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## Chinese zinc prices may rebound as mine output falls

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Reuters reported that increased supplies have driven prices for spot refined zinc down more than 13% in the last six weeks in China, but industry officials say prices may rebound soon as miners output falls.

According to the report, miners are trying to pay smelters lower processing fees, a move that would trim profits at Chinese zinc producers such as Zhuzhou Smelter, Huludao Zinc and Yuguang Gold and Lead.

A sales manager at a mining firm in Sichuan said "We are selling less zinc concentrates. He said spot zinc prices were already below the cost of production at mines that dig low-grade ores, forcing miners to seek lower processing fees. Miners could chop output if their demands are unheeded. He added that the Sichuan miner is trying to reduce processing fees to CNY 6,500 per tonne, from more than CNY 7,000."

The spot price for refined zinc has fallen below CNY 14,000 this week, with Shanghai contract prices reaching a lifetime low because of increased imports and expanded production in China, the world's top producer of the metal used in galvanizing steel for auto and construction industries.

Zinc output in China surged 16% in June from May helped by a 15% rise in mine output. But firms still imported 145% more refined zinc in June from a year earlier and more than double the inflow in the second quarter compared with the first quarter of this year.

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