



TIN MARKET OUTLOOK

Navigating
Market
Uncertainty

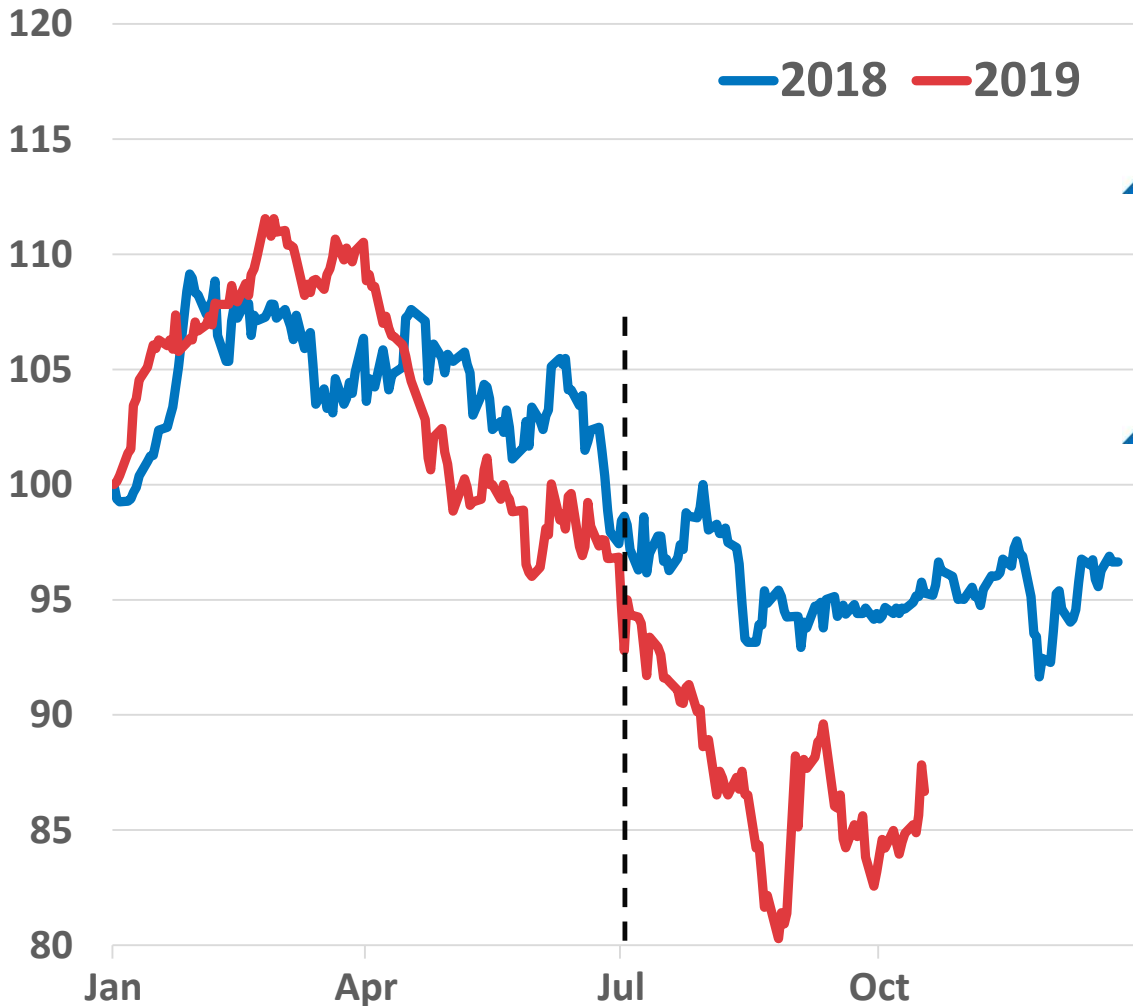
DATE: 24/10/19
PREPARED FOR:

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LME 3-Month Settlement Price

Indexed 2 Jan



▲ Prices follow supply/demand trend

Q2 peak

▲ 2019 followed trend until July

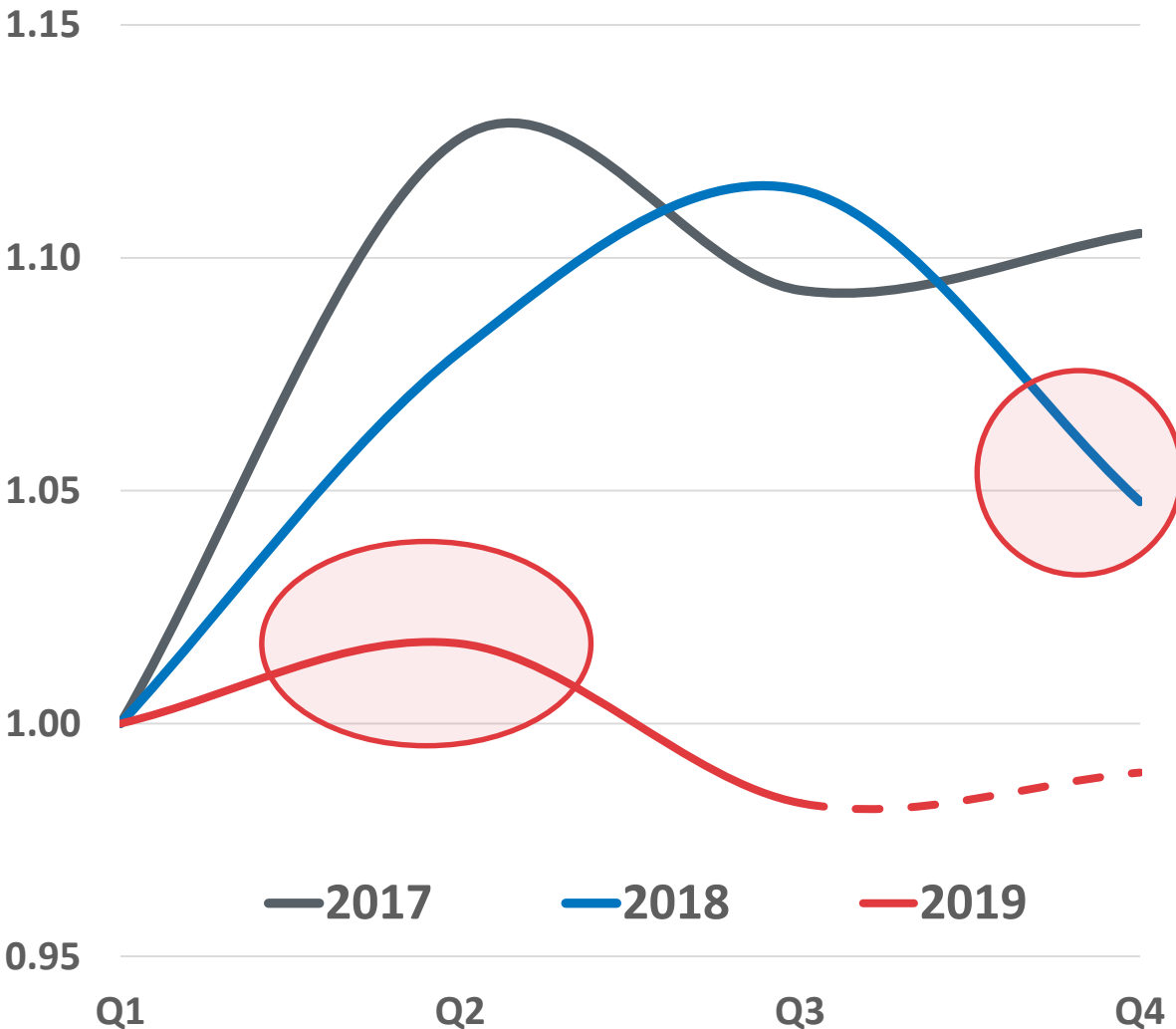
Divergence from trend indicates significant disruptions

