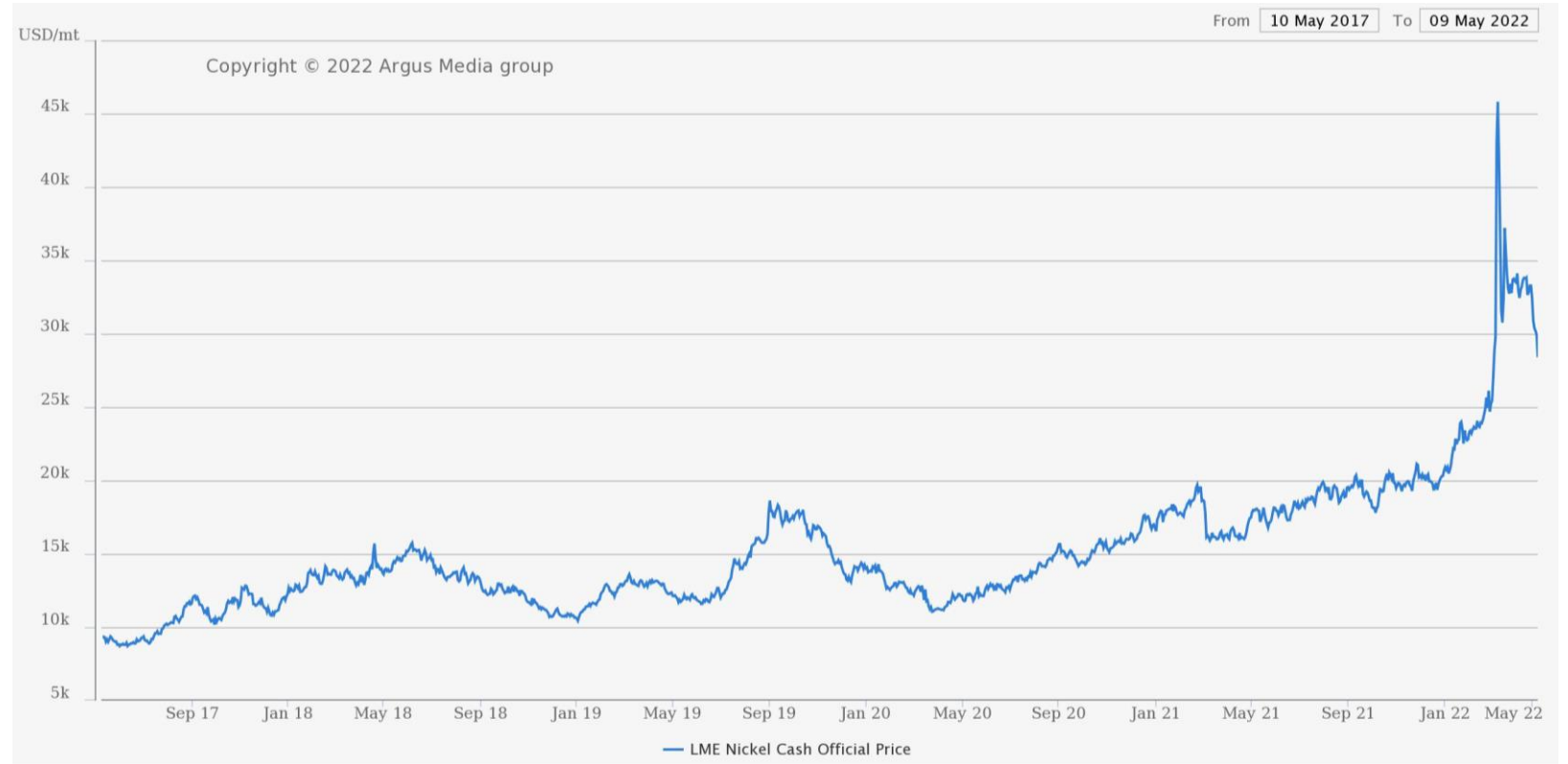
- Inflation has been running around 2-2.5% for the last 5 years
- Inflation now at 5%
- Interest rates have been near zero for the last ten years
- Forecast for interest rates are to increase to 2-3% in the next year

