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POST WAR LEAD PRICES

While the price of several important non-ferrous metals has not moved very far from pre-war levels since 1920, lead recovered fairly rapidly from the decline which commenced in that year and has been steadily improving its position. The average price for domestic lead in Montreal was $4.67 per cwt., in 1913. In June 1917 it was $14.62 and in March 1920, $11.07. The range during 1920 was $5.80 to $11.07, in 1921 $5.40 to $6.25, in 1922 $5.85 to $6.95, in 1923 $6.50 to $7.75 and in 1924 $7.10 to $9.95. In December 1924 the index number based on prices in 1913 was 213.1. The average price for the year 1924 was $8.08 as compared with $7.15 for 1923. At the beginning of 1924, lead was $7.75, it rose to $8.90 in March and then, owing largely to the recovery of the French Franc which led to the liquidation of considerable supplies, there was a price recession. This condition was only temporary and commencing with August a strong market developed which has continued.

The higher price levels are the result of the greatly augmented consumption in the United States, the equally important falling off in European production and also in some measure to uncertainties regarding the Mexican supply.

Since the war great changes have taken place in the supply and demand of this commodity. Europe both consumes and produces less as compared with pre-war times, while America consumes and produces more. If it were not for the increased production in the United States and Mexico which have more than offset the shortage in other parts relatively to the pre-war period, prices would be higher. On the other hand greater consumption in the United States has more than offset the decline in Europe. Despite this readjustment in the situation the production of lead at the present time is with difficulty keeping pace with demand and there are some who predict that production will not in the near future be able to expand sufficiently and that there will be a shortage of supply. Others look with confidence to the Mexican supply.

In 1913 the world production of lead was 1,291,799 short tons. It continued about that level to 1918 but by 1921 had dropped to 960,000 tons. In 1922, stimulated by higher prices, the output increased to 1,154,000 tons, in 1923 to 1,297,247 tons and it was estimated that the 1924 production would be 35 to 40,000 tons above that of 1923.

On the other hand world consumption was 1,372,000 tons in 1913 and 1,235,000 tons in 1923. Production in 1923 appears to have been ahead of consumption. Towards the end of that year and in 1924 world consumption increased to such an extent that the rate of output was scarcely adequate to satisfy demands.

Before the war the chief lead producing countries were the United States, Spain, Germany, Australia and Mexico. These accounted for four-fifths of the total supply. Since the war the output of Spain has been greatly reduced. This was due, in a large measure, to labor troubles but some important mines are reputed to be, if not nearing exhaustion, at least much less productive because the richer ores have been used up. Labour troubles are responsible for lower Australian production. The decrease in the German output is due to the loss of the lead mines in Upper Silesia.

The United States is both the world's largest producer and consumer of lead. Production in 1913 was 435,665 tons and in 1923 it was 530,000 tons. After the recovery of business from the slump in 1920-21 consumption in the United States increased to such an extent as to absorb the surplus which was exported to Europe in pre-war days.

The fear of, rather than the actual fact of, political unrest in Mexico has had an important bearing on the lead situation. Since the United States has no longer a surplus to export and since European production has been only about one-half of the pre-war rate, Mexico holds a key position. Any hint of unrest in that quarter tends to send up prices. In fact the trend of lead prices has been said to depend more on the available supply in Mexico than on any other factor. The average Mexican production during the five year period 1909-13 was about 118,000 tons, in 1923 it had reached 155,000 tons.

The Canadian output has also helped to increase the production of the American continent. In 1913 it was approximately 19,000 short tons, in 1923, 55,000 tons and in 1924, 89,000 tons.

The chief current demand for lead is for use in the building trades both for plumbing and paint and in the automobile industry.