Copper: Preliminary Data for September 2011

The International Copper Study Group (ICSG) released preliminary data for September 2011 world copper supply and demand in its December 2011 Copper Bulletin. The Bulletin is available for sale upon request.

According to preliminary ICSG data, the refined copper market balance for September 2011 showed a small production deficit of 13,000 metric tonnes (t). However, when making seasonal adjustments for world refined production and usage, September showed a surplus of 18,000 t. The apparent refined copper balance for the first nine months of 2011, including revisions to data previously presented, indicates a production deficit of 170,000 t (a seasonally adjusted surplus of 33,000 t). This compares with a production deficit of 429,000 t (a seasonally adjusted deficit of 210,000 t) in the same period of 2010.

During the first nine months of 2011, world apparent usage grew by 1% compared with that in the same period of 2010. Although Chinese apparent usage grew by 9% in the 3rd quarter 2011, consumption in the first nine months was 0.5% below that in the same period of 2010, as reflected by lower net imports in the first half of 2011. In the European Union (EU), Japan, and the United States usage weakened as the year progressed, with usage in the 3rd quarter falling by 8.6% in the EU, 12 % in Japan, and 4.9% the United States compared with that in the 3rd quarter of 2010. In the first nine months of 2011, usage in these three regions declined by 0.5%, 3.8%, and 0.3% respectively. World usage without these four major users increased by 5%, primarily owing to significant increases in Russian Federation (+72%) and Indian (+7%) apparent usage.

World mine production continued to underperform relative to capacity and in the 3rd quarter 2011 was 1.8% below that in the same quarter of 2010. During the first nine months of 2011 mine production remained practically unchanged compared with production in the same period of 2010 (+0.3%): Concentrate production was unchanged and solvent extraction-electrowinning (SX-EW) grew by 1.7%. Production at three of the world’s four leading producers (Chile, Peru and the United States), that combined account for almost one half of the world’s production, was down by an aggregated 6.4% in the 3rd quarter and 3.5% during the first nine months of 2011 compared with that in the same respective periods in 2010. Production in China, currently the second leading copper mine producer, was up by 14% in the first nine month of 2011. On a regional basis, mine production increased by 4% n Africa, 2% in Europe, and 9% in Oceania, but decreased by 0.6% in the Americas and 3% in Asia. The average mine capacity utilization rate for the first nine months of 2011 fell to 77.7% from 79.2% in the same period of 2010.

During the first nine months of 2011 world refined production grew by 2.8% compared with that in the same period of 2010: Primary production increased by 1% and secondary production (from scrap) increased by 12%. Production increases of 22% in Australia (recovery from 2010 operational constraints), 17% in Chile, and 34% in the Democratic Republic of Congo were partially offset by declines in Chile (-5%), the United States (-10%), Canada (-19%), and Japan (-17%). The average refinery capacity utilization rate for the first nine months of 2011 was practically unchanged from that in the same period of 2010 at around 79.5%.

The average LME cash price for November was US$7,551.77 per tonne, up 3% from the October 2011 average of US$7,347.50 per tonne. The 2011 high and low copper prices through the end of November were US$10,148 and US$6,785 per tonne, respectively, and the average was US$8,918.55 per tonne. As of the end of November, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 538,945 t, a decrease of 29,237 t from stocks held at the end of December 2010 and a decline of 41,144 t compared to October 2011. Compared to the October levels, stocks were down at LME and SHFE and up at Comex.

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