



Maybe a little bit of history repeating?

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The last time the titanium feedstock sector was enjoying buoyant market conditions somewhat close to what it is now experiencing was back in 2010-2012. Although prices for mineral sands products are not at those lofty heights, there are similarities to the two periods.

This is particularly true for the zircon sector. Although prices are nowhere near the elevated levels at the peak of that period, prices are still high enough to warrant some concern and possible investigations into value-based alternatives. Zircon producers this time round are taking a more cautious approach to pricing, exercising more discipline with price increases and holding prices steady in line with market conditions.

There are differences too between this peak and the last – the global economy is quite dissimilar to almost 10 years ago. Growth rates in major economies are much lower most notably in China. Economic stimulus programs that were implemented to prevent a pending global depression are not as prevalent and infrastructure spend is far less as governments reign in expenditure in an era of more austerity.

At the time, there was renewed interest in the mineral sands sector from the financial community, particularly those projects that had high zircon content in the assemblage as significantly higher prices supported development. Increased demand for titanium feedstocks and zircon in China also lent support to the buoyant market.

Some of that activity is evident in today's mineral sands markets. Prices have increased for most titanium feedstock products and zircon prices have made a remarkable recovery sitting at close to US\$1,600 per tonne. Rutile and other high-grade feedstocks are in tight supply – boosted by a recovery in the TiO₂ pigment industry (mainly chloride pigment) in the past few years although the market has slowed in recent months – and this has supported higher prices. Ilmenite prices have also increased but not to the same extent as higher grade feedstocks.

What is different in the current market for mineral sands apart from the previously mentioned global economic conditions – which have had a major impact on the whole titanium value chain – is that the underlying demand conditions have changed. China in particular has much lower economic growth and has also decided to beef up its environmental credentials, cracking down on polluters and forcing companies to convert to natural gas from coal energy. This has had an impact on the TiO₂ pigment industry, flowing through to the feedstock sector. The zircon sector has been impacted by weaker demand in end-uses particularly ceramics which have been hard hit by environmental regulations and overall softer demand for tiles.

European economic growth is also much weaker than the last peak, with pigment markets only just starting to claw back from a major de-stocking in the industry and zircon markets steady but not growing. High-grade feedstocks are in tight supply as elsewhere.

In the current market, while there has been increased interest from the financial community with higher prices for most mineral sands' products, there does not seem to be the same appetite for funding new projects to address deficits looming in the coming years for some high-grade feedstocks and for zircon.

Perhaps it is just a sign of the more austere times we now live in.