

The LME Strategic pathway: how the exchange will continue to support the tin market

6th Annual Beer & Co. Tin Conference

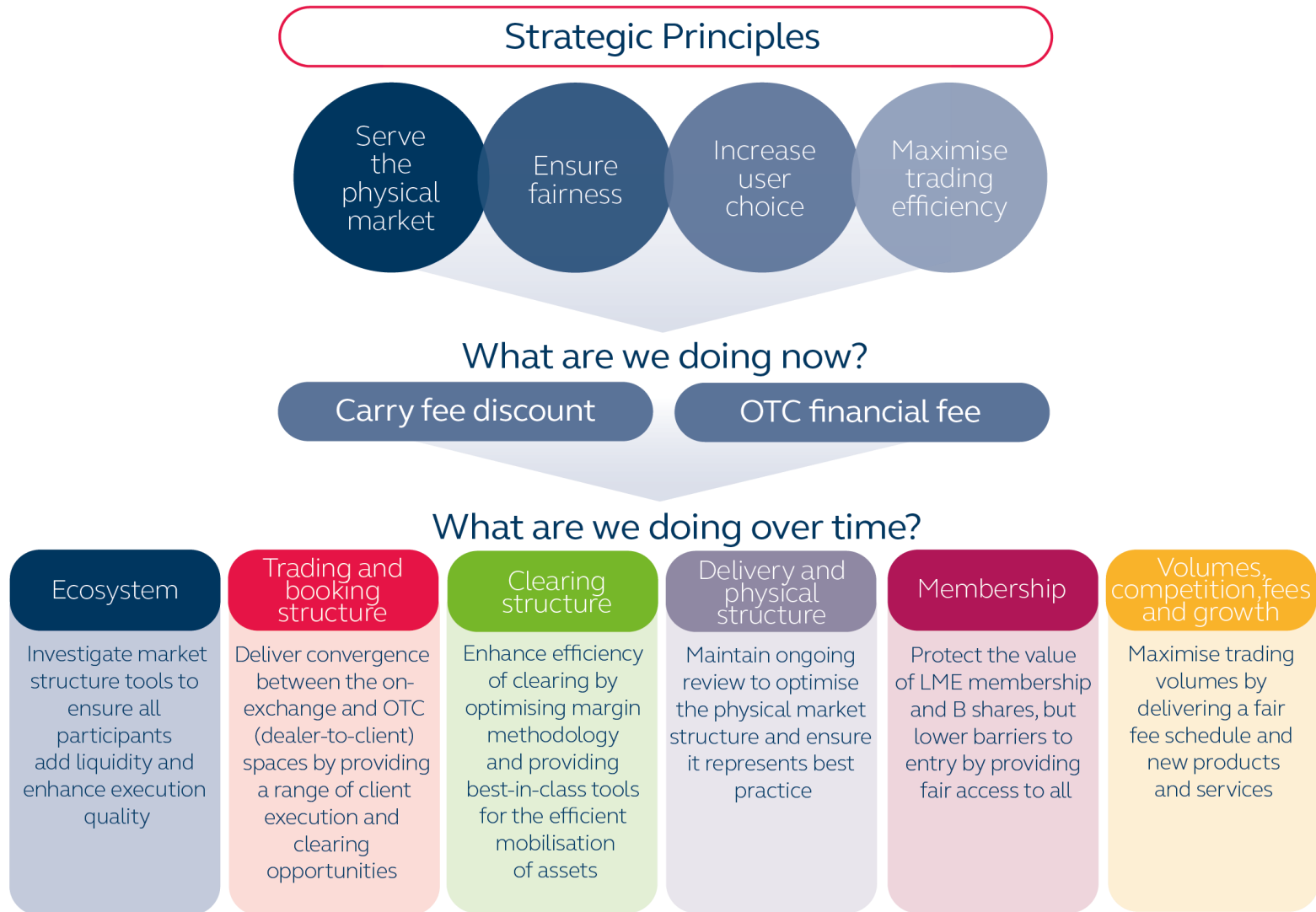
November 2018



SETTING THE GLOBAL STANDARD



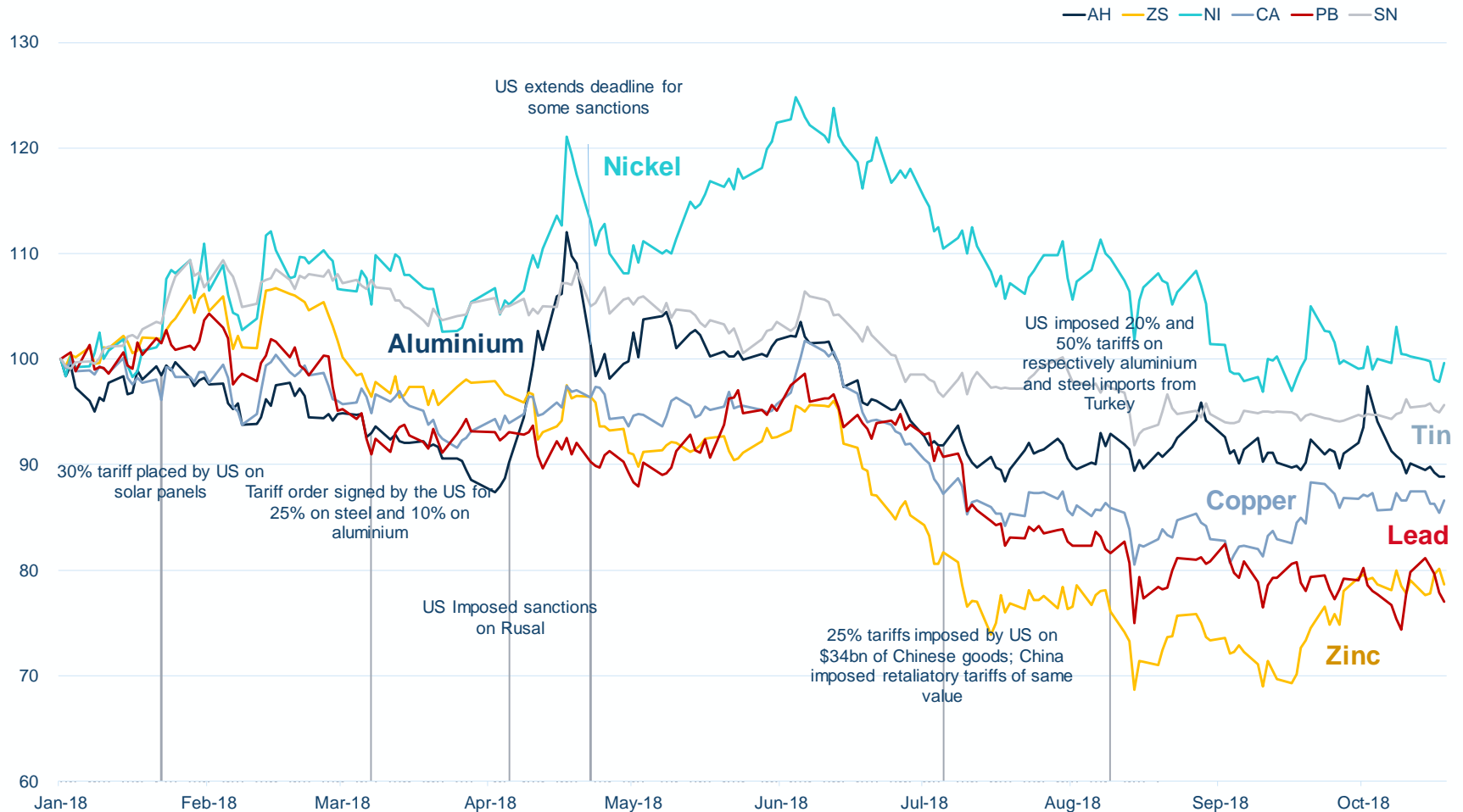
