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LME Week Seminar Metals Debate: Lead & Zinc

13th October 2025

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EMEA & Asia; Base Metals

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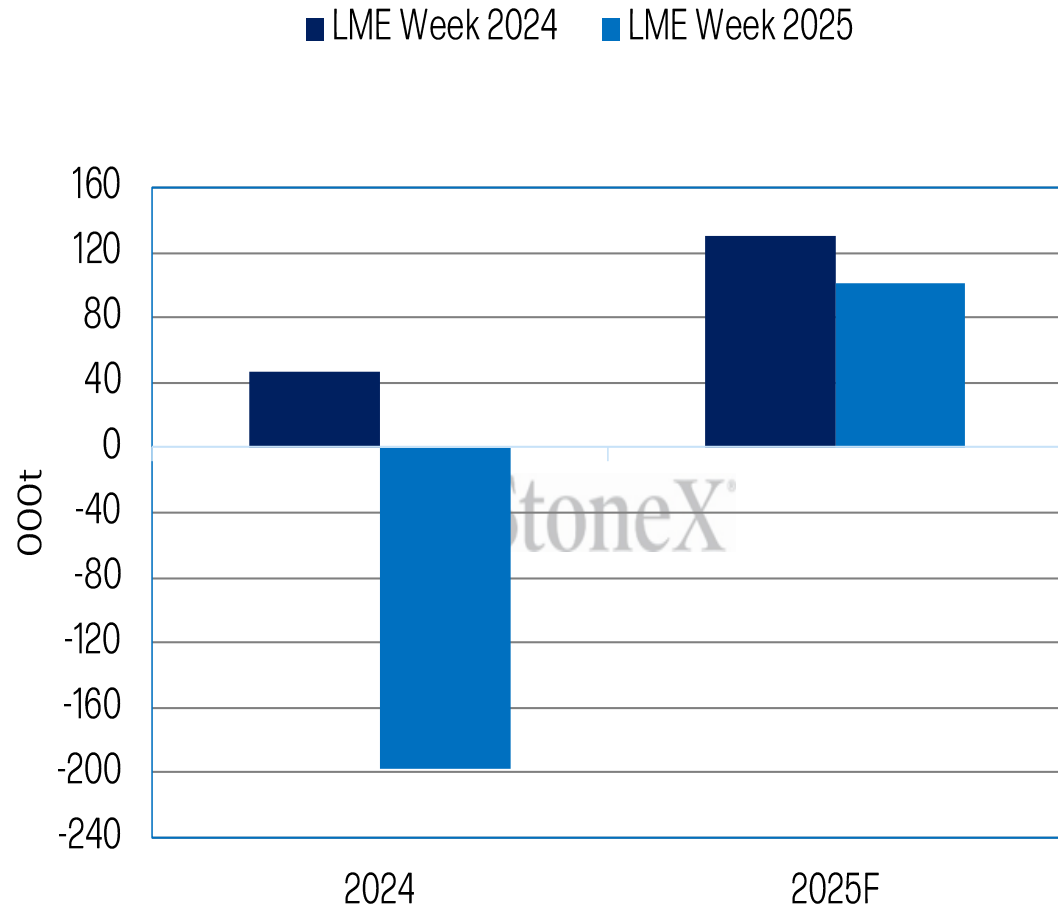
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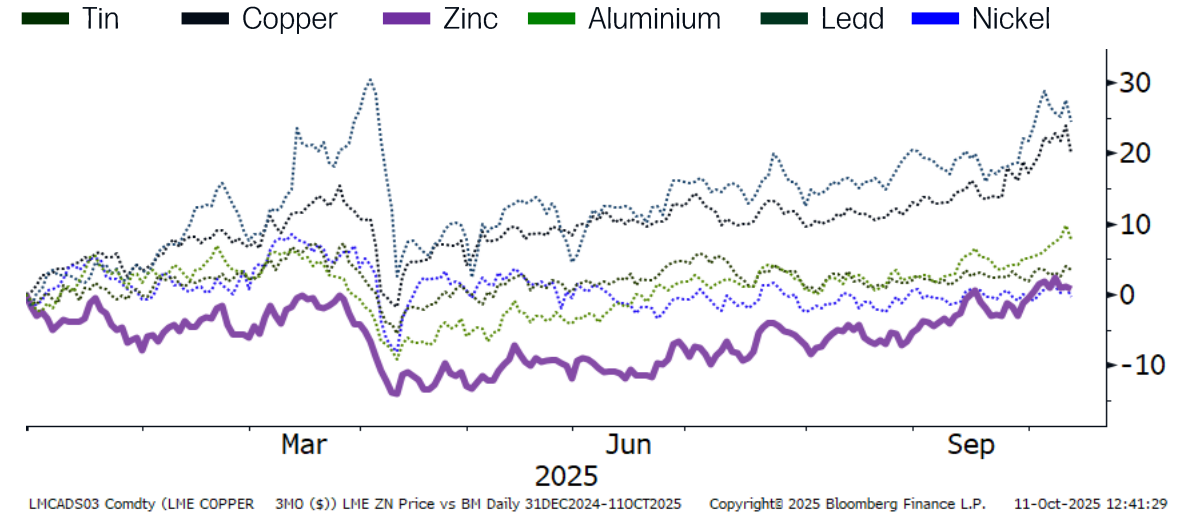
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Recovery in Supply to Flip Zinc Market into Surplus Structure in 2025

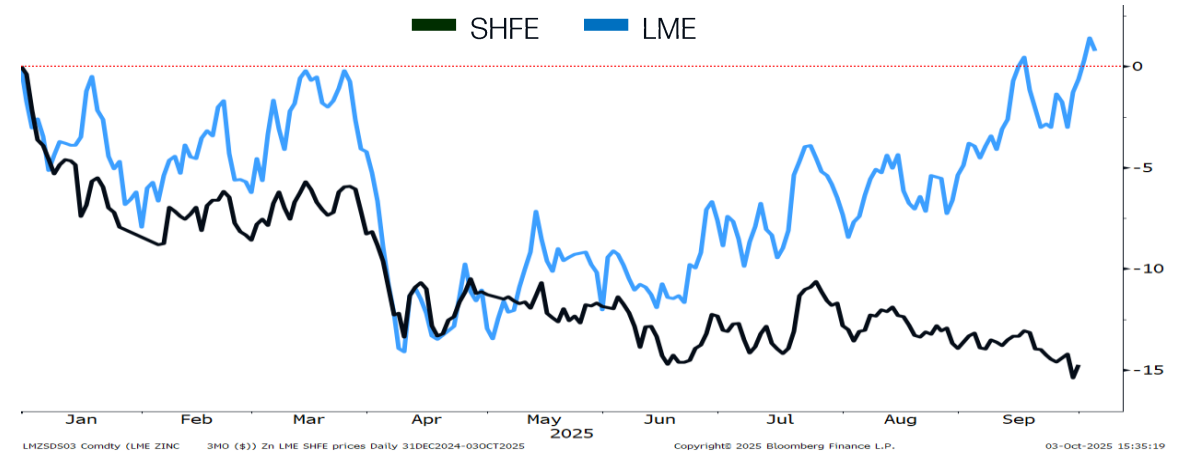
Zinc Market Balance 2025 - Forecast Comparison



Price Performance of LME 3M Base Metals (YTD)



