



Metals Despatch

Newsletter of the International Metals Study Groups

December 2018, Issue No. 25

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 4-5 October 2018.

Lead Usage

It was anticipated that global demand for refined lead metal would rise by 0.2% to 11.71 million tonnes in 2018 and 0.7% to 11.79 million tonnes in 2019.

Lead Supply

The Group expects world lead mine supply to fall by 0.4% to 4.58 million tonnes in 2018, and then to increase by 4.1% to 4.77 million tonnes in 2019.

Rises of 0.4% to 11.59 million tonnes and 2.2% to 11.84 million tonnes are forecast for world refined lead metal production in 2018 and 2019 respectively.

The modest rise in refined lead metal output anticipated for 2018 is mainly a consequence of increases in Australia, India, Kazakhstan and the United States that are expected to offset lower output in Canada and Germany and a 1.4% reduction in China, where a number of secondary smelters that failed to meet new environmental regulations have been permanently closed.

Production in 2019 will benefit from higher output in Europe and the United States where output is forecast to grow by 3.9% and 2.4% respectively. Refined lead supply in Australia, China, India and the Republic of Korea is also expected to increase.

World Refined Lead Metal Balance

The Group anticipates that global metal output will be constrained by tightness in the availability of lead concentrates and that demand for refined lead metal will exceed supply by 123kt in 2018. In 2019, a surplus of 50kt is expected.

Zinc Usage

World demand for refined zinc metal is forecast to increase by 0.4% to 13.74 million tonnes in 2018 and then by 1.1% to 13.88 million tonnes in 2019.

Zinc Supply

World zinc mine production is forecast to increase by 2% to 13.03 million tonnes in 2018 and by a further 6.4% to 13.87 million tonnes in 2019.

Global refined zinc metal production in 2018 is forecast to increase by 1.4% to 13.42 million tonnes. A predicted increase in world output of 3% to 13.81 million tonnes in 2019 will primarily be a consequence of an anticipated upturn in production in China and India.

Production in Europe is forecast to increase by 4.1% in 2018, influenced by rises in Belgium, Finland, Italy and Norway, and by a further 2.7% in 2019. Output in Australia and Canada is also anticipated to increase in both 2018 and 2019.

In the United States, output is forecast to decrease by 2.3% in 2018, with a recovery expected the following year. After remaining unchanged in 2018 production in Japan is forecast to rise by 5.5% in 2019.

World Refined Zinc Metal Balance

In 2018, the Group anticipates that global demand for refined zinc metal will exceed supply by 322kt resulting in a further drawdown of both reported and unreported stocks. In 2019, the market is expected to remain in deficit with the extent of the shortage forecast at 72kt.

*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

INSG: 6-7 May 2019

ILZSG: 8 May 2019 (morning)

ICSG: 9-10 May 2019

**Joint Study Groups' Seminar
"The Importance of Base Metals to the
Circular Economy" 8 May 2019 (afternoon)**

COPPER MARKET FORECAST

The International Copper Study Group (ICSG) met in Lisbon, Portugal on 1-2 October 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 2% in 2018 and 1.2% in 2019.

World refined production was expected to increase by around 2.7% in 2018 and 2019 respectively. A series of planned and unplanned shutdowns and operational issues at major smelters mainly in Australia, India and the Philippines combined with lower than anticipated output in Canada, Chile, and the United States had resulted in a downward revision in the ICSG forecast for growth in world refined production to 2.7% (compared to 4% in April).

Copper Usage

World apparent refined usage was expected to increase by around 2.1% in 2018 and 2.6% in 2019. Sustained growth in copper demand was expected to continue because copper is essential to economic activity and even more so to the modern technological society. Infrastructure development in major countries such as China and India and the global trend towards cleaner energy would continue to support growth in copper demand.

World Refined Copper Metal Balance

World refined copper balance projections indicated a deficit of about 90,000 t and 65,000t for 2018 and 2019 respectively. ICSG recognized that global market balances can vary from those projected owing to numerous factors that could alter projections for both production and usage. In this context it could be noted that actual market balance outcomes had on recent occasions deviated from ICSG market balance forecasts due to unforeseen developments.

*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 1-3 October in Lisbon, Portugal.

