



# Zinc market overview

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MEMBER MEETING

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# The three most important questions first

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**What will the zinc price be next month?**

**What will the zinc price be next year?**

# The price is high...

Zinc price May 2016-April 2017



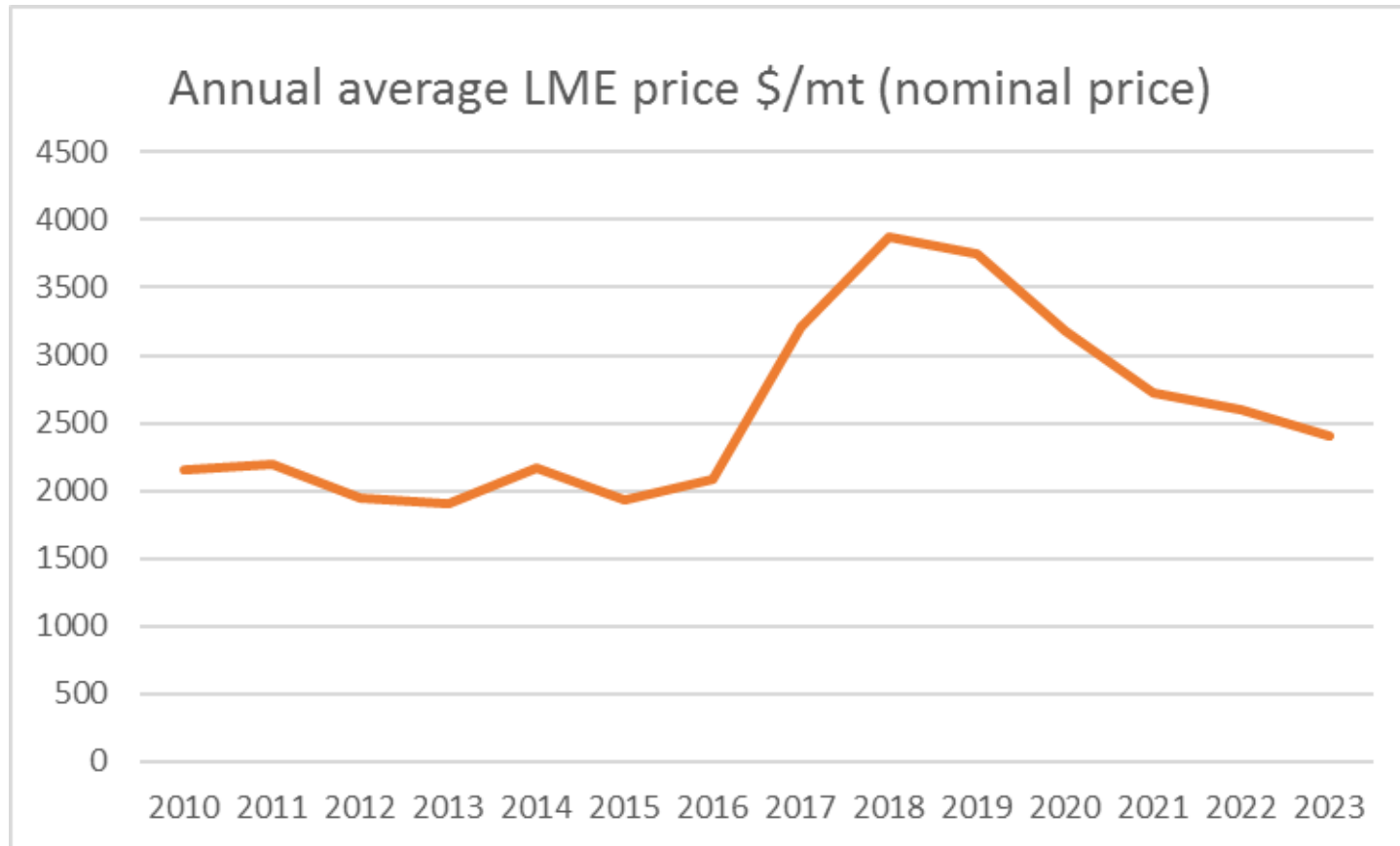
# ...but depends on your perspective!

