

It's Party Time for the Metals No One Knows About

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- Vanadium prices have surged on Chinese steel rules, supply
- Investor Julian Treger says prices could still go higher

It's turning out to be a great year for minor metals.

Rechargeable-battery ingredient cobalt has gained 83 percent, while ruthenium, used in the chemical industry and electronics, is up 63 percent. The latest star is vanadium, an obscure silvery-grey metal thought to have been used to harden steel as far back as the Crusades.

The metal, which is also used in energy-storage batteries, has surged 67 percent since mid-July, according to Metal Bulletin data.



Much of vanadium's rise has been driven by policy changes in Beijing. The China Iron & Steel Research Institute has proposed increasing the amount of vanadium required in construction steel, which would boost consumption, according to VTB Capital and SP Angel research. The new standard is expected to be announced in September.

“There are fundamental supply and demand issues that have driven the re-rating,” said Julian Treger, chief executive officer of Anglo Pacific Group Plc, which owns vanadium royalties. “Prices could go higher.”

However, while prices are soaring, there’s currently no easy way to invest directly in vanadium. The metal isn’t traded on any exchanges and for a company like Glencore Plc, which describes itself as one of the largest producers of primary vanadium, the metal represents a small percentage of the group’s total production.

While about 90 percent of vanadium is used in the steel industry, and high-carbon steel alloys can contain as little as 0.15 percent of the minor metal, there are increasing hopes for rising demand for rechargeable industrial batteries.

Read: [Best-Performing Metals as Hard to Trade as They Are to Find](https://www.bloomberg.com/news/articles/2017-07-13/best-performing-metals-are-as-hard-to-trade-as-they-are-to-find)

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Vanadium flow batteries are the size of shipping containers and can be used to store power from renewable sources of energy, smoothing out peaks and troughs and making the power supply more dependable. Pala Investments Ltd., an investment firm founded by Russian billionaire Vladimir Iorich, predicts battery demand for vanadium will grow 10-fold from 2015 to 2025.

There are also questions about supply. The Mapochs mine in South Africa closed last year, while Glencore also said supply has been constrained due to environmental inspections in China. Russia, China and South Africa are the biggest sources of the metal.

Vanadium was discovered by Mexican chemist Andres Manuel del Rio in 1801, but a letter detailing his find was lost in a shipwreck. Vanadium was then rediscovered by Nils Gabriel Sefstrom, a Swedish chemist, in 1830.

The metal is also [believed](http://www.tms.org/pubs/journals/JOM/9809/Verhoeven-9809.html) to have been an ingredient in Damascus Steel, which gained legendary status for its hardness. The swords it produced were famous for their strength and sharpness and credited with helping turn back the Crusades.

Vanadium prices have risen 89 percent this year, according to Metal Bulletin data. The metal doubled in 2016 following three consecutive annual declines.