

CRU Prices

Zinc

Methodology and
Definitions Guide

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Methodology and Definitions Guide – Zinc

1 Scope

This guide covers refined zinc premia in all geographical markets and should be read in conjunction with the [CRU Group Compliance Framework and Methodology Guide](#). It details commodity-specific methodology which have precedence, with all other aspects covered by the Group methodology guide.

2 Methodology

CRU collects zinc premia as part of its assessment of broader market conditions that are published in the *Zinc Service*. These premia are gathered from regular discussions with a wide network of market participants. This network is frequently reviewed to ensure a balance of buyers and sellers, and to reflect actual activity in the market. CRU also conducts consultations with the market about its methodology – all answers are treated as confidential.

CRU assesses prices for physically traded zinc in the global market that are outlined in the zinc methodology guide. This methodology, which was developed in consultation with the industry (including through our annual underlying market conditions review), allowing CRU to capture market liquidity and establish prices that are reliable and representative of the market. Specification definitions such as price assessment frequency, incoterms, currencies, size/volumes, units and others are aligned with the zinc market requirements and industry conventions.

Data Providers

CRU price assessments are based on regular contact with a wide a network of market participants situated at critical nodes in the supply chain. This network is constantly reviewed to seek a balance of buyers and sellers that are representative of the market.

They must have access to data relating to actual spot market transactions (a purchase or a sale), bid/offer information or be able to provide a credible opinion on such prices in the absence of any other data over the relevant time period. They are therefore typically employed in sales or marketing functions on the sell side and purchasing functions on the buy side, or act in a trading function. Data Providers may also include individuals in finance functions if they can provide the same.

Each data provider is required to meet the criteria stipulated in Section 2.4 of the *CRU Group Compliance Framework and Methodology Guide*.

Data Submitted and Submission Processes

Any price data provided to CRU must meet the relevant product definitions. Price assessments are based on regular contact with a wide a network of market participants situated at critical nodes in the supply chain. This network is constantly reviewed to seek a balance of buyers and sellers that are representative of the market.

All premia are assessed once per month and reflect deals concluded and other market information since the last publication.

Transaction data is prioritised as an input and to that extent the hierarchy of acceptable price types follows that described in Section 2.1 of the *CRU Group Compliance Framework and Methodology Guide*.

In the absence of actual transaction data, data providers can give firm/indicative bids or offers, and opinion of the prevailing market price in the same period.

Industry participants can submit prices to CRU by telephone, email, private one-to-one instant messenger services or other private means of communication.

Data Submission Dependency & Minimum Threshold

CRU seeks to receive market data information from a broad range of active data sources as possible and seeks to increase the number of companies willing to submit market data. In the event that a limited number of market participants are active in the market, and the market data received constitutes a significant proportion of the total data on which is the assessment is based, CRU will use expert judgement on whether to exclude, or include or defer the indication received until more information is received. This would be based on: observation of the previous price; short term historical price trends; other quantitative market data including prices in other related active markets, producer price change announcements; qualitative information such as that received from CRU Prices | Methodology and Definitions Guide – ZINC

interactions with market participants or other CRU Price Assessors, and; other sources of information relevant to the market.

CRU does not outline minimum data thresholds to determine zinc premia assessments to avoid establishing non-representative assessments that may be deemed unrepeatabe. Periods of liquidity differs across the zinc markets and data thresholds could result in price assessments that do not accurately reflect the market. Price assessors, instead, aim to source data from a wide range of industry participants to establish price assessments, in line with the individual price's market data specifications, such as size, timing, loading locations outlined in this methodology.

When no admissible data is received, price assessors follow the processes set out in the "Price determination in an illiquid market" section and expert judgement would be used to determine the final price value. Further details can be found under Section 2.1 of the *CRU Group Compliance Framework and Methodology Guide*.

Final Price Assessment

Price determination in an illiquid market

In the cases of zero submissions or where all submissions were deemed inadmissible, expert judgement would be used to determine the final price value. This choice would be based on: observation of the previous week's prices; short term historical price trends; other quantitative market data including prices in other related active markets, producer price change announcements; qualitative information such as that received from interactions with market participants or other CRU Price Assessors, and; other sources of information relevant to the spot market.

The Price Assessor will use their judgement to evaluate the volume, quality and coherence of any such market information they may possess. If one or more of these factors in combination does not provide a sufficiently clear indication of the direction and extent of market movement to allow the Price Assessor to confidently change the price from the previous value, the prior value would be rolled over to form the current period value.

Normalisation

The final premium is assessed based on all data received by all permissible means. Data which meet the precise definitions below are eligible for admission without any transformation. Data which do not will be subject to a normalisation process in order to adjust for delivery basis etc.

Exclusion of outliers

A Price Assessor may use expert judgement in the exclusion of a data point as an input to the calculation of the final price. In doing so they would consider: the range and distribution of data collected in the same timeframe from other data providers; previous data received from the same data provider; non-price information received from the data provider; market state and direction information from any other source. Inclusion or exclusion of input data in the final price is explicit and recorded.

Expert judgement

Expert judgement may apply to decisions on whether price data submitted relate to actual deals concluded, if normalisation of price data submitted is required and the means of any normalisation, and the inclusion of a data point in calculation of the final price.