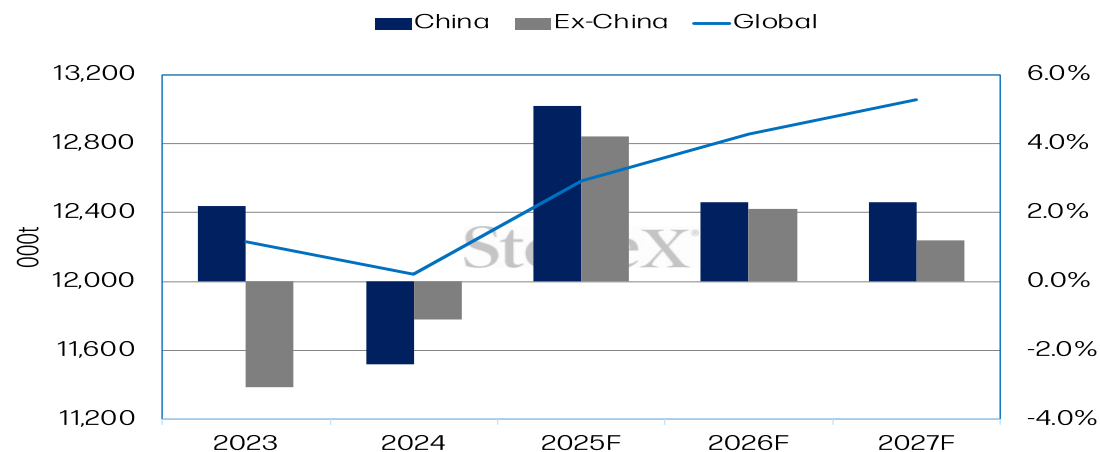
Zinc LME Versus SHFE Prices YTD (% Change)



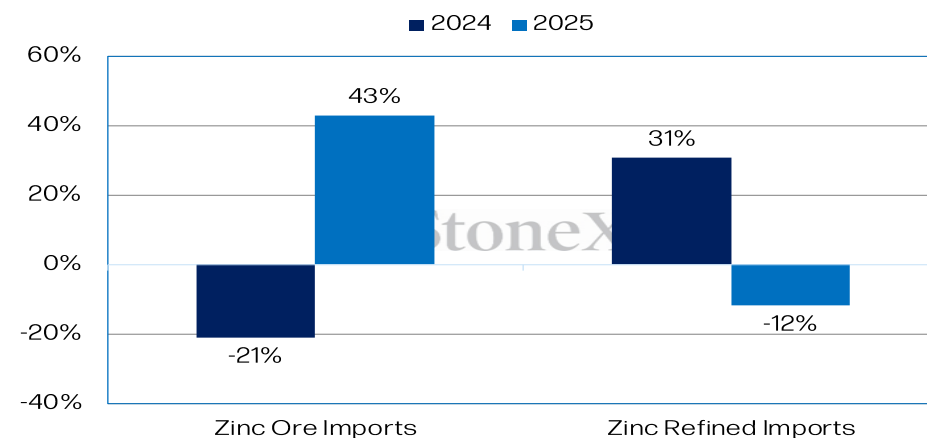
These charts include predictions/forecasts. Past performance may not be a reliable guide to future performance. Source: Bloomberg; SMM, ILZSG, StoneX

Supply: Record Low RCTCs to Recover on Robust Mine Production

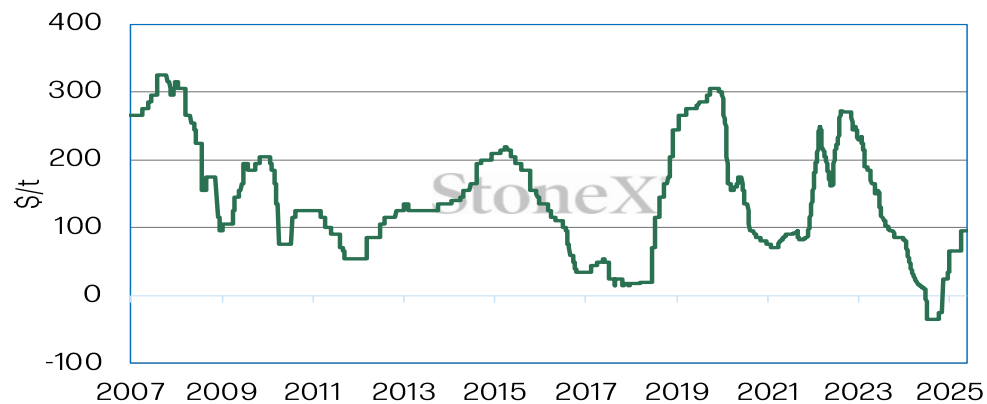
Mine Production Forecast to Rebound After Three Years of Declines



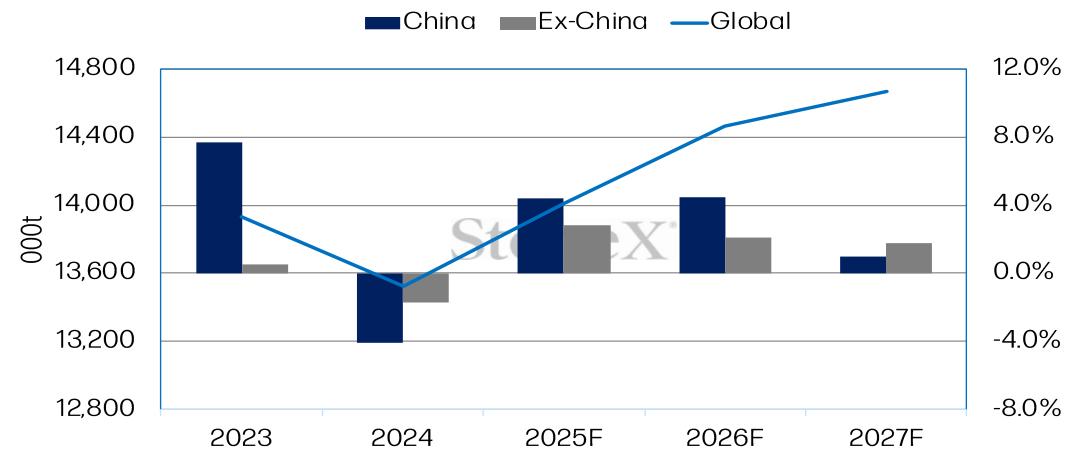
China Posts Highest Level of Zinc Ore Imports on Record in July 2025



Chinese Smelter Treatment Charges Return to Positive Levels in 2025, After Hitting Annual Record Low in 2024



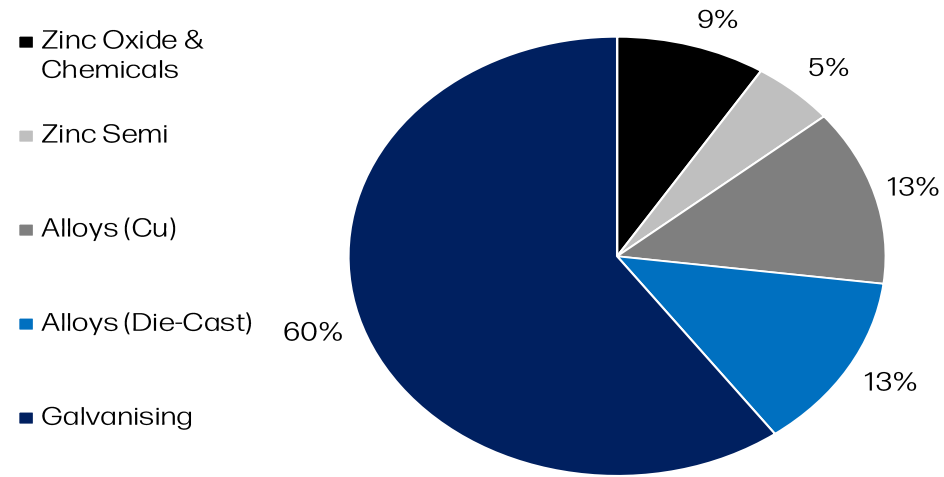
Zinc Refined Supply to Accelerate in Years Ahead



