



# International Copper Study Group

## Copper Market Forecast 2013-2014

The International Copper Study Group (ICSG) met in Lisbon, Portugal on 30<sup>th</sup> September and 1<sup>st</sup> October 2013. Government delegates and industry advisors from most of the world's leading copper producing and using countries met to discuss key issues affecting the global copper market. In its meeting of the Statistical Committee, the ICSG view of the world balance of refined copper production and use was developed.

### Copper Market Forecast 2013-2014

In developing its global market balance, ICSG uses an apparent demand calculation for China, the leading global consumer of copper, accounting for about 40% of world demand. Apparent copper demand for China is based only on reported data (production + net trade +/- SHFE stock changes) and does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader], which may be significant during periods of stocking or de-stocking and which could significantly alter supply-demand balances.

ICSG projections for 2013 indicate that world production of refined copper is expected to exceed demand for refined copper by about 390,000 metric tonnes (t), as demand will lag behind the growth in production. For 2014, although a recovery in usage is anticipated, a higher surplus is expected with increased output from new and existing mines.

In developing its projections, ICSG recognized that the global market balances could vary from those projected owing to numerous factors including a world economic slowdown, European Union sovereign debt issues, political transitions in the Middle East and North Africa, and production shortfalls due to labour unrest, utility and capital shortages, and technical factors.

After three years of relatively stagnant production, mine production in 2013 is expected to increase by 6.5% from that in 2012. Strong growth is expected to continue in 2014 and 2015 as mine projects that were deferred or delayed during the financial crisis are expected to start coming on stream. Expansions and project startups during 2013 and 2014 are expected to increase world mine production to around 18.6 Mt (million tonnes) in 2014 from 16.7 Mt in 2012. Most of the new production is expected to be copper in concentrate, with only limited electrowinning expansion anticipated.

In 2013, world refined copper production is expected to increase by 3.9% compared with that in 2012 as constrained production from maintenance and temporary operational shutdowns in some regions is overshadowed by expanded output in other regions. In 2014, refined copper production is expected to grow by around 5.5% to 22.1 Mt with the restoration of production at existing plants and new and expanded capacity at electrolytic plants in China, and to a lesser extent SX-EW plants in Africa. Primary refined copper production is expected to grow by about 7% and secondary production by 2%.

ICSG expects world apparent refined demand in 2013 to remain unchanged from that in 2012 (20.5 Mt). Although real demand for copper in China is expected to increase by about 6% in 2013, apparent demand in China (that is uncorrected for unreported stock changes) is expected to decrease in 2013 as a result of much lower refined imports. Usage in the rest of the world is expected to increase by around 1%. With better prospects for the world economy in 2014, world usage is expected to grow by around 4.5% in 2014 with world-ex-China expected to grow by 2.5%.

In the near future ICSG intends to report an adjusted demand number for China usage that takes into account changes in the level of bonded warehouse stocks.

### Next Meetings of ICSG

The next Meetings of the Study Group will be held in Lisbon, Portugal in the Monday 31 March and Tuesday 1 April 2014 and will be followed by a Study Groups' Joint Seminar on Wednesday 2 April 2014

FORECAST TO 2014									
REGIONS (1000 t)	MINE PRODUCTION			REFINED PRODUCTION			REFINED USAGE		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Africa	1,449	1,820	2,123	1,057	1,292	1,475	251	250	261
N.America	2,274	2,339	2,641	1,647	1,635	1,751	2,219	2,279	2,331
Latin America	7,109	7,426	7,762	3,420	3,451	3,612	618	633	659
Asean-10	645	743	896	411	514	564	799	826	856
Asia ex Asean/CIS	1,944	2,078	2,333	8,882	9,310	9,929	12,251	12,103	12,798
Asia-CIS	546	560	574	439	461	470	100	101	102
EU-27	826	839	854	2,742	2,686	2,781	3,054	3,001	3,034
Europe Others	865	876	916	1,071	1,071	1,112	1,133	1,201	1,255
Oceania	1,040	1,140	1,125	460	501	505	112	115	115
<b>TOTAL</b>	<b>16,697</b>	<b>17,822</b>	<b>19,223</b>	<b>20,129</b>	<b>20,922</b>	<b>22,198</b>	<b>20,550</b>	<b>20,525</b>	<b>21,429</b>
<b>World adjusted 1/ 2/</b>	<b>16,697</b>	<b>17,775</b>	<b>18,579</b>	<b>20,129</b>	<b>20,912</b>	<b>22,061</b>	<b>20,550</b>	<b>20,525</b>	<b>21,429</b>
% change		6.5%	4.5%		3.9%	5.5%		-0.1%	4.4%
<b>Refined Production - Usage Balance</b>							<b>-421</b>	<b>387</b>	<b>632</b>

1/ Based on a formula for the difference between the projected copper availability in concentrates and the projected use in primary refined production; 2/ Allowance for supply disruptions based on average ICSG forecast deviations for pre-recession years 2003/2007.