



Copper: Preliminary Data for November 2013

The International Copper Study Group (ICSG) released preliminary data for November 2013 world copper supply and demand in its February 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, has included 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 uses 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 adjustments to world refined copper balance are shown separately in italics below.

According to preliminary ICSG data, the refined copper market balance for November 2013 showed an apparent production deficit of 129,000 metric tonnes (t) mainly due to record-high Chinese apparent demand. When making seasonal adjustments for world refined production and usage, November showed a production deficit of 108,000 t. The refined copper balance for the first eleven months of 2013, including revisions to data previously presented, indicates a production deficit of 375,000 t (a seasonally adjusted deficit of 337,000 t). This compares with a production deficit of 576,000 t (a seasonally adjusted deficit of 490,000 t) in the same period of 2012.

In the first eleven months of 2013 world apparent usage is estimated to have increased by 3.5% (654,000 t) compared with that in the same period of 2012. Chinese apparent demand in the first eleven months increased by 6.5% from that in the same period of 2012: a decline in net imports of refined copper of 290,000 t (that occurred mainly in the 1st half of the year) was more than offset by an increase in refined production of around 650,000 t. Actual demand in China during the first eleven months of 2013 may have exceeded apparent demand as 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. Excluding China, year-on-year world usage increased by 1.3%, 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 increased by around 4.5% in Asia, 1% in Asia Ex-China, 2% in Africa, 4% in the Americas, and 0.5% in Europe and to have declined by around 16% in Oceania.

World mine production is estimated to have increased by 8% (1.2 million tons) in the first eleven 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 9.6% (1.1 million tons) and solvent extraction-electrowinning (SX-EW) by 3.2% (108,000 t). Mine production increased by 6.8% in Chile (332,000 t), the world's leading producer, and accounted for 32% of world mine production. Production also increased in Peru (6%), the United States (6%), Indonesia (25%), Mongolia (55%), the Democratic Republic of Congo (50%) and Zambia (9%). These seven countries combined contributed an additional 930,000 t of copper mine supply. On a regional basis, production rose by around 27% in Africa, 6% in the Americas, 10% in Asia, 2.5% in Europe, and 5% in Oceania. The average world mine capacity utilization rate for the first eleven months of 2013 increased to around 85% from around 82% in the same period of 2012.

World refined production is estimated to have increased by around 4.7% (856,000 t) in the first eleven months of 2013 compared with refined production in the same period of 2012: primary production was up by around 4.5% (674,000 t), and secondary production (from scrap) increased by 5.6% (182,000 t). The main contributor to growth was China, where production increased by 12% (649,000 t). Production also increased in Brazil (46%), the Democratic Republic of Congo (40%), and Zambia (11%). However, due to smelter maintenance and other temporary shutdowns, refined production declined by 5% in Chile, the world's second largest refined copper producer, 13% in India, 4% in Japan, and 4% in Scandinavia. On a regional basis, refined production is estimated to have increased in Africa (24%), Asia (7%), Oceania (1%), and the Americas (1.5%) and to have declined in Europe (1.5%). The average world refinery capacity utilization rate for the first eleven months of 2013 declined slightly to 78.4% from 78.9% for the same period in the previous year.

Based on the average of stock estimates referred to above, Chinese bonded stocks declined by 299,000 t in the first 11 months of 2013 compared to an increase of 536,000t in the same period of 2012. In the first eleven months of 2013, the refined copper balance adjusted for Chinese bonded stock changes indicates a deficit of 674,000 t compared to a deficit of 40,000 t in the same period of 2012.

The average LME cash price for January 2014 was US\$7,294.89 per tonne, up from the December 2013 average of US\$7,202.95 per tonne. The 2014 high and low copper prices through the end of January were US\$7,439.50 (on 2 Jan) and US\$7,091 per tonne (on 31 Jan), respectively, and the annual average was US\$7,294.89 per tonne. As of the end of January, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 471,983 t, a decline of 34,521 t from stocks held at the end of December 2013. Compared with the December 2013 levels, stocks were down at the LME and up at Comex and SHFE.

Please visit the ICSG website 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-Nov	Aug	Sep	Oct	Nov	
World Mine Production	15,934	16,054	16,079	16,700	15,159	16,396	1,557	1,534	1,588	1,565
World Mine Capacity	19,135	19,428	19,644	20,186	18,511	19,335	1,808	1,758	1,825	1,774
Mine Capacity Utilization (%)	83.3	82.6	81.9	82.7	81.9	84.8	86.1	87.2	87.0	88.2
Primary Refined Production	15,407	15,732	16,125	16,546	15,032	15,706	1,448	1,415	1,512	1,514
Secondary Refined Production	2,841	3,250	3,470	3,580	3,280	3,463	312	316	343	350
World Refined Production (Secondary+Primary)	18,248	18,981	19,595	20,127	18,312	19,169	1,761	1,731	1,855	1,864
World Refinery Capacity	23,419	23,668	24,279	25,334	23,217	24,438	2,287	2,223	2,306	2,241
Refineries Capacity Utilization (%)	77.9	80.2	80.7	79.4	78.9	78.4	77.0	77.9	80.4	83.2
World Refined Usage 1/	18,070	19,346	19,830	20,550	18,889	19,543	1,747	1,910	1,869	1,993
World Refined Stocks End of Period	1,376	1,199	1,205	1,352	1,205	1,307	1,548	1,449	1,403	1,307
Period Stock Change	275	-177	6	147	-1	-45	-73	-98	-46	-96
Refined Balance 2/	178	-365	-235	-423	-576	-375	14	-178	-14	-129
Seasonally Adjusted Refined Balance 3/					-490	-337	10	-151	-69	-108
Refined Balance Adjusted for Chinese bonded stock change 4/	287	-188	-296	145	-40	-674	24	-161	23	-107

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.