

# Argus Metals Week: SnWTa

17 – 19 February 2020 | Hilton Tower Bridge, London



## Weaker winter demand weighs on graphite prices

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Chinese graphite flake prices are expected to fall because of weaker demand during winter.

Most consumers replenished sufficient stocks ahead of winter, while producers have reduced operating rates because of low winter temperatures.

Graphite prices were assessed at 3,600-4,100 yuan/t (\$512-583/t) yesterday, down by Yn100/t at the high end from 19 November, as producers reduced offer prices to attract buyers.

Prices fell to Yn3,500-4,000/t at the end of September, the lowest level since Argus launched the price assessment in November 2018, in response to a slowdown in the country's new energy vehicle (NEV) sector since Beijing in March cut its subsidies for NEVs.

China's October NEV output dropped by 35pc from a year earlier to 95,000 units, data from China's automotive manufacturers association CAAM show. October sales were 75,000 units, down by 46pc from a year earlier and by 6pc from 80,000 a month earlier.

The market rebounded during early October to mid-November when consumers increased purchases to build up inventories ahead of the winter, with prices rising to Yn3,700-4,200/t in mid-November. But consumers reduced their purchase volumes compared with last year because of lower demand from the power battery sector and tight finances because of an earlier than usual lunar new year holiday starting on 25 January.

Many producers, particularly in Inner Mongolia and Heilongjiang provinces, have reduced operating rates because of low winter temperatures. Producers in

Shandong province are to reduce output as well in the near future.

But domestic graphite flake demand is expected to rise steadily in the coming years as large-scale graphite negative material manufacturers are increasing output.

Shenzhen Huakong SEG is planning to build a 30,000 t/yr graphite deep-processing plant in Qitaihe city in northeast China's Heilongjiang.

Shanghai Putailai New Energy Technology increased its sales of graphite negative materials by 70pc during January-June from a year earlier. It is on target to sell more than 50,000 t of negative material by the end of 2019.

Export prices were assessed down by \$10/kg at the high end from a week ago to \$540-590/t fob yesterday as producers lowered offer prices to boost sales for year-end accounting purposes, which outweighed stable demand from consumers outside of China. A Qingdao-based producer offered material at \$585-590/t, while a buyer bid \$540-545/t. Only a few deals have been done.

*Source: Argus Media*

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