**Guest Post from Alex Harrison, Editor of Metal Bulletin
*How does Metal Bulletin produce the global benchmark for Cobalt?***

**March 13, 2018**

At Cobalt 27, we base the valuation of our business in part on the benchmark prices for the metal produced by Metal Bulletin. Whether you’re a shareholder in Cobalt 27, or someone who’s just interested in this most exciting, versatile and vital of metals, I thought you would be interested in some questions we put to the Metals Bulletin editorial director, Alex Harrison, who himself spent some years with primary responsibility for pricing this market. So, without further ado…

**What method does Metal Bulletin use to discover its cobalt metal prices?**

Metal Bulletin uses a survey method and expert judgement to provide its assessments of cobalt metal prices, which are published in a range twice a week on Wednesdays and Fridays. By survey method we mean that we poll market participants about the level at which they have transacted business; made firm bids or offers; heard transactions; or would assess a representative range themselves. Our use of expert judgement means that we will, for example, give greater weighting to actual concluded transaction data; followed by firm bids and offers; followed by market sources’ own assessment of the market when they have no business to report. Other considerations might also come into play, such as the trustworthiness of a data source based on past submissions or their willingness to provide data on a consistent basis. We will also use judgement to exclude outlying or unrepresentative numbers, and discount or discard prices that we believe may otherwise be questionable or unreliable. This methodology provides an objective and consistent assessment of the spot market and reflects where the real physical market is trading over given points in time.

**How do producers, consumers and traders of physical cobalt metal use your prices?**

Metal Bulletin’s assessment of the spot market is accepted as a ‘fair’ market price, which reflects the fundamentals of the market and is used as the global benchmark for the sale and purchase of physical material. This means that it is used in a very large proportion of the annual contracts that producers and refineries sign with their customers for the delivery of cobalt metal and other units. They also use the price in shorter term or spot deals, and for valuation purposes. Its widespread use by the physical cobalt market generates industry involvement in the price discovery process.

**Do you gather much information from the market?**

The number of companies providing data has increased steadily over time. On the basis of a one-month moving average 12 companies provide data each time the price is published, and Metal Bulletin collects 35 data points in each assessment period. On average 39% of the data that we have collected since 2015 is in the form of deals, and 50% if transactions heard are included.

**What size is the team at Metal Bulletin Group that covers cobalt?**

Cobalt is priced by members of Metal Bulletin’s global minor metals, ores & alloys team, which comprises about 14 people worldwide. The price assessment is the primary responsibility of a senior price reporter, who gathers data and market information before making her assessment. This assessment is then peer reviewed by another senior member of the team, before being approved by an editor or senior journalist. In addition to the primary price reporter, other members of the team are cross-trained to ensure that Metal Bulletin has a strong succession plan. The price discovery for cobalt is carried out in alignment with the IOSCO principles, which establish best practice for price reporting agencies. Metal Bulletin’s price discovery process mandates data collection and publication through an auditable proprietary software known as Mind, and requires both expert peer review and editorial approval.

**Do you have an outlook for the price?**

In April we are launching a price forecast for cobalt and other electric metals, produced by our expert, independent analysts led by veteran base metals commentator Will Adams, who has been digging deep into the fundamental data and market dynamics. The price reporters themselves are prescribed from forecasting prices.

If you want to find out more about Metal Bulletin’s coverage of cobalt and other electric materials, it is holding a web seminar in April. <http://bit.ly/2GjwyzM>

You can find Metal Bulletin’s cobalt coverage here <http://bit.ly/2HqLdbH>

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