



Metals Despatch

Newsletter of the International Metals Study Groups

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LEAD AND ZINC MARKET FORECAST

The outlook for world supply and demand for lead and zinc was presented during the ILZSG meetings held in Lisbon on 25 April 2018.

Lead Usage

It was anticipated that global demand for refined lead metal would rise by 2.7% this year to 11.90 million tonnes, mainly as a consequence of increases in apparent usage in China and the United States which were forecast to grow by 3.4% and 3.1% respectively.

Lead Supply

After growing by a marginal 0.4% in 2017, world lead mine production was forecast to rise by 4.2% to 4.90 million tonnes in 2018, primarily as a consequence of an expected increase in Australian output during the second half of the year.

An anticipated increase in world refined lead metal output of 3.8% to 11.88 million tonnes in 2018 would be mainly influenced by further rises in China and the United States.

World Refined Lead Metal Balance

Having taken into account all of the information recently received from its member countries, the Group anticipated that global demand for refined lead metal would exceed supply by 17kt in 2018.

Zinc Usage

Global demand for refined zinc metal was forecast to rise by 2.0% to 13.97 million tonnes in 2018, after remaining stable over the past three years.

Zinc usage in both Europe and the United States was anticipated to rise by 2.1% in 2018. In Europe the rise would be influenced by increases in Belgium and Italy. Apparent demand in China was forecast to increase by 2.2%.

Zinc Supply

After increasing by 1.1% in 2017, global zinc mine production was forecast to rise by 5.1% to 13.62 million tonnes in 2018. This would be driven mainly

by an expected 2.3% rise in China and a further 3.9% increase in Peru. In India, zinc mine output was predicted to be marginally lower due to a fall in output at Hindustan Zinc's Rampura Agucha operation. In Australia, additional tonnage was forecast to be generated mainly as a consequence of the recent opening of the Dugald River mine and the expected commissioning of New Century Resources' 262,000 tonnes per year tailings project in Queensland. The opening of Vedanta's Gamsberg mine during the second half of the year would result in an increase in South African production. Increases were also forecast in Canada, Cuba, Greece, Namibia and the United States.

The Group anticipated an increase in world refined zinc metal output of 3.6% to 13.71 million tonnes in 2018, after a reduction of 2.3% in 2017. This would be mainly influenced by a further rise in Chinese output of 3.4% and a recovery in Canadian production. Production in Europe was forecast to increase by 5.2%, primarily as a consequence of higher output in Belgium, Italy, the Netherlands and Norway.

World Refined Zinc Metal Balance

Regarding the global market balance, the Group continued to anticipate that global demand for refined zinc metal would comfortably exceed supply in 2018 with the extent of the deficit forecast at 263,000 tonnes.

For further details of the outcomes of the ILZSG meetings or questions on the market outlook please email **Joao Jorge** at joao_jorge@ilzsg.org

STUDY GROUPS' NEXT MEETINGS LISBON, PORTUGAL

ICSG: 1-2 October 2018

INSG: 1-3 October 2018

ILZSG: 4-5 October 2018

**JOINT STUDY GROUPS' SEMINAR on "BASE METALS IN INDIA – THE NEXT SUPER-CYCLE?"
3 October 2018**

COPPER MARKET FORECAST

The International Copper Study Group (ICSG) met in Lisbon, Portugal on 26-27 April 2018. In the meeting of the Statistical Committee, the ICSG view of the world balance of refined copper production and use was developed.

Copper Supply

After a decline of 1.5% in 2017, world mine production, after adjusting for historical disruption factors, was expected to grow by around 3% in 2018 and remain essentially unchanged in 2019. Part of the growth expected in 2018 was due to the recovery from constrained output last year, mainly in Chile and Indonesia. However, 2018 production would also benefit from the re-starting of temporarily closed capacity in the DRC and Zambia, and to a lesser extent additional output from few new projects/expansions coming on stream. Growth in concentrate and SX-EW would be similar as concentrate would benefit from the recovery in production at a number of mines including Escondida and Grasberg, and SX-EW would increase due to the re-start of the Kamoto mine in the DRC.

World refined production was expected to increase by around 4% in 2018 with lower growth of about 1% expected for 2019. In 2018, the expected recovery from 2017 constrained electrolytic refined production combined with the restart of temporarily closed/reduced SX-EW capacity and adequate availability of concentrates should support a 5.5% growth in primary refined production. This would more than offset an anticipated 2% decline in secondary refined production (from scrap). China would remain the biggest contributor to world refined production growth in 2018 and 2019, followed by the DRC. After a decline of 2% in 2017, world ex-China refined production was expected to recover significantly in 2018. In 2019, world refined production growth was expected to be lower as electrolytic refined production was likely to be constrained by tightness in the availability of concentrates.

