Data, Insight, Strategy & Communities

# A new era of low TCs: what is driving this trend?

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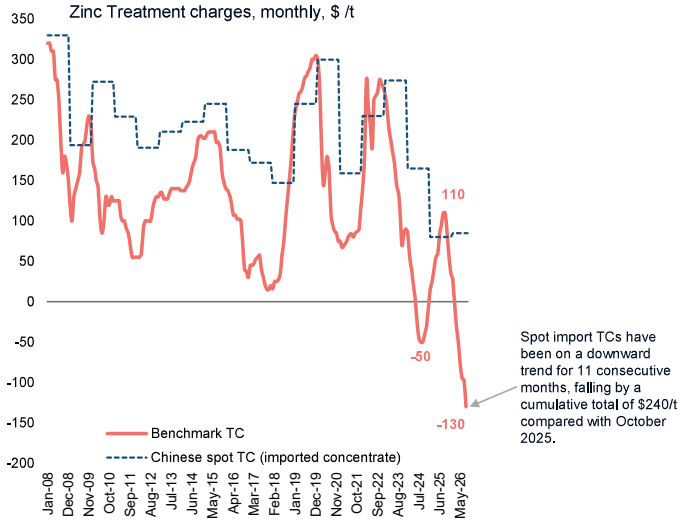
Olga Hepting, Principal analyst, Head of Zinc markets

CRU. Independent *expert* intelligence

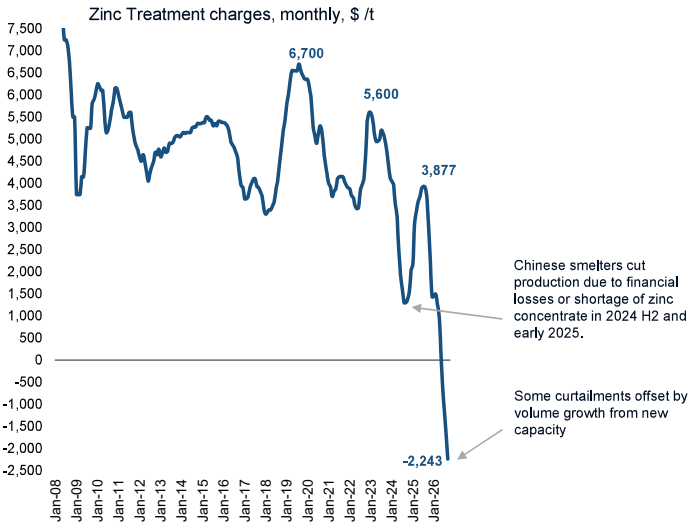
## Spot TCs hit record low levels in 2026

Spot import TCs continued to hit new lows in 2026




Spot import TCs have been on a downward trend for 11 consecutive months, falling by a cumulative total of $240/t compared with October 2025.

Domestic TCs negative for the first time ever




Chinese smelters cut production due to financial losses or shortage of zinc concentrate in 2024 H2 and early 2025.

