



Copper: Preliminary Data for January 2016

The International Copper Study Group (ICSG) released preliminary data for January 2016 world copper supply and demand in its April 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 balance for January 2016 showed an apparent production surplus of 56,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, January showed a production surplus of 50,000 t. This compares with a production surplus of 15,000 t (a seasonally adjusted surplus of 9,000 t) in January 2015.

In January 2016, world apparent usage is estimated to have increased by around 4.5% (90,000 t) compared with that in January 2015. Chinese apparent demand increased by 16% based on a 15.5% increase in net imports of refined copper. Excluding China, world usage declined by around 5%. On a regional basis, usage is estimated to have increased by 9% in Asia (when excluding China, Asia usage declined by 5%) and 1% in Oceania, while declining by 3% in Europe, 1.5% in Africa, and 7% in the Americas.

World mine production is estimated to have increased by around 2% (30,000 t) in January 2016 compared with production in January 2015. Concentrate production increased by 2.5% while solvent extraction-electrowinning (SX-EW) remained essentially unchanged. The increase in world mine production was mainly due to a recovery in production levels in Indonesia and in Peru while the latter also benefited from new production at mines that started last year. Production declined by 11% in Chile, the world biggest copper mine producer. On a regional basis, production in January rose by 11% in Asia, 1% in the Americas and 1.5% in Oceania but declined by 1.5% in Europe and 6% in Africa. The average world mine capacity utilization rate for January 2016 declined to 82% from 84% in January 2015.

World refined production is estimated to have increased by around 7% (130,000t) in January 2016 compared with refined production in the same month of 2015: primary production was up by 7% and secondary production (from scrap) was up by 6%. The main contributor to growth was China (+14%), followed by the United States where production increased by 30%. Output in Chile, the second leading refined copper producer, increased by 4.5%. On a regional basis, refined output in January is estimated to have increased in the Americas (10%), Asia (10%) and Oceania (20%) while declining in Africa (-12%) and remaining unchanged in Europe. The average world refinery capacity utilization rate for January 2016 increased to 85% from 81% in January 2015.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 15,000 t in January 2016 from the year-end 2015 level. Stocks increased by around 5,000 t in the same month of 2015. In January 2016, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production surplus of around 70,000 t compared to a surplus of around 15,000 t in January 2015.

The average LME cash price for March was US\$4,947.55 per tonne, up from the February average of US\$4,595.48 per tonne. The 2016 high and low copper prices through the end of March were US\$5,103.00 (on 18th Mar) and US\$4,310.50 per tonne (on 15th Jan), respectively, and the year-to-date average was US\$4,671.91 per tonne (15% below 2015 annual average). As of the end of March, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 594,627 t, an increase of 112,759 t (23%) from stocks held at the end of December 2015. Compared with the December 2015 levels, stocks were up at the SHFE and COMEX and down at 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, 2012-2016

Thousand metric tonnes, copper

	2012	2013	2014	2015	2015	2016	2015			2016
					Jan	Oct	Nov	Dec	Jan	
World Mine Production	16,767	18,240	18,490	19,141	1,581	1,613	1,656	1,614	1,683	1,613
World Mine Capacity	19,923	20,699	21,508	22,599	1,880	1,973	1,950	1,895	1,965	1,973
Mine Capacity Utilization (%)	84.2	88.1	86.0	84.7	84.1	81.8	84.9	85.2	85.6	81.8
Primary Refined Production	16,604	17,255	18,557	18,888	1,559	1,668	1,598	1,612	1,658	1,668
Secondary Refined Production	3,596	3,803	3,915	3,932	319	339	339	346	367	339
World Refined Production (Secondary+Primary)	20,201	21,059	22,472	22,820	1,878	2,006	1,937	1,958	2,025	2,006
World Refinery Capacity	24,784	26,104	27,043	27,263	2,308	2,344	2,332	2,260	2,340	2,344
Refineries Capacity Utilization (%)	81.5	80.7	83.1	83.7	81.4	85.6	83.1	86.6	86.6	85.6
World Refined Usage 1/	20,476	21,402	22,892	22,884	1,863	1,951	1,971	1,989	2,075	1,951
World Refined Stocks End of Period	1,376	1,325	1,343	1,549	1,538	1,624	1,524	1,535	1,549	1,624
Period Stock Change	171	-52	18	207	196	75	5	11	14	75
Refined Balance 2/	-275	-343	-420	-65	15	56	-34	-30	-50	56
Seasonally Adjusted Refined Balance 3/					9	50	-29	29	-156	50
Refined Balance Adjusted for Chinese bonded stock change 4/	292	-590	-443	-168	13	68	-23	-32	-37	68

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.