



Copper: Preliminary Data for January 2015

The International Copper Study Group (ICSG) released preliminary data for January 2015 world copper supply and demand in its April 2015 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 have

reportedly been significant during recent periods of stocking or de-stocking and which could significantly alter supply-demand balances.

Therefore, beginning with the January 2014 data release, ICSG has included an additional line item - Refined World Balance Adjusted for Chinese Bonded Stock Changes. As there is no officially reported data, 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 January 2015 showed an apparent production surplus of 59,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, January showed a production surplus of 53,000 t. This compares with a production deficit of 142,000 t (a seasonally adjusted deficit of 149,000 t) in January 2014.

In January 2015, world apparent usage is estimated to have declined by around 3.5% (70,000 t) compared with that in January 2014. Chinese apparent demand declined by 3.8% (35,000 t) based on a 27% decrease in net imports of refined copper from the high net import level in January 2014 and consequent higher apparent usage. Excluding China, world usage declined by around 3.5%. On a regional basis, usage is estimated to have declined by 1.3% in Asia (when excluding China, Asia usage increased by 5%), by 13% in Europe and by 80% in Oceania. Usage increased by 6.5% in Africa and remained essentially unchanged in the Americas.

World mine production is estimated to have increased by around 6% (90,000 t) in January 2015 compared with production in January 2014. Concentrate production increased by 5.8% while solvent extraction-electrowinning (SX-EW) increased by 5.7%. The increase in world mine production was mainly due to a recovery in production levels in Indonesia and in Chile while the latter also benefited from new production at mines that started last year. Peruvian production remained unchanged while production in the United States declined by 5%. On a regional basis, production in January rose by 8% in Africa, 7% in the Americas, 8% in Asia, but declined by 1% in Europe and 6% in Oceania. The average world mine capacity utilization rate for January 2015 increased to 85.5% from 84.5% in January 2014.

World refined production is estimated to have increased by around 7.5% (130,000t) in January 2015 compared with refined production in the same month of 2014: primary production was up by 5.5% and secondary production (from scrap) was up by 16%. The main contributor to growth was China (+15%), followed by the Philippines, South Korea and the DRC where aggregated production increased by 28% (30,000 t). Output in Chile, the second leading refined copper producer, declined by 2% and in the United States production declined by 13%. The average world refinery capacity utilization rate for January 2015 increased to 81% from 78% in January 2014.

Based on the average of stock estimates provided by independent consultants, Chinese bonded stocks declined by around 5,000 t in January 2015 from the yearend 2014 level. Stocks increased by around 50,000 t in the same month of 2014. In January 2015, the refined copper balance adjusted for Chinese bonded stock changes indicates a surplus of around 56,000 t compared to a deficit of around 90,000 t in January 2014.

The average LME cash price for March was US\$5,925.84 per tonne, up from the February average of US\$5,702.08 per tonne. The 2015 high and low copper prices through the end of March were US\$6,309.00 (on 2nd Jan) and US\$5,390.50 per tonne (on 29th Jan), respectively, and the year-to-date average was US\$5,818.13 per tonne (15% below 2014 annual average). As of the end of March, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 599,994 t, an increase of 293,557 t (96%) from stocks held at the end of December 2014. Compared with the February levels, stocks were up the three Exchanges.

Please visit the ICSG website www.icsg.org for further copper market related information.

(World Refined Copper Usage and Supply Trends table on next page)

World Refined Copper Usage and Supply Trends, 2011-2015

Thousand metric tonnes, copper

	2011	2012	2013	2014	2014	2015	2014			2015
					Jan	Oct	Nov	Dec	Jan	
World Mine Production	16,053	16,775	18,265	18,707	1,536	1,624	1,610	1,547	1,646	1,624
World Mine Capacity	19,468	19,964	20,787	21,734	1,813	1,900	1,877	1,823	1,892	1,900
Mine Capacity Utilization (%)	82.5	84.0	87.9	86.1	84.7	85.5	85.8	84.9	87.0	85.5
Primary Refined Production	16,132	16,590	17,239	18,581	1,481	1,562	1,624	1,565	1,649	1,562
Secondary Refined Production	3,468	3,596	3,803	3,909	301	351	344	343	343	351
World Refined Production (Secondary+Primary)	19,600	20,186	21,043	22,490	1,782	1,913	1,968	1,908	1,992	1,913
World Refinery Capacity	24,030	25,077	26,425	27,352	2,286	2,356	2,342	2,271	2,352	2,356
Refineries Capacity Utilization (%)	81.6	80.5	79.6	82.2	77.9	81.2	84.0	84.0	84.7	81.2
World Refined Usage 1/	19,705	20,456	21,386	22,886	1,924	1,854	1,998	1,966	1,854	1,854
World Refined Stocks End of Period	1,205	1,376	1,325	1,353	1,340	1,428	1,250	1,243	1,353	1,428
Period Stock Change	7	171	-51	28	16	74	30	-8	110	74
Refined Balance 2/	-105	-270	-344	-396	-142	59	-30	-57	138	59
Seasonally Adjusted Refined Balance 3/					-149	53	-59	0	32	53
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	298	-600	-409	-90	56	-64	-17	148	56

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.