



## Copper: Preliminary Data for March 2019

The International Copper Study Group (ICSG) released preliminary data for March 2019 world copper supply and demand in its June 2019 Copper Bulletin. The Bulletin and ICSG online statistical database provide detailed data, on a country basis, for copper mine, smelter, refined and semis production and copper refined usage, trade, stocks and prices. 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).

**Preliminary data indicates that world mine production declined by about 1.3% in the first quarter of 2019**, with concentrate production declining by about 1% and solvent extraction-electrowinning (SX-EW) by 3.5%:

- Although a few countries experienced growth, this was largely offset by declines in two major producing countries, namely Chile and Indonesia.
- Production in Chile, the world's biggest copper mine producing country, declined by 5% mainly due to lower copper head grades.
- Indonesian concentrate production declined by 52% primarily as a consequence of the transition of the country's major two mines to different ore zones leading to temporarily reduced output levels.
- After aggregated growth of 11% in 2018, production in the Democratic Republic of Congo (DRC) and Zambia increased by only 1.7% in the first quarter of 2019 as reduced production at some mines partially off-set ramp-up output at other operations.
- Production in Peru (the world's second largest copper mine producing country), Australia, China and Mongolia increased due to improved grades and recovery from constrained output in 2018.
- On a regional basis, mine production is estimated to have increased by around 2% in Africa, 2% in North America and 5% in Oceania but declined by about 3% in Asia, 3% in Latin America and 3.5% in Europe.

**Preliminary data indicates that world refined production declined by around 1.1% in the first quarter of 2019** with primary production (electrolytic and electrowinning) declining by around 1.5% and secondary production (from scrap) increasing by 0.7%.

- The decline in world refined production was mainly due to:
  - A 32% decline in Chilean electrolytic refined output due mainly to temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations.
  - A decline of 45% in India's production negatively impacted by the shutdown of Vedanta's Tuticorin smelter in April 2018.
  - A 28% decrease in Zambian refined output due to power supply interruptions, smelter outages and the introduction on the 1<sup>st</sup> January 2019 of a 5% custom duty on copper concentrate imports.
  - Reduced output in major producing countries including Germany, Japan, Peru and the United States due to smelter maintenance shutdowns.
- However overall decline was partially offset by growth in China due to the continued expansion of Chinese smelter/refinery capacity. Other countries recovering from production constraints in 2018 such as Australia, Brazil and Poland also contributed to growth.
- On a regional basis, refined output is estimated to have increased Asia (2.5%) and in Oceania (24%) while declining in Africa (-8%), in the Americas (-12%) and remaining essentially unchanged in Europe.

**Preliminary data indicates that world apparent refined usage increased by about 0.8% in the first quarter of 2019:**

- Chinese apparent usage grew by around 4%.
- Among other major copper users, demand increased in India but declined in the EU and the United States, remaining essentially flat in Japan.
- World ex-China usage declined by around 2%.

**Preliminary world refined copper balance in the first quarter of 2019 indicates a small deficit of about 30,000t:**

- 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 attached table 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 quarter of 2019, the world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market surplus of around 105,000 t.

### Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks are thought to have increased by 135,000 t in the first quarter of 2019 compared to the year-end 2018 level. Bonded stocks decreased by around 5,000 t in the same period of 2018.
- As of the end of May, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 405,940 t, an increase of 55,444 t (+16%) from stocks held at the end of December 2018. Stocks were up at the LME (+60%) and SHFE (+39%) and down at COMEX (-71%).
- The average LME cash price for May 2019 was US\$ 6,028.31 /t, down 6.5% from the April average of US\$ 6,445.10 /t.
- The 2019 high and low copper prices through the end of May were US\$6,572 per tonne (on 1<sup>st</sup> Mar) and US\$5,780.50 per tonne (on the 31<sup>st</sup> May), respectively, and the year average was US\$6,221.50/t per tonne (4.6% below the 2018 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, 2015-2019

Thousand metric tonnes, copper

	2015	2016	2017	2018	2018	2019	2018	2019		
					Jan-Mar	Dec	Jan	Feb	Mar	
World Mine Production	19,149	20,386	20,096	20,614	4,961	4,896	1,832	1,667	1,521	1,708
World Mine Capacity	22,349	23,414	23,861	23,884	6,063	6,033	2,063	2,070	1,877	2,086
Mine Capacity Utilization (%)	85.7	87.1	84.2	86.3	81.8	81.1	88.8	80.5	81.0	81.9
Primary Refined Production	18,897	19,495	19,500	20,068	4,871	4,798	1,760	1,649	1,485	1,664
Secondary Refined Production	3,945	3,866	4,053	4,043	1,013	1,020	337	354	320	346
World Refined Production (Secondary+Primary)	22,843	23,362	23,553	24,111	5,884	5,818	2,097	2,003	1,805	2,010
World Refinery Capacity	26,542	26,843	27,370	27,625	6,791	6,992	2,393	2,401	2,175	2,416
Refineries Capacity Utilization (%)	86.1	87.0	86.1	87.3	86.6	83.2	87.6	83.4	83.0	83.2
World Refined Usage 1/	23,081	23,512	23,732	24,510	5,802	5,850	2,083	2,056	1,733	2,061
World Refined Stocks End of Period	1,505	1,375	1,381	1,235	1,746	1,334	1,235	1,224	1,283	1,334
Period Stock Change	171	-130	6	-147	364	100	40	-11	59	52
Refined Balance 2/	-239	-151	-179	-399	81	-32	14	-53	72	-51
Seasonally Adjusted Refined Balance 3/					31	-115	-3	-67	-6	-42
Refined Balance Adjusted for Chinese bonded stock change 4/	-342	-138	-177	-456	76	103	27	-33	137	-1

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".