Copper: Preliminary Data for March 2017

The International Copper Study Group (ICSG) released preliminary data for March 2017 world copper supply and demand in its June 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 declined by around 3.5% in the first quarter of 2017, with concentrate production declining by around 3% and solvent extraction-electrowinning (SX-EW) declining by 6%:

- The decline in world mine production was mainly due to:
  - A 14% decline in production in Chile, the world's biggest copper mine producing country, negatively affected by the strike at Escondida mine and lower output from Codelco mines.
  - A decline in Canada and Mongolia concentrates production of 18% and 23%, respectively, mainly due to lower grades in planned mining sequencing.
  - A 10% decline in Indonesian concentrate production as output was constrained by a temporary ban on concentrate exports that started in January and ended in April.
- However overall decline was partially offset by a 17% and 9% rise in Mexican (concentrate and SX-EW) and Peruvian (concentrate) output, respectively, with both countries benefitting from new and expanded capacity that was not yet fully available in the same period of last year.
- On a regional basis, production rose by 5% in Europe (including Russia) and 9% in Oceania while declining by 7% in the Americas and 5% in Africa, and remaining essentially unchanged in Asia.

World refined production is estimated to have remained essentially unchanged in the first quarter of 2017 with primary production (electrolytic and electrowinning) declining by 2% and secondary production (from scrap) increasing by 13%:

- Increased availability of scrap allowed world secondary refined production to increase, notably in China.
- The main contributor to growth in world refined production was China (increase of 7%), followed by Mexico (12%) where expanded SX-EW capacity contributed to refined production growth.
- However, overall growth was partially offset by an 18% decline in Chile, the second largest refined copper producer, where both primary electrolytic refined production and electrowinning production declined.
- Production also declined in the third and fourth world leading refined copper producers, namely, Japan (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 (5%), in Africa (2%) and in Europe (including Russia) (2%) while declining in the Americas (12%) and in Oceania (5%).

World apparent refined usage is estimated to have declined by around 3% in the first quarter of 2017:

- Preliminary data indicates that although world ex-China usage might have grown by around 1%, growth was more than offset by a 6.5% decline in Chinese apparent demand.
- Chinese apparent demand (excluding changes in unreported stocks) declined by 6.5% because although refined copper production increased by 7%, net imports of refined copper declined by 35%.
- Among other major copper using countries, usage increased in India, Japan and Taiwan but declined in the United States and Germany.
- On a regional basis, usage is estimated to have declined in all regions: in Africa by 1%, in Asia by 3% (when excluding China, Asia usage increased by 7%), in the Americas by 1% and in Europe by 5%.

World refined copper balance for the first quarter of 2017 indicates a surplus of around 165,000 t (including revisions to data previously presented):

- This is mainly due to the decline in Chinese apparent demand (China currently represents 47% of the world copper refined usage).
- 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 quarter of 2017, the world refined copper balance adjusted for changes in Chinese bonded stocks indicates a surplus of around 310,000 t.

Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 145,000 t in the first quarter of 2017 from the year-end 2016 level. Bonded stocks increased by around 120,000 t in the same period of last year.
- The average LME cash price for May 2017 was US$5,591.50 per tonne, down from the April average of US$5,697.67 per tonne.
- The 2017 high and low copper prices through the end of May were US$6,145.00 (on 14th Feb) and US$5,466 per tonne (on 8th May), respectively, and the year average was US$5,759.14 per tonne (18% above 2016 annual average).
- As of the end of May, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 650,043 t, an increase of 110,970 t (21%) from stocks held at the end of December 2016. Compared with the December 2016 levels, stocks were down at the LME (-1%) and up at SHFE (35%) and COMEX (78%).

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-Mar		Dec	Jan	Feb	Mar
World Mine Production	18,185	18,431	19,132	20,217	4,805	4,635	1,787	1,637	1,439	1,560
World Mine Capacity	20,747	21,541	22,431	23,420	5,709	5,953	2,035	2,043	1,852	2,058
Mine Capacity Utilization (%)	87.7	85.6	85.3	86.3	84.2	77.9	87.8	80.1	77.7	75.8
Primary Refined Production	17,257	18,565	18,924	19,445	4,852	4,744	1,671	1,625	1,470	1,649
Secondary Refined Production	3,803	3,915	3,945	3,864	903	1,024	345	345	317	361
World Refined Production (Secondary+Primary)	21,060	22,480	22,870	23,309	5,755	5,768	2,016	1,970	1,787	2,011
World Refinery Capacity	25,779	26,680	26,750	27,129	6,658	6,828	2,340	2,346	2,124	2,358
Refineries Capacity Utilization (%)	81.7	84.3	85.5	85.9	86.4	84.5	86.1	84.0	84.1	85.3
World Refined Usage 1/	21,396	22,880	23,041	23,429	5,767	5,604	2,014	1,903	1,685	2,016
World Refined Stocks End of Period	1,325	1,350	1,521	1,403	1,569	1,561	1,403	1,404	1,452	1,561
Period Stock Change	-52	25	171	-118	48	158	99	1	49	109
Refined Balance 2/	-335	-400	-171	-120	-12	164	1	68	102	-5
Seasonally Adjusted Refined Balance 3/					-113	72	-46	7	60	5
Refined Balance Adjusted for Chinese bonded stock change 4/	-583	-424	-274	-107	111	309	-11	93	182	35

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”.