



Copper: Preliminary Data for November 2018

The International Copper Study Group (ICSG) released preliminary data for November 2018 world copper supply and demand in its February 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).

World mine production is estimated to have increased by about 2.4% in the first eleven months of 2018, with concentrate production rising by 2.3% and solvent extraction-electrowinning (SX-EW) by 2.9%:

- The increase in world mine production of about 440,000 t copper was principally due to constrained output in 2017 (mainly in Chile, Indonesia and the DRC) and to an unusually low rate of overall supply disruptions in 2018.
 - Production in Chile, the world's biggest copper mine producing country, increased by 6% primarily because output in February/March 2017 was restricted by a strike at Escondida (the world's largest copper mine).
 - Indonesian output increased by 11% due to the fact that comparative output in 2017 was negatively affected by a temporary ban on concentrate exports that started in January and ended in April.
 - SX-EW production in the Democratic Republic of Congo (DRC) increased by 15% and Zambian mine output increased by 8% as a result of the restart of temporarily closed capacity in both countries.
- Although no major supply disruptions occurred in the first eleven months of this year, overall growth was partially offset by lower output in Canada (-11%) and the United States (-3.8%).
- After a strong increase over the last few years due to new and expanded capacity, output in Peru (the world's second largest copper mine producing country) stabilized.
- On a regional basis, mine production is estimated to have increased by around 9.5% in Africa, 3.5% in Latin America and 11% in Oceania but declined by 5% in North America and remained essentially unchanged in Asia and Europe.

World refined production is estimated to have increased by 1.5% in the first eleven months of 2018 with primary production (electrolytic and electrowinning) increasing by around 2% and secondary production (from scrap) remaining flat.

- World growth was constrained by an unusually high frequency of smelter disruptions and temporary shutdowns for technical upgrades/modernizations.
- The main contributor to the growth in world refined production was China due to its continued expansion of capacity.
- A rise of 2% in Chile was a consequence of a recovery from 2017 when output was negatively impacted by a series of smelter maintenance shutdowns. However, despite this increase, Chilean output over the first eleven months of 2018 was still 6% lower than the same period of 2016.
- Japanese output rose by 6.5% recovering from reduced output in 2017 when a major smelter undertook extended maintenance.
- Increases in electrowinning (SX-EW) output in the DRC and Zambia also contributed to world refined production growth.
- Overall growth was partially offset by a 34% decline in India's output due to the shutdown of Vedanta's Tuticorin smelter in April and declines in Indonesia, the Philippines and Poland as a consequence of maintenance shutdowns and operational issues.
- On a regional basis, refined output is estimated to have increased in Africa (10%), Asia (1.5%) and Latin America (2%) whilst remaining more or less unchanged in Europe and Oceania and declining in North America (-2.5%).

World apparent refined usage is estimated to have increased by about 2.2% in the first eleven months of 2018:

- Chinese apparent usage grew by around 5.5% driven by a 20% increase in net refined copper imports. It is possible this development was influenced by a tightness in the availability of scrap in China.
- Among other major copper users, demand increased in India, Japan, the United States and the EU but declined in Taiwan (China) and South Korea.
- Preliminary data indicates that world ex-China usage declined by around 1%.

World refined copper balance for the first eleven months of 2018 (including revisions to previous data) indicates a deficit of about 395,000 t:

- 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.
- Lower growth in world refined production, as explained above, was one of the main factors that resulted in a deficit of about 395,000 t over the first eleven months of 2018.
- After adjusting the world refined copper balance for changes in Chinese bonded stocks the market deficit was around 465,000 t.

Copper Prices and Stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks are thought to have declined by 70,000 t over the first eleven months of 2018 compared to the year-end 2017 level. Bonded stocks increased by around 30,000 t over the same period of 2017.
- As of the end of January, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 345,728 t, a decline of 4,768 t (-1%) from stocks held at the end of December 2018. Stocks were up at the LME (13%), SHFE (1%) and down at COMEX (-24%).
- The average LME cash price for January was US\$ 5,932.02 /t, down 2.7% from the December 2018 average of US\$ 6,094.21 /t.
- The 2019 high and low copper prices through the end of January were US\$6,148 per tonne (on 31st Jan) and US\$5,811 per tonne (on 3th Jan), respectively, and the year average was US\$5,935.02/t per tonne (9% 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, 2014-2018

Thousand metric tonnes, copper

	2014	2015	2016	2017	2017	2018	2018			
					Jan-Nov	Aug	Sep	Oct	Nov	
World Mine Production	18,426	19,149	20,356	20,060	18,229	18,665	1,701	1,705	1,733	1,793
World Mine Capacity	21,554	22,351	23,403	23,884	22,155	22,359	2,037	1,978	2,052	1,993
Mine Capacity Utilization (%)	85.5	85.7	87.0	84.0	82.3	83.5	83.5	86.2	84.5	89.9
Primary Refined Production	18,575	18,897	19,471	19,471	17,673	18,014	1,657	1,619	1,650	1,688
Secondary Refined Production	3,915	3,945	3,866	4,053	3,721	3,723	337	329	341	346
World Refined Production (Secondary+Primary)	22,490	22,843	23,338	23,524	21,394	21,737	1,994	1,948	1,991	2,033
World Refinery Capacity	26,459	26,542	26,853	27,380	25,019	25,266	2,350	2,278	2,358	2,287
Refineries Capacity Utilization (%)	85.0	86.1	86.9	85.9	85.5	86.0	84.9	85.5	84.4	88.9
World Refined Usage 1/	22,927	23,081	23,605	23,789	21,676	22,133	2,001	2,057	1,990	2,085
World Refined Stocks End of Period	1,334	1,505	1,375	1,383	1,369	1,191	1,399	1,317	1,246	1,191
Period Stock Change	10	171	-130	7	-6	-192	-63	-82	-71	-55
Refined Balance 2/	-436	-239	-267	-265	-282	-396	-8	-110	1	-52
Seasonally Adjusted Refined Balance 3/					-261	-389	-121	-64	-35	-26
Refined Balance Adjusted for Chinese bonded stock change 4/	-460	-342	-255	-263	-254	-466	-40	-150	6	-42

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".