

Norilsk to Seal Palladium Deal With Russia's Central Bank by Year's End

By [The Moscow Times](#)

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Norilsk, also one of the world's leading Nickel producers, is hoping to agree a deal with the Shanghai Futures Exchange to provide nickel for delivery against its futures contracts in the next few months.

LONDON — Norilsk Nickel and other investors aim to complete their purchase of palladium from Russia's Central Bank stockpile by the end of this year, a deputy chief executive of the producer said on Monday.

The company also hopes to deliver nickel to the Shanghai Futures Exchange, and will explore potential options for non-core assets, including part of its polar division and upstream gas assets.

Norilsk, the world's largest palladium producer, proposed the scheme to the Central Bank last year as part of its efforts to guarantee stock availability for long-term customers and to increase market transparency, adding that the pool of potential investors and financing could bring in up to \$2 billion.

"In terms of the existing stockpile, we are working very actively with the Russian Central Bank because our understanding is that they are a sizable holder of palladium resources," Pavel Fedorov told Reuters in an interview in London.

"But [that is] something that is quite digestible by the market, should that be sold," he added.

Fedorov said capital for the purchase would be raised via cash as opposed to a platinum swap.

He added that there was agreement from the political level, and that the approval process was being worked through with the Central Bank.

"Once that is in place, we will detail the offer mechanisms," he said.

Fedorov said Norilsk had a number of offers for financing, including from large financial institutions, and would put in up to \$200 million of its own equity.

The volume of palladium held by the central bank is a state secret but the institution holds one of the world's biggest gold and foreign exchange reserves.

Shanghai Exchange, Polar Options

Norilsk, also one of the world's leading Nickel producers, is hoping to agree a deal with the Shanghai Futures Exchange to provide nickel for delivery against its futures contracts in the next few months, Fedorov said.

"Our long-term focus is to help sponsor the development of the Chinese commodity market and ShFE is our key partner," he said.

"Their platform is growing and exciting and our dialogue with them is really not about nickel, it's a much broader discussion on platinum, palladium and gold as well as nickel," Fedorov added.

The company is also exploring strategic alternatives for the underperforming southern section of its polar division, which produces about 4 percent of the company's output.

Options include spinning it off as a stand-alone company, selling it or forming an equity partnership, he added.

Fedorov said two other assets were part of the strategic review, its upstream gas assets and the Arkhangelsk Sea Port, which is due to be sold.

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