

Tin Jumps to Record as Stockpiles Drop, Indonesian Exports Fall

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By *Glenys Sim*

Oct. 14 (Bloomberg) -- Tin, the best performer this year on the London Metal Exchange, advanced to a record on shrinking global inventories and dwindling supplies from Indonesia, the world's largest exporter.

The metal for three-month delivery on the LME rose as much as 1.8 percent to \$27,250 a metric ton, and traded at that price at 4:01 p.m. in Singapore. Tin, used as a solder and in packaging, has advanced 61 percent this year.

Stockpiles tracked by the exchange have dropped 54 percent in 2010, falling to an 18-month low on Oct. 12. Exports from Indonesia declined in the first nine months of this year to about 67,011 tons from 75,553 tons a year earlier, the Ministry of Trade said yesterday.

"Indonesian exports are likely to struggle over the balance of the year," Leon Westgate, an analyst at Standard Bank Plc, said in an e-mail yesterday.

Tin output by PT Timah, Indonesia's largest producer, may miss a target this year and the company is trying to renegotiate supplies with customers, according to Oct. 12 comments from an executive. Timah may produce 40,000 tons this year compared with the 45,000-ton target, Corporate Secretary Abrun Abubakar said.

A La Nina weather event has brought heavier-than-usual rainfall to parts of Australia and Asia this year, including Indonesia, Southeast Asia's largest economy. The rains have hurt tin production and also been blamed by industry groups in the country for lower output or missed forecasts for cocoa and coal.

Output in China, the world's largest producer, may be curbed until the yearend because of limitations on power use, tin industry group ITRI Ltd. said on Sept. 29. A general ban on mining was also imposed last month in three eastern provinces in the Democratic Republic of Congo, Africa's largest tin producer.

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