# Freight Rates



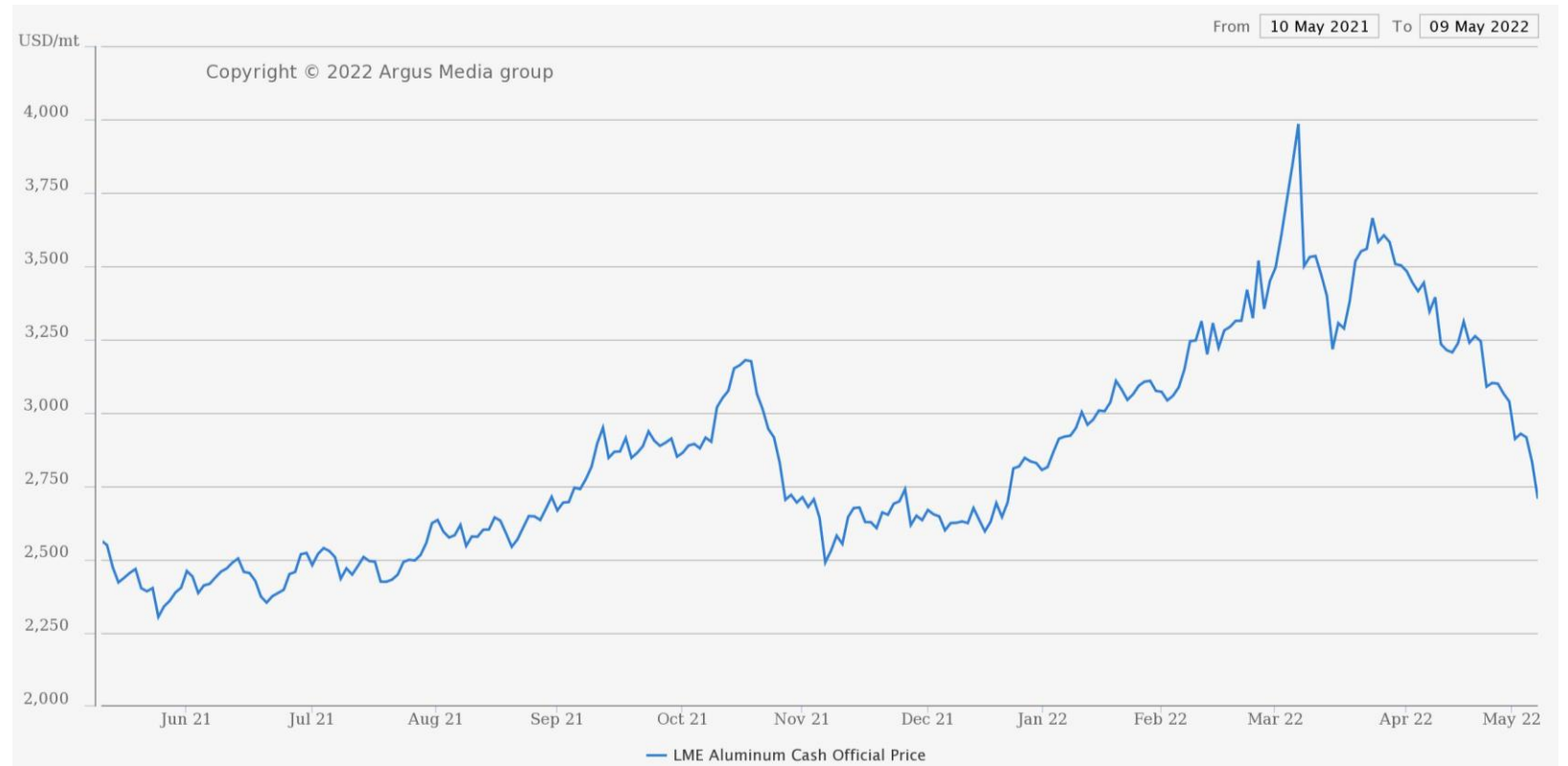
- 18 months ago freight rates to China were USD600/FCL
- Freight rates peaked at USD6000/FCL
- Current freight rates at USD4000/FCL

# Nickel



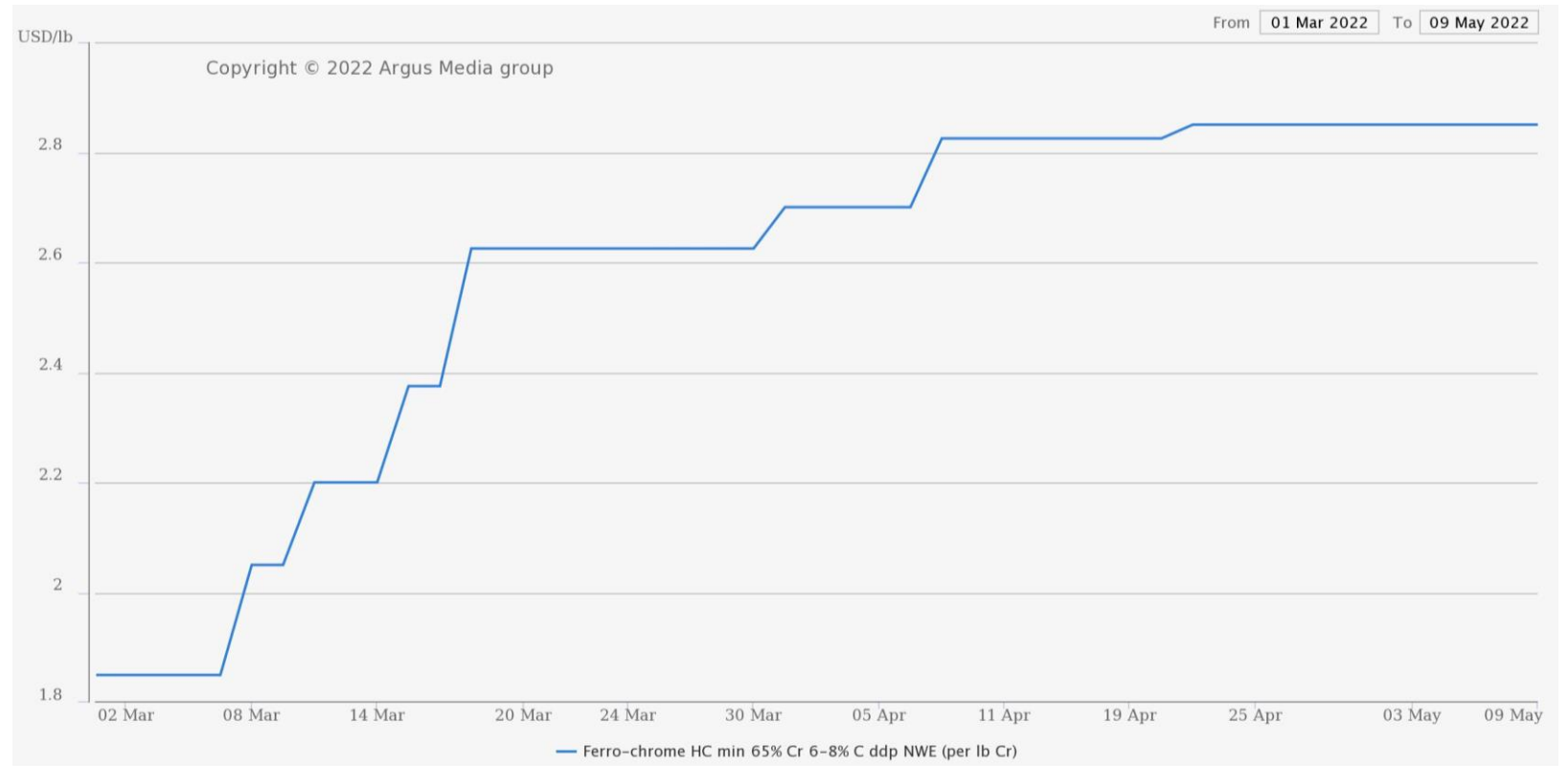
- Demand for Nickel will steadily increase due to the uptake of EV's
- Russia produces about 10% of global supply
- As interest rates rise this will have a negative effect on pricing

