



## Copper: Preliminary Data for June 2020

The International Copper Study Group (ICSG) released preliminary data for June 2020 world copper supply and demand in its September 2020 Copper Bulletin. The Bulletin and ICSG online statistical database provide detailed data, on a country basis, for copper mine, smelter, refined and semis production, copper refined usage, trade, stocks and prices. The bulletin is available for sale (annual subscription €550/€850 for orders originating from/outside institutions based in ICSG member countries).

**Preliminary data indicates that world copper mine production declined by 1% in the first half of 2020**, with concentrate production declining by 1.2% and solvent extraction-electrowinning (SX-EW) falling by 0.4%.

- World mine production is estimated to have declined by 4% in April-May as these two months were the most affected by the COVID-19 related global lockdown that resulted in temporary mine shutdowns/reduced production levels. However, world mine production started to recover in May as lockdown measures eased and June output reached the same level as June 2019.
- In Peru, stoppages resulting from the COVID-19 pandemic combined with operational issues/adverse weather that affected a few major mines, led to a 20% decline in mine output over the first half of 2020 including a significant decline of 38% in April-May compared to the same period of 2019. However, as the Peruvian mining industry started to recover the extent of the reduction narrowed to 9% in June, compared to the same month in 2019.
- Mine production also declined in Australia, Canada, Mexico, Mongolia, and the United States.
- In Chile, the world's biggest copper mine producing country, output increased by 2.6%, recovering from production constraints in early 2019 (production was down by 2.5% in 1<sup>st</sup> Half of 2019).
- In the Democratic Republic of Congo (DRC), mine production increased by 5% as output from ramp-up mines more than offset the temporary closure of the Mutanda mine in December 2019.
- In Indonesia, production grew by 18% as output levels improved following the transition of the country's major two copper mines to different ore zones in 2019.
- Although Panama's sole copper mine was temporarily shut down from early April to July due to COVID-19 restrictions, comparative year on year production was higher over the first half of 2020 as the country only started producing copper in March 2019.

**Preliminary data indicates that world refined copper production increased by 1% during the first half of 2020** with primary production (electrolytic and electrowinning) up by 2.3% and secondary production (from scrap) down by 5.2%.

- Chilean electrolytic refined output increased by 51% as in the comparative period of 2019 production was negatively affected by temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations. Total Chilean refined copper production (including Electrowinning) increased by 12.5%.
- Chinese refined production growth was negatively impacted by temporary shutdowns related to COVID-19 restrictions, tight scrap supply and constraints associated with concentrate imports and oversupply in the sulphuric acid market.
- In Africa, refined production was up 4% in the DRC but fell by 16% in Zambia due to operational issues and temporary shutdowns.
- Indian refined output decreased by 25% primarily as a consequence of the temporary suspension of Birla Copper's operations at the end of March following a national lockdown due to COVID-19.
- Japanese refined production rose by 4% mainly recovering from a number of maintenance shutdowns in the same period of 2019.
- In the United States, maintenance shutdowns and the long strike at Asarco led to an estimated decline of 12% in refined output.
- Globally, constrained scrap supply due to the COVID-19 lockdown and lower copper prices have negatively impacted world secondary refined production.

**Preliminary data indicates that world apparent refined copper usage remained essentially unchanged in the first half of 2020:**

- The COVID-19 related global lockdown has had a significant negative impact on the world economy and subsequently on key copper end-use sectors.
- World ex-China refined copper usage is estimated to have declined by about 9%: among the biggest copper using regions, refined usage declined by 12% in Japan, 10% in the EU, 4.5% in the United States and by about 8% in Asia (Ex-China).
- However, due to a 31% increase in net refined copper imports, Chinese apparent usage increased by 9% offsetting declines in other regions of the world. Real Chinese industrial usage was negatively impacted by COVID-19 related production suspensions at semis fabricators early in the year and weaker external demand and should present a lower growth than apparent usage.

**Preliminary world refined copper balance in the first half of 2020 indicates an apparent deficit of 235,000 t:**

- 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 half of 2020, the world refined copper balance, based on Chinese apparent usage (excluding unreported/bonded stocks), indicated a deficit of 235,000 t. The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market deficit of about 278,000 t.

**Copper Prices and Stocks:**

- Based on the average of estimates provided by independent consultants, China's bonded stocks are thought to have declined by about 43,000 t over the first half of 2020 compared to the year-end 2019 level.
- As of the end of August, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 335,832 t, an increase of 33,445 t (11%) from stocks held at the end of December 2019. Stocks were up at SHFE (+38%) and COMEX (+127%) and down at the LME (-39%)
- The average LME cash price for August 2020 was US\$ 6,496.70 /t, up 2.3% from the July average of US\$ 6,353.76 /t. The 2020 high and low copper prices through the end of August were US\$ 6,728 /t (on 28<sup>th</sup> Aug) and US\$ 4,617.50 /t (on 23<sup>rd</sup> Mar), respectively, and the year average was US\$ 5,735.43 /t (4.4% below the 2019 annual average).

(World Refined Copper Usage and Supply Trends table on next page)

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

Thousand metric tonnes, copper

	2017	2018	2019	2019	2020	2020			
				Jan-Jun	Mar	Apr	May	Jun	
World Mine Production	20,068	20,571	20,536	9,937	9,838	1,690	1,595	1,649	1,688
World Mine Capacity	23,988	24,057	24,133	12,355	12,393	2,119	2,058	2,134	2,073
Mine Capacity Utilization (%)	83.7	85.5	85.1	80.4	79.4	79.8	77.5	77.3	81.5
Primary Refined Production	19,485	20,023	19,992	9,751	9,971	1,661	1,651	1,713	1,725
Secondary Refined Production	4,063	4,035	4,054	2,032	1,927	307	310	339	336
World Refined Production (Secondary+Primary)	23,548	24,058	24,046	11,783	11,898	1,968	1,961	2,052	2,061
World Refinery Capacity	27,540	27,979	28,788	14,192	14,611	2,499	2,425	2,511	2,436
Refineries Capacity Utilization (%)	85.5	86.0	83.5	83.0	81.4	78.7	80.9	81.7	84.6
World Refined Usage 1/	23,710	24,489	24,455	12,092	12,133	1,949	2,085	2,088	2,253
World Refined Stocks End of Period	1,375	1,227	1,229	1,268	1,337	1,551	1,491	1,427	1,337
Period Stock Change	10	-148	1	41	109	3	-60	-64	-90
Refined Balance 2/	-161	-431	-409	-309	-235	18	-124	-36	-192
Seasonally Adjusted Refined Balance 3/				-239	-163	-22	-16	3	-169
Refined Balance Adjusted for Chinese bonded stock change 4/	-159	-490	-587	-287	-278	23	-169	-111	-205

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".