Zinc price January 2007-April 2017



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# What can we expect?



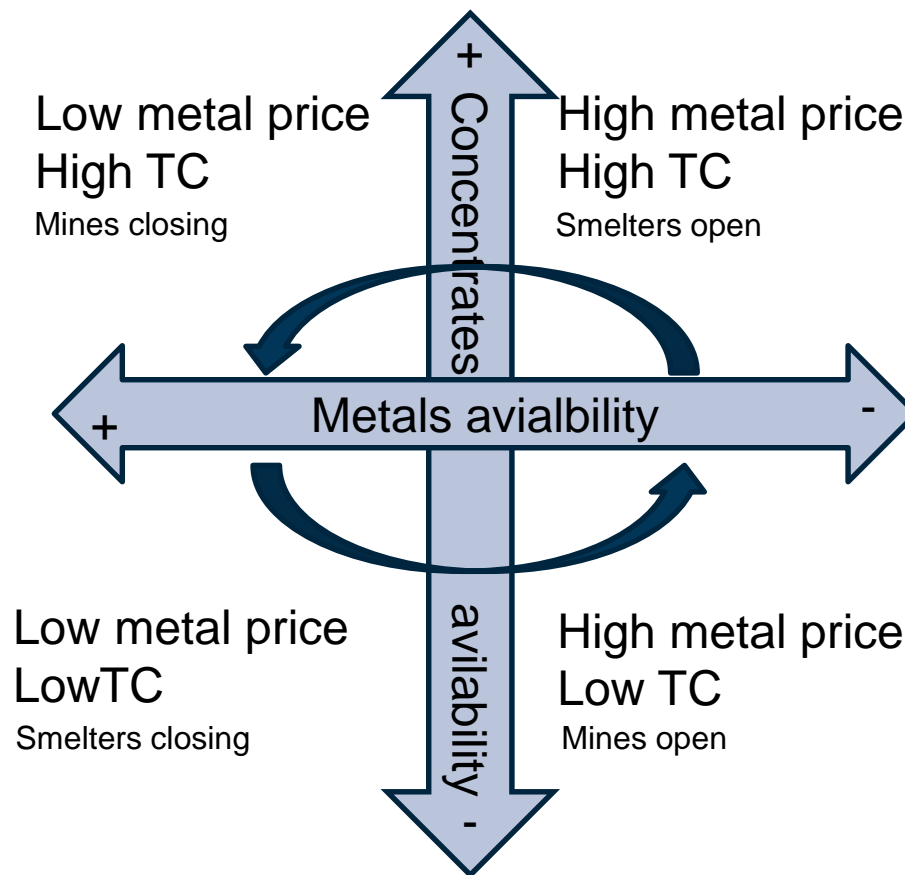