# Aluminium



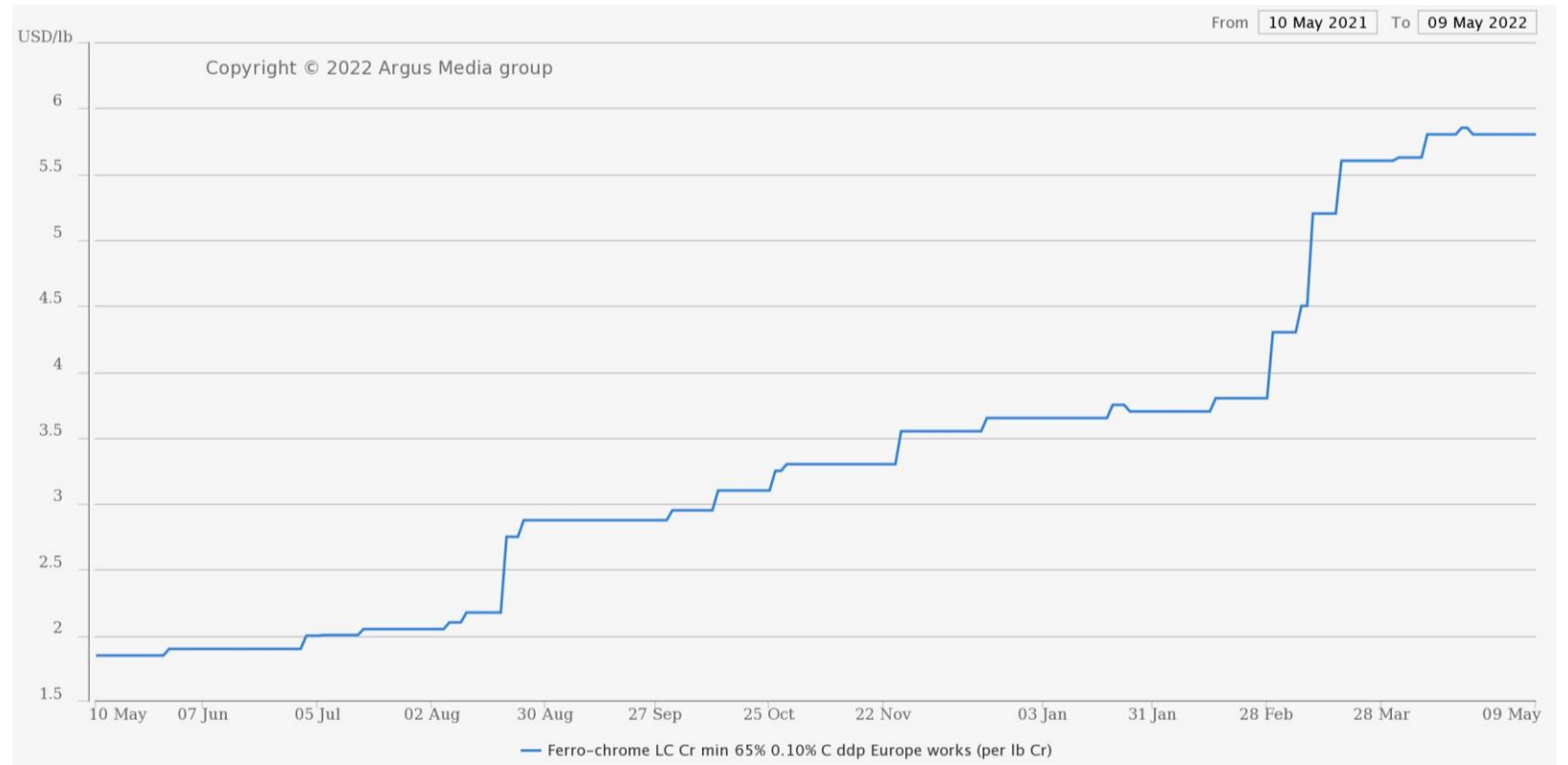
- Russia produces about 6% of global supply of Aluminium compared with China over 50%

# HCFECR



- Main producers are Kazakhstan, Turkey, India, China
- Since mid 2021 there as been a huge demand for the higher grades

