

minor, precious metals**Silver market should balance**

From our New York office

SILVER markets are unlikely to be characterised by excess supply in the foreseeable future, as the growth in investment and speculative demand for the metal should be able to absorb the increase in refined production triggered by the surge in silver prices earlier this year. According to Harry Carson, vice-president of Amax Copper, investment demand will form the major growth market for silver in the years ahead and should easily take up a projected surplus in apparent supply of over 100m oz (3,110 tons).

Speaking at this week's Nari meeting in New York, Carson pointed out that a surplus of 100m oz of silver represented less than two days' worth of revenue from oil sales for the Opec countries, which are expected to be large investors in silver. In addition, pension funds are expected to increase their investment as they seek to diversify and protect themselves from currency devaluations, etc.

Mine production of silver in the non-communist world is expected to rise to 326m oz (10,140 tons) by 1983, an increase of 50m oz from 1980's level. In North America, output in the USA is expected to rise by 9.5m oz, while in Mexico and Canada it is expected to rise by 27m oz and 4.5m oz respectively, he said.

Paul Sarnoff, director of commodities' research at Rudolf Wolff Commodity Brokers in New York, said he felt compelled to remain bullish on metal prices as long as continued Opec oil price increases spurred on inflation in the USA and elsewhere. For gold, there was no shortage in the world from a fundamental viewpoint, but prices were not fixed by the normal demand/supply equation, he said.

Further increases in precious metal prices could be in store with the new US administration, although this would depend on their handling of the US government stockpile. The silver stockpile was down to less than one year's supply of normal consumption, he noted, while platinum could benefit from

substantial government buying.

David Lundy, vice-president of Johnson Matthey Inc, noted that investment demand for platinum had managed to soak up surplus production as demand from the jewellery market had fallen away and that from the car market had become depressed. Investors and speculators were, moreover, selling mainly to each other and thus holding on to the metal to form a fairly stable market.

Lundy said he saw some gains in demand from the car market by mid-1981 and still stronger demand in 1982. Demand from the jewellery sector was also expected to continue to improve after starting to recover in 1980, while demand from the petrochemical industry would burgeon until 1983.

China gets over antimony problem

RENEWED sales of antimony from China by the end of last week have been reported by traders, following the country's purchases on the free market the previous week (MB Dec 16). With trade still slack, this had steadied free market prices at around \$3,200 a ton by the beginning of this week.

According to trade sources, the Chinese purchases were fairly mundane in origin, as a ship from China was late and the country's representatives had to fulfil sales contracts on its metal in Europe.

South Africa produced 55,005kg of gold in November, according to the Chamber of Mines. Production in October was 56,932kg and in November 1979 it was 57,812kg. By the end of November the country had produced 621 tons of gold, compared with 647 tons in the first 11 months of last year.

Relief at last for arsenic

RE-STARTING of Asarco's plant and the expected end to Boliden's production difficulties by the end of this year could bring relief to struggling consumers of the metal. But with supplies from Boliden, the major producer, still on allocation the company says it has all its production sold until well into the second quarter of 1981.

Asarco has re-started operations at Tacoma following the end of the strike which paralysed production there until the end of November. It aims at full production soon.

Boliden meanwhile hopes to have its metal plant at Rönnskar working at its capacity of around 1,200 tpy from the new year, following completion of the \$1m repair work which has lasted all year. Apart from other difficulties in the arsenic trioxide plant, Boliden has had teething troubles with the new liquid ammonia technology used in the metal plant, opened in 1977. It estimates the loss of production this year from this and the strike at over 1,500 tons.

The continuing shortage is reflected in prices for the metal.

While Asarco is quoting a price of \$3 a pound, Boliden UK raised its price by £200 to £3,200 a ton (equivalent to \$3.38 a pound) on Dec 1. In general, however, Boliden is charging around \$3.50 for large lots in Europe, which is still less than merchant quotations. This compares with prices below \$2.50 at the beginning of 1980.

In the long run it appears unlikely that similar pressure on the arsenic market will recur. Boliden hopes to have its trioxide plant working normally and complying with all pollution regulations by the end of 1981, assuring normal supplies to the metal plant.

A combination of the high price and environmental regulations seems likely to encourage development of more than enough new capacity to cope with the burgeoning of new demand in recent years. Already some interest is seen in secondary recovery, and new rules in other countries to match the tough environmental standards in Sweden and the USA could encourage other copper refiners to sell the arsenic extracted from their effluent rather than throw it away.