Price records significant decline



Demand bucks seasonal trends

Quarterly refined tin demand, indexed Q1



▲ **Normal pattern shows peak in late-Q2/early-Q3**

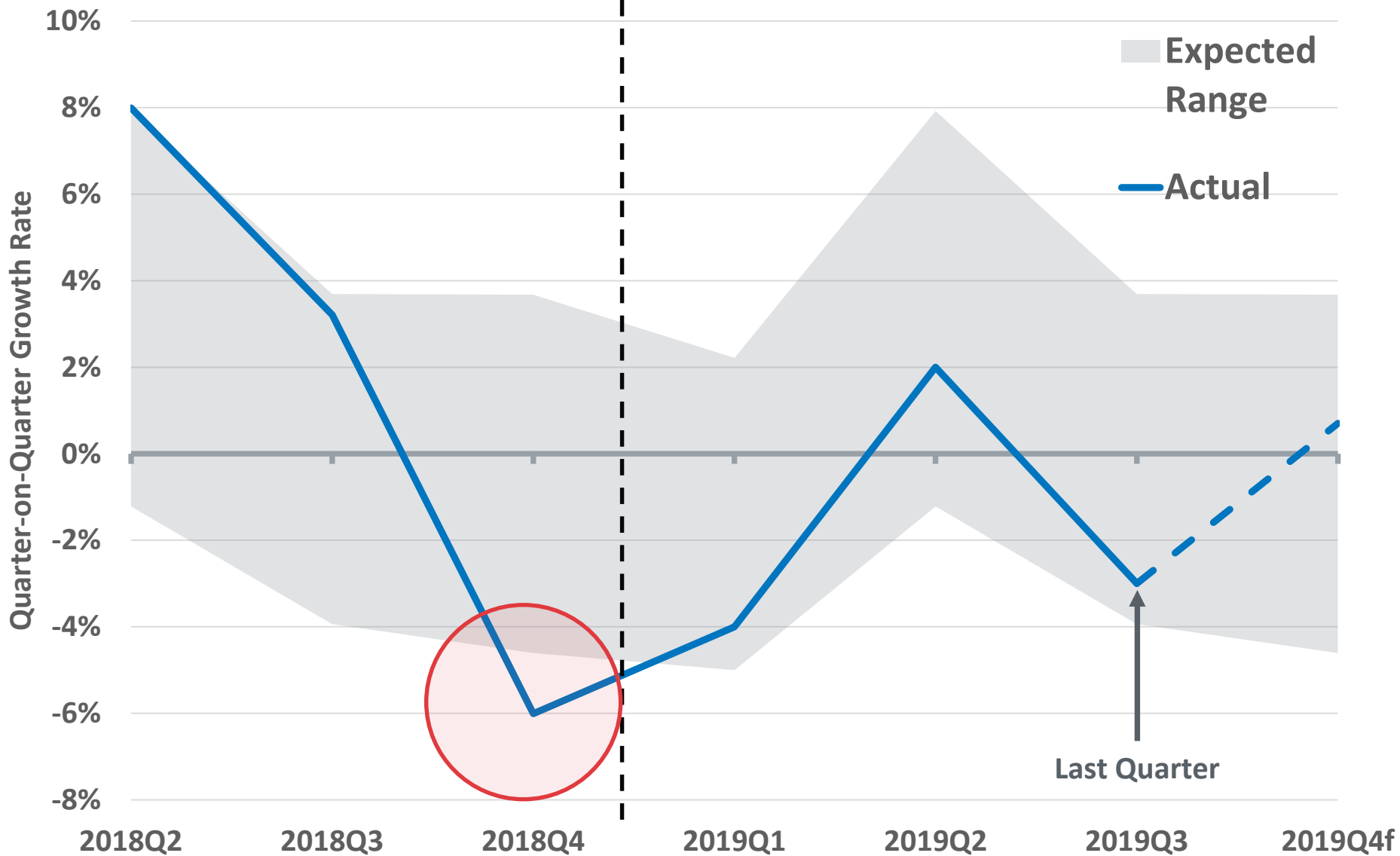
This year, failed to peak

▲ **Demand usually flat rest of year**

2018 – Tariffs caused drop

Demand fails to peak



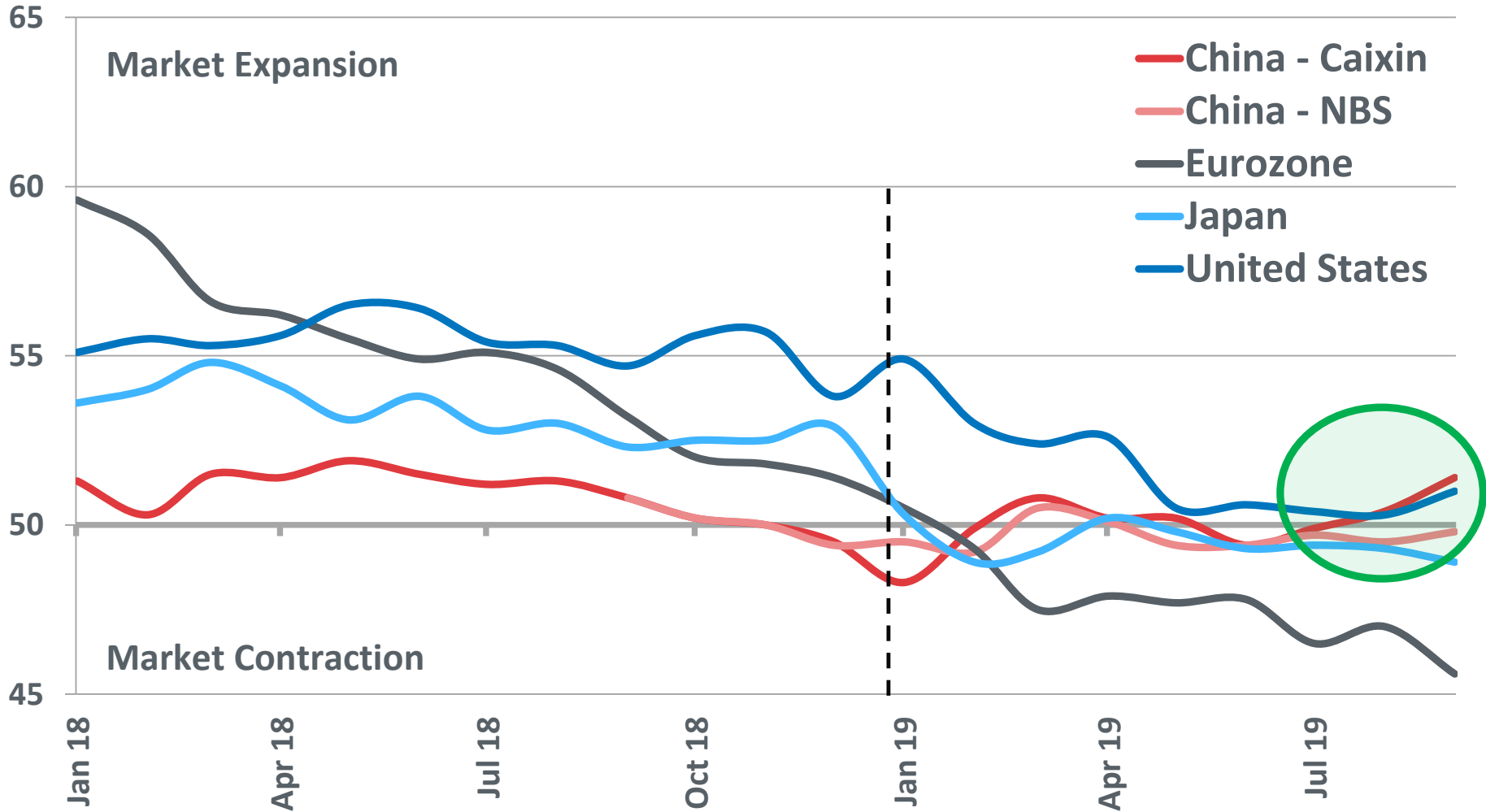


Consumption growth back on track



Purchasing Managers Index (PMI)

