



Copper: Preliminary Data for January 2017

The International Copper Study Group (ICSG) released preliminary data for January 2017 world copper supply and demand in its April 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 4% in January 2017 year on year, with concentrate production increasing by around 5% and solvent extraction-electrowinning (SX-EW) declining by 2%:

- The increase in world mine production was mainly due to:
 - A 25% rise in Peruvian concentrate output that benefitted from new and expanded capacity that was not yet fully available in January 2016. However, January 2017 production was 6% lower than the average production level in the 4th quarter 2016.
 - A 22% rise in Mexican mine production (concentrate and SX-EW) that benefitted from expanded capacity brought on stream during last year.
- However overall growth was partially offset by a 2.5% decline in production in Chile, the world's biggest copper mine producer. No major supply disruption occurred in January in Chile and the decline was mainly due to a reduction in SX-EW output at some mines.
- Indonesian production was constrained by a temporary ban in concentrate exports that started during the month.
- On a regional basis, production rose by 3% in the Americas, 6% in Asia, 4% in Europe and 10% in Oceania while remaining essentially unchanged in Africa.

World refined production is estimated to have increased by about 2% in January 2017 with primary production (Electrolytic and Electrowinning) remaining essentially unchanged and secondary production (from scrap) increasing by 13%:

- Increased availability of scrap allowed world secondary refined production to increase, notably in China where the upward trend started in 4th quarter 2016.
- The main contributor to growth in world refined production was China (increase of 10%) followed by Mexico (16%) where expanded SX-EW capacity contributed to refined production growth.
- However, overall growth was partially offset by a 10% decline in Chile, the second world leading refined copper producer, where both primary electrolytic refined production and electrowinning production declined.
- Production also declined in Japan (mainly in electrolytic production from concentrates) and in the United States (mainly in electrowinning output).
- On a regional basis, refined output is estimated to have increased in Asia (6%), in Africa (3%) and in Europe (including Russia) (2%) while declining in the Americas (6%) and remaining essentially unchanged in Oceania.

World apparent refined usage is estimated to have increased by around 1.8% in January 2017:

- Preliminary January data indicates that world ex-China usage growth at 1.9% was slightly higher than growth in Chinese apparent demand.
- Chinese apparent demand (excluding changes in unreported stocks) increased by only 1.7% because although refined copper production increase by 10%, net imports of refined copper declined by 17%.
- Usage growth in other Asian countries as well as in some countries in Europe contributed to world growth.
- On a regional basis, usage is estimated to have increased by 2% in Asia (when excluding China, Asia usage increased by 3.5%) and by 3.5% in Europe, while declining in all the other regions.

World refined copper balance for January 2017 indicates a surplus of around 50,000 t:

- This is mainly because of a higher growth rate in world refined production coupled with a lower growth rate in Chinese apparent demand.
- 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 January 2017, the world refined copper balance adjusted for changes in Chinese bonded stocks indicates a surplus of around 75,000 t.

Copper Prices and stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 25,000 t in January 2017 from the year-end 2016 level. Bonded stocks decreased by around 13,000 t in January 2016.
- The average LME cash price for March 2017 was US\$5,821.52 per tonne, down from the February average of US\$5,941.55 per tonne.
- The 2017 high and low copper prices through the end of March were US\$6,145.00 (on 14th Feb) and US\$5,500.50 per tonne (on 4th Jan), respectively, and the year average was US\$5,831.44 per tonne (20% above 2016 annual average).
- As of the end of March, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 722,019 t, an increase of 182,946 t (34%) from stocks held at the end of December 2016. Compared with the December 2016 levels, stocks were down at the LME (-9%) and up at SHFE (110%) and COMEX (62%).

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, 2013-2017

Thousand metric tonnes, copper

	2013	2014	2015	2016	2016	2017	2016				2017
					Jan	Oct	Nov	Dec	Jan		
World Mine Production	18,185	18,431	19,132	20,216	1,585	1,646	1,742	1,729	1,786	1,646	
World Mine Capacity	20,747	21,541	22,431	23,420	1,959	2,043	2,020	1,962	2,035	2,043	
Mine Capacity Utilization (%)	87.7	85.6	85.3	86.3	80.9	80.6	86.2	88.1	87.8	80.6	
Primary Refined Production	17,257	18,565	18,924	19,431	1,630	1,631	1,637	1,597	1,670	1,631	
Secondary Refined Production	3,803	3,915	3,945	3,877	305	345	338	339	345	345	
World Refined Production (Secondary+Primary)	21,060	22,480	22,870	23,308	1,935	1,976	1,975	1,936	2,015	1,976	
World Refinery Capacity	25,779	26,680	26,750	27,129	2,291	2,346	2,328	2,259	2,340	2,346	
Refineries Capacity Utilization (%)	81.7	84.3	85.5	85.9	84.5	84.2	84.8	85.7	86.1	84.2	
World Refined Usage 1/	21,396	22,880	23,041	23,437	1,891	1,925	1,938	1,955	2,015	1,925	
World Refined Stocks End of Period	1,325	1,350	1,521	1,403	1,585	1,404	1,359	1,304	1,403	1,404	
Period Stock Change	-52	25	171	-118	64	1	-67	-55	99	1	
Refined Balance 2/	-335	-400	-171	-129	44	51	37	-19	0	51	
Seasonally Adjusted Refined Balance 3/					-1	-3	27	20	-65	-3	
Refined Balance Adjusted for Chinese bonded stock change 4/	-583	-424	-274	-116	57	76	77	6	13	76	

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".