



**Valuing
multi-element
alloys**

Valuing multi-element alloys

Ferrochromium (FeCr), and alloys in general, have multi-element mineral composition. This affects both its common and private value, as variants are specialized for different uses:

Common value – identical value shared by all market participants, mainly influenced by Cr and other minerals price. The value of the good is the same for everyone, but market participants have different private information (“signals”) about what that value actually is. In this case a trader would change its estimate of the value if it learned another trader signal.

Private value – how valuable the unique composition is to each trader depending on its own usage, independently of its peers’ valuation. Each trader knows how much it values the object for sale, but its value is private information. Private value is unaffected by learning any other trader’s information.

For details see [here](#).



Market price of alloys can vary by up to 30% depending on geographical location (EU, USA, China), even before any location-determined logistical costs are added.

In such a complex market, standardization is difficult:



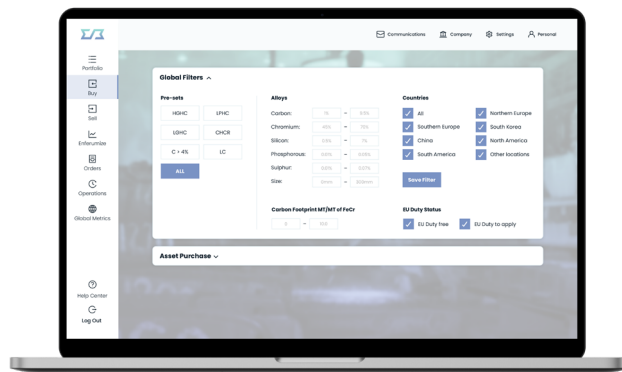
General standardization (market for All ferrochrome i.e. any category) → automatically disregards particular quality advantages and disadvantages for trader i.e. private value



Standardization by market segments within set parameters (by Cr or C content for example) → decreases liquidity by eliminating it outside of presets and thus dividing liquidity by these market segments

SoftMetal simplifies alloy trading

SoftMetal allows buyers to define a bid value based on their preferences for a range of parameters, including mineral composition and geographical location. The wider their parameter, the more competitive offers they will see.



Ferrochromium (FeCr) as an example:

Cr(omium) is the main element in Ferrochromium (FeCr) and its content (generally between 45% and 80%) is the main contributor of FeCr price.

The other mineral components as well as physical shapes can differ considerably:

Fe(rrum): 25-50%

P(hosphorus): 0.01% - 0.05% max

C(arbon): 0.01% - 9.5%

Si(licon): 0.01% - 7.0%

S(ulphur): 0.01% - 0.07%

Size: 0mm - 300mm

CO2: Up to 10MT / MT FeC

Other price variables



As well as the varying mineral compositions of alloys, each lot of metal will have its own cost of production and value in use which will also affect the price.

You can define your own grade by setting parameters or simply use preset options available on the most common types of alloys used in the industry: Charge Chrome (ChCr), Low Phosphorus High Carbon (LPHC), Low Carbon FeCr (LC), etc.

Buyer can select a specific location like Northern Europe and a range of chemical compositions. Thus, the buyer can make its own definition of alloys which he is interested to buy and will be able to make his bid by considering specific market conditions for its own product definition.

Moreover, the buyer can see current bids on the same trading screen competing for available offers, as well as his potential competition in case new offers arrive.