



Copper: Preliminary Data for February 2020

The International Copper Study Group (ICSG) released preliminary data for February 2020 world copper supply and demand in its May 2020 Copper Bulletin. The Bulletin and ICSG online statistical database provide detailed data, on a country basis, for copper mine, smelter, refined and semis production and copper refined usage, trade, stocks and prices. The bulletin is available for sale (annual subscription €550/£350 for orders originating from/outside institutions based in ICSG member countries).

Preliminary data indicates that world copper mine production increased by about 2% in the first two months of 2020, with concentrate production increasing by 1% and solvent extraction-electrowinning (SX-EW) increasing by 5.8%:

- Mine production in Chile, the world's biggest copper mine producing country increased by 4% recovering from production constraints in early 2019. Chilean SX-EW output increased by 8%.
- Production in Peru, the second largest producing country declined by 4% mainly due to operational issues and adverse weather affecting few major mines.
- In the Democratic Republic of Congo (DRC), production increased by 5% as production from ramp-up mines more than offset temporary closure of a major mine in December 2019.
- Official data indicates that Chinese copper mine production declined by 12% mainly due to temporary suspension of some mines related to COVID-19 restrictions.
- In Indonesia, production grew by 14% as output levels are improving from the transition of the country's major two copper mines to different ore zones in 2019.
- Production in Panama was higher as the country only started producing copper in March 2019.

Preliminary data indicates that world refined copper production increased by about 0.6% in the first two months of 2020 with primary production (electrolytic and electrowinning) up by 2% and secondary production (from scrap) down by 6%.

- Chilean electrolytic refined output increased by a significant 30% as in the comparative month of 2019 production was negatively affected by temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations. Total Chilean refined production (including Electrowinning) increased by 14.5%.
- Chinese refined production was negatively impacted by temporary shutdowns related to COVID-19 restrictions, tight scrap supply and acid market constraints.
- In Africa, production in the DRC was up 5% but production in Zambia declined by about 20% due to operational issues and temporary shutdowns.
- Japanese refined production increased by 7% mainly recovering from maintenance in the same period of 2019.

Preliminary data indicates that world apparent refined copper usage declined by about 2% in the first two months of 2020:

- Chinese apparent usage declined by 4% mainly as a consequence of lower Chinese refinery output as net refined copper imports increased by 9%. Real Chinese industrial usage was negatively impacted by COVID-19 related production suspensions at semis fabricators.
- Among other major copper users, refined usage declined by 2% in Japan and remained essentially unchanged in the EU and in the United States.

Preliminary world refined copper balance in the first two months of 2020 indicates a surplus of about 130,000 t

- 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 attached table 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 two months of 2020, the world refined copper balance, based on apparent Chinese usage (excluding unreported/bonded stocks), indicated a surplus of about 130,000 t.
- The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market surplus of about 220,000 t.

Copper Prices and Stocks:

- Based on the average of estimates provided by independent consultants, China's bonded stocks are thought to have increased by about 90,000 t in the first two months of 2020 compared to the year-end 2019 level. Bonded stocks increased by 87,000t in the same period of 2019.
- As of the end of April, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 549,261 t, an increase of 246,874 t (82%) from stocks held at the end of December 2019. Stocks were up at the LME (+74%), SHFE (+109%) and at COMEX (14%).
- The average LME cash price for April 2020 was US\$ 5,048.25 /t, down 2.5% from the March average of US\$ 5,178.68 /t.
- The 2020 high and low copper prices through the end of March were US\$ 6,300.50 /t (on 16th Jan) and US\$ 4,617.50 /t (on 23rd Mar), respectively, and the year average was US\$ 5,461.31 /t (9% below the 2019 annual average).

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

Thousand metric tonnes, copper

	2017	2018	2019	2019		2019		2020	
				Jan-Feb	2020	Nov	Dec	Jan	Feb
World Mine Production	20,082	20,577	20,553	3,187	3,248	1,745	1,844	1,684	1,564
World Mine Capacity	24,018	24,127	24,238	4,009	4,027	2,029	2,105	2,112	1,915
Mine Capacity Utilization (%)	83.6	85.3	84.8	79.5	80.7	86.0	87.6	79.7	81.7
Primary Refined Production	19,485	20,055	19,990	3,151	3,213	1,656	1,727	1,708	1,505
Secondary Refined Production	4,053	4,043	4,051	675	635	342	328	337	298
World Refined Production (Secondary+Primary)	23,538	24,098	24,041	3,827	3,848	1,998	2,055	2,045	1,803
World Refinery Capacity	27,445	27,879	28,836	4,603	4,746	2,399	2,485	2,491	2,255
Refineries Capacity Utilization (%)	85.8	86.4	83.4	83.1	81.1	83.3	82.7	82.1	80.0
World Refined Usage 1/	23,710	24,488	24,455	3,798	3,720	2,075	2,019	2,048	1,672
World Refined Stocks End of Period	1,375	1,227	1,228	1,284	1,559	1,288	1,228	1,299	1,559
Period Stock Change	10	-148	1	57	331	-17	-59	70	260
Refined Balance 2/	-171	-391	-414	29	129	-77	36	-2	131
Seasonally Adjusted Refined Balance 3/				-49	54	-42	-3	12	42
Refined Balance Adjusted for Chinese bonded stock change 4/	-169	-450	-582	116	219	-87	53	58	161

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".