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BMI unpacks key mining, metal trends forecast for 2024

4TH DECEMBER 2023 BY: MARLENY ARNOLDI - DEPUTY EDITOR ONLINE



China's economic growth is forecast to slow to 4.7% in 2024, compared with 5.2% this year.

Research agency BMI expects only a slight improvement to mineral and metals prices next year owing to

continued weak demand in mainland China and overall global growth deceleration.

Global growth is anticipated to reach 2.6% this year and 2.1% in 2024, while Chinese gross domestic product growth is expected to be 4.7% in 2024, compared with 5.2% this year.

BMI holds a positive outlook for tin, aluminium, copper, lead,

steel, coking coal and iron-ore in 2024, with nickel and zinc expected to underperform owing to excess market supply.

The decline in dollar strength in the second half of 2024 will add support to copper, aluminium and tin prices in particular, BMI notes. In turn, a turnaround in the Chinese property sector with some form of stimulus from government will support metal prices including for iron-ore.

On the critical minerals side, BMI expects heightened concerns over critical mineral resource security in major economies to continue driving the introduction of policies aimed at developing stable and reliable supply chains.

Currently, the mining and processing of key transition metals is highly geographically concentrated, presenting downside risks to the stability of global supply. In 2022, China produced 42% of global refined copper output, 17% of refined nickel output, 74% of global refined cobalt output and 65% of refined lithium output.

BMI deems it likely that more funds will be allocated towards increasing domestic critical mineral production in 2024, as was the case in 2022 and this year. BMI also expects major economies to work with resource-rich countries to develop new projects for secure supply.

On the other hand, BMI adds resource-rich countries will likely drive resource nationalism at government level, which increases the likelihood of higher taxes and more stringent mining regulations.

MERGERS AND ACQUISITIONS

BMI says mergers and acquisitions (M&A) will continue to be prevalent in the metals and mining sector in 2024, driven by the global energy transition and industry consolidation trends.

Consolidation is among the efforts companies are using to bridge the pending critical mineral supply gap.

Up to the end of November this year, deal activity remained robust, approaching the highest level seen in the last decade. Much of the strong M&A activity in 2022 and 2023 was centred around the critical metals industry, with copper accounting for 11% of the total year-to-date deal value.

The largest transactions in the industry include BHP's acquisition of OZ Minerals in May for \$6.4-billion which boosted its copper and nickel portfolio, as well as Rio Tinto's takeover of Turquoise Hill Resources in December 2022, which strengthened its access to copper resources through greater control over the Oyu Tolgoi project in Mongolia.

Additionally, a proposed merger between lithium miners Livent and Allkem valued at \$10.6-billion aims to form a leading lithium producer, reinforcing the industry consolidation trend in response to the rising demand for green metals.

ESG AND TECHNOLOGY

Moreover, BMI also expects environment, social and governance (ESG) scores to remain a top concern for companies, as pressure grows to reduce carbon emissions and mitigate the negative

impact of mining on local communities and the environment.

BMI explains that companies that are failing to commit to improving ESG standards risk reducing investment attractiveness and losing their licence to operate.

Mining companies will also keep adopting advanced technologies such as artificial intelligence, autonomous vehicles and drones to enhance efficiency and safety, as well as competitiveness.

DEEP-SEA INTEREST

Growing demand for critical minerals is creating incentives for investment in offshore mining, with deep-sea mining regulation discussions set to continue in 2024.

In fact, BMI believes deep-sea mining will gain considerable interest in 2024 as the ongoing discussion around seabed mining regulation is on the brink of a much-anticipated resolution, with the first commercial permit to exploit this untapped frontier to be possibly granted.

The International Seabed Authority (ISA), an organisation that governs the deep-sea mining industry, was expected to finalise the legal rules by the end of July, but several discussions postponed the adoption of rules to 2025.

However, this leaves a legal loophole that is known as a “two-year rule”, allowing miners to apply for commercial permits in 2024.

The Metals Company intends to submit an application for exploitation after the ISA meeting in July 2024 and plans to start production by the end of 2025. 🇷🇺

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