

07/26/2021 07:04:50 [BN] Bloomberg News

Nickel Nears Seven-Year High as Metals Rise Before Fed Meeting

- Metals stage a comeback while virus risks remain in focus
- Nickel boosted by surging stainless steel prices in China

By Bloomberg News

(Bloomberg) -- Nickel rallied with copper and iron ore to kick off a week in which the Federal Reserve and a clutch of earnings results from top global miners will set the tone.

Fed officials are expected to stick to current policy on stimulus, while debating how and when to scale back bond-buying. Their two-day meeting, concluding Wednesday, should also offer more clues on how a resurgent coronavirus is threatening the U.S. economic recovery.

On the earnings front, Rio Tinto Group start what promises to be an upbeat reporting season for miners amid the commodities boom. Executives are likely to highlight new demand drivers -- in renewable energy for example -- and continued constraints on the supply of raw materials.

While rising electric-vehicle sales are bolstering the long-term outlook for nickel's use in batteries, demand is also booming in the stainless steel industry, which accounts for the majority of usage today.

"What's really been driving nickel in the past few weeks is the strength of the stainless market," Tom Mulqueen, head of research at Amalgamated Metal Trading, said by phone from London. "In the near term, the fundamentals are looking pretty solid, but on the macro side things are feeling a little bit less risky as well."



Base metals have staged a comeback in recent weeks, with an index of London-traded metals rising to the highest level since mid-June on Friday. Prices are getting a boost from dwindling inventories for a range of commodities, and optimism the global economic recovery will remain intact despite a surge in the delta Covid-19 variant in many parts of the world.

Nickel rose 0.5% to \$19,460 a ton as of 12:04 p.m. in London, after being up as much as 1.4% earlier. A close above \$19,709 would be the highest since 2014. Copper climbed 0.9%, while tin fell 0.7% after finishing at a record high on Friday.

Iron ore futures advanced 1% to \$199.20 a ton in Singapore, following their worst week since February 2020. Steel rebar in Shanghai finished 0.3% higher, reaching its highest close in more than two months.

To contact Bloomberg News staff for this story:
 Martin Ritchie in Shanghai at mritchie14@bloomberg.net;
 Mark Burton in London at mburton51@bloomberg.net

To contact the editors responsible for this story:
 Liezel Hill at lhill30@bloomberg.net
 Dylan Griffiths

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