IMA Weekly UPDATE

August 6, 2012 — Edition: 26

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

August 21 – 22, 2012
Global Automotive Lightweight Materials
Detroit, Michigan, USA
http://www.global-automotive-lightweight-materials-detroit.com/

September 27– 29, 2012
Calcium and Magnesium in Groundwater - Distribution and Significance International Seminar
Katowice, Poland
http://camgseminar.pgi.gov.pl

September 30 – October 3, 2012
COM 2012
Niagra Falls, Ontario, Canada
http://www.cim.org/com2012/

May 19 – 22, 2013
70th Annual IMA World Magnesium Conference (more details coming soon!)
Xi'an, China
www.IMAworldconference.org

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ASSOCIATION NEWS

Please Join Us for the 70th Annual World Magnesium Conference in Xi'an, China

IMA Announces New IMA European Committee Chairperson

Articles follow below

INDUSTRY NEWS

US Magnesium Rangebound as Surging Auto Production Underpins Demand
www.metal-pages.com (27-Jul-2012)

USGS Mineral Industry Surveys publication "Magnesium in the First Quarter 2012"
www.minerals.usgs.gov (May-2012)

Articles follow below

EUROPE'S LATEST

Concerns Over Europe Continue to Dim US Auto Supplier Outlook
www.metal-pages.com (02-Aug-2012)

Articles follow below

CHINA'S LATEST

Ningxia Sun Magnesium to Increase Output in August
www.metal-pages.com (31-July-2012)

China Magnesium Industry Market Bulletin
www.chinamagnesium.net (27-Jul-2012)

Articles follow below

ASSOCIATION NEWS

Please Join Us for the 70th Annual World Magnesium Conference in Xi'an, China

The World Magnesium Conference is scheduled for May 19-22, 2013. This event is the premier international **magnesium** industry conference that highlights the latest technological advances, innovative applications, and emerging developments in the global marketplace. The conference combines informative technical sessions, exhibits, networking and social opportunities for a well-rounded industry experience.

- Industry Updates
- Technical Program, provide a wealth of information for **magnesium** industry professionals and address topics ranging from an overview of the current state of the **magnesium** industry to **magnesium** process breakthroughs, applications, and business management issues.
- Social Program
- Sponsorship Opportunities
- Awards of Excellence, IMA's competition recognizing outstanding **magnesium** products and innovative manufacturing technologies
- International Environmental Responsibility Awards
- IMA Annual Membership Meeting
- Exhibit Showcase
- Spouse Program
- Tours

Xi'an today sits in the fertile Wei River valley, one of the epicenters of early Chinese civilization. The area was home to the capitals of several major dynasties (historians can count 11), stretching all the way back to the Zhou in the 11th century BC. The remnants of this ancient world are everywhere – from the First Emperor's Terracotta Army to the Muslim influence that still characterizes the city. Many of the city's attractions are unique not only to the city itself, but to all of China.

Click here for the 2013 IMA Annual World Magnesium Conference flyer.

IMA Announces New IMA European Committee Chairperson

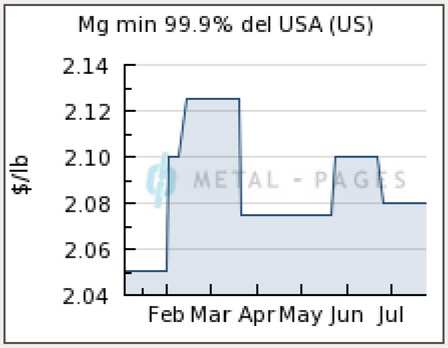
IMA is happy to announce that Mr. Chris Dagger of Magnesium-Elektron has accepted the role of IMA European Committee Chairperson. Chris has 32 years' experience in the non-ferrous metals industry. He spent 20 years with Alcan aluminum where he worked in a range of businesses, metal stock holding, high pressure aluminum gas cylinder manufacture, both high strength and commercial extrusions, and he also ran the UKs largest aluminum smelter in the early 90's. For the last 12 years he has been Managing Director of Magnesium-Elektron, part of the Luxfer Group. Magnesium-Elektron manufactures a wide range of magnesium cast, wrought and powder products supplying mainly the aerospace, automotive, defense, chemical and engraving industries as well as operating a magnesium alloy recycling plant. Magnesium-Elektron has 7 manufacturing locations in Europe, the USA and Canada with a global customer base.

