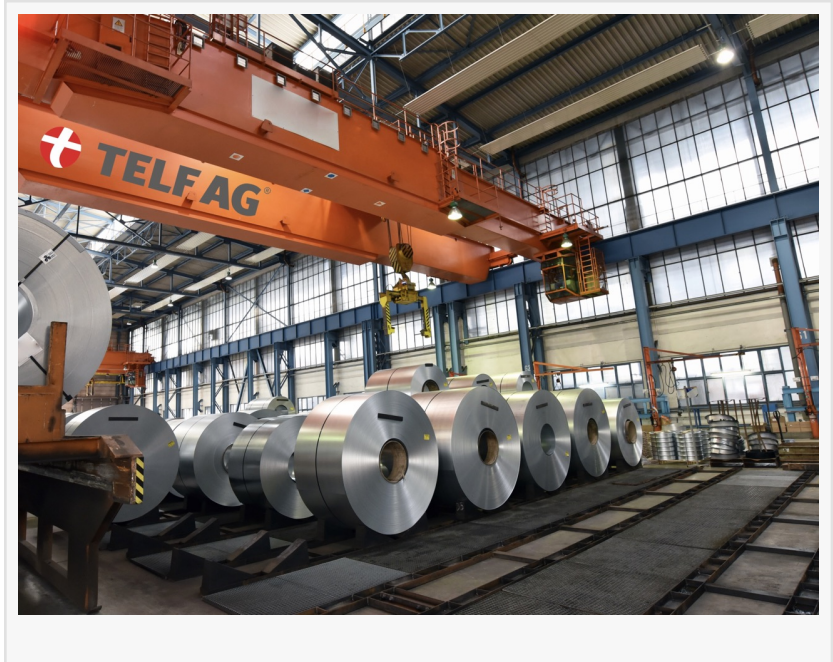


TELF AG Releases Report on FeCr Production Facing Challenges Amid Heat Wave and Reduced Demand

TELF AG has recently published an article on the challenges encountered in the production of Ferrochrome (FeCr) amid an ongoing heat wave and reduced demand.

LUGANO, TICINO, SWITZERLAND, July 22, 2023 /EINPresswire.com/ -- TELF AG, a leading international physical commodities trader with 30 years of industry expertise, has recently published an article addressing [the challenges encountered in the production of Ferrochrome \(FeCr\)](#) amid an ongoing heat wave and reduced demand. TELF AG explores the various factors affecting FeCr production, which have significant implications on the global market.



According to TELF AG's article, one of the major challenges facing FeCr production is the heat wave in China's Sichuan province. The region, known for its abundant hydropower generation, has experienced a drop in hydropower output due to reduced precipitation during the spring season. With high temperatures and minimal rainfall expected throughout the summer, Sichuan is preparing for potential power shortages, estimated to be around 75 million kWh. In response, the local government has mandated energy-intensive enterprises, including

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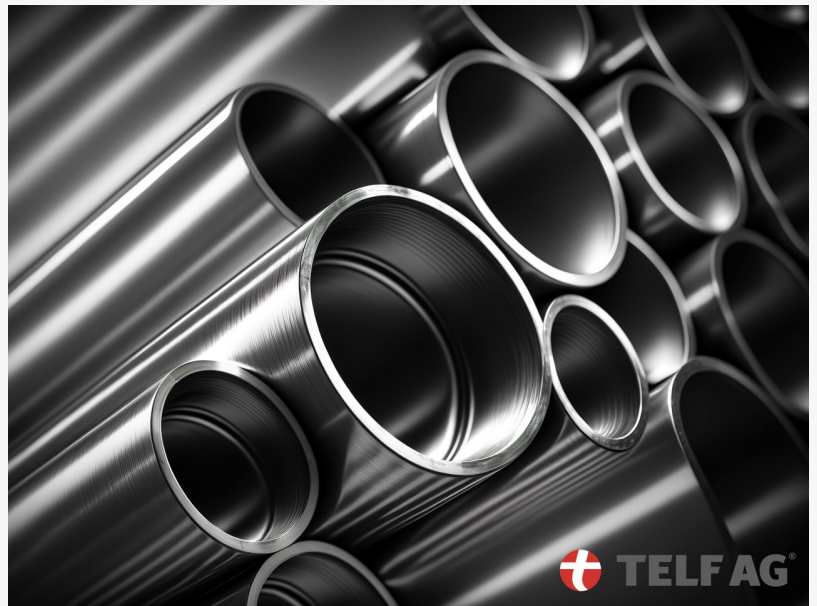
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TELF AG

major FeCr producers such as Mingda Industrial Co, Yunxing Dianye Co, and Jiaqing Metallurgy Co, to reduce their output by operating only one furnace each from July 3rd to July 21st. While this reduction may seem insignificant, it could impact the market given the already delicate supply-demand balance.

TELF AG states that another factor affecting FeCr prices is the decline in demand attributed to the "summer slowdown" and maintenance programs undertaken by mills. In June 2023, both European and US spot HC FeCr 62-70% Cr prices experienced significant drops of 25% and 11%, respectively. Additionally, reduced HC FeCr supply from South Africa during the third quarter due to coping with higher power tariffs further complicates the situation. However, once the mills resume full operations, demand for HC FeCr is expected to rise. The Chinese domestic HC FeCr price has also been affected, falling by 1.2% to RMB 8,500/t, primarily due to an anticipated slowdown in demand from the stainless steel sector in regions experiencing abnormally high temperatures during the summer months.

As per TELF AG's article, despite the current challenges faced by the FeCr market, there is optimism for a potential price increase in the third quarter. CRU's FeCr forecast indicates that tighter market conditions during this period should contribute to a price rise for HC FeCr, particularly in Europe and the US, where prices are nearing the bottom. The demand from the stainless steel sector in these regions remains strong, and substantial HC FeCr imports from China are expected. However, TELF AG emphasizes the importance of closely monitoring the situation, as further production cutbacks might occur if tender and spot prices fall too low, potentially helping stabilize HC FeCr spot prices in China during Q3 2023.



One company that has been affected by the challenging market conditions is [Merafe Resources](#). According to TELF AG's report, the company reported a 9% year-on-year reduction in their attributable HC FeCr production during the first half of 2023. This decrease in production is a result of a planned pullback in response to high electricity demand and elevated power prices during the winter season. Only the Lion smelter was scheduled to operate during this period, leading to a drop in Merafe's attributable FeCr production from 203 Kt in H1 2022 to 185 Kt in H1 2023.



TELF AG discusses in their article that the FeCr industry is currently facing various hurdles impacting production and prices on a global scale. The challenges in China due to the heat wave and reduced hydropower generation, combined with maintenance programs and subdued demand in Europe and the US, have contributed to falling prices. However, there is hope for a potential recovery in prices during the third quarter as the market tightens and demand picks up. Nevertheless, uncertainties remain, and industry players must stay vigilant in monitoring market dynamics to adapt their strategies accordingly.

For more information on TELF AG, please visit their media page at: <https://telf.ch/media/>

To read the full article on FeCr production challenges, click here: <https://telf.ch/telf-ag-on-fecr-production-july-21-2023/>

[About Telf AG](#)

TELF AG is a full-service international physical commodities trader headquartered in Lugano, Switzerland, with a rich history of 30 years in the industry. The company operates globally, providing effective marketing, financing, and logistics solutions to commodities producers worldwide. TELF AG's customer-focused approach allows them to create tailor-made solutions for each producer, fostering long-term partnerships. Renowned for operational excellence and reliability, TELF AG is widely recognized and respected among consumers and industry peers alike.

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TELF AG
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