



Copper: Preliminary Data for May 2018

The International Copper Study Group (ICSG) released preliminary data for May 2018 world copper supply and demand in its August 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 5.7% in the first five months of 2018, with concentrate production rising by 5.5% and solvent extraction-electrowinning (SX-EW) by 6%:

- The increase in world mine production of about 450,000 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 13.5% primarily because production in February/March 2017 was restricted by a strike at Escondida (the world's biggest copper mine) and also because there was an improvement in Codelco's production levels in 2018.
 - Indonesian output increased by 43% because comparative output in 2017 was negatively affected by a temporary ban on concentrate exports that started in January and ended in April.
 - A 12.5% increase in SX-EW production in the Democratic Republic of Congo (DRC) and a 13% rise in Zambian mine output due to the restart of temporarily closed capacity.
- Although no major supply disruptions occurred in the first five months of this year, overall growth was partially offset by lower output at some mines in Canada (-8.5%) and in the United States (-10%).
- 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, 8.5% in Latin America, 6% in Asia, 3.5% in Europe and 10% in Oceania and declined by 7.5% in North America.

World refined production is estimated to have increased by 2% in the first five months of 2018 with primary production (electrolytic and electrowinning) rising by 0.5% and secondary production (from scrap) increasing by 9%:

- 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 6.5% supported by a 5.5% 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 9% mainly due to improved production at Codelco.
- Production in Indonesia and Japan was also substantially higher, recovering from reduced 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 India (shutdown of Vedanta's Tuticorin smelter/refinery in April), in Peru, Poland and the United States.
- On a regional basis, refined output is estimated to have increased in Africa (11%), Asia (2%) and Latin America (4.5%) while remaining essentially unchanged in Europe and Oceania and declining in North America (3%).

World apparent refined usage is estimated to have increased by about 1.1% in the first five months of 2018:

- China was the biggest contributor to growth with apparent usage (excluding changes in unreported stocks) increasing by around 4%, driven by a 16% increase in net refined copper imports. **(as Chinese customs temporarily suspended the publication of copper products trade data since March, imports/exports were calculated based on reversed trade data and are likely to be revised)**
- Preliminary data indicates that world ex-China usage declined by 1.5%.
- Among other major copper using countries, demand increased in India and the EU but declined in Japan and the United States.

World refined copper balance for the first five months of 2018 indicates a surplus of about 20,000 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 five months of 2018, the world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market surplus of around 25,000 t.

Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks are thought to have increased by around 5,000 t in the first five months of 2018 from the year-end 2017 level. Bonded stocks increased by around 100,000 t in the same period of 2017.
- As of the end of July, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 634,695 t, an increase of 92,166 t (17%) from stocks held at the end of December 2017. Stocks were up at the LME (26%) and SHFE (31%) but down at COMEX (3%).
- The average LME cash price for July was US\$ 6,248.18 /t, down 10.2% from the June average of US\$ 6,954.79 /t.
- The 2018 high and low copper prices through the end of July were US\$7,262.50 per tonne (on 8th Jun) and US\$5,982 per tonne (on 19th Jul), respectively, and the year average was US\$6,816.64/t per tonne (11% 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	2018			
					Jan-May	Feb	Mar	Apr	May	
World Mine Production	18,426	19,168	20,357	20,000	7,885	8,336	1,553	1,696	1,643	1,749
World Mine Capacity	21,547	22,336	23,414	23,885	10,023	10,218	1,888	2,098	2,037	2,113
Mine Capacity Utilization (%)	85.5	85.8	86.9	83.7	78.7	81.6	82.3	80.8	80.7	82.8
Primary Refined Production	18,576	18,925	19,471	19,441	7,911	7,949	1,497	1,619	1,574	1,639
Secondary Refined Production	3,915	3,945	3,866	4,064	1,679	1,835	343	371	370	384
World Refined Production (Secondary+Primary)	22,491	22,871	23,337	23,504	9,589	9,784	1,839	1,990	1,944	2,023
World Refinery Capacity	26,468	26,551	26,863	27,402	11,281	11,448	2,120	2,350	2,277	2,355
Refineries Capacity Utilization (%)	85.0	86.1	86.9	85.8	85.0	85.5	86.7	84.7	85.4	85.9
World Refined Usage 1/	22,922	23,077	23,600	23,755	9,655	9,763	1,758	1,925	2,049	2,054
World Refined Stocks End of Period	1,334	1,505	1,375	1,383	1,463	1,651	1,616	1,747	1,640	1,651
Period Stock Change	10	171	-130	8	88	268	102	132	-107	11
Refined Balance 2/	-431	-206	-263	-250	-66	21	82	65	-105	-31
Seasonally Adjusted Refined Balance 3/					-1	83	24	56	11	27
Refined Balance Adjusted for Chinese bonded stock change 4/	-454	-309	-251	-248	37	24	85	57	-102	-21

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".