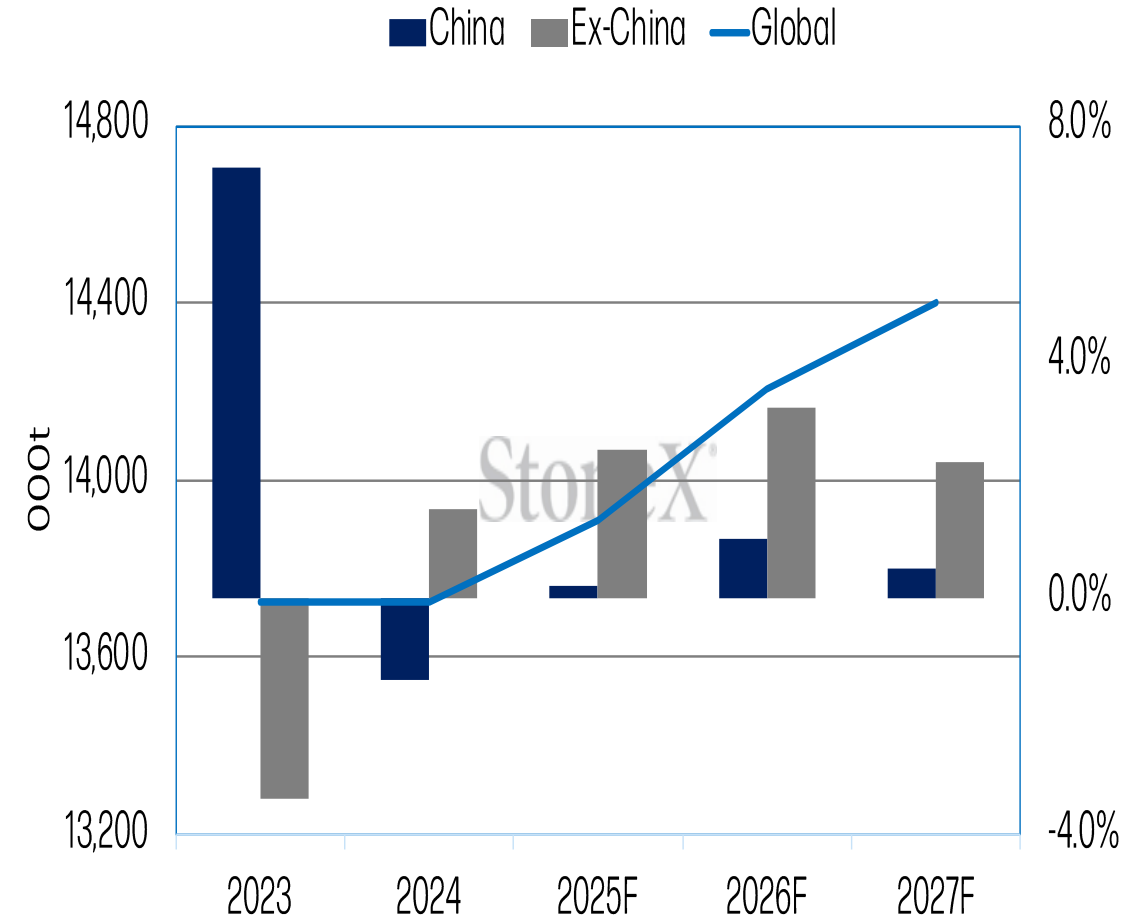
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Demand: Zinc's Exposure to the Construction Market Leaves it Vulnerable to External Variables

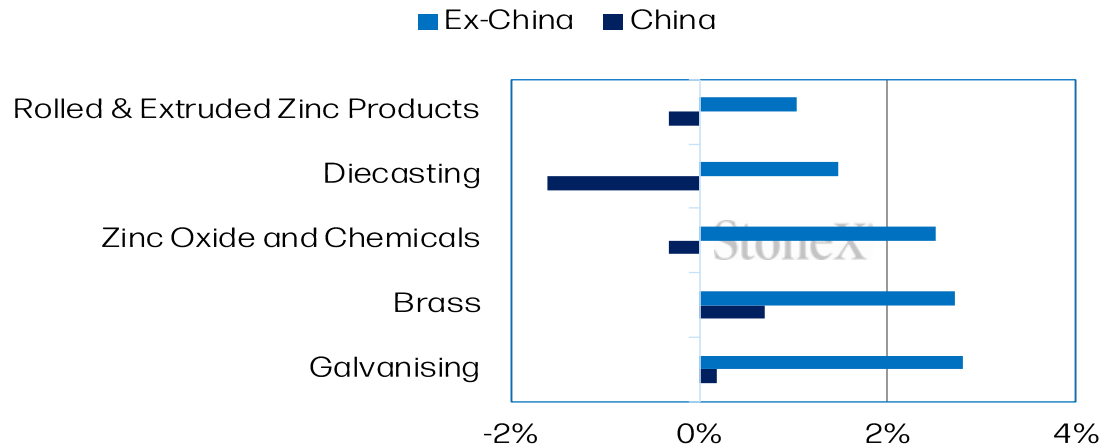
End Uses of Zinc



Zinc Consumption Forecast



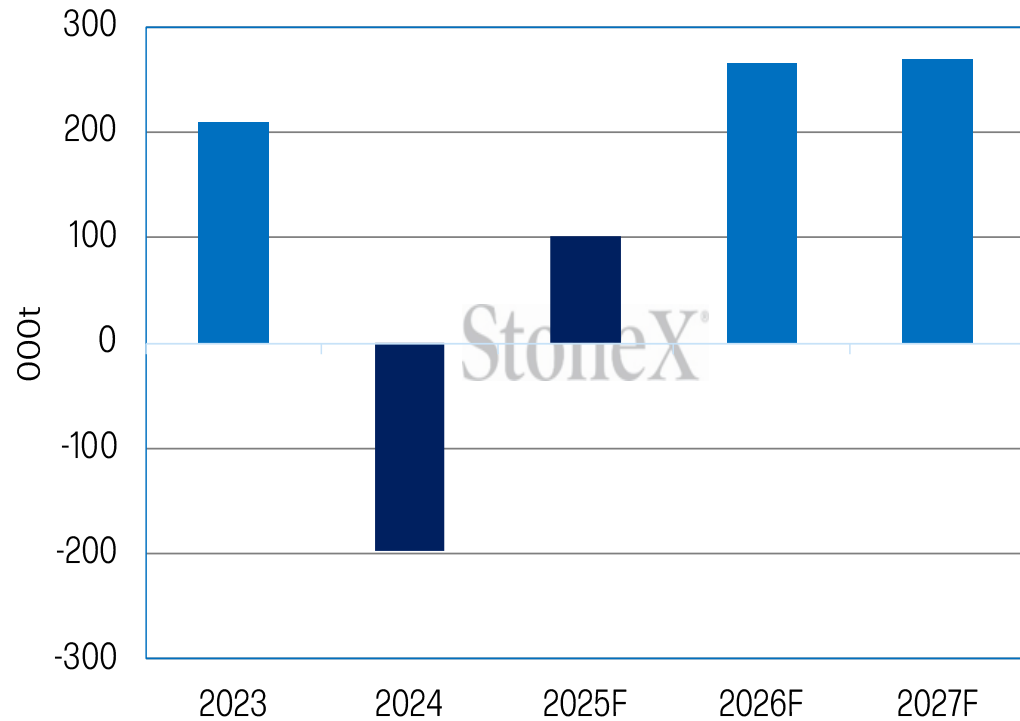
Demand to be Led By Ex-China Markets in 2026



