



## Copper: Preliminary Data for November 2016

The International Copper Study Group (ICSG) released preliminary data for November 2016 world copper supply and demand in its February 2017 Copper Bulletin. The Bulletin is available for sale (single issues €100/€150, annual subscription €500/€750 for orders originating from/outside institutions based in ICSG member countries).

**World mine production is estimated to have increased by around 5% (900,000 t) in the first eleven months of 2016** with concentrate production increasing by 7% and solvent extraction-electrowinning (SX-EW) declining by 2%:

- The increase in world mine production was mainly due to a 41% (630,000 t Cu) rise in Peruvian concentrate output that is benefitting from new and expanded capacity brought on stream in the last two years
- A recovery in production levels in Canada, Indonesia and the United States, and expanded capacity in Mexico, also contributed to world mine production growth
- However overall growth was partially offset by a 4.3% decline in production in Chile, the world's biggest copper mine producer, and a 5.5% decline in DRC where output is being constrained by temporary production cuts
- On a regional basis, production rose by 6% in the Americas and 10.5% in Asia but declined by 4% in Africa while remaining essentially unchanged in Europe and Oceania

**World refined production is estimated to have increased by about 2.5% (500,000 t) in the first eleven months of 2016** with primary production (including Electrowinning) increasing by 3% and secondary production (from scrap) declining by 1.5%:

- The main contributor to growth was China (increase of 6%), followed by the United States where production increased by 10% and Mexico (16%) where expanded SX-EW capacity is contributing to refined production growth
- Output in Chile and Japan, the second and third leading refined copper producers, declined by around 2% and increased by about 5% respectively
- Production in the DRC and Zambia declined by an aggregated 12% mainly due to the impact of temporary production cuts
- On a regional basis, refined output is estimated to have increased in the Americas (2%) and Asia (6%) while declining in Africa (12%) and in Europe (including Russia) (3%) and remaining essentially unchanged in Oceania

**World apparent refined usage is estimated to have increased by around 2% (475,000 t) in the first eleven months of 2016:**

- Growth mainly due to an increase in Chinese apparent demand as world usage excluding China remained essentially unchanged
- Chinese apparent demand (excluding changes in unreported stocks) increased by around 3.5% based mainly on 6% growth in refined production as in fact net imports of refined copper declined by 6%. Net refined copper imports have been on a declining trend in 2016 with the monthly average in Jul-Nov 36% below that of the 1<sup>st</sup> half of the year. Monthly average Chinese apparent demand in Jul-Nov 2016 is 7% below that in the first half of the year
- Usage in the United States and Japan, the second and third leading refined copper using countries, is down by 2% and 3% respectively
- On a regional basis, usage is estimated to have increased by 3.5% in Asia (when excluding China, Asia usage increased by 3%) and by 2% in Europe (by 1.5% in the EU), while declining by 3% in the Americas

**World refined copper balance for the first eleven months of 2016 indicates a deficit of around 90,000 t** (including revisions to data previously presented):

- This is mainly because of a 3.5% increase in Chinese apparent demand in the first eleven months of 2016
- In developing its global market balance, ICSG uses an apparent demand calculation for China that does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer, merchant/trader, bonded]. To facilitate global market analysis, however, an additional line item—Refined World Balance Adjusted for Chinese Bonded Stock Changes—is included in the table 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
- In the first eleven months of 2016, the world refined copper balance adjusted for the change in Chinese bonded stocks indicates a deficit of around 67,000 t
- The refined copper market balance for the month of November 2016 showed a small deficit of around 9,000 t

### Prices and stocks:

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks increased by around 25,000 t in the first eleven months of 2016 from the year-end 2015 level. Bonded stocks decreased by around 120,000 t in the same period of 2015
- The average LME cash price for January 2017 was US\$5,737.43 per tonne, up from the December 2016 average of US\$5,666.25 per tonne
- The 2017 high and low copper prices through the end of January were US\$5,921.00 (on 31<sup>st</sup> Jan) and US\$5,500.50 per tonne (on 4<sup>th</sup> Jan), respectively, and the year average was US\$5,737.43 per tonne (18% above 2016 annual average)
- As of the end of January, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 527,061 t, a decline of 12,012 t (12%) from stocks held at the end of December 2016. Compared with the December 2016 levels, stocks were down at the LME and up at SHFE and COMEX

Please visit the ICSG website [www.icsg.org](http://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	2016			
					Jan-Nov	Aug	Sep	Oct	Nov	
World Mine Production	16,687	18,171	18,433	19,147	17,462	18,365	1,714	1,671	1,722	1,707
World Mine Capacity	20,004	20,747	21,541	22,431	20,623	21,479	2,004	1,947	2,020	1,962
Mine Capacity Utilization (%)	83.4	87.6	85.6	85.4	84.7	85.5	85.5	85.8	85.2	87.0
Primary Refined Production	16,606	17,256	18,568	18,927	17,264	17,825	1,649	1,614	1,643	1,602
Secondary Refined Production	3,596	3,803	3,915	3,945	3,577	3,519	338	330	338	338
World Refined Production (Secondary+Primary)	20,203	21,060	22,483	22,872	20,841	21,344	1,987	1,944	1,981	1,939
World Refinery Capacity	24,444	25,779	26,680	26,750	24,510	24,874	2,316	2,247	2,328	2,259
Refineries Capacity Utilization (%)	82.7	81.7	84.3	85.5	85.0	85.8	85.8	86.5	85.1	85.9
World Refined Usage 1/	20,473	21,396	22,880	23,035	20,963	21,437	1,840	1,960	1,932	1,949
World Refined Stocks End of Period	1,376	1,325	1,350	1,521	1,499	1,299	1,416	1,421	1,353	1,299
Period Stock Change	171	-52	25	171	149	-222	70	4	-68	-54
Refined Balance 2/	-270	-336	-397	-164	-122	-92	147	-17	49	-9
Seasonally Adjusted Refined Balance 3/					-5	17	43	18	63	40
Refined Balance Adjusted for Chinese bonded stock change 4/	298	-583	-421	-267	-239	-67	130	-57	22	-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 the paragraph of the press release on "World refined copper balance".