Copper: Preliminary Data for October 2011

The International Copper Study Group (ICSG) released preliminary data for October 2011 world copper supply and demand in its January 2012 Copper Bulletin. The Bulletin is available for sale upon request.

According to preliminary ICSG data, the refined copper market balance for October 2011 showed a production deficit of 82,000 metric tonnes (t) mainly attributed to high Chinese apparent usage (Chinese usage in October was 25% higher than the average for the preceding nine months and 50% above that in October 2010). When making seasonal adjustments for world refined production and usage, October showed a deficit of 133,000 t. The apparent refined copper balance for the first ten months of 2011, including revisions to data previously presented, indicates a production deficit of 296,000 t (a seasonally adjusted deficit of 164,000 t). This compares with a production deficit of 439,000 t (a seasonally adjusted deficit of 285,000 t) in the same period of 2010.

During the first ten months of 2011, world apparent usage grew by 2% compared with that in the same period of 2010. Although Chinese apparent usage grew by 50% in October, year-to-date apparent usage was only 2.7% above that in the first ten months of 2010. Despite higher net imports in October of 295,000 t, China’s net imports for the first ten months of 2011 were 21% lower than those for the same period in 2010. In the European Union (EU), Japan, and the United States, usage weakened as the year progressed, with usage in the first ten months of 2011 falling by 4.3% in Japan and remaining practically unchanged in the EU, (+0.6%) and in the United States (+0.1%). Compared with that in the same period of 2010, world usage without these four major users increased by 4%, primarily owing to significant increases in Russian Federation (+64%) and Indian (+6%) apparent usages.

World mine production continued to underperform relative to capacity, and in the first ten months of 2011, 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 2.4%. 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 3.2% during the first ten months of 2011 compared with that in the same period of 2010. Production in China, currently the second leading copper mine producer, was up by 14% in the same period. Indonesian production declined significantly in October due to labour unrest. On a regional basis, mine production increased by 5.5% in Africa, 3% in Europe, and 9% in Oceania, but decreased by 0.6% in the Americas and 4% in Asia. The average mine capacity utilization rate for the first ten months of 2011 fell to 78% from 79.5% in the same period of 2010.

During the first ten months of 2011 world refined production grew by 3% compared with that in the same period of 2010: Primary production increased by 1.6% and secondary production (from scrap) increased by 10.5%. Production increases of 17% in Australia (recovery from 2010 operational constraints), 16% in China, and 37% in the Democratic Republic of Congo were partially offset by declines in Chile (4.5%), the United States (9%), Canada (16%), and Japan (15.5%). The average refinery capacity utilization rate for the first ten months of 2011 was practically unchanged from that in the same period of 2010 at around 79%.

The average LME cash price for December 2011 was US$7,567.55 per tonne, up from the November 2011 average of US$7,551.77 per tonne. World production and usage (LME, COMEX, SHFE) totalled 552,777 t, an aggregate decline of 15,405 t from stocks held at the end of December 2010 (decline of 6,100 t and 38,672 respectively at LME and SHFE and an increase of 29,367 at Comex).