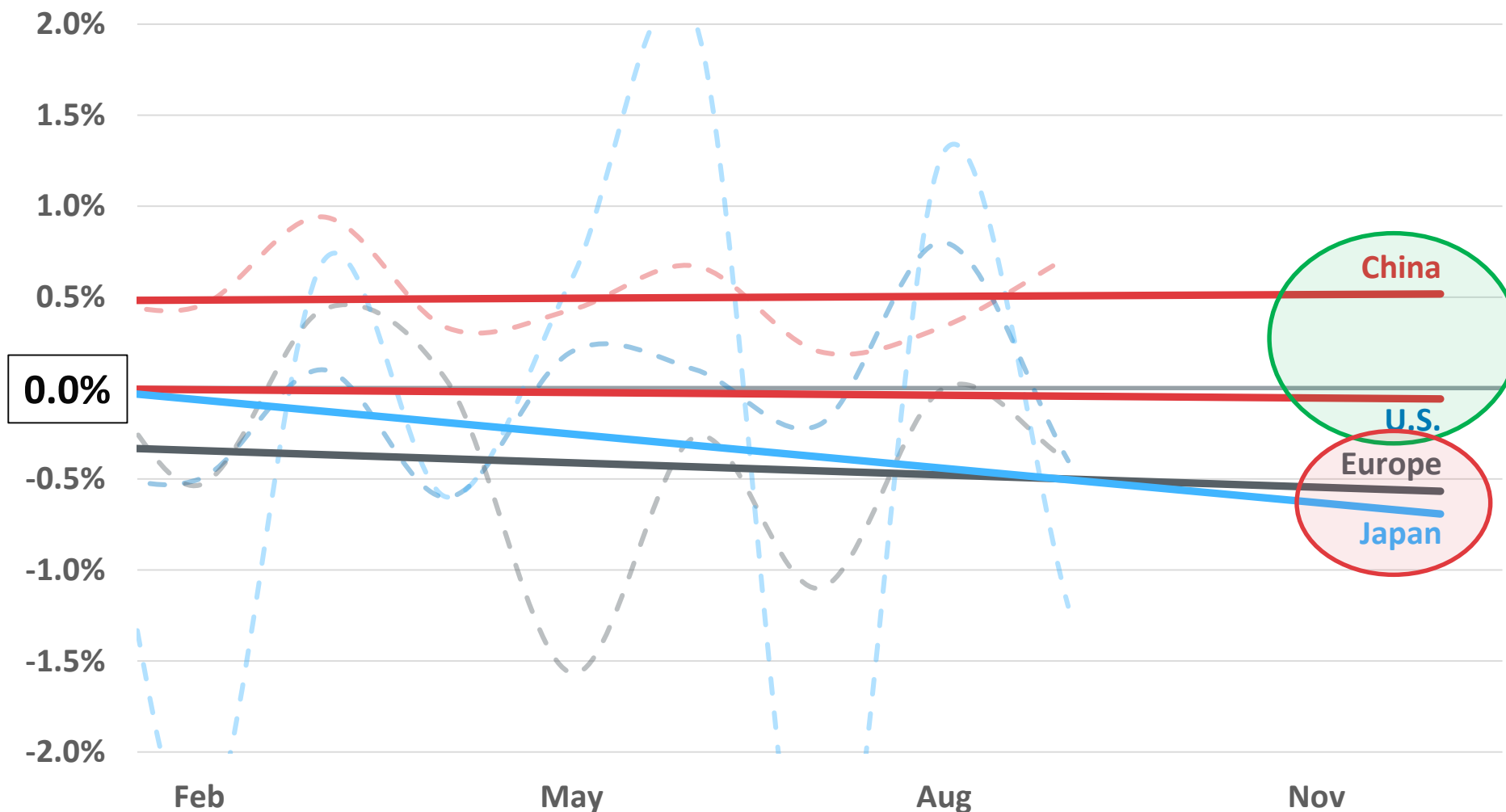
Manufacturing PMI, 2018-2019



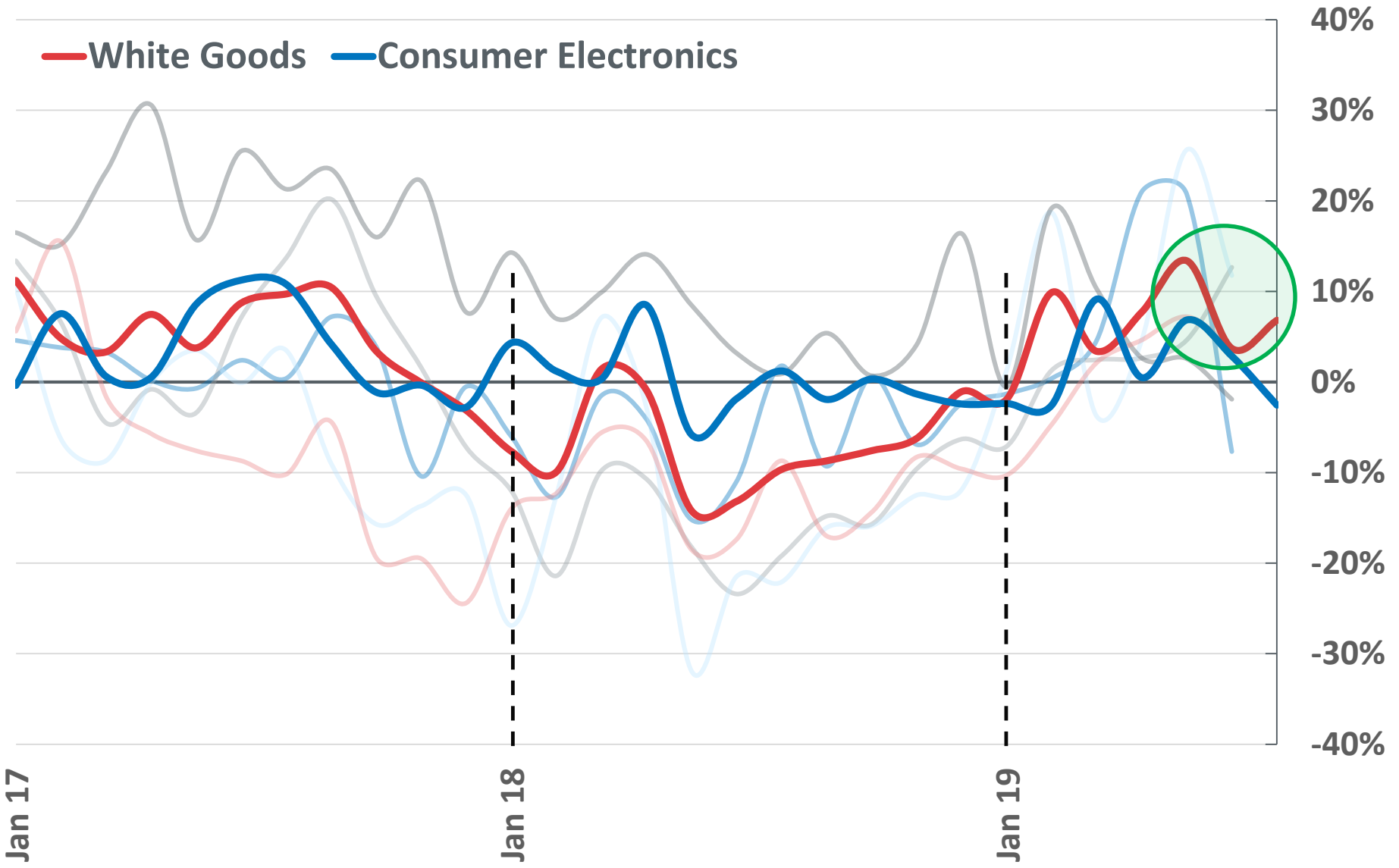
Manufacturing sector stabilising

Industrial Production Growth

Month-on-Month Change, 5-month moving average, 2019



Industrial production balanced



Chinese electronics recovering



2019 surveyed growth in refined tin consumption

Surveyed annual refined tin demand growth (%)

	China		Ex-China		Global	
	2018	2019	2018	2019	2018	2019
Solders	3%	-3%	1%	-1%	2%	-2%
Chemicals	5%	-1%	2%	-4%	3%	-2%
Tinplate	0%	-7%	-5%	5%	-2%	-3%
Lead-Acid Batteries	7%	1%	5%	3%	7%	1%
Copper Alloys	-3%	-5%	-	-	-3%	-5%
Other	-	-	-1%	1%	-2%	-2%
Total	3%	-2%	1%	-1%	2%	-2%