We thank Chris for assuming this responsibility. Chris will most certainly help strengthen IMA's European activities.

INDUSTRY NEWS

US Magnesium Rangebound as Surging Auto Production Underpins Demand
www.metal-pages.com (27-Jul-2012)

Magnesium min 99.9% delivered USA price for 26 Jul 2012



Market	
Price	1.98 - 2.18
Previous	1.98 - 2.18
Change	=
	Metal prices

The price of pure **magnesium** in the United States remains in a holding pattern as cutbacks to scheduled closures by automakers continues to underpin demand for raw materials, according to trade sources.

Despite the market being in the traditionally slower summer months, trade sources report strong volumes from suppliers into the auto sector as automakers reduce their plant closures due to improved sales.

“Everyone is taking their full deliveries and we could see some people looking to pick up a bit of additional material further down the line,” said one trade source.

“Things have maybe eased back a little because of the summer in terms of spot demand. But those people supplying into the auto side of the business are doing very well and should have a good second half.”

With automakers continuing to increase build rates, trade sources added that **magnesium** prices could receive a lift after the summer as die-casters and extruders look to replenish some of their inventory.

The US price for pure **magnesium** min 99.9% continues to hold in a range of $1.98-2.18/lb delivered. Secondary 90/10 **magnesium** material remains in a range of $1.75-1.85/lb delivered.

Chrysler LLC is skipping its traditional scheduled two-week shutdown this year to meet increased demand, while Ford Motor Co has also said that it will reduce its usual two-week closing to only one week.

The uptick in demand was underlined earlier this month when sole US producer US Magnesium LLC told Metal-Pages that it was considering plans to further expand production due to increase demand from automakers for **magnesium** to alloy aluminium parts.

Meanwhile, Ford is redesigning its pickup truck to be built with a largely aluminium body, according to reports.

It comes as the Michigan-based company looks to redesign pickups to meet tough new federal fuel-economy standards.

Magnesium is primarily used as an alloy with aluminium, accounting for some 45% of total world consumption. Another 35% is consumed in **magnesium** alloys in structural metals, about 13% in steel making, with the rest used in electro-chemical and other sectors.

USGS Mineral Industry Surveys publication "Magnesium in the First Quarter 2012"
www.minerals.usgs.gov (May-2012)

A link to the USGS Mineral Industry Surveys publication "Magnesium in the Fourth Quarter 2010" is now available at http://minerals.usgs.gov/minerals/pubs/commodity/magnesium/.

You are welcome to explore the USGS Minerals Information service list. Information on their services is available at http://minerals.usgs.gov/minerals/pubs/listservices.html.

For more information, please visit the U.S. Geological Survey National Minerals Information Center at http://minerals.usgs.gov/minerals.

EUROPE'S LATEST

Concerns Over Europe Continue to Dim US Auto Supplier Outlook
www.metal-pages.com (02-Aug-2012)

The US automotive supplier outlook continues to dive into negative territory as concerns over the economic malaise in Europe offsets increases in production rates, according to a latest survey by the Original Equipment Suppliers Association (OESA).

The OESA automotive supplier barometer index, which is published every other month, fell to 55 in July from 60 in May.

"Though still on the positive side for the entire respondent sample, optimism levels declined and pessimism levels increased most significantly with small and medium size supplier respondents. Though North American production orders appear to be increasing, uncertainty over the European economic slow down is causing suppliers to remain cautious," the OESA said.

Production planning volumes are trending higher this year and into 2013, with 2012 median volume set to hit 14 million units, up 500,000 units from the January 2012 indicated level, the OESA reported. But deepening concerns over Europe could start to weigh heavy on the US auto sector despite automakers reporting strong sales and increases in production rates.

