



Copper: Preliminary Data for November 2015

The International Copper Study Group (ICSG) released preliminary data for November 2015 world copper supply and demand in its February 2016 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 November 2015 (excluding the adjustment for changes in China's bonded stocks) showed a small apparent production deficit of around 25,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, November showed a small production surplus of 20,000 t. The refined copper balance for the first eleven months of 2015, including revisions to data previously presented, indicates a production surplus of around 50,000 t (and a seasonally adjusted surplus of about 170,000 t). This compares with a production deficit of around 545,000 t (a seasonally adjusted deficit of about 430,000 t) for the same period of 2014.

In the first eleven months of 2015, world apparent usage is estimated to have declined by around 1% (260,000 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 2%, usage declined by 4% and 7% in the EU and Japan, respectively, and by 48% 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 around 1.5% in Africa and Asia, respectively while declining by around 1.5% in the Americas, 10% in Europe and 55% in Oceania.

World mine production is estimated to have increased by around 3.5% (580,000 t) in the first eleven 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 (56% growth in Indonesian mine production as in 2014 output was constrained by a seven month ban on concentrates exports) and an 19% 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 0.8% and 2% in Chile and in the United States, respectively, while declining by 4% in China. On a regional basis, production rose by 4% in South America, 2% in North America, 8% in Asia and 1.5% in Europe. However, production declined by 1% and 3.5% in Africa and Oceania, respectively. The average world mine capacity utilization rate for the first eleven 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 1.6% (330,000 t) in the first eleven months of 2015 compared with refined production in the same period of 2014: primary production was up by 2% and secondary production (from scrap) remained essentially unchanged. The main contributor to growth in world refined production was China (up by 4%). Output in Chile and Japan (the second and third leading refined copper producers) declined by 1.5% and 4%, respectively, while in the United States (the fourth largest refined copper producer), production increased by 1.5%. On a regional basis, refined output is estimated to have increased in Africa (3%) and Asia (3%) and decreased in Oceania (-5%) while remaining essentially unchanged in the Americas and Europe. The average world refinery capacity utilization rate for the first eleven months of 2015 remained practically unchanged at around 83% as compared to the same period of 2014.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks declined by around 155,000 t in the first eleven months of 2015 from the year-end 2014 level. Stocks declined by 25,000 t in the same period of 2014. In the first eleven months of 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production deficit of around 100,000 t compared with a deficit of around 570,000 t in the same period of 2014.

The average LME cash price for January was US\$4,462.75 per tonne, down from the December average of US\$4,629.00 per tonne. The 2016 high and low copper prices through the end of January were US\$4,647.00 (on 5th Jan) and US\$4,310.50 per tonne (on 15th Jan), respectively, and the year-to-date average was US\$4,462.75 per tonne (19% below 2015 annual average). As of the end of January, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 510,729 t, an increase of 28,861 t (6%) from stocks held at the end of December 2015. Compared with the December 2015 levels, stocks were up at the LME and SHFE and down at 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	2015			
					Jan-Nov	Aug	Sep	Oct	Nov	
World Mine Production	16,056	16,767	18,240	18,499	16,872	17,451	1,593	1,592	1,651	1,613
World Mine Capacity	19,407	19,923	20,699	21,508	19,770	20,677	1,935	1,880	1,950	1,895
Mine Capacity Utilization (%)	82.7	84.2	88.1	86.0	85.3	84.4	82.3	84.7	84.7	85.1
Primary Refined Production	16,132	16,604	17,255	18,557	16,909	17,244	1,581	1,573	1,602	1,612
Secondary Refined Production	3,468	3,596	3,803	3,915	3,572	3,569	339	340	339	347
World Refined Production (Secondary+Primary)	19,599	20,201	21,059	22,472	20,481	20,813	1,920	1,912	1,942	1,959
World Refinery Capacity	23,769	24,784	26,104	27,043	24,632	24,984	2,324	2,253	2,332	2,260
Refineries Capacity Utilization (%)	82.5	81.5	80.7	83.1	83.1	83.3	82.6	84.9	83.3	86.7
World Refined Usage 1/	19,704	20,461	21,387	22,881	21,025	20,762	1,828	1,921	1,956	1,986
World Refined Stocks End of Period	1,205	1,376	1,325	1,339	1,231	1,506	1,551	1,494	1,497	1,506
Period Stock Change	7	171	-52	14	-94	167	62	-57	3	9
Refined Balance 2/	-105	-260	-328	-409	-544	51	92	-9	-14	-27
Seasonally Adjusted Refined Balance 3/					-431	172	23	38	-15	19
Refined Balance Adjusted for Chinese bonded stock change 4/	-166	307	-584	-422	-568	-103	-48	-45	-42	-24

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.