



Copper: Preliminary Data for October 2016

The International Copper Study Group (ICSG) released preliminary data for October 2016 world copper supply and demand in its January 2017 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 increased by around 5% (815,000 t) in the first ten months of 2016 with concentrate production increasing by 7% and solvent extraction-electrowinning (SX-EW) declining by 1.5%:

- The increase in world mine production was mainly due to a 43% (590,000 t) rise in Peruvian output that is benefitting from new and expanded capacity brought on stream in the last two years
- A recovery in production levels in Canada, Indonesia and the United States, and expanded capacity in Mexico, also contributed to world mine production growth
- However overall growth was partially offset by a 4.5% decline in production in Chile, the world's biggest copper mine producer, and a 6% decline in DRC where output is being constrained by temporary production cuts
- On a regional basis, production rose by 6% in the Americas and 10% in Asia but declined by 4% in Africa while remaining essentially unchanged in Europe and Oceania

World refined production is estimated to have increased by about 3% (540,000 t) in the first ten months of 2016 with primary production (including Electrowinning increasing by 2.5% and secondary production (from scrap) by 6%:

- The main contributor to growth was China (increase of 7%), followed by the United States where production increased by 12% and Mexico (18%) where expanded SX-EW capacity is contributing to refined production growth
- Output in Chile and Japan, the second and third leading refined copper producers, declined by around 1% and increased by about 4% respectively
- Production in the DRC and Zambia declined by an aggregated 13% mainly due to the impact of temporary production cuts
- On a regional basis, refined output is estimated to have increased in the Americas (3%), Asia (6%) and Oceania (3%) while declining in Africa (12%) and in Europe (including Russia) (3%)

World apparent refined usage is estimated to have increased by around 3% (515,000 t) in the first ten months of 2016:

- Growth mainly due to increase in Chinese apparent demand as world usage excluding China remained essentially unchanged
- Chinese apparent demand (excluding changes in unreported stocks) increased by around 5% based mainly on 7% growth in refined production as in fact net imports of refined copper declined by 4%. Net refined copper imports have been on a declining trend in 2016 with the monthly average in the third quarter 40% below that of the 1st half. Monthly average Chinese apparent demand in the 3rd quarter 2016 is 5% below that in the first half
- Usage in the United States and Japan, the second and third leading refined copper using countries, is down by 4% and 3% respectively
- On a regional basis, usage is estimated to have increased by 4% in Asia (when excluding China, Asia usage increased by 2%) and by 1.5% in Europe (by 1% in the EU), while declining by 3.5% in the Americas

World refined copper balance for the first ten months of 2016 indicates a deficit of around 64,000 t:

- This is mainly because of a 5% increase in Chinese apparent demand in the first ten months of 2016
- 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 ten months of 2016, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a deficit of around 24,000 t
- The refined copper market balance for the month of October 2016 showed a surplus of around 48,000 t

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 ten months of 2016 from the year-end 2015 level. Bonded stocks decreased by around 115,000 t in the same period of 2015
- The average LME cash price for December was US\$5,658.89 per tonne, up from the November average of US\$5,443.25 per tonne
- The 2016 high and low copper prices were US\$5,935.50 (on 28th Nov) and US\$4,310.50 per tonne (on 15th Jan), respectively, and the year average was US\$4,862.59 per tonne (11.5% below 2015 annual average)
- As of the end of December, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 539,073 t, an increase of 57,205 t (12%) from stocks held at the end of December 2015. Compared with the December 2015 levels, stocks were down at SHFE and up at the LME and COMEX

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, 2012-2016

Thousand metric tonnes, copper

	2012	2013	2014	2015	2015	2016	2016			
					Jan-Oct	Jul	Aug	Sep	Oct	
World Mine Production	16,687	18,171	18,433	19,147	15,847	16,664	1,681	1,712	1,670	1,719
World Mine Capacity	19,928	20,658	21,409	22,306	18,635	19,336	1,967	1,974	1,918	1,990
Mine Capacity Utilization (%)	83.7	88.0	86.1	85.8	85.0	86.2	85.5	86.7	87.1	86.4
Primary Refined Production	16,606	17,256	18,568	18,927	15,648	15,996	1,629	1,625	1,590	1,614
Secondary Refined Production	3,596	3,803	3,915	3,945	3,230	3,419	356	371	363	363
World Refined Production (Secondary+Primary)	20,203	21,060	22,483	22,872	18,878	19,415	1,985	1,997	1,954	1,977
World Refinery Capacity	24,504	25,839	26,736	27,020	22,517	23,008	2,352	2,359	2,289	2,372
Refineries Capacity Utilization (%)	82.4	81.5	84.1	84.6	83.8	84.4	84.4	84.6	85.3	83.4
World Refined Usage 1/	20,473	21,396	22,880	23,035	18,966	19,479	1,841	1,844	1,971	1,929
World Refined Stocks End of Period	1,376	1,325	1,350	1,521	1,499	1,355	1,346	1,416	1,421	1,355
Period Stock Change	171	-52	25	171	149	-166	103	70	5	-66
Refined Balance 2/	-270	-336	-397	-164	-89	-64	144	153	-18	48
Seasonally Adjusted Refined Balance 3/					-15	3	124	50	22	65
Refined Balance Adjusted for Chinese bonded stock change 4/	298	-583	-421	-267	-204	-24	134	135	-58	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 the paragraph of the press release on "World refined copper balance".