Copper: Preliminary Data for July 2017

The International Copper Study Group (ICSG) released preliminary data for July 2017 world copper supply and demand in its October 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 2% in the first seven month of 2017, with concentrate production declining by around 1.5% and solvent extraction-electrowinning (SX-EW) declining by around 4.5%:

- The decline in world mine production was mainly due to:
  - A 7% (225,000 t Cu) decline in production in Chile, the world's biggest copper mine producing country, negatively affected by the strike at the Escondida mine and lower output from Codelco mines.
  - A decline in Canada and Mongolia concentrates production of 22% and 19%, 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.
  - A 9% decline in production in the United States mainly due to lower ore grades, reduced mining rates and unfavourable weather conditions at the beginning of the year.
- However these reductions in output were partially offset by a 3% and 5% 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, mine production is estimated to have declined in Africa by 3%, in the Americas by 5% and in Oceania by 2% while increasing in Asia by 3% and in Europe (including Russia) by 2.5%.

World refined production is estimated to have remained essentially unchanged in the first seven months of 2017 with primary production (electrolytic and electrowinning) declining by 1.5% and secondary production (from scrap) increasing by 10%:

- 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 6.5%), followed by India (7%) and some EU countries recovering from maintenances shutdowns in 2016.
- However, overall growth was offset by an 11% 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 (-5%) and the United States (-9%).
- On a regional basis, refined output is estimated to have increased in Asia (4.5%) and in Europe (4%) while declining in Africa (3%), in the Americas (10%) and in Oceania (9%).

World apparent refined usage is estimated to have declined by around 0.5% in the first seven months of 2017:

- Improved scrap supply is constraining world refined copper usage growth globally in 2017.
- Preliminary data indicates that world ex-China usage might have increased by about 1%, however China apparent usage (currently representing almost 50% of the world refined usage) declined by 2%.
- Chinese apparent usage (excluding changes in unreported stocks) declined by 2% because, although refined copper production increased by 6.5%, net imports of refined copper declined by 20%.
- Among other major copper using countries, usage increased in India, Japan and in the United States but declined in Germany and South Korea.

World refined copper balance for the first seven of 2017 indicates a deficit of around 160,000 t (including revisions to data previously pre**s**ented):

- This is mainly due to stagnant growth in world refined copper supply.
- 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 seven months of 2017, the world refined copper balance adjusted for changes in Chinese bonded stocks indicates a deficit of around 90,000 t.

Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 65,000 t in the first seven months of 2017 from the year-end 2016 level. Bonded stocks increased by around 130,000 t in the same period of last year.
- As of the end of September, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 576,650 t, an increase of 37,577 t (7%) from stocks held at the end of December 2016. Compared with the December 2016 levels, stocks were down at the LME (-5%) and SHFE (-30%) and up at COMEX (120%).
- The average LME cash price for September 2017 was US$6,583.19 per tonne, up from the August average of US$6,478.18 per tonne.
- The 2017 high and low copper prices through the end of September were US$6,904. (on 5th Sep) and US$5,466 per tonne (on 8th May), respectively, and the year average was US$5,951.84 per tonne (22% above 2016 annual average).

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, 2014-2017

Thousand metric tonnes, copper

	2014	2015	2016	2016	2017	2017			
				Jan-Jul		Apr	May	Jun	Jul
World Mine Production	18,432	19,148	20,358	11,639	11,381	1,617	1,712	1,685	1,713
World Mine Capacity	21,562	22,473	23,483	13,572	14,113	2,004	2,079	2,019	2,043
Mine Capacity Utilization (%)	85.5	85.2	86.7	85.8	80.6	80.7	82.4	83.4	83.9
Primary Refined Production	18,576	18,925	19,473	11,303	11,122	1,575	1,616	1,577	1,627
Secondary Refined Production	3,915	3,945	3,866	2,179	2,406	341	344	350	345
World Refined Production (Secondary+Primary)	22,491	22,871	23,339	13,482	13,527	1,916	1,960	1,928	1,973
World Refinery Capacity	26,681	26,765	27,119	15,719	16,052	2,272	2,352	2,280	2,359
Refineries Capacity Utilization (%)	84.3	85.5	86.1	85.8	84.3	84.4	83.3	84.5	83.6
World Refined Usage 1/	22,880	23,041	23,491	13,763	13,690	2,003	2,041	1,998	2,007
World Refined Stocks End of Period	1,350	1,521	1,391	1,304	1,507	1,457	1,480	1,455	1,507
Period Stock Change	25	171	-130	-217	116	-91	23	-25	52
Refined Balance 2/	-389	-170	-152	-281	-163	-86	-80	-70	-35
Seasonally Adjusted Refined Balance 3/				-157	-31	32	-16	-25	-49
Refined Balance Adjusted for Chinese bonded stock change 4/	-413	-273	-139	-146	-93	-46	-85	-108	-67

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”.