Nickel market observations for 2017 and 2018

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

The International Stainless Steel Forum (ISSF) had released figures for the first three months of 2018 showing that stainless steel melt shop production increased by 9.5% year-on-year (y-o-y) to 12.8 million metric tonnes, after reaching 48.1 million tonnes in 2017 (+5.8%, y-o-y). Production was forecast to continue to expand in 2018 and 2019. In 2017, Indonesia started producing stainless steel and would continue to ramp up production this year and in 2019. Nickel-containing batteries production, notably for electric vehicles, had increased and this trend was expected to continue resulting in positive effects on nickel usage.

Nickel pig iron (NPI) production in China recovered in 2017 and was projected to increase further in 2018 and 2019. In Indonesia, NPI production increased in 2017 and was also expected to continue to grow this year and in 2019, due to the ramp up of new projects. The Filipino government announced in August that 23 of 27 mines reviewed for compliance with state regulations would continue to operate.

World primary nickel production was 2.070Mt in 2017 and was projected to increase to 2.204Mt in 2018 and to 2.389Mt in 2019. There was a degree of uncertainty in these figures, especially with regard to Chinese and Indonesian NPI production. The estimates do not include any adjustment factor for possible production disruptions.

World primary nickel usage was 2.184Mt in 2017. The INSG forecasts an increase to 2.350Mt in 2018 and to 2.422Mt in 2019.

The INSG recognized the significant impact of the current financial, economic and political uncertainties on commodity markets in many parts of the world and cautioned 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

“BASE METALS IN INDIA – THE NEXT SUPER CYCLE?”

Mr. Paul White, Common Secretary-General, International Copper Study Group, International Lead and Zinc Study Group and International Nickel Study Group, opened the seminar. He noted that India currently had one of the world's fastest growing economies and the fastest growing in the G-20. It also had a young population and, of course, was an increasingly important producer and consumer of metals.

Mr. Shri Anil Kumar Nayak, Joint Secretary, Ministry of Mines, Government of India, made the opening statement on behalf of the Government of India.

Dr. Param Shah, Director, the Federation of Indian Chambers of Commerce and Industry, London, outlined the “Opportunities and Challenges in Embracing Buoyant Economic Growth in India”.

Mr. Santosh Sharma, Chairman/Managing Director, Hindustan Copper discussed “Indian Copper Supply – Challenges and Opportunities”.

Dr. D. De Sarkar, Chief Executive Officer, Indian Copper Development Centre (ICDC), assessed “Prospects for the Indian Copper Market”.

Mr. Adrian Gardner, Principal Nickel Markets Analyst, Wood Mackenzie reviewed “The Indian Nickel and Stainless Steel Sector”.

Mr. Vijay Murthy, Head of Marketing, Hindustan Zinc gave an overview of “Hindustan Zinc – the Next Chapter in a Story of Growth”.

Mr. L. Pugazhenthay, Executive Director, Indian Lead Zinc Development Association (ILZDA), analyzed “The Rapid Growth of the Indian Lead and Zinc Sector and Prospects for the Future”.

Mr. Vijay Pareek, Strategic Business Unit Head – Lead Business, Gravita India made a presentation on “An Overview of the Indian Secondary Lead Sector”.

Mr. Brian Wilson, International Lead Association (ILA), discussed “Responsible Recycling of Used Lead Batteries in India - Today and Tomorrow”.

Copies of these presentations are available on the Study Groups' websites.

INSG MEETINGS October 2018

More than 60 delegates from INSG member countries, industry and observer countries/organisations met in Lisbon on 1-3 October for the INSG meetings to review statistical, economic and environmental issues related to nickel.

Dr. Mark Mistry, Senior Manager, Public Policy, Nickel Institute, briefed the delegates on “The Socio-Economic Importance of Nickel and its Value Chains around the World: Analysis for the EU Region”.

Mr. Joseph Pickard, Chief Economist/Director of Commodities, Institute of Scrap Recycling Industries (ISRI), highlighted environmental and trade issues with regard to the scrap metal recycling industry and its economic impact.

Professor Gavin Mudd, Environmental Engineering, School of Engineering, RMIT University Melbourne, Australia presented the draft report of the Joint Study Groups' “Mining and Smelting/Refining Waste Project”.

Ms. Alexandra Bertrand, Market Research Manager Nickel and Manganese Divisions, Eramet, France, discussed on Eramet's activities and market view.

