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CRU Aluminium Breakfast

Aluminium premiums, market developments and the outlook for the year ahead

CRU. Independent *expert* intelligence

CRU Presenters



Chris Lawson, VP, Market Intelligence & Prices



Tom Rutland, Head of Non-Ferrous Metals, Market Intelligence & Prices



Wenwen Meng, Analyst, Non-Ferrous Metals



Paul Williams, Head of Aluminium Value Chain



Alex Christopher; Lead, Aluminium Long Term Service



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CRU: *Your commodity pricing and insight partner*

CRU. Independent *expert* intelligence

CRU Commodity prices are evolving

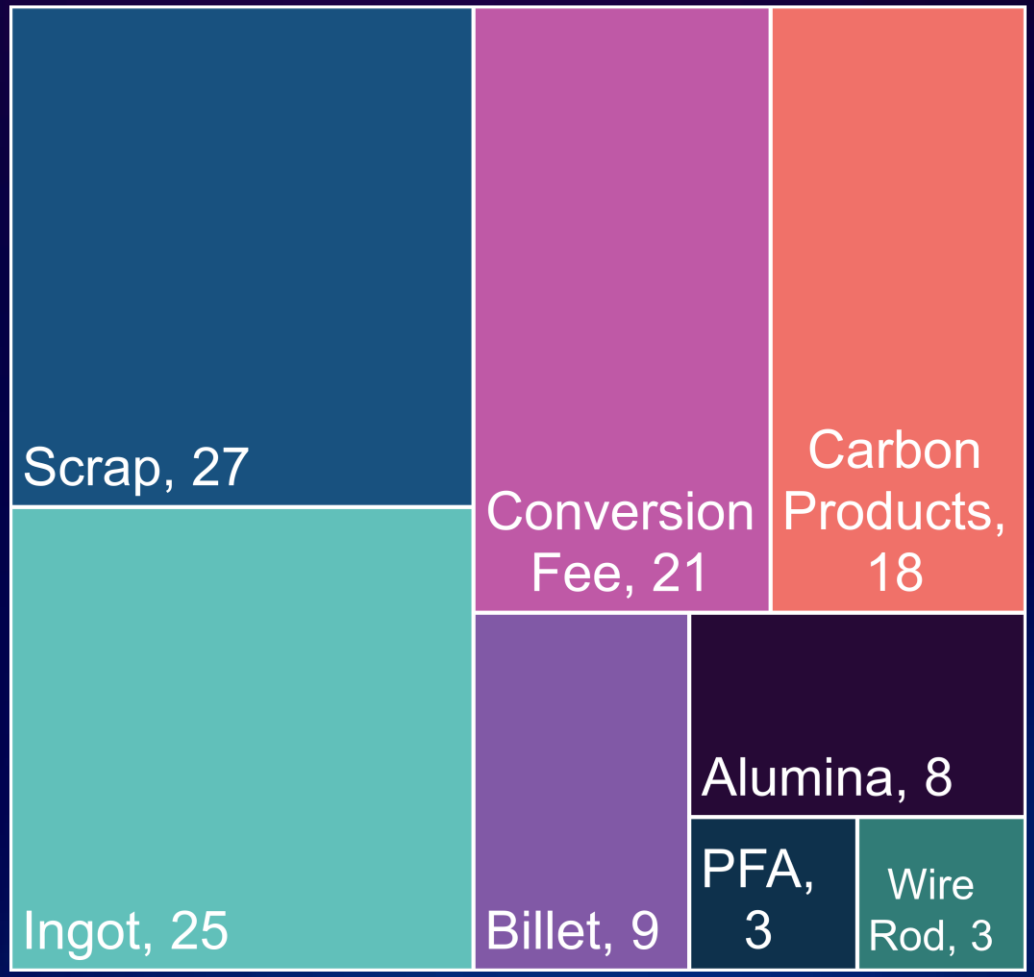
Our ***dedicated team*** of market intelligence and prices analysts are evolving our portfolio of commodity prices

We have +860 existing prices across the mining, metals, fertilizer and battery industries – this will grow further.

In an industry first, **all assessed prices** have passed a comprehensive ***third-party audit, aligning them with ISOCO principals***.

Our prices are robust, representative of the market, and ***backed by deep analysis and insight***.

CRU Aluminium Prices Portfolio

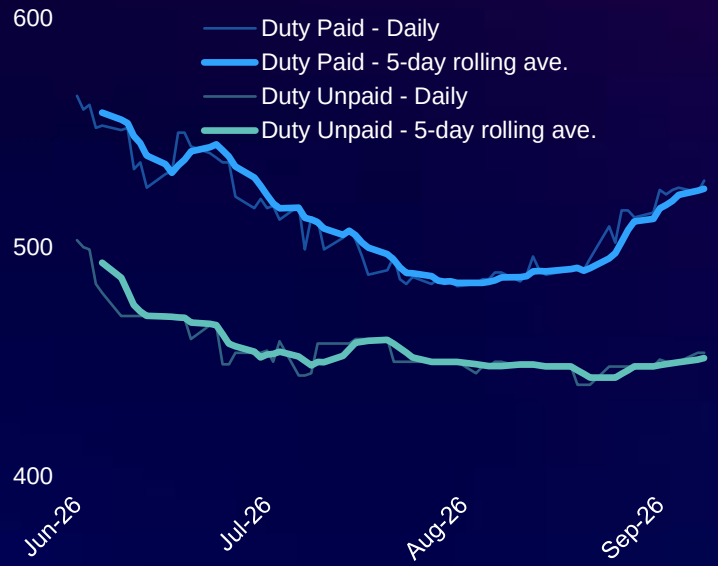


CRU Aluminium Premiums: *Which price reflects your exposure?*

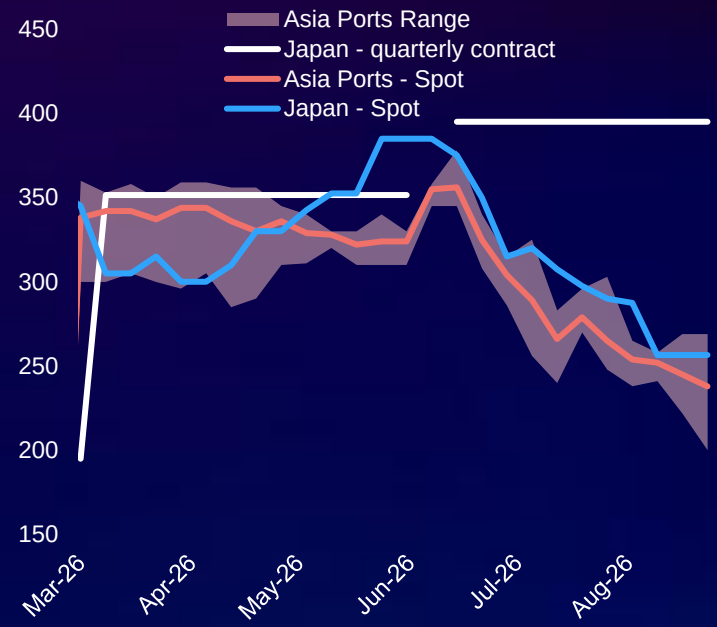
LME Aluminium price, cash, $ /t



LME Aluminium Premium, in-warehouse Rotterdam, $ /t



Asia Aluminium Premiums, $/t



A high LME aluminium price tells only part of the story. The dynamics of physical prices include extra layers of volatility & complexity…

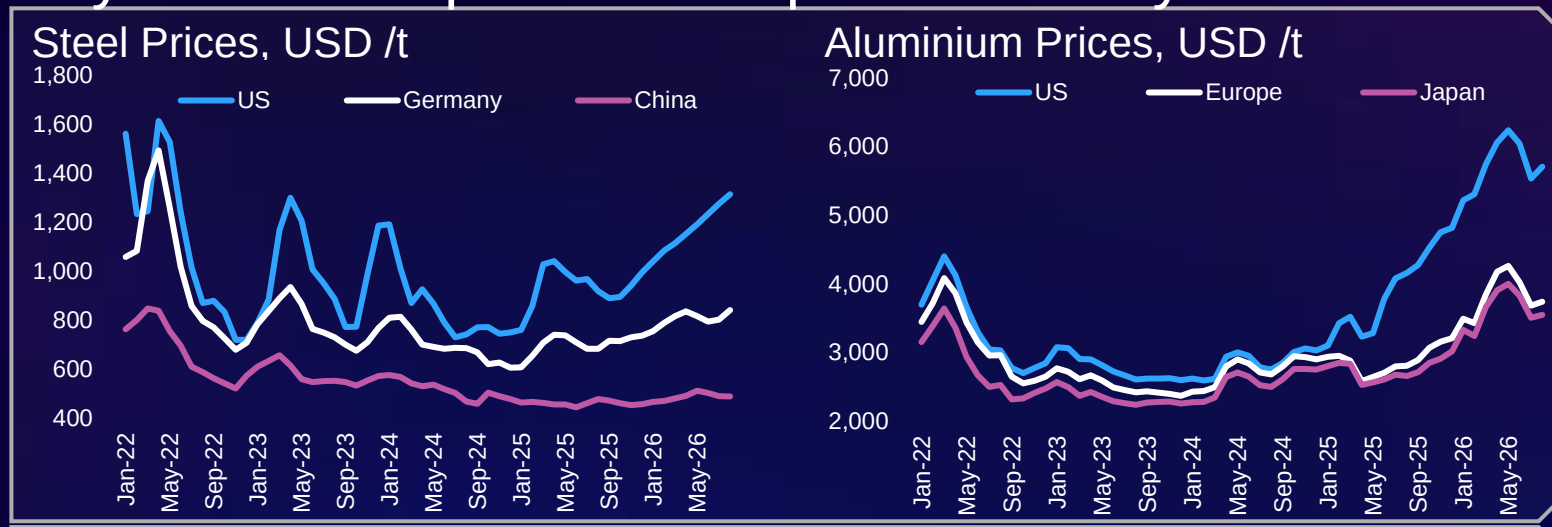
CRU's daily Rotterdam premiums show a wide duty-paid vs duty-unpaid spread. The market is quickly evolving.