It comes as reduced summer shutdowns by US automakers due to strong demand and is helping to underpin volumes across the supply base, including raw materials like silicon and **magnesium**, trade sources told Metal-Pages last month.

Chrysler LLC has skipped its traditional scheduled two-week shutdown this year to meet increased demand, while the company's plants in Detroit and Belvidere, Illinois, and Toledo, Ohio will remain open.

Ford Motor Co has also said that it will reduce its usual two-week closing to only one week, while Nissan is set to add shifts at plants in Tennessee and Mississippi.

The OESA also reported that 54% of respondents expect steel pricing to continue to increase into next year. But the majority of the respondents only see a 1-5% increase over 2012 levels.

"Aluminum, **magnesium**, rubber and copper prices are also expected to remain in check for the majority of respondents purchasing these materials. However, it should be noted that at least 10% of respondents across each commodity forecast prices to be 6% or higher in 2013 versus 2012 levels," the OESA said.

CHINA'S LATEST

Ningxia Sun Magnesium to Increase Output in August

www.metal-pages.com (31-July-2012)

Ningxia Sun Magnesium will increase output to 3,000 tonnes in August now that prices are profitable, an official at the company told Metal-Pages on Tuesday.

Backed by Zhejiang Dun An Group, Sun Magnesium was founded in 2008. After a year of construction, it completed a 35,000-tonne **magnesium** ingot production line, the largest single line in China, and annual production capacity reached 300,000 tonnes. The company is the second largest producer in Ningxia after Ningxia Hui-ye Magnesium.

Sun Magnesium also trades in the domestic and export markets. In 2011, it traded 31,000 tonnes, ranking it in the top five of Chinese traders.

"With prices at their highest in 2012 and business improving, we plan to increase output to 3,000 tonnes per month," the official said.

China Magnesium Industry and Market Bulletin

www.chinamagnesium.net (27-Jul-2012)

Market Focus

Magnesium Market Becomes Steady This Week

From July 9 to July 13, ex-works quotations for 99.9 minimum ingots from leading production bases became relatively stable as indicated in Shanxi from 18,700 – 18,800 yuan, Shaanxi from 18,500 to 18,600 yuan and Ningxia from 18,500 – 18,600 yuan. Export prices maintained at 3,180 - 3,230 US dollars.

In Fugu, one source told Sunlight that this week's price has become more stable, with regular ingot quoted mostly at 18,500-18,700 yuan. He felt less inquires from clients ."I think the price would be more stable and it won't drop much," he said. Another producer though the same way and he told Sunlight there were not many contracts done at high price.

A Ningxia-based trader said that the market will be more steady and it depends on the overseas clients' willingness. "This week we didn't have much ingot sold. If the western clients could take the offers and start buying, then the market will be stable. If not, then the price would go downwards but won't be much."

Industry News

Shanxi Launches *Integrated Utilization Research and Demonstration Project of Salt Lake Magnesium Resources*

On July 17, Integrated utilization research and demonstration project of Salt Lake **magnesium** resources, one of the national 863 plan， officially started in Shanxi.

The project is jointly undertaken by Shanxi University, Tsinghua University, Shanxi Wenxi Hongfu Magnesium, Nafine Chemical Industry Group, Shanxi Regal Magnesium, Yangquan Coal Industry (Group) and Apoluo special briquette. By now above consortium have signed cooperation agreement, with labor, progress, and project completion indicators clearly defined.

The project is aiming at producing high-purity **magnesium** sulphate and **magnesium** hydroxide combustion retardant from salt lake resource, two-section fluidized bed coal gas technology for **magnesium** smelting process, and key equipment for multi-function adhesive from **magnesium** smelting slug; establishing core technology of independent intellectual property rights and typical industrial demonstration works, and promoting the high integrated utilization and sustainable development of Salt Lake resources.

