

Mineral Industry Surveys

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LEAD IN JULY 2003

Domestic mine production, based on the net quantity of lead recovered from concentrate was unchanged in July compared with production in June. Secondary refinery production increased by about 2% in July, and reported consumption decreased by about 2% compared with the previous month. According to Platts Metals Week published quotations for July, the average North American producer price and the average London Metal Exchange cash price (U.S. dollars) increased by 0.34% and 10.0%, respectively.

LME prices rose appreciably in July on reports of increased fund buying that was enhanced by encouraging U.S. economic data. By the end of the month, lead prices reached \$529 per metric ton, equaling the January 2002 level that was the highest since September 1999, but well below the 1996 peak highs of over \$800 per metric ton.

Demand for lead in North America remained fairly soft with no evidence of significant strengthening in the replacement automotive battery sector. A gradual increase in demand for industrial-type batteries and original equipment automotive batteries was anticipated in response to the steadily improving U.S. economy. However, concerns were growing regarding the appreciable increase in imports of finished lead acid batteries and its impact on refined lead consumption by domestic battery manufacturers. In Europe, the demand for lead in July continued to be slow as several battery plants were closed for their annual summer holidays. A significant increase in demand for replacement automotive batteries was anticipated, however, as a result of higher than normal temperatures across much of Western Europe during the past few months (CRU International Ltd., 2003).

The National Defense Stockpile aggregated cash disposal (sale) of lead in July under the monthly Basic Ordering Agreement of the Defense Logistics Agency, DLA-Lead-005, was 3,500 metric tons (t) (3,858 short tons). Sales in the first 10 months of fiscal year 2003 (October 2002 through July 2003) totaled 53,913 t (59,429 short tons).

The U.S. Department of Housing and Urban Development (HUD) issued its fiscal year 2003 notice of funding availability for the Lead Hazard Reduction Demonstration Grant Program. The distribution of funds is intended to assist local government

units in carrying out specific programs pertaining to abatement, inspections, risk assessments, temporary relocations, and interim control of lead-based paint hazards. The awarded funds will be directed toward eligible privately owned, single-family housing units and multifamily buildings occupied by low-income families. Individual States and Indian Tribes may apply for funding on behalf of a local government unit (for example, a city or county within their jurisdiction). Approximately \$50 million in grants will be made available under the HUD program. The Lead Hazard Reduction Demonstration Program is authorized under Section 1011 of the Residential Lead-based Paint Hazard Reduction Act, Title X of the Housing and Community Development Act of 1992 (U.S. Department of Housing and Urban Development, 2003b).

The Secretary of HUD has delegated to the Director of the Office of Healthy Homes and Lead Hazard Control all authority of the Secretary in accordance with the following Acts and Rules: The Lead-based Paint Poisoning Prevention Act; the Residential Lead-based Paint Hazard Reduction Act; sections 501 and 502 of the Housing and Urban Development Act that pertain to healthy homes; the Lead Disclosure Rule; and the Lead Safe Housing Rule. The transfer of authority became effective June 24, 2003. It does not include the authority to issue or waive regulations, or to enter into matters of a legal nature (U.S. Department of Housing and Urban Development, 2003a).

The lead-acid battery industry recycled 97.1% of the available lead scrap from spent lead-acid batteries during the period 1997 through 2001, according to a recent report issued by Chicago-based Battery Council International (BCI). Lead-acid batteries remain the U.S.'s most highly recycled consumer product. Historically, the recycling rate of battery lead has consistently ranked higher than other recyclable materials (Platts Metals Week, 2003a). The BCI report tracks the lead recycling rate from spent automotive, truck, motorcycle, marine, garden tractor, and miscellaneous lead-acid batteries.

Exide Technologies, Inc., Princeton, NJ, hopes to emerge from Chapter 11 bankruptcy protection by the end of this year. Under a reorganization plan filed during July in U.S. Bankruptcy Court in Delaware, debt would be exchanged for

equity, all existing common stock would be canceled, and a seven-member board would be established. According to a company spokesperson, the company had no plans to sell any additional assets. Upon filing a disclosure statement with the bankruptcy court, Exide must receive initial court approval of the reorganization plan, and must get the backing of certain shareholders before final court approval is granted. The company was continuing negotiations with lenders on financing that would allow it to exit Chapter 11 (American Metal Market, 2003a).

