



**Copper: Preliminary Data for January 2014**

The International Copper Study Group (ICSG) released preliminary data for January 2014 world copper supply and demand in its April 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 usage 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 January 2014 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production deficit of 53,000 metric tonnes (t), mainly due to strong Chinese apparent demand. When making seasonal adjustments for world refined production and usage, January showed a production deficit of 74,000 t. This compares with a production surplus of 70,000 t (a seasonally adjusted surplus of 47,000 t) in January 2013.

In January 2014, world usage is estimated to have increased by around 11% compared with that in January 2013. Chinese apparent demand increased by 28% based on a 70% increase in net imports of refined copper from the low net import level in January 2013 and subsequent lower apparent usage. Excluding China, world usage declined by around 1%. On a regional basis, usage is estimated to have declined by 1% in the Americas and Europe, respectively and to have increased by 15% in Africa and 19% in Asia (by only 1% when excluding China).

World mine production is estimated to have increased by around 4.5% in January 2014 compared with production in January 2013. Concentrate production increased by 5% while solvent extraction-electrowinning (SX-EW) increased by 3%. With the exception of Chile (-3%) all the other major copper mine producing countries had greater output. On a regional basis, production in January rose by 20% in Africa, 2.5% in the Americas, 6% in Asia, and 0.5% in Europe, but declined by 0.5% in Oceania. The average world mine capacity utilization rate for January 2014 remained essentially unchanged from that of January 2013.

World refined production is estimated to have increased by 4% in January 2014 compared with refined production in the same month of 2013: primary production was up by 4.3% and secondary production (from scrap) was up by 3%. The main contributor to growth was China (+13%), as refined production in the rest of the world increased by only 0.7%. The average world refinery capacity utilization rate for January 2014 declined slightly to 78% from 78.5% in January 2013.

*Based on the average of stock estimates provided by consultants, Chinese bonded stocks increased by around 30,000 t in January 2014 from the yearend 2013 level, about one half the estimated increase during January 2013. In January 2014, the refined copper balance adjusted for Chinese bonded stock changes indicates a deficit of around 20,000 t compared to a surplus of around 130,000 t in January 2013.*

The average LME cash price for March 2014 was US\$6,667.83 per tonne, down from the February 2014 average of US\$7,152.15 per tonne. The 2014 high and low copper prices through the end of March were US\$7,439.50 (on 2<sup>nd</sup> Jan) and US\$6,434.50 per tonne (on 20<sup>st</sup> Mar), respectively, and the annual average was US\$7,040.56 per tonne. As of the end of March, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 475,089 t, a decline of 31,415 t from stocks held at the end of December 2013. Compared with the February 2014 levels, stocks were down at the LME and SHFE and up at COMEX.

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, 2010-2014**

Thousand metric tonnes, copper

	2010	2011	2012	2013	2013		2013			2014
					Jan	2013	Oct	Nov	Dec	
World Mine Production	16,053	16,076	16,699	18,066	1,471	1,539	1,601	1,573	1,623	1,539
World Mine Capacity	19,428	19,644	20,186	21,102	1,760	1,849	1,824	1,773	1,841	1,849
Mine Capacity Utilization (%)	82.6	81.8	82.7	85.6	83.6	83.2	87.7	88.7	88.2	83.2
Primary Refined Production	15,735	16,126	16,545	17,141	1,434	1,496	1,499	1,497	1,497	1,496
Secondary Refined Production	3,250	3,470	3,583	3,854	308	317	342	349	351	317
World Refined Production (Secondary+Primary)	18,984	19,596	20,128	20,995	1,742	1,814	1,841	1,846	1,847	1,814
World Refinery Capacity	23,688	24,279	25,334	26,709	2,220	2,324	2,300	2,234	2,316	2,324
Refineries Capacity Utilization (%)	80.1	80.7	79.5	78.6	78.5	78.0	80.0	82.6	79.8	78.0
World Refined Usage 1/	19,129	19,697	20,386	21,267	1,672	1,866	1,856	1,967	1,831	1,866
World Refined Stocks End of Period	1,199	1,210	1,381	1,336	1,431	1,313	1,449	1,361	1,336	1,313
Period Stock Change	-177	11	171	-45	50	-23	-43	-88	-25	-23
Refined Balance 2/	-144	-101	-258	-272	70	-53	-15	-121	17	-53
Seasonally Adjusted Refined Balance 3/					47	-74	-68	-105	-75	-74
Refined Balance Adjusted for Chinese bonded stock change 4/	33	-162	310	-531	131	-23	22	-98	57	-23

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.