



Copper: Preliminary Data for February 2016

The International Copper Study Group (ICSG) released preliminary data for February 2016 world copper supply and demand in its May 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 February 2016 (excluding the adjustment for changes in China's bonded stocks) showed a small apparent production surplus of around 24,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, February showed a small production deficit of 23,000 t. The refined copper balance for the first two months of 2016, including revisions to data previously presented, indicates a production surplus of around 76,000 t (and a seasonally adjusted deficit of about 1,000 t). This compares with a production surplus of around 134,000 t (a seasonally adjusted surplus of about 70,000 t) for the same period of 2015.

In the first two months of 2016, world apparent usage is estimated to have increased by around 5% (190,000 t) compared with that in the same period of 2015 mainly due to higher Chinese imports of refined copper. Chinese apparent demand increased by around 15% based on a 35% increase in net imports of refined copper from the lower net import level in early 2015 and consequently lower apparent usage. Excluding China, world usage declined by around 2.5%. On a regional basis, usage is estimated to have increased by 9% in Asia (when excluding China, Asia usage declined by 3.5%), while declining by 8% and 4% in Africa and in the Americas respectively and remaining essentially unchanged in Europe and Oceania.

World mine production is estimated to have increased by around 3% (100,000 t) in the first two months of 2016 compared with production in the same period of 2015. Concentrate production increased by 4% while solvent extraction-electrowinning (SX-EW) remained essentially unchanged. The increase in world mine production was mainly due to a 54% rise in Peruvian output that is benefitting from new and expanded capacity brought on stream in the last two years. A recovery in production levels in Indonesia and the United States and a ramp-up in production in Mongolia also contributed to world growth. However overall growth was partially offset by a 6% decline in production in Chile, the world's biggest copper mine producer and a 13% decline in DRC where output is constrained by temporary production cuts. On a regional basis, production rose by 6.5% in the Americas and 1.5% in Asia but declined by 4% in Africa, 0.5% in Europe and 3% in Oceania. The average world mine capacity utilization rate for the first two months of 2016 declined to around 82% from 83% in the same period of 2015.

World refined production is estimated to have increased by about 4% (135,000 t) in the first two months of 2016 compared with refined production in the same period of 2015: primary production was up by 4% and secondary production (from scrap) was up by 2%. The main contributor to growth was China (+6%), followed by the United States where production increased by 25%. Output in Chile and Japan, the second and third leading refined copper producers, increased by 3% and 5% respectively. Refined production in the DRC and Zambia declined due to the impact of temporary production cuts. On a regional basis, refined output is estimated to have increased in the Americas (9%), Asia (5%) and Oceania (16%) while declining in Africa (-16%) and in Europe (-2.5%). The average world refinery capacity utilization rate for the first two months of 2016 increased to 84% from 83% in the same period of 2015.

Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 80,000 t in the first two month of 2016 from the year-end 2015 level. Stocks increased by around 5,000 t in the same period of 2015. In the first two months of 2016, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a production surplus of around 140,000 t compared to a similar surplus in the same period of 2015.

The average LME cash price for April was US\$4,851.12 per tonne, down from the March average of US\$4,947.55 per tonne. The 2016 high and low copper prices through the end of April 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\$4,717.25 per tonne (14% below 2015 annual average). As of the end of April, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 525,681 t, an increase of 43,813 t (23%) 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, 2012-2016

Thousand metric tonnes, copper

| | 2012 | 2013 | 2014 | 2015 | 2015 | | 2015 | | 2016 | |
|--|--------|--------|--------|--------|---------|-------|-------|-------|-------|-------|
| | | | | | 2015 | 2016 | Nov | Dec | Jan | Feb |
| | | | | | Jan-Feb | | | | | |
| World Mine Production | 16,767 | 18,240 | 18,488 | 19,144 | 2,997 | 3,095 | 1,616 | 1,687 | 1,582 | 1,513 |
| World Mine Capacity | 19,923 | 20,699 | 21,508 | 22,599 | 3,586 | 3,762 | 1,895 | 1,965 | 1,973 | 1,789 |
| Mine Capacity Utilization (%) | 84.2 | 88.1 | 86.0 | 84.7 | 83.6 | 82.3 | 85.3 | 85.8 | 80.2 | 84.6 |
| Primary Refined Production | 16,604 | 17,255 | 18,557 | 18,891 | 3,018 | 3,137 | 1,613 | 1,659 | 1,637 | 1,499 |
| Secondary Refined Production | 3,596 | 3,803 | 3,915 | 3,951 | 615 | 630 | 348 | 369 | 329 | 301 |
| World Refined Production (Secondary+Primary) | 20,201 | 21,059 | 22,472 | 22,842 | 3,634 | 3,767 | 1,961 | 2,028 | 1,967 | 1,800 |
| World Refinery Capacity | 24,784 | 26,104 | 27,043 | 27,263 | 4,393 | 4,465 | 2,260 | 2,340 | 2,344 | 2,121 |
| Refineries Capacity Utilization (%) | 81.5 | 80.7 | 83.1 | 83.8 | 82.7 | 84.4 | 86.7 | 86.7 | 83.9 | 84.9 |
| World Refined Usage 1/ | 20,479 | 21,402 | 22,892 | 22,880 | 3,500 | 3,691 | 1,989 | 2,070 | 1,915 | 1,776 |
| World Refined Stocks End of Period | 1,376 | 1,325 | 1,343 | 1,549 | 1,521 | 1,641 | 1,535 | 1,549 | 1,624 | 1,641 |
| Period Stock Change | 171 | -52 | 18 | 207 | 178 | 92 | 11 | 14 | 75 | 17 |
| Refined Balance 2/ | -278 | -343 | -419 | -38 | 134 | 76 | -28 | -43 | 51 | 24 |
| Seasonally Adjusted Refined Balance 3/ | | | | | 70 | -1 | 29 | -149 | 22 | -23 |
| Refined Balance Adjusted for Chinese bonded stock change 4/ | 289 | -590 | -442 | -141 | 141 | 140 | -30 | -29 | 64 | 89 |

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.