
MMG halts cargoes at world second biggest zinc mine

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Bloomberg reported that China Minmetals Corporation has exhausted stockpiles and halted shipments of concentrate from its Century zinc mine in northern Australia pending repairs to a damaged pipeline.

Ms Sally Cox spokeswoman for Minmetals' Melbourne based MMG unit said that "We've now completed shipping of all the zinc concentrate stocks that were stored."

She said that customers including Nyrstar NV will source alternative supplies while the company seeks to complete repairs to the pipeline that ruptured on October 5th 2009. Zinc, used to galvanize steel, has surged 88% in 2009 in London as CNY 4 trillion government spending program stoked demand in China.

Mr Liu Biyuan an analyst at GF Futures Company said that "The impact on prices will be limited as the world is not short of zinc given stockpiles have risen so much this year. As well, higher prices encourage a resumption of output that was stopped because of the economic slowdown."

Zinc for 3 month delivery on the London Metal Exchange rose 0.4% to USD 2,272 per tonne at 10:30 AM Singapore time. Credit Suisse Group AG last week raised its average price forecast for 2010 by 36% to USD 2,100 per tonne.

Stockpiles of zinc tallied by the London Metal Exchange have jumped 71% since the beginning of the year as a global recession curbed demand. Inventories in Shanghai warehouses last week were at their highest since the exchange started trading zinc futures in April 2007.

Ms Cox said that a bypass will likely be connected to the main Century mine pipeline by the end of this week and will be tested with water before restarting concentrate production. She wouldn't say whether the company had declared force majeure, a legal clause that allows a company to miss deliveries because of circumstances beyond its control.

She said that "We've been in ongoing contact with the customers. We are confident they will want to take up the stock again once we are able to supply it."

(Sourced from Bloomberg)

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