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Mineral Industry Surveys

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LEAD IN MAY 2002

Domestic mine production, based on the net quantity of lead recovered from concentrate, increased by 9% in May compared with production in April. Secondary refinery production increased by 2% in May, and reported consumption remained essentially unchanged compared with corresponding data for the previous month.

According to Platts Metals Week published quotations, the average North American producer price and the average London Metal Exchange (LME) cash price (U.S. dollars) decreased by 0.16% and 4.34%, respectively, in May.

Lead stocks continued to increase in the world market during May, as LME stocks grew to a level of nearly 178,000 metric tons (t), an increase of 83% since the beginning of the year. A lack of any broad interest in the lead market persisted during the month, prompting the belief that any reversal in the downward trend in LME prices would be delayed into 2003. Demand for lead in the industrial battery sector remained very weak, exerting a significant influence on the overall consumption of lead during the first five months of the year (CRU International Ltd., 2002; Platts Metals Week, 2002a).

The National Defense Stockpile (NDS) monthly cash disposal (sale) of lead in May was 3,748 t (4,131 short tons). Sales of lead through the first 8 months of fiscal year 2002 (October 2001 through May 2002) totaled 12,959 t (14,285 short tons).

On May 9, the Defense National Stockpile Center (DNSC) issued its new procedure for purchasing lead from the NDS. The procedure, entitled Basic Ordering Agreement (BOA), DLA-Lead-005, will replace the current monthly sealed bid and periodic negotiated method for purchasing lead. Under the new BOA procedure, more frequent lead offerings will be made via posting on the DNSC website. The DNSC posting of notice of lead sales is scheduled to occur each Thursday by 12:00 noon. Price quotations then will be due from the bidders to the DNSC by 1:00 p.m. on the following Wednesday. In order to qualify for lead purchases under the BOA, participants will be required to meet certain financial criteria. Initial sales of lead under the BOA were scheduled for June 20 (U.S. Defense National Stockpile Center, 2002).

Exide Technologies Inc., Princeton, NJ, has received approval from the U.S. Bankruptcy Court in Delaware to use its $250 million debtor-in-possession (DIP) financing facility. The DIP financing will be used to fund operations and pay obligations to employees and suppliers. Exide also recently signed an agreement with STS Tire and Auto Centers to supply a full line of automotive-type batteries. STS is the largest independent tire and auto service company in the northeastern United States, with more than 100 retail locations in New York, New Jersey, and Pennsylvania (American Metal Market, 2002a, b).

In Australia, Pasminco Ltd. reported that lead production in the first quarter ending March 31, 2002, had increased by 12.5 % to about 132,000 t compared with the first quarter of 2001. The higher production was the result of a strong performance at its Port Pirie smelter. Pasminco has been operating under administrators since September 2001 when the company's debt levels became excessive. The administrators have been granted approval to propose a deed of company arrangement to its creditors rather than proceed with a more complex and time-consuming creditor arrangement scheme. A creditors meeting was scheduled to be held in July for the creditors to vote on the administrators' proposal. According to a Pasminco spokesperson, the proposal would allow the company to emerge from administration with a very positive future and the opportunity to expand its base metal business using a conservatively directed economic approach to its operations (Platts Metals Week, 2002b, c).

Stockholm-based Boliden AB has intersected polymetallic mineralization in underground drilling conducted at its base metals mine near Garpenberg, Sweden. The new mineralization zone, called Lappberget, is located between the Garpenberg and Garpenberg Norra Mines. Drilling results have indicated lead and zinc concentrations as high as 6.0 % and 11.7 %, respectively. According to a company spokesperson, drilling indicates that the mineralization is of "considerable size." Work is continuing to establish the tonnage and average grade of the Lappberget zone (Mining Journal, 2002).

