

## European Daily Wrap

Prices, volumes and market action has largely been quite quiet (excluding today's pre US Equity market "run" on most metals with the white metals currently down 2-3% at time of writing...). However, it's been a heavy week with company-specific news, headlines and comments. There's a lot of movement beneath the surface of daily market moves, much tied to ramp up of the energy transition, that is worth acknowledging. Top headlines and stories below; happy to provide our thoughts on each

**Energy Transition Will Need 3 Billion Tons of Metals, IMF Says:** The clean energy transition needed to avoid the worst effects of climate change could unleash unprecedented metals demand in coming decades. Given the projected increase in metals consumption through 2050 under a net-zero scenario, current production rates of graphite, cobalt, vanadium and nickel appear inadequate, showing a more than two-thirds gap versus the demand, IMF says Wednesday in blog post. Current copper, lithium and platinum supplies also are inadequate to satisfy future needs, with a 30% to 40% gap versus demand. A related challenge is insufficient financing for metals and mining investment due to growing investor focus on environmental, social, and governance considerations, or ESG

**VW, Umicore Create Electric-Vehicle Battery Materials Venture:** Umicore SA and Volkswagen AG entered a joint venture to supply cathode materials to the automaker's battery cell production in Europe. The venture's cathode material capacity will be ramped up from 2025, with an initial output of 20 gigawatt hours for VW's Salzgitter plant in Germany. That will be increased to as much as 160 gigawatt hours by the end of the decade, the equivalent to powering 2.2 million electric vehicles, the companies said in a statement Wednesday.

**BASF to carve out mobile emissions catalysts business and invest up to €4.5 billion in battery materials and recycling:** New legal entity to be named BASF Automotive Catalysts and Recycling, headquartered in New Jersey. Entity will continue to operate globally and comprise approx. 20 production sites and over 4,000 employees. Carve-out process to start in January 2022; expected to take up to 18 months

**Northam Concludes Ten-Year Offtake Agreement With Ivanplats:** Northam Platinum will purchase 20,000 tonnes of platinum group metals concentrate per year, representing about 50% of PGM concentrate to be produced from phase 1 of the Platreef Project. By 2025, Northam will be producing 1Moz pgms of own production and 200Koz pgms from third parties of which Ivanplats is one of them

**RBPlat Gets Unsolicited Approach From Northam Platinum:** Royal Bafokeng Platinum has received an unsolicited approach from Northam Platinum Holdings dated Dec. 8 regarding its interest to acquire all or a portion of the voting securities of RBPlat.

**Trafigura Sees Pain Ahead for Smaller Commodities Traders:** Small and mid-sized traders struggling for credit lines. Trafigura CFO says firm benefiting from sector consolidation. Trade finance is the lifeblood of the sector and smaller trading houses are being squeezed as higher prices for oil and metals demand bigger credit lines.

**Swiss giant Trafigura plans \$750m hydrogen plant at Port Pirie:** The Swiss metals and oil trading giant Trafigura Group is planning to build a \$750 million "green" hydrogen plant at Port Pirie in South Australia which could help to lower the carbon footprint of its troublesome lead smelter at the same site. BP, Shell are among others considering projects in the nation. Australia wants to be global leader in the zero-emissions fuel

**Glencore Reviewing Further 15 Assets to Assess Long-Term Fit:** Glencore has 10 sales processes/discussions initiated across its portfolio as it reviews assets to identify longer-life, lower-cost assets and sites "that are required/enable us to produce, recycle and market the materials needed for the energy transition," co. says in slide presentation for investor day.

**NOMAD Announces US\$75M Au Stream on IVN's Platreef PGM Project in South Africa:** Nomad Royalty (NSR) announced it entered into a gold purchase agreement with Ivanplats which is 64%

owned by Ivanhoe Mines and is the owner of the Platreef palladium-rhodium-platinum-nickel-copper-gold project located in Limpopo, South Africa. Nomad will provide US\$75M in Au stream funding to Ivanplats as part of a \$200M Au stream co-investment with Orion Mine Finance. Orion will also separately provide \$100M under a Pd and Pt stream for total stream funding of \$300M to Ivanplats to fund a large portion of the phase 1 capital costs

**Citigroup Says Era of Commodity Outperformance is Coming to End:** There will be no new supercycle for commodities, according to Citigroup Inc., which sees base metals outperforming energy and bulk commodities in the coming two years.

**Commodities Broker Marex Expands OTC Business With Sydney Office:** Australian office is part of Marex's expansion in Asia Pacific. The new foray will be lead by Nick Burke of Marex's OTC arm. Marex has been expanding its OTC commodities business over the past couple of years in a bid to fill the gap after banks retrenched. The expansion comes months after the brokerage pulled its 115 million-pound (\$152 million) initial public offering in London due to insufficient demand.

**S&P Global Market: ESG reporting in mining industry the 'wild west':** Mining lags other sectors in reporting on its environment, social, and governance goals as companies struggle with the lack of a single industry reporting standard. Half of the mining companies assessed by Transition Pathway Initiative have set emission reduction targets, compared to about 75.7% of companies in other sectors. Approximately 80.4% of the assessed coal and diversified mining companies disclosed Scope 1 and Scope 2 greenhouse gas emissions, compared to 85.6% of non-mining companies analyzed by the initiative, which tracks the carbon performance of nearly 500 companies.

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