



Rare Earths - Signs of Recovery

Uptrend for rare earths

In a recent market analysis Roskill reports of some positive trends for the rare earth markets. The automotive industry in particular will be growth driver for certain rare earth elements. But apart from the electric vehicles (EV) wind turbines will also take a big share of future demands. Whereas global EV penetration rate was only about 3.5% in 2016 it is expected to reach about 35% by 2030.

Rare earths demand

Whereas demand from most industries has been stable or even declining over the past 2-3 years it is quite the opposite with the magnet industry. Demand keeps growing for the last couple of years. But the boost is still ahead of us. The predicted growth from automotive and wind turbine industry will further drive the need for so-called magnet metals like neodymium, praseodymium, dysprosium and terbium. There are already doubts whether the existing sources are able to keep pace with the increasing demand for these metals.

Rare earth availability

The majority of rare earths is still being mined and produced in China. While the illegal part had contributed with as much as 40% Chinese Government is making progress in fighting illegal activities. Roskill just reported that the local Government in Baotou has introduced a material tracking system to avoid illegal material being processed. Outside of China it is mainly Lynas in Malaysia contributing to the supply of the international markets.

Lynas has just reported a new production record for Q1 2017. But the increasing demand for neodymium and praseodymium in particular may require additional sources. The expected growth indeed could attract new projects to come on stream. But what to do with the other more than 10 elements that are not in short-supply? Taking into account the enormous costs that go along with a new project it would only make sense if prices for the magnet metals will go up further.

Stockpiling

Since beginning of the year the Government in Beijing has bought 4,470 tonnes of rare earth for their national stockpiles. Now a new round of stockpiling is expected to take place early June. This has already caused producers to push up prices further. Bearing in mind that Beijing wants to buy another 11,080 tonnes for the rest of this year the new round of stockpiling is expected to be substantially bigger than the first two in 2017.

Price development

Most of the rare earths have shown higher prices over the last couple of weeks. On the one hand this is caused by an increasing demand from certain industries. But it also has to do with China's measures in regulating the market. So far Beijing has made some good progress in both concentrating the mining quota but also cracking down on illegal mining.

Links:

<https://news.metal.com/newscontent/100734775/c hina-rare-earth-industry-shows-signs-of-recovery>