



Copper: Preliminary Data for March 2015

The International Copper Study Group (ICSG) released preliminary data for March 2015 world copper supply and demand in its June 2015 Copper Bulletin. The Bulletin is available for sale upon request.

In developing its global market balance, the ICSG uses an apparent demand calculation for China—the leading global consumer of copper accounting for about 40% of world demand—that does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader]. To facilitate global market analysis, however, an additional line item—Refined World Balance Adjusted for Chinese Bonded Stock

Changes—is included 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. The resulting adjustments to world refined copper balance are discussed separately in italics below.

According to preliminary ICSG data, the refined copper market balance for March 2015 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production surplus of about 6,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, March showed a production surplus of around 15,000 t. The refined copper balance for the first quarter of 2015, including revisions to data previously presented, indicates a production surplus of 167,000 t (a seasonally adjusted surplus of 136,000 t). This compares with a production deficit of 233,000 t (a seasonally adjusted deficit of 268,000 t) for the same period of 2014.

In the first quarter of 2015, world apparent usage is estimated to have declined by around 3% (150,000 t) compared with that in the same period of 2014. Chinese apparent demand declined by 4% (110,000 t) based on a 20% decrease in net imports of refined copper from the high net import level in early 2014 and consequently higher apparent usage. Excluding China, world usage declined by around 1.5% mainly due to a decline of 40% in Russia's apparent usage (following the withdrawal of Russia's cathode export tax in September 2014) and a decline of 3% and 5% in Japan and the EU, respectively. On a regional basis, usage is estimated to have declined by 2% in Asia (when excluding China, Asia usage increased by 4%), by 9% in Europe and by 81% in Oceania. Usage increased by 6% and 3% in Africa and the Americas, respectively.

World mine production is estimated to have increased by around 1.5% (70,000 t) in the first quarter of 2015 compared with production in the same period of 2014. Concentrate production increased by 1% while solvent extraction-electrowinning (SX-EW) increased by 3%. The increase in world mine production was mainly due to a recovery in production levels at mines in Indonesia and Chile, although the latter also benefited from production at mines that started last year. Production in Peru was flat and in the United States production declined by 9%. On a regional basis, production rose by 1% in Africa, 2.5% in South America, 10% in Asia and 1% in Europe, but declined by 6% in North America and 12% in Oceania. The average world mine capacity utilization rate for the first quarter of 2015 declined to 84% from 86% in the same period of 2014.

World refined production is estimated to have increased by around 5% (245,000t) in the first quarter of 2015 compared with refined production in the same period of 2014: primary production was up by 3% and secondary production (from scrap) was up by 12%. The main contributor to growth was China (up by 9%), followed by the Philippines and Indonesia where production was reduced in the first quarter of last year due to operational constraints. Production also increased in the DRC (+17%). Output in Chile, the second leading refined copper producer, declined by 4%, and in the United States production declined by 3.5%. On a regional basis, refined production is estimated to have increased in Africa (8.5%), Asia (8%) and Oceania (2%) and to have declined in the Americas (-1%) while remaining essentially unchanged in Europe. The average world refinery capacity utilization rate for the first quarter of 2015 increased to 81% from 80% in the same period of 2014.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by 15,000t in the first quarter of 2015 from the yearend 2014 level. Stocks increased by around 160,000 t in the same period of 2014. In the first quarter of 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production surplus of around 182,000 t compared with a deficit of around 70,000 t in the same period of 2014.

The average LME cash price for May was US\$6,300.61 per tonne, up from the April average of US\$6,028.48 per tonne. The 2015 high and low copper prices through the end of May were US\$6,448.00 (on 12th May) and US\$5,390.50 per tonne (on 29th Jan), respectively, and the year-to-date average was US\$5,949.25 per tonne (13% below 2014 annual average). As of the end of May, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 497,431 t, an increase of 190,994 t (62%) from stocks held at the end of December 2014. Compared with the April levels, stocks were down at the three exchanges.

Please visit the ICSG website 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, 2011-2015

Thousand metric tonnes, copper

	2011	2012	2013	2014	2014	2015	2014	2015		
					Jan-Mar	Dec	Jan	Feb	Mar	
World Mine Production	16,056	16,778	18,272	18,714	4,567	4,640	1,648	1,608	1,448	1,584
World Mine Capacity	19,468	19,964	20,787	21,734	5,284	5,537	1,892	1,900	1,723	1,915
Mine Capacity Utilization (%)	82.5	84.0	87.9	86.1	86.4	83.8	87.1	84.7	84.0	82.7
Primary Refined Production	16,132	16,590	17,239	18,571	4,413	4,552	1,648	1,544	1,427	1,580
Secondary Refined Production	3,468	3,596	3,803	3,909	896	1,004	343	350	318	336
World Refined Production (Secondary+Primary)	19,600	20,186	21,043	22,479	5,309	5,556	1,991	1,894	1,746	1,916
World Refinery Capacity	24,030	25,107	26,455	27,382	6,653	6,855	2,352	2,356	2,133	2,366
Refineries Capacity Utilization (%)	81.6	80.4	79.5	82.1	79.8	81.1	84.6	80.4	81.9	81.0
World Refined Usage 1/	19,705	20,441	21,370	22,886	5,542	5,389	1,855	1,859	1,620	1,910
World Refined Stocks End of Period	1,205	1,376	1,325	1,339	1,389	1,550	1,339	1,410	1,509	1,550
Period Stock Change	7	171	-52	14	64	211	108	72	99	41
Refined Balance 2/	-105	-255	-328	-407	-233	167	135	36	126	6
Seasonally Adjusted Refined Balance 3/					-268	136	30	39	82	15
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	313	-584	-420	-70	182	122	33	126	21

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 paragraph 2 of the press release.