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Journalist:	Subramani Ra Mancombu	Page No:	10
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Zinc prices may drop on output rebound, weak demand

Subramani Ra Mancombu
Chennai

Zinc prices will likely decline in 2025 on a rebound in refined zinc production and weak demand, say analysts.

“We anticipate that refined zinc production will rebound in 2025, following a contraction in 2024, driven by the easing of ore supply constraints. This is set to push the market into an annual surplus of 2,70,000 tonnes in 2025, contrasting sharply with the 1,84,000 tonnes deficit expected in 2024,” said research agency BMI, a unit of Fitch Solutions.

Preliminary data compiled by the International Lead and Zinc Supply Group (ILZSG) show the global market for refined zinc was in surplus by 19,000 tonnes over the first 10 months of 2024 with total reported inventories increasing by



DRIFT IN PRICES. The World Bank, in its Commodity Outlook, said zinc prices are forecast to fall by 4 per cent in 2025 and 2026 as supply of the white metal picks up

80,000 tonnes.

PRICE FORECAST

The World Bank, in its Commodity Outlook, said zinc prices are forecast to fall by 4 per cent in 2025 and 2026 as zinc supply picks up.

However, the Australian Office of the Chief Economist (AOCE) said zinc demand is expected to grow moder-

ately in 2025, following the a sharp decline in 2023. “The anticipated growth will be largely driven by galvanised steel usage in the manufacturing, construction and automotive industry,” it said.

BMI said zinc price is forecast at \$2,650 a tonne in 2025.

“Despite starting the year

at a robust \$2,888/tonne on January 3, we expect a 5.8 per cent drop in the average annual price year-on-year, effectively erasing 2024 gains,” the research agency said.

In the long term, it forecast prices to average \$2,700/tonne over 2024-28, remaining below 2022 levels of \$3,440.

The AOCE said prices are anticipated to stabilise at \$2,770 in 2025 and \$2,710 in 2026.

US-based Morgan Stanley said prices in 2025 are expected to be little changed from 2024 at about \$2,770 a tonne, before dipping slightly to \$2,710 in 2026.

CHINESE ECONOMY

Zinc London Metal Exchange (LME) 3-month contract closing price on Tuesday was \$2,865.50 a tonne. The metal quoted at \$2,830.50 for cash on the LME.

BMI said while supply-

side factors dominate, broader market headwinds could exert additional pressure on zinc prices.

“First, an uncertain Chinese economic growth outlook will continue to present a price-risk in 2025. Second, (US) President (Donald) Trump’s re-election is expected to inject considerable volatility into the market due to his proposed trade policies,” it said.

Tata Mutual Fund, in its Commodity Communique, said, “However, high energy costs in Europe remain a significant factor, potentially restricting smelting capacities.”

The AOCE said stable zinc prices over the outlook period are expected to help reduce the likelihood of further price induced mine closures.

ILZSG said world zinc mine production fell by 3.8 per cent in the first 10 months of 2024.