The Standing Committee of the International Lead and Zinc Study Group (ILZSG) held its Spring meeting in London on April 30, at which time ILZSG reported its outlook for lead in 2002. A forecast rise in Asian consumption of 2.7% was expected to be balanced by an anticipated decline of 4.3% in the United States, resulting in a global demand for refined lead in 2002 similar to that of 2001. Lead mine output was likely to decrease by 7.2% worldwide and by 9.7% in the Western industrialized countries, principally due to further reductions in output in the United States and mine closures in Canada, Spain, Morocco, and Sweden. Production of refined lead is expected to decline in China, Europe, and the United States, but is anticipated to be largely offset by increases in Australia, Canada, the Republic of Korea, Malaysia, and Morocco. Net export of refined lead from China to the industrialized countries in the western world is expected to be constrained in 2002 by the restricted availability of feedstock.

The ILZSG Standing Committee further announced that it intended to hold a Seminar on China's lead and zinc industries at ILZSG's Fall meeting in Stockholm, Sweden, October 2-4, 2002. The seminar will be conducted in cooperation with the China Non-Ferrous Metals Industry Association (International Lead and Zinc Study Group, 2002).

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TABLE 1
SALIENT LEAD STATISTICS IN THE UNITED STATES 1/

(Metric tons, lead content, unless otherwise specified)

	2001		2002		
	January - December	January - May	April	May	January - May
Production:					
Mine (recoverable)	450,000	188,000	36,100	39,300	189,000
Primary refinery	290,000	NA	NA	NA	NA
Secondary refinery:					
Reported by smelters/refineries	1,090,000	443,000	90,900	92,400	443,000
Estimated	11,000	4,470	918	933	4,470
Recovered from copper-base scrap e/	15,000	6,250	1,250	1,250	6,250
Total secondary	1,110,000	454,000	93,100	94,600	454,000
Stocks, end of period:					
Primary refineries	NA	NA	NA	NA	NA
Secondary smelters and consumers	86,100	65,300	82,700 r/	80,700	80,700
Imports for consumption:					
Ore and concentrates (lead content)	2,240	2,240	--	NA	-- 2/
Refined metal	271,000	105,000	21,500	NA	78,500 2/
Consumption:					
Reported	1,540,000	653,000	129,000	129,000	617,000
Undistributed e/	153,000	64,600	12,800	12,700	61,100
Total	1,700,000	718,000	142,000	142,000	679,000
Exports (lead content):					
Ore and concentrates	181,000	9,490	10,300	NA	29,000 2/
Bullion	3,470	2,980	13	NA	95 2/
Wrought and unwrought lead	34,700	14,200	1,920	NA	9,020 2/
Ash and residues	14,200	239	--	NA	-- 2/
TEL/TML preparations, based on lead compounds	3,470	3,200	18	NA	108 2/
Exports (gross weight): Scrap	108,000	31,800	11,100	NA	34,500 2/
Platts Metals Week average North American producer price (cents per pound)	43.64	43.66	43.63	43.56	43.64

e/ Estimated. r/ Revised. NA Not available. -- Zero.
1/ Data are rounded to no more than three significant digits, except prices; may not add to totals shown.
2/ Includes data for January - April only; May data were not available at time of publication.

TABLE 2
MONTHLY AVERAGE LEAD PRICES

	North American producer price	LME		Sterling exchange rate
	cents/lb	$/metric ton	£/metric ton	dollars/£
2001:				
May	43.61	466.32	326.90	1.426500
December	43.66	482.84	335.01	1.441265
Year	43.64	453.58	300.08	1.515869
2002:				
March	43.65	479.76	337.16	1.422925
April	43.63	471.99	327.11	1.442909
May	43.56	451.52	309.30	1.459814

Source: Platts Metals Week.

