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Mineral Industry Surveys

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LEAD IN JANUARY 2004

Domestic mine production, based on the net quantity of lead recovered from concentrate, decreased by 1% in January compared with production in December, according to the U.S. Geological Survey. Secondary refinery production decreased by about 1%, and reported consumption decreased by 3% compared with production and consumption in the previous month.

According to the Platts Metals Week published quotations for January, the average North American producer price and the average London Metal Exchange Ltd. (LME) cash price (U.S. dollars) increased by 5.78% and 9.58%, respectively.

LME lead prices rose further in January, amid continued investment fund buying in metals, tightening lead availability, and general firming of lead fundamentals. In North America, lower primary lead output, a further decline in LME stocks in the United States, and a modest increase in replacement battery demand, have served to further tighten lead supplies. In Europe, a slow but steady increase in lead demand since September 2003 appears to have continued into early 2004. Current producer stocks and projected refined metal production in 2004, however, may be inadequate to meet metal requirements of the European consumers during 2004. Continuing higher demand for lead in China has slowed the rate of refined lead exports from the Asian market, further tightening overall world lead supplies (CRU International Ltd., 2004).

The National Defense Stockpile (NDS) aggregated cash disposal (sale) of lead in January under the monthly Basic Ordering Agreement, DLA-Lead-005, was 3,580 metric tons (t) (3,946 short tons). Sales of lead in the first 4 months of fiscal year 2004 (October 2003 through January 2004) totaled 21,917 t (24,159 short tons) (Defense National Stockpile Center, 2004).

Australian-based zinc and lead producer Pasminco Ltd. revealed firm plans for a reflotation of the company's assets later this year. A new company called Zinifex Ltd. will be established, which will acquire all of Pasminco's assets and then will launch a public offering for investment in the new company. The company's principal asset is the 100%-owned Century Mine in Queensland. About 5.2 million t of ore were treated at Century for the year ending June 30, 2003, yielding 520,327 t of zinc in concentrate and 65,020 t of lead in concentrate. Many of Pasminco's smaller operations have either been sold or been closed in the past 2 years in order to ease the company's financial difficulties. A Canadian-based company, Ontzinc Corp., had made a bid for the takeover of Pasminco in late 2003, but the bid was rejected (Mining Journal, 2004).

Intec Ltd., an Australian metals technology company, and Canada-based Ivanhoe Mines Ltd. have agreed, as a joint venture, to purchase the Hellyer lead-zinc project in Tasmania from the receivers of failed miner Western Metals Ltd. The Hellyer project has been on care and maintenance status since mid 2000. The project comprises mining and exploration claims, a milling plant, and a tailings dam, as well as a metallurgical research and development facility. A spokesperson for Intec indicated that the tailings dam contained significant quantities of lead, zinc, silver, gold, and copper. The joint venture partners plan to construct a pilot plant in 2004, employing a process developed by Intec that is expected to provide a more efficient recovery of metals from the tailings (Platts Metals Week, 2004a).

Chinese lead producer Yuguang Gold and Lead Group has opened tenders for equipment to complete its 100,000-metric-ton-per-year (t/yr) lead recycling project in Jiyuan City, Henan Province. The recycling project, recently approved by the Henan Provincial Government, is expected to take up to 9 months to complete. Yuguang currently has a primary lead production capacity of 200,000 t/yr. According to a company spokesperson, Yuguang also is considering the purchase of lead mines in Henan Province, and hopes to complete these purchases in the near future (Platts Metals Week, 2004c).

Update

Secured and unsecured creditors of Exide Technologies, Princeton, NJ, reportedly reached agreement on a new reorganization plan that will allow Exide to emerge from bankruptcy, pending a positive vote on the plan. Upon consummation of the plan, Exide would reduce its debt by nearly $1.3 billion to a level of about $540 million (Ryan's Notes, 2004).

Reports from market and union sources indicate that the Porto Vesme lead and zinc facilities in Sardinia, Italy, will reopen in

the next few months. The facilities include a 100,000-t/yr lead smelter, an Imperial smelting furnace (85,000-t/yr zinc capacity and 40,000-t/yr lead capacity) and an electrolytic smelter with a capacity of 100,000 t/yr zinc. Porto Vesme is owned by Switzerland-based Glencore International AG (Platts Metals Week, 2004b)

References Cited

CRU International Ltd., 2004, Market commentary: CRU Monitor—Lead, February, p. 2.