**A guess as good as any!**



# WHY?

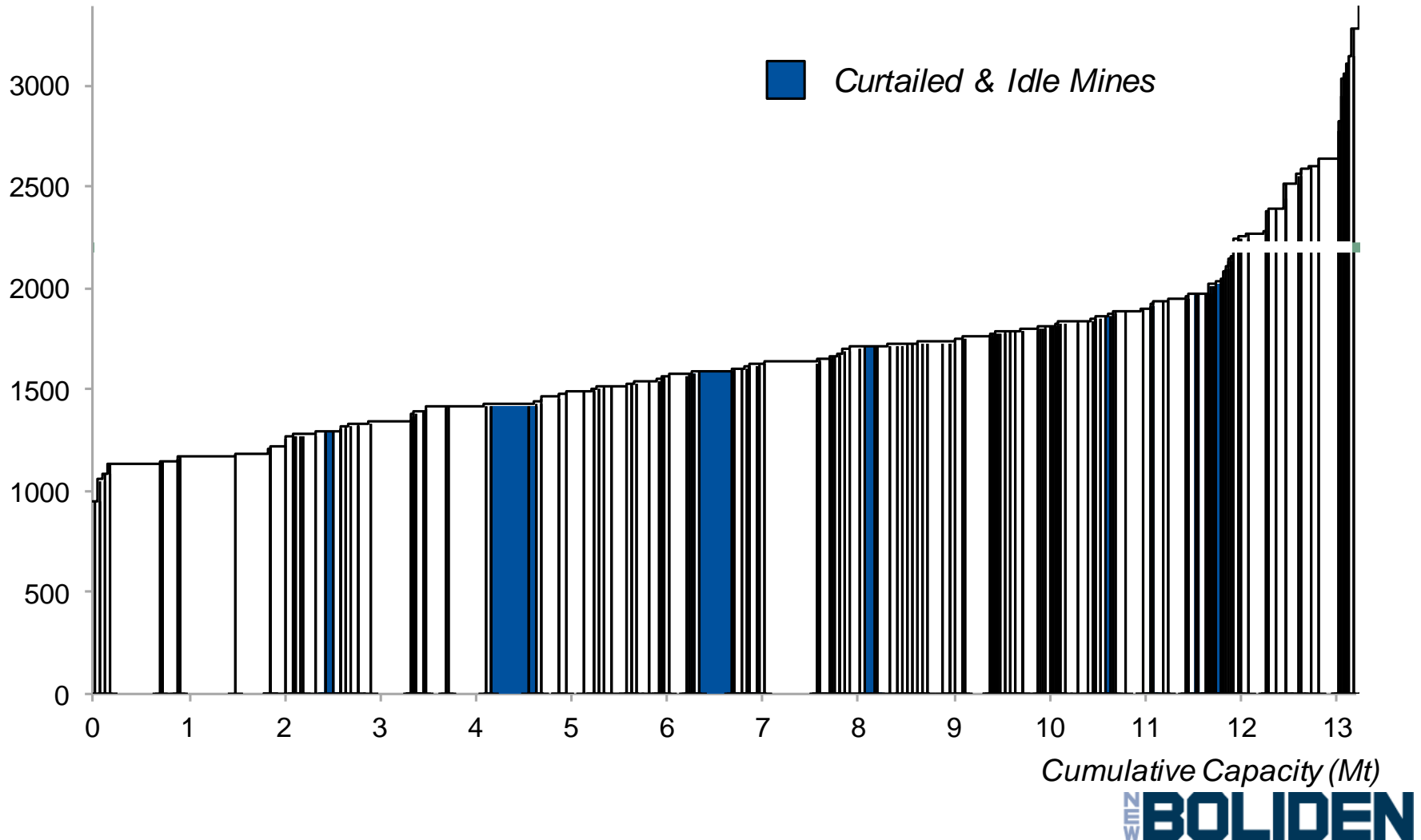


# Where are we in the metals market cycle?



# The price has not been high enough to open new mines!