Mr. Thomas Höhne-Sparborth, Director Economics & Analytics, Roskill Information Services, United Kingdom, made a presentation on “The Triple Automotive Revolution: Supply and Demand of Nickel Sulphate”.

Dr. Gerhard Pariser, Head of Market Research, ELG Haniel GmbH, Germany, gave an overview of “Scrap – part of the raw material mix and an environmentally friendly option”.

Mr. Kai Hasenclever, Director Economics, Statistics and Long Products, International Stainless Steel Forum (ISSF), Belgium, made a presentation on latest developments in the world of stainless steel and its markets.

Mr. Adrian Gardner, Principal Analyst, Wood Mackenzie, United States reviewed the global nickel market.

Mr. André Gilbert Latendorf, Managing Director, Latendorf Organisational Development, Germany, reviewed “E-Mobility: Recent developments and outlook into the future”.

Copies of these presentations are available on the INSG website.

ILZSG SESSION October 2018

Representatives from ILZSG member governments, industry associations, companies and observer governments attended the 63rd Session of the International Lead and Zinc Study Group that was held in Lisbon, Portugal on 4-5 October 2018.

Mr. Stephen R. Wilkinson, Executive Director of International Zinc Association, spoke about zinc's importance in future development by updating the audience on the recent development of IZA's activities.

Dr. Andy Bush, Managing Director, International Lead Association, presented on "The Lead Industry – Overview of Recent Development".

Dr. Geoffrey Plumlee, Associate Director for Environmental Health, US Geological Survey, delivered a speech on "Metal Mining, the Environment and Health: A Geoscience Perspective".

Professor Gavin Mudd, Environmental Engineering, School of Engineering, RMIT University Melbourne, Australia, reported on the draft work of "Mining, Smelting/Refining Waste Project".

Mr. Huw Roberts, Director, CHR Metals, outlined the "Macro Economic and Policy Trends Implications for Lead and Zinc Markets".

Ms. Chiara Venturini, Director, Global e-Sustainability Initiative (GeSI), discussed "Environmental and Social Responsibility Initiatives Adopted by ICT Companies and the Implications on Non-ferrous Metals Supply Chain".

Mr. Marco Calamia, Chief Metal Officer, KME Group, Italy, delivered a paper entitled "Zinc in Brass".

Mr. Boris Eykher, Chief Executive Officer, Open Mineral, Switzerland, presented "The Open Mineral Concentrate Trading Platform and an Introduction to the Use of blockchain Solutions in Trading".

Mr. Paul Kuhn, Chief Executive Officer, Avrupa Minerals, Canada, assessed the "The Challenges of Developing New Lead and Zinc Mines in Europe".

Mr. Mark Gupta, Director, Corporate Development, Hudbay Minerals Inc., Canada, gave an overview of "Lead and Zinc Geology and Exploration".

Mr. Simon Ashenbrenner, Manager, Concentrate and Copper Cathode Marketing, MMG, Australia spoke about "Dugald River - the Past, Present and Future".

Mr. Duncan Hobbs, Research Director, Concord Resources, analysed "Investment in Lead and Zinc Resources – the Drivers and Constraints"

Mr. Ma Jun, Deputy Secretary-General, Lead and Zinc Branch, China Non-ferrous Metals Industry Association (CNIA), outlined the "Status Quo and Prospect of China's Lead and Zinc Industry".

Copies of the presentations are available on the ILZSG website.

ICSG 27th SESSION OCTOBER 2018

Representatives from ICSG member governments, industry associations, companies and observer governments attended the autumn meeting of the International Copper Study Group that was held in Lisbon, Portugal on 1-3 October 2018.

Dr. Philip Mackey, Professor Roberto Parra, Institute of Technological Research, University of Concepcion, Chile, and Professor Juan Carlos Salas, Catholic University, Chile, presented advances of the ICSG project on Smelting and Hydrometallurgy for Copper Sulphide Ores and Concentrates.

Professor Gavin Mudd, RMIT University, Melbourne, Australia, presented the copper related advances in a joint Study Groups funded study on waste flows in non ferrous metal mines, smelters and refineries.

Mr. Kenneth Norris, Managing Director at Somincor S.A. (wholly owned subsidiary of Lundin Mining Corporation) discussed responsible mining and management at the Neves Corvo Mine in Portugal.

