

Mineral Industry Surveys

For information, contact:

Amy C. Tolcin, Zinc Commodity Specialist
U.S. Geological Survey
989 National Center
Reston, VA 20192
Telephone: (703) 648-4940, Fax: (703) 648-7757
E-mail: atolcin@usgs.gov

Shonta E. Osborne (Data)
Telephone: (703) 648-7960
Fax: (703) 648-7792
E-mail: sosborne@usgs.gov

Internet: <http://minerals.usgs.gov/minerals>

ZINC IN JANUARY 2009

Domestic mine production (recoverable) of zinc in January 2009 was 69,300 metric tons (t), according to the U.S. Geological Survey. Average daily mine production in January was 2,240 t, 7% higher than that in December 2008 and 4% lower than that in January 2008.

The Platts Metals Week average price for North American Special High Grade Zinc for January 2009 was 56.94 cents per pound, 7% higher than the December 2008 average price, but 49% lower than the January 2008 average price. The average London Metal Exchange Ltd. (LME) cash price of zinc for January 2009 increased to \$1,187.11 per metric ton, 8% higher than the average price in December 2008, but a 49% decrease compared with the average price in January 2008. During January 2009, global LME zinc stocks rose by 91,800 t to 345,275 t.

On January 15, zinc mining company Strategic Resource Acquisition Corp. (SRA, Toronto, Ontario, Canada) announced that it had filed for Chapter 11 bankruptcy and was applying for protection under the Companies' Creditors Arrangement Act in Canada. SRA sought protection as its cash in hand was insufficient to meet interest and sinking fund payments. The company owned the Middle Tennessee zinc mine complex approximately 80 kilometers east of Nashville, TN. SRA placed the complex on care-and-maintenance status in October 2008 as operating costs remained above prevailing mineral commodity prices since production began at the Gordonsville Mine in April 2008 (Strategic Resource Acquisition Corp., 2009).

OZ Minerals Ltd. (Melbourne, Australia), the world's second leading zinc mining company, announced that it had secured bridge financing of \$90 million, which would be used to cover the short-term cash requirements for its Golden Grove copper-zinc mine (Australia), Prominent Hill copper-gold mine (Australia), and Martabe gold-silver project (Indonesia). Since late 2008, the company has been in the process of working with lenders towards refinancing its debt, pursuing expenditure reductions, and progressing towards certain asset sales (Platts Metals Week, 2009).

Several zinc mine closure announcements were made during the month. On January 9, HudBay Minerals Inc. (Toronto) announced that it planned to suspend operations at the Chisel

North zinc mine in Snow Lake, Manitoba, Canada, owing to the economic downturn and low base metal prices. The company was to place the mine and concentrator on care-and-maintenance status until improved economic conditions warranted the site's re-evaluation. On January 13, OZ Minerals announced that it was placing its Scuddles copper-zinc mine at its Golden Grove operation in Western Australia on care-and-maintenance status in order to reduce Golden Grove's operating costs. On January 22, Lundin Mining Corp. (Toronto) announced that it planned to permanently close the Galmoy zinc-lead-silver mine in Ireland in May 2009. The decision to close Galmoy had already been anticipated; the company announced in 2008 that it had commenced a phased shutdown at Galmoy to prepare the mine for its closure by 2011. Lundin decided to close the mine sooner against a background of low zinc prices (HudBay Minerals Inc., 2009; Lundin Mining Corp., 2009; OZ Minerals Ltd., 2009).

In China, the State Reserve Bureau (SRB), which manages China's national stockpile of strategic materials, planned to purchase 59,000 t of refined zinc from seven state-owned smelters at \$1,725 per metric ton in an effort to stimulate the domestic zinc metal market. The purchased tonnage was lower than anticipated; earlier reports expected the SRB to purchase between 100,000 t and 200,000 t of zinc. The settled price was only slightly higher than the market price; zinc prices on the Shanghai Futures Exchange were rising prior to the SRB purchase (Mok, 2009).