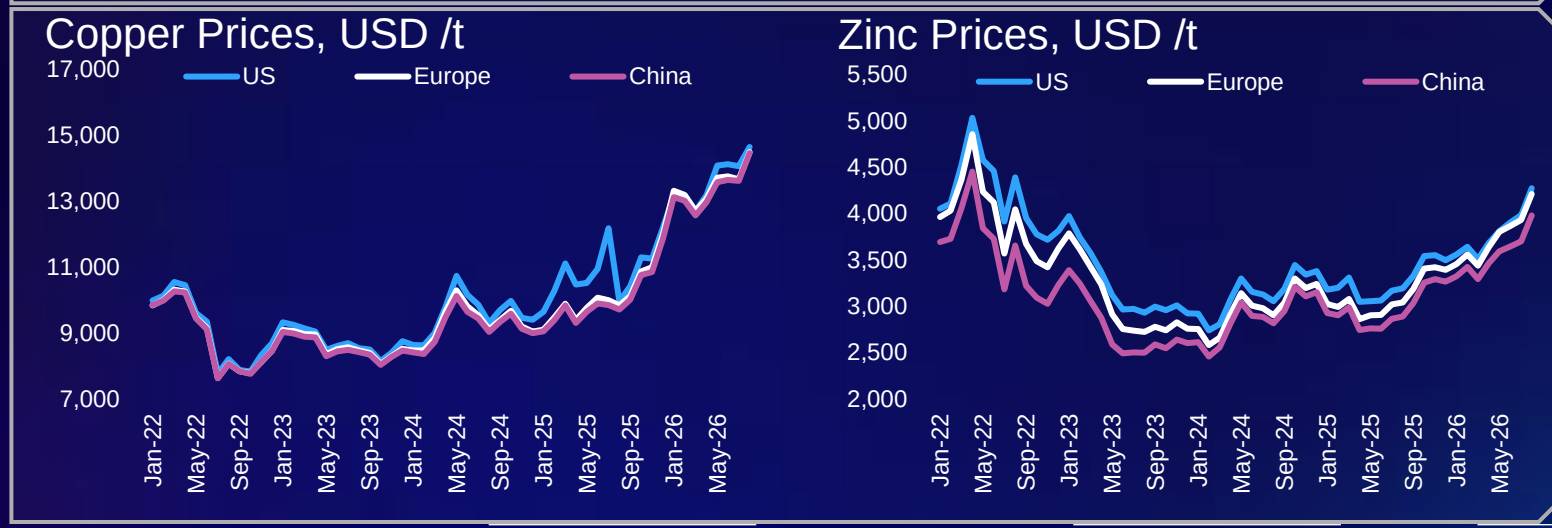
Premiums in Asia have diverged. A **$195/t spread** has opened between the quarterly MJP contract and premiums at some Asian ports.

Data: CRU Aluminium Service, LME

The era of American ~~exceptionalism~~ metal price premiums

Physical metal prices tell a powerful story of tariffs and tightness





US Steel and aluminium are subject to Section 232 tariffs of 50%.

Refined copper & zinc are (currently) not subject to sweeping tariffs in the US.

Note: Steel price grade is hot-rolled coil assessed by CRU. Aluminium, copper and zinc prices consider the monthly average of the relevant exchange plus the CRU assessed regional premium.

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CRU: *New aluminium premiums – explained*

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Two assessment types, several distinct uses

In warehouse	FCA
A single, specific, transaction-led price point.	Reflects the basis used for most transactions.
Shows where warehouse trades are taking place.	A range showing where bids, offers and trades are occurring.
A single price point is useful for exchange trading.	Range limits can be useful in contracts.
Reflects the price of material in the warehouse.	Captures differences in material characteristics and sustainability factors, including production technology and power.
Comparable with established in-warehouse benchmarks.	Reflects a broader range of market evidence and trading circumstances.
Provides a clear daily reference price.	Gives a broader view when market activity spans multiple price levels