Strategic Pathway: overview



LME Tin: a closer look

A volatile market and trade war concerns

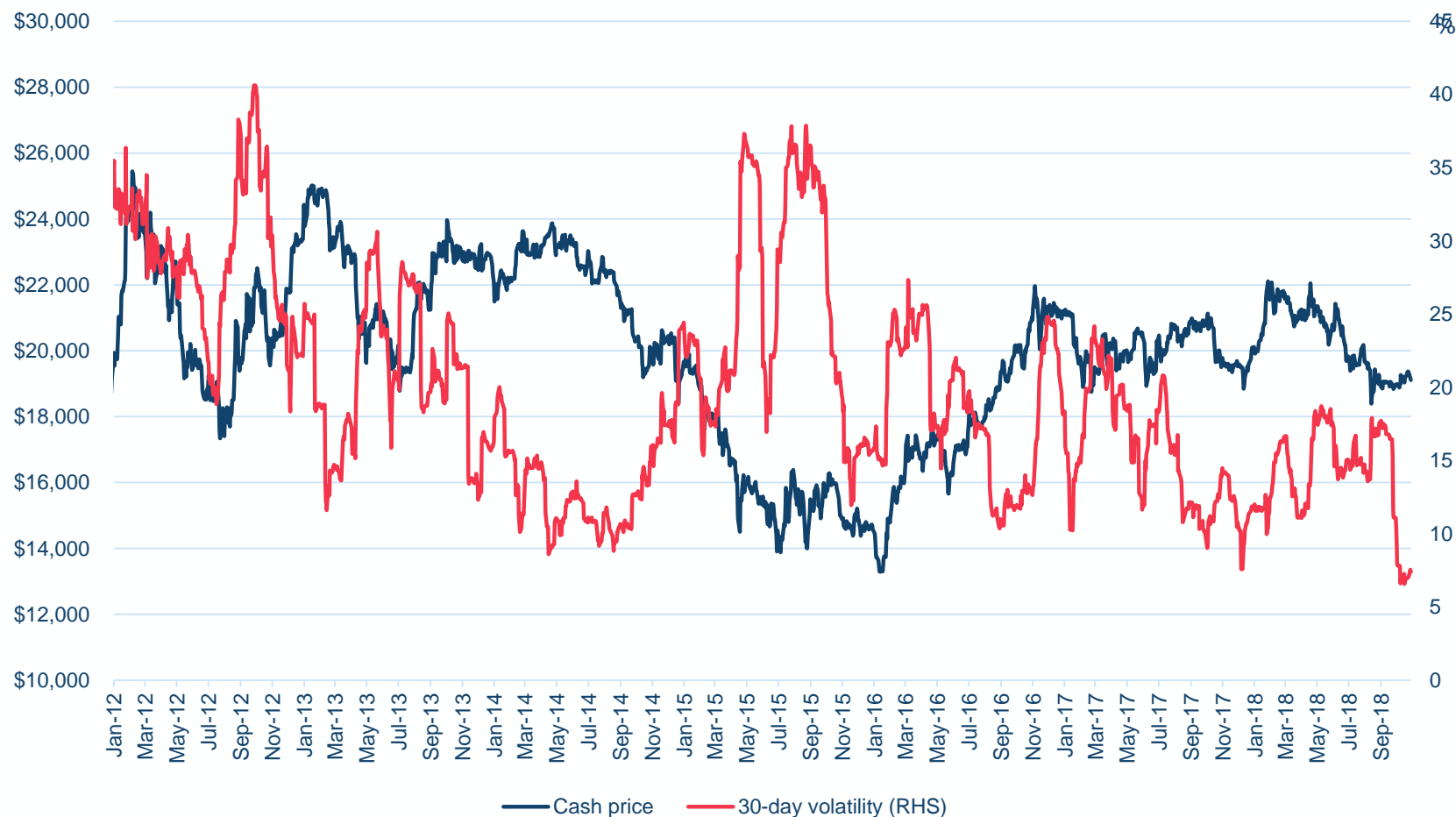
LME 3M prices since start of the year



Source: LME. Data as of 19 October 2018.

