

Zinc: Chinese zinc trade snapshot

Concentrate zinc shipments were hit hard by Covid-19 disruptions in June, which saw spot import treatment charges halve this year. In contrast, refined zinc imports to China have grown as a result of arbitrage opportunities



Source: Shutterstock

1 Concentrate imports hit by Covid-19, and Peru remains absent

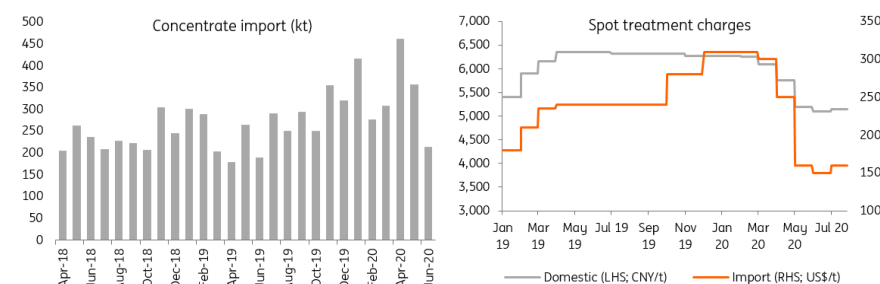
Concentrate zinc shipments to China have fallen to 213kt, down by 40% from the previous month reflecting Covid-19 impact on major suppliers.

Peru and South Africa - the two major exporters to China have been entirely absent in June while Spain and Bolivia have been absent since May. However, total imports during the first half of the year still grew by 42% YoY to just above two million tonnes largely due to increased exports from Australia and Eritrea.

The drop in spot import treatment charges since April, which have now halved have heralded falling concentrate shipments, and ever since smelter's margins began to deteriorate and forced some to cut operating capacities by bringing forward maintenance work.

Zinc: A delicate supply status

A sharp fall in June zinc concentrate shipments



Source: China Customs, ING

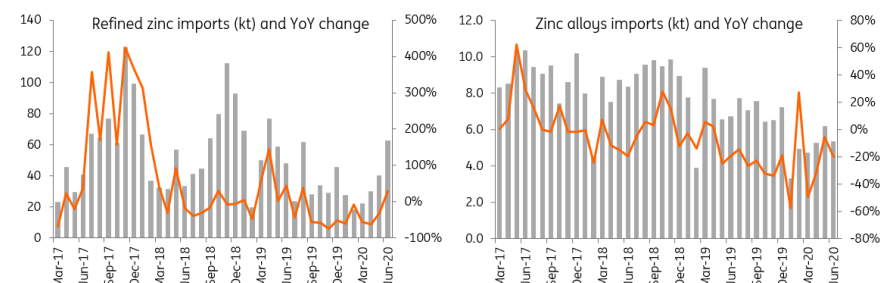
2 Refined zinc imports rise on the back of import arbitrage

A stronger Chinese market during 2Q20 has prompted import arbitrage opportunities, and this saw imports rise on a monthly basis.

Refined zinc imports soared by 50% MoM to 65kt in June, mainly from South Korea, Australia and Kazakhstan.

Although for the first six months, total imports were still lower by 34% YoY to 223kt.

Refined zinc imports on the rise



Source: China Customs, ING