Some curtailments offset by volume growth from new capacity

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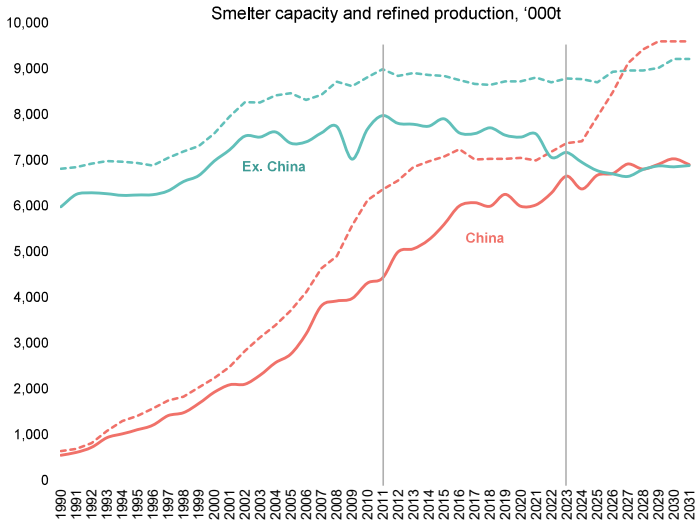
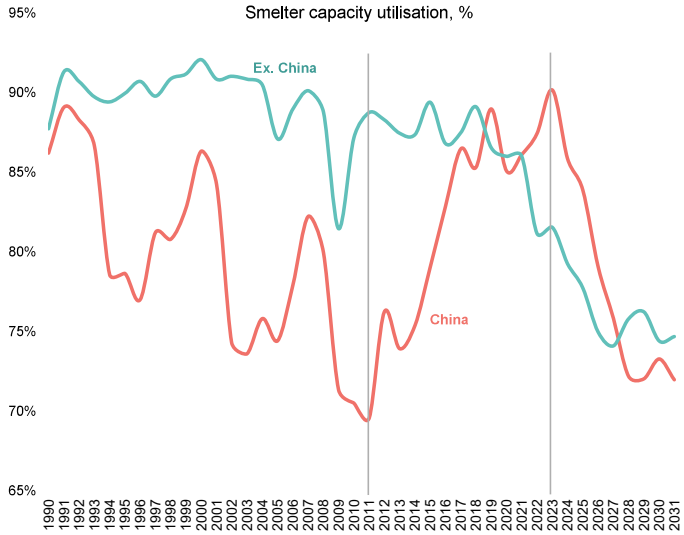
# Zinc smelting capacity surge drove utilisation rates to new lows

China is to produce more refined zinc than the rest of the world in 2026




We are in the era of low utilisation rates for both China and ex. China

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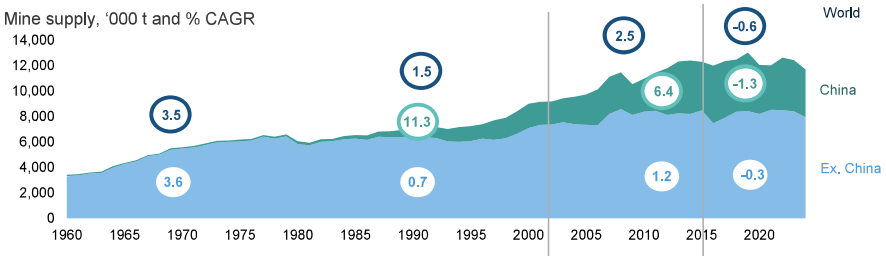
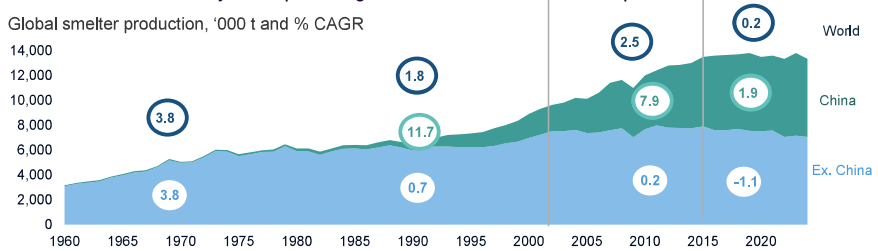
# Chinese smelters are gaining market share while Chinese miners are losing it

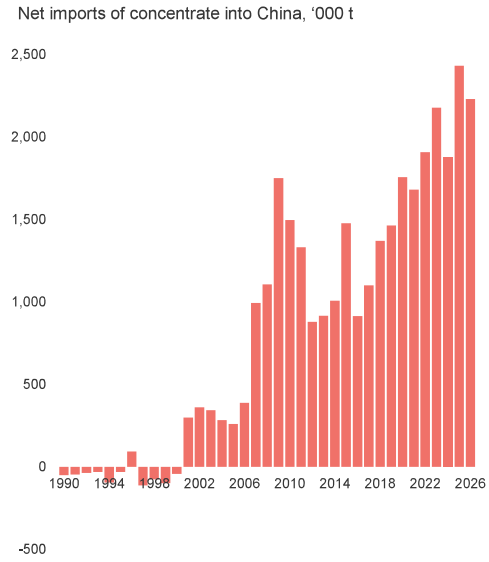
Chinese mine supply stopped gaining market share since 2014