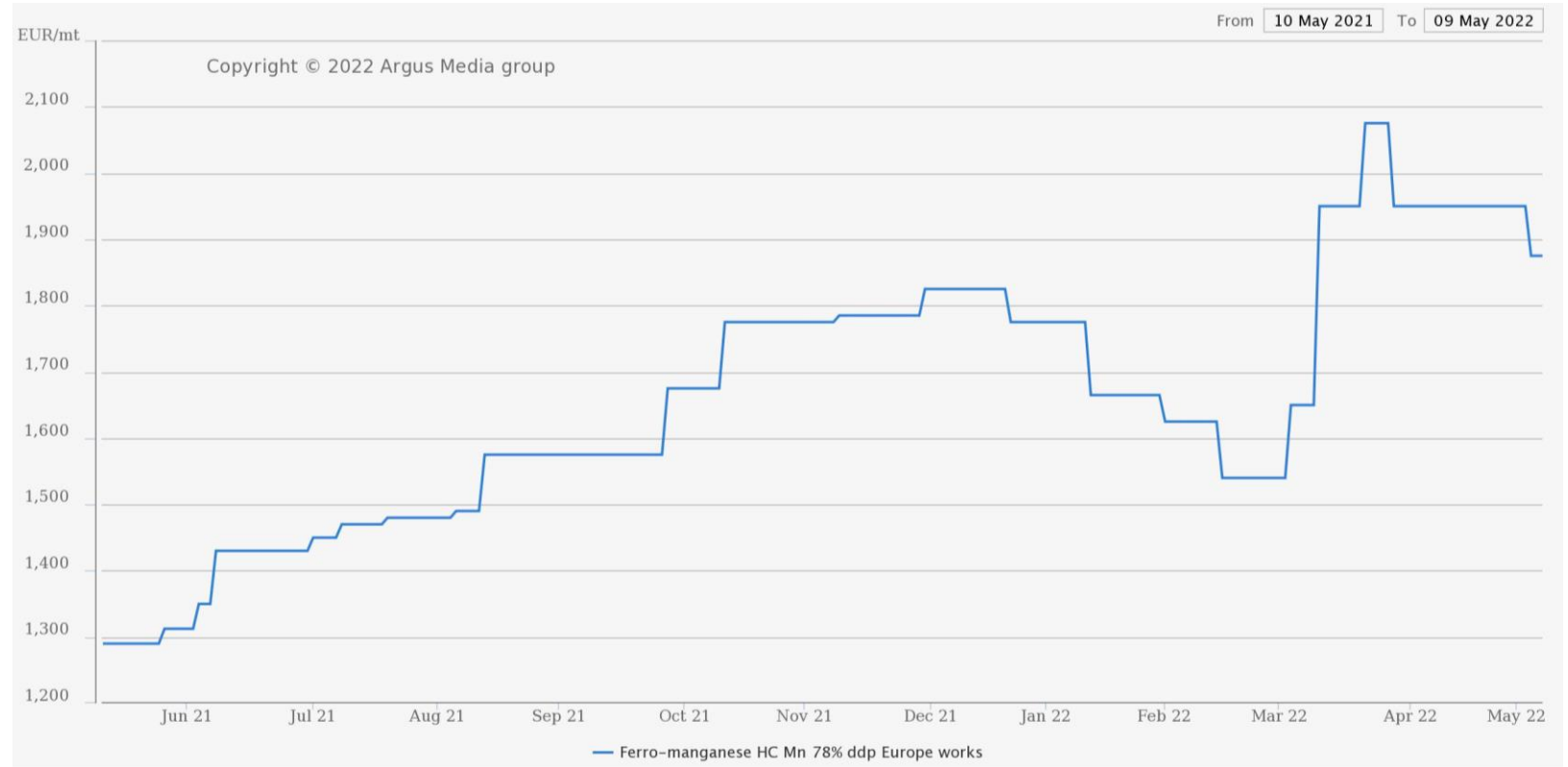
LCFECR



- Price has increased by over 200% in the last 12 months
- Russia is a major supplier
- Other suppliers Germany, China and Brazil

