Copper: Preliminary Data for September 2015

The International Copper Study Group (ICSG) released preliminary data for September 2015 world copper supply and demand in its December 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 September 2015 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production deficit of around 25,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, September showed a production surplus of 30,000 t. The refined copper balance for the first nine months of 2015, including revisions to data previously presented, indicates a production surplus of around 35,000 t (and a seasonally adjusted surplus of about 122,000 t). This compares with a production deficit of around 450,000 t (a seasonally adjusted deficit of about 375,000 t) for the same period of 2014.

In the first nine months of 2015, world apparent usage is estimated to have declined by around 1.5% (250,000 t) compared with that in the same period of 2014. Excluding China, world usage declined by around 3.5%. Although Chinese apparent demand increased by around 0.5%, usage declined by 4% and 8% in the EU and Japan, respectively, and by 47% 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 3% in Africa and 1.5% in the Americas and declining by 10% and 60% in Europe and Oceania, respectively.

World mine production is estimated to have increased by around 3% (450,000 t) in the first nine months of 2015 compared with production in the same period of 2014. Concentrate production increased by 4% 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 (63% growth in Indonesian mine production as in 2014 output was constrained by a seven month ban on concentrates exports) and a 16% increase in Peruvian output (benefitting from higher production rates at operating mines and a ramp-up in production from mines that started in 2014/2015). Production increased by 0.7% in Chile while remaining essentially unchanged in the United States and China. On a regional basis, production rose by 4% in South America, 10% in Asia and 1.5% in Europe. However, production declined by 4% in Oceania and remained flat in Africa and North America. The average world mine capacity utilization rate for the first nine months of 2015 declined to around 84% from 85% in the same period of 2014.

World refined production is estimated to have increased by about 1.5% (230,000 t) in the first nine 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 4.5%. The main contributor to growth was China (up by 3.5%), 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 (+7%). Output in Chile and Japan (the second and third leading refined copper producers) declined by 2.5% and 2%, respectively, while in the United States (the fourth largest producer of refined copper), production dropped by 5%. On a regional basis, refined output is estimated to have increased in Africa (7%) and Asia (3.5%) and decreased in the Americas (-2%) and in Oceania (-17%) while remaining essentially unchanged in Europe. The average world refinery capacity utilization rate for the first nine months of 2015 declined slightly to around 82% from 82.5% in the same period of 2014.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks declined by around 95,000 t in the first nine months of 2015 from the year-end 2014 level. Stocks declined by 30,000 t in the same period of 2014. In the first nine months of 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production deficit of around 60,000 t compared with a deficit of around 480,000 t in the same period of 2014.

The average LME cash price for November was US$4,808.24 per tonne, down from the October average of US$5,222.61 per tonne. The 2015 high and low copper prices through the end of November were US$6,448.00 (on 12th May) and US$4,515.50 per tonne (on 23rd November), respectively, and the year-to-date average was US$5572.84 per tonne (19% below 2014 annual average). As of the end of November, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 496,342 t, an increase of 189,905 t (62%) from stocks held at the end of December 2014. Compared with the October 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-Sep		Jun	Jul	Aug	Sep
World Mine Production	16,056	16,776	18,254	18,514	13,758	14,213	1,621	1,608	1,601	1,611
World Mine Capacity	19,438	19,914	20,715	21,654	16,153	16,960	1,869	1,946	1,953	1,898
Mine Capacity Utilization (%)	82.6	84.2	88.1	85.5	85.2	83.8	86.8	82.6	81.9	84.9
Primary Refined Production	16,132	16,604	17,255	18,557	13,728	13,826	1,560	1,555	1,552	1,547
Secondary Refined Production	3,468	3,596	3,803	3,916	2,884	3,019	333	352	354	355
World Refined Production (Secondary+Primary)	19,599	20,201	21,059	22,472	16,612	16,845	1,893	1,908	1,905	1,903
World Refinery Capacity	23,830	24,835	26,183	27,132	20,165	20,541	2,258	2,338	2,343	2,273
Refineries Capacity Utilization (%)	82.2	81.3	80.4	82.8	82.4	82.0	83.8	81.6	81.3	83.7
World Refined Usage 1/	19,704	20,461	21,387	22,884	17,064	16,810	1,912	1,911	1,828	1,929
World Refined Stocks End of Period	1,205	1,376	1,325	1,339	1,215	1,493	1,515	1,485	1,548	1,493
Period Stock Change	7	171	-52	14	-110	154	4	-30	64	-55
Refined Balance 2/	-105	-260	-328	-412	-452	35	-19	-3	77	-26
Seasonally Adjusted Refined Balance 3/					-375	122	20	9	14	30
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	307	-584	-425	-482	-60	4	-26	-46	-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.