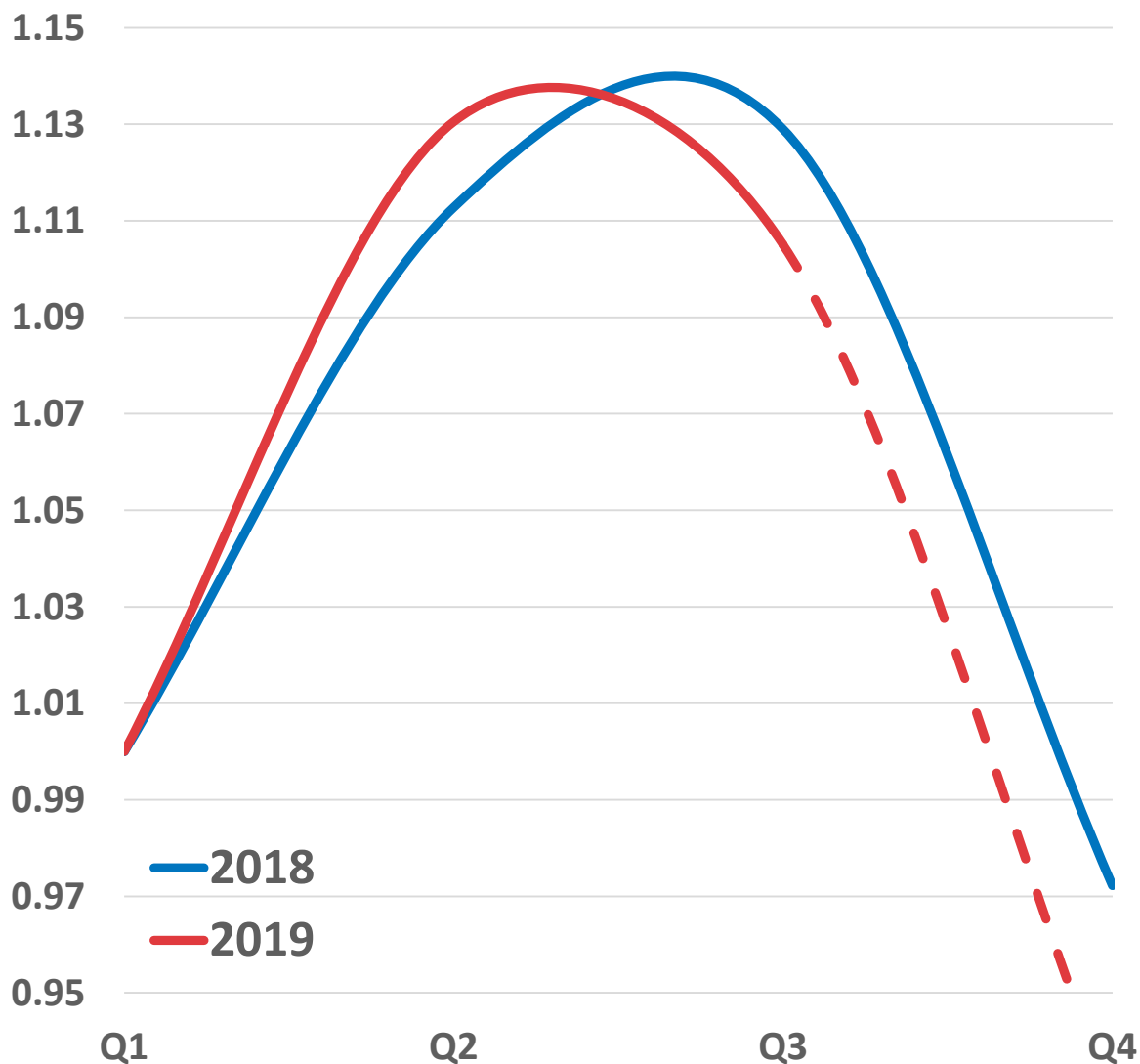
Data: International Tin Association

*Figures represent average changes of sample totals

Tin users expect demand decline



Quarterly refined tin supply, indexed Q1



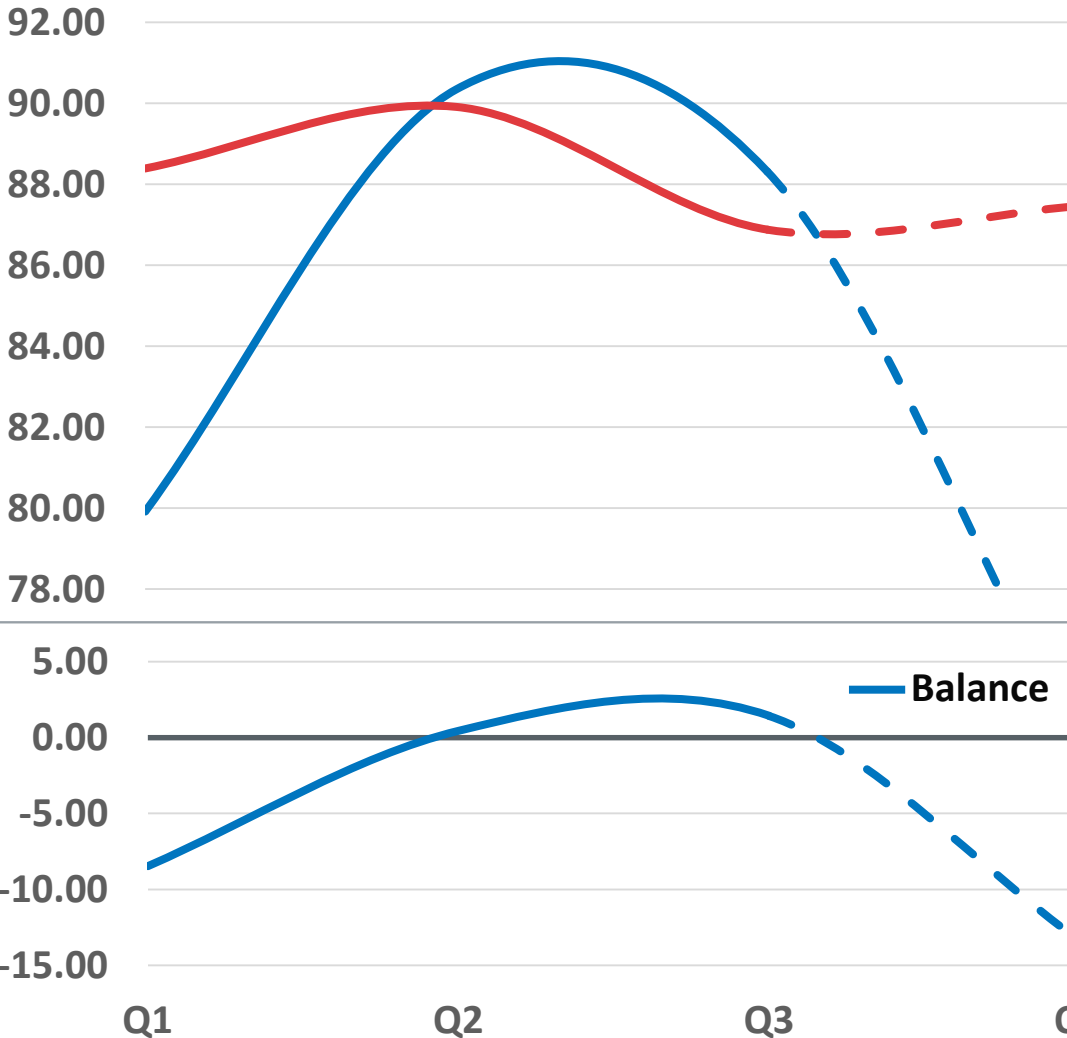
- ▲ **Supply generally follows demand curve**
Peak in Q2/Q3
- ▲ **Expect supply to fall off in Q4 due to production cuts**

