



Copper: Preliminary Data for July 2015

The International Copper Study Group (ICSG) released preliminary data for July 2015 world copper supply and demand in its October 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 45% 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 for July 2015 (excluding the adjustment for changes in China's bonded stocks) was roughly balanced with an apparent production surplus of only 8,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, July showed a production surplus of 12,000 t. The refined copper balance for the first seven months of 2015, including revisions to data previously presented, indicates a small production surplus of around 10,000 t (and a seasonally adjusted surplus of about 85,000 t). This compares with a production deficit of around 560,000 t (a seasonally adjusted deficit of about 490,000 t) for the same period of 2014.

In the first seven months of 2015, world apparent usage is estimated to have declined by around 2% (250,000 t) compared with that in the same period of 2014. Excluding China, world usage declined by around 4%. Although Chinese apparent demand increased by around 1%, usage declined by 8% and 6% in Japan and the EU, respectively, and by 52% in Russia (following the withdrawal of Russia's cathode export tax in September 2014). On a regional basis, usage is estimated to have increased by 1% in Africa, 0.6% in Asia (when excluding China, Asia usage declined by around 0.3%) and by 2% in the Americas while declining by 12% and 66% in Europe and Oceania, respectively.

World mine production is estimated to have increased by 3% (315,000 t) in the first seven months of 2015 compared with production in the same period of 2014. Concentrate production increased by 3.5% while solvent extraction-electrowinning (SX-EW) increased by 1.5%. 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. Aggregated production in these two countries increased by 5.5%. Production in Peru increased by 12%, and in the United States and China production declined by 4% and 3%, respectively. On a regional basis, production rose by 1.5% in Africa, 4% in South America, 9% in Asia and 1.5% in Europe, but declined by 3% and 5% in North America and Oceania, respectively. The average world mine capacity utilization rate for the first seven months of 2015 declined slightly to 83.5% from 85% in the same period of 2014.

World refined production is estimated to have increased by 2.5% (320,000 t) in the first seven months of 2015 compared with refined production in the same period of 2014: primary production was up by 1.5% and secondary production (from scrap) was up by 7%. The main contributor to growth was China (up by 5.5%), 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 (+9%). Output in Chile and Japan (the second and third leading refined copper producers) declined by 3% and 2.5%, respectively, 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 (8%) and Asia (6%) and decreased in the Americas (-2%) and in Oceania (-20%) while remaining essentially unchanged in Europe. The average world refinery capacity utilization rate for the first seven months of 2015 remained unchanged at around 81% as compared to the same period of 2014.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 50,000 t in the first seven months of 2015 from the year-end 2014 level. Stocks increased by 110,000 t in the same period of 2014. In the first seven months of 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production surplus of around 55,000 t compared with a deficit of around 455,000 t in the same period of 2014.

The average LME cash price for September was US\$5,208.09 per tonne, up from the August average of US\$5,088.93 per tonne. The 2015 high and low copper prices through the end of September were US\$6,448.00 (on 12th May) and US\$4,888.00 per tonne (on 24th August), respectively, and the year-to-date average was US\$5,698.56 per tonne (17% below 2014 annual average). As of the end of September, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 512,341 t, an increase of 205,904 t (67%) from stocks held at the end of December 2014. Compared with the August levels, stocks were up at COMEX and SHFE and down at the LME.

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-Jul	Apr	May	Jun	Jul	
World Mine Production	16,056	16,778	18,264	18,527	10,659	10,974	1,563	1,622	1,618	1,594
World Mine Capacity	19,468	19,964	20,787	21,718	12,538	13,137	1,859	1,929	1,874	1,941
Mine Capacity Utilization (%)	82.5	84.0	87.9	85.3	85.0	83.5	84.1	84.1	86.3	82.1
Primary Refined Production	16,132	16,604	17,255	18,564	10,563	10,728	1,506	1,575	1,557	1,572
Secondary Refined Production	3,468	3,596	3,803	3,916	2,204	2,361	331	342	342	349
World Refined Production (Secondary+Primary)	19,599	20,201	21,059	22,479	12,767	13,089	1,837	1,917	1,899	1,921
World Refinery Capacity	23,950	25,027	26,375	27,288	15,729	16,079	2,275	2,354	2,281	2,363
Refineries Capacity Utilization (%)	81.8	80.7	79.8	82.4	81.2	81.4	80.7	81.4	83.2	81.3
World Refined Usage 1/	19,704	20,461	21,387	22,886	13,330	13,081	1,945	1,947	1,915	1,913
World Refined Stocks End of Period	1,205	1,376	1,325	1,339	1,149	1,485	1,537	1,511	1,515	1,485
Period Stock Change	7	171	-52	14	-176	146	-15	-27	4	-30
Refined Balance 2/	-105	-260	-328	-407	-563	8	-108	-30	-16	8
Seasonally Adjusted Refined Balance 3/					-493	86	-47	0	19	12
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	307	-584	-420	-455	56	-98	-20	7	-16

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.