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Zinc Market to Remain in Surplus in the Years Ahead

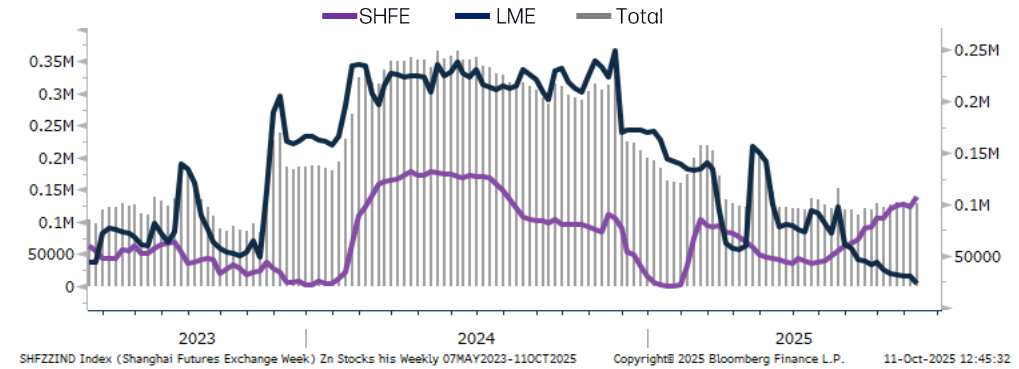
Zinc Market to Build Surplus in 2025



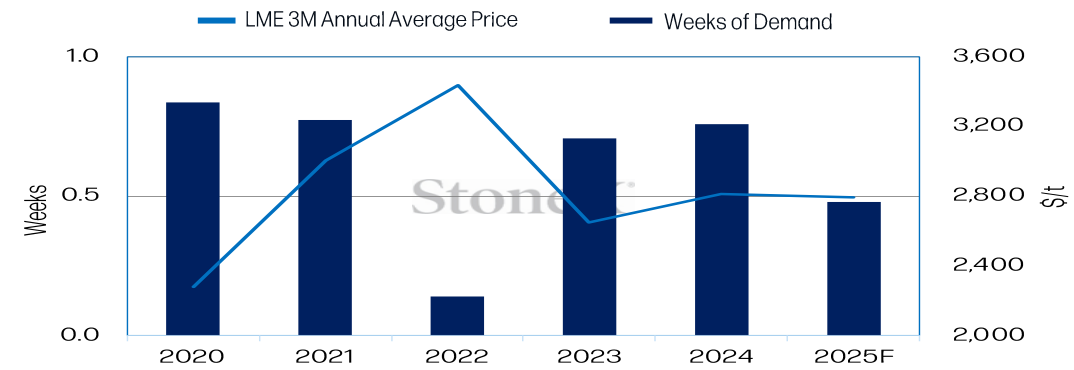
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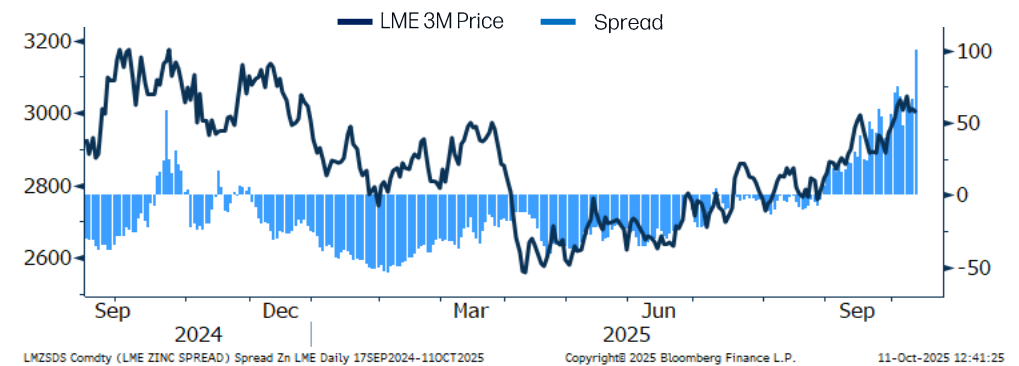
Global Visible Exchange Stocks