Defense National Stockpile Center, 2004, Stockpile announces lead sales for January 2004: Fort Belvoir, VA, Defense National Stockpile Center news release, February 5, 1 p.

Mining Journal, 2004, Pasminco reflotation back on the calendar: Mining Journal, January 30, p. 1.

Platts Metals Week, 2004a, Joint venture acquires Tasmanian project: Platts Metals Week, v. 75, no. 1, January 5, p. 15.

Platts Metals Week, 2004b, Porto Vesme zinc-lead plant to reopen in May—Sources: Platts Metals Week, v. 75, no. 10, March 8, p. 9.

Platts Metals Week, 2004c, Yuguang seeks bids to build recycling unit: Platts Metals Week, v. 75, no. 3, January 19, p. 9.

Ryan's Notes, 2004, Exide's new organization plan finds favor: Ryan's Notes, v. 10, no. 10, March 8, p. 4.

TABLE 1
SALIENT LEAD STATISTICS IN THE UNITED STATES[1]

(Metric tons, lead content, unless otherwise specified)

		2003			
	2002	January	December	January - December	2004 January
Production:					
Mine, recoverable	440,000	33,700	33,900	449,000	33,400
Primary refinery	262,000	NA	NA	NA	NA
Secondary refinery:					
Reported by smelters/refineries	1,100,000	93,500	93,000	1,120,000	91,900
Estimated	--	944	940	11,300	928
Recovered from copper-base scrap[e]	13,500	1,250	1,250	15,000	1,250
Total secondary	1,120,000	95,700	95,200	1,140,000	94,000
Stocks, end of period:					
Primary refineries	NA	NA	NA	NA	NA
Secondary smelters and consumers	105,000	89,100	88,000	88,000	82,700
Imports for consumption:					
Ore and concentrates	6	--	--	6	NA
Refined metal	210,000	14,700	13,600	175,000	NA
Consumption:					
Reported	1,440,000	122,000	114,000	1,360,000	111,000
Undistributed[e]	--	12,000	11,300	134,000	11,000
Total	1,440,000	134,000	125,000	1,490,000	122,000
Exports:					
Ore and concentrates	241,000	13,400	7,150	253,000	NA
Bullion	256	123	--	593	NA
Wrought and unwrought lead	43,200	6,790	30,900	123,000	NA
TEL/TML preparations, based on lead compounds	516	39	24	517	NA
Exports, gross weight, scrap	106,000	7,940	8,250	92,800	NA
Platt's Metals Week North American producer price (cents per pound)	43.56	43.54	44.30	43.76	46.86

[e]Estimated. NA Not available. -- Zero.
[1]Data are rounded to no more than three significant digits, except prices; may not add to totals shown.

TABLE 2
MONTHLY AVERAGE LEAD PRICES

	North American producer price	LME		Sterling exchange rate
	cents/lb	$/metric ton	£/metric ton	$/£
2003:				
October	43.98	586.82	349.47	1.679164
November	44.08	621.71	367.93	1.689739
December	44.30	691.69	394.89	1.751605
Year	43.76	514.62	313.88	1.634750
2004: January	46.86	757.95	415.21	1.825465

Source: Platts Metals Week.

TABLE 3
CONSUMPTION OF PURCHASED LEAD-BASE SCRAP[1]

(Metric tons, gross weight)

Item	Stocks December 31, 2003	Net receipts	Consumption	Stocks January 31, 2004
Battery-lead	18,200	94,700	92,100	20,800
Soft lead	W	W	W	W
Drosses and residues	1,420	3,400	3,400	1,420
Other[2]	1,550	1,320	1,730	1,130
Total	21,100	99,400	97,200	23,300
Percentage change from preceding month	XX	+3.2	+0.2	+10.3

W Withheld to avoid disclosing company proprietary data; included with "Other." XX Not applicable.