Australian-based Western Metals Group has entered into voluntary administration, the equivalent of U.S. Chapter 11 protection, after failing to attract new equity and restructure its debt. A company spokesperson cited depressed metal prices and the strengthening of the Australian dollar as reasons for the company's financial difficulties. Western had announced last May that it would temporarily suspend operations at its Kapok lead-zinc mine and transfer staff to its Pillara operations, part of the Leonard Shelf lead-zinc deposit. Prior to its closure, the Kapok Mine yielded 24,400 t of zinc and 20,000 t of lead in the 9 months that ended March 31, 2003 (American Metal Market, 2003b).

Thailand's Bergsoe Metals, a producer of secondary lead, expects to increase its capacity by between 50% and 67% in early 2004. Currently, Bergsoe produces between 900 and 1,000 metric tons per month of refined secondary lead (Platts Metals Week, 2003b).

Update

Doe Run Resources Corp., St. Louis, MO, announced in mid September that it would close its Glover, MO, primary lead smelter, effective December 1, 2003. The smelter will be placed on care and maintenance status, and could reopen should market conditions improve. Production at Glover was at its rated capacity of about 120,000 metric tons per year of refined lead prior to the company's decision to temporarily close the facility (Ryan's Notes, 2003).

References Cited

- American Metal Market, 2003a, Exide sees Ch. 11 exit by year-end, plans to hold on to current assets: American Metal Market, v. 111, no. 28-4, July 17, p. 5.
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- CRU International Ltd., 2003, Market Commentary: CRU Monitor—Lead, August, p. 2.
- Platts Metals Week, 2003a, Lead-acid batteries top US recycling: Platts Metals Week, v. 74, no. 30, July 28, p. 10.
- Platts Metals Week, 2003b, Thai Bergsoe to up lead capacity 67%: Platts Metals Week, v. 74, no. 29, July 21, p. 3.
- Ryan's Notes, 2003, Doe Run closes Glover smelter; Impact on Pb supplies uncertain: Ryan's Notes, v. 9, no. 37, September 15, p. 4.
- U.S. Department of Housing and Urban Development, 2003a, Delegation of authority to the Director of the Office of Healthy Homes and Lead Hazard Control: Federal Register, v. 68, no. 126, July 1, p. 39111.
- U.S. Department of Housing and Urban Development, 2003b, Notice of funding availability for the Lead Hazard Reduction Grant Program for fiscal year 2003; Notice: Federal Register, v. 68, no. 126, July 1, p. 39399-39425.

TABLE 1
SALIENT LEAD STATISTICS IN THE UNITED STATES¹

(Metric tons, lead content, unless otherwise specified)

	2002		2003		
	Year ^p	January - July	June	July	January - July
Production:					
Mine (recoverable)	440,000	264,000	39,200	39,300	266,000
Primary refinery	262,000	NA	NA	NA	NA
Secondary refinery:					
Reported by smelters/refineries	1,100,000	625,000	92,600 ^r	94,800	641,000
Estimated	--	6,290	935 ^r	958	6,470
Recovered from copper-base scrap ^c	13,500	8,750	1,250	1,250	8,750
Total secondary	1,120,000	640,000	94,800 ^r	97,000	656,000
Stocks, end of period:					
Primary refineries	NA	NA	NA	NA	NA
Secondary smelters and consumers	105,000	86,900	84,200 ^r	83,900	83,900
Imports for consumption:					
Ore and concentrates	6	--	1	NA	1 ²
Refined metal	210,000	135,000	19,100	NA	108,000 ²
Consumption:					
Reported	1,440,000	878,000	110,000	108,000	770,000
Undistributed ^c	--	86,800	10,900	10,600	76,100
Total	1,440,000	965,000	121,000	118,000	846,000
Exports:					
Ore and concentrates	241,000	106,000	9,040	NA	70,000 ²
Bullion	256	95	--	NA	369 ²
Wrought and unwrought lead	43,200	16,800	6,890	NA	40,800 ²
TEL/TML preparations, based on lead compounds	516	277	23	NA	376 ²
Exports (gross weight): Scrap	106,000	62,200	7,720	NA	49,600 ²
Platts Metals Week North American producer price (cents per pound)	43.56	43.62	43.61	43.76	43.61

^cEstimated. ^pPreliminary. ^rRevised. NA Not available. -- Zero.

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

²Includes data for January - June only; July data were not available at time of publication.

