

TELF AG: Nickel Market Faces Challenges Amidst Surplus and Worsening Fundamentals

TELF AG, a full-service international physical commodities trader, has released a new Insights article discussing the current state of the nickel market.

LUGANO, TICINO, SWITZERLAND, June 22, 2023 /EINPresswire.com/ -- [TELF AG](#), a full-service international physical commodities trader with 30 years of experience in the industry, has released a new Insights [article](#) discussing the current state of the [nickel](#) market. The article sheds light on the challenges the nickel industry faces and highlights the key factors contributing to its disappointing performance in recent months.



The TELF AG Insights article identifies a combination of factors that have led to nickel's decline, making it the worst performer among all base metals traded on the London Metal Exchange (LME). TELF AG's leading expert in the field explains, "A significant price increase in 2022 followed by a correction and worsening market fundamentals have contributed to nickel's disappointing performance."

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One of the primary drivers behind nickel's poor performance is the substantial market surplus of Class 2 nickel, which emerged in 2022 and is expected to persist throughout 2023-2024. TELF AG's market insider points

out, "The overproduction of low-grade nickel in Indonesia has resulted in a surplus of over 100 kt of low-grade nickel, with a significant portion finding its way to China."

China has become a major player in the nickel market, stockpiling at least 700 kt gross of nickel

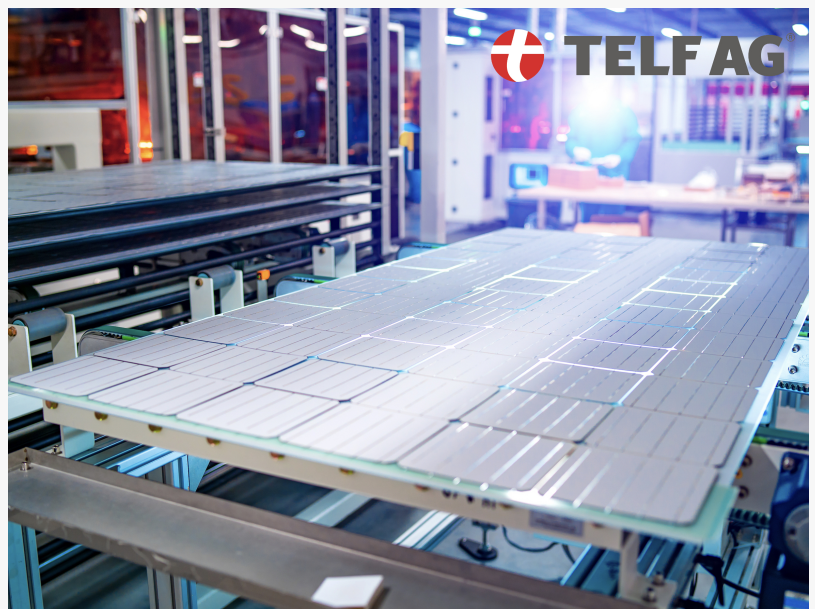
pig iron (NPI) stocks at ports. The accumulation of NPI stocks, coupled with the abundance of low-grade nickel, has further contributed to the challenging market dynamics for nickel.

The recent plunge in the LME nickel contract, experiencing a decline of around 30% year-to-date in 2023, adds to the difficulties faced by the nickel market. TELF AG highlights, "The sharp drop in prices can be attributed to factors such as the surplus, weakening market fundamentals, and a correction following a significant price increase in 2022."

Despite these challenges, it is important to note that nickel exchange inventories remain historically low, with levels last seen in 2007. TELF AG emphasizes, "The supply-demand imbalance may not be fully reflected in the exchange inventories, indicating the presence of additional factors influencing the market dynamics."

The article serves as a reminder of the inherent volatility and uncertainty present in commodity markets. The overproduction of low-grade nickel in Indonesia and the subsequent accumulation of NPI stocks in China have disrupted the market equilibrium, resulting in a significant surplus and downward pressure on prices.

As Indonesian nickel production capacities continue to ramp up, market participants must closely monitor developments in the nickel market. TELF AG says, "The timing and pace of



production increases, along with the demand outlook, will play pivotal roles in determining the future trajectory of nickel prices."



TELF AG encourages market participants and investors to remain vigilant and adapt to changing market conditions. Understanding market fundamentals and supply-demand dynamics is crucial in making informed decisions in the commodities sector.

About Telf AG

TELF AG is a full-service international physical commodities trader with 30 years of experience in the industry. Headquartered in Lugano, Switzerland, the company operates globally, serving customers and providing solutions for commodities producers worldwide. TELF AG works in close partnership with producers to provide effective marketing, as well as financing and logistics solutions, which enable suppliers to focus on their core activities and to access far-reaching markets wherever they may be.

Its flexible, customer-focused approach allows TELF AG to create tailor-made solutions for each producer, thereby facilitating long-term partnerships. Additionally, consumers widely recognize them for their operational excellence and reliability.

Rick De Oliveira

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