Copper Usage

World apparent refined usage was expected to increase by 3% in 2018 and 2.2% in 2019. China would remain the biggest contributor to world growth in copper usage. Apparent demand in China was expected to increase by around 3.5% in 2018 and 2.5% in 2019, essentially in line with underlying "real" demand growth estimated by other analysts. The outlook for the EU, Japan and the United States remained positive. World ex-China usage was expected to grow by around 2.5% in 2018 and 1.9% in 2019.

World Refined Copper Metal Balance

World refined copper balance projections indicated a small surplus of about 40,000 tonnes for 2018 and a deficit of around 330,000 tonnes for 2019. Current ICSG projections were for a small surplus of about 40,000 tonnes in 2018. For 2019, the market was expected to present a deficit of about 330,000 tonnes.

For further details of the outcomes of the ICSG meetings or questions on the market outlook please e-mail **Ana Rebelo** at rebelo@icsg.org.

NICKEL MARKET FORECAST

The International Nickel Study Group (INSG) met on 23 and 24 April 2018 in Lisbon, Portugal.

Nickel market observations for 2016, 2017 and 2018

The government and industry participants extensively discussed current nickel market trends during the meetings.

According to the International Stainless Steel Forum (ISSF), world stainless steel melting production reached 48.1 million tonnes in 2017, representing a 5.8% growth year-on-year, but production was expected to grow at a slower rate in 2018. In 2017, Indonesia started producing stainless steel and would continue to ramp up production. Nickel-containing batteries also had a positive effect on nickel usage, and this trend was expected to continue.

Nickel pig iron (NPI) production in China declined in 2016, but recovered in 2017, and was expected to increase further in 2018 due to the increased availability of Indonesian ore. NPI production in Indonesia had continued to increase both in 2017 and 2018 due to the ramp up of new projects. In the Philippines, it was announced that the review of suspended mines had been rescheduled for conclusion prior to end of the second quarter of this year.

World primary nickel production was 1.989Mt in 2016, 2.076Mt in 2017 and was projected to increase to 2.227Mt in 2018. There was a degree of uncertainty in these figures, especially with regard to Chinese and Indonesian NPI production. The estimates did not include any adjustment factor for possible production disruptions.

World primary nickel usage was 2.033Mt in 2016 and 2.192Mt in 2017. The INSG forecasted an increase to 2.344Mt in 2018.

The INSG recognized the significant impact of the current financial, economic and political uncertainties on commodity markets in many parts of the world and cautions that future market developments could alter the forward-looking market balance.

For further details of the outcomes of the INSG meetings or questions on the market outlook please email **Ricardo Ferreira** at ricardo.ferreira@insg.org

JOINT STUDY GROUPS' SEMINAR

"THE GROWING IMPORTANCE OF RESPONSIBLE MINERALS AND METALS SUPPLY CHAINS"

The seminar was intended to provide participants with the opportunity to gain up-to-date information on initiatives and approaches being undertaken and developed by governments and the metals industry in this area.

Mr. Louis Marechal, Policy Advisor, Responsible Business Conduct Unit, OECD, made a presentation on "OECD Due Diligence Guidance on Responsible Supply Chains of Minerals".

Mr. Peter Handley, Head of Unit, DG Grow, European Commission, made a presentation on "Responsible Minerals and Metals Supply Chains – EU Approach".

Ms Elena Vybridina, Director International Trade and Economy, Eurometaux, made a presentation on "Responsible Sourcing: EU Smelters Perspective".

Mr. Geraud Servin, Principal Advisor, HSED and Global Strategy, International Copper Association, began the second part of the seminar with his presentation on "Copper, Sustainability & Responsible Sourcing".

Dr. Sabina Grund, Manager Sustainable Development, International Zinc Association, made a presentation on "The Growing Importance of Responsible Minerals and Metals Supply Chains – the Zinc Perspective".

Dr Steve Binks, Director Regulatory Affairs, International Lead Association, made a presentation on "Lead: Responsible Supply Chains".

Dr Mark Mistry, Senior Manager, Public Policy, Nickel Institute, made a presentation on nickel industry's understanding and practice of responsible sourcing.

Topics addressed

The seminar concluded with a panel discussion involving all the speakers. Among the topics addressed were standards and criteria for responsible sourcing, information gathering/verification/disclosure issues along the value chain management, arguments for coordinated and harmonized initiatives/regulations/legislation for responsible sourcing, a level playing field for all regions and voluntary actions vs mandatory obligations for responsible sourcing.

Way ahead

After an effective discussion and thought-provoking debate, delegates from government delegations, intergovernmental organizations, NGOs, industrial associations and industries agreed that responsible sourcing and responsible supply chain management for minerals and metals was a global issue which had implications for human rights, environmental protection and sustainable development goals.

