

# RusAl Expects Record Aluminum Prices for Q3

By [The Moscow Times](#)

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LONDON — Loss-making Chinese aluminum producers are expected to cut 3.5 million tons of output this year, helping to tighten supply and sending premiums for physical metal to fresh record peaks, a Rusal executive said earlier this week.

Deputy CEO Oleg Mukhamedshin of the Russian producer forecast in a telephone interview that a shortage of available physical metal would push up premiums as much as 50 percent.

"Taking into account the expected deficit and due to expected production cuts, we think the premium can easily reach a new record high well above \$500. In the third quarter we can see new records, even \$600 would not be out of the question," Mukhamedshin said.

Capacity cuts in China, the world biggest producer and consumer of aluminum, would be driven by higher material costs following a ban on unprocessed ore exports by Indonesia and by Chinese banks unhappy with outstanding loans, he added.

"We expect more production cuts," he said. "The banks are very unhappy with the situation and cannot continue to roll over these bad loans."

RusAl, one of the world's biggest aluminum producers, estimates that China has already cut 2.1 million tons of production so far and will cut another 1.5 million tons before the end of the year, out of total annualized output of around 27 million tons.

This would lead to a largely balanced market in China and a deficit in the rest of the world of about 1.4 million ton this year, Mukhamedshin said.

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