



Copper: Preliminary Data for 1st Half 2019

The International Copper Study Group (ICSG) released preliminary data for June 2019 world copper supply and demand in its September 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 1.4% in the 1st Half of 2019, with concentrate production declining by 1% and solvent extraction-electrowinning (SX-EW) by 3.5%:

- Reduced output in two major producing countries, namely Chile and Indonesia, more than offset growth in other countries.
 - Production in Chile, the world's biggest copper mine producing country, declined by 2.5% mainly due to lower copper head grades.
 - Concentrate production in Indonesia declined by 55% 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 13% in 2018, production in the Democratic Republic of Congo (DRC) and Zambia remained essentially unchanged in the first half of 2019 as temporary reduced production at some mines 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 North America and 7% in Oceania but declined by 6% in Asia, 1% in Latin America and 3% in Europe and remained essentially flat in Africa.

Preliminary data indicates that world refined production declined by about 1% in the 1st Half of 2019 with primary production (electrolytic and electrowinning) declining by 1.5% and secondary production (from scrap) increasing by 1%.

- The fall in world refined production was mainly due to:
 - A 38% decrease in Chilean electrolytic refined output due to temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations. Total Chilean refined production (including Electrowinning) declined by 15%.
 - A decline of 33% in India's production which was 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 1st January 2019 of a 5% custom duty on copper concentrate imports constraining smelter feed.
 - Reduced output in Japan, Peru, the United States and a few European countries due to smelter maintenance shutdowns.
- However these reductions were largely offset by growth in Chinese output and by increases in countries recovering from production constraints in 2018 such as Australia, Brazil, Iran and Poland.
- On a regional basis, refined output is estimated to have increased in Asia (2%) and in Oceania (15%) but declined in Africa (-9%), the Americas (-10%) and in Europe (-1%).

Preliminary data indicates that world apparent refined usage declined by about 1% in the 1st Half of 2019:

- Although Chinese net refined copper imports declined by 16%, Chinese apparent usage grew by around 3% as a consequence of higher Chinese refinery output.
- Among other major copper users, demand increased in India and Taiwan (China) but declined in the EU and Japan.
- World ex-China usage declined by around 3%.

Preliminary world refined copper balance in the 1st Half of 2019 indicates a deficit of about 220,000t:

- 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 1st Half of 2019, the world refined copper balance, based on apparent Chinese usage (excluding unreported/bonded stocks), indicated a deficit of about 220,000 t.
- The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market deficit of around 190,000 t.

Copper Prices and Stocks:

- Based on the average of estimates provided by independent consultants, China's bonded stocks are thought to have increased by about 30,000 t in the 1st Half of 2019 compared to the year-end 2018 level. Bonded stocks increased by around 5,000 t in the same period of 2018.
- As of the end of August, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 519,745 t, an increase of 169,249 t (+48%) from stocks held at the end of December 2018. Stocks were up at the LME (+154%) and SHFE (+21%) and down at COMEX (-60%).
- The average LME cash price for August 2019 was US\$ 5,707.98 /t, down 3.9% from the July average of US\$ 5,939.85 /t.
- The 2019 high and low copper prices through the end of August were US\$6,572 /t (on 1st Mar) and US\$5,647 /t (on the 5th August), respectively, and the year average was US\$6,076.72 /t (6.8% below the 2018 annual average).

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

World Refined Copper Usage and Supply Trends

Thousand metric tonnes, copper

	2016	2017	2018	2018	2019	2019			
				Jan-Jun	Mar	Apr	May	Jun	
World Mine Production	20,386	20,097	20,557	10,058	9,919	1,691	1,631	1,735	1,679
World Mine Capacity	23,481	23,993	24,082	12,324	12,368	2,114	2,054	2,130	2,068
Mine Capacity Utilization (%)	86.8	83.8	85.4	81.6	80.2	80.0	79.4	81.5	81.2
Primary Refined Production	19,490	19,495	20,061	9,855	9,708	1,661	1,622	1,660	1,636
Secondary Refined Production	3,866	4,053	4,043	2,016	2,032	346	334	344	333
World Refined Production (Secondary+Primary)	23,357	23,548	24,104	11,871	11,740	2,007	1,957	2,004	1,969
World Refinery Capacity	26,853	27,375	27,710	13,707	14,108	2,413	2,341	2,426	2,354
Refineries Capacity Utilization (%)	87.0	86.0	87.0	86.6	83.2	83.2	83.6	82.6	83.7
World Refined Usage 1/	23,512	23,732	24,511	12,047	11,960	2,009	2,080	2,074	1,991
World Refined Stocks End of Period	1,365	1,375	1,227	1,571	1,244	1,312	1,323	1,265	1,244
Period Stock Change	-140	10	-148	196	17	47	10	-58	-20
Refined Balance 2/	-156	-183	-407	-177	-220	-3	-123	-70	-21
Seasonally Adjusted Refined Balance 3/				-95	-146	-21	-21	-23	11
Refined Balance Adjusted for Chinese bonded stock change 4/	-143	-181	-467	-174	-193	47	-118	-117	-89

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".