Copper: Preliminary Data for September 2012

The International Copper Study Group (ICSG) released preliminary data for September 2012 world copper supply and demand in its December 2012 Copper Bulletin. The Bulletin is available for sale upon request.

According to preliminary ICSG data, the refined copper market balance for September 2012 showed a production deficit of 55,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, September showed a production deficit of 42,000 t. The refined copper balance for the first nine months of 2012, including revisions to data previously presented, indicates a production deficit of 594,000 t (a seasonally adjusted deficit of 420,000 t). This compares with a production deficit of 74,000 t (a seasonally adjusted surplus of 102,000 t) in the same period of 2011.

In the first nine months of 2012, world apparent usage grew by 5.2% compared with that in the same period of 2011: A growth of 19% in China's apparent usage* (that represented 43% of world usage over this period), more than offset an aggregated decline of 3.7% in usage in Japan, the European Union and the United States. China's apparent usage growth was based on a 51% increase in net imports of refined copper. However, anecdotal evidence suggests that the high import level in the first months of 2012 was accompanied by an increase in inventories held in bonded warehouses. On a regional basis, usage grew by 0.9% in Asia ex-China, remained practically unchanged in the Americas, and declined by 9% in Europe, 5% in Oceania, and 13% in Africa.

In the first nine months of 2012, world mine production increased by 3.5% compared with production in the same period of 2011. Concentrate production increased by 2.5% while solvent extraction-electrowinning (SX-EW) was up by 7%. Increases in Chile (4%), China (26%), Democratic Republic of Congo (DRC) (22%), Mexico (20%) and Peru (5%) more than offset declines in Australia (4%), Indonesia (38%) and Zambia (2%). On a regional basis, production rose by 5.6% in Africa, 4.3% in the Americas. 2.8% in Asia, and 3.6% in Europe, but declined by 3.8% in Oceania. The average world mine capacity utilization rate for the first nine months of 2012 increased to 78.4% as from 77.9% in the same period of 2011.

World refined production increased by 1.7% in the first nine months of 2012 compared with refined production in the same period of 2011: primary production was up by 1.6% due to the increase in electrowon production, and secondary production (from scrap) increased by 2%. The main contributors to growth were China (+9%), Japan (+16%) and the DRC (+31%), with production declining by 5.5% in Chile, 4% in the United States (owing to a series of smelter maintenance shutdowns), and by 75% in the Philippines (owing to a fire at the sole smelter). The average world refinery capacity utilization rate for the first nine months of 2012 was 77.6% compared with 79.4% in the same period of 2011.

The average LME cash price for November 2012 was US$7,694.2 per tonne, down from the October average of US$8,069.52 per tonne. The 2012 high and low copper prices through the end of November were US$8,658 and US$7,251.5 per tonne, respectively, and the average was US$7,948.66 per tonne. As of the end of November, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 506,537 t, a decline of 38,074 t from stocks held at the end of December 2011 and an increase of 22,874 t from stock levels at the end of October 2012. Compared with the October levels, stocks were up at all exchanges.

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

* China's apparent copper usage is based only on reported data (production + net trade +/- SHFE stock changes+/-industry stock changes, if reported) and does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader], which may be significant during periods of stocking or de-stocking.

World Refined Copper Usage and Supply Trends, 2007-2012

Thousand metric tonnes, copper

	2007	2008	2009	2010	2011	2011	2012	2012			
						Jan-Sep		Jun	Jul	Aug	Sep
World Mine Production	15,485	15,527	15,906	16,024	16,020	11,809	12,219	1,365	1,363	1,440	1,440
World Mine Capacity	18,061	18,743	19,515	19,897	20,304	15,168	15,593	1,716	1,780	1,786	1,735
Mine Capacity Utilization (%)	85.7	82.8	81.5	80.5	78.9	77.9	78.4	79.5	76.6	80.6	83.0
Primary Refined Production	15,190	15,416	15,431	15,753	16,168	11,961	12,155	1,343	1,352	1,378	1,377
Secondary Refined Production	2,743	2,823	2,839	3,250	3,483	2,602	2,654	303	281	300	305
World Refined Production (Secondary+Primary)	17,933	18,239	18,270	19,003	19,651	14,563	14,808	1,646	1,633	1,678	1,683
World Refinery Capacity	21,823	22,658	23,467	23,838	24,569	18,343	19,072	2,103	2,180	2,187	2,123
Refineries Capacity Utilization (%)	82.2	80.5	77.9	79.7	80.0	79.4	77.6	78.3	74.9	76.7	79.3
World Refined Usage 1/	18,196	18,053	18,070	19,346	19,865	14,637	15,402	1,673	1,660	1,689	1,738
World Refined Stocks End of Period	970	1,102	1,376	1,199	1,205	1,327	1,093	1,105	1,104	1,093	1,189
Period Stock Change	-105	132	275	-177	6	128	-112	16	-1	-11	95
Refined Balance 2/	-263	186	199	-343	-214	-74	-594	-28	-27	-12	-55
Seasonally Adjusted Refined Balance 3/						102	-420	14	-28	-33	-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. p/ Preliminary data