References Cited

- HudBay Minerals Inc., 2009, HudBay to suspend operations at its Chisel North Mine and Snow Lake concentrator: Toronto, Ontario, Canada, HudBay Minerals Inc. news release, January 9, 2 p.
- Lundin Mining Corp., 2009, Galmoy mine to close in May 2009: Toronto, Ontario, Canada, Lundin Mining Corp. news release, January 22, 1 p.
- Mok, Yuencheng, 2009, China's SRB zinc purchase unlikely to affect market: Platts Metals Week, v. 80, no. 3, January 19, p. 12.
- OZ Minerals Ltd., 2009, OZ Minerals improves cash costs at Golden Grove with Scuddles suspension: Melbourne, Australia, OZ Minerals Ltd. news release, January 13, 1 p.
- Platts Metals Week, 2009, OZ Minerals secures bridge finance: Platts Metals Week, v. 80, no. 4, January 26, p. 4.

Strategic Resource Acquisition Corp., 2009, SRA to evaluate strategic alternatives under court protection: Toronto, Ontario, Canada, Strategic

Resource Acquisition Corp. news release, January 15, 1 p.

TABLE 1
SALIENT ZINC STATISTICS¹

(Metric tons, unless otherwise specified)

	2008			2009 January
	January- December	November	December	
Production:				
Mine, zinc content of concentrate ²	778,000	54,900	67,200	71,800
Mine, recoverable zinc ²	748,000	52,800	64,700	69,300
Smelter, refined zinc ^{e, 3}	286,000	22,300	22,300	16,300
Consumption:				
Apparent, refined zinc ⁴	1,000,000	76,200	82,600	81,300
Reported:				
Refined zinc	248,000	19,500	19,400	17,900
Ores ^e (zinc content)	732	61	61	61
Zinc-base scrap ^e (zinc content)	178,000	14,800	14,800	14,800
Copper-base scrap ^e (zinc content)	148,000	12,400	12,400	12,400
Aluminum- and magnesium-base scrap ^e (zinc content)	603	50	50	50
Total ^e	575,000	46,800	46,700	45,200
Stocks of refined zinc, end of period:				
Producer and consumer ⁵	XX	36,400	36,100	32,300
Shipments of zinc metal from Government stockpile	250	--	--	--
Imports for consumption:				
Refined zinc	725,000	54,200	60,800	61,400
Oxide (gross weight)	114,000	5,010	4,550	6,020
Ore and concentrate (zinc content)	63,200	12,700	9,090	5,410
Waste and scrap (gross weight)	17,000	1,010	1,510	464
Exports:				
Refined zinc	3,250	144	125	168
Oxide (gross weight)	39,900	1,660	1,580	1,520
Ore and concentrate (zinc content)	725,000	35,200	13,900	20,000
Waste and scrap (gross weight)	91,000	1,620	2,370	1,800
Price:⁶				
London Metal Exchange cash, average, dollars per metric ton	1,874.20	1,152.16	1,100.01	1,187.11
Platts Metals Week North American, average, cents per pound	88.93	55.84	53.42	56.94

^eEstimated. XX Not applicable. -- Zero.

¹Data are rounded to no more than three significant digits; except prices; may not add to totals shown.

²Partially estimated.

³Includes zinc metal used to manufacture zinc oxide.

⁴Smelter production plus imports minus exports plus shipments from Government stockpile plus stock change.

⁵Does not include an estimate for companies that report annually.

⁶Special High Grade Zinc.

TABLE 2
APPARENT CONSUMPTION OF REFINED ZINC ACCORDING
TO INDUSTRY USE AND PRODUCT¹

(Metric tons)

	2008			2009
	January- December	November	December	January
Galvanizing:				
Sheet and strip	438,000	33,400	36,500	35,500
Other	168,000	12,700	14,100	14,200
Total	606,000	46,100	50,700	49,700
Brass and bronze	165,000	12,400	12,800	12,400
Zinc-base alloy	149,000	11,200	12,400	12,300
Other uses ²	81,600	6,530	6,820	6,880
Grand total	1,000,000	76,200	82,600	81,300

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes zinc used in making zinc dust, desilvering lead, powder, alloys, anodes, chemicals, casting, light metal alloys, rolled zinc, and miscellaneous uses not elsewhere specified.