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

[2]Includes solder, common babbitt, antimonial lead, cable covering, type metals, and other lead-base scrap not elsewhere classified.

TABLE 4
LEAD, TIN, AND ANTIMONY RECOVERED
FROM LEAD-BASE SCRAP IN JANUARY 2004[1]

(Metric tons)

Product recovered	Secondary metal content		
	Lead	Tin	Antimony
Soft and calcium lead	69,500	--	--
Remelt lead	W	W	W
Antimonial lead	21,900	W	W
Other[2]	W	W	--
Total lead-base	91,900	37	321

W Withheld to avoid disclosing company proprietary data; included in "Total." -- Zero.

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

[2]Includes cable lead, lead-base babbitt, solder, type metals, and other products.

TABLE 5
CONSUMPTION OF LEAD IN THE UNITED STATES[1]

(Metric tons, lead content)

Uses	2002	2003			2004
		January	December	January - December	January
Metal products:					
Ammunition, shot and bullets	57,600	3,040	1,630	34,600	4,200
Brass and bronze, billet and ingots	2,730	180	287	1,750	335
Cable covering, power and communication and calking lead, building construction	3,550	342	305	4,290	328
Casting metals	34,800	523	447	5,370	325
Sheet lead, pipes, traps and other extruded products	27,900	1,660	1,200	15,100	1,980
Solder	6,450	177	255	2,200	202
Storage batteries, including oxides	1,190,000	107,000	105,000	1,220,000	97,700
Terne metal, type metal, and other metal products[2]	24,600	5	6	78	7
Total	1,350,000	113,000	109,000	1,280,000	105,000
Other oxides and miscellaneous uses	86,200	8,580	5,050	77,300	5,680
Total reported	1,440,000	122,000	114,000	1,360,000	111,000
Undistributed consumption[e]	--	12,000	11,300	134,000	11,000
Grand total	1,440,000	134,000	125,000	1,490,000	122,000

[e]Estimated. -- Zero.

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

[2]Includes lead consumed in foil, collapsible tubes, annealing, plating, galvanizing, and fishing weights.

