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Avoiding the world lead price squeeze

While the world price of lead continues to break new records - recently smashing through US\$3000 per tonne for the first time ever – it's no wonder Australian battery resellers feel they're being squeezed.

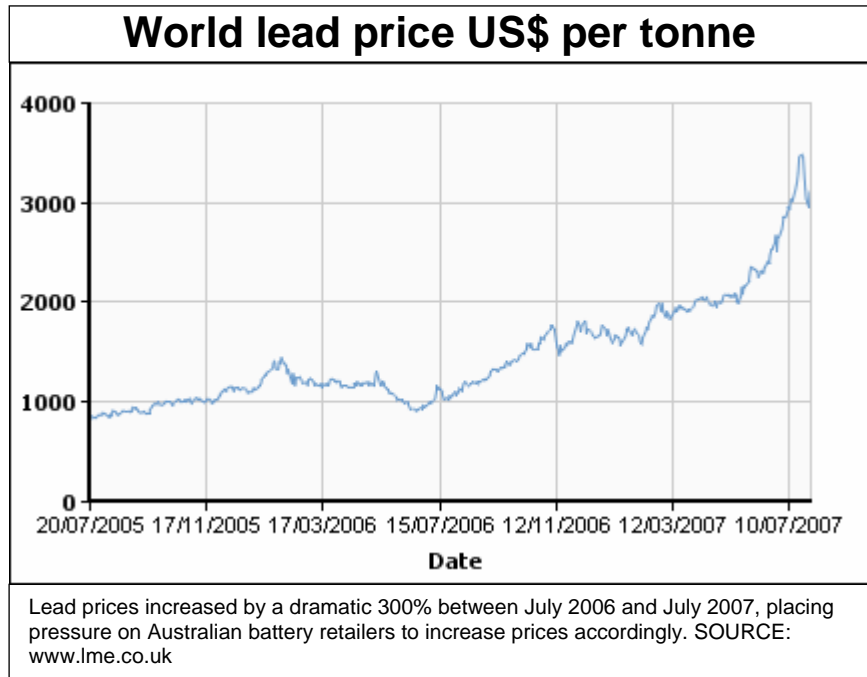
In fact, world lead prices have been on a dramatic upward trend since the middle of 2006. Until then, lead prices were steadily tracking at US\$1000-1200 per tonne. At that time lead was a relatively stable metal on the global market. But this stability was smashed during the 12 months between July 2006 and July 2007 when the world lead price dramatically increased by a staggering 300%!

Everyone in the battery industry including local manufacturers, importers, resellers and ultimately Australian motorists are facing these increased costs.

This relatively sudden volatility has left many asking "why has lead suddenly become a lot more expensive?" and "what has been the impact on the Australian battery industry?"

The main use of lead around the world is to manufacture batteries. Before the price hike, lead typically accounted for half the cost of manufacturing a standard lead-acid battery. Now, under current lead prices, this cost component is closer to 60%.

During the last 12 months, demand from China and India has increased due to the growing car markets in those countries. On top of this, speculative buying by fund managers across the globe on a metal which many thought to be under valued has done nothing to improve the situation!



Press Release

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With these global forces causing the price of lead to break new records on a daily basis, and with no indication that prices will ease in the near future, Australian battery retailers have had to increase their prices accordingly or face the prospect of unnecessarily squeezing their margins.

Many retailers have passed on these higher prices to their customers without any impact on profitability. But there are certain pockets of the industry who appear to have less confidence in raising their battery prices and are experiencing an undue decline in profitability as a result.

A spokesperson for Australian battery manufacturer, CenturyYuasa Batteries, said battery retailers should be comfortable adjusting their prices given the current market volatility.

“The increasing price of lead is a world-wide problem that all manufacturers and resellers face. It doesn’t matter who makes the battery or where it comes from, all parts of the supply chain will inevitably need to pass on these price increases to consumers. Everyone is in the same boat on this one,” said the spokesperson.

“What we are currently seeing in the Australian market is that battery companies are increasing prices at different times and by different percentages, a situation which could potentially create a lot of unnecessary confusion with customers,’ he said.

The best way for retailers to weather through this market volatility is to check Recommended Retail Prices published by reputable Australian battery companies who thoroughly understand the market.

CenturyYuasa Batteries publishes Recommended Retail Prices for all its products and brands. These retail prices are regularly updated to reflect any changes in battery prices caused by the price of lead.

“Recommended Retail Prices published by CenturyYuasa are based on significant market research and price trends. Our customers should be confident to increase their battery prices according to our RRP’s. Resellers should be able to use these RRP’s to guide them through the current volatility and market confusion,” said the spokesperson.

For more information on market trends and Recommended Retail Prices call CenturyYuasa on 1300 362 287.



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