Zinc

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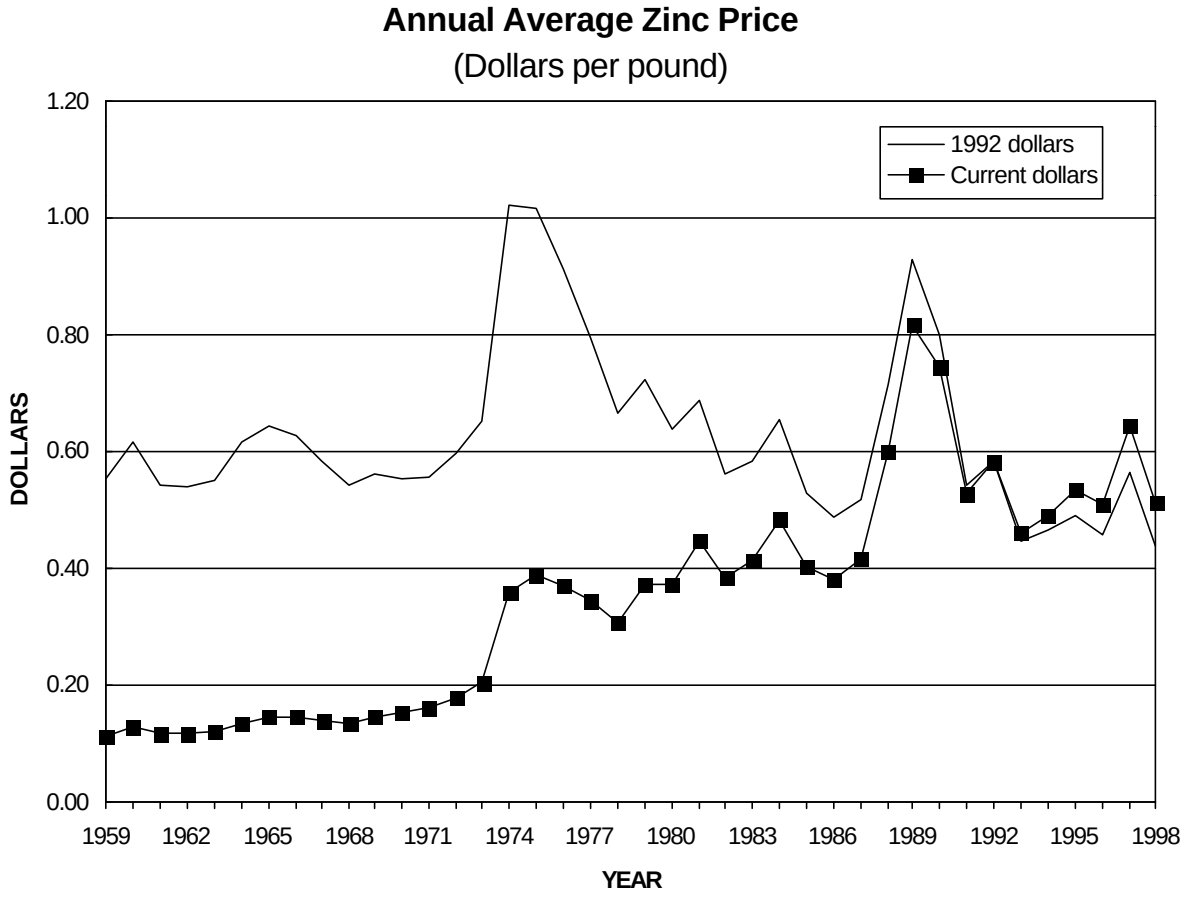

Significant events affecting zinc prices since 1958

1954-64	Stockpile buildup; import quotas
1965-69	Vietnam conflict; import quotas terminate; stockpile releases
1971-73	Price control; slow price increase
1975-82	Stockpile sales terminate; declining production
1977	Recessions
1982	Recession; introduction of zinc penny
1983-89	Period of sustained economic growth; stagnating domestic production; high zinc imports and prices
1987-89	Short supply of zinc metal; strong world demand

The rapid development of the vast Joplin, MO, zinc mining district in the early 1870's was stimulated by the growing use of zinc by U.S. industry. During the first half of the 20th century, two pricing centers emerged—St. Louis, MO, and New York, NY. The New York price was usually higher because it included shipping charges. Because the prevailing method of production was pyrometallurgical, yielding Prime Western (PW) zinc, both prices were based on that grade. Higher grades of zinc cost more because of the expense of additional refining.

During 1960's, the East St. Louis, IL, price of zinc remained stable, which can be attributed partially to Government policies pertaining to stockpile programs and import quotas and tariffs. The price increase in this decade was

about 13%. In 1965, import quotas were lifted, and Public Law 89-322, authorizing the first of the annual zinc disposals from the Government stockpile, was enacted. In 1971, the importance of the East St. Louis price diminished when a major producer began to include shipping charges in its price quotation. The emergence of the New York price coincided with Metals Week becoming the main pricing medium for zinc in the United States.