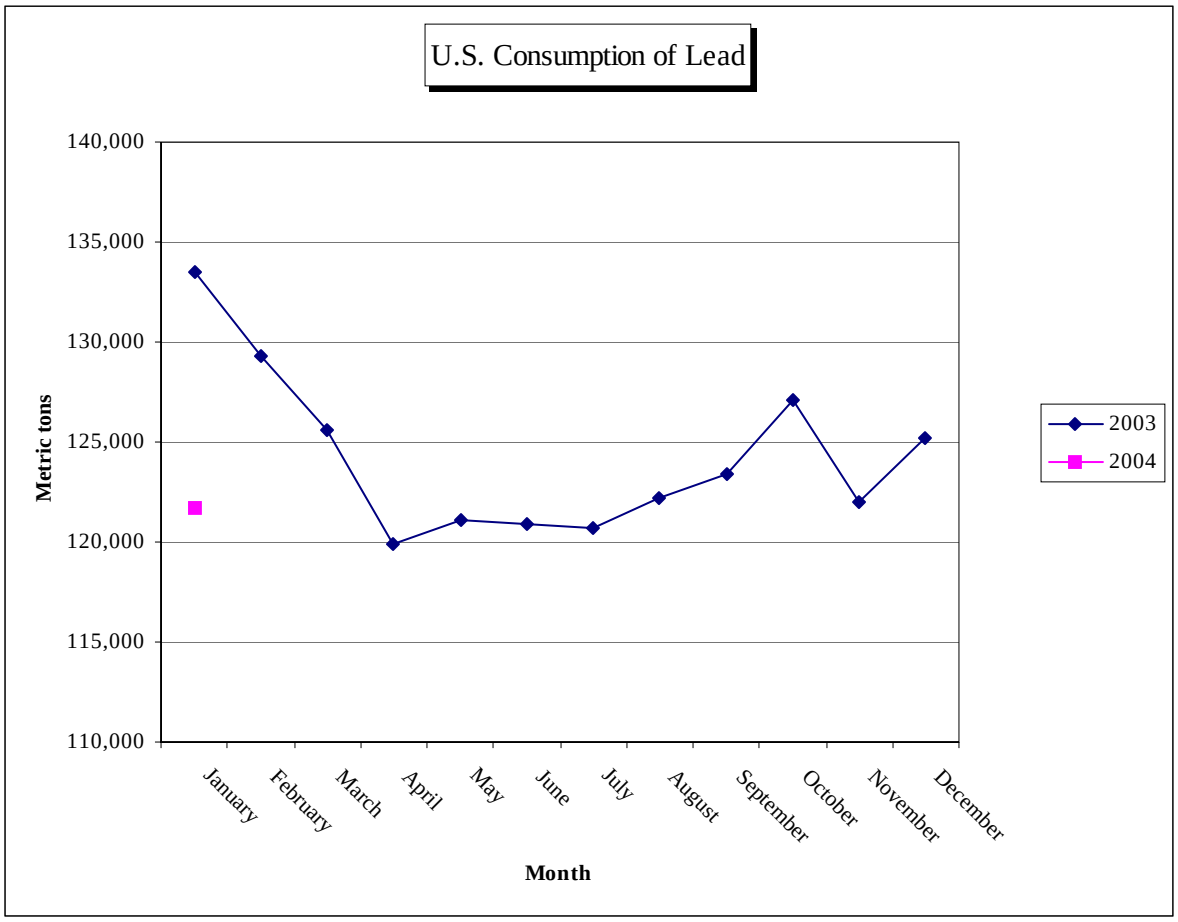

TABLE 6
CONSUMER AND SECONDARY SMELTER STOCKS, RECEIPTS,
AND CONSUMPTION OF LEAD[1]

(Metric tons, lead content)

Type of material	Stocks December 31, 2003	Net receipts	Consumption	Stocks January 31, 2004
Soft lead	41,200	61,300	63,300	39,300
Antimonial lead	31,400	25,100	28,500	28,100
Lead alloys	W	18,800	18,800	W
Copper-base scrap	W	70	69	W
Total	88,000	105,000	111,000	82,700

W Withheld to avoid disclosing company proprietary data; included in "Total."

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

TABLE 7
U.S. EXPORTS OF LEAD, BY CLASS[1]

(Metric tons)

		2003		
	2002	November	December	January - December
Lead content:				
Ore and concentrates	241,000	9,270	7,150	253,000
Bullion	256	9	--	593
Materials excluding scrap	43,200	4,760	30,900	123,000
TEL/TML preparations, based on lead compounds	516	10	24	517
Total	285,000	14,100	38,100	377,000
Gross weight, scrap	106,000	5,520	8,250	92,800

-- Zero.

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

Source: U.S. Census Bureau.

TABLE 8

U.S. IMPORTS OF LEAD BY TYPE OF MATERIALS AND BY COUNTRY OF ORIGIN[1]

(Metric tons, lead content)

Country of origin	General imports				Imports for consumption			
		2003				2003		
	2002	November	December	Year	2002	November	December	Year
Ore, matte, etc.:								
China	3	--	--	--	3	--	--	--
United Kingdom	3	--	--	--	3	--	--	--
Total	6	--	--	--	6	--	--	--
Base bullion:								
Argentina	--	--	--	5	--	--	--	5
Germany	--	--	--	1	--	--	--	1
Total	--	--	--	6	--	--	--	6
Pigs and bars:								
Australia	43,700	--	--	10,100	2,630	76	--	107
Canada	172,000	11,300	13,400	167,000	172,000	11,300	13,400	167,000
China	28,200	--	--	1	28,200	--	--	1
Germany	185	-- [r]	--	--	185	-- [r]	--	--
Mexico	7,460	643 [r]	214	8,270	7,460	643 [r]	214	8,270
Other	246	84	50	259	94	84	50	259
Total	251,000	12,000	13,600	186,000	210,000	12,100	13,600	175,000
Reclaimed scrap, including ash and residues	--	--	--	--	--	--	--	--
Grand total	251,000	12,000	13,600	186,000	210,000	12,100	13,600	175,000

[r]Revised. -- Zero.

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

Source: U.S. Census Bureau.