pro-rata cash costs; US\$/t



Source: WoodMac

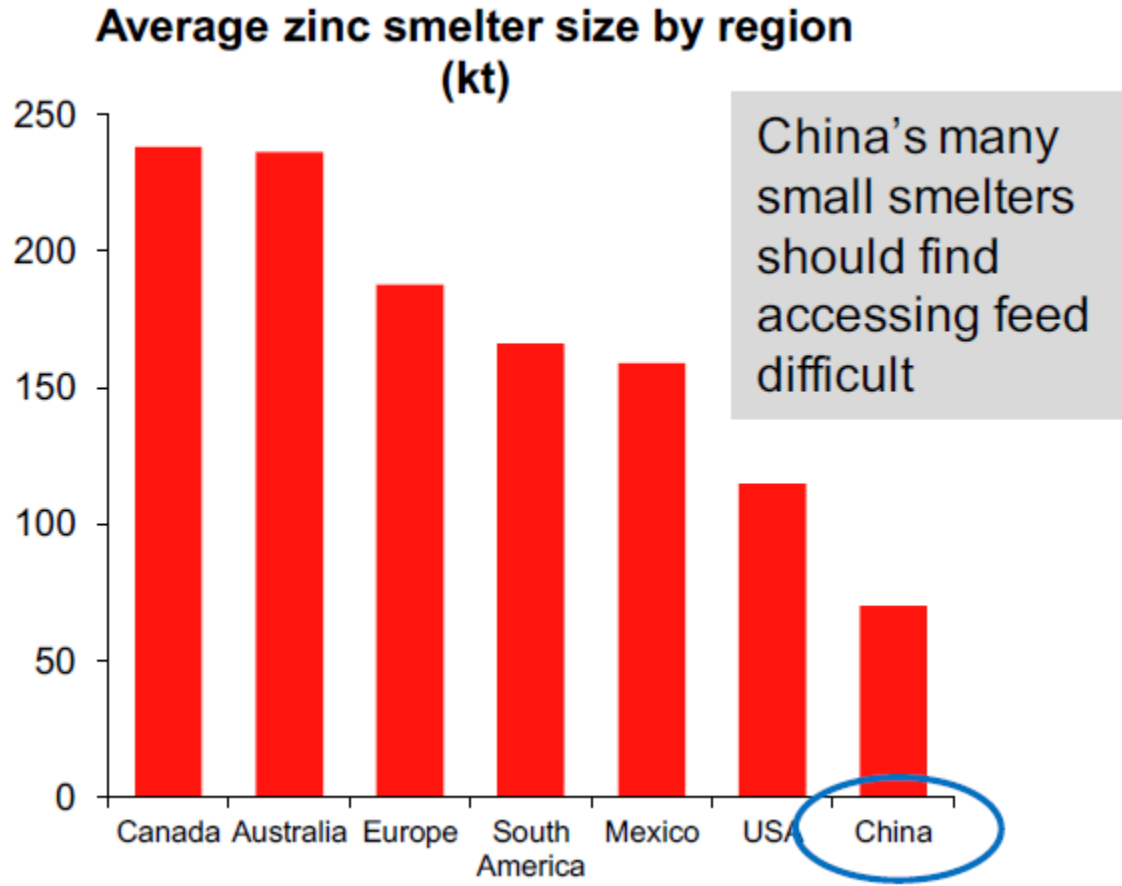
# The law of supply and demand decides what's next