Chinese smelter industry monopolised growth since 2002 with the imported concentrate




Net imports of concentrate into China, '000 t

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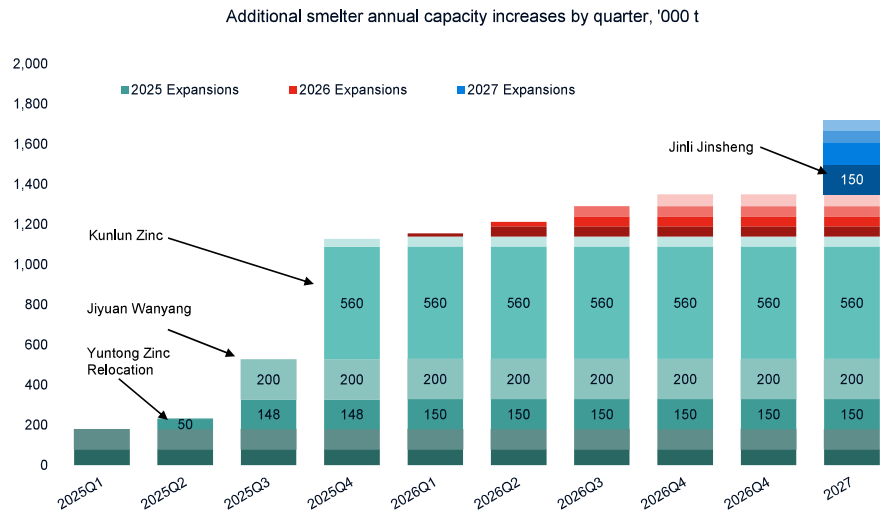
# Chinese smelting capacity surge at the end of 2025 led by Kunlun smelter

A strong inflow of smelting capacity in China over 2025-2027




DATA: CRU NOTE: Capacity is shown as a total name plate (annual), not quarterly availability

## China's Zinc Smelting Capacity Expansion Wave, 2025–2027

Since 2025, multiple large-scale smelting projects have been commissioned in China, substantially boosting domestic capacity and pressuring both the zinc concentrate supply–demand balance and global trade flows.

Major 2025 projects include expansions at Shangluo and Xianghe, Yuntong Zinc Relocation, Wanyang Zinc and Kunlun Zinc. The latter three started up in H2 2025, lifting concentrate demand and ingot supply markedly over the past year.

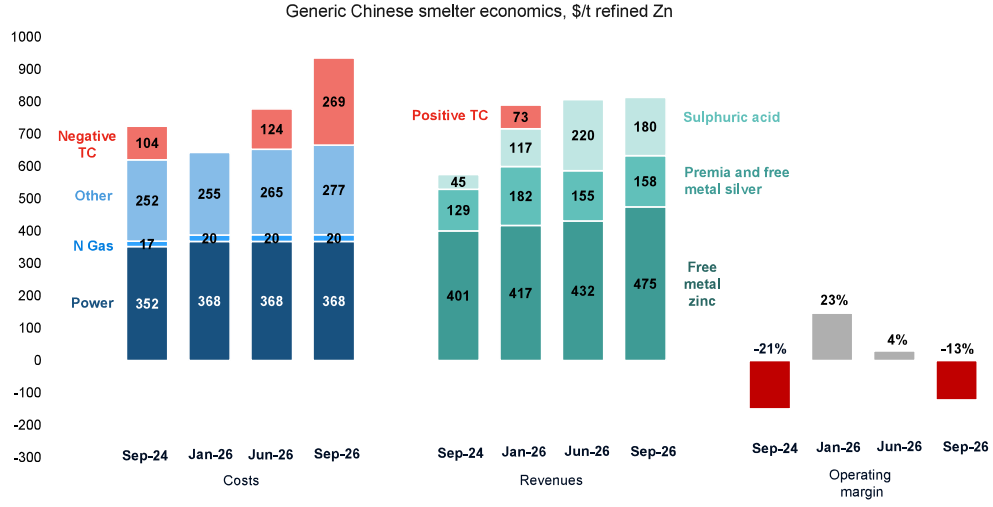
Kunlun Zinc's 560,000 t/y smelter, however, has faced technical issues, limiting its ramp-up, with output at ~15,000 t/m in 2026 Q2. As an integrated Huoshaoyun facility, it buys no external concentrates—so its demand-side impact is minimal—but its internal consumption reduces Huoshaoyun mine's spot availability.

