



## Copper: Preliminary Data for February 2014

The International Copper Study Group (ICSG) released preliminary data for February 2014 world copper supply and demand in its May 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 February 2014 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production deficit of 5,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, February showed a production deficit of 24,000 t. The refined copper balance for the first two months of 2014, including revisions to data previously presented, indicates a production deficit of 128,000 t (a seasonally adjusted deficit of 136,000 t). This compares with a production surplus of 105,000 t (a seasonally adjusted surplus of 95,000 t) in the same period of 2013.

In the first two months of 2014, world usage is estimated to have increased by around 12% compared with that in the same period of 2013. Chinese apparent demand increased by 22% based on a 60% increase in net imports of refined copper from the low net import level in early 2013 and subsequent lower apparent usage. Excluding China, world usage increased by around 5% supported by usage growth in the EU, Japan and the United States of 15%, 13% and 2.5% respectively. However, comparative usage in the first two months of 2013 had declined by 38% in the EU and 7.5% in Japan from the level of 2012.

World mine production is estimated to have increased by around 4% in the first two months of 2014 compared with mine production in the same period of 2013. Concentrate production increased by 4% while solvent extraction-electrowinning (SX-EW) increased by 5.5%. With the exception of Indonesia (-26%) where production remained constrained by the ban on concentrates exports, all the other major copper mine producing countries had greater output. On a regional basis, production in the first two months of 2014 rose by 12% in Africa and 6% in the Americas and remained essentially unchanged in Asia, Europe and Oceania. The average world mine capacity utilization rate for the first two months of 2014 was slightly lower than that in the same period of 2013.

World refined production is estimated to have increased by almost 5% in the first two months of 2014 compared with refined production in the same period of 2013: primary production was up by 4.6% and secondary production (from scrap) was up by 5.2%. The main contributor to growth was China (+13%), followed by the United States and the Democratic Republic of Congo. Output in Chile, the second biggest world refined copper producer, declined by 3.5%. On a regional basis, refined production is estimated to have increased in Africa (12%), in the Americas (3%) and in Asia (6%) and remained essentially unchanged in Europe and Oceania. The average world refinery capacity utilization rate for the first two months of 2014 remained unchanged as compared to the same period of 2013.

*Based on the average of stock estimates provided by consultants, Chinese bonded stocks increased by around 85,000 t in the first two months of 2014 from the yearend 2013 level. Stocks increased by 16,000 t in the same period of 2013. In the first two months of 2014, the refined copper balance adjusted for Chinese bonded stock changes indicates a deficit of around 40,000 t compared to a surplus of around 120,000 t in the first two months of 2013.*

The average LME cash price for April 2014 was US\$6,670.83 per tonne, up from the March 2014 average of US\$6,667.83 per tonne. The 2014 high and low copper prices through the end of April 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\$6,951.46 per tonne. As of the end of April, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 247,594 t, a decline of 258,910 t from stocks held at the end of December 2013. Compared with the March 2014 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.

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### World Refined Copper Usage and Supply Trends, 2010-2014

Thousand metric tonnes, copper

	2010	2011	2012	2013	2013	2014	2013		2014	
					Jan-Feb		Nov	Dec	Jan	Feb
World Mine Production	16,054	16,074	16,709	18,069	2,799	2,919	1,571	1,623	1,498	1,422
World Mine Capacity	19,428	19,644	20,186	21,103	3,355	3,526	1,773	1,841	1,849	1,677
Mine Capacity Utilization (%)	82.6	81.8	82.8	85.6	83.4	82.8	88.6	88.2	81.0	84.8
Primary Refined Production	15,735	16,126	16,545	17,109	2,732	2,857	1,486	1,486	1,488	1,369
Secondary Refined Production	3,250	3,470	3,583	3,854	571	601	349	351	316	285
World Refined Production (Secondary+Primary)	18,985	19,596	20,128	20,962	3,303	3,458	1,835	1,837	1,804	1,655
World Refinery Capacity	23,688	24,279	25,334	26,710	4,233	4,431	2,234	2,316	2,324	2,107
Refineries Capacity Utilization (%)	80.1	80.7	79.5	78.5	78.0	78.0	82.1	79.3	77.6	78.5
World Refined Usage 1/	19,129	19,697	20,386	21,267	3,198	3,586	1,967	1,831	1,926	1,660
World Refined Stocks End of Period	1,199	1,210	1,381	1,336	1,489	1,437	1,361	1,336	1,345	1,437
Period Stock Change	-177	11	171	-45	108	102	-88	-25	10	92
Refined Balance 2/	-144	-101	-258	-305	105	-128	-132	6	-123	-5
Seasonally Adjusted Refined Balance 3/					99	-136	-116	-91	-112	-24
Refined Balance Adjusted for Chinese bonded stock change 4/	33	-162	310	-564	121	-43	-110	46	-93	51

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.