TABLE 2
MONTHLY AVERAGE LEAD PRICES

	North American producer price cents/lb	LME		Sterling exchange rate dollars/£
		\$/metric ton	£/metric ton	
2002:				
July	43.54	445.73	286.36	1.556518
December	43.54	443.22	279.41	1.586295
Year	43.56	452.29	301.96	1.503145
2003:				
May	43.60	463.10	285.45	1.622352
June	43.61	467.68	281.59	1.660876
July	43.76	514.38	317.10	1.622100

Source: Platts Metals Week.

TABLE 3
CONSUMPTION OF PURCHASED LEAD-BASE SCRAP¹

(Metric tons, gross weight)

Item	Stocks	Net	Consumption	Stocks
	June 30, 2003			receipts
Battery-lead	17,600 ^r	86,800	86,800	17,500
Soft lead	W	W	W	W
Drosses and residues	2,160	4,100	4,120	2,140
Other ²	3,120	3,830	3,600	3,340
Total	22,900 ^r	94,700	94,600	23,000
Percent change from preceding month	XX	-5.2	-5.1	+0.5

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

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

²Includes 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 JULY 2003¹

(Metric tons)

Product recovered	Secondary metal content		
	Lead	Tin	Antimony
Soft and calcium lead	69,200	--	--
Remelt lead	W	W	W
Antimonial lead	24,900	W	W
Other ²	W	W	--
Total lead-base	94,800	44	374

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

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

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

TABLE 5
CONSUMPTION OF LEAD IN THE UNITED STATES¹

(Metric tons, lead content)

Uses	2002		2003		
	Year ^p	January - July	June	July	January - July
Metal products:					
Ammunition, shot and bullets	57,600	26,000	2,750	3,020	20,400
Brass and bronze, billet and ingots	2,730	978	296	288	995
Cable covering, power and communication and cabling lead, building construction	3,550	2,030	373	394	2,800
Casting metals	34,800	4,570	448	447	3,130
Sheet lead, pipes, traps and other extruded products	27,900	10,900	1,230	1,280	8,880
Solder	6,450	1,110	169	196	1,250
Storage batteries, including oxides	1,190,000	784,000	98,500 ^r	96,900	689,000
Terne metal, type metal, and other metal products ²	24,600	910	10	3	42
Total metal products	1,350,000	831,000	104,000	103,000	727,000
Other oxides and miscellaneous uses	86,200	46,900	6,320	5,020	43,100
Total reported	1,440,000	878,000	110,000	108,000	770,000
Undistributed consumption ^c	--	86,800	10,900	10,600	76,100
Grand total	1,440,000	965,000	121,000	118,000	846,000

^cEstimated. ^pPreliminary. ^rRevised. -- Zero.

