



Copper: Preliminary Data for December 2015

The International Copper Study Group (ICSG) released preliminary data for December 2015 world copper supply and demand in its March 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 December 2015 (excluding the adjustment for changes in China's bonded stocks) showed a small apparent production deficit of around 47,000 metric tonnes (t) mainly due to strong Chinese apparent usage. When making seasonal adjustments for world refined production and usage, December showed a production deficit of 163,000 t. The refined copper balance for the full-year 2015, including revisions to data previously presented, indicates a small production deficit of around 57,000 t (and a seasonally adjusted deficit of about 53,000 t). This compares with a production deficit of around 420,000 t (a seasonally adjusted deficit of about 416,000 t) in 2014.

In 2015, world apparent usage is estimated to have remained essentially unchanged compared with that in 2014. Excluding China, world usage declined by around 3%. Although Chinese apparent demand increased by around 3%, usage declined by about 2% and 7% 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 increased by around 2% and 4% in Asia and Africa, respectively while declining by around 1.5% in the Americas, 8% in Europe and 55% in Oceania.

World mine production is estimated to have increased by around 3.5% (650,000 t) in 2015 compared with production in 2014. The impact of price-related mine closures or production cuts announced in the 2nd half of the year mainly in Africa, North America and Chile was more than offset by increases in other regions. Concentrate production increased by 4% while solvent extraction-electrowinning (SX-EW) remained stagnant. The increase in world mine production was mainly due to a recovery in production levels at operating mines in Indonesia (53% growth in Indonesian mine production because 2014 output was constrained by a seven month ban on concentrates exports) and an 23% 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 remained essentially unchanged in Chile, the world biggest copper mine producer. On a regional basis, production rose by 4.5% in South America, 2.5% in North America, 8% in Asia and 1.5% in Europe. However, production declined by 1.5% and 3.5% in Africa and Oceania, respectively. The average world mine capacity utilization rate in 2015 declined to around 85% from 86% in 2014.

World refined production is estimated to have increased by about 1.6% (350,000 t) in 2015 compared with refined production in 2014: primary production was up by 2% and secondary production (from scrap) remained essentially unchanged as output was constrained by tight supply of scrap. 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 4.5%, respectively, due to smelters' maintenance shutdowns and operational failures. Production increased by 4% in the United States, the fourth largest refined copper producer. On a regional basis, refined output is estimated to have increased in Africa (1%), Asia (3%) and North America (4%) while declining in South America (-1%), Europe (-1%) and Oceania (-4%). The average world refinery capacity utilization rate for 2015 remained practically unchanged at around 83.5% as compared to 2014.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks declined by around 110,000 t in 2015 from the year-end 2014 level. Stocks declined by 23,000 t in 2014. In 2015, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production deficit of around 167,000 t compared with a deficit of around 443,000 t in 2014.

The average LME cash price for February was US\$4,595.48 per tonne, down from the January average of US\$4,462.75 per tonne. The 2016 high and low copper prices through the end of February were US\$4,705.00 (on 29th Feb) and US\$4,310.50 per tonne (on 15th Jan), respectively, and the year-to-date average was US\$4,530.73 per tonne (18% below 2015 annual average). As of the end of February, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 530,735 t, an increase of 48,867 t (10%) from stocks held at the end of December 2015. Compared with the December 2015 levels, stocks were up at the SHFE and down at LME and 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-Dec	Sep	Oct	Nov	Dec	
World Mine Production	16,056	16,767	18,240	18,490	18,490	19,138	1,594	1,652	1,617	1,683
World Mine Capacity	19,407	19,923	20,699	21,508	21,508	22,599	1,880	1,950	1,895	1,965
Mine Capacity Utilization (%)	82.7	84.2	88.1	86.0	86.0	84.7	84.8	84.7	85.3	85.6
Primary Refined Production	16,132	16,604	17,255	18,557	18,557	18,893	1,571	1,598	1,611	1,658
Secondary Refined Production	3,468	3,596	3,803	3,915	3,915	3,928	339	338	345	366
World Refined Production (Secondary+Primary)	19,599	20,201	21,059	22,472	22,472	22,821	1,909	1,936	1,956	2,024
World Refinery Capacity	23,769	24,784	26,104	27,043	27,043	27,263	2,253	2,332	2,260	2,340
Refineries Capacity Utilization (%)	82.5	81.5	80.7	83.1	83.1	83.7	84.8	83.0	86.5	86.5
World Refined Usage 1/	19,719	20,476	21,402	22,892	22,892	22,878	1,922	1,970	1,987	2,072
World Refined Stocks End of Period	1,205	1,376	1,325	1,343	1,343	1,588	1,516	1,521	1,532	1,588
Period Stock Change	7	171	-52	18	18	246	-57	5	11	57
Refined Balance 2/	-120	-275	-343	-420	-420	-57	-13	-35	-31	-47
Seasonally Adjusted Refined Balance 3/					-416	-53	32	-35	22	-163
Refined Balance Adjusted for Chinese bonded stock change 4/	-181	292	-590	-443	-443	-167	-49	-23	-33	-41

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.