

LME Q2 2022 Update



SETTING THE GLOBAL STANDARD



Agenda

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2.	Market overview
3.	Ferrous markets
4.	Implied markets
5.	LME options
6.	LME trading volumes by venue
7.	Responsible sourcing & sustainability
8.	Metalshub nickel premium
9.	Upcoming events schedule

LME Nickel market information

LME Nickel market information

LME Interim Measures

- Upper and lower daily price limits in place
- OTC Position reporting starts, effective 18 July 2022
- Independent review through Oliver Wyman underway overseen by Nickel Steering Committee
- Additional measures are considered
- All LME notices relating to measures taken in the LME Nickel market can be found here: <https://www.lme.com/en/Metals/Non-ferrous/LME-Nickel>

Regulatory

- Bank of England section 166*
 - a review of the operations of LME Clear during the period when trading of Nickel was suspended and then subsequently resumed
- Financial Conduct Authority section 166 **
 - a review of the LME's approach during the period when trading of Nickel was suspended and then subsequently resumed

* <https://www.bankofengland.co.uk/news/2022/april/joint-statement-from-uk-financial-regulation-authorities-on-london-metal-exchange-and-lme-clear>

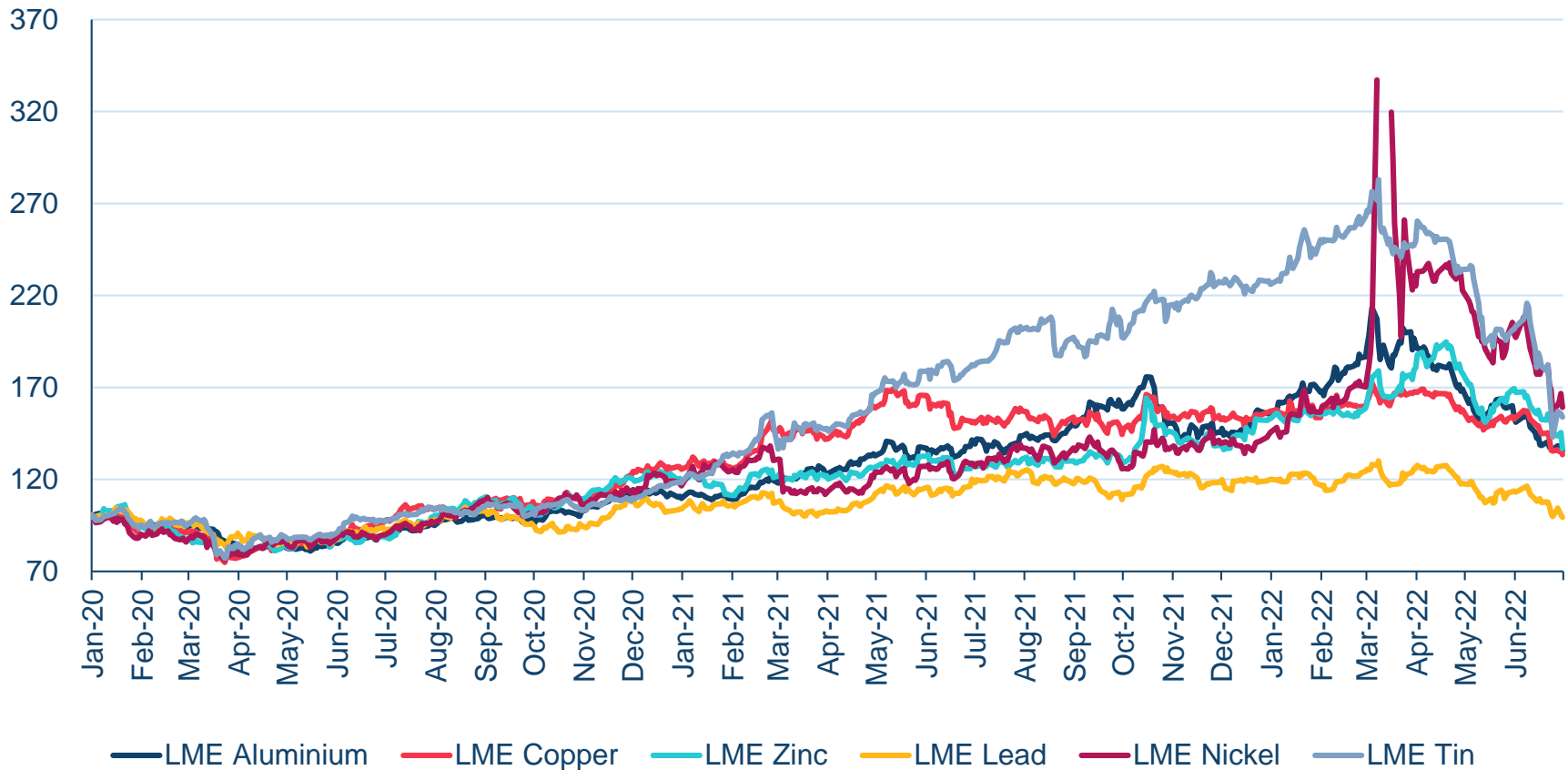
** <https://www.fca.org.uk/news/statements/uk-financial-regulation-authorities-london-metal-exchange-lme-clear>