Zinc spot treatment charges are down 45% yoy

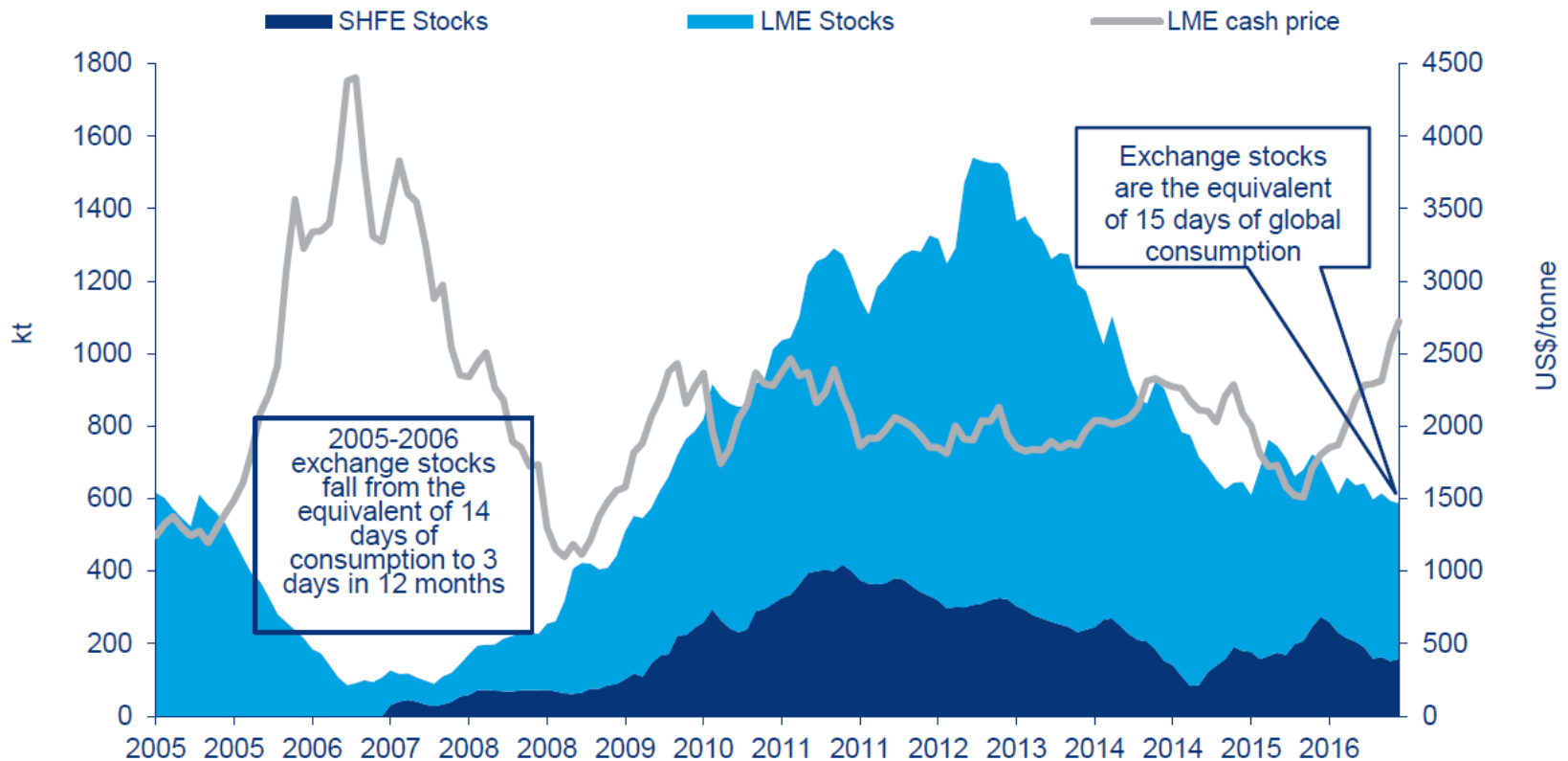


- Treatment charge: Smelters income for turning concentrates to metal
- Less mining output => less concentrates
- Smelters fighting to buy concentrate
- Smelters become unprofitable
- Smelters producing less metal
- Not enough metal supply to meet the demand
- Price goes up!

