Copper: Preliminary Data for July 2013

The International Copper Study Group (ICSG) released preliminary data for July 2013 world copper supply and demand in its October 2013 Copper Bulletin. The Bulletin is available for sale upon request.

In developing its global market balance, ICSG uses an apparent demand calculation for China, the leading global consumer of copper, accounting for about 40% of world demand. Apparent copper demand for China is based only on reported data (production + net trade +/- SHFE stock changes) 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 and which could significantly alter supply-demand balances.

According to preliminary ICSG data, the refined copper market balance for July 2013 showed a production deficit of 151,000 metric tonnes (t). Although world refined production continued its gradual increase, Chinese apparent refined demand in July reached a record high monthly level due to high net refined copper imports. After making seasonal adjustments for world refined production and usage, July showed a deficit of 150,000 t. The refined copper balance for the first seven months of 2013, including revisions to data previously presented, indicates a production deficit of 93,000 t (a seasonally adjusted surplus of 65,000 t). This compares with a production deficit of 552,000 t (a seasonally adjusted deficit of 394,000 t) in the same period of 2012.

In the first seven months of 2013, world usage is estimated to have increased by 1.6% (190,000 t), compared with that in the same period of 2012. Despite July's high level, Chinese apparent demand in the first seven months only increased by 2.3% from that in the same period of 2012 as a result of a 25% decline in net imports of refined copper. However, anecdotal evidence suggests that the lower import level was accompanied by a decline in unreported inventories held in bonded warehouses in China, which may have been all or partially directed to domestic industrial use. (In its April 26th forecast press release ICSG said that unreported inventories in China were estimated to have risen by about 600,000 t during 2012.) Excluding China, year-on-year world usage increased by 1%, with growth in the United States and Russia offsetting the decline in Japan and the European Union. On a regional basis, usage is estimated to have declined by around 3.6% in Africa and 4.7% in Oceania and to have increased by 4.2% in the Americas, 1.2% in Asia and 1.5% in Europe.

World mine production is estimated to have increased by 8.6% (800,000 t) in the first seven months of 2013 compared with that in the same period of 2012, mainly owing to a recovery in production levels from constrained output in early 2012. Concentrate production increased by 10% (720,000 t) and solvent extraction-electrowinning (SX-EW) by 4% (80,000 t). Mine production increased by around 7% in Chile, the world's leading producer, and accounted for 32% of world mine production. On a regional basis, production rose by around 30.2% in Africa, 6.6% in the Americas, 8.7% in Asia, 2.5% in Europe, and 7.9% in Oceania. The average world mine capacity utilization rate for the first seven months of 2013 increased to around 82% from around 79% in the same period of 2012.

World refined production is estimated to have increased by around 5.6% (650,000 t) in the first seven months of 2013 compared with refined production in the same period of 2012: primary production was up by around 4.5% (420,000 t), and secondary production (from scrap) increased by 11% (230,000 t). The main contributor to growth was China, where production increased by15.2% (about 500,000 t). Production also increased significantly in Brazil (72%), the Democratic Republic of Congo (DRC) (41%), and Zambia (14%). However, due to smelter maintenance and other temporary shutdowns, refined production declined by 5.8% in Chile, the world's second largest refined copper producer, 25% in India, 2% in Japan, and 10% in Scandinavia. On a regional basis, refined production is estimated to have increased in Africa (24.5%), Asia (8.5%) and the Americas (+1.2%) and remained unchanged in Oceania and Europe. The average world refinery capacity utilization rate for the first seven months of 2013 improved slightly to 78.6% from 78.2% recorded for the same period a year ago.

The average LME cash price for September 2013 was US$7,161.43 per tonne, down from the August 2013 average of US$7,182.26 per tonne. The 2013 high and low copper prices through the end of September were US$8,242.50 (on 5 Feb) and US$6,637.50 per tonne (on 24 June), respectively, and the annual average was US$7,379.21 per tonne. As of the end of September, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 712,532 t, an increase of 123,110 t from stocks held at the end of December 2012 and a decline of 66,915 t from stock levels at the end of August 2013. Compared with the August levels, stocks were down at all three exchanges.

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

World Refined Copper Usage and Supply Trends, 2008-2013

Thousand metric tonnes, copper

	2008	2009	2010	2011	2012	2012	2013	2013			
						Jan-Jul		Apr	May	Jun	Jul
World Mine Production	15,571	15,934	16,054	16,079	16,698	9,324	10,128	1,416	1,485	1,455	1,486
World Mine Capacity	18,551	19,254	19,561	19,825	20,381	11,787	12,353	1,748	1,814	1,763	1,828
Mine Capacity Utilization (%)	83.9	82.8	82.1	81.1	81.9	79.1	82.0	81.0	81.9	82.5	81.3
Primary Refined Production	15,391	15,407	15,732	16,126	16,546	9,447	9,867	1,396	1,428	1,393	1,430
Secondary Refined Production	2,823	2,841	3,250	3,470	3,583	2,054	2,281	344	335	342	331
World Refined Production (Secondary+Primary)	18,214	18,248	18,981	19,596	20,129	11,501	12,147	1,740	1,763	1,735	1,761
World Refinery Capacity	22,588	23,457	23,839	24,385	25,489	14,701	15,462	2,188	2,271	2,207	2,286
Refineries Capacity Utilization (%)	80.6	77.8	79.6	80.4	79.0	78.2	78.6	79.5	77.6	78.6	77.0
World Refined Usage 1/	18,053	18,070	19,346	19,830	20,550	12,053	12,240	1,722	1,774	1,854	1,913
World Refined Stocks End of Period	1,102	1,376	1,199	1,205	1,406	1,034	1,648	1,808	1,742	1,757	1,648
Period Stock Change	132	275	-177	6	200	-171	243	155	-67	16	-109
Refined Balance 2/	161	178	-365	-234	-421	-552	-93	18	-11	-119	-151
Seasonally Adjusted Refined Balance 3/						-394	65	62	25	-78	-150

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.