



# UPDATE Weekly

May 17, 2012

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Below are articles and summaries of **magnesium** related stories. Members are asked to distribute the update to their employees – if their employees wish to receive the IMA Weekly Update, please send their email addresses to the IMA Head Office. We appreciate your company press releases and announcements for inclusion in the Weekly Update.

## INDUSTRY CALENDAR

May 2-3, 2012

Automotive Metals Conference  
Dearborn, MI USA  
[www.amm.com/EventDetail/4259/5th-Automotive-Metals-Conference.html](http://www.amm.com/EventDetail/4259/5th-Automotive-Metals-Conference.html)

May 20-22, 2012

IMA 69<sup>th</sup> Annual World Conference  
San Francisco, California, USA  
[www.imaworldconference.org](http://www.imaworldconference.org)

July 8-12, 2012

9<sup>th</sup> International Conference on Magnesium  
Alloys and their Applications  
Vancouver, Canada  
[www.magnesium2012vancouver.com/welcome.html](http://www.magnesium2012vancouver.com/welcome.html)

September 30 – October 3, 2012

COM 2012  
Niagra Falls, Ontario, Canada  
<http://www.cim.org/com2012/>

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## ASSOCIATION NEWS

IMA 69<sup>th</sup> Annual World Conference: ***Magnesium – The Dream Metal – A Message from Ms. Joyce Mandel, Interim Executive Vice President***

Article follow below

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## INDUSTRY NEWS

**Magontec Limited Executive Chairman Announces Retirement of Günter Franke**  
**[www.magontec.com](http://www.magontec.com)** (07-May-2012)

**Pure Magnesium and Magnesium Alloys Continuous Refining Furnace**  
**Press Release from Brochot** (16-May-2012)

Articles follow below

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## CHINA'S LATEST

**China Magnesium Industry and Market Bulletin**  
**[www.chinamagnesium.net](http://www.chinamagnesium.net)** (11-May-2012)

Articles follow below

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*EDITOR'S NOTE: IMA makes every possible effort to substantiate the articles which appear in the Weekly Update. However, as this is not always possible IMA does not warrant the details nor accuracy of any given article. Please keep in mind that materials are attained through press releases, outside articles from numerous sources and publications. Such materials often contain opinions which are not that of the association nor should they be construed as such. We realize that in the case of some materials, the translations might often lead to less than perfect grammar, etc. It is our position however to print as submitted rather than take upon ourselves the editing of such materials which would entail potential changes unwanted by any given author.*

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## ASSOCIATION NEWS

### **IMA 69<sup>th</sup> Annual World Conference: *Magnesium – The Dream Metal – A Message from Ms. Joyce Mandel, Interim Executive Vice President***

In a few days, the 69<sup>th</sup> Annual World Magnesium Conference will be held in San Francisco, California, USA from May 20 – 22, 2012. Although online Registration is now closed, we welcome you to register onsite at The Fairmont Hotel. Onsite Registration Hours are:

Sunday, May 20	9:00 a.m. – 5:00 p.m. (17:00)
Monday, May 21	7:00 a.m. – 5:00 p.m. (17:00)
Tuesday, May 22	7:00 a.m. – 5:00 p.m. (17:00)

Visit [www.ima-worldconference.org](http://www.ima-worldconference.org) to download and review the [Attendee Brochure](#) for a comprehensive outline of the Conference and other information.

On behalf of the IMA Board of Directors and Officers, Staff and Membership we wish you safe travels. And we look forward to seeing you soon!

**IMA**  
INTERNATIONAL MAGNESIUM ASSOCIATION  
THE GLOBAL VOICE FOR MAGNESIUM

***Magnesium – The Dream Metal***

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IMA 69<sup>th</sup> Annual World Conference Exhibitors:



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*Closing Banquet*

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## **INDUSTRY NEWS**

### **Magontec Limited Executive Chairman Announces Retirement of Günter Franke** **[www.magontec.com](http://www.magontec.com) (07-May-12)**

The Executive Chairman of Magontec Limited, Mr Nicholas Andrews, announced today the retirement of Mr Günter Franke from the role of President Magontec Limited at the end of June this year. The Board has appointed Mr Christoph Klein-Schmeink and Mr Xunyou Tong as President Magontec Europe and President Magontec Asia respectively.

