FLASH NEWS – COMMODITIES

Nickel has a future despite low prices

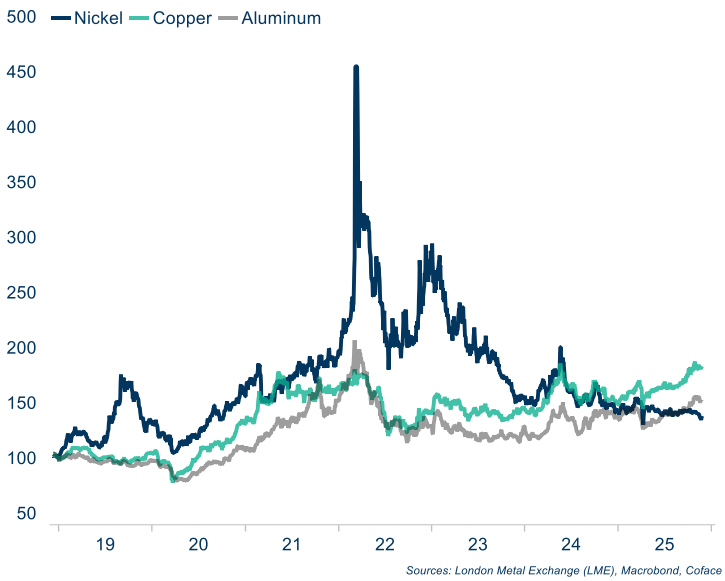
Paris, 28th November 2025: Nickel prices (LME, refined grade 1) fell to **USD 14,280 per ton** on 21 November, **down 9.5% year-on-year**, reaching their lowest level since October 2020 and underperforming compared to other base metals such as copper and aluminum (**Figure 1**)

'*In the short term, prices are expected to remain close to their current lows, around $14,000/ton in the first quarter of 2026*,' says Simon Lacoume, sector economist.

Persistent Supply Surplus driven by Indonesia

This downward pressure is mainly driven by a **global surplus**, fueled by strong output – mainly ferronickel (NPI) in Indonesia and nickel sulfate and anode materials (used for batteries) in China.

Figure 1. Selected metals prices
(01/2019=100)



Sources: London Metal Exchange (LME), Macrobond, Coface

Indonesia is central to this dynamic, accounting for over 60% of global mining production and 42% of refining in 2025. Since the ban on unprocessed ore in 2020, the Indonesian government has banned exports of unprocessed ore to boost domestic value-added processing, which has drawn major foreign investors to build local facilities. As a result, the country has expanded its capacity from 2 smelters in 2014 to over 30 in 2025, causing a surge in capacity and global oversupply.

To curb this overexpansion, the government implemented a regulation[1] on November 10, restricting new smelter investments through Industrial Business Permits (IUI). The Ministry of Energy and Mineral Resources also plans to cut nickel ore output quotas (RKAB) for 2026, below the 319 million tons approved for 2025. However, the immediate impact on supply remains limited, and market reaction has been muted.

1 Regulation No. 28/2025 (PP 28/2025)

China: mixed demand despite the boom in electric vehicles

Stainless steel purchases – the main consumer of nickel – remain subdued, especially in Asian markets. In 2025, we expect a slowing growth of stainless-steel demand (**+3-4%** YoY), to 65 million tons, after +7% YoY in 2024. China's key role in global nickel refining[2] and consumption[3] adds to prices volatility. The country aims to cap its manufacturing capacity[4], meanwhile nickel's key client-sector, starting with construction, keeps struggling. The highly probable slowdown in Chinese GDP growth (forecast at **4.2%** in 2026) will certainly also have an effect on demand.

Nevertheless, long-term energy transition technologies, such as EV and grid & storage, should partially offset Chinese building & real estate issues. Nickel plays a critical role in EV batteries manufacturing by offering a cost-effective alternative to cobalt-based technologies. Nickel-rich battery chemistries help make EV more affordable while reducing weight and increasing driving range, thereby accelerating mass adoption. We expect the Chinese EV market to remain dynamic in the medium-term. Case in point, September has recorded the highest production volume of EV in China, with **1,8 million units**, while penetration rate is near **50% in 2025 sales**.

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2 25% of global nickel refining
3 60% of global imports of ores and 25% of refined nickel
4 Focus *Made in China: How China can deal with its industrial overcapacity*, November 2024.