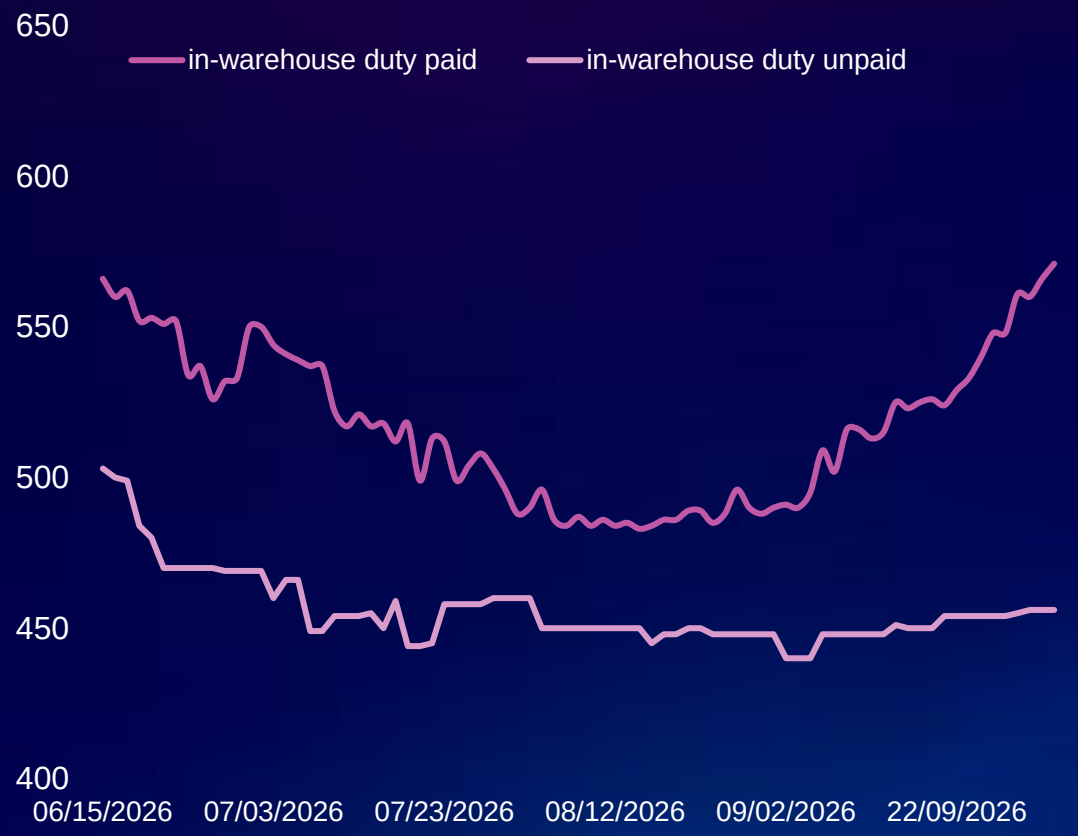
DATA: CRU

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DATA: CRU

CRU's in warehouse and FCA European aluminium premium, $ /t

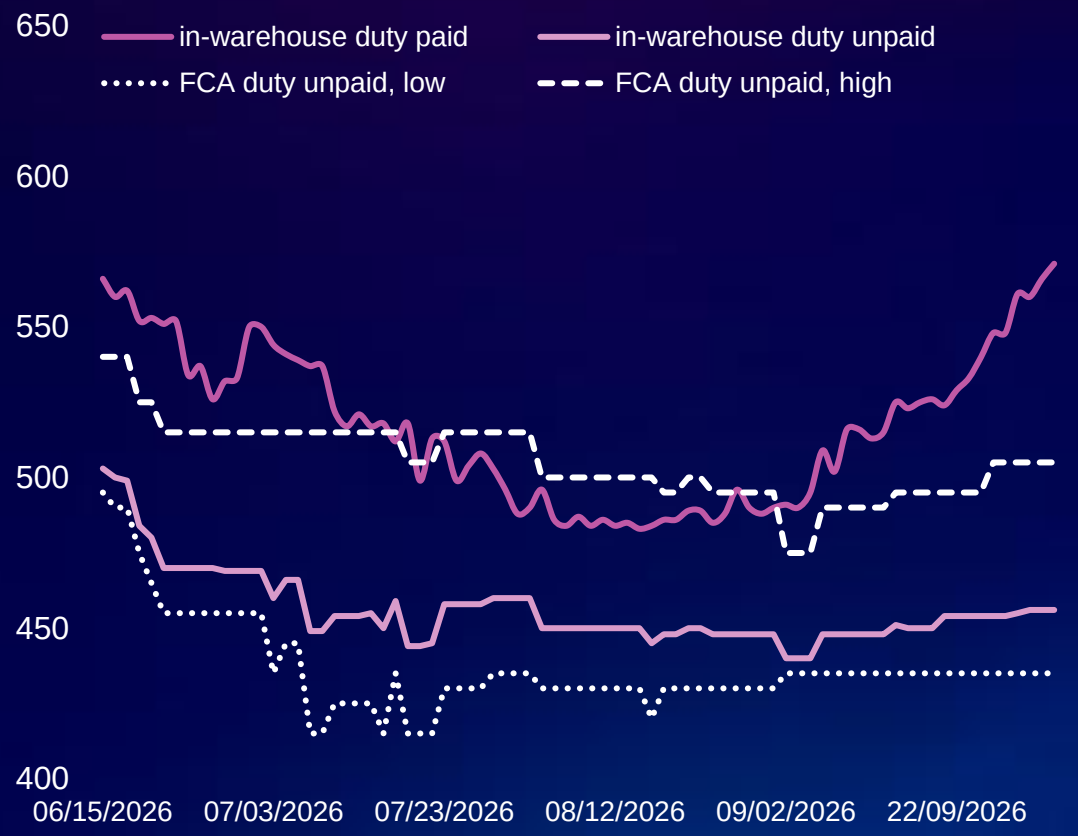


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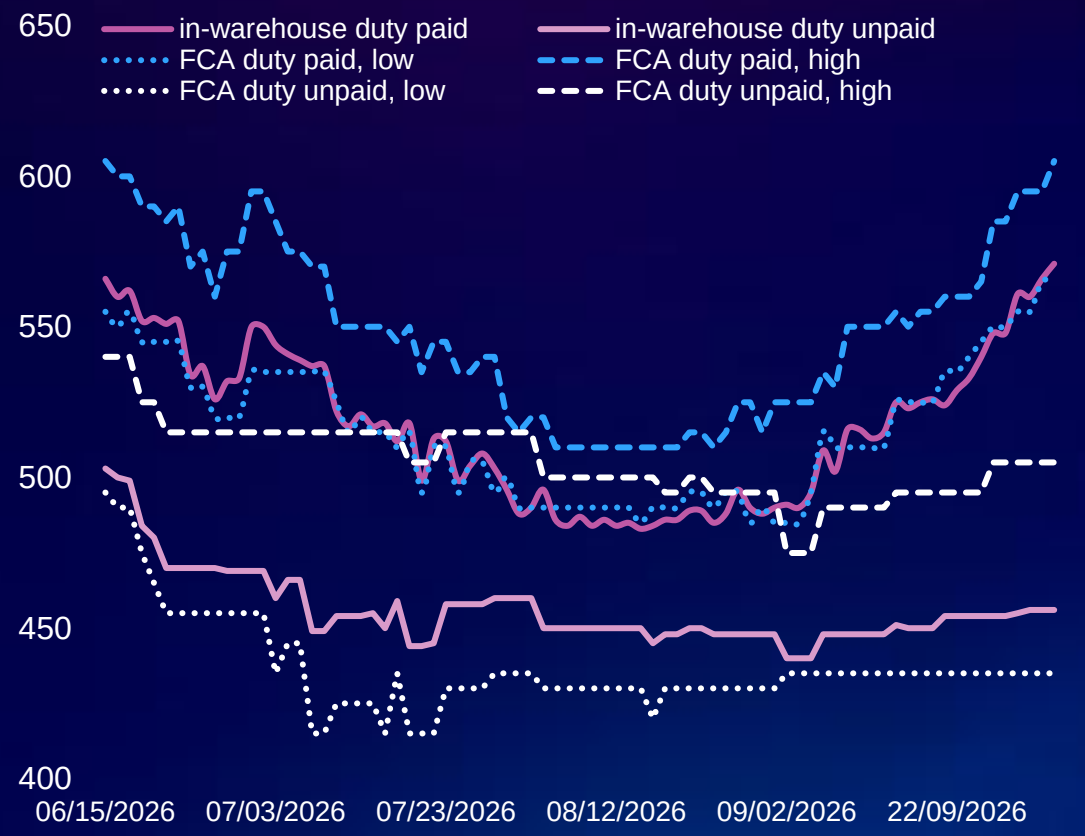


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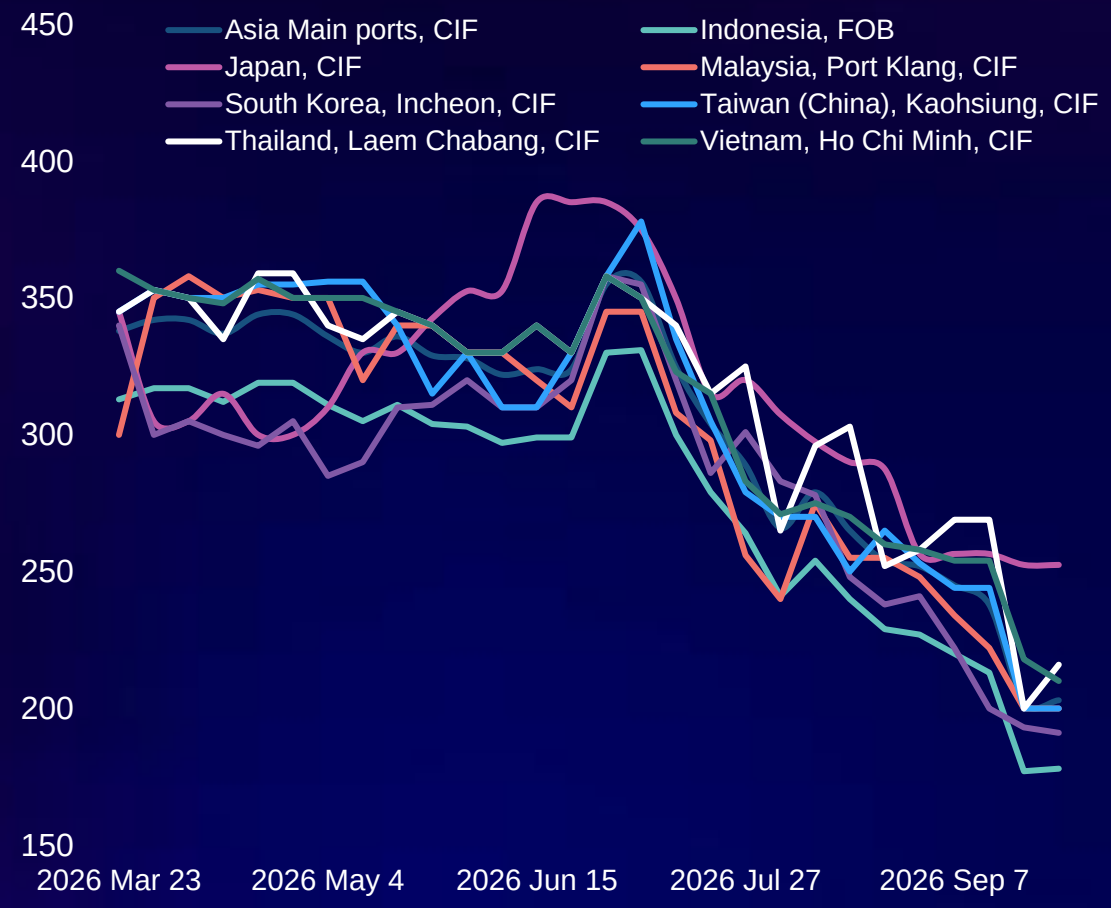
DATA: CRU

CRU's in warehouse and FCA European aluminium premium, $ /t



New assessments for a changing Asian market

CRU's Asian aluminium premiums, $ /t



DATA: CRU

Japan's share of Asia ex-China aluminium consumption has fallen from >25% in 2004 to <15% in 2026.

The MJP remains important, but it is less influential and reflective of market conditions.

CRU has launched assessments at five Asian ports:

- South Korea
- Malaysia
- Vietnam
- Thailand
- Taiwan, China.

