Copper: Preliminary Data for First Half 2013

The International Copper Study Group (ICSG) released preliminary data for June 2013 world copper supply and demand in its September 2013 Copper Bulletin. The Bulletin is available for sale upon request.

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.

According to preliminary ICSG data, the refined copper market balance for June 2013 showed a production deficit of 132,000 metric tonnes (t). Although world refined production continued its gradual increase, Chinese apparent refined demand in June was at the highest level since December 2011. After making seasonal adjustments for world refined production and usage, June showed a deficit of 70,000 t. The refined copper balance for the first half of 2013, including revisions to data previously presented, indicates a production surplus of 18,000 t (a seasonally adjusted surplus of 183,000 t). This compares with a production deficit of 529,000 t (a seasonally adjusted deficit of 373,000 t) in the same period of 2012.

In the first half of 2013, world usage is estimated to have remained flat compared with that in the same period of 2012. Despite June's high level, Chinese apparent demand in the first six months was practically unchanged (-0.3%) from that in the same period of 2012 as reflected by a 30% decline in net imports of refined copper. However, anecdotal evidence suggests that the lower import level was accompanied by a decline in unreported inventories held in bonded warehouses in China, which may have been all or partially directed to domestic industrial use. (In its April 26th forecast press release ICSG said that unreported inventories in China were estimated to have risen by about 600,000 t during 2012.) Excluding China, year-on-year world usage remained unchanged, with growth in the United States and Russia offsetting the decline in Japan and the European Union. On a regional basis, usage is estimated to have declined by around 6% in Africa, increased by 3.1% in the Americas, and remained unchanged in Asia, Europe and Oceania.

World mine production is estimated to have increased by 8.8% in the first half of 2013 compared with production in the same period of 2012, mainly owing to a recovery in production levels from constrained output in early 2012. Concentrate production increased by 10.2% and solvent extraction-electrowinning (SX-EW) by 4.2%. Mine production increased by around 5.7% in Chile, the world's leading producer, and accounted for 32% of world mine production. On a regional basis, production rose by around 33% in Africa, 5.7% in the Americas, 10% in Asia, 2.9% in Europe, and 11.3% in Oceania. The average world mine capacity utilization rate for the first half of 2013 increased to around 82% from around 79% in the same period of 2012.

World refined production is estimated to have increased by around 5.5% in the first half of 2013 compared with refined production in the same period of 2012: primary production was up by around 4%, and secondary production (from scrap) increased by 11%. The main contributors to growth were Brazil (48.4%), China (15.4%), Democratic Republic of Congo (DRC) (19%) and Zambia (19.2%), with refined production declining by 6.4% in Chile, the world's second largest refined copper producer. On a regional basis, refined production is estimated to have increased in Africa (26.9%) and Asia (8.8%), but declined in Oceania (1.6%) and remained unchanged in the Americas and Europe. The average world refinery capacity utilization rate for the first half of 2013 remained at the same level of around 79% as in the same period of 2012.

The average LME cash price for August 2013 was US$7,182.26 per tonne, up from the July 2013 average of US$6,892.98 per tonne. The 2013 high and low copper prices through the end of August were US$8,242.50 (on 5 Feb) and US$6,637.50 per tonne (on 24 June), respectively, and the annual average was US$7,406.44 per tonne. As of the end of August, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 779,447 t, a decline of 190,025 t from stocks held at the end of December 2012 and a decrease of 51,414 t from stock levels at the end of July 2013. Compared with the July levels, stocks were down at all three exchanges.

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

World Refined Copper Usage and Supply Trends, 2008-2013

Thousand metric tonnes, copper

	2008	2009	2010	2011	2012	2012	2013	2013			
						Jan-Jun		Mar	Apr	May	Jun
World Mine Production	15,569	15,943	16,053	16,076	16,697	7,963	8,666	1,482	1,428	1,487	1,467
World Mine Capacity	18,551	19,254	19,560	19,824	20,380	10,049	10,525	1,799	1,748	1,814	1,763
Mine Capacity Utilization (%)	83.9	82.8	82.1	81.1	81.9	79.2	82.3	82.4	81.7	82.0	83.2
Primary Refined Production	15,391	15,407	15,732	16,126	16,546	8,093	8,443	1,455	1,396	1,435	1,394
Secondary Refined Production	2,823	2,841	3,250	3,470	3,583	1,764	1,960	338	345	338	344
World Refined Production (Secondary+Primary)	18,214	18,248	18,981	19,596	20,129	9,857	10,403	1,793	1,741	1,773	1,738
World Refinery Capacity	22,588	23,457	23,839	24,385	25,489	12,488	13,162	2,249	2,187	2,270	2,207
Refineries Capacity Utilization (%)	80.6	77.8	79.6	80.4	79.0	78.9	79.0	79.7	79.6	78.1	78.8
World Refined Usage 1/	18,053	18,070	19,346	19,830	20,550	10,386	10,385	1,709	1,734	1,795	1,871
World Refined Stocks End of Period	1,102	1,376	1,199	1,205	1,406	1,055	1,764	1,653	1,808	1,748	1,764
Period Stock Change	132	275	-177	6	200	-150	358	140	155	-60	15
Refined Balance 2/	161	178	-365	-234	-421	-529	18	84	7	-21	-132
Seasonally Adjusted Refined Balance 3/						-373	183	105	57	39	-70

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.