

AM Insight: China's zinc smelters' operating rate down greatly to 56.49% in May

BEIJING (Asian Metal) 5 Jun 12 – According to the statistical investigation of China's 38 major zinc smelters with the annual capacity of above 40,000t by Asian Metal, the average operating rate of the smelters was 56.49% in May, down greatly from 63.42% in April. The total production was 241,500t based on the total capacity of 5,130,000tpy.

Most zinc smelters maintained the low operating rates in May, and many smelters reduced production as zinc price kept dropping. For instance, Hanzhong Zinc began to reduce zinc ingot production in late April and the production dropped by about 1/3 to 20,000t in May, based on the full capacity of 360,000tpy; Xing'an Copper & Zinc with the annual capacity of 100,000tpy stopped zinc production in early May; Chifeng NFC Kumba Hongye reduced production in mid-May and the operating rate dropped to 60% based on the full capacity of 200,000tpy. Furthermore, some zinc smelters who stopped or reduced production in the previous months still did not resume the normal production. For instance, Luoping Zinc & Electricity stopped production in January, but the zinc ingot output kept at the low level of 4,000-5,000tpm after they resuming production in February, based on the full capacity of 120,000tpy; Yuguang Zinc closed one of the two smelters in April, and they still had no resuming production plan yet. Furthermore, many zinc smelters have been out of production for months, such as Mengzi Metallurgy, Hunan King Stone Zinc, Sichuan Hongda Group and so on.

Most zinc smelters who stopped production early this year due to the cadmium pollution incident in Longjiang River in Guangxi Province had resumed production, such as Hechi Nanfang and Jinshan Indium & Germanium, but some smelters such as Jinhe Mining is still out of production and it's not clear when the smelter can resume production.

Junlei Zinc began production on 50,000tpy project in March and the products were put into the market in April and May. However, the smelter keeps the low output of around 1,000tpm currently and the producer has little intention of increasing production this year.

Though Danxia Smelter resumed production in May, the products were expected to put into the market in June.

Since Chinese zinc market keeps weak and has few signs of improvement in the near term, the operating rates of zinc smelters will keep at the low level in the following months.

The following chart shows the operating rates of major China's zinc ingot producers from January to May, 2012:

