



Copper: Preliminary Data for February 2015

The International Copper Study Group (ICSG) released preliminary data for February 2015 world copper supply and demand in its May 2015 Copper Bulletin. The Bulletin is available for sale upon request.

In developing its global market balance, the ICSG uses an apparent demand calculation for China—the leading global consumer of copper accounting for about 40% of world demand—that does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader]. To facilitate global market analysis, however, an additional line item—Refined World Balance Adjusted for Chinese Bonded Stock

Changes—is included below that adjusts the world refined copper balance based on an average estimate of changes in unreported inventories provided by three consultants with expertise in China's copper market. 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 February 2015 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production surplus of about 120,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, February showed a production surplus of around 80,000 t. The refined copper balance for the first two months of 2015, including revisions to data previously presented, indicates a production surplus of 153,000 t (a seasonally adjusted surplus of 115,000 t). This compares with a production deficit of 148,000 t (a seasonally adjusted deficit of 193,000 t) for the same period of 2014.

In the first two months of 2015, world apparent usage is estimated to have declined by around 3.5% (130,000 t) compared with that in the same period of 2014. Chinese apparent demand declined by 5% (90,000 t) based on a 26% decrease in net imports of refined copper from the high net import level in early 2014 and consequently higher apparent usage. Excluding China, world usage declined by around 2% mainly due to a decline of 42% in Russia's apparent usage (following the withdrawal of Russia's cathode export tax in September 2014) and a decline of 7% in EU usage. On a regional basis, usage is estimated to have declined by 2% in Asia (when excluding China, Asia usage increased by 5%), by 12% in Europe and by 81% in Oceania. Usage increased by 8% and 4% in Africa and the Americas, respectively.

World mine production is estimated to have increased by around 2% (65,000 t) in the first two months of 2015 compared with production in the same period of 2014. Concentrate production increased by 2% while solvent extraction-electrowinning (SX-EW) increased by 4%. The increase in world mine production was mainly due to a recovery in production levels at mines in Indonesia and Chile, although the latter also benefited from production at mines that started last year. Production in Peru and the United States declined by 6% and 3% respectively. On a regional basis, production rose by 2% in Africa, 1.5% in the Americas and 9.5% in Asia, but declined by 0.5% in Europe and 10% in Oceania. The average world mine capacity utilization rate for the first two months of 2015 declined to 84% from 86% in the same period of 2014.

World refined production is estimated to have increased by around 5% (170,000t) in the first two months of 2015 compared with refined production in the same period of 2014: primary production was up by 3% and secondary production (from scrap) was up by 13%. The main contributor to growth was China (9%), followed by the Philippines, Indonesia and the DRC where aggregated production increased by 48% (67,000 t). Output in Chile, the second leading refined copper producer, declined by 2%, and in the United States production declined by 7%. On a regional basis, refined production is estimated to have increased in Africa (9%), Asia (10%) and Oceania (2%) and to have declined in the Americas (-2%) while remaining essentially unchanged in Europe. The average world refinery capacity utilization rate for the first two months of 2015 increased to 81% from 80% in the same period of 2014.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks remained unchanged in the first two months of 2015 from the yearend 2014 level. Stocks increased by around 120,000 t in the same period of 2014. In the first two months of 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production surplus of around 153,000 t compared with a deficit of around 28,000 t in the same period of 2014.

The average LME cash price for April was US\$6,028.48 per tonne, up from the March average of US\$5,925.84 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\$5,868.82 per tonne (14.5% below 2014 annual average). As of the end of April, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 569,341 t, an increase of 262,904 t (86%) from stocks held at the end of December 2014. Compared with the March levels, stocks were up at the LME and down at SHFE and COMEX.

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-Feb		Nov	Dec	Jan	Feb
World Mine Production	16,053	16,775	18,265	18,714	2,987	3,053	1,550	1,648	1,607	1,447
World Mine Capacity	19,468	19,964	20,787	21,734	3,457	3,622	1,823	1,892	1,900	1,723
Mine Capacity Utilization (%)	82.5	84.0	87.9	86.1	86.4	84.3	85.0	87.1	84.6	84.0
Primary Refined Production	16,132	16,590	17,239	18,571	2,887	2,979	1,562	1,648	1,551	1,428
Secondary Refined Production	3,468	3,596	3,803	3,909	593	673	343	343	354	318
World Refined Production (Secondary+Primary)	19,600	20,186	21,043	22,479	3,479	3,652	1,905	1,991	1,906	1,746
World Refinery Capacity	24,030	25,077	26,425	27,352	4,356	4,489	2,271	2,352	2,356	2,133
Refineries Capacity Utilization (%)	81.6	80.5	79.6	82.2	79.9	81.3	83.9	84.6	80.9	81.9
World Refined Usage 1/	19,705	20,441	21,370	22,886	3,627	3,499	1,967	1,855	1,875	1,624
World Refined Stocks End of Period	1,205	1,376	1,325	1,339	1,435	1,509	1,231	1,339	1,410	1,509
Period Stock Change	7	171	-52	14	110	171	-12	108	72	99
Refined Balance 2/	-105	-255	-328	-407	-148	153	-62	135	31	122
Seasonally Adjusted Refined Balance 3/					-193	115	-8	30	34	81
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	313	-584	-420	-28	153	-22	145	28	126

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 2 of the press release.