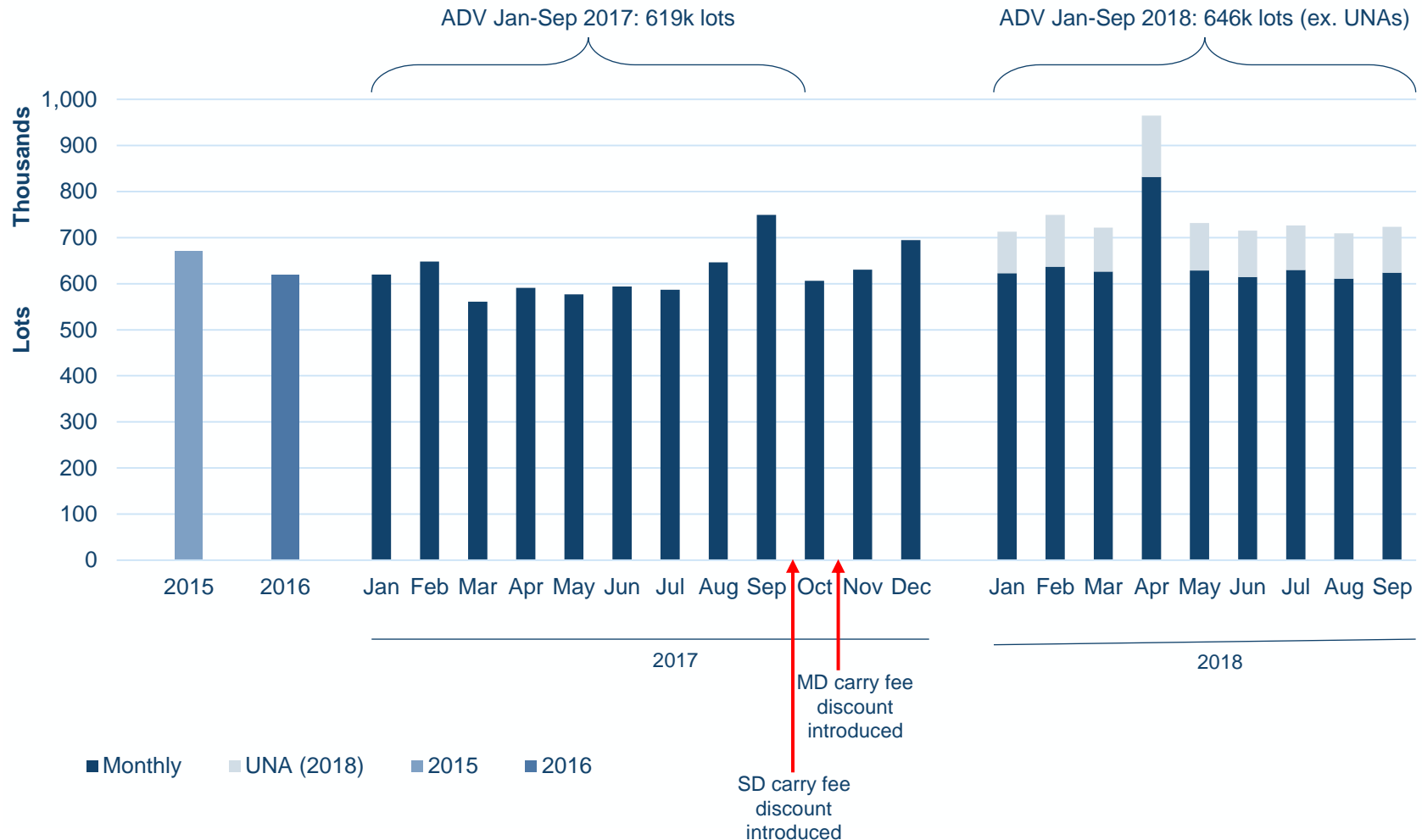
LME Tin Cash price

Volatility reaching historical lows



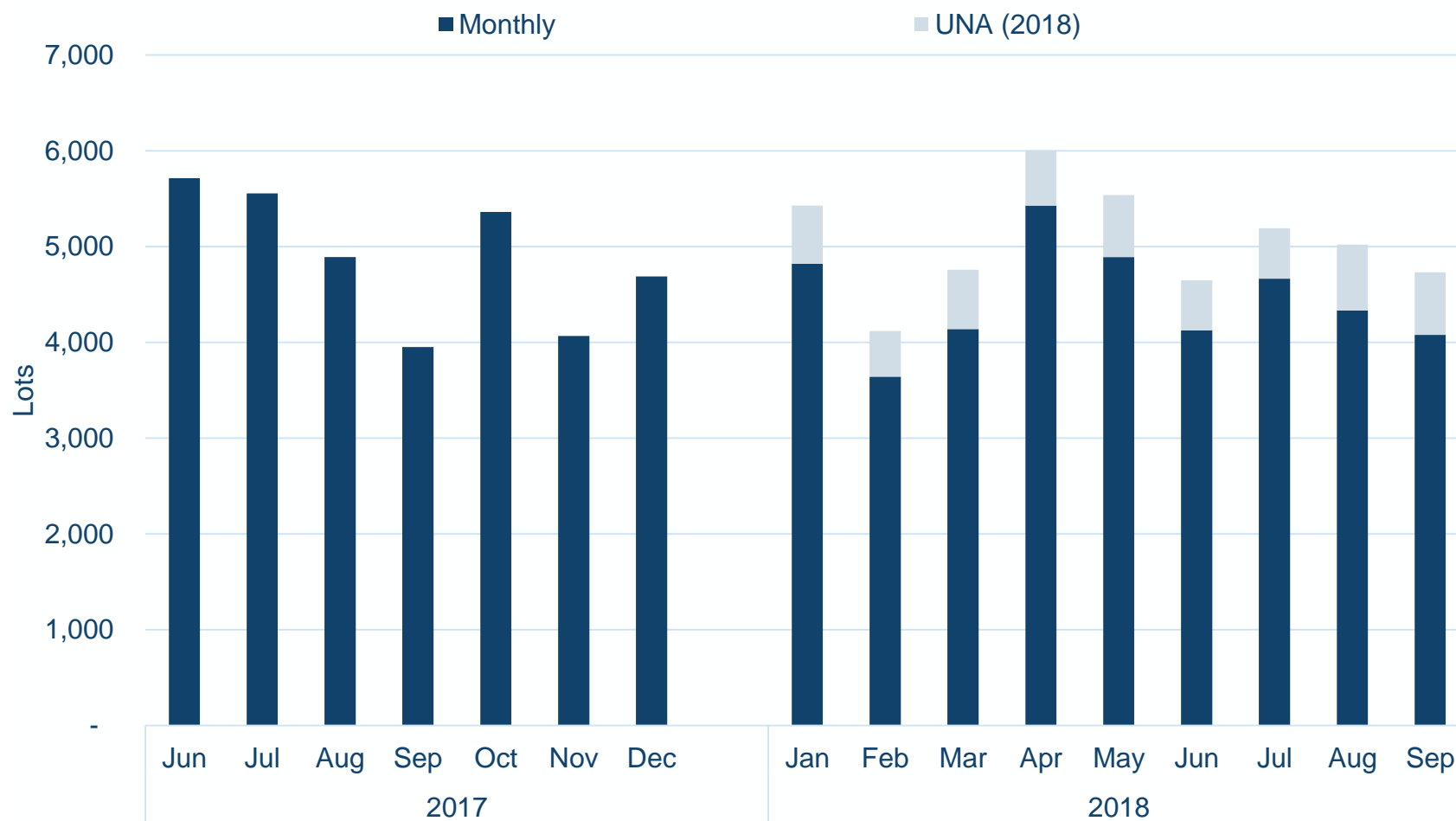
Source: LME. Data as of 30 Oct 2018.