Market overview

LME price developments

LME prices YTD

3M prices rebased to 100; 2 Jan 20

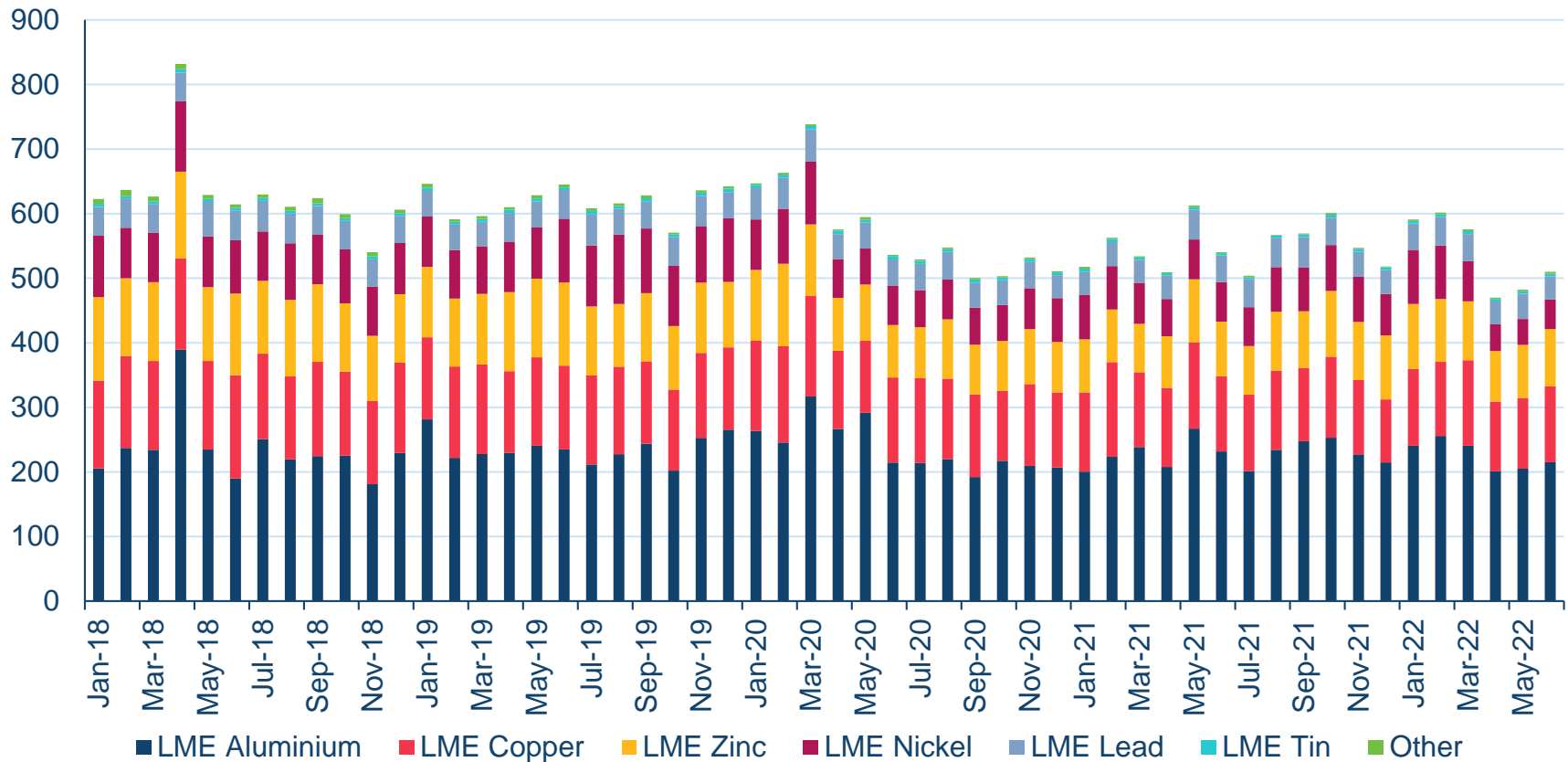


Data up to 30-06-2022

LME average daily monthly volume

LME average daily monthly volume

(Thousand lots per day)