# Who loses out?



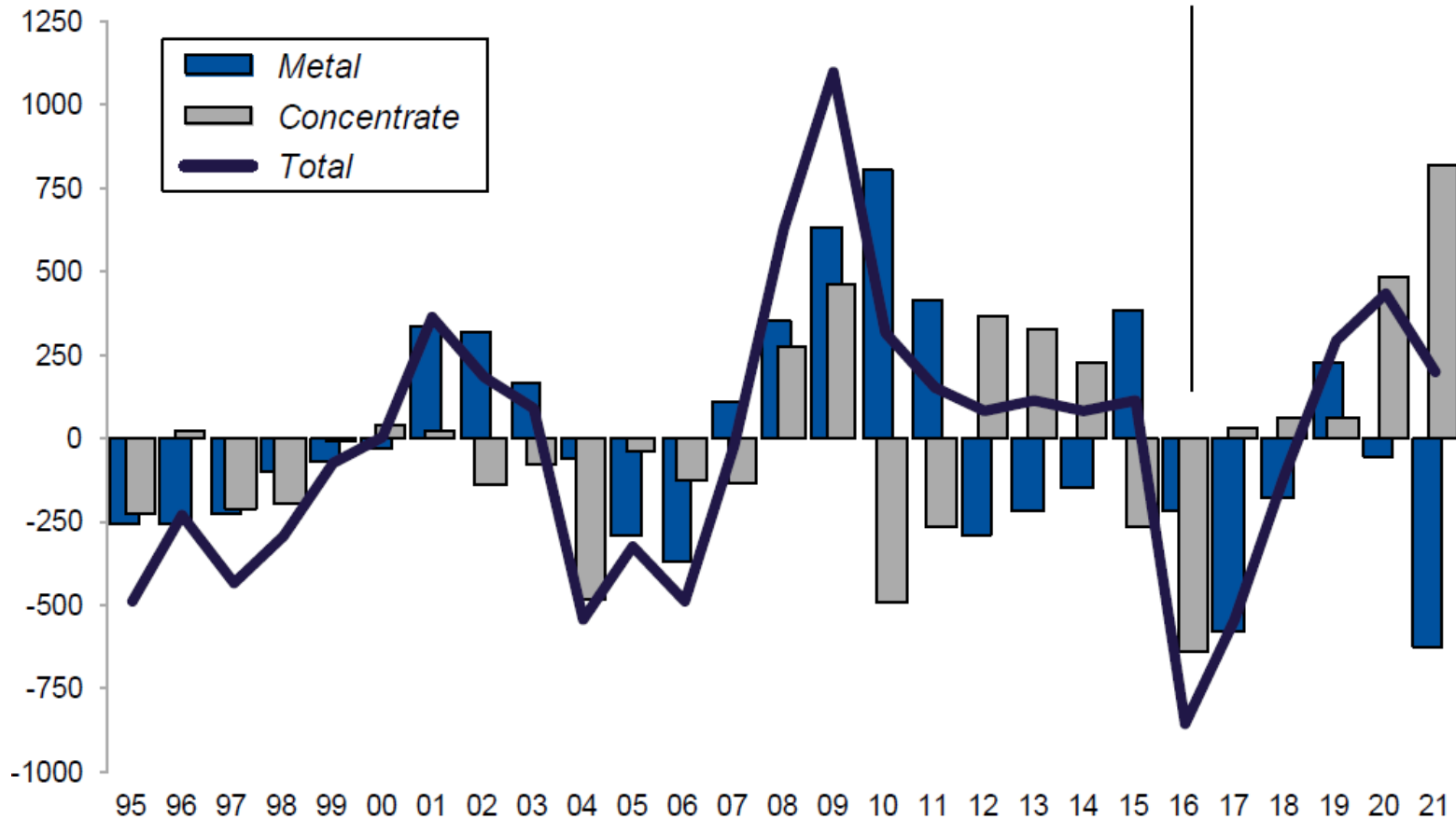
# Market can quickly run in to a deficit