To effectively address the responsible sourcing and responsible supply chains management issue for minerals and metals, close collaboration and consultation between all the stakeholders such as governments, industry, intergovernmental organizations and NGOs should be strengthened.

A coordinated and harmonized compliance system was needed for effective reporting and monitoring of supply chains, and to help reduce the cumbersome burdens on corporations resulting from the variety of practices among the different minerals and metals sectors.

Copies of the presentations made are available on the INSG website.

INSG 28th SESSION APRIL 2018

More than 60 delegates from INSG member countries, industry and observing countries/organisations met in Lisbon on 23-24 April for the INSG meetings to review statistical, economic and environmental issues related to nickel.

Delegates reviewed the INSG primary nickel market statistics in detail, and discussed the market forecast, which was prepared by the secretariat based on information provided by governments and industry.

Mr. Richard Matheson, Director, Market Development, Nickel Institute, reviewed "Nickel Market Development Initiatives".

Ms. Nicole Kinsman, Technical Director, International Molybdenum Association (IMO), made a presentation on “Molybdenum in stainless steel”.

Ms. Xu Aidong, Deputy Chief Engineer, Beijing Antaite, made a presentation on “Nickel in Batteries”.

Mr. Kai Hasenclever, Director, Economics & Statistics and Long Products, ISSF, Belgium, made a presentation on “The current situation on the global stainless steel market”.

Mr. Robin Bhar, Head of Metals Research, Société Générale, United Kingdom, made a presentation on “Global Stainless Steel Market Drivers for Financial and Physical Markets”.

Mr. Fabien Perdu, French Alternative Energies and Atomic Energy Commission (CEA), France, made a presentation on “Use of raw materials in batteries, foreseeable evolution of the technologies”.

Mr. Olivier Masson, Senior Analyst, Roskill, United Kingdom, made a presentation on “Changing Nickel & Chrome Markets”.

Mr. José Pontes, Market Analyst, EV Volumes, Portugal, made a presentation on “Plug-in Electric Vehicles (PEV). Where we are now? Where will we be in 2025?”

Copies of these presentations are available on the INSG website.

ILZSG MEETINGS APRIL 2018

Representatives from ILZSG member governments, industry associations, companies and observer governments attended the spring meetings of the International Lead and Zinc Study Group that was held in Lisbon, Portugal on 25 April 2018.

Mr. Janne Palosaari, Chief Commercial Officer, Terrafame, Finland made a presentation on “The Current Situation and Future Prospects for Terrafame”.

Ms. Christine Meilton, Lead Analyst, CRU, UK, made a presentation on “Current Price Drivers in the Lead Market”.

Dr. Giancarlo Urbani, President, Piomboghe SAS, made a presentation on “Lead: Key Metal of the Circular Economy”.

Ms. Kimberley Warner, Manager of Events and Communication of European General Galvanizers Association (EGGA), made a presentation on “The Outlook for the General (batch) Galvanizing Industry – a View from Europe”.

Mr. Erasmus I. Shivolo, Mining Commissioner/Deputy Permanent Secretary, Department of Mines, Ministry of Mines and Energy, Namibia spoke on the current situation and likely development of Skorpion zinc operation.

Copies of the presentations are available on the ILZSG website.

ICSG 26th SESSION APRIL 2018

Representatives from ICSG member governments, industry associations, companies and observer governments attended the spring meeting of the International Copper Study Group that was held in Lisbon, Portugal on 26-27 April 2018.

Mr Brian Peng, BGRIMM Lilan Consulting Corp., Ltd, spoke about the current situation and outlook for the copper market in China. He also reported recent developments in the use of refined copper and scrap and in fabrication capacity in the Chinese industry.

Mr Dieudonne-Tambwe, Deputy Coordinator, Democratic Republic of Congo Ministry of Mines overviewed of the copper industry in the DRC.

Mr Jorge Cantallopts, Director of Studies and Public Policies, Cochilco provided an update on the current status of the Chilean smelters vis-à-vis the compliance with the new emissions norm.

Dr Mario Loebbus, VP Research and Development from Aurubis, Germany, made a presentation on “Aurubis’s New Vision and Strategy Towards a Multi Metal Demand Recovery”.

Mr. David Wilson, Metals Strategist at Freepoint Commodities, UK assessed the potential and likely scale of disruptions to copper supply in the near-term.

Mr. Gianni Kovacevic, Executive Chairman Copperbank Resources Corp., Vancouver, Canada, made a presentation on the main trends driving the use of copper in different regions of the world in the next 3-5 years.

Ms Rachael Yujung Lee, founder and principal consultant, Vantage Business Consulting, Seoul, South Korea delivered a presentation of the advances of the regional study on copper and copper alloy fabricated products.