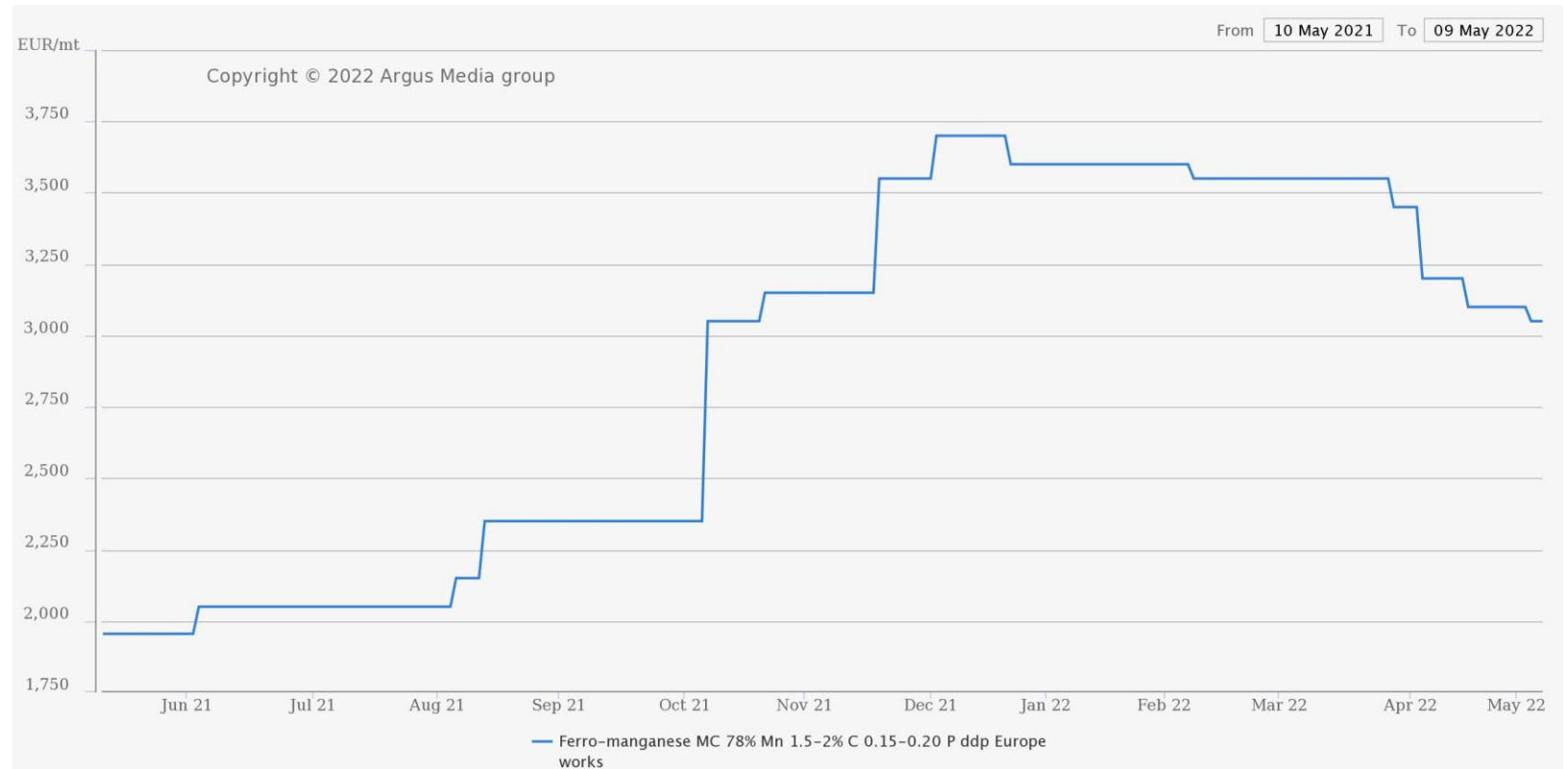


# HCFEMN



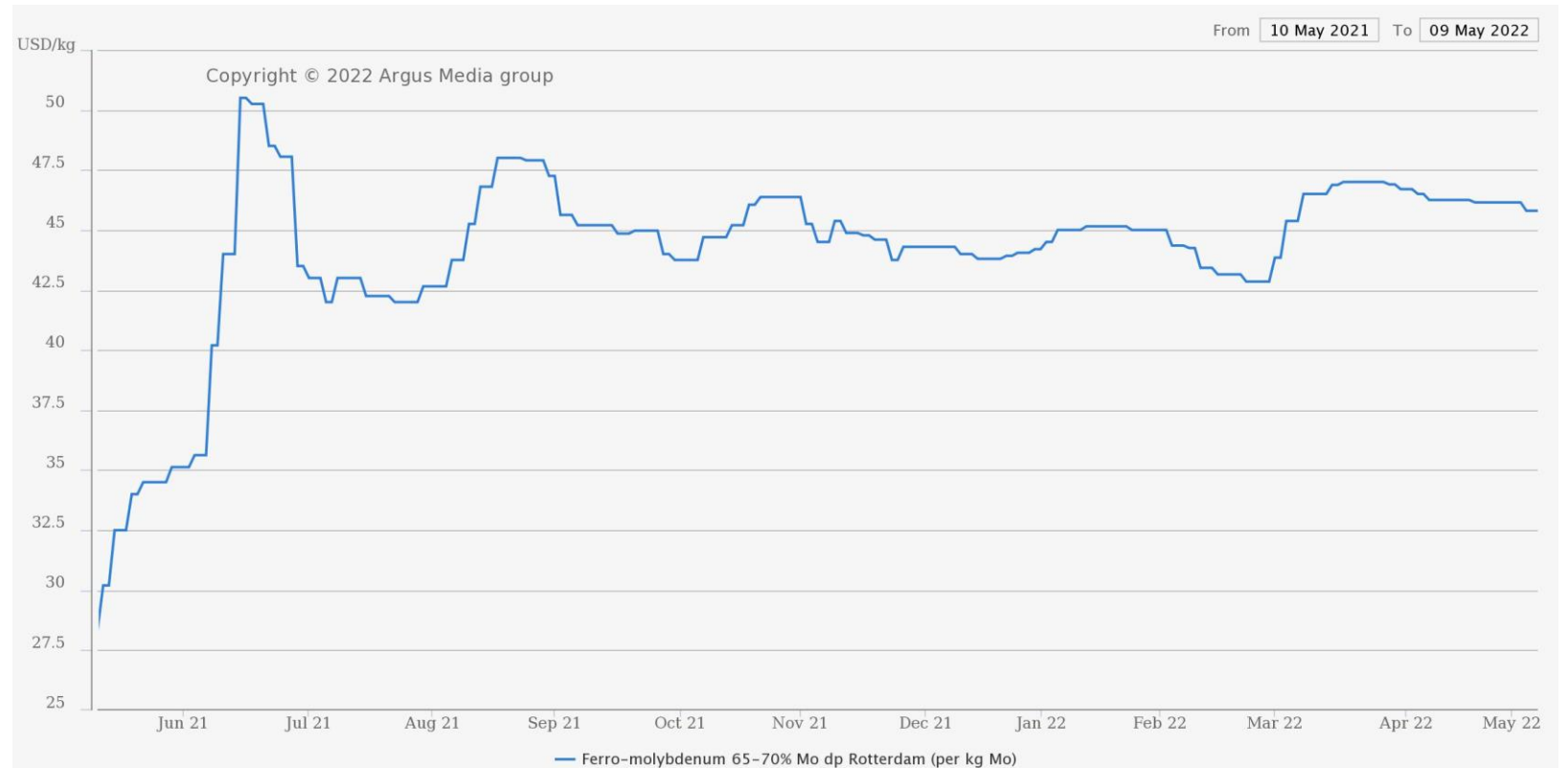
- Major Producers South Africa, India, China, Malaysia and the Ukraine
- Pricing has increased 45% in the last 12 months
- Maybe some price relief

