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## Raw material markets: 1969: Supply surpluses in lead and zinc expected

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the industry was registered also in Japan. The increase of production of durable consumer goods (+31 p.c.) and investment goods (+25 p.c.) went far beyond the average.

### **1969: Continuous Rise of Production**

The present prospects for the cyclical development of the world economy allow to expect that the industrial production of the Western industrial nations will, in a yearly average, again increase in 1969 by approximately the same rate than dur-

ing the past year. This is valid even though the extraordinarily rapid pace of expansion during the last months before the turning of the year will not be kept up, already due to capacity reasons. With credit policy measures intensifying the restrictions, retarding forces on the demand side will become effective mainly in the USA during the next year. But the endangering of the targets of the stability policy could also induce measures in the leading countries of Western Europe to damp the demand.

which means 150,000 t. But this prognosis takes for granted that the East-bloc countries in 1969 will register an export surplus, although, for a longer time, their lead imports from the Western world have exceeded exports. Moreover, probably—as in the past years—the forecasted production expansion will hardly be achieved. Otherwise, producers could take lead from the market, so that the pressure on lead prices—at least during the months to come—will be very limited.

Zinc production in 1968—increased by 10 p.c. to 3.6 mn t—did not suffice to meet demand in the Western world, which had even risen to 3.8 mn t. Apart from imports from the East-bloc countries and small stockpile purchases the supply gap was closed by the reduction of stocks in the producer countries.

For 1969, zinc production, too, is anticipated to increase vigorously. In contrast, zinc consumption should, however, grow only slowly due to cyclical influences. In case net zinc imports from East-bloc countries should remain the same, supply of this metal in the Western world will in 1969 surpass demand by 4 p.c. And also zinc producers will presumably try to weaken the pressure on prices by means of backings.

## **Raw Material Markets**

### **1969: Supply Surpluses in Lead and Zinc Expected**

During the last months lead prices in the world markets have still risen somewhat, whilst zinc prices could not keep the relatively high level they had reached at the end of 1968. At the London Metal Exchange, the cash price for lead lies at present with 109 £/lgt by approx. 12 p.c. and that for zinc with 113 £/lgt by approx. 3 p.c. above the level one year ago. The forward quotations of the two metals are somewhat higher than prices for promptly available commodities.

In 1968, the expected surplus in lead production in the Western world had not occurred, because wearisome strikes in the USA and in Australia had brought about interruptions in production. Nevertheless, lead

production increased by 150,000 t to 2.92 mn t, so that—with an equally strong expansion in consumption to 2.88 mn t in the Western world—the result was a statistical production deficit of only 30,000 t. This deficit was mainly covered by lead purchases out of the strategic reserves of the USA.

For 1969, the International Study Group for Lead and Zinc expects again a strong expansion of lead production, due to the new production capacities being under construction. As simultaneously consumption is supposed not to increase as vigorously in 1969 as in the previous year, the Study Group assumes that the lead supply will surpass demand in the Western world by roughly 5 p.c.,

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