



## Turbulent times

### All that glitters is not gold

But nevertheless there is number of metals that have some good potential for the years ahead. Similar to oil it is rather unlikely that prices will crash through the floor. In particular this applies for metals that are highly demanded by the industry and essential for certain High-Tec applications. Gallium and Indium are just two of these metals. Sooner or later producers need to once again earn some money.

### Growth driver aviation

Without Rhenium and Hafnium no new-generation aeroplane will take off. No state-of-the-art jet engines will use less fuel and will be more environment-friendly if they don't use these metals. In 2015 Airbus and Boeing have signed new orders for more than 1,800 aeroplanes. On top of this the lifting of the Iran sanctions early this year will give this market another boost. And not to forget new developments in China and Russia. For all those aircraft manufacturers new carbon emission rules will apply. These rules have just been released by the United Nations and should contribute to increasing demand for these metals.

### Growth driver automotive

As a result of the Volkswagen scandal there are growing efforts for alternative engines. Whether it is fuel cells, hybrid or electric cars, they all will drive the demand for strategic metals such as Neodymium, Dysprosium and Gallium. These days there is some serious discussion in Germany between politics and car manufacturers about financial incentives for the purchase of electric vehicles. If results will be positive it should give a significant boost for this technology.

In China a similar program helped pushing the output of new energy vehicles in 2015 to a four-fold compared to the previous year. Another duplication is planned for 2016. Moreover, a support of new energy vehicles is going to be a key issue in China's next five-year-plan.

### New tracing system – viewed positively

As we already know China's Government has taken on the challenge to crack down on illegal mining and production. Since 2014 Beijing has taken a number of measures to protect their economy and environment. Now they have introduced a new tracing system to certify the Origin of rare earths. Apart from this consolidation of the legal companies into six large state-owned groups is scheduled to be completed by mid-2016. Little imagination is required to predict an increase in prices in case those measures will be implemented consistently.

#### Links:

- [http://www.chinadaily.com.cn/cndy/2016-01/18/content\\_23126506.htm](http://www.chinadaily.com.cn/cndy/2016-01/18/content_23126506.htm)
- <http://www.bloomberg.com/news/articles/2016-02-09/aircraft-carbon-emissions-rules-proposed-by-united-nations-panel>
- <http://www.reuters.com/article/rareearths-china-idUSL3N15D278>