Consumption Ratio

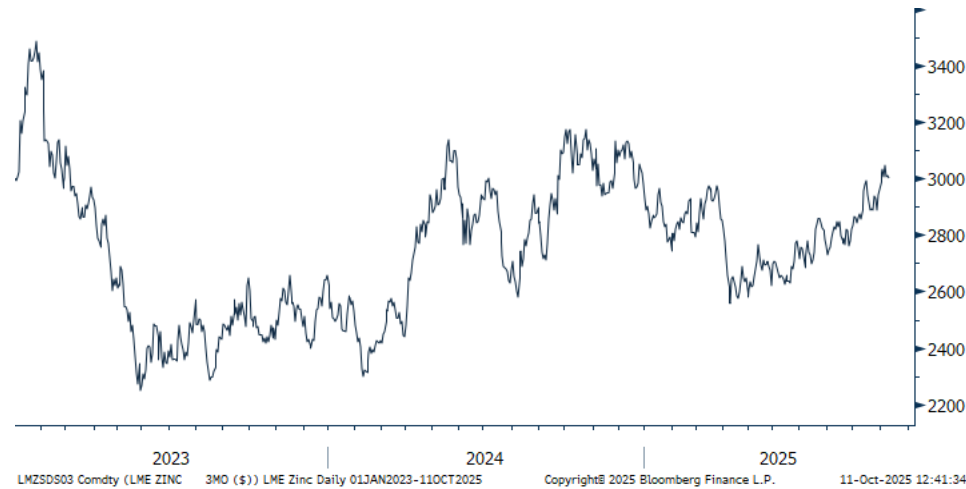


LME Cash-3M Spread



Global Price Rebalancing Dependent on Stock Levels

Zinc LME 3M Price



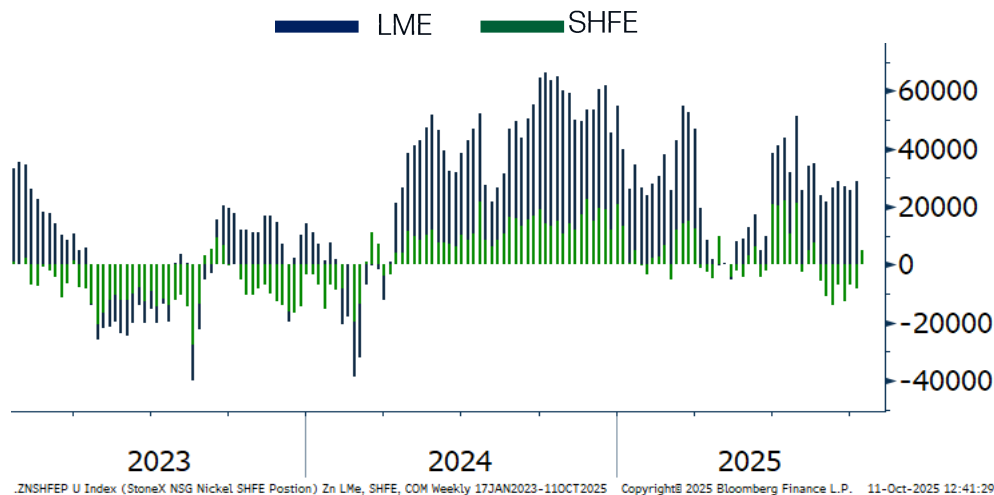
Prices

- Zinc prices in 2026 are likely to be torn between a modest warming in the macro-economic outlook (from falling interest rates in the US and highly targeted Chinese stimulus), set against loosening fundamentals.
- However, until we see a global rebalancing in stock levels (upon the conclusion of the US Section 232 investigation on critical minerals), LME zinc will continue to outperform SHFE prices.

Supply

- Mine supply is on a path to recovery in 2025 and 2026 following three years of declines, supported by double-digit growth in Africa (DRC's Kipushi mine) and Europe (Ireland, Russia and Bosnia & Herzegovina). In turn, this will allow refined output globally to post gains in the medium-term, after declining in 2024.

Zinc Net Investor Speculative Positioning (LME, SHFE)



Demand

- Zinc's demand prospects (with 60% exposure to galvanising steel) will be highly dependent on the outcome of external variables in 2025 & 2026. Consumption growth will be supported by demand ex-China, with the property market in China still unable to show signs of stabilisation, although this will be cushioned in part by future infrastructure projects associated to the grid and renewable energy.

*These charts include predictions/forecasts. Past performance may not be a reliable guide to future performance.
Source: Bloomberg; SMM, ILZSG, StoneX*

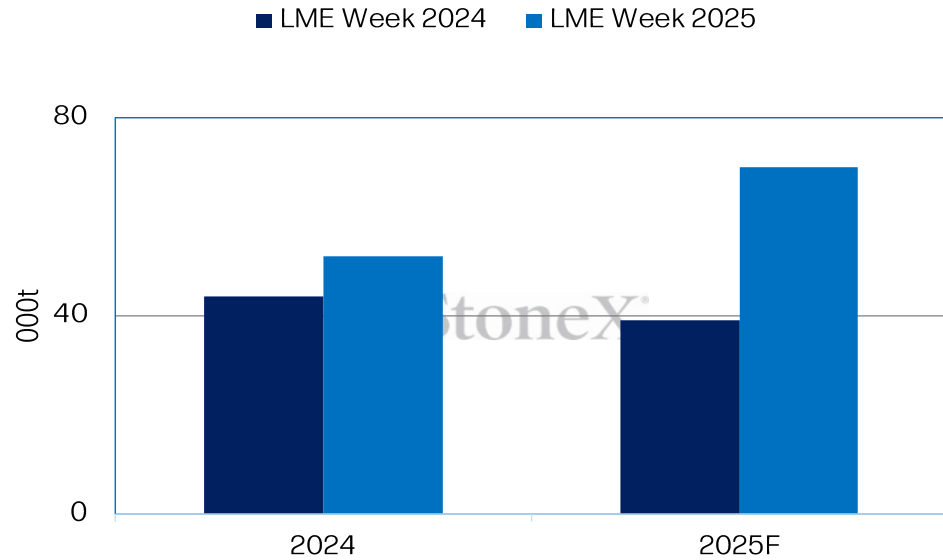
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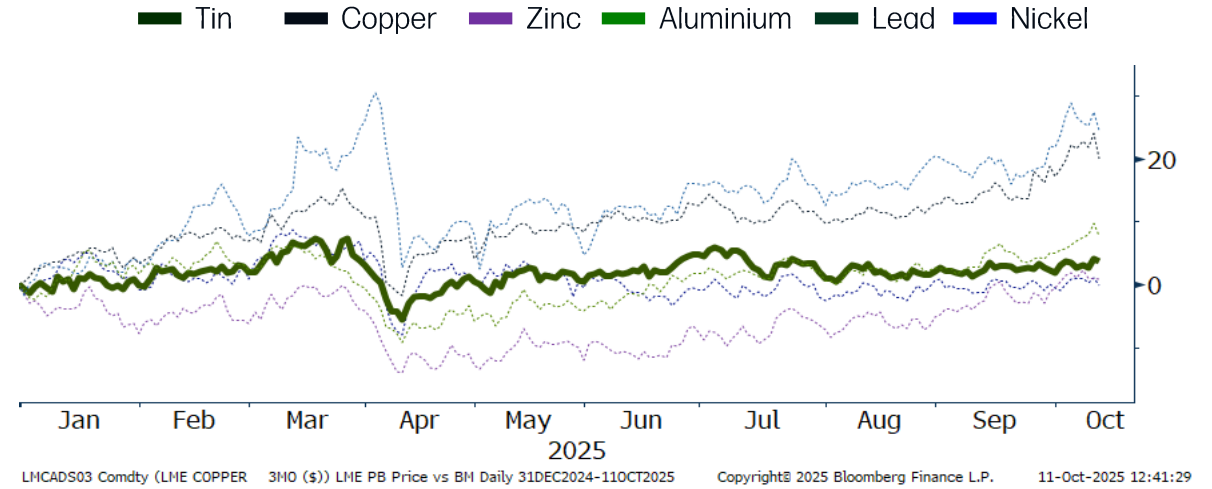
Lead

Lead Posts Larger Surpluses Than Were Expected

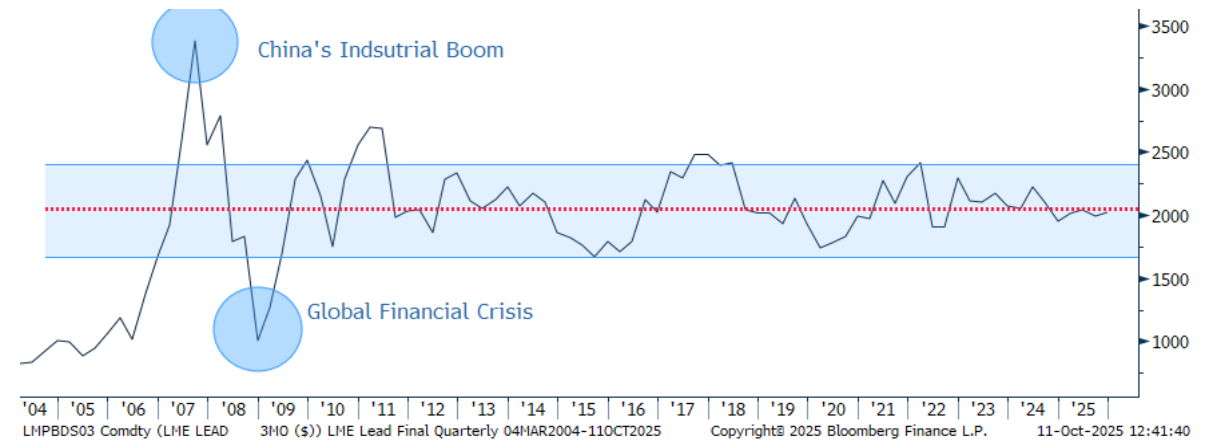
Lead Market Balance 2025 - Forecast Comparison



