



## Copper: Preliminary Data for October 2013

The International Copper Study Group (ICSG) released preliminary data for October 2013 world copper supply and demand in its January 2014 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.

Historically, ICSG has only accounted for reported stock data in its statistics. In recent years anecdotal evidence has suggested that there have been substantial fluctuations in Chinese bonded stock levels, and apparent consumption based on trade, production, and changes in exchange inventories may not adequately reflect industrial use in a given time period. ICSG acknowledges the distortion that these unreported stock movements can cause in the calculation of the world refined copper balance and, therefore, beginning with the January 2014 data release, will include an additional line item - Refined World Balance Adjusted for Chinese Bonded Stock Changes. As there is no officially reported data for Chinese bonded stocks, ICSG will use an average of stock estimates provided by three consultants based on their ongoing research and analysis of the Chinese copper market to estimate the unreported inventory changes. The resulting adjustment to China's apparent demand and world refined copper balance are shown separately in italics below.

According to preliminary ICSG data, the refined copper market balance for October 2013 showed an apparent production deficit of 19,000 metric tonnes (t) mainly due to record-high Chinese apparent demand. When making seasonal adjustments for world refined production and usage, October showed a production deficit of 62,000 t. The refined copper balance for the first ten months of 2013, including revisions to data previously presented, indicates a production deficit of 230,000 t (a seasonally adjusted deficit of 169,000 t). This compares with a production deficit of 590,000 t (a seasonally adjusted deficit of 504,000 t) in the same period of 2012.

In the first ten months of 2013, world apparent usage is estimated to have increased by 3.8% (660,000 t), compared with that in the same period of 2012. Chinese apparent demand in the first ten months increased by 8.2% from that in the same period of 2012: a decline in net imports of refined copper of 366,000 t (that occurred mainly in the 1<sup>st</sup> half of the year) was more than offset by an increase in refined production of around 842,000 t. Actual demand in China during the first ten months of 2013 may have exceeded apparent demand as the lower import level in the 1<sup>st</sup> 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. 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, South Korea and the European Union. On a regional basis, usage is estimated to have declined by around 1% in Asia Ex-China, and 10% in Oceania; increased by 2% in Africa, 3% in the Americas and 5% in Asia; and to have remained unchanged in Europe.

World mine production is estimated to have increased by 8.4% (1.14 million tons) in the first ten 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% (1.06 million tons) and solvent extraction-electrowinning (SX-EW) by 2.7% (82,000 t). Mine production increased by around 7% in Chile (300,000 t), the world's leading producer, and accounted for 32% of world mine production. Production also increased in Peru (6%), the United States (8%), Indonesia (22%), Mongolia (50%), the Democratic Republic of Congo (49%) and Zambia (12%). These seven countries combined contributed an additional 858,000 t of copper mine supply. On a regional basis, production rose by around 27% in Africa, 7% in the Americas, 10% in Asia, 2% in Europe, and 5% in Oceania. The average world mine capacity utilization rate for the first ten months of 2013 increased to around 84% from around 81% in the same period of 2012.

World refined production is estimated to have increased by around 6.2% (1.02 million tons) in the first ten months of 2013 compared with refined production in the same period of 2012: primary production was up by around 5% (678,000 t), and secondary production (from scrap) increased by 11.5% (342,000 t). The main contributor to growth was China, where production increased by 18% (842,000 t). Production also increased in Brazil (55%), the Democratic Republic of Congo (39%), and Zambia (13%). However, due to smelter maintenance and other temporary shutdowns, refined production declined by 6% in Chile, the world's second largest refined copper producer, 16% in India, 3% in Japan, and 4% in Scandinavia. On a regional basis, refined production is estimated to have increased in Africa (24%), Asia (10%), and the Americas (1%) and to have declined in Europe (1%) and in Oceania (0.5%). The average world refinery capacity utilization rate for the first ten months of 2013 improved slightly to 79.3% from 78.6% for the same period in the previous year.

*Based on the average of stock estimates referred to above, Chinese bonded stocks declined by 326,000 t in the first 10 months of 2013 compared to an increase of 471,000t in the same period of 2012. In the first ten months of 2013, the refined copper balance adjusted for Chinese bonded stock changes indicates a deficit of 556,000 t compared to a deficit of 119,000 t in the same period of 2012.*

The average LME cash price for December 2013 was US\$7,202.95 per tonne, up from the November 2013 average of US\$7,065.71 per tonne. The 2013 high and low copper prices 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\$7,321.94 per tonne. As of the end of December, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 506,504 t, a decline of 82,918 t from stocks held at the end of December 2012 and a decline of 79,871 t from stock levels at the end of November 2013. Compared with the November levels, stocks were down at all three exchanges.

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, 2009-2013

Thousand metric tonnes, copper

	2009	2010	2011	2012	2012	2013	2013			
					Jan-Oct	Jul	Aug	Sep	Oct	
World Mine Production	15,934	16,054	16,079	16,701	13,675	14,820	1,506	1,558	1,538	1,579
World Mine Capacity	19,135	19,428	19,644	20,186	16,821	17,561	1,800	1,808	1,758	1,825
Mine Capacity Utilization (%)	83.3	82.6	81.9	82.7	81.3	84.4	83.7	86.1	87.5	86.5
Primary Refined Production	15,407	15,732	16,126	16,546	13,620	14,298	1,459	1,461	1,430	1,499
Secondary Refined Production	2,841	3,250	3,470	3,583	2,962	3,305	324	329	332	382
World Refined Production (Secondary+Primary)	18,248	18,981	19,596	20,129	16,582	17,602	1,783	1,790	1,763	1,881
World Refinery Capacity	23,419	23,668	24,279	25,334	21,088	22,197	2,278	2,287	2,223	2,306
Refineries Capacity Utilization (%)	77.9	80.2	80.7	79.5	78.6	79.3	78.3	78.3	79.3	81.6
World Refined Usage 1/	18,070	19,346	19,830	20,550	17,172	17,832	1,901	1,776	1,925	1,900
World Refined Stocks End of Period	1,376	1,199	1,205	1,352	1,190	1,374	1,621	1,548	1,450	1,374
Period Stock Change	275	-177	6	147	-15	22	-100	-73	-98	-76
Refined Balance 2/	178	-365	-234	-421	-590	-230	-118	14	-162	-19
Seasonally Adjusted Refined Balance 3/					-504	-169	-120	8	-134	-62
Refined Balance Adjusted for Chinese bonded stock change 4/	287	-188	-296	147	-119	-556	-165	26	-135	13

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 paragraph 3 of the press release.