



Copper: Preliminary Data for March 2018

The International Copper Study Group (ICSG) released preliminary data for March 2018 world copper supply and demand in its June 2018 Copper Bulletin. The Bulletin and ICSG online statistical database provide detailed data, on a country basis, for copper mine, smelter, refined and semis production and copper refined usage, trade, stocks and prices. 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 7.1% in the first quarter of 2018, with concentrate production rising by 7% and solvent extraction-electrowinning (SX-EW) by 7.3%:

- The increase in world mine production, of about 330,000 t copper, was mainly due to:
 - Constrained output in the comparative period of 2017 namely in Chile and Indonesia.
 - Production in Chile, the world's biggest copper mine producing country, increased by 19% mainly because production in February/March 2017 was constrained by a strike at Escondida (the world's biggest copper mine) but also due to an improvement in Codelco's production levels.
 - Indonesian output increased by 58% because comparative output in 2017 was negatively affected by a temporary ban on concentrate exports that started in January and ended in April.
 - A 9.5% increase in SX-EW production in the Democratic Republic of Congo (DRC) and a 16% rise in Zambian mine output due to the restart of temporarily closed capacity.
- Although no major supply disruptions occurred in the first quarter of this year, overall growth was partially offset by lower output at some mines in Canada (-10%) and in the United States (-7.5%).
- After a strong increase in the last few years due to new and expanded capacity, output in Peru (the world's second largest copper mine producing country) has levelled off.
- On a regional basis, mine production is estimated to have increased by around 11% in Africa, 7% in the Americas, 6% in Asia, 4% in Europe and 5% in Oceania.

World refined production is estimated to have increased by 3% in the first quarter of 2018 with primary production (electrolytic and electrowinning) rising by 2.3% and secondary production (from scrap) increasing by 6%:

- In tonnage terms, the main contributor to growth in world refined production was China due to its continued expansion of capacity.
- Production in Chile was up by 8% supported by a 9.5% increase in electrowinning (SX-EW) production mainly because comparative output in 2017 was constrained by the strike at Escondida referred to previously. In addition, primary electrolytic production increased by 6% mainly due to improved production at Codelco.
- Production in Indonesia and Japan was also substantially higher, recovering from constrained output last year that was due to a strike and maintenances shutdown respectively.
- 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 declines in Peru, Poland and the United States.
- On a regional basis, refined output is estimated to have increased in Africa (7%) and Asia (4%) while remaining essentially unchanged in Europe and in the Americas.

World apparent refined usage is estimated to have increased by about 1.8% in the first quarter of 2018:

- China was the biggest contributor to growth with apparent usage (excluding changes in unreported stocks) increasing by around 5%, driven by a 10% increase in net refined copper imports.
- Preliminary data indicates that world ex-China usage declined by 1%.
- Among other major copper using countries, usage increased in India and the EU but declined in Japan, the United States and South Korea.

World refined copper balance for the first quarter of 2018 indicates a surplus of about 150,000 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 attached table 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 the first quarter of 2018, the world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market surplus of around 140,000 t.

Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks are thought to have declined by around 10,000 t in the first three months of 2018 from the year-end 2017 level. Bonded stocks increased by around 145,000 t in the same period of last year.
- As of the end of May, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 796,482 t, an increase of 253,953 t (47%) from stocks held at the end of December 2017. Stocks were up at the LME (58%), at SHFE (78%) and COMEX (10%).
- The average LME cash price for May was US\$ 6,821.76 /t, down 0.2% from the April average of US\$6,838.25 /t.
- The 2018 high and low copper prices through the end of May 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\$6,909.00/t per tonne (12% above the 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-Mar	Dec	Jan	Feb	Mar	
World Mine Production	18,426	19,168	20,357	20,016	4,628	4,954	1,828	1,690	1,554	1,710
World Mine Capacity	21,547	22,336	23,414	23,910	5,951	6,074	2,077	2,084	1,890	2,100
Mine Capacity Utilization (%)	85.5	85.8	86.9	83.7	77.8	81.6	88.0	81.1	82.3	81.4
Primary Refined Production	18,576	18,925	19,471	19,441	4,718	4,825	1,794	1,649	1,528	1,648
Secondary Refined Production	3,915	3,945	3,866	4,064	1,019	1,082	333	367	334	380
World Refined Production (Secondary+Primary)	22,491	22,871	23,337	23,504	5,737	5,907	2,127	2,016	1,862	2,028
World Refinery Capacity	26,468	26,551	26,863	27,402	6,712	6,816	2,343	2,345	2,120	2,350
Refineries Capacity Utilization (%)	85.0	86.1	86.9	85.8	85.5	86.7	90.8	86.0	87.8	86.3
World Refined Usage 1/	22,922	23,077	23,600	23,755	5,654	5,753	2,113	2,005	1,775	1,973
World Refined Stocks End of Period	1,334	1,505	1,375	1,383	1,532	1,753	1,383	1,514	1,617	1,753
Period Stock Change	10	171	-130	7	157	371	13	131	103	136
Refined Balance 2/	-431	-206	-263	-250	84	153	14	11	87	55
Seasonally Adjusted Refined Balance 3/					-5	55	-4	-36	28	63
Refined Balance Adjusted for Chinese bonded stock change 4/	-454	-309	-251	-248	229	143	-11	6	90	48

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".