



## Copper: Preliminary Data for August 2015

The International Copper Study Group (ICSG) released preliminary data for August 2015 world copper supply and demand in its November 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 August 2015 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production surplus of around 80,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, August showed a production surplus of 16,000 t. The refined copper balance for the first eight months of 2015, including revisions to data previously presented, indicates a production surplus of around 70,000 t (and a seasonally adjusted surplus of about 100,000 t). This compares with a production deficit of around 460,000 t (a seasonally adjusted deficit of about 430,000 t) for the same period of 2014.

In the first eight months of 2015, world apparent usage is estimated to have declined by around 2% (295,000 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 0.5%, usage declined by 5% and 7% in the EU and Japan, respectively, and by 50% in Russia (following the withdrawal of Russia's cathode export tax in September 2014). On a regional basis, usage is estimated to have remained essentially unchanged in Asia while increasing by around 2% in Africa and in the Americas and declining by 11% and 63% in Europe and Oceania, respectively.

World mine production is estimated to have increased by around 3% (350,000 t) in the first eight 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%. The increase in world mine production was mainly due to a recovery in production levels at operating mines in Indonesia (64% growth in Indonesian mine production as in 2014 output was constrained by the ban on concentrates exports) and a 13% increase in Peruvian output (benefited from higher production rates at operating mines and ramp-up production from mines that started in 2014/2015). Production increased by 0.7% in Chile and in the United States and China production declined by 1% and 3%, respectively. On a regional basis, production rose by 1% in Africa, 3% in South America, 9% in Asia and 2% in Europe, but declined by 2% and 5% in North America and Oceania, respectively. The average world mine capacity utilization rate for the first eight months of 2015 declined to around 83% from 85% in the same period of 2014.

World refined production is estimated to have increased by 1.6% (235,000 t) in the first eight months of 2015 compared with refined production in the same period of 2014: primary production was up by 1% and secondary production (from scrap) was up by 3.5%. The main contributor to growth was China (up by 4%), 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 (+8%). Output in Chile and Japan (the second and third leading refined copper producers) declined by 3% and 2%, respectively, while in the United States (the fourth largest producer of refined copper), production dropped by 7%. On a regional basis, refined output is estimated to have increased in Africa (8%) and Asia (4%) and decreased in the Americas (-2.5%) and in Oceania (-19%) while remaining essentially unchanged in Europe. The average world refinery capacity utilization rate for the first eight months of 2015 declined slightly to around 81% from 81.5% in the same period of 2014.

*Based on the average of stock estimates provided by independent consultants, China's bonded stocks declined by around 75,000 t in the first eight months of 2015 from the year-end 2014 level. Stocks increased by 43,000 t in the same period of 2014. In the first eight months of 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production deficit of around 5,000 t compared with a deficit of around 420,000 t in the same period of 2014.*

The average LME cash price for October was US\$5,222.61 per tonne, up from the September average of US\$5,208.09 per tonne. The 2015 high and low copper prices through the end of August were US\$6,448.00 (on 12<sup>th</sup> May) and US\$4,888.00 per tonne (on 24<sup>th</sup> August), respectively, and the year-to-date average was US\$5,648.94 per tonne (18% below 2014 annual average). As of the end of October, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 496,557 t, an increase of 190,120 t (62%) from stocks held at the end of December 2014. Compared with the September levels, stocks were up at COMEX and SHFE and down at the LME.

Please visit the ICSG website [www.icsg.org](http://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-Aug	May	Jun	Jul	Aug	
World Mine Production	16,056	16,776	18,254	18,514	12,226	12,574	1,624	1,620	1,597	1,589
World Mine Capacity	19,468	19,964	20,787	21,718	14,398	15,098	1,929	1,874	1,947	1,955
Mine Capacity Utilization (%)	82.5	84.0	87.8	85.2	84.9	83.3	84.2	86.4	82.0	81.3
Primary Refined Production	16,132	16,604	17,255	18,560	12,154	12,295	1,571	1,560	1,559	1,564
Secondary Refined Production	3,468	3,596	3,803	3,916	2,543	2,636	332	333	344	334
World Refined Production (Secondary+Primary)	19,599	20,201	21,059	22,475	14,697	14,931	1,904	1,893	1,903	1,898
World Refinery Capacity	23,950	25,027	26,375	27,288	18,053	18,449	2,355	2,282	2,363	2,368
Refineries Capacity Utilization (%)	81.8	80.7	79.8	82.4	81.4	80.9	80.9	83.0	80.5	80.2
World Refined Usage 1/	19,704	20,461	21,387	22,881	15,158	14,862	1,935	1,912	1,906	1,817
World Refined Stocks End of Period	1,205	1,376	1,325	1,342	1,190	1,552	1,514	1,518	1,488	1,552
Period Stock Change	7	171	-52	18	-134	210	-27	4	-30	64
Refined Balance 2/	-105	-260	-328	-406	-461	69	-31	-19	-3	81
Seasonally Adjusted Refined Balance 3/					-433	98	0	20	8	16
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	307	-584	-419	-418	-6	-21	4	-26	-42

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.