These underpin the Asia Main Ports assessment

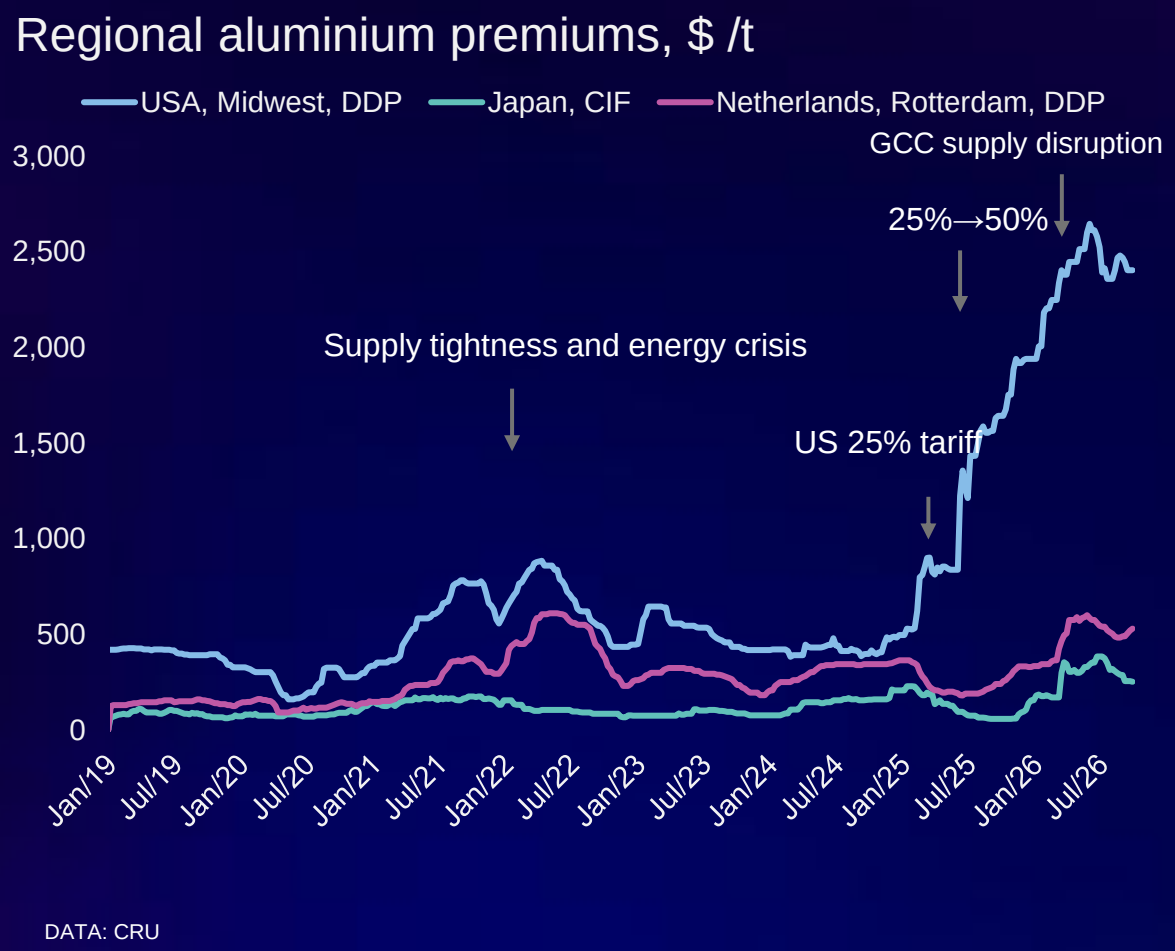
Indonesia FOB has also been launched on the back of this.

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Current market analysis and sentiment

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Aluminium premiums are diverging by region



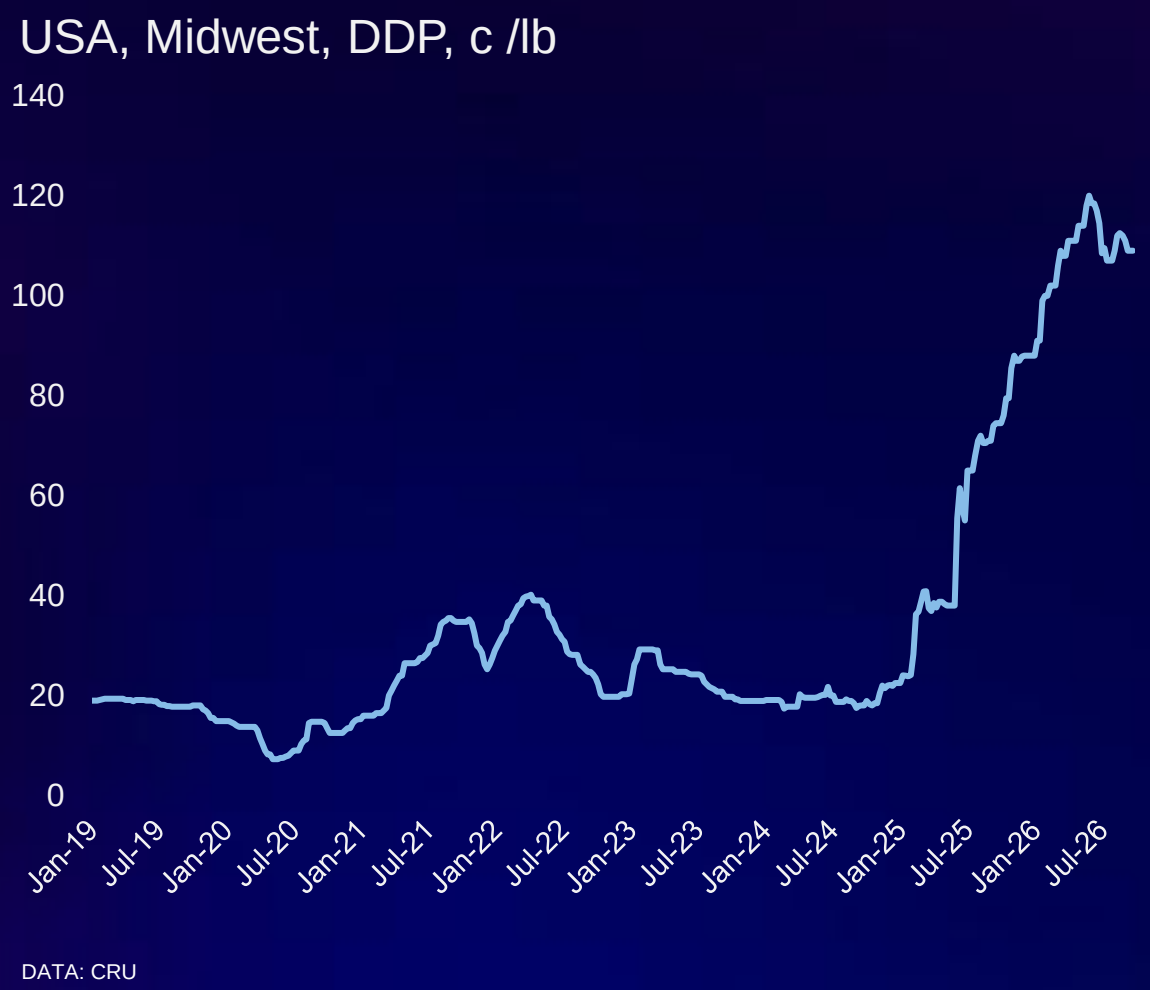
DATA: CRU

2019-2024: Regional premiums remained close, with Europe and the US trending higher amid supply tightness in 2021-22.

2025: Regional premiums diverged sharply following US tariffs, with August 2026 Midwest premium +57% vs Aug 2025 and +591% vs Aug 2024.

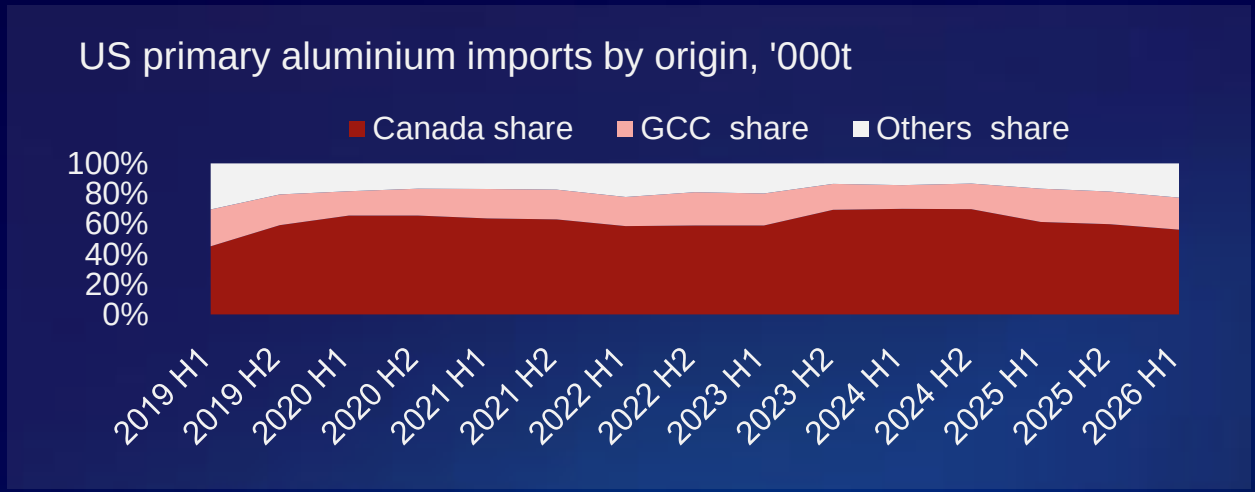
Since August 2026: Europe and Asia diverged…

