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THE CANADIAN MINERAL INDUSTRY

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MONTHLY REPORT

SEPTEMBER 1989

TABLE 3. METAL PRICES - 1988

	October	November
Copper		
Electrolytic, U.S. producer f.o.b. refinery, cents (U.S.)	136.648	150.920
Electrolytic, COMEX, 1st pos. plus 5¢, cents (C.)	166.904	185.133
Electrolytic, Standard, LME cash, cents (U.S.)	127.646	143.821
Lead		
New York, cents (U.S.)		
Montreal, cents (C.)		
LME cash, cents (U.S.)		
Silver		
New York, cents (U.S.) per troy oz.		
Toronto, cents (C.) per troy oz.		
LME cash, cents (U.S.) per troy oz.		
Zinc		
St. Louis, H.G., cents (U.S.)		
Montreal, Electrolytic, cents (C.)		
LME cash, cents (U.S.)		
Tin		
New York, dealers, cents (U.S.)		
Metals Week, composite, cents (U.S.)		
Gold		
London, p.m., US$ per troy oz.		
Average, (Sharps Pixley) US$ per troy oz.		
High, (Sharps Pixley) US$ per troy oz.		
Low, (Sharps Pixley) US$ per troy oz.		
Mercury		
New York, dealers, US$ per flask		
Nickel		
New York, dealers, cathode (U.S.)		
LME cash, US$		
Antimony		
New York, dealers, cents (U.S.)		

600.000
7.010
131.520
108.035
8.400
7.300
55.000
3.429
13.150

B.

CANADA, VALUE OF MINERAL PRODUCTION, 1988

% OF TOTAL BY COMMODITY

% OF TOTAL BY PROVINCE

CANADA ELEMENTAL SULPHUR EXPORTS

% DISTRIBUTION

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Canada

THE ENERGY OF OUR RESOURCES

THE POWER OF OUR IDEAS

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THE CANADIAN MINERAL INDUSTRY

MONTHLY REPORT

Energy, Mines and Resources Canada

Énergie, Mines et Ressources Canada

PREFACE

This publication is prepared in the Mineral Policy Sector of the Department of Energy, Mines and Resources. It is compiled from many sources using the best information available to us. This report is intended to be a general review of the more important current developments that affect, or may affect the Canadian mineral industry. It should not be considered an authority for exact quotation or an expression of the official views of the Government of Canada.

Mineral Policy Sector
Department of Energy, Mines and Resources
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Ottawa, Ontario K1A OE4

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THE CANADIAN MINERAL INDUSTRY FOR SEPTEMBER

The following constitutes a brief summary of the Canadian mineral industry based on information that became available in September.

HIGHLIGHTS

1. Inventories of potash increased to 1 824 100 t in the first half of 1989. This high inventory level combined with low expected summer sales of potash resulted in closures of up to seven weeks in most potash mines in Saskatchewan.

2. As a result of a trade dispute between Morocco, Tunisia and India, the demand for Canadian elemental sulphur in the Mediterranean markets dropped from 1.4 Mt to 150 000 t during the first half of 1989.

3. Production of elemental sulphur from western Canada is expected to reach 5.9 Mt in 1989.

4. As of September, the LME settlement price during the month averaged US78¢/lb. for aluminum, US$1.31/lb. for copper, US33¢/lb. for lead, US76¢/lb. for zinc and US$5.10/lb. for nickel.

5. Gold prices averaged about US$362/oz. in September, while silver prices averaged US$5.13/oz.

ECONOMIC TRENDS

Table 1 provides a comparison of the volume of production of Canada's leading minerals for the months of June and July 1989, the corresponding months a year ago and the year-to-date totals.

Table 2 provides information on Canada's Gross Domestic Product at factor cost by industry at 1981 prices. The data is also annualized and seasonally adjusted.

The annual rate shown for any given month is calculated by multiplying the figure for that month by twelve. It is important to note, however, that if a particular month has been influenced by special factors such as a strike, the annualized data will reflect this bias.

Factor cost refers to output which is valued exclusive of excise taxes and duties, and provincial and municipal sales tax. Factor cost does, however, include subsidies and other taxes which are not a function of the level of output or sale.

Seasonally adjusted data represent time-series data from which the effects of repetitive and clearly defined seasonal fluctuations have been removed. Such a practice permits the isolation of trends in the economy which might otherwise be obscured. Seasonal factors include such items as climate, trade practices and social institutions such as Christmas and Easter.