Price Performance of LME 3M Base Metals (YTD)



LME 3M Lead Price Performance



Summary

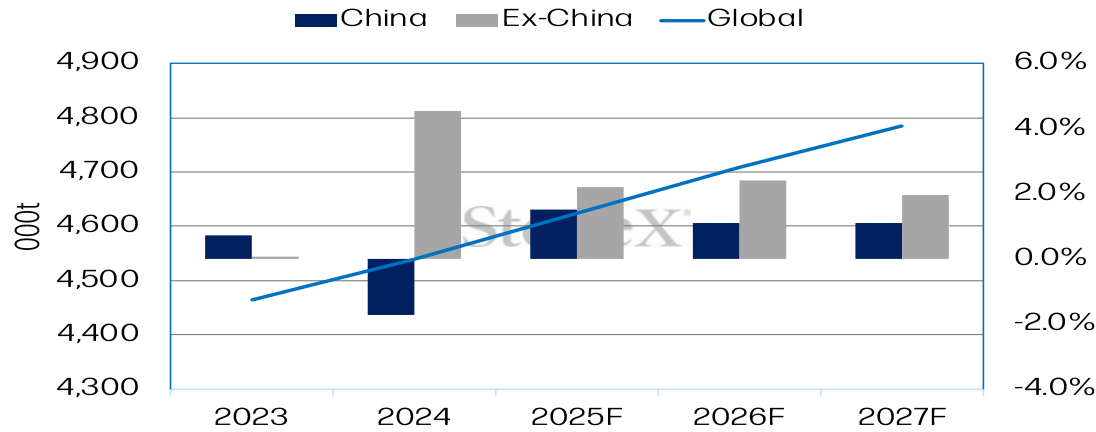
Lead is likely to remain on a less volatile path than the rest of the base metal suite due to its unique characteristics:

- Its lower exposure to primary supply risks
- Its lower exposure to primary demand risks
- Smaller market imbalances
- Relative illiquidity
- Commonly misunderstood long-term role in decarbonisation

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Supply: Chinese Tightness to Unwind , with Global Refined Supply Posting Record High

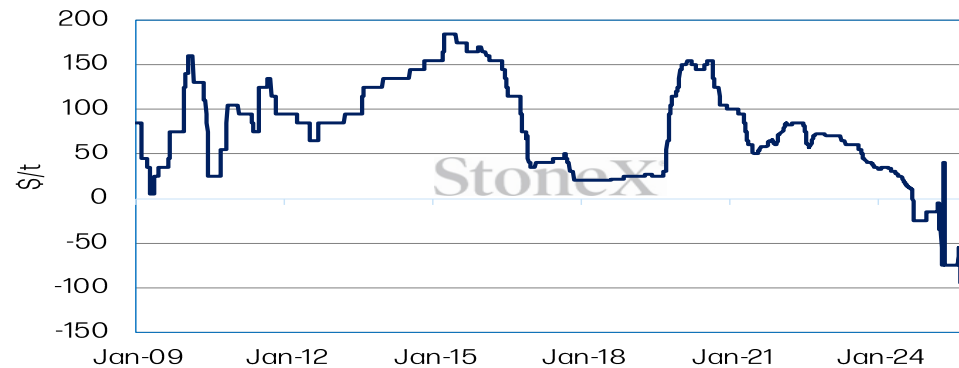
Lead Mine Supply Forecast to Recover in 2025/2026



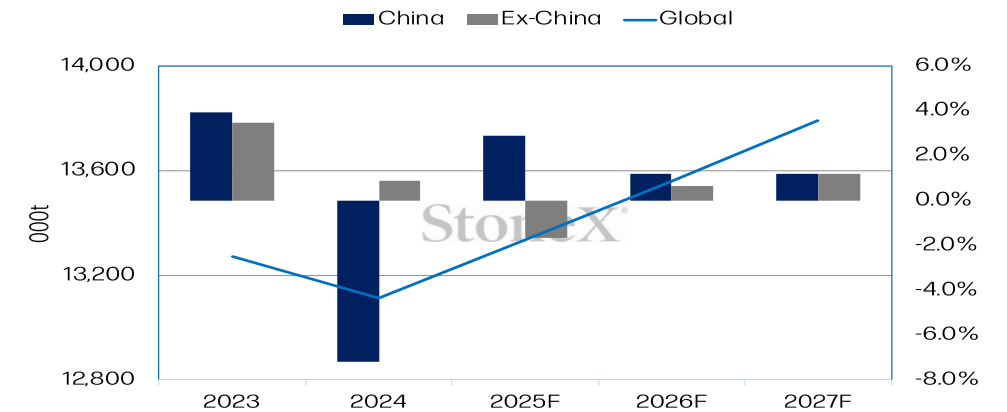
China Lowers Reliance on Imported Refined Lead, Increasing Move to Ore Imports

	Jan-Aug YTD Y/Y	
Chinese Imports	2025-2024	2025-2024
Refined Lead	(71%)	2,228%
Lead Ore	28%	(9%)

