

# Nickel Prices Will Gain This Quarter, Next Year, SocGen Says

*By Anna Stablum - Oct 12, 2010*

Nickel prices will rise this quarter and next year as demand improves from stainless steel mills and supply is constrained, Societe Generale said.

Nickel for delivery in three months on the London Metal Exchange has risen 30 percent this year to \$24,161 a metric ton at 12:46 p.m. today as demand for the metal, used to make stainless steel, improved in line with the global economic recovery.

"We actually see very strong prices in the fourth quarter this year," [David Wilson](#), an analyst at Societe Generale, said during a presentation at a conference in London today, citing a pick-up in demand for stainless steel. The price for immediate delivery metal is expected to average \$22,645 a ton this year, rising to \$26,165 a ton next year, he said. This year cash nickel has averaged \$21,312 a ton.

A possible exchange-traded product in nickel would soak up supplies and fuel prices, Wilson said.

"We know of a nickel ETF being worked on at the moment," he said. "These vehicles are coming and they are going to absorb metal."

LME stockpiles have dropped 22 percent this year to 123,714 tons. Demand will outpace supply by 55,000 tons this year, with the deficit shrinking to 35,000 tons next year, according to the presentation. China consumes "just over" 40 percent of all nickel, with about two-thirds of global demand coming from the stainless steel industry, Wilson said.

In China, "there is a large amount of new capacity coming on-stream over the next few years," Wilson said. This year China's stainless steel production would reach 11 million tons "and we see very strong growth going forward," he added.

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