Source: Datastream

# Will the concentrate deficit lead to metal deficit?

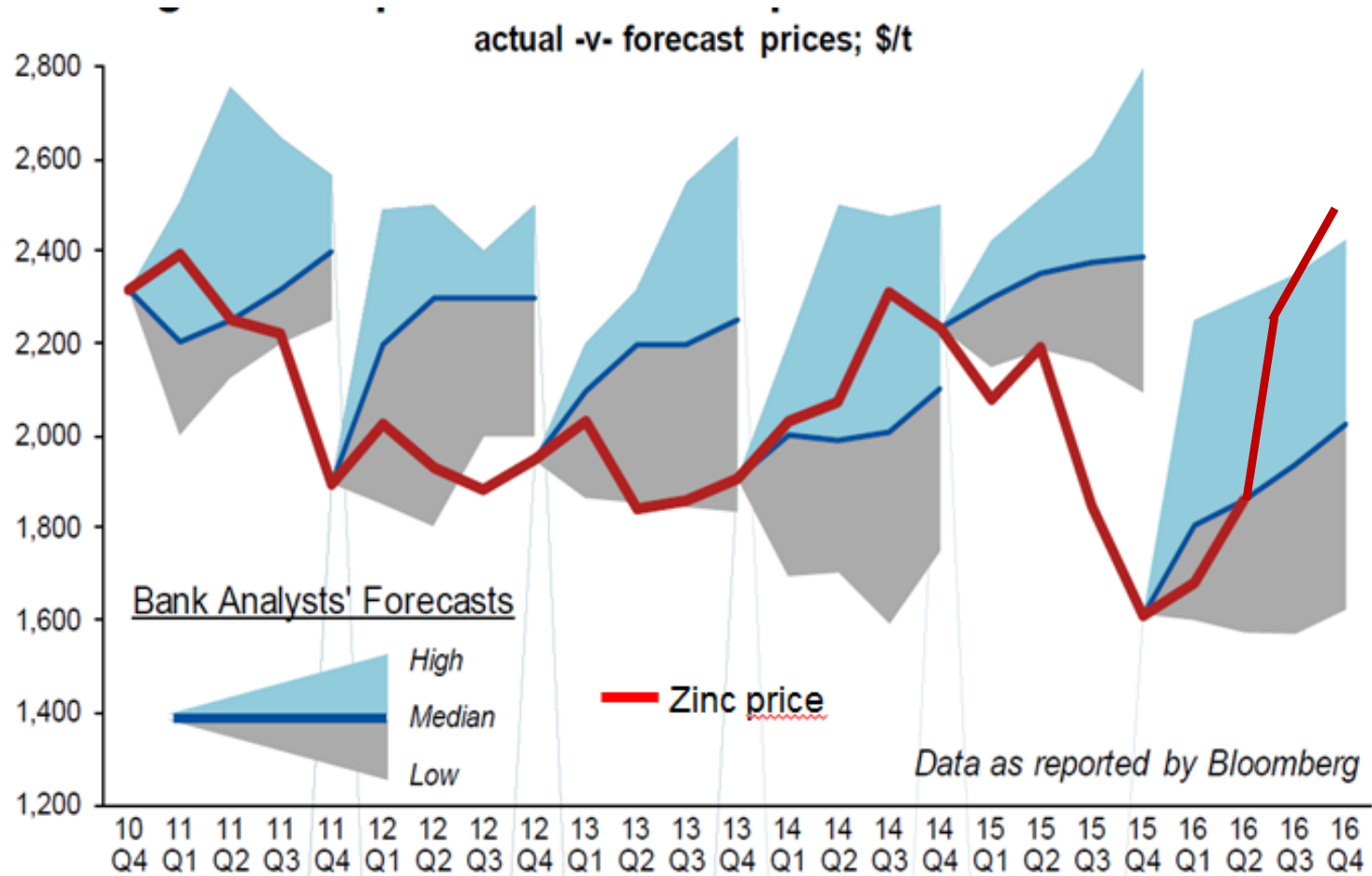
global market balances; '000 tonnes contained zinc