Copies of these presentations are available on the INSG website.

EXTERNAL PRESENTATIONS MADE SINCE OCTOBER 2017

- Mr. Joao Jorge, ILZSG Director of Market Research and Statistics, **Zinc College**, June, Finland
- Mr. Carlos R. Risopatron, ICSG Director of Economics and Environment, **ALTA 2018**, May, Australia
- Mr. Shairaz Ahmed, ICSG Manager of Statistical Analysis, **CRU Wire and Cable Conference 2018**, June, Denmark
- Mr Ricardo Ferreira, INSG Director of Market Research and Statistics, **5th Asia Pacific Steel & Ferro-Alloys Conference**, March, Indonesia
- Mr. Carlos R. Risopatron, ICSG Director of Economics and Environment, **Metal Bulletin International Copper Conference**, March, Spain
- Mr. Paul White, ILZSG/ICSG/INSG Secretary-General, **2018 International Zinc & Zinc Oxide Industry Conferences**, February, USA
- Mr. Carlos R. Risopatron, ICSG Director of Economics and Environment, **Joint Aurubis – ICSG Workshop on Research, Development and Innovation**, February, Germany
- Mr. Meng Jianbin, ILZSG Director of Environment and Economics, **the 8th Forum of Non-Ferrous Metals**, February, Poland
- Mr. Paul White, ILZSG/ICSG/INSG Secretary-General, **China International Lead And Zinc Week And 20th China International Lead And Zinc Conference**, November, China
- Mr. Meng Jianbin, ILZSG Director of Economics and Environment, **the National Conference on Lead Batteries**, November, India
- Mr Ricardo Ferreira, INSG Director of Market Research and Statistics, **the China International Nickel & Cobalt Industry Forum**, November, China

Copies of these presentations are available from the Study Group secretariats

INSIGHTS AND ARTICLES PUBLISHED

ILZSG

- The Recycling of Lithium-ion Batteries (LIBs) and Proposals on Mitigating the Risks Posed by the Mixing of Used LIBs with Used Lead-Acid Batteries 2018

INSG

- “Nickel market in 2017 and 2018: energizing the future”, published in December 2017 issue of Stainless Steel Magazine

OTHER ACTIVITIES

- ILZSG/INSG/ICSG Secretary-General, Mr. Paul White attended 22nd **CESCO Week** in Santiago Chile. This included participation in **CRU’s World Copper Conference** and meetings with the **Chilean Copper Commission (COCHILCO)**
- **The most recent meeting of Team Stainless** was organized by the **International Stainless Steel Forum (ISSF)** and held in Brussels on 22nd February. The INSG was represented in these discussions by Secretary-General, Mr. Paul White
- The **2018 Joint Meeting of the International Wrought Copper Copper Council (IWCC)** was held in Seville, Spain during the 2nd week of May. The ICSG was represented at this meeting by Secretary-General, Mr. Paul White and Director of Market Research and Statistics, Ms. Ana Rebelo
- ILZSG/INSG/ICSG Secretary-General, Mr. Paul White attended the **24th Annual Meetings of the Common Fund for Commodities and The International Commodities Bodies** in London, UK on May 29-30



RECENT STUDY GROUP PUBLICATIONS

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1. *INSG Report on the Use of Nickel in Batteries 2018*
2. *ICSG Directory of Copper and Copper Alloy Fabrication Capacity (First Use) 2017 Edition*
3. *ICSG Market Study on Industrial Use of Refined Copper and Scrap in Fabrication in China 2018*
4. *ILZSG Market Research Zinc Chemicals 2017*
5. *ILZSG Market for Zinc 2017*
6. *INSG World Directory of Nickel Production Facilities 2017*
7. *ILZSG Lead and Zinc New Mine and Smelter Projects 2018*
8. *ILZSG World Directory of Lead and Zinc Mines 2018*
9. *ILZSG World Directory of Primary and Secondary Zinc Plants 2018*
10. *ICSG Directory of Copper Mines and Plants- 1st half 2018*
11. *ICSG World Copper Factbook 2017*
12. *ICSG 2017 Statistical Yearbook*
13. *INSG World Nickel Factbook 2018*
14. *ILZSG World Directory of Continuous Galvanizing Lines 2017*
15. *INSG World Nickel-based Alloys 2016*
16. *INSG Nickel Production in South East Asia: Trends and Perspectives 2016*
17. *ILZSG/ICSG/INSG Social Acceptance of Mining 2016*
18. *ILZSG Study on the Main End Use Markets for Lead and Zinc in Europe 2017*
19. *ICSG Manufacture and Use of Semi-Fabricated Copper in Latin America/Canada 2017*

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