
Xinling restarts idle lead capacity as prices improve

Friday, 10 Apr, 2009

Bloomberg reported that Xinling Refining Co a Chinese lead and zinc smelter that shut 60 percent of its capacity last year, restarted half of its idled lines as metal prices rebounded.

Mr He Yonggang a manager Shanghai said the Henan province-based smelter is running at 70% to 80% of its 100,000 tonnes capacity. Mr Zhang Long manager at the Yunnan province-based company said Yunnan Louping Zinc & Electricity Co is also considering resuming idled zinc capacity.

The restarts signal that China's attempts to bolster prices by buying excess metal stocks and spending to stimulate the economy may be helping companies recover from a Q4 slump. Prices of lead and zinc have respectively surged 34% and 12% this year in London.

Mr Zhang Changhai an analyst at Beijing Antaike Information Development Co said "We expect more smelters to restart idled capacity this quarter as prices stabilize and raw material supplies improve. Mines are also being restarted."

Mr Xinling's He said "Compared with the fourth quarter, consumption from battery makers improved, but we haven't seen significant increases prices have stabilized, we have restored some production. He said that shortage of concentrates, used to make the metal, means the company can't run at full capacity."

Mr Zhang said Yunnan Louping is mulling restoring cut capacity because of the improved prices. Zinc output was cut by 30% to 4,500 tonnes a month.

Mr Yang Jens vice general manager of Yunnan Jinding Zinc Industry Co which runs the country's largest lead and zinc mine said "Demand for zinc improved in the first quarter, compared with the fourth quarter of 2008."

(Sourced from Bloomberg)

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