



## Copper: Preliminary Data for February 2019

The International Copper Study Group (ICSG) released preliminary data for February 2019 world copper supply and demand in its May 2019 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).

**Preliminary data indicates that world mine production declined by about 1.8% in the first two months of 2019**, with concentrate production declining by 1.3% and solvent extraction-electrowinning (SX-EW) by 4%:

- Although a few countries experienced growth, this was largely offset by declines in two major producing countries, namely Chile and Indonesia.
- Production in Chile, the world's biggest copper mine producing country, declined by 6% mainly due to lower copper head grades.
- Indonesian concentrate production declined by 50% primarily as a consequence of the transition of the country's major two mines to different ore zones leading to temporarily reduced output levels.
- After aggregated growth of 13% in 2018, production in the Democratic Republic of Congo (DRC) and Zambia increased by 1.3% in the first two months of 2019 as reduced production at some mines partially off-set ramp-up output at other operations.
- Production in Peru (the world's second largest copper mine producing country), Australia, China and Mongolia increased due to improved grades and recovery from constrained output in 2018.
- On a regional basis, mine production is estimated to have increased by around 2% in Africa, 1% in North America and 5% in Oceania but declined by 3% in Asia, 4% in Latin America and 3% in Europe.

**Preliminary data indicates that world refined production remained essentially unchanged in the first two months of 2019** with primary production (electrolytic and electrowinning) declining by around 0.6% and secondary production (from scrap) increasing by 0.3%.

- The main contributor to the growth in world refined production was China due to the continued expansion of Chinese capacity.
- Other countries recovering from production constraints in 2018 such as Australia, Brazil and Poland also contributed to growth.
- However, overall growth was partially offset by a 15% decline in Chilean output which was mainly due to temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations.
- Production in India continued to be negatively impacted by the shutdown of Vedanta's Tuticorin smelter and declined by 45%.
- Aggregated refined production in the DRC and Zambia declined by 7%.
- On a regional basis, refined output is estimated to have increased Asia (2%) and in Oceania (25%) while declining in Africa (-8%), in the Americas (-8%) and remaining essentially unchanged in Europe.

**Preliminary data indicates that world apparent refined usage remained essentially unchanged in the first two months of 2019:**

- Chinese apparent usage grew by around 4% driven by a 2.5% increase in net refined copper imports.
- Among other major copper users, demand increased in India but declined in Japan, the EU and the United States.
- World ex-China usage declined by around 4%.

**Preliminary world refined copper balance in the first two months of 2019 indicates a small surplus of about 40,000t:**

- 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 two months of 2019, the world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market surplus of around 125,000 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 85,000 t in the first two months of 2019 compared to the year-end 2018 level. Bonded stocks decreased by around 3,000 t in the same period of 2018.
- As of the end of April, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 476,720 t, an increase of 126,224 t (+36%) from stocks held at the end of December 2018. Stocks were down at COMEX (-69%) and up at SHFE (+85%) and the LME (+71%).
- The average LME cash price for April 2019 was US\$ 6,445.10 /t, down 0.1% from the March average of US\$ 6,451.02 /t.
- The 2019 high and low copper prices through the end of April were US\$6,572 per tonne (on 1<sup>st</sup> Mar) and US\$5,811 per tonne (on the 3<sup>rd</sup> Jan), respectively, and the year average was US\$6,270.39/t per tonne (3.9% below the 2018 annual average).

Please visit the ICSG website [www.icsg.org](http://www.icsg.org) for further copper market related information.

### World Refined Copper Usage and Supply Trends, 2015-2019

Thousand metric tonnes, copper

	2015	2016	2017	2018	2018	2019	2018		2019	
					Jan-Feb		Nov	Dec	Jan	Feb
World Mine Production	19,149	20,386	20,096	20,602	3,246	3,187	1,797	1,835	1,672	1,515
World Mine Capacity	22,351	23,403	23,866	23,777	3,967	3,952	1,991	2,065	2,073	1,879
Mine Capacity Utilization (%)	85.7	87.1	84.2	86.7	81.8	80.6	90.2	88.8	80.7	80.6
Primary Refined Production	18,897	19,495	19,500	20,068	3,198	3,180	1,701	1,760	1,667	1,512
Secondary Refined Production	3,945	3,866	4,053	4,043	671	673	337	337	354	320
World Refined Production (Secondary+Primary)	22,843	23,362	23,553	24,111	3,869	3,853	2,039	2,097	2,021	1,832
World Refinery Capacity	26,542	26,853	27,380	27,635	4,451	4,577	2,309	2,394	2,401	2,176
Refineries Capacity Utilization (%)	86.1	87.0	86.0	87.3	86.9	84.2	88.3	87.6	84.2	84.2
World Refined Usage 1/	23,081	23,512	23,732	24,510	3,826	3,812	2,106	2,083	2,054	1,758
World Refined Stocks End of Period	1,505	1,375	1,381	1,218	1,614	1,260	1,195	1,218	1,212	1,260
Period Stock Change	171	-130	6	-163	233	42	-56	24	-6	49
Refined Balance 2/	-239	-151	-179	-399	43	41	-68	14	-33	74
Seasonally Adjusted Refined Balance 3/					-26	-54	-46	4	-45	-9
Refined Balance Adjusted for Chinese bonded stock change 4/	-342	-138	-177	-456	40	126	-58	27	-13	139

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".