The GDP data are subject to ongoing revision.

Statistics Canada reported that GDP at factor cost, at 1981 prices, increased 0.1% in July following a 0.1% decline in June and a 0.2% gain in May. GDP in July stands 2.5% above the level of July last year. Following a gain of 0.1% in June, output of services producing industries advanced 0.3%. goods producing industries declined 0.1% in July after a decrease of 0.2% in June. Retail trade declined for the third consecutive month. A decrease in mining was primarily attributable to a substantial cutback in the production of crude petroleum.

Table 3 shows the prices of selected metals for June, July and August 1989.

Tables 4 and 5 provide data pertaining to the number of strikes and lockouts by industry group, and also more specifically, for mining and mineral manufacturing.

TABLE 1. CANADA, PRODUCTION OF LEADING MINERALS

		1988			1989			Percentage Changes		
		June	July	Total 7 Months	June	July	Total 7 Months	July 1989 / July 1988	July 1989 / June 1989	1st 7 months 1989 / 1988
		(000 tonnes except where noted)								
Metals										
Copper		64.5r	47.2r	441.9r	57.3	52.0	429.6	10.1	-9.1	-2.8
Gold	kg	11 230.3r	10 285.4r	72 740.4r	13 789.3r	12 598.5	86 214.1	22.5	-8.7	18.5
Iron ore		3 650.9	3 904.2	21 506.0	3 767.4	4 514.6	21 752.9	15.6	19.8	1.1
Lead		18.9r	21.3r	193.1r	21.1	17.3	152.0	-18.8	-18.1	-21.3
Molybdenum	t	1 239.4r	1 099.6r	7 679.8	1 347.4r	1 146.9	8 516.0	4.3	-14.9	10.9
Nickel		17.0r	3.9	108.6	18.8	5.5	111.6	40.5	-70.9	2.8
Silver	t	111.6r	103.0r	809.7r	111.5	93.6	755.3	-9.1	-16.1	-6.7
Uranium[1]	t	978.5	510.8	7 220.6	1 406.7r	124.0	7 402.3	-75.7	-91.2	2.5
Zinc		87.2r	108.8r	688.3r	111.2	115.2	699.3	5.9	3.6	1.6
Nonmetals										
Asbestos		67.5	56.2	398.6	61.4	59.6	396.0	6.0	-3.0	-0.7
Clay products	$000	19 177.6	18 227.4	104 118.2	20 433.7r	21 214.6	113 591.4	16.4	3.8	9.1
Gypsum		739.6r	791.2r	4 957.3r	704.0	767.9	4 727.5	-2.9	9.1	-4.6
Potash K_2O		631.2	470.2	4 915.3	512.3	389.1	4 338.2	-17.3	-24.1	-11.7
Cement		1 328.0r	1 279.9	6 450.5r	1 368.9	1 161.8	6 354.1	-9.2	-15.1	-1.5
Lime		214.4r	203.2r	1 433.6r	221.1r	205.7	1 515.6	1.3	-6.9	5.7
Salt		894.1	762.3	5 780.6	678.3r	703.7	5 810.5	-7.7	3.8	0.5
Fuels										
Coal		5 721.7r	5 566.8r	40 850.0r	..	..	..	..	..	..
Natural gas	million m^3	7 882.0r	8 433.0r	65 862.0r	..	..	..	..	..	..
Crude oil and equivalent	000 m^3	8 135.0r	8 668.0r	57 918.0r	..	..	..	..	..	..

[1] Tonnes uranium (1 tonne U = 1.2999 short tons U_3O_8).
r Revised; .. Not available.
Note: Percentage changes are calculated on the basis of actual production figures as opposed to the rounded figures as shown.

