
China Hunan Nonferrous eying metals stockpiling loan

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Reuters reported that China's Hunan Nonferrous Metals is considering borrowing CNY 1.2 billion in bank loans to build stocks of metals produced by its plants.

Such a stocking plan by the firm, a leading producer of zinc, tungsten, antimony, indium and lead in Hunan province, could drive up Chinese prices of those metals, which could limit the country's exports and attract imports. China is the world's top producer of lead, zinc, tungsten and antimony.

Mr Li Li Hunan Nonferrous' general manager said the Hunan government would give CNY 50 million annually to subsidize interest for the bank loans. He said that we are studying such a plan and have not finalized details yet. He added that the provincial government's plan is to support nonferrous metals industry in the province. It mainly is to secure growth."

Mr Li said "By doing stocking, our plants would have orders and those that hold stocks could cash in. He said that the stocks could be stored for one year but could also be sold before that if prices rose."

Ms Yang Xue Ling An antimony analyst at state research firm Antaika said Hunan Nonferrous' stocking could drive up prices if the stocking amount was more than 10,000 tonnes as that could change the supply and demand situation. She said that "The news has impact on prices. It is driving the price trend upward."

She predicted that China produced less than 60,000 tonnes of antimony metal last year and output would slightly rise this year. She added consumption would also rise this year, but gave no estimate.

(Sourced from Reuters)

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