TABLE 3
CONSUMPTION OF PURCHASED LEAD-BASE SCRAP 1/

(Metric tons, gross weight)

Item	Stocks April 30, 2001	Net receipts	Consumption	Stocks May 31, 2001
Battery-lead	10,800	85,400	86,900	9,260
Soft lead	W	W	W	W
Drosses and residues	2,580	4,250	4,230	2,600
Other 2/	1,550	3,340	2,990	1,900
Total	14,900	93,000	94,100	13,800
Percent change from preceding month	XX	+3.2	+4.7	-7.6

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 MAY 2002 1/

(Metric tons)

Product recovered	Secondary metal content: Lead	Secondary metal content: Tin	Secondary metal content: Antimony
Soft and calcium lead	46,900	--	--
Remelt lead	W	W	W
Antimonial lead	20,100	W	W
Other 2/	W	W	--
Total lead-base	92,400	51	513

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	2001 Year	2001 January - May r/	2002 April	2002 May	2002 January - May
Metal products:					
Ammunition, shot and bullets	38,500	18,200	3,720	3,970	18,800
Brass and bronze, billet and ingots	3,490	1,570	303	271	889
Cable covering, power and communication and calking lead, building construction	3,770	1,750	368	292	1,560
Casting metals	7,410	2,840	653	650	3,260
Sheet lead, pipes, traps and other extruded products	21,800	9,720	1,590	1,650	7,630
Solder	1,560	699	167	151	726
Storage batteries, including oxides	1,400,000	593,000	114,000	113,000	548,000
Terne metal, type metal, and other metal products 2/	6,250	963	191	44	821
Total metal products	1,480,000	629,000	121,000	120,000	582,000
Other oxides and miscellaneous uses	59,000	24,400	8,310	8,390	35,400
Total reported	1,540,000	653,000	129,000	129,000	617,000
Undistributed consumption e/	153,000	64,600	12,800	12,700	61,100
Grand total	1,700,000	718,000	142,000	142,000	679,000

e/ Estimated. r/ Revised. W Withheld to avoid disclosing company propietary data; included in "Total." -- 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.