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

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

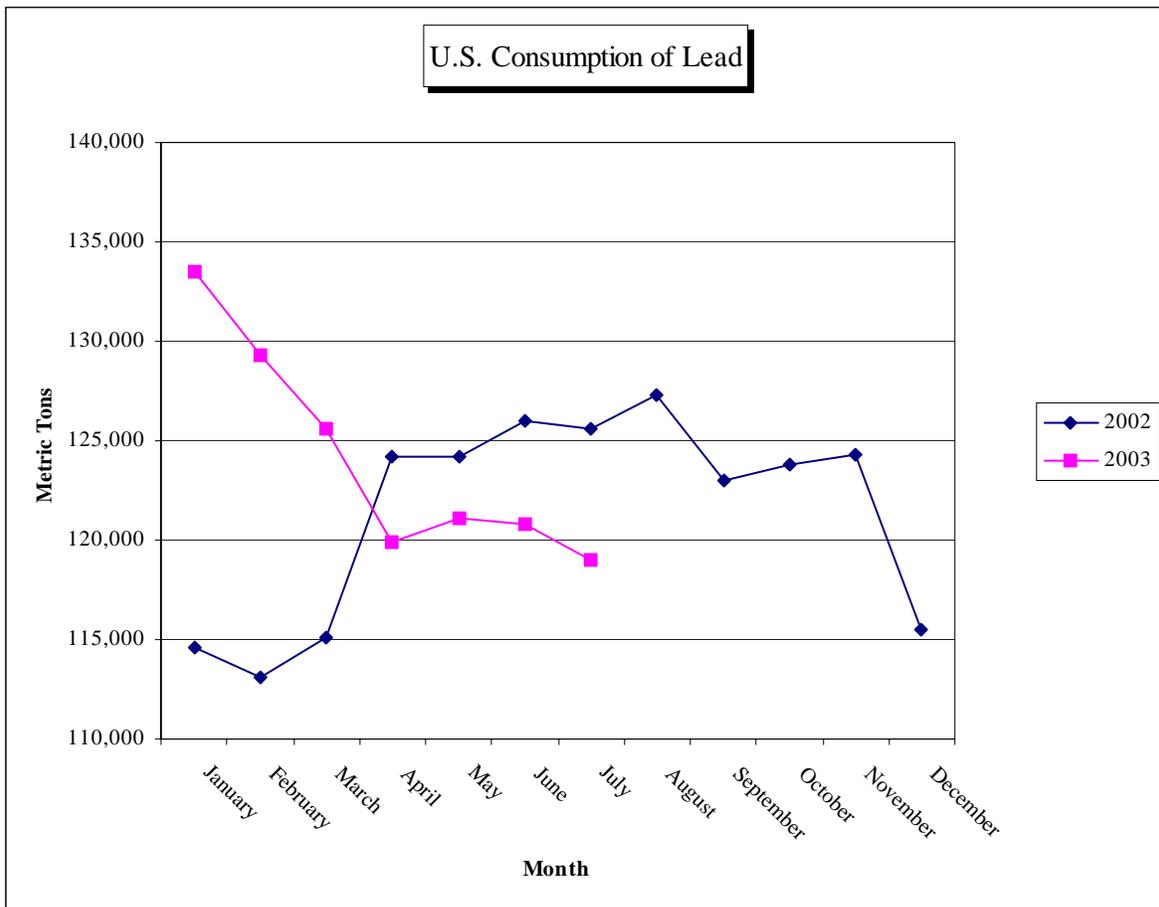


TABLE 6
CONSUMER AND SECONDARY SMELTER STOCKS, RECEIPTS, AND CONSUMPTION OF
LEAD¹

(Metric tons, lead content)

Type of material	Stocks	Net receipts	Consumption	Stocks
	June 30, 2003			July 31, 2003
Soft lead	40,100 ^r	61,500	61,600	40,100
Antimonial lead	29,600 ^r	25,000	25,200	29,400
Lead alloys	W	21,300	21,300	W
Copper-base scrap	W	50	47	W
Total	84,200 ^r	108,000	108,000	83,900

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

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

TABLE 7
U.S. EXPORTS OF LEAD, BY CLASS¹

(Metric tons)

	2002		2003		
	Year	June	May	June	January -
					June
Lead content:					
Ore and concentrates	241,000	21,300	9,030	9,040	70,000
Bullion	256	--	26	--	369
Materials excluding scrap	43,200	2,380	8,710	6,890	40,800
TEL/TML preparations, based on lead compounds	516	27	166	23	376
Total	285,000	23,700	17,900	16,000	112,000
Gross weight: Scrap	106,000	9,260	8,780	7,720	49,600

-- Zero.

¹Data 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 ORIGIN¹

(Metric tons, lead content)

Country of origin	General imports					Imports for consumption				
	2002		2003			2002		2003		
	Year	January - June	May	June	January - June	Year	January - June	May	June	January - June
Ore, matte, etc.:										
Other	6	--	--	1	1	6	--	--	1	1
Total	6	--	--	1	1	6	--	--	1	1
Pigs and bars:										
Australia	43,700	13,800	--	--	10,100	2,630	2,630	--	--	--
Canada	172,000	87,800	27,100	18,600	102,000	172,000	87,800	27,100	18,600	102,000
China	28,200	28,200	--	--	1	28,200	28,200	--	--	1
Germany	185	134	--	--	--	185	134	--	--	--
Mexico	7,460	3,360	318	471	5,850	7,460	3,360	318	471	5,850
Other	246	155	17	24	82	94	3	17	24	82
Total	251,000	133,000	27,400	19,100	118,000	210,000	122,000	27,400	19,100	108,000
Reclaimed scrap, including ash and residues										
	--	--	--	--	--	--	--	--	--	--
Grand total	251,000	133,000	27,400	19,100	118,000	210,000	122,000	27,400	19,100	108,000

-- Zero.

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

Source: U.S. Census Bureau.