TABLE 2. CANADA, REAL GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY, IN 1981 PRICES, MONTHLY (SEASONALLY ADJUSTED AT ANNUAL RATES)

Industry Sector	1988 July	1989 May	1989 June	1989 July	Percentage Change July 1989 / July 1988
	($ million)				
Total Economy	400 528.6	410 287.7	410 039.7	410 642.6	2.5
Primary Industries					
Agriculture	8 237.1	8 988.4	9 221.0	9 643.5	17.1
Forestry	2 738.9	2 760.0	2 806.8	2 698.8	-1.5
Fishing and Trapping	672.6	600.0	570.0	541.2	-19.5
Mines, Quarries and Oil Wells	24 150.2	23 406.0	23 492.6	23 085.3	-4.4
Mining Industries	8 215.5	8 361.6	8 275.2	8 414.4	2.4
Gold Mines	1 387.5	1 770.0	1 778.4	1 766.4	27.3
Iron Mines	640.1	615.6	627.6	637.2	-0.5
Other Metal Mines	3 893.0	3 634.8	3 789.6	3 717.6	-4.5
Nonmetal Mines	878.6	842.4	819.6	825.6	-6.0
Asbestos Mines	196.8	252.0	261.6	285.6	45.1
Mineral Fuels					
Coal Mines	1 101.5	1 124.4	882.0	1 058.4	-3.9
Crude Petroleum and Natural Gas	13 494.8	13 388.4	13 352.6	12 892.5	-4.5
Secondary Industries					
Manufacturing	76 751.8	79 319.2	79 129.5	79 145.3	3.1
Non-durable Manufacturing	33 289.2	33 573.6	33 268.8	33 267.6	-0.1
Durable Manufacturing	43 462.6	45 745.6	45 860.7	45 877.7	5.6
Primary Metal Industries	6 183.0	6 331.2	6 374.4	6 432.0	4.0
Primary Steel Industries	2 305.4	2 400.0	2 413.2	2 410.8	4.6
Steel, Pipe and Tube Industry	451.1	519.6	506.4	489.6	8.5
Iron Foundries	426.1	429.6	404.4	420.0	-1.4
Smelting and Refining	2 317.5	2 262.0	2 341.2	2 392.8	3.2
Nonmetallic Mineral Products	2 335.0	2 330.4	2 328.0	2 380.8	2.0
Clay Products Industry	131.8	105.6	106.8	106.8	-19.0
Cement Industry	300.9	283.2	300.0	291.6	-3.1
Ready-mix Concrete Industry	428.5	447.6	440.4	453.6	5.9
Construction Industry	29 872.0	32 150.4	31 694.4	31 597.2	5.8
Transportation and Storage	19 575.4	19 230.0	18 991.2	19 240.8	-1.7
Communications	12 451.8	13 836.0	13 930.8	13 994.4	12.4
Other Utilities	11 616.5	11 481.6	11 372.4	11 487.6	-1.1
Wholesale Trade	24 777.3	25 423.2	25 548.0	25 525.2	3.0
Retail Trade	25 959.0	26 152.0	26 056.7	25 857.6	-0.4
Finance, Insurance and Real Estate	58 413.4	59 834.4	59 797.2	60 274.8	3.2
Community, Business and Personal Service	40 931.4	41 921.3	42 096.3	42 152.1	3.0

TABLE 3. METAL PRICES – 1989

	June	July	August
Copper			
Electrolytic, U.S. producer f.o.b. refinery, cents (U.S.)	114.501	112.087	126.030
Electrolytic, COMEX, 1st pos. plus 5¢, cents (C.)	109.452	112.240	126.722
Electrolytic, LME Grade A Settlement, cents (U.S.)	116.485	113.625	125.293
Lead			
New York, cents (U.S.)	38.500	39.000	40.500
Montreal, cents (C.)	46.250	49.500	49.500
LME cash, cents (U.S.)	30.161	31.322	31.814
Silver			
New York, cents (U.S.) per troy oz.	528.023	524.128	517.935
Toronto, cents (C.) per troy oz.	656.029	624.400	611.214
LME cash, cents (U.S.) per troy oz.	526.009	..	..
Zinc			
St. Louis, H.G., cents (U.S.)	80.590	79.667	81.320
Montreal, Electrolytic, cents (C.)	97.250	96.000	98.250
LME cash, cents (U.S.)	69.720	73.220	78.324
Tin			
New York, dealers, cents (U.S.)	467.056	448.500	401.000
Metals Week, composite, cents (U.S.)	607.957	569.103	517.886
Gold			
London, p.m., US$ per troy oz.	367.598	375.039	365.143
Mercury			
New York, dealers, US$ per flask	295.000	283.000	270.000
Nickel			
New York, dealers, cathode (U.S.)	5.400	5.485	5.824
LME cash, US$	5.508	5.568	5.856
Antimony			
New York, dealers, cents (U.S.)	98.636	96.350	90.670
Platinum			
New York, refined, US$ per troy oz.	600.000	600.000	600.000
Cadmium			
New York, dealers, US$	6.527	5.300	3.817
Aluminum			
LME cash, cents (C.)	104.045	94.686	95.877
LME cash, cents (U.S.)	86.820	79.648	81.570
Cobalt			
Shot/cathode/250 kg., US$	8.400	8.400	8.400
U.S. spot cathode, US$	7.663	7.520	7.575
Tungsten			
LMB ore, low, US$/MTU	51.000	50.400	48.500
Molybdenum			
M.W. dealer oxide, US$	3.600	3.412	3.226
Uranium			
Nuexco, US$ U_3O_8	9.850	9.850	9.800