Development of LME volumes



LME Tin volumes

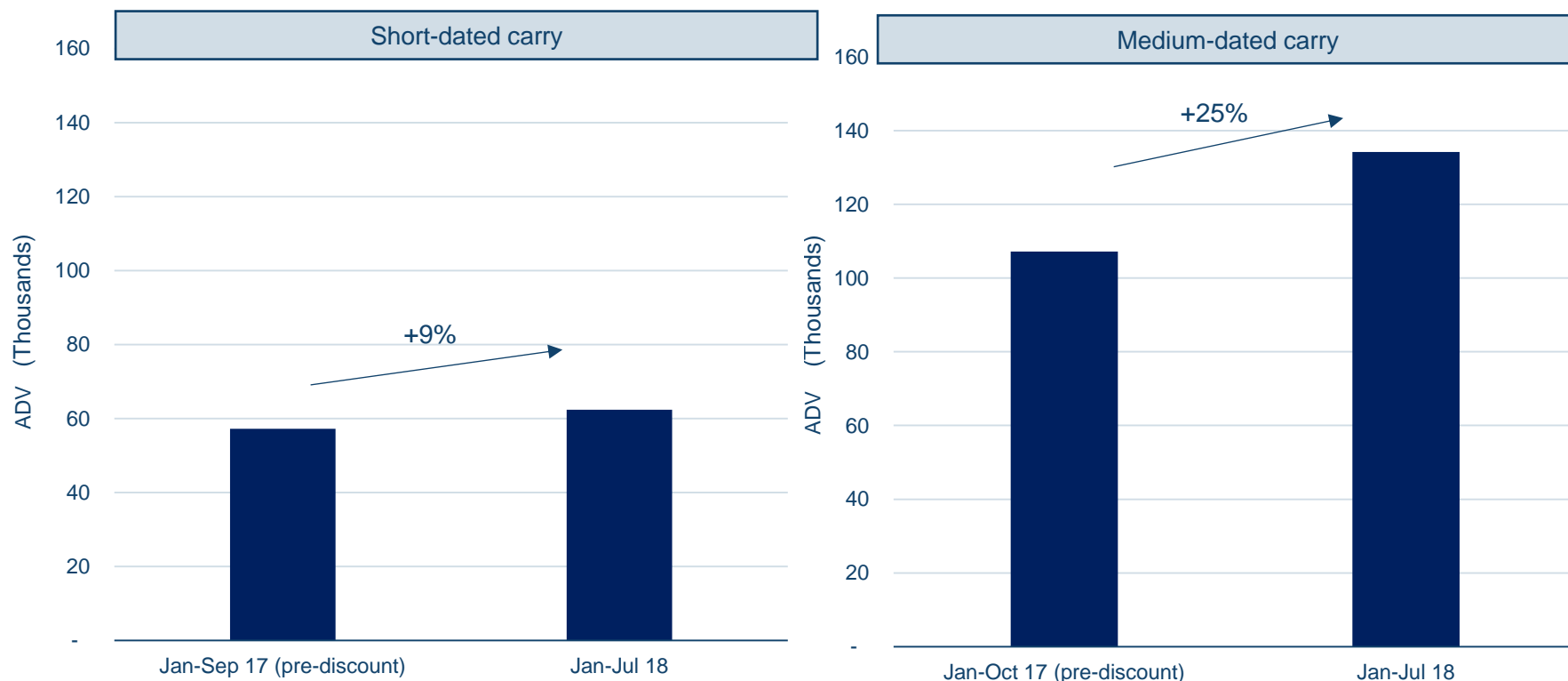
Average Daily Volume



Source: LME.

Volume development following fee discounts

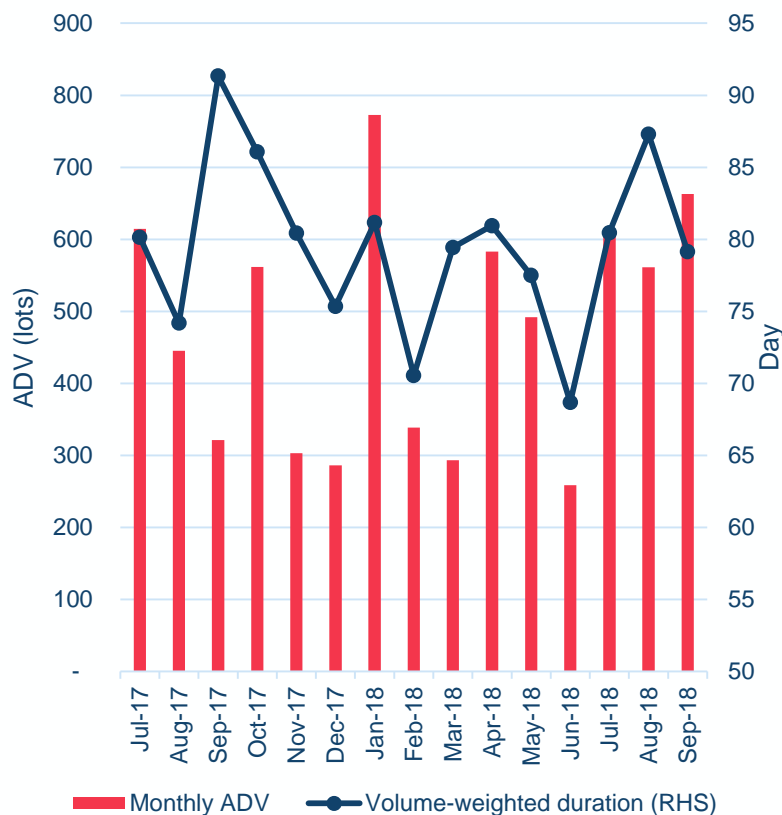
- The LME introduced fee discounts for short and medium-dated carries in October and November 2017 respectively
- The LME now publishes a breakdown of short and medium-dated carry volumes (ex UNA trades) in its monthly report to show the impact of the fee changes on carry volumes