TABLE 3
SHIPMENTS OF ZINC METAL FROM THE NATIONAL
DEFENSE STOCKPILE¹

(Metric tons)

Period	Shipments	Ending inventory ²
2008:		
January	12	7,720
February	NA ³	7,730
March	89	7,640
April	--	7,640
May	41	7,600
June	--	7,600
July	101	7,500
August ⁴	--	7,500
September	--	7,500
October	8	7,490
November	--	7,490
December	--	7,490
January-December	250	XX
2009, January	--	7,490

NA Not available. XX Not applicable. -- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes only uncommitted inventory.

³Monthly shipments are not reflected by changes in inventory due to an inventory adjustment or shipment delay.

⁴On August 6, 2008, the Defense National Stockpile Center announced that sales of zinc from the National Defense Stockpile were suspended until further notice.

Source: Defense National Stockpile Center.

TABLE 4
U.S. IMPORTS FOR CONSUMPTION OF ZINC¹

(Gross weight, unless otherwise specified)

Material	2008		2009			
	Quantity (metric tons)	Value (thousands)	January		Year to date	
			Quantity (metric tons)	Value (thousands)	Quantity (metric tons)	Value (thousands)
Ore and concentrate (zinc content)	63,200	\$73,200	5,410	\$3,340	5,410	\$3,340
Unwrought:						
Refined (slab) zinc	725,000	1,480,000	61,400	71,600	61,400	71,600
Zinc alloys	7,170	14,900	162	200	162	200
Wrought:						
Bars, rods, profiles, wire	2,330	6,860	145	291	145	291
Plates, sheets, strip, foil	3,330	17,100	358	1,730	358	1,730
Other:						
Dross, ashes, fume (zinc content)	13,200	17,200	473	355	473	355
Powders, flakes, dust	28,500	81,200	1,540	2,810	1,540	2,810
Waste and scrap	17,000	20,300	464	428	464	428
Chemicals:						
Oxide	114,000	192,000	6,020	7,890	6,020	7,890
Chloride	462	1,780	13	101	13	101
Sulfate	41,900	45,700	2,060	1,720	2,060	1,720
Compounds, other ²	4,600	7,650	179	593	179	593

¹Data are rounded to no more than three significant digits.

²Includes zinc sulfide (HTS 2830.90.1000 and 2830.90.1500), chromates of zinc or of lead (HTS 2841.90.4500), and lithopone and other pigments and preparations based on zinc sulfide (HTS 3206.42.0000).

Source: U.S. Census Bureau.

TABLE 5
U.S. IMPORTS OF ZINC, BY TYPE OF MATERIAL AND COUNTRY¹

(Metric tons, gross weight, unless otherwise specified)