Average U.S. Exchange Rate for June = 1.1984, July = 1.1888, August = 1.1754.
Note: Prices are per pound unless otherwise stated.
Please note: The LME copper price reported since January 1989 is the "LME Grade A Settlement" price and not the "LME Standard Cash" price which is no longer reported by Metals Week.
.. Not available.

TABLE 4. CANADA, NUMBER OF STRIKES AND LOCKOUTS BY INDUSTRIES, 1986-88

	1986			1987			1988[p]		
	Strikes and Lockouts	Workers Involved	Duration in Person-days	Strikes and Lockouts	Workers Involved	Duration in Person-days	Strikes and Lockouts	Workers Involved	Duration in Person-days
Agriculture	0	0	0	1	18	3 800	1	18	4 610
Forestry	9	27 813	2 024 930	5	882	2 510[r]	4	963	19 520
Fishing and trapping	0	0	0	0	0	0	0	0	0
Mines	14	8 796	351 870	14	8 902	228 440	13	4 481	160 014
Manufacturing	317	54 977	1 386 070[r]	302[r]	82 463[r]	1 756 362[r]	260	49 621	1 393 266
Construction	48	151 941	1 963 500	21	8 363	53 620	21	34 156	632 030
Transportation and utilities	59	23 859	314 160[r]	64	125 408	689 640[r]	48	38 602	2 011 890
Trade	109	8 443	234 940	94[r]	8 420[r]	326 820[r]	85	7 351	189 615
Finance, insurance and real estate	13	885	32 570	13	622	29 930	9	489	29 990
Service	125	133 695	302 705	113[r]	58 750[r]	549 995[r]	85	36 183	427 208
Public administration	41	73 206	506 860	28	288 707	326 920	24	35 935	168 890
Various industries	0	0	0	0	0	0	0	0	0
All industries	735	483 615	7 117 605[r]	655[r]	582 535[r]	3 968 037[r]	550	207 799	5 037 033

[p] Preliminary; [r] Revised.

TABLE 5. CANADA, NUMBER OF STRIKES AND LOCKOUTS BY MINING AND MINERAL MANUFACTURING INDUSTRIES, 1986-88

	1986			1987			1988[P]		
	Strikes and Lockouts	Workers Involved	Duration in Person-days	Strikes and Lockouts	Workers Involved	Duration in Person-days	Strikes and Lockouts	Workers Involved	Duration in Person-days
Mines	14	8 796	351 870	14	8 902	228 440	12	4 181	154 314
Metals	7	4 700	52 920	10	7 551	221 170	8	3 533	117 004
Mineral fuels	4	2 977	231 870	2	1 060	1 000	3	626	36 850
Nonmetals	3	1 119	67 080	1	272	6 210	0	0	0
Quarries	0	0	0	1	19	60	1	22	460
Mineral manufacturing	41	7136	228 070	41	12 203	451 590	31	8 620	223 515
Primary metals	14	4 422	138 750	21	9 107	369 800	16	6 329	168 095
Nonmetallic mineral products	26	2 598	89 070	20	3 096	81 790	15	2 291	55 420
Petroleum and coal products	1	116	250	0	0	0	0	0	0

[P] Preliminary.