Tariffs and tight supply support US premiums



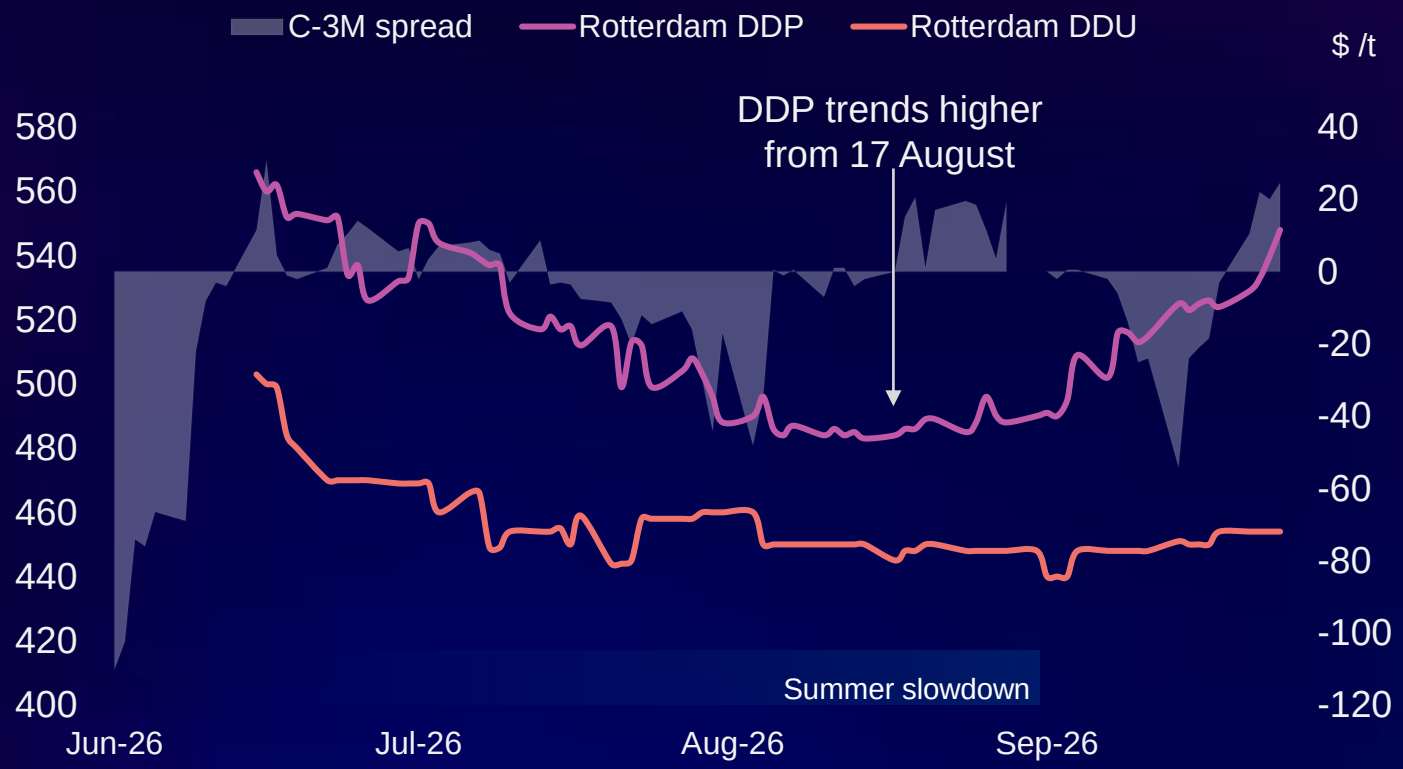
DATA: CRU





Europe daily premiums capture fast-moving markets

Rotterdam daily ingot premiums, $ /t

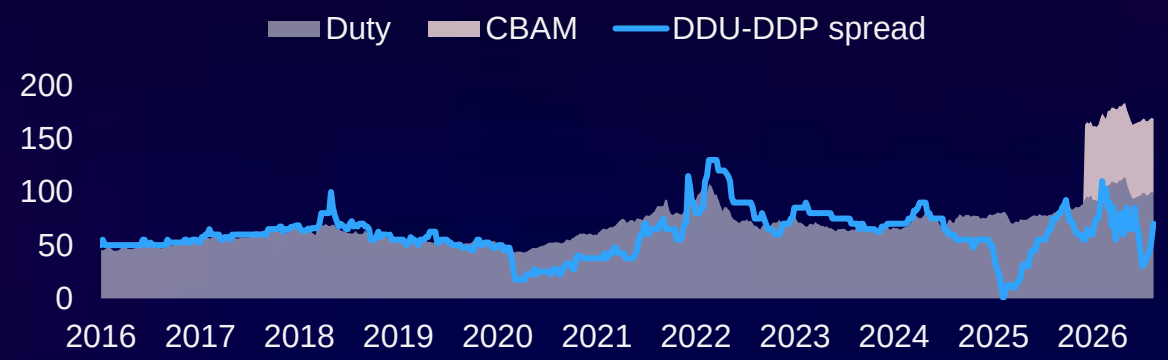


- **June H2:** Backwardation shifted into a small contango, easing selling pressure, while demand remained weak.
- **July:** Seasonal slowdown started early; some buyers held back while sellers continued offering.
- **August H2:** Trader buying increased ahead of September.
- **September:** Summer slowdown ended; duty-paid inventories became increasingly lean.

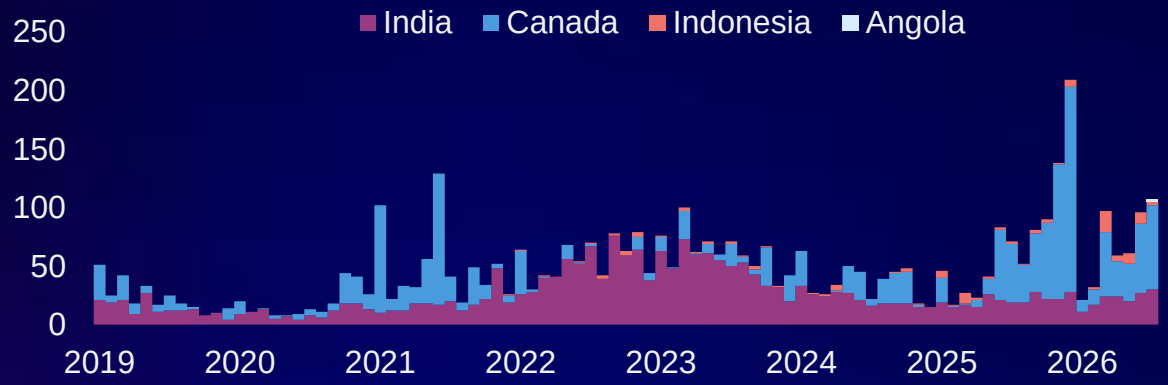
DATA: LME, CRU

Duty and CBAM require a wider DDU-DDP spread

DDU-DDP spread vs duty and CBAM costs, $ /t



European primary aluminium imports from four origins, '000 t



DATA: CRU, GTT

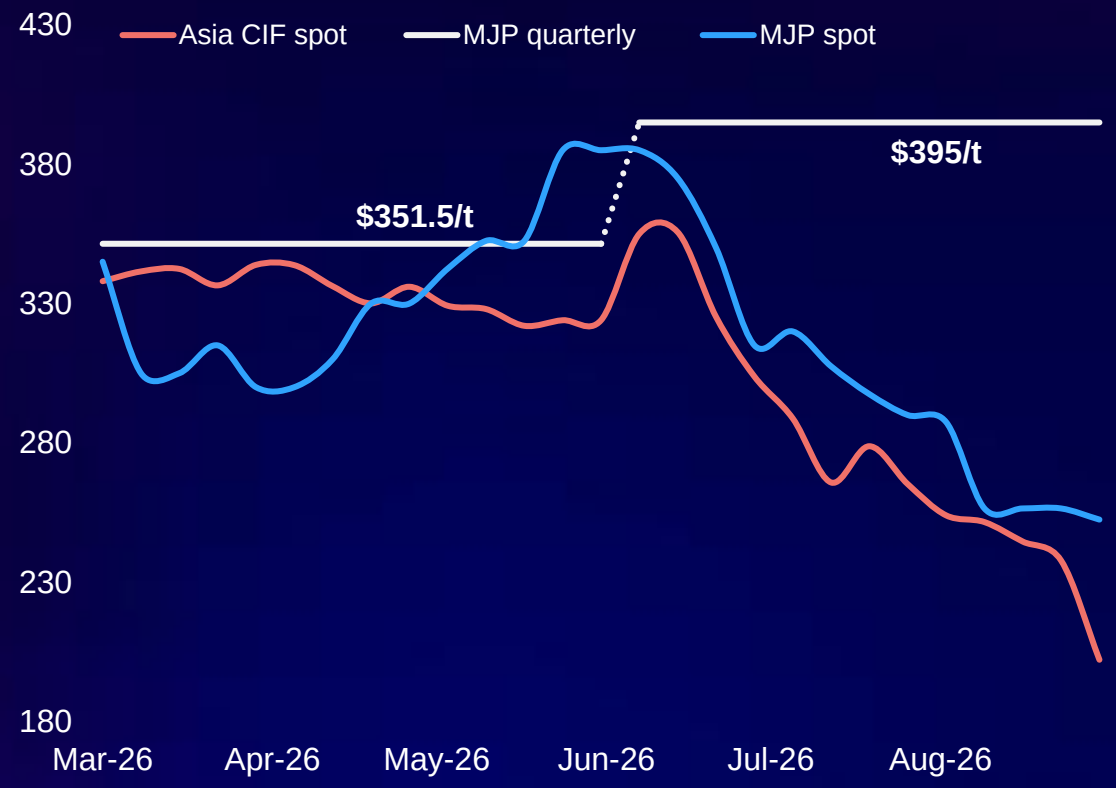
- Narrow DDU-DDP spread does not fully cover duty and CBAM costs.
- Market participants prioritised duty-free units, with limited appetite for duty-unpaid metal due to the narrow spread.