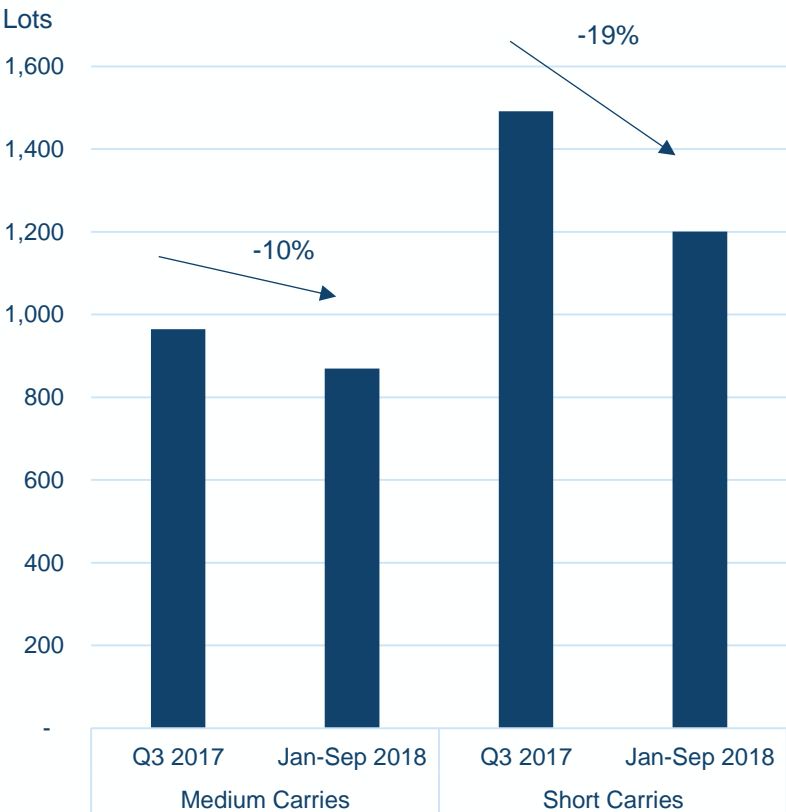
NB Volumes fluctuate due to many different factors, therefore the impact of fee changes on carry volume should be seen as indicative only.

Tin carry update

Long carries



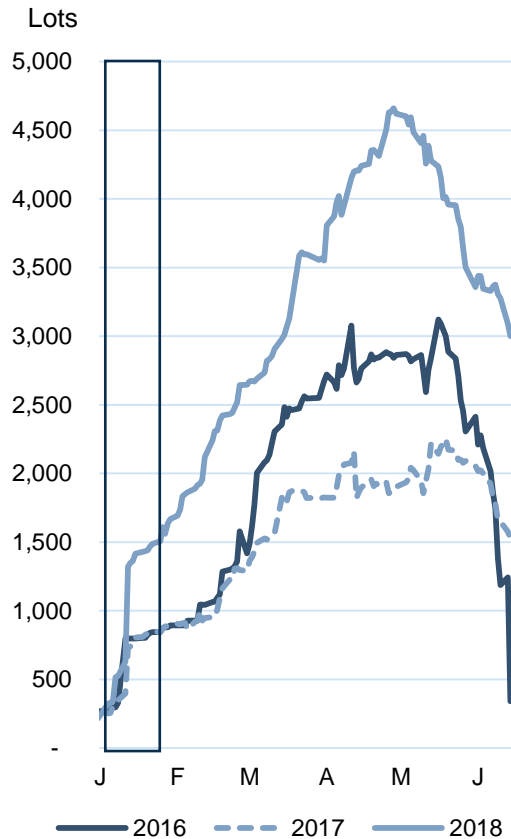
Medium and short carries



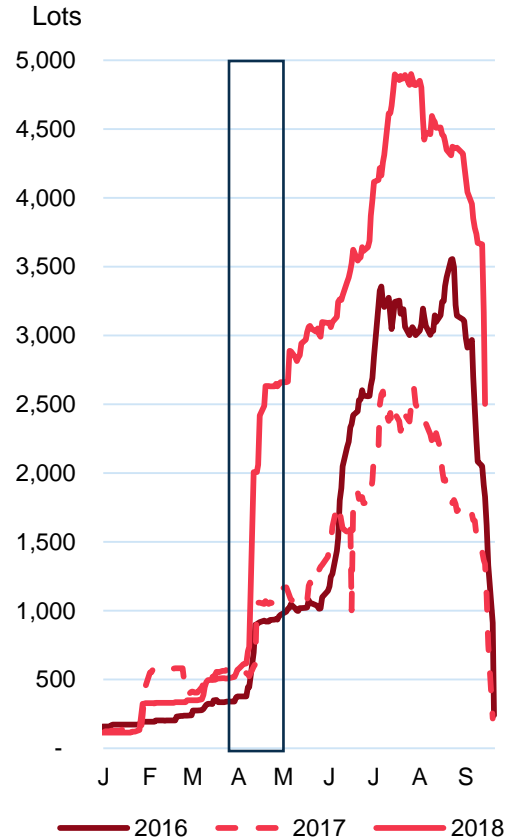
Source: LME; excluding UNAs.