Supply overshoots demand

Market Balance

Refined tin, '000 tonnes

— Supply
— Demand



▲ Significant deficit in Q1

Price reacted strongly

▲ Relatively balanced Q2 – Q3

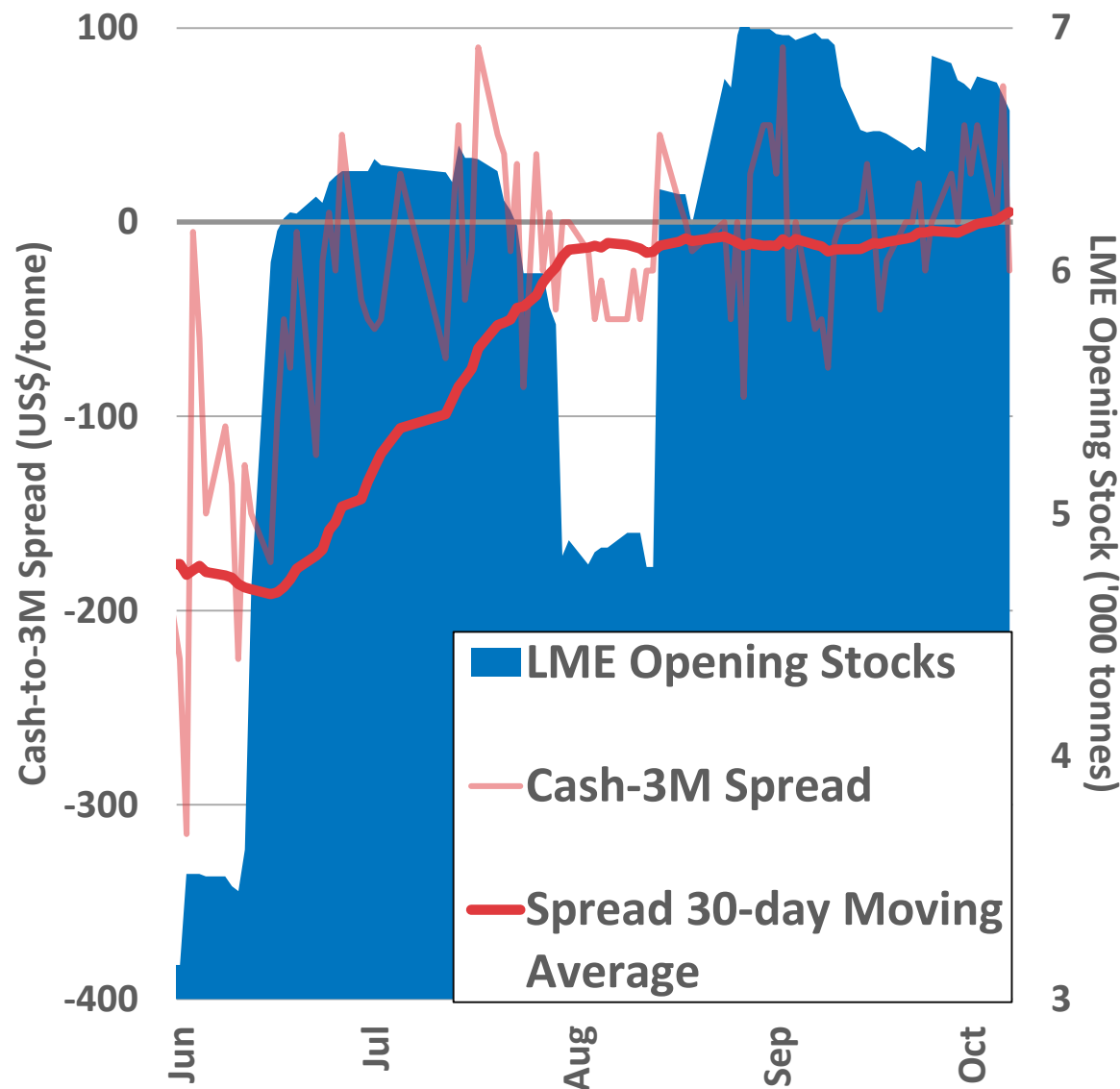
▲ Price fell more than expected

Demand \neq Trade

Consumers using stocks

▲ Q4 production cuts to put market into deficit?

Too much production cut?



- ▲ **LME stock peaked at 7kt in September**
- ▲ **Spreads switched to contango**
Stock coming down slowly
- ▲ **Consumer stocks also eroding**