# How did the experts perform?



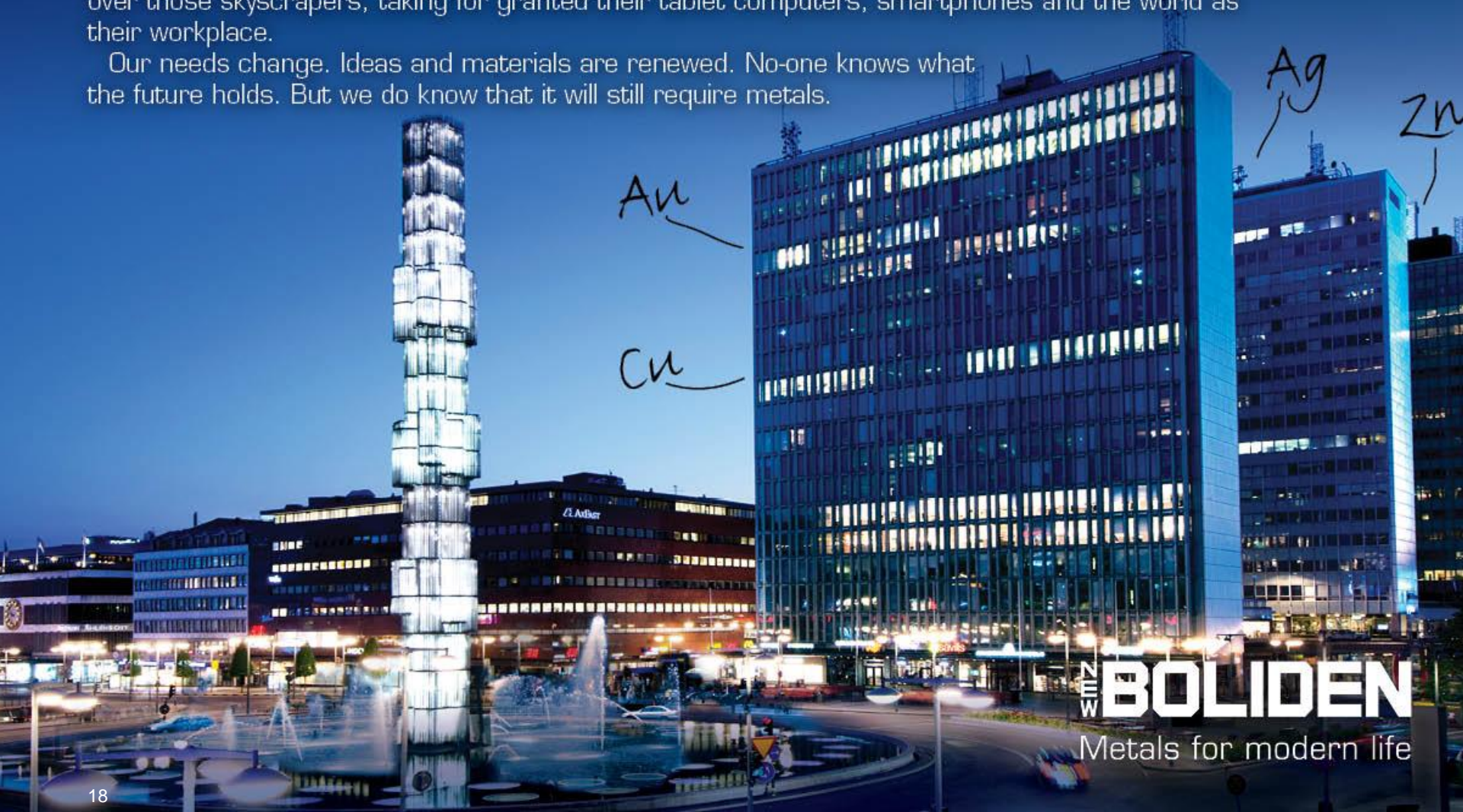
# How did the experts perform?



# We are building the future – over and over again

Stockholm's Hötorget skyscrapers in glass and metal reflect the 1950s' take on the future. Office workers were destined to sit and work here on newfangled electric typewriters, dispatching post to each other through an elaborate pneumatic tube system. That, too, was IT. Then. Now the new generation has taken over those skyscrapers, taking for granted their tablet computers, smartphones and the world as their workplace.

Our needs change. Ideas and materials are renewed. No-one knows what the future holds. But we do know that it will still require metals.



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