New capacity additions slowed in 2026, with only Xinling Zinc and Jilang expansions (totalling ~100,000 t) commissioned in H1. From 2027, however, Henan Jinli's 150,000 t/y expansion and Yuguang's Phase III and secondary zinc projects are expected to come on stream.



# Sulphuric acid price rise allowed Chinese smelters to maintain much lower TCs in 2026

Chinese smelters have started to feel the main in September 2026 mainly due to LME/SHFE price differential

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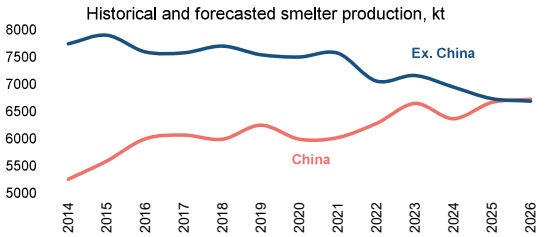
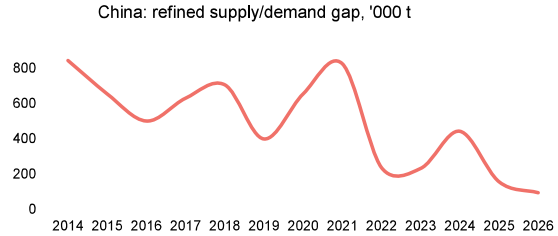
# China is approaching self-sufficiency with stock overhang becoming a new norm

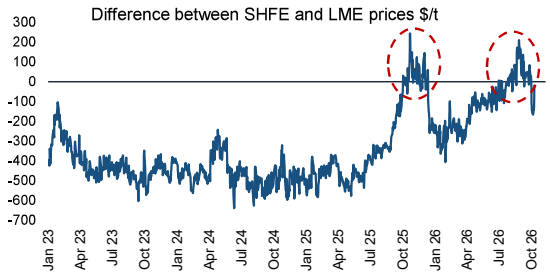
Refined output in China is to top the ROW in 2026