# MCFEMN



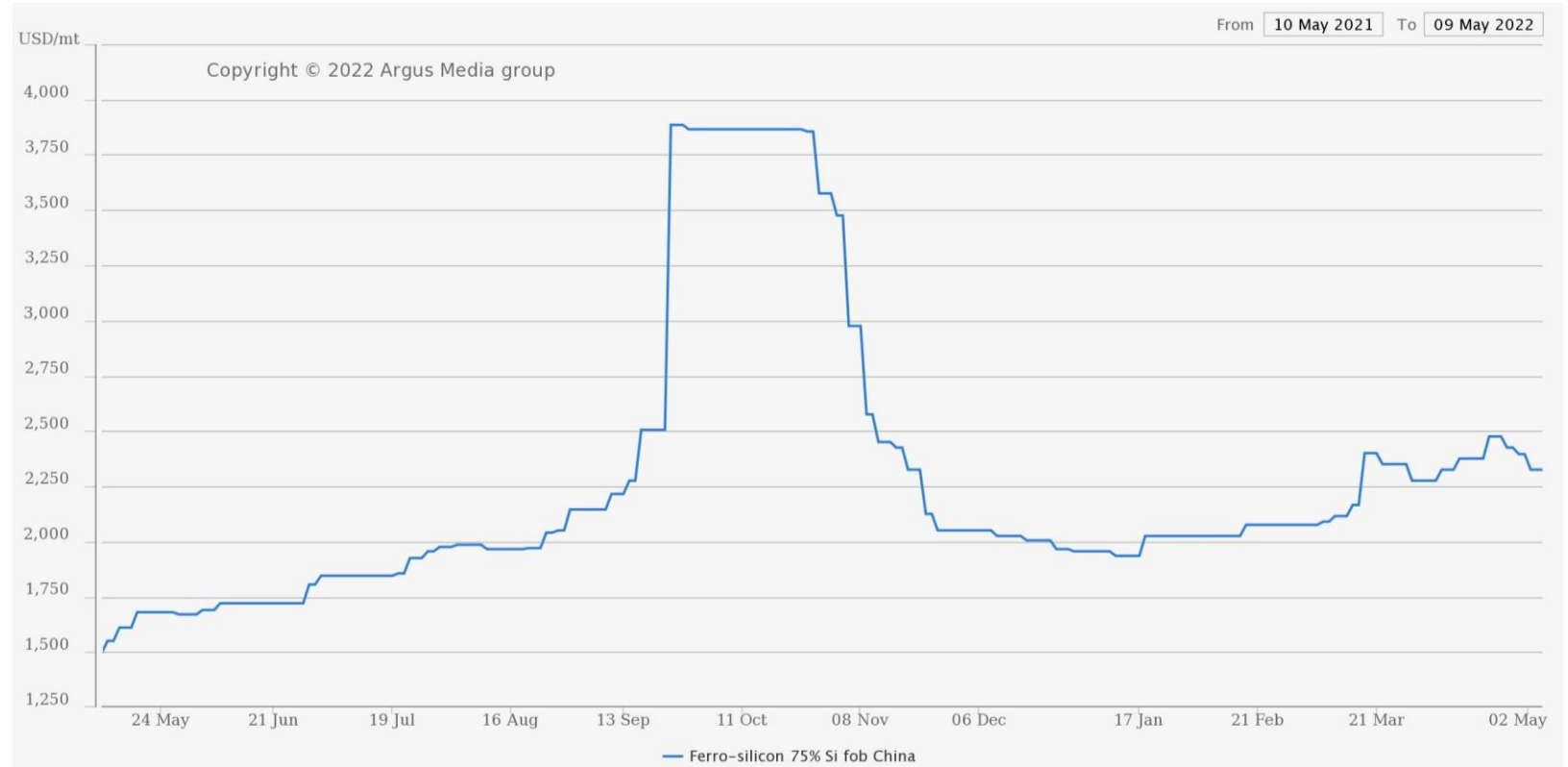
- Major Producers South Africa, India, Ukraine
- Pricing has increased 68% in the last 12 months
- Pricing has come off since the peak in January approximately 15%

# FEMO



- Major Producers Chile, Korea and China
- Pricing has increased about 65% but has been relatively steady over the last 9 months hovering around USD45/kg of Mo