Surge of open interest on quarterly prompt dates

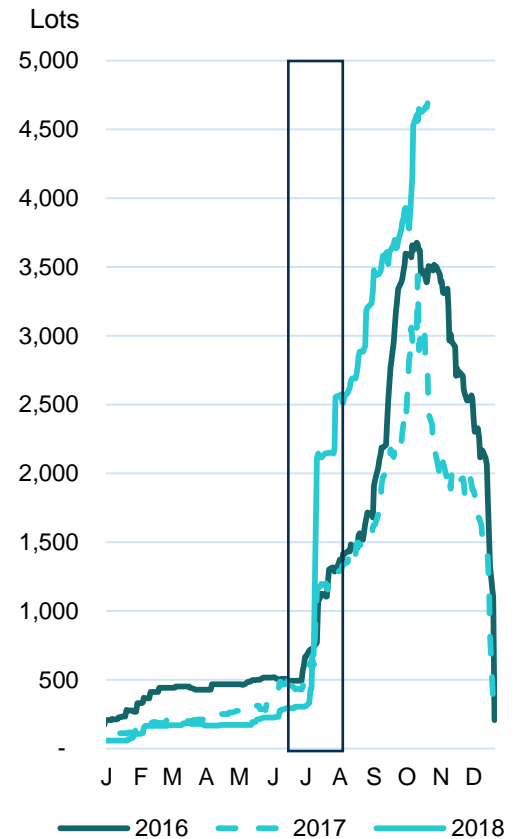
June



September



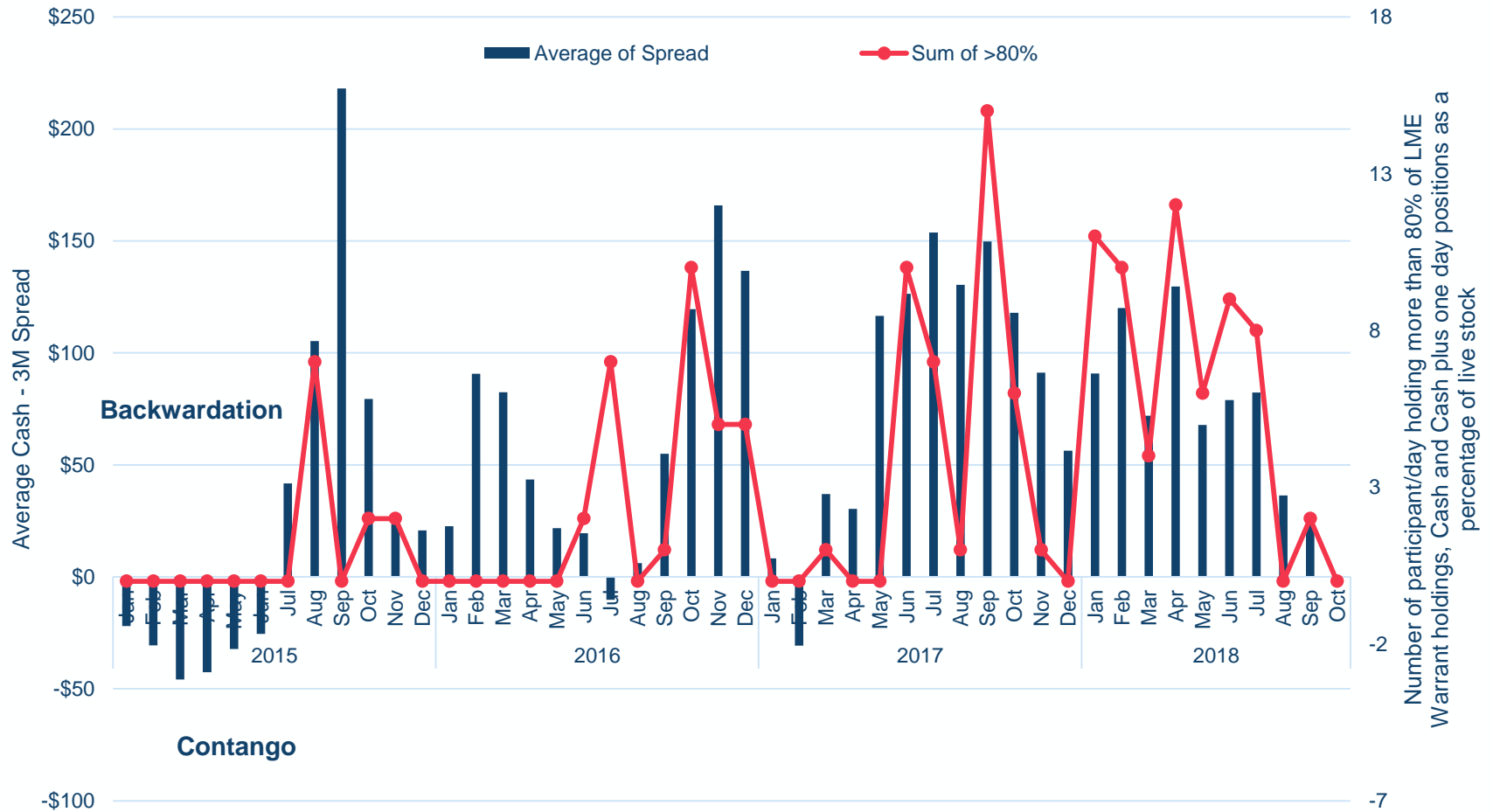
December



Source: LME Research. Data as of 24 Oct 2018.