Mr Klein-Schmeink is currently Magontec Group Vice President Sales and Marketing and has been with the company since 2000. Mr Tong is currently Vice President Magontec Asia and has been with the company since 2003.

Nicholas Andrews said, 'Günter Franke has been an employee of Magontec and Hydro Magnesium (Magontec's previous owner) since 1975 and has served the company with great distinction. In 1996

Günter was appointed Managing Director Hydro Magnesium GmbH and in 2007 Managing Director then President of Magontec Limited. In this time he has successfully led the business through an extremely difficult period in the global **magnesium** industry. Today Magontec Limited is the only non-Chinese global manufacturer and distributor of **magnesium** alloys and anodes and is poised to benefit from a series of new relationships and joint-ventures with the Chinese primary **magnesium** sector".

"On behalf of the Board I would like to thank Günter Franke for his outstanding contribution to Magontec, its employees, shareholders and customers over such a long period and wish him well in his retirement. Mr Franke will continue to serve the company as a member of the Magontec Limited main board", Mr Andrews added.

Under the new group structure Mr Tong and Mr Klein-Schmeink will assume overall responsibility for all group production and marketing activities in Asia and Europe/Middle East/Americas respectively, reporting directly to the Executive Chairman. Both Mr Tong and Mr Klein-Schmeink have proven leadership track records and a long history with the company. Both gentlemen bring to their respective roles a fundamental understanding of the global **magnesium** industry and an ability to lead Magontec to greater profitability and success in the future.

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## CHINA'S LATEST

### China Magnesium Industry and Market Bulletin [www.chinamagnesium.net](http://www.chinamagnesium.net) (11-May-2012)

#### Market Focus

##### **Shaanxi Magnesium Group Gradually Added Momentum to Magnesium Market**

From May 7th to April 11th, ex-works quotations for 99.9 minimum ingots from leading production bases stabilized continually as indicated in Shanxi from 17,400 – 17,600 yuan, Shaanxi from 17,200 to 17,300 yuan and Ningxia from 17,300 – 17,500 yuan. Export prices adjusted to 3,080 - 3,150 US dollars.

This week's market has been a bit weak. Purchasing activities had been stagnant for a while, which to some extent made producers panic. On 8<sup>th</sup> May, to stable the market, Shaanxi Magnesium Group called for a meeting and made decision to purchase ingot 99.9 lower than 17,000 yuan. Involvers of the market tuned to watch for the implement of the Group. By Friday, the market started stabilized a bit, however contracts were not done much during this week.

One yuncheng-based source said that the price will depend on the implementation of Shaanxi Magnesium Group. As long as Fugu producers could hold, the market would turn positive and customers would start buying. And fugu's quoting is now the lowest. He said, "this week, Fugu's producers are asking for 17,200 yuan for 99.9 ingot, and get deals done mostly at 17,100 yuan. Another trader in Yuncheng told Sunlight that after the meeting of Shaanxi Magnesium Group, the prices increased by Thursday. Ingot 99.9 in Wenxi were bought at 17,400-17,500 yuan in cash; Shenfu at 17,100 yuan in cash. However, recent market has been weak, with a few large traders cutting purchases.

In Shenmu, Shaanxi, after the meeting of Shaanxi Magnesium Group (SMG), producers adjusted quotation to 17,200-17,400 yuan, Customers would like to sit and watch. "I learned that this time, SMG made a great determination and 300 million Rmb is not a big problem. Price stabilizing has been quite difficult. Thus, it did harm the broad application of **magnesium**."

#### Industry News

##### **Chongqing Shengmei Magnesium Forged as Expected**

The plant construction in Chongqing Shengmei Magnesium is progressing well, said the company. Chongqing-based Shengmei Magnesium is an investment of 3 billion Rmb, aiming at production of **magnesium** alloy sheet of capacity of 4,000 tons, strip & profiles, housing of notebook with capacity of 20 million units, as well as deep processing of **magnesium** alloy.