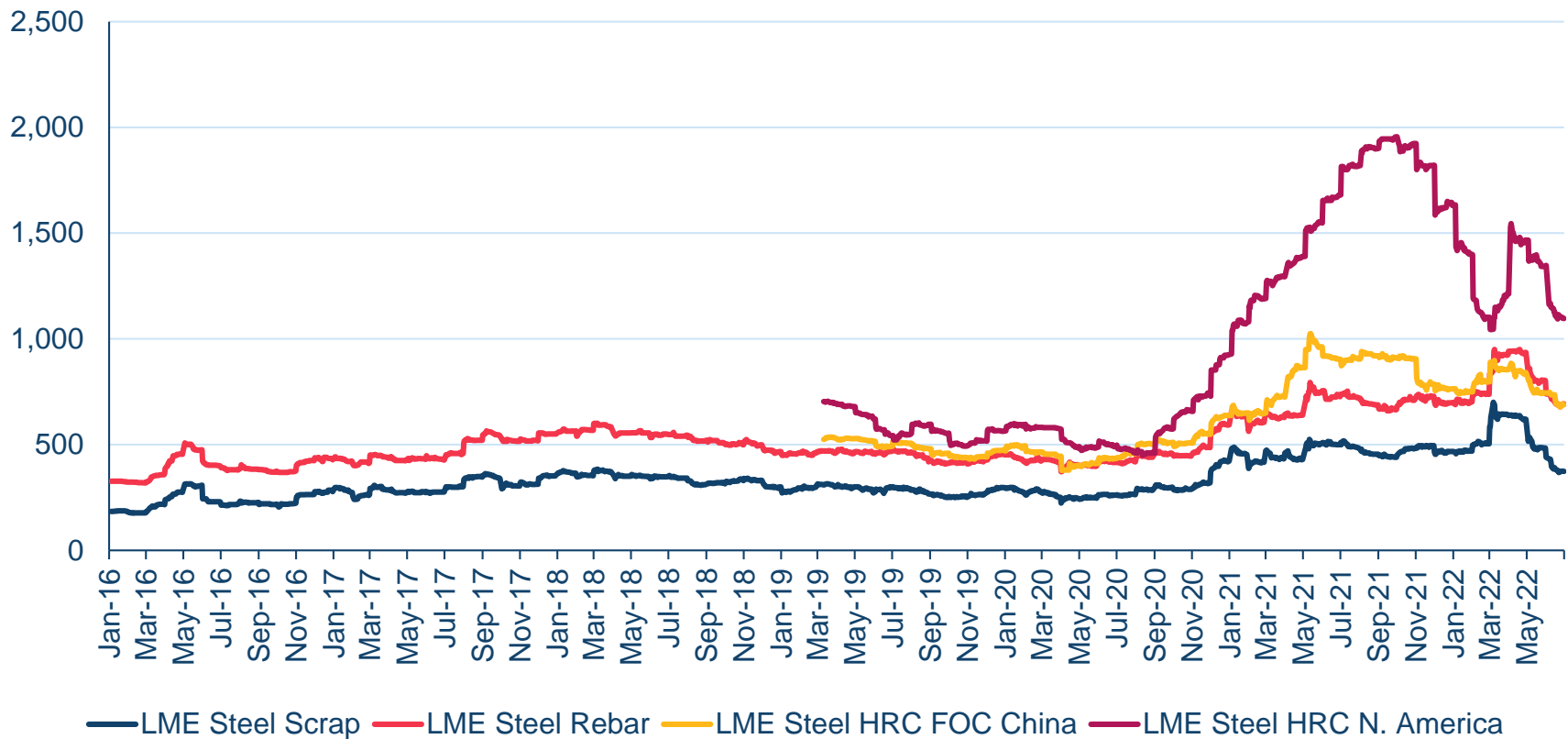
Data up to 30-06-22

Ferrous markets

LME ferrous market price summary

LME prices YTD

Prices rebased to 100; 2 Jan 20

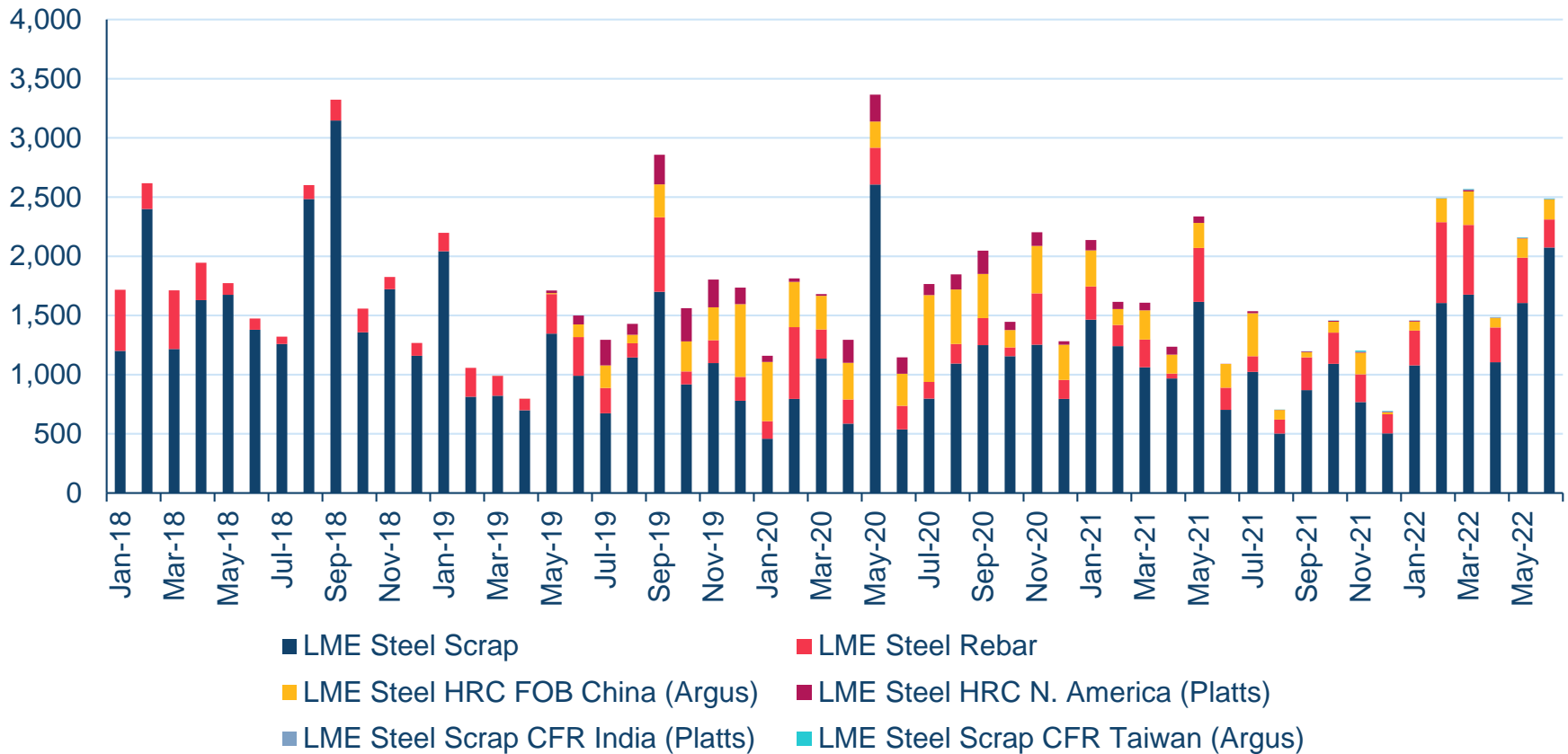


Data up to 30-06-2022
Month 2 prices

LME ferrous monthly volume

LME ferrous monthly volume

(Lots per day)