Estimated to decline ~5kt this year
- ▲ **Production cuts should see sharp decline in exchange stocks**

Stocks beginning to erode?



▲ Key consumption indicators point to stabilisation

Manufacturing PMI's & electronics market stable in China

Uptick in Industrial Production

▲ Demand growing as expected QoQ

Growing from a low base due to 2018Q4 slump

▲ Market volatility remains

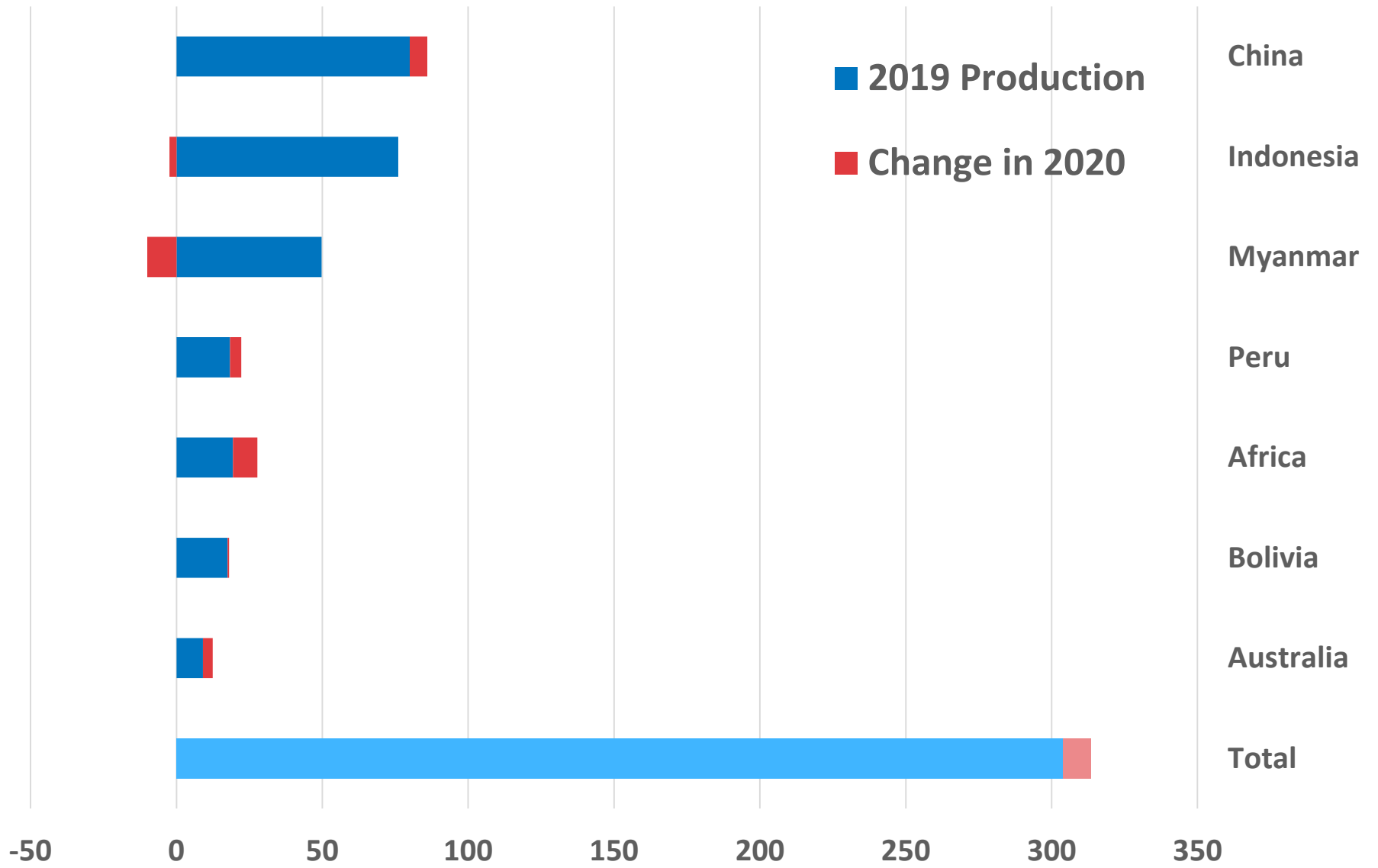
US-China trade deal “to be signed”
November 1st