Material and country	General imports			Imports for consumption		
	2008	2009		2008	2009	
		January	Year to date		January	Year to date
Ore and concentrate (zinc content):						
Canada	7,480	--	--	7,480	--	--
Mexico	2,730	5,410	5,410	2,730	5,410	5,410
Peru	53,000	--	--	53,000	--	--
Total	63,200	5,410	5,410	63,200	5,410	5,410
Refined (slab) zinc:						
Argentina	5,010	--	--	5,010	--	--
Australia	--	--	--	25	--	--
Belgium	908	--	--	908	--	--
Brazil	982	--	--	982	--	--
Canada	563,000	44,600	44,600	563,000	44,600	44,600
China	215	2	2	1,370	2	2
Germany	1	--	--	1	--	--
Italy	17	--	--	17	--	--
Japan	1,220	--	--	1,220	--	--
Kazakhstan	38,100	493	493	38,100	493	493
Korea, Republic of	--	--	--	702	--	--
Mexico	90,800	9,930	9,930	90,800	9,930	9,930
Peru	21,200	6,390	6,390	21,200	6,390	6,390
Spain	--	--	--	40	--	--
Sweden	2	--	--	2	--	--
Taiwan	18	--	--	18	--	--
Uzbekistan	2,260	--	--	2,260	--	--
Total	724,000	61,400	61,400	725,000	61,400	61,400
Dross, ashes, fume (zinc content)	13,200	473	473	13,200	473	473
Grand total	800,000	67,200	67,200	802,000	67,200	67,200
Oxide:						
Australia	81	338	338	81	338	338
Belgium	11,600	--	--	11,600	--	--
Canada	40,400	2,790	2,790	40,400	2,790	2,790
China	346	19	19	346	19	19
Germany	1,150	20	20	1,150	20	20
Italy	25,100	--	--	25,100	--	--
Japan	1,490	166	166	1,490	166	166
Mexico	26,100	2,630	2,630	26,100	2,630	2,630
Netherlands	5,470	16	16	5,470	16	16
Norway	3	2	2	3	2	2
Peru	1,150	37	37	1,150	37	37
Spain	681	--	--	681	--	--
Other	310	--	--	310	--	--
Total	114,000	6,020	6,020	114,000	6,020	6,020

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

Source: U.S. Census Bureau.

TABLE 6
U.S. EXPORTS OF ZINC¹

(Gross weight, unless otherwise specified)

Material	2008		2009			
	Quantity (metric tons)	Value (thousands)	January		Year to date	
			Quantity (metric tons)	Value (thousands)	Quantity (metric tons)	Value (thousands)
Ore and concentrate (zinc content)	725,000	\$598,000	20,000	\$9,870	20,000	\$9,870
Unwrought:						
Refined (slab) zinc	3,250	3,260	168	176	168	176
Zinc alloys	8,550	22,800	312	660	312	660
Wrought:						
Bars, rods, profiles, wire	28,100	47,500	1,130	2,170	1,130	2,170
Plates, sheets, strip, foil	4,970	20,900	466	1,540	466	1,540
Other:						
Dross, ashes, fume (zinc content)	10,500	5,120	224	204	224	204
Powders, flakes, dust	13,000	28,500	695	1,330	695	1,330
Waste and scrap	91,000	99,100	1,800	1,550	1,800	1,550
Chemicals:						
Oxide	39,900	61,700	1,520	2,610	1,520	2,610
Chloride	1,830	2,110	83	100	83	100
Sulfate	578	799	15	28	15	28
Compounds, other ²	7,210	11,900	316	1,040	316	1,040

¹Data are rounded to no more than three significant digits.

²Includes zinc sulfide (Schedule B 2830.90.1000 and 2830.90.1500), chromates of zinc or of lead (Schedule B 2841.90.4500), and lithopone and other pigments and preparations based on zinc sulfide (Schedule B 3206.42.0000).

Source: U.S. Census Bureau.

TABLE 7
AVERAGE PRICES FOR SPECIAL HIGH GRADE ZINC

Period	North American ¹ ¢/lb.	London Metal Exchange cash ²	
		¢/lb.	\$/t
2008:			
January	110.49	106.13	2,339.81
February	114.60	110.57	2,437.60
March	117.67	113.90	2,511.01
April	106.43	102.66	2,263.16
May	102.80	98.96	2,181.63
June	89.93	85.91	1,893.89
July	88.02	84.00	1,851.88
August	82.17	78.14	1,722.70
September	82.72	78.70	1,735.05
October	63.01	59.03	1,301.49
November	55.84	52.26	1,152.16
December	53.42	49.90	1,100.01
January-December	88.93	85.01	1,874.20
2009, January	56.94	53.85	1,187.11

¹Platts Metals Week North American price. Based on the London Metal Exchange cash price plus premiums or discounts, depending on market conditions.

²Average of the cash buyer price and the cash seller and settlement price.

Source: Platts Metals Week.