A Price Assessor will consult with one or more colleagues before any application of expert judgement if in any doubt or where collective input would improve the quality of a judgement.

Consistency in the application of expert judgement is achieved through a combination of selection, formal and informal training and review, supervision and control processes as detailed in section 4.5 of the *Group Compliance Framework and Methodology Guide*.

Deactivated Prices

A premium assessment will remain active as long as there are sufficient buyers, sellers and/or traders for the Price Assessor to make an accurate assessment. If the quotation suffers from limited transparency or if business dynamics change, it may be deactivated following market consultation. Its history will still be available, but no further information will be collected for that assessment from the time it is deactivated.

Price Verification

Information from data providers and the final price assessments are captured and established in the CRU's Prices System (CPS). The final prices are approved by another price assessor or the editor.

Specifications

Transaction sizes and specifications are listed in the definitions below.

Timing

Spot assessments typically reflect transactions for a product to be supplied within 30 days.

Final Benchmark Publication

CRU Zinc prices are published in the *CRU Zinc Service*, via CRU Online; data feeds including APIs; and DataLab (CRU's data delivery platform).

Monthly prices are first published on CRU Online on the first Thursday of the month.

3 Definitions

Zinc premia

Europe – FCA

DataLab Name:	Zinc, Refined Metal, Spot premium; Europe, FCA
Material:	SHG zinc ingot
Price basis:	FCA
Credit/payment terms:	Prompt net cash
Packaging:	In 1 tonne bundles
Loading location:	Northern Europe
Type:	Spot
Currency:	US dollar
Weight unit:	Metric tonne
Size:	100-500t
Delivery:	Prompt
Pricing:	Basis the Official LME cash settlement price for zinc at the time of contract confirmation, plus premium
Duties/tariffs:	2.5% import duty on material of non-EU origin
Frequency:	Monthly

Europe – Ex Works/In Warehouse [Discontinued]

DataLab Name:	Zinc, Refined Metal, Spot premium; Europe, EXW
Material:	SHG zinc ingot
Price basis:	Ex works/in warehouse
Credit/payment terms:	Prompt net cash
Packaging:	In 1 tonne bundles
Loading location:	Northern Europe
Type:	Spot
Currency:	US dollar
Weight unit:	Metric tonne
Size:	100-500t
Delivery:	Prompt
Pricing:	Basis the Official LME cash settlement price for zinc at the time of contract confirmation, plus premium
Duties/tariffs:	2.5% import duty on material of non-EU origin
Frequency:	Monthly

USA – Midwest Delivered

DataLab Name:	Zinc, Refined Metal, Spot premium; USA, Midwest, DDP
Material:	SHG zinc ingot
Price basis:	Mid-West delivered
Credit/payment terms:	Net cash 30 days
Packaging:	In 1 tonne bundles
Loading location:	North America
Type:	Spot
Currency:	US cent
Weight unit:	US pound (basis short ton = 2,000 lbs)
Size:	100-500t
Timing:	Prompt business for delivery within 1-2 weeks.
Pricing:	Basis the official LME cash settlement price for zinc at the time of contract confirmation, plus premium
Duties/tariffs:	1.5% import duty on material of non-USMCA origin
Frequency:	Monthly

Taiwan, China – CIF

DataLab Name:

Material:
Price basis:
Credit/payment terms:
Packaging:
Loading location:
Type:
Currency:
Weight unit:
Size:
Delivery:
Pricing:

Duties/tariffs:
Frequency:

Zinc, Refined Metal, Spot Premium; Taiwan (China), CIF

SHG zinc ingot
CIF Taiwan, China
Prompt net cash
In 1 tonne bundles
Nearby ports
Spot
US dollar
Metric tonne
100-500t
Prompt within 1-2 weeks
Basis the official LME cash settlement price for zinc at the time of contract confirmation, plus premium
N/A
Monthly

China – CIF

DataLab Name:

Material:
Price basis:
Credit/payment terms:
Packaging:
Loading location:
Type:
Currency:
Weight unit:
Size:
Delivery:
Pricing:

Duties/tariffs:
Frequency:

Zinc, Refined Metal, Spot premium; China, CIF

SHG zinc ingot
CIF main Chinese port (duty unpaid)
Prompt net cash
In 1 tonne bundles
Nearby ports
Spot
US dollar
Metric tonne
100-500t
Prompt within 1-4 weeks
Basis the official LME cash settlement price for zinc at the time of contract confirmation, plus premium
1%
11%: USA
Duty free: ASEAN, Australia, South Korea, Peru, EEU
Monthly

Glossary of Abbreviations

INCO TERM RULES FOR ANY MODE OR MODES OF TRANSPORT:

- EXW – Ex-Works
- FCA – Free Carrier
- CPT – Carriage Paid To
- CIP – Carriage and Insurance Paid To
- DAT – Delivered at Terminal
- DAP – Delivered at Place
- DDP – Delivered Duty Paid

INCO TERM RULES FOR SEA AND INLAND WATERWAY TRANSPORT:

- FAS – Free Alongside Ship
- FOB – Free On Board
- CFR – Cost and Freight
- CIF – Cost Insurance and Freight

COUNTRY ABBREVIATIONS USED:

We use ISO 3166 alpha-2 standard country codes