Because price controls were in force from 1971 through 1973 and any increase of price had to be approved by the U.S. Price Commission, zinc prices increased only gradually. After price controls were abolished, the price for high-grade zinc metal rose abruptly nearly doubling by mid-1975. For the next 11 years, the annual average price fluctuated within an $0.18-per-pound band (Jolly, 1993).

By 1980, more than a decade after electrolytic refining had become dominant in the production of domestic zinc, HG was made the base grade for pricing purposes, and Metals Week introduced its weighted average price, which it based on daily sales of HG. The largest increase in the history of the zinc price began with a small, $0.04-per-pound increase in November 1987 and escalated to a $0.20-cent increase in February 1989. The main impetus for this steep increase was tightness of supply brought about by strong world demand; strikes, technical problems at some smelters, and hurricane-related delays of zinc shipments from Mexico were also contributing factors. In the 1980's, U.S. refinery production supplied only about one-third of domestic demand. As a result, world price became the dominant factor in setting the domestic price.

Outside of the United States, the world pricing basis for zinc has essentially been the price quoted by the London Metal Exchange (LME), which introduced its first zinc contract in 1915. In order to stabilize the sometimes volatile LME prices, a group of non-U.S. zinc producers established the European Producer Price (EPP) in 1964. Later, dissatisfaction with the EPP pricing system, mainly as it related to the settlement price of zinc concentrate and the determination of smelter treatment charges, led to the reemergence of LME zinc quotations as the principal basis for world zinc pricing (Jolly, 1997, p. 218-221). The choice of an LME basis was further solidified when the LME switched from British pounds to U.S. dollars for all its transactions in 1998.

During the 1990's, the price for refined zinc remained rather uneventful, reflecting the supply and demand of the market.

References Cited

Jolly, J.H., 1993, Zinc, *in* Metal prices in the United States through 1991: U.S. Bureau of Mines, p. 191-195.

———1997, U.S. zinc industry: Baltimore, MD, American Literary Press, Inc., 312 p.

Annual Average Zinc Price

(Dollars per pound[1])

Year	Price	Year	Price	Year	Price	Year	Price
1875	0.070	1906	0.061	1937	0.065	1968	0.135
1876	0.072	1907	0.058	1938	0.046	1969	0.147
1877	0.060	1908	0.046	1939	0.051	1970	0.153
1878	0.049	1909	0.054	1940	0.063	1971	0.161
1879	0.052	1910	0.054	1941	0.075	1972	0.178
1880	0.055	1911	0.056	1942	0.083	1973	0.207
1881	0.052	1912	0.068	1943	0.083	1974	0.360
1882	0.053	1913	0.055	1944	0.083	1975	0.390
1883	0.045	1914	0.051	1945	0.083	1976	0.370
1884	0.044	1915	0.142	1946	0.087	1977	0.344
1885	0.043	1916	0.136	1947	0.105	1978	0.310
1886	0.044	1917	0.089	1948	0.136	1979	0.373
1887	0.046	1918	0.080	1949	0.122	1980	0.374
1888	0.049	1919	0.070	1950	0.139	1981	0.446
1889	0.050	1920	0.078	1951	0.180	1982	0.385
1890	0.055	1921	0.047	1952	0.162	1983	0.414
1891	0.050	1922	0.057	1953	0.109	1984	0.486
1892	0.046	1923	0.066	1954	0.107	1985	0.404
1893	0.040	1924	0.063	1955	0.123	1986	0.380
1894	0.035	1925	0.076	1956	0.135	1987	0.419
1895	0.036	1926	0.073	1957	0.114	1988	0.602
1896	0.039	1927	0.062	1958	0.103	1989	0.820
1897	0.041	1928	0.060	1959	0.115	1990	0.746
1898	0.046	1929	0.065	1960	0.130	1991	0.528
1899	0.058	1930	0.046	1961	0.116	1992	0.584
1900	0.044	1931	0.036	1962	0.116	1993	0.462
1901	0.041	1932	0.029	1963	0.120	1994	0.493
1902	0.048	1933	0.040	1964	0.136	1995	0.534
1903	0.054	1934	0.042	1965	0.145	1996	0.511
1904	0.051	1935	0.043	1966	0.145	1997	0.646
1905	0.059	1936	0.049	1967	0.139	1998	0.514

[1] To convert to dollars per kilogram, multiply by 2.20462.

Note:
1875-1904, New York price for Prime Western zinc (98% pure), *in* Ingalls, W.R., Lead and Zinc in the United States, McGraw-Hill, NY, 1980, p. 342.
1905-70, St. Louis/East St. Louis producer price for Prime Western zinc, *in* American Metal Market/Metal Statistics.
1971-79, U.S. Dealers Prime Western delivered price, *in* Metals Week.
1980-93, U.S. Dealers High Grade zinc (99.9% pure) delivered price, *in* Metals Week.
1994-98, U.S. Dealers Special High Grade zinc (99.99% pure) delivered price, *in* Platt's Metals Week.