
Nyrstar sees Zinc recovery on tracks with cuts

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Reuters quoted Nyrstar as saying that the zinc market was showing recovery signs driven by higher demand in the Chinese, European and US steel industry and was on track to cut costs.

Nyrstar said that its zinc market metal production rose 6% in the Q3 to 207,000 tonnes from the previous three months but was down 26% YoY for the first 9 months of the year. It said that led by China, the world economy was emerging from its deepest downturn in decades as a result of fiscal and monetary policies and as the destocking that occurred in late 2008 and H1 of 2009 came to an end.

According to the International Lead Zinc Study Group, zinc is mainly used to galvanize steel to protect against corrosion and the recovery in the steel industry had been important for zinc demand with galvanized steel accounting for over half of total zinc consumption.

According to data from the World Steel Association, world crude steel output was 0.5% higher MoM in September 2009 after a gain of 2.5% in August. The company had seen some improvement in demand for its galvanizing and specialty alloys but premiums remained under pressure.

Mr Pieter Zwinkels analyst of Royal Bank of Scotland said that "We believe the cost savings are sustainable in 2010 and will enable Nyrstar to fully benefit from the higher zinc price."

(Sourced from Reuters)

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