Source: LME

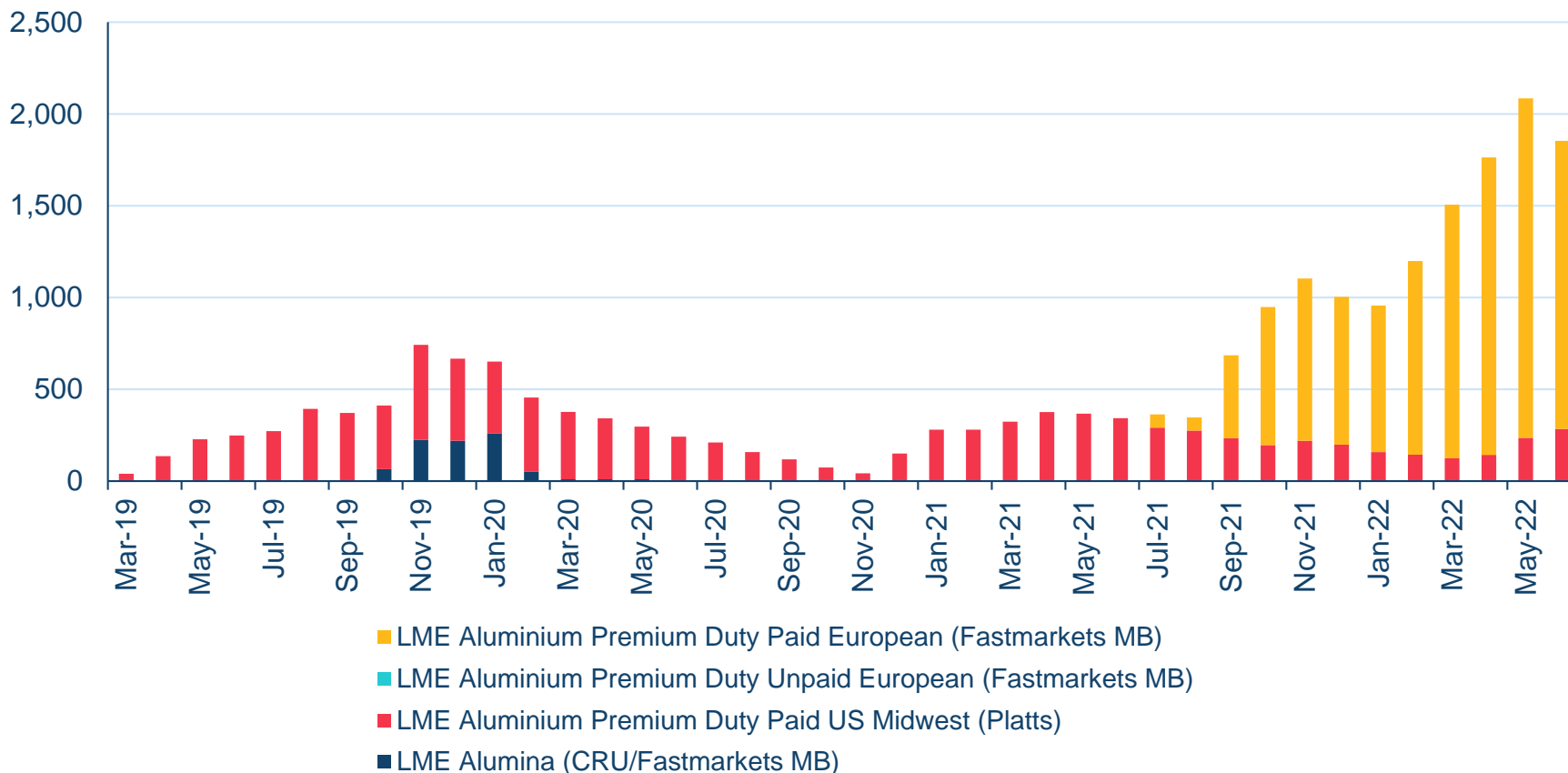
Data up to 30-06-22

LME Aluminium cash-settled products open interest

Aggregate Premium Open Interest reaching 2000 lots in May 2022

Open interest

Lots, last business day per month



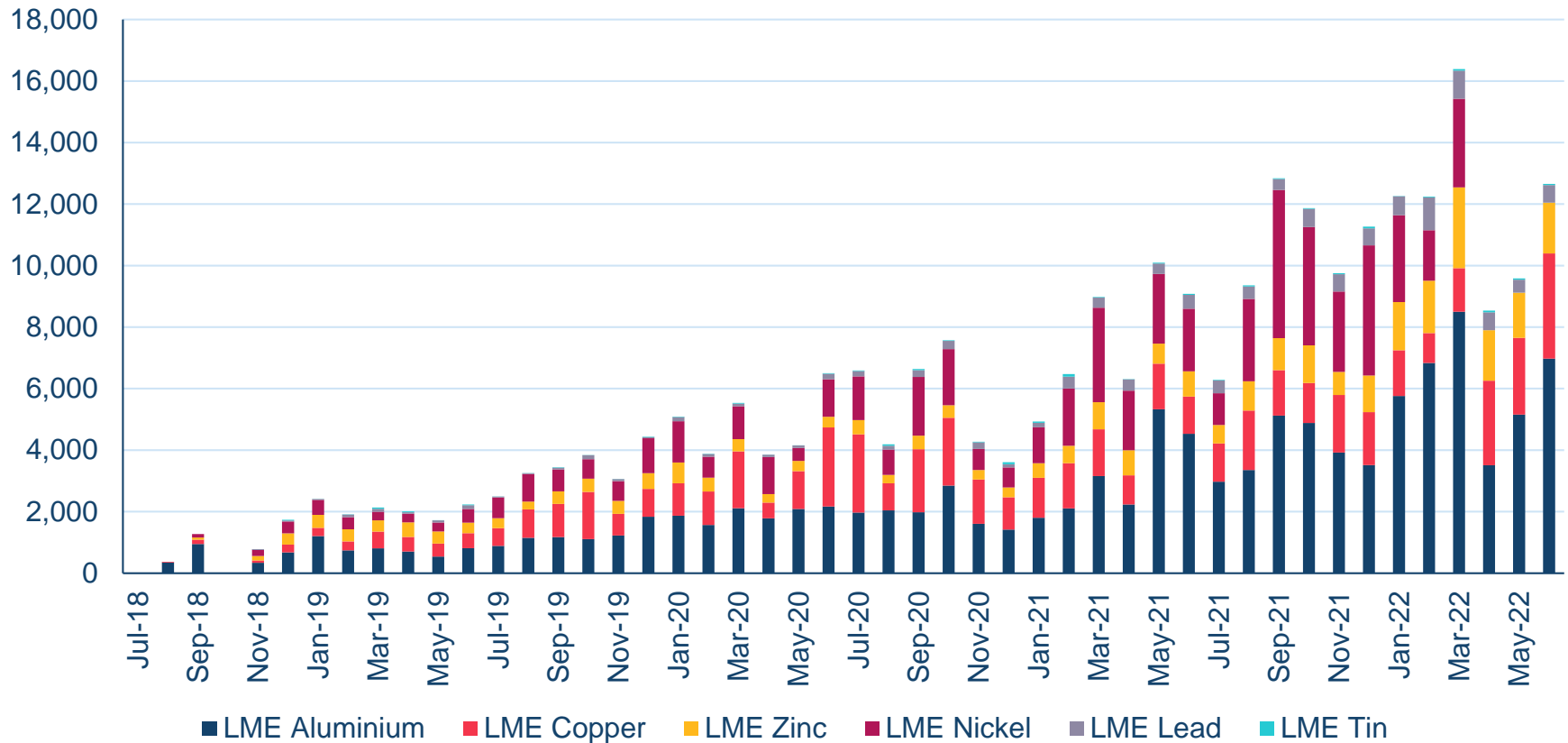
Source: LME EOI
Data up to 30-06-22

Implied markets

LME implied markets by metal

LME 3rd Wednesday implied volume

(Lots per month)



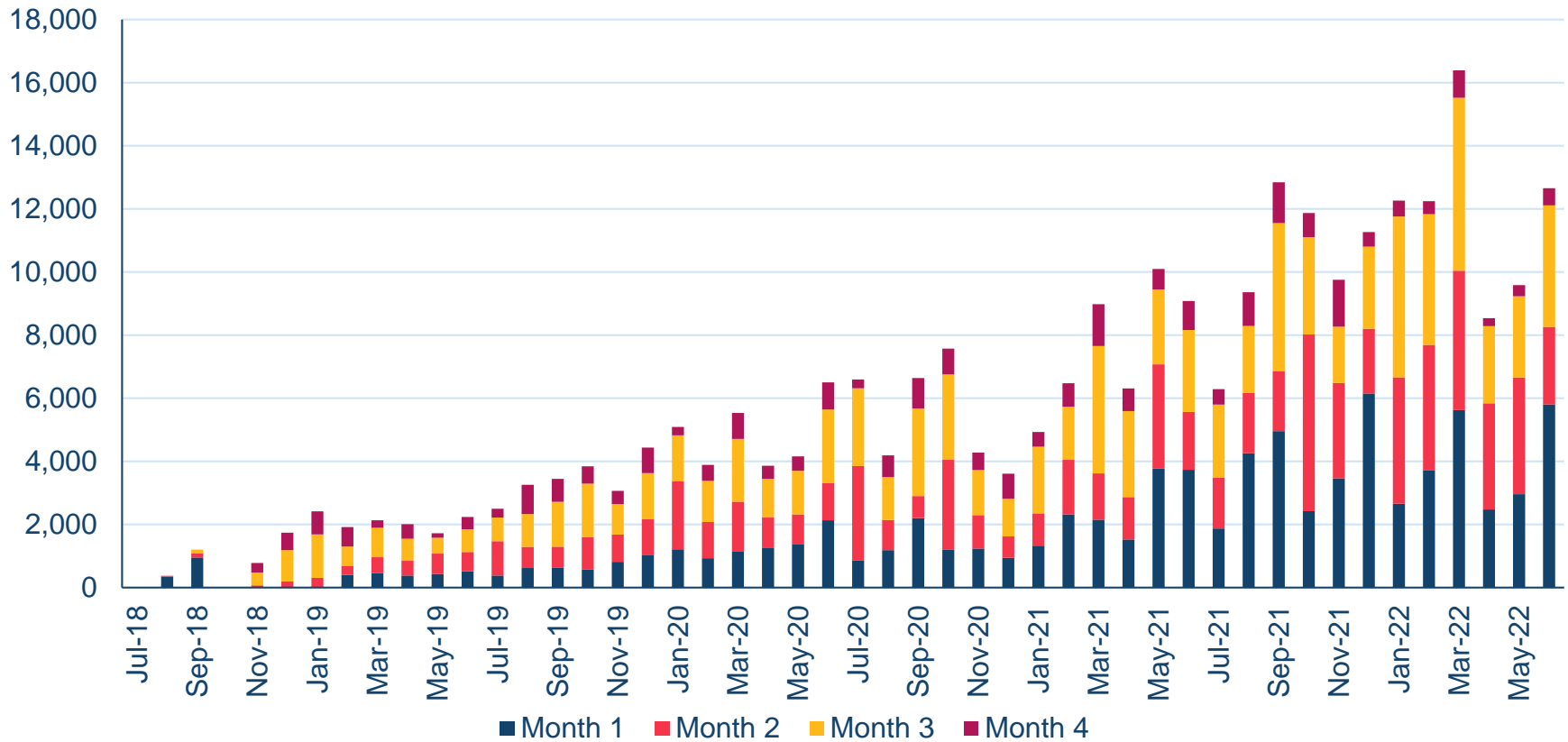
3W implied volume, excludes implied Cash trades

Data up to 30-06-22

LME implied markets by prompt

LME 3rd Wednesday implied volume

(Lots per month)



3W implied volume by expiry, excludes implied Cash trades

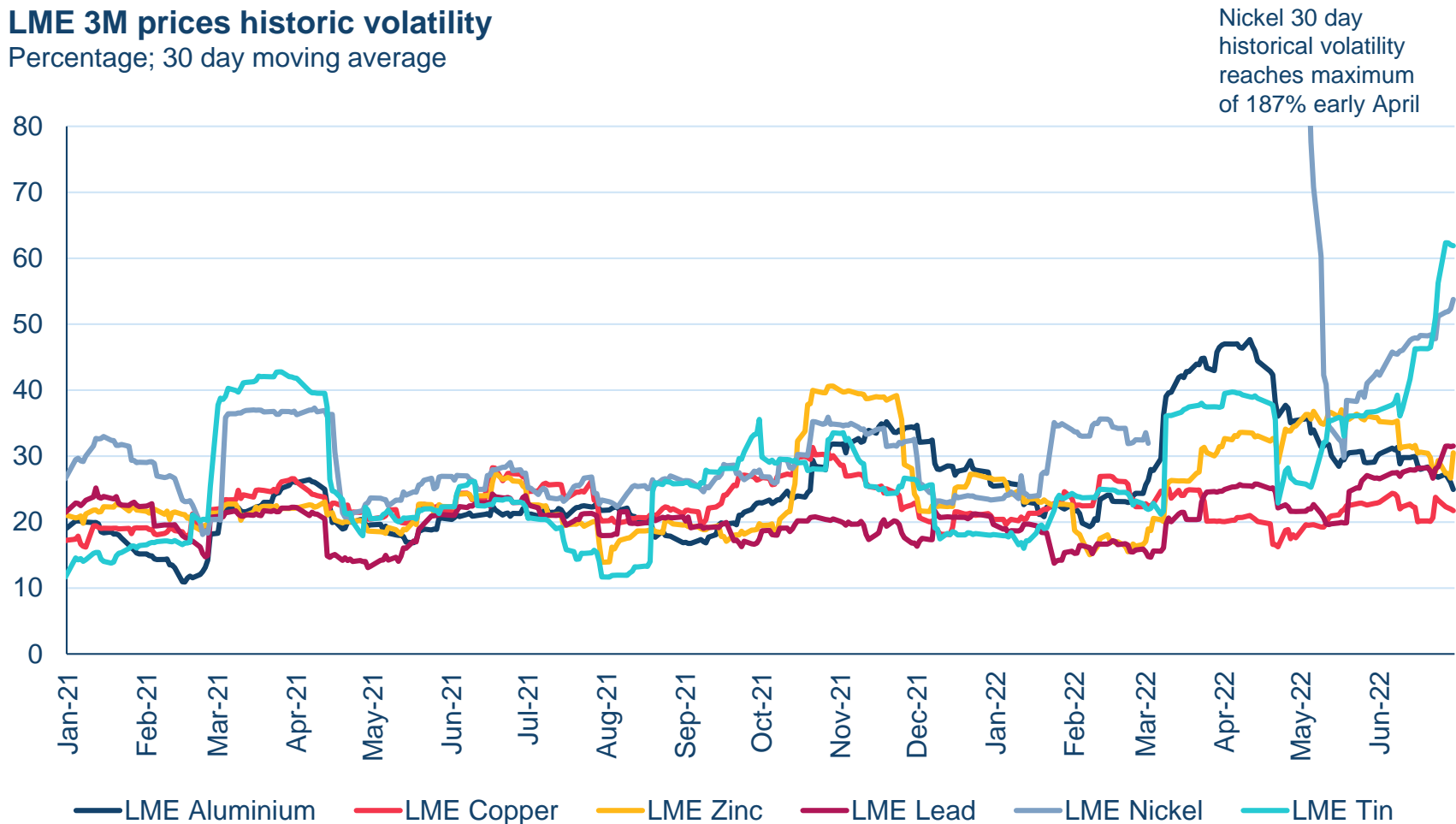
Data up to 30-06-22

LME options

LME prices historic volatility

LME 3M prices historic volatility

Percentage; 30 day moving average



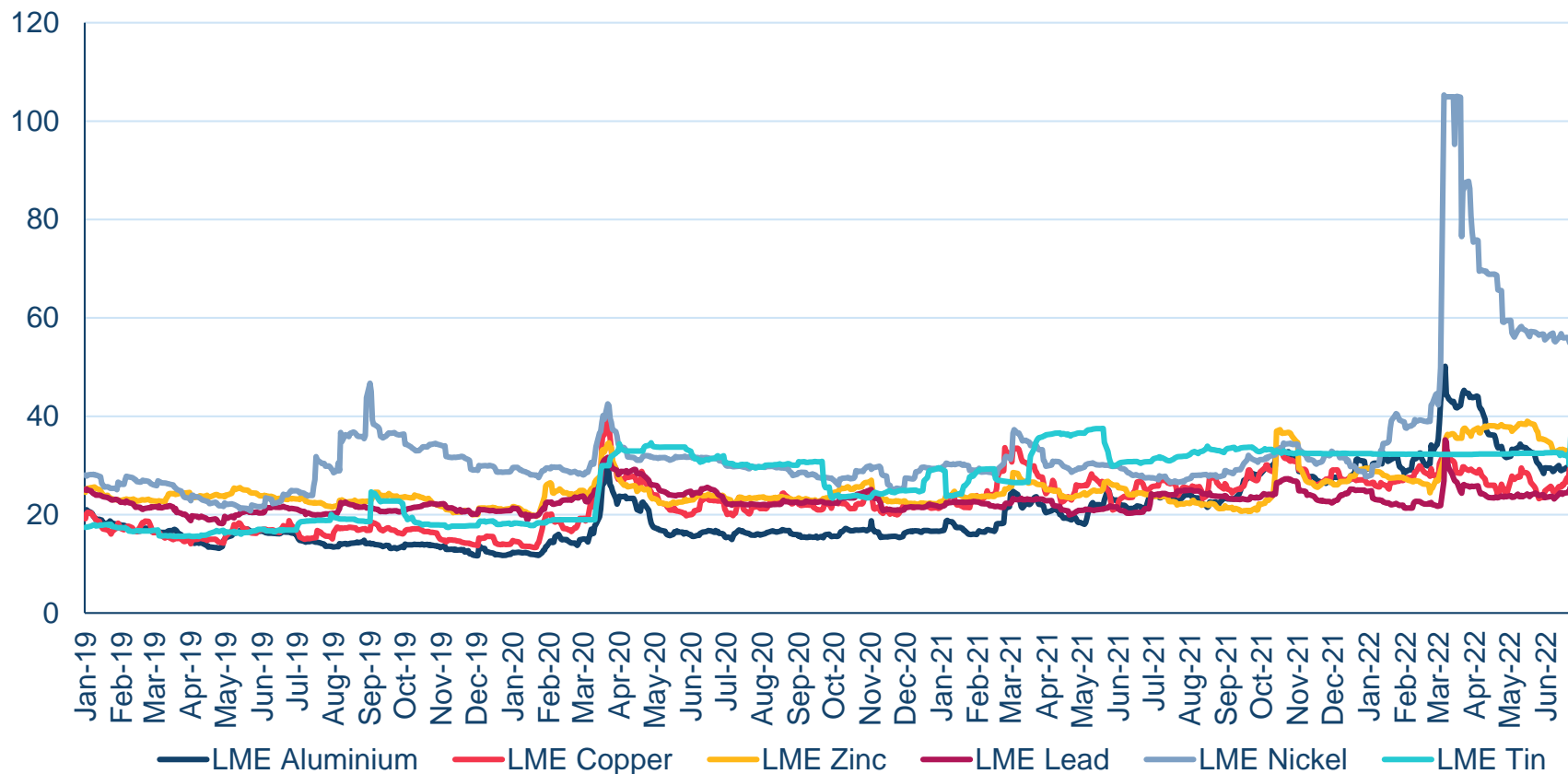
Data up to 30-Jun-22

Note LME Nickel suspended 8-16 Mar 22

LME base ATM volatility

ATM Volatility

Percentage; Second forward month



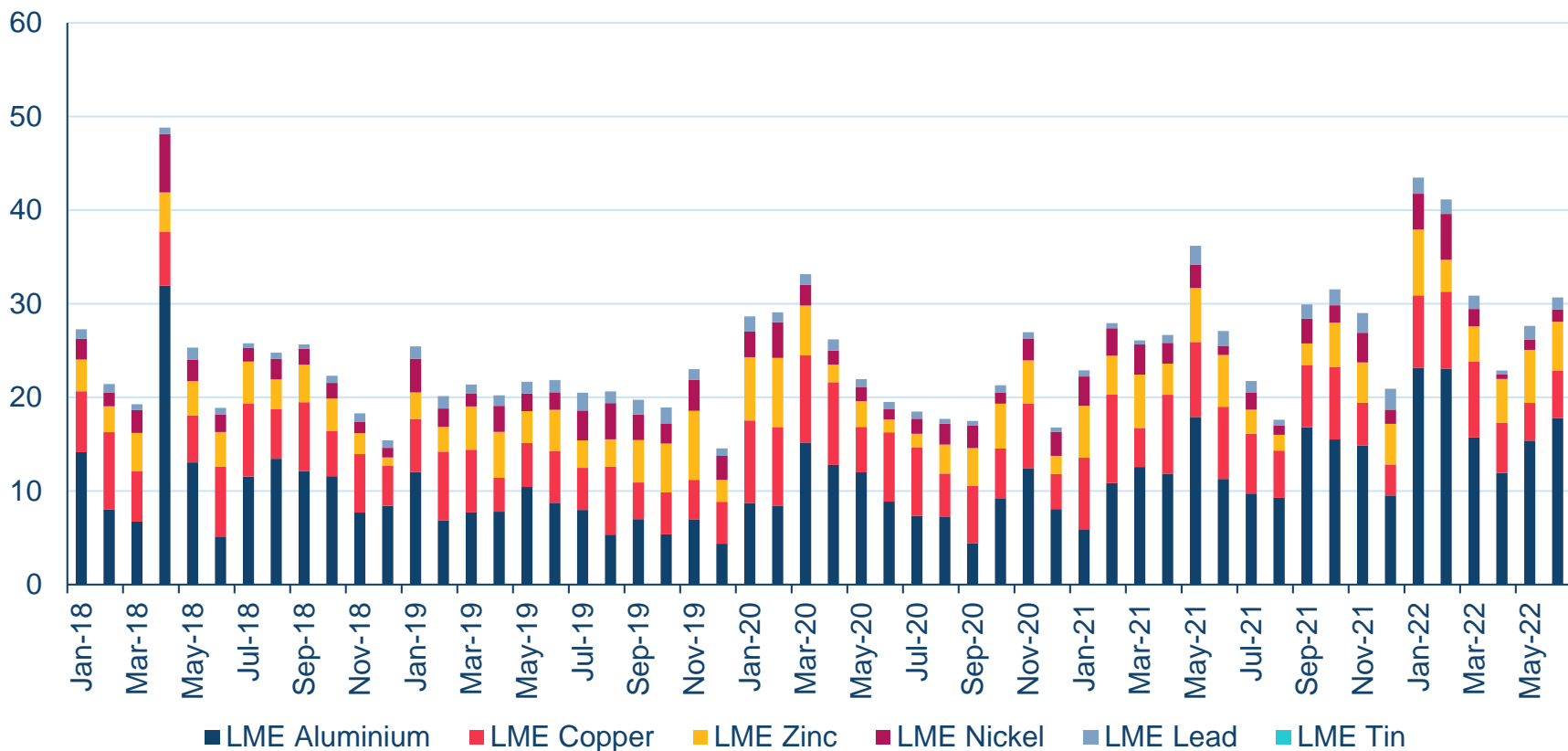
Data up to 30-06-22

Note LME Nickel suspended 8-16 Mar 22

Average daily monthly volumes

Average daily monthly volume

(Thousand lots per day); LME Options and TAPOs

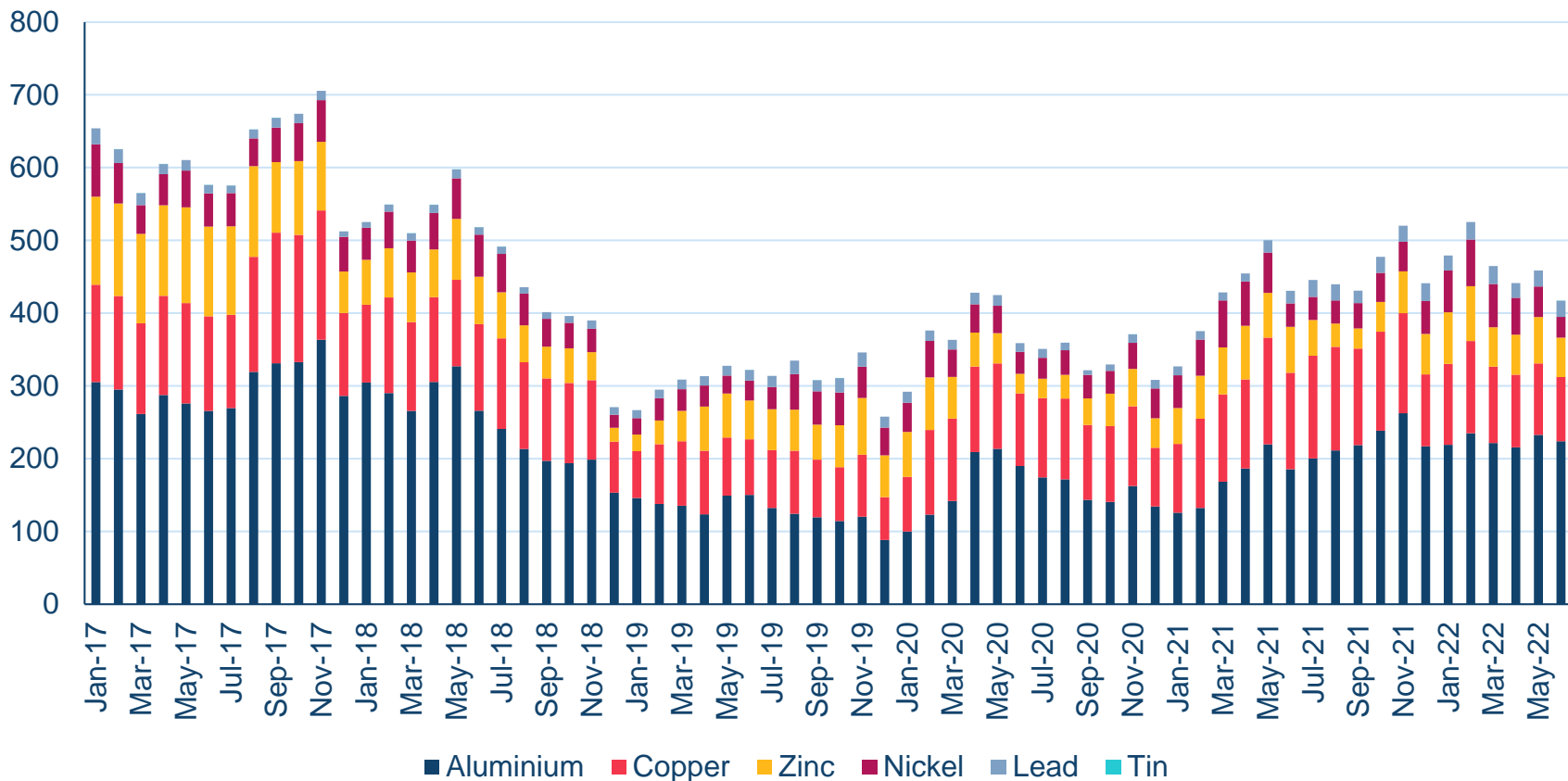


Data up to 30-06-22

LME Options and TAPOs open interest

Open interest

Average thousand lots per day; LME Options and TAPOs



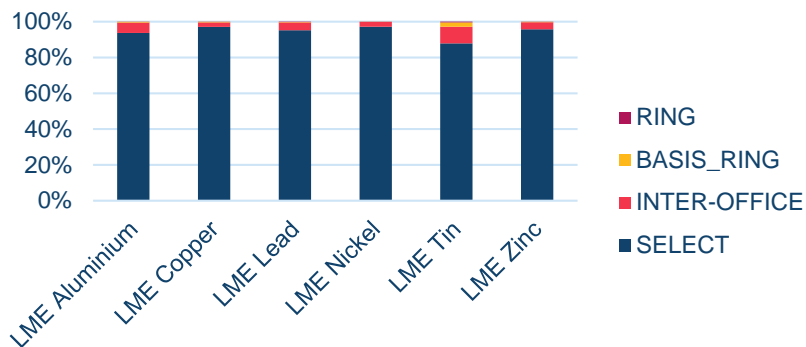
Data up to 30-06-22

