

## Scarce raw material zinc ensures high prices



Zinc is facing a massive supply shortage, according to forecasts by industry experts.

Russia's attack on Ukraine has lifted many commodity prices. Aluminum prices have been affected, and they have a lot in common with the price of zinc. Electricity-dependent smelting processes exist for aluminum, steel and also zinc. And energy has become expensive. So zinc has a similar production cost scenario to aluminum. The price dynamics of both metals are therefore very similar. In addition, inventories are emptying, and exchange and trading stocks have fallen sharply. The European warehouses of the LME are almost empty. LME-registered zinc inventories in the USA are also very low. This situation is reinforced by the premiums for physical zinc deliveries. For example, while the premium for high-grade zinc at the port of Antwerp cost US\$170 last October, it now has to be around US\$450.

These are consequences of the Ukraine war, not because Russia is failing as a zinc supplier for Europe, because the quantities are rather insignificant, but it is the enormously increased electricity costs. Already in 2021, a zinc deficit of almost 200,000 tons was estimated, caused primarily by energy problems. In China, the energy problems have receded and, as a result, aluminum and zinc production has gone up. In Europe, the zinc shortage remains for the time being. Some market participants already fear that the zinc market will develop in a similar way to the nickel market. There, the price recently went crazy and jumped by 400 percent in just a few days. An investment in nickel companies could therefore add value to a portfolio. Osisko Metals or Griffin Minerals could be considered here.

**Osisko Metals** - [https://www.youtube.com/watch?v=ldQ7L\\_a1Dfo](https://www.youtube.com/watch?v=ldQ7L_a1Dfo) - operates in the Bathurst Mining Camp and the Pine Point Mining Camp in the zinc sector. In addition, Osisko Metals is currently acquiring a previously producing copper mine in Quebec.

**Griffin Mining** - <https://www.youtube.com/watch?v=KgcS9L245MI> -, with its interest in the producing Caijiaying zinc mine in China, is the largest zinc producer there.

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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