

## Zinc supply under pressure



While zinc mine supply has recovered in 2021, inventories are still low.

Zinc is mainly used as corrosion protection for steel (galvanizing). It is an important material in the construction industry, architecture, mechanical engineering and automotive production. Last year, zinc demand increased by more than five percent, while refined supply only went up by less than two percent. Inventories are expected to remain limited worldwide. And supply disruptions have not diminished. Disruptions are particularly imminent in Peru. In Europe, increased energy prices, a gas and coal shortage are creating headwinds. Perhaps even capacity will have to be reduced due to high energy prices. In China, there are covid and logistics problems at the smelters. So, the zinc price is high. Should supply normalize or demand weaken, then zinc prices could be expected to consolidate.

With around 35 percent, China is by far the largest zinc mine producer. Peru is in third place with around ten percent. Zinc production there went down ten percent in January and February. Russia also produces zinc, albeit not all that much. The start of the largest medium-term expansion project, scheduled for 2024, is likely to be delayed. In China, zinc smelters produced around two percent more in the first quarter of 2022 than a year earlier. On the demand side, Chinese demand is expected to increase in the second quarter of 2022. Overall, zinc is an important raw material whose price could also swing sharply upward at times. Investments in zinc companies such as Osisko Metals or Griffin Mining are possible.

**Osisko Metals** - <https://www.youtube.com/watch?v=p8HSFGdXx0g> - is active in the Bathurst Mining Camp and the Pine Point Mining Camp. Osisko Metals is currently acquiring a previously producing copper mine in Quebec.

**Griffin Mining** - <https://www.youtube.com/watch?v=p8HSFGdXx0g> - is China's largest zinc producer with its interest in the successfully producing Caijiaying Zinc Mine.

Current corporate information and press releases from Osisko Metals (- <https://www.resource-capital.ch/en/companies/osisko-metals-inc/> -) and Griffin Mining (- <https://www.resource-capital.ch/en/companies/griffin-mining-ltd/> -).

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