



## Copper: Preliminary Data for May 2019

The International Copper Study Group (ICSG) released preliminary data for May 2019 world copper supply and demand in its August 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 five months of 2019**, with concentrate production declining by 0.2% and solvent extraction-electrowinning (SX-EW) by 3.5%:

- Reduced output in two major producing countries, namely Chile and Indonesia, more than offset growth in other countries.
  - Production in Chile, the world's biggest copper mine producing country, declined by 3% mainly due to lower copper head grades.
  - Concentrate production in Indonesia declined by 55% 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 remained essentially flat in the first five months of 2019 as temporary reduced production at some mines 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 1% in Africa, 3.5% in North America and 7% in Oceania but declined by 4.5% in Asia, 1% in Latin America and 3% in Europe.

**Preliminary data indicates that world refined production declined by about 1% in the first five months of 2019** with primary production (electrolytic and electrowinning) declining by 1.5% and secondary production (from scrap) increasing by 1%.

- The fall in world refined production was mainly due to:
  - A 37% decrease in Chilean electrolytic refined output due to temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations. Total Chilean refined production (including Electrowinning) declined by 15%.
  - A decline of 36% in India's production which was negatively impacted by the shutdown of Vedanta's Tuticorin smelter in April 2018.
  - A 28% decrease in Zambian refined output due to power supply interruptions, smelter outages and the introduction on 1<sup>st</sup> January 2019 of a 5% custom duty on copper concentrate imports constraining smelter feed.
  - Reduced output in Japan, Peru, the United States and a few European countries due to smelter maintenance shutdowns.
- However these reductions were largely 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 (2.5%) and in Oceania (15%) but declined in Africa (-9%), the Americas (-10%) and in Europe (-0.5%).

**Preliminary data indicates that world apparent refined usage remained essentially unchanged in the first five months of 2019:**

- Although Chinese net refined copper imports declined by 12%, Chinese apparent usage grew by around 3.5% on the basis of higher Chinese refinery output.
- Among other major copper users, demand increased in India and Taiwan (China) but declined in the EU, Japan and the United States.
- World ex-China usage declined by around 3%.

**Preliminary world refined copper balance in the first five months of 2019 indicates a deficit of about 190,000t:**

- 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 five months of 2019, world refined copper balance, based on apparent Chinese usage (excluding unreported/bonded stocks), indicated a deficit of about 190,000 t.
- The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market deficit of around 95,000 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 about 95,000 t in the first five months of 2019 compared to the year-end 2018 level. Bonded stocks increased by around 5,000 t in the same period of 2018.
- As of the end of July, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 472,956 t, an increase of 122,460 t (+35%) from stocks held at the end of December 2018. Stocks were up at the LME (+118%) and SHFE (+26%) and down at COMEX (-64%).
- The average LME cash price for July 2019 was US\$ 5,939.85 /t, up 1.2% from the June average of US\$ 5,868.43 /t.
- The 2019 high and low copper prices through the end of July were US\$6,572 /t (on 1<sup>st</sup> Mar) and US\$5,756 /t (on the 17<sup>th</sup> June), respectively, and the year average was US\$6,129.40 /t (6% below the 2018 annual average).

Please visit the ICSG website [www.icsg.org](http://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-May	Feb	Mar	Apr	May	
World Mine Production	19,149	20,386	20,096	20,561	8,347	8,281	1,515	1,702	1,650	1,753
World Mine Capacity	22,367	23,481	23,993	24,082	10,262	10,299	1,903	2,114	2,054	2,130
Mine Capacity Utilization (%)	85.6	86.8	83.8	85.4	81.3	80.4	79.6	80.5	80.3	82.3
Primary Refined Production	18,892	19,490	19,495	20,069	8,185	8,071	1,484	1,661	1,623	1,659
Secondary Refined Production	3,945	3,866	4,053	4,043	1,685	1,703	321	347	335	345
World Refined Production (Secondary+Primary)	22,838	23,357	23,548	24,111	9,870	9,774	1,805	2,008	1,958	2,004
World Refinery Capacity	26,542	26,853	27,375	27,710	11,429	11,754	2,173	2,413	2,341	2,426
Refineries Capacity Utilization (%)	86.0	87.0	86.0	87.0	86.4	83.2	83.0	83.2	83.6	82.6
World Refined Usage 1/	23,081	23,512	23,732	24,510	10,001	9,964	1,725	2,010	2,082	2,066
World Refined Stocks End of Period	1,505	1,375	1,381	1,220	1,647	1,302	1,276	1,363	1,368	1,302
Period Stock Change	171	-130	6	-162	266	82	65	87	4	-66
Refined Balance 2/	-244	-156	-184	-399	-131	-190	79	-2	-124	-62
Seasonally Adjusted Refined Balance 3/					-99	-160	11	-19	-24	-23
Refined Balance Adjusted for Chinese bonded stock change 4/	-347	-143	-182	-459	-126	-95	144	48	-119	-110

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".