



Copper: Preliminary Data for September 2013

The International Copper Study Group (ICSG) released preliminary data for September 2013 world copper supply and demand in its December 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 September 2013 showed an apparent production deficit of 162,000 metric tonnes (t) mainly due to record-high Chinese apparent demand. When making seasonal adjustments for world refined production and usage, September showed a production deficit of 140,000 t. The refined copper balance for the first nine months of 2013, including revisions to data previously presented, indicates a production deficit of 210,000 t (a seasonally adjusted deficit of 66,000 t). This compares with a production deficit of 624,000 t (a seasonally adjusted deficit of 488,000 t) in the same period of 2012.

In the first nine months of 2013, world usage is estimated to have increased by 2.8% (440,000 t), compared with that in the same period of 2012. Chinese apparent demand in the first nine months increased by 5.8% from that in the same period of 2012: a decline in net imports of refined copper of 430,000 t (that occurred mainly in the 1st half of the year) was more than offset by an increase in refined production of around 700,000 t. Actual demand in China during the first nine months of 2013 may have exceeded apparent demand as anecdotal evidence suggests that the lower import level in the 1st half of 2013 was accompanied by a decline in unreported inventories held in bonded warehouses in China. Withdrawn stocks may have been all or partially directed to domestic industrial use.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 0.6%, with growth in the United States, the Gulf countries, Brazil and Russia offsetting declines in Japan and the European Union. On a regional basis, usage is estimated to have declined by around 1% in Asia Ex-China, 10% in Oceania, to have increased by 1% in Africa, 3% in the Americas and 4% in Asia and to have remained unchanged in Europe.

World mine production is estimated to have increased by 8.7% (1.05 million tons) in the first nine 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, but also to the ramp-up of new mine capacity. Concentrate production increased by 10% (970,000 t) and solvent extraction-electrowinning (SX-EW) by 3% (84,000 t). Mine production increased by around 7% in Chile (270,000 t), the world's leading producer, and accounted for 32% of world mine production. Production also notably increased in Peru (6%), the United States (9%), Indonesia (17%), the Democratic Republic of Congo (51%) and Zambia (13%). These six countries combined, contributed an additional 730,000 t of copper mine supply. On a regional basis, production rose by around 29% in Africa, 7% in the Americas, 10% in Asia, 2.5% in Europe, and 6% in Oceania. The average world mine capacity utilization rate for the first nine months of 2013 increased to around 83% from around 80% in the same period of 2012, with September 2013 presenting a rate of 86%.

World refined production is estimated to have increased by around 5.7% (854,000 t) in the first nine months of 2013 compared with refined production in the same period of 2012: primary production was up by around 4.8% (583,000 t), and secondary production (from scrap) increased by 10% (271,000 t). The main contributor to growth was China, where production increased by 16% (694,000 t). Production also increased significantly in Brazil (67%), the Democratic Republic of Congo (40%), and Zambia (12%). However, due to smelter maintenance and other temporary shutdowns, refined production declined by 6% in Chile, the world's second largest refined copper producer, 18% in India, 2.5% in Japan, and 5% in Scandinavia. On a regional basis, refined production is estimated to have increased in Africa (24%), Asia (9%), and the Americas (1%) and to have declined in Europe (-1%) and in Oceania (-3%). The average world refinery capacity utilization rate for the first nine months of 2013 improved slightly to 78.7% from 78.2% for the same period in the previous year.

The average LME cash price for November 2013 was US\$7,065.71 per tonne, down from the October 2013 average of US\$7,188.74 per tonne. The 2013 high and low copper prices through the end of October 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\$7,332.16 per tonne. As of the end of November, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 586,375 t, a decline of 3,047 t from stocks held at the end of December 2012 and a decline of 86,073 t from stock levels at the end of October 2013. Compared with the October 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			
						2012	2013	Jan-Sep	Jun	Jul	Aug
World Mine Production	15,571	15,934	16,054	16,079	16,701	12,186	13,239	1,460	1,506	1,558	1,538
World Mine Capacity	18,551	19,254	19,561	19,825	20,381	15,230	15,968	1,763	1,828	1,834	1,781
Mine Capacity Utilization (%)	83.9	82.8	82.1	81.1	81.9	80.0	82.9	82.8	82.4	84.9	86.3
Primary Refined Production	15,391	15,407	15,732	16,126	16,546	12,216	12,799	1,398	1,460	1,461	1,431
Secondary Refined Production	2,823	2,841	3,250	3,470	3,583	2,653	2,924	338	324	329	332
World Refined Production (Secondary+Primary)	18,214	18,248	18,981	19,596	20,129	14,869	15,723	1,736	1,785	1,790	1,763
World Refinery Capacity	22,588	23,457	23,839	24,385	25,489	19,008	19,977	2,207	2,286	2,292	2,223
Refineries Capacity Utilization (%)	80.6	77.8	79.6	80.4	79.0	78.2	78.7	78.7	78.1	78.1	79.3
World Refined Usage 1/	18,053	18,070	19,346	19,830	20,550	15,493	15,933	1,852	1,903	1,776	1,925
World Refined Stocks End of Period	1,102	1,376	1,199	1,205	1,406	1,121	1,477	1,757	1,648	1,575	1,477
Period Stock Change	132	275	-177	6	200	-84	71	16	-109	-73	-98
Refined Balance 2/	161	178	-365	-234	-421	-624	-210	-116	-118	14	-162
Seasonally Adjusted Refined Balance 3/						-488	-66	-70	-120	6	-140

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.