The project is divided into three phases. Phase one with an capital of 200 million Rmb is **magnesium** sheet, strip & profiles with capacity of 200 tons; tube, bar and profiles with capacity of 500 tons; housing for notebook of 1 million units and others of 500 tons. Products and scales of Phase two & three will be decided by the market. Via absorbing invests and partners, finally the project would achieve its goal above.

Now comes under construction 12000m<sup>2</sup> of 3C workshop and **magnesium** alloy workshop, while steel structure attached, completion scheduled by May, passes inspection examination. Recent news affirms extrusion and sheet/strip workshops, attracting 16.12 mln. yuan of investment, will see their ground-breaking ceremonies soon.

##### **Shaanxi Magnesium Association Decides to Purchase 17000yuan/t minus of Magnesium Ingot from Offering Producers.**

8th May, on the 3rd session of the board meeting of Shaanxi Magnesium Association (SMA), a decision is made that all the members of SMA should not sell ingot (Mg9990;ex-plant,un-packaged) under 17,200 yuan. If there is any members that for a certain reason, have to sell with price lower than 17,000 yuan, SMA would buy. This action of SMA will stabilize the **magnesium** market.

Recently, Fugu Magnesium producers were confronted with difficulties in semi coke selling, and coal purchasing. Most of them struggled to operate. For many times, SMA called for stabilizing the prices (17,200 yuan-17400 yuan), curbing dramatic price fluctuation. However, a few producers, due to lower stocks and not enough production, quoted for 17,500 yuan, ended up with no deals done, For this, SMA

insisted on stabilizing prices, giving customers confidence. Some mainstream members gave up high prices, accepting prices lower than market and had some long-term contracts.

The coal market had caused many troubles for the **magnesium** producers. SMA has no alternative but prepares 300 million Rmb to purchase coal to stabilize the market, backing up the members. SMA doesn't want to manipulate the market and allow ulterior-motive traders to arouse panic, jeopardizing the health of industry. Sunlight Metal reckons that the actions by SMA is of well intention. Shaanxi Magnesium Group has the ability to deal with the vicious speculation on and maneuver in **magnesium** price. SMA and Shaanxi Magnesium Group will jointly play an important role for stabilizing the domestic market.

### **National Standard on Primary Magnesium Ingot (GB/T3499-2011) Comes Effective as of May 1, 2012**

Based on No. 14 national standard bulletin (2011), primary **magnesium** ingot national standard, GB/T 3499-2011, goes effective as of May 1, 2011. The new standard, versus ineffective GB/T 3499-2003, comes through following modifications:

- Addition of Mg 9999
- Breaking down of Mg 9995 into Mg 9995A and Mg 9995B for various requirements
- Cancellation of Cl content limit but addition of Sn content limit in chemical composition item
- Readjustment on impurity content for other ingots.

The standard, an evolution from its former versions GB/T 3499-1983, GB/T 3499-1995 and GB/T 3499-2003, classifies itself into the catalogue of SAC/TC 243.

### **China Custom Adjusted the Minimum Export Price of Magnesium Ingot in May**

Lately, as learned from several traders and producers, China Customs adjusted minimum export prices of **magnesium** ingot to 3,080 USD/mt from 2,930 USD/mt in April.

A trader in Shaanxi said that actually 3,080 USD is still higher than the contract price. Some deals could be done at 3,080 USD, however, most were lower than that and they must pay for the gap. Another source in Shaanxi confirmed that they couldn't get deals done at 3,080 USD. They felt 3,080 still a bit high and unrealistic.

One Taiyuan-based traders said that since the ex-factory price of ingot was adjusted higher in March, the overseas clients still didn't accept the situation. So, the minimum export of 3,080 USD is still an pressure for exporters.