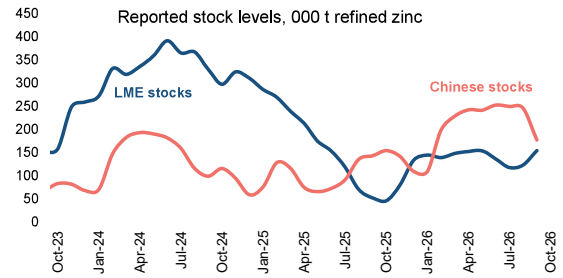

Refined S/D gap in China has been going down




LME has been training much closer to SHFE




Stocks have been accumulating in China

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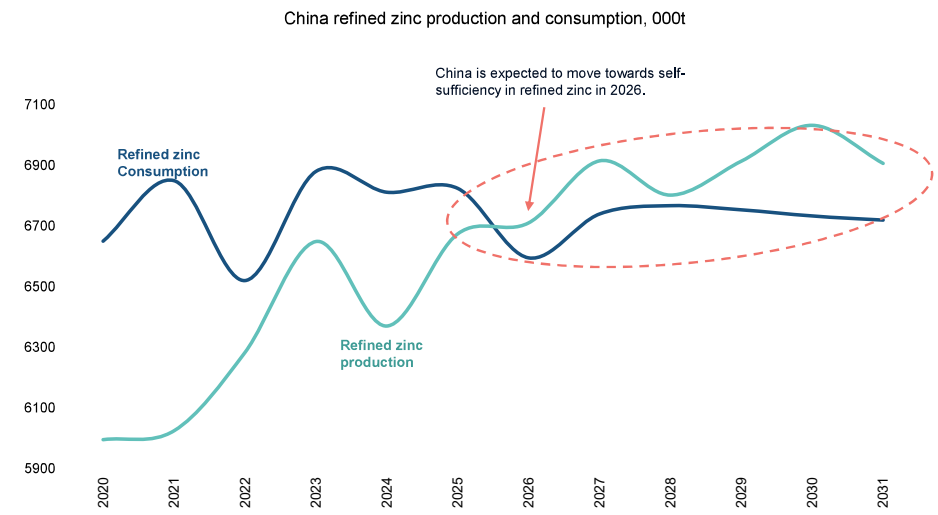
# Further growth in Chinese refined can be limited by high LME/SHFE ratio

Refined supply can move ahead of the softening demand in China over the forecast horizon

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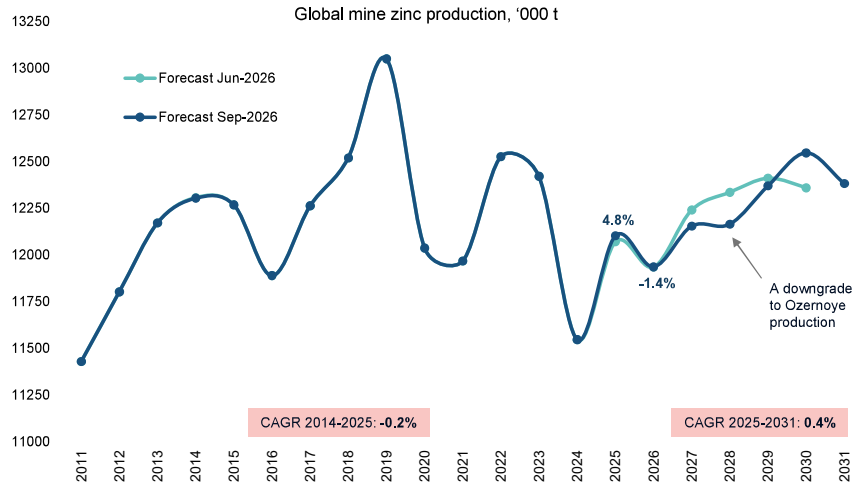
# There is not much relief for TCs from the global mine supply outlook

Global mine supply is expected to remain on virtually flat trend fluctuating around the 2014 level

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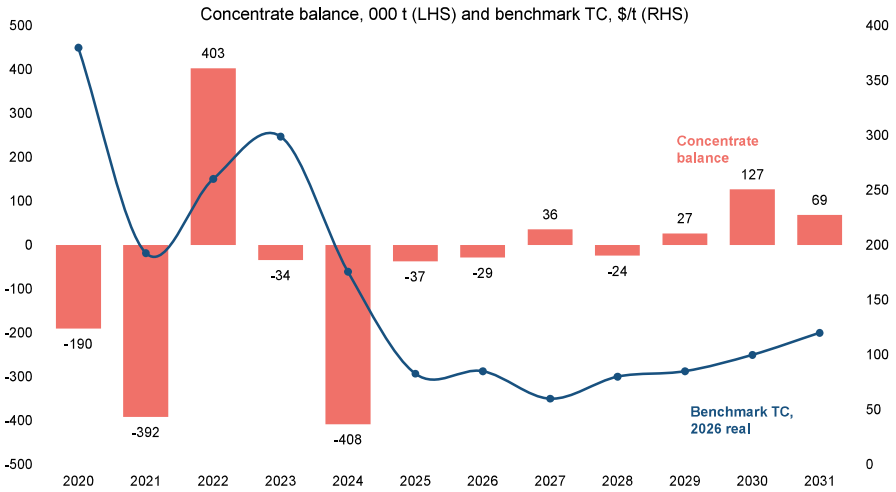
# We are in the era of very low TCs for the foreseeable future

TCs are expected to remain at historically record low levels

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