



Copper: Preliminary Data for April 2019

The International Copper Study Group (ICSG) released preliminary data for April 2019 world copper supply and demand in its July 2019 Copper Bulletin. The Bulletin and ICSG online statistical database provide detailed data, on a country basis, for copper mine, smelter, refined and semis production and copper refined usage, trade, stocks and prices. 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).

Preliminary data indicates that world mine production declined by about 1% in the first four month of 2019, with concentrate production declining by 0.5% and solvent extraction-electrowinning (SX-EW) by 2.5%:

- Although a few countries experienced growth, this was largely offset by declines in two major producing countries, namely Chile and Indonesia.
- Production in Chile, the world's biggest copper mine producing country, declined by 3.2% mainly due to lower copper head grades.
- Indonesian concentrate production declined by 50% primarily as a consequence of the transition of the country's major two mines to different ore zones leading to temporarily reduced output levels.
- After aggregated growth of 11% in 2018, production in the Democratic Republic of Congo (DRC) and Zambia increased by only 2.8% in the first four months of 2019 as reduced production at some mines partially off-set ramp-up output at other operations.
- Production in Peru (the world's second largest copper mine producing country), Australia, China and Mongolia increased due to improved grades and recovery from constrained output in 2018.
- On a regional basis, mine production is estimated to have increased by around 3% in Africa, 2% in North America and 6% in Oceania but declined by about 4% in Asia, 1.5% in Latin America and 3% in Europe.

Preliminary data indicates that world refined production remained essentially unchanged in the first four month of 2019 with primary production (electrolytic and electrowinning) declining by 0.2% and secondary production (from scrap) increasing by 0.5%.

- The fall in world refined production was mainly due to:
 - A 33% decrease in Chilean electrolytic refined output due to temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations.
 - A decline of 33% in India's production that was negatively impacted by the shutdown of Vedanta's Tuticorin smelter in April 2018.
 - A 23% decrease in Zambian refined output due to power supply interruptions, smelter outages and the introduction on 1st January 2019 of a 5% custom duty on copper concentrate imports.
 - Reduced output in major producing countries including Germany, Japan, Peru and the United States due to smelter maintenance shutdowns.
- However these reductions were offset by growth in Chinese output and by increases in other countries recovering from production constraints in 2018 such as Australia, Brazil, Iran and Poland.
- On a regional basis, refined output is estimated to have increased in Asia (3%) and in Oceania (13%), declined in Africa (-5%) and the Americas (-9%) and remained flat in Europe.

Preliminary data indicates that world apparent refined usage increased by about 1% in the first four months of 2019:

- Chinese apparent usage grew by around 4%.
- Among other major copper users, demand increased in India but declined in the EU and the United States whilst remaining essentially flat in Japan.
- World ex-China usage declined by around 2%.

Preliminary world refined copper balance in the first four month of 2019 indicates a deficit of about 150,000t:

- 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 attached table 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 four months of 2019, the world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market deficit of around 15,000 t.

Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks are thought to have increased by 140,000 t in the first four months of 2019 compared to the year-end 2018 level. Bonded stocks decreased by around 10,000 t in the same period of 2018.
- As of the end of June, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 417,660 t, an increase of 67,164 t (+19%) from stocks held at the end of December 2018. Stocks were up at the LME (+82%) and SHFE (+23%) and down at COMEX (-69%).
- The average LME cash price for June 2019 was US\$ 5,868.43 /t, down 2.7% from the May average of US\$ 6,028.31 /t.
- The 2019 high and low copper prices through the end of June were US\$6,572 /t (on 1st Mar) and US\$5,756 /t (on the 17th June), respectively, and the year average was US\$6,164.56 /t (5.5% below the 2018 annual average).

Please visit the ICSG website www.icsg.org for further copper market related information.

World Refined Copper Usage and Supply Trends, 2015-2019

Thousand metric tonnes, copper

| | 2015 | 2016 | 2017 | 2018 | 2018 | 2019 | 2019 | | | |
|--|--------|--------|--------|--------|---------|-------|-------|-------|-------|-------|
| | | | | | Jan-Apr | Jan | Feb | Mar | Apr | |
| World Mine Production | 19,149 | 20,386 | 20,096 | 20,561 | 6,604 | 6,544 | 1,661 | 1,515 | 1,702 | 1,666 |
| World Mine Capacity | 22,367 | 23,481 | 23,993 | 24,082 | 8,140 | 8,170 | 2,099 | 1,903 | 2,114 | 2,054 |
| Mine Capacity Utilization (%) | 85.6 | 86.8 | 83.8 | 85.4 | 81.1 | 80.1 | 79.1 | 79.6 | 80.5 | 81.1 |
| Primary Refined Production | 18,897 | 19,495 | 19,500 | 20,074 | 6,491 | 6,477 | 1,645 | 1,484 | 1,661 | 1,686 |
| Secondary Refined Production | 3,945 | 3,866 | 4,053 | 4,043 | 1,354 | 1,362 | 356 | 321 | 347 | 338 |
| World Refined Production (Secondary+Primary) | 22,843 | 23,362 | 23,553 | 24,116 | 7,845 | 7,839 | 2,000 | 1,805 | 2,008 | 2,025 |
| World Refinery Capacity | 26,542 | 26,853 | 27,375 | 27,710 | 9,078 | 9,327 | 2,400 | 2,173 | 2,413 | 2,341 |
| Refineries Capacity Utilization (%) | 86.1 | 87.0 | 86.0 | 87.0 | 86.4 | 84.0 | 83.4 | 83.1 | 83.2 | 86.5 |
| World Refined Usage 1/ | 23,081 | 23,512 | 23,732 | 24,510 | 7,909 | 7,993 | 2,087 | 1,735 | 2,051 | 2,121 |
| World Refined Stocks End of Period | 1,505 | 1,375 | 1,381 | 1,235 | 1,634 | 1,339 | 1,224 | 1,283 | 1,334 | 1,339 |
| Period Stock Change | 171 | -130 | 6 | -147 | 252 | 104 | -11 | 59 | 52 | 4 |
| Refined Balance 2/ | -239 | -151 | -179 | -394 | -64 | -155 | -86 | 70 | -42 | -96 |
| Seasonally Adjusted Refined Balance 3/ | | | | | -60 | -149 | -102 | -4 | -52 | 9 |
| Refined Balance Adjusted for Chinese bonded stock change 4/ | -342 | -138 | -177 | -451 | -72 | -15 | -67 | 135 | 8 | -91 |

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".