### **Henan Meilunmei Broke Ground of Mg-Al Bicycle Project**

14th Apr., the ground-breaking ceremony for Henan Meilunmei's Mg-Al bicycle project of 100,000 units was successfully held in JinShan Industrial park. The project is an investment of 120 million Rmb by Shandong Yantai Wuhao Trading.

The processing technology, with self-owned patents is consistent with national standard. Once successfully built, the project would further enhance the development of deep-processing of **magnesium**, extending the industrial chain and pushing forward the construction of a 'China Magnesium Valley'.

### **Fugu Tianyu Group Aims at New Capacity by H2(2012)**

Lately, Fugu Tianyu Group said the company is expecting to start operation on its new **magnesium** furnaces, capacity of 30 kt in the second half of 2012. By then, the total capacity of Tianyu Group would be increased to 45 kt.

Tianyu Group's output of **magnesium** ingot in 2011 was 10kt. The company plans to produce 20 kt for 2012. Due to the increasingly higher cost, new capacity wouldn't be started. Tianyu's ongoing **magnesium** projects include **magnesium** alloy of 10 kt, die casting of 5,000 tons and **magnesium** profiles of 5,000 tons.

## Pricing Indicators

### Sunlight's Price, Pure Magnesium (>99.8%) and Aluminum

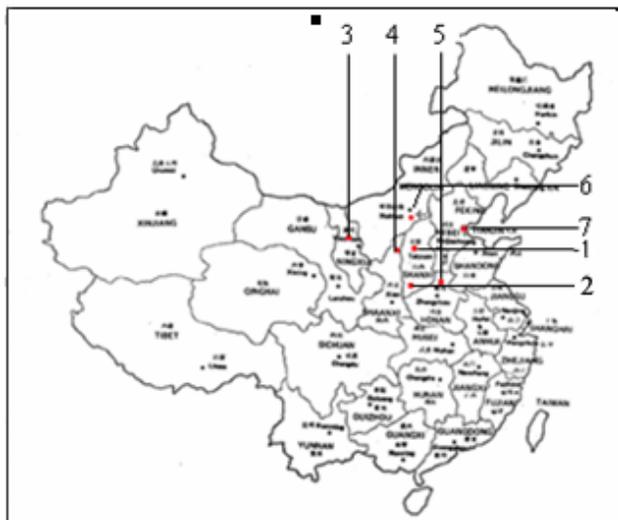
Item		Magnesium Price	Unit
Shanxi Province	Taiyuan City,ex-works <sup>1</sup>	17200-17300	RMB yuan/ton
	Yuncheng City,ex-works <sup>2</sup>	17300-17400	RMB yuan/ton
Ningxia Autonomous Region, ex-works <sup>3</sup>		17300-17500	RMB yuan/ton
Shaanxi Province, ex-works <sup>4</sup>		17300-17500	RMB yuan/ton
Henan Province, ex-works <sup>5</sup>		None	RMB yuan/ton
Inner Mongolia Autonomous Region, ex-works <sup>6</sup>		None	RMB yuan/ton
FOB Xingang, Tianjin <sup>7</sup>		3080-3150	USD/ton
CIF, Rotterdam Port		3160-3230	USD/ton
CIF, Toronto Port		3220-3290	USD/ton
Date	SHFE Spot Aluminium	Unit	
7-May.-2012	16150/	RMB yuan/ton	
11-May.-2012	16002/	RMB yuan/ton	

#### Shanghai Future Exchange

(Exchange Rate of USD versus RMB is 6.3063 on May 11h based on <http://www.boc.cn/>. We placed a Chinese map here to mark the major production bases and Xingang Port of Tianjin for your reference.)

#### Note:

- All the ex-works prices are VAT-paid.
- The FOB price is based on ex-works basis, plus inland freight and miscellaneous expenses at Xingang Port of Tianjin. Because the distance from these six production bases to Xingang Port is different, their land freights also vary. FOB price includes 10-percent exports tariff from Jan. 1, 2008.
- CIF prices are based on FOB price plus ocean freight and insurance, which will also vary time by time.
- When getting ex-works price and FOB price, we give some weight numbers to each respondent and then get the weighted average prices.





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