ICSG INDUSTRY ADVISORY PANEL IN LONDON

At the ICSG Industry Advisory Panel meeting in London on the 11th of October 2018,

Drs. Roberto Parra, Institute of Technological Research, University of Concepcion, Chile, presented advances of the ICSG project on Smelting and Hydrometallurgy for Copper Sulphide Ores and Concentrates.

Mr. Bernard Respaut, Chief Executive, the European Copper Institute (ECI) gave an update on regulatory issues affecting copper.

Copies of these presentations are available on the ICSG website.

EXTERNAL PRESENTATIONS MADE SINCE April 2018

- Mr. Paul White, ILZSG/INSG/ICSG Secretary-General, made a presentation on “Lead-Facts and Forecasts 2019” at the **International Conference on Lead and Lead Batteries-Roadmap for India** organized by the India Lead and Zinc Development Association (ILZDA) in New Delhi, India in October
- Mr. Meng Jianbin, ILZSG Director of Economics and Environment spoke about the “Development of Global Lead and Zinc Industry” on **China International Lead And Zinc Week And 20th China International Lead And Zinc Conference** hosted by China Nonferrous Metals Industry Association and Antaika in Baoji, China in October
- Mr Ricardo Ferreira, INSG Director of Market Research and Statistics summarised “the World Nickel Market in 2018 and 2019” at the **China International Nickel & Cobalt Industry Forum 2018** organized by Antaika in Xiamen, China in November
- Mr Ricardo Ferreira, INSG Director of Market Research and Statistics discussed recent developments in the global nickel market at the **Shanghai Derivatives Market Forum 2018** organized by Shanghai Futures Exchange in Shanghai, China in May
- Mr. Joao Jorge, ILZSG Director of Market Research and Statistics presented a detailed paper on “Zinc Industry Facts and Fundamentals” at the 2018 **Zinc College** organized by International Zinc Association in Kokkola, Finland in June
- Mr. Shairaz Ahmed, ICSG Manager of Statistical Analysis assessed “Recent Trends and Latest Updates on Global Copper Mines and Plants” at the **CRU Wire and Cable Conference 2018** held in Copenhagen, Denmark in June
- Mr. Carlos R. Risopatron, ICSG Director of Economics and Environment, presented on Global Copper Mine Supply and Perspectives at **ALTA 2018 Metallurgical Conference**, May, Australia
- Mr. Carlos R. Risopatron, ICSG Director of Economics and Environment, presented on the global copper concentrate market at **JOGMEC Seminar on Impurities in Copper Raw Materials**, in Tokyo, Japan in October

Copies of these presentations are available from the Study Groups’ secretariat

INSIGHTS AND ARTICLES PUBLISHED

ICSG

- Insight No 16, “Hazardous Impurities in Copper Raw Materials: New Data, Regulation and Industry Responses: Focus on Arsenic and Mercury”. Published in November 2018

ILZSG

- No. 44, “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”. Published in March
- No. 45, “The Minamata Convention and Lead and Zinc” explained the subject of mercury limits in lead and zinc concentrates and their implications on trade flows. Published in June

INSG

- “The nickel market in 2018: demand supporting another year of deficit”. Published in Stainless Steel World Magazine June Issue
- “World nickel market: stronger production reduces the deficit in 2019”. Published in Stainless Steel World Magazine December Issue

Copies of these publications are available from the Study Groups’ secretariat

OTHER ACTIVITIES

- ILZSG/INSG/ICSG Secretary-General, Mr. Paul White attended various events and meetings over the course of **London Metal Exchange (LME) Week** held in London during the second week of October. These included the LME Dinner and the hosting of the **ICSG Industry Advisory Panel** meeting at the Marriott Park Lane Hotel on 11 October. Ms Ana Rebelo, ICSG Director of Market Research and Statistics, also participated in this meeting and presented an overview of ICSG’s latest market forecasts for global copper supply and demand.
- **Asia Copper Week** organized by the Centro de Estudio del Cobre y la Minería (CESCO) and China Nonferrous Metals Industry Association (CNIA) was held in Shanghai, China from 12 to 16 November. The ICSG was represented by its Secretary-General, Mr. Paul White. Mr. White also moderated a panel discussion on “the timeline of a volatile year and growing uncertainties” at **Metal Bulletin’s 14th Asia Copper Conference** which took place in Shanghai during the same week.