METALLIC MINERALS AND PRODUCTS

Nonferrous and Precious Metals Prices

NONFERROUS AND PRECIOUS METALS PRICES[1]

	1980s Extremes				September 1989		
	Low		High		Low	High	Average
	(US$/lb.)		(US$/lb.)			(US$/lb.)	
Aluminum	0.41	03/06/82	1.95	13/06/88	0.74	0.82	0.78
Copper	0.56	18/10/84	1.68	08/12/88	1.24	1.37	1.31
Lead	0.15	18/03/86	0.35	20/05/87	0.31	0.34	0.33
Nickel	1.42	26/11/82	10.84	28/03/88	4.72	5.61	5.10
Zinc	0.25	31/10/85	0.97	02/03/89	0.72	0.86	0.76
	(US$/troy oz.)		(US$/troy oz.)			(US$/troy oz.)	
Gold	285.00	26/02/85	502.75	14/12/87	358.10	369.30	361.80
Silver	4.86	20/05/86	10.92	27/04/87	5.05	5.32	5.13

Source: Nonferrous Division, Mineral Policy Sector.

1 Prices used are the London Metal Exchange (LME) settlement prices for the nonferrous metals and the London Bullion Market Association (LBMA) morning fix for the precious metals.

INDUSTRIAL MINERALS AND PRODUCTS

Potash

George Barry (613) 992–7568

For the first half of 1989 Canadian potash production was 4 222 300 tonnes K_2O and sales only 3 772 100 t resulting in a large increase in inventories to 1 824 100 t as of July 1, 1989. The high inventories and low expected summer sales required closures of up to seven weeks in most potash mines in Saskatchewan.

The high production level of the first half of 1989 was due to an erroneous assumption that after the drought stricken U.S. harvests of 1988, acreage under cultivation will rise in 1989 by between 30 and 32 million acres. Preliminary U.S. Dept. of Agriculture data indicated that the acreage increase was only half of the expected amount.

Sulphur

Michel Prud'homme (613) 992–3258

The following analysis provides an assessment of the situation of the Canadian sulphur industry for the first half of 1989.

Production and Shipments

During the first six months of 1989, production of elemental sulphur from western Canada remained fairly similar to last year's level for the same period. Since elemental sulphur is produced as a by–product from natural gas processing, its production level is mostly derived from gas and oil economics and technologies. For the first half of 1989, production of sulphur has been estimated at about 2.8 Mt. However, shipments declined significantly to 2.94 Mt a 29% drop over the same period last year. This drastic variation has resulted in a build–up of inventories this year while major withdrawals occurred last year. The net difference in terms of tonnage is estimated at between 500 000 t and 800 000 t. Lower shipments are a direct consequence of reduced offshore demand, since the domestic market has remained fairly stable.

Exports

From January to June 1989, Canadian exports of elemental sulphur dropped 41% to 2 246 000 t. Exports to the United States registered a 10% increase which was not sufficient to offset our major losses in offshore exports. Due to the current trade dispute between Morocco, Tunisia and India, the demand for Canadian elemental sulphur in the Mediterranean markets dropped from 1.4 Mt to 150 000 t during the first half of 1989. This loss accounts for most of the decline in offshore sales. At this time, a few markets have registered gains but, overall, the loss has not been offset.

Perspectives

Production of elemental sulphur from western Canada is likely to reach the 5.9 Mt mark in 1989. Exports are expected to amount to 5.7 Mt of which 4.6 Mt are for offshore destinations. The forecast 1.7 Mt drop in offshore exports is likely centered in the Moroccan and Tunisian markets.

NEW PUBLICATIONS

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Internal Reports

MRI 89/1 – The Canadian Pulp, Paper and Paperboard Industry

The objectives of this report are to inform the public of the uses and roles played by mineral fillers and pigments used in the production of pulp, paper and paperboard and also to inform mineral industry officials of the Canadian pulp, paper and paperboard industry's market size, potential, trends and future prospects.

Reference: Cat. No.: M35–2/89–1
ISBN: 0–662–56931–8

MRI 89/2 – Canadian Iron Ore Industry Statistics, 1988

This report is a continuation of the Canadian Iron Ore Industry Statistics series. The statistical data, when used in conjunction with the Iron Ore chapter of the Canadian Minerals Yearbook, presents a comprehensive review of the iron ore industry for 1988.

Reference: Cat. No.: M35–2/89–2
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Mineral Bulletin

MR 222 – Metallurgical Works in Canada Primary Iron and Steel, 1989

This publication lists in detail the facilities, productive capacities, products and other data of companies that comprised the primary iron and steel industry in Canada as of January 1, 1989.

Reference: Cat. No.: M38–2/222
ISBN: 0–660–55069–5