Shifting trade flows affect DDU and DDP

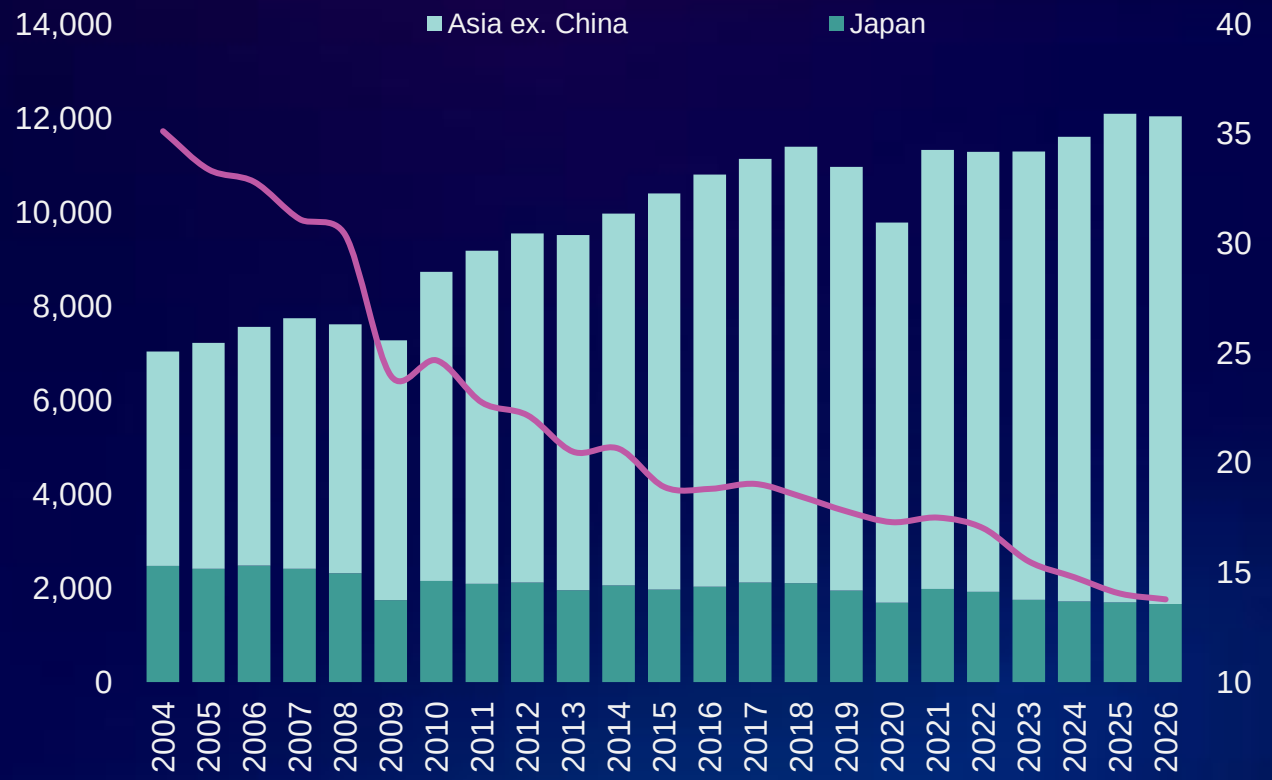
- Rising Asian supply, particularly from Indonesia, has pressured DDU premiums.
- High Canadian flows have increased DDP availability, but US tariff uncertainty could limit further inflows, supporting DDP premiums.
- Angola has emerged as a new duty-free source, partly offsetting the loss of Mozal supply.

MJP is less representative of wider Asia

CRU's Asia CIF versus MJP spot and quarterly, $/t



Asia ex. China aluminum consumption, '000 t, vs Japanese consumption as a percentage of asia ex. China consumption [RHS], %



DATA: CRU

CRU

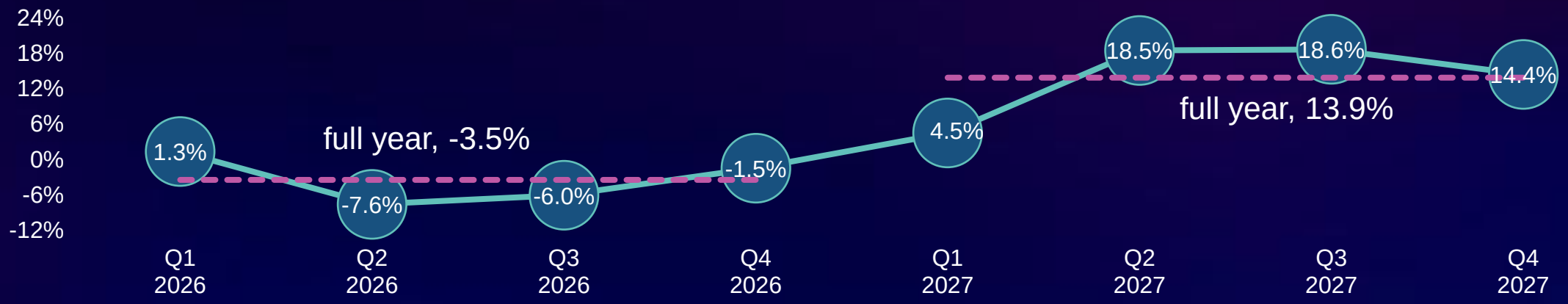
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The short-term outlook

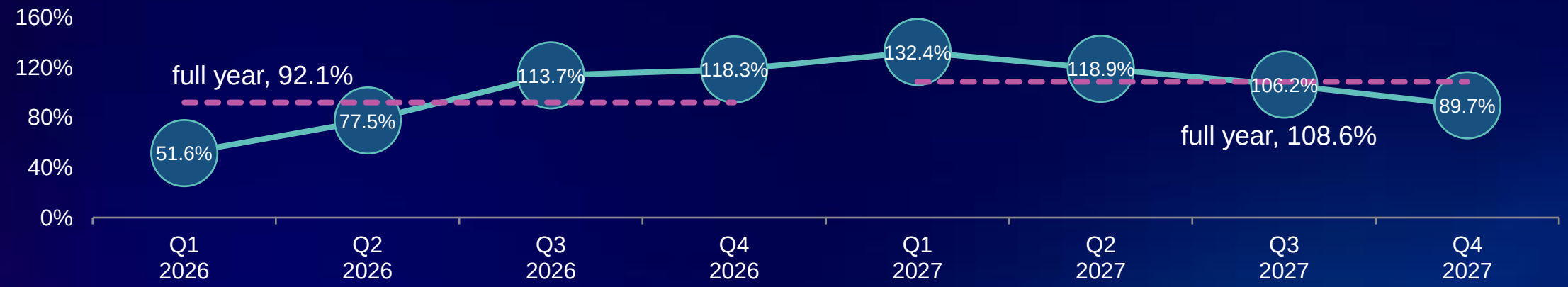
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World ex. China supply: Indonesian smelter faces delay due to power allocation but still strong growth ahead