LME Tin spread

Concentration of warrants and backwardations

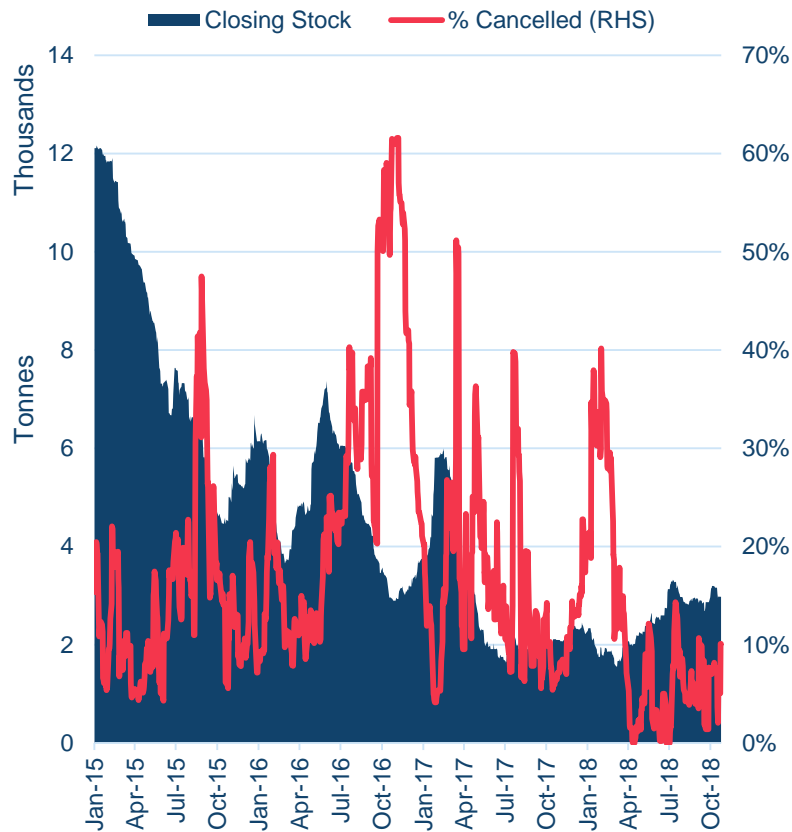


Source: LME Research

LME Tin stocks

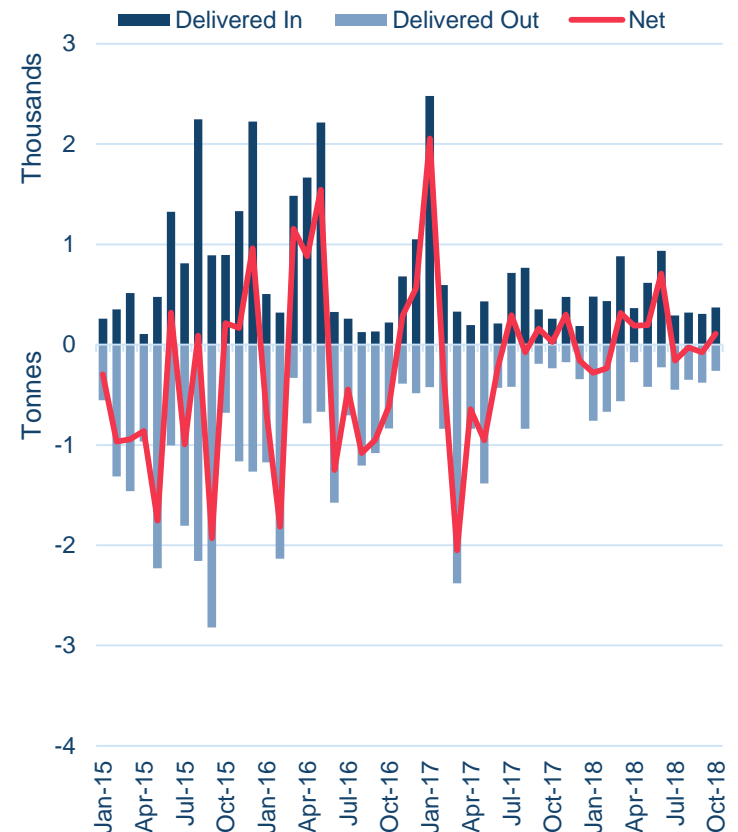
Closing stocks up 30% year-to-date

%age cancelled stocks



Source: LME. Data as of 25 Oct 2018..

Deliveries



Commitments of Traders Report (Tin)

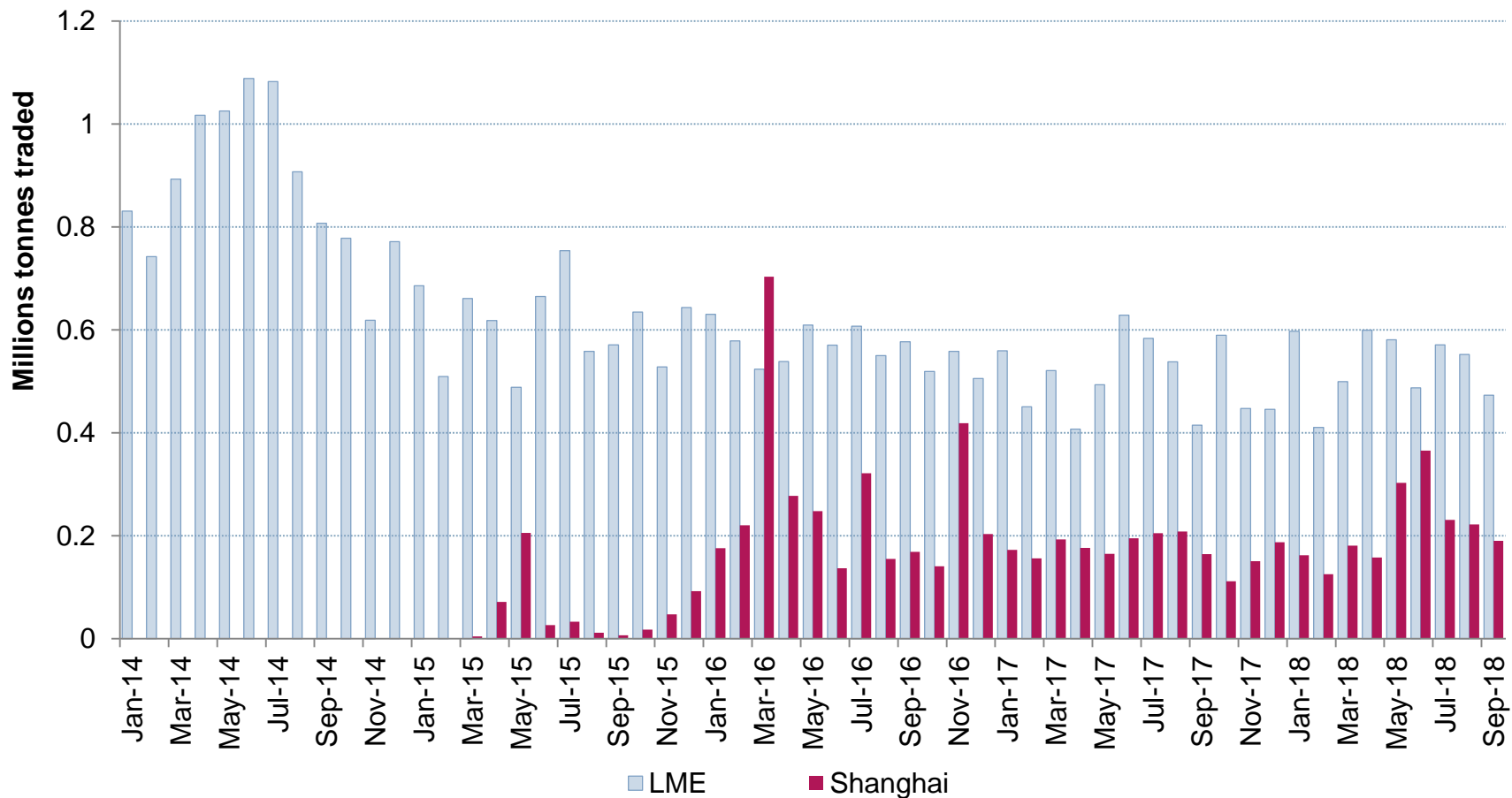
	Notation of the position quantity	LOTS	Investment Firms or credit institutions		Investment Funds		Other Financial Institutions		Commercial Undertakings	
			Long	Short	Long	Short	Long	Short	Long	Short
Number of Positions		Risk Reducing directly related to commercial activities	1,223	1,345	27	1	0	0	2,261	3,752
		Other	8,584	7,570	758	369	1,481	1,496	3,482	3,487
		Total	9,807	8,915	785	370	1,481	1,496	5,743	7,239
Change since the previous report (+/-)		Risk Reducing directly related to commercial activities	(138)	(85)	0	0	0	0	44	62
		Other	(869)	(848)	(69)	(109)	97	195	(321)	(474)
		Total	(1,007)	(933)	(69)	(109)	97	195	(277)	(412)
Percentage of the total open interest		Risk Reducing directly related to commercial activities	6.86%	7.46%	0.15%	0.01%	0.00%	0.00%	12.69%	20.82%
		Other	48.18%	42.01%	4.25%	2.05%	8.31%	8.30%	19.54%	19.35%
		Total	55.04%	49.47%	4.40%	2.06%	8.31%	8.30%	32.23%	40.17%
Number of people holding a position in each category			Combined		Combined		Combined		Combined	
		Total	31		44		15		40	

Source: LME, Data as of 19 October 2018.