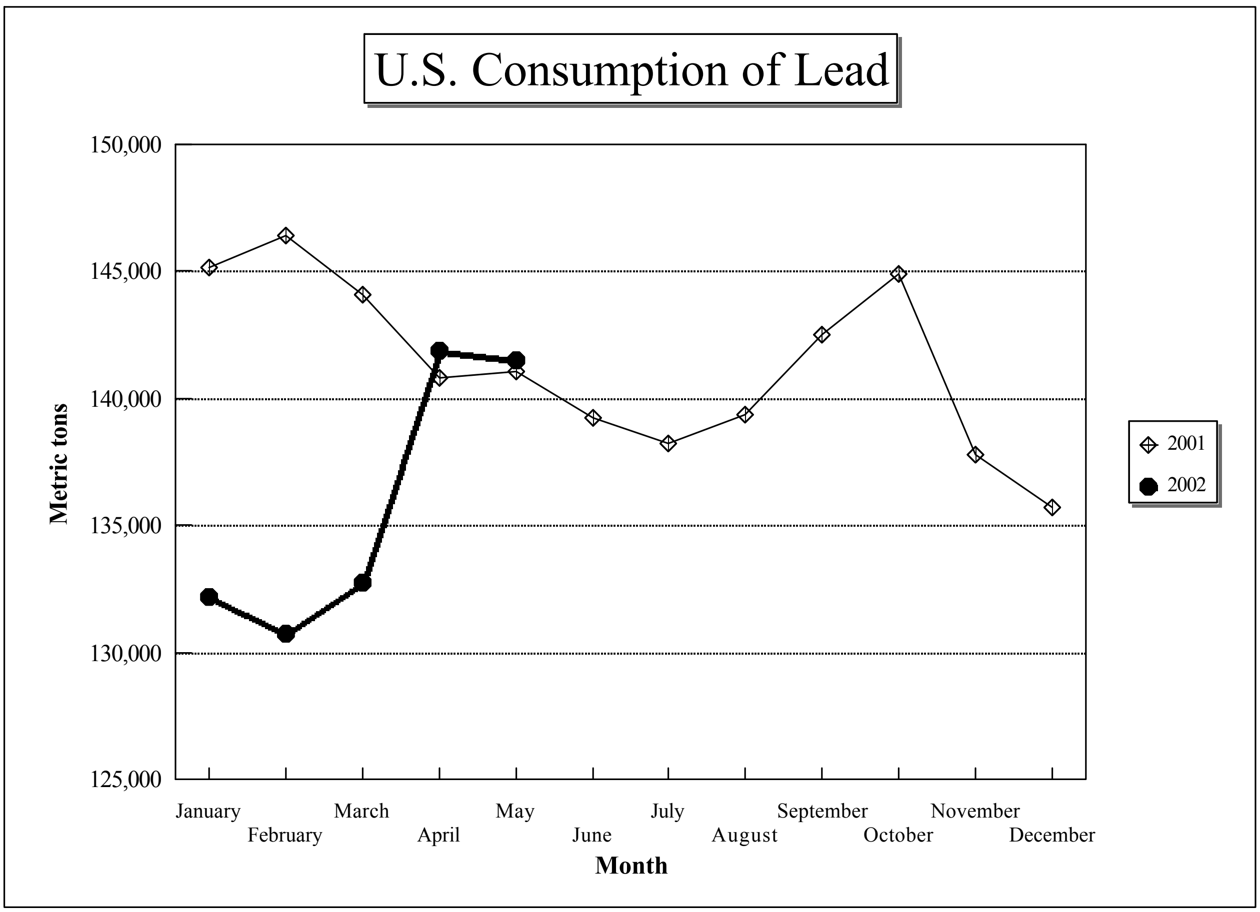

TABLE 6
CONSUMER AND SECONDARY SMELTER STOCKS, RECEIPTS, AND CONSUMPTION OF LEAD IN MAY 2002 1/

(Metric tons, lead content)

Type of material	Stocks April 30, 2002	Net receipts	Consumption	Stocks May 31, 2002
Soft lead	43,100	70,500	73,000	40,500
Antimonial lead	29,200	29,400	28,900	29,600
Lead alloys	W	26,600	26,600	W
Copper-base scrap	W	64	64	W
Total	82,700	127,000	129,000	80,700

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)

	2001		2002		
	Year	April	March	April	January - April
Lead content:					
Ore and concentrates	181,000	2,770	7,280	10,300	29,000
Bullion	3,470	448	--	13	95
Materials excluding scrap	34,700	2,380	2,330	1,920	9,020
Ash and residues	14,200	53	--	--	--
TEL/TML preparations, based on lead compounds	3,470	2	19	18	108
Total	237,000	5,650	9,630	12,300	38,200
Gross weight: Scrap	108,000	7,780	9,150	11,100	34,500

-- 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)

	General imports					Imports for consumption				
	2001		2002			2001		2002		
Country of origin	Year	January - April	March	April	January - April	Year	January - April	March	April	January - April
Ore, matte, etc.:										
Other	11,200	5,590	--	--	--	2,240	2,240	--	--	--
Total	11,200	5,590	--	--	--	2,240	2,240	--	--	--
Pigs and bars:										
Australia	18,300	3,190	--	6,040	13,800	18,600	5,610	--	1,540	2,630
Canada	167,000	71,000	14,300	18,200	53,900	167,000	71,000	14,300	18,200	53,900
China	53,100	14,300	9,540	--	19,400	56,300	16,500	9,540	6	19,400
Germany	120	81	25	24	73	120	81	25	24	73
Mexico	12,400	8,290	421	1,760	2,480	12,400	8,290	421	1,760	2,480
Peru	2,330	233	--	--	--	2,330	233	--	--	--
Other	3,260	276	--	152	155	14,500	3,400	--	--	3
Total	256,000	97,300	24,300	26,100	89,800	271,000	105,000	24,300	21,500	78,500
Reclaimed scrap, including ash and residues	203	203	--	--	--	203	203	--	--	--
Grand total	268,000	103,000	24,300	26,100	89,800	274,000	108,000	24,300	21,500	78,500

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

Source: U.S. Census Bureau.