No deal would create more uncertainty
Uncertainty surrounding production cuts

Q4 demand outlook stable

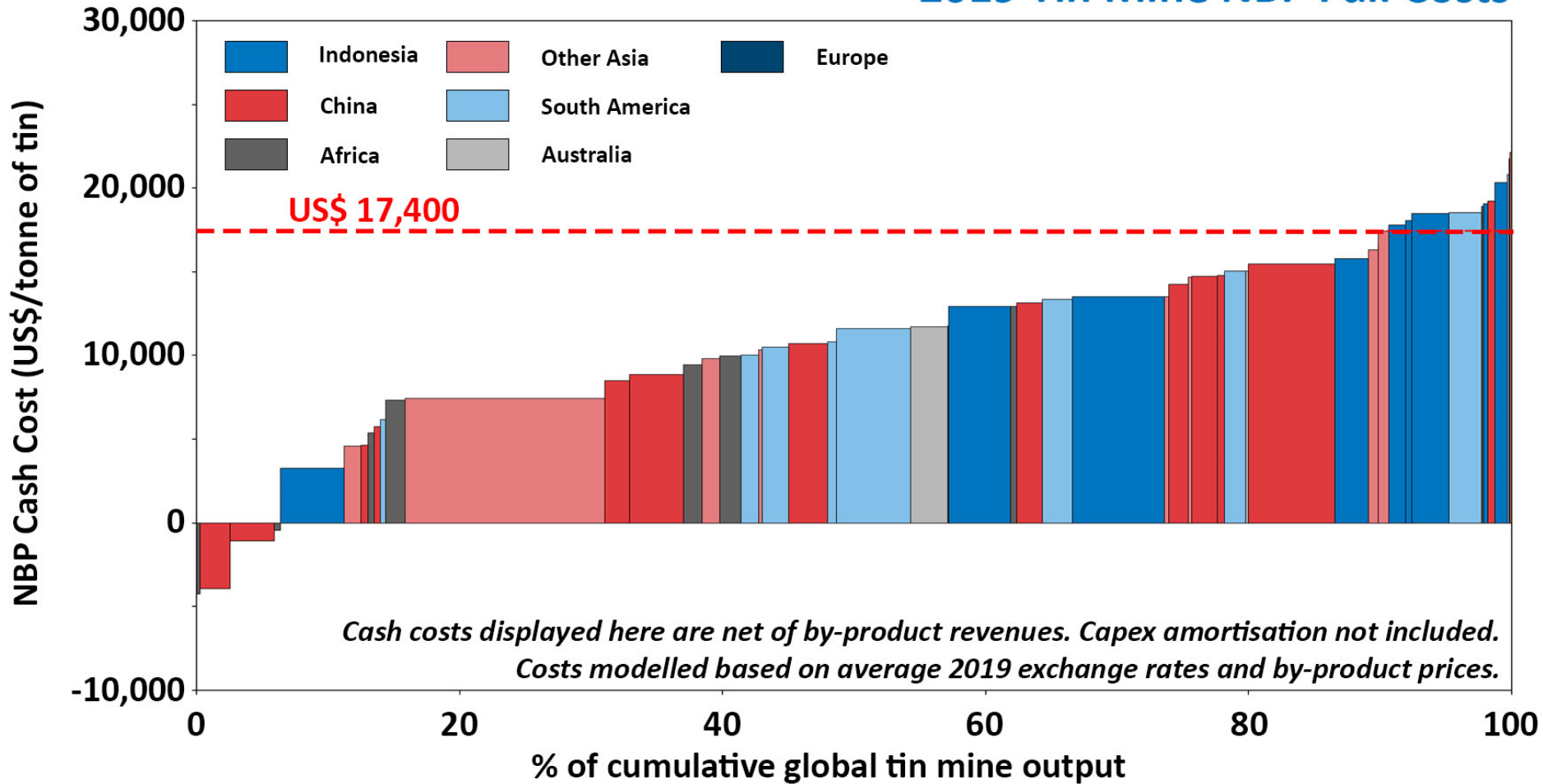


**Looking
ahead**



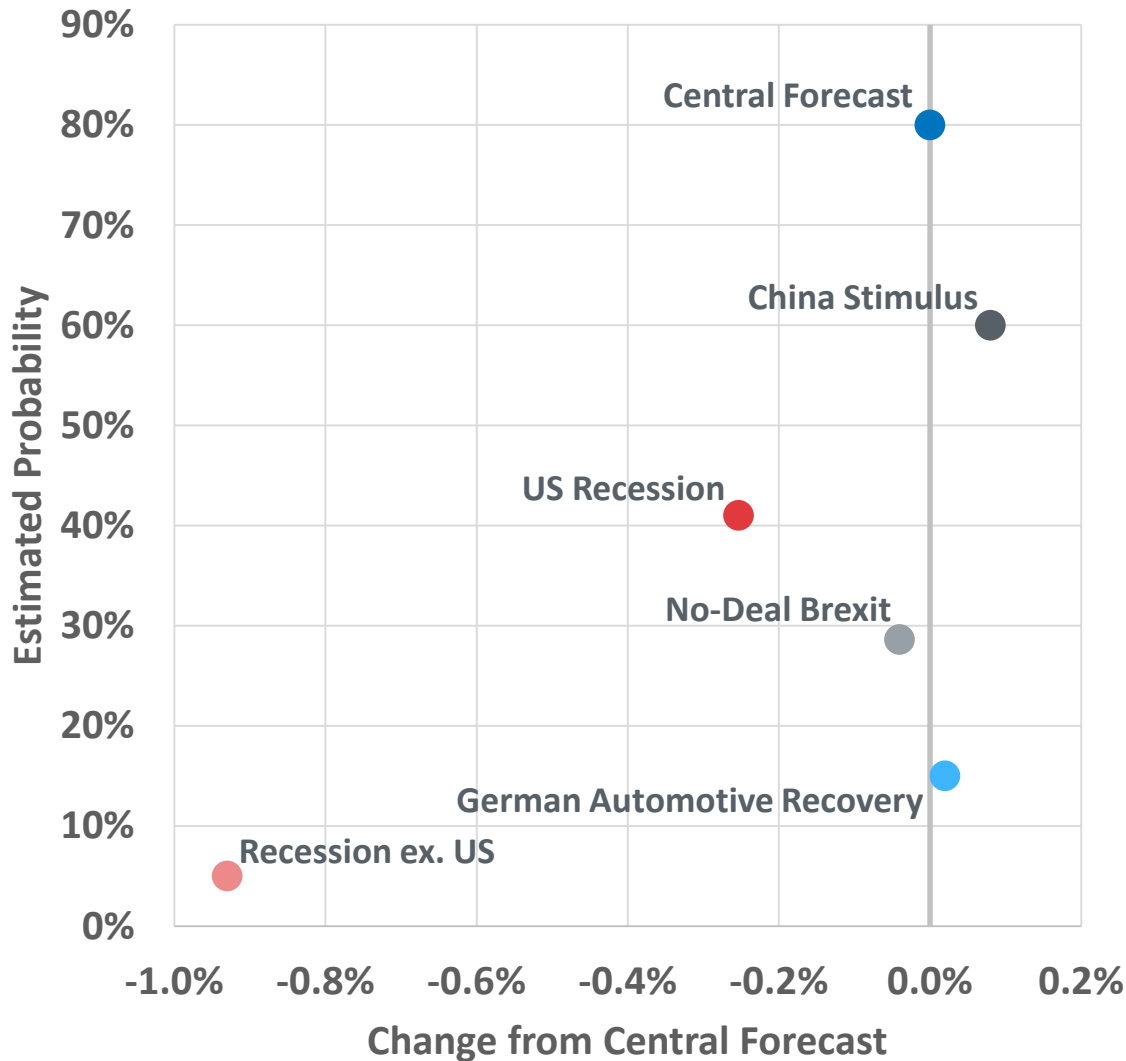
Mine supply steady

2019 Tin Mine NBP Full Costs



Production to be impacted by price?

Scenario Analysis



▲ Central forecast 0.4% demand growth in 2020

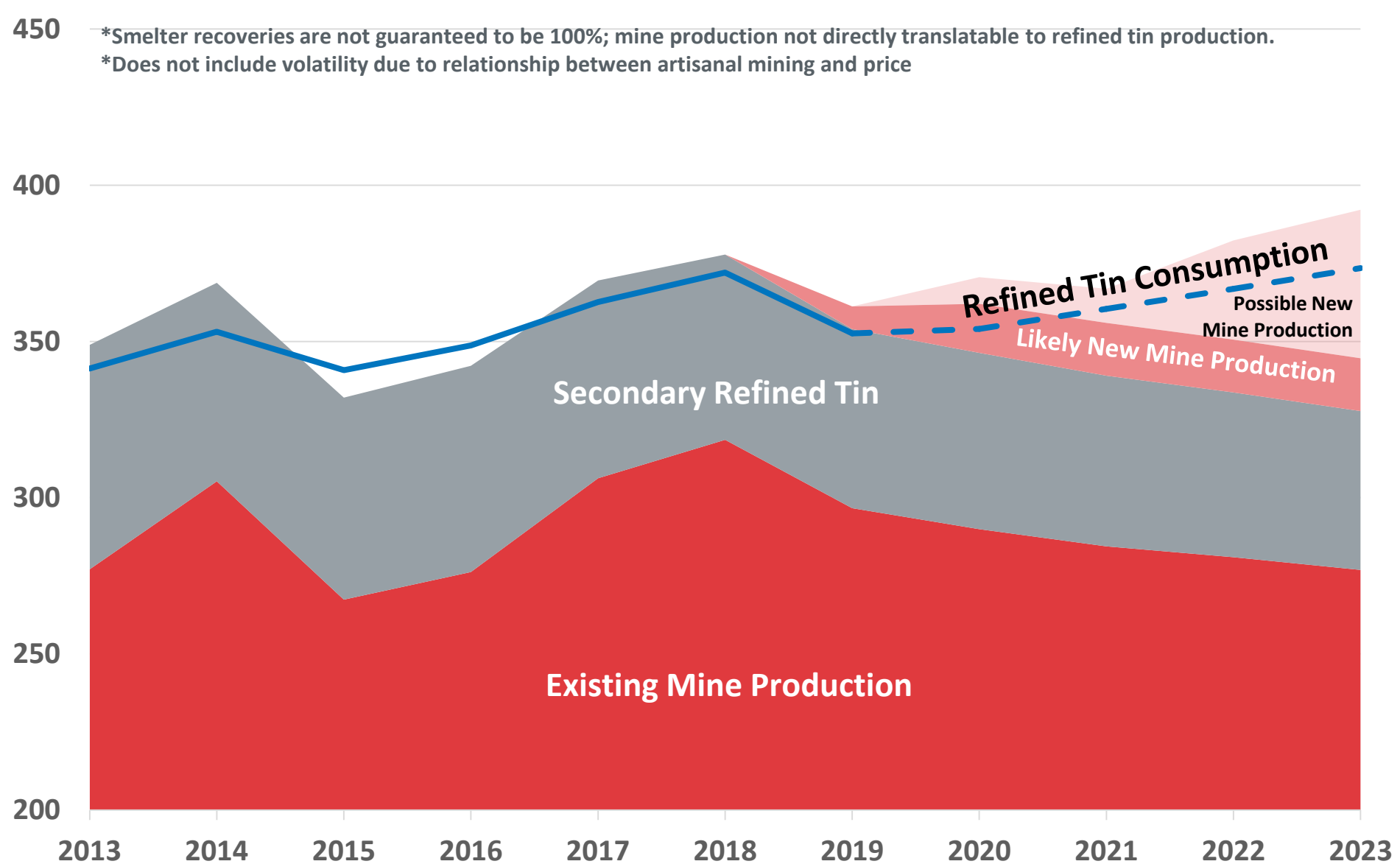
Upside from China stimulus & German automotive recovery

Downside from Brexit, US Recession & ex-US Recession

▲ Could have combination of factors

Bigger risk on downside

Growth 2020 – but downside risks



Widening market deficit?





▲ 2020 unclear due to fog of trade tensions

Some recovery indicators

Trade deal? Geopolitics?

▲ Longer-term fundamentals should drive demand

Long-term 2% pa growth

Solder market to recover

Future technology positive

▲ Demand growth to outpace new mines

New mines will only stabilise decline in existing mines

Unclear road ahead

Thank You

We believe that global co-operation on markets, technology, sustainability and regulatory issues is the most cost effective route to achieve long-term success for the industry. If we work together effectively then the outlook for tin is very positive.

Global co-operation for long-term success

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