



## Copper: Preliminary Data for January 2019

The International Copper Study Group (ICSG) released preliminary data for January 2019 world copper supply and demand in its April 2019 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 (single issues €100/€150, annual subscription €500/€750 for orders originating from/outside institutions based in ICSG member countries).

**Preliminary data indicates that world mine production is estimated to have remained essentially unchanged in January 2019 compared to January 2018**, with concentrate production remaining flat and solvent extraction-electrowinning (SX-EW) increasing by 0.4%:

- Although a few countries experienced strong growth, this was largely partially offset by declines in two major producing countries, namely Chile and Indonesia.
- Production in Chile, the world's biggest copper mine producing country, declined by 4% mainly due to lower copper head grades.
- Indonesian concentrate production declined by 45% primarily as a consequence of the transition of the country's major two mines to different ore zones leading to temporary reduced output levels.
- Production in the Democratic Republic of Congo (DRC) and Zambia continues to ramp-up mainly as a result of the restart of temporarily closed capacity in both countries.
- Production in Peru (the world's second largest copper mine producing country), Australia, China and Mongolia also increased due to improved grades or recovery from constrained output in 2018.
- On a regional basis, mine production is estimated to have increased by around 10% in Africa and 5% in Oceania but declined by 4% in Asia and 0.7% in Latin America and remained essentially unchanged in Europe.

**Preliminary data indicates that world refined production is estimated to have increased by 3% in January 2019** with primary production (electrolytic and electrowinning) increasing by around 3.1% and secondary production (from scrap) by 1.9%.

- The main contributor to the growth in world refined production was China due to its continued expansion of capacity.
- Other countries recovering from production constraints in 2018 such as Australia and Brazil also contributed to growth.
- A rise in electrowinning (SX-EW) output in the DRC also contributed to higher world refined production.
- However, overall growth was partially offset by a 14% decline in Chilean output impacted by temporary smelter shutdowns while undergoing upgrades to comply with the new environmental regulations.
- Production in India continues to be negatively impacted by the shutdown of Vedanta's Tuticorin smelter.
- On a regional basis, refined output is estimated to have increased in Africa (7%), Asia (6%), Europe (2%), Oceania (25%) while declining by 7.5% in the Americas.

**Preliminary data indicates that world apparent refined usage is estimated to have increased by about 3% in January 2019:**

- Chinese apparent usage grew by around 9% driven by a 12% increase in net refined copper imports. It is possible this development was influenced by a tightness in the availability of scrap in China.
- Among other major copper users, demand increased in India and Russia but declined in Japan, the EU and South Korea.
- Preliminary data indicates that world ex-China usage declined by around 2%.

**Preliminary world refined copper balance for January 2019 indicates a balanced market:**

- 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.
- Similar growth in January world refined production and world refined usage resulted in a balanced market.
- After adjusting the world refined copper balance for changes in Chinese bonded stocks the market remained balanced.

**Copper Prices and Stocks:**

- Based on the average of stock estimates provided by independent consultants, China's bonded stocks are thought to have increased by 20,000 t in Jan 2019 compared to the year-end 2018 level. Bonded stocks decreased by around 5,000 t in January 2018.
- As of the end of March, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 468,666 t, an increase of 118,170 t (+34%) from stocks held at the end of December 2018. Stocks were down at COMEX (-61%) and up at SHFE (+120%) and the LME (+28%).
- The average LME cash price for March 2019 was US\$ 6,451.02 /t, up 2.8% from the February average of US\$ 6,278.20 /t.
- The 2019 high and low copper prices through the end of March were US\$6,572 per tonne (on 1<sup>st</sup> Mar) and US\$5,811 per tonne (on the 3<sup>rd</sup> Jan), respectively, and the year average was US\$6,214.92/t per tonne (4.7% below the 2018 annual average).

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, 2015-2019

Thousand metric tonnes, copper

	2015	2016	2017	2018	2018	2019	2018			2019
					Jan		Oct	Nov	Dec	Jan
World Mine Production	19,149	20,386	20,095	20,560	1,689	1,692	1,740	1,792	1,832	1,692
World Mine Capacity	22,351	23,403	23,866	23,783	2,081	2,074	2,051	1,992	2,066	2,074
Mine Capacity Utilization (%)	85.7	87.1	84.2	86.5	81.2	81.6	84.9	89.9	88.7	81.6
Primary Refined Production	18,897	19,495	19,500	19,977	1,649	1,701	1,696	1,697	1,756	1,701
Secondary Refined Production	3,945	3,866	4,053	4,043	347	353	342	337	337	353
World Refined Production (Secondary+Primary)	22,843	23,362	23,553	24,020	1,995	2,054	2,038	2,034	2,093	2,054
World Refinery Capacity	26,542	26,853	27,380	27,555	2,334	2,366	2,355	2,283	2,363	2,366
Refineries Capacity Utilization (%)	86.1	87.0	86.0	87.2	85.5	86.8	86.5	89.1	88.6	86.8
World Refined Usage 1/	23,081	23,512	23,732	24,411	1,996	2,062	2,061	2,106	2,082	2,062
World Refined Stocks End of Period	1,505	1,375	1,381	1,218	1,510	1,212	1,251	1,195	1,218	1,212
Period Stock Change	171	-130	6	-163	129	-6	-70	-56	24	-6
Refined Balance 2/	-239	-151	-179	-391	-1	-8	-23	-72	11	-8
Seasonally Adjusted Refined Balance 3/					-22	-28	-46	-48	5	-28
Refined Balance Adjusted for Chinese bonded stock change 4/	-342	-138	-177	-448	-6	-9	-18	-62	24	11

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".