



Copper: Preliminary Data for January 2018

The International Copper Study Group (ICSG) released preliminary data for January 2018 world copper supply and demand in its April 2018 Copper Bulletin. The Bulletin is available for sale (single issues €100/€150, annual subscription €500/€750 for orders originating from/outside institutions based in ICSG member countries).

World mine production is estimated to have increased by around 3.5% in January 2018, with concentrate production rising by 3.7% and solvent extraction-electrowinning (SX-EW) by 3%:

- The increase in world mine production, which amounted to 60,000 t copper, was mainly due to:
 - A 6% rise in Chile, the world's biggest copper mine producing country, where concentrate output increased by 9% with SX-EW production remaining essentially unchanged.
 - A recovery in SX-EW production in the Democratic Republic of Congo (DRC) and Zambia.
 - Higher production in Indonesia and China.
- Although no major supply disruptions occurred in January, overall growth was partially offset by lower output at some mines in Canada (-11%), Peru (-4%) and the United States (-12%).
- On a regional basis, mine production is estimated to have increased by around 15% in both Africa and Asia, in Europe by 3% while remaining essentially unchanged in the Americas and Oceania.

World refined production is estimated to have increased by about 5.2% in January 2018 with primary production (electrolytic and electrowinning) rising by 5.3% and secondary production (from scrap) increasing by 5%:

- The main contributor to growth in world refined production was China (increase of 8%) due to its continued expansion of capacity.
- Production in Indonesia and Japan was also substantially higher recovering from constrained output last year due to a strike and a maintenance shutdown.
- Increases in electrowinning (SX-EW) output in the DRC and Zambia also contributed to world refined production growth.
- However, overall growth was partially offset by 0.5% and 8% declines in refined production in Chile and in the United States, respectively.
- On a regional basis, refined output is estimated to have increased in Africa (14%), Asia (8.5%) and Europe (2%) whilst declining in the Americas (-3.5%).

World apparent refined usage is estimated to have increased by about 5.5% in January 2018:

- China was the biggest contributor to growth with apparent usage (excluding changes in unreported stocks) increasing by around 9%, fuelled by an 8% increase in refined production and 6% increase in net refined copper imports.
- Preliminary data indicates that world ex-China usage might have increased by 1.9%.
- Among other major copper using countries, usage increased in India, Japan and the EU but declined in the United States and South Korea.

World refined copper balance for January 2018 indicates a small surplus of about 33,000 t:

- In developing its global market balance, ICSG uses an apparent demand calculation for China that does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer, merchant/trader, bonded]. To facilitate global market analysis, however, an additional line item—Refined World Balance Adjusted for Chinese Bonded Stock Changes—is included in the table below that adjusts the world refined copper balance based on an average estimate of changes in unreported inventories provided by three consultants with expertise in China's copper market.
- In January 2018, the world refined copper balance adjusted for changes in Chinese bonded stocks indicated a surplus of around 28,000 t.

Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks declined by around 5,000 t in January 2018 from the year-end 2017 level. Bonded stocks increased by around 25,000 t in January 2017.
- As of the end of March, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 900.444 t, an increase of 357.915 t (66%) from stocks held at the end of December 2017. Stocks reached the highest level since 2003. Compared with the December 2017 levels, stocks were up at the LME (91%), at SHFE (103%) and COMEX (10%).
- The average LME cash price for March was US\$6795.76/t, down from the February average of US\$7001.80/t.
- The 2018 high and low copper prices through the end of March were US\$7,202.50 per tonne (on 4th Jan) and US\$6,500 per tonne (on 26th Mar), respectively, and the year average was US\$6960.53/t per tonne (13% above 2017 annual average).

Please visit the ICSG website www.icsg.org for further copper market related information.

(World Refined Copper Usage and Supply Trends table on next page)

World Refined Copper Usage and Supply Trends, 2014-2018

Thousand metric tonnes, copper

	2014	2015	2016	2017	2017	2018	2017				2018
					Jan	Oct	Nov	Dec	Jan		
World Mine Production	18,428	19,155	20,354	20,029	1,656	1,716	1,769	1,752	1,828	1,716	
World Mine Capacity	21,548	22,337	23,415	23,906	2,042	2,084	2,061	2,002	2,076	2,084	
Mine Capacity Utilization (%)	85.5	85.8	86.9	83.8	81.1	82.4	85.8	87.5	88.1	82.4	
Primary Refined Production	18,576	18,925	19,471	19,440	1,600	1,684	1,640	1,636	1,794	1,684	
Secondary Refined Production	3,915	3,945	3,866	4,064	349	367	355	348	333	367	
World Refined Production (Secondary+Primary)	22,491	22,871	23,337	23,503	1,949	2,051	1,995	1,983	2,127	2,051	
World Refinery Capacity	26,468	26,551	26,863	27,402	2,308	2,345	2,337	2,264	2,343	2,345	
Refineries Capacity Utilization (%)	85.0	86.1	86.9	85.8	84.4	87.5	85.4	87.6	90.8	87.5	
World Refined Usage 1/	22,922	23,077	23,600	23,755	1,912	2,018	1,984	2,038	2,113	2,018	
World Refined Stocks End of Period	1,334	1,505	1,375	1,383	1,376	1,514	1,406	1,369	1,383	1,514	
Period Stock Change	10	171	-130	7	1	131	-22	-36	13	131	
Refined Balance 2/	-431	-206	-263	-251	37	33	11	-54	14	33	
Seasonally Adjusted Refined Balance 3/					-12	-23	-12	-30	-16	-23	
Refined Balance Adjusted for Chinese bonded stock change 4/	-454	-309	-251	-249	62	28	-1	-47	-11	28	

Due to the nature of statistical reporting, the published data should be considered as preliminary as some figures are currently based on estimates and could change.

1/ Based on EU apparent usage.

2/ Surplus/deficit is calculated using refined production minus refined usage.

3/ Surplus/deficit is calculated using seasonally adjusted refined production minus seasonally adjusted refined usage.

4/ For details of this adjustment see the paragraph of the press release on "World refined copper balance".