

Nickel Supply Seen Rising From Indonesia as Smelters Fire Up

Smelter progress 'satisfying so far,' Chairman Sukhyar says

Contained nickel production is seen at 363,000 tons in 2017

Nickel supply from Indonesia is set to surge next year as companies ramp up output of processed metal, according to the head of a local industry group, who said producers have made good progress building smelting capacity after ore shipments were banned.

Output from Southeast Asia's top economy -- which barred raw ore shipments from 2014 -- will rise from 160,000 metric tons of contained metal in 2015, to 217,500 tons this year and 363,000 tons in 2017, Raden Sukhyar, chairman of the Indonesian Smelter and Minerals Processing Association, told a conference.

Additional supplies from Indonesia may help to plug a global shortfall of the metal that's used to make stainless steel, and the projected rise in output comes as the Philippine government has suspended some nickel ore mines amid an environmental audit. Indonesia prohibited sales of raw ores to compel investment in value-added operations, paving the way for the expansion of the Philippine industry that's now under threat. Nickel prices have advanced 15 percent this year as global stockpiles receded.

'Satisfying So Far'

"The progress of smelter developments have been satisfying so far," Sukhyar told the Metal Bulletin Ltd. conference in Jakarta. In 2009, when the mining law that led to the suspension of ore shipments was issued, nationwide nickel production was just 98,000 tons, according to Sukhyar.

In July, Sumitomo Metal Mining Co. cited the faster-than-expected development of nickel-smelter capacity in Indonesia as a reason for cutting its forecast for the global deficit in 2016. The shortfall would be 47,000 tons this year, down from an earlier projection of 80,000 tons, the company forecast.

Nickel futures traded 0.3 percent higher at \$10,180 a ton on the London Metal Exchange at 4:11 p.m. in Singapore after surging 4.4 percent on Monday as Philippine policy makers raised the prospect of further mine suspensions.

<http://www.bloomberg.com/news/articles/2016-09-20/indonesian-nickel-supply-seen-surg-ing-as-local-smelters-start-up>