

# A ROBUST, TRANSPARENT REFERENCE PRICE FOR SMELTER GRADE ALUMINA (SGA) DERIVED FROM DAILY MARKET-CLEARING TRANSACTIONS IN CHINA'S DOMESTIC ALUMINA REFINING INDUSTRY

# CMAAX

## NEW ALUMINA PRICE INDEX TO BE LAUNCHED IN CHINA Beijing, China, October 7 2010

C&M is pleased to announce that, beginning November 1st 2010, it will publish a daily Chinese price index for Smelter Grade Alumina (SGA). The index, known as CMAAX, will be generated by C&M in conjunction with Aladdiny, a Chinese information service provider.

CMAAX will be a robust, transparent reference price for SGA, based on daily transaction data acquired in China's spot market. It will represent a fully independent and impartial assessment of China's SGA market, generated and published by C&M.

The daily CMAAX price will be quoted in RMB per tonne of SGA, ex-works and inclusive of China's 17% Value Added Tax (VAT).

Responding to questions about the new index, Alan Clark, MD of C&M, stated that industry interest outside of China had also been high and generally supportive of the CMAAX initiative. "We believe that the non-Chinese players, both buyers and sellers, are likely to be interested in this index, particularly since we can capture a large volume of the third party market and reflect transparent and reliable data."

"With China now the largest alumina producing and consuming nation, it's the natural home for an index of this type. Chinese pricing has a growing impact on world alumina pricing, so we believe that an index of this nature would be valuable for non-Chinese producers, traders and consumers of alumina," Mr Clark said.

"We estimate China's total alumina supply in 2010 at around 29 million tonnes, of which around 40% to 50% will be third party traded. Initially we're aiming to collect between 30% and 40% of the traded market, representing between 300,000 and 400,000 tonnes per month. This should provide us with the liquidity we need to generate a meaningful daily index price. China's spot market is quite active and liquidity issues, which might present difficulties in generating a similar index in other regions, should be less of an issue in China", Mr Clark said.

CMAAX will publish a daily ex-works spot price for SGA, which will be a weighted average price based on ex-works daily SGA prices from the provinces of Shanxi, Henan, Shandong, Chongqing, Guizhou and Guangxi. The CMAAX price will be updated and published daily on [www.cmaax.com](http://www.cmaax.com) together with news relevant to China's alumina and primary aluminium industries.

CMAAX will also provide commentary and in-depth analysis to accompany any significant fluctuations in the Index.

Calculation methodology for the index and the raw data used to generate it will both be fully auditable by a third party international accounting firm.

"We're delighted to be cooperating with Aladdiny on this initiative", Mr Clark added. "Between the two companies, we have the capability to gather, analyse, generate and publish an accurate, world-class alumina index".

The CMAAX website will be a subscription-based service. Further details about the service are available for download directly from the website.

# CMAAX

## About C&M

C&M is an expert business consultancy specialising in supply-side commodity analysis. Operating for over a decade and headquartered in Australia, the company established an office in Beijing in 2002 with the objective of creating world-class commodity information gathering and research capabilities in China.

C&M's analyses cover a growing list of commodity and base metals industries, including aluminium, zinc, molybdenum, manganese, magnesium, tungsten and nickel.

For more information visit our website at [www.clarkandmarron.com.au](http://www.clarkandmarron.com.au)

## About Aladdiny

Aladdiny is an information service provider and a subsidiary of the China Industries & Enterprises Competitiveness Research Center, through the Chinese Academy of Social Sciences (CASS).

With strong professional support from CASS, Aladdiny is engaged in monitoring Chinese industry dynamics through prices, business research and analysis, as well as tracking the operating status of various Chinese and non-Chinese organizations in China.

Aladdiny specialises in providing industry data analysis, in-depth analytical reports and reports on special subjects. The industries Aladdiny cover include metallurgical materials, iron & steel, non-ferrous metals and petrochemicals.

For more information visit our website at [www.aladdiny.com](http://www.aladdiny.com)

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