Chinese Smelter Treatment Charges Decline to a Record Low

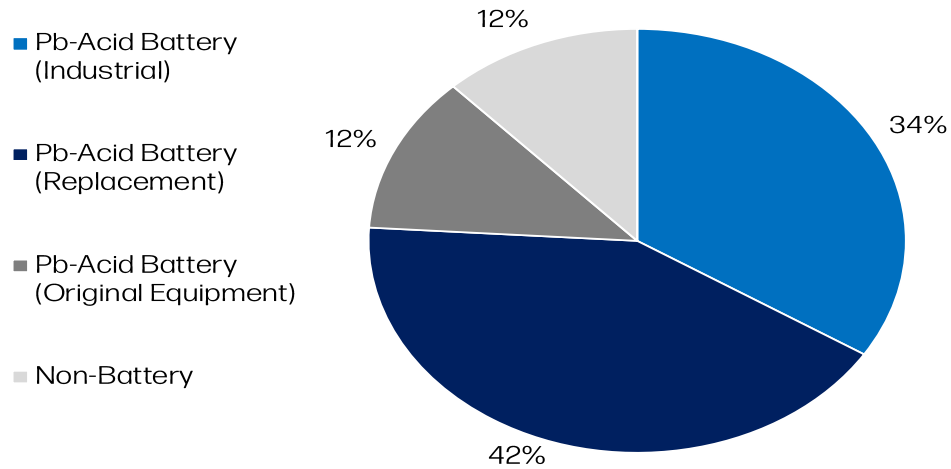


Refined Lead to Rebound into Growth in 2025, Driven by Gains in China

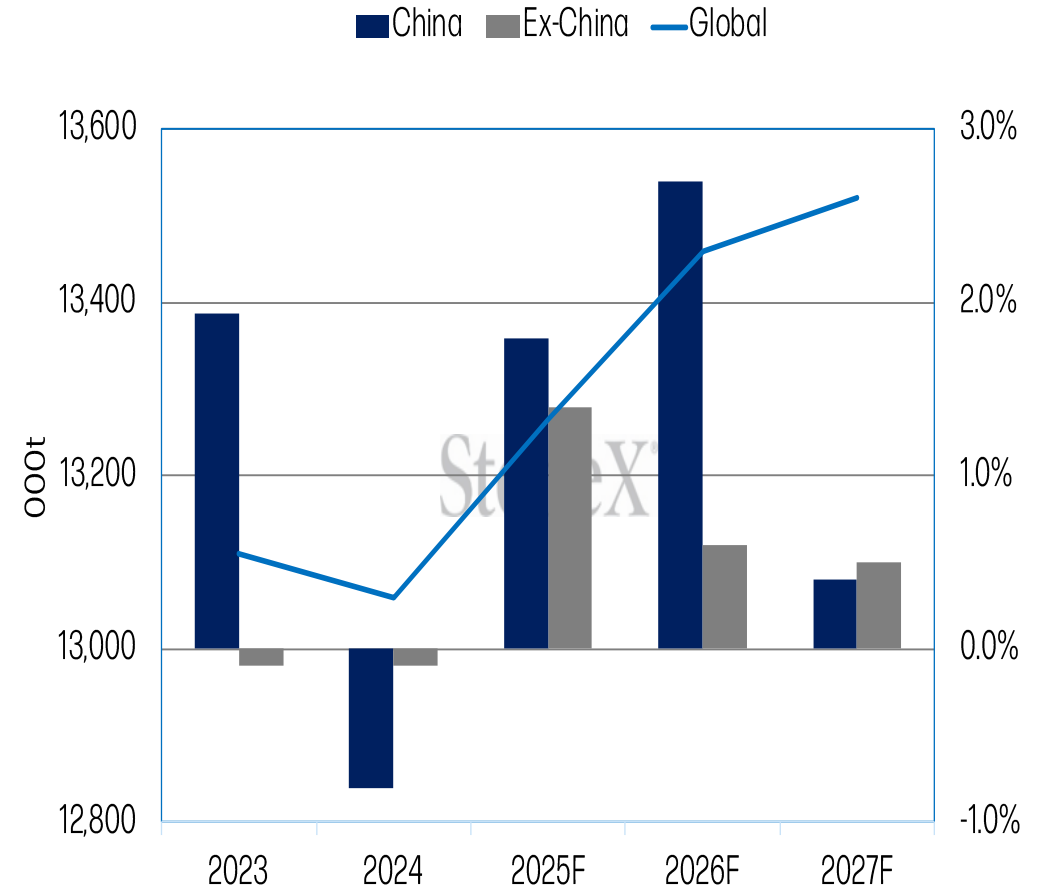


Demand: Global Trade Policy Will Remain a Key Headwind

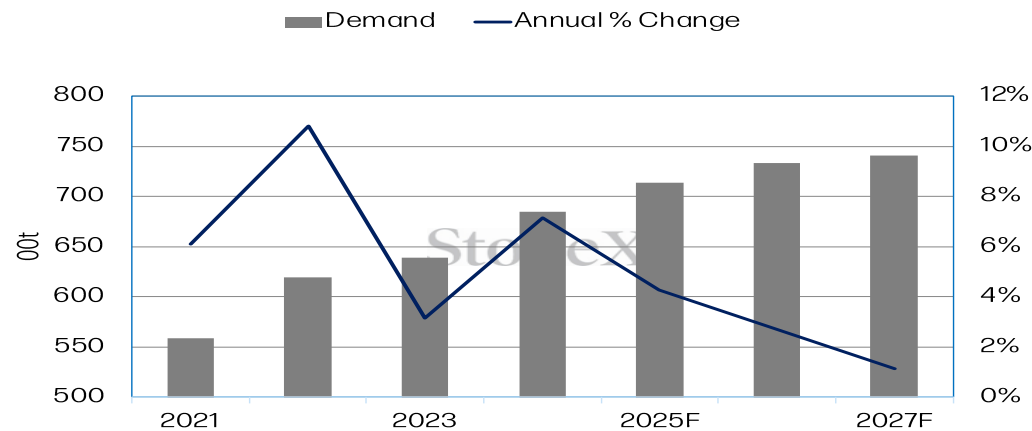
End Uses of Lead



Lead Consumption Forecast



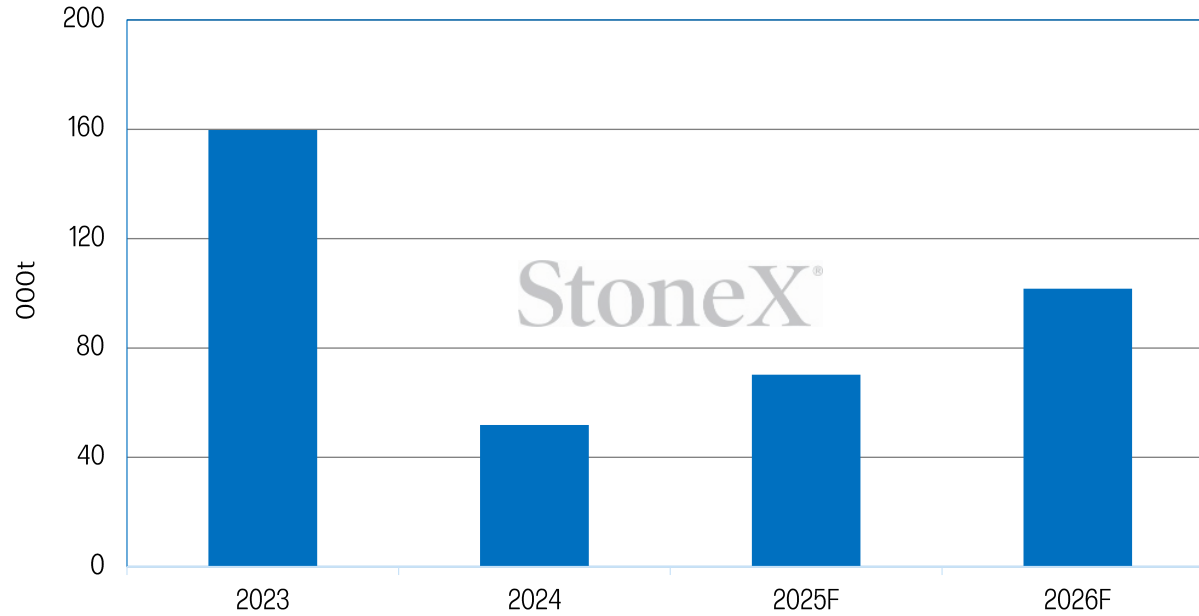
Lead-Acid Battery Demand on a Downward Trajectory Upon the Rise of Lithium-ion Technology



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Lead Market Forecast to Post Expanding Surpluses

