



Copper: Preliminary Data for May 2015

The International Copper Study Group (ICSG) released preliminary data for May 2015 world copper supply and demand in its August 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 May 2015 (excluding the adjustment for changes in China's bonded stocks) showed a second consecutive monthly apparent production deficit, at over 60,000 metric tonnes (t), mainly due to strong Chinese apparent demand. When making seasonal adjustments for world refined production and usage, May showed a production deficit of around 30,000 t. The refined copper balance for the first five months of 2015, including revisions to data previously presented, indicates a roughly balanced market (and a seasonally adjusted surplus of 37,000 t). This compares with a production deficit of 537,000 t (a seasonally adjusted deficit of 518,000 t) for the same period of 2014.

In the first five months of 2015, world apparent usage is estimated to have declined by around 3% (280,000 t) compared with that in the same period of 2014. Chinese apparent demand declined by 3% (143,000 t) based on a 13% decrease in net imports of refined copper from the high net import level in early 2014 and consequently higher apparent usage. However, Chinese apparent usage in May was the highest since December 2014. Excluding China, world usage declined by around 3% in the first five months of 2015 mainly due to a decline of 45% in Russia's apparent usage (following the withdrawal of Russia's cathode export tax in September 2014) and a decline of 8% and 6% in Japan and the EU, respectively. On a regional basis, usage is estimated to have declined by 2% in Asia (when excluding China, Asia usage increased by 1%), by 11% in Europe and by 72% in Oceania. Usage increased by 5.6% and 3.8% in Africa and the Americas, respectively.

World mine production is estimated to have increased by 3.6% (277,000 t) in the first five months of 2015 compared with production in the same period of 2014. Both concentrate production and solvent extraction-electrowinning (SX-EW) increased by around 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 increased by 6% and in the United States production declined by 4%. On a regional basis, production rose by 2.2% in Africa, 3% in South America, 12% in Asia and 1% in Europe, but declined by 3% respectively in North America and Oceania. The average world mine capacity utilization rate for the first five months of 2015 declined slightly to 85% from 86% in the same period of 2014.

World refined production is estimated to have increased by 3% (261,000 t) in the first five months of 2015 compared with refined production in the same period of 2014: primary production was up by almost 2% and secondary production (from scrap) was up by 8.2%. The main contributor to growth was China (up by 5%), followed by the Philippines and Indonesia where production was reduced in the first quarter of last year due to operational constraints. Production also increased in the DRC (+12%). Output in Chile and Japan (the second and third leading refined copper producers) declined by 3% each, while in the United States (the fourth largest producer of refined copper), production dropped by 6%. On a regional basis, refined output is estimated to have increased in Africa (7%) and Asia (6%) and decreased in the Americas (-1%) and Oceania (-23%) while remaining essentially unchanged in Europe. The average world refinery capacity utilization rate for the first five months of 2015 remained largely unchanged compared to the same period of 2014.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by 45,000 t in the first five months of 2015 from the year-end 2014 level. Stocks increased by almost 190,000 t in the same period of 2014. In the first four months of 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production surplus of around 50,000 t compared with a deficit of around 350,000 t in the same period of 2014.

The average LME cash price for July was US\$5,456.91 per tonne, down from the June average of US\$5,833.61 per tonne. The 2015 high and low copper prices through the end of July were US\$6,448.00 (on 12th May) and US\$5,190.50 per tonne (on 27th Jul), respectively, and the year-to-date average was US\$5,854.91 per tonne (15% below 2014 annual average). As of the end of July, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 483,465 t, an increase of 177,028 t (58%) from stocks held at the end of December 2014. Compared with the June levels, stocks were up at LME and COMEX and down at SHFE.

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	2015			
					Jan-May	Feb	Mar	Apr	May	
World Mine Production	16,056	16,778	18,272	18,715	7,646	7,923	1,451	1,612	1,592	1,657
World Mine Capacity	19,468	19,964	20,787	21,718	8,898	9,321	1,721	1,914	1,859	1,929
Mine Capacity Utilization (%)	82.5	84.0	87.9	86.2	85.9	85.0	84.3	84.2	85.6	85.9
Primary Refined Production	16,132	16,590	17,239	18,571	7,467	7,603	1,423	1,561	1,504	1,578
Secondary Refined Production	3,468	3,596	3,803	3,909	1,536	1,661	317	335	326	337
World Refined Production (Secondary+Primary)	19,600	20,186	21,043	22,480	9,003	9,264	1,740	1,897	1,830	1,915
World Refinery Capacity	23,950	25,027	26,375	27,288	11,171	11,437	2,118	2,348	2,275	2,355
Refineries Capacity Utilization (%)	81.8	80.7	79.8	82.4	80.6	81.0	82.2	80.8	80.4	81.3
World Refined Usage 1/	19,705	20,441	21,370	22,856	9,540	9,260	1,620	1,881	1,924	1,977
World Refined Stocks End of Period	1,205	1,376	1,325	1,339	1,148	1,511	1,508	1,553	1,537	1,511
Period Stock Change	7	171	-52	14	-176	172	98	44	-15	-26
Refined Balance 2/	-105	-255	-328	-376	-537	4	120	15	-94	-62
Seasonally Adjusted Refined Balance 3/					-518	37	78	7	-48	-28
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	313	-584	-389	-349	49	126	32	-84	-47

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.