Upon its completion as scheduled, it would solve the problem of high pollution and develop key technology and complete set of equipment for clean extraction. It could support the fast development of emerging industries for Salt Lake chemical comprehensive utilization

China Produced 321.8 kt of Primary Magnesium, Down 8.49% for the First Half of 2012

For the past six months, china's output of primary **magnesium** was 321.8 kt, donw 8.49% year on year. Among the output, Shaanxi produced 148.4 kt, up by 26.13% y-on-y; Shanxi 100.5 kt, down 37.44% y-on-y; Ningxia 37.8 kt, down by 19.35% y-on-y; Xinjiang 12.21 kt, up by 108.46% y-on-y; and Jilin 3,500 tons, up by 98.05% y-on-y.

From the above statistics, China's primary **magnesium** production showed a downward trend. However, Shaanxi, Xinjiang and Jilin maintained a growing trend.

Export of Chinese Magnesium Continually Dropped

For January to June, China exported **magnesium** of 30,442.53 tons, down by 22.32% compared with the same period of 2011.

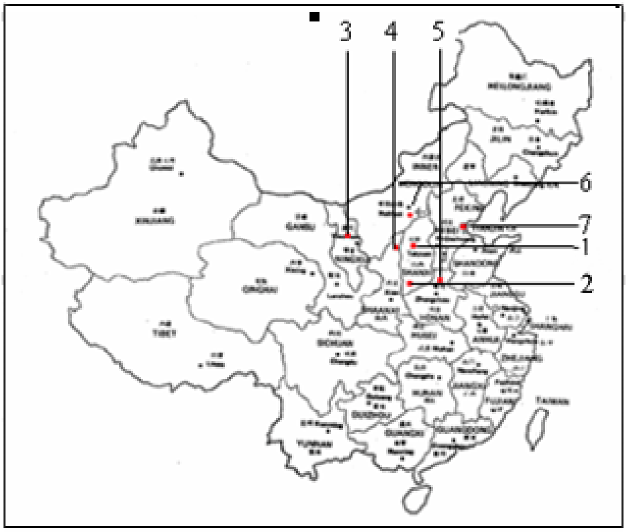
Among the export, **magnesium** ingot was 13,441.11 tons, down 36.11% y-on-y; **magnesium** alloy 7,493.31 tons, up by 2.39% y-on-y; **magnesium** powder & granules 8,086.79 tons, down by 12.15% y-on-y; wrought **magnesium** 708.91 tons, up by 55.82% y-on-y; and **magnesium** articles 712.41 tons, down by 34.90% y-on-y.

Price Indicators

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

Item		Magnesium Price	Unit
Shanxi Province	Taiyuan City,ex-works[1]	18700-18800	RMB yuan/ton
	Yuncheng City,ex-works[2]	18700-18800	RMB yuan/ton
Ningxia Autonomous Region, ex-works[3]		18500-18600	RMB yuan/ton
Shaanxi Province, ex-works[4]		18500-18600	RMB yuan/ton
Henan Province, ex-works[5]		None	RMB yuan/ton
Inner Mongolia Autonomous Region, ex-works[6]		None	RMB yuan/ton
FOB Xingang, Tianjin[7]		3180-3230	USD/ton
CIF, Rotterdam Port		3200-3300	USD/ton
CIF, Toronto Port		3240-3340	USD/ton
Date		**SHFE Spot Aluminium**	**Unit**
23-Jul.-2012		15645/	RMB yuan/ton
27-Jul.-2012		15610/	RMB yuan/ton

SHFE: Shanghai Future exchange
(Exchange Rate of USD versus RMB is 6.3647 on July 27 based on http://www.boc.cn/. We place a Chinese map here to mark the major production bases and Xingang Port of Tianjin for your reference.)



Note:

1. All the ex-works prices are VAT-paid.
2. 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.
3. CIF prices are based on FOB price plus ocean freight and insurance, which will also vary time by time.
4. When getting ex-works price and FOB price, we give some weight numbers to each respondent and then get the weighted average prices.

Marketplace

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