World ex. China aluminium production, y/y % change

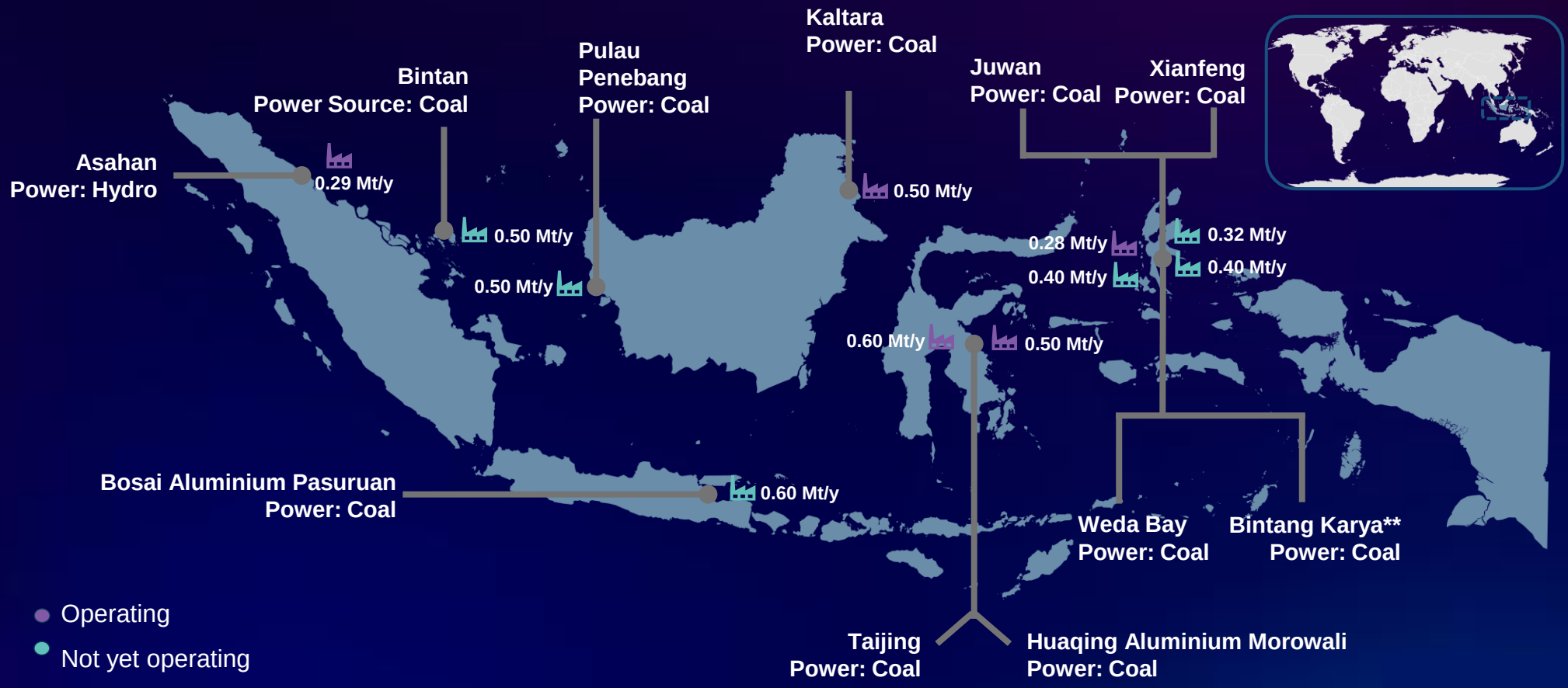


Indonesia aluminium production, y/y % change



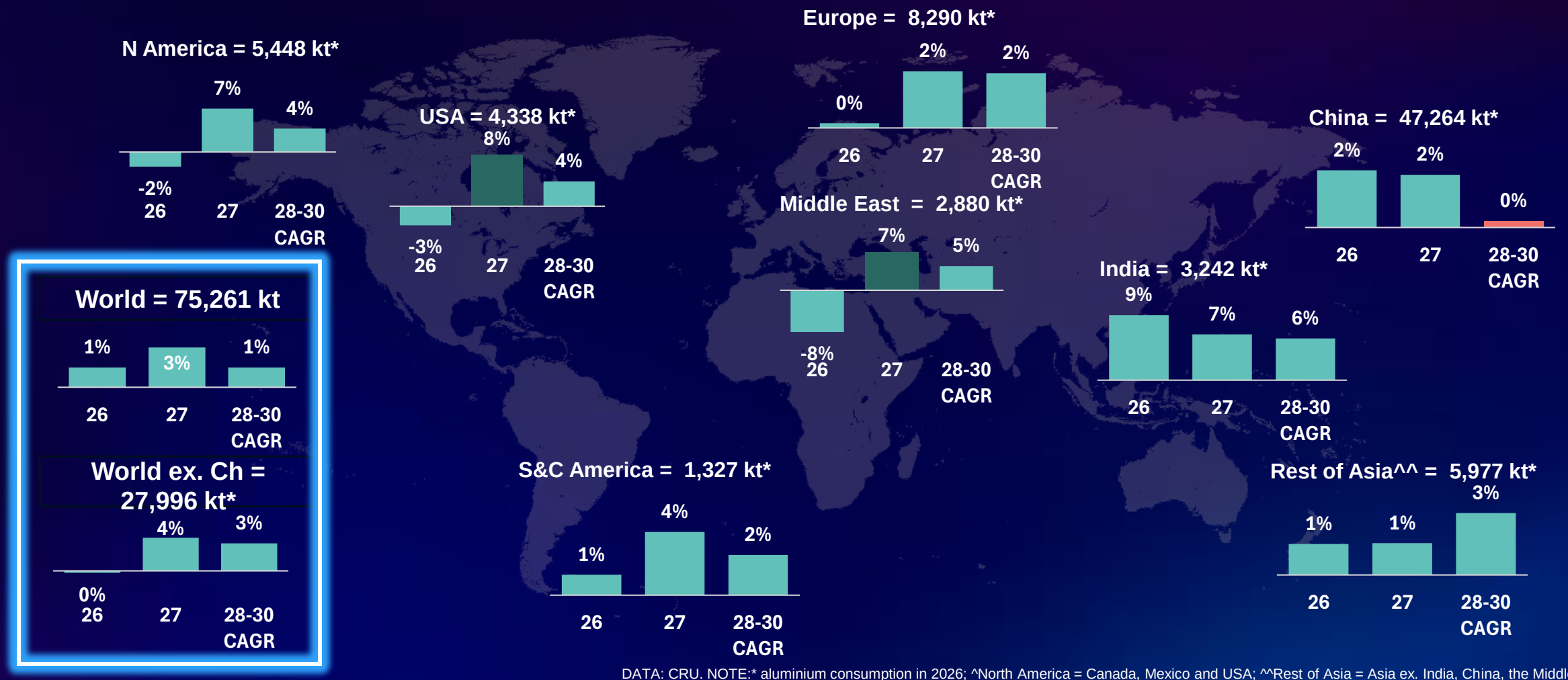
DATA: CRU

Indonesia is the key driver of output growth



DATA: CRU. Note numbers shown are capacity. **not currently included in the CRU base case to 2030

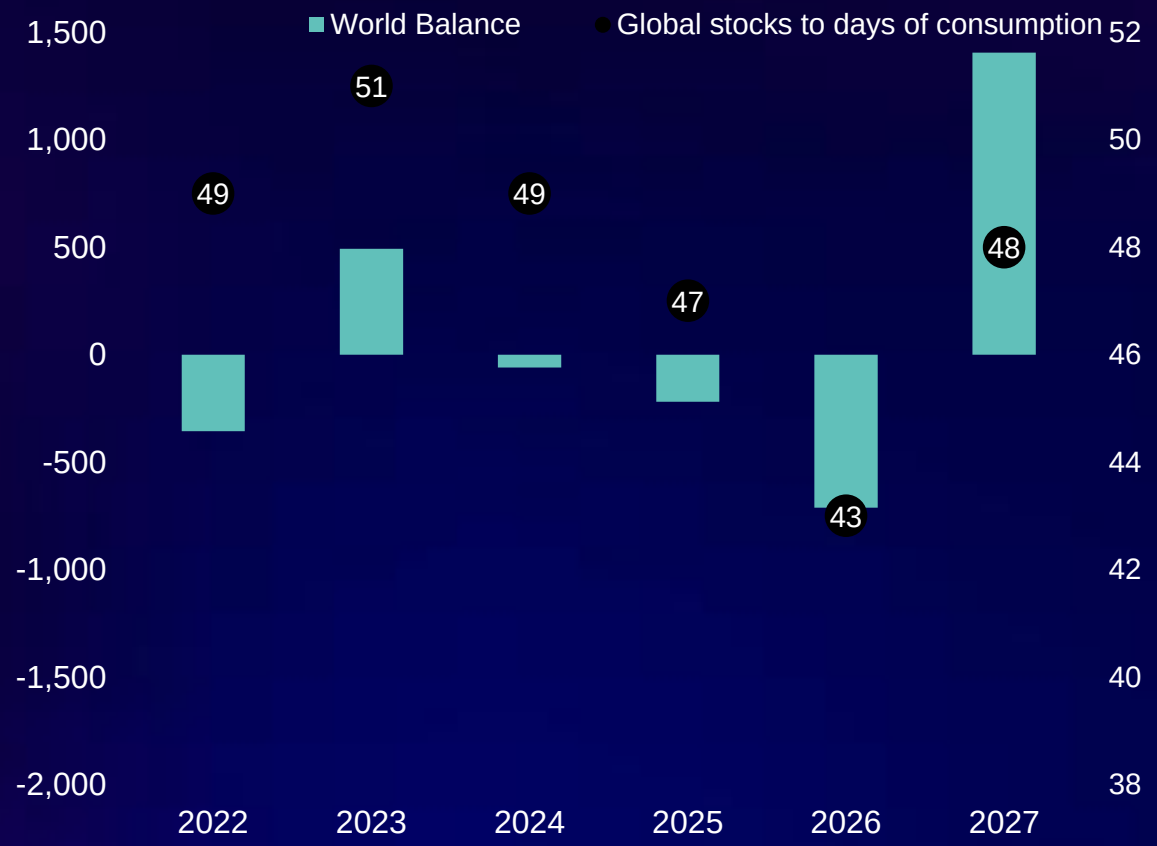
World primary consumption growth muted in world ex. China this year



DATA: CRU. NOTE:* aluminium consumption in 2026; ^North America = Canada, Mexico and USA; ^^Rest of Asia = Asia ex. India, China, the Middle East

