

To: Giant As₂O₃ FiSubject: Increase in Published As₂O₃ Prices

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INTER-OFFICE MEMORANDUM

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From: D. N. Zeraldo

Copies to: TJD, PJR, DJE.



'Metals Week' reports that producers have recently raised their prices for refined arsenic trioxide as follows:

<u>PRICE</u>	<u>OLD PRICE AND DATE EFFECTIVE</u>	<u>NEW PRICE AND DATE EFFECTIVE</u>
1. Import	28-32¢ US/lb - October 1/78	32¢ US/lb - June 1/79
2. Laredo	28¢ US/lb - March 15/79	30¢ US/lb - July 1/79
3. Tacoma	23.25¢ US/lb - October 1/78	24.25¢ US/lb - July 2/79

DNZ:d1k

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Gold peaks again—this time it's \$288.25

Gold soared to a record \$288.25 per oz in London Thursday afternoon, on news that President Carter had cancelled his energy speech planned for that evening. While the White House intimated that the deferral was caused by Carter's dissatisfaction with the energy plan formulated by his advisers, the market took it as evidence of the President's poor leadership ability. "He's the one who is in charge of the dollar defense program and of the country's energy program," commented one analyst. "The market sees Carter as incapable of making a decision."

The metal never fell below \$280 last week, and as the dollar showed some weakness overseas, it seemed as if the inverse relationship between the dollar and the price of gold had been re-established. The Carter administration, in reducing the amount of gold offered at its monthly sales in April, had been confident that the relationship had been dissolved. But gold's performance last week raised some doubts.

Adding to those doubts was the heavy bidding at Tuesday's IMF auction, which drew bids for 1.5-million oz of gold. Buyers paid an average price of \$281.52 for their gold—17¢ above the London final fix that day—and successful bids ranged from \$281.06 to \$281.87 per oz. This month there were more buyers for the 440,000 oz of metal on offer, evidencing an increased desire for bullion. Winners were: J. Aron, E. F. Hutton, and Republic National Bank (New York), Bank Leu, Swiss Bank Corp., and Union Bank of Switzerland (Zurich), Bank of Nova Scotia (Toronto), Luxembourgeoise de la Dresdner Bank (Luxembourg), Derby and Johnson Matthey (London), Dresdner Bank (Frankfurt), Dresdner Bank of Southeast Asia (Singapore), and Gold Standard (Kansas City, Mo.).

Elsewhere in precious metals ...

Intergold expects 1979 Krugerrand sales to average 450,000 coins per month for total sales of 5.4-million, or 10% below record 1978 levels. But Intergold does not expect a loss of revenues, since this decline in sales will be more than offset by the rise in bullion prices. The Chamber of Mines' marketing organization said June sales were down 23.4% from May to 415,298 coins, but that level was still 86% ahead of June 1978 sales. In the first half of 1979, Intergold sold 2,270,000 Krugerrands, 16% fewer than in the first six months of 1978.

Six London and three Zurich trading houses have agreed to recognize 12 platinum brands for good delivery, effective July 1. The bars, which must be .9995 pure and weigh between 1 and 6 kilograms, are: Argos, Comptoir Lyon-Alemand Louyot, Degussa, Engelhard, Hiraesus, Impala, Inco, Johnson Matthey, Metaux Precieux (Neuchatel), Metaux Precieux (Paris), USSR, and Valcambi. The nine parties to the agreement are Argos Metals, Ayrton Metals, Gerald Metals, Johnson Matthey Bankers, Samuel Montagu, and Sharps Pixley (all of London), and Credit Suisse, Swiss Bank Corp., and Union Bank of Switzerland (Zurich). Third parties involved in contracts with the nine firms signing the agreement would also be required to meet the specifications for good delivery.

Platinum and palladium firmed last week on President Carter's apparent uncertainty over a new energy policy. Despite a fall-off in car sales in June, demand for platinum and palladium remained strong. Speculative interest in the two metals also helped buoy their free market quotes. **Platinum** was up \$10 over the previous week to \$428-430 per oz, and **palladium** rose about \$5 to \$126-127 per oz. The other platinum group metals were unchanged in very quiet trading: **rhodium** at \$830-835, **iridium** at \$304-306, and **ruthenium** at \$31-34.

TIN

Producers and consumers at loggerheads over BSM ranges

Members of the International Tin Council's economic and price review panel again failed to agree on an increase in the operating ranges of the buffer stock manager. The producers came to the late June meeting armed with statistics showing that production costs have risen substantially (MW, July 2, p1), but consumers were not impressed. According to London sources, the consumer nations are prepared to agree to only a 10% hike in the ranges to M\$1,485 per picul for the floor and M\$1,870 for the ceiling. The producers, on the other hand, want a M\$1,600 floor and a M\$2,000 ceiling price.

Accordingly, the members of the committee will try again to reach a compromise before the full ITC meeting begins on July 17. Producer members of the committee are expected to draw up a new strategy at the Ministerial Conference for tin producers scheduled for July 10-12 in Jakarta. Consumer members of the panel are not scheduled to meet before then, and it is unlikely that they will change their positions. As a result, the economic and price review panel will have for the fourth consecutive time failed to reach consensus on specific price recommendations to the council.

Elsewhere in tin ...

Thailand's state-run Offshore Mining Organization (OMO) has commissioned Billiton to conduct a survey of tin deposits in OMO's offshore concession areas off the west coast. The survey, to be completed by early next year, is aimed at locating commercially exploitable new reserves. The survey area was previously dredged by Temco, but OMO refused to renew the lease when it expired in 1974. As a result, illegal miners moved into the area and have now depleted known reserves. OMO says if new deposits are found it will form a joint venture with Billiton to dredge them. Meanwhile, Southern Kinta Consolidated has halted offshore tin dredging in Thailand. Southern Kinta signed on as a dredging contractor to OMO in January, using its suction dredge in OMO lease areas. OMO announced last week that production was less than 10 piculs—about 1,300 lb of tin concentrates—per day.

MINOR METALS

Mercury off sharply

Mercury prices continued to plunge last week, with European quotes dropping \$50 last week to around \$260 per fl. The drop was attributed to the expected re-entry of Monte Amiata into the market during the fourth quarter. There were other reports that dealers were pricing in Chinese mercury at early July levels and were depressing the nearby price to ensure greater profits. In the US the MW quote fell to \$290-310 per fl.

Dealers reported that interest in other minor metals was almost nonexistent last week, with consumers either closed down or making no attempt to enter the market. **Antimony** was quoted nominally at \$1.43-1.48 per lb. **Bismuth** was down 10¢ on the high end of the range to \$2.65-2.85. And **cadmium** was quoted in a wide range between \$2.35 and \$2.80.

Elsewhere in minor metals ...

Asarco raised its crude arsenic trioxide (95% As₂O₃) price 1¢ to 24.25¢ per lb, f.o.b. Tacoma, Wash., effective July 2. Price is for carload quantities and reflects higher costs of complying with environmental regulations, Asarco said. Minera Mexico then raised its refined arsenic trioxide (99.13% As₂O₃) price 2¢ to 30¢ per lb, f.o.b. Laredo, Tex., effective July 1.