

Aluminium Market Outlook: Reaching an Inflection Point?

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Abstract

The past year has been eventful for the aluminium market. Changing trade flows for primary metal following the ever tightening of sanctions on Russian metal and the recent Red Sea shipping crisis have moved both the LME price and physical premiums.

The short-term outlook for the market is clouded by uncertainty. Consumption looks set to disappoint in Europe and possibly the US with interest rate reductions pushed back further into 2024. Meanwhile, Chinese demand growth is expected to remain patchy with firm offtake from the energy transition sector counter balanced by weak demand from the construction sector. Against this background prices will struggle to show any strong momentum.

However, the next few years could turn out to be important pivot points for the longer-term outlook for the aluminium market. We will assess the impact of Carbon Border Adjustment Mechanism (CBAM) on the European aluminium market as well provide analysis on a 1.5 °C and 2.0 °C global warming increase climate scenarios.

Keywords: Aluminium, Prices, Supply, Demand, Forecasts.