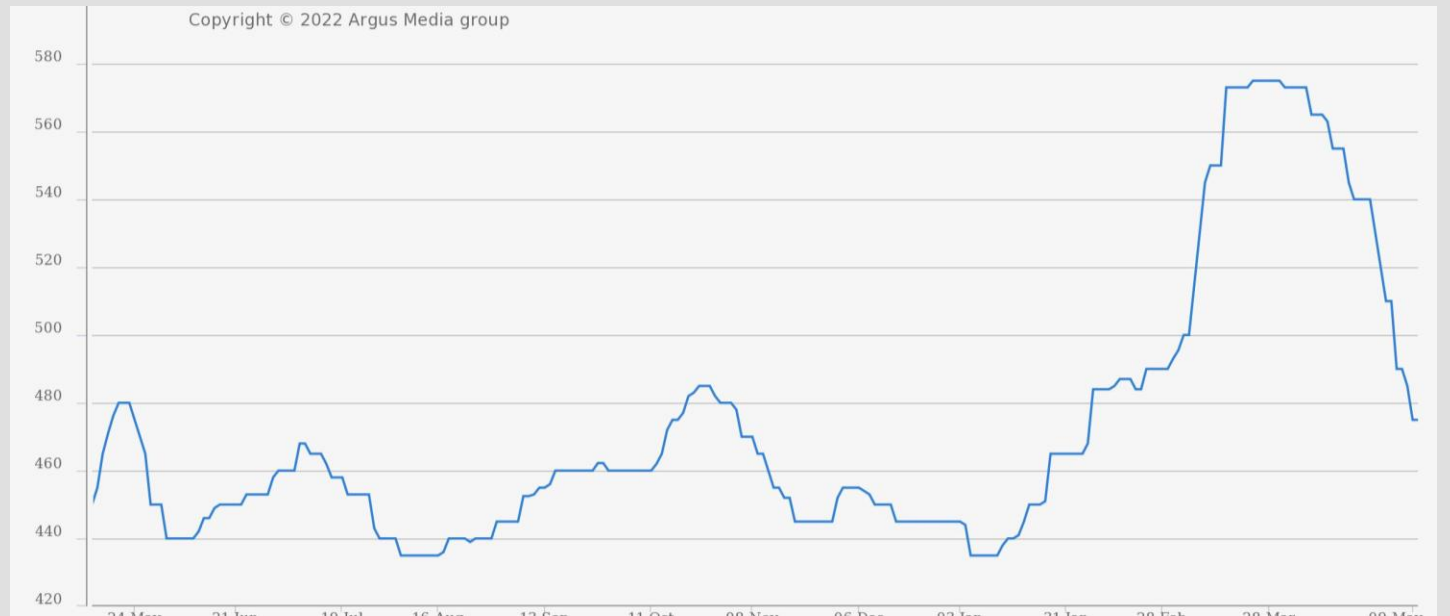
# FESI



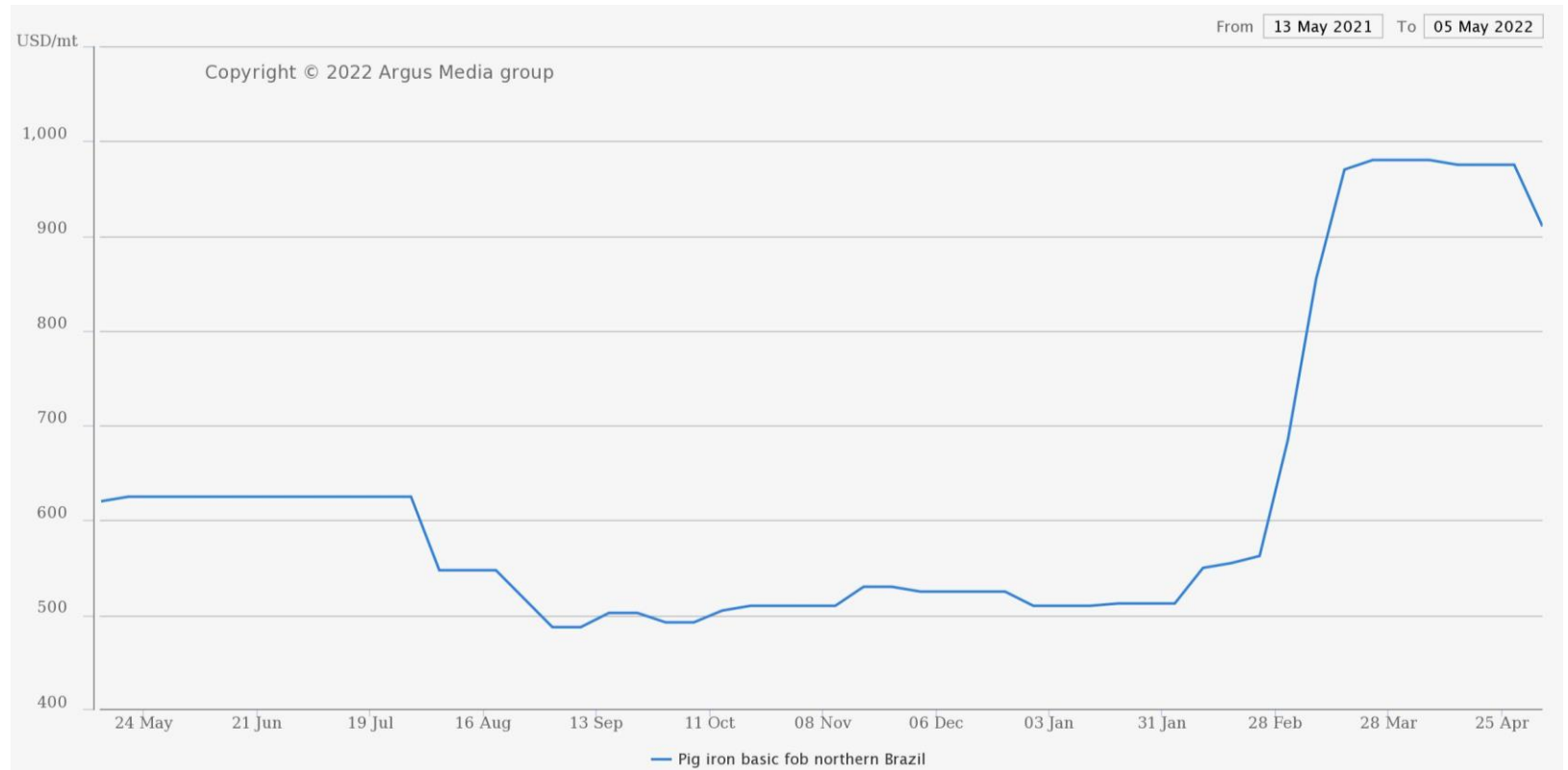
- FESI production is dominated by China, other producers Russia, Brazil, Malaysia and India
- Big spikes in pricing when there are major events in China such as the Olympics or major political events
- Blue skies mean keeping power