Exchange tonnage traded

Dominance of liquidity on the LME

Tonnes traded

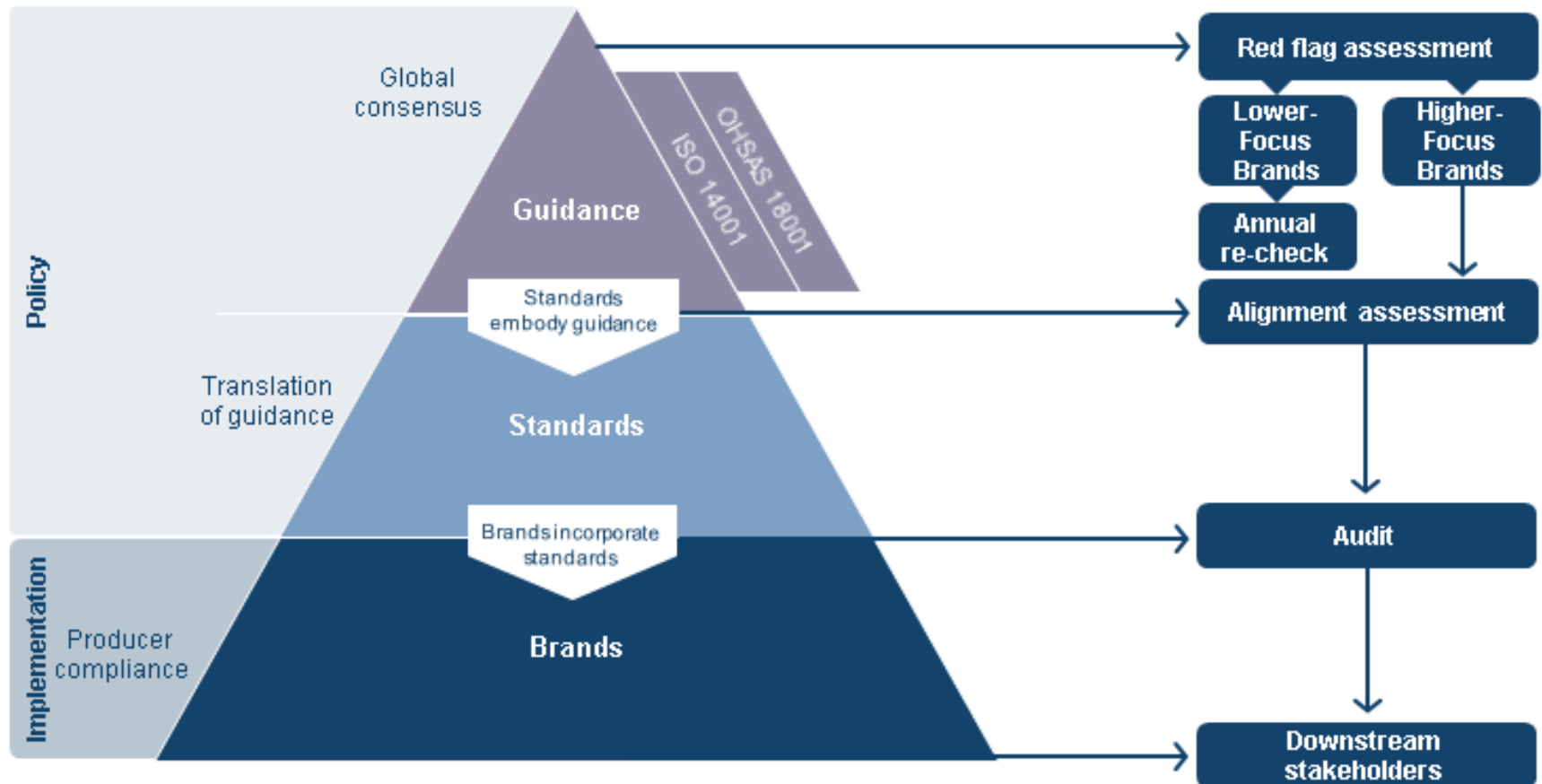


Source: LME, SHFE. Data as of September 2018.

Delivery roadmap

LME proposal on responsible sourcing

Cobalt and Tin automatically higher-focus brands



Timeline – Responsible sourcing

	Cobalt	Tin	Others
Transitional Provision Commencement Date	3Q19	n/a (only applicable to cobalt)	n/a (only applicable to cobalt)
Responsible Sourcing Disclosure Date	3Q19	3Q19	3Q19
Red Flag Assessment Date	n/a (due to status as Automatic Higher-Focus Metal)	n/a (due to status as Automatic Higher-Focus Metal)	4Q19
Standard Identification Date	4Q19	4Q19	4Q20
Standard Alignment Assessment Date	2Q20	2Q20	2Q21
Brand Compliance Date	4Q20	4Q20	4Q21
ISO Compliance Date	4Q21	4Q21	4Q21

LME is building dynamic product launch capabilities

Allowing faster launch of new products to better respond to changing market demands. Commercial launch of first eight contracts targeted for early 2019¹

	Market engagement	Contract design	Build, test & regulatory approval	Launch	Promotion & education
Non – ferrous	<ul style="list-style-type: none"> • US DUP Aluminium Premium? • European Aluminium Alloy? 	<ul style="list-style-type: none"> • MJP Aluminium Premium • European DP Aluminium Premium 	<ul style="list-style-type: none"> • US Aluminium Premium • European DUP Aluminium Premium • Alumina 		
Ferrous	<ul style="list-style-type: none"> • Option contracts? 		<ul style="list-style-type: none"> • Hot Rolled Coil North America • Hot Rolled Coil Northern Europe • Hot Rolled Coil FOB China 		<ul style="list-style-type: none"> • Steel Scrap • Steel Rebar
EV metals	<ul style="list-style-type: none"> • Nickel Sulphate Premium? • Other cathode or anode materials? 	<ul style="list-style-type: none"> • Lithium (carbonate and/or hydroxide) 	<ul style="list-style-type: none"> • Cobalt 		
Minor metals			<ul style="list-style-type: none"> • Molybdenum 		

1. Subject to regulatory approvals and consultation on LME / LME Clear Rulebook amendments

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