LME Trading Volumes by Venue

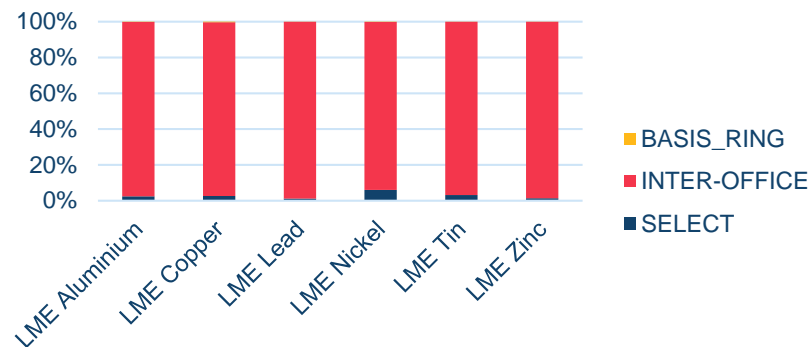
LME Trading by venue

3M outright contracts are mostly traded on LMEselect while the 3W outright contracts are transacted in the inter-office (broker) market. Medium dated carries trade between 55%-75% on LMEselect depending on the metal while long carries are mostly traded in the inter-office (broker) market.

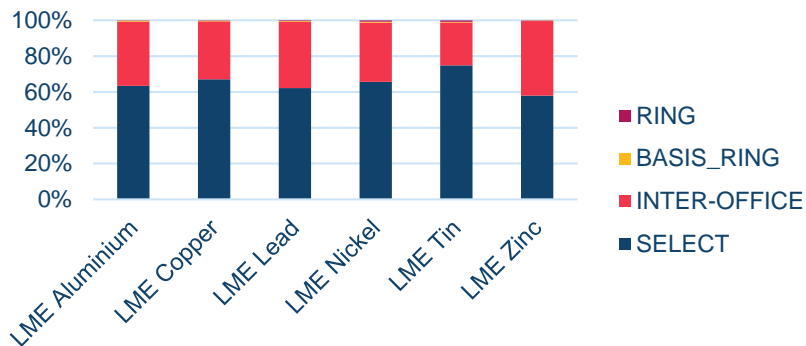
3M outright



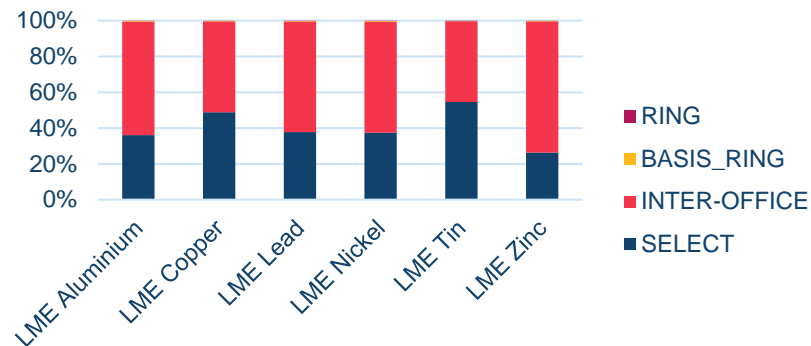
3rd Wednesday outright



Medium carries



Long carries



Source LME, Data for member trades excluding Give-ups and admin.

Data up to 30-06-22

Responsible sourcing & sustainability

LME responsibility and sustainability initiatives

The LME has several initiatives underway to support these goals

Initiatives

Responsible Sourcing

- Requirements for all brands listed for good delivery on the LME
- Path to OECD compliance and greater transparency
- 1st reporting deadline began on 30 June 2022
- Submissions are progressing well, with compliance currently at 86 %

LMEpassport

- Initially Warehouse responsible for registering COAs of warranted material. Contracts phased in starting with Primary Aluminium from 01 Oct 2021. Lead & Zinc from 1 June 2022.
- 1.65M cast numbers registered, over 25,000 COA documents since launch
- Producers required to register COAs for deliverable metal from 01 January 2024
- Producers voluntarily add sustainability credentials to LMEpassport. Corporate and Brand level data disclosed and can be linked to cast level

Metalshub

- LME base metals added to industrial metal procurement platform
- Linkage to data in LMEpassport
- LME futures can settle to Metalshub-discovered prices

