General Moly Reports on Molybdenum Price Resilience and Demand Drivers

11.10.2018 | ACCESS Newswire

LAKEWOOD, October 11, 2018 - General Moly Inc. (the "Company" or "General Moly") (NYSE American: GMO; TSX: GMO), the only western-exchange listed, pure-play molybdenum mineral development company, reports that molybdenum ("moly") has been a consistent standout among metals during 2018, as the moly price rose 11% against the head winds of retreating base metal and non-energy commodities' prices in 3Q 2018.

During the third quarter 2018, weighed down by a strong U.S. dollar and global trade tension, the broad raw material price index, Bloomberg Commodity Index, dropped 2.5% during 3Q, as the industrial metal components all lost ground.

Continuing to lead the metals pack, the Platts' global moly oxide daily dealer (spot) price, currently at $11.95 per pound ("/lb"), has risen 17% year-to-date and 77% since year-end 2016 on the strength of increasing world stainless steel production and renewed capital investment by the oil and gas industry.

The moly price ended 2017 at $10.25/lb and quickly rose over $12.00/lb in January 2018. Reflecting moly's volatility, during 2018, the moly price tested a high of $13.00/lb in early March, and was at its low of $10.60/lb at the end of June (Platts).

Bruce D. Hansen, Chief Executive Officer of General Moly, said, "We believe that industrial metal prices are coming off their lows. The moly price has been range-bound between the high $11s and low $12s since mid-July. With the strong U.S. economy and developed countries firmly in the late stage business cycle supportive of metal demand, we believe we have the makings of an industrial metal recovery that is the rising tide to lift all ships and further boost moly. The continued strong demand from stainless steel and the oil and gas industry, especially the rapidly expanding global liquid natural gas sector, underpin the strongest year in four years for moly prices."

Please refer to Appendix 1 for the moly price chart and also peruse Mr. Hansen's latest Moly Bits blog, "In Support of a Metals Markets Revival" on the Company's website.

Moly Demand Driver – Strong Stainless Steel Growth Including in China

Moly is a vital alloy in value-added specialty steels for its strength and corrosion resistance. Within the special steels segment (see Figure 1, Molybdenum Consumption, below), stainless steel accounts for the largest use of moly at 21% of total moly consumption.

In 2017 world stainless steel production increased by 6% to 48.1 million metric tons over 2016, led by China’s output growth (5%) to dominate 54% of world stainless steel making, according to the International Stainless Steel Forum ("ISSF"). Notably the U.S. stainless steel output rose by 11% to 2.8 mt in 2017 over 2016.

From 2012 to 2017 world stainless steel output increased at a Compound Annual Growth Rate ("CAGR") of 5%. (See Figure 2, Stainless Melt Shop Production.)

Accelerating from 2017, world stainless steel production in 1Q 2018 saw a dramatic 10% year-over-year increase and a 26% increase over 1Q 2016, according to ISSF data.

Figure 1: Molybdenum Consumption

Image: https://www.accesswire.com/users/newswire/images//General%20Moly.png

Figure 2: Stainless Melt Shop Production

Image: https://www.accesswire.com/users/newswire/images//General%20Moly%202.png

Highlighting the growth in global stainless steel, CPM's third quarter 2018 Molybdenum Quarterly report noted the rise in the stainless ratio measuring the amount of stainless steel per metric ton of crude steel in Figure 3.

Image: https://www.accesswire.com/users/newswire/images//General%20Moly%203.png

Moly Demand Driver – Expanding Global LNG and Increasing Petroleum Capex

Natural gas demand is projected by Shell to grow at a 2% annual average between 2018 and 2035, at twice the rate of the overall global energy demand. The LNG demand is expected to increase twice as fast as natural gas demand over the same period, according to Shell.

China is now the second largest LNG importer after Japan and is expected to become the world's largest importer of LNG by 2021, noted the J.P. Morgan's Global LNG Analyzer report.
China's increased LNG consumption is driven by the coal-to-gas replacement under the government's Blue Sky Campaign and its Five Year Plan. China's natural gas demand is expected to show a 13% CAGR over the next three years and 6% CAGR for 2020-2030, according to J.P. Morgan.

The West Texas Intermediate oil price has traded over $65 per barrel since June 2018 and is now around $75 per barrel. Natural gas has rebounded above $3 per MMBtu since the end of September. At these price levels, improved profit margins translate into higher capital investment for the oil and gas industry, a key end-use market for moly-alloyed steels, fostering strong moly-alloyed steel consumption.

Upstream (exploration and production) budgets for 2018 have increased 15% in North America led by U.S. shale producers, and 8% for the rest of the world, reported the Oil & Gas Journal, citing Barclay Research's midyear global spending survey of the petroleum industry.

An oft-quoted indicator of capital spending in the oil and gas industry is the Baker Hughes' worldwide oil rig count, which increased 8.5% to 2,258 rigs led by the U.S. shale boom.

About General Moly

General Moly is a U.S.-based, molybdenum mineral exploration and development company listed on the NYSE American (NYSE AMER), recently known as the NYSE MKT and former American Stock Exchange, and the Toronto Stock Exchange under the symbol GMO. The Company's primary asset, an 80% interest in the Mt. Hope Project located in central Nevada, is considered one of the world's largest and highest grade molybdenum deposits. Combined with the Company's wholly-owned Liberty Project, a molybdenum and copper property also located in central Nevada, General Moly's goal is to become the largest primary molybdenum producer in the world.

Molybdenum is a metallic element used primarily as an alloy agent in steel manufacturing. When added to steel, molybdenum enhances steel strength, resistance to corrosion and extreme temperature performance. In the chemical and petrochemical industries, molybdenum is used in catalysts, especially for cleaner burning fuels by removing sulfur from liquid fuels, and in corrosion inhibitors, high performance lubricants, and polymers.

Contact:
Scott Roswell
(303) 928-8591

info@generalmoly.com

Website: www.generalmoly.com

Forward Looking Statement

Statements herein that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and are intended to be covered by the safe harbor created by such sections. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, expected, or implied by the Company. These risks and uncertainties include, but are not limited to metals price and production volatility, global economic conditions, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, exploration risks and results, political, operational and project development risks, including the Company's ability to obtain a re-grant of its water permits and Record of Decision, ability to maintain required federal and state permits to continue construction, and commence production of molybdenum, copper, silver, lead or zinc, ability to identify any economic mineral reserves of copper, silver, lead or zinc; ability of the Company to obtain approval of its joint venture partner at the Mt. Hope Project in order to mine for copper, silver, lead or zinc, ability to raise required project financing or funding to pursue an exploration program related to potential copper, silver lead or zinc deposits at Mt. Hope, ability to respond to adverse governmental regulation and judicial outcomes, and ability to maintain and /or adjust estimates related to cost of production, capital, operating and exploration expenditures. For a detailed discussion of risks and other factors that may impact these forward looking statements, please refer to the Risk Factors and other discussion contained in the Company's quarterly and annual periodic reports on Forms 10-Q and 10-K, on file with the SEC. The Company undertakes no obligation to update forward-looking statements.

Appendix 1: Molybdenum Price (US$/lb, October 10, 2011 to October 9, 2018)

Image: https://www.accesswire.com/users/newswire/images//General%20Moly%204.png

SOURCE: General Moly Inc.

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers

View source version on accesswire.com:
https://www.accesswire.com/513904/General-Moly-Reports-on-Molybdenum-Price-Resilience-and-Demand-Drivers