- 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 Director of Economics and Environment, Mr. Jianbin Meng, participated in the **Intergalva 2018** international galvanizing conference organised by the European General Galvanizers Association (EGGA) and held in Berlin, Germany in June.
- **14th Annual General Meeting of Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development** was held in United Nations Office at Geneva, Switzerland, in October. ILZSG/INSG Director of Economics and Environment, Mr. Jianbin Meng represented the secretariat at this meeting.
- **The Second Meeting of Conference of Parties to the Minamata Convention on Mercury** took place from 19 to 23 November 2018 at the International Conference Centre in Geneva, Switzerland. Mr. Jianbin Meng, ILZSG/INSG Director of Economics and Environment participated in this meeting during which the ILZSG, ICSG and INSG were admitted as observers.
- **34th International Ferroalloys Conference**, 11-13 November 2018, Lisbon, Portugal, organized by Metal Bulletin. INSG Director of Market Research and Statistics, Mr. Ricardo Ferreira, participated in "The future of nickel: Will battery demand take over a great part of market share?" panel discussion.
- **The 2018 Annual Meeting of the International Consultative Group on Nonferrous Metal Statistics** was held at the British Geological Survey in Keyworth, Nottingham, United Kingdom in September. INSG Manager of Statistical Analysis, Mr. Francisco Pinto participated on behalf of the secretariat.

For further information related to these activities, please contact the Study Groups' secretariats.



RECENT STUDY GROUP PUBLICATIONS

1. **ICSG Market Study on Industrial Use of Copper in Japan, Korean Republic, Taiwan (China) and Vietnam 2018**
2. **INSG Report on the Use of Nickel in Batteries 2018**
3. **ICSG Directory of Copper and Copper Alloy Fabrication Capacity (First Use) 2018 Edition**
4. **ICSG Market Study on Industrial Use of Refined Copper and Scrap in Fabrication in China 2018**
5. **ILZSG Market Research Zinc Chemicals 2017**
6. **ILZSG Market for Zinc 2017**
7. **INSG World Directory of Nickel Production Facilities 2018**
8. **INSG World Nickel Statistics Yearbook 2018**
9. **ILZSG Lead and Zinc New Mine and Smelter Projects 2018**
10. **ILZSG World Directory of Lead and Zinc Mines 2018**
11. **ILZSG World Directory of Primary and Secondary Zinc Plants 2018**
12. **ICSG Directory of Copper Mines and Plants-2nd half 2018**
13. **ICSG World Copper Factbook 2018**
14. **ICSG 2018 Statistical Yearbook**
15. **INSG World Nickel Factbook 2018**
16. **ILZSG World Directory of Continuous Galvanizing Lines 2017**
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**
20. **INSG World Nickel-based Alloys 2016**

For further details, please refer to the Study Groups' websites.

International Copper Study Group (ICSG)

Mr Paul White

Secretary-General

Ms Ana Rebelo

Director of Market Research and Statistics

Mr Carlos Risopatron

Director of Economics and Environment

Mr Shairaz Ahmed

Manager of Statistical Analysis

Ms Fatima Cascalho

Secretary

Tel: + 351 21 351 3870

Fax: + 351 21 352 4035

e-mail: mail@icsg.org

Website: www.icsg.org

International Lead & Zinc Study Group (ILZSG)

Mr Paul White

Secretary-General

Joao Jorge

Director of Market Research and Statistics

Mr Jianbin Meng

Director of Economics and Environment

Mr. Juan Luis Mamani Rodriguez

Manager of Statistical Analysis

Ms Inês Lopes

Secretary

Tel: + 351 21 359 2420

Fax: + 351 21 359 2429

e-mail: sales@ilzsg.org

Website: www.ilzsg.org

International Nickel Study Group (INSG)

Mr. Paul White

Secretary-General

Mr. Ricardo Ferreira

Director of Market Research and Statistics

Mr. Jianbin Meng

Director of Economics and Environment

Mr. Francisco Pinto

Manager of Statistical Analysis

Ms. Inês Lopes

Secretary

Tel: + 351 21 356 7030

Fax: + 351 21 356 7039

e-mail: insg@insg.org

Website: www.insg.org

Common Secretariat Address

Rua Almirante Barroso 38, 5-6 Floors
1000-013 Lisbon
Portugal



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