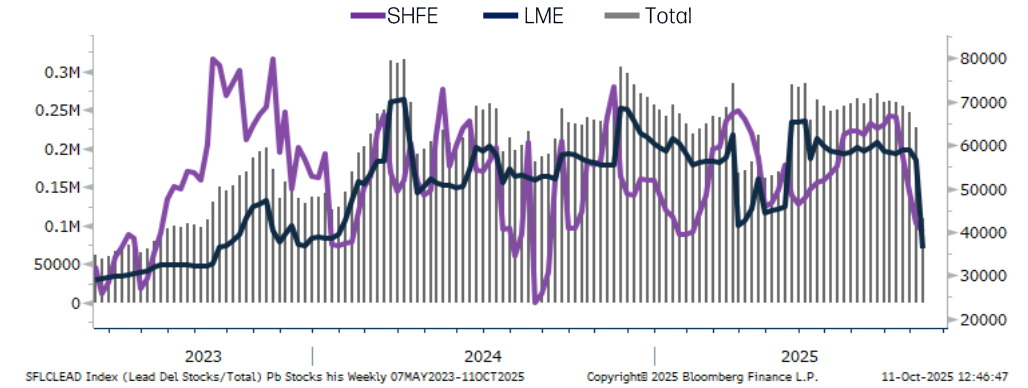
Lead Market Forecast to Post Widening Surpluses



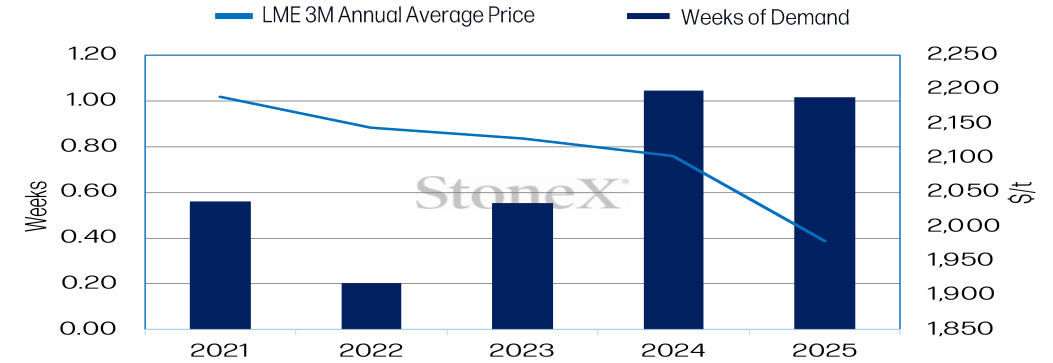
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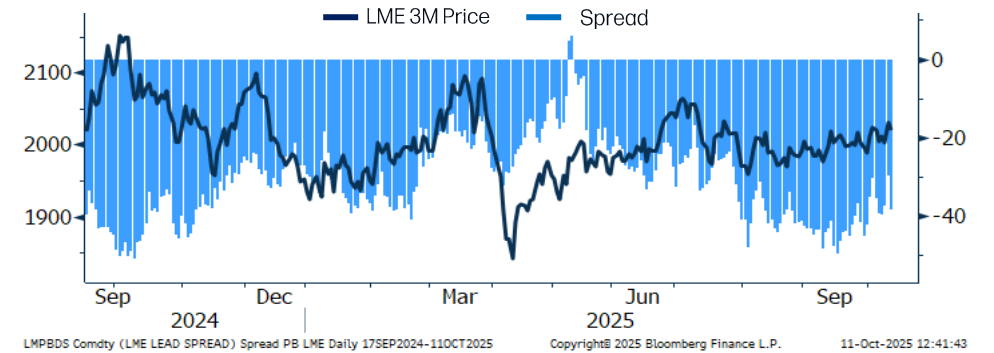
Global Visible Exchange Stocks



Consumption Ratio

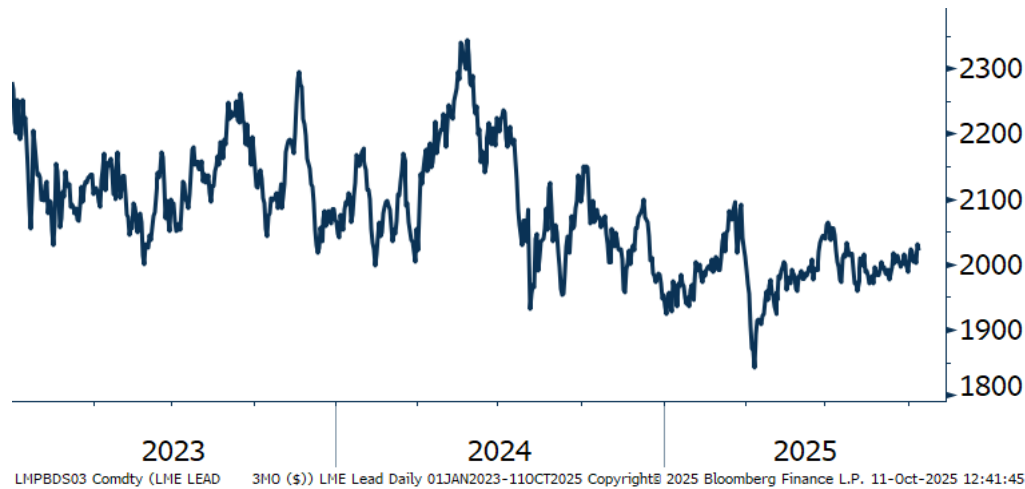


LME Cash-3M Spread



Unique Characteristics to Maintain a Benign Outlook for Lead in 2026

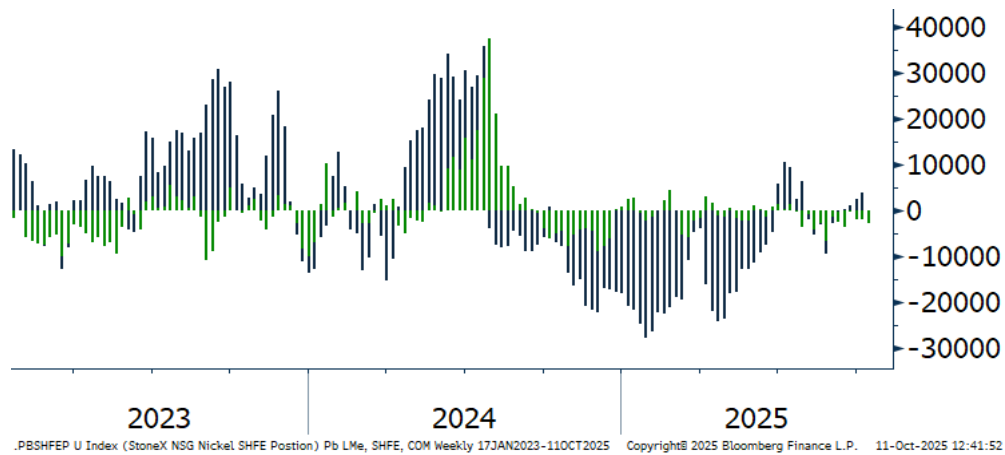
Lead 3M LME Price



We expect lead prices to remain in a tight range towards year-end and into 2026 with potential upside supported by a warming in macroeconomic outlook on lower western interest rates and Chinese stimulus, while cold-weather will increase seasonality demand for lead-acid battery replacement in the months ahead.



Lead Net Investor Speculative Positioning (LME, SHFE)



With the lead market currently well stocked (with LME inventories well above five-year averages), and a muted outlook from investors (especially given the possibility of lead being removed from the Bloomberg commodity index), a lack of price direction could result in lead taking its price cues for copper.



On a medium-term basis, we see bullish price prospects as limited, with the market set to post increasing surpluses with robust supply growth and no convincing structural bullish demand narrative.

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Source: Bloomberg; SMM, ILZG, StoneX*



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