# Steel Scrap

Prices increased by 28%  
peaking in April and  
then dropping sharply  
to USD475/mt

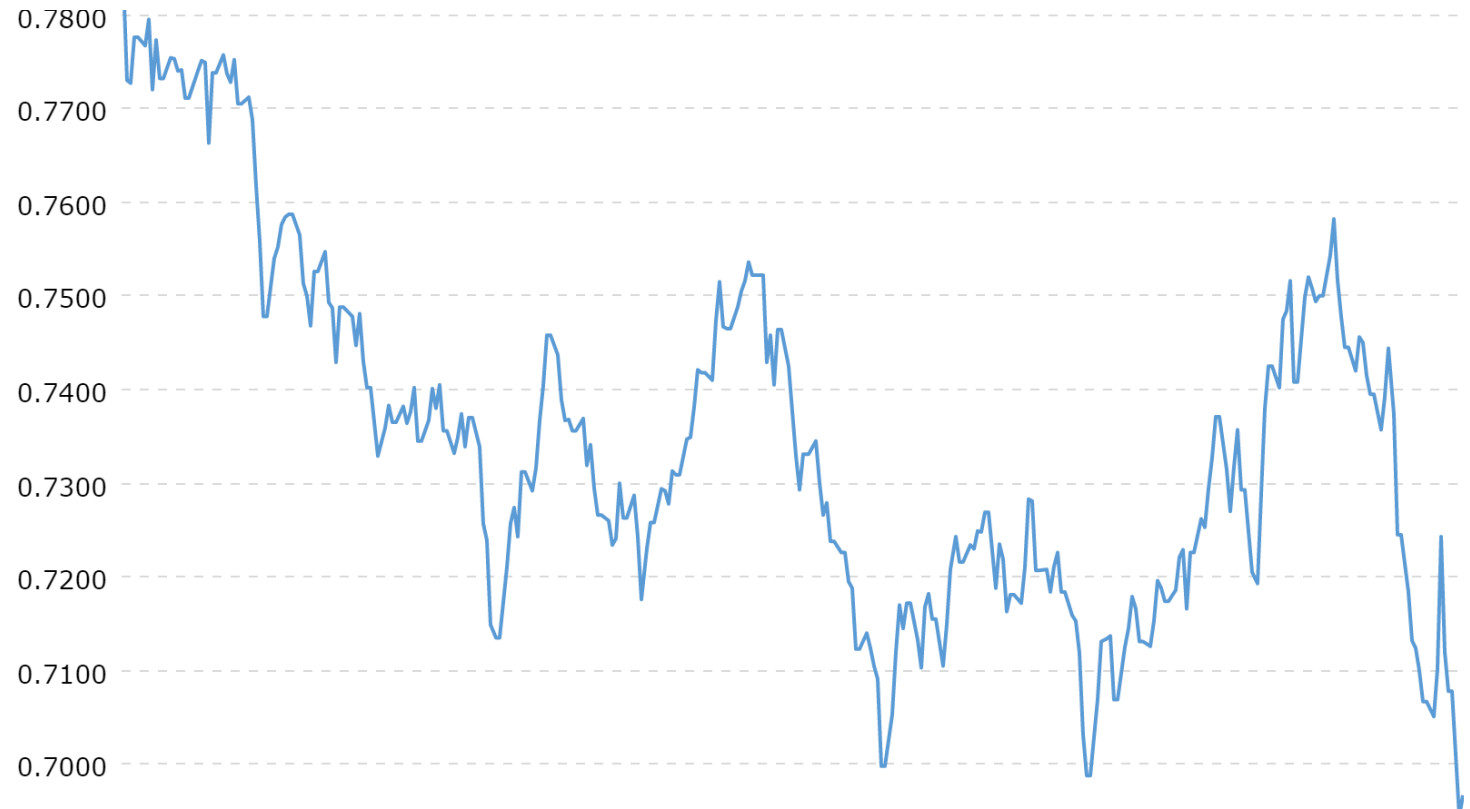


# Pig Iron



- Major Producers for Steelmaking Pig Iron are Brazil & Russia
- Major Producers for Ductile Iron is Brazil, Russia & South Africa
- Pricing has increased about 58% over the last 12 months

# Exchange Rates



- As Commodity Prices increase the AUD increases
- As Commodity Prices decrease the AUD decreases
- The AUD is normally a natural hedge for commodity prices
- In the last 12 months the reverse has happened
- Meaning that foundries have taken the full brunt of these increases

## In Conclusion

- For prices to decrease the Supply/Demand ratio needs to be in favour of Supply, this means that either Demand drops off or more supply is brought on line.
- As interest rates rise and if they rise too fast causing recession then we will see prices drop as demand will drop
- So keep looking prices will drop in the future