



## Copper: Preliminary Data for May 2014

The International Copper Study Group (ICSG) released preliminary data for May 2014 world copper supply and demand in its August 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 discussed separately in italics below.

According to preliminary ICSG data, the refined copper market balance for May 2014 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production deficit of 69,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, May showed a similar production deficit. The refined copper balance for the first five months of 2014, including revisions to data previously presented, indicates a production deficit of 466,000 t (a seasonally adjusted deficit of 450,000 t). This compares with a production surplus of 251,000 t (a seasonally adjusted surplus of 277,000 t) in the same period of 2013.

In the first five months of 2014, world usage is estimated to have increased by around 15.5% compared with that in the same period of 2013, supported by strong apparent demand in China. Chinese apparent demand increased by 29% (995,000 t) based on a 65% increase in net imports of refined copper from the low net import level in the first five months of 2013 and consequent lower apparent usage. Excluding China, world usage increased by around 6%, supported mainly by apparent usage growth of 18% in the EU and 13% in Japan. However, it should be noted that comparative usage in the first five months of 2013 was 8% lower in the EU and 5% lower in Japan than in the first five months of 2012.

World mine production is estimated to have increased by around 5% (352,000 t) in the first five months of 2014 compared with mine production in the same period of 2013. Concentrate production increased by 6% while solvent extraction-electrowinning (SX-EW) increased by 1%. With the exception of Indonesia (-10%) where production remained constrained by the ban on concentrates exports, all of the other major copper-mine producing countries had greater output. Production in Chile, Peru and the United States increased by an aggregated 6% (200,000t). On a regional basis, production in the first five months of 2014 rose by 12% in Africa, 4% in South America and 12% in North America and remained essentially unchanged in Asia, Europe and Oceania. The average world mine capacity utilization rate for the first five months of 2014 remained practically unchanged compared with that in the same period of 2013.

World refined production is estimated to have increased by 7% (570,000 t) in the first five months of 2014 compared with refined production in the same period of 2013: primary production was up by 6.5% and secondary production (from scrap) was up by 7%. The main contributor to growth was China (+15.5%, 390,000 t), followed by India, the Democratic Republic of Congo, the United States and Japan, where aggregated production increased by 14% (215,000 t). Output in Chile, the second biggest world refined copper producer, declined by 4%. On a regional basis, refined production is estimated to have increased in Africa (13%), North America (8%), Asia (11%), Europe (2%) and Oceania (4%) and to have declined in South America (-2%). The average world refinery capacity utilization rate for the first five months of 2014 was higher than that in the same period of 2013.

*Based on the average of stock estimates provided by independent consultants, Chinese bonded stocks increased by around 160,000 t in the first five months of 2014 from the yearend 2013 level. Stocks declined by around 315,000 t in the same period of 2013. In the first five months of 2014, the world refined copper balance adjusted for Chinese bonded stock changes indicates a deficit of around 305,000 t compared to a deficit of around 65,000 t in the first five months of 2013.*

The average LME cash price for July 2014 was US\$7,104.50 per tonne, up from the June 2014 average of US\$6,806.10 per tonne. The 2014 high and low copper prices through the end of July were US\$7,439.50 (on 2<sup>nd</sup> Jan) and US\$6,434.50 per tonne (on 20<sup>th</sup> Mar), respectively, and the annual average was US\$6,945.45 per tonne. As of the end of July, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 270,038 t, a decline of 236,466 t from stocks held at the end of December 2013. Compared with the June 2014 levels, stocks were down at the LME and up at COMEX and SHFE.

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	2014			
					Jan-May	Feb	Mar	Apr	May	
World Mine Production	16,054	16,078	16,711	18,087	7,201	7,553	1,421	1,535	1,529	1,569
World Mine Capacity	19,368	19,581	20,167	21,050	8,618	9,010	1,664	1,850	1,797	1,863
Mine Capacity Utilization (%)	82.9	82.1	82.9	85.9	83.6	83.8	85.4	83.0	85.1	84.2
Primary Refined Production	15,735	16,128	16,550	17,122	6,968	7,430	1,374	1,543	1,485	1,543
Secondary Refined Production	3,250	3,470	3,586	3,852	1,539	1,646	313	324	344	347
World Refined Production (Secondary+Primary)	18,985	19,598	20,136	20,973	8,507	9,077	1,687	1,866	1,829	1,890
World Refinery Capacity	23,688	24,280	25,310	26,689	10,899	11,399	2,106	2,340	2,272	2,356
Refineries Capacity Utilization (%)	80.1	80.7	79.6	78.6	78.1	79.6	80.1	79.8	80.5	80.2
World Refined Usage 1/	19,129	19,697	20,390	21,248	8,256	9,543	1,686	1,954	2,015	1,959
World Refined Stocks End of Period	1,199	1,210	1,381	1,334	1,721	1,150	1,440	1,391	1,220	1,150
Period Stock Change	-177	11	171	-47	340	-184	95	-49	-171	-70
Refined Balance 2/	-144	-99	-253	-275	251	-466	1	-87	-186	-69
Seasonally Adjusted Refined Balance 3/					277	-450	-16	-91	-143	-69
Refined Balance Adjusted for Chinese bonded stock change 4/	33	-160	315	-522	-63	-308	69	-44	-159	-92

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.