

# Argus White Paper: Rare Earths



## Spot rare earth magnet material prices on the move again in early 2021

A recent hike in stockpiling demand and expectations of further supply shortages are expected to continue to boost Chinese rare earth magnet material prices in the next few months. Already in the first two weeks of 2021, prices for the main rare earth magnet materials have moved up between 8pc and nearly 20pc.

Project expansions and production growth at the country's domestic permanent magnet plants factories have significantly stimulated demand for rare earth feedstocks. Most rare earth separation and processing plants have sold out of their production for January-February, and are also scheduled to cut or halt operations in early February because of lower winter temperatures and the lunar new year holiday.

Terbium prices have performed best so far in 2021, increasing 18.5pc to 1,312.50/kg on 14 January (terbium oxide min 99.99% fob China). Spot neodymium (oxide 99.5-99.9% fob China) and dysprosium (oxide min 99.5% fob China) prices have both risen by 10pc to \$85.50/kg and \$322.00/kg respectively, while praseodymium (oxide 99.5-99.9% fob China) prices have lagged behind slightly, rising 8pc to \$60.25/kg on 14 January.

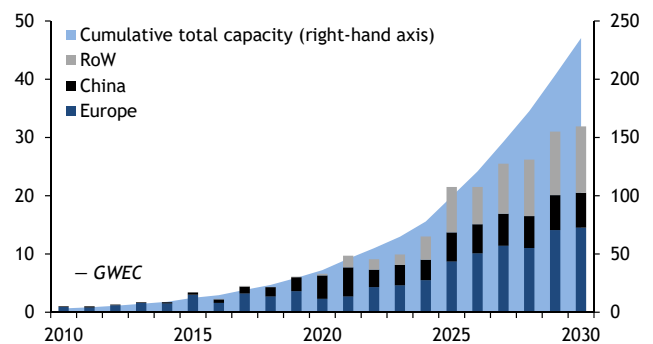
## Offshore wind power sector sees record capacity additions in 2020

According to Global Wind Energy Council (GWEC) forecasts published in September 2020, 2020 will be another record year for the global offshore wind industry, with an estimated 6.6 GW of new capacity added (compared to 6.1 GW in 2019). This despite the severe effects of the Covid19 outbreak on the energy industry.

China was on track to add 4 GW of capacity, a near 70pc increase from 2.4 GW in 2019, representing 60pc of global new capacity. Offshore wind capacity installed in Europe is expected to fall from 3.6 GW in 2019 to 2.3 GW in 2020, and the GWEC expects capacity of 0.3 GW for the rest of the world in 2020 (compared to 0.1 GW the previous year).

GWEC Market Intelligence forecasts that over 205 GW of new offshore wind capacity will be added over the next decade. Three-quarters of this new volume will be installed in the second half of the decade, as projects currently in planning get connected to the grid.

## Global offshore wind capacity additions, 2010-30 GW



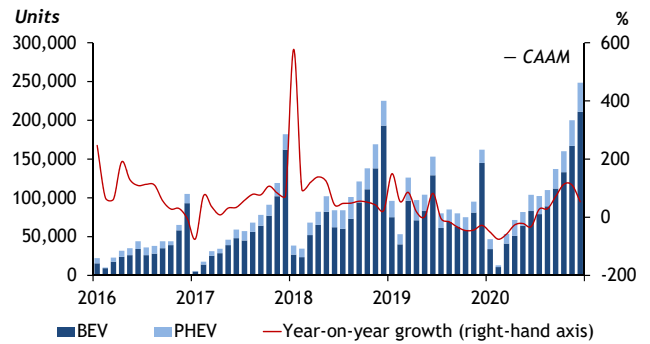
## EV sales in China recover strongly after a slow start

China's new energy vehicle (NEV) production and sales increased in 2020 from a year earlier, as a recovery driven by government stimulus measures in the second half of the year outweighed losses in the first quarter when the Covid-19 pandemic emerged.

The country produced 1.37mn NEVs in 2020, up by 7.5pc from 2019, with sales rising by 11pc to 1.37mn, according to China's automotive manufacturers association (CAAM). 235,000 NEVs were produced in December 2020, up by 56pc from a year earlier, while sales increased 50pc to 248,000 units over the same period.

The domestic NEV industry began to recover in the second quarter because of the government's stimulus measures to encourage the use and purchases of such vehicles. China will reduce its subsidies for regular NEVs by 20pc in 2021 from a year earlier, although the cut is likely to have little impact on the NEV market this year as it is within market participants' expectations.

### Monthly Chinese EV sales, 2016-20



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