



## Copper: Preliminary Data for November 2017

The International Copper Study Group (ICSG) released preliminary data for November 2017 world copper supply and demand in its February 2018 Copper Bulletin. 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).

**World mine production is estimated to have declined by 2.4% in the first eleven months of 2017**, with concentrate production declining by 2% and solvent extraction-electrowinning (SX-EW) declining by 3.5%:

- The decline in world mine production was mainly due to:
  - A 1.6% decline in production in Chile, the world's biggest copper mine producing country which was negatively affected by the strike at the Escondida mine and lower output from Codelco mines.
  - Reductions in concentrate production in Argentina, Canada and Mongolia of 57%, 15.5% and 15% respectively were mainly due to lower grades in planned mining sequencing and Argentina's Alumbrera mine approaching end of life.
  - A 14.5% decline in Indonesian concentrate production as output was constrained by a temporary ban on concentrate exports that started in January and ended in April.
  - A 12% decline in production in the United States mainly due to lower ore grades, reduced mining rates and unfavourable weather conditions at the beginning of the year.
- However these reductions in output were partially offset by 30.5% and 3.7% increases in Kazakhstan and Peruvian mine production, respectively, with both countries benefitting from new and expanded capacity that was not yet fully available in 2016. Brazil, Mexico, Myanmar, Spain and Sweden also contributed to world growth.
- On a regional basis, mine production is estimated to have declined in the Americas by 2.5%, in Asia by 4.5% and in Oceania by 5% while increasing in Europe (including Russia) by 2.5% and remaining essentially unchanged in Africa.

**World refined production is estimated to have slightly increased by 0.5% in the first eleven months of 2017** with primary production (electrolytic and electrowinning) declining by around 1.5% and secondary production (from scrap) increasing by 9%:

- Increased availability of scrap allowed world secondary refined production to increase, notably in China.
- The main contributor to growth in world refined production was China (increase of 5%), followed by India (6.5%) and some EU countries recovering from maintenance shutdowns in 2016.
- However, overall growth was offset by a 7.5% decline in Chile, the second largest refined copper producer, where both primary electrolytic refined production and electrowinning production declined.
- Production also declined in the third and fourth world leading refined copper producers, namely, Japan (-4%) and the United States (-11%).
- On a regional basis, refined output is estimated to have increased in Asia (3.5%) and in Europe (3.5%) while declining in the Americas (8%) and in Oceania (15%) and remaining essentially unchanged in Africa (2%).

**World apparent refined usage is estimated to have increased modestly by 0.6% during the first eleven months of 2017:**

- Improved scrap supply constrained world refined copper usage growth globally in 2017.
- Preliminary data indicates that world ex-China usage increased by 0.3% while Chinese apparent usage (currently representing almost 50% of world refined usage) increased by around 0.9%.
- Chinese apparent usage (excluding changes in unreported stocks) increased by 0.9% as although refined copper production increased by 5%, net imports of refined copper declined by 9%.
- Among other major copper using countries, usage increased in India and Japan but declined in the United States, Germany and South Korea.

**World refined copper balance for the first eleven months of 2017 indicates a deficit of about 195,000 t** (including revisions to data previously presented):

- This is mainly due to an almost stagnant growth in world refined copper supply.
- 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 table below 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 eleven months of 2017, the world refined copper balance adjusted for changes in Chinese bonded stocks indicates a deficit of around 175,000 t.

### Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 40,000 t in the first eleven months of 2017 from the year-end 2016 level. Bonded stocks increased by about 25,000 t in the same period of 2016.
- As of the end of January, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 670,553 t, an increase of 128,024 t (24%) from stocks held at the end of December 2017. Compared with the December 2017 levels, stocks were up at the LME (52%), at SHFE (9%) and COMEX (5%).
- The average LME cash price for January was US\$7080.30/t, up from the December 2017 average of US\$6,801.16/t.
- The 2018 high and low copper prices through the end of January were US\$7,202.50 per tonne (on 4<sup>th</sup> Jan) and US\$6,905 per tonne (on 23<sup>th</sup> Jan), respectively, and the year average was US\$7080.30/t per tonne (15% above 2017 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 table on next page)

### World Refined Copper Usage and Supply Trends, 2013-2017

Thousand metric tonnes, copper

	2013	2014	2015	2016	2016	2017	2017			
					Jan-Nov	Aug	Sep	Oct	Nov	
World Mine Production	18,185	18,432	19,148	20,357	18,558	18,113	1,722	1,681	1,758	1,736
World Mine Capacity	20,778	21,548	22,359	23,367	21,421	22,124	2,041	1,983	2,056	1,998
Mine Capacity Utilization (%)	87.5	85.5	85.6	87.1	86.6	81.9	84.4	84.8	85.5	86.9
Primary Refined Production	17,255	18,576	18,925	19,473	17,800	17,557	1,627	1,593	1,622	1,623
Secondary Refined Production	3,803	3,915	3,945	3,866	3,521	3,848	351	352	365	362
World Refined Production (Secondary+Primary)	21,058	22,491	22,871	23,339	21,321	21,404	1,978	1,945	1,987	1,986
World Refinery Capacity	25,568	26,468	26,575	26,978	24,696	25,119	2,338	2,265	2,343	2,270
Refineries Capacity Utilization (%)	82.4	85.0	86.1	86.5	86.3	85.2	84.6	85.9	84.8	87.5
World Refined Usage 1/	21,396	22,885	23,040	23,495	21,475	21,600	1,896	2,060	1,960	2,026
World Refined Stocks End of Period	1,325	1,350	1,521	1,391	1,304	1,390	1,436	1,447	1,425	1,390
Period Stock Change	-52	25	171	-130	-216	-2	-71	11	-22	-35
Refined Balance 2/	-337	-394	-169	-156	-154	-196	82	-115	27	-40
Seasonally Adjusted Refined Balance 3/					-107	-146	-37	-78	0	-16
Refined Balance Adjusted for Chinese bonded stock change 4/	-585	-418	-272	-143	-114	-173	82	-130	12	-50

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".