



US primary aluminium production set to drop

US primary aluminium production will drop to 0.8Mt in 2016, down from 1.6Mt in 2015. The strong US dollar, relatively high power prices, and low metal prices are behind this major reduction in output. Ingot production will be the hardest hit, but the continuation of slab casting at Alcoa's Warrick plant will lessen the impact on slab. The large fall in US ingot supply will ratchet up the need for ingot imports to meet demand. Despite the best regional dynamics, billet and primary foundry alloy up charges in the USA will not rise in Q2, as high netbacks (the margin a producer earns) on low ocean freight rates encourage higher exports to the USA.



In the USA, ingot demand will surge in H2 2016 as Alcoa halts primary production at its Warrick smelter but keeps the plant's slab casthouse operational with remelt ingot replacing liquid metal. At the same time, US ingot production will drop to 105,000t in 2016, down from over 500,000t in 2015. The sharp fall in production is due to the full closures of ingot producing smelters at

Wenatchee and New Madrid and reduced ingot production elsewhere.

US spot billet premiums for 6063 material delivered Midwest at 11.5¢/lb are below the 2016 contract premium of 12.5¢/lb and will come under further pressure in Q2. Spot market activity in the USA has dried up and imports continue to rise, building on the 11.5 per cent y-o-y surge in 2015 to 790,000t for the full year. The implied German billet upcharge remains below this level and after accounting for the 4 per cent European import duty on billet, the US still remains the most attractive export market, for Russian and GCC producers.

Constellium N.V announces opening of UTC

Constellium N.V. has announced the opening of the Constellium University Technology Center (UTC) at Brunel University London, a dedicated center of excellence for the design, development and prototyping of aluminium alloys and automotive structural components. Featuring industrial size aluminium casting and extrusion equipment in the first phase, the Constellium UTC will provide rapid prototyping capability that is expected to reduce development times by at least 50% for advanced aluminium alloys required for the continued lightweighting of automotive structural components.

The newly developed alloy and process technologies are expected to be transferred to Constellium's extrusion and automotive structures plants worldwide, thereby closing the gap between fundamental R&D and series production.

"As the leading Tier 1 supplier of aluminium structural components to the global automotive market, and a leader in innovation in our industry, we are excited about the advantages Constellium's University Technology Center will offer to automakers," stated Paul Warton, President of Constellium's Automotive Structures and Industry business unit. "A one-of-a-kind center of excellence, the Constellium UTC will allow us to prototype alloys and components on full-scale equipment with unprecedented speed and time to market."

In partnership with Brunel University London, Constellium will develop the scientists and engineers of the future through



a fellowship program for PhD students and post-doctoral fellows. A dedicated team of 15 Constellium researchers, engineers and technicians will apply the latest breakthroughs in material science research to practical solutions for future vehicle programs. With the new stronger alloy portfolio, Constellium is expected to design, develop and deliver lightweight, high-strength aluminium automotive structures and Crash Management Systems to help automakers improve fuel economy and reduce CO2 emissions in order to meet more stringent regulations. These new developments, based on 6000-series alloys, will help improve recyclability through their compositional compatibility with presently used alloy grades.

Today also marks the opening of the "Advanced Metal Casting Centre" (AMCC), a research facility located on the Brunel University London campus, which is focused on developing lightweight, high-performance aluminium alloys for the automotive and rail industries. Managed by Brunel University London, Jaguar Land Rover and Constellium, the AMCC will be expanded next year with the addition of the "Advanced Metal Processing Centre" (AMPC) to include fabrication and testing of aluminium automotive structural components. The Constellium University Technology Center at Brunel is expected to provide a fully integrated rapid prototyping capability from alloy development to full component manufacture in a single location. These developments aim at strengthening Constellium's presence in the global automotive market both for advanced aluminium extruded and Body-in-White rolled products.

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