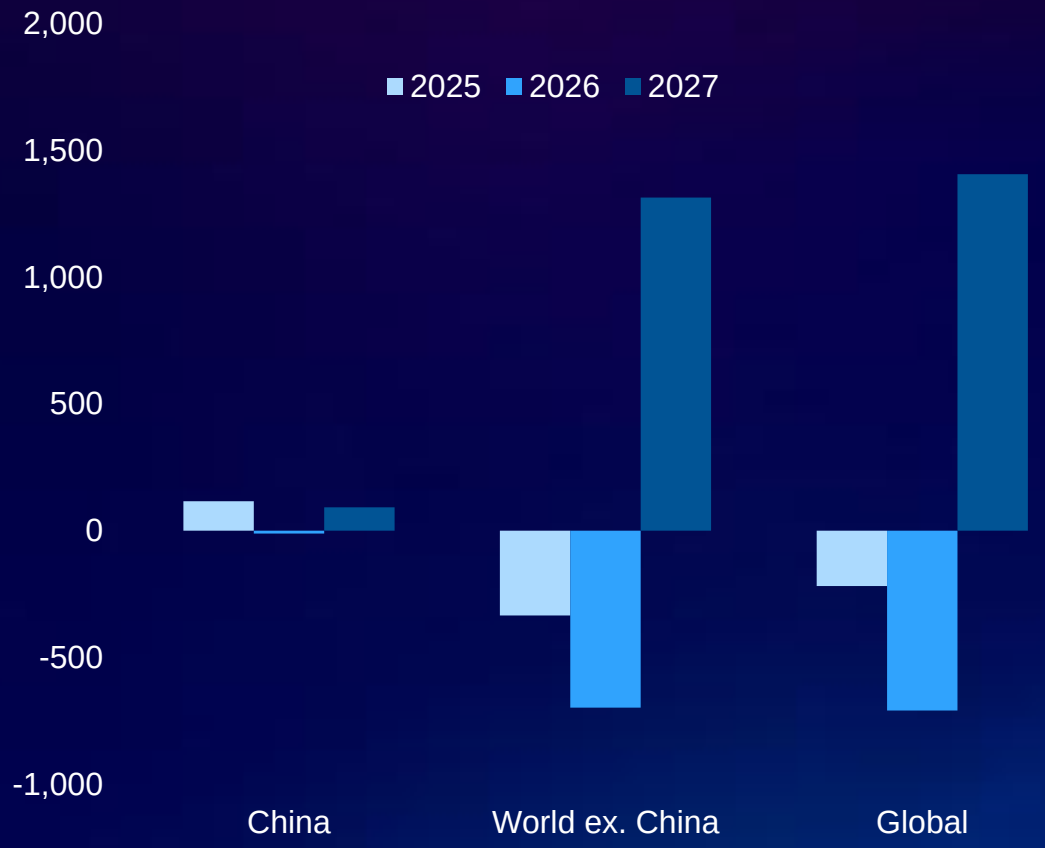
Surplus set to return in 2027

Global balance and days stocks, ‘000 t



DATA: CRU

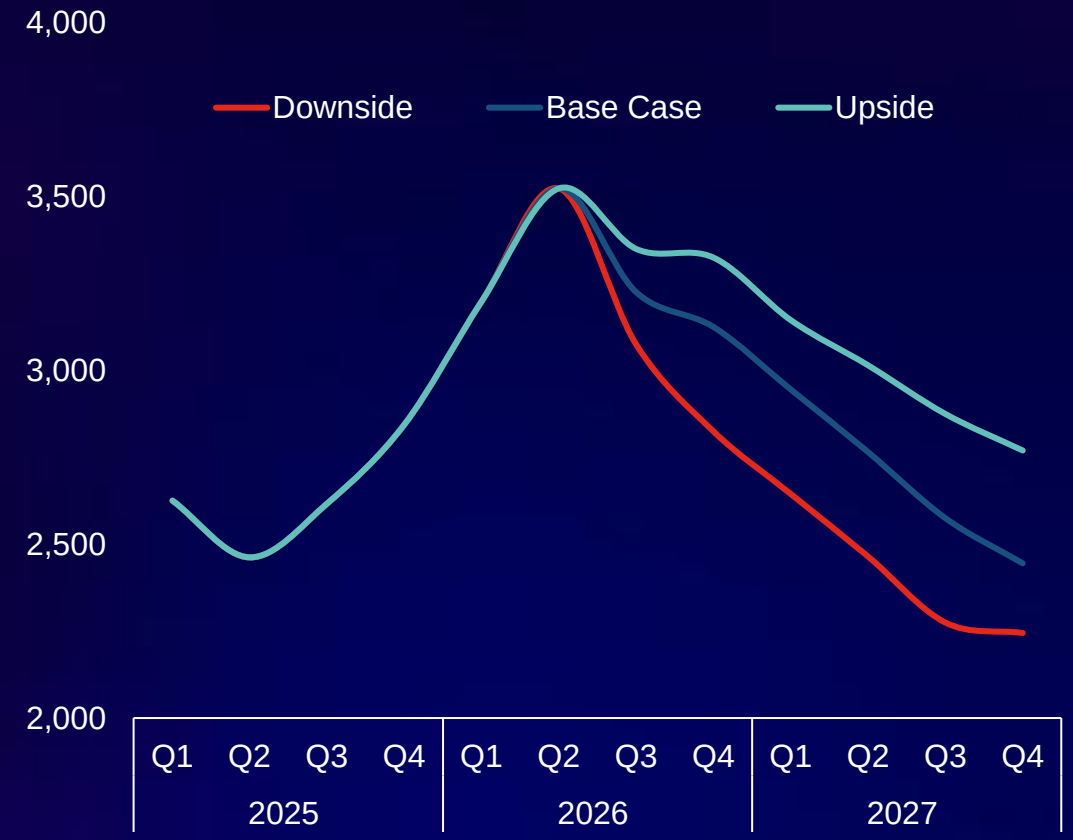
Projected world balances 2025-2027, ‘000 t



Speed and scale of supply surge likely to be critical for prices

Price forecast scenarios

LME aluminium 3-month price, $/t



DATA: CRU, LME

Base Case Assumptions

- Restart of EGA's Al Taweelah smelter accelerates and is completed by 2027 Q2
- Demand growth picks up in the world ex. China
- Strait of Hormuz trade flows gradually return to normal

Downside scenario

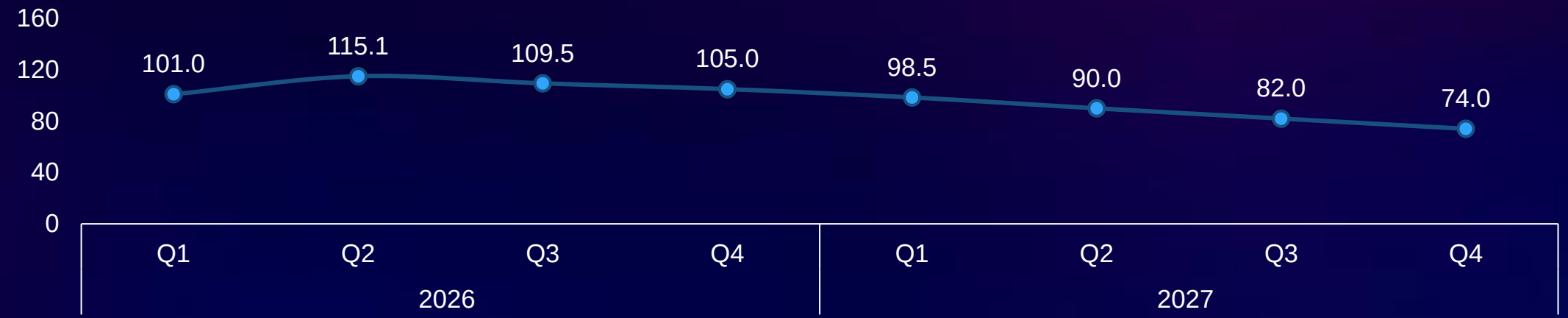
- Investors increasingly short the market in anticipation of future surpluses
- Chinese production growth continues to exceed expectations
- Demand does not accelerate to the extent expected in the world ex. China

Upside scenario

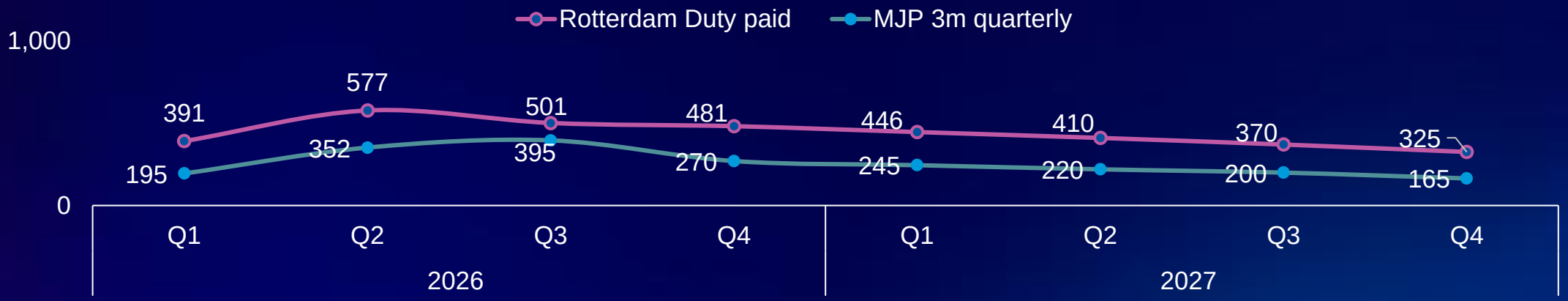
- A setback to production plans at Indonesian or Gulf smelters
- A fresh wave of investor buying, perhaps on the back of rising copper prices and the potential gains to demand from substitution that prevent deeper declines in say 2027 H2

Premiums set to fall in 2027

US MW premium forecast, ¢/lb

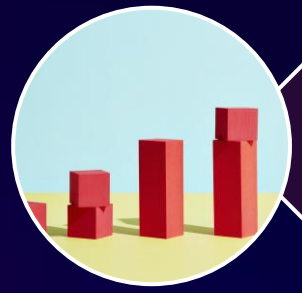


Rotterdam, Japan, and US MW premium forecasts, $/t



DATA: CRU

Key takeaways



The aluminium market is in a deficit, but a large surplus is approaching. We expect prices to still be elevated this year, as stocks are at a 21st century low, before falling precipitously next year



Demand growth will be challenged near-term but longer-term prospects remain firm. As well as traditional markets such as packaging performing well, new areas of growth such as AI and BESS will support longer term.



Premiums set to fall in 2027 as supply grows. Watch for any tariff changes, especially US-Canada talks.

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Thank you for attending the CRU Aluminium Breakfast.

Please follow up with chris.lawson@crugroup.com for any questions