LMEpassport: Producer Sustainability Profile

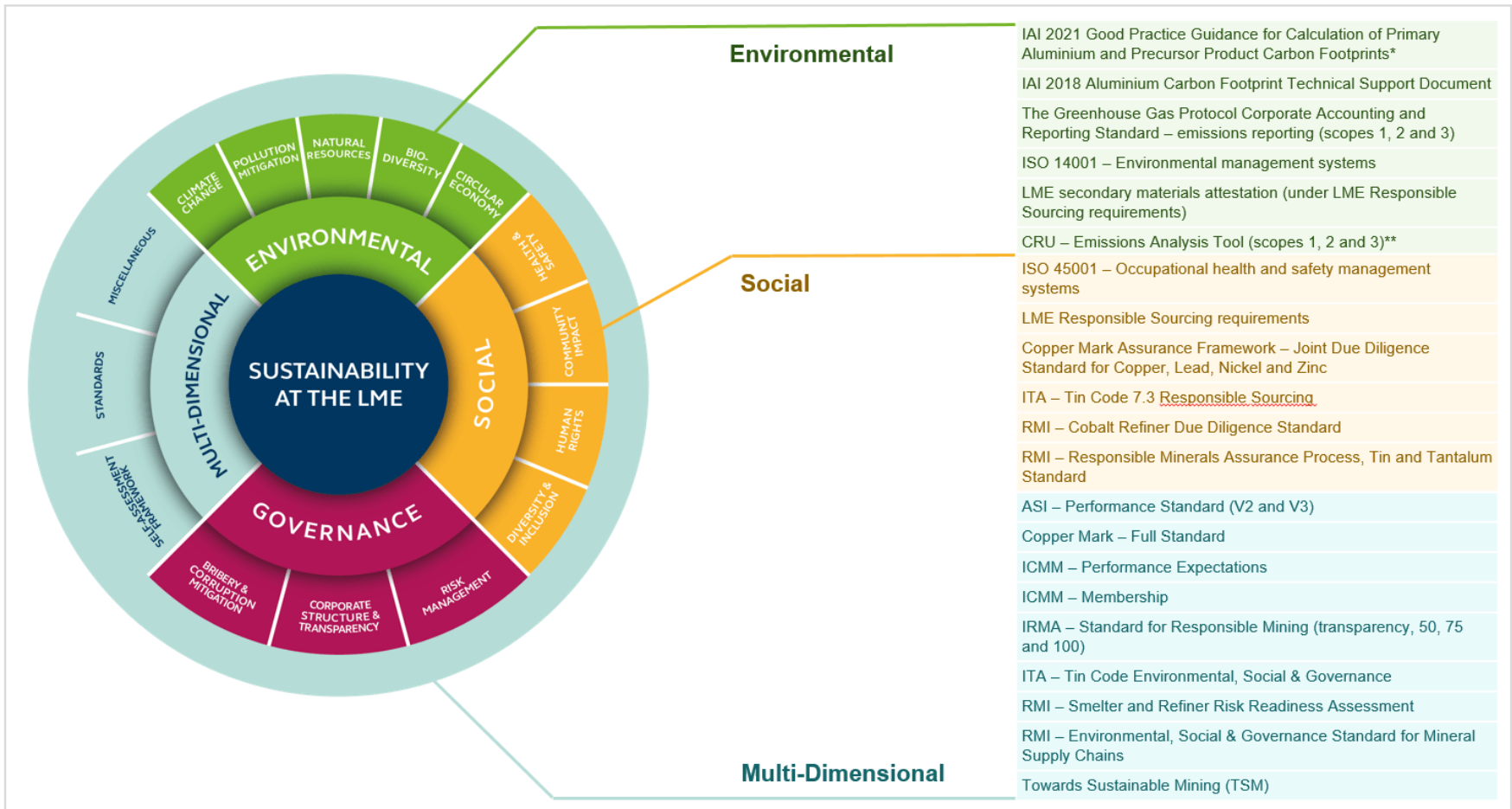
A dedicated page for producers to share and manage sustainability disclosures

THEME & SUB-THEME(S)	DISCLOSURE	METAL	INHERITANCE	LEVEL	DETAILS	TYPE	USER INPUT	METRIC LABEL / NOMINAL	PROOF POINT	FRAMEWORK EMPLOYED	VALIDITY	APPENDED BY	APPENDED DATE
Social - Health and safety	(ISO 45001 - Occupational Health & Safety)	PRIMARY NICKEL	Y	Brand	Brand	Certification				Same as Proof Point	01 Jan 00 - 04 Jan 20	lmepassport@lme.com	13 January, 2022 10:
Environmental - Climate Change	Emissions reporting aligned with Greenhouse Gas Protocols (scopes 1, 2 and 3)	PRIMARY NICKEL	N	Record	View	Metric	14.77	tonnes CO2-eq per metric tonne of produced metal		Same as Proof Point	01 Jan 15 - 01 Jan 22	lmepassport@lme.com	13 January, 2022 10:

New

- Four new sets of standards and certifications now available on LMEpassport
 - CRU Emissions Analysis Tool
 - ASI Performance Standard Certification
 - ICMM Performance Expectations
 - IRMA Standard for Responsible Mining
- Total of 30 producers and > 190 disclosures now listed on LMEpassport
- <https://www.lme.com/en/Company/Responsibility/Sustainability/Sustainability-disclosures-on-LMEpassport>

Sustainability data on LMEpassport



* In August 2021, the [IAI](#) published its "Good Practice for Calculation of Primary Aluminium and Precursor Product Carbon Footprints" (available for disclosure on LMEpassport). For future disclosures related to IAI emissions guidance, the LME encourages producers of LME aluminium brands to use this most recent guidance.

** The CRU Emissions Analysis Tool provides independently assessed smelter emission ranges for scopes 1 & 2 along with an additional scope 3 category related to purchased anodes

Metalshub nickel premium

Nickel Briquettes Premium Price Index

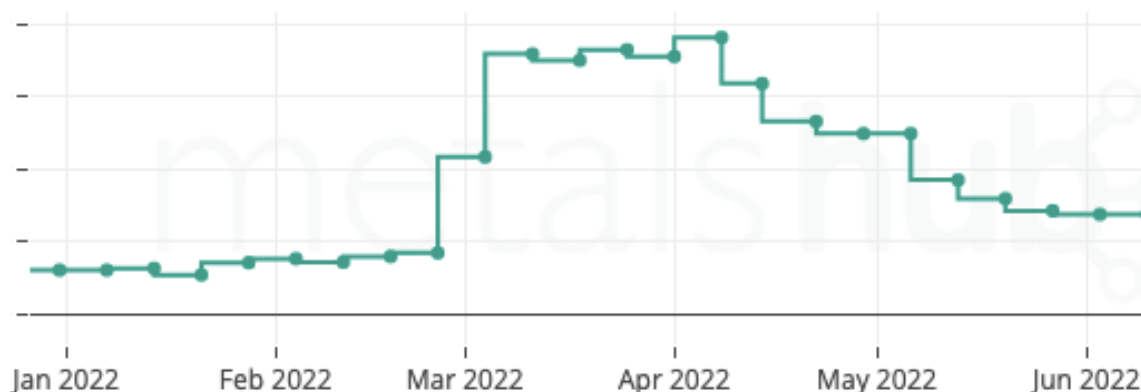
LME cooperation partner Metalshub launches Nickel briquette premium index

In previous updates we have informed you about the cooperation between the LME and Metalshub to facilitate price discovery in a transparent and transaction based manner.

Key features:

The Nickel Briquettes Premium Price Index is

- Based on real transactions
- Average weighted premium paid over LME price in Europe
- More than 5,000 mt of Ni Briquettes traded over Metalshub in 2021
- More than 120 legally binding deals per year
- Weekly updates



Source: Metalshub

<https://www.metals-hub.com/blog/metalshub-launches-new-nickel-premium-index/>



"We are delighted to be working with Metalshub and welcome the introduction of this premium index based on trading activity on their platform. Robust and transparently derived European nickel premiums contribute to the development of this market and are of immediate relevance at this time of heightened volatility."

- **Robin Martin**, LME Head of Market Development

Nickel Briquettes Premium

Specification: Nickel Briquettes, 99.5% Ni min

Quantity: min. 1 mt

Description: Average weighted premium (or discount) over the exchange price

Currency: USD

Unit: per mt Ni



Upcoming events schedule

The LME Team will attend the following events

Please contact sales@lme.com to set up a meeting at one of them

Date	Venue	Conference
13-15 Sept	Malaysia	1st Zinc Roundtable Asia Pacific
13-15 Sept	Barcelona	International Aluminium Conference
22-23 Sept	Barcelona	Fastmarkets Copper Conference 2022
27-29 Sept	Duesseldorf	Aluminium Exhibition
6 Oct	S. Korea	LME Korea
24 Oct	London	LME Week Seminar
25 Oct	London	LME Dinner
2 Nov	Australia	LME Downunder
29 Nov – 1 Dec